



2023

Budget

Port 
of Seattle



2023 Budget

Prepared by the
Finance and Budget
Departments

Port of Seattle | P.O. Box 1209 | Seattle, WA 98111
www.portseattle.org/about/financial/budget





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Port of Seattle
Washington**

For the Fiscal Year Beginning

January 01, 2022

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Port of Seattle, Washington, for its Annual Budget for the fiscal year beginning January 1, 2022.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

TABLE OF CONTENTS

I.	<u>Executive Summary</u>	I-1
II.	<u>Port View</u>	
	A. The Port of Seattle	II-1
	B. History of the Port of Seattle	II-1
	C. Port of Seattle Facilities and Services	II-2
	D. Century Agenda Goals	II-4
	E. Commissioners and Officers	II-7
	F. Organization Chart	II-8
III.	<u>Budget Overview</u>	
	A. Financial Overview	III-1
	B. Operating Budget Overview	III-1
	C. Budget Overview-Staffing	III-5
	D. Capital Budget Overview	III-7
	E. Tax Levy	III-9
	F. Equity In Budgeting	III-10
	G. Century Agenda Goals	III-11
IV.	<u>Aviation Division</u>	
	A. 2023 Budget Summary	IV-1
	B. Financial Forecast	IV-3
	C. Aviation Division Description/Business Assessment	IV-4
	D. Operating Budget Summary	IV-7
	E. Staffing	IV-25
	F. Aviation Capital Budget	IV-29
	G. Aviation Division Operating Statistics	IV-37
V.	<u>Maritime Division</u>	
	A. 2023 Budget Summary	V-1
	B. Financial Forecast	V-3
	C. Maritime Division Description/Business Assessment	V-3
	D. Operating Budget Summary	V-9
	E. Staffing	V-14
	F. Maritime Capital Budget	V-16
	G. Maritime Division Operating Statistics	V-17
VI.	<u>Economic Development Division</u>	
	A. 2023 Budget Summary	VI-1
	B. Financial Forecast	VI-3
	C. Economic Development Description/Business Assessment	VI-3
	D. Operating Budget Summary	VI-18
	E. Staffing	VI-23
	F. Economic Development Capital Budget	VI-24

VII. <u>Central Services</u>	
A. 2023 Budget Summary	VII-1
B. Central Services Description	VII-1
C. Key Functions and Responsibilities	VII-2
D. Operating Budget Summary	VII-16
E. Staffing	VII-20
F. Capital Budget	VII-23
G. Financial and FTE Summary	VII-23
VIII. <u>Tax Levy</u>	
A. Tax at a Glance	VIII-1
B. Tax Levy Sources	VIII-1
C. Tax Levy Uses	VIII-3
D. General Obligation Capacity	VIII-9
E. Taxpayer Effect	VIII-10
F. County Property Tax Comparison	VIII-10
IX. <u>Capital Improvement Plan</u>	
A. Aviation Division Capital Improvement Plan	IX-2
B. Maritime Division Capital Improvement Plan	IX-4
C. Economic Development Division Capital Improvement Plan	IX-6
D. Central Services Capital Improvement Plan	IX-7
E. Other Port of Seattle CIP	IX-7
F. Non-Recurring CIP Impact	IX-10
X. <u>Draft Plan of Finance</u>	
A. Introduction	X-1
B. Overview of the Draft Plan of Finance	X-2
C. Overview of the Funded CIP	X-3
D. 2023-2027 Funding Plan	X-4
E. Financing Initiatives	X-11
F. Capital Planning Resources	X-11
XI. <u>Statutory Budget</u>	
A. Introduction	XI-1
B. Statutory Budget Highlights	XI-1
C. Resolutions	XI-2
D. Tax Levy Calculation Sheet	XI-6
E. Forecasted Cash Flow Summary	XI-8
XII. <u>The Northwest Seaport Alliance (NWSA)</u>	
A. Memo from John Wolfe, CEO	XII-7
B. Budget Document Overview	XII-8
C. I. The Northwest Seaport Alliance Overview	XII-9
D. II. Budget Message	XII-17
E. III. Business Outlook	XII-21
F. IV. Operating Budget	XII-25
G. V. Capital Investment Plan	XII-33
H. VI. Environmental Stewardship & Planning	XII-37

I. Appendix A: Bond Income Calculation	XII-41
J. Appendix B: Capital Construction	XII-42
K. Appendix C: NWSA Full Time Personnel	XII-43
L. Appendix D: NWSA Memberships	XII-44

XIII. Appendices

A. Budget Policy, Process and Calendar	XIII-1
1. Operating Budget	XIII-1
2. Capital Budget	XIII-7
B. Financial Management Policies	XIII-10
1. Key Financial Tools	XIII-10
2. Financial Policies and Description of Major Funds	XIII-12
3. Revenue and Expense Assumptions	XIII-19
C. Business Assessment	XIII-20
1. National and Local Economy and Outlook	XIII-20
2. Economic Impact Study Summary	XIII-22
D. Bond Amortization Schedules	XIII-24
E. Other Detailed Expenditures	XIII-29
F. Changes Between Preliminary Budget to Final Budget	XIII-31
G. Century Agenda KPIs	XIII-32
H. Glossary of Terms Used	XIII-35
I. Acronyms and Abbreviations	XIII-43

LIST OF TABLES

Table I-1	2023 Budget Summary	I-8
Table I-2	Cash Flow Summary	I-9
Table III-1	Port of Seattle Financial Forecast	III-1
Table III-2	Revenues, Expenses, and Net Assets	III-2
Table III-3	Revenues by Major Businesses	III-3
Table III-4	Expenses by Major Accounts	III-4
Table III-5	Port Staffing by Division	III-6
Table III-6	Capital Budget	III-7
Table IV-1	Aviation Cash Flow Summary	IV-1
Table IV-2	Aviation Financial Forecast	IV-3
Table IV-3	Aviation Key Measures	IV-3
Table IV-4	Aviation Passenger Recovery Forecast	IV-5
Table IV-5	Aviation Budget Summary – Incremental Changes Compared to 2022 Budget	IV-8
Table IV-6	Aviation Payroll Cost Increases	IV-9
Table IV-7	Aviation Non-Payroll Cost Increases	IV-9
Table IV-8	Aviation Decreased Charges to Capital Projects	IV-10
Table IV-9	Aviation Approved Key Additions	IV-10
Table IV-10	Aviation Approved Budget FTE Additions	IV-11
Table IV-11	Aviation Approved Budget Additions	IV-12
Table IV-12	Aeronautical Business	IV-16
Table IV-13	Aeronautical Cost Drivers – Rate Base Only	IV-16
Table IV-14	Non-Aeronautical Business	IV-18
Table IV-15	Non-Aeronautical Key Indicators	IV-19
Table IV-16	Aviation Revenue by Account	IV-20
Table IV-17	Aviation Operating & Maintenance Expenses by Account	IV-21
Table IV-18	Aviation Revenue by Business Group/Department	IV-22
Table IV-19	Aviation Expense by Business Group/Department	IV-23
Table IV-20	Federal Relief Grant Use Plan – Allocation by Cost Center	IV-24
Table IV-21	Aviation Staffing	IV-25
Table IV-22	Aviation Full-Time Equivalent Staff Positions (FTEs) – Summary of Changes	IV-26
Table IV-23	Status of Aviation Frozen Positions – Summary of Changes	IV-26
Table IV-24	Aviation Proposed New Staffing	IV-27
Table IV-25	Aviation Proposed CIP	IV-29
Table IV-26	Aviation Capital Projects	IV-30
Table IV-27	Proposed New Projects	IV-31
Table IV-28	Aviation Asset Stewardship Projects	IV-32
Table IV-29	Aviation Community & Environment Projects	IV-34
Table IV-30	Aviation Customer Experience Projects	IV-34
Table IV-31	Aviation Safety & Security Projects	IV-35

Table IV-32	Aviation Capital Budget Summary	IV-36
Table IV-33	Aviation Operating Statistics	IV-37
Table V-1	Maritime Cash Flow Summary	V-1
Table V-2	Maritime Financial Forecast	V-3
Table V-3	Major Revenue Changes	V-10
Table V-4	Maritime Revenue by Account	V-11
Table V-5	Maritime Operating & Maintenance Expenses by Account	V-12
Table V-6	Maritime Revenue and Expense by Business Group/Department	V-13
Table V-7	Maritime Staffing	V-14
Table V-8	Maritime Capital Budget Summary	V-16
Table V-9	Maritime Operating Statistics	V-17
Table VI-1	Economic Development Cash Flow Summary	VI-1
Table VI-2	Economic Development Financial Forecast	VI-3
Table VI-3	Major Revenue Changes	VI-19
Table VI-4	Economic Development Revenue by Account	VI-20
Table VI-5	Economic Development Operating & Maintenance Expenses by Account	VI-21
Table VI-6	Economic Development Revenue and Expense by Department	VI-22
Table VI-7	Economic Development Staffing	VI-23
Table VI-8	Economic Development Capital Budget Summary	VI-24
Table VII-1	Central Services Budget Summary	VII-1
Table VII-2	2023 Approved Non-FTE Additions	VII-16
Table VII-3	2023 Approved New Budget Additions (All Items)	VII-17
Table VII-4	Central Services Revenues and Expenses by Account	VII-18
Table VII-5	Central Services Expense by Department	VII-19
Table VII-6	Central Services Staffing	VII-20
Table VII-7	Central Services Capital Budget	VII-23
Table VII-8	Financial and FTE Summary	VII-23
Table VIII-1	Sources and Uses of Tax Levy	VIII-5
Table VIII-2	Existing G.O. Bond Debt Service by Projects and Group	VIII-6
Table VIII-3	Uses of Transportation and Infrastructure Fund	VIII-7
Table VIII-4	Estimated General Obligation Debt Limit	VIII-9
Table IX-1	Capital Improvement Plan	IX-2
Table IX-2	Aviation Division Capital Improvement Plan	IX-2
Table IX-3	Maritime Division Capital Improvement Plan	IX-4
Table IX-4	Economic Development Capital Improvement Plan	IX-6
Table IX-5	Central Services Capital Improvement Plan	IX-7
Table IX-6	NWSA Capital Improvement Plan	IX-8
Table IX-7	Public Expense Projects	IX-9
Table IX-8	Non-Recurring Capital Improvement Plan Impact on the Operating Budget	IX-10
Table X-1	2023-2027 Airport CIP (\$ Millions)	X-5
Table X-2	2023-2027 Airport CIP Funding (\$ Millions)	X-6

Table X-3	2023-2027 Non-Airport CIP Funding (\$ Millions)	X-9
Table XI-1	Tax Levy Calculation Sheet	XI-6
Table XI-2	Forecasted Cash Flow Summary	XI-8
Table XII-1	2023 Operating Budget Summary	XII-1
Table B-1	Fund Balances	XIII-15
Table B-2	Fund Descriptions	XIII-15
Table C-1	Summary Forecast	XIII-21
Table C-2	State Employment by Industry	XIII-21
Table C-3	Top 10 Public Companies in Washington	XIII-22
Table D-1	Bond Amortization Schedules for 2023	XIII-24
Table D-2	Bond Amortization Schedules for 2022	XIII-26
Table D-3	30 Year Bond Amortization Schedule	XIII-28
Table D-4	Bond Ratings Summary	XIII-29
Table E-1	Promotional Hosting by Division	XIII-29
Table E-2	Memberships	XIII-30

LIST OF FIGURES

Figure I-1	Sources of Cash	I-10
Figure I-2	Uses of Cash	I-10
Figure II-1	Facility Map	II-3
Figure II-2	Century Agenda (CA) and Annual Business Plans/Budgeting Process	II-6
Figure II-3	Organization Chart	II-8
Figure III-1	Revenues by Major Businesses	III-3
Figure III-2	Expenses by Major Accounts	III-4
Figure III-3	Port Staffing by Division	III-6
Figure III-4	Committed Capital Budget	III-8
Figure III-5	Tax Levy vs. Millage Rate 2009-2023	III-9
Figure III-6	Century Agenda Key Performance Indicators	III-11
Figure IV-1	Aviation Sources of Cash	IV-2
Figure IV-2	Aviation Uses of Cash	IV-2
Figure IV-3	Airport Passengers Forecast 2019-2024	IV-5
Figure IV-4	Aviation Revenue by Account	IV-20
Figure IV-5	Aviation Expense by Account	IV-21
Figure IV-6	Aviation FTEs	IV-28
Figure IV-7	Aviation Capital Budget	IV-36
Figure V-1	Maritime Sources of Cash	V-2
Figure V-2	Maritime Uses of Cash	V-2
Figure V-3	Maritime Revenue by Account	V-11
Figure V-4	Maritime Expense by Account	V-12
Figure V-5	Maritime Committed Capital Budget	V-16
Figure VI-1	Economic Development Sources of Cash	VI-2
Figure VI-2	Economic Development Uses of Cash	VI-2
Figure VI-3	Economic Development Revenue by Account	VI-20
Figure VI-4	Economic Development Expense by Account	VI-21
Figure VI-5	Economic Development Capital Budget	VI-24
Figure VII-1	Central Services Expense by Account	VII-18
Figure VIII-1	Actual Tax Levy vs. Maximum Allowable Levy 1991-2023	VIII-2
Figure VIII-2	Tax Levy vs. Millage Rate 2009-2023	VIII-2
Figure VIII-3	2022 Percentage of Tax Levies by Taxing District	VIII-10
Figure XI-1	Sources of Cash	XI-9
Figure XI-2	Uses of Cash	XI-9
Figure A-1	Operating Budget Process Flow Chart	XIII-5
Figure A-2	Capital Budget Process Flow Chart	XIII-8

BUDGET DOCUMENT OVERVIEW

This document contains the operating, capital and statutory budgets, Long Range Plan, and draft plan of finance for the Port of Seattle and is organized as follows:

- **Section I**, Executive Summary, provides key business outlook, key budget drivers, budget highlights, and budget summary.
- **Section II**, Port View, contains the Port’s history, facilities and services, long range plans, commissioners and officers, and organizational chart.
- **Section III**, Budget Overview, presents the five-year financial forecast and outlines the Port’s operating and non-operating budget, capital budget, and tax levy.
- **Sections IV through VI** feature the Operating Division summaries for Aviation, Maritime, and Economic Development, respectively. Each Division section present a discussion of the budget and five-year financial forecast for each business group as well as operating budget, staffing, and capital budget. The operating budget is presented by business groups/departments and by major revenue and expense accounts.
- **Section VII**, Central Services, presents descriptions of each department as well as summaries of operating budgets, staffing, and capital budgets.
- **Section VIII**, Tax Levy, provides a detailed presentation and discussion of tax levy sources and uses including interaction between general purpose levy and general obligation debt capacity.
- **Section IX**, Capital Improvement Plan (CIP), provides detailed discussion and a summary page presenting the total CIP by business group and by division. A listing of the projects by business group and division is provided at the end of the section.
- **Section X**, Draft Plan of Finance, includes an overview of the funded CIP, a discussion of the airport and non-airport funding plan, financing initiatives and capital planning resources.
- **Section XI**, Statutory Budget, which is submitted to King County Council and King County Assessor, provides an introduction, budget highlights and resolution, and tax levy calculation.
- **Section XII**, NWSA, contains overview, budget message, business outlook, budget details, capital investment plan and environmental stewardship and planning for the Northwest Seaport Alliance (NWSA).
- **Section XIII**, Appendices, includes detailed information regarding the budget and financial policies, business assessment, bond amortization schedules, other detailed expenditures, a glossary of terms, and acronyms used.

I. EXECUTIVE SUMMARY

PORT OF SEATTLE
MEMORANDUM

DATE: October 14, 2022
TO: Port of Seattle Commission
FROM: Stephen P. Metruck, Executive Director
SUBJECT: 2023 Budget Message

Dear community,

We introduce our 2023 budget and 2023-2027 capital improvement plan during a tumultuous time. For the second half of this year, severe inflation, international conflict, supply chain issues, employee vacancies, surging passenger demand, and climate change impacts brought new challenges to our community, workforce, Port lines of business, and our partners.

In response, we have developed a balanced budget and five-year capital plan to ensure that the Port can deliver results for local businesses and industries, our people, our community, and the planet.

Passenger volume at Seattle-Tacoma International Airport (SEA) is now just 10 percent shy of record 2019 levels, while cruise ship passenger volume in 2022 exceeded record breaking volumes in 2019. The successful rebound of our key business activities allows us to maximize our reinvestment in the Port's mission and vision.

Yet, new challenges and rising demand forecasts make it clear that that you need us to deliver essential services, economic opportunity, and sustainable results at a new level.

That is why investing in our workforce and our facilities are among our top priorities for 2023.

The success of our Port and region depends on our people being safe, trained, resourced, and ready for the work ahead. To that end, the 2023 budget makes a larger investment in people and programs than any budget in recent years. We will add full-time employees and contractors to improve customer service and advance initiatives in all Port divisions.

We propose the largest five-year capital plan in our history, intending to spend \$5.3 billion across the Aviation, Maritime, and Economic Development divisions, to ensure that our facilities meet the operational and sustainability demands of today and for the next generation. The airport's \$4.6 billion in capital investments meet safety, regulatory, accessibility, and sustainability goals while making our airport less congested and more efficient. Featured projects in 2023 include the C Concourse Expansion, SEA Gateway and ticketing area improvements, S Concourse Evolution, as well as ground transportation access improvements.

Maritime and EDD projects worth \$522.3 million over the next five years improve safety and sustainability, support good-paying construction and maritime industrial jobs, and anchor our region as a maritime leader. Featured projects in 2023 include vessel berth replacements and uplands development at Terminal 91, cruise ship shore power at Pier 66, and the final steps towards construction of the Maritime Innovation Center at Fishermen's Terminal – one of the greenest buildings ever in our region.

Our community investments will also increase. In 2023, the Port adds \$2.5 million to its spending on community-led programs including environmental justice and economic equity, for a total of \$19.1 million. Featured initiatives include workforce development; the South King County Community Impact Fund; Diversity in Contracting programs; major initiatives from our Office of Equity, Diversity & Inclusion; and tourism marketing support for Washington state's smaller destinations.

Finally, this year we further expand sustainability investments to create new environmental habitat, further decrease emissions, and cleanup contamination. Featured projects include advancing decarbonization through energy conservation; adopting carbon-free fuels via waterfront electrification; continuing to explore adoption of sustainable maritime and aviation fuels; restoration of both the Duwamish River shoreline and the underwater habitat in Elliott Bay; and planning to accelerate the removal of per- and polyfluoroalkyl substances, known as "PFAS", from Port fire-fighting foam.

In 2022, Congress and the Biden-Harris Administration made the single largest national investment in clean air, clean energy, and environmental justice in history. New grants and tax incentives through the Inflation Reduction Act will accelerate our push to eliminate all carbon emissions from Port-owned and -controlled sources by 2040, and for all entities operating at our facilities to be carbon neutral or better by 2050.

Our 2023 budget and five-year capital plan seizes new opportunities and manages negative impacts that may lie ahead. In challenging times, those who can adapt quickly fare best. The past few years proved that strategic planning, prudent and proactive fiscal stewardship, and a clear sense of mission make it possible to deliver under rapidly changing circumstances.

In the last year alone, the Port, our partners and community demonstrated our ability to deliver on these goals despite many challenges. We opened new and modernized facilities like SEA's International Arrivals Facility and N Concourse, as well as Terminal 5, one of the West Coast's premier ocean shipping terminals, completed in partnership with the Port of Tacoma and the Northwest Seaport Alliance. We also opened the new Duwamish River People's Park, which creates community space with river access and marks one of the largest habitat restoration projects in a generation.

We innovated new programs that will continue into the year ahead. We hosted Washington's first export conference for small diverse businesses hoping to reach South Korean markets, launched a new Community Business Connector program to support small businesses, sponsored job fairs to increase employment in Port-related fields, and hosted the first ever responsible outdoor tourism summit with a focus on equity in Washington state tourism.

Significantly, we announced a group of "first movers" committed to exploring a new cruise-led Green Corridor between Washington, British Columbia, and Alaska. The first initiative of its kind in the world, major ports, cities, cruise lines, nonprofits and trade associations joined this effort to explore creating a maritime route where zero greenhouse gas emission solutions are demonstrated and supported.

With these substantial accomplishments and a strong motivated workforce as a foundation, we approach next year with optimism and resolve. Although there remains economic uncertainty about what 2023 will bring, these expenditures advance our most impactful work while exercising fiscal responsibility and ensuring financial sustainability.

As we all know, the budget is expression of our values. We would like to recognize all the Port Commissioners played in the development of this budget. Together they bring diverse policy development, entrepreneurship, and advocacy experience to ensure that this budget and five-year capital plan delivers opportunities.

PORT BUSINESS OUTLOOK

- The Airport expects enplaned passenger volumes for 2023 to be 94.5% of the pre-Covid 2019 level
- Cruise activity is budgeted at 85% occupancy on 289 sailings with 1.43 million passengers
- Grain volume is budgeted at 4.34 million metric tons, a 4% decrease from the 2022 budget
- Recreational Marina occupancy rate is projected at 96%, consistent with the 2022 budget and year-end forecast
- Commercial properties are expected to remain at 95% or greater occupancy at year-end 2023, consistent with a forecasted occupancy of more than 95% at year-end 2022
- Conference & Event Centers revenues reflect 80% of a typical year's capacity as a result of remaining pandemic impacts

Below is a summary of the key financial results under the 2023 budget:

- Total operating revenues are budgeted at \$953.7 million, \$186.8 million or 24.4 percent above the 2022 budget
- Total operating expenses are budgeted at \$573.4 million, \$74.3 million or 14.9 percent above the 2022 budget
- Net operating income before depreciation is budgeted at \$380.3 million; \$112.5 million or 42.0 percent above the 2022 budget
- The 2023 capital budget is \$725.8 million, and the five-year capital improvement plan is over \$5.3 billion. The Capital Budget does not include \$74.6 million of the Port's share of NWSA capital spending in 2023 nor \$276.4 million planned over 2023-2027

2023 KEY INITIATIVES AND BUDGET DRIVERS

- Increase access to port-related career pathways through initiatives including: the Maritime High School, Youth Career Launch Program, Airport Career Pathways, Construction Trades Pre-Apprenticeship Training, and internships
- Continued investment in the South King Community Impact Fund
- Additional funding for Duwamish Valley Community Equity Program (DVCEP) to support capacity building and the green jobs startup effort
- Restore habitat along the Lower Duwamish River and underwater habitat in Elliott Bay
- Enhance engagement on tribal affairs and communities impacted by current operations
- Conduct baseline analysis, feasibility assessment, and emissions accounting to support green corridor planning
- Implement a partnership with Seattle Aquarium on kelp research and the development of a permanent exhibit of Port-related environmental initiatives in the New Ocean Pavilion
- Allot funds to improve the T-91 Bike Trail, waterfront signage, and parks management plan
- Advance the Sustainable Aviation Fuels & Air Emissions Reduction Program
- Identify and evaluate strategies to improve the Pre-Conditioned Air system and temperatures in aircraft cabins
- Initiate Child Care/Early Learning Feasibility Study to support airport workers and employees
- Support clean energy technology research, development, and deployment
- Advance local economic development through partnership grants available for cities in King County
- Advance sustainable and equitable tourism events and destinations
- Support small regional businesses and WMBE firms through outreach and training

You can find the budget summary and highlights in the next few pages, and the budget details in various sections of the budget document.

AVIATION DIVISION

While we don't anticipate that SEA will return to the 2019 passenger level until 2024, we are taking a long-term view on our capital project planning and development. Major capital project development continues to meet the expected needs for the coming years and work continues with environmental review and preliminary planning for the Sustainable Airport Master Plan in 2023.

SEA's passenger growth continues to rebound as travel bans have been lifted and higher demand for air travel in 2022. Europe has seen robust growth while Asia (and particularly China) has lagged. International travel has seen a slower rate of recovery compared to domestic travel. International passenger volume is expected at 5.6% below 2019 pre-pandemic passenger levels at the end of 2023. Enplanement growth is expected at 6% for 2023 which would bring SEA to within 6% of the 2019 pre-pandemic passenger level.

MARITIME DIVISION

The Maritime Division will continue to support the region's ocean economy through its focus on managing the cruise business, four recreational marinas, Terminal 91, Fishermen's Terminal, and a variety of other maritime industrial facilities.

Cruise activity is forecasted at 85% occupancy on 289 sailings with 1.43 million passengers. Grain volume is expected to be 4% lower than the 2022 budget.

ECONOMIC DEVELOPMENT DIVISION

The Economic Development Division focuses on developing and managing the Port's real estate assets, promoting statewide tourism, economic development, and developing minority and women owned business opportunities. Commercial properties are expected to achieve a 95 percent occupancy rate by the end of 2023, which is consistent with current results.

The 2023 budget continues funding for the diversity in contracting program, tourism initiatives, and economic development partnership grants for cities in King County.

THE NORTHWEST SEAPORT ALLIANCE (NWSA)

The Northwest Seaport Alliance (NWSA) is a joint venture between the Port of Seattle and the Port of Tacoma established in 2015 to unify the two ports' marine cargo terminal investments, operations, planning, and marketing to strengthen the competitiveness of the Puget Sound gateway.

The net income from the NWSA is distributed evenly between the two home ports and the Port of Seattle's 50 percent share of the 2023 net income is forecast to be \$50.3 million, which is included as operating revenue in the Port wide financial statements. The ports also share equally in NWSA capital investments; the Port's share is forecast to be \$74.6 million for 2023 and \$276.4 million over the next 5 years.

OPERATING BUDGET

Prudent management of the budget helps ensure that the Port has the capacity to invest in infrastructure and programs that support regional economic growth. In 2023, operating revenues are budgeted at \$953.7 million, a \$186.8 million or 24.4 percent increase from the 2022 budget.

Operating expenses are budgeted at \$573.5 million, a \$74.3 million or 14.9 percent increase compared to the 2022 budget. Net operating income (before depreciation) is \$380.3 million, a \$112.5 million or 42.0 percent above the 2022 budget.

AVIATION

The Aviation Division has two distinct lines of business: Aeronautical and Non-aeronautical. Aeronautical revenues are based primarily on operating and capital cost-recovery formulas charged to airlines operating at SEA. On the Aeronautical side, 2023 operating revenue is budgeted at \$504.9 million, which is 27.8 percent higher than the 2022 budget due to an increase in operating expenses, higher debt service resulting from new capital investments, and less federal COVID-19 relief grant funding to offset costs. On the Non-aeronautical side, budgeted operating revenues are \$296.1 million, a \$55.3 million or 23.0 percent increase from the 2022 budget mainly driven by higher demand for Parking, Airport Dining and Retail, Ground Transportation, and Rental Cars due to a higher passenger forecast. Total operating revenues are budgeted at \$801.1 million, a 26 percent increase from 2022. Total operating expenses, including cost allocations from other divisions, are budgeted at \$460.5 million, a 15.8 percent increase from 2022. Net operating income before depreciation is \$340.5 million.

MARITIME

The Maritime Division's operating revenues are budgeted at \$75.9 million, a 28.3 percent increase from 2022 mainly due to higher revenue from Cruise. Total operating expenses, including cost allocations from other divisions, are forecasted at \$66.1 million, a 14.3 percent increase from 2022. Net operating income before depreciation is expected to be \$9.8 million in 2023.

ECONOMIC DEVELOPMENT

The Economic Development Division's 2023 operating revenue is budgeted at \$22.2 million, an 18.3 percent increase from the 2022 budget mainly due to higher revenue from the Conference & Event Centers and the Bell Street Garage. Total operating expenses, including cost allocations from other divisions, are expected to be \$30.1 million, a 6.5 percent increase from 2022. Ongoing key budget initiatives in 2023 include strategic investments in the Maritime Innovation Center, diversity in contracting, and the continuation of programs to support tourism and economic development.

CENTRAL SERVICES

The three operating divisions of the Port are supported by a number of administrative departments and other service groups. These groups allocate their expenses according to the level of service they provide to the divisions and the NWSA. Central Services operating expenses are budgeted at \$162.9 million, a \$21.1 million or 14.9 percent increase from the 2022 budget.

CAPITAL BUDGET

The Port's capital budget is \$725.8 million for 2023 and the five-year capital improvement plan is \$5.3 billion. The plan includes investments in infrastructure renewal and those supporting growth in the Port's business gateways, creating near-term jobs and stimulating long-term economic vitality for the region.

The Airport's capital budget is \$663.9 million for 2023 and the five-year capital improvement plan is \$4.6 billion. Major projects include completion of the International Arrivals Facility, North Satellite Modernization program, and continued investment in Baggage System Optimization, SEA Gateway, C Concourse Expansion, S Concourse Evolution, and Main Terminal Renovation totaling \$2.1 billion in capital expenditures over the next five years. The total five-year CIP of \$4.6 billion includes \$158.3 million for SAMP preliminary planning/design plan but does not include future SAMP projects.

The total 2023 capital budget is \$62.0 million for Maritime, Economic Development and other divisions including Stormwater Utility, legacy projects associated with facilities licensed to the NWSA and Central Services, and the five-year capital plan is \$620.7 million. Major capital projects include Pier 66 Shore Power/Waterfront Electrification, Fishermen’s Terminal Maritime Innovation Center, Terminal 91 New Cruise Gangways, and Terminal 91 Uplands Development. In addition, the Port supports capital investments made by the NWSA; its 50 percent share is forecast to be \$74.6 million in 2023 and \$276.4 million over the next five years.

TAX LEVY

The 2023 tax levy is budgeted at \$82.7 million, a 2 percent increase from the 2022 levy of \$81.0 million. Based on preliminary King County assessed valuation, the 2023 estimated millage rate is \$0.095, slightly lower than the \$0.112 in 2022. The Port Commission had gradually lowered the levy amount since 2009 prior to a 3 percent annual increase from 2019 to 2022.

2023 BUDGET HIGHLIGHTS

The Port strives to maintain a strong financial position while continuing to make investments that retain and attract customers, create jobs, provide community benefits, and help position the Port for future growth.

- Total revenues are budgeted at \$1.30 billion, which includes \$953.7 million of operating revenues and \$352.7 million of non-operating revenues
- The total sources of funds are forecast to be \$2.02 billion, with an estimated \$705.0 million of expected proceeds in 2023 from the anticipated sale of bonds
- Operating revenues are budgeted at \$953.7 million, a \$186.8 million or 24.4 percent increase from the 2022 budget
 - The \$504.9 million of Aeronautical revenues are based on cost recovery
 - Airport Non-Aeronautical revenues are budgeted to be \$296.1 million, a \$55.3 million or 23.0 percent increase from 2022 budget mainly due to higher demand for Parking, Airport Dining and Retail, Ground Transportation, and Rental Cars
 - Non-Airport revenues are projected to be \$152.6 million, a \$21.6 million or 16.5 percent increase from the 2022 budget due primarily to higher revenue from Cruise, Conference & Event Center, and NWSA Distributable Income
- Total expenses are budgeted at \$988.8 million, which includes:
 - \$573.4 million of operating expenses
 - \$208.0 million of depreciation expenses
 - \$207.3 million of non-operating expenses, the majority of which are comprised of interest payments on outstanding bonds
- Operating expenses are up \$74.3 million, or 14.9 percent from the 2022 budget mainly due to:
 - Pay increases for represented and non-represented employees
 - New and unfrozen FTEs for 2023
 - Terminal realignment for airlines
 - Maintenance costs for new facilities (IAF and NSAT)
 - Increase in insurance premiums and other contractual costs
 - Increase spending on Community Programs and employee development and training
 - Added resources for customer service and safety & security for the travelling public

- The 2023 operating budget includes the following:
 - \$17.7 million in expenditures for environmental stewardship
 - \$11.9 million to improve customer service at SEA
 - \$5.2 million for Workforce Development to support job-training programs
 - \$2.3 million for Diversity in Contracting to help WMBE and other small businesses
 - \$2.2 million for South King County Community Impact Fund
 - \$1.8 million to promote and support statewide tourism initiatives and \$1.0 million for the Seattle Aquarium Partnership
 - \$1.7 million for the Office of Equity, Diversity, and Inclusion
- Net operating income before depreciation is \$380.3 million, a \$112.5 million or 42.0 percent increase from the 2022 budget
- Net operating income after depreciation is \$172.3 million, a \$101.4 million increase or 142.8 percent higher than the 2022 budget

TABLE I-1: 2023 BUDGET SUMMARY

COMPREHENSIVE BUDGET (\$ in 000s)	Notes	Aviation	Non-Aviation	Total
Revenues				
1. Aeronautical Revenues		\$ 504,948	-	504,948
2. Other Operating Revenues	1)	296,102	152,634	448,736
Total Operating Revenues		801,051	152,634	953,684
Non-Operating Revenues				
3. Tax Levy		-	82,657	82,657
4. PFCs		94,122	-	94,122
5. CFCs		24,658	-	24,658
6. Fuel Hydrant		7,023	-	7,023
7. Non-Capital Grants and Donations		11,547	24,154	35,701
8. Capital Contributions		44,377	-	44,377
9. Interest Income		56,989	7,139	64,128
Total Non-Operating Revenues		238,715	113,950	352,665
Revenues		1,039,766	266,583	1,306,349
Expenses				
1. O&M Expense		460,535	112,896	573,431
2. Depreciation		170,667	37,284	207,951
Non-Operating Expenses				
3. Revenue Bond Interest Expense		167,511	3,783	171,294
4. GO Bond Interest Expense		-	10,562	10,562
5. PFC Bond Interest Expense		-	-	-
6. Non-Op Environmental Expense		-	10,500	10,500
7. Public Expense		159	11,150	11,309
8. Other Non-Op Rev/Expense		468	3,216	3,684
Total Non-Operating Expenses		168,138	39,211	207,349
Total Expenses		799,340	189,391	988,731
Revenues over Expenses		240,426	77,193	317,619
CAPITAL BUDGET				
2023 Capital	2)	\$ 663,877	\$ 61,966	\$ 725,843
5-Year CIP (2023-2027)		4,648,598	620,744	5,269,342
EMPLOYEES				
Aviation		1,270.9		1,270.9
Maritime			291.5	291.5
Economic Development			37.0	37.0
Central Services			919.2	919.2
Total		1,270.9	1,247.7	2,518.6

onepgsum.xlsx

Notes:

- 1) Other operating revenues for Non-Aviation include \$50.3 million of NWSA Distributable Revenue.
- 2) The Capital Budget does not include \$74.6 million of the Port's share of NWSA capital spending in 2023 or \$276.4 million over 2023-2027.

TABLE I-2: CASH FLOW SUMMARY

(\$ in 000's)	2023	Percent of Total
Beginning balance of cash & investments	\$ 1,833,560	
<u>SOURCES OF CASH</u>		
Operating Revenues without NWSA	903,379	44.6%
NWSA Distributable Cash	62,282	3.1%
Interest Receipts	64,128	3.2%
Proceeds from Bond Issues	705,000	34.8%
Grants and Capital Contributions	80,078	4.0%
Tax Levy	82,657	4.1%
Passenger Facility Charges	94,122	4.6%
Rental Car Customer Facility Charges	24,658	1.2%
Fuel Hydrant Receipts	7,023	0.3%
Other Receipts	1,657	0.1%
Total	2,024,982	100%
Anticipated available funds	3,858,542	
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	573,431	31.1%
Debt Service:		
Interest Payments	219,620	11.9%
Bond Redemptions	222,098	12.1%
Total Debt Service	441,718	24.0%
Other Expenses	15,840	0.9%
Public Expense	11,309	0.6%
Payment to NWSA for Capital Expenditures	74,634	4.1%
Capital Expenditures	725,843	39.4%
Total	1,842,775	100%
Ending balance of cash & investments	\$ 2,015,767	
Increase (decrease) of cash during year	\$ 182,207	

cashflow.xlsx

FIGURE I-1: SOURCES OF CASH
(\$ in 000's)

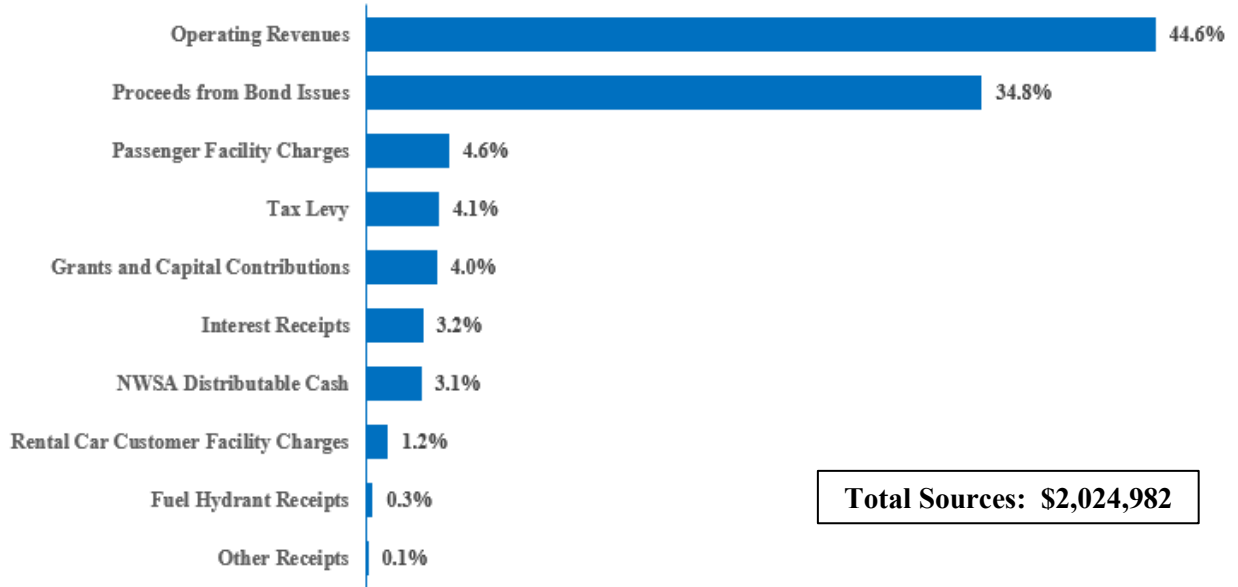
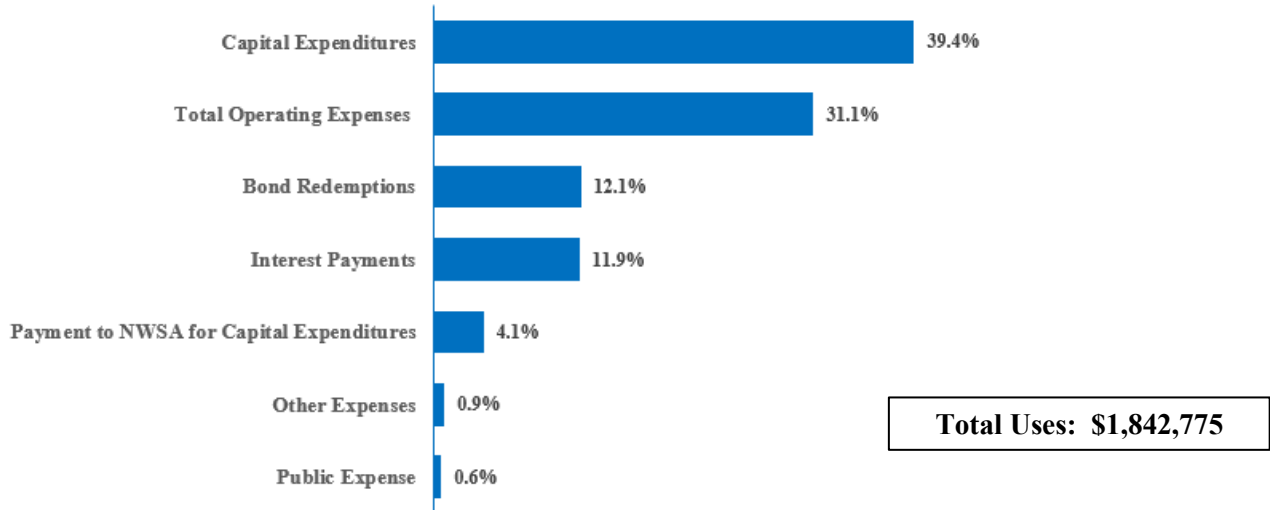


FIGURE I-2: USES OF CASH
(\$ in 000's)



II. PORT VIEW

PORT VIEW

A. THE PORT OF SEATTLE

The Port of Seattle, (the “Port”), is a public enterprise with unique authority operating in an international, market-driven environment. The Port provides services to its customers in order to return benefits to the citizens of King County, carefully considering the economic, social, and environmental implications of its decisions.

The Port is now comprised of three operating divisions, namely Aviation, Maritime, and Economic Development. The Aviation Division manages the Seattle-Tacoma International Airport (SEA). The Maritime Division manages cruise, grain, commercial and recreational marinas, and industrial properties connected with maritime businesses. The Economic Development Division manages the Port’s real estate portfolio as well as develops programs and initiatives to promote tourism in the region and provides support to small businesses. Aside from the three operating divisions, the Port also includes Central Services which provides high quality and cost-effective professional and technical services to the divisions and supports the overall goals of the Port.

B. HISTORY OF THE PORT OF SEATTLE

Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle was the first autonomous municipal corporation in the United States specifically tasked to develop harbor and Port facilities to encourage commerce. The Port was established in an effort by citizens to ensure public ownership of the Seattle harbor. In March 1912, voters approved the Port’s projects that included a plan to build Fishermen’s Terminal which officially opened its doors in January 1914 offering storage rooms, a locker room, offices, headquarters as well as moorage. The new terminal rapidly gained popularity among business and fishing vessel owners and has been home to the North Pacific fishing fleet for more than a century. By late 1915, the Port completed work on Bell Street Pier which housed the original Port headquarters before the relocation to Pier 69 in 1993.

The Port’s concerted efforts to renovate the piers and offer competitive rates were instrumental in increasing domestic and international trade. In 1944, the Port completed construction of Seattle-Tacoma International Airport which was reserved for military use until after World War II. The airport’s official dedication was held on July 9, 1949 attended by more than 30,000 people. During the late 1950’s to the early 1970’s, the South runway was repeatedly lengthened as airlines transitioned away from propeller-driven planes, four concourses were added increasing the number of gates, and Satellite terminals were added to the North and South of the main terminal. In recent years, The Port has undertaken major airport improvements to increase passenger satisfaction and safety such as the addition of the third runway, additional parking spaces, new surface detection radar and lighting, a new concourse, and the International Arrivals facility and the North Satellite Modernization Project. Aside from investing in airport expansion, the Port has continually contributed to the development of public amenities along Seattle’s waterfront through the improvement of container terminals, a grain terminal, cruise terminals, marinas, conference centers, and public parks.

The Port has stayed true to its original mission of promoting economic opportunities and improving the quality of life in the region by advancing trade, travel, and commerce in an equitable, accountable, and environmentally responsible manner. To preserve jobs and to strengthen the Puget Sound gateway, the Port of Seattle along with the Port of Tacoma formed the Northwest Seaport Alliance (NWSA) in August 2015. This partnership unified the two ports’ marine cargo terminal investments, operations, planning, and marketing to make the region more competitive in the global economy, attract more marine cargo,

and create new jobs in the region. Together, the ports can more efficiently deploy the significant investments dedicated to infrastructure and speak with a stronger voice on pressing regional and industry-related issues.

In addition to investing in infrastructure, the Port is also committed in fulfilling its goal of becoming the greenest and most energy-efficient port by investing in projects such as restoring urban forests in near-airport communities and the Duwamish River ecology, promoting adoption of Sustainable Aviation Fuels, implementing green building practices, installing electric vehicle charging stations at the airport and other port facilities, becoming the first (and only) port in the U.S. to form its own stormwater utility, and many more. The Port is also fulfilling its goal of promoting racial equity, diversity and inclusion through the implementation of policies and programs such Duwamish Valley Community Equity Program, South King County Community Impact Fund, and Youth Career Launch program. These programs not only address health and economic inequities but also provide training opportunities and resources for underserved communities to ensure that economic prosperity is equally shared by all communities regardless of race.

C. PORT OF SEATTLE FACILITIES AND SERVICES

The Aviation Division operates SEA, which is located on 2,800 acres, 12 miles south of downtown Seattle. The airport includes 3 runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length and a subway system linking the concourses. SEA is the 8th busiest U.S. airport as measured by passenger volume in 2019 and compared to other large airports, it has relatively high originations and destinations traffic.

The Maritime Division operates 2 cruise vessel terminals with a total of 3 berths. The division also manages a fully automated grain terminal and Fishermen’s Terminal, which is home to the North Pacific factory trawler fishing fleet as well as other general-purpose maritime facilities. In addition, the Maritime Division leases industrial property connected with these cruise, cargo, and factory trawler fishing businesses.

The Economic Development Division manages the Port’s holdings in commercial real estate, developable property, tourism, small business opportunities, and workforce development in the maritime and aviation industries. This allows the Maritime and Aviation divisions to concentrate on their core businesses.

The NWSA, as a Port Development Authority (PDA), is a separate legal entity from the two home ports and acts as the exclusive manager and operator of the container, break-bulk, auto and some bulk terminals in Seattle and Tacoma. The NWSA is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. It is the first alliance of its kind in North America, and offers shorter U.S. to Asia transits, as well as a deep connection to Alaska.

The airport, cruise business, marinas, Fishermen’s Terminal, grain terminals, and certain industrial real estate, such as the Northwest Innovation Works and Puget Sound Energy facilities, and Terminal 91 uplands, remain outside the Alliance.

FIGURE II-1: FACILITY MAP



D. CENTURY AGENDA GOALS

CENTURY AGENDA OVERVIEW



The Port celebrated 100 years of service to the Puget Sound region by creating a comprehensive, strategic initiative to guide Port priorities for the next quarter century in 2012. That initiative is the Century Agenda. The Century Agenda aligns the Port's and objectives across all divisions and departments as they address evolving challenges with innovative solutions.

For more than 100 years the Port has generated jobs and growth for King County and the greater region by advancing trade and commerce, promoting industrial growth, and stimulating economic development. The Port leverages its real estate, capital assets and financial capabilities to engage and improve the Puget Sound Region as an anchor institution and it brings those resources to bear in accomplishing the goals established by the Century Agenda.

Two years prior to the centennial, the Commission launched an extensive public engagement effort and formed a Century Agenda Committee to guide the Port's long-range vision. More than 1,000 people attended over 60 events and engagements to help develop what are now known as Strategies and Objectives, along with a proposed Mission and Commitment. Each year since, the Port staff has identified action plans that are incorporated in the Port business plans and budget to advance progress towards achieving the Century Agenda Vision, Strategies, and Objectives.

Since its inception, the Century Agenda has remained the cornerstone of the Port's long-term strategic planning. The Strategies and Objectives set forward in the Century Agenda are reviewed every five years to ensure it remains a living document and that the aspirational aims it sets forth are aligned to and reflective of the current landscape and the Port's vision for the future.

OUR MISSION

The Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner.

OUR VISION

Over the next 25 years, we will add 100,000 jobs through economic growth for a total of 300,000 port-related jobs in the region, while reducing our environmental footprint.

OUR COMMITMENT

We are committed to creating opportunity for all, stewarding our environmental responsibly, partnering with surrounding communities, promoting social responsibility, conducting ourselves transparently, and holding ourselves accountable.





CENTURY AGENDA GOALS AND OBJECTIVES

Position the Puget Sound region as a premier international logistics hub

Objectives:

1. Meet the Puget Sound region's international trade and cargo needs in an efficient and sustainable manner
2. Support the continued success and competitiveness of the NWSA

Advance this region as a leading tourism destination and business gateway

Objectives:

3. Continuously improve operational efficiency and customer experience at SEA
4. Strengthen the competitiveness of SEA in the regional and global marketplace
5. Meet the region's air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner

Responsibly Invest in the Economic Growth of the Region and all its Communities

Objectives:

6. Increase career and business opportunities for local communities in all port-related industries
7. Advance Maritime Industries through innovation, strategic investment, and capable management of Port facilities
8. Expand the economic, cultural and community benefits of Cruise Operations while preserving industrial lands

Be the greenest and most energy-efficient port in North America

Objectives:

9. Meet all increased energy needs through conservation and renewable sources
10. Meet or exceed agency requirements for stormwater leaving Port-owned or operated facilities
11. Reduce air pollutants and carbon emissions
12. Restore, create, and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay

Become a Model for Equity, Diversity, and Inclusion

Objectives:

13. Increase utilization of WMBE and DBE firms and eliminate disparity of access to opportunities
14. Ensure that all internal and external programs, structures and practices provide equitable opportunities for all
15. Advance regional workforce development in port-related industries to provide equitable access to quality careers

Be a Highly Effective Public Agency

Objectives:

16. Advance the Port's dedication to employee engagement, safety, innovation, and financial stewardship
17. Foster an environment of transparency, accountability, respect, leadership, and fairness to give Port staff the tools to be exceptional public servants
18. Partner and engage with external stakeholders to build healthy, safe, and equitable communities
19. Set the standard for high-quality, cost-effective, and timely delivery of capital programs

FIGURE II-2: CENTURY AGENDA (CA) AND ANNUAL BUSINESS PLANS/BUDGETING PROCESS

CENTURY AGENDA (CA) AND ANNUAL BUSINESS PLANS/BUDGETING PROCESS



E. COMMISSIONERS AND OFFICERS

The Port Commission is the legally constituted governing body of the Port of Seattle. As a governing body of a special purpose municipal corporation, it is charged with the responsibility of fulfilling legislatively mandated purposes and objectives.

The Port Commission is made up of five elected individuals. At the time of this publication, they are:

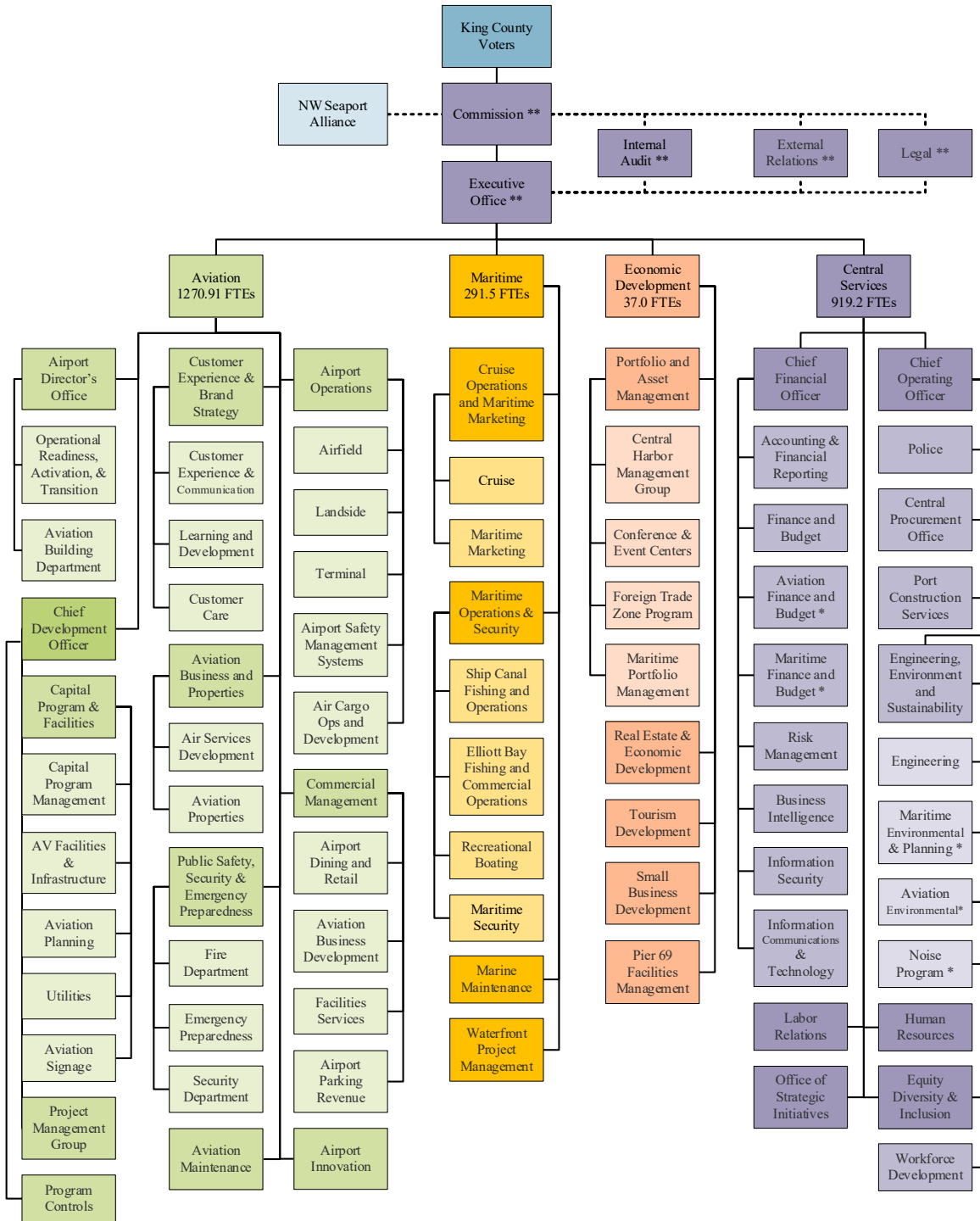
Ryan Calkins, President
Sam Cho, Vice President
Fred Felleman, Commissioner
Toshiko Grace Hasegawa, Commissioner
Hamdi Mohamed, Commissioner

The senior officers of the Port are:

Steve Metruck, Executive Director
Pearse Edwards, Sr. Director, External Relations
Glenn Fernandes, Director, Internal Audit
Katie Gerard, Sr. Director, Human Resources
Bookda Gheisar, Sr. Director, Equity, Diversity, and Inclusion
Stephanie Jones-Stebbins, Managing Director, Maritime Division
Sandy Kilroy, Sr. Director, Engineering, Environment and Sustainability
Lance Lyttle, Managing Director, Aviation Division
Dave McFadden, Managing Director, Economic Development Division
Mikel O'Brien, Interim Sr. Director, Labor Relations
Pete Ramels, General Counsel & Chief Compliance Officer
Eric Schinfeld, Interim Chief of Staff
Dave Soike, Chief Operating Officer
Dan Thomas, Chief Financial Officer

F. ORGANIZATION CHART

FIGURE II-3: ORGANIZATION CHART



* For reporting purposes, financials and FTEs counted in the respective division being supported.

** For reporting purposes, Commission Office, Executive Office, Internal Audit, External Relations, and Legal all roll up to Central Services.

III. BUDGET OVERVIEW

BUDGET OVERVIEW

A. FINANCIAL OVERVIEW

Table III-1 below is a summary of the combined financial forecasts of the Port’s operating divisions, which can be found in Sections IV, V, and VI.

TABLE III-1: PORT OF SEATTLE FINANCIAL FORECAST

(\$ in 000's)	2020	2021	2022	2023	2024	2025	2026	2027	2023 - 2027
OPERATING BUDGET	Actual	Actual	Budget	Budget	Forecast				Compound Growth
Aeronautical Revenue	\$ 297,909	\$ 317,513	\$ 394,963	\$ 504,948	\$ 556,633	\$ 588,600	\$ 668,619	\$ 728,375	9.6%
Airport Non-Aero Revenues	116,473	183,819	240,820	296,102	316,946	336,731	380,648	403,032	8.0%
Non-Airport Revenues	57,664	64,691	81,632	102,328	111,846	120,102	128,493	134,280	7.0%
NWSA Distributable Revenue	38,782	55,998	49,440	50,305	48,338	65,055	66,686	67,669	7.7%
Total Operating Revenues	510,828	622,020	766,854	953,684	1,033,762	1,110,488	1,244,446	1,333,356	8.7%
Total O&M Expenses w/o Pension Credit	425,904	422,372	499,146	573,431	611,896	628,987	649,573	672,099	4.0%
DRS Pension Credit	(17,223)	(57,716)	-	-					NA
Total O&M Expenses with Pension Credit	408,681	364,656	499,146	573,431	611,896	628,987	649,573	672,099	4.0%
NOI Before Depreciation (with Pension Credit)	102,147	257,364	267,708	380,253	421,866	481,501	594,873	661,257	14.8%
Total Depreciation Expense	180,086	190,683	196,757	207,951					
NOI After Depreciation (with Pension Credit)	(77,939)	\$ 66,681	\$ 70,952	\$172,302					
									Total
									2023 - 2027
Committed Capital Budget	\$ 537,256	\$ 416,479	\$ 590,335	\$ 782,584	\$ 876,068	\$ 710,195	\$ 368,922	\$ 87,687	\$ 2,825,456
Business Plan Prospective	3,736	3,632	82,252	84,854	255,022	548,136	690,665	865,209	2,443,886
CIP Cashflow Adjustment Reserve	-	-	(113,039)	(141,595)	78,897	54,698	4,000	4,000	0
Total Capital Budget	\$540,992	\$420,111	\$559,548	\$725,843	\$1,209,987	\$1,313,029	\$1,063,587	\$ 956,896	\$5,269,342

Notes:

- 1) Includes revenue from Maritime, Economic Development, Central Services, and Stormwater Utility.
- 2) Does not include NWSA Distributable Revenue.
- 3) Does not include Port’s share of NWSA CIP. See Section IX for details of Capital Improvement Plan.

B. OPERATING BUDGET OVERVIEW

The 2023 budget comprises of Total Operating Revenues of \$953.7M and Total Operating Expenses of \$573.4M. Net Operating Income Before Depreciation calculates to \$380.3M. Net Operating Income After Depreciation is budgeted at \$172.3M.

- Aviation Division’s Operating Revenues are \$801.1M, a \$165.3M or 26.0% increase from 2022 budget. Total Operating Expenses are budgeted at \$460.5M. This represents a \$62.9M or 15.8% increase compared to the 2022 budget. Net Operating Income Before Depreciation is \$340.5M.
- Maritime Division’s Operating Revenues are \$75.9M, a \$16.7M or 29.0% increase from 2022 budget. Total Operating Expenses are \$66.1M, a \$8.3M or 14.3% increase from 2022 budget. Net Operating Income Before Depreciation is \$9.8M.
- Economic Development Division’s Operating Revenues are \$22.2M, a \$3.4M or 18.3% increase from 2022 budget. Total Operating Expenses are \$30.1M, a \$1.8M or 6.5% increase from 2022 budget. Net Operating Loss Before Depreciation is \$11.9M.
- Operating Expenses for Central Services are \$162.9M for 2023, a \$21.0M or 14.9% increase from 2022 budget.

- The Net Income from the NWSA will be distributed evenly between the two home ports. The Port of Seattle's 50% share of the net income for 2023 is \$50.3M, which is included as Operating Revenue in the Port-wide financial statements.

The 2023 budget for Non-Operating Revenues are \$308.3M while Non-Operating Expenses are \$207.3M. More information for the Non-Operating Revenues and Expenses can be found from Table III-2.

TABLE III-2: REVENUES, EXPENSES, AND NET ASSETS

(\$ in 000's)	2019	2020	2021	2022	2022	2023
Notes	Actual	Actual	Actual	Budget	Forecast	Budget
OPERATING REVENUES:						
Total operating revenue	764,174	510,828	622,020	766,854	777,728	953,684
OPERATING EXPENSES:						
Total Operating Expenses w/o Pension Credit	458,112	425,904	422,372	499,146	481,565	573,431
DRS Pension Credit	(16,412)	(17,223)	(57,716)	-	-	-
Total Operating Expenses with Pension Credit	441,700	408,681	364,656	499,146	481,565	573,431
Net Operating Income Before Depreciation (with Pension Credit)	322,474	102,147	257,364	267,708	296,163	380,253
DEPRECIATION	174,903	180,086	190,683	196,757	243,695	207,951
OPERATING INCOME	147,571	(77,939)	66,681	70,952	52,468	172,302
NON-OPERATING INCOME (EXPENSE):						
Ad valorem tax levy revenues	73,801	76,196	78,311	81,037	81,037	82,657
Passenger facility charges revenues	100,004	34,637	72,845	90,521	87,168	94,122
Customer facility charges revenues	22,355	15,429	24,271	24,411	24,426	24,658
Fuel hydrant facility revenues	6,742	6,886	7,010	7,022	7,022	7,023
Non capital grants and donations	2,880	149,913	105,988	130,345	118,845	35,701
Investment income (loss)	54,078	41,406	(5,386,157)	10,928	25,045	64,128
Revenue bonds interest expense	(105,601)	(133,149)	(132,925)	(154,036)	(143,576)	(171,294)
Passenger facility charge revenue bonds interest expense	(3,547)	(2,670)	(1,041)	-	-	-
General obligation bonds interest expense	(12,493)	(11,850)	(11,004)	(14,701)	(12,901)	(10,562)
Public expense	(12,986)	(6,658)	(9,769)	(14,073)	(11,073)	(11,309)
Non-op environmental expense	(118)	(5,971)	(7,495)	(10,700)	(10,700)	(10,500)
Other income (expense)	(19,536)	(22,033)	(20,160)	(2,247)	(2,247)	(3,684)
Total non-operating income (expense)	105,579	142,135	100,646	148,506	163,045	100,939
INCOME BEFORE CAPITAL CONTRIBUTIONS	253,150	64,196	167,327	219,458	215,512	273,241
CAPITAL CONTRIBUTIONS	17,736	20,909	47,632	39,121	24,121	44,377
INCOME BEFORE SPECIAL ITEM	\$270,886	\$ 85,105	\$214,959	\$258,579	\$239,633	\$317,619
SPECIAL ITEM - SR 99 Viaduct Expense	-	-	(34,907)	-	-	-
INCREASE IN NET POSITION	\$270,886	\$ 85,105	\$180,053	\$258,579	\$239,633	\$317,619
EMPLOYMENT (FTES)	2,263.4	2,393.7	2,411.8	2,462.6	2,462.5	2,518.6

bdrevexp

TABLE III-3: REVENUES BY MAJOR BUSINESSES

(\$ in 000's)	2020	2021	2022	2023	% Change
Revenue by Account	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Revenue					
Aeronautical Revenues	\$ 297,909	\$ 386,668	\$ 394,963	\$ 504,948	27.8%
Public Parking	34,502	59,597	81,028	96,768	19.4%
Rental Cars - Operations	16,637	24,379	36,026	39,353	9.2%
Rental Cars - Operating CFC	-	2,501	16,112	14,477	-10.2%
ADR & Terminal Leased Space	31,234	51,184	45,164	73,360	62.4%
Ground Transportation	6,557	13,628	18,242	24,324	33.3%
Employee Parking	8,848	9,688	10,472	10,462	-0.1%
Airport Commercial Properties	10,766	13,713	15,371	16,959	10.3%
Airport Utilities	5,672	7,568	7,765	8,541	10.0%
Clubs and Lounges	2,043	6,221	8,972	9,859	9.9%
Cruise	3,824	8,558	20,574	34,445	67.4%
Recreational Boating	12,611	12,915	13,731	15,591	13.5%
Fishing & Operations	10,456	8,644	8,928	9,809	9.9%
Grain	5,142	4,903	5,900	5,814	-1.5%
Maritime Portfolio Management	10,074	10,259	9,986	10,192	2.1%
Central Harbor Management	7,791	8,278	8,431	9,699	15.0%
Conference & Event Centers	1,662	5,035	10,299	12,479	21.2%
NWSA Distributable Revenue	38,782	42,273	49,440	50,305	1.8%
Other Revenues	6,318	4,848	5,451	6,297	15.5%
Total Operating Revenue	\$510,828	\$680,861	\$766,854	\$953,684	24.4%

table4.xlsx

FIGURE III-1: REVENUES BY MAJOR BUSINESSES

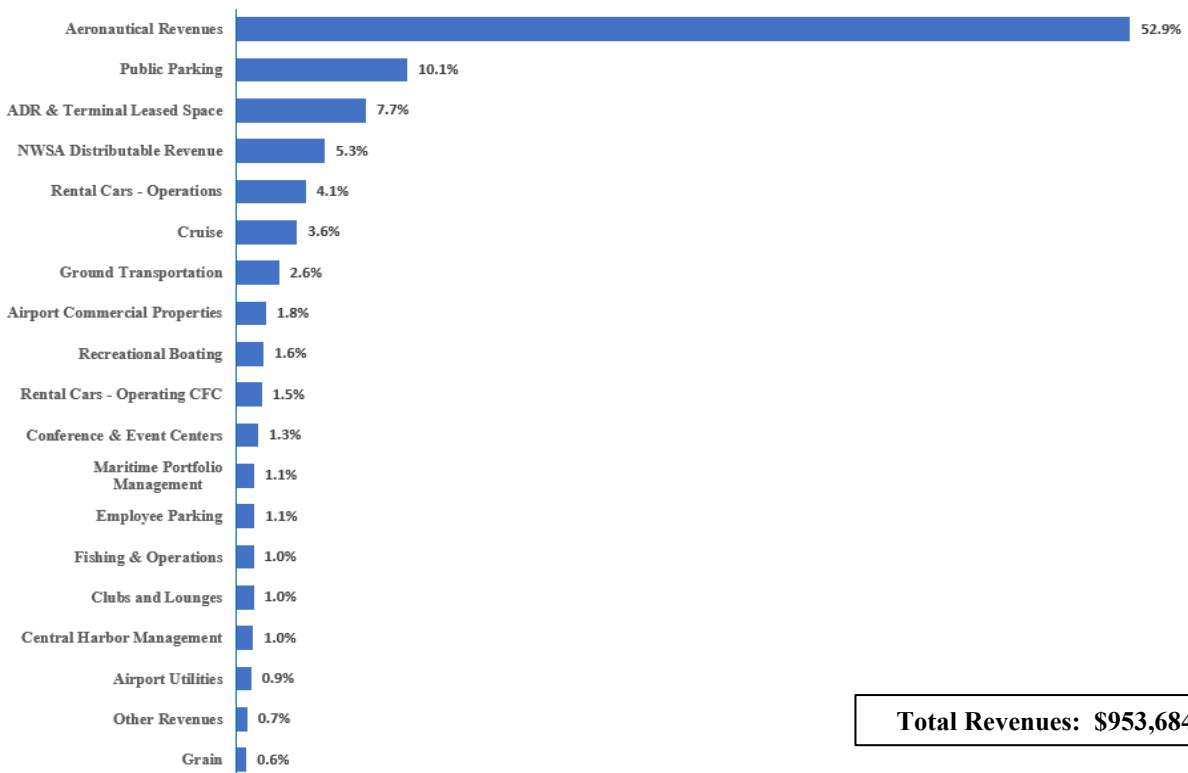


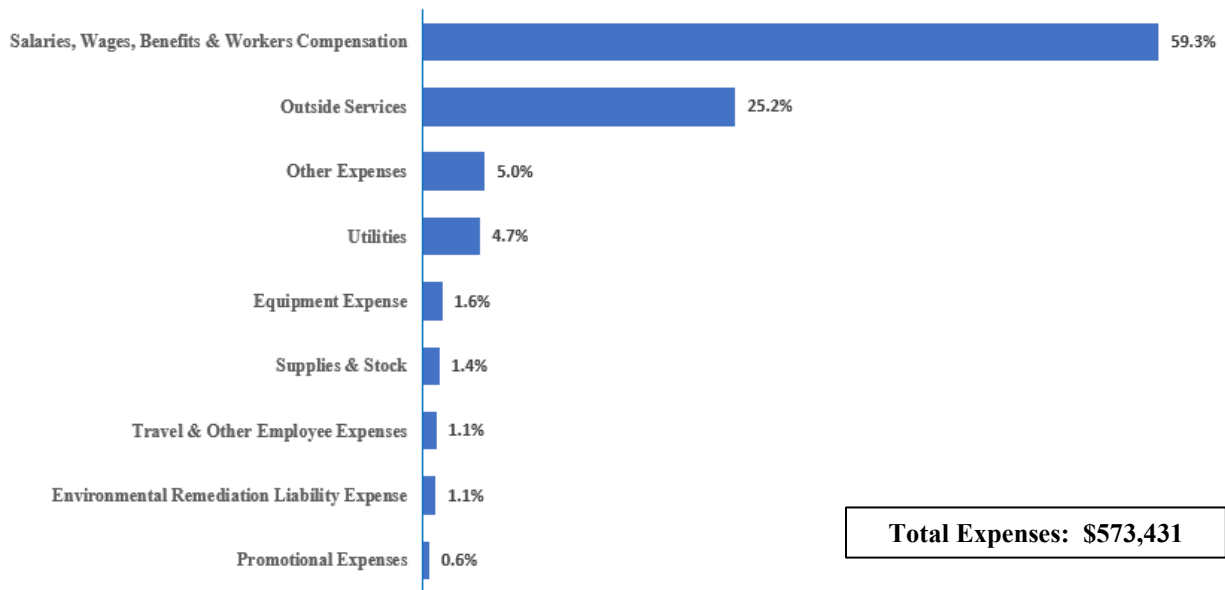
TABLE III-4: EXPENSES BY MAJOR ACCOUNTS

(\$ in 000's)	2020	2021	2022	2023	% Change
Expense by Account	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Expense					
Salaries, Wages, Benefits & Workers Compensation	\$ 317,297	\$ 311,840	\$ 346,007	\$ 389,374	12.5%
Equipment Expense	10,331	6,863	10,914	10,487	-3.9%
Utilities	22,017	26,236	29,024	30,529	5.2%
Supplies & Stock	9,894	9,368	9,403	8,994	-4.3%
Outside Services	103,637	99,482	147,647	165,506	12.1%
Travel & Other Employee Expenses	2,764	2,031	5,673	7,344	29.5%
Promotional Expenses	543	808	3,107	3,690	18.8%
Other Expenses	19,274	18,983	26,936	33,081	22.8%
Total O&M without Environmental	485,758	475,612	578,711	649,004	12.1%
Environmental Remediation Liability Expense	(2,339)	1,791	985	7,120	622.8%
Total O&M with Environmental	483,419	477,403	579,696	656,124	13.2%
Charges to Capital/Govt/Envrs Projects/Overhead Alloc	(57,515)	(55,031)	(80,550)	(82,692)	2.7%
Total O&M Expenses w/o Pension Credit	425,904	422,372	499,146	573,431	14.9%
DRS Pension Credit	(17,223)	(57,716)	-	-	NA
Total O&M Expenses with Pension Credit	\$408,681	\$364,656	\$499,146	\$573,431	14.9%

table4.xlsx

FIGURE III-2: EXPENSES BY MAJOR ACCOUNTS

(\$ in 000's)



C. BUDGET OVERVIEW - STAFFING

Port leaders recognized the importance of investing in its workforce to advance its goals and to better serve the community at large. The 2023 budget strategies included carefully reassessing staffing needs to meet projected increases in business activity, instituting a 6.0% Cost of living adjustment and a 3.0% Average Pay for Performance Increase as well as fully restoring Travel & Other Employee Budget to pre-Covid levels.

At the beginning of the budget cycle, departments across the Port submitted justifications for new budget requests (i.e., request for additional staff, unfreeze (restore) frozen positions, and add or increase funding for initiatives). In some cases, departments presented their business cases to the Executive Leadership team. The 2023 Full-Time-Equivalent (FTE) budget is 2,518.6, an increase of 2.3% compared to the 2022 budget.

Major staffing changes are outlined below:

- Aviation division had 19.2 frozen (unfunded) FTEs at the beginning of 2022, of this number, 16.2 were eliminated while 3.0 will be restored in 2023. Aviation added 5.0 FTEs mid-year FTEs and eliminated 4.13 FTEs earlier this year. Aviation's 2023 FTE is 1,270.9, an increase of 0.4% compared to 2022. This budget includes 20.0 new and 3.0 unfrozen FTEs to support the growing capital program, enhance customer service and community support, improve energy efficiency and asset management, and enhance operational effectiveness.
- Maritime added 2.0 mid-year FTEs in Maritime Environmental and Sustainability and Maritime Division Management earlier this year. Maritime's 2023 FTE budget is 291.5, a 5.8% increase over 2022. This number includes 14.0 new FTEs to support environmental, capital program, and Grant/Cost Recovery initiatives and other organizational needs.
- Economic Development's 2023 FTE budget is 37.0, a 5.7% increase compared to 2022. This number includes 2.0 new FTEs in Real Estate Development and Planning and Diversity in Contracting to advance DBE/WMBE Compliance and Monitoring initiatives.
- Central Services had 10.0 frozen FTEs at the start 2022, however, 1.0 FTE was unfrozen in June. A total of 7.0 frozen FTEs will be eliminated, and 2.0 FTEs will be restored in 2023. Additionally, 16.3 mid-year FTEs were added earlier this year. Central Service's 2023 FTE budget is 919.2, a 3.8% increase over 2022 budget. The 2023 budget includes 27.1 new and 2.0 unfrozen FTEs to support Century Agenda goals, enhance safety and security of the public, advance work on regional economic priorities, enhance engagement with surrounding communities, and to meet organizational needs and division priorities.

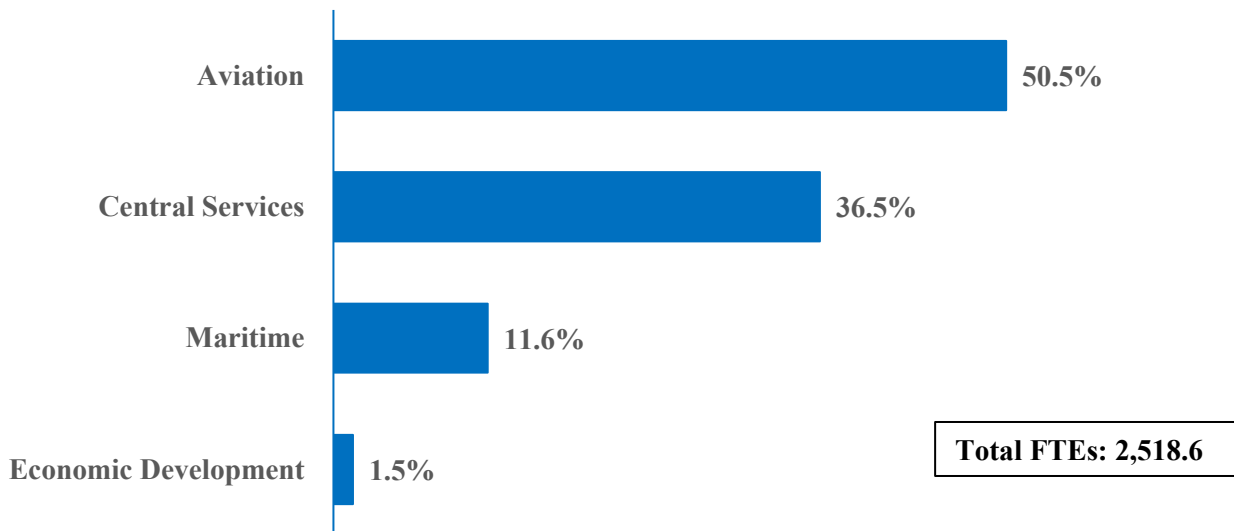
More staffing information is provided in the Aviation, Maritime, Economic Development, and Central Services sections of this document (Sections IV to VII).

TABLE III-5: PORT STAFFING BY DIVISION

PORT STAFFING (Full-Time Equivalent Positions)								
Division	Notes	2020 Actual	2021 Actual	2022 Budget	2022 Est. Act.	2023 Budget	# Change 2022 Bud-2023 Bud	% Change 2022 Bud-2023 Bud
Aviation		1,252.5	1,252.8	1,266.3	1,247.9	1,270.9	4.6	0.4%
Maritime		264.9	261.5	275.5	277.5	291.5	16.0	5.8%
Economic Development		35.6	36.0	35.0	35.0	37.0	2.0	5.7%
Central Services		840.7	861.5	885.8	902.1	919.2	33.4	3.8%
Total FTE's		2,393.7	2,411.8	2,462.6	2,462.5	2,518.6	56.1	2.3%

FTE.XLS

FIGURE III-3: PORT STAFFING BY DIVISION:



D. CAPITAL BUDGET OVERVIEW

For the Port to meet the waterborne and air transportation needs of the region and to serve its customers, it must invest in the acquisition, development, and maintenance of long-term assets. For an organization as large and diverse as the Port, this requires comprehensive long-term capital planning which synthesizes the existing and anticipated business environment, careful estimates of customer demand for facilities, available resources, and the priorities of the organization.

The 2023 capital budget is \$725.8M, and the five-year capital improvement plan (CIP) is \$5.3B.

The 2023-2027 CIP reflects the Port's continuing commitment to promoting regional economic activity through the investment in the development, expansion, and renewal of Port facilities. For a more detailed discussion of the Port's long-term capital and funding plan, refer to Section IX (Capital Improvement Plan) and Section X (Plan of Finance).

TABLE III-6: CAPITAL BUDGET

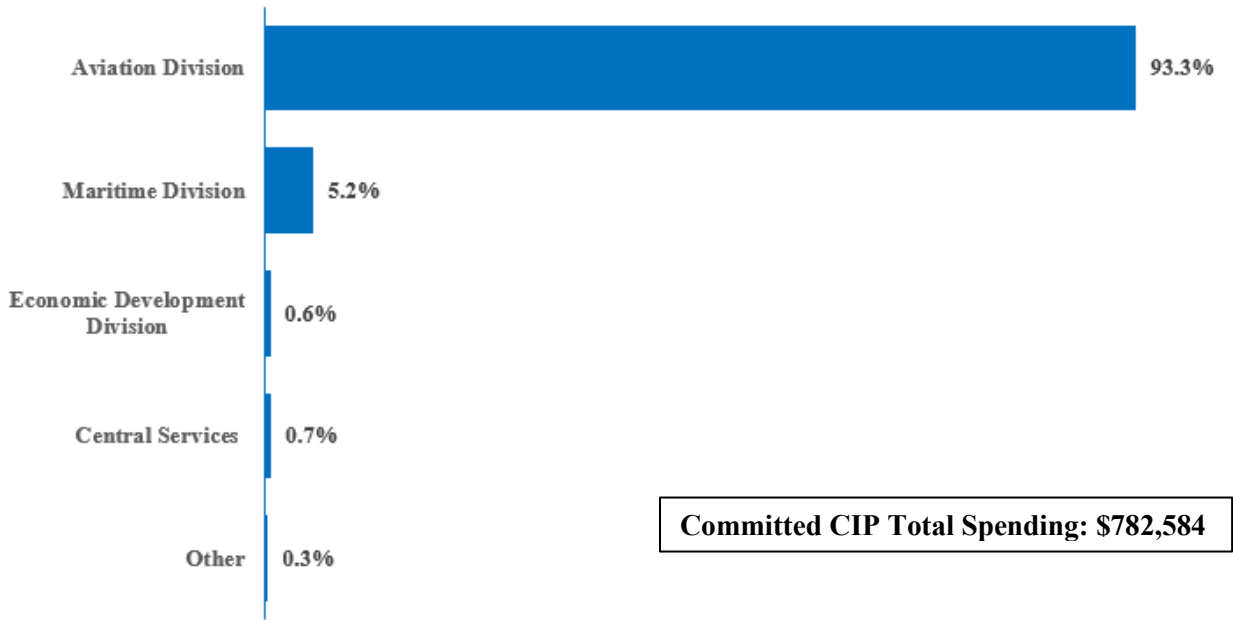
(\$ in 000's)	Notes	2023 Budget	2023-2027 CIP	% of 2023 Total Committed
Committed Capital Projects	1			
Aviation Division		\$ 729,920	\$ 2,501,963	93.3%
Maritime Division		40,657	180,845	5.2%
Economic Development Division		4,407	90,688	0.6%
Central Services		5,135	20,235	0.7%
Other	2	2,465	31,725	0.3%
Total Committed		\$ 782,584	\$ 2,825,456	100.0%
Business Plan Prospective Projects		\$ 84,854	\$ 2,443,886	
CIP Cashflow Adjustment Reserve		\$ (141,595)	\$ -	
Total CIP		\$ 725,843	\$ 5,269,342	

CAPSUM

Notes:

- 1) Definitions and details of the capital budget can be found in Section IX.
- 2) Includes the Stormwater Utility and Port projects related to NWSA (Joint Venture); excludes the Port's share of NWSA CIP.

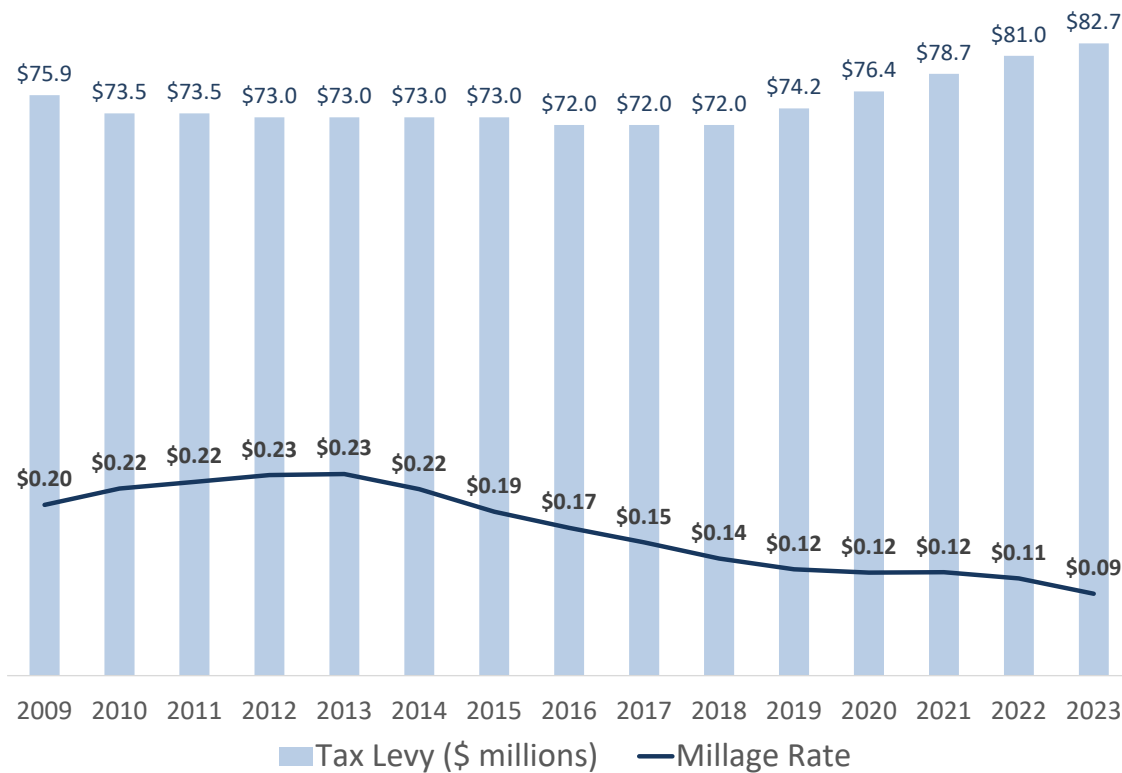
FIGURE III-4: COMMITTED CAPITAL BUDGET
(\$ in 000's)



E. TAX LEVY

- The preliminary maximum allowable levy for 2023 is \$113.2M
- For 2023 the levy is \$82.7M, a two percent increase over the 2022 levy of \$81.0M
- The estimated 2023 millage rate is \$0.095
- Planned levy uses in 2023 include:
 - General Obligation (G.O.) Bond debt service
 - Capital projects reviewed by the Commission
 - Environmental remediation
 - Environmental and climate change initiatives
 - Airport Community Support
 - Workforce development initiatives and Diversity in Contracting
 - Economic development partnership grants
 - Support for local and regional Tourism
 - City of SeaTac safety enhancements
 - Local community advertising at Sea-Tac Airport
 - South King County Community Impact Fund and Sustainable Aviation Fuels and Air Emissions Program
 - Duwamish Valley Community Equity Program
 - Support for the Equity, Diversity and Inclusion department and high school internship program

FIGURE III-5: TAX LEVY VS. MILLAGE RATE 2009-2023



F. EQUITY IN BUDGETING

Over the years the Port has worked hard to ensure the equitable distribution of resources and mitigation of impacts in underserved communities through 18 community programs, such as the South King County Community Impact Fund, the Duwamish Valley Equity Program, the Youth Career Launch Program, and Diversity in Contracting.

To further advance the Port’s Century Agenda goal to “Become A Model of Equity, Diversity, and Inclusion,” the Port has been providing equity training to staff with the primary goal to normalize, organize, and operationalize racial equity through employee dialogues, book clubs, learning events, and mandatory training for all managers and supervisors.

The Port also incorporated equity considerations into the budgeting process for a second year; we asked each division and department to answer the five questions below as part of the 2023 budget process.

1. Describe how you have applied equity, diversity, and inclusion principles in planning your 2023 strategies, objectives, and initiatives.
2. Are there specific areas or programs your department has added to or redirected funding from existing baseline budget that would advance equity considerations? If yes, describe the specific area(s) and how much funding was redirected.
3. What steps have you taken to ensure that your 2023 strategies, objectives and initiatives do not cause disproportionate harm to any groups in our community, or perpetuate existing inequities?
4. What has your engagement with the staff in your team told you about the factors that advance equity in your 2023 strategies, objectives, and initiatives?
5. For departments interfacing with the community, describe how you have engaged with the overburdened communities and vulnerable populations in your planning process.

Port management reviewed the responses to these questions as part of department budget reviews. Staff has compiled all the responses and are in the process of analyzing and summarizing the information. Our goal is to identify challenges and opportunities in budgeting with an equity lens, gather ideas and suggestions, create a short-term action plan and a long-term strategy that will lead to meaningful and lasting results.

G. CENTURY AGENDA GOALS

The Century Agenda (CA) is the directional compass for the Port of Seattle and the basis for all strategic alignment and goal creation across the Port.

Introduced in 2012 to mark the 100 year anniversary of the Port, the Commission adopted the Century Agenda to establish the Port’s ambitious vision for the next 25 years and beyond. It contains six (6) goals and nineteen (19) objectives that provide structural framework for operating divisions to create tactical objectives and aligned key performance indicators (KPIs) to keep the Port on track to its destinations.

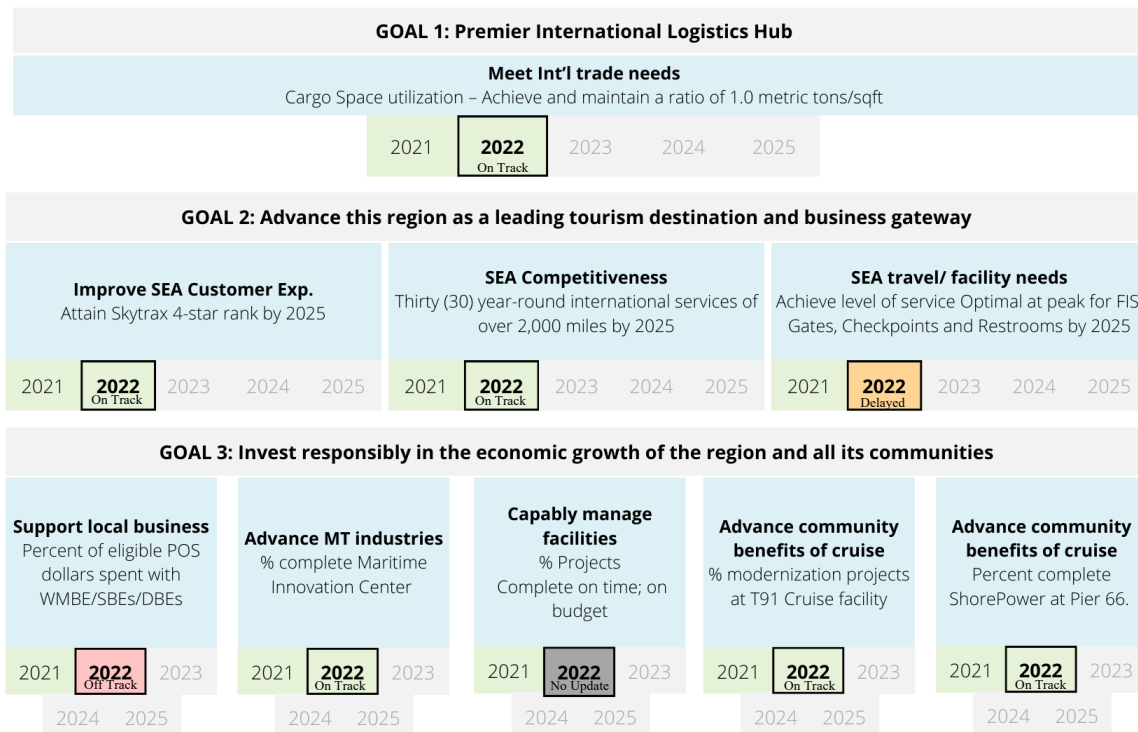
The Port updated its Century Agenda in December 2017 to add Scope 2 carbon reduction goals to our environmental sustainability priorities that supplement to accompany Scope 1 and Scope 3 carbon reduction goals.

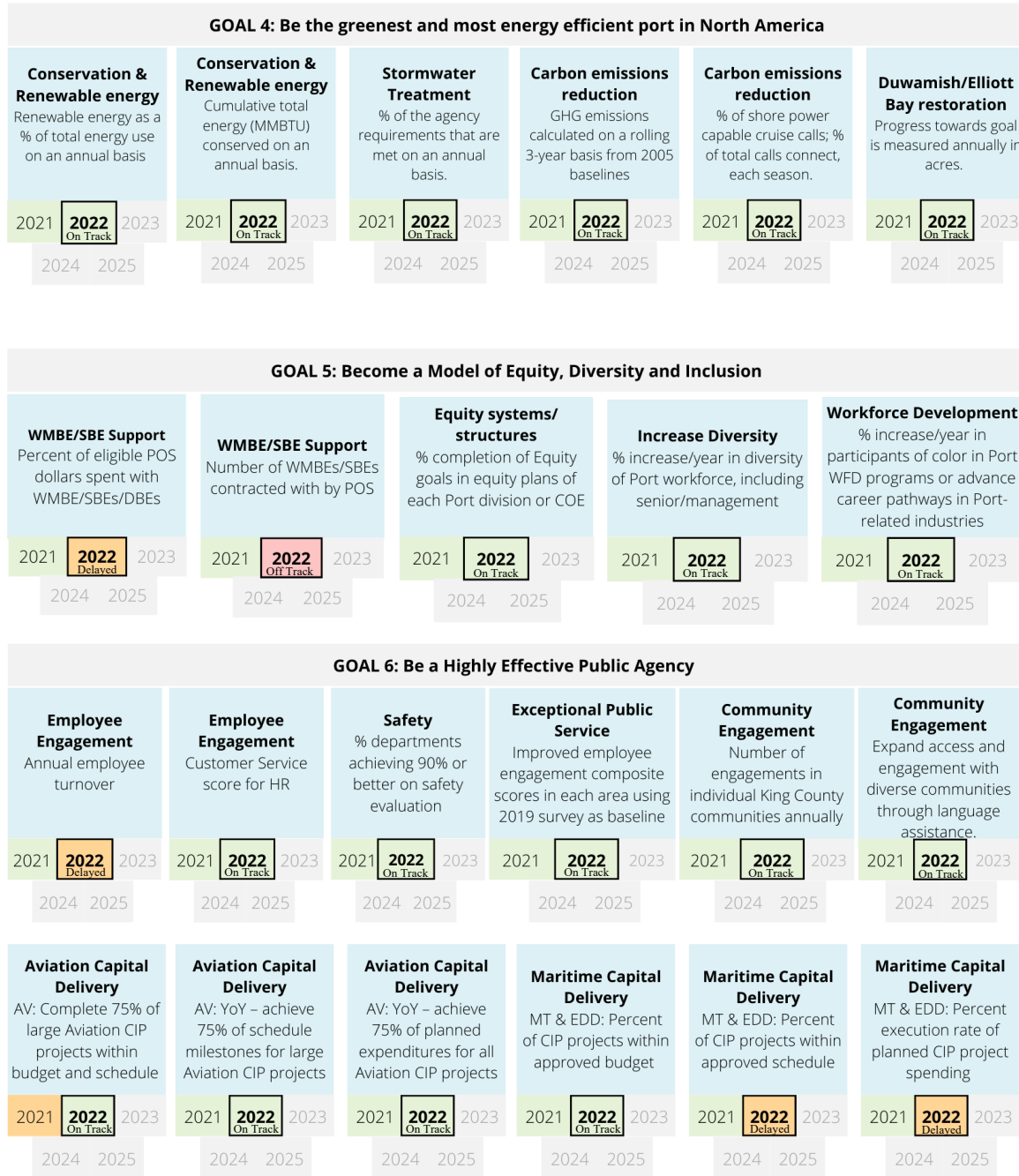
In 2020, the CA was updated again to add goals on Equity, Diversity and Inclusion as well as to be a Highly Effective Public Agency. As part of this update, revisions were made to CA Objectives to make them more accessible and more easily aligned with existing Port priorities, work streams and lines of business.

The Port is performing well against Century Agenda Objectives. To measure our progress, CA KPIs were created as a means to review high-level progress towards the long-term goals of the Port. Of the 33 CA KPIs: 21 are On Track; 5 are Delayed or Slightly Off-track; 3 are Off Track or Needing review; 4 with no updates provided by teams at this time.

FIGURE III-6: CENTURY AGENDA KEY PERFORMANCE INDICATORS

Green = On track. Orange = Delayed. Red = Off-track/Needs review. Grey = No update provided yet.





For additional details on the CA KPIs, please see Appendix G.

IV. AVIATION

AVIATION DIVISION

A. 2023 BUDGET SUMMARY

TABLE IV-1: AVIATION CASH FLOW SUMMARY

(\$ in 000's)	<u>2023</u>	Percent of Total
<u>SOURCES OF CASH</u>		
Operating Revenues	\$ 801,051	45.9%
Interest Receipts	56,989	3.3%
Proceeds from Bond Issues	705,000	40.4%
Grants and Capital Contributions	55,924	3.2%
Tax Levy	-	0.0%
Passenger Facility Charges	94,122	5.4%
Rental Car Customer Facility Charges	24,658	1.4%
Fuel Hydrant Receipts	7,023	0.4%
Other Receipts	1,302	0.1%
Total	\$ 1,746,068	100%
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	460,535	30.5%
Debt Service:		
Interest Payments	199,352	13.2%
Bond Redemptions	183,883	12.2%
Total Debt Service	383,234	25.4%
Other Expenses	1,770	0.1%
Public Expense	159	0.0%
Capital Expenditures	663,877	44.0%
Total	\$ 1,509,575	100%

cashflow1.xlsx, AV

FIGURE IV-1: AVIATION SOURCES OF CASH
(\$ in 000's)

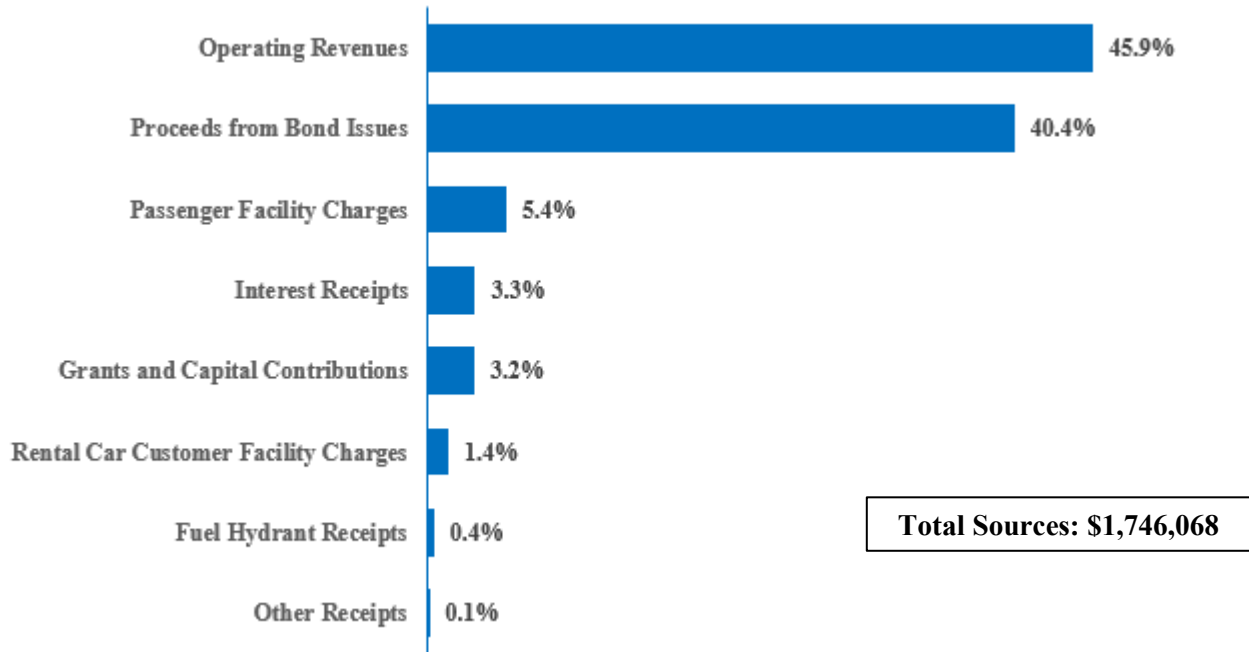
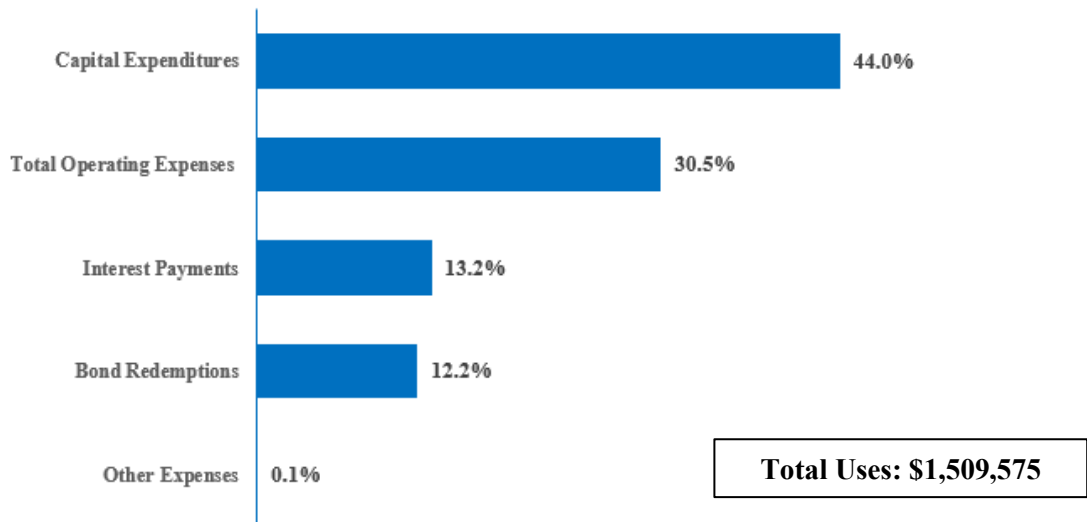


FIGURE IV-2: AVIATION USES OF CASH
(\$ in 000's)



B. FINANCIAL FORECAST

TABLE IV-2: AVIATION FINANCIAL FORECAST

(\$ in 000's)	Actual 2021	Budget 2022	Budget 2023	Forecast				Compound Growth 2023-2027
OPERATING BUDGET				2024	2025	2026	2027	
Aeronautical Revenues	\$ 317,513	\$ 394,963	\$ 504,949	\$ 556,633	\$ 588,600	\$ 668,619	\$ 728,375	9.6%
Non-Aeronautical Revenues	183,819	240,820	296,102	316,946	336,731	380,648	403,032	8.0%
Total Operating Revenues	501,332	635,783	801,051	873,579	925,331	1,049,267	1,131,407	9.0%
Operating & Maintenance Expense	244,121	286,182	332,461	355,264	364,552	376,630	389,962	4.1%
Central Services and other Division Costs	74,086	83,782	97,810	104,518	107,251	110,804	114,727	4.1%
Law Enforcement Costs	23,473	27,658	30,264	32,340	33,185	34,285	35,498	4.1%
Total Operating Expense w/o Pension Credit	341,680	397,622	460,535	492,122	504,988	521,719	540,186	4.1%
DRS Pension Credit	(47,462)	-	-					
Net Operating Income Before Depreciation	207,114	238,161	340,516	381,457	420,343	527,548	591,221	14.8%
Total Depreciation Expense	152,842	159,272	170,667					
Net Operating Income After Depreciation	54,272	78,889	169,849					
								Total 2023-2027
Committed Capital Budget	385,639	543,725	729,920	751,170	597,340	344,106	79,427	2,501,963
Business Plan Prospective	3,632	66,897	54,716	193,677	456,386	622,619	819,237	2,146,635
CIP Cashflow Adj Reserve		(95,810)	(120,759)	72,455	48,304	-	-	-
Total Capital Budget	389,271	514,812	663,877	1,017,302	1,102,030	966,725	898,664	4,648,598

2023 Operating Summary_for FINAL Budget Doc.xlsx

Note:

- 1) See Section IX for details of Capital Improvement Plan.

TABLE IV-3: AVIATION KEY MEASURES

	Actual 2021	Budget 2022	Budget 2023	Forecast			
				2024	2025	2026	2027
Key Measures (in \$'s)							
Cost per Enplanement (CPE)	15.93	14.82	19.27	20.82	21.49	24.05	25.75
O&M per Enplanement	16.28	16.39	18.84	19.64	19.66	19.92	20.22
Non-Aero Revenue per Enplanement	10.17	9.93	12.11	12.65	13.11	14.53	15.08
Debt per Enplanement	180.83	154.92	164.29	187.45	216.01	235.84	251.65
Debt Service Coverage ¹	1.69	2.03	1.87	1.77	1.73	1.60	1.52
Traffic (in 000's)							
Enplanements	18,073	24,259	24,444	25,055	25,681	26,195	26,719

2023 Operating Summary_for FINAL Budget Doc.xlsx

Note:

- 1) Debt Service Coverage is based on the Airport only calculation per SLOA.

C. AVIATION DIVISION DESCRIPTION/BUSINESS ASSESSMENT

MISSION & VISION:

The Aviation Division supports the mission and vision of the Port of Seattle as expressed through the Century Agenda.

MAJOR/NEW INITIATIVES:

- Operate and maintain newly opened International Arrivals Facility (IAF)
- Continue with airline realignment project to optimize the use of FIS-accessible gates on Concourse A
- Improve customer experience by augmenting consolidated contract support services
- Support acquisition of sustainable aviation fuel at SEA purchase of emission reduction benefits/attributes
- Initiate new Part 150 noise study
- Continue with accelerated noise program
- Initiate anti-human trafficking training
- Initiate child-care study
- Complete environmental review of Sustainable Airport Master Plan
- Continue assessment of asset condition as part of asset management program
- Initiate workshops with airlines in preparation for new airline lease agreement negotiations to commence in Q4 2023
- Launch “Upgrade SEA” communication program

DIVISION DESCRIPTION:

The Port of Seattle owns and operates Seattle-Tacoma International Airport (SEA), the largest airport in the state of Washington and the 11th busiest airport in the U.S. based on passenger volume in 2021. The Airport is located approximately 12 miles south of downtown Seattle. Currently, the Airport has facilities for commercial passengers, air cargo, general aviation, and aircraft maintenance on a site of approximately 2,800 acres. Airport facilities include the Main Terminal, the South and North Satellites, a parking garage, and a consolidated rental car facility. The Airport has three runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length.

INDUSTRY ASSESSMENT:

Demand for air travel has been very strong in 2022. The recovery slowed to some extent in 2022 as airlines have struggled with staffing shortages that have limited their ability to keep up with demand. Many international markets (particularly Europe) have opened up and have seen robust growth. Asia (and particularly China) has lagged.

Airports and airlines have continued to benefit from the federal relief grants that have blunted the impact of the COVID-related travel restrictions and uncertainties. For SEA, all but approximately \$10 of Federal Relief grants are expected to be used by then end of 2022.

Looking ahead to 2023, continuing high inflation, the threat of an economic recession in the U.S. (and in other parts of the world), and the impact of the war in Ukraine on oil prices, all create uncertainty. Still, the demand for air travel appears to be resilient.

SEA is a hub for both Alaska and Delta. Alaska’s participation in the **oneworld** Alliance appears to be contributing to growth in international service. Since the start of the pandemic, SEA has added eight new international services.

BUSINESS ASSESSMENT/DRIVERS:

Passenger traffic grew by 79% in 2021. Recovery stalled in late 2021 and early 2022 due to the Omicron variant. In the fall of 2021, we had anticipated being within 5% of 2019 passenger levels by year-end 2022. Due to the slower recovery process, we now expect to be within 11% of pre-pandemic passenger levels by year-end 2022. For 2023, we are assuming 6% growth in enplanements which would bring SEA to within 6% of the 2019 pre-pandemic passenger level.

The table below shows the projected recovery to approximately 2019 passenger level by 2024.

FIGURE IV-3: AIRPORT PASSENGER FORECAST 2019-2024

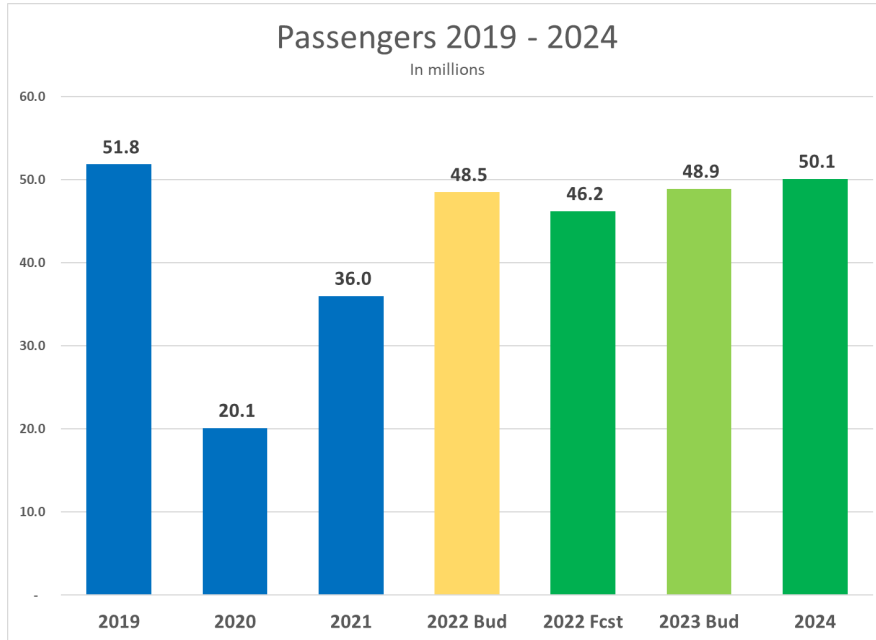


TABLE IV-4: AVIATION PASSENGER RECOVERY FORECAST

The below table shows the annual change in passenger volumes and the forecasted recovery compared to the 2019 pre-pandemic base year.

	Annual Change	Vs. 2019
2020	-61.2%	-61.2%
2021	79.1%	-30.5%
2022	28.3%	-10.9%
2023	5.8%	-5.7%
2024	2.5%	-3.3%

Passenger Growth Graph.xlsx

CHALLENGES AND OPPORTUNITIES:

Strengths:

- Well positioned as international gateway
- New Facilities: NSAT and IAF
- Employees' ability to adapt and innovate
- SEA Brand, customer focused culture

Weaknesses:

- Increasing airport cost to airlines/tenants
- Project construction impacts
- Capital program affordability; resources to deliver
- Staffing challenges

Opportunities:

- Regional economy, demand for travel
- Emerging technologies to enhance customer experience
- IAF: attraction for new international service
- Growth through AAG alliance with **oneworld**

Threats:

- Pandemic uncertainties
- Volatile construction market, supply chains, increasing costs
- Community concerns
- Lack of progress on SAMP environmental review
- High inflation and risk of recession

D. OPERATING BUDGET SUMMARY

Background

From a financial perspective, the Aviation Division has two sides to its business: Aeronautical and Non-Aeronautical.

On the Aeronautical side, where airline rates are set to recover costs, the Port's goal is to manage costs while maintaining a high level of customer service. The primary measure of an airport's cost to the airlines is the airline cost per enplanement (CPE). The "costs" include the operating and maintenance costs attributable to the airfield and the airline share of the terminal building operating and maintenance costs (based on the percentage of revenue producing space within the terminal which is split between airlines and other Port tenants), as well as the corresponding capital costs for those assets (either debt service or equity amortization). The Port does not charge airlines for the capital costs of any asset funded by Passenger Facility Charges (PFCs) or grants. Similarly, and grant funded operating expenses are not charged to the airlines.

On the Non-Aeronautical side of the business, the primary goal is to increase cash flow as measured by net operating income (NOI). The net cash flow can be used to directly fund capital improvements and build up cash reserves to meet liquidity targets.

As described in the Industry Assessment section above, the COVID-19 pandemic severely impacted passenger volumes are on a path to recover close to pre-pandemic levels, but are expected to remain 5.7% below 2019 volume by year-end 2023. In response to the severe decline in passenger volumes, the Airport implemented cost cutting measures in 2020, including a hiring freeze implemented in March 2020. During the extended pandemic recovery period in 2021 and 2022, the airport has strategically increased payroll and non-payroll expenses as needed to support returning passenger volumes. When developing the 2023 Budget, the airport focused on planning for continued recovery in passenger volumes and related recovery in business operations, while maintaining a strong focus on controlling costs.

Overview of Major Changes in 2023 Budget

While the overall enplanement forecast for the 2023 Budget reflects a passenger recovery within 5.7% of 2019 pre-pandemic passenger levels, international travel was slower to recover until 2022. Strong international passenger recovery in 2022 means that international passenger recovery is now expected to be closely aligned with overall passenger recovery by year-end 2023. International passenger levels are now expected to be 5.6% below 2019 volume by year-end 2023.

In a continuing effort to manage costs during this prolonged recovery phase, the focus of the 2023 Budget is to strategically increase the operating expense budget to support the returning passenger volumes, closely align budget increases with key airport initiatives, and increase operating expenses in specific areas required to support the growing airport capital program. These planned budget increases include increasing headcount in key areas, pay increases to retain and attract necessary staffing, and targeted increases to non-payroll expense.

Revenues

Aeronautical revenue – Aero rate base revenues are directly tied to airport operating expenses through the cost recovery methodology for rate setting. Operating expenses which impact aeronautical revenue have significantly increased in the 2023 Budget, as described above. New facilities such as the IAF have been budgeted for a full year in the 2023 Budget. In addition, the associated capital costs from new assets and new facilities are also included in the airline rate base in the 2023 Budget. The 2023 Budget does not

include the Federal Relief Grants for the aeronautical cost centers. The impact of the increase in operating expenses and new asset capital costs are reflected in the Aeronautical rate base in the 2023 Budget. Any Aero rate-based costs which are paid for using grant funds are excluded from cost recovery.

Non-Aeronautical revenue – the recovery of Non-Aeronautical Operating Revenue was slow during 2021, in some cases lagging behind the pace of returning passenger volumes due to tenant labor shortages and supply chain challenges. Non-Aero revenues experienced strong recovery in most lines of business during 2022, despite passenger volumes not yet fully recovered to pre-pandemic levels. Strong Non-Aeronautical revenue recovery is expected to continue into 2023.

Operating Expense Drivers

Total airport operating expenses (including Central Services costs and environmental remediation costs) are budgeted to increase by \$62.9M, or 15.8% compared to the 2022 Budget. The tables on the following pages summarize high level changes to the direct operating and maintenance (O&M) portion of the Aviation Division budget and highlight key elements in the strategic cost increases reflected in the 2023 Budget. Total operating expenses for the Airport also include costs from Central Services and other divisions, which are not reflected in the detailed tables below.

TABLE IV-5: AVIATION BUDGET SUMMARY – INCREMENTAL CHANGES COMPARED TO 2022 BUDGET

(\$ in 000's)

Remove 2022 non-recurring expense	(22,948)
2023 Reduction/Savings in baseline budget	(1,378)
2023 Decrease in Charges to Capital (increase in OpExp)	(4,876)
2023 Increase to baseline budget	33,380
Exceptions: Change in Regulated Materials	6,135
Budget Increase before new Budget Requests	10,314
Proposed 2023 additions (baseline)	12,472
Proposed 2023 additions (non-recurring)	23,544
Subtotal - new Budget Requests	36,016
Incremental Budget Change - Total O&M	46,329

2023 Budget Changes Summary.xlsx

TABLE IV-6: AVIATION PAYROLL COST INCREASES

2023 Payroll Cost Increases compared to 2022 Budget:		\$000's
<u>Payroll Increases (before new FTE requests)</u>		
Prior Year pay differences (2022 Merit/Grade/Equity Changes)	1,381	
Non-Represented Annual Increases (Pay & Benefits)	4,933	
Represented Annual Increases (Pay & Benefits)	6,356	
Annualized new FTEs approved in 2022 Budget	4,543	
Add New FTEs approved in 2022 (mid-year approvals)	631	
All other payroll increase/adjustments	2,956	
Total Baseline Payroll Increases		20,801
Less incremental change in 5% Payroll Vacancy		(1,050)
Proposed new FTEs (budget requests)		2,130
2023 Payroll Cost Increases:		21,881

2023 Budget Changes Summary.xlsx

TABLE IV-7: AVIATION NON-PAYROLL COST INCREASES

2023 Non-Payroll Cost Increases compared to 2022 Budget:	\$000's	\$000's
<u>Non-Payroll Cost Increases due to revenue growth</u>		
Clubs & Lounges - higher usage/increased volume	985	
Credit Card usage fee increases	609	
B&O tax increase	1,422	
Total Non-Payroll Cost Increases due to revenue growth		3,016
<u>Other Non-Payroll Cost Increases</u>		
AVM contract increases	5,924	
Utilities increase (rate & usage)	1,313	
All other Aviation contract increases	782	
Restore travel to 100% of 2020 Approved Budget	576	
All other Aviation Non-Payroll increases to baseline budget	641	
Total Other Non-Payroll Cost Increases		9,236
Lower Charges to Capital (results in higher OpExp)		(4,876)
Net Increase to Non-Payroll Baseline Budget		7,376
Higher ERL expense		6,135
Remove 2022 Budget "one-time" non-payroll items		(22,948)
Proposed Non-Payroll expense (new 2023 Budget Requests)		33,886
2023 Payroll Cost Increases:		24,449

2023 Budget Changes Summary.xlsx

TABLE IV-8: AVIATION DECREASED CHARGES TO CAPITAL PROJECTS

Decrease in 2023 Budget Charges to Capital compared to the 2022 Budget:	\$000's
<u>Lower budgeted Charges to Capital (results in increase to OpExp)</u>	
AVPMG increased payroll costs charged to Capital	2,606
All other increased Aviation payroll costs charged to Capital	446
AVPMG decrease in consulting & OH charged to Capital	(5,474)
All other Aviation decreases in non-payroll Charges to Capital	(2,454)
Total decrease in Charges to Capital (increase to OpExp)	(4,876)

2023 Budget Changes Summary.xlsx

TABLE IV-9: AVIATION APPROVED KEY ADDITIONS

The following table highlights a few of the key items included in the approved additions to the 2023 Budget.

Budget Request Descriptions	Total
Airline Realignment	6,882,991
Consolidated Customer Service contract	4,961,780
Planning Consultant Support (3)	2,625,000
New FTEs (23)	2,297,228
SAMP environmental review	1,480,000
PMG expenses tied to CIPs	1,025,000
ADR tenant janitorial (NOI neutral)	1,000,000
Smarte Carte contract increase	1,000,000
SAF co-benefits pilot project	1,000,000
New Air Service Incentive	900,000
Consultant PMs for Tenant Projects	791,333
Asset Management Program	700,000
ABD & Fire support services	505,000
Part 150 Study	500,000
Cargo building fire protection	500,000
Art Restoration	500,000
All other Budget Requests	9,347,428
Total - 2023 Budget Requests	36,015,760

2023 Budget Requests1.xlsx

TABLE IV-10: AVIATION APPROVED BUDGET FTE ADDITIONS

The following table lists the new FTEs included in the approved additions to the 2023 Budget.

FTE Type	Department	Position Name	New FTEs
Unfreeze FTE	4240-Customer Experience & Comm.	Administrative Staff Assistant	1
	4560-AV Facilities & Infrastructure	Accessibility Coordinator	1
	4595-AV Mechanical Systems	Baggage Ops Systems Specialist	1
Unfreeze FTE Total			3
Baseline New	3360-Noise Programs	Airport Noise Programs Coordinator	1
	3412-Landside Operations	Landside Supervisor	1
	3650-Airport Dining and Retail	Administrative Staff Assistant	1
	3840-Terminal Operations	Project Development Specialist	1
	3905-SeaTac Utilities	Energy Manager	1
	3905-SeaTac Utilities	Utilities Billing Analyst	1
	4230-Customer Care	Volunteer Coordinator	1
	4400-Fire Department	Firefighter A - Mechanic	1
	4400-Fire Department	Sr. Manager - Fire Protection Engineering	1
	4540-Aviation Finance & Budget	Financial Analyst	1
	4550-AV Project Management Group	Capital Project Manager V	1
	4560-AV Facilities & Infrastructure	Senior CAD-BIM Specialist	1
	4570-Aviation Building Department	Bldg Inspector/Plan Examiner	1
	4580-AV Environmental Programs Grp	Environmental Management Specialist	1
	4594-AV Electric & Electronic Sys	Automated Control Specialist	1
	4595-AV Mechanical Systems	Mechanical Maint Engineers	3
	4605-Planning, Development and Infr	Sr. Administrative Assistant	1
	4620-Program Controls	Program Controls Manager	1
Baseline New Total			20
Grand Total			23

2023 Budget Requests1.xlsx

The full list of approved additions to the 2023 Budget, both baseline and non-recurring, are explained below in the context of the Problem/Need/Opportunity they are identified to address.

TABLE IV-11: AVIATION APPROVED BUDGET ADDITIONS

AV Priority	Problem/Need/ Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Health and Safety	Maintain and improve Safety of Airport Operations Area	Airfield/Gate Striping Design Support			75,000	75,000
		Airport Building Dept & Fire Support Services		505,000		505,000
		Bldg Inspector/Plan Examiner	1	123,024	5,500	128,524
		Building 166B HVAC Rental			91,000	91,000
		Bunker Gear			25,000	25,000
		Fire Protection and Fire Prevention expense work for Cargo bldgs			500,000	500,000
		Firefighter A - Mechanic	1	189,240	2,500	191,740
		GSE Audit Professional Services - Scope Expansion		30,000		30,000
		Mobile Office Trailer & Generator Rental - Ramp Tower Contract - Additional Funding			50,000	50,000
		Senior Manager Fire Protection Engineering	1	158,776	3,500	162,276
	Supplemental Travel Funding		110,475		110,475	
	Environmental Compliance	Flight Corridor Safety Program - Port Property			15,000	15,000
		Flight Corridor Safety Program Site (FCSP) Restoration			60,000	60,000
Operational Efficiencies	Consultant - Janitorial contract review			100,000	100,000	
Health and Safety Total			3	1,116,515	1,287,500	2,404,015
Security	Maintain and Enhance Overall Security at the Airport	See Say Airport App			132,885	132,885
Security Total					132,885	132,885
Community	Strategic Customer Experience Improvements	AAAC Events		45,000		45,000
	Airport Noise Mitigation	Airport Noise Programs Coordinator	1	69,419	3,700	73,119
		P150 Noise and Land Use Study			500,000	500,000
	Combat Human Trafficking	Anti Human Trafficking			100,000	100,000
Enhance Community Engagement	Public Communications Support - GT Program		120,000		120,000	
Community Total			1	234,419	603,700	838,119
Innovations and Operational Efficiencies	Strategic Customer Experience Improvements	Digital Signage & Electronic Visual Communication Consultant			300,000	300,000
		Digitize Lease Admin Lease Files			25,000	25,000
		Software Licensing - Sign Agent and Fourwinds		8,000		8,000
	Keeping up with Growth at the Airport	ADR Administrative Assistant	1	59,307	4,500	63,807
		Airport Integrated Control Center planning work			375,000	375,000
		Appraisal for Non-Aero Rent Adjustments			200,000	200,000
		Inform & ITS Upgrade for IAF Carousels			32,000	32,000
		Landside Supervisor	1	75,021	2,500	77,521
	Meet the maintenance needs and standards of Existing and Future Facilities.	SEA Real Estate Strategy			50,000	50,000
		FAC: AOB Space Planning			150,000	150,000
	Leverage Employee Innovation to Solve Business Challenges	Inform, Aerobahn and AAAE CM Training			112,444	112,444
	Customer Experience	Common Use Developmental Expense			50,000	50,000
		Shared Telecom Services - outside legal support			65,000	65,000
Maintenance Needs and Standards, Strategic Capital Development	Building Information Modeling			400,000	400,000	
Asset Management, Capital Development and Delivery	Personal Services Account Baseline Increase		50,000		50,000	
Innovations and Operational Efficiencies Total			2	192,328	1,766,444	1,958,772

2023 Budget Requests1.xlsx

AV Priority	Problem/Need/ Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Economic Opportunities and Social Responsibility	Facility Life Safety Enhancements	Route Forecasting Services - Increased Baseline		30,000		30,000
	Improve organizational effectiveness	ACDBE and DBE Tracking System		150,000		150,000
	Support Workforce	Childcare Initiative study			100,000	100,000
	Asset Preservation	SPU Structural Analysis II			125,000	125,000
	Address maintenance needs and standards	Civil Standards DEVELOPMENT			125,000	125,000
Economic Opportunities and Social Responsibility Total				180,000	350,000	530,000
Customer Experience	Strategic Customer Experience Improvements	Accessibility Coordinator	1	85,579	5,500	91,079
		ACCS Contract - VIP Hospitality		4,961,780		4,961,780
		ADR Tenant Janitorial Mgmt		1,000,000		1,000,000
		Checkpoint Signage Improvements			50,000	50,000
		Construction Communications "Upgrade SEA"		300,000		300,000
		Live Music Program - ADR		40,000		40,000
		Live Music Program - Tenants		40,000		40,000
		Small Works - Signage Manufacture and Installation Landside			125,000	125,000
		SmarteCarte - IAF Scope Add		1,000,000		1,000,000
		Various Terminal Furniture Replacements			257,359	257,359
	Customer travel information and assistance	Administrative Staff Assistant	1	45,020	4,000	49,020
		Consolidated Customer Call Center		80,000		80,000
		Language Line (Interpretive Services) - Baseline Increase		80,000		80,000
		Virtual Concierge - General Supplies and Software		160,000		160,000
		Volunteer Coordinator	1	72,623	4,000	76,623
	Keeping up with Growth at the Airport	2023 New Air Service Incentive			900,000	900,000
	Processing Passengers	Cobus Video Storage Increase			11,000	11,000
		STAC Cobus Use Estimate Reimbursement		45,000		45,000
	PM support for tenant expense projects	Consultant PMs for Tenant Projects in 2023 (3 Consultants)			791,333	791,333
	Environmental Compliance	Preconditioned Air (PC Air) Support			150,000	150,000
	Customer Experience	Standard Waste Receptacle Purchase			180,000	180,000
		Zone 4 Janitorial contract impact in 2023		340,000		340,000
	Asset Management, Capital Development and Delivery	Baggage Ops Systems Specialist	1	111,540		111,540
		Brock Solutions contract for Proprietary Baggage Controls		139,000		139,000
		Intellimodus contract for Proprietary Baggage Controls		46,050		46,050
		Jervis Webb contract for Proprietary Baggage Controls		62,000		62,000
		Mechanical Maint Engineer (3 FTEs)	3	434,090		434,090
Truck Upfitting				15,000	15,000	
Optiqo Restroom Digital Signage				100,000	100,000	
Innovations and Operational Efficiencies	Smart Restroom technology expansion			200,000	200,000	
	Operational Resiliency	Electrical System PLC/SCADA Support		80,000	80,000	
Customer Experience Total			7	9,122,682	2,793,192	11,915,874

2023 Budget Requests I.xlsx

AV Priority	Problem/Need/ Opportunity	Solution	2023 Budget Requests				
			FTEs	Baseline	Non-Recurring	Total	
Environment and Sustainability	Keeping up with Growth at the Airport	Gatekeeper Maintenance Agreement		10,000		10,000	
	Environmental Compliance	(PCS/AVM) Olympic Rd Temp Water Pipe Abandonment			150,000	150,000	
		6PPD-quinone Evaluation and Testing			100,000	100,000	
		PFAS Ongoing Investigations & Planning			400,000	400,000	
		Utility Master Plan			280,000	280,000	
	Address maintenance needs and standards	Be the Greenest and Most Energy-Efficient Port in North America	Ground Transportation (GT) Emission Reduction Strategy			150,000	150,000
			Land Stewardship Goals & Tree Development Standards			30,000	30,000
			NREL Athena Passenger Mode Choice Model			200,000	200,000
			RCF Electrical System Planning Study			200,000	200,000
			Sustainable Aviation Fuels Co-Benefits (Environmental Attributes) Pilot Project			1,000,000	1,000,000
			Terminal Education: The Good Traveler			37,000	37,000
	Environmental Compliance.	Environmental Management Specialist		1	67,179	3,500	70,679
		Sustainable Airport Master Plan (SAMP) Near-Term Projects (NTP) environmental review				1,480,000	1,480,000
	Implement GTAP Goals	Transportation Mgmt Assoc Consultant				125,000	125,000
	Environmental Compliance, Energy Efficiency	Building Energy Efficiency Audit				300,000	300,000
Energy Management System Software					110,250	110,250	
Energy Manager			1	93,169	5,500	98,669	
Utilities Billing Analyst			1	67,879	5,500	73,379	
Environment and Sustainability Total			3	348,477	4,466,500	4,814,977	
Financial Sustainability	Prepare for airline lease agreement negotiations	Financial Consulting - workshops in preparation for SLOA V negotiations (WJ Advisors)			70,000	70,000	
	Improve organizational effectiveness	Financial Analyst AV - Aero Team	1	74,859	2,500	77,359	
	Pursue revenue development opportunities	Non-Aeronautical Revenue Sponsorship Study			150,000	150,000	
Public Relations Consultant - Off-Airport Parking Ops				150,000	150,000		
Financial Sustainability Total			1	74,859	372,500	447,359	

2023 Budget Requests I.xlsx

AV Priority	Problem/Need/ Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Development and Delivery	Meet the maintenance needs and standards of	Project Development Specialist	1	84,141	4,400	88,541
	Continued support for the garage fire repairs	Garage Fire Design Support during Construction			20,000	20,000
	Requirement from the FAA	Pavement condition assessment on the airfield			150,000	150,000
	Upgrade phones for staff that are eligible	Computer and Cell phone upgrade Place Holder		24,756		24,756
	Provide administrative support to the Chief	Sr. Administrative Assistant	1	59,952	2,500	62,452
	Asset Management, Capital Development and Delivery - provides consultant support	Consultant Support for Controls & Estimating Services			50,600	50,600
	Asset Management, Capital Development and Delivery- provides cost estimating, cost control and scheduling	Program Controls Managers / SoCoEvo & Main Terminal Improvements 1	1	91,319	2,500	93,819
	Asset Management, Capital Development and Delivery - provide systems support	Purchase Licenses for Oracle Primavera P6 Professional SaaS/EPPM/Oracle Primavera Cloud		49,500		49,500
	Strategic Capital Development	On-Call Planning			2,250,000	2,250,000
		Transoft - AviPLAN Airside Pro		4,300		4,300
	Maintenance Needs and Standards	Standards Development - Transportation Signage			100,000	100,000
	Maintenance Needs and Standards, Strategic Capital Development	Asset Management Program Development (Woolpert)			700,000	700,000
		Consultant - Structural Engineering			50,000	50,000
		Senior CAD-BIM Specialist	1	68,379	5,500	73,879
	Maintain Airport Art	Art Moving Contractor			50,000	50,000
		Art Restoration		500,000		500,000
	Develop hiring strategy focused on operational efficiency	Organizational Effectiveness and Efficiency Study			250,000	250,000
	Meet the Maintenance Needs and Standards of the Existing Facilities	ADR/Duty Free Technical Representative			125,000	125,000
	Environmental Compliance. Identify modifications and approach for capital program infrastructure needs to comply with Ecology regulatory requirements.	AFFF Transition Scoping Support to Capital Programs			100,000	100,000
	Asset Management, Capital Development and Delivery	Automated Control Specialist	1	94,568		94,568
		Engineering / PCS / Diesel Fuel		123,809		123,809
	Support for Airline Realignment capital project	Airline Realignment			6,882,991	6,882,991
	Support for capital program projects	Capital Project Manager V	1	102,043	2,500	104,543
Expense Associated with Capital Project Support				1,025,000	1,025,000	
Asset Management, Capital Development and Delivery Total			6	1,202,768	11,770,991	12,973,759
Grand Total			23	12,472,048	23,543,712	36,015,760

2023 Budget Requests1.xlsx

TABLE IV-12: AERONAUTICAL BUSINESS

Aeronautical NOI (\$ in 000's)	2020	2021	2022	2022	2023	Incr (Decr) Change from 2022	
	Actual	Actual	Budget	Forecast	Budget	\$	%
Rate Base Revenues							
Airfield Movement Area	84,906	88,061	118,291	119,408	141,938	23,647	20.0%
Airfield Apron Area	15,146	17,146	16,439	14,904	29,330	12,891	78.4%
Terminal Rents	169,318	169,318	220,174	212,168	270,513	50,339	22.9%
Federal Inspection Services (FIS)	8,616	10,978	23,468	27,110	46,317	22,848	97.4%
Total Rate Base Revenues	277,986	285,504	378,373	373,590	488,098	109,725	29.0%
Airfield Commercial Area	17,633	16,702	16,590	16,726	16,850	260	1.6%
Subtotal before Revenue Sharing	295,619	302,206	394,963	390,316	504,948	109,985	27.8%
Revenue Sharing	1	-	-	-	-	-	-
Total Aeronautical Revenues	295,620	302,206	394,963	390,316	504,948	109,985	27.8%
Total Aeronautical Expenses	219,878	203,573	270,850	261,321	320,649	49,799	18.4%
Aeronautical NOI	75,743	98,633	124,113	128,995	184,300	60,186	48.5%
Debt Service	(63,216)	(80,554)	(99,789)	(87,946)	(152,649)	(52,860)	53.0%
Net Cash Flow	12,526	18,079	24,324	41,050	31,650	7,326	30.1%

2023 Operating Summary for FINAL Budget Doc.xlsx

TABLE IV-13: AERONAUTICAL COST DRIVERS – RATE BASE ONLY

\$ in 000's	2022	2023	Impact on Aero Revenues Budget vs Budget	
	Budget	Budget	\$	%
O&M ⁽¹⁾	263,372	310,618	47,246	17.9%
Federal Relief Grants O&M	(12,700)	-	12,700	-100.0%
Net O&M	250,672	310,618	59,946	23.9%
Debt Service Before Offsets	235,151	234,463	(688)	-0.3%
Debt Service PFC Offset	(79,803)	(89,720)	(9,917)	12.4%
Federal Relief Grants Debt Service	(58,975)	-	58,975	-100.0%
Net Debt Service	96,373	144,743	48,370	50.2%
Amortization	33,699	35,561	1,862	5.5%
Space Vacancy	(1,613)	(2,066)	(453)	28.1%
TSA Operating Grant and Other	(758)	(758)	-	0.0%
Rate Base Revenues	378,373	488,098	109,725	29%
Commercial area	16,590	16,850	260	2%
Total Aero Revenues	394,963	504,948	109,985	28%

Aero Cost Drivers.xlsx

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

Aero Cost Driver Highlights (Change compared to 2022 Budget):

- Aeronautical rate-based operating expenses increased by \$47.2M, plus \$12.7M due to removal of Federal Relief grants from the COVID-19 pandemic recovery that are exhausted. Below is the breakout of the Aero Operating Expenses:
 - Aero direct O&M (excluding grant removal) increase of \$35.1M (about 31% of increase is from payroll, 69% is from non-payroll)
 - Payroll increase of \$8.1M – includes aeronautical share of inflation increase from 2022 payroll increases, annualization of new positions added in 2022, and new positions approved 2023 budget. Payroll reflects a larger standard increase for 2023 payroll year due to increased inflation.
 - Travel & Other Employee Expenses increase of \$287K. Within the 2023 budget process, teams were allowed based on business needs to restore up to 100% of Travel & Training levels from the 2020 Budget for reinstatement and focus on development after the pandemic.
 - Outside Services Contract increase of \$10.9M increase from various contractual increases (some scope increases and many inflationary price increases), new contracts and one-time items including: \$5.0M Airport Consolidated Contract Services 4 Star scope and price increase; \$2.4M Janitorial Service price increase; \$1.3M increase related to airline realignment; \$1M IAF SmarteCarte added scope increase; plus various Planning items, and other one-time expense.
 - Misc. Expense \$1M Increase from Sustainable Aviation Fuels Pilot Project
 - Other Expenses (Equipment \$258.7K, Utilities \$8.3K, Supplies \$418.7K, Promo (\$157.5K), General/Other \$2.1M) increases of \$2.6M – includes various increases across the board due recovery after the pandemic and inflation cost increases
 - Environmental Remediation Liability (ERL) expense \$6.1M increase – current ERL budget is primarily two larger items for Alaska NMT Redevelopment and MT Low Voltage System Upgrade
 - Overhead Allocations, Divisional Allocations, and Internal Utility Allocations increase of \$6.1M
 - Other Division Allocations increase of \$12.0M
- Debt Service net decreased by (\$10.6M), offset by increase of \$59.0M due to grant removal:
 - Debt Service before offsets (\$688K) slight decrease is a result of the offsetting impact of higher debt service for projects in the Terminal and Baggage cost centers against lower debt service for projects in the Airfield Movement Area. The increase for Terminal and Baggage is primarily from higher payments on the 2008 VRDB bond series set for 2023, which was primarily used to finance projects in those two cost centers, including Central Terminal, South Terminal Expansion, and STEP Security for Baggage. Lower debt service for the Airfield Movement Area is the result of final payments on the 2015B series occurring in 2022, a series with the majority of funds used for Airfield projects, including Third Runway Land Acquisition.
 - 2023 budget PFC offsets are budgeted higher due to higher collections from rebounding passenger levels
 - \$59.0M of Federal Relief grants applied in 2022 that are removed in 2023 due to grant exhaustion
- Amortization equity, use of Airport Development Funds (ADF) to fund construction capital projects is higher \$1.9M:
 - New assets came online including: Airfield Pavement, SSAT HVAC, Duress System Replacement, Building Automation System Upgrade, Vanderlande, Bag Optimization, and Biometric Air Exit
- Space vacancy – (\$0.5M) credit increase primarily due to higher terminal rental rate on similar vacancy sq ft.

TABLE IV-14: NON-AERONAUTICAL BUSINESS

Non-Aeronautical NOI (\$ in 000's)	2019	2020	2021	2022	2022	2023	Incr (Decr) Change from 2022	
	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%
Non-Aeronautical Revenues								
Public Parking	82,125	34,687	64,104	81,028	88,821	96,768	15,740	19.4%
Rental Cars	52,567	16,637	36,612	52,138	55,681	53,830	1,692	3.2%
Ground Transportation	20,765	6,557	11,947	18,242	20,928	24,324	6,082	33.3%
Airport Dining & Retail	61,615	25,418	38,693	59,248	53,977	64,520	5,272	8.9%
Clubs and Lounges	10,274	2,043	3,478	8,972	8,265	9,859	886	9.9%
Utilities	7,431	5,672	6,350	7,765	7,665	8,541	776	10.0%
All Other	34,262	25,644	27,751	34,845	34,386	38,510	3,665	10.5%
Non-Aero Revenue before grants	269,037	116,473	189,120	262,239	270,130	296,352	34,113	13.0%
less Concession Relief grants	-	-	(5,301)	(21,419)	(21,169)	(250)	21,169	-98.8%
Total Non-Aeronautical Revenues	269,037	116,473	183,819	240,820	248,961	296,102	55,282	23.0%
Total Non-Aeronautical Expenses	118,286	109,802	90,644	126,773	125,339	139,887	13,114	10.3%
Non-Aeronautical NOI	150,752	6,671	93,175	114,047	123,622	156,216	42,168	37.0%
Less: CFC Surplus	(6,834)	-	-	(7,107)	-	(4,769)	2,338	-32.9%
Adjusted Non-Aeronautical NOI	143,917	6,671	93,175	106,940	123,622	151,446	44,506	41.6%
Debt Service	(49,357)	(33,065)	(27,096)	(33,372)	(19,413)	(34,094)	(722)	2.2%
Net Cash Flow	94,560	(26,394)	66,079	73,568	104,208	117,353	43,784	59.5%

2023 Operating Summary for FINAL Budget Doc.xlsx

Non-Aeronautical Highlights (Change compared to 2022 Budget):

Non-Aeronautical Revenue

The recovery of Non-Aeronautical Operating Revenue was slow during 2021, in some cases lagging behind the pace of returning passenger volumes due to labor shortages and supply chain challenges. Stronger recovery in Non-Aeronautical Revenue has been evident in 2022, with many Non-Aero lines of business on track to exceed pre-pandemic levels by year-end 2022. The strong Non-Aero revenue recovery is expected to continue into 2023.

- Parking – demand for close-in parking continues to outpace the recovery of passenger volumes. A tariff parking rate increase in 2022 was well received and did not reduce demand for close-in parking.
- Rental Cars – concession revenue remained high in 2022 due to elevated rental rates from continued constraints in fleet availability for some operators, partially offset by lower customer facility charge (CFC) collections. Remaining fleet shortages are expected to largely be resolved during 2023, which will shift rental car concession revenue toward lower more stabilized levels, while CFC earnings are expected to rebound in 2023.
- Ground Transportation (GT) – GT trip activity recovered more slowly during the pandemic, due to a strong shift in customer preference away from share-ride transportation options. This trend began to ease in 2022 with an increased demand for Transportation Network Companies (TNCs) as well as a smaller rebound in demand for taxi operations. Demand for TNC trips is expected to continue to grow in 2023.
- Airport Dining & Retail (ADR) – sales activity is expected to grow substantially in 2023 with the new Salty’s Restaurant in the central terminal open for a full year and the continued growth in demand from returning passenger volumes for a wide range of ADR offerings. Slower ADR revenue

recovery in 2021/2022 reflected delays in some construction projects and ongoing labor shortages which impacted concessionaire ability to serve growing passenger volumes.

- Clubs & Lounges – recovery in lounge revenue has been slower than other Non-Aeronautical lines of business primarily due to the slower recovery in international passenger volumes. Lounge utilization is expected to grow in 2023.
- Commercial Properties and other Non-Aeronautical lines of business with revenue primarily from real estate leases structured as space rent on a specified rate per sq ft basis have been relatively unaffected by the COVID-19 decline in enplanements. This stable revenue source is expected to remain steady in the 2023 Budget.

Non-Aeronautical Operating Expense

The Non-Aeronautical share of 2023 Budget operating expenses are budgeted to increase \$13.1M (10.3%), due to increases in operating expenses closely aligned with returning passenger volumes, costs in support of the airport’s expanding capital programs, and strategic increases in support of key initiatives.

TABLE IV-15: NON-AERONAUTICAL KEY INDICATORS

	2019	2020	2021	2022	2022	2023	Incr (Decr) Change from 2022	
	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%
Non-Aero Revenues per Enplanments								
Public Parking	3.17	3.46	3.55	3.34	3.80	3.84	0.50	14.9%
Rental Cars	2.03	1.66	2.03	2.15	2.38	2.13	(0.02)	-0.7%
Rental Cars - Operations	1.42	1.66	1.92	1.49	1.83	1.56	0.08	5.1%
Rental Cars - Operating CFC	0.61	-	0.11	0.66	0.55	0.57	(0.09)	-13.6%
Ground Transportation	0.80	0.65	0.66	0.75	0.90	0.96	0.21	28.2%
Employee Parking	0.40	0.88	0.50	0.43	0.44	0.41	(0.02)	-3.9%
Landside Total	6.41	6.65	6.74	6.67	7.52	7.35	0.68	10.1%
Airport Dining & Retail	2.38	2.53	2.15	2.44	2.31	2.56	0.12	4.7%
Tenant Marketing	0.05	0.03	0.05	0.06	0.06	0.06	0.01	14.7%
Commercial Properties	0.61	1.07	0.69	0.63	0.69	0.67	0.04	6.1%
Non-Airline Terminal Leased Space	0.25	0.58	0.34	0.30	0.27	0.36	0.06	19.2%
Clubs and Lounges	0.40	0.20	0.19	0.37	0.35	0.39	0.02	5.7%
AOB Conference Center	0.02	0.01	0.00	0.00	0.00	0.01	0.00	83.9%
Commercial Management Total	3.70	4.42	3.43	3.81	3.68	4.05	0.24	6.4%
Utilities	0.29	0.57	0.35	0.32	0.33	0.34	0.02	5.8%
Other	(0.00)	(0.01)	(0.05)	0.01	0.01	0.01	(0.00)	-3.8%
Total Revenue per Enplanement	10.40	11.62	10.47	10.81	11.54	11.75	0.94	8.7%
ADR Sales per Enplanement	14.15	14.80	14.31	14.67	15.05	16.65	0	13.5%
Enplanements (# in 000's)	25,874	10,037	18,039	24,259	23,374	25,224	966	4.0%

Non-Aero Key Indicators.xlsm

TABLE IV-16: AVIATION REVENUE BY ACCOUNT

(\$ in 000's)	2020	2021	2022	2023	% Change
Revenue by Account	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Revenue					
Equipment Rental	\$ 4,484	\$ 7,746	\$ 8,070	\$ 8,122	0.6%
Landing Fees	82,109	85,201	114,522	138,404	20.9%
Airport Transportation Fees	6,445	11,889	18,139	24,261	33.8%
Parking Revenue	42,140	71,095	88,341	103,486	17.1%
Car Rental Revenues	12,531	30,640	48,070	49,501	3.0%
Revenue from Sale of Utilities	5,089	5,665	7,070	7,480	5.8%
Property Rental Revenue	239,621	268,382	350,079	433,198	23.7%
Other Revenues	22,131	23,589	1,492	36,598	2353.0%
Total Operating Revenue	\$414,551	\$504,207	\$635,783	\$801,051	26.0%

avbud.xls

FIGURE IV-4: AVIATION REVENUE BY ACCOUNT

(\$ in 000's)

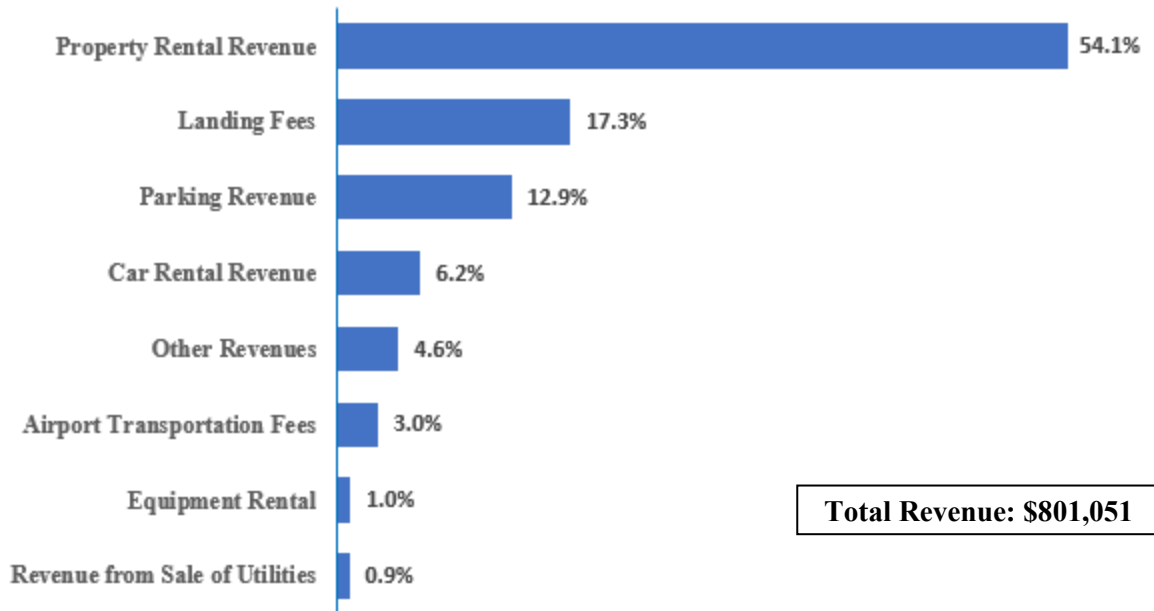


TABLE IV-17: AVIATION OPERATING & MAINTANENCE EXPENSES BY ACCOUNT

(\$ in 000's)	2020	2021	2022	2023	% Change
Expense by Account	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Expense					
Salaries, Wages, Benefits & Workers Compensation	\$ 161,814	\$ 159,951	\$ 170,172	\$ 192,398	13.1%
Equipment Expense	5,487	3,918	5,748	5,375	-6.5%
Utilities	15,706	20,185	21,033	22,346	6.2%
Supplies & Stock	7,567	7,142	5,889	6,203	5.3%
Outside Services	64,129	62,603	101,946	109,448	7.4%
Travel & Other Employee Expenses	943	689	2,039	2,615	28.2%
Promotional Expenses	(59)	438	1,896	1,118	-41.0%
Other Expenses	12,187	10,628	14,749	19,286	30.8%
Total O&M without Environmental	267,773	265,554	323,470	358,789	10.9%
Environmental Remediation Liability Expense	(2,361)	1,583	985	7,120	622.8%
Total O&M with Environmental	265,413	267,136	324,455	365,909	12.8%
Charges to Capital/Govt/Envrs Projects	(21,812)	(22,397)	(37,815)	(32,939)	-12.9%
Total O&M Expenses w/o Pension Credit	243,600	244,739	286,640	332,970	16.2%
DRS Pension Credit	(6,911)	(22,645)	-	-	NA
Total O&M Expenses with Pension Credit 1)	\$236,690	\$222,094	\$286,640	\$332,970	16.2%

avbud.xls

Note:

- 1) Tables IV-17, 18 & 19 differ from Table IV-2, in that they only reflect the division expenses and do not include Central Services allocations.

FIGURE IV-5: AVIATION EXPENSE BY ACCOUNT

(\$ in 000's)

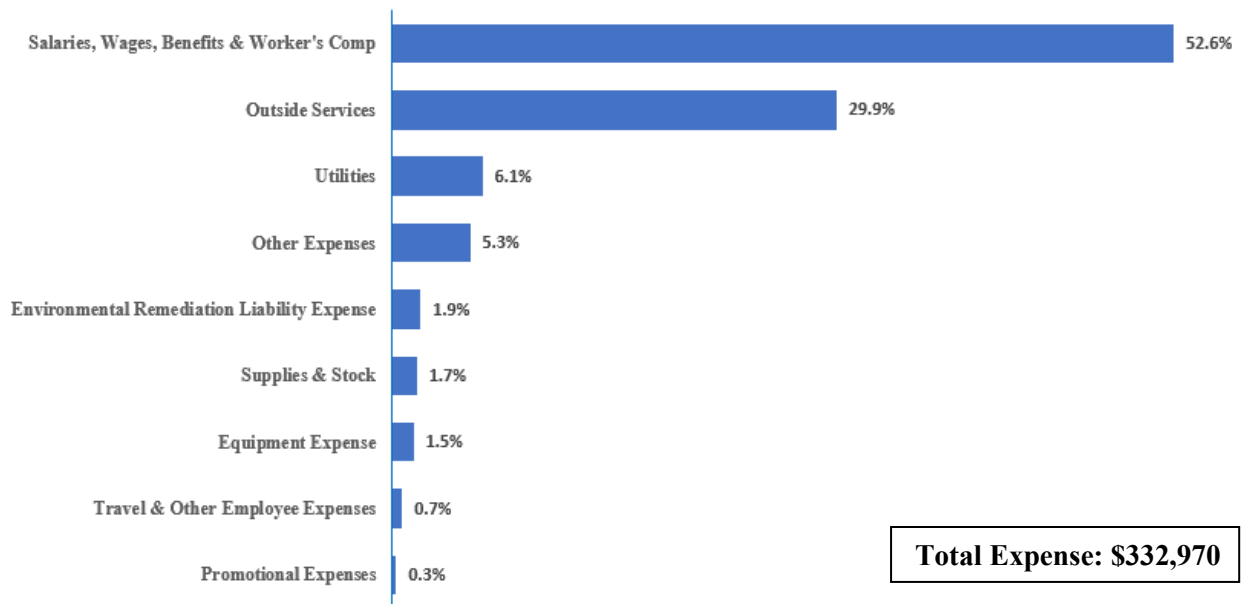


TABLE IV-18: AVIATION REVENUE BY BUSINESS GROUP/DEPARTMENT

AVIATION DIVISION (\$ in 000's)	2020	2021	2022	2022	2023	Incr/(Decr) Change from 2022	
	Actual	Actual	Forecast	Budget	Budget	\$	%
<u>AIRLINE REVENUES</u>							
Rate Base Revenues							
Airfield Movement Area	84,906	88,061	119,408	118,291	141,938	23,647	20.0%
Airfield Apron Area	22,016	17,146	14,904	16,439	29,330	12,891	78.4%
Terminal Rents	205,283	184,625	212,168	220,174	270,513	50,339	22.9%
Federal Inspection Services (FIS)	8,616	10,978	27,110	23,468	46,317	22,848	97.4%
Total Rate Base Revenues	320,821	300,810	373,590	378,373	488,098	109,725	29.0%
Airfield Commercial Area	17,633	16,702	16,726	16,590	16,850	260	1.6%
Subtotal before Revenue Sharing	338,454	317,513	390,316	394,963	504,948	109,985	27.8%
Revenue Sharing	1	-	-	-	-	-	
Total Aeronautical Revenues	338,455	317,513	390,316	394,963	504,948	109,985	27.8%
<u>NON-AIRLINE REVENUES</u>							
Public Parking	34,502	64,104	88,821	81,028	96,768	15,740	19.4%
Rental Cars	16,637	34,740	55,681	52,138	53,830	1,692	3.2%
Ground Transportation	6,557	11,947	20,928	18,242	24,324	6,082	33.3%
Airport Dining & Retail	25,703	36,510	34,689	39,244	66,016	26,771	68.2%
Other	33,074	36,518	48,843	50,167	55,165	4,997	10.0%
Total Non-Aeronautical Revenues	116,473	183,819	248,961	240,820	296,102	55,282	23.0%
Total Operating Revenues	454,928	501,332	639,277	635,783	801,051	165,268	26.0%

AV Rev Exp.xlsx

TABLE IV-19: AVIATION EXPENSE BY BUSINESS GROUP/DEPARTMENT

Expenses After Charges to Cap/Govt/Envrs Projects	2020	2021	2022	2022	2023	Incr/(Decr) Change from 2022	
	Actual	Actual	Forecast	Budget	Budget	\$	%
<u>BUSINESS UNITS</u>							
Airport Operations	37,991	38,757	50,107	50,776	60,006	9,230	18.2%
Aviation Utilities	17,446	21,862	24,331	23,683	25,665	1,982	8.4%
AV Commercial Management	6,423	4,048	6,282	6,958	11,628	4,670	67.1%
Aiport Properties	3,784	4,084	7,646	7,936	9,085	1,150	14.5%
TOTAL BUSINESS UNITS	65,644	68,751	88,366	89,353	106,385	17,032	19.1%
<u>AVIATION SERVICES</u>							
OperationalReadinessActivation	1,119	1,015	1,048	847	1,047	199	23.5%
Aviation Director's Office	1,656	1,242	3,134	3,356	3,190	(166)	-5.0%
Aviation Building Department	506	213	1,174	1,098	1,907	809	73.6%
Airport Innovation	747	632	971	1,172	1,156	(16)	-1.4%
Aviation Division Contingency	(0)	(0)	(2,583)	(8,850)	(9,900)	(1,050)	11.9%
Fire Department	18,446	14,005	21,014	20,144	22,153	2,009	10.0%
Airport Security	16,014	12,210	17,310	18,564	20,500	1,935	10.4%
Customer Service Department	4,699	3,671	5,752	5,808	6,896	1,088	18.7%
AV Maintenance	98,262	99,070	113,711	115,586	128,745	13,159	11.4%
Aviation Finance & Budget	2,885	2,104	3,071	3,032	3,441	410	13.5%
Noise Programs	660	699	1,165	1,124	1,741	618	55.0%
AV Environmental Programs Grp	5,677	4,373	7,521	7,222	8,720	1,497	20.7%
TOTAL AVIATION SERVICES	150,670	139,234	173,289	169,103	189,595	20,492	12.1%
<u>CAPITAL DEVELOPMENT PROGRAM</u>							
AV Facilities & Captl Programs	12,360	7,447	10,960	11,190	13,774	2,584	23.1%
AV Project Management Group	3,175	362	8,062	12,611	11,749	(862)	-6.8%
Planning, Development and Infr	-	-	219	326	398	72	22.0%
Project Controls	-	-	410	468	746	278	59.4%
Special Programs	-	-	-	-	-	-	-
TOTAL CAPITAL DEVELOPMENT PROGRAM	15,534	7,810	19,650	24,595	26,667	2,072	8.4%
<u>OTHER</u>							
AV Risk Expenses	4,614	3,462	3,952	2,604	3,203	599	23.0%
AV Environmental Reserve	(2,361)	1,583	791	985	7,120	6,135	622.8%
Aviation Capital to Expense	2,588	1,254	-	-	-	-	-
TOTAL OTHER	4,841	6,299	4,743	3,589	10,323	6,734	187.6%
Total Operating Expenses (Org Basis)	236,690	222,094	286,049	286,640	332,970	46,329	16.2%

AV Rev Exp.xlsx

TABLE IV-20: FEDERAL RELIEF GRANT USE PLAN – ALLOCATION BY COST CENTER

The total Federal Relief grants consists of \$383.9M for airport and \$26.8M for Concessions grants. Federal Relief Grants are used to offset debt service and operating expenses.

SEA Federal Relief Grant Summary					
<i>\$ in millions</i>					
	2020	2021	Forecast 2022	Budget 2023	Total
Grants Received:					
CARES	\$192.1				\$192.1
CRRSAA		\$37.4			\$37.4
ARPA		\$154.4			\$154.4
Total (excluding Concessions grants)					\$383.9
Grants Applied					
Airfield Movement Area	\$32.3	\$21.8	\$17.5	\$0.0	\$71.6
Airfield Apron Area	\$7.7	\$7.3	\$12.8	\$0.0	\$27.8
Terminal Building **	\$22.4	\$8.0	\$19.9	\$0.0	\$50.4
Federal Inspection Services **	\$12.9	\$18.3	\$8.9	\$0.0	\$40.1
Baggage System	\$10.4	\$3.8	\$7.1	\$0.0	\$21.3
Gate Utilities	\$4.2	\$1.5	\$0.0	\$0.0	\$5.7
Others	\$4.3	\$0.8	\$3.1	\$0.0	\$8.2
Total Airline Benefits	94.3	61.5	69.4	0.0	225.2
Non-Airline Benefit **	52.9	33.5	62.3	9.9	158.7
Total Federal Funding Applied	\$147.1	\$95.1	\$131.7	\$9.9	\$383.8
Cumulative Remaining	\$45.0	\$141.7	\$10.0	\$0.0	\$0.0
Airline Benefit	64%	65%	53%	0%	59%
Non-Airline Benefit **	36%	35%	47%	100%	41%
Grant Usage					
Debt Service	\$103.9	\$91.7	\$107.3	\$9.9	\$312.8
O&M	\$43.3	\$3.4	\$24.4	\$0.0	\$71.0
** Grants are shown after allocations					
Concessionaire Relief					
CRRSAA		5.4			5.4
ARPA			21.4		21.4
GRAND TOTAL: COVID RELIEF	\$147.1	\$100.4	\$153.1	\$9.9	\$410.6

COVID Relief Funds Summary.xls

E. STAFFING

TABLE IV-21: AVIATION STAFFING

STAFFING (Full-Time Equivalent Positions)	2020 Actual	2021 Actual	2022 Budget	2022 Est. Act.	2023 Budget	# Change 2022 Bud- 2023 Bud	% Change 2022 Bud- 2023 Bud
BUSINESS GROUP/DEPARTMENT							
<u>AIRPORT OPERATIONS</u>							
Aeronautical Business Group	89.8	89.0	98.0	95.0	96.0	-2.0	-2.0%
Landside Business Group	147.1	147.1	147.1	148.1	149.1	2.0	1.4%
Airport Operations	236.9	236.1	245.1	243.1	245.1	0.0	0.0%
<u>COMMERCIAL MANAGEMENT</u>							
Aviation Properties	14.5	14.0	15.0	14.0	14.0	-1.0	-6.7%
Airport Dining & Retail	11.7	11.2	11.2	11.2	12.2	1.0	8.9%
AV Commercial Management	4.3	4.0	4.0	4.0	4.0	0.0	0.0%
Parking Revenue Management	4.0	4.0	4.0	4.0	4.0	0.0	0.0%
AV Commercial Mgmt & Analysis	2.0	2.0	2.0	2.0	2.0	0.0	0.0%
Airport Office Building Mgmt	7.2	7.2	7.2	7.0	7.0	-0.2	-3.3%
Utilities	4.0	4.0	4.0	4.0	6.0	2.0	50.0%
Commercial Management	47.7	46.4	47.4	46.2	49.2	1.8	3.7%
<u>AVIATION SERVICES</u>							
Airport Director's Office	8.3	10.0	11.0	8.0	8.0	-3.0	-27.3%
Customer Service	40.2	39.2	40.2	36.2	38.2	-2.0	-5.0%
Airport Innovation	5.0	6.0	6.0	5.0	5.0	-1.0	-16.7%
Capital Dev Prog Mgmt	8.0	8.0	8.0	8.0	8.0	0.0	0.0%
Fire Department	101.5	101.0	105.0	106.0	108.0	3.0	2.9%
Planning	6.5	6.0	6.0	5.0	5.0	-1.0	-16.7%
Airport Security	212.0	212.0	183.5	183.5	183.5	0.0	0.0%
Maintenance	435.0	435.0	442.0	440.0	445.0	3.0	0.7%
Aviation Project Management	66.0	70.0	88.0	62.9	63.9	-24.1	-27.4%
Capital Development Program				21.0	23.0	23.0	NA
Aviation F&B	17.5	17.0	18.0	17.0	18.0	0.0	0.0%
Aviation Environmental	19.8	19.0	19.0	19.0	20.0	1.0	5.3%
Noise	7.0	7.0	7.0	7.0	8.0	1.0	14.3%
Total Aviation Services	926.7	930.2	933.7	918.6	933.6	-0.1	0.0%
<u>FACILITIES</u>							
Facilities & Infrastructure	27.3	26.0	26.0	26.0	28.0	2.0	7.7%
AV Signage	6.0	6.0	6.0	6.0	6.0	0.0	0.0%
Aviation Building Department	8.0	8.0	8.0	8.0	9.0	1.0	12.5%
Total Facilities	41.3	40.0	40.0	40.0	43.0	3.0	7.5%
TOTAL AVIATION DIVISION	1,252.53	1,252.78	1,266.28	1,247.91	1,270.91	4.63	0.4%

2023 FTE.xlsx

TABLE IV-22: AVIATION FULL-TIME EQUIVALENT STAFF POSITIONS (FTEs) – SUMMARY OF CHANGES

The below table is a summary of all changes in Aviation FTEs from the 2022 Budget to the 2023 Budget.

CHANGES IN FTEs		
2023 Budget FTEs	FTEs	%
Combined total FTEs in Aviation division	1,266.28	
less: remaining FROZEN positions in Aviation	<u>(19.24)</u>	
2022 Approved Budget - funded FTEs	1,247.04	
2022 Changes in FTEs during the year		
2022 mid-year FTE additions - new FTEs	5.00	
Other FTE adjustments during 2022	<u>(4.13)</u>	
2022 Mid-year Changes in FTEs	0.87	0.1%
FTEs in 2023 Baseline Budget BEFORE Budget Reques	1,247.91	
New FTEs in 2023 Budget:		
Unfreeze existing vacant FTEs for hiring	3.00	
New FTEs - strategic functions	<u>20.00</u>	
Increase in 2023 Budget FTEs	23.00	1.8%
FTEs in Aviation 2023 Budget	1,270.91	1.9%
<i>Note: incremental % changes compared to FTEs funded in the 2022 Budget</i>		
2023 FTE_2.xlsx		

TABLE IV-23: STATUS OF AVIATION FROZEN POSITIONS - SUMMARY OF CHANGES

The below table is a summary of all decisions/actions taken related to the 102.3 positions frozen during 2020.

CURRENT STATUS OF AVIATION FTEs FROZEN IN 2020	
Aviation positions identified & FROZEN in 2020	102.3
FROZEN positions eliminated	
Permanently eliminated in 2021	31.5
Permanently eliminated in 2022	<u>16.2</u>
Total FROZEN positions eliminated:	47.7
FROZEN positions approved to hire	
Approved to Unfreeze 2021 mid-year	15.0
Approved to Unfreeze in 2022 Budget	<u>36.6</u>
Total FROZEN positions approved to hire	51.6
Unfreeze FTEs requested in 2023 Budget	3.0
Remaining FROZEN positions in Aviation:	(0.0)
2023 FTE_2.xlsx	

TABLE IV-24: AVIATION NEW STAFFING

The table below provides a detailed listing of the new FTEs in the 2023 Budget. This list includes both “new” positions that didn’t exist in the prior year, and a list of specific vacant positions which were identified to unfreeze and hire in 2023.

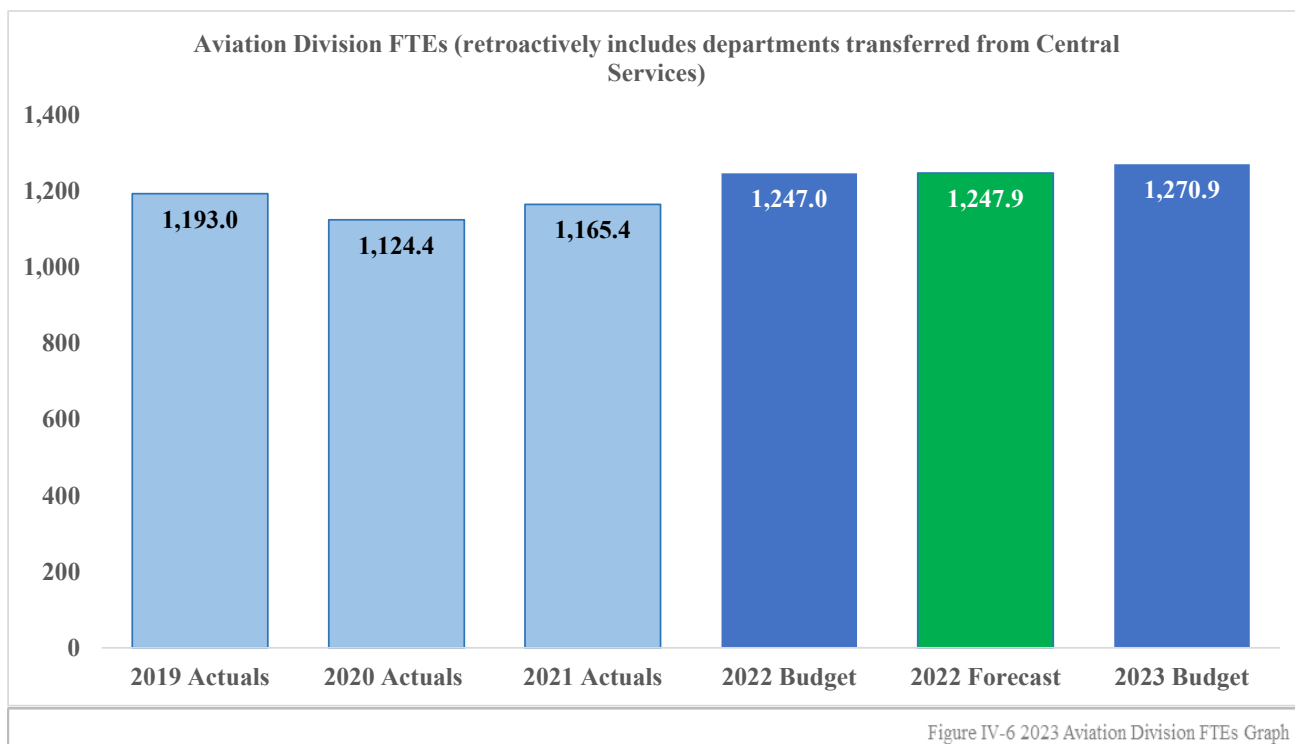
AV Priority	Problem/Need/ Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Health and Safety	Maintain and improve Safety of Airport Operations Area	Bldg Inspector/Plan Examiner	1	123,024	5,500	128,524
		Firefighter A - Mechanic	1	189,240	2,500	191,740
		Senior Manager Fire Protection Engineering	1	158,776	3,500	162,276
Health and Safety Total			3	471,040	11,500	482,540
Community	Airport Noise Mitigation	Airport Noise Programs Coordinator	1	69,419	3,700	73,119
Community Total			1	69,419	3,700	73,119
Innovations and Operational	Keeping up with Growth at the Airport	ADR Administrative Assistant	1	59,307	4,500	63,807
		Landside Supervisor	1	75,021	2,500	77,521
Innovations and Operational Efficiencies Total			2	134,328	7,000	141,328
Customer Experience	Strategic Customer Experience Improvements	Accessibility Coordinator	1	85,579	5,500	91,079
		Customer travel information and Asset Management, Capital Development and	Administrative Staff Assistant	1	45,020	4,000
	Customer travel information and Asset Management, Capital Development and	Volunteer Coordinator	1	72,623	4,000	76,623
		Baggage Ops Systems Specialist	1	111,540		111,540
Customer Experience Total			7	748,852	13,500	762,352
Environment and Sustainability	Environmental	Environmental Management Specialist	1	67,179	3,500	70,679
	Environmental Compliance, Energy Efficiency	Energy Manager	1	93,169	5,500	98,669
		Utilities Billing Analyst	1	67,879	5,500	73,379
Environment and Sustainability Total			3	228,227	14,500	242,727
Financial Sustainability	Improve organizational effectiveness	Financial Analyst AV - Aero Team	1	74,859	2,500	77,359
Financial Sustainability Total			1	74,859	2,500	77,359
Asset Management, Capital Development and Delivery	Meet the maintenance needs and standards of	Project Development Specialist	1	84,141	4,400	88,541
	Provide administrative support to the Chief	Sr. Administrative Assistant	1	59,952	2,500	62,452
	Asset Management, Capital Development and Delivery- provides cost estimating, cost control	Program Controls Managers / SoCoEvo & Main Terminal Improvements 1	1	91,319	2,500	93,819
	Maintenance Needs and Standards, Strategic Capital Development	Senior CAD-BIM Specialist	1	68,379	5,500	73,879
	Asset Management,	Automated Control Specialist	1	94,568		94,568
	Support for capital program projects	Capital Project Manager V	1	102,043	2,500	104,543
Asset Management, Capital Development and Delivery Total			6	500,403	17,400	517,803
Grand Total			23	2,227,128	70,100	2,297,228

2023 Budget Requests.xlsx

FIGURE IV-6: AVIATION FTEs

The graph below provides an overview of airport FTEs over a five-year period, and intentionally excluded those FTEs held vacant and unfunded in 2020 & 2021 Actuals, and the 2022 Budget in order to provide visibility to the pandemic response staffing/hiring decisions which reduced payroll costs without implementing personnel layoffs or furloughs. As of the 2022 Forecast, all remaining vacant and unfunded positions have been eliminated.

This graph also retroactively reflects the transfer of (4) Central Services departments to the Aviation division in 2020 and 2021 for reporting purposes. The transferred departments, which have exclusively supported the Airport over this entire time period and have historically direct charged 100% of their department costs to the Aviation Division are: Aviation Project Management Group, Aviation Finance & Budget, Aviation Environmental Programs, and Aviation Noise.



F. AVIATION CAPITAL BUDGET

The business assessment at the beginning of this section provides the context for the following capital budget for the Aviation Division.

The Aviation Division’s capital plan for 2023–2027 calls for spending of \$4.6B. Seven mega projects account for \$2.1B of the spending: North Satellite Renovation & North Satellite Transit Station Lobbies, Baggage Recapitalization/Optimization, Main Terminal Improvements, the International Arrivals Facility, C Concourse Expansion, S Concourse Evolution, and SEA Gateway. Twenty-one projects totaling \$394M spending through 2027 were proposed for inclusion as “business plan prospective.” A total of \$158M is included for the preliminary planning and design of the Sustainable Airport Master Plan (SAMP). A total of \$263M remains in the Reserve Capital Improvement Projects (CIPs), which is undesignated future spending that will account for undefined future projects or budget increases to existing projects. The CIP Reserve is implemented for the 2023 budget to adjust the cash-flow to reflect projects’ spending trends.

TABLE IV-25: AVIATION PROPOSED CIP

	Cash Flows (Figures in \$000s)						
	Forecast 2022	Budget 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	2023 - 27 TOTAL
Mega Projects							
Baggage Optimization	106,117	131,600	173,900	141,150	121,150	23,760	591,560
C Concourse Expansion	19,568	31,996	94,904	106,469	60,982	5,620	299,971
SEA Gateway	27,028	152,567	91,995	58,904	54,067	9,872	367,405
S Concourse Evolution	1,257	5,575	57,175	189,500	211,000	211,000	674,250
Main Terminal Improvement	1,056	4,248	12,390	12,343	66,457	104,527	199,965
International Arrivals Facility	15,780	11,479	-	-	-	-	11,479
NSAT	8,270	979	-	-	-	-	979
Subtotal - Mega Projects	179,075	338,444	430,364	508,366	513,656	354,779	2,145,609
Other Capital Projects	172,492	429,325	437,965	366,929	158,096	97,026	1,489,341
SAMP Preliminary Planning / Design	1,875	6,650	17,946	27,250	55,000	51,500	158,346
Proposed New Projects	173	10,217	29,572	96,181	108,973	149,359	394,302
Utility Master Plan Allowance	-	-	10,000	30,000	61,000	97,000	198,000
CIPs Reserves	-	-	19,000	25,000	70,000	149,000	263,000
Subtotal	174,541	446,192	514,483	545,360	453,069	543,885	2,502,989
CIP Cashflow Adj Reserve	(18,112)	(120,759)	72,455	48,304	-	-	-
Total Proposed CIP	335,504	663,877	1,017,302	1,102,030	966,725	898,664	4,648,598

2023 Capital Budget Tables Commission Review POF update

- Seven mega projects account for \$2.1B
- Proposing 21 new projects totaling \$394M spending through 2027
- Budget includes place-holder spending for undefined future projects (called “Allowance CIPs”) in amount of \$263M
- Proposing SAMP preliminary planning/design spending of \$158.3M through 2027 (\$300M total)
- Besides preliminary planning/design funds, budget does not include potential projects to be identified by Sustainable Airport Master Plan (SAMP)

TABLE IV-26: AVIATION CAPITAL PROJECTS:

Capital Projects	CIP	Forecast 2022	Cash Flows (Figures in \$000s)					2023 - 27 TOTAL
			Budget 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	
Construction Authorized (Status 5-6)								
Baggage Optimization	C800612	106,117	131,600	173,900	141,150	121,150	23,760	591,560
SEA Gateway	C801204	27,028	152,567	91,995	58,904	54,067	9,872	367,405
2021-25 AFLD Pvmnt&Spprt Infr	C800930	22,480	30,470	40,166	24,182	6,259	-	101,077
Concourse A Lounge Expansion	C801205	8,519	46,110	45,730	4,083	-	-	95,923
International Arrivals Facility	C800583	15,780	11,479	-	-	-	-	11,479
NSAT	C800556	8,270	979	-	-	-	-	979
Subtotal		188,194	373,205	351,791	228,319	181,476	33,632	1,168,423
Other Construction Authorized Capital Projects	Multiple	109,576	186,773	93,989	78,171	27,093	2,952	388,978
Total - Construction Authorized		297,771	559,978	445,780	306,490	208,569	36,584	1,557,401
Design Authorized (Status 4)								
C Concourse Expansion	C800845	19,568	31,996	94,904	106,469	60,982	5,620	299,971
IWTP Program	C801234	771	2,164	15,656	31,534	40,532	35,121	125,007
MT Low Voltage Sys Upgrade	C800061	5,004	24,425	25,983	19,892	-	-	70,300
Art Pool	C102066	1,732	5,250	5,850	6,800	5,300	537	23,737
Other Design Authorized Capital Projects	Multiple	19,442	101,142	150,875	113,551	26,561	1,565	393,694
Total - Design Authorized		46,517	164,977	293,268	278,246	133,375	42,843	912,709
Pending Authorization (Status 2-3)								
S Concourse Evolution	C801203	1,257	5,575	57,175	189,500	211,000	211,000	674,250
Main Terminal Improvement Prog	C801266	1,056	4,248	12,390	12,343	66,457	104,527	199,965
Utility Master Plan Allowance	C801267	-	-	10,000	30,000	61,000	97,000	198,000
Subtotal - Pending		2,313	9,823	79,565	231,843	338,457	412,527	1,072,215
Other Pending Capital Projects	Multiple	7,015	49,858	107,234	212,147	216,324	257,710	843,273
Total - Pending Authorization		9,328	59,681	186,799	443,990	554,781	670,237	1,915,488
Subtotal		353,616	784,636	925,847	1,028,726	896,725	749,664	4,385,598
CIP Reserves	C800753 & C800754	-	-	19,000	25,000	70,000	149,000	263,000
CIP Cashflow Adj Reserve	C801141	(18,112)	(120,759)	72,455	48,304	-	-	-
Grand Total		335,504	663,877	1,017,302	1,102,030	966,725	898,664	4,648,598

2023 Capital Budget Tables Commission Review POF update

- Cash flows and budgets are preliminary and may substantially change.

Descriptions of Capital Projects:

- Checked Baggage Recap/Optimization: Replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity
- Airfield Pavement Replacement: Provide budget for annual replacement of aging airfield pavement and joint seals
- Upgrades STS Train Control: The Satellite Transit System (STS) is a critical piece of infrastructure that moves passengers from the main terminal to the satellite concourses. The Automatic Train Control and Communication Subsystem needs to be upgraded. The system was installed in 2003 and is the first generation of CITYFLO 650. The hardware is approaching the end of its useful life.
- International Arrivals Facility: Build a new Federal Inspection Service (FIS) facility on the east side of Concourse A in order to expand capacity to process arriving international passengers
- NS NSAT Renov NSTS Lobbies: Renovate/expand the North Satellite to address seismic concerns, upgrade HVAC and lighting, upgrade fixtures, and add eight gates
- Widen Arrivals Roadway: Widen the approach to the Arrivals curbside area from two to three lanes. The total improvement area could extend from Air Cargo Rd to the north Rental Car Bus curb. The existing 4th floor entrance ramp from the Departures curbside to the Main Garage will be demolished.
- SEA Gateway: Redevelop space at the north end of the Main Terminal Ticketing Level of the Airport to improve passenger processing, security throughput, and to elevate the overall passenger experience

- C Concourse Expansion: Construct three additional floors on top of the Airport’s concourse C building to meet space needs for passenger restrooms, concessions, passenger lounges, and other tenant offices
- MT Low Voltage System Upgrade: This project covers the renewal and replacement of low voltage (600 volts and below) distribution switchboards, transformers, feeders, panels, motor control centers, and tenant metering. The work includes areas in the Main Terminal served by Center and South power centers.
- S Concourse Evolution: Upgrade systems, reprogram the public facing areas, and add duty free, retail, and dining opportunities
- Main Terminal Improvement Program: It will address code compliance issues and renewal & replacement of critical systems in the Main Terminal. It will also provide architectural upgrades and other work to provide a better experience for customers.

TABLE IV-27: PROPOSED NEW PROJECTS

# of Projects	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2023 - 27 TOTAL
			2023	2024	2025	2026	2027	
15	Asset Stewardship	467,347	8,711	24,538	78,329	90,670	143,882	346,130
0	Capacity	-	-	-	-	-	-	-
2	Safety/Security	19,656	1,388	3,015	10,706	4,511	36	19,656
3	Customer experience	16,355	118	1,502	6,281	7,319	836	16,056
1	Community & Environment	12,476	-	517	865	6,473	4,605	12,460
0	Reserves	-	-	-	-	-	-	-
21	TOTAL	515,834	10,217	29,572	96,181	108,973	149,359	394,302

2023 Capital Budget Tables Commission Review POF update

- A total of 21 projects were approved through the Aviation Investment Committee
- The proposed projects do not include projects that will come out of SAMP

II. Asset Stewardship

TABLE IV-28: AVIATION ASSET STEWARDSHIP PROJECTS

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2023 - 27 TOTAL
				2023	2024	2025	2026	2027	
1	C801302	Airfield Infra & Security	199,988	231	2,484	9,858	43,708	88,659	144,940
2	C801304	Cargo 161D, 165A, and 161F Ren	78,213	38	1,279	3,986	19,500	29,803	54,606
3	C801307	Parking Garage Rehabilitation	55,709	-	441	2,272	4,002	11,778	18,493
4	C801303	Taxiway A Circuit Replacement	39,500	2,404	6,683	26,986	3,393	-	39,466
5	C801308	PLB Renew and Replace 2022	24,800	259	2,710	7,913	7,922	5,944	24,748
6	C801311	Const. Logistic Site Expansion	17,113	1,183	3,811	10,429	1,671	-	17,094
7	C801312	Air Cargo Road Phase 2	14,214	73	805	989	3,547	4,670	10,084
8	C801316	Generator Controls Project	12,100	831	2,561	7,318	1,335	-	12,045
9	C801341	AV Small Capital Purchases	10,000	3,138	2,000	2,000	2,000	862	10,000
10	C801319	Upper/Lower Drive Improvements	6,327	-	577	804	1,955	1,955	5,291
11	C801318	Water Surge Attenuator	4,200	363	806	2,634	380	-	4,183
12	C801321	Access Control ICS Network Ref	2,600	68	154	1,867	511	-	2,600
13	C801325	RCF QTA Boiler Skids 1 and 2	1,300	48	99	804	349	-	1,300
14	C801328	Fire Alerting System Replaceme	710	53	94	436	127	-	710
15	C801329	Parking Garage UPS	573	22	34	33	270	211	570
TOTAL			467,347	8,711	24,538	78,329	90,670	143,882	346,130

2023 Capital Budget Tables Commission Review POF update

1. Airfield Infra & Security:

This project scope is comprised of three components: Air Operations Area (AOA) Fence Upgrade; Airfield Circuit Replacement; and FOD Detection. AOA Fence Upgrade - Build approximately 150 LF of 12' fence to replace areas of 7' fence on the AOA. Airfield Circuit Replacement – This project will also add three (3) access control gates at other parts of the fence. Replace airfield lighting circuits, transformers, connectors, and underground cables but exclude lighting fixtures. The Auto FOD project will add LED lighting to 16R and L, FOD Detection (including the base and additional modules of continuous video recording and snow/ice detection) and add additional software modules for continuous video recording as well as snow and ice detection of runway RW16C. Furthermore, this project will add automated FOD detection systems on the remaining runways, 16L and 16R.

2. Cargo 161D, 165A, and 161F Renovation:

Extensive retrofit of the entire buildings (161D, 165A, and 161F) including heating, BAS system, DDC, lighting, and fire protection.

3. Parking Garage Rehabilitation:

This project will be routing stormwater from the 8th floor parking garage and toll plaza to the stormwater system. It would also provide new catch basins and oil/water separator. It also replaces original pressure on demand and hydrant charged standpipe systems on sections B&C of the Parking Garage; to include piping, pump, controls panel, piping to nearest primary water main, and ancillary equipment. Replaces a 1st floor expansion joint (located in the main drive lane adjacent to the northern helices), defective 3rd floor courtesy bus lane expansion joints and membrane, expansion joints along the 3rd floor primary pedestrian paths from the garage elevators to skybridges, failing floor drains in sections B and C (21 drains), and repairs the worst structural cracks (1/4" +).

4. Taxiway A Circuit Replacement:

This project will replace existing steel underground conduit with PVC, install new circuits, new LED taxiway centerline fixtures, new cables, and a new regulator and new concrete panels. This proposed solution aims to reconstruct the entire taxiway centerline in one project.

5. Passenger Loading Bridge (PLB) Renew and Replacement 2022:

This project will retrofit seven (7) bridges in total, six (6) on A, one (1) on B. This project will replace the electrical and control systems of 7 passenger loading bridges, as well as make structural upgrades, and conduct work to fixed walkways and cabs.

6. Const. Logistic Site Expansion:
Replacement of a 600 linear foot section of 12" pipe with 24" storm drainpipe in the SEPL area. Logistics site expansion Project would grade, pave, and provide power on a site of up to 5 acres. There is a possibility that water might also be made available on a limited basis.
7. Air Cargo Road Phase 2:
Project would replace worn out HMA pavement in Air Cargo Road from S 154th St to S 166th St., and on S 161st St. It would also install a sidewalk along the western side of Air Cargo Road, bus stop pads as required, bike lane capacity in both directions, and shift the streetlights from the east to the west side of ACR from S 154th St to S 166th St.
8. Generator Controls Project:
The Generator Controls project would replace the obsolete PLCs on the Concourse A Generator with the Allen Bradley product. Additionally, it replaces the existing GE Fanuc PLC with new Allen Bradley PLC for the emergency generator control in the C4 area. This is recommended because the GE Fanuc is nearing the end of its predicted life. Separate out the room HVAC controls onto the DDC system.
9. AV Small Capital Purchases:
In 2014, a multi-year CIP (C800752) was set up to fund AV Small Capital Purchases. This amount will be drawn down before the end of 2023 and a new multi-year CIP needs to be established to contain the full 2023 budget. This request is to create a 5-year CIP for \$10M. \$2M is expected for authorization each year in small capital AV purchases.
10. Upper/Lower Drive Improvements:
Replacement of the expansion joints, their gutters, and leaders in the Upper and Lower Drives within the terminal area. Replace the asphalt pavement at the southern RCF bus stop with more durable concrete pavement. On the upper drive, add a pedestrian barrier to the existing guard rail system to prevent someone from scaling it and falling to the lower drive.
11. Water Surge Attenuator:
Installation of two (2) tanks and air compressor controls. This work will also include concrete flatwork around the areas. Current plan indicates extreme N/S locations. However, there may be costs to save by locating them in one location. To be finalized in notebook.
12. Access Control ICS Network Ref:
The project will deliver a combined refresh of the Access Control, ICS and TWVPS Networks. Network equipment was last upgraded in 2014 and requires updates for continued operations to support critical airport technology systems including: access control, video management, voice paging and conveyor baggage handling.
13. RCF QTA Boiler Skids 1 and 2:
The existing RTF Quick Turnaround Area (QTA) boilers are reaching end of life prematurely due to weather exposure. The project proposes replacing them like-for-like, while adding a degree of weather protection, which could double their lifespan while minimizing replacement costs.
14. Fire Alerting System Replacement:
This project is to procure and install a new FSA system controller at Station #1 and #2, individual dorm room alerting equipment (LED speakers & room remotes) in both dorm areas of FS#1, and system interfaces with CAD, radio and FAA crash phone. Dorm room equipment will be installed in a temporary manner until the FS #1 Improvement Project completes construction in 2024/25.
15. Parking Garage UPS:
This project will replace the existing parking system UPS with a similar but smaller unit, while connecting the electrical system to the Port emergency generators for additional back-up power redundancy.

III. Community & Environment

TABLE IV-29: AVIATION COMMUNITY & ENVIRONMENT PROJECTS

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2023 - 27 TOTAL
				2023	2024	2025	2026	2027	
1	C801313	Fleet Fast EV charging	12,476	-	517	865	6,473	4,605	12,460
		TOTAL	12,476	-	517	865	6,473	4,605	12,460

2023 Capital Budget Tables Commission Review POF update

1. Fleet Fast EV Charging:

This will construct two electric vehicle (EV) fast charging stations, one inside and one outside the sterile area, with four Level 3 chargers each, to meet the EV fleet need.

IV. Customer Experience

TABLE IV-30: AVIATION CUSTOMER EXPERIENCE PROJECTS

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2023 - 27 TOTAL
				2023	2024	2025	2026	2027	
1	C801314	2nd FL Revenue Control	8,855	28	837	4,144	3,824	21	8,854
2	C801315	CUSS Renewal/Replacement	5,800	45	553	1,732	2,632	540	5,502
3	C801323	Acrylic Coating & Radiant Heat	1,700	45	112	405	863	275	1,700
		TOTAL	16,355	118	1,502	6,281	7,319	836	16,056

2023 Capital Budget Tables Commission Review POF update

1. 2nd FL Revenue Control:

Project would convert the 2nd floor of the parking garage to reserved parking. Using existing ramps at the north and south ends of the garage, as well as one helix, reserved parkers would enter and exit through parking revenue control system actuated gates. Barriers would be placed to limit access by non-reserved parkers.

2. CUSS Renewal/Replacement:

This project is to replace the 40 aging Common Use Self Service (CUSS) kiosks and add 12-16 new kiosks to better meet customer demand and reduce ticketing area congestion. The kiosks run the airline CUSS applications for use by airline customers to check in for flights, read passports, print boarding passes, and print baggage tags.

3. Acrylic Coating & Radiant Heat:

Coat two (2) Passenger Load Bridges (PLBs) with an elastomeric acrylic, which can block up to 95% of the UV and infrared light hitting the skin of the PLBs. Scope further includes radiant heaters and a dehumidifier. The project would do two “test” bridges to confirm the elastomeric acrylic solves the heat issue.

V. Safety and Security

TABLE IV-31: AVIATION SAFETY AND SECURITY PROJECTS

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2023 - 27 TOTAL
				2023	2024	2025	2026	2027	
1	C801310	SEA Garage Security Improvement	16,300	1,295	2,786	9,642	2,577	-	16,300
2	C801320	Security Camera Upgrades	3,356	93	229	1,064	1,934	36	3,356
		TOTAL	19,656	1,388	3,015	10,706	4,511	36	19,656

2023 Capital Budget Tables Commission Review POF update

1. SEA Garage Security Improvement:
Improve SEA Garage communications network and provide technology solutions. Additional cameras and data-based alerting/analysis will improve capture of criminal activity and add coverage to pedestrian walkways.
2. Security Camera Upgrades:
Increase camera coverage of Bagwell drive lanes to 100% of the Bagwell & entrances by upgrading existing cameras and adding new cameras.

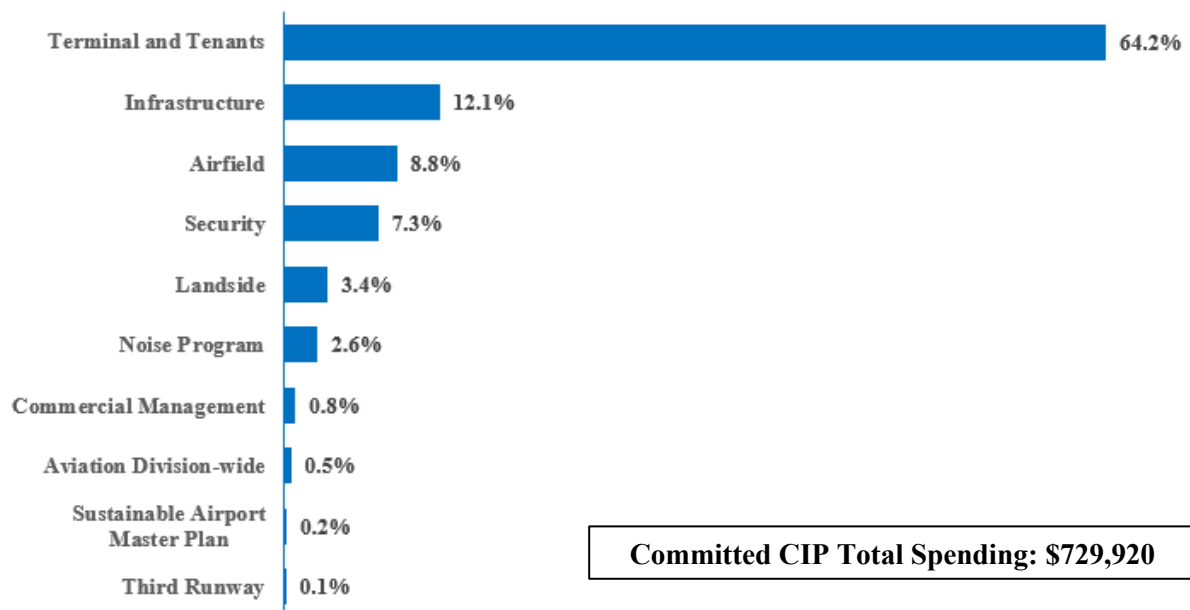
TABLE IV-32: AVIATION CAPITAL BUDGET SUMMARY

(\$ in 000's)	2023 Budget	2023-2027 CIP	% of 2023 Total Committed
Committed Capital Projects			
Terminal and Tenants	\$ 468,919	\$ 1,587,448	64.2%
Infrastructure	88,355	385,846	12.1%
Airfield	64,048	184,477	8.8%
Security	53,276	70,667	7.3%
Landside	24,671	105,985	3.4%
Noise Program	18,949	122,169	2.6%
Commercial Management	6,197	13,832	0.8%
Aviation Division-wide	3,555	29,393	0.5%
Sustainable Airport Master Plan	1,150	1,346	0.2%
Third Runway	800	800	0.1%
Total Committed	\$ 729,920	\$ 2,501,963	100.0%
Business Plan Prospective Projects	\$ 54,716	\$ 2,146,635	
CIP Cashflow Adjustment Reserve	\$ (120,759)	\$ -	
Total CIP	\$ 663,877	\$ 4,648,598	

CAPSUM

FIGURE IV-7: AVIATION CAPITAL BUDGET

(\$ in 000's)



G. AVIATION DIVISION OPERATING STATISTICS

TABLE IV-33: AVIATION DIVISION OPERATING STATISTICS

Year	(1) Enplaned Passengers		(2) Total Landed Weight		(3) Air Cargo	
	Number	Growth	Pounds	Growth	Metric tons	Growth
2002	13,362	-1.1%	21,658	-2.3%	374,753	-6.7%
2003	13,356	0.0%	20,790	-4.0%	351,418	-6.2%
2004	14,364	7.6%	20,944	0.7%	347,517	-1.1%
2005	14,632	1.9%	20,186	-3.6%	338,591	-2.6%
2006	14,991	2.5%	20,362	0.9%	341,981	1.0%
2007	15,661	4.5%	21,014	3.2%	319,013	-6.7%
2008	16,085	2.7%	21,519	2.4%	290,205	-9.0%
2009	15,610	-3.0%	20,388	-5.3%	270,142	-6.9%
2010	15,773	1.0%	19,786	-3.0%	283,425	4.9%
2011	16,397	4.0%	20,123	1.7%	279,893	-1.2%
2012	16,597	1.2%	19,897	-1.1%	283,609	1.3%
2013	17,376	4.7%	20,949	5.3%	292,709	3.2%
2014	18,717	7.7%	22,505	7.4%	327,240	11.8%
2015	21,109	12.8%	24,757	10.0%	332,636	1.6%
2016	22,796	8.0%	27,118	9.5%	366,431	10.2%
2017	23,416	2.7%	28,267	4.2%	425,856	16.2%
2018	24,894	6.3%	30,109	6.5%	432,315	1.5%
2019	25,874	3.9%	31,381	4.2%	453,547	4.9%
2020 ⁽⁴⁾	10,037	-61.2%	20,007	-36.2%	452,496	-0.2%
2021 ⁽⁵⁾	18,073	80.1%	26,244	31.2%	498,741	10.2%
2022 ⁽⁵⁾ Budget	24,259	34.2%	28,913	10.2%	503,365	0.9%
2022 ⁽⁵⁾ Forecast	23,052	27.5%	29,090	10.8%	471,759	-5.4%
2023 ⁽⁵⁾ Budget	24,444	6.0%	29,851	2.6%	485,912	3.0%
10-yr / 5-yr Change						
2013 - 2023		3.5%		3.6%		5.2%
2018 - 2023		-0.4%		-0.2%		2.4%

Notes:

- (1) Passengers in thousands
- (2) Weight in thousands
- (3) In Metric Tons
- (4) Contraction due to COVID-19 Pandemic impact
- (5) Activity still in recovery, not yet at pre-pandemic levels

Table IV-33 Aviation Division Operating Statistics 2023.xlsx

This page intentionally left blank.

V. MARITIME

MARITIME DIVISION

A. 2023 BUDGET SUMMARY

TABLE V-1: MARITIME CASH FLOW SUMMARY

(\$ in 000's)	<u>2023</u>	<u>Percent of Total</u>
<u>SOURCES OF CASH</u>		
Operating Revenues	\$ 75,875	71.1%
Interest Receipts	6,124	5.7%
Proceeds from Bond Issues	-	0.0%
Grants and Capital Contributions	4,053	3.8%
Tax Levy	20,371	19.1%
Other Receipts	282	0.3%
Total	\$ 106,706	100%
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	66,121	50.7%
Debt Service:		
Interest Payments	3,028	2.3%
Bond Redemptions	7,760	6.0%
Total Debt Service	10,788	8.3%
Other Expenses	12,610	9.7%
Public Expense	0	0.0%
Capital Expenditures	40,805	31.3%
Total	\$ 130,324	100%

Cashflw1.xls MD

FIGURE V-1: MARITIME SOURCES OF CASH
(\$ in 000's)

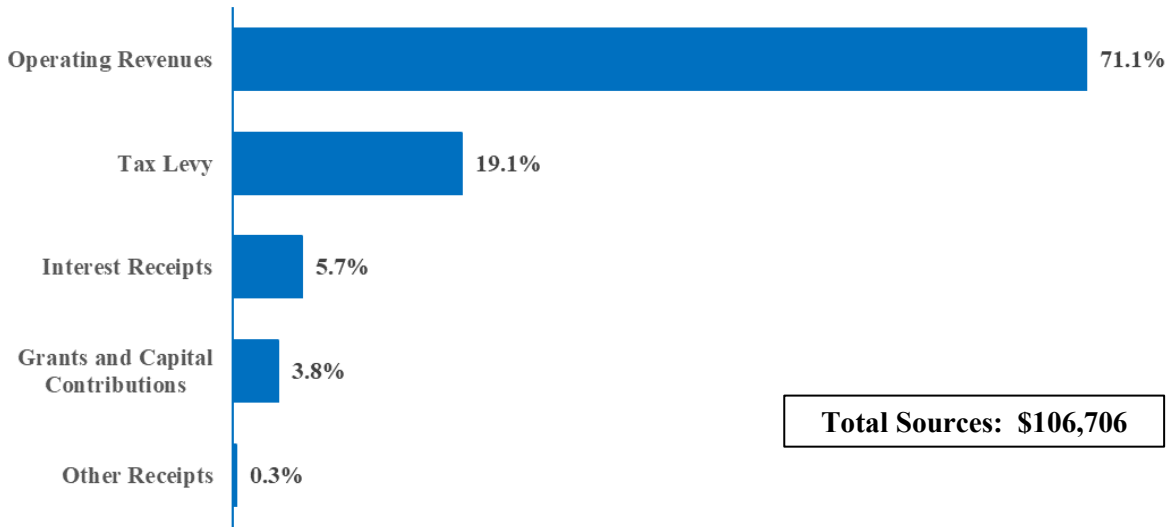
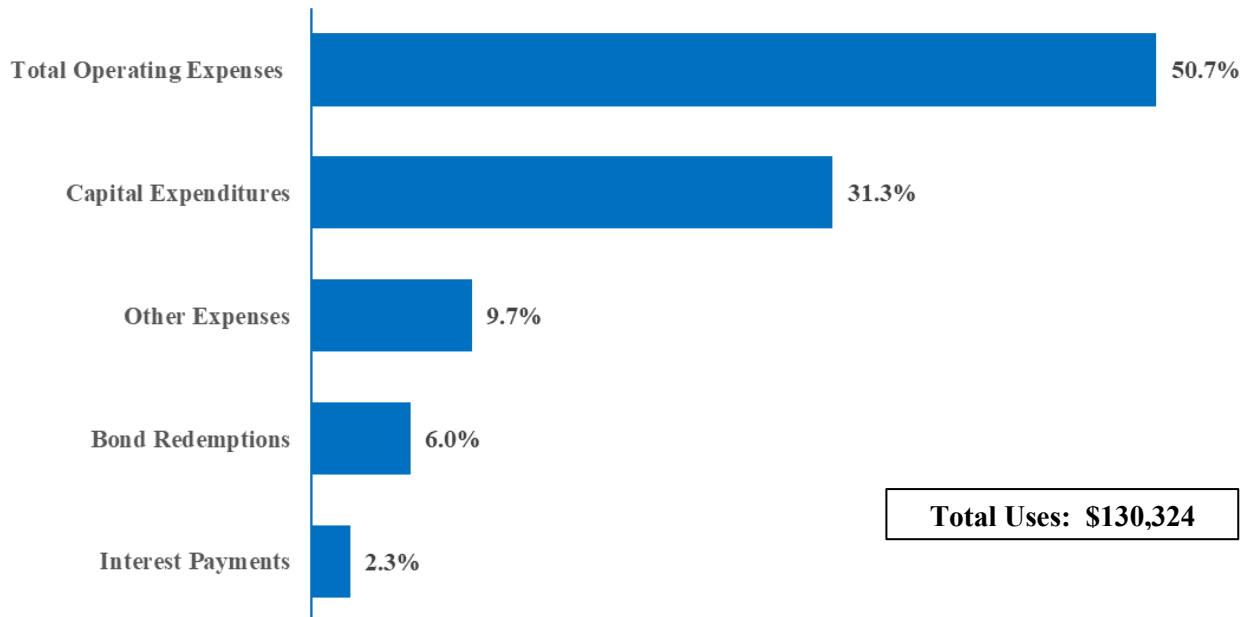


FIGURE V-2: MARITIME USES OF CASH
(\$ in 000's)



B. FINANCIAL FORECAST

TABLE V-2: MARITIME FINANCIAL FORECAST

(\$ in 000's)	2020	2021	2022	2023	2024	2025	2026	2027	2023 - 2027
	Actual	Actual	Budget	Budget	Forecast				Compound Growth
OPERATING BUDGET	Notes								
Operating Revenue	\$ 42,111	\$ 48,331	\$ 59,137	\$ 75,875	\$ 84,318	\$ 91,640	\$ 98,215	\$ 102,192	7.7%
Total Operating Revenues	42,111	48,331	59,137	75,875	84,318	91,640	98,215	102,192	7.7%
Total O&M Expenses w/o Pension Credit	52,357	47,784	57,865	66,121	70,742	73,883	76,613	79,447	4.7%
DRS Pension Credit	(2,129)	(7,070)	-	-					NA
Total O&M Expenses with Pension Credit	50,228	40,714	57,865	66,121	70,742	73,883	76,613	79,447	4.7%
NOI Before Depreciation (with Pension Credit)	(8,117)	7,616	1,272	9,755	13,577	17,757	21,603	22,745	23.6%
Total Depreciation Expense	17,624	17,718	17,510	17,456					
NOI After Depreciation (with Pension Credit)	(25,741)	(10,101)	(16,238)	(7,701)					
									Total
									2023 - 2027
Committed Capital Budget	\$ 20,805	\$ 18,513	\$ 25,478	\$ 40,657	\$ 91,413	\$ 43,000	\$ 2,705	\$ 3,070	\$ 180,845
Business Plan Prospective	-	-	7,705	13,434	21,782	50,136	53,138	33,265	171,755
CIP Cashflow Adjustment Reserve	-	-	(9,775)	(13,286)	7,972	5,314	-	-	0
Total Capital Budget	1) \$ 20,805	\$ 18,513	\$ 23,408	\$ 40,805	\$121,167	\$ 98,450	\$ 55,843	\$ 36,335	\$ 352,600

mabpfor.xls

Notes:

1) See Section IX for details of Capital Improvement Plan.

C. MARITIME DIVISION DESCRIPTION/BUSINESS ASSESSMENT

MISSION:

Build on our maritime legacy by leveraging our properties to create waterfront opportunities and support family wage jobs in the Maritime industry that is sustainable and equitable.

VISION:

A vibrant working waterfront generating economic vitality for the region.

MAJOR/NEW INITIATIVES:

- High Performance Organization: Deliver operational excellence and develop our employees
 - Operational Excellence: Deliver safe, compliant operations and maintain port assets
 - Integrate and optimize operations of the Maritime Division
 - Implement operational and safety practices to achieve zero injuries and a 90% safety score
 - Increase innovation and process improvement at every level of the division
 - Talent Development: Develop staff capabilities, bench strength and opportunities
 - Identify and implement targeted training to increase employee capabilities
 - Engage in Maritime Talent Acquisition Strategy focused on Equity, Diversity & Inclusion in hiring with Human Resources
 - Enhance and implement employee development plans and career paths
 - Valued Communication: Provide information that is clear, concise, and relevant
 - Leverage technology to improve quality and efficiency of communications
 - Develop and implement measures to improve Commission and public communications

DIVISION DESCRIPTION:

Maritime Division is comprised of several major business groups: Cruise Operations, Recreational Boating, Fishing and Operations, a Grain Terminal, and about half of the Seaport Real Estate portfolio. Additionally, the division includes service groups such as Maritime Marketing, Security, Marine Maintenance, Maritime Environment and Sustainability, and Waterfront Project Management.

The Maritime Division and its facilities serve a diverse mix of year-round and seasonal activities. From April through October, Smith Cove Cruise Terminal and Bell Harbor Cruise Terminal serve as homeports for cruise ships headed to Alaska. From October through May, Fishermen’s Terminal and Terminal 91, serve as homeports for the North Pacific fishing fleet and factory trawlers. Throughout the year, recreational boats are served at Bell Harbor Marina, Harbor Island Marina, Salmon Bay Marina, and Shilshole Bay Marina – the latter two being home to vibrant liveaboard communities. The Maritime Division also operates the Maritime Industrial Center and leases Terminal 86, a fully automated grain terminal, along with other industrial properties connected with these maritime activities and businesses.

INDUSTRY ASSESSMENT:

Cruise

The 2020 Alaska cruise season was cancelled due to the COVID-19 pandemic. The CDC’s no sail order restricting the cruise sailings in the U.S. was replaced by the Conditional Sailing Framework during the 2021 cruise season, which allowed cruises under new health protocols. Additionally, an exemption from the Passenger Vessel Services Act (PVSA) of 1886, which requires foreign ships to include one stop at a foreign port between stops in the U.S, was approved by Congress for 2021 cruise sailings. As a result, the 2021 Alaska cruise season started later in the season than in a typical year and with limited passenger occupancy on sailings. There was a strong rebound in cruises to Alaska in 2022 with sailing volumes higher than pre-pandemic levels; however, the average ship occupancies were lower than pre-pandemic levels. It is expected that the 2023 sailings will be at similar levels to the 2022 season based on berth reservation requests received to date. As the pandemic public health and safety risks ease and restrictions continue to be removed, it is reasonable to assume that ship occupancies will exceed 2022 average occupancies levels but not yet fully rebound to the pre-pandemic levels.

Fishing and Commercial Operations

The Alaska commercial fishing industry remains strong with the Alaska fisheries recognized as the most successfully managed in the world. With sustainable fisheries in the Bering Sea, Bristol Bay, and Gulf of Alaska fisheries, the commercial fishing industry that homeports in Seattle remains stable. Commercial fishing companies are revitalizing their fleets by building new boats to replace aging fishing vessels. Although Alaska ports are working to build better infrastructure to support the small boat fleets, Puget Sound continues to be very attractive for off season moorage for all sizes of commercial boats due to better weather conditions conducive to working on boats. It also provides an established parts supply and maintenance service network.

The industry continues to adapt to an evolving regulatory environment, fishing industry consolidation and more limited marine terminal options. The North American Emissions Control Area (ECA) requires more stringent emission reductions for ocean going vessels operating within coastal waters. This puts a higher burden of compliance on vessels transiting between Seattle and Alaska, when compared to vessels on transpacific voyages, because the entire voyage is within the ECA. In addition, ongoing consolidation of the commercial fishing fleet is driving changes in facilities and services to meet the needs of larger homeport operations. The availability of suitable and affordable marine terminals is growing increasingly scarce in the Northwest.

Grain

Terminal operator/tenant, Louis Dreyfus Company, is projecting grain volumes to be about 4% lower in 2023 from 2022 budget and 11% below mid-year forecast. Volumes in 2021/2022 were abnormally high from pent up demand related to COVID-19 and tariffs.

Maritime Habitat Initiatives

The Port has submitted a proposal to federal agencies to develop a habitat mitigation bank and is currently under review with indication that the Interagency Review Team will be assembled within 6-8 months. Demand for compensatory mitigation credits in the watershed, as well as Natural Resource Damage credits in the Lower Duwamish River, is increasing due to evolving environmental regulations and pending claims. Large-scale projects in the Duwamish River and Elliott Bay may also create new demand. The Port is in a good position given our property ownership and our track record in developing successful restoration projects for use as habitat banks. The Duwamish River People's Park and Shoreline habitat is substantially completed and in 2022, we implemented a marketing initiative for potential purchasers of Natural Resource Damages credits; we are currently in discussion with at least 3-5 potential customers.

Industrial Properties

Strong local consumption and regional trade with Asia have helped keep industrial demand robust for the past decade. Port pricing and locations have kept occupancy rates near the 95% level.

Recreational Boating

The Recreational Boating industry continues to face such challenges as: the high cost of boats and boating, attracting younger generations, emerging environmental regulatory restrictions, and reduced access to water.

Boaters are demanding upscale moorage facilities including high-end amenities, finishes, and architectural details with more customization, automation and personalization. Industry wide, the largest increases in revenues continue to be from in-water rentals (kayaks, paddle boards, etc.), boat rentals, restaurants, leased slips, fuel, and boat sales.

BUSINESS ASSESSMENT:

Cruise

Sailings for 2022 were a record year in vessel calls, and the total number of revenue passengers is expected to exceed 2019 pre-pandemic levels. The 2022 budget assumed a scenario with 75% occupancy for sailings (pre-pandemic levels were assumed at 104%), which is aligned with actual average occupancies for the 2022 season. The 2023 budget assumes a similar but slightly lower number of vessel sailings with a higher average occupancy scenario of 85% as the industry continues to rebound from the pandemic, resulting in a higher total number of revenue passengers anticipated for the 2023 season. Pre-pandemic average ship occupancies are expected to fully rebound beyond the 2023 season.

Fishing and Commercial Operations

Commercial fishing vessel moorage demand remains steady with annual occupancy over 80%, even with the majority of customers leaving to work in Alaska for various parts of the year. The small commercial fishing boats (less than 40 feet) market is most at risk due to the expense of operating a boat, owners retiring, and boats relocating. This loss of commercial fishing moorage business is somewhat offset by monthly moorage for smaller recreational vessels which do not require year-round moorage. The focus

throughout 2023 will be to retain existing tenants and cultivate new revenue streams. Continuous efforts will be made in offering excellent customer service, increasing rental rate levels on renewals and accommodating space reductions, and expansions while improving space for quality tenants.

Dock and moorage assets at Fishermen's Terminal are all fairly new with the exception of the Northwest Dock, which is the oldest dock and now approaching thirty years old. Available shore power systems for the various sizes of boats set us apart from our competition.

The financial outlook is projected to be stable as staff continues to look at Fishermen's Terminal in an entrepreneurial fashion for revenue generating opportunities. Revenue gains are expected from an increased number of recreational vessels, while the recapitalization of the large vessel fishing fleet replaced old vessels with new ones, not necessarily adding vessels to their respective fleets. Moorage rates at the terminal for fishing and commercial vessels lead the market when compared to other Puget Sound public ports. Recreational vessel rates at the terminal are at market as compared to local marinas.

Fishing fleet homeport demand is expected to remain stable in 2023. Fishing, tug, and barge companies are making significant investments in vessel improvements and system upgrades. Other marine industrial moorage is expected to remain stable with moderate growth over time.

Grain

The Pier 86 Grain Terminal handles corn and soybeans from the upper Midwest states. Despite its age, the terminal is still competitive for handling these grain commodities.

Maritime Habitat Initiatives

Interest in Port-provided compensatory mitigation and natural resource damage (NRD) credits is expected to continue to grow as both public and private maritime properties are redeveloped and NRD claims are pursued.

Industrial Properties

Consistent with the regional figures discussed under the Industry Assessment, the forecast for the Seattle close-in industrial market is for lease rates to remain steady, with slight upticks in rents possible. Due to the age and condition of several of our assets, demand for seaport industrial properties is expected to remain consistent. The Maritime Industrial Portfolio Management staff will continue to manage the industrial portfolio for the purpose of maximizing revenue by balancing rental rates (demand) with fluctuating supply to match the performance of the local Seattle close-in market.

Shilshole Bay Marina

The monthly moorage occupancy at Shilshole Bay Marina remains strong and is budgeted to meet or exceed 96% for 2023. Due to an existing waitlist, the opportunity to increase occupancy rates is centered on quicker slip turnaround times. Moorage rates remain competitive within the Seattle market. Continued success is attributed to the marina's location, docks with good maneuverability and wide navigation channels, a strong and active liveaboard community, and strong customer focus.

We currently have just over 300 individuals waiting for slips. Most of those on the waitlist are waiting for a liveaboard slip. We are currently at our maximum liveaboard slip capacity of 350. Liveaboard demand continues to escalate due to extremely high housing costs in the Seattle area. The commercial property occupancy rate at Shilshole Bay Marina is currently at 100%. The focus throughout 2023 will be to retain existing tenants, continue to grow guest moorage.

CHALLENGES AND OPPORTUNITIES:

Cruise & Marketing Challenges

- Lingering public health concerns and additional operational requirements and protocols
- Economic conditions impacting ability to afford travel and vacations
- Increase in environmental regulations for cruise operations in Washington and Alaska
- City of Seattle suffered from damaged brand reputation and downtown safety concerns

Cruise & Marketing Opportunities

- Pent-up customer demand; passengers surveyed express a strong desire to return to Seattle
- Berth reservations for 2023 vessel calls higher than pre-pandemic levels
- Increasing utilization of strong tourism and transportation infrastructure
- Expiring terms of contractual agreements provides opportunity to advance Equity and Environmental priorities

Fishing and Commercial Challenges

- Commercial Fishing is a highly regulated industry. Environmental regulations threaten commercial fisheries which is a response to manage and preserve commercially harvested aquatic species
- Capturing the new business from the revitalized large commercial boat fleet is essential to remain the homeport of the North Pacific Fishing Fleet
- Controlling the cost of building, maintaining and operating terminals
- Future planning and capital investment in properties with aging infrastructure
- Adapting facilities and operations to meet dynamic regulatory environment
- Attracting new maritime customers and vessel homeport bases within changing land use environment

Fishing and Commercial Opportunities

- Retaining business from commercial fishing customers who are recapitalizing their fleets
- Continuing to grow recreational vessel fleet during off-season, as space allows
- Promoting legislation to incentivize continued growth within the fishing and maritime industry
- Develop a “Blue Economy” framework accomplished by embracing new Washington State Maritime Cluster organizations; digitalizing and decarbonizing maritime machinery, systems, and platforms; embracing Workforce Development and Innovation; and the continued growth and promotion of our Working Waterfront
- Upgrades to current infrastructure to accommodate larger fishing vessels, Berths 6 & 8 at Terminal 91
- Attracting vessel homeport bases for seafood, tug, and barge fleets

Grain Challenges and Opportunities

- Grain volume can fluctuate significantly from year to year due to weather and market conditions
- Revenues from the grain terminal include a minimum annual guarantee and otherwise are subject to upside and downside depending on volumes
- Grain terminal impacted by tariff changes, however the demand for feedstock is unable to be met by other nations

Maritime Habitat Initiatives Challenges and Opportunities

- Construction costs associated with habitat projects in the urban maritime environment are escalating. However, these costs affect both the Port and our competition.
- NRD credit demand is directly correlated to the rate at which the Trustee Council generates settlements. While the size of the NRD market is potentially substantial, to date the Trustees have proceeded with settlements very slowly.
- The Port has significant land assets in the Duwamish which are suitable for restoration purposes but more limited in the middle and upper watershed.

Recreational Marina Challenges

- Maintaining assets responsibly within the Port system while still controlling costs
- Finding new revenue streams
- Balancing Port initiatives with operational work
- Right sizing the security levels
- Providing developmental opportunities to staff without reducing operational functionality

Recreational Marina Opportunities

- Exploring new lines of business that were previously not within the Port's strategy, such as dry stack boat storage
- Leveraging new technologies to create efficiencies, such as marina software update and handheld technology
- Increasing moorage revenue due to current high demand
- Leveraging partnerships to create opportunities with organizations such as the Ballard High School Maritime Academy, Seattle Maritime Academy, The Adventuress, and the Northwest Marine Trade Association

Marine Maintenance Challenges

- High demand for represented craft labor, limiting flexibility, and driving up costs
- Right sizing maintenance and service levels
- Demographic challenges from an aging workforce

Marine Maintenance Opportunities

- Leverage skilled workforce with intimate knowledge of Port assets
- Continue to look for CPI (continuous process improvement) opportunities

Waterfront Project Management Challenges

- High variability in construction pricing
- Environmental and structural code changes create unpredictability in schedule and cost
- Lead time on materials uncertainty
- Navigating authorizations between Port of Seattle and Northwest Seaport Alliance

Waterfront Project Management Opportunities

- Ability to expand Disadvantaged/Women & Minority Business Enterprises
- Development & training of new staff
- Integrate new technologies in the workflow process
- Take advantage of grants to fund capital projects

D. OPERATING BUDGET SUMMARY

Background

From a financial standpoint, the Maritime Division's activities are:

- Record year for Cruise passengers and revenue in 2023
- Managing other businesses in the portfolio to provide stewardship of public assets for taxpayers. These activities generate revenue through operations and expense through maintenance, repair, and renovation.
- Following a slow COVID-19 driven start to 2022, Maritime is expecting a near full return of operations in 2023 to with far less public health challenges

Assumptions

The 2023 Maritime Division Budget is based on the following assumptions:

- Cruise forecasts 85% of historical occupancy rate and a sailing schedule based on tentative berth reservations
- Grain volume is budgeted at 4.34M metric tons based on forecast from tenant, a 4% decrease from 2022 budget
- Recreational Marinas occupancy rate budgeted higher than previous years due to improved processes allowing for faster turnaround of slips at Shilshole Bay Marina
- Commercial Building Properties target an occupancy of 95% or greater at year-end 2023, consistent with current results
- Salaries and benefits are forecasted using the 2023 budget guidelines of 6% cost of living increase and 3% increase to salaries and specified benefits
- Utility rates are based on applicable rate changes posted by Seattle Public Utility, Seattle City Light, Puget Sound Energy, and other utility vendors, as applicable

Operating Revenue

- Overall Maritime Division Revenues are \$16.7M above 2022 budget and \$27.5M better than 2021 actuals
- Cruise revenues are exceeding pre-pandemic and 2022 levels
- Bulk Terminals decrease is based on feedback from Louis Dreyfus at Terminal 86
- Maritime Portfolio Management revenue decrease driven by vacancy at Fishermen's Terminal
- Fishing and Operations revenues increase in 2023 from increased proposed tariff rates
- Recreational Boating revenue is budgeted higher due to proposed 10% moorage rate increase

TABLE V-3: MAJOR REVENUE CHANGES

(\$ in 000's)	2020	2021	2022	2023	Change	% Change
Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud	2022 Bud - 2023 Bud
REVENUE						
Cruise Operations	\$ 3,824	\$ 9,517	\$ 20,574	\$ 34,445	\$ 13,871	67.4%
Bulk Terminals	5,142	6,112	5,900	5,814	(86)	-1.5%
Maritime Portfolio Management						
Marina Office & Retail	3,941	3,934	3,843	3,689	(154)	-4.0%
Maritime Industrial	6,133	6,458	6,143	6,503	360	5.9%
Fishing & Operations						
Ship Canal Fishing and Operations	4,704	4,240	4,211	4,555	344	8.2%
Elliott Bay Fishing & Commercial	5,752	5,618	4,717	5,253	536	11.4%
Recreational Boating						
Shilshole Bay Marina	11,892	12,045	12,867	14,584	1,717	13.3%
Other Marinas	719	806	863	1,007	144	16.7%
Parks/Other	1)	4	(401)	19	24	26.5%
Operating Revenue	42,111	48,331	59,137	75,875	16,738	28.3%
Total Revenue	\$ 42,111	\$ 48,331	\$ 59,137	\$ 75,875	\$ 16,738	28.3%

bdmarrev.xls

Note:

1) Includes Aviation and Police miscellaneous revenue offsets to Maritime Division.

TABLE V-4: MARITIME REVENUE BY ACCOUNT

(\$ in 000's)		2020	2021	2022	2023	% Change
Revenue by Account	Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Revenue						
Dckg, Whrfg, Serv/Facility, Passenger Fee		\$ 3,131	\$ 4,368	\$ 6,274	\$ 8,430	34.4%
Equipment Rental		292	253	233	260	11.3%
Berthage & Moorage		14,926	14,961	15,773	17,576	11.4%
Parking Revenue		20	11	13	17	26.8%
Revenue From Sale of Utilities		1,217	1,568	1,464	1,653	12.9%
Property Rental Revenue		11,372	16,513	24,588	36,858	49.9%
Other Revenues		1,763	1,423	1,468	1,727	17.6%
Total Operating Revenue	1)	\$ 32,721	\$ 39,098	\$ 49,814	\$ 66,520	33.5%

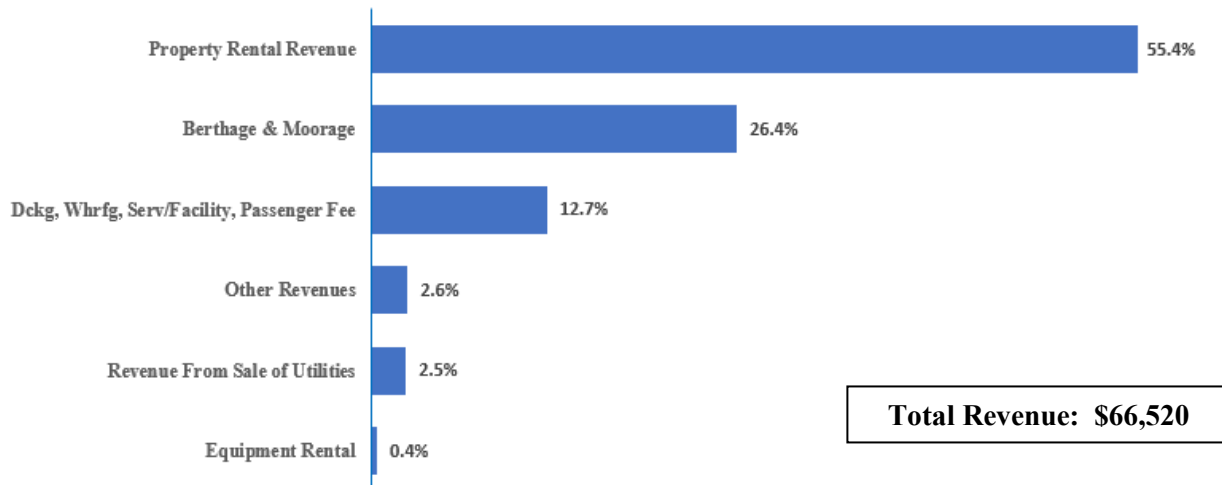
marbud.xls mardata

Note:

1) Revenue does not include allocations from other divisions.

FIGURE V-3: MARITIME REVENUE BY ACCOUNT

(\$ in 000's)



Operating Expense Drivers

Total Maritime Division operating expenses (including direct charges and allocations from Central Services and EDD services groups) are budgeted to increase by \$6.3M or 11.8% from 2022. The increase is due to (1) Increased wage and salary rates, (2) Annualization of prior year new FTEs, and (3) Increased outside services for Environmental and Small Works Projects.

TABLE V-5: MARITIME OPERATING & MAINTENANCE EXPENSES BY ACCOUNT

(\$ in 000's)		2020	2021	2022	2023	% Change
Expense by Account	Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Expense						
Salaries, Wages, Benefits & Workers Compensation		\$ 36,166	\$ 34,724	\$ 41,275	\$ 44,478	7.8%
Equipment Expense		1,551	1,371	1,557	1,818	16.7%
Utilities		3,662	3,532	4,614	4,835	4.8%
Supplies & Stock		1,505	1,700	2,449	2,191	-10.5%
Outside Services		6,062	3,852	7,414	10,115	36.4%
Travel & Other Employee Expenses		179	123	514	928	80.5%
Promotional Expenses		34	62	323	467	44.4%
Other Expenses		3,466	3,271	3,161	3,011	-4.8%
Total O&M without Environmental		52,625	48,635	61,309	67,841	10.7%
Environmental Remediation Liability Expense		(250)	21	-	-	0.0%
Total O&M with Environmental		52,374	48,656	61,309	67,841	10.7%
Charges to Capital/Govt/Envrs Projects		(4,702)	(4,957)	(7,692)	(7,890)	2.6%
Total O&M Expenses w/o Pension Credit		47,672	43,698	53,616	59,951	11.8%
DRS Pension Credit		(1,391)	(4,281)	-	-	NA
Total O&M Expenses with Pension Credit	1)	\$ 46,281	\$ 39,418	\$ 53,616	\$ 59,951	11.8%

marbud.xls mardata

Note:

- 1) Tables V-4, 5 & 6 differ from Table V-2, in that they only reflect the division expenses and do not include Central Services allocations.

FIGURE V-4: MARITIME EXPENSE BY ACCOUNT

(\$ in 000's)

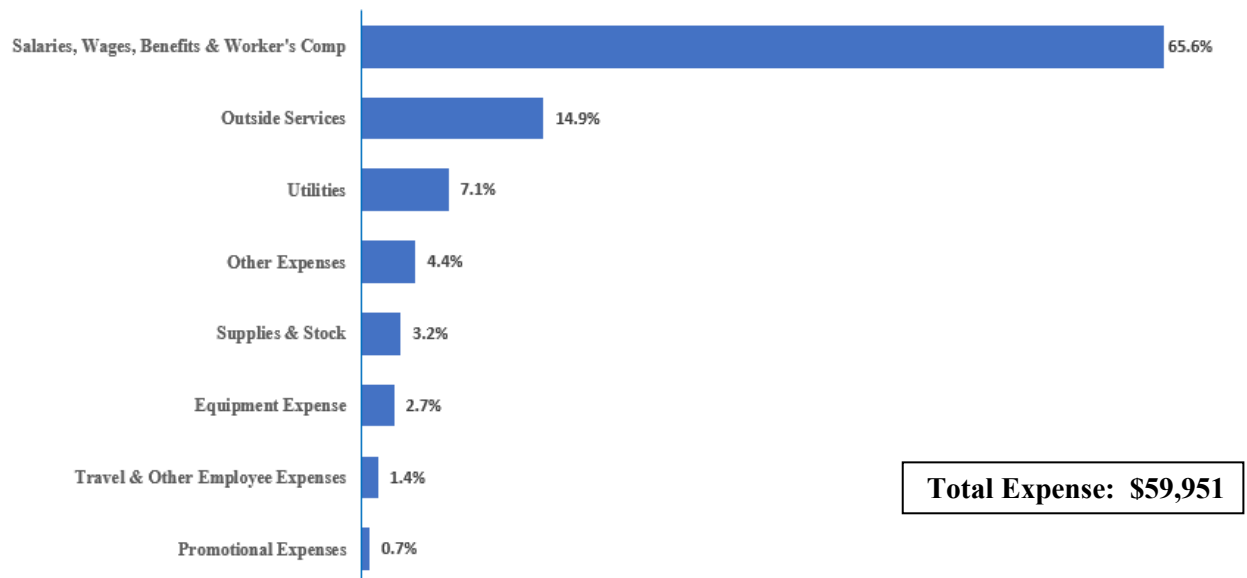


TABLE V-6: MARITIME REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT

(\$ in 000's)	2020	2021	2022	2023	% Change
BY BUSINESS GROUP/DEPARTMENT	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
REVENUE					
Fishing & Operations	\$ 9,999	\$ 9,837	\$ 8,894	\$ 9,765	9.8%
Recreational Boating	12,610	12,807	13,714	15,571	13.5%
Cruise Operations	3,725	9,487	20,475	34,320	67.6%
Bulk Terminals	5,142	6,112	5,900	5,814	-1.5%
Marine Maintenance	829	836	830	1,050	26.5%
Maritime Environment & Sustainability	416	18	-	-	0.0%
Total Operating Revenue	32,721	39,098	49,814	66,520	33.5%
EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRs PROJECTS					
Business Groups:					
Fishing & Operations	4,631	4,124	5,016	5,420	8.1%
Recreational Boating	3,637	3,093	3,968	4,219	6.3%
Cruise Operations	3,318	3,238	5,971	5,490	-8.1%
Bulk Terminals	55	83	86	63	-26.1%
Maritime Security	2,098	2,076	2,327	2,933	26.0%
Total Business Group Expense	13,739	12,613	17,367	18,126	4.4%
Service Depts.:					
Maritime Marketing	542	404	949	1,323	39.4%
Maritime Finance	1,883	1,509	2,280	2,883	26.4%
Maritime Envir & Planning	4,798	3,413	5,353	7,486	39.8%
Seaport PMG	4,027	2,796	6,210	9,532	53.5%
Marine Maintenance	24,633	22,998	29,285	28,208	-3.7%
Other:					
Maritime Administration	554	412	865	1,122	29.6%
Maritime Contingency	-	-	(1,256)	(1,298)	3.3%
Parks	129	194	255	460	80.6%
Maritime Habitat Initiatives	1	7	1	-	-15.9%
Maritime Environmental Remediation Liability Expense	(250)	21	-	-	0.0%
Others	-	1	-	-	0.0%
Maritime Capital to Expense	929	6	-	-	0.0%
Total Services Expense	37,244	31,762	43,942	49,716	13.1%
Total Expenses Before Charges to Cap/Govt /Envrs Projects	50,983	44,375	61,309	67,841	10.7%
CHARGES TO CAPITAL/ GOVT /ENVRs PROJECTS	(4,702)	(4,957)	(7,692)	(7,890)	2.6%
OPERATING & MAINTENANCE EXPENSE					
Business Groups:					
Fishing & Operations	4,783	4,619	5,016	5,420	8.1%
Recreational Boating	3,784	3,566	3,968	4,219	6.3%
Cruise Operations	3,360	3,365	5,971	5,490	-8.1%
Bulk Terminals	55	83	86	63	-26.1%
Maritime Security	2,116	2,142	2,327	2,933	26.0%
Total Business Group Expense	14,098	13,776	17,367	18,126	4.4%
Service Depts.:					
Maritime Marketing	568	490	949	1,323	39.4%
Maritime Finance	1,810	1,725	2,053	2,481	20.8%
Maritime Envir & Planning	3,629	2,769	3,668	5,843	59.3%
Seaport PMG	2,040	1,303	1,774	4,702	165.1%
Marine Maintenance	22,633	22,809	27,942	27,193	-2.7%
Other:					
Maritime Administration	587	514	865	1,122	29.6%
Maritime Contingency	-	-	(1,256)	(1,298)	3.3%
Parks	129	194	255	460	80.6%
Maritime Habitat Initiatives	1	34	1	-	-15.9%
Maritime Environmental Remediation Liability Expense	(250)	21	-	-	0.0%
Others	-	1	-	-	0.0%
Maritime Capital to Expense	2,429	64	-	-	0.0%
Total Services Expense	33,575	29,923	36,249	41,825	15.4%
Total O&M Expenses w/o Pension Credit	47,672	43,698	53,616	59,951	11.8%
DRS Pension Credit	(1,391)	(4,281)	-	-	NA
Total O&M Expenses with Pension Credit	\$ 46,281	\$ 39,418	\$ 53,616	\$ 59,951	11.8%

marbud.xls.marreorg

Notes:

- 1) Does include DRS pension credit.
- 2) Does not include corporate allocations.
- 3) Does not include DRS pension credits.

E. STAFFING

The Maritime Division is budgeting 291.5 FTEs for 2023, a 5.8% increase compared to the 2022 Budget. The following TABLE V-7 outlines the Full-Time Equivalents (FTEs) in the Maritime Division.

TABLE V-7: MARITIME STAFFING

STAFFING (Full-Time Equivalent Positions)								
BUSINESS GROUP/DEPARTMENT	Notes	2020 Actual	2021 Actual	2022 Budget	2022 Est. Act.	2023 Budget	# Change 2022 Bud- 2023 Bud	% Change 2022 Bud- 2023 Bud
Waterfront Project Management	1	23.0	23.0	38.0	38.0	39.0	1.0	2.6%
Cruise Operations		4.0	4.0	4.0	4.0	4.0	0.0	0.0%
Marine Maintenance	2	147.0	145.0	145.0	145.0	150.0	5.0	3.4%
Maritime Division Management	3	5.0	5.0	4.0	5.0	7.0	3.0	75.0%
Maritime Marketing		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
Recreational Marinas & Commercial Operations		42.0	41.5	41.5	41.5	41.5	0.0	0.0%
Elliott Bay Fishing & Commercial Operations	4	4.3	4.0	4.0	4.0	4.0	0.0	0.0%
Fishing & Operations Admin		2.0	2.0	2.0	2.0	2.0	0.0	0.0%
Maritime Security		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
Recreational Boating	5	20.8	20.5	21.5	21.5	21.5	0.0	0.0%
Ship Canal Fishing & Operations	6	12.0	12.0	11.0	11.0	11.0	0.0	0.0%
Maritime Environment & Sustainability	7	23.3	23.0	23.0	23.0	26.0	3.0	13.0%
Seaport Finance	8	14.6	14.0	14.0	15.0	17.0	3.0	21.4%
Stormwater Utility	9	3.0	3.0	3.0	3.0	4.0	1.0	33.3%
TOTAL MARITIME DIVISION		264.9	261.5	275.5	277.5	291.5	16.0	5.8%

FTE.XLS

Notes:

- 1) Waterfront Project Management received 8.0 Internal transfers (Senior Manager MM Project & Compliance, Project Controls Coordinator, Project Manager I (2), Project Manager II, and Project Manager III (3)) from Marine Maintenance and added 7.0 FTEs (Assistant Project Manager, Cost Estimator, Project Controller, System Analyst, Project Manager III-NWSA, Project Manager I-NWSA, Project Manager) at the start of 2022. For 2023, 1.0 FTE (WPM Grant administrator) will be added.
- 2) Marine Maintenance eliminated 2.0 FTEs (Carpenter and Sign Painter) in 2021. At the start of 2022, 8.0 FTEs (see note 1 for position titles) were transferred to Waterfront Project Management and added 8.0 FTEs (Fleet Asset Specialist, Material Inventory Specialist, Facility Maintenance Manager-North Properties, Plumber, Sprinkler Fitter, Clean Team (2), Stormwater Team). For 2023, 5.0 FTEs will add (MM Facilities Manager II, Landscaper, 2 Clean team members, Laborer).
- 3) Maritime Division Management eliminated 1.0 FTE (Continuous Process Improvement Specialist) earlier this year. The department added 1.0 mid-year FTE (Administrative Assistant) earlier this year. For 2023, 1.0 FTE (Chief Development Officer) will be added, and 1.0 FTE (Senior Planner) will be transferred from Maritime Environment & Sustainability.
- 4) Elliott Bay Fishing & Commercial Operations transferred an Intern to HR in 2021.
- 5) Recreational Boating added 1.0 FTE (0.5 each-Seasonal Shilshole Bay Marina Harbor Operations Specialists) earlier this year.
- 6) Ship Canal Fishing & Operations eliminated 1.0 FTE (Salmon Bay Marina Harbor Operations Specialist) earlier this year.
- 7) Maritime Environment & Sustainability will add 4.0 FTEs (Env Management Specialist-Remediation, Env Program Manager-Building Audits, Env Program Manager-Maritime Decarbonization, Contract Specialist) and transfer 1.0 FTE (Senior Planner) to Maritime Division Management.

- 8) Seaport Finance transferred 0.6 Interns to HR in 2021 and added 1.0 mid-year FTE (Grant/Cost Recovery Specialist) earlier this year. For 2023, 2.0 FTEs (Grant Cost Recovery and Administrator and Analyst-ERL and Cost Recovery) will be added.
- 9) Stormwater Utility will add 1.0 FTE (SWU Administrator (formerly Contractor)) in 2023.

F. MARITIME CAPITAL BUDGET

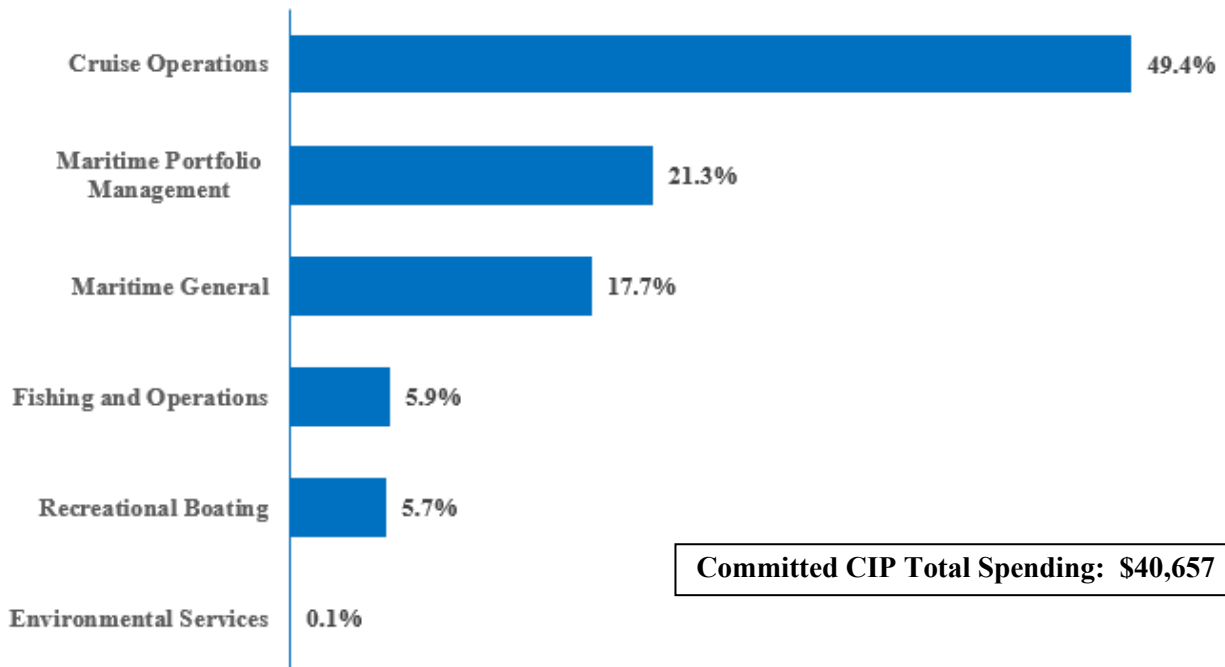
TABLE V-8: MARITIME CAPITAL BUDGET SUMMARY

(\$ in 000's)	2023 Budget	2023-2027 CIP	% of 2023 Total Committed
Committed Capital Projects			
Cruise Operations	\$ 20,069	\$ 44,265	49.4%
Maritime Portfolio Management	8,664	37,967	21.3%
Maritime General	7,203	16,133	17.7%
Fishing and Operations	2,391	72,650	5.9%
Recreational Boating	2,300	9,800	5.7%
Environmental Services	30	30	0.1%
Total Committed	\$ 40,657	\$ 180,845	100.0%
Business Plan Prospective Projects	\$ 13,434	\$ 171,755	
CIP Cashflow Adjustment Reserve	\$ (13,286)	\$ -	
Total CIP	\$ 40,805	\$ 352,600	

CAPSUM

FIGURE V-5: MARITIME COMMITTED CAPITAL BUDGET

(\$ in 000's)



G. MARITIME DIVISION OPERATING STATISTICS

TABLE V-9: MARITIME OPERATING STATISTICS

Year	Cruise Ship Sailings		Cruise Passengers		Grain	
	Number	Growth	Number	Growth	Metric tons	Growth
2003	99		344,922		3,107,732	
2004	148	49.5%	562,308	63.0%	3,898,491	25.4%
2005	169	14.2%	686,978	22.2%	5,049,107	29.5%
2006	196	16.0%	751,074	9.3%	5,901,821	16.9%
2007	190	-3.1%	780,593	3.9%	5,333,018	-9.6%
2008	210	10.5%	886,039	13.5%	6,400,778	20.0%
2009	218	3.8%	875,433	-1.2%	5,512,164	-13.9%
2010	223	2.3%	931,698	6.4%	5,491,360	-0.4%
2011	195	-12.6%	885,949	-4.9%	5,026,868	-8.5%
2012	202	3.6%	935,000	5.5%	3,161,013	-37.1%
2013	187	-7.4%	870,994	-6.8%	1,351,417	-57.2%
2014	179	-4.3%	823,780	-5.4%	3,618,489	167.8%
2015	192	7.3%	895,055	8.7%	3,778,476	4.4%
2016	203	5.7%	983,539	9.9%	4,389,089	16.2%
2017	218	7.4%	1,071,594	9.0%	4,362,603	-0.6%
2018	216	-0.9%	1,114,888	4.0%	4,378,796	0.4%
2019	211	-2.3%	1,203,317	7.9%	3,403,662	-22.3%
2020	-		-		4,239,804	24.6%
2021	82		229,060		4,720,156	11.3%
2022 Forecast	296	261%	1,300,000	468%	4,860,000	3.0%
2023 Budget	289	-2.4%	1,430,000	10.0%	4,338,000	-10.7%

This page intentionally left blank.

VI. ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT DIVISION

A. 2023 BUDGET SUMMARY

TABLE VI-1: ECONOMIC DEVELOPMENT CASHFLOW SUMMARY

(\$ in 000's)	<u>2023</u>	<u>Percent of Total</u>
<u>SOURCES OF CASH</u>		
Operating Revenues	\$ 22,201	57.2%
Interest Receipts	173	0.4%
Proceeds from Bond Issues	-	0.0%
Grants and Capital Contributions	1,501	3.9%
Tax Levy	14,870	38.3%
Other Receipts	47	0.1%
Total	\$ 38,791	100%
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	30,149	80.2%
Debt Service:		
Interest Payments	41	0.1%
Bond Redemptions	0	0.0%
Total Debt Service	41	0.1%
Other Expenses	652	1.7%
Public Expense	0	0.0%
Capital Expenditures	6,737	17.9%
Total	\$ 37,579	100%

Cashflow1.xls ED

FIGURE VI-1: ECONOMIC DEVELOPMENT SOURCES OF CASH
(\$ in 000's)

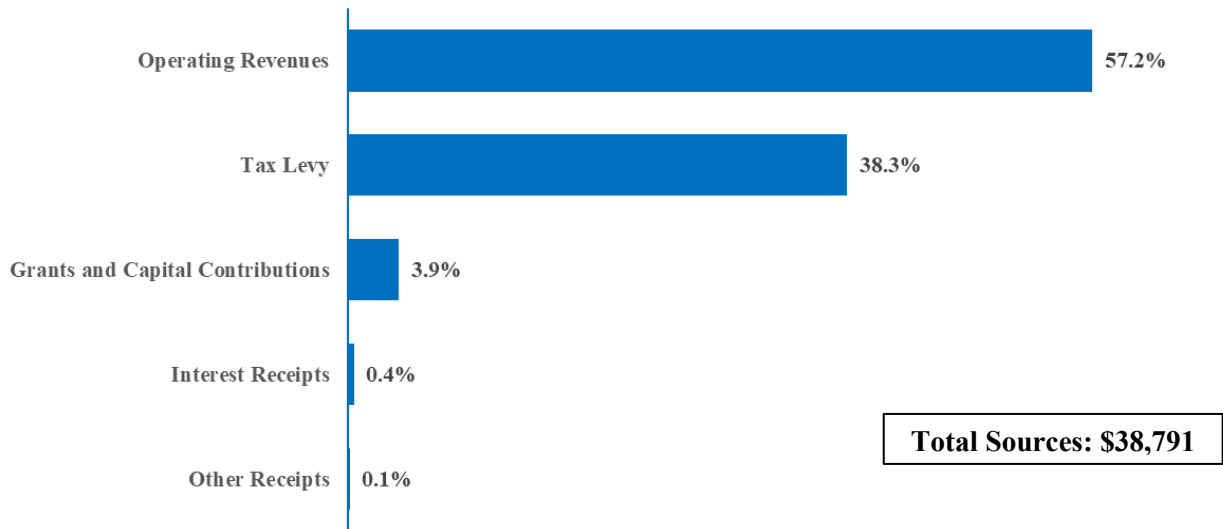
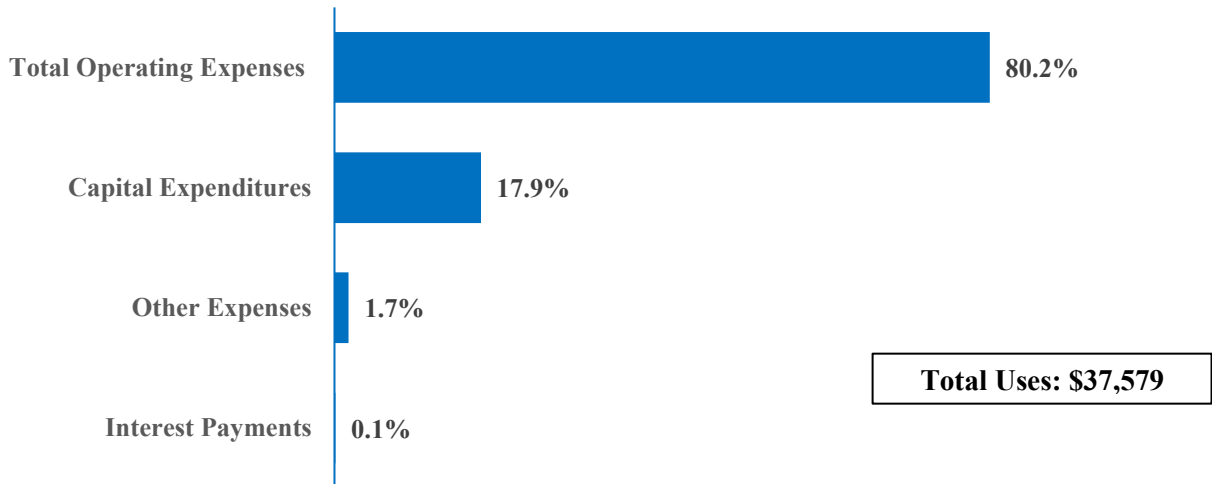


FIGURE VI-2: ECONOMIC DEVELOPMENT USES OF CASH
(\$ in 000's)



B. FINANCIAL FORECAST

TABLE VI-2: ECONOMIC DEVELOPMENT FINANCIAL FORECAST

(\$ in 000's)	2020	2021	2022	2023	2024	2025	2026	2027	2023 - 2027
	Actual	Actual	Budget	Budget	Forecast				Compound Growth
OPERATING BUDGET	Notes								
Operating Revenue	\$ 9,470	\$ 9,294	\$ 18,769	\$ 22,201	\$ 23,028	\$ 23,703	\$ 25,247	\$ 26,774	4.8%
Total Operating Revenues	9,470	9,294	18,769	22,201	23,028	23,703	25,247	26,774	4.8%
Total O&M Expenses w/o Pension Credit	21,382	20,560	28,301	30,149	32,193	33,055	33,945	34,926	3.7%
DRS Pension Credit	(771)	(2,396)	-	-					NA
Total O&M Expenses with Pension Credit	20,611	18,164	28,301	30,149	32,193	33,055	33,945	34,926	3.7%
NOI Before Depreciation (with Pension Credit)	(11,141)	(8,870)	(9,532)	(7,948)	(9,166)	(9,352)	(8,698)	(8,152)	0.6%
Total Depreciation Expense	3,611	3,841	3,741	3,982					
NOI After Depreciation (with Pension Credit)	(14,753)	(12,711)	(13,273)	(11,930)					
									Total 2023 - 2027
Committed Capital Budget	\$ 9,314	\$ 4,311	\$ 13,069	\$ 4,407	\$ 15,485	\$ 51,535	\$ 18,211	\$ 1,050	\$ 90,688
Business Plan Prospective	-	-	1,000	4,280	27,458	30,973	11,092	5,194	78,997
CIP Cashflow Adjustment Reserve	-	-	(3,554)	(1,950)	1,170	780	-	-	0
Total Capital Budget	1) \$ 9,314	\$ 4,311	\$ 10,515	\$ 6,737	\$ 44,113	\$ 83,288	\$ 29,303	\$ 6,244	\$ 169,685

edbpor.xls

Note:

1) See Section IX for details of Capital Improvement Plan.

C. ECONOMIC DEVELOPMENT DESCRIPTION/BUSINESS ASSESSMENT

MISSION:

Support economic recovery in King County and across the state by advancing trade and commerce, promoting manufacturing and maritime growth, and stimulating equitable economic development.

VISION:

The Port’s Economic Development Division will help meet regional needs for aviation and maritime services, while advancing equitable economic recovery in all communities we serve. The Economic Development Division will implement initiatives that advance equitable economic development and across King County and Washington State:

- Help Port tenants and small business partners recover from COVID pandemic related challenges
- Support tourism recovery initiatives with Washington State’s Tourism Department, Visit Seattle, and industry partners
- Support regional economic recovery via Economic Development Partnership Grant Program and support for Greater Seattle Partners
- Redevelop Port properties (ex. T-91 Uplands) and further evaluate strategic acquisitions and partnerships
- Maintain high occupancy (90+%) rates for the Port’s maritime and economic development properties
- Maintain and operate the Port’s Pier 69 headquarters facility
- Support maritime and cross Port innovation initiatives to discover, promote and help advance promising innovations, ventures, and startups
- Advance Women/Minority Business Enterprises (WMBE) across the Port of Seattle and support their pursuit of Port opportunities

MAJOR/NEW INITIATIVES:

Diversity in Contracting

- Implement outreach and technical assistance initiatives to help Port small business partners
- Further establish advanced classes and accelerator training programs for WMBE and DBE businesses
- Exceed 14 percent goal for WMBE utilization (non-construction) within the Economic Development Division. Help other divisions advance WMBE utilization and exceed the Port's goal of 15 percent utilization (non-construction)
- Complete a Disparity Study to assess WMBE utilization and to comply with federal rules and regulations for Disadvantage Business Enterprise (DBE) program
- Establish of a Port-wide goal for Veteran Owned Business utilization

Tourism

- Rebuild and expand international tourism through sales missions, familiarization tours, trade show attendance and other travel trade industry efforts in key markets such as the U.K., Germany, Australia, Scandinavia, Japan and more
- Strengthen relationships with State of Washington Tourism (SWT) and Visit Seattle with special focus on international markets and representation
- Utilize tourism grant program to advance sustainable and equitable tourism events and destinations
- Promote Cruise & Stay to passengers who will stay longer, spend more, and travel responsibly

Real Estate Development and Asset Management

- Redevelop Port properties (ex. T-91 Uplands, Maritime Innovation Center, etc.) in line with key recommendations in the Port Real Estate Strategic Plan
- Investigate real estate acquisitions and partnerships that advance the Port's mission and priorities

Portfolio and Asset Management

- Incorporate new Green Leasing language in all Maritime and EDD leases, new and renewing
- Promote modernized facility at BHICC through multiple marketing channels to rebuild activity and stabilize net revenue
- Improve efficiency and cooperation among business units and support groups to achieve shared goals
- Maintain 94% occupancy in Economic Development and Maritime properties

Pier 69 Facility Management

- Support the hybrid workplace and sustain healthy working conditions at Pier 69 Headquarters

Economic Development and Innovation Partnerships

- Support regional economic recovery via the Economic Development Partnership Grant Program
- Support the development of a regional "small business safety net" to support broad based efforts to help businesses recover from pandemic related challenges
- Support Greater Seattle Partners' regional economic recovery plan implementation
- Support Duwamish Community Equity Partners' economic development initiatives
- Support maritime innovation initiatives to discover, promote and help advance promising maritime ventures and startups
- Advance innovation initiatives across the Port serving as coordinating hub for Port-wide collaboration

DIVISION DESCRIPTION:

The division is comprised of the following five business and service groups:

Real Estate Development and Planning

The Port owns hundreds of acres of property that can be developed to advance the Century Agenda. Thoughtful stewardship of these properties can support quality jobs, protect industrial lands, advance aviation and maritime industries, and generate tax revenues for local government partners.

In a supportive role, the Real Estate Development team is a responsible advocate for the environmental and real estate needs of Aviation and Maritime Divisions; supporting real estate planning and a variety of development projects. As one of the region's largest landowners, we leverage our real estate land holdings to promote job growth, community development and sustainability. While utilizing our tools via intellectual capital, a broad network, experience, and financial capabilities.

Except for housing, the Port's Real Estate portfolio is made up of every major commercial real estate product type. From raw land to light industrial. From specialty retail to office. The Real Estate Development and Planning team facilitates the development of properties to maximize their performance and earning potential. The team also identifies and evaluates new property acquisition opportunities and provides counsel to other divisions regarding real estate management and development.

Portfolio and Asset Management

The purpose of the Portfolio and Asset Management Department is to strategically position the Economic Development and Maritime Divisions' diverse portfolios of commercial and industrial real estate assets to achieve positive return on the public's investment through effective asset management with a focus on Maritime and industrial uses. The team works to ensure compliance with all legal, financial, and regulatory aspects of public entity ownership while respecting the environment and aligning with the Port's Century Agenda.

Portfolio and Asset Management manages leasing, marketing, and maintenance and planning for 4 million square feet of conference, office, retail, commercial, and industrial buildings, and land and works to enhance the value of the Divisions' assets through strategic asset planning and repositioning. Portfolio and Asset Management is organized into the following groups:

Central Harbor Management Group

Central Harbor Management Group is responsible for Division assets located from Terminal 91 to Pier 2/CEM in West Seattle. This includes various retail, office and industrial properties, and the conference and event centers.

Maritime Real Estate Portfolio Asset Management

Our team also manages the leasing, marketing, maintenance, and planning for the Maritime Division landside real estate assets located from Terminal 91 to Shilshole Bay Marina and includes Terminal 106. This portfolio includes retail, office, industrial, warehouse, and land assets.

Lease Administration and Utilities Group

Lease Administration and Utilities Group processes and administers all agreements for both the Economic Development and Maritime divisions. This includes monitoring for compliance with all agreement terms including insurance, surety, lease provisions, and amendments. The team also reads meters, processes payments, and bills customers for over 255 utility meters.

Foreign Trade Zone

Foreign Trade Zone manages and markets the use of the Port's Foreign Trade Zone for the benefit of businesses that import/export goods from/to other countries.

Pier 69 Facilities Management

The purchase and redevelopment of the Pier 69 site in the late 1980s has proven to be a visionary move that served as a catalyst for the major redevelopment which has since occurred along the central waterfront. Pier 69 is a unique facility and a great example of adaptive reuse; it was constructed in 1931 by American Can Company and was originally used as a salmon cannery warehouse. The vision of the project team transformed the neglected, massive concrete structure into the Class A office building that has now served the Port and our working waterfront tenants for more than a quarter-century.

Pier 69 Facilities Management ensures the functionality of the Pier 69 site by integrating people, place, process, and technology. Our mission is to provide, operate, and maintain a safe, secure, comfortable, effective, and efficient workplace.

Facility management services include asset management, space management and planning, energy management, reception services, event coordination, mailroom/shipping/receiving, and administration of the site Commute Trip Reduction (CTR) program.

Diversity in Contracting

The Diversity in Contracting (DC) department drives equitable economic development by supporting Women and Minority Business Enterprises (WMBE) and Disadvantaged Business Enterprises (DBE). The DC staff conducts outreach and trainings to ensure that WMBE and DBE firms are aware and capable of responding to Port contracting opportunities. DC staff also helps Port divisions/departments set annual WMBE utilization goals and helps identify WMBE utilization opportunities and requirements for upcoming Port procurements.

Economic Development and Innovation Initiatives

The managing director, the economic development manager, and the assistant to the managing director provide general support to the division. This team also implements the Economic Development Partnership program and the Port's maritime innovation initiatives.

Economic Development Partnership Program

In 2016, the Port of Seattle established an economic development fund for King County cities to advance regional economic growth and the Port's Century Agenda. The Port's goals with the grant program are to facilitate growth in business, jobs, and economic activity in participating municipalities. At the same time, the partnerships this program establishes will help advance the Port's strategic "Century Agenda" objectives by advancing business development, job creation, and community revitalization region wide.

In 2021, the Port of Seattle awarded about \$840,000 to 26 cities in King County. 51 percent of Port awarded funding supporting small business assistance projects and 35 percent of funding supports buy local/ placemaking projects and tourism projects.

Maritime Innovation Initiatives

The division helps lead the Port's efforts to advance maritime innovation and establish a maritime innovation center at Fishermen's Terminal. The economic development team coordinates innovation center advisory committee meetings, fact finding trips, and works closely with other government,

education, and private partners to support and stimulate innovation that helps sustain the region's maritime industry.

Port Innovation Initiatives

The Division also organizes and sponsors internal innovation initiatives designed to advance new ideas and technologies within the Port. Organizing innovation seminars and workshops, supporting Shark Tank, and sponsoring annual innovation awards are a few of the initiatives that the division backs to foster Port-wide innovation.

BUSINESS ASSESSMENT:

Real Estate Development and Planning

Real Estate Market Analysis and Assessment

Today's real estate market continues to feel the effects of the COVID-19 crisis and the economic and the ensuing economic crisis; including record inflation in four decades that impacts our financial goals, supply-chain distortions which create both opportunities and challenges for our real estate group and widespread personnel transitions that left many institutions struggling to stay fully productive as the world steadily returns to "normal". In this time, with the pandemic still in our midst and warnings of the new threat coming from the Monkeypox virus, "leading economic indicators" are not as reliable as they once were for predicting any likely economic future.

Many businesses, it might be the majority- have made some fundamental shift in how they do business with customers and clients, line workers and contractors, technical staff and managerial staff. Some of the changes we considered temporary or simply the result of public health crisis are obviously transitioning our routine assumptions about how we use real estate. But making investments in the next few years into real estate assets must carefully consider an idea of a future use of facilities that may look substantively different to be most efficient into the new post-Covid era, which fundamentally supported a quick transition for some portion of the workforce into remote work. All sectors of the real estate economy have been impacted but to varying degrees, some, surprisingly, with an upside; Industrial, where the Port has substantial holdings, has outperformed every other sector of the real estate economy year after year. It allowed the Port to transition T-106 and the Des Moines Creek site to revenue producing properties after decades of laying fallow.

On the other hand, the service intensive sectors of dining, retail, and hospitality; particularly in the near downtown saw immediate devastation directly following series of shutdowns instituted by King County and the State of Washington, particularly in mid-2020 before vaccines were available. Many businesses have not survived and need effective partners and direct support to reestablish themselves after such difficult losses. Some businesses will not return and many of the Port's communities have been hard hit with high retail vacancy, and staffing shortfalls continue to plague all service sector businesses; the Port's meaningful investment in travel and tourism, particularly Cruise, are focused on assisting recovery of these service businesses.

Nevertheless, the COVID-19 economic crisis created recessionary conditions for real estate and, with the exception already noted around industrial, marked break from a continuous growth in land and development costs that have characterized the Puget Sound region for well over a decade.

As noted above, there are many contradictory trends, and a good deal of novel conditions continue to prevail. Therefore, the full impact on the economic slowdown is still unfolding and it will be difficult to predict specific impacts for perhaps several years.

Three big trends connected to the COVID-19 crisis can be anticipated to impact the real estate sector:

1. The disruption of key construction supply chains in early 2021 is leading to significant inflation in material costs and shortages of key components (including labor).
2. The continued private sector appetite and advocacy for up zoning in the MIC's requires ongoing vigilance on behalf of our ongoing investment, as well as myriad partnerships, in contiguous industrial lands.
3. The changing dynamics of the way people utilize properties due in part to the broad experience with work from home mandates. While health related restrictions during the peak of the pandemic are largely lifted, it remains unclear how much work from home will continue and impact practices and industry norms when it comes to all sectors of the real estate market.

At this juncture the industrial submarket has remains very strong and projections from market analysts continue to note the strength of the sector, particularly for high bay flex space that supports e-Commerce.

The vacancy rate in the close-in industrial submarket (Duwamish, Ballard-Interbay) in Seattle and surrounding areas has maintained itself through the pandemic, mostly as impacts from the pandemic slowdown were offset in the near term by delivery of new space and continued high demand for logistic warehousing. Therefore, from a historic low of 2.5% in early 2017 to 3.4% currently the industrial sector appears poised to be the most stable of real estate investment choices in the near post-pandemic turn.

Vacancy rates will continue to remain low until new supply of space hits the market in early 2024. SODO, Interbay, and other close in areas are likely to be targets as high-level investors seek to buy any properties that can be found. For Port properties that fall within these submarkets, rents are stable, migrating upwards and industrial vacancy rates within those areas are close to historic lows.

Commercial and Industrial

Local Market Analysis and Assessment

The occupancy level of our Commercial and Industrial Properties is currently at 95% compared to our specific submarket benchmarks which have occupancy of 85-93%. As previously mentioned, the industrial market is strong, and we expect industrial leasing activity to remain stable despite the current uncertain economic conditions related to COVID-19 recovery.

In the Fishing and Maritime sector, the multiple large acquisitions between Port tenants (e.g., Glacier Fish and Marel, Lineage Logistics, and Trident Seafood) in 2021 will assure long-term, stable cashflow for the Port. In 2023 there will be 50,000+ sq ft of space turning over and we expect to retain 98% of those tenants and backfill the rest to reach our occupancy goal of 94%.

At the same time, individual office and retail properties on the Central Waterfront and Duwamish areas will continue to wrestle with the impact of teleworking and evolving hybrid work styles along with the continuing local challenges (e.g., transportation infrastructure projects). Increasing occupancy and maintaining market rates in these properties will require special attention and we have contracted with real estate brokers to assist.

Conference and Event Centers

Local Market Analysis and Assessment

Bell Harbor International Conference Center (BHICC) has been a major success over the past twenty-five years. It has helped anchor Seattle's waterfront revitalization, generated significant international interest in the region, and contributed significant economic impacts to the region and become an asset which contributes to the Port's bottom line.

The regional conference marketplace is rapidly evolving, and multiple new and compelling event spaces were recently introduced in Seattle, Bellevue, and other nearby communities. Still recovering from impacts of pandemic, the team is focusing on the future and has launched an assertive marketing campaign the regain sales momentum.

Bell Harbor occupies a niche position in the local market as a mid-sized flexible event space. It is smaller and more intimate than the Washington State Convention Center (WSCC) and Century Link Field Event Center but larger than most large hotel conference venues especially when combined with the P66 Cruise Terminal space. With copious windows, Bell Harbor allows attendees to enjoy daylight and waterfront views from most rooms. BHICC does not directly compete with the Convention Center and, in fact, fulfills an otherwise missing component for mid-sized flexible event space in the market. The recent WSCC expansion will create new opportunities for increased, large conventions in Seattle and may benefit Bell Harbor by hosting displaced groups or supporting events. Competition from hotel conference facilities is expected to normalize as hotel occupancy continues to recovery and absorb recent new supply.

Thanks to the Port's investment in a modernized facility, our position is still strong, and the ongoing transformation of the Waterfront will only increase the distinction and desirability of our waterfront location and amenities.

Pier 69 Facilities Management

Market Analysis and Assessment

Our Pier 69 headquarters has now been in operation for 30 years. The facility is well maintained but the building is showing its age and will require significant investment over the next two decades. Pier 69 is well positioned to support the developing hybrid workplace, and to maintain a healthy and safe work environment.

A programmatic plan has been developed to guide the renewal, replacement, and modernization of major building systems through 2042. The plan outlines \$20-25 million of activity through 2027. An additional \$20-25 million of activity is programmed from 2028 through 2042. This ongoing investment will be required to maintain the effectiveness, efficiency, and resilience of our Class A office.

Diversity in Contracting

Market Analysis and Assessment

During the years of 2020-2022, COVID-19 has been very challenging for small businesses locally. It has essentially placed all positive economic activity to a standstill.

The economy is showing improvements in 2022 as covid restrictions are slowly lifting. However, businesses are still struggling due to several challenges that range from technical and capital support, worker shortages, and supply chain issues.

Although these challenges are front and center within the market, the Economic Development Division's Diversity in Contacting's (DC) program continues to push its robust outreach efforts combined with effective business resiliency support by providing business opportunities, trainings & workshops, and Accelerator (mentorship) programs to support small and WMBE firms. These efforts and more are supporting communities through the maintaining of their staff and other beneficial economic activities.

As a result, the Port's EDD division is viewed as a major contributor to the local and regional small business and WMBE economic engine amongst outside governments, non-profits, and chambers.

For 2023, the DC department is a major core element for advancing the Port-wide WMBE and Federal DBE goals, especially in support of the Port's Capital programs.

Tourism Development

Market Analysis and Assessment

The tourism industry's recovery from the pandemic has been full of starts, stops, opportunities and pitfalls. The Port of Seattle aims to emerge from this turbulent time as a smarter, more efficient, and more effective organization in an ever-changing global tourism industry.

Hotel occupancy has recouped 80% of their 2019 peak and the number of passengers using Seattle-Tacoma International Airport (SEA) are expected to be just shy of 3% the pre-Covid level in 2023.

After two years of dismal numbers, cruise departures for 2022 exceeded pre-pandemic levels. Consumer interest in cruising has enjoyed a swift comeback showing that new health policies and restrictions are not a concern for the cruise market.

International visitors continue to be the key target market as these visitors tend to stay longer, spend more and are receptive to messaging around sustainable tourism practices. As the Asian market continues to lag in recovery, the Port will focus on top-tier markets such as the U.K., Germany, France, the Nordics, and Australia.

Maintaining relationships with key industry partners, media and travel producers on a global scale is the key to international success. For this reason, the Port will attend travel trade shows, conduct sales missions and trainings, and host familiarization tours with a focus on top markets.

While international markets will always be the most coveted, the Port's tourism team will also look to expand its domestic reach through sales missions, industry events and attendance at key domestic trades shows such as the National Travel Association's Travel Exchange.

Destination stewardship and sustainable travel will also continue to have a larger presence in the Port's programs. Attracting visitors who share Seattle's vision for responsible travel will be a priority. All our efforts within the industry and community will strive to showcase the importance of diversity, equity, and inclusion.

Also, strengthening our partnerships with State of Washington Tourism and Visit Seattle by complementing each other's efforts will help solidify Seattle's standing as a premier destination. We will work to maximize the efforts and strengths of each organization to minimize duplication of efforts and drive positive results for all.

In addition, our Tourism Marketing Support Program (TMSP) and airport spotlight advertising program will play key roles in enabling our local industry partners to help in the post-pandemic recovery of the state's tourism economy.

The opportunity to build towards a better future for Seattle, the tourism industry and the planet is a long-term organizational goal for the Port of Seattle. By strengthening its industry partnerships and taking a forward-thinking approach to its global sales efforts, the Port hopes to further accelerate its post-pandemic recovery.

Economic Development and Innovation Initiatives

Economic Development Partnership Program

Market Analysis and Assessment

The Port began working with cities in King County at the start of COVID-19 (early 2020) to pivot Economic Development Partnership projects to address acute economic needs, while also working with smaller cities to modify projects to support local businesses. Over half of the participating cities pivoted or reallocated resources to projects that supported COVID-19 relief and recovery.

As the pandemic progressed, cities were able to use Port funding as a flexible funding source to help connect small businesses to federal business aid programs through technical assistance (such as filling out forgivable-loan applications) or communication (such as developing resource newsletters to communicate with local businesses). The Port also convened cities on five virtual meetings to identify resources to support small businesses, share response best practices as the crisis evolved, and offer feedback on the Greater Seattle Partners Recovery Framework.

As cities in King County rebuild from the COVID-19 pandemic, the Port of Seattle Economic Development Partnership Program has demonstrated that it is a flexible funding source that can be used to leverage state and federal assistance programs in King County. The accessibility of the funding and the simpler, yet accountable reporting requirements, make the grants a valuable tool for cities to fill gaps and extend a regional safety net for small businesses.

Today, the economy continues to “re-open” as COVID-19 cases continue to decrease, and cities begin to develop plans on how to use a once in a generation level of federal assistance made through the American Rescue Plan Act. The Port will continue to be a regional convener in King County and use the economic recovery tool to let cities address acute recovery needs.

This year, cities are continuing to address pandemic related challenges impacting their local economies:

- 51 percent of Port awarded funding supports small business assistance initiatives
- 35 percent of funding supports buy local/ placemaking projects and tourism projects

As an example of small business assistance, the cities of Kirkland, Bellevue, Renton, Issaquah, and Redmond continue to support (re)Startup 425 to provide multilanguage technical assistance to help businesses impacted by COVID-19. The City of Burien is helping small businesses “get online” by using digital marketing, digital payment processing, and e-commerce to grow sales.

Demonstrations of buy local/ placemaking projects include Kirkland, which continues to grow Shop Local Kirkland – a centralized e-commerce marketplace for local products and services. Additionally, Kent is funding a pilot for on-call architect services to advise small businesses that are moving into commercial spaces to help mitigate unexpected building costs, decrease front-end costs, and help the business obtain capital.

Connection to 2023 Port-Wide Goals

The Port of Seattle Economic Development Partnership grants will continue to drive equitable recovery and build positive partnerships with King County Cities. Port staff will continue to drive cities to use funds to support local small businesses and rebuild the tourism/travel industry.

For full year 2021, the Port of Seattle has awarded about \$782,000 to 26 cities in King County. Based on cities' planned projects and budgets, the cities and the Port will be making a combined investment of almost \$1.5M. For 2022, the matching grant payment cycle shifted from 1 year to 2 years.

Maritime Innovation Initiatives and Center Development

Market Analysis and Assessment

Washington's maritime industry supports over 75,000 jobs and the industry is essential to our region's future. Maritime employers provide blue-collar employment opportunities in rural and urban communities. Maritime operations help protect our working waterfronts and harbors. And Washington's maritime cluster is well positioned to grow into the future.

Often overshadowed by the Seattle region's tech economy, our maritime sector's potential is overlooked. A growing Blue Economy is just beginning to gain recognition globally as regions start to recognize the importance of the ocean for economic development, recreation, sustenance, and quality of life purposes. Washington's new Maritime Blue plan embraces the Blue Economy opportunities and is a bold new blueprint for advancing Washington's maritime industries.

The Port of Seattle is a key Maritime Blue partner. Advancing maritime innovation initiatives can position our lines of business and maritime business partners for future growth and success. New opportunities for the region include alternative low carbon vessel propulsion systems, surface and undersea robotics, arctic research, seafood product development and digitization.

To realize these innovation opportunities, the region's maritime cluster must collaborate more effectively. The new Maritime Blue cluster organization can help the industry overcome fragmentation that has so far stymied the industry's ability to advance new ideas and technologies. The Port of Seattle can help guide this organization towards success and make additional investments to help anchor regional maritime innovation.

CHALLENGES AND OPPORTUNITIES:

Real Estate Development and Planning

Strengths:

- Port does not sell its active and tenanted property as a general rule and therefore can remain a patient steward of these sites through the downturn
- Strategically located properties along major waterways, near airport and industrial cargo transportation channels
- Pro-development Port commission determined to add jobs, with a focused mission to improve our region by strategically leveraging our diverse real estate holdings
- Talented interdisciplinary team with fresh strategic plan

Weaknesses:

- Limited capital capacity for Real Estate development project pipeline

- Limited capacity to deliver projects
- Port properties are usually encumbered with wetlands, brownfields, and other development limitations that require creative approaches towards redevelopment

Opportunities:

- Acquiring property to protect industrial lands and to potentially support economic/equitable development initiatives
- Recovery funding can potentially support real estate development projects
- Partner with other agencies to leverage Port properties/capital
- Redeveloping Port properties to support the region's aviation, maritime and logistics industries
- Maritime Innovation Center can help attract new tenants and support industry innovation

Threats:

- Rebound economy will create challenges: Cost of Construction, inflation, availability of labor
- Market uncertainty due to post-Covid real estate recovery and related work from home adjustments
- Long development review timelines and related permitting complexities
- West Seattle Bridge
- Market factors, environmental regulations, and an unprecedented wave of commercial real estate technology innovations that change the way traditional assets are operated

Portfolio And Asset Management

Commercial Properties

Strengths:

- Properties located in desirable areas for maritime and industrial users
- Experienced and diverse management team
- Clear and robust processes guide strategy and work

Weaknesses:

- Several challenging properties that lack public transportation, parking, and amenities
- Port policies and regulations impact our efficiency and competitiveness
- Energy conservation improvements will be increasingly expensive to implement due to aged assets

Opportunities:

- The industrial real estate market remains strong
- Changing work environment could lead to new leasing opportunities
- Maritime innovation initiatives can generate demand for space and bring new energy to our properties

Threats:

- Tenant insecurity and restructuring
- Changing work patterns disrupting office and event space
- Worsening homelessness/public safety issues
- Sensitivity to public opinion can impact Port efficiency

Conference and Event Centers

Strengths:

- New renovated facility with advanced technology to support in person and remote meetings
- Iconic, niche facility in desirable locations

- Assertive yet prudent management team with deep experience in the market
- Developing experience in producing and promoting meetings in the “post-Covid” market
- Previous team members are anxious to return and contribute to the on-going success

Weaknesses:

- Parking capacity and cost at Pier 91, Smith Cove Conference and Event Center is very limited and inconveniently located. Also, public transportation options to the site remain limited

Opportunities:

- With our innovative, yet prudent, management operator, Columbia Hospitality, at the cutting edge of the future of meetings, we will create new opportunities and new forms of business meetings and social events
- Large tech employers are already seeking event space to celebrate employees returning to work. Smaller, local organizations are ramping up trainings and collaboration meetings.
- Hotel room supply – With the significant increase in guest room supply, average room rates have dropped. This provides an opportunity to bring conference and event business to the area which has been rate sensitive in the past. Leveraging partnerships with nearby hotel properties has proven successful in some market segments which have previously skipped Seattle due to higher prices.
- Business travelers and meeting attendees tend to be vaccinated and have single-digit vaccination hesitancy (8.3%). Business travel is expected to rebound to 72% of 2019 levels in 2023, 94% in 2024 and 102% in 2025; growth is imminent.

Threats:

- Tight labor market will cause wage inflation to attract team members to support meetings and events. Seattle has 46,000+ jobs vacant in the hospitality and entertainment sector.
- Competitive market – the expanding array of new supply now presents a different challenge; there are approximately 23 number of new “event venues” in the city/region offering event related space. To make matters worse, they will offer that event space at extreme discounts to fill their guest room inventory until the supply/demand balance is back on track.
- Increasingly short lead times in the market – there is a continuing trend toward “just-in-time” event planning and the shortening of lead time for events creates challenges in forecasting and logistics.
- Perception of crime and public safety in Seattle continues to affect bookings

Pier 69 Facilities Management

Strengths:

- Scenic location and spacious, well-ventilated office facilitates recruitment, retention, wellness, engagement, and a hybrid workplace
- Site does not have significant deferred maintenance
- Facilities are 100% electrified, energy efficient, and house a 100KW photovoltaic solar array
- Public access on the north apron provides recreational opportunities

Weaknesses:

- Aging building systems will require significant investment over the next two decades
- Low utilization of space
- Limited on-site dining options for employees
- Uncertainty regarding service life of the concrete pier

Opportunities:

- Site ownership provides maximum control as the hybrid work environment evolves

- Flexible work arrangements could yield leasable space that generates new revenue
- Partnerships with passenger ferry agencies
- Partnerships to improve last-mile transit options

Threats:

- Site is in a liquefaction zone
- Climate change
- Limited last-mile transit options
- Increased crime/public safety issues

Diversity in Contracting (DC)

Strengths:

- Port Commission, executive, and staff set strong policy and direction
- DC staff is well connected and has significant technical experience
- Partnerships with WMBEs, community organizations and government agencies

Weaknesses:

- Growing capital program stretches DC staff capacity
- Staff bias still exists against inexperienced firms
- Short time for project advertisement – this impacts the targeted outreach
- Inability to leverage more alternative delivery projects that increase WMBE utilization
- WMBE Data Information System
- DC staff has limited influence over smaller Cat 1 (less than \$50K) contracts

Opportunities:

- Strong community/ethnic media network can enhance Port WMBE utilization can help amplify program
- Strong potential to grow WMBE utilization as part of future accelerator programs
- Public and political interest in racial equity and support for BIPOC businesses
- Strong potential to encourage current BIPOC workforce to start businesses in areas of need
- Leveraging more alternative delivery (Design/Build, GC/CM) projects

Threats:

- I-200 litigation risk impacts Diversity in Contracting outcomes
- Availability/Capacity of WMBE businesses impacted by pandemic
- Perception that Port is not fully committed to Diversity in Contracting
- Concurrent procurement opportunities within region may impact WMBE availability
- Supply chain issues impact labor availability, costs, job performance, etc.
- Perception (i.e., WMBE firms) – Port is only looking at numbers, not accountabilities (utilization of same WMBE firm to reach numbers – MBE utilization still needs work)
- Small and WMBE businesses finding workers due to economic recovery

Tourism Development

Strengths:

- New Port investments (IAF, North Satellite) support gateway
- Position as gateway of choice for Alaska cruises
- Strong partnerships with state, Destination Marketing Organizations (DMO), and travel industry

Weaknesses:

- The Port lacks facilities to support full cruise industry potential
- SEA Airport and cruise operations further disrupted by COVID-19 reassurance.
- Timelines/processes for contracting are challenging

Opportunities:

- Interest in cruises has recovered and shows potential for growth
- Grant funding can help advance equitable and sustainable tourism
- Recovering and expanding market share in key international markets

Threats:

- Lack of workers within hospitality industry
- Pandemic recovery uncertainty
- Climate change
- Homelessness, crime tarnishing Seattle's brand
- Competition for traveler dollars and investments

Economic Development and Innovation Initiatives

Economic Development Partnership Program

Strengths:

- Grants help advance Port's regional economic priorities during COVID-19
- Talented team supports grants and provides city economic development support
- Grants provide niche funding for business assistance, buy local/ placemaking, and tourism projects, that are expected to:
 - Promote regional economic diversification and main street recovery
 - Try new approaches to advance equitable economic development
 - Support small businesses through technical assistance and tourism development
 - Recapture spending within the city
 - Ultimately create or retain jobs

Weaknesses:

- Grant outcomes/metrics are not uniform across participating cities
- Grant program not well integrated with other Port community investments
- Cities often challenged to implement projects in less than a year
- Promising regional economic development initiatives can be difficult to scale or expand

Opportunities:

- Cities welcome productive economic development partnerships with the Port
- Cities are investing in economic recovery – effectively leveraging Port funding
- Port funding drives city economic recovery investments and planning

Threats:

- Segmentation of economic development efforts makes it difficult to scale successful economic development programs
- Difficult to scale equitable economic development efforts
- Challenging for cities to measure outcomes on a short-term basis. Many projects undertaken with Port of Seattle grant funds have long-term objectives, which are hard to measure in terms of immediate return on investment.

Maritime Innovation Initiatives and Center Development

Strengths:

- Established Port lines of business provide partnership and expertise needed to support maritime innovation
- Port real estate assets can support short and long-term needs for maritime innovation
- Port staff in constant touch with maritime industry allowing them to identify problems and opportunities

Weaknesses:

- Innovation initiatives are new, so patience is needed to define/achieve outcomes

Opportunities:

- To bring world class technologies (Cloud, Cybersecurity, IoT (Internet of Things)) beneficially to the region's maritime cluster
- To spur innovations that sustain the region's fishing industry and protect our maritime environment
- Advancing partnerships with the University of Washington, NOAA, City of Seattle, Maritime Blue, private industry, and many other stakeholders

Threats:

- The region's maritime industry is not particularly collaborative
- Other ports and regions are hungry for talented maritime start-ups. Two local companies have participated in the Port of Rotterdam's accelerator to advance their start-ups.

D. OPERATING BUDGET SUMMARY

Background

From a financial standpoint, the Economic Development Division's activities are:

- Implementation of programs that directly support the Port's initiatives to promote women and minority businesses, tourism, and Maritime Innovation. In general, these activities do not directly generate revenue for the Port
- Managing and developing real estate assets to support Century Agenda goals and to maximize financial returns for taxpayers. These activities additionally generate revenue for both the Maritime and Aviation Divisions. The Division is also responsible for the management of the Port's Pier 69 headquarters building

Assumptions

The 2023 Economic Development Division Budget is based on the following assumptions:

- Commercial properties are expected to remain at 95% or greater occupancy at year-end 2023, consistent with a forecasted occupancy of more than 95% at year-end 2022
- Conference and Event Center revenues reflect 80% of a typical year's capacity from some remaining pandemic impacts
- Economic Development Partnership and Tourism Grants are expected to continue
- Salaries and benefits are forecasted using the 2023 Budget guidelines of 6% Cost of Living Adjustment and 3% average annual increase to salaries and specified benefit fixed amount/percentage
- Utility rate increases are based on applicable rate changes posted by Seattle Public Utility, Seattle City Light, Puget Sound Energy, and other utility vendors as applicable

Major Changes in 2023 Budget

Economic Development will continue the Economic Development and Tourism Grant programs. In addition, 2023 adds a shift of focus from Domestic to International Tourism, a Community Business Connector, Public Market Study, WMBE Disparity Study, Outdoor Travel Summit, and funding an analysis on economic opportunities within Maritime and Real Estate assets. Activity at the Bell Street Parking Garage and Conference & Event Centers are expected near pre-pandemic levels.

Operating Revenue

Economic Development Division Operating Revenues are budgeted to increase by \$3.4M or 18.3% compared to the 2022 budget. Portfolio & Asset Management's revenues are up from 2022 due to increase activity at Bell Harbor International Conference and Event Center and Bell Street Garage due to the lessening impacts of COVID-19.

TABLE VI-3: MAJOR REVENUE CHANGES

(\$ in 000's)	2020	2021	2022	2023	Change	% Change
Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud	2022 Bud - 2023 Bud
REVENUE						
Portfolio & Asset Management	\$ 9,483	\$ 9,496	\$ 18,760	\$ 22,198	\$ 3,438	18.3%
Central Harbor Mgmt Group	7,791	7,561	8,431	9,699	1,268	15.0%
Conference & Event Centers	1,662	1,910	10,299	12,479	2,180	21.2%
Foreign Trade Zone	30	25	30	20	(10)	-33.3%
Others 1)	(14)	(202)	9	3	(6)	-66.7%
Total Revenue	\$ 9,470	\$ 9,294	\$ 18,769	\$ 22,201	\$ 3,432	18.3%

bdedrev.xls

Note:

1) Includes Police miscellaneous revenue offsets to Economic Development Division.

TABLE VI-4: ECONOMIC DEVELOPMENT REVENUE BY ACCOUNT

(\$ in 000's)		2020	2021	2022	2023	% Change
Revenue by Account	Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Revenue						
Parking Revenue		\$ 185	\$ 66	\$ 101	\$ 101	0.0%
Revenue From Sale of Utilities		2,423	2,839	2,914	3,132	7.5%
Property Rental Revenue		14,784	14,553	14,967	16,034	7.1%
3rd Party Management		1,187	1,528	9,849	12,034	22.2%
Other Revenues		735	665	713	825	15.8%
Total Operating Revenue	1)	\$ 19,314	\$ 19,651	\$ 28,543	\$ 32,125	12.6%

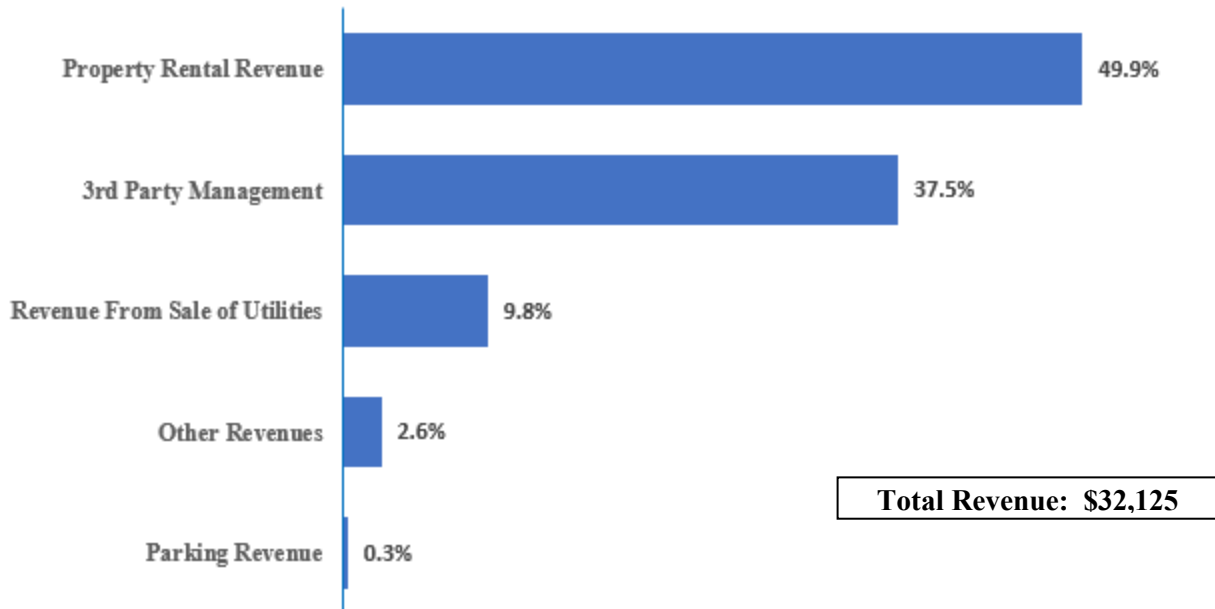
edbud.xls redata

Note:

1) Revenue does not include allocations to or from other divisions.

FIGURE VI-3: ECONOMIC DEVELOPMENT REVENUE BY ACCOUNT

(\$ in 000's)



Operating Expense Drivers

Total Economic Development Division operating expenses are budgeted to increase by \$2.6M or 9.8% from the 2022 budget driven by variable expenses (3rd party management) at the Conference & Event Centers along with increased payroll.

TABLE VI-5: ECONOMIC DEVELOPMENT OPERATING & MAINTENANCE EXPENSES BY ACCOUNT

(\$ in 000's)	2020	2021	2022	2023	% Change
Expense by Account	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Expense					
Salaries, Wages, Benefits & Workers Compensation	\$ 4,460	\$ 4,264	\$ 4,908	\$ 5,601	14.1%
Equipment Expense	1,103	188	453	514	13.3%
Utilities	4,214	3,736	4,863	4,917	1.1%
Supplies & Stock	59	39	122	95	-22.5%
Outside Services	2,748	4,170	5,323	5,263	-1.1%
Travel & Other Employee Expenses	202	181	336	370	10.3%
Promotional Expenses	119	86	266	292	9.6%
3rd Party Management	4,144	3,644	8,956	10,291	14.9%
Other Expenses	605	1,332	1,551	2,067	33.3%
Total O&M Expenses Before Charges to Cap/Govt/Envrs Projects	17,654	17,640	26,779	29,410	9.8%
Charges to Capital/Govt/Envrs Projects	10	(8)	-	-	0.0%
Total O&M Expenses w/o Pension Credit	17,664	17,632	26,779	29,410	9.8%
DRS Pension Credit	(311)	(925)	-	-	NA
Total O&M Expenses with Pension Credit	\$ 17,353	\$ 16,707	\$ 26,779	\$ 29,410	9.8%

edbud.xls redata

Note:

- 1) Table VI-4, 5 & 6 differ from Table VI-2, in that they only reflect the division expenses and do not include Central Services allocations.

FIGURE VI-4: ECONOMIC DEVELOPMENT EXPENSE BY ACCOUNT

(\$ in 000's)

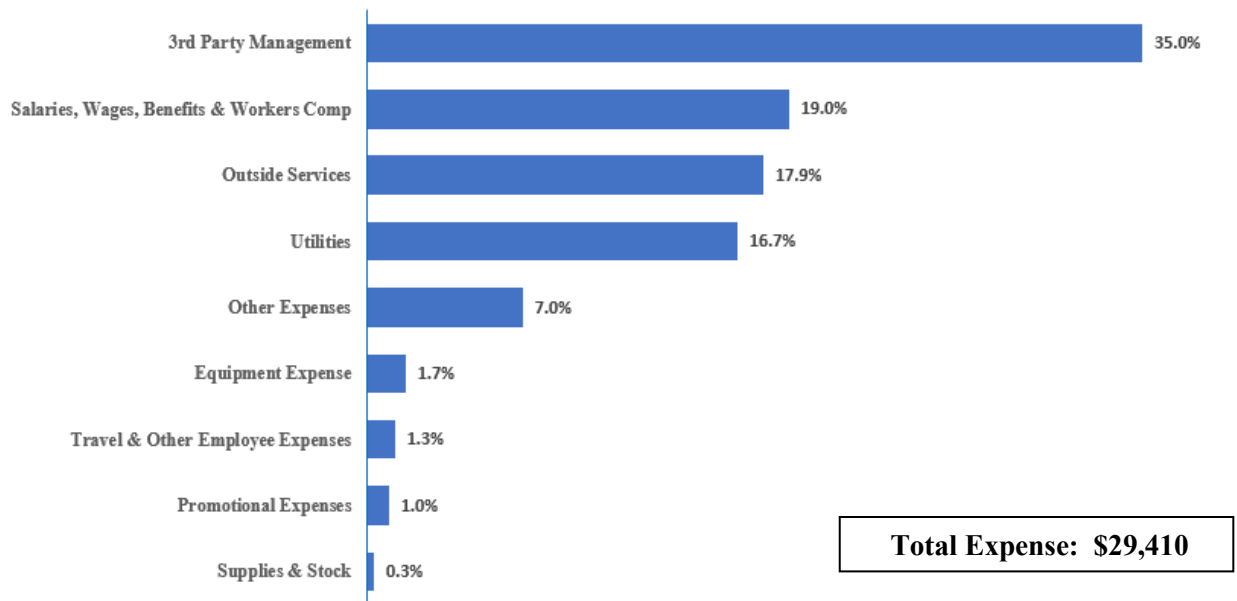


TABLE VI-6: ECONOMIC DEVELOPMENT REVENUE AND EXPENSE BY DEPARTMENT

(\$ in 000's)	2020	2021	2022	2023	% Change
BY DEPARTMENT	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
REVENUE					
Portfolio Management	\$ 19,314	\$ 19,649	\$ 28,534	\$ 32,122	12.6%
Economic Development Management	-	2	9	3	-66.7%
Total Operating Revenue	19,314	19,651	28,543	32,125	12.6%
EXPENSES BEFORE CHARGES TO CAP/ GOVT/ENVRs PROJECTS					
Business Groups:					
Portfolio Management	11,298	10,634	18,280	20,090	9.9%
Real Estate Development and Planning	610	507	755	959	27.1%
Total Business Group Expense	11,908	11,141	19,034	21,050	10.6%
Service Groups and Other:					
Pier 69 Facilities Management	1,708	1,257	1,733	1,760	1.5%
Tourism	954	1,815	1,750	1,830	4.6%
Small Business	1,028	907	1,836	2,299	25.2%
Economic Development Management	1,716	1,596	2,424	2,472	2.0%
Economic Development Capital to Expense	30	-	-	-	0.0%
Total Services Group and Other Expense	5,435	5,573	7,744	8,360	8.0%
Total Expenses Before Charges to Cap/Govt/Envrs Projects	17,343	16,715	26,779	29,410	9.8%
CHARGES TO CAPITAL/GOVT/ENVRs PROJECTS	10	(8)	-	-	0.0%
OPERATING & MAINTENANCE EXPENSE					
Business Groups:					
Portfolio Management	11,402	10,962	18,280	20,090	9.9%
Real Estate Development and Planning	638	607	755	959	27.1%
Total Business Group Expense	12,040	11,569	19,034	21,050	10.6%
Service Groups and Other:					
Pier 69 Facilities Management	1,744	1,348	1,733	1,760	0.0%
Tourism	991	1,917	1,750	1,830	1.5%
Small Business	1,087	1,092	1,836	2,299	4.6%
Economic Development Management	1,752	1,705	2,424	2,472	25.2%
Economic Development Capital to Expense	50	-	-	-	2.0%
Total Services Group and Other Expense	5,624	6,063	7,744	8,360	8.0%
Total O&M Expenses w/o Pension Credit	17,664	17,632	26,779	29,410	9.8%
DRS Pension Credit	(311)	(925)	-	-	NA
Total O&M Expenses with Pension Credit	\$ 17,353	\$ 16,707	\$ 26,779	\$ 29,410	9.8%

bdrebud

Notes:

- 1) Does include DRS pension credit.
- 2) Does not include corporate allocations.
- 3) Does not include DRS pension credits.

E. STAFFING

Economic Development is budgeting a total of 37.0 FTEs, a 5.7% increase compared to the 2022 Budget. The following table outlines the Full-Time Equivalents (FTEs) in the Economic Development Division.

TABLE VI-7: ECONOMIC DEVELOPMENT STAFFING

STAFFING (Full-Time Equivalent Positions)							# Change	% Change
BY DEPARTMENT	Notes	2020 Actual	2021 Actual	2022 Budget	2022 Est. Act.	2023 Budget	2022 Bud- 2023 Bud	2022 Bud- 2023 Bud
Economic Development Administration	1	3.0	4.0	4.0	4.0	4.0	0.0	0.0%
Portfolio & Asset Management	2	14.6	14.0	14.0	14.0	14.0	0.0	0.0%
P69 Facilities Management		5.0	5.0	5.0	5.0	5.0	0.0	0.0%
Real Estate Development & Planning	3	2.0	2.0	2.0	2.0	3.0	1.0	50.0%
Diversity in Contracting	4	8.0	8.0	7.0	7.0	8.0	1.0	14.3%
Tourism		3.0	3.0	3.0	3.0	3.0	0.0	0.0%
TOTAL ECONOMIC DEVELOPMENT DIVISION		35.6	36.0	35.0	35.0	37.0	2.0	5.7%

FTE.XLS

Notes:

- 1) Economic Development Admin added 1.0 FTE (Innovation Initiatives Manager) in 2021.
- 2) Portfolio & Asset Management eliminated an unfilled part-time 0.6 FTE (Real Estate Analyst) in 2021.
- 3) Real Estate Development & Planning will add 1.0 FTE (Real Estate Planning Specialist) in 2023.
- 4) Diversity in Contracting eliminated 1.0 FTE (Business Development Director) in the beginning of 2022 and will add 1.0 FTE (Diversity in Contracting Coordinator) in 2023.

F. ECONOMIC DEVELOPMENT CAPITAL BUDGET

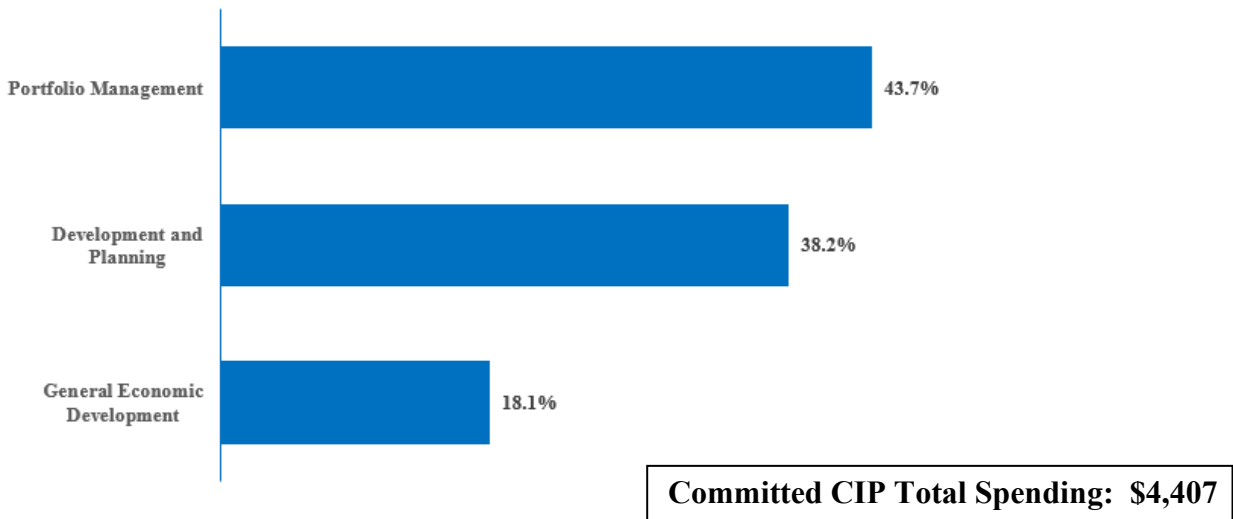
TABLE VI-8: ECONOMIC DEVELOPMENT CAPITAL BUDGET SUMMARY

(\$ in 000's)	2023 Budget	2023-2027 CIP	% of 2023 Total Committed
Committed Capital Projects			
Portfolio Management	\$ 1,928	\$ 9,979	43.7%
Development and Planning	1,682	76,682	38.2%
General Economic Development	797	4,027	18.1%
Total Committed	\$ 4,407	\$ 90,688	100.0%
Business Plan Prospective Projects	\$ 4,280	\$ 78,997	
CIP Cashflow Adjustment Reserve	\$ (1,950)	\$ -	
Total CIP	\$ 6,737	\$ 169,685	

CAPSUM

FIGURE VI-5: ECONOMIC DEVELOPMENT CAPITAL BUDGET

(\$ in 000's)



VII. CENTRAL SERVICES

CENTRAL SERVICES

A. 2023 BUDGET SUMMARY

TABLE VII-1: CENTRAL SERVICES BUDGET SUMMARY

(\$ in 000's)		2020	2021	2022	2023	Change	% Change
	Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud	2022 Bud - 2023 Bud
OPERATING RESULTS							
Total Operating Revenues		\$ 2,512	\$ (233)	\$ 186	\$ 155	\$ (31)	-16.8%
Central Services		126,063	125,521	141,756	162,903	21,146	14.9%
Total Operating Expenses w/o Pension Credit		126,063	125,521	141,756	162,903	21,146	14.9%
DRS Pension Credit		(8,588)	(29,768)	-	-	-	NA
Total Operating Expenses with Pension Credit		117,476	95,753	141,756	162,903	21,146	14.9%
Excess of Revenue over Expense (with Pension Credit)		\$ (114,964)	\$ (95,987)	\$ (141,570)	\$ (162,748)	\$ (21,178)	15.0%
Committed Capital Budget		\$ 6,256	\$ 5,432	\$ 6,444	\$ 5,135	\$ (1,309)	-20.3%
Business Plan Prospective		91	-	6,650	12,424	5,774	86.8%
CIP Cashflow Adjustment Reserve		-	-	(3,900)	(5,600)	(1,700)	43.6%
Total Capital Budget		\$ 6,347	\$ 5,432	\$ 9,194	\$ 11,959	\$ 2,765	30.1%
EMPLOYMENT (TOTAL FTEs)		840.7	861.5	885.8	919.2	33.4	3.8%

admsum.xls

B. CENTRAL SERVICES DESCRIPTION

MISSION:

Central Services provides high quality and cost-effective professional and technical services to the operating divisions and supports the strategies and objectives of the Port.

MAJOR AND NEW INITIATIVES:

- Continue the Compensation Program Review for non-represented employees
- Implement strategies to retain and recruit sufficient Police staffing to meet service requirements
- Continue to provide resources to support the regional equitable economic recovery
- Continue to advance environmental sustainability of the Port and the region
- Add resources for employee recruiting, training, and development
- Increase funding for cyber security and other infrastructure security and resilience
- Implement partnership with the Seattle Aquarium on kelp research and the development of a permanent exhibit of port-related environmental initiatives in the New Ocean Pavilion
- Expand Workforce Development pathways and initiatives in aviation, construction, maritime, and green jobs
- Add resources to support capital programs and meet the business needs for the operating divisions
- Train construction pre-apprentices and construction placements in apprenticeships or trade-related jobs
- Expand equity, diversity, and inclusion within the Port and across the region
- Continue to invest in community programs, such as the South King County Community Impact Fund and Duwamish Valley Community Equity Program

C. KEY FUNCTIONS AND RESPONSIBILITIES

OVERVIEW:

Central Services provides a number of essential services to the three operating divisions of the Port and to the Northwest Seaport Alliance (NWSA) per service agreements. Central Services departments are vital to the success of the operating divisions and the NWSA and benefit the public in general.

Central Services' functions have evolved and now include 20 departments with organizational restructuring over the past few years. Apart from the traditional support functions, such as Accounting, Human Resources, External Relations, etc., Central Services also includes Police, Engineering, Port Construction Services, and three Centers of Expertise (COEs) – Business Intelligence, Finance and Budget, and Environment and Sustainability.

While all COEs continue to maintain the same reporting structure within the Central Services, the Budget and FTE numbers for a couple of the COEs would roll up to the division they are supporting beginning in 2021. Aviation Environmental, Noise Program, and Aviation Finance & Budget rollup into the Aviation Division. Maritime Environmental and Planning, Environmental Finance, and Seaport Finance rollup into the Maritime division.

The key functions for the Central Services departments in 2023 are as follows:

COMMISSION:

The Port Commission is the legally constituted governing body of the Port of Seattle. Its primary duties are to establish policies on behalf of the community that guide the Port's future and maintain its global competitiveness, and to execute its fiduciary responsibilities in overseeing the expenditure of public funds. As a governing body of a special purpose municipal corporation, the Commission is charged with fulfilling the law as the basis for appropriate policy, and establishing policy as the basis for appropriate practices, activities, and procedures.

The Commission expresses its policy direction through the following mechanisms:

- Review the strategies that serve as the framework for the operating divisions' and Central Services departments' goals and objectives. These strategies provide the groundwork for prioritizing and allocating resources to programs and projects at the division level
- Review and approve the annual budget. The budget is made available to the general public as required by RCW 53.35.010 and RCW 53.35.045. A Public Hearing for the Introduction of the Preliminary Budget is held before the final passage of the Budget, at which time the Port Commission will make final recommendations and adopt the budget
- Set additional long-term policy goals during public Commission meetings through the passage by majority vote of Commission Resolutions in accordance with RCW 53.08 and the Master Delegation of Authority. These policy goals help advance the Commission's long-term mission of economic development and job creation through promotion of industrial growth and advancement of trade and commerce
- Review and approve public session programs, projects, and select contracts through Commission motions that are introduced and seconded by Commission members, in accordance with the Master Delegation of Authority
- Oversee the Executive Director to execute the Century Agenda, major programs and goals, objectives, and policy guidelines established by the Port Commission through majority vote at Commission meetings and by Commission approval of the Executive Director's performance goals and objectives. These include policy goals and objectives related to achieving the Port's financial and budgetary annual performance goals, and aligning budget priorities to the Port's core mission,

division goals and objectives that demonstrate that the Executive Director is holding his direct report managers accountable for division-level performance

- Oversee the Internal Audit function of the Port of Seattle through the Audit Committee made up of two Port Commissioners and a third public member
- Oversee External Relations and General Counsel which allows the Commission office to have greater input on communicating with the public and directing and accepting legal advice and direction
- Oversee Clerk's Office to ensure the public meeting calendar is both appropriate and timely, and takes into consideration the constituents of King County

EXECUTIVE:

- The Executive Department assists the Executive Director in leading the Port by setting the tone and philosophy along with coordinating with business units and other departments to gain well-balanced decisions and interactions with federal and state delegations, Commissioners, agencies, businesses, tenants, communities, labor, and other stakeholders
- The Executive Director is responsible for engagement with the Commission to establish Port priorities and, through leadership of the organization, development of strategies to implement those policies
- To implement executive priorities, the Executive Director develops appropriate budgets for Commission review to fund projects and programs; and exercises oversight of project and program delivery
- Public awareness and support for the Port's role in the community is essential to our success, and thus the Executive Director has an important role in communicating to the public the purpose and operations of the Port, complementary to the Commission's policy role
- The Port executes its policy and strategic direction through Commission actions. Commission requests must meet high standards of accuracy and transparency to gain approval, and they serve as important vehicles for communication to the public

LEGAL:

Legal is comprised of Attorney Services and Records Management.

ATTORNEY SERVICES:

- Provide legal analysis, advice, expertise, opinions, and similar services, including: drafting, reviewing and interpretation of contracts, agreements, statutes, regulations, judicial opinions, and other legal materials and documents
- Provide prosecution and defense of claims and litigation
- Provide assistance with settlements and negotiations
- Provide representation in arbitration, mediations, and other forms of dispute resolutions
- Provide representation before hearings boards, and other administrative or legislative bodies

RECORDS MANAGEMENT:

- Manage and provide public record administration, including public disclosure
- Provide Portwide assistance regarding records management issues including retention scheduling, archiving, and public disclosure
- Manage Port records in accordance with State retention requirements
- Manage the Portwide Records Center
- Manage and implement the Port's compliance with the Washington State Public Records Act (PRA), including fulfilling public disclosure obligations, training, reporting, and coordination

EXTERNAL RELATIONS:

The Port's External Relations department serves several key functions including federal, state, and local government relations; capital project delivery, which includes regional transportation technical and policy expertise; strategic communications; and external outreach and engagement.

GOVERNMENT RELATIONS:

- Collaborate with Commission and Port operating divisions (Aviation, Maritime and Economic Development) to develop legislative funding and policy priorities. Anticipate and identify emerging political issues
- Ensure high-level understanding of Commission priorities, and Port operations and business objectives
- Foster effective relationships between port elected officials and senior port staff with local, state, federal elected officials, and international partners and to advance the port's objectives and to represent regional, statewide, and national interests to officials in the municipal, county, legislative and executive branches of government
- Develop partnerships with stakeholders in business, labor, and community organizations in support of trade development, economic growth, transportation infrastructure investment, and responsible environmental regulation
- Utilize memberships and activities in associations engaged in legislative work to build coalitions and broaden awareness of Port issues and support for Port objectives
- Provide opportunities for policy makers and staff to learn about the Port of Seattle's business and operations through tours, briefings, and timely responses to requests for information
- Continue to advocate for policies and regulations that enhance and expand the ability of the Port and related businesses to move people and commerce efficiently in a competitive global marketplace and educate leaders on the impacts of adverse policy proposals

REGIONAL TRANSPORTATION:

- Advocate for Port interests in regional transportation programs and projects, including those sponsored by the state, county, city or other agencies or partners (i.e. West Seattle Bridge, Gateway Project, Sound Transit 3, Safe and Swift Corridor, Freight Mobility)
- Work with external agencies on regional transportation policies and issues to leverage Port interests and minimize impacts to the Port
- Manage internal interests regarding regional transportation including leading the regional transportation strategy team, developing Port comment letters throughout formal planning processes, and acting as liaison to the NWSA and Airport Ground Transportation Regional Mobility group

CAPITAL DEVELOPMENT:

- Manage strategy, communications and advocacy for growth and capital programs at the airport, including the Sustainable Airport Master Plan, communicating airport-related demand, opportunities and benefit, and building understanding and support for airport redevelopment
- Advance regional and state economic vitality, including implementation of the South King County Community Impact Fund, supporting government relations and community engagement to increase visibility of port-related contributions to airport-area communities and the state
- Advance environmental sustainability, including improved recognition of the Port's environmental programs, and support of the StART federal policy working group
- Support equity, diversity, and inclusion through collaborative efforts on the South King County Community Impact Fund, promote improved understanding of the Port's commitment and programs in these areas, and emphasize improved accessibility at the airport for all communities and populations

- Strengthen and expand community engagement. Provide support to StART roundtable and agenda

COMMUNICATIONS:

- Develop and execute internal and external communication plan that align with legislative and community engagement objectives
- Develop and implement media relations strategies that drive Port key messages, media channels, issues prioritization, and leverages opportunities for Commission and Executive visibility

EXTERNAL OUTREACH AND ENGAGEMENT:

- Develop and strengthen business, community, industry, government, and environmental partnerships throughout King County that support the Port's mission and key strategies
- Broaden and diversify the Port's partnerships with external organizations, business, and community groups to anticipate emerging issues and broaden the Port's awareness and understanding of community objectives and priorities
- Administer Commission-supported Community programs including Duwamish Valley Community Equity Program and provide support for the South King County Community Impact Fund
- Create and execute events, communication outreach to advance operating divisions' business objectives; gain public input to influence port decisions; broaden awareness and understanding for program; and policy and regulatory decisions
- Develop and manage effective public engagement programs; prioritize staff understanding of issues and sentiment of King County residents; build and sustain public trust in the Port

EXTERNAL RELATIONS:

- Provide leadership direction and vision for a team-focused culture of community and customer service
- Provide clear understanding of staff roles and responsibilities to advance External Relations objectives and the broader goals of the Port

ACCOUNTING AND FINANCIAL REPORTING:

The Accounting and Financial Reporting (AFR) department's key operational responsibilities and services include:

- Port-wide core accounting and financial reporting services
- Port-wide accounting policies and procedures development and enforcement
- Industry prescribed accounting and financial reporting standards compliance assurance
- Annual Port financial statements preparation and issuance
- Recurring fiscal management reporting
- Accounts payable and payments administration
- Payroll administration
- P-card (Procurement-card) and Travel card administration
- Leases and customer billing administration
- Accounts receivable and revenues administration
- Credit and collection enforcement
- Control General Ledger administration
- Capital projects costing and capital assets accounting (including physical inventory)
- Cash/investment and debt accounting
- Grants billing and reporting
- Airport Passenger Facility Charge (PFC) accounting and reporting
- Airport Customer Facility Charge (CFC) accounting and reporting
- Corporate credit cards and procurement cards administration

- Employee expense claims and reimbursements
- Business Taxes administration
- External audits facilitation and issues resolution
- North Harbor accounting and financial reporting in relation to the Northwest Seaport Alliance (NWSA)

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT):

ICT provides state of the art technology and related services in a cost effective, secure, and highly reliable manner that can rapidly respond to the Division and individual department's requirements which will enable them to achieve their business objectives and to support Port strategies. Key functions include:

- Infrastructure (Data Management, Telephony, Network)
- Personal Computing (PC Support, Smartphone/iPad)
- Systems Delivery
- 24/7 Service desk
- Adapt and Leverage Technology Advances
- Technology Training and Socialization to Maximize Investment
- Cyber Security Infrastructure and continual monitoring for cyber security threats

FINANCE AND BUDGET:

The overall goal of the Finance and Budget (F&B) department is to continuously improve the institution's management of its debts, assets, budget, and resources. Key functions include:

BUDGET:

- Plan, coordinate and manage the Port's budget planning process
- Maintain, enhance, and manage the Port's financial planning and analysis system and its interfaces
- Provide budget training, workshops, and Management Information System (MIS) training to Port-wide budget support staff
- Review monthly variance reports and provide monthly Executive Summary Report to Executive team
- Plan, coordinate and manage the Port's quarterly financial performance reporting process
- Develop and refine budget policies and procedures for the Port
- Provide budget consultation and support to the operating divisions and Central Services departments
- Provide ad-hoc financial analysis for the Port
- File statutory budget

FINANCE AND TREASURY:

- Existing debt management: bond proceeds usage reconciliation; regulatory compliance and financial reporting; bad money analysis; arbitrage rebate calculations; provide financial updates to ratings agencies; investor relations; letter-of-credit renewals and replacements
- Manage new debt issuance
- Manage engagements with outside financial advisor, bond and disclosure counsel and underwriters
- Coordination of short and long-term funding plans for future capital needs; development and monitoring of the Port's annual Capital Budget and Plan of Finance; tax levy funds management.
- Industrial Development Corporation administration
- Treasury functions include Cash and Investment portfolio management and management of the Port's banking contract

BUSINESS INTELLEGENCE:

The Business Intelligence Department's core purpose is to transform the ways the Port accesses, analyzes, and shares data. The Business Intelligence Center of Expertise provides advanced analytical and research support, creates efficiencies that eliminate information management waste, and fosters an analytical culture with data fluency. Key functions include:

- Facilitate development of Key Performance Indicators (KPIs) and other operational and performance measures, driven by Port focus on metrics and measurement
- Reduce the level of effort, complexity, and process in preparing or mining data for analysis; support LEAN/CPI initiatives
- Provide advanced analytical capabilities (e.g. forecasting, etc.) not widely present in organization; required to answer complex business problems
- Internal capacity for survey research services; driven by need to measure effectiveness, performance, and service quality
- Facilitate growth of a data-literate, evidence-based decision-making culture at the Port; support Port's high-performance workforce goal

RISK MANAGEMENT:

- Oversee Property/Casualty Insurance Program
- Manage claims process, intake, and settlement
- Recover and collect on claims/damages to the Port
- Manage Driver/Commercial Driver's License (CDL) program (per Federal Motor Safety Carrier Act), the overall Port fleet safety program, and work with Fleet Management Oversight Team to ensure the Port purchases, maintains, and looks for green fleet opportunities
- Contractual reviews of leases and goods/services agreements to ensure contain fair and reasonable indemnity and insurance requirements
- Perform enterprise risk management analysis and training
- Update annual statements in relation to risk, uncertainty, insurance, and claims; report lost and stolen assets to State Auditor
- Collaborate with Health and Safety and Construction Safety to ensure a safe workplace for both employees and contractors and the public
- Collaborate with Police, Fire, and Security to update emergency preparedness procedures and ensure trainings are kept current
- Provide risk assessment and review of special events
- Assist with the review and selection of self-funded Medical and Dental plans
- Major construction support for design, insurance, loss prevention, builder risk insurance, and code compliance

INTERNAL AUDIT:

Internal Audit conducts risk-based operational/performance audits throughout the Port in accordance with applicable auditing standards and the best practices of the internal auditing profession. Audit results are designed to add value and improve and strengthen accountability, increase fiscal integrity, provide greater transparency in governance and decision making, and improve investment of public resources to advance trade and commerce, promote industrial growth, stimulate economic development, and create jobs. In addition, audit results are intended to enhance efficiency and effectiveness of management practices in governance, risk assessment, controls, and compliance.

Internal Audit work is guided by two professional standards:

- Government Auditing Standards – issued by the Comptroller General of the United States
- International Professional Practices Framework (IPPF) – issued by the Institute of Internal Auditors

OFFICE OF STRATEGIC INITIATIVES:

Office of Strategic Initiatives (OSI) comprise of Strategic Planning unit and Continuous Process Improvement unit.

STRATEGIC PLANNING:

- Update the Century Agenda
- Re-evaluate the fundamentals of the long-term strategic planning
- Host Disruption Summit to prepare the Port for potential disruption and disruptive innovation
- SWOT and KPI training and consultation

CONTINUOUS PROCESS IMPROVEMENT:

- Provide LEAN Training to foster understanding of LEAN principles
- Implement LEAN initiatives throughout the Port
- Facilitate process improvement projects

CENTRAL PROCUREMENT OFFICE:

- Manage the procurement process for all construction contracts, professional and personal service contracts, and goods and service contracts to ensure compliance with legal mandates
- Lead team negotiations (price, contract terms and conditions) for base contract; draft and/or review, negotiate change orders and amendments
- Provide advice and assistance in contract management, addressing performance problems
- Close out contracts, ensuring that all closing submittals have been received
- Provide notification to Commission, with respect to public works contracting, as required, for compliance with state law and Resolution 3605
- Provide training and outreach on procurement and contract issues, including developing appropriate small business programs and opportunities
- Develop program and training to include Diversity in Contracting in the Port’s consulting procurements and major construction contracts. Active management of contract requirements. Provide updates to Commission on the program
- Perform data analytics and reporting, including reporting on WMBE and DBE performance, managing workload reports, future procurement database, Vendor Connect database, and Contractor Data System (CDS)

HUMAN RESOURCES:

Apart from providing core services listed below, Human Resources is also focused on broader issues such as attracting and retaining a diverse work force; succession preparation; process improvement; performance management aligned with values, strategies, and business plans; and developing metrics that drive decisions.

The list that follows reflects services Human Resources provides daily, many of which also respond to the bigger picture, longer-term concerns described above.

EMPLOYEE RELATIONS (ER):

- Provide guidance and direction to Port employees, including senior leadership, managers, and individual contributors, regarding employee performance management issues, as well as consultation to identify the appropriate ER intervention such as coaching, fact-finding, investigation, progressive discipline, facilitation/mediation, training, and conflict resolution
- Manage the interactive process associated with employees' requests for reasonable accommodation
- Ensure Port compliance with our affirmative action responsibilities, which informs, educates, and promotes the Port being an equitable, inclusive, and high performing organization

HEALTH & SAFETY:

- Continuous improvement of workplace health and safety, as well as ensuring compliance to all regulated safety programs, including oversight of the Port's self-insured, self-administered workers compensation program
- Promote an active safety culture by teaming with employees and management to recognize, evaluate, communicate, and control workplace hazards to ensure every employee, contractor, and tenant goes home safely

ORGANIZATIONAL EFFECTIVENESS:

- Support the organization in achieving improved business results through organizational and people effectiveness
- Address organization-wide business needs such as developing and aligning clear business goals, missions, visions and strategies, defining organization-wide structures, and clarifying roles and responsibilities
- Provide leadership and support for the goals and methodology for improving employee engagement, innovation, building high performance teams, and developing and improving cross port collaborations
- Strategic advisors to the organization as a whole and Port of Seattle divisions ensuring the business has the skills, capabilities, structure, culture and change processes to execute their strategies and deliver on near and long-term goals
- Lead Port-wide strategic initiatives such as engagement, culture and innovation and serve as a liaison between the HR Center of Expertise and assigned business units helping leaders to set direction and translate business goals into HR strategies
- Provide HR related data to the Port to help HR and other groups make decisions using relevant data
- Increase business effectiveness through managing change, using data to measure success, and supporting organization-wide strategic development planning and culture initiatives

TALENT MANAGEMENT:

- Promote an equitable, inclusive, and high performing organization by attracting, engaging, and developing diverse talent so that the Port is able to realize its strategic goals
- Partner with business lines to anticipate and support workforce planning needs, generating awareness through outreach of the Port as an employer of choice, identifying and evaluating top talent, building talent pipelines, promoting a learning culture, and continuously enhancing the experience of employees so they are and continue to be highly engaged
- Manage the Port’s Internship Program and Veterans Fellowship Program
- Promote an equitable, inclusive, and high performing organization by recruiting, engaging, and developing diverse talent so the Port realizes its business and community goals
- Build employee effectiveness through development of common approaches to work, leader and manager preparation and development, employee development, and support of diversity programs and initiatives, the Port is able to build a high performing organization and culture that values learning, employee development, equity, diversity, and inclusion
- Generate increased awareness of the Port as an “employer of choice” and of the numerous opportunities available in Port-related industries. Through award winning internship and Veterans Fellowship programs, the HR Outreach function provides opportunities for youth and transitioning veterans to gain professional civilian experience while developing skills necessary to succeed in their career
- Use internal communications as an engine to drive progress toward organizational goals and connect employees to information and resources about key programs, policies, initiatives, events, and opportunities that drive employee engagement and knits employees together as a single organization

TOTAL REWARDS:

- Ensure the Port offers, directly or indirectly, a competitive total rewards package that supports retention and attraction of employees with the talents, skills, and abilities necessary for the Port to fulfill its mission and vision. The Total Rewards package includes all things employees receive as result of their employment relationship with the Port
- Ensure that pay programs for non-represented employees are internally equitable and externally competitive. To do this, employees supporting this function gather and analyze market pay data to maintain the Port’s non-represented pay ranges at competitive levels, evaluate non-represented jobs to ensure they are administered in competitive pay ranges, and analyze employee pay levels to ensure pay equity
- Ensure the Port’s benefits programs are competitive so they can support attraction and retention of the employees necessary for the Port to be a high performing organization. This includes managing the self-insured medical and dental plans, the fully insured HMO, vision, life and disability insurance plans, accrued leave and holiday plans, the Port’s self-administered and self-funded alternative to the Washington state required Paid Family and Medical Leave plan, the Employee Commuter Benefits Program that includes the required Commute Trip Reduction program and the teleworking program, the Employee Assistance Plan, the 457 and 401(a) deferred compensation plans, voluntary (fully paid) employee benefits, and the employee wellness program
- Responsible for the various recognition programs that support employee engagement by acknowledging actions and contributions that exceed what is normally expected
- Responsible for enabling technology and business processes that make it easier to do HR business, and for other Port groups to do business with HR. This includes support and maintenance of existing technology systems and business processes, deployment of new functionality, and related improvements to business processes

WORKPLACE RESPONSIBILITY:

- The Workplace Responsibility Office (WR) has overall responsibility for developing, implementing, and providing day-to-day leadership of the Port's WR program
- WR provides direct support to the organization assuring port culture and employee behaviors align with port values and Code of Conduct expectations
- WR provides advice on, ethics and compliance issues to all sectors of the port
- WR enforces the Port's Code of Conduct Policies
- WR is responsible for responding to and documenting all complaints alleging violations of the Port of Seattle's Code of Conduct policies
- The ER and WR functions ensure compliance with federal, state, and local regulations governing equal employment opportunity (EEO) and affirmative action (AA). ER and WR conduct workplace investigations as part of EEO/AA compliance

LABOR RELATIONS:

Labor Relations (LR) offers the best possible representation of the Port's interests by engaging in collaborative relationships with employee organizations through open communication and dialogue. LR also provides strategic expertise and assistance to positively affect operations, reduce exposure and support a talented workforce to help propel the Port and region into the future. Key functions include:

- Prepare, negotiate, implement, and administer the Port's 24 bargaining agreements
- Implement LR bargaining strategy and directives from the Commission and Executive Leadership Team
- Contract implementation and administration includes HR, Payroll and department notifications regarding rate and benefit changes and providing assistance to managers and supervisors with contract interpretation and application
- Process grievance and disciplinary procedures according to the agreements
- Represent the Port in Public Employment Relations Commission (PERC) and Arbitration proceedings
- Participate in Port oversight committees; provide consultation to all Port committees and all divisions on labor matters, including proposed changes in policies, practices and procedures in a manner designed to avoid labor disputes
- Supervise and manage labor community outreach as well as Seaport Alliance LR work. Act as the Commission Liaison with Labor and support the Executive Director in their Labor Outreach strategy to facilitate positive labor relations across the region
- Organize, manage, and attend labor business partnership meetings to resolve issues before they become grievances
- Negotiate Project Labor Agreements (PLA) and assist with PLA policy and language
- Engage the labor representatives on the Port's Equity, Diversity, and Inclusion (EDI) initiatives and will continue to promote safety in the workplace

INFORMATION SECURITY:

Information Security provides Governance, Protection, Response and Recovery to reduce data risks and enhance the Port's continuity of business operations. The key functions include:

- Perform risk assessments daily to identify recognized threats and threat actors and the probability that these factors will result in an exposure or loss to the Port
- Perform Incident Management, the process of identifying, managing, recording, and analyzing security threats or incidents in real-time on a daily basis
- Perform a cyclical practice of identifying, assessing, classifying, remediating, and mitigating security weaknesses together with fully understanding root cause analysis to address potential flaws in policy, process, and standards

- Maintain enterprise systems and control systems across the Port
- Audit and compliance efforts with emphasis to Risk Assessments, and data governance of Payment Card Industry (PCI), Health Insurance Portability and Accountability Act (HIPAA), Criminal Justice Information Services (CJIS) and Privacy data
- Support the essential function of ensuring the availability and resiliency of the Port's information assets, includes designing and conducting exercises and coordinating with Emergency Preparedness and other regional public and private partners in Business Continuity and Disaster Recovery planning
- Provide dedicated professional support to the Port's 911 Center to ensure this mission critical function operates reliably and securely in emergency response situations
- Manage the User Awareness program, which sets clear cybersecurity expectations for all employees and educates users how to recognize attack vectors, help prevent cyber-related incidents and report potential threats

OFFICE OF EQUITY, DIVERSITY AND INCLUSION (OEDI):

The Office of Equity, Diversity, and Inclusion (OEDI), formed in 2019, is charged with ensuring that equity goals are incorporated throughout Port operations and in providing strategic and policy direction on equity issues. Key functions include:

- Advance the Port's Century Agenda goal to "Become A Model of Equity, Diversity, and Inclusion"
- Lead the conversation about equity with the primary goal to normalize, organize, and operationalize racial equity within the Port through modeling and tone setting by leadership, and employee dialogues and learning events that lead to meaningful results. Develop and implement organizational strategies and work plans to support an equity policy
- Support and collaborate with Human Resources to ensure that the Port's workforce reflects King County demographics and diversity. Encourage equitable approaches to employee participation in Port processes so that all employees regardless of work schedule or shift, have equal opportunity to participate
- Collaborate with Human Resources to examine disparities and barriers within recruitment, performance evaluation, compensation, and advancement/retention/promotion
- Consult with various organizations (Employee Resource Groups, Diversity Development Council) to infuse equity principles and best practices. Lead and sponsor a national committee of Ports, working on equity strategies and share best practices
- Manage and recommend strategic investments in workforce development in near-Port communities of color and disadvantaged groups in support of a skilled pipeline of workers in port sectors. Implement a workplan that ensures investments and activities produce outcomes that support a skilled workforce in Port-related industries
- Continue to partner with other regional public owners to increase access to construction training and jobs and improve outcomes for individuals living in economically distressed zip codes, women, and people of color
- Develop maritime career pathway programs for youth and adults. Expand the aviation career pathways work to other targeted, in-demand pathway jobs within the aviation and facilities maintenance career pathway
- Create and conduct equity trainings for all employees

POLICE:

- Provide a visible presence in and around the airport and seaport to assist in preventing crimes from occurring. Collaborate with stakeholders in identifying crime prevention methods to incorporate in their area of responsibility to reduce/prevent crime

- Provide essential emergency and routine response capability allowing airport operations to continue, including traffic mitigation matters. Provide traditional law enforcement functions throughout the Port of Seattle jurisdiction
- Through thorough investigations and utilization of available technological resources, apprehend criminals victimizing citizens and stakeholders within our region. Provide a community where stakeholders, employees, travelers, and the general public feel safe and secure
- Provide essential emergency response to mitigate terrorist attacks and other acts of extraordinary violence. Respond with other first response partners to mitigate and stabilize unusual occurrences, disasters, and mechanical calamities in order to stabilize the scene and enhance continuity of operations
- Provide emergency communications amongst first response partners and other critical personnel to assist in scene stabilization and deployment of appropriate resources. Allows for clear and concise communication to support maintaining continuity of operations

ENVIRONMENT AND SUSTAINABILITY ADMINISTRATION:

The Environment and Sustainability Administration oversees the Aviation Environmental, Noise Program, and Maritime Environmental and Planning. Environment and Sustainability Administration's key functions and responsibilities are listed below:

- Comply with all federal and state environmental laws and regulations and meet all regulatory requirements
- Develop and implement initiatives to meet Commission-directed Century Agenda goals, work with internal and external partners to advance key legislation, optimize energy use, and implement transportation strategies
- Address noise concerns within the community and mitigate impacts through sound insulation, acquisition, and noise abatement programs
- Manage and support the ongoing Green House Gas reduction effort
- Provide technical services including engineering analysis, design, and construction management in support of the business plans and infrastructure needs of the Port and NWSA
- Develop and implement performance measurement and tracking system as well as a comprehensive communication strategy for the Port's environmental and sustainability programs

ENGINEERING:

DESIGN AND TECHNICAL SUPPORT:

- Civil/Structural and Mechanical/Electrical design, analysis, and Computer-aided design (CAD) drafting
- Seismic risk analysis and condition assessment of facilities
- Central repository for all project drawings, as-built, and soils information
- Maintain technical master specifications
- CAD compliance reviews
- Development of Building Information Modeling (BIM) standards and systems

CONSTRUCTION MANAGEMENT:

- Project delivery methodology selection
- Pre-construction services
- Field observation/inspection and quality compliance checks and non-conformance management
- Construction cost and change order management, disputes and claims resolution
- Submittal, Pay applications and RFI review, processing and approval

- Construction coordination with Port operations/tenants, F&I, Maintenance, and other stakeholders
- Construction document management
- Management of Project Labor Agreements (PLA) including administration of Priority Hire program
- Administration of Construction Apprenticeship Program
- Maintain general requirements guide specifications

SURVEYING AND MAPPING:

- Topographic and hydrographic surveys
- Jet Line and lease line layouts
- Legal Descriptions and exhibits
- Geographic Information System (GIS) data gathering
- Boundary and Lease Drawings
- Construction project staking and validation
- 360° Photo Tours
- Utility Locates for Mapping and Construction

CONSTRUCTION SAFETY:

- Provide Port Construction Safety Training and Orientations for contractors, consultants and employees
- Review Contractors site safety plans for acceptance
- Perform and document safety audits of construction projects
- Coordination with Operations, Fire Dept., PLA, Security, PCS, Risk Management, Health and Safety, Building Department and Maintenance
- Response to and documentation of incidents, hazardous conditions, and complaints
- Management of safety equipment and PPE supplies for the Engineering Dept.
- Management of Emergency and Disaster preparedness supplies for the Engineering Dept.
- Data management of contractors safety plans, incidents corrective actions
- Construction Safety and Engineering Dept. Safety data management and documentation

ENGINEERING GENERAL AND ADMINISTRATION:

- Establish and manage operations of remote office facilities to support project requirements
- Management of Engineering assets and fleet in support of project delivery
- Emergency Response and Declaration of Emergency Support
- Administrative Services to include payroll, payments/procurement, onboarding, travel

PORT CONSTRUCTION SERVICES:

CAPITAL AND EXPENSE CONSTRUCTION MANAGEMENT PORT WIDE

- Provide scope clarification and estimates against existing budgets
- Provide reporting on budget and schedule
- Provide small business opportunities in open order and project specific small works contracts
- Coordinate contract requests with Central Procurement Office to identify opportunities for small businesses

REGULATED MATERIALS MANAGEMENT (RMM) PORT WIDE

- Review RMM design
- Provide project abatement, monitoring, and quality control
- Provide RMM tenant support and maintenance support
- Provide RMM routine housekeeping
- Provide asbestos, lead, and silica awareness training
- Provide indoor air quality and mold inspections

CONSTRUCTION CREW SUPPORT

- Provide craft labor resources (carpenters, laborers, operators, etc.)
- Provide construction equipment (pick-up trucks, dump trucks, heavy equipment, small tools, etc.)
- Recycle construction debris on projects

ON-CALL CONSTRUCTION AND IDIQ CONTRACT SUPPORT

- Procure contracted public work resources with on-call construction contracts available for project needs as identified
- Procure IDIQ Service Agreements for project needs as identified

EMERGENCY RESPONSE

- Provide management, crews, and contract support for expedited emergency project needs

D. OPERATING BUDGET SUMMARY

Background:

Central Services departments are the primary supporters of the Port business units. Growing organizational needs, Century Agenda, Portwide goals, and division priorities drive the budget priorities of Central Services departments. The 2023 budget development approach included the following steps: scrutinizing line-items by account and making appropriate adjustments to the 2022 baseline budget; adding a 6% COLA and a 3% average pay for performance increase and refreshing benefit costs for non-represented employees; reviewing new budget requests from individual departments and incorporating costs of approved items.

Overview of Major Changes in 2023 Budget:

The 2023 budget for Central Services is \$162.9M, \$21.1M or 14.9% higher than the 2022 budget. The budget before Capital Charges is \$204.8M, \$7.9M or 15.8% increase from the 2022 budget. The 2023 budget includes \$5.6M of new budget additions to support Century Agenda goals, enhance safety and security of the public, advance work on regional economic priorities and enhance engagement with surrounding communities, and to meet organizational needs and division priorities. The new budget additions are outlined in Tables VII-2 through VII-3.

The 2023 payroll budget increased by \$17.5M or 13.4% primarily due to (1) 27.1 new FTEs and 2.0 unfrozen FTEs for 2023, (2) 16.3 mid-year approved FTEs in 2022, (3) a 6.0% COLA and 3.0% average Pay for Performance increase, (4) increase for represented groups based on contracts, and (5) partially offset by a 5% vacancy factor of \$6.5M.

2023 non-payroll budget increased by \$10.4M primarily due to a combination of (1) increases in Outside Services \$7.8M, (2) Seattle Aquarium Partnership \$1.0M, (3) Insurance Expense \$872K, (4) Travel & Other Employee Expenses \$655K, and (5) Worker’s Compensation Expense \$141K. Both the payroll and non-payroll costs are partially offset with a \$6.6M or 18.7% more Charges to Capital in 2023.

TABLE VII-2: 2023 APPROVED NON-FTE ADDITIONS:

The table below illustrates major non-FTE additions to the 2023 Budget.

Category	Purpose/Outcome	2023 Requests
Implement and support Century Agenda Goals	Port’s partnership with the Seattle Aquarium	1,000,000
	Duwamish Valley Port Community Action Team (PCAT) and the Port’s green jobs	100,000
	Community outreach and training program for potential Bus Drivers and Taxi Drivers at SEA	100,000
Safety & Security	Police funding for recruitment, Equity, Diversity & Inclusion (EDI) training, smart parking enforcement platform, K9 Vet Insurance, and South Correctional Entity (SCORE) partnership	845,283
	Cyber Defense Strategy and Technology Infrastructure Resiliency	258,000
Advance work on regional economic priorities and enhance engagement with surrounding communities	Regional Transportation Advisory Services to address changes for decarbonization, equity and safety of the surface transportation system	100,000
	Industry coordination and engagement to support existing and new maritime operations at Port of Seattle properties	100,000
Organizational Needs and Division Priorities	Research State and Federal grants to potentially supplement existing funding for both programs and capital investments	50,000
	Funding for Insurance Certificate Tracking Platform for agreements and leases	50,000
Total Non-FTE Highlights		2,603,283
Total Cost of Proposed FTEs (27.1 New and 2.0 Unfrozen)		2,741,856
% of total budget requests shown above		96.2%

TABLE VII-3: 2023 APPROVED NEW BUDGET ADDITIONS (ALL ITEMS):

A total of 83 New Budget requests for \$11.2M were received. This number included a mix of new funding requests as well as requests to increase or restore funding for frozen FTEs. Out of the total requests received, 49 items were approved for a total of \$5.6M.

Category	Purpose/Outcome	2023 Requests
Implement and support Century Agenda Goals	Port's partnership with the Seattle Aquarium	1,000,000
	New staff to support the alignment of Port investments in workforce development	239,797
	New staff to assist with clean energy technology research, development and deployment	144,094
	New staff to assist in addressing equity and environmental justice in Port operations	138,423
	Community outreach and training program for potential Bus Drivers and Taxi Drivers at SEA	100,000
	Duwamish Valley Port Community Action Team (PCAT) and the Port's green jobs	100,000
	Subtotal	1,722,314
Safety & Security	Police funding for recruitment, Equity, Diversity & Inclusion (EDI) training, smart parking enforcement platform, K9 Vet Insurance, and South Correctional Entity (SCORE) partnership	845,283
	Cyber Defense Strategy and Technology Infrastructure Resiliency	258,000
	Resources to address resiliency issues for the Seattle Waterfront	60,000
	Subtotal	1,163,283
Advance work on regional economic priorities and enhance engagement with surrounding communities	Resources to enhance the Port's engagement on tribal affairs	163,619
	Regional Transportation Advisory Services to address changes for decarbonization, equity and safety of the surface transportation system	100,000
	Industry coordination and engagement to support existing and new maritime operations at Port of Seattle properties	100,000
	Facilitation services to strengthen engagement with impacted communities	80,000
	Support public engagement of Fishermen's Terminal and other Seaport major capital projects	70,000
	Subtotal	513,619
Organizational Needs and Division Priorities	New FTEs to support hiring needs and address equity, organizational capacity, and necessary support for capital program	1,784,678
	New positions in Engineering and PCS to support capital programs	271,245
	Research State and Federal grants to potentially supplement existing funding for both programs and capital investments	50,000
	Funding for Insurance Certificate Tracking Platform for agreements and leases	50,000
	Subtotal	2,155,923
Grand Total		5,555,139

The following Tables VII-4 and VII-5 and Figure VII-1 illustrate the administrative expense for Central Services by department and by account:

TABLE VII-4: CENTRAL SERVICES REVENUES AND EXPENSES BY ACCOUNT

(\$ in 000's)	2020	2021	2022	2023	% Change
BY ACCOUNT	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Total Operating Revenue	\$ 2,512	\$ (233)	\$ 186	\$ 155	-16.8%
Expense					
Salaries, Wages, Benefits & Workers Compensation	\$ 118,240	\$ 117,018	\$ 130,894	\$ 148,423	13.4%
Equipment Expense	2,219	1,627	3,159	2,809	-11.1%
Utilities	27	32	29	38	30.5%
Supplies & Stock	888	812	1,037	973	-6.1%
Outside Services	30,687	29,301	33,029	40,918	23.9%
Travel & Other Employee Expenses	1,437	1,038	2,767	3,417	23.5%
Promotional Expenses	456	222	617	1,808	193.2%
Other Expenses	5,036	5,608	5,422	6,459	19.1%
Total O&M Expenses Before Charges to Cap/Govt/Envrs Projects	158,989	155,657	176,954	204,846	15.8%
Charges to Capital/Govt/Envrs Projects	(32,926)	(30,136)	(35,198)	(41,943)	19.2%
Total O&M Expenses w/o Pension Credit	\$126,063	\$125,521	\$141,756	\$162,903	14.9%
DRS Pension Credit	(8,588)	(29,768)	-	-	NA
Total O&M Expenses with Pension Credit	\$117,476	\$ 95,753	\$141,756	\$162,903	14.9%

adminbud.xls

Note:

- 1) Does not include adjustment for charges into Corporate Subclasses from Divisions

FIGURE VII-1: CENTRAL SERVICES EXPENSE BY ACCOUNT

(\$ in 000's)

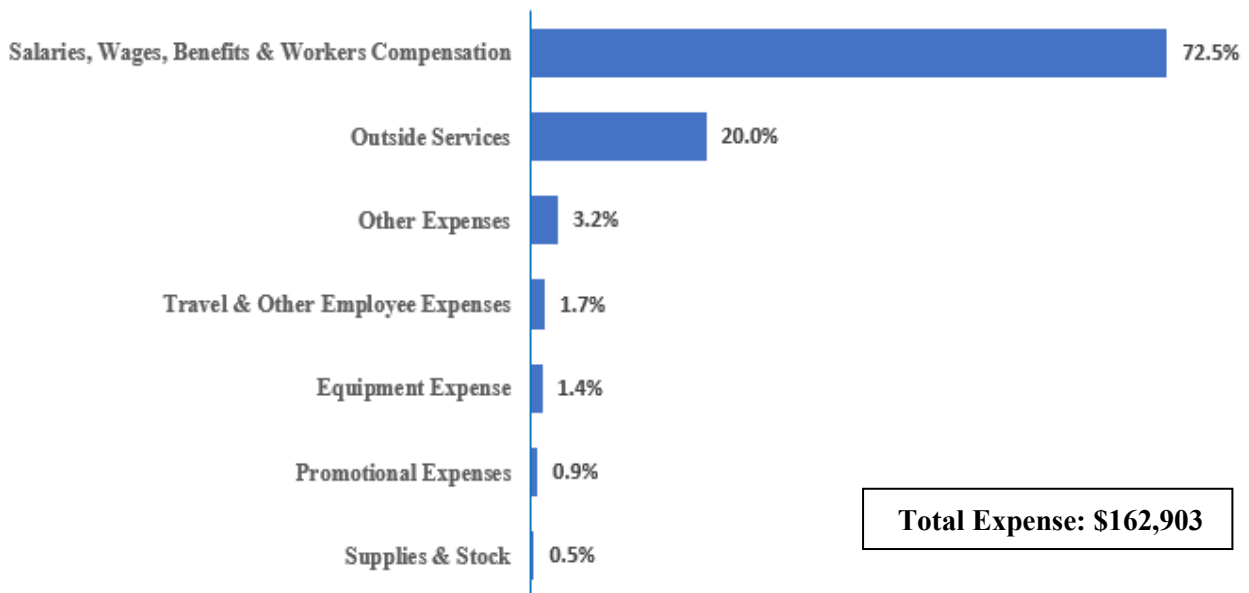


TABLE VII-5: CENTRAL SERVICES EXPENSE BY DEPARTMENT

(\$ in 000's)		2020	2021	2022	2023	% Change
	Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
BY DEPARTMENT						
EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS PROJECTS						
Commission		\$ 1,755	\$ 1,773	\$ 2,486	\$ 2,905	16.8%
Executive		2,263	2,051	2,738	3,678	34.4%
Legal		6,313	7,058	5,105	5,229	2.4%
External Relations		7,481	6,827	10,874	12,333	13.4%
Human Resources		8,380	8,745	13,126	16,049	22.3%
Labor Relations		1,286	1,110	1,444	1,600	10.8%
Internal Audit		1,540	1,296	2,048	2,187	6.8%
Accounting & Financial Reporting		8,174	6,970	9,418	10,344	9.8%
Information & Communications Technology		28,234	23,269	31,767	34,639	9.0%
Finance & Budget		2,177	1,801	2,525	2,765	9.5%
Business Intelligence		1,181	904	1,953	2,072	6.0%
Risk Services		3,349	4,047	4,688	5,749	22.6%
Office of Strategic Initiatives		934	713	1,231	1,471	19.5%
Central Procurement Office		6,512	5,837	9,763	11,340	16.2%
Information Security		1,675	1,350	2,463	2,806	13.9%
Equity, Diversity and Inclusion		4,676	4,937	5,756	6,953	20.8%
Contingency	1)	(190)	(123)	(5,000)	(6,579)	31.6%
Environment & Sustainability		692	676	1,741	2,050	17.7%
Industrial Development Corporation		-	-	-	-	0.0%
Police		27,544	17,198	32,746	36,673	12.0%
Engineering		27,822	21,733	30,367	38,160	25.7%
Port Construction Services		8,442	7,720	9,716	12,419	27.8%
Central Services Capital to Expense		163	-	-	-	0.0%
Total Expenses Before Charges to Cap/Govt/Envrs Projects	2) & 3)	150,402	125,890	176,954	204,846	15.8%
CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS						
		(32,926)	(30,136)	(35,198)	(41,943)	19.2%
OPERATING & MAINTENANCE EXPENSE						
Commission		1,851	2,093	2,486	2,905	16.8%
Executive		2,404	2,472	2,738	3,678	34.4%
Legal		6,522	7,718	5,105	5,079	-0.5%
External Relations		7,882	8,037	10,874	12,333	13.4%
Human Resources		8,916	10,335	13,126	16,049	22.3%
Labor Relations		1,380	1,373	1,444	1,600	10.8%
Internal Audit		1,652	1,646	1,868	2,047	9.6%
Accounting & Financial Reporting		8,698	8,699	9,418	10,344	9.8%
Information & Communications Technology		26,173	24,162	27,597	30,419	10.2%
Finance & Budget		2,337	2,292	2,525	2,765	9.5%
Business Intelligence		1,264	1,130	1,953	2,072	6.0%
Risk Services		3,394	4,165	4,688	5,749	22.6%
Office of Strategic Initiatives		1,001	893	1,231	1,471	19.5%
Central Procurement Office		4,708	4,986	6,678	8,021	20.1%
Information Security		1,745	1,636	2,449	2,794	14.1%
Equity, Diversity and Inclusion		4,740	5,180	5,756	6,953	20.8%
Contingency		(190)	(123)	(5,000)	(6,579)	31.6%
Environment & Sustainability		717	758	1,741	2,050	17.7%
Industrial Development Corporation		-	-	-	-	0.0%
Police		30,071	28,678	32,746	36,673	12.0%
Engineering		6,237	5,403	7,428	9,497	27.9%
Port Construction Services		4,369	3,988	4,906	6,980	42.3%
Central Services Capital to Expense		193	-	-	-	0.0%
Total O&M Expenses w/o Pension Credit	4)	126,063	125,521	141,756	162,903	14.9%
DRS Pension Credit		(8,588)	(29,768)	-	-	NA
Total O&M Expenses with Pension Credit		\$117,476	\$ 95,753	\$141,756	\$162,903	14.9%

adminbud.xls

Notes:

- 1) Contingency includes a vacancy factor of 5% of salaries, wages, and benefits for 2023.
- 2) Does include DRS pension credits.
- 3) Does not include adjustment for charges into Corporate Subclasses from Divisions.
- 4) Does not include DRS pension credits.

E. STAFFING

Every budget cycle (July through December of the preceding year), departments can request for new staff or full-time equivalents (FTEs). Each FTE request must include a justification write-up that goes through the executive review process. Once approved, the new FTE and all associated budget items are added into the financial planning and analysis system. The FTE count is included in the commission budget presentations. During the budget year (and after the budget has been adopted), departments may request for additional FTEs to meet unanticipated departmental needs. The request must be approved by the Executive Director and the requesting department must cover the additional FTE costs within their approved budget.

The 2022 Approved FTE budget was 885.8 which includes 10.0 Frozen/unfunded FTEs as a cost reduction measure in response to the pandemic. During the first and second quarters of this year, 16.3 mid-year FTEs were added and 1.0 FTE (already included in FTE total) was unfrozen. These mid-year FTEs were added to support capital projects, environmental engagement, and divisional and departmental needs. In early August, Central Services departments submitted new budget requests which included requests to unfreeze or restore funding to existing frozen positions as well as requests to add new positions. New budget requests included a total of 51.1 FTEs (49.0 New and 2.0 Frozen). Departments presented their budget proposals to the Executive Leadership team in mid-August, and out of the 51.1, 29.1 FTEs were approved and added to the 2023 budget. Of the 29.1 approved FTEs, 27.1 FTEs are new and 2.0 have been unfrozen (restored funding).

For 2023, Central Services is proposing a total of 919.2 FTEs, a 3.8% increase from 2022 Budget. The 29.1 FTEs, which includes 2.0 unfrozen FTEs, will support the Portwide hiring process and health and safety initiatives, advance the Portwide internship program, bolster the capital program, support investments in workforce development and champion equity and environmental justice, enhance the Port’s engagement on tribal affairs, contribute to the clean energy initiative, support concession audits and contract work as well as other organizational needs.

TABLE VII-6: CENTRAL SERVICES STAFFING

STAFFING (Full-Time Equivalent Positions)		2020	2021	2022	2022	2023	# Change	% Change
BY DEPARTMENT	Notes	Actual	Actual	Budget	Est. Act.	Budget	2022 Bud- 2023 Bud	2022 Bud- 2023 Bud
Commission	1	18.5	18.0	18.0	18.0	18.0	0.0	0.0%
Executive Office		7.0	7.0	7.0	7.0	7.0	0.0	0.0%
Legal	2	17.0	17.0	18.0	18.0	16.0	-2.0	-11.1%
External Relations	3	40.0	39.0	37.0	37.0	38.0	1.0	2.7%
Human Resources	4	75.1	99.3	96.3	98.3	109.4	13.2	13.7%
Labor Relations		7.0	7.0	7.0	7.0	7.0	0.0	0.0%
Internal Audit	5	11.0	11.0	11.0	11.0	11.0	0.0	0.0%
Accounting & Financial Reporting (AFR)	6	57.7	57.0	58.0	58.0	59.0	1.0	1.7%
Information & Communication Technology (ICT)	7	130.8	130.8	131.8	131.8	129.8	-2.0	-1.5%
Finance & Budget	8	12.6	12.6	13.0	13.0	13.0	0.0	0.0%
Business Intelligence	9	11.3	10.8	10.8	11.0	10.0	-0.8	-7.0%
Risk Services		6.0	6.0	6.0	6.0	6.0	0.0	0.0%
Office of Strategic Initiatives	10	9.0	9.0	7.0	7.0	7.0	0.0	0.0%
Central Procurement Office	11	51.0	57.0	62.0	63.0	63.0	1.0	1.6%
Information Security	12	8.0	8.0	10.0	10.0	10.0	0.0	0.0%
Office of Equity, Diversity and Inclusion (OEDI)	13	9.0	10.0	14.0	14.0	16.0	2.0	14.3%
Police	14	170.0	166.0	178.0	180.0	179.0	1.0	0.6%
Engineering	15	140.8	136.0	138.0	138.0	143.0	5.0	3.6%
Port Construction Services (PCS)	16	58.0	59.0	60.0	70.0	72.0	12.0	20.0%
Environment & Sustainability	17	1.0	1.0	3.0	4.0	5.0	2.0	66.7%
TOTAL CENTRAL SERVICES		840.7	861.5	885.8	902.1	919.2	33.4	3.8%

FTE.XLS

Notes:

- 1) Commission transferred a 0.5 FTE (College Intern) to HR in 2021.
- 2) Legal added a 1.0 FTE (Investigation Specialist) in 2022. For 2023, Legal will transfer 3.0 FTEs (Senior Manager Workplace Responsibility, Investigation Specialist (2.0)) and will add 1.0 FTE (Public Disclosure Specialist).
- 3) External Relations (ER) converted a limited-duration 1.0 FTE to permanent position and added 1.0 FTE (Environmental Engagement Program Coordinator) during Sept 2021. ER eliminated 2.0 Frozen FTEs (Photographer and Graphic Specialist) in 2022. For 2023, 1.0 FTE will be unfrozen (Senior Administrative Assistant) while 1.0 FTE (Senior Manager, Tribal Relations) will be added.
- 4) Human Resources (HR) streamlined the Internship program in 2021 resulting in the transfer of 20.2 interns. HR also added 4.0 FTEs (HR Outreach Specialist, Senior Administrative Assistant, Senior HRD Business Technology Analyst, and Worker's Compensation Certified Claims Manager) in 2021. In 2022, HR reduced the intern count by 4.1, added a 1.0 FTE (Health & Safety Program Manager-Fall Protection), and was approved to add 2.0 mid-year FTEs (Total Rewards Analyst, HR Communications Specialist). For 2023, HR will add 6.0 FTEs (Talent Acquisition Coordinators (2.0), Talent Acquisition Representative, Learning Management System Technology Analyst, Senior Administrative Staff Assistant, Health & Safety Program Manager), and 5.1 FTEs (College Interns). Additionally, HR will reduce the High School Intern count by 2.9 and will receive 3.0 FTEs (Senior Manager Workplace Responsibility, Investigation Specialist (2.0)) from Legal.
- 5) Intern Audit was approved to unfreeze 1.0 FTE (Staff Auditor).
- 6) Accounting & Financial Reporting (AFR) transferred 0.7 FTEs (College Interns, 2 at 0.2 and 1 at 0.3) to HR and eliminated 1.0 FTE (Accountant III) for 2021 Budget. During Aug 2021, 1.0 FTE (Credit Analyst) was added. At the start of 2022, AFR added a 1.0 FTE (Senior Financial Reporting & Control Analyst). For 2023, AFR will add 1.0 FTE (Accounting Supervisor, Capital Services).
- 7) Information & Communication Technology (ICT) added a 1.0 FTE (Business Analyst) at the start of 2022. For 2023, ICT will add 1.0 FTE (Enterprise Resource Planning Administrator) and will eliminate 3.0 Frozen FTEs (Lead Software Developer, Web Coordinator, Senior Windows Server Engineer).
- 8) Finance and Budget (FB) added a Limited-Duration (LD) part-time (0.6) Treasury Analyst in 2020. In 2022, FB replaced the part-time Limited-Duration with a full-time 1.0 FTE (Senior Treasury Analyst).
- 9) Business Intelligence (BI) transferred a 0.5 FTE (College Intern) to HR in 2021. BI converted a part-time position from 0.8 to 1.0 (Customer Research Field Worker). For 2022, BI will eliminate 1.0 Frozen FTE (Principal BI Data Engineer).
- 10) Office of Strategic Initiative eliminated 2.0 frozen FTEs (Administrative Assistant and Process Improvement Program Manager) at the start of 2022.
- 11) Central Procurement Office (CPO) added 6.0 mid-year FTEs (5 Contract Administrator II and 1 Contract Administrator V) in 2020. In the beginning of 2022, CPO added 5.0 FTEs (Buyer III-P-Card Administrator, 2 Buyer II, Contract Administrator II, Contract Administrator V-Construction). For 2023, CPO will add 1.0 FTE (Contract Administrator III).
- 12) Information Security added 2.0 FTEs (Senior Engineer/Analyst and Compliance and Risk Manager) at the start of 2022.
- 13) Office of Equity, Diversity and Inclusion (OEDI) added 1.0 mid-year approval (Program Coordinator) in 2021 and added 4.0 apprentices at the beginning of 2022. For 2023, OEDI will add 3.0 FTEs (Senior Environmental Justice Program Manager, Senior Manager Workforce Development Strategies, Workforce Development Contract Administrator).
- 14) Police eliminated 4.0 FTEs (Traffic Support Specialists) in 2021. At the start of 2022, Police added 12.0 FTEs (4 Traffic Support Specialists, Crisis Coordinator, Seaport Patrol Officer, 6 Police Officers) and was approved to add 2.0 mid-year FTEs (911 Dispatcher, Police Records Manager). For 2023, Police will eliminate a Limited-Duration position (Teacher, Adviser, Coach (TAC) Officer).
- 15) Engineering transferred a total of 6.8 College Interns to HR and added 2.0 mid-year FTEs (Project Assistant and Resident Engineer) in 2021. At the start of 2022, Engineering added 2.0 FTEs (Senior

- Construction Manager and Structure Engineer III). For 2023, Engineering will add 5.0 FTEs (Construction Manager-Airfield/Noise, Resident Engineer II-Baggage, Civil Engineering Technician, Utility Locating Technician, Construction Safety Manager I).
- 16) Port Construction Services added 1.0 mid-year FTE (PCS Cost Estimator) in 2021 and added 1.0 FTE (Assistant Manager Field Operations) in the beginning of 2022. During the second and third quarters of this year, PCS converted 9.0 temporary hires to regular FTEs and 1.0 FTE (PCS Construction Coordinator). For 2023, PCS will add 2.0 FTEs (Construction Manager I, Administrative Assistant).
- 17) Environmental & Sustainability added 2.0 FTEs (Sustainability Analyst and Environmental Innovation and Performance Communications) at the start of 2022 and was approved to add 1.0 mid-year FTE (Senior Administrative Assistant) during the second quarter. For 2023, Environmental & Sustainability will add 1.0 FTE (Clean Energy Planner/Coordinator).

F. CAPITAL BUDGET

Central Services has a total capital budget of \$12.0 million for 2023. For more detail refer to the Capital Improvement Plan, Section IX.

TABLE VII-7 provides a summary of the Central Services 2023-2027 capital budget.

TABLE VII-7: CENTRAL SERVICES CAPITAL BUDGET

(\$ in 000's)	2023 Budget	2023-2027 CIP	% of 2023 Total Committed
Committed Capital Projects			
ICT Business Services	\$ 4,848	\$ 18,848	94.4%
General and Capital Development	287	1,387	5.6%
Total Committed	\$ 5,135	\$ 20,235	100.0%
Business Plan Prospective Projects	\$ 12,424	\$ 39,649	
CIP Cashflow Adjustment Reserve	\$ (5,600)	\$ -	
Total CIP	\$ 11,959	\$ 59,884	

CAPSUM

G. FINANCIAL AND FTE SUMMARY

TABLE VII-8: FINANCIAL AND FTE SUMMARY

(\$ in 000's)	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Budget	Growth 2022 Bud - 2023 Bud
OPERATING BUDGET						
Total Operating Revenues	\$ 2,512	\$ (233)	\$ 186	\$ 864	\$ 155	-16.8%
Core Central Services	85,386	87,451	96,677	97,181	109,752	13.5%
Police Department	30,071	28,678	32,746	29,882	36,673	12.0%
Engineering	6,237	5,403	7,428	6,616	9,497	27.9%
Port Construction Services	4,369	3,988	4,906	4,075	6,980	42.3%
Total O&M Expenses w/o Pension Credit	126,063	125,521	141,756	137,753	162,903	14.9%
DRS Pension Credit	(8,588)	(29,768)	-	-	-	NA
Total O&M Expenses with Pension Credit	117,476	95,753	141,756	137,753	162,903	14.9%
Net Operating Income (with Pension Credit)	\$(114,964)	\$(95,987)	\$(141,570)	\$(136,889)	\$(162,748)	15.0%
CAPITAL SPENDING	\$ 6,347	\$ 5,432	\$ 9,194	\$ 7,498	\$ 11,959	30.1%
TOTAL FTEs	840.7	861.5	885.8	902.1	919.2	3.8%

admhist.xls

This page intentionally left blank.

VIII. TAX LEVY

TAX LEVY

A. TAX AT A GLANCE

- The preliminary maximum allowable levy for 2023 is \$113.2M
- For 2023 the levy is \$82.7M, a two percent increase over the 2022 levy of \$81.0M
- The estimated 2023 millage rate is \$0.095
- Planned levy uses in 2023 include:
 - General Obligation (G.O.) Bond debt service
 - Capital projects reviewed by the Commission
 - Environmental remediation
 - Environmental and climate change initiatives
 - Airport Community Support
 - Workforce development initiatives and Diversity in Contracting
 - Economic development partnership grants
 - Support for local and regional Tourism
 - City of SeaTac safety enhancements
 - Local community advertising at Sea-Tac Airport
 - South King County Community Impact Fund and Sustainable Aviation Fuels and Air Emissions Program
 - Duwamish Valley Community Equity Program
 - Support for the Equity, Diversity and Inclusion department and high school internship program

B. TAX LEVY SOURCES

TYPES AND LIMITS OF LEVIES:

Regular Tax Levy

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation of all properties is required annually.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed to the Port by the County Treasurer.

Washington State ports are permitted to levy up to \$0.45 per \$1,000 of Assessed Valuation for general port purposes under Washington State law in Revised Code of Washington (“RCW”) Chapter 53.36. The levy may go beyond the \$0.45 limit to provide for G.O. Bond debt service. However, the rate may be reduced below the \$0.45 limit for the following reason: RCW Chapter 84.55 limits the annual growth of regular property taxes to the lesser of 1% or the inflation rate, where inflation is measured by the percentage change in the implicit price deflator for personal consumption expenditures for the United States, after adjustments for new construction. This 1% limit factor was instituted by Initiative 747 that Washington State voters approved in November 2001 (for levy limit calculation see Section XI Statutory Budget). The Port’s levy is limited by this 1% limit factor.

FIGURE VIII-1 shows the maximum levy permitted by law versus the actual levy levied by the Port from 1991 (the last year the Port levied the maximum) to 2023. In 1989, the law was changed whereby a port could have a levy at less than the maximum while preserving the ability to tax up to the maximum in the future if the need is justified. This allows a port to tax at the lower level in the years when the maximum levy is not required but return to the maximum level in years of need. Since 1991, on a cumulative basis, the Port has levied a total of \$641M less than it could have if it had levied the maximum allowable levy each year.

FIGURE VIII-1: ACTUAL TAX LEVY VS. MAXIMUM ALLOWABLE LEVY: 1991-2023

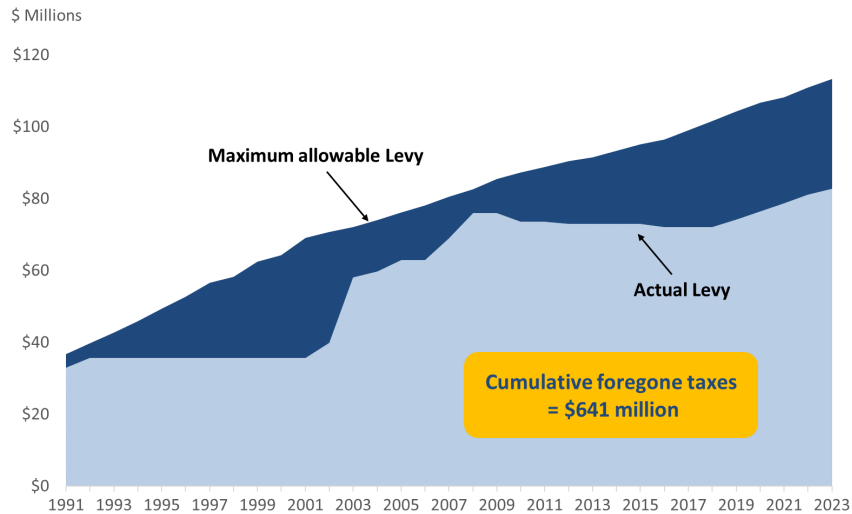
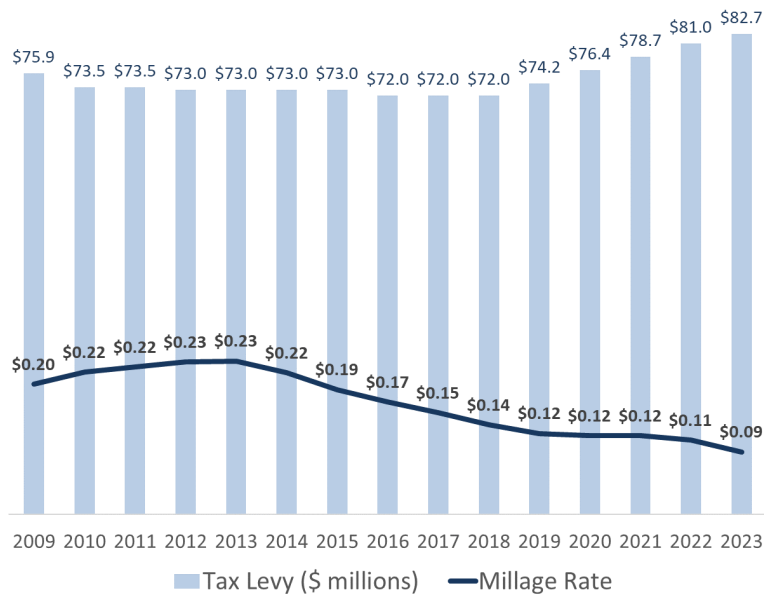


FIGURE VIII-2: TAX LEVY VS. MILLAGE RATE 2009-2023



Special Tax Levies

Special levies approved by the voters are not subject to the same limitations as the regular levy.

The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed \$0.45 per \$1,000 of Assessed Value of taxable property within the Port District.

Industrial Development District Tax Levies

The Port may also levy property taxes for Industrial Development Districts (under a comprehensive scheme of harbor improvements), for two multi-year periods. The Port of Seattle levied the tax for a six-year period between 1963 and 1968 for property acquisition and development of the lower Duwamish River. In 2015, the rules governing the IDD tax levy were modified by the Washington State Legislature. Under the new rules, if the Port intends to levy this tax for a second multi-year period (not to exceed twenty years), the Port must adopt a resolution approving the use of the second levy period and publish notice of intent to impose such a levy no later than April 1 of the year prior to the first collection year. If a petition is filed with signatures of at least eight percent (8%) of the voters, the question of whether or not the levy can be imposed will be decided by voters. The amount of the Industrial Development Levy that could be imposed is now calculated on the Assessed Valuation of taxable property within the Port District in the year prior to the first collection year. This aggregate amount is calculated at \$2.70/\$1,000 of assessed value and represents the total amount that can be levied over the second levy period. The Port has not levied the second multi-year period, but if the Port were to Levy under this law, based on 2023 preliminary assessed value, the Port may levy up to an estimated \$2.4B over the twenty-year period, with the collection period beginning no sooner than 2024.

C. TAX LEVY USES

During the annual budget process, the Commission reviews and approves the amount of and expected uses of the tax levy. For 2023 the Commission approved a \$82.7M levy, a 2% increase from the \$81.0M levy in 2022. This increase will help fund important capital investments in Seattle’s working waterfront and maritime industries, as well as continued support of community programs and environmental remediation.

The 2023 levy is expected to fund \$34.7M in existing G.O. bond debt service. This reflects obligations for past investments. See Table VIII-2 for the complete allocation of existing 2023 G.O. bond debt service by project.

The tax levy and G.O. bonds issued in 2022 will help fund an estimated \$79.1M of capital improvements in 2023, including investments in key maritime and economic development projects aimed at maintaining Port assets, advancing maritime industries, supporting Seattle’s working waterfront, and investing in local communities and the environment. Such projects include Northwest Seaport Alliance (NWSA) container terminal improvements in the North Harbor (Seattle), redevelopment efforts at Fishermen’s Terminal and Terminal 91 (berth and uplands improvements), channel deepening to accommodate larger container vessels, the Maritime Innovation Center aimed at connecting the local maritime community with education and resources, and adding shore power at Pier 66.

The levy is also expected to fund an estimated \$9.0M in environmental remediation expenses in 2023 and \$12.2M on various community support programs described below.

The levy has not traditionally been used for projects at the Airport; however, the Commission has approved the use of the levy for specific community benefit programs not otherwise eligible for Airport

funding due to FAA regulations. These include safety enhancements in the City of SeaTac and noise mitigation improvements at certain Highline School District schools near the Airport. The timing of Highline School District funding is dependent on the Highline School District, with no spending expected in 2023.

In 2019, the Commission approved an additional \$15.0M in funding for two key airport related programs; spending on these programs is not eligible for airport funding and is funded from the tax levy. The programs are \$5.0M for the development of sustainable airport fuels and reduction of air emissions at the Airport, and \$10.0M for the support of Airport area communities in south King County. In 2021, the Commission approved Order 2021-12 to review the South King County Community program for a possible five-year, \$10.0M extension. For 2023 the Port expects to spend \$2.2M of the South King County Community Impact fund to support environmental health and sustainability efforts as well as community equity programs and will fund an additional \$433,000 towards staff costs to support the program. The Port also expects to spend \$100,000 of the Sustainable Aviation Fuels and Air Emissions Reduction Fund in 2023.

In 2022, the Port entered into a Memorandum of Understanding with the Seattle Aquarium in which the Port agreed to provide \$5M in funding for the Seattle Aquarium's development of a Port-themed exhibit in the new Ocean Pavilion. The Port expects to contribute \$1M of those funds in 2023.

Additional tax levy uses in 2023 include support for other community programs, such as: workforce development including the Youth Career Launch Program, Diversity in Contracting, Community Business Connector, tourism grants and an investment in the Responsible Outdoor Travel Summit, economic development partnership grant initiatives, energy and sustainability policy directives, initial funding for a Public Market Study pending partnership with King County, Duwamish Valley Community Equity funding, Airport Community Ecology funding, partially funding staff costs for the Port's Equity, Diversity and Inclusion department and high school internship program, various efforts to clean and protect the Puget Sound waterway including an investment in the statewide non-profit Maritime Blue strategic alliance, and support for a local community advertising program at the Airport which aims to showcase nearby cities and destinations.

Table VIII-1 provides details of both the sources and uses of the tax levy. Some uses may have additional funding sources; the table only provides the amount to be funded by the tax levy.

TABLE VIII-1: SOURCES AND USES OF TAX LEVY

	Notes	2023 (\$ in 000's)
<u>SOURCES</u>		
Prior Year Tax Levy Fund Balance		\$ 9,921
Projected Tax Levy Collection		82,657
Grants & Other Reimbursements		15,408
Total Projected Sources		107,986
<u>USES</u>		
G.O. Bonds Debt Service - Existing		34,680
Capital Expenditures		39,135
<i>Other Expenditures:</i>		
Environmental Remediation Liability (Non-Aviation)	1	9,036
NWSA Membership Interest Contribution (Net)		5,000
Environmental Grants (ACE) and Energy and Sustainability		160
Workforce Development & Economic Development Programs		3,785
Diversity in Contracting		50
Economic Development Partnership Programs		850
Duwamish Valley Community Equity Program		462
Maritime Blue		150
Public Market Study		100
Community Business Connector		350
Tourism Marketing Support Program		282
Local Community Advertising Program		466
South King County Community Impact Fund		2,214
South King County FTE Support		433
Equity, Diversity and Inclusion		138
High School Internship Program		252
Sustainable Aviation Fuels and Air Emissions Programs		100
Seattle Aquarium Partnership		1,000
City of SeaTac Safety Enhancements		1,400
Total Projected Other Expenditures		26,230
Total Projected Uses		100,045
Projected Ending Tax Levy Fund Balance		\$ 7,941

Notes:

- 1) Includes projected cashflows for environmental projects already or expected to be booked as liabilities.

The tax levy, by Washington State statute, may be used broadly for general Port purposes. The Port’s policy has been to prioritize the use of the levy to first pay debt service on previously issued G.O. bonds. Proceeds from the most recent new money G.O. bond issuance, the 2022B LTGO’s, are currently unspent but are expected to fund (or partially fund) various non-Airport and NWSA capital projects within the North Harbor. Prior to that the 2017 LTGO bonds funded the Port’s contribution to the Alaskan Way Viaduct replacement program. G.O. bonds also helped fund critical capital infrastructure investments in and around the Seattle Harbor, including container terminal upgrades and expansions, Fishermen's Terminal improvements, and dock renewals and upgrades at the Terminal 86 grain facility and Terminal 115. The Port forecasts \$34.7M in existing G.O. bond debt service in 2023, which is approximately 42% of total 2023 levy collections.

TABLE VIII-2: EXISTING G.O. BOND DEBT SERVICE BY PROJECTS AND GROUP

(\$ in 000's)	Notes	2023
Containers		
T-5 Expansion & Upgrades		\$ 2,179
T-46 Expansion Redevelopment		14
T-18 Expansion & Upgrade		7,454
T-115 Yard Upgrades		1
Total Containers		9,647
Docks and Commercial Properties		
T-91 Apron & Infrastructure Improvements & Upgrades		3,303
Public Expense		
Alaskan Way Viaduct Replacement		15,922
Fishing		
Fishermen's Terminal Docks & Seawall Renewal		925
Special Item & Other		
Other	1	4,883
Total G.O. Bond Debt Service		\$ 34,680

Notes:

- 1) Proceeds of the 2022B LTGO new money issuance are unspent. Debt service will be allocated after project spending is complete.

The Port has also used tax levy funds to support the following:

- **Transportation & Infrastructure Fund (TIF)**

From time to time, the Port partners with the State and other local governments to invest in mutually beneficial transportation initiatives. The Port currently has an estimated \$64.3M of tax levy funds set aside in the Transportation & Infrastructure Fund (TIF), which has been and will be used to fund the Port’s contribution and obligations towards multiple regional mobility and transportation efforts. See Table VIII-3 for a summary of project spending.

TABLE VIII-3: USES OF TRANSPORTATION AND INFRASTRUCTURE FUND

(\$ in 000's)	2023	Future Obligations
Beginning TIF Balance	\$ 64,325	\$ 54,575
Project Spending:		
Safe and Swift Corridor	1,500	720
Seattle Heavy Haul Network	2,250	17,575
State Route 509	-	30,000
West Seattle Bridge	6,000	-
Other	-	799
Total Project Spending	\$ 9,750	\$ 49,094
Ending TIF Balance	\$ 54,575	\$ 5,481

In 2015, the Port entered into a Memorandum of Understanding (MOU) with the City of Seattle to establish a heavy haul network, which will allow heavier cargo containers to be transported between Seattle cargo terminals, industrial businesses and rail yards. The MOU provides the framework to repair and build roadways within the network, calls for semi-annual safety inspections of heavy haul trucks, and aligns weight regulations with the state and other municipalities across the country. The heavy haul network will also eliminate citations from the State Patrol to truck drivers for carrying overweight loads. As part of this MOU, the Port agreed to fund between \$10.0M and \$20.0M over a 20-year period for existing and future roadway repairs and reconstruction within the network. The Port expects to fund \$2.3M of that total in 2023.

As the Puget Sound region continues to experience strong growth, the vehicle traffic has created mobility and safety challenges within local transportation corridors. In 2017, the Port entered into an MOU for \$20.0M with the City of Seattle to launch the Safe and Swift Corridor Program to support projects and other efforts to improve transportation flow and safety along key freight transportation corridors, including South Spokane Street, 15th Avenue West/Elliott Avenue West/Mercer Street and Lander Street Bridge (completed in October of 2020). The Port has paid \$4.7M of this funding on the Lander Street Bridge to date with \$2.8M expected to be funded in 2022 and \$1.5M forecast in 2023 for the 15th Avenue West/Elliott Avenue/Mercer Street project.

In 2018, the Port, along with multiple local cities, entered into an MOU with the State of Washington for the Gateway Program. The Port agreed to provide \$30.0M of funding for Washington State Route 509 improvements near the Airport.

In 2021, the Port entered into an MOU with the City of Seattle to provide \$9.0M of funding for repair of the West Seattle Bridge. The Port expects to fund \$3.0M of that total in 2022 and the remaining \$6.0M in 2023.

The TIF will also help continue funding other public expense items related to regional mobility and transportation such as the Freight Action Strategy for Seattle-Tacoma (FAST) Corridor Partnership.

- **Harbor Development Fund (HDF)**

The Port established the Harbor Development Fund (HDF) in 2017, which was designated to support NWSA capital projects in the North Harbor, most significantly the modernization of Terminal 5. The Port has funded approximately \$120.7M of the Terminal 5 modernization project with HDF's through 2022, depleting the fund. With these funds depleted, the project will be funded directly from the tax levy or G.O. bonds.

D. GENERAL OBLIGATION CAPACITY

Non-Voted and Voted General Obligation Debt Limitations

Under Washington State law the Port may incur indebtedness payable from ad valorem taxes in an amount not exceeding one-fourth of one percent of the value of the taxable property in the District without a vote of the people. With the assent of three-fifths of the voters voting thereon, the District may incur additional G.O. indebtedness provided the total indebtedness of the Port at any time shall not exceed three-fourths of one percent of the value of the taxable property in the District. For the Port, the following estimates the 2023 debt limit:

TABLE VIII-4: ESTIMATED GENERAL OBLIGATION DEBT LIMIT

Value of Taxable Property ⁽¹⁾	\$ 874,233,521,538
Debt Limit, Non-Voted General Obligation Bonds (.25% of Value of Taxable Property)	2,185,583,804
Less: Outstanding Non-Voted General Obligation Bonds as of 12/31/2022	336,890,000
Less: Undrawn Line of Credit as of 12/31/2022	75,000,000
Less: Capital leases and other general obligations as of 9/30/2022	-
Remaining Capacity of Non-Voted General Obligation Debt	\$ 1,773,693,804
Debt Limit, Total General Obligation Debt (.75% of Value of Taxable Property)	6,556,751,412
Less: Total Outstanding General Obligation as of 12/31/2022	336,890,000
Less: Undrawn Line of Credit as of 12/31/2022	75,000,000
Less: Capital leases and other general obligations as of 9/30/2022	-
Remaining Capacity of Total General Obligation Debt	\$ 6,144,861,412

Note:

1) Preliminary assessed valuation as of 10/6/2022.

The Port may levy property taxes sufficient for the payment of principal and interest on voted G.O. indebtedness. The existing limitation provides that unless a higher rate is approved by a majority of the voters at an election, the increase in regular total property taxes payable in the following year shall not exceed the lesser of inflation or one percent of the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction and improvements to property by the regular property tax levy rate of that district for the preceding year. With a super majority vote, the Port Commission can increase the levy by 1% if inflation is less than 1%.

Interaction between General Purpose Levy and General Obligation Debt Capacity

Since the 101% levy limitation applies to the total levy for G.O. debt service and for general Port purposes, an increase in the tax levy for G.O. bonds may result in a decrease in the amount which could be levied for general Port purposes, unless a higher aggregate tax levy was approved by the voters.

The Port targets to use no more than 75% of the annual levy collection for debt service and to retain at least 25% for general purposes. For 2023, an estimated 42% of the tax levy will be used to pay existing G.O. debt service.

E. TAXPAYER EFFECT

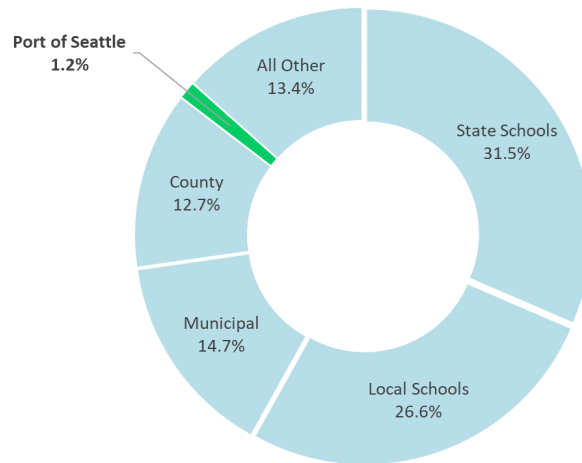
For 2023 the levy is \$82.7M, a 2% increase from the \$81.0M in 2022. The median King County homeowner will pay an estimated \$78 in taxes to the Port of Seattle in 2023 based on an estimated median King County home value of \$830,000 in 2023.

Figure VIII-2 provides the historical millage rate from 2009 to 2023.

F. COUNTY PROPERTY TAX COMPARISON

In 2022, the Port accounted for 1.2% of the total property taxes collected by the County.

FIGURE VIII-3: 2022 PERCENTAGE OF TAX LEVIES BY TAXING DISTRICT



IX. CAPITAL IMPROVEMENT PLAN

CAPITAL IMPROVEMENT PLAN

The following pages outline the 2023-2027 Capital Improvement Plan (CIP), including both the Port of Seattle CIP as well as the Port’s 50% funding obligation in the Northwest Seaport Alliance (NWSA) CIP.

The Port of Seattle’s CIP is derived primarily from its operating divisions, namely Aviation, Maritime, and Economic Development (EDD). It also includes capital spending related to Central Services, Stormwater Utility and other NWSA legacy projects that are assumed to be 100% funded by the Port of Seattle. Projects in the Port’s CIP are divided into two categories. **Committed Projects** are ongoing projects or projects that are ready to move forward and for which a funding commitment will be secured. **Business Plan Prospective Projects** are less certain in timing or scope, but are considered critical for achieving business plan goals, and the business unit or division has approved them.

The Port is also responsible for 50% of the NWSA CIP, which includes investments in both North (Seattle) and South (Tacoma) Harbors. Additional detail on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

In accordance with Generally Accepted Accounting Principles (GAAP) and Port policy, capital expenditures are defined as expenditures that arise from the acquisition or improvement of the Port’s fixed assets, such as construction of new facility or renovation of an existing facility; or renewal, replacement or upgrading of existing Port assets. Capital assets cost \$20,000 or more, with a useful life of three years or more, of which the Port has ownership.

The capital budget policy and process are described in Section XIII, “Appendices”. In conjunction with the development of the CIP, the Port develops a capital funding plan, “The Draft Plan of Finance,” which is reviewed with the Port Commission and can be found in Section X, “Plan of Finance”.

Historical analysis indicates that on average, the Port spends approximately 80% of its five-year CIP, but less than 60% of the budgeted (first year) CIP. As a result, the Port implemented a CIP Cashflow Adjustment Reserve to adjust each division’s CIP cashflows to better reflect expected project spending trends in aggregate.

Table IX-1 summarizes the 2023-2027 Port of Seattle CIP by division and the forecasted payment to the NWSA for capital expenditures. This table includes Committed and Business Plan Prospective projects. The Port of Seattle CIP is \$725.8M for 2023 and \$5.3B for 2023-2027. The forecasted payment to the NWSA for capital expenditures is \$74.6M for 2023 and \$276.4M for 2023-2027.

TABLE IX-1: CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	2023	2024	2025	2026	2027	Total 2023-2027
Aviation	\$ 784,636	\$ 944,847	\$ 1,053,726	\$ 966,725	\$ 898,664	\$ 4,648,598
Maritime	54,091	113,195	93,136	55,843	36,335	352,600
Economic Development	8,687	42,943	82,508	29,303	6,244	169,685
Central Services	17,559	16,505	11,151	7,216	7,453	59,884
NWSA Joint Venture ⁽¹⁾	1,400	12,600	13,860	0	1,500	29,360
Stormwater Utility	1,065	1,000	3,950	500	2,700	9,215
CIP Cashflow Adjustment Reserve	(141,595)	78,897	54,698	4,000	4,000	0
Subtotal - Port CIP	\$ 725,843	\$ 1,209,987	\$ 1,313,029	\$ 1,063,587	\$ 956,896	\$ 5,269,342
Payment to the NWSA for Capital Expenditures ⁽²⁾	74,634	58,482	27,425	34,697	81,150	276,388
Total Port and 50% NWSA CIP	\$ 800,477	\$ 1,268,469	\$ 1,340,454	\$ 1,098,284	\$ 1,038,046	\$ 5,545,730

CAPSUM

Notes:

- 1) Includes North Harbor (Seattle) channel deepening and other 100% Port legacy costs.
- 2) Represents the Port of Seattle's 50% share of NWSA capital expenditures.

A. AVIATION DIVISION CAPITAL IMPROVEMENT PLAN

General: The Committed CIP is focused on meeting capacity, customer needs, and maintaining existing assets through ongoing renewal and replacement.

Table IX-2 below summarizes the Aviation Division CIP from 2023-2027. The Aviation Division CIP is \$663.9M for 2023 and \$4.6B for 2023-2027.

TABLE IX-2: AVIATION DIVISION CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	2023	2024	2025	2026	2027	Total 2023-2027
Committed Projects						
Terminal and Tenants	\$ 468,919	\$ 469,934	\$ 363,871	\$ 245,472	\$ 39,252	\$ 1,587,448
Infrastructure	88,355	104,477	102,753	54,603	35,658	385,846
Airfield	64,048	72,652	39,989	7,788	0	184,477
Noise Program	18,949	28,650	41,790	29,572	3,208	122,169
Landside	24,671	43,244	35,027	1,845	1,198	105,985
Security	53,276	17,095	296	0	0	70,667
Aviation Division-wide	3,555	10,481	11,763	3,594	0	29,393
Commercial Management	6,197	4,441	1,851	1,232	111	13,832
Sustainable Airport Master Plan ⁽¹⁾	1,150	196	0	0	0	1,346
Third Runway	800	0	0	0	0	800
Subtotal - Aviation Committed CIP	\$ 729,920	\$ 751,170	\$ 597,340	\$ 344,106	\$ 79,427	\$ 2,501,963
Business Plan Prospective Projects ⁽¹⁾	54,716	193,677	456,386	622,619	819,237	2,146,635
CIP Cashflow Adjustment Reserve ⁽²⁾	(120,759)	72,455	48,304	0	0	0
Total Aviation CIP	\$ 663,877	\$ 1,017,302	\$ 1,102,030	\$ 966,725	\$ 898,664	\$ 4,648,598

CAPSUM

Notes:

- 1) \$1.3M of Sustainable Airport Master Plan (SAMP) near-term planning project costs are included in 2023-2027 Committed Projects; \$157.0M of other SAMP planning and design costs are included in Business Plan Prospective Projects in 2023-2027.
- 2) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending. The adjustment is \$120.8M for 2023.

Committed Capital Projects:

Two major Committed Projects have recently been completed: International Arrivals Facility (IAF) and North Satellite Renovation & Expansion.

Baggage Recapitalization/Optimization: This project will replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity. The new outbound baggage system will accommodate 60 million annual passengers. The project will be completed in three phases, with the final phase projected to be substantially complete by June 2027.

SEA Gateway: Redevelop space at the north end of the Main Terminal Ticketing Level of the Airport to improve passenger processing, security screening throughput, and to elevate the overall passenger experience in these areas. This project is anticipated to be completed by the second quarter of 2025.

C Concourse Expansion: Construct three additional floors on top of the airport's C1 building to meet space needs for passenger restrooms, concessions, passenger lounges and other tenant offices.

Airfield Pavement Replacement: Annual replacement of aging airfield pavement and joint seals.

Concourse A Lounge Expansion: Delta Air Lines is sponsoring and managing a tenant reimbursable project to build a new structure at the end of Concourse A to support an expanded *Club @ SEA* and new *Delta Sky Club*.

Business Plan Prospective CIP:

The Aviation Business Plan Prospective CIP is composed of project spending for Airfield, Landside, Terminal, Infrastructure, and other Aviation needs including \$157.0M for Sustainable Airport Master Plan (SAMP) planning and design.

S Concourse Evolution: The CIP also includes a project to renovate and modernize the South Concourse facility; to include structural, HVAC, plumbing, electrical, fire suppression/life safety, building shell and communications systems replacement or upgrades as required; interior remodeling, and inclusion of passenger amenities.

Main Terminal Improvements Program: The primary focus of the Main Terminal Program is to address code compliance issues and renewal/replacement of critical systems in the Main Terminal.

Utility Master Plan Allowance: The utility master plan evaluation identifies work required to maintain existing systems, provide resiliency, and provide capacity for the future. The focus of utility master plan is on the main service lines and trunk lines.

Also included is a \$263.0M reserve for undesignated future spending, which allows for the addition of currently undefined new projects to the plan without increasing the total plan. Prospective projects are, by definition, not yet well scoped, so there is greater uncertainty with regards to timing and costs than with Committed projects. As scoping, design and bidding occurs, each project moves forward in steps to the Commission to request authorization. See Section IV, "Aviation", for a description of major existing and new projects.

B. MARITIME DIVISION CAPITAL IMPROVEMENT PLAN

General: The Maritime Division’s five-year CIP continues investments in waterfront facilities, infrastructure, and the environment.

Table IX-3 below summarizes the Maritime Division CIP from 2023-2027. The Maritime Division CIP is \$40.8M for 2023 and \$352.6M for 2023-2027.

TABLE IX-3: MARITIME DIVISION CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u> <u>2023-2027</u>
Committed Projects						
Fishing and Operations	\$ 2,391	\$ 32,051	\$ 36,043	\$ 615	\$ 1,550	\$ 72,650
Cruise Operations	20,069	22,792	1,404	0	0	44,265
Maritime Portfolio Management	8,664	26,790	2,513	0	0	37,967
Maritime General	7,203	2,780	2,540	2,090	1,520	16,133
Recreational Boating	2,300	7,000	500	0	0	9,800
Environmental Services	30	0	0	0	0	30
Subtotal - Maritime Committed CIP	\$ 40,657	\$ 91,413	\$ 43,000	\$ 2,705	\$ 3,070	\$ 180,845
Business Plan Prospective Projects	13,434	21,782	50,136	53,138	33,265	171,755
CIP Cashflow Adjustment Reserve ⁽¹⁾	(13,286)	7,972	5,314	0	0	0
Total Maritime CIP	\$ 40,805	\$ 121,167	\$ 98,450	\$ 55,843	\$ 36,335	\$ 352,600

CAPSUM

Note:

- 1) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending. The adjustment is \$13.3M for 2023.

Committed Capital Projects:

Terminal 91 Berths 6 and 8 Redevelopment: Redevelopment of vessel pier moorings and adjoining apron areas of Berths 6 and 8 along the northeast side of Pier 90 to accommodate fishing and commercial vessels.

Pier 66 Shore Power/Waterfront Electrification: This project will create a dual voltage 20-megawatt shore power system for the single cruise ship berth at Pier 66.

Fishermen’s Terminal Maritime Innovation Center: This project will update and convert the existing Seattle Ship Supply building into a new Maritime Innovation Center in support of the Port’s small business incubator program.

Other Committed Capital Projects:

Terminal 91 New Cruise Gangways: This project will fabricate and install a new gangway to support larger cruise vessels at the Smith Cove Cruise Terminal.

Pier 66 Fender Overhaul: This project will replace all fender panels, energy absorbers, and rehabilitate supporting structures.

Committed capital projects also includes replacement/preservation of docks and moorage, facility improvements, fleet replacement, and small capital (under \$300,000) projects.

Business Plan Prospective CIP:

Significant projects include:

Fishermen’s Terminal Northwest Dock Improvements: This project will replace and upgrade piers and fenders on the northwest dock and adjoining finger piers. Several existing timber piers will be replaced with concrete/steel structures.

Terminal 91 Dock Rehabilitation: Pile cap and deck panel refurbishment at Pier 90 and Pier 91.

Waterfront Clean Energy Strategy: Capital reserves related to the Seattle Waterfront Clean Energy Strategy (SWCES), a collaboration between the Port of Seattle, Northwest Seaport Alliance (NWSA) and Seattle City Light (SCL) to adopt a joint strategy to eliminate emissions from Seattle’s working waterfront.

Sustainable Evaluation Framework Reserve: Capital reserves related to the Port’s environmental and sustainability goals.

Centennial Park Shoreline Stabilization: Addresses eroding shoreline and impacts to pedestrian path.

Maritime Climate and Air Action Plan Phase I: Provides funding for projects to address carbon emissions and air pollution from maritime sources. This funding supports the implementation of the 2020 Northwest Ports Clean Air Strategy to phase out emissions from seaport-related sources by 2050.

Also included is a CIP reserve for unknown or undefined future projects.

C. ECONOMIC DEVELOPMENT DIVISION CAPITAL IMPROVEMENT PLAN

General: Projects in the Economic Development Division’s five-year CIP are primarily associated with new development of industrial property and preservation of existing assets. Also included is an investment in tenant improvements related to the releasing of space expected to become vacant as existing leases expire.

Table IX-4 below summarizes the Economic Development Division CIP from 2023-2027. The Economic Development Division CIP is \$6.7M for 2023 and \$169.7M for 2023-2027.

TABLE IX-4: ECONOMIC DEVELOPMENT CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	Total 2023-2027
Committed Projects						
Development and Planning	\$ 1,682	\$ 14,000	\$ 48,000	\$ 13,000	\$ 0	\$ 76,682
Portfolio Management	1,928	505	2,785	4,461	300	9,979
General Economic Development	797	980	750	750	750	4,027
Subtotal - EDD Committed CIP	\$ 4,407	\$ 15,485	\$ 51,535	\$ 18,211	\$ 1,050	\$ 90,688
Business Plan Prospective Projects	4,280	27,458	30,973	11,092	5,194	78,997
CIP Cashflow Adjustment Reserve ⁽¹⁾	(1,950)	1,170	780	0	0	0
Total EDD CIP	\$ 6,737	\$ 44,113	\$ 83,288	\$ 29,303	\$ 6,244	\$ 169,685

CAPSUM

Note:

- 1) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending. The adjustment is \$2.0M for 2023.

Committed Capital Projects:

Terminal 91 Uplands Development: This initial development will construct 120,000 square feet of industrial building space with minimal facility infrastructure improvements over approximately six acres of the site. The new facilities will support fishing and maritime industries. The second phase of development is under evaluation as the first phase moves forward and is not yet funded in the CIP.

Pier 66 HVAC Systems Upgrade: This project replaces the cruise terminal, conference center, and retail building’s cooling tower, chiller, variable frequency drives and other HVAC system components that are at the end of their service life.

World Trade Center HVAC Replacement: This project replaces the current HVAC system at the end of its service life with a more energy efficient system.

Other Committed projects include under-dock utility replacement at Pier 69, capitalized tenant improvements, fleet replacement, technology, and other small projects.

Business Plan Prospective CIP:

The Economic Development Division Prospective CIP is a combination of revenue/capacity growth, renewal/enhancement, environmental, and safety projects. The CIP includes reserves for strategic opportunities, Terminal 91 Uplands redevelopment utility infrastructure, access road construction near Terminal 5 and the CEM site, renewal/enhancement projects including roof and dock work, as well as technology improvements, at Pier 69. Also included is a general CIP reserve to allow for projects that cannot be determined with certainty as to location, timing, and cost.

D. CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN

The Central Services five-year CIP consists predominately of technology improvements and upgrades. Approximately half of the 2023 technology projects are refreshes of critical infrastructure and security enhancements required to maintain compliance with established industry standards and ensure availability of critical business systems. The remaining technology projects consist of new or upgraded business systems driven by business unit demands or are required to maintain system operations and on-going vendor support.

The remainder of the Central Services CIP consists of fleet replacement and small capital acquisition, which largely relate to the replacement of equipment and assets that are at or beyond the end of their useful lives. In 2023, the fleet projects will replace police patrol and other vehicles, and construction-related vehicles and equipment used by the Port Construction Services department. The remaining portion of the CIP is for engineering and surveying equipment and other small capital projects.

Table IX-5 below summarizes the Central Services CIP from 2023-2027. The Central Services CIP is \$12.0M for 2023 and \$59.9M for 2023-2027.

TABLE IX-5: CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u> <u>2023-2027</u>
Committed Projects						
ICT Business Services	\$ 4,848	\$ 4,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 18,848
General and Capital Development	287	150	410	150	390	1,387
Subtotal - Central Services Committed CIP	\$ 5,135	\$ 4,400	\$ 3,660	\$ 3,400	\$ 3,640	\$ 20,235
Business Plan Prospective Projects	12,424	12,105	7,491	3,816	3,813	39,649
CIP Cashflow Adjustment Reserve ⁽¹⁾	(5,600)	(2,700)	300	4,000	4,000	0
Total Central Services CIP	\$ 11,959	\$ 13,805	\$ 11,451	\$ 11,216	\$ 11,453	\$ 59,884

CAPSUM

Note:

- 1) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending. The adjustment is \$5.6M for 2023.

E. OTHER PORT OF SEATTLE CIP

The Port of Seattle CIP also includes North Harbor (Seattle) waterway channel deepening projects and other NWSA legacy projects. These projects are assumed to be 100% funded by the Port of Seattle, and thus are not included in the NWSA CIP to follow. Additionally, the Port CIP includes projects for its Stormwater Utility, such as a new decant facility, stormwater line work at Terminal 5, vehicle purchases, asset renewal and replacement, and small capital acquisitions.

NORTHWEST SEAPORT ALLIANCE (NWSA) CAPITAL IMPROVEMENT PLAN

The five-year NWSA CIP focuses on both strategic and maintenance projects, and invests in projects to increase the capacity, extend the life, or improve the safety or efficiency of NWSA-managed property and equipment.

Strategic investments include modernization of Terminal 5 and the construction of a stormwater treatment system, shore power design and construction at Terminal 18, replacement of the Terminal 46 bulkhead, toe wall work and berth dredging at both Husky Terminal and at Washington United Terminals (WUT), shore power system construction and major electrical equipment installation at Husky (Terminals 3 and 4), and South Harbor (Tacoma) terminal expansion projects. Maintenance investments include replacement of fender systems and rehabilitation of assigned assets.

Each homeport assumes funding of 50% of the total NWSA CIP. Although funds for a project are included in the CIP, projects are not automatically authorized to proceed; The NWSA Managing Members review and approve each project individually. To efficiently allocate resources, the NWSA uses a capital project prioritization methodology which includes two categories for internal management; “Open” projects, which are on-going or ready to move forward and have customer commitment or a high degree of certainty, and “Estimate” projects, which are based on an identified business need or opportunity but have not been fully developed in scope and cost. Only Open projects are included in the budget.

The Port of Seattle’s 50% funding total of Open-status NWSA CIP is forecast to be \$74.6M for 2023 and \$276.4M for 2023-2027. Further information on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

TABLE IX-6: NWSA CAPITAL IMPROVEMENT PLAN

The table below summarizes the Open-status NWSA CIP by homeport and shows the Port of Seattle’s 50% funding total, which is forecast to be \$74.6M for 2023 and \$276.4M for 2023-2027. A full listing of the NWSA CIP is included in Attachment 1 and further information on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

(\$ in 000's)	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	Total
Home Port						2023 - 2027
North Harbor (Seattle)	\$ 121,252	\$ 101,013	\$ 27,649	\$ 38,094	\$ 9,300	\$ 297,308
South Harbor (Tacoma)	28,016	15,951	27,200	31,300	153,000	255,467
NWSA Total	\$ 149,268	\$ 116,964	\$ 54,849	\$ 69,394	\$ 162,300	\$ 552,775
Port of Seattle's 50% funding total	\$ 74,634	\$ 58,482	\$ 27,425	\$ 34,697	\$ 81,150	\$ 276,388

PUBLIC EXPENSE

In addition to the Committed and Business Plan Prospective project categories, the Port may also invest in Public Expense projects. These are generally a collaboration with other local governments to provide funding without directly receiving an asset in return. Certain Public Expense costs are related to projects that would otherwise meet the criteria of a Committed or Business Plan Prospective capital project but are expensed (rather than capitalized) per accounting rules. Common examples of Port Public Expense projects include contributions toward improvements on non-Port properties, such as projects in support of regional transportation needs. Public Expense projects are often a required component of other Port Committed projects.

Table IX-7 below shows Public Expense projects by division from 2023-2027, which includes \$9.9M for 2023 and \$42.9M for 2023-2027.

TABLE IX-7: PUBLIC EXPENSE PROJECTS

(\$ in 000's)							
Division	CIP Description	2023	2024	2025	2026	2027	Total 2023 - 2027
Airport	Flight Corridor Safety Program	\$ 159	\$ 1,196	\$ 4,432	\$ 2,548	\$ 0	\$ 8,335
	Subtotal - Airport Public Expense Projects	\$ 159	\$ 1,196	\$ 4,432	\$ 2,548	\$ 0	\$ 8,335
Joint Venture	Gateway SR 509 Program	-	15,000	-	-	-	15,000
	Seattle Heavy Haul Network	2,250	2,275	2,000	2,000	2,000	10,525
	West Seattle Bridge	6,000	-	-	-	-	6,000
	Safe and Swift	1,500	-	720	-	-	2,220
	Fast Corridor II	-	-	799	-	-	799
	Subtotal - Joint Venture Public Expense Projects	\$ 9,750	\$ 17,275	\$ 3,519	\$ 2,000	\$ 2,000	\$ 34,544
Total Port Public Expense Projects		\$ 9,909	\$ 18,471	\$ 7,951	\$ 4,548	\$ 2,000	\$ 42,879

The Port may also incur Public Expenses related to certain non-project expenditures, such as the Port’s annual \$1.4M payment to the City of SeaTac for safety enhancements. This payment is made pursuant to an interlocal agreement between the Port and City of SeaTac and is to be used for public safety and enforcement of traffic and parking standards. This payment is not project-related and is excluded from the table above.

F. NON-RECURRING CIP IMPACT

Table IX-8 below shows certain non-recurring capital projects and their corresponding impact on the operating budget.

At the airport, the C1 Building Floor Expansion, SEA Gateway project, and Checked Baggage Optimization project account for \$1.3B of capital spending from 2023-2027 and a \$252.6M change in operating revenues as a result of additional (recovered) custodial and mechanical costs related to these projects. As the projects develop, the operating cost impact will be better determined. No material operating expenses are anticipated from 2023-2027.

For the Economic Development Division, the Terminal 91 Uplands Development (Phase I) of light-industrial buildings is expected to increase net operating income by over \$1.5M annually upon full project completion and stabilized occupancy. Other projects did not meet the criteria to be included in this table.

TABLE IX-8: NON-RECURRING CAPITAL IMPROVEMENT PLAN IMPACT ON THE OPERATING BUDGET

(\$ in 000's)	Notes	2023	2024	2025	2026	2027	Total 2023 - 2027
Aviation Division:							
C Concourse Expansion							
Capital Spending		\$ 31,996	\$ 94,904	\$ 106,469	\$ 60,982	\$ 5,620	\$ 299,971
Change in Operating Revenues	1	-	-	-	-	33,431	33,431
Change in Operating Expenses		-	-	-	-	223	223
SEA Gateway							
Capital Spending		152,567	91,995	58,904	54,067	9,872	367,405
Change in Operating Revenues	1	-	-	24,898	30,351	32,695	87,944
Change in Operating Expenses		-	-	-	-	-	-
Checked Baggage Optimization							
Capital Spending		131,600	173,900	141,150	121,150	23,760	591,560
Change in Operating Revenues	1	-	-	27,111	45,500	58,605	131,216
Change in Operating Expenses		-	-	-	-	-	-
Aviation Subtotal							
Capital Spending		\$ 316,163	\$ 360,799	\$ 306,523	\$ 236,199	\$ 39,252	\$1,258,936
Change in Operating Revenues		\$ 0	\$ 0	\$ 52,009	\$ 75,851	\$ 124,732	\$ 252,591
Change in Operating Expenses		\$ 0	\$ 0	\$ 0	\$ 0	\$ 223	\$ 223
Economic Development Division:							
Terminal 91 Uplands Dev. Phase I							
Capital Spending		\$ 1,682	\$ 14,000	\$ 48,000	\$ 13,000	\$ 0	\$ 76,682
Change in Operating Revenues		-	-	-	848	1,659	2,508
Change in Operating Expenses		-	-	-	148	159	307
Port-wide Total							
Capital Spending		\$ 317,845	\$ 374,799	\$ 354,523	\$ 249,199	\$ 39,252	\$1,335,618
Change in Operating Revenues		\$ 0	\$ 0	\$ 52,009	\$ 76,699	\$ 126,391	\$ 255,099
Change in Operating Expenses		\$ 0	\$ 0	\$ 0	\$ 148	\$ 382	\$ 530

Table X-8.xls

Note:

- 1) The estimated debt service for this project will be incorporated into the terminal rental cost recovery formula and thus increase revenues.

The following reports provide detail of the projects included in the Port’s 2023-2027 Capital Improvement Plan (CIP):

- The projects are organized by the two categories: *Committed* and *Business Plan Prospective*
- Each project is assigned a number 1 - 6 based on its capital development progress status:
 - Committed
 - 6 = Completed (may have final payment cashflows)
 - 5 = Construction authorized
 - 4 = Design funding authorized
 - 3 = Division level authorized
 - Business Plan Prospective
 - 2 = Business sponsor approved
 - In addition, the Port may have “Other Prospective” projects (Status 1). These projects have been identified as potential future investments but are not included in the CIP.
 - Attachment 1 provides the detail of the NWSA Capital Improvement Plan organized by home port.

This page intentionally left blank.

5 Year Capital Budget by CIP number

Page: 1
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM



Report: PX_PC416POS

Committed Projects

Selection
Start Year: 2022
Business Unit: POS
Project Status: 3-6
Division: (ALL)
Sponsor: (ALL)
CIP Group: (ALL)



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 2
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
Aviation Division										
Airfield										
6	C801035	Remote Aircraft Deicing	0	0	0	0	0	0	9,207	9,065
CIP Group: Aeronautical Facilities			0	0	0	0	0	0	9,207	9,065
6	C801051	161D Cargo Bldg Modificat	0	0	0	0	0	0	542	543
6	C801089	Air Cargo 5 Ground Brd Fa	0	0	0	0	0	0	566	566
4	C801179	Building 161E Renovation	1,424	3,798	7,066	1,529	0	13,817	13,991	102
CIP Group: Air Cargo			1,424	3,798	7,066	1,529	0	13,817	15,099	1,211
5	C800335	GSE Electrical Chrg Stati	5,389	1,034	0	0	0	6,423	37,871	28,820
5	C800585	Wi-Fi Enhancement Project	4,311	1,650	186	0	0	6,147	16,297	9,659
6	C800781	SSAT Narrow Body Configur	0	0	0	0	0	0	5,500	5,500
5	C800838	Hardstand Equipment Purch	0	0	0	0	0	0	9,780	9,781
6	C800842	AOA Perimeter Fence Line	0	0	0	0	0	0	6,932	6,510
6	C800914	2018 Taxiway Improvement	0	0	0	0	0	0	34,232	34,232
6	C800986	Conc C Ramp Space Renovat	0	0	0	0	0	0	1,642	1,641
4	C801157	South188th Tunnel Lightin	4,730	12,805	6,046	0	0	23,581	24,499	377
4	C801171	Snow Storage Expansion	5,786	8,164	2,116	0	0	16,066	17,501	782
4	C801172	Water Reservoir Rehabilit	1,138	1,490	167	0	0	2,795	3,145	116
4	C801173	Tyee Pond Effluent Pipe R	1,296	558	226	0	0	2,080	2,541	145
5	C801218	IAF Maintenance path fenc	66	0	0	0	0	66	1,203	421
5	C801227	Airfield Snow Equipment	2,548	0	0	0	0	2,548	8,620	1,072
CIP Group: Airfield Miscellaneous			25,264	25,701	8,741	0	0	59,706	169,763	99,056



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 3
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
6	C800483	AFLD Pvmnt Program 2016-2	0	0	0	0	0	0	24,120	24,120
5	C800930	2021-25 AFLD Pvmnt&Spprt	30,470	40,166	24,182	6,259	0	101,077	152,941	29,948
CIP Group: Airfield Pavement			30,470	40,166	24,182	6,259	0	101,077	177,061	54,068
5	C800650	Surface Area Management S	6,890	2,987	0	0	0	9,877	13,101	2,724
CIP Group: Navigational Nav aids			6,890	2,987	0	0	0	9,877	13,101	2,724
Sub Total for: Airfield			64,048	72,652	39,989	7,788	0	184,477	384,231	166,124
Aviation Division Wide										
5	C800066	AV/IT Small Capital Proje	0	0	0	0	0	0	10,337	10,268
5	C801212	AV IT Small Capital 2021-	1,400	1,400	2,071	0	0	4,871	7,001	713
CIP Group: IT Projects			1,400	1,400	2,071	0	0	4,871	17,338	10,980
6	C800760	Auburn Mitigation Road Re	0	0	0	0	0	0	556	555
6	C800794	Fire Pump Replacement	0	0	0	0	0	0	2,376	1,919
6	C801148	Meditation Room Reloc - S	0	0	0	0	0	0	906	907
4	C801256	2022 Eastside Firestation	2,155	9,081	9,692	3,594	0	24,522	25,006	219
CIP Group: Miscellaneous			2,155	9,081	9,692	3,594	0	24,522	28,844	3,600
6	C800017	Aviation Small Jobs	0	0	0	0	0	0	9,968	9,970
6	C800099	Aviation Small Capital	0	0	0	0	0	0	5,863	5,862
CIP Group: Small Projects			0	0	0	0	0	0	15,831	15,832
Sub Total for: Aviation Division Wide			3,555	10,481	11,763	3,594	0	29,393	62,013	30,412
Business Development										
4	C800154	Tenant Reimbursement	426	425	525	466	0	1,842	6,709	4,175



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 4
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Bus. Development Miscellaneous			426	425	525	466	0	1,842	6,709	4,175
5	C800846	Kiosk Program Expansion	0	0	0	0	0	0	1,236	776
5	C800886	Central Terminal Enhancem	52	0	0	0	0	52	3,788	2,119
4	C801111	Airport Food_Bev Intro Ki	1,336	3,126	530	0	0	4,992	5,500	83
5	C801281	ADR NSAT Kiosks	0	0	0	0	0	0	418	1
CIP Group: Concessions			1,388	3,126	530	0	0	5,044	10,942	2,978
5	C800655	IWS Segregation Meters (C	0	0	0	0	0	0	3,491	2,771
6	C800832	NERA Street Purchase	0	0	0	0	0	0	751	751
6	C800883	DL Inflight Svcs Relocate	0	0	0	0	0	0	1,261	1,261
5	C800949	WSDOT Property Purchase	0	0	0	0	0	0	3,500	2,936
5	C800950	Cargo Buildings Improve	2,292	543	796	766	111	4,508	6,610	1,057
5	C801055	Main Terminal Space Conve	0	0	0	0	0	0	3,485	1,505
4	C801146	Delta ACC Relocation	2,091	347	0	0	0	2,438	5,000	50
CIP Group: Properties			4,383	890	796	766	111	6,946	24,098	10,331
Sub Total for: Business Development			6,197	4,441	1,851	1,232	111	13,832	41,749	17,485
Infrastructure										
4	C800762	Telecommunication Meet Me	7,045	9,596	3,518	106	0	20,265	21,349	492
6	C800805	Duress System Replacement	0	0	0	0	0	0	696	695
4	C801161	Communication Enhancement	1,925	3,738	4,118	607	0	10,388	11,002	263
CIP Group: Communication Systems			8,970	13,334	7,636	713	0	30,653	33,047	1,450
4	C800061	MT Low Voltage Sys Upgrad	24,425	25,983	19,892	0	0	70,300	86,758	9,658
6	C800538	Alternate Utility Facilit	0	0	0	0	0	0	32,572	32,574



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 5
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
5	C800699	Electric Utility SCADA	2,624	0	0	0	0	2,624	11,470	5,843
5	C800724	Concourse C New Power Cen	57	0	0	0	0	57	9,239	8,184
5	C800784	Emergency Generator Cont	273	0	0	0	0	273	2,501	1,611
6	C800811	Chiller Panel Upgrade	0	0	0	0	0	0	324	323
5	C800826	Arc Flash Mitigation	50	0	0	0	0	50	5,303	4,109
4	C800901	Parking Garage Low Volt.	3,019	6,000	3,064	0	0	12,083	12,546	199
5	C800944	Building Controls Upgrade	4,227	3,226	0	0	0	7,453	9,788	632
4	C801280	Concourse Low Voltage Upg	5,278	9,548	10,613	2,137	0	27,576	28,354	513
CIP Group: Electrical Infrastructure			39,953	44,757	33,569	2,137	0	120,416	198,855	63,646
4	C102066	Art Pool	5,250	5,850	6,800	5,300	537	23,737	27,523	649
5	C800945	Terminal Solid Waste Impr	10,092	28	0	0	0	10,120	12,384	1,630
6	C800980	SD Pond Bird Deterrent Im	0	0	0	0	0	0	6,492	6,477
CIP Group: F&I Miscellaneous Projects			15,342	5,878	6,800	5,300	537	33,857	46,399	8,756
4	C801177	AF Utility Improvements	7,131	14,559	17,436	5,921	0	45,047	46,200	475
4	C801234	IWTP Program	2,164	15,656	31,534	40,532	35,121	125,007	127,004	359
CIP Group: Industrial Waste System			9,295	30,215	48,970	46,453	35,121	170,054	173,204	833
5	C800924	AC4 Av/Maintenance Upgrad	1,651	20	0	0	0	1,671	3,379	634
CIP Group: Maintenance Facilities			1,651	20	0	0	0	1,671	3,379	634
6	C800497	Airportwide Mech Controls	0	0	0	0	0	0	2,996	2,998
6	C800658	Mech Energy Conservation	0	0	0	0	0	0	5,158	5,156
6	C800722	CT Infrastructure Upgrade	0	0	0	0	0	0	19,243	18,477
5	C800798	SSAT Infrastructure HVAC	2,265	0	0	0	0	2,265	39,142	36,027



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 6
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
6	C800801	Replace Variable Freq. Dr	0	0	0	0	0	0	3,495	3,282
6	C801027	Building Automation Sys U	0	0	0	0	0	0	563	563
5	C801149	Tempor Air Handler Concou	1,985	6	0	0	0	1,991	2,981	206
5	C801181	Chiller Panel Upgrades -	270	0	0	0	0	270	1,292	32
CIP Group: Mechanical Infrastructure			4,520	6	0	0	0	4,526	74,870	66,741
5	C800493	Emergency Backup Water Su	1,082	943	0	0	0	2,025	2,740	577
5	C800717	N. Terminals Utilities Up	6,111	7,000	5,190	0	0	18,301	38,889	20,220
5	C801036	Departure Drive Drainage	390	0	0	0	0	390	1,255	122
4	C801224	1947 Water Main - DBB	1,041	2,324	588	0	0	3,953	4,318	4
5	C801271	SSAT Water Tank Replace	0	0	0	0	0	0	1,100	107
CIP Group: Water Infrastructure			8,624	10,267	5,778	0	0	24,669	48,302	21,031
Sub Total for: Infrastructure			88,355	104,477	102,753	54,603	35,658	385,846	578,056	163,092
Landside										
5	C800956	Employee Parking Bus Purc	0	0	0	0	0	0	7,689	7,689
5	C800957	NEPL Improvements	5,300	5,764	3,382	0	0	14,446	17,414	861
CIP Group: Employee Parking			5,300	5,764	3,382	0	0	14,446	25,103	8,550
4	C801186	S 160th St Lot TNC Improv	3,665	1,426	579	0	0	5,670	6,587	136
CIP Group: Landside Miscellaneous Project			3,665	1,426	579	0	0	5,670	6,587	136
5	C800728	Parking System Replacemen	0	0	0	0	0	0	5,500	4,765
5	C800789	Parking Garage Elevators	4,267	4,569	2,864	0	0	11,700	20,997	7,051
5	C800870	Parking Revenue Infrastru	4,796	1,110	0	0	0	5,906	20,934	12,017



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 7
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Public Parking			9,063	5,679	2,864	0	0	17,606	47,431	23,833
5	C800810	Rental Car Facility Bus P	0	0	0	0	0	0	4,403	0
6	C800929	RCF Fleet Tracking & Disp	0	0	0	0	0	0	909	907
5	C800975	RCF Camera Replacement	474	0	0	0	0	474	2,232	1,278
5	C800977	RCF Pavement Remediation	1,400	817	0	0	0	2,217	8,926	5,731
4	C801110	RCF Security Improvements	145	0	0	0	0	145	4,735	2,786
CIP Group: Rental Cars			2,019	817	0	0	0	2,836	21,205	10,701
6	C102112	Service Tunnel Renewal/Re	0	0	0	0	0	0	35,277	35,279
5	C102162	Air Cargo Rd Safety Imp	61	0	0	0	0	61	8,256	7,202
4	C800866	Widen Arrivals Roadway	4,563	29,558	28,202	1,845	1,198	65,366	78,798	4,075
CIP Group: Roadways			4,624	29,558	28,202	1,845	1,198	65,427	122,331	46,556
Sub Total for: Landside			24,671	43,244	35,027	1,845	1,198	105,985	222,657	89,776
Security										
6	C800642	Video System Improvements	0	0	0	0	0	0	12,653	12,653
5	C800844	Perimeter Intrusion Detec	20,978	3,021	0	0	0	23,999	28,495	2,909
5	C800862	Terminal Security Enhance	7,966	2,535	0	0	0	10,501	21,241	5,260
5	C800876	INTERIM WESTSIDE FIRESTAT	463	0	0	0	0	463	10,273	9,188
6	C800878	ARFF Vehicle Replacements	0	0	0	0	0	0	1,813	1,813
5	C800920	ASL Conversion at Checkpo	0	0	0	0	0	0	5,240	4,626
5	C800934	Employee Services Center	71	0	0	0	0	71	10,612	8,530
6	C800979	Fire Engines & RIV	0	0	0	0	0	0	1,792	1,793
5	C801093	Checkpoint 1 Relocation	18,781	11,006	296	0	0	30,083	39,998	2,876
5	C801119	Load Dock Employee Screen	1,128	78	0	0	0	1,206	1,700	52



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 8
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
4	C801150	Biometric Air Exit	0	0	0	0	0	0	1,501	1,048
5	C801153	FES Relocation - North ST	124	0	0	0	0	124	1,385	612
5	C801159	Exit Breach Cntrl Replace	239	0	0	0	0	239	4,109	1,153
4	C801237	Secured Area Vehicle Chec	3,526	455	0	0	0	3,981	4,300	154
CIP Group: Security Projects			53,276	17,095	296	0	0	70,667	145,112	52,668
Sub Total for: Security			53,276	17,095	296	0	0	70,667	145,112	52,668
Sustainable Airport Master PI										
5	C801109	SAMP Near Term Planning	1,150	196	0	0	0	1,346	10,000	6,375
CIP Group: SAMP Near Term Projects			1,150	196	0	0	0	1,346	10,000	6,375
Sub Total for: Sustainable Airport Master PI			1,150	196	0	0	0	1,346	10,000	6,375
Terminal and Tenants										
6	C800555	NS Refurbish Baggage Syst	0	0	0	0	0	0	18,231	18,230
5	C800612	Checked Bag Recap/Optimiz	131,600	173,900	141,150	121,150	23,760	591,560	954,133	282,157
6	C800836	Add'l Baggage Makeup Spac	0	0	0	0	0	0	18,499	18,500
3	C801127	Baggage Claim 15&16 Repla	2,500	6,000	4,950	633	0	14,083	14,326	19
CIP Group: Baggage Systems			134,100	179,900	146,100	121,783	23,760	605,643	1,005,189	318,906
5	C800841	Tenant Network DMARC Upgr	169	0	0	0	0	169	2,705	1,951
CIP Group: Communication Systems			169	0	0	0	0	169	2,705	1,951
5	C800779	Safedock Upgrade & Expans	2,502	0	0	0	0	2,502	18,471	12,554
6	C800873	Concourse B Gate Reconfig	0	0	0	0	0	0	7,927	7,926
CIP Group: Gates			2,502	0	0	0	0	2,502	26,398	20,481



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 9
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
6	C800544	NS NorthSTAR Program	0	0	0	0	0	0	4,239	4,238
5	C800556	NS NSAT Renov NSTS Lobbie	979	0	0	0	0	979	670,878	646,470
5	C800638	Concessions Infrastructur	0	0	0	0	0	0	7,888	7,077
5	C800697	Restroom Upgrades Conc B,	12,990	5,600	10,206	0	0	28,796	61,652	24,171
6	C800743	SSAT Renovation Project	0	0	0	0	0	0	0	0
6	C800766	Conc A, B, C Carpet Repla	0	0	0	0	0	0	1,803	1,803
6	C800770	Concourse B Roof Replacem	0	0	0	0	0	0	4,480	4,481
5	C800898	Airport Signage Phase 1	25	0	0	0	0	25	1,909	1,878
5	C800959	Seating Repl. and Elec. I	4,224	62	0	0	0	4,286	10,225	589
CIP Group: Interior Improvements			18,218	5,662	10,206	0	0	34,086	763,074	690,707
5	C800793	PLB Renew & Replace Phase	0	0	0	0	0	0	11,925	10,463
6	C801094	Gate S12 PLB Replacement	0	0	0	0	0	0	1,275	1,275
5	C801160	A12A Jet Bridge	4,084	0	0	0	0	4,084	8,653	638
4	C801180	PLB Renew and Replacement	5,307	2,610	1,278	0	0	9,195	13,996	3,067
CIP Group: Loading Bridges			9,391	2,610	1,278	0	0	13,279	35,849	15,443
5	C801043	Upgrades STS Train Contro	28,422	17,173	17,053	1,965	0	64,613	75,249	2,276
CIP Group: STS			28,422	17,173	17,053	1,965	0	64,613	75,249	2,276
5	C800583	International Arrivals Fa	11,479	0	0	0	0	11,479	948,788	924,576
6	C800702	2015-2016 C Conc Roof Rep	0	0	0	0	0	0	3,978	3,979
6	C800761	B Concourse Ramp Lvl Hold	0	0	0	0	0	0	5,807	5,808
6	C800769	Concourse D Hardstand Hol	0	0	0	0	0	0	34,812	34,812
6	C800818	SSAT Structural Improve	0	0	0	0	0	0	2,751	2,753



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 10
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
6	C800833	Holdroom Seatings for Con	0	0	0	0	0	0	6,109	6,111
4	C800845	C Concourse Expansion	31,996	94,904	106,469	60,982	5,620	299,971	316,279	11,811
5	C801118	Zone 2 Common Use Convers	1,035	0	0	0	0	1,035	1,923	411
4	C801158	Post IAF Airline Realignm	18,948	23,294	17,286	6,675	0	66,203	69,001	728
5	C801184	Smart Restrooms	967	0	0	0	0	967	1,297	20
5	C801188	PAX Flow Measurements	330	250	0	0	0	580	630	0
5	C801205	Concourse A Lounge Expans	46,110	45,730	4,083	0	0	95,923	104,950	2,762
4	C801207	Port Shared-Lounge Conc A	11,747	8,416	2,492	0	0	22,655	23,952	178
5	C801233	Inform RMS Upgrade	738	0	0	0	0	738	1,300	12
CIP Group: Terminal Facilities			123,350	172,594	130,330	67,657	5,620	499,551	1,521,577	993,961
6	C800925	Zone 3 Common Use Counter	0	0	0	0	0	0	671	670
5	C801204	North MT Redevelopment	152,567	91,995	58,904	54,067	9,872	367,405	399,999	14,306
5	C801272	SEA Virtual Queue	200	0	0	0	0	200	1,191	62
CIP Group: Ticketing Strategy			152,767	91,995	58,904	54,067	9,872	367,605	401,861	15,038
Sub Total for: Terminal and Tenants			468,919	469,934	363,871	245,472	39,252	1,587,448	3,831,902	2,058,763
Third Runway										
5	C801156	Miller Creek Culvert Repl	800	0	0	0	0	800	800	0
CIP Group: Third Runway			800	0	0	0	0	800	800	0
Sub Total for: Third Runway			800	0	0	0	0	800	800	0
SubTotal for: Aviation Division			710,971	722,520	555,550	314,534	76,219	2,379,794	5,276,520	2,584,695
Corporate P&TS										
Corporate P&TS Capital Project										
5	C800009	Infrastructure - Small Ca	1,500	1,500	1,500	1,500	1,500	7,500	38,235	21,833



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 11
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
5	C800012	Services Technology Small	1,500	1,500	1,500	1,500	1,500	7,500	27,693	11,484
3	C800016	Enterprise GIS - Small Ca	250	250	250	250	250	1,250	4,621	1,872
5	C801015	New Budget System	61	0	0	0	0	61	500	431
5	C801063	Office Wi-Fi Refresh	1,077	1,000	0	0	0	2,077	2,500	323
4	C801083	Phone System Upgrade	120	0	0	0	0	120	1,900	684
4	C801136	Environmental Management	0	0	0	0	0	0	415	10
5	C801166	Energy Management System	340	0	0	0	0	340	540	0
CIP Group: Information Technology			4,848	4,250	3,250	3,250	3,250	18,848	76,404	36,636
3	C800450	CDD Fleet Replacement	0	0	0	0	0	0	4,119	3,875
3	C800453	Engineering Small Cap	187	50	310	50	190	787	3,635	1,536
3	C800458	Corporate Fleet Replaceme	0	0	0	0	0	0	3,524	3,505
4	C801147	FEMA Police Boat Acquisit	0	0	0	0	0	0	545	546
4	C801260	2022 Bomb Disposal Robot	0	0	0	0	0	0	350	0
CIP Group: Other Corporate Capital Projec			187	50	310	50	190	787	12,173	9,462
5	C800051	Small Capital Acquisition	100	100	100	100	200	600	3,579	1,829
CIP Group: Small Capital Acquisition			100	100	100	100	200	600	3,579	1,829
Sub Total for: Corporate P&TS Capital Project			5,135	4,400	3,660	3,400	3,640	20,235	92,156	47,928
SubTotal for: Corporate P&TS			5,135	4,400	3,660	3,400	3,640	20,235	92,156	47,928
Economic Development Division										
Development & Planning										
4	C800158	T91 Uplands Dev Phase I	1,682	14,000	48,000	13,000	0	76,682	79,091	1,296
CIP Group: Real Estate Development			1,682	14,000	48,000	13,000	0	76,682	79,091	1,296



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 12
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
Sub Total for: Development & Planning			1,682	14,000	48,000	13,000	0	76,682	79,091	1,296
General Economic Development										
3	C800990	EDD Fleet 2021	0	0	0	0	0	0	0	0
3	C801085	EDD Fleet 2020	0	0	0	0	0	0	0	0
3	C801151	EDD: 2021 Small Projects	0	0	0	0	0	299	40	
3	C801214	EDD Fleet 2022 Beyond	0	0	0	0	0	0	0	0
3	C801216	EDD 2022 Small Projects	0	730	0	0	0	730	732	2
3	C801285	EDD 2023 Small Projects +	0	0	500	500	500	1,500	3,500	0
CIP Group: ED Small Projects			0	730	500	500	500	2,230	4,531	42
3	C800244	EDD Technology Projects	250	250	250	250	250	1,250	2,901	152
6	C800887	P69 Comm Chambers/Lobby R	0	0	0	0	0	420	420	420
5	C801102	P69 Underdock Utility Rpl	547	0	0	0	0	547	3,434	411
3	C801162	P69 Small Cap (SPMG)	0	0	0	0	0	115	116	116
CIP Group: General ECON DEV - Other			797	250	250	250	250	1,797	6,870	1,100
Sub Total for: General Economic Development			797	980	750	750	750	4,027	11,401	1,142
Portfolio Management										
5	C800199	WTC HVAC Replacement	22	0	0	0	0	22	4,069	3,791
5	C801016	CW Bridge Elev Modernizat	7	0	0	0	0	7	3,337	1,599
CIP Group: Central Waterfront			29	0	0	0	0	29	7,406	5,390
5	C800889	P66 BHICC Interior Modern	0	0	0	0	0	10,531	10,523	
CIP Group: Conf & Event Centers BHICC			0	0	0	0	0	10,531	10,523	
6	C801006	P66 HVAC Systems Upgrade	0	0	0	0	0	670	670	670



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 13
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
5	C801103	P66 Roof Upgrades	556	0	0	0	0	556	1,907	688
5	C801104	WTCW Roof Replacement	1,003	25	0	0	0	1,028	2,254	130
3	C801220	P66 Retail HVAC Upgrade	40	180	2,485	4,161	0	6,866	6,926	55
CIP Group: Portfolio Mgmt Other			1,599	205	2,485	4,161	0	8,450	11,757	1,543
3	C800126	Tenant Improvements -Capi	300	300	300	300	300	1,500	5,979	2,864
CIP Group: Tenant Improvements			300	300	300	300	300	1,500	5,979	2,864
Sub Total for: Portfolio Management			1,928	505	2,785	4,461	300	9,979	35,673	20,320
SubTotal for: Economic Development Division			4,407	15,485	51,535	18,211	1,050	90,688	126,165	22,759
Maritime Division										
Cruise Operations										
4	C800120	P66 Shore Power	15,390	12,237	0	0	0	27,627	32,500	910
3	C800129	T91 New Cruise Gangways	500	8,200	0	0	0	8,700	8,800	50
3	C800613	Cruise Cap Allow - CTA Le	200	0	0	0	0	200	777	377
4	C800614	Cruise per Passenger Allo	40	0	0	0	0	40	80	0
4	C800674	P66 Fender Overhaul	3,939	2,355	1,404	0	0	7,698	8,060	192
6	C801190	Cruise Upgrades COVID19	0	0	0	0	0	0	0	0
CIP Group: Cruise			20,069	22,792	1,404	0	0	44,265	50,217	1,529
Sub Total for: Cruise Operations			20,069	22,792	1,404	0	0	44,265	50,217	1,529
Environmental Services										
5	C800995	T117 Restoration	30	0	0	0	0	30	18,997	16,022
CIP Group: Environmental			30	0	0	0	0	30	18,997	16,022
Sub Total for: Environmental Services			30	0	0	0	0	30	18,997	16,022



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 14
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
Fishing and Operations										
6	C800531	FT Docks 3,4,5 Fixed Pier	0	0	0	0	0	0	1,734	1,734
CIP Group: Fishermen's Terminal - Water			0	0	0	0	0	0	1,734	1,734
3	C800999	Harbor Mooring Dolphins	0	0	43	115	1,550	1,708	7,500	27
4	C801300	T46 Substation 1 Repl POS	93	1,340	0	0	0	1,433	1,494	0
CIP Group: Maritime Operations - Other			93	1,340	43	115	1,550	3,141	8,994	27
4	C102475	T91 Berth 6 & 8 Redev	734	30,711	36,000	500	0	67,945	70,126	1,410
5	C801097	T91 Northwest Fender	7	0	0	0	0	7	5,987	5,714
4	C801243	T91 Piers Domestic Water	757	0	0	0	0	757	846	18
3	C801289	T91 Substation 10 Replace	800	0	0	0	0	800	881	1
CIP Group: Maritime Operations - T91			2,298	30,711	36,000	500	0	69,509	77,840	7,144
Sub Total for: Fishing and Operations			2,391	32,051	36,043	615	1,550	72,650	88,568	8,905
Maritime General										
5	C800729	Marina Mgt Sys Replacemen	0	0	0	0	0	0	760	757
3	C801073	MD Tenant Improvements -	250	250	250	250	250	1,250	2,750	0
3	C801074	JBP Pier Replacement	0	0	0	0	0	0	249	220
4	C801249	T86 Park Lift Station Rep	470	0	0	0	0	470	605	25
CIP Group: Maritime General Other			720	250	250	250	250	1,720	4,364	1,003
3	C102395	Maritime Technology Proje	250	250	250	250	250	1,250	5,560	2,936
3	C800561	MD: 2019 Small Projects	0	0	0	0	0	0	695	694
3	C800816	MD: 2016 Small Projects	0	0	0	0	0	0	1,344	1,275
3	C801003	MD: 2018 Small Projects	0	0	0	0	0	0	1,359	1,318



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 15
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
3	C801086	MD Fleet 2020	266	0	0	0	0	266	1,299	322
3	C801088	MD: 2020 Small Projects	0	0	0	0	0	0	1,380	1,149
3	C801090	MD Fleet 2019	0	0	0	0	0	0	1,639	1,640
3	C801091	MD Fleet 2021	1,849	0	0	0	0	1,849	2,927	525
3	C801152	MD: 2021 Small Projects	71	0	0	0	0	71	554	91
3	C801215	MD Fleet 2022	600	0	0	0	0	600	1,605	0
3	C801217	MD 2022 Small Projects	1,372	0	0	0	0	1,372	2,644	28
3	C801284	MD Fleet 2023 Beyond	2,075	1,780	1,540	1,090	520	7,005	9,680	0
3	C801286	MD 2023 Small Projects +	0	500	500	500	500	2,000	4,500	0
CIP Group: Maritime Small Projects			6,483	2,530	2,290	1,840	1,270	14,413	35,186	9,977
Sub Total for: Maritime General			7,203	2,780	2,540	2,090	1,520	16,133	39,550	10,980
Maritime Portfolio Management										
4	C801084	FT Maritime Innovation Ce	3,297	16,750	2,286	0	0	22,333	25,057	1,755
4	C801164	FT C-14 Downey Bldg Impro	1,788	1,936	6	0	0	3,730	4,032	119
5	C801198	FT ADA Compliance Project	7	0	0	0	0	7	1,232	179
4	C801211	FT Site Improvements	250	1,860	220	0	0	2,330	3,471	729
CIP Group: Fishermens Terminal - Land			5,342	20,546	2,512	0	0	28,400	33,792	2,782
4	C801163	P90E Timber Pile Caps	348	569	0	0	0	917	1,007	60
3	C801291	T106 Bldg 2 Roof Replace	1,650	0	0	0	0	1,650	1,700	0
4	C801331	T106 CPB Facility POS	0	849	0	0	0	849	849	0
CIP Group: Maritime Industrial Facilities			1,998	1,418	0	0	0	3,416	3,556	60
3	C801241	MIC Electrical Replacemen	1,324	4,826	1	0	0	6,151	6,413	26



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 16
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Maritime Industrl Cntr - Land			1,324	4,826	1	0	0	6,151	6,413	26
Sub Total for: Maritime Portfolio Management			8,664	26,790	2,513	0	0	37,967	43,761	2,867
Recreational Boating										
3	C800539	BHM Pile Wrap & Cathodic	500	3,270	500	0	0	4,270	4,349	50
CIP Group: Bell Harbor Marina			500	3,270	500	0	0	4,270	4,349	50
4	C800678	T102 HIM E Dock	1,500	2,724	0	0	0	4,224	4,780	435
4	C801200	HIM E Dock Power Improvem	0	0	0	0	0	0	435	435
CIP Group: Harbor Island Marina			1,500	2,724	0	0	0	4,224	5,215	870
5	C800355	SBM Paving	0	0	0	0	0	0	2,074	2,075
5	C800356	SBM Restrms/Service Bldgs	0	0	0	0	0	0	12,616	12,614
5	C800570	SBM Dock X Pier Replaceme	300	1,006	0	0	0	1,306	1,664	253
CIP Group: Shilshole Bay Marina - Water			300	1,006	0	0	0	1,306	16,354	14,942
Sub Total for: Recreational Boating			2,300	7,000	500	0	0	9,800	25,918	15,862
SubTotal for: Maritime Division			40,657	91,413	43,000	2,705	3,070	180,845	267,011	56,165
NWSA Joint Venture										
Lease & Asset Management										
3	C800593	West Waterway Deepening	1,350	12,600	13,860	0	0	27,810	28,000	41
CIP Group: Dredging			1,350	12,600	13,860	0	0	27,810	28,000	41
4	C801155	T-30 Bulkhead Stabilizati	0	0	0	0	0	0	664	665
CIP Group: Terminal 30			0	0	0	0	0	0	664	665
5	C800563	T46 Viaduct Driven Capita	50	0	0	0	0	50	280	232
4	C800620	T46 Pub Acc Mitigation at	0	0	0	0	0	0	1,817	1,820



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 17
Run By: ARR528
Date/Time: 10/12/2022 08:46:01 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Terminal 46			50	0	0	0	0	50	2,097	2,052
5	C102858	T5 Street Vacation Comple	0	0	0	0	0	0	1,415	1,414
6	C801107	T5 Pile Remove Net Tie-Of	0	0	0	0	0	0	281	280
CIP Group: Terminal 5			0	0	0	0	0	0	1,696	1,694
Sub Total for: Lease & Asset Management			1,400	12,600	13,860	0	0	27,860	32,457	4,451
SubTotal for: NWSA Joint Venture			1,400	12,600	13,860	0	0	27,860	32,457	4,451
Stormwater Utility										
SWU General										
5	C800895	T18 SW outfall upgrade	0	0	0	0	0	0	2,589	2,531
6	C800991	PW Stormwater Sys Renewal	0	0	0	0	0	0	342	341
CIP Group: SWU Large Capital			0	0	0	0	0	0	2,931	2,873
3	C800837	SWU Small Capital	1,065	1,000	800	500	500	3,865	7,809	1,350
CIP Group: SWU Small Projects			1,065	1,000	800	500	500	3,865	7,809	1,350
Sub Total for: SWU General			1,065	1,000	800	500	500	3,865	10,740	4,222
SubTotal for: Stormwater Utility			1,065	1,000	800	500	500	3,865	10,740	4,222
Grand Total:			763,635	847,418	668,405	339,350	84,479	2,703,287	5,805,049	2,720,220

5 Year Capital Budget by CIP number

Page: 1
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM



Report: PX_PC416POS

Business Plan Prospective Projects

Selection
Start Year: 2022
Business Unit: (ALL)
Project Status: 2-2
Division: (ALL)
Sponsor: (ALL)
CIP Group: (ALL)



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 2
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
Aviation Division										
Airfield										
2	C801134	AvOps Wildlife Storage Bu	170	469	111	0	0	750	801	1
CIP Group: Aeronautical Facilities			170	469	111	0	0	750	801	1
2	C801304	Cargo 161D, 165A, and 161	38	1,279	3,986	19,500	29,803	54,606	78,214	0
2	C801288	BLD 167A B Cargo Access	390	168	0	0	0	558	592	0
CIP Group: Air Cargo			428	1,447	3,986	19,500	29,803	55,164	78,806	0
2	C801303	Taxiway A Circuit Replace	2,404	6,683	26,986	3,393	0	39,466	39,500	0
2	C801302	Airfield Circuit Replacem	231	2,484	9,858	43,708	88,659	144,940	199,987	0
2	C801228	AV Maintenance Lift Truck	800	0	0	0	0	800	800	0
2	C801185	Keys to Card Readers	300	668	881	49	0	1,898	1,946	5
2	C801187	Potable Water Box Replace	409	731	1,015	0	0	2,155	2,204	2
CIP Group: Airfield Miscellaneous			4,144	10,566	38,740	47,150	88,659	189,259	244,437	7
Sub Total for: Airfield			4,742	12,482	42,837	66,650	118,462	245,173	324,044	8
Aviation Division Wide										
2	C801311	Const. Logistic Site Expa	1,183	3,811	10,429	1,671	0	17,094	17,113	0
2	C801120	PCS Yard Trailer	211	121	411	469	232	1,444	1,502	27
2	C801232	EV Chargers for AV Fleet	356	471	0	0	0	827	933	21
CIP Group: Facilities			1,750	4,403	10,840	2,140	232	19,365	19,548	48
2	C801321	Access Control ICS Networ	68	154	1,867	510	0	2,599	2,599	0
2	C801315	CUSS Renewal/Replacement	45	553	1,732	2,632	540	5,502	5,800	0
2	C801045	Common Use System Replace	2,100	1,600	0	0	0	3,700	3,750	0



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 3
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: IT Projects			2,213	2,307	3,599	3,142	540	11,801	12,149	0
2	C801235	Learning center Re-roof	415	1,231	1,246	0	0	2,892	3,009	0
2	C801141	CIP Cashflow Mgmt Reserve	-120,759	72,455	48,304	0	0	0	0	0
2	C800754	Non-Aeronautical Reserve	0	4,000	10,000	10,000	14,000	38,000	198,000	0
2	C800753	Aeronautical Reserve	0	15,000	15,000	60,000	135,000	225,000	3,123,031	0
CIP Group: Miscellaneous			-120,344	92,686	74,550	70,000	149,000	265,892	3,324,040	0
2	C801341	AV Small Capital Purchase	3,138	2,000	2,000	2,000	862	10,000	10,000	0
2	C800752	AV Small Capital Purchase	856	1,300	1,300	0	0	3,456	10,002	3,938
2	C800751	Aviation Small Capital Jo	2,100	2,000	2,000	0	0	6,100	11,998	2,345
2	C800100	Aviation Small Jobs	0	0	0	0	0	0	10,002	7,159
CIP Group: Small Projects			6,094	5,300	5,300	2,000	862	19,556	42,002	13,442
Sub Total for: Aviation Division Wide			-110,287	104,696	94,289	77,282	150,634	316,614	3,397,739	13,490
Infrastructure										
2	C800937	Fire Suppression Comm Ro	626	0	0	0	0	626	713	46
2	C800935	Access Controls in Comm R	684	701	1,205	140	0	2,730	2,891	53
CIP Group: Communication Systems			1,310	701	1,205	140	0	3,356	3,604	99
2	C801316	Generator Controls Projec	831	2,561	7,318	1,335	0	12,045	12,100	0
2	C801313	Fleet Fast EV charging	0	517	865	6,473	4,605	12,460	12,476	0
2	C801240	Utility Meter Networking	1,819	3,517	8,383	12,750	8,867	35,336	35,527	0
2	C801238	Public Access DAS Upgrade	871	2,129	2,408	56	0	5,464	5,600	2
2	C801225	400HZ Replacement Conc C	1,812	2,852	6,939	4,776	51	16,430	16,501	0



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 4
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Electrical Infrastructure			5,333	11,576	25,913	25,390	13,523	81,735	82,204	2
2	C801030	Compactor Capacity	241	712	642	0	0	1,595	1,698	94
CIP Group: F&I Miscellaneous Projects			241	712	642	0	0	1,595	1,698	94
2	C801239	Sanitary Pipe Replacement	310	371	797	466	0	1,944	2,002	0
CIP Group: Industrial Waste System			310	371	797	466	0	1,944	2,002	0
2	C801230	Boiler Room Upgrades	389	1,036	1,307	633	0	3,365	3,411	0
2	C801223	DA and Condensate Sys Upg	1,535	2,802	4,816	554	0	9,707	9,806	0
2	C800978	VFD Replacement II	551	1,045	1,903	706	0	4,205	4,301	0
CIP Group: Mechanical Infrastructure			2,475	4,883	8,026	1,893	0	17,277	17,518	0
2	C801318	Water Surge Attenuator	363	806	2,634	380	0	4,183	4,199	0
CIP Group: Water Infrastructure			363	806	2,634	380	0	4,183	4,199	0
Sub Total for: Infrastructure			10,032	19,049	39,217	28,269	13,523	110,090	111,225	195
Landside										
2	C801229	AVI Readers Refresh	200	0	0	0	0	200	375	0
2	C801128	3rd FL GT Booth Enhanceme	283	1,096	1,329	0	0	2,708	2,802	5
CIP Group: Ground Transportation			483	1,096	1,329	0	0	2,908	3,177	5
2	C801042	Landside Pavement Program	1,349	3,107	3,108	2,305	0	9,869	10,001	17
CIP Group: Landside Miscellaneous Project			1,349	3,107	3,108	2,305	0	9,869	10,001	17
2	C801329	Parking Garage UPS	22	34	33	270	211	570	573	0
2	C801314	2nd FL Revenue Control	28	837	4,144	3,824	21	8,854	8,854	0
2	C801307	Parking Garage Rehabilita	0	441	2,272	4,002	11,778	18,493	55,710	0



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 5
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Public Parking			50	1,312	6,449	8,096	12,010	27,917	65,137	0
2	C801325	RCF QTA Boiler Skids 1 an	48	99	804	350	0	1,301	1,301	0
2	C801209	RCF CSB Re-demising	0	0	81	2,120	4,936	7,137	10,545	0
CIP Group: Rental Cars			48	99	885	2,470	4,936	8,438	11,846	0
2	C801319	Upper/Lower Drive Improve	0	577	804	1,955	1,955	5,291	6,327	0
2	C801312	Air Cargo Road Phase 2	73	805	989	3,547	4,670	10,084	14,215	0
CIP Group: Roadways			73	1,382	1,793	5,502	6,625	15,375	20,542	0
Sub Total for: Landside			2,003	6,996	13,564	18,373	23,571	64,507	110,703	22
NOISE Program										
2	C200097	ATZ Residential Acquisiti	0	2,129	967	217	0	3,313	3,313	0
CIP Group: Residential Insulation			0	2,129	967	217	0	3,313	3,313	0
Sub Total for: NOISE Program			0	2,129	967	217	0	3,313	3,313	0
Security										
2	C801328	Fire Alerting System Repl	53	94	436	128	0	711	711	0
2	C801320	Security Camera Upgrades	93	229	1,064	1,934	37	3,357	3,357	0
2	C801310	SEA Garage Security Impro	1,295	2,786	9,642	2,577	0	16,300	16,300	0
2	C801040	Fire Dept Apparatus Repla	2,500	0	0	0	0	2,500	5,000	0
CIP Group: Security Projects			3,941	3,109	11,142	4,639	37	22,868	25,368	0
Sub Total for: Security			3,941	3,109	11,142	4,639	37	22,868	25,368	0
Stormwater										
2	C801122	IWTP Controls Conversion	676	1,030	3,386	4,559	878	10,529	10,600	53



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 6
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Stormwater Projects			676	1,030	3,386	4,559	878	10,529	10,600	53
Sub Total for: Stormwater			676	1,030	3,386	4,559	878	10,529	10,600	53
Sustainable Airport Master PI										
2	C801062	SAMP - Airline/Airport Su	500	5,000	5,500	15,000	15,000	41,000	56,500	0
2	C801061	SAMP - 2nd Terminal	0	2,250	2,250	20,000	25,000	49,500	146,750	0
2	C801060	SAMP - Cargo	0	1,000	1,000	0	0	2,000	2,000	0
2	C801059	SAMP - Airside	1,000	1,500	2,500	5,000	5,500	15,500	28,500	0
2	C801057	SAMP - Landside	4,000	8,000	16,000	15,000	6,000	49,000	56,250	0
CIP Group: SAMP Near Term Projects			5,500	17,750	27,250	55,000	51,500	157,000	290,000	0
Sub Total for: Sustainable Airport Master PI			5,500	17,750	27,250	55,000	51,500	157,000	290,000	0
Terminal and Tenants										
2	C801333	N14WB and N15NB Common Us	1,134	4,755	1,500	0	0	7,389	7,389	0
2	C801323	Acrylic Coating & Radiant	45	112	405	863	276	1,701	1,701	0
2	C801308	PLB Renew and Replace 202	259	2,710	7,913	7,922	5,944	24,748	24,801	0
CIP Group: Loading Bridges			1,438	7,577	9,818	8,785	6,220	33,838	33,891	0
2	C801267	Utility Master Plan Allow	0	10,000	30,000	61,000	97,000	198,000	222,868	0
2	C801266	Main Terminal Improvement	4,248	12,390	12,343	66,457	104,527	199,965	799,999	270
2	C801236	M.Terminal Exterior wall	1,236	979	5,017	314	0	7,546	7,585	0
2	C801206	Concourse A Duty Free	1,188	4,028	14,321	11,104	2,271	32,912	33,366	250
2	C801182	Flow Meter Replacement CM	579	1,028	1,303	0	0	2,910	2,955	0
2	C801265	Conc HVAC renewal & repla	633	3,241	4,752	4,902	38,889	52,417	254,986	0
2	C801176	Out-bound Search Rooms in	0	0	0	0	0	0	352	8
2	C801175	Single Piers on Concourse	2,453	2,473	4,984	4,068	725	14,703	14,759	6

5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 7
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM



Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
2	C801203	S Concourse Evolution	5,575	57,175	189,500	211,000	211,000	674,250	1,369,983	1,521
CIP Group: Terminal Facilities			15,912	91,314	262,220	358,845	454,412	1,182,703	2,706,853	2,055
Sub Total for: Terminal and Tenants			17,350	98,891	272,038	367,630	460,632	1,216,541	2,740,744	2,055
SubTotal for: Aviation Division			-66,043	266,132	504,690	622,619	819,237	2,146,635	7,013,736	15,823
Corporate P&TS										
Corporate P&TS Capital Project										
2	C801347	Fire Alarm Monitoring Sys	250	250	0	0	0	500	500	0
2	C801346	Fleet Management Software	400	450	0	0	0	850	850	0
2	C801345	Phys Access Contrl Syst R	600	1,100	300	0	0	2,000	2,000	0
2	C801344	Enterprise Firewall Refre	640	1,360	0	0	0	2,000	2,000	0
2	C801343	Specification Doc Mgmt So	210	390	0	0	0	600	600	0
2	C801342	Storage Area Network Refr	750	0	0	0	0	750	750	0
2	C801140	Community Communication D	0	0	0	0	0	0	0	0
2	C801137	Environmental Remediation	0	0	0	0	0	0	0	0
2	C801082	Regional Workforce Tracki	0	0	0	0	0	0	0	0
2	C801080	STIA Network Redundancy	0	0	0	0	0	0	0	0
2	C800097	IT Renewal/Replacement	0	0	2,500	2,500	2,500	7,500	22,500	0
2	C801263	Radio Microwave Redund. L	1,000	960	0	0	0	1,960	2,500	0
2	C801262	Enterprise Network Refres	2,000	2,000	1,500	0	0	5,500	5,700	0
2	C801261	Contract Management Syste	400	0	0	0	0	400	850	0
2	C801259	Public Safety Dispatch &	2,000	1,900	0	0	0	3,900	4,000	0
2	C801258	Conference Room Communica	300	0	0	0	0	300	510	0
2	C801201	ID Badge System Upgrade	1,000	2,000	1,993	0	0	4,993	5,000	3



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 8
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Information Technology			9,550	10,410	6,293	2,500	2,500	31,253	47,760	3
2	C801279	Corporate Fleet 2022+	1,274	725	748	766	748	4,261	9,022	33
2	C801278	Engineering/PCS Fleet 202	1,600	970	450	550	565	4,135	6,980	0
2	C801143	CIP Cashflow Mgmt - Corpo	-5,600	-2,700	300	4,000	4,000	0	0	0
CIP Group: Other Corporate Capital Projec			-2,726	-1,005	1,498	5,316	5,313	8,396	16,002	33
Sub Total for: Corporate P&TS Capital Project			6,824	9,405	7,791	7,816	7,813	39,649	63,762	37
SubTotal for: Corporate P&TS			6,824	9,405	7,791	7,816	7,813	39,649	63,762	37
Economic Development Division										
Development & Planning										
2	C801192	T91 Ped Path and Bike Bri	300	900	0	0	0	1,200	1,200	0
2	C801169	T91 Uplands Phase 2 Util	0	500	6,000	7,500	0	14,000	14,000	0
2	C801168	EDD Strategic Opportunity	0	12,500	12,500	0	0	25,000	25,000	0
CIP Group: Real Estate Development			300	13,900	18,500	7,500	0	40,200	40,200	0
Sub Total for: Development & Planning			300	13,900	18,500	7,500	0	40,200	40,200	0
General Economic Development										
2	C801290	P69 3rd Floor Terrace Rep	262	899	0	0	0	1,161	1,161	0
2	C801112	P69 and P66 Public Video	250	1,446	0	0	0	1,696	1,696	0
2	C801101	P69 Clerestory and Skylig	0	0	0	542	2,194	2,736	2,975	0
2	C801065	P69 Computer Room CRAC Re	318	300	0	0	0	618	618	0
2	C800352	P69 Concrete Dock Rehab	100	4,921	2,715	50	0	7,786	7,786	0
2	C800216	EDD Reserve	2,000	2,000	2,000	3,000	3,000	12,000	28,000	0
2	C801145	CIP Cashflow Mgt - EDD	-1,950	1,170	780	0	0	0	0	0



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 9
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: General ECON DEV - Other			980	10,736	5,495	3,592	5,194	25,997	42,236	0
Sub Total for: General Economic Development			980	10,736	5,495	3,592	5,194	25,997	42,236	0
Portfolio Management										
2	C801064	WTC Garage Elevator Mods	50	1,992	758	0	0	2,800	2,800	0
CIP Group: Central Waterfront			50	1,992	758	0	0	2,800	2,800	0
2	C801334	T5 CEM Access	1,000	2,000	7,000	0	0	10,000	10,000	0
CIP Group: Portfolio Mgmt Other			1,000	2,000	7,000	0	0	10,000	10,000	0
Sub Total for: Portfolio Management			1,050	3,992	7,758	0	0	12,800	12,800	0
SubTotal for: Economic Development Division			2,330	28,628	31,753	11,092	5,194	78,997	95,236	0
Maritime Division										
Cruise Operations										
2	C800517	P66 Wave Break Cathodic P	375	594	0	0	0	969	1,019	0
CIP Group: Cruise			375	594	0	0	0	969	1,019	0
Sub Total for: Cruise Operations			375	594	0	0	0	969	1,019	0
Environmental Services										
2	C801301	Sustainable Eval Framewor	0	2,000	2,000	2,000	2,000	8,000	8,000	0
2	C801298	MCAAP Phase I	0	1,000	2,000	2,000	2,000	7,000	13,000	0
2	C801297	T91 LED Lighting Upgrade	2,620	140	0	0	0	2,760	2,760	0
2	C801295	Centennial Park Shoreline	200	1,400	5,800	0	0	7,400	7,400	0
2	C801269	Smart Utility Meters	524	0	0	0	0	524	524	0
2	C801248	Waterfront EV Infrastruct	500	500	750	150	0	1,900	2,000	0
2	C801247	Waterfront LED Lighting A	0	1,000	1,000	1,000	0	3,000	3,000	0
2	C801246	Shoreline Habitat Improve	400	700	700	700	0	2,500	2,500	0



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 10
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
2	C801092	Waterfront Clean Energy S	300	800	4,200	7,700	0	13,000	13,000	0
2	C801270	Gateway Park North	300	300	2,100	0	0	2,700	2,700	0
2	C801197	T115 Env Improvements	0	0	0	0	0	0	0	0
CIP Group: Environmental			4,844	7,840	18,550	13,550	4,000	48,784	54,884	0
Sub Total for: Environmental Services			4,844	7,840	18,550	13,550	4,000	48,784	54,884	0
Fishing and Operations										
2	C800568	FT Net Shed 11 Roof Overl	0	0	40	616	10	666	666	0
2	C800567	FT Net Shed 10 Roof Overl	0	0	40	620	10	670	670	0
2	C800534	FT S Wall Cl Fndr Rp & Co	0	0	0	0	700	700	19,500	0
2	C800533	FT W Wall S Sht Pile Cor	0	0	0	0	350	350	3,100	0
2	C800530	FT S Wall W End Improveme	0	0	0	0	300	300	2,400	0
2	C800529	FT W Wall N Sht Pile Crsn	0	0	0	0	500	500	4,200	0
2	C800528	FT W Wall N Fender Replac	0	0	0	0	500	500	4,350	0
2	C800444	FT NW Dock West Improveme	300	2,200	12,000	18,000	18,000	50,500	64,500	0
CIP Group: Fishermen's Terminal - Water			300	2,200	12,080	19,236	20,370	54,186	99,386	0
2	C800741	T106 Mooring Dolphins	115	115	2,705	585	0	3,520	3,520	0
2	C800181	T10 Mooring Dolphins	0	0	0	115	115	230	5,425	0
CIP Group: Maritime Operations - Other			115	115	2,705	700	115	3,750	8,945	0
2	C801294	T91 P90/91 Dock Rehab	300	800	10,100	10,000	0	21,200	21,200	0
CIP Group: Maritime Operations - T91			300	800	10,100	10,000	0	21,200	21,200	0
Sub Total for: Fishing and Operations			715	3,115	24,885	29,936	20,485	79,136	129,531	0

Maritime General



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 11
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
2	C801332	Waterfront Art Pool	115	680	449	145	479	1,868	1,868	0
2	C801299	Port Security Grant - Cam	1,300	975	0	0	0	2,275	2,275	0
2	C801251	Commercial Sweeper	375	0	0	0	0	375	375	0
2	C801250	Catch Basin Cleaner	700	0	0	0	0	700	700	0
2	C800002	MD Reserve	2,000	2,000	3,000	5,000	8,000	20,000	62,000	0
2	C801144	CIP Cashflow Mgt - MD	-13,286	7,972	5,314	0	0	0	0	0
CIP Group: Maritime General Other			-8,796	11,627	8,763	5,145	8,479	25,218	67,218	0
Sub Total for: Maritime General			-8,796	11,627	8,763	5,145	8,479	25,218	67,218	0
Maritime Portfolio Management										
2	C800733	FT C3 Bldg Roof Replace	0	0	40	735	66	841	841	0
2	C800522	FT I-8 Bldg Roof Replacem	40	1,128	21	0	0	1,189	1,189	0
2	C801096	FT C15 Bldg Misc Improv	120	1,400	1,146	87	0	2,753	2,753	0
CIP Group: Fishermens Terminal - Land			160	2,528	1,207	822	66	4,783	4,783	0
Sub Total for: Maritime Portfolio Management			160	2,528	1,207	822	66	4,783	4,783	0
Recreational Boating										
2	C800536	P66 BHM Wavebreak Protect	0	0	0	0	0	0	0	0
CIP Group: Bell Harbor Marina			0	0	0	0	0	0	0	0
2	C801257	SBM Office Reconfiguratio	525	1,000	0	0	0	1,525	1,525	0
2	C801001	SBM Comporter Pier Rehab	100	1,170	0	0	0	1,270	1,270	0
2	C801000	SBM Fuel Float Rehabilita	55	310	1,385	270	0	2,020	2,020	0
2	C800679	SBM Lower A Dock Impr.	0	0	115	965	235	1,315	1,315	0
2	C800672	SBM G Dock Rehab	0	60	545	2,450	0	3,055	3,055	0



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 12
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
CIP Group: Shilshole Bay Marina - Water			680	2,540	2,045	3,685	235	9,185	9,185	0
Sub Total for: Recreational Boating			680	2,540	2,045	3,685	235	9,185	9,185	0
Security										
2	C801020	Maritime Video Camera Pro	1,800	1,200	0	0	0	3,000	3,200	0
2	C801165	MD Access Control Upgrad	370	310	0	0	0	680	700	0
CIP Group: Maritime Security			2,170	1,510	0	0	0	3,680	3,900	0
Sub Total for: Security			2,170	1,510	0	0	0	3,680	3,900	0
SubTotal for: Maritime Division			148	29,754	55,450	53,138	33,265	171,755	270,520	0
NWSA Joint Venture										
Lease & Asset Management										
2	C800618	EWV Deepening (53+2', 100	0	0	0	0	1,000	1,000	12,000	0
CIP Group: Dredging			0	0	0	0	1,000	1,000	12,000	0
2	C800755	T30 Alaskan Way Street Va	0	0	0	0	500	500	7,500	0
CIP Group: Terminal 30			0	0	0	0	500	500	7,500	0
2	C801210	T5 Approach Overpass	0	0	0	0	0	0	0	0
CIP Group: Terminal 5			0	0	0	0	0	0	0	0
Sub Total for: Lease & Asset Management			0	0	0	0	1,500	1,500	19,500	0
SubTotal for: NWSA Joint Venture			0	0	0	0	1,500	1,500	19,500	0
Stormwater Utility										
SWU General										
2	C801254	Industrial Vacuum Truck	0	0	650	0	0	650	650	0
2	C801252	T91 Hillside Drainage	0	0	500	0	0	500	500	0
2	C801106	Stormwater Decant Facilit	0	0	2,000	0	0	2,000	2,000	0



5 Year Capital Budget by CIP number

Report: PX_PC416POS

Page: 13
Run By: ARR528
Date/Time: 10/10/2022 08:40:46 PM

Status	CIP#	Name	Forecast					5-year total (2023 - 2027)	Total EstAct	CIP Actuals to closed qtr
			2023	2024	2025	2026	2027			
2	C801105	T108 Stormwater Syst Impr	0	0	0	0	0	0	3,000	0
2	C800894	T-5 stormwater line work	0	0	0	0	2,200	2,200	4,400	0
CIP Group: SWU Large Capital			0	0	3,150	0	2,200	5,350	10,550	0
Sub Total for: SWU General			0	0	3,150	0	2,200	5,350	10,550	0
SubTotal for: Stormwater Utility			0	0	3,150	0	2,200	5,350	10,550	0
Grand Total:			-56,741	333,919	602,834	694,665	869,209	2,443,886	7,473,304	15,860

ATTACHMENT 1: NWSA CAPITAL IMPROVEMENT PLAN

(\$ in 000's)	2023	2024	2025	2026	2027	Total 2023 - 2027
Project Name						
T46 N & NW Bulkhead Replacement	\$ 400	\$ 1,600	\$ 2,700	\$ 35,000	\$ 300	\$ 40,000
T5 Berth Construction - Phase 2	29,794	95	-	-	-	29,889
T18 Shore Power Design & Construction	1,050	16,801	10,190	-	-	28,041
T18 Water Main & Valve Replacement North	1,269	18,303	4,295	-	-	23,867
T5 Reefer High Voltage Distribution	9,926	11,315	1,161	-	-	22,402
T5 Gate Complex	17,743	68	-	-	-	17,811
T5 Phase 2 paving	11,000	4,000	-	-	-	15,000
T5 Reefer Demarcation Infrastructure	7,450	7,500	-	-	-	14,950
T5 Phase 2 Premises Management Reserve - capital	-	13,500	-	-	-	13,500
T5 Container Yard Expansion	1,000	10,700	-	-	-	11,700
T5 Stormwater Treatment System	9,093	538	-	-	-	9,631
T30 Dock Rehabilitation	-	-	555	2,000	5,000	7,555
T46 South Concrete Deck Replacement	806	1,925	3,406	-	-	6,137
T5 Marine Building South	5,763	168	-	-	-	5,931
T5 Transtainer Runs	5,500	400	-	-	-	5,900
T46 N. Substation #1 Replacement	486	4,606	-	-	-	5,092
T25 Dock Rehabilitation	-	-	-	1,054	4,000	5,054
T106 CBP Office & Facility Renovation	4,300	491	-	-	-	4,791
T46 SE Bulkhead Replacement	247	416	3,637	6	-	4,306
T30 Central Substation Replacement	4,300	-	-	-	-	4,300
T5 Intermodal Yard Improvement Reserve - capital	3,867	98	-	-	-	3,965
T18 Water Main & Valve Replacement South	312	2,515	453	-	-	3,280
T5 Intermodal Yard Improvements	2,260	1	-	-	-	2,261
T18 Bollard Replacement	935	1,177	-	-	-	2,112
T5 Management Reserve - capital	-	2,000	-	-	-	2,000
T18 Lift Station Replacement	352	1,351	243	-	-	1,946
T18 Full Dock Rehabilitation Design Only	1,788	-	-	-	-	1,788
T46 Storm Vault Reconfiguration	984	-	-	-	-	984
T106 Roof Replacement	-	935	-	-	-	935
T5 Hydrant Replacement (31)	-	-	840	-	-	840
T5 Grant Admin	243	185	169	34	-	631
T5 Arrival/Security Bldg Roof Replacement (small project)	-	325	-	-	-	325
T46 Clean Truck Program	135	-	-	-	-	135
T46 Fire Alarm Control System Replacement	133	-	-	-	-	133
T115 OCR Camera	70	-	-	-	-	70
T5 M&R Scalehouse Repairs HVAC	45	-	-	-	-	45
T5 Rail RPM Power Upgrades	1	-	-	-	-	1
North Harbor Total	\$ 121,252	\$ 101,013	\$ 27,649	\$ 38,094	\$ 9,300	\$ 297,308
Tacoma Terminal Expansion	-	-	-	-	150,000	150,000
WUT Toe Wall	-	-	-	24,055	-	24,055
NWSA Unallocated Capital Improvements	3,000	3,000	3,000	3,000	3,000	15,000
Husky Toe Wall	-	-	13,650	-	-	13,650
Terminal 3/4 Shorepower	10,664	736	-	-	-	11,400
PCT Reefer Expansion	358	5,356	-	-	-	5,714
Electric Straddle Carriers	-	-	5,000	-	-	5,000
Husky/WUT Berth Area Dredging Design	3,550	1,040	-	-	-	4,590
Husky Berth Area Dredging Construction	-	-	4,550	-	-	4,550
WUT Berth Area Dredging Construction	-	-	-	4,245	-	4,245
EB1 Yard Reconfiguration	3,590	-	-	-	-	3,590
Wooden Light Pole Replacement Program	1,775	1,125	-	-	-	2,900
PCT Fender Replacement	2,202	-	-	-	-	2,202
T7 Berth B-D Ship Service Water Line Replacement	-	1,394	-	-	-	1,394
Infrastructure for Electric Straddle Carriers	-	1,200	-	-	-	1,200
Clean Truck Program Implementation - Domestic Terminals	-	1,100	-	-	-	1,100
Energy Efficiency Project 2025	-	-	1,000	-	-	1,000
Energy Efficiency Project 2024	-	1,000	-	-	-	1,000
PCT Mnt Bldg Strad Bay Roof Insulation	550	-	-	-	-	550
Parcel 86 Pipe Realignment	524	-	-	-	-	524
T7 Berth C Cleat Replacement	395	-	-	-	-	395
Blair Dock Cleat Replacement	301	-	-	-	-	301
Auto Storage Fencing & Gate (Arkema)	278	-	-	-	-	278
Auto Storage Fencing & Gate (W. Hylebos)	241	-	-	-	-	241
Auto Storage Fencing & Gate (Lower Portac)	216	-	-	-	-	216
WUT Shore Power BOD	166	-	-	-	-	166
EB1 Northeast Entry Gate	120	-	-	-	-	120
Wapato Creek Bank Repair	86	-	-	-	-	86
South Harbor Total	\$ 28,016	\$ 15,951	\$ 27,200	\$ 31,300	\$ 153,000	\$ 255,467
NWSA Total	\$ 149,268	\$ 116,964	\$ 54,849	\$ 69,394	\$ 162,300	\$ 552,775
Port of Seattle's 50% funding total	\$ 74,634	\$ 58,482	\$ 27,425	\$ 34,697	\$ 81,150	\$ 276,388

This page intentionally left blank.

X. PLAN OF FINANCE

2023-2027 DRAFT PLAN OF FINANCE

A. INTRODUCTION

The Port's Draft Plan of Finance provides a funding plan for anticipated capital investments in the Port's businesses. In the 2023-2027 Draft Plan of Finance (the Plan), the Port separates its capital improvement plan (CIP) and funding resources between the Airport and Non-Airport businesses. The Port owns and operates Seattle-Tacoma International Airport (the "Airport"), and its CIP is self-funded with resources derived from the Airport. The Port's Non-Airport CIP shares funding resources derived from those non-airport businesses, which include the Maritime and Economic Development divisions, as well as the Port's share in the Northwest Seaport Alliance (NWSA).

The Airport is the largest airport in Washington State and serves Seattle and surrounding areas. The Airport is the Port's largest business operation and derives income from airline leases, non-airline leases, concession agreements, and direct operations. These income sources form the basis of much of the Airport's capital funding. Additionally, the Airport has access to certain airport-specific fees and grants. The Airport is described in Section IV, "Aviation".

The Port's Non-Airport businesses include the Port's fifty percent (50%) interest in the NWSA, a joint venture with the Port of Tacoma. Both ports have licensed certain marine cargo facilities (i.e. shipping container terminals and certain related industrial properties) to the NWSA, which acts as the exclusive manager and operator of the associated marine cargo business of both ports. The individual ports retain their existing governance structures, budgeting, and ownership of licensed assets, debt, and obligations for repayment of port debt. However, under NWSA management, the two ports' marine cargo terminal investments, operations, planning, and marketing efforts are unified with the goal of strengthening the Puget Sound as an international cargo gateway. Revenue from the NWSA is the largest source of non-airport income for the Port. For additional information on the NWSA, please refer to Section XII, "The Northwest Seaport Alliance (NWSA)", or visit their website: <https://www.nwseaportalliance.com>

The Maritime Division consists of the cruise business, the grain terminal, and certain other industrial properties as well as recreational and commercial marinas. The Port's Economic Development Division manages the Port's conference and event centers, as well as other commercial, retail, and industrial properties, and is responsible for the Port's broader economic development activities. Please refer to Sections V, "Maritime" and VI, "Economic Development" for additional information on the Maritime and Economic Development Divisions, respectively.

In addition to the Port's operating divisions, Central Services provides professional and technical services to the operating divisions and to the NWSA (per service agreements) as described in Section VII, "Central Services".

The Port also has a storm water utility business, which ensures that fees are utilized for storm water infrastructure improvements on Port properties. The utility funds its capital plan through the rates it sets for its customers – the Port, the NWSA and their tenants – and cannot use utility revenues to support other Port businesses; it is therefore excluded from the Port's Plan of Finance.

B. OVERVIEW OF THE DRAFT PLAN OF FINANCE

Each year, the Port prepares the Plan as part of its capital management process. The Plan provides a framework for the funding of the Port’s anticipated CIP, and is designed as a flexible tool, providing guidance to the Commission and Port staff as planning and investment decisions are made during the coming year. The Plan is based on a five-year CIP (2023-2027) to provide better guidance on longer-term funding.

Each year, the Commission is presented with the Port’s five-year CIP and associated funding analysis. By final budget action, the Commission endorses the CIP and establishes the level of the Port’s tax levy for the coming year. The first year of the CIP represents the Port’s capital budget for the following year (i.e. “2023 Capital Budget”). Each quarter, capital spending forecasts are updated, and actual spending is compared against the approved capital budget; this is reviewed quarterly by Port management and periodically by the Port Commission.

The 2023-2027 CIP is the largest five-year capital plan in Port history. Although the year 2022 brought inflation, international conflict, supply chain issues, employee vacancies and uneven pandemic recovery – all of which affect the Port and its partners – the successful rebound of key Port businesses following the pandemic allows for reinvestment in the Port’s mission and vision. Funding the CIP remains critical to ensuring Port facilities meet both current and future operational and sustainability demands. The Airport assumes 2023 passenger volume at 94.3% of the 2019 pre-pandemic level, returning to the 2019 level in 2024. The Non-Airport businesses assume 2023 cruise passenger volume will exceed 2019 levels. The forecast also assumes NWSA revenues continue to improve with the opening of the modernized Terminal 5 facilities in 2022. The forecast is intended to be sufficiently conservative so that weaker outcomes can be accommodated through mid-year adjustments or with the 2024 Budget. Staff will continue to closely monitor changes in business conditions. The 2023-2027 Plan maintains funding resiliency over the long term, positioning the Port to adapt financially to future uncertainty and potential adversity.

The Plan was developed to meet certain financial targets. This includes a target for the Airport of minimum 1.25x coverage on Airport revenue bond debt service, and a target for the Non-Airport businesses of 1.80x revenue bond debt service. Additionally, the Airport operating fund balance target is 18 months of Airport related operating and maintenance expenses (O&M) by 2025, while the minimum General Fund target balance is 12 months of Non-Airport O&M. The Plan was developed so that these targets are met in most years; temporary declines below the targets may be tolerated if the Plan projects a rebound to meet at least the minimum targets.

Since 1991, the Port Commission has authorized its property tax levy below the maximum allowable amount, thus preserving the flexibility for the Port to increase the levy if needed. The Port levied \$72.0M from 2010-2018, and in 2019-2022, the Port raised the levy by 3% in each year, reaching \$81.0M in 2022. In 2023, the Port will raise the levy by 2% to \$82.7M, which continues to be below the maximum statutory authority of an estimated \$113.2M. The Plan assumes that the levy will increase again by 2% annually from 2024-2027.

Consistent with policy, the Plan uses no more than 75% of the annual tax levy for Limited Tax General Obligation (G.O.) bond debt service, thus retaining at least 25% for general purposes (for 2023, an estimated 42% of the tax levy will be used to pay new and existing G.O. bond debt service). The Plan assumes that additional G.O. bonds are issued in 2024, and that approximately 50% of the levy will be used to pay new and existing G.O. bond debt service in 2024. This policy is more restrictive than the Port’s statutory authority for G.O. bond debt. Based on statute, the Port estimates \$1.8B of remaining capacity of non-voted G.O. bond debt as of 12/31/2022. For more tax levy information, see Section VIII “Tax Levy.”

C. OVERVIEW OF THE FUNDED CIP

The final funded 2023-2027 CIP is the result of an iterative process that begins with operating and capital forecasts developed and approved by each operating division. These forecasts are then reviewed in the context of the Port's projected capital funding capacity, with a final review by Port Executive staff and Commission. The final forecasts, including the CIP, are incorporated into the Budget and into the Plan. For information on the Port's CIP, see Section IX "Capital Improvement Plan."

Within the CIP, projects are divided into categories that reflect their status in the project development process and determine their funding priority.

- Committed: Committed projects are deemed necessary to achieve key operating and/or financial goals, have undergone financial analysis, and have received at least division-level review and preliminary scoping. This includes projects that are authorized and underway as well as projects not yet authorized, but ready for Commission-level review. These projects receive a specific funding commitment in the CIP.
- Prospective: Prospective projects may also be deemed necessary to achieve operating and/or financial goals but are not yet well-scoped and therefore are less certain as to timing or funding requirements. Prospective projects can be re-classified as Committed once they have met the necessary criteria, so it is important that the capital funding plan is flexible enough to accommodate these projects as well as other changes to the CIP. Prospective projects are further subdivided into two categories as follows:
 - Business Plan Prospective: Projects that are prospective because of uncertainty of scope and timing but are deemed to be critical for achieving operating and/or financial goals. This category may include projects that are contingent obligations associated with leases or other agreements.
 - Other Prospective: Projects that are still in preliminary planning or that are not currently deemed critical in meeting operating and/or financial goals.
- Public Expense Projects: In addition to the CIP, the Port provides funding for several public projects, particularly in the areas of regional transportation and noise mitigation. Because these projects do not result in Port-owned assets, they are accounted for as a non-operating expense (i.e. not capitalized); however, they use the same funding sources as capital projects and are included in the funding analysis for the Plan.
- CIP Reserve: The CIP includes one or more "reserves" that serve as placeholders for unspecified future capital projects or cost increases for existing projects. Port staff previously developed a CIP Reserve policy, which was intended to improve the sizing and timing of CIP Reserve(s) by incorporating insights from historical spending trend analysis.
- CIP Cashflow Adjustment Reserve: Historical analysis indicates that on average, the Port spends approximately 80% of its five-year CIP, but less than 60% of the budgeted (first year) CIP. As a result, the Port implemented a CIP Cashflow Adjustment Reserve to adjust each division's CIP cashflows to better reflect expected project spending trends in aggregate. These adjustments affect the *timing* of cash flows only and do not impact the total 5-year CIP.

Committed projects are designated for funding and are the basis of the Plan. The Plan also includes all Business Plan Prospective projects. As described above, the Port's overall capital and funding approach for the Plan is separated between Airport and Non-Airport. The Airport is subject to certain regulatory

restrictions, and as such, its CIP is funded separately from the Port's Non-Airport businesses. The Non-Airport CIP includes the Maritime and Economic Development Division CIP, the Port's assumed 50% funding of the NWSA CIP, and certain legacy projects at the Port's container terminals that are assumed to be funded only by the Port of Seattle. Both the Airport and Non-Airport operations fund an allocated portion of Central Services CIP.

Note: The Plan below excludes approximately \$9.2M of storm water utility capital projects from 2023-2027, which are funded with restricted storm water utility funds (fees) only. The storm water utility capital projects are, however, included in the Port CIP presented in Table IX-1 of Section IX, "Capital Improvement Plan".

D. 2023-2027 FUNDING PLAN

AIRPORT

The Aviation Division's 2023-2027 CIP costs an estimated \$4.6B, and includes the following five major projects, which total an estimated \$2.1B during the five-year period:

- **Baggage Optimization:** Reconfiguration and optimization of the baggage screening equipment to improve operational efficiency and increase capacity. The new outbound baggage system will accommodate 60 million annual passengers.
- **C Concourse Expansion:** Construct three additional floors on top of the airport's existing C1 building to meet space needs for passenger restrooms, concessions, passenger lounges and other tenant offices.
- **SEA Gateway:** Redevelop space at the north end of the Main Terminal Ticketing Level to improve passenger processing, security throughput, and to elevate the overall passenger experience.
- **S Concourse Evolution:** Renovate and modernize the South Concourse facility to upgrade systems, reprogram the public-facing areas, and to add duty-free, retail, and dining opportunities.
- **Main Terminal Improvement:** Replace critical systems of the Main Terminal and address building code compliance issues.

The North Satellite Renovation & Expansion project and International Arrivals Facility project were recently completed. The 2023 Capital Budget includes a small amount of final spending.

In addition to these major projects, there are many smaller projects, both new and on-going, which are meant to help the Port manage existing assets in the form of renewal and replacement, improve capacity and customer service to accommodate the growth the Airport experienced prior to the pandemic, and/or improve overall safety and security at the Airport. The Aviation Division's CIP includes \$263.0M of CIP Reserves which cover undefined future projects or potential budget increases to existing projects. The CIP also assumes Sustainable Airport Master Plan (SAMP) preliminary planning and design spending of \$158.3M through 2027 but does not include potential projects to be identified in the SAMP, as discussed in Section IV, "Aviation". For more details about the Airport CIP, see Section IX, "Capital Improvement Plan."

TABLE X-1: 2023-2027 AIRPORT CIP (\$ MILLIONS)

Major Projects	2023	2024	2025	2026	2027	TOTAL 2023 - 2027
Baggage Optimization	\$ 131.6	\$ 173.9	\$ 141.2	\$ 121.2	\$ 23.8	\$ 591.6
C Concourse Expansion	32.0	94.9	106.5	61.0	5.6	300.0
SEA Gateway	152.6	92.0	58.9	54.1	9.9	367.4
S Concourse Evolution	5.6	57.2	189.5	211.0	211.0	674.3
Main Terminal Improvement	4.2	12.4	12.3	66.5	104.5	200.0
Subtotal - Major Projects	\$ 326.0	\$ 430.4	\$ 508.4	\$ 513.7	\$ 354.8	\$ 2,133.2
Other Capital Projects ⁽¹⁾	441.8	438.0	366.9	158.1	97.0	1,501.8
SAMP Preliminary Planning / Design	6.7	17.9	27.3	55.0	51.5	158.3
Proposed New Projects	10.2	29.6	96.2	109.0	149.4	394.3
Utility Master Plan Allowance	-	10.0	30.0	61.0	97.0	198.0
CIP Reserves	-	19.0	25.0	70.0	149.0	263.0
CIP Cash Flow Adjustment Reserve	(120.8)	72.5	48.3	-	-	-
Total Airport CIP	\$ 663.9	\$ 1,017.3	\$ 1,102.0	\$ 966.7	\$ 898.7	\$ 4,648.6
Allocated Corporate CIP	9.4	11.2	9.3	9.1	9.3	48.4
Total Airport Funded CIP	\$ 673.3	\$ 1,028.5	\$ 1,111.3	\$ 975.8	\$ 908.0	\$ 4,697.0

Note:

- 1) Includes North Satellite Renovation & Expansion and International Arrivals Facility projects final spending in 2023.

The funding of the Airport CIP includes Airport net income, both existing and future revenue bond proceeds, as well as expected federal grant money for capital improvements supporting the baggage optimization effort, airfield pavement program, noise mitigation, restroom upgrades, and other pavement and lighting projects near the Airport. The Airport anticipates receiving federal grants under the recently passed infrastructure bill and has incorporated this grant-funding in the Plan in support of the South Concourse Evolution project.

Airport funding from revenue bonds and net income is based on achieving a minimum target of 1.25x revenue bond debt service coverage on revenue bonds used to fund Airport facilities; for the 2023-2027 CIP, the Airport targeted 1.40x.

In addition to capital grants, the Airport assumes that the remaining \$10.0M of its American Rescue Plan Act (ARPA) grant funds will be used to pay a portion of debt service in 2023. These grant funds are not a capital funding source, but they affect debt service coverage and airline rates.

Passenger Facility Charge (PFC) collections, net of PFCs applied to pay existing revenue bond debt service, also provide capital funding.

Customer Facility Charge (CFC) collections, net of the payment of operating and debt service costs associated with the Consolidated Rental Car Facility, provide additional capital funding for Consolidated Rental Car Facility infrastructure upgrades and the acquisition of buses.

TABLE X-2: 2023-2027 AIRPORT CIP FUNDING (\$ MILLIONS)

(Totals may not add due to rounding).

<i>Airport Funding Sources:</i>	
Future revenue bond proceeds	\$ 3,045.6
Existing revenue bond proceeds	705.0
Operating Cash ⁽¹⁾	580.6
Grants	352.1
Customer Facility Charges (CFC)	11.3
Passenger Facility Charges (PFC)	1.4
Tax levy	1.0
Total Airport Funding Sources	\$ 4,696.9
<i>Airport Capital:</i>	
Airport CIP	\$ 4,648.6
Allocated Central Services CIP	48.4
Total Airport Funded Capital	\$ 4,696.9

Note:

1) Includes airport income available after payment of revenue bond debt service.

In addition to the above funding plan for capital projects, the Airport’s Plan includes \$8.3M of expenditures for Public Expense Projects. For more details about the Port’s public expense projects and their funding, see Section IX, “Capital Improvement Plan”.

NON-AIRPORT

The 2023-2027 Non-Airport CIP costs an estimated \$849.0M. This includes the CIP from the Maritime and Economic Development Divisions, as well as the Port’s 50% funding of the NWSA CIP. It also includes certain legacy costs, such as channel deepening-related projects at the Port’s container terminals, that are assumed to be funded only by the Port of Seattle. The Plan allocates Non-Airport funding resources, including the tax levy and G.O. bonds, based on management guidelines. See Port of Seattle Funding Guidelines in Section F.

The Maritime Division CIP focuses on investments in facilities and infrastructure to support the Port’s Fishing, Cruise and Recreational Marinas lines of business and its commitment to the environment.

- The largest Maritime capital project is the redevelopment of berths 6 and 8 at Terminal 91, which includes redevelopment of vessel pier moorings and adjoining apron areas of Berths 6 and 8 along the northeast side of Pier 90 to accommodate fishing and commercial vessels. Improvements include pile replacement, a new wharf structure, a new float system, bulkhead improvements, and office consolidation for operations, fishing, and industrial tenants. The new berths will be equipped with shore power for fishing and commercial vessels. The CIP currently includes \$67.9M of spending on this project between 2023-2027, with an estimated completion date in 2025.
- The Pier 66 Shore Power and Waterfront Electrification project will create a dual voltage 20-megawatt shore power system for the single cruise ship berth at Pier 66 that will allow ships to reduce at-dock carbon emissions.

- At Fishermen’s Terminal (FT), the Maritime Innovation Center will rehabilitate the historic Seattle Ship Supply building and provide incubation space for emerging maritime businesses.
- Other Maritime projects include new cruise gangways at Terminal 91, Fender updates at Pier 66, and dock improvements at Fishermen’s Terminal. The CIP includes capital reserves for waterfront clean energy, environmental and sustainability initiatives, and maritime carbon emissions and air pollution reduction projects. The Maritime Division CIP also includes a \$20.0M CIP Reserve for future unforeseen needs.

The Economic Development Division CIP focuses on redevelopment of industrial property and the renewal and replacement of infrastructure and building systems that are at the end of their useful lives.

- The most significant Economic Development capital project is the first phase of development of the north end of the Terminal 91 uplands. This initial development will construct 120,000 square feet of industrial building space and minimal facility infrastructure improvements to support fishing and maritime-related businesses.
- The CIP also includes heating, ventilation, and air-conditioning (HVAC) system upgrades and replacements at the Pier 66 facilities and at the World Trade Center. Other Economic Development projects largely focus on renewal and replacement of existing assets, primarily at Pier 69 and Pier 66 facilities. The Economic Development Division CIP also includes a \$12.0M CIP Reserve for future unforeseen needs.

More information on specific Maritime and Economic Development Division projects can be found in Section IX, “Capital Improvement Plan”.

Additionally, the Non-Airport funding plan includes 50% funding of all “Open” projects within the NWSA 2023-2027 CIP. Open projects are on-going projects or projects ready to move forward that have customer commitment or a high degree of certainty. The capital investment plan presented in the NWSA budget includes both capital and expense projects. Within the Port’s Plan, the Port’s share of NWSA expense projects reduce forecasted revenues generated from the NWSA (i.e. NWSA NOI) while the Port’s share of NWSA capital projects are included in the capital funding needs.

Significant NWSA projects include modernization of Terminal 5 and the construction of a stormwater treatment system, shore power design and construction at Terminal 18, replacement of the Terminal 46 bulkhead, berth dredging at Husky Terminal and at Washington United Terminals (WUT), shore power system construction and major electrical equipment installation at Husky (Terminals 3 and 4), and South Harbor (Tacoma) terminal expansion projects. Maintenance investments include replacement of fender systems and rehabilitation of assigned assets.

NWSA “Estimate” projects, which are based on an identified business need or opportunity but have not been fully developed in scope and cost, are *excluded* from the NWSA CIP. Additional information on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

The Port includes in its funding plan certain “legacy projects” that are related to NWSA facilities but are the assumed obligation of the Port, such as channel deepening. Additionally, the Port carries a \$9.0M CIP Reserve for the NWSA to account for future projects that are not “Open” and therefore not in the NWSA CIP.

The funding of the Non-Airport CIP is based on the income projections associated with the Maritime and Economic Development Divisions, and the Port’s share of the NWSA forecasted cash flow. The Plan targets 1.80x debt service coverage on aggregate Non-Airport related revenue bond debt. The Plan

includes the use of new G.O. bonds beginning in 2024 and new revenue bonds beginning in 2025. Non-Airport CIP funding sources also include net income, excess General Fund cash above the minimum balance target, and several capital grants. In addition, the Port expects to utilize approximately \$53.3M in Harbor Maintenance Tax (HMT) funds between 2023-2027.

Non-Airport funding also includes use of the tax levy for certain Commission-approved capital projects, including but not limited to capital projects in support of the fishing industry, habitat restoration, and other waterfront improvements, along with other real estate development projects in support of the Port's strategic initiatives.

Tax Levy funding as presented in Table X-3 below represents tax levy cash available for capital after the payment of G.O. Bond debt service. The Plan is based on the 2023 tax levy of \$82.7M and annual increases of 2% from 2024 - 2027. The Port also expects to leverage the tax levy in the form of future G.O. Bonds to partially fund the 2023-2027 Non-Airport CIP. Based on the improved operating revenue forecasts following the pandemic, the Port's plan includes greater reliance on operating revenues and future revenue bonds than on the tax levy and G.O. bonds.

TABLE X-3: 2023-2027 NON-AIRPORT CIP FUNDING (\$ MILLIONS)

(Totals may not add due to rounding).

<i>Non-Airport Funding Sources</i>	
Operating Cash ⁽¹⁾	\$ 259.7
Future revenue bond proceeds	212.5
Tax Levy ⁽²⁾	124.8
Future G.O. bond proceeds	100.0
Existing G.O. bond proceeds	75.0
Harbor Maintenance Tax (HMT)	53.3
Grants	23.3
Total Non-Airport Funding Sources	\$ 848.6
<i>Non-Airport Capital</i>	
Maritime and Economic Development CIP	\$ 522.3
NWSA - 50% Share (North & South Harbor)	276.4
NWSA - Reserve and Port Projects ⁽³⁾	38.4
Total	\$ 837.0
Allocated Central Services CIP	11.6
Total Non-Airport Funded Capital	\$ 848.6

Notes:

- 1) Includes non-airport income available after payment of revenue bond debt service.
- 2) Assumes 2% levy increase annually from 2023-2027.
- 3) Includes \$9.0M NWSA CIP reserve, North Harbor channel deepening, and other 100% Port legacy costs in the North Harbor.

In addition to the above funding for capital projects, the Port expects to use approximately \$64M of tax levy funds that are currently set aside into the Commission-designated Transportation & Infrastructure Fund (TIF) to pay the Port’s contribution towards multiple public expense projects for regional mobility and transportation, including the following:

- The heavy haul network, which will allow heavier cargo containers to be transported between the Seattle cargo terminals, industrial businesses, and rail yards
- The Safe and Swift Corridor Program, which supports projects and other efforts to improve transportation flow and safety along key freight transportation corridors, including South Spokane Street, Lander Street, and 15th Avenue W
- The Gateway Program for Washington State Route 509 improvements near the Airport
- A contribution towards the West Seattle Bridge repair/replacement project
- Other projects include the Freight Action Strategy for Seattle-Tacoma (FAST) Corridor Partnership

These and other projects are focused on improving regional transportation and public access for the long-term vitality of the greater Seattle area. For more details about the Port’s public expense projects and their funding, please see Section VIII, “Tax Levy,” and Section IX, “Capital Improvement Plan.”

CENTRAL SERVICES

The Central Services CIP consists predominantly of technology projects associated with critical infrastructure and network security enhancements required to maintain compliance with established industry standards. The remainder of the Central Services CIP consists of fleet replacement and small capital acquisition, which largely relates to the replacement of equipment and assets that are at or beyond the end of their useful lives. Central Services CIP is allocated to and funded by the operating divisions, as presented above in Tables X-2 and X-3. See Section IX, “Capital Improvement Plan,” for additional information on the Central Services CIP.

FINANCIAL IMPLICATIONS AND RISKS

The Plan above includes projects currently identified as Committed and Business Plan Prospective. The Plan incorporates revenue bond debt service coverage targets a minimum of 1.25x for the Airport (actual planning is based on 1.40x) and 1.80x for Non-Airport operations. Port-wide coverage for all revenue bond debt service (irrespective of lien) ranges from a low of 1.64x to a high of 2.00x over the five-year forecast period (calculated assuming that a portion of Airport revenue bond debt service is paid from PFCs and CFCs and that interest is capitalized during construction). Port-wide revenue bond debt service coverage is heavily influenced by the Airport’s larger debt needs, and as such aggregate coverage may be reduced over time with the issuance of additional Airport revenue bonds given the lower Airport-specific debt service coverage target.

There are several risks that have been considered within the Plan. The revenue forecast used for developing the Plan has a higher degree of uncertainty than in most years. Although the forecast was based on conservative business assumptions, it is possible that actual performance could be worse. Additionally, the timing and costs of the CIP pose risks. While Committed projects are fairly certain, Business Plan Prospective projects have more uncertainty with regards to scope and timing; an increase in costs or an acceleration of schedule for these projects could change the funding forecast. In addition, the Plan does not include Other Prospective projects, projects that are not currently moving forward but may be required for security, renewal and replacement or to address changes in the business environment, nor “Estimate” projects for the NWSA. If such projects were to move forward, adding them to the Plan could change the funding forecast, although the Port has CIP Reserves to help mitigate this risk. In addition, the forecast is based on assumptions related to operating income and the level of the Port’s tax levy; changes in these assumptions could affect the Plan results as well. To minimize coverage impacts or manage funding shortfalls, the Port could employ several options including:

- delay or reduce project spending
- further reduce operating costs or identify additional revenues
- utilize alternative financing for appropriate projects, e.g. public-private partnerships or special revenue bonds
- seek additional grant funding
- increase airline rates and charges within the limitations of the Airport’s operating agreement
- increase the tax levy or G.O. bonds, subject to statutory constraints
- implement the Industrial Development District levy

Prior to implementation, these mechanisms would be further evaluated in the context of business planning, asset/liability management goals and Port policy objectives. Given potential costs and/or risks associated with each, it is likely that the Port would pursue a balanced approach to minimizing coverage impacts by utilizing a combination of options.

E. FINANCING INITIATIVES

As presented above in Table X-2, the Plan anticipates approximately \$3.0B of future Airport revenue bond needs during the forecast period, which may require a bond issue as early as 2023 to fund a portion of those costs. The Plan also anticipates the need to issue \$100.0M of future G.O bonds (see Table X-3) in 2024 to partially fund the Non-Airport capital plan.

In June 2020, the Port entered into an agreement with JP Morgan Chase Bank, National Association to obtain a credit facility up to a maximum amount of \$150.0M for a term of three years, for the purpose of providing liquidity in response to the global pandemic. The credit facility is a general obligation of the Port, backed by the full faith and credit of the Port including revenues and tax receipts.

In November 2021, the agreement was amended to reduce costs and better align with current liquidity needs by extending the term one additional year and reducing the maximum amount to \$75.0M effective October 2022. As of December 1, 2022, no borrowing on this facility has occurred.

As part of the Port's ongoing debt management, staff will continue to monitor opportunities to refund existing bonds for debt service savings, and to manage variable rate debt credit agreements and renewals. The Port executed early redemptions of callable bonds in 2022 to reduce interest expense.

F. CAPITAL PLANNING RESOURCES

The following information on funding guidelines and financial model assumptions are resources for better understanding the Plan.

PORT OF SEATTLE FUNDING GUIDELINES

Guidelines have been prepared to assist the Commission, Port management, and staff in decisions regarding the allocation of Port funds.

Tax Levy and G.O. Bonds

Generally, the Port has used tax levy funds for environmental remediation and regional transportation efforts, and for certain Commission-endorsed capital projects and community programs charged to expense. Port policy guiding uses of tax levy funds may evolve as Port businesses and community goals change, but typical levy funding of capital projects is applied to those projects that meet the following criteria:

- A long lag exists between capital costs and project revenues, or the project's financial return will not support revenue bond financing (i.e. the internal rate of return, or IRR, is less than the current cost of debt) and the project is considered a strategic initiative;
- The project generates economic or other benefits for taxpayers or supports a business that generates economic benefits but does not generate sufficient cash flow to fund the project.
- The project supports the NWSA and is located in the North Harbor.

The Port may also leverage the tax levy with G.O. bonds, however per policy no more than 75% of the annual tax levy may be devoted to paying annual G.O. bond debt service.

Based on these criteria, the Plan assumes tax levy/G.O. funding primarily for certain Port capital projects in support of fishing industry facilities, habitat restoration, waterfront improvements, strategic initiatives, renewal and replacement of certain Maritime and EDD facilities, and certain NWSA capital projects located in the North Harbor. The levy has not traditionally been used for projects at the Airport, except for tax levy funding for noise mitigation investments and certain airport community support programs not eligible for airport funding.

In addition to funding capital projects, the tax levy or G.O. bonds have been used to fund public expense projects, such as the Port's contribution to the City of Seattle for repair of the West Seattle Bridge near the Port's container shipping terminals. Similar to capital projects, public expense projects are expected to meet the criteria noted above to be eligible for tax levy or G.O. bond funding. The Port currently has tax levy funds set aside into the Commission-designated Transportation & Infrastructure Fund (TIF) to pay the Port's contribution towards multiple public expense projects for regional mobility and transportation.

Section VIII, "Tax Levy," describes the various uses of the tax levy including the funding of certain capital projects.

Revenue Bonds

Projects should earn at least the current cost of debt (in IRR terms) or otherwise be included in the airlines' rate base to be eligible for revenue bond financing. A target first lien revenue bond coverage ratio of 1.80x will be reviewed annually considering changing circumstances such as critical funding needs or changes in the airport-airline operating agreement. As mentioned above, the Port targets a minimum 1.25x coverage on Airport revenue bond debt service and 1.80x coverage on Non-Airport revenue bond debt service. An adequate cash flow margin (cash flow after debt service) will also be maintained for planning purposes.

Industrial Development District (IDD) Levy

To be considered for IDD levy financing, projects should be critical to core Port business or other major strategic initiatives and should generate significant economic benefits for taxpayers. Additionally, projects must comply with all applicable legal requirements governing the use of the levy. See Section VIII, "Tax Levy" for additional information.

Grants and Passenger Facility Charges (PFCs)

Airport projects eligible for Airport Improvement Program (AIP), Bipartisan Infrastructure Law grants and PFC funding should be consistent with airport investment strategies and must comply with the regulations of the grant-making agency. Projects focus on high priority safety, security, and capacity efforts. Project's awarded grants from other federal, state, or local agencies should similarly be consistent with the Port's or NWSA's investment strategies and comply with the regulations of the grant-making authority. Funds provided from the HMT should comply with the laws and regulations applicable to use of those funds.

Funding vs. Asset Life

Project funding should in all cases closely match the life of the particular asset financed. For example, long-term financing in the form of 20-30 year revenue or General Obligation (G.O.) bonds should only be

used for assets having economic lives in a similar range or longer. Shorter-lived assets should be funded through “pay-as-you-go” or other short-term financing structures.

2023 DRAFT PLAN OF FINANCE ASSUMPTIONS

Capital Improvement Plan

Capital spending projections are aligned with the capital presentations provided to the Port Commission in October and November 2022 and are included in Section IX “Capital Improvement Plan.”

Capital Capacity Calculations

The Port’s capital capacity calculations combine projections of operating revenues, expenses, non-operating items (including tax levy funds and collections), debt service, and capital spending to determine Port debt financing requirements. Assumptions used in the Plan include:

- Interest earned on restricted and unrestricted funds based on 2.50% from 2023-2027
- All future bonds (revenue and G.O.) are assumed to have the following fixed interest rates:
 - Future bonds issued in 2023 assume a 4.75% interest rate
 - Future bonds issued in 2024-2027 assume a 5.0% interest rate
- Future bond issuances assume a 25-year term
- *First Lien* is the assumed working lien for future Non-Airport revenue bond debt. The Port forecasts \$212.5M of Non-Airport revenue bond issuance in 2025-2026
- *Intermediate Lien* is the primary working lien for future Airport revenue bond debt; 80% of the future bond issuances for the Airport are assumed to be funded on the Intermediate Lien
- *Subordinate Lien* is the assumed lien for the remaining 20% of future Airport revenue bond debt, consistent with the Port’s 20% variable rate debt target
- 1% gross-up assumed for all future debt issuance to account for costs of issuance
- 4.75% - 5.0% and 9% *additional* gross-up assumed for the Debt Service Reserve Fund contribution (cash funded) for future Aviation and Non-airport revenue bond debt, respectively
- Gross-up for future Aviation debt issuance for assumed 12 months of Capitalized Interest for most projects and up to 24 months on a few select projects
- 4.5% interest assumed on variable rate bonds (issued in 2008), based on projections of short and long-term tax-exempt variable rates
- 2023 operating revenue and expense forecasts are based on the 2023 Final operating budget as of November 2022, with adjustments as appropriate.

Tax Levy

- The Port’s tax levy projections are based on a \$82.7M levy in 2023, which represents a 2.0% increase from the 2022 levy amount, and an additional 2.0% increase annually from 2024-2027
- Policy limit of no more than 75% of the annual tax levy devoted to paying annual G.O. bond debt service
- A tax levy projection model is used to forecast future year assessed value amounts that can affect the forecasted maximum statutory levy

Revenue and Expense Assumptions

Airport

- The planning assumption for Airport passenger levels affects non-aeronautical revenues and the PFC and CFC collections; it also affects the rates charges to airlines under the cost recovery formulas. For the 2023 Budget, the Airport is assuming passenger volume at 94.5% of its 2019 pre-pandemic level, increasing to the 2019 level in 2024.
- Airport aeronautical revenues are determined according to a cost recovery model for airline-utilized property and facilities at the Airport. In September 2022, the Port reached an agreement on an extension of the Signatory Lease and Operating Agreement (SLOA IV) which expires on December 31, 2024.
- SLOA IV established several types of fees designed to recover operating and capital costs of the associated aeronautical facilities on the Airfield and in the Air Terminal. The Airfield is comprised of three areas: The Airfield Apron Area, the Airfield Movement Area and the Airfield Commercial Area, and related costs and fees are calculated separately for each area. Terminal rental rates are based in part on the Terminal Building Requirement, which is computed by multiplying the total of budgeted operating expenses and capital costs, including debt service and debt service coverage (if required), allocated to the terminal, by the ratio of airline rentable space to total rentable space, less any non-signatory airline premiums included in rent payable by non-signatory airlines.

SLOA IV also includes cost recovery on cash-funded assets through an amortization calculation for assets placed in service from 1992 on. The Airport assumes the risk of any vacant non-airline space, in addition to any vacant publicly accessible airline office or club space. Use of the baggage system, passenger loading bridges, airline support systems and equipment and the federal inspection facility is calculated and charged separately; these are also based upon operating expenses and capital costs, and the Port may use non-aeronautical revenues to offset costs associated with the federal inspection facility cost center. A Majority-in-Interest of the airlines can delay new project construction, but not design, for up to 12 months.

Under SLOA IV, revenue sharing was phased out, ending in 2019. The Airport can charge the airlines additional debt service coverage if Airport coverage is below 1.25 times.

The Airport was allocated a total of \$410M of Coronavirus relief grant funds. Of that, \$147.1M was applied in 2020 to the payment of a portion of debt service and operating expenses. \$100.6M was applied in 2021 and \$153.1M is forecast to be applied in 2022 to the payment of a portion of debt service, operating expenses, and concessionaire relief. The remaining approximately \$10.0M is assumed to be applied in 2023 toward debt service.

- Airport non-aeronautical revenues are based on forecasted passenger levels and the revenue terms of current leases and agreements associated with non-aeronautical businesses
- Expense projections are based on estimates developed as part of division business planning
- Operating environmental costs are included in O&M expense, if applicable
- Certain non-operating revenues and expenses are included; for example, interest earnings, debt-related fees, public expense items and non-operating environmental expenses
- Federal Airport Improvement Program (AIP) grant reimbursement projects are based on estimated spending on eligible projects and standard reimbursement rates of 75%-80%. Grants from the Transportation Security Administration (TSA), Washington State Department of Commerce, and U.S. Department of Transportation are also included in the total grant funding amount.
- Passenger Facility Charges (PFCs) are estimated based on projected enplanement levels and PFCs applied to pay debt service on Revenue Bonds

- Customer Facility Charges (CFCs) are estimated based on forecasted transaction days of car rentals at the Airport multiplied by a forecasted daily rate. CFC income (net of debt service) is expected to fund on-going Consolidated Rental Car Facility capital projects

Non-Airport

- Revenue and expense projections for the Maritime and Economic Development Divisions' long-range operating forecasts are based largely on the terms of existing lease agreements and projected activity levels for any applicable volume-based revenues. Revenues generated from certain new investments were included
- Cruise, a significant contributor to Maritime net income, forecasted 2023 passengers and revenue based on a risk-adjusted cruise schedule and assumed 85% occupancy for all sailings in 2023, increasing to 100% occupancy by 2025. Other Maritime revenues, in aggregate, are expected to increase in 2023 and grow gradually thereafter
- The Port assumed 50% of the forecasted NWSA NOI (before Depreciation) adjusted for the Terminal 46 Contra Revenue as Port operating revenue. The Port, through an Interlocal Agreement, pays the NWSA for the use of a portion of Terminal 46 and this is recognized as a Contra Revenue. As a result, the Port's recognized Distributable Revenue is less than 50 percent of the NWSA total. Additional information on the NWSA operating budget can be found in Section XII, "The Northwest Seaport Alliance (NWSA)"
 - The NWSA will distribute cash to each Port based on cash flow from operations, calculated pursuant to General Accepted Accounting Principles (GAAP) plus non-operating net cash flow from interest earnings and capital grants. Cash distributions will be made no less than quarterly based on each Port's percentage of total shares. The NWSA is treated as a joint venture for accounting purposes and the Port expects to recognize as Gross Revenue its 50% share of the NWSA Net Income or Losses (as defined in the NWSA Charter to mean, for each fiscal year or other period, an amount equal to the NWSA net operating income or losses less depreciation plus non-operating income or losses, determined in accordance with GAAP)
- Operating environmental costs are included in O&M expense, if applicable
- Certain non-operating revenues and expenses are included; for example, interest earnings, debt-related fees, and the payment of public expenses

Central Services

Central Services expenses are largely distributed to the operating divisions as overhead, with a few specific exceptions.

This page intentionally left blank.

XI. STATUTORY BUDGET

2023 STATUTORY BUDGET

A. INTRODUCTION

The "statutory" budget, as defined in RCW 53.35.010, is to portray "the estimated expenditures and the anticipated available funds from which all expenditures are to be paid." As a cash budget, the Statutory Budget establishes the need for the tax levy, sets upper limits on expenditures, but is not used as an operating budget. The function of controlling and managing the operations of the Port is accomplished with the operating budget.

The 2023 Statutory Budget would be provided to the Port Commissioners and made available to the general public on October 20, 2022, as required by law (RCW 53.35.010 and RCW 53.35.045). Notices of the Public Hearing were published on October 26th, November 2nd, 9th, 16th, 2022, in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The notices included announcements: that copies of the preliminary budget would be available for distribution to any interested persons on October 19, 2022; that the introduction of the preliminary 2023 Budget and public hearing would be held on November 8, 2022; and that the adoption of the 2023 Budget would be held on November 29, 2022. The final statutory budget was filed with the King County Council on November 30, 2022, as allowed by RCW 53.35.045. The Port also adopted a separate resolution for an increase in the tax levy as required by RCW 84.55.120.

B. STATUTORY BUDGET HIGHLIGHTS

1. Tax Levy

For 2023, the tax levy is \$82.6 million. The following is a comparison of the tax levy detail between 2022 and 2023:

	Budget 2022		Budget 2023	
	Levy Rate	Levy Amount	Levy Rate	Levy Amount
For General Obligation Bonds	\$ 0.0545	\$ 39,362,770	\$ 0.0397	\$ 34,680,071
For General Purposes	0.0577	41,673,864	0.0549	47,977,296
Total	\$ 0.1122	\$ 81,036,634	\$ 0.0945	\$ 82,657,367

2. Tax Levy Rate

The tax levy rate is a product of dividing the tax levy dollars by the assessed valuation of personal and real properties within the Port District. Therefore, if assessed valuation increases at a greater rate than the increase in the tax levy amount the Port assesses, the tax millage rate would go down even though the Port's levy dollars may have increased. The exact levy rate is determined by the County Assessor after all taxing agencies have requested their levy dollars, and the assessed valuation dollars are certified. The 2022 preliminary assessed valuation as of October 6, 2022 is \$874,233,521,538 after omitted assessments, which are not included in the Port's levy calculation. The 2022 assessed valuation is used for 2023 tax collection. This is an increase from the final assessed valuation per the King County Annual Report for 2022 tax collection, which was \$722,527,903,972 after omitted assessment.

C. RESOLUTIONS

RESOLUTION NO. 3805

A RESOLUTION of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2023; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed properties of the Port of Seattle District in the Year 2023.

WHEREAS, the Port of Seattle in the Century Agenda commits to create economic opportunity for all, steward our environment responsibly, partner with surrounding communities, promote social responsibility, conduct ourselves transparently, and hold ourselves accountable; and

WHEREAS, the Port of Seattle's Century Agenda outlined goals of meeting current demand as a business gateway and tourism hub for the region, and further expressed the need to anticipate future growth of the region and to prepare for the ensuing demand for cruise, maritime, and aviation all for the economic benefit of the region; and

WHEREAS, the Port of Seattle Commission is committed to the responsible stewardship of public tax revenue, financial transparency, and an open budget process; and

WHEREAS, the Port of Seattle and its Commission are committed to making strategic investments necessary to promote a thriving maritime and industrial economy and recognize that increasing pressure on industrial lands and freight corridors in the region threatens the viability of this sector; and

WHEREAS, the long-term viability of the maritime and industrial sector is dependent on a robust and well-trained workforce and the sector is facing both an aging workforce and a limited influx of trained younger workers to replace those approaching retirement and the need to strengthen training and pathways into the sector; and

WHEREAS, the Port of Seattle Commission is committed to reducing our carbon footprint by investing in solutions to become the "greenest" and most efficient port in the nation and we are further committed to assisting and incentivizing those we do business with in order to reach these goals; and

WHEREAS, the Port of Seattle Commission has determined that the mission of the Port is to create good jobs in the region by advancing trade and commerce, promoting manufacturing and maritime growth, and stimulating economic development; and

WHEREAS, the Port of Seattle Commission, on the 19th day of October, 2022, provided the preliminary 2023 Budget of the Port of Seattle to the public and for the publication of Notice of Budget Hearing to consider adoption of a final budget, to be heard on the 8th day of November, 2022, when taxpayers might appear and present objections to the preliminary 2023 Budget; and

WHEREAS, a public hearing on the preliminary 2023 Budget was held remotely and in-person in the Port Commission Chambers, pursuant to notice duly given, in the City of Seattle, County of King, State of Washington, on the 8th of November, 2022, at 12 p.m.; and

WHEREAS, all parties present at said hearing was afforded a full opportunity to present objections to the preliminary 2023 Budget, and the Port Commission being duly advised in the premises; and

WHEREAS, the King County Assessor notified the Commissioners of the Port of Seattle on the 6th day of October, 2022, that the preliminary regular levy assessed value of the property lying within the boundaries of the Port of Seattle district ("Port District") for the year 2022 is \$874,233,521,538 (after omitted assessments); and

WHEREAS, the King County Assessor notified the Commissioners of the Port of Seattle on the 6th day of October, 2022, that the preliminary maximum allowable levy is \$113,191,829 including \$237,260 levy for prior year refunds, and the Port intends to retain this levy capacity; and

WHEREAS, the Port has outstanding General Obligation bonds due in 2023 and has a General Obligation line of credit, for the payment of the principal and interest on such indebtedness in 2023 the entire amount of the levy is required to be available to the Port.


NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle that the preliminary 2023 Budget, as updated and amended at the November 8, 2022, Port Commission hearing, and as may have been further amended by the Port Commission on this 29th of November, 2022, is hereby adopted as the final budget of the Port of Seattle for the Year 2023. Said final budget includes the statutory budget required under RCW 53.35.040. A copy of the final budget shall be made available to the public on the Port of Seattle website.

BE IT FURTHER RESOLVED that the amount of taxes to be levied by the Port of Seattle on the current assessment rolls to provide for payment of bond redemption and interest on the Port of Seattle General Obligation Bonds and line of credit and, as available, for future expenditures for acquisitions and capital improvements and for such general purposes allowed by law which the Port deems necessary be set and deposited is still pending commission approval.

BE IT FURTHER RESOLVED that the King County Council, State of Washington, be notified that the specific sum herein mentioned being a total of \$82,657,367 is necessary to be raised by taxation to meet the payment of bond redemption and interest on Port of Seattle General Obligation Bonds and line of credit, of future expenditures for acquisitions and capital improvements, and of costs for such general purposes allowed by law which the Port deems necessary, as set forth for the period January 1, 2023, and thereafter; that said King County Council be respectfully requested to make a levy in said amount for the aforesaid purposes.

BE IT FURTHER RESOLVED that the above is a true and complete listing of levies for the Port District for collection in the year 2023 and they are within the maximums established by law.

ADOPTED by the Port Commission of the Port of Seattle at a duly noticed meeting held this 29th day of November, 2022, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.



Port of Seattle Commission

RESOLUTION NO. 3806

A **RESOLUTION** of the Port Commission of the Port of Seattle specifying the dollar and percentage change in the regular property levy from the previous year per RCW 84.55.120; providing for an increase of the levy from \$81,036,634 to \$82,657,367.


WHEREAS, the Port of Seattle in the Commission has met and considered its budget for the calendar year 2023; and

WHEREAS, the Port of Seattle's Commission, after hearing and duly considering all relevant evidence and testimony presented in a public hearing held pursuant to RCW 84.55.120, has determined the Port of Seattle requires a regular levy in the amount of \$82,657,367, which represents the levy rate of approximately \$0.095 per thousand of assessed value; and

WHEREAS, the levy amount includes an increase in property tax revenue from the previous year to discharge the expenses and obligations of the district in its best interest.

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle that a property tax levy is hereby authorized in the amount of \$82,657,367, an increase of \$1,620,733, a 2.0 percent increase from 2022. Excluding the new construction and refund amount, the increase is \$317,492 or 0.4 percent from 2022 for tax filing purposes.

ADOPTED by the Port Commission of the Port of Seattle at a duly noticed meeting held this 29th day of November, 2022, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.



Port of Seattle Commission

D. TAX LEVY CALCULATION SHEET

TABLE XI-1: TAX LEVY CALCULATION SHEET

TAXING DISTRICT: Port of Seattle

The following determination of your regular levy limit for 2023 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.

(Note 1)

Using Limit Factor For District	A. B.	Using Implicit Price Deflator
110,780,780	Levy basis for calculation: (2022 Limit Factor) (Note 2)	110,780,780
1.0100	x Limit Factor	1.0646
111,888,588	= Levy	117,933,895
9,468,652,095	Local new construction	9,468,652,095
0	+ Increase in utility value (Note 3)	0
9,468,652,095	= Total new construction	9,468,652,095
0.11258	x Last year's regular levy rate	0.11258
1,065,981	= New construction levy	1,065,981
112,954,569	Total Limit Factor Levy	118,999,876
Annexation Levy		
0	Omitted assessment levy (Note 4)	0
112,954,569	Total Limit Factor Levy + new lid lifts	118,999,876
874,233,521,538	, Regular levy assessed value less annexations	874,233,521,538
0.12920	= Annexation rate (cannot exceed statutory maximum rate)	0.13612
0	x Annexation assessed value	0
0	= Annexation Levy	0
Lid lifts, Refunds and Total		
0	+ First year lid lifts	0
112,954,569	+ Limit Factor Levy	118,999,876
112,954,569	= Total RCW 84.55 levy	118,999,876
237,260	+ Relevy for prior year refunds (Note 5)	237,260
113,191,829	= Total RCW 84.55 levy + refunds	119,237,136
113,191,829	Levy Correction: Year of Error (±or-)	119,237,136
ALLOWABLE LEVY (Note 6)		
Increase Information (Note 7)		
0.12948	Levy rate based on allowable levy	0.13639
80,984,040	Last year's ACTUAL regular levy	80,984,040
30,904,548	Dollar increase over last year other than N/C – Annex	36,949,855
38.16%	Percent increase over last year other than N/C – Annex	45.63%
Calculation of statutory levy		
	Regular levy assessed value (Note 8)	874,233,521,538
	x Maximum statutory rate	0.45000
	= Maximum statutory levy	393,405,085
	+Omitted assessments levy	0
	=Maximum statutory levy	393,405,085
	Limit factor needed for statutory levy	Not usable

ALL YEARS SHOWN ON THIS FORM ARE THE YEARS IN WHICH THE TAX IS PAYABLE. *Please read carefully the notes on the following page.*

Notes:

- 1) Rates for fire districts and the library district are estimated at the time this worksheet is produced. Fire district and library district rates affect the maximum allowable rate for cities annexed to them. These rates *will* change, mainly in response to the actual levy requests from the fire and library districts. Hence, affected cities may have a higher or lower allowable levy rate than is shown here when final levy rates are calculated.
- 2) This figure shows the maximum *allowable levy*, which may differ from any actual prior levy if a district has levied less than its maximum in prior years. The maximum allowable levy excludes any allowable refund levy if the maximum was based on a limit factor. The maximum allowable levy excludes omitted assessments if the maximum was determined by your district's statutory rate limit. If your district passed a limit factor ordinance in the year indicated, that limit factor would help determine the highest allowable levy. However, if the statutory rate limit was more restrictive than your stated limit factor, the statutory rate limit is controlling.
- 3) Any increase in value in state-assessed property is considered to be new construction value for purposes of calculating the respective limits. State-assessed property is property belonging to inter-county utility and transportation companies (telephone, railroad, airline companies and the like).
- 4) An omitted assessment is property value that should have been included on a prior year's roll but will be included on the tax roll for which this worksheet has been prepared. Omits are assessed and taxed at the rate in effect for the year omitted (RCW 84.40.080-085). Omitted assessments tax is deducted from the levy maximum before calculating the levy rate for current assessments and added back in as a current year's receivable.
- 5) Administrative refunds under RCW 84.69.020 were removed from the levy lid by the 1981 legislature.
- 6) A district is entitled to the lesser of the maximum levies determined by application of the limit under RCW 84.55 and the statutory rate limit. Levies may be subject to further proration if aggregate rate limits set in Article VII of the state constitution and in RCW 84.52.043 are exceeded.
- 7) This section is provided for your information, and to assist in preparing any Increase Ordinance that may be required by RCW 84.55.120. The increase information compares the allowable levy for the next tax year with your ACTUAL levy being collected this year. The actual levy excludes any refund levy and expired temporary lid lifts, if applicable. New construction, annexation and refund levies, as well as temporary lid lifts in their initial year, are subtracted from this year's *allowable* levy before the comparison is made.
- 8) ***Assessed valuations shown are subject to change from error corrections and appeal board decisions recorded between the date of this worksheet and final levy rate determination.***

E. FORECASTED CASH FLOW SUMMARY

TABLE XI-2: FORECASTED CASH FLOW SUMMARY

(\$ in 000's)	<u>2023</u>	<u>Percent of Total</u>
Beginning balance of cash & investments	\$ 1,833,560	
<u>SOURCES OF CASH</u>		
Operating Revenues without NWSA	903,379	44.6%
NWSA Distributable Cash	62,282	3.1%
Interest Receipts	64,128	3.2%
Proceeds from Bond Issues	705,000	34.8%
Grants and Capital Contributions	80,078	4.0%
Tax Levy	82,657	4.1%
Passenger Facility Charges	94,122	4.6%
Rental Car Customer Facility Charges	24,658	1.2%
Fuel Hydrant Receipts	7,023	0.3%
Other Receipts	1,657	0.1%
Total	2,024,982	100%
Anticipated available funds	3,858,542	
<u>USES OF CASH</u>		
Expenses from Operations:		
Total Operating Expenses	573,431	31.1%
Debt Service:		
Interest Payments	219,620	11.9%
Bond Redemptions	222,098	12.1%
Total Debt Service	441,718	24.0%
Other Expenses	15,840	0.9%
Public Expense	11,309	0.6%
Payment to NWSA for Capital Expenditures	74,634	4.1%
Capital Expenditures	725,843	39.4%
Total	1,842,775	100%
Ending balance of cash & investments	\$ 2,015,767	
Increase (decrease) of cash during year	\$ 182,207	

cashflow.xlsx

FIGURE XI-1: SOURCES OF CASH
(\$ in 000's)

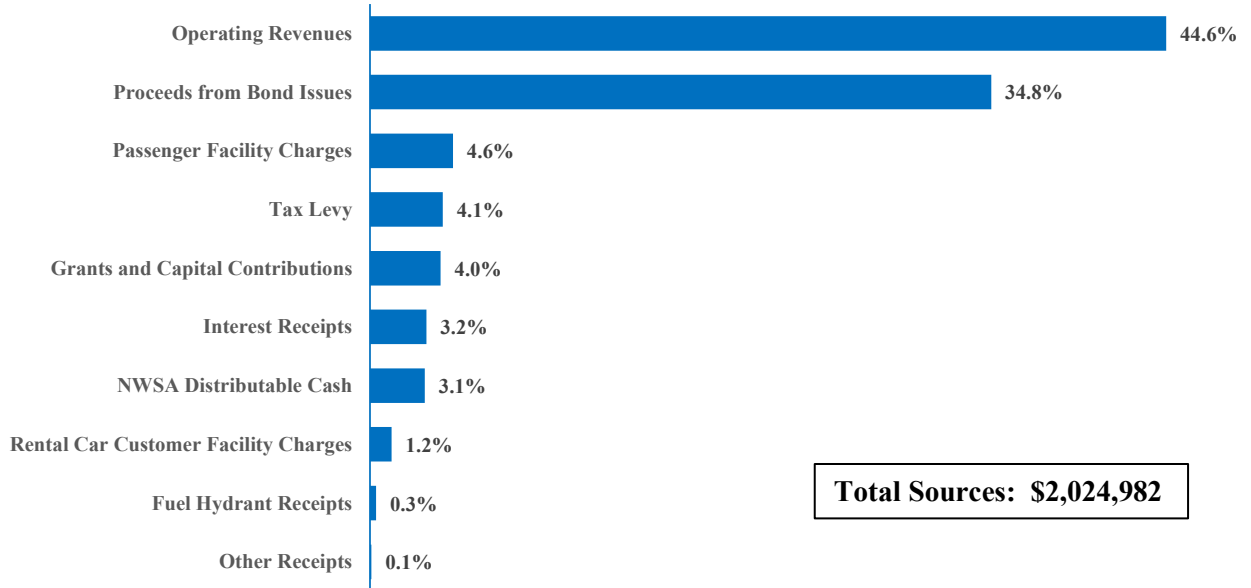
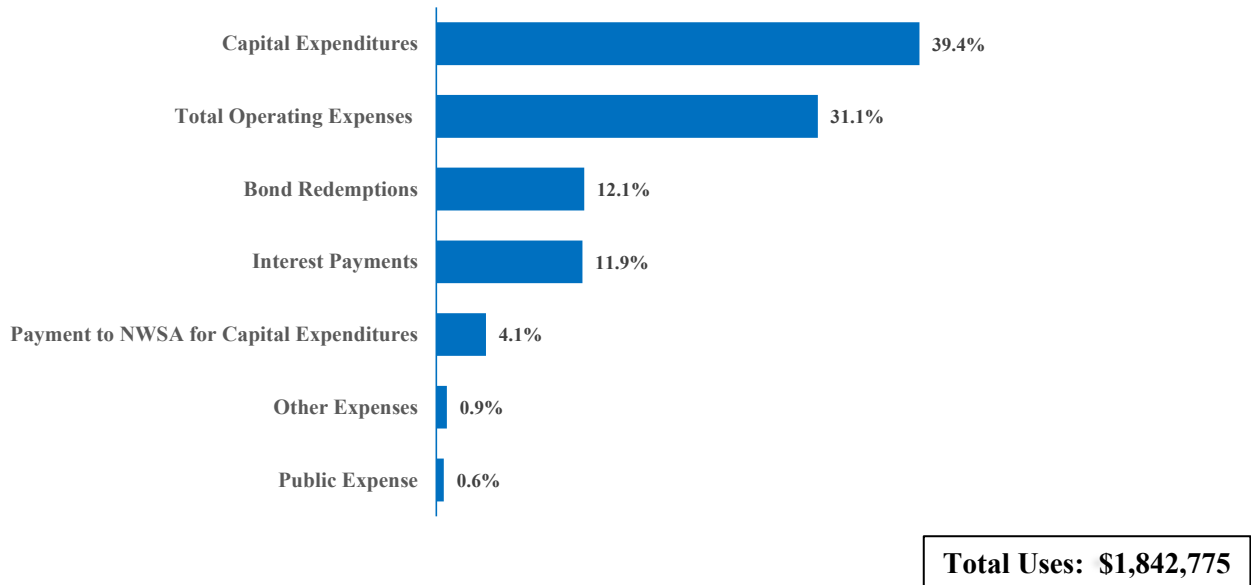


FIGURE XI-2: USES OF CASH
(\$ in 000's)



This page intentionally left blank.

XII. THE NORTHWEST SEAPORT ALLIANCE (NWSA)

NORTHWEST SEAPORT ALLIANCE (NWSA)

Port Interest in NWSA (Joint Venture)

The NWSA is a joint venture with the Port of Tacoma for the management of certain facilities licensed to the NWSA including the Port’s container terminals. Each Port is a 50 percent member – receives 50 percent of distributable revenue and provides 50 percent of funding including funding for capital investments.

Table XII-1 provides information on the Port’s operating revenues and expenses related to the NWSA. The NWSA Distributable Revenues are net of NWSA operating expenses (including depreciation of NWSA assets). The Port, through an Interlocal Agreement, pays the NWSA for the use of a portion of Terminal 46 and this is recognized as a Contra Revenue. The Port also has revenues and expenses related to the NWSA and its facilities; the most significant is depreciation expense for the Port owned facilities licensed to the NWSA. The Port’s operating revenues and expenses are included in Table XII-1.

TABLE XII-1: 2023 OPERATING BUDGET SUMMARY

(\$ in 000's)	2020	2021	2022	2023	% Change
Notes	Actual	Actual	Budget	Budget	2022 Bud - 2023 Bud
Revenue					
NWSA Distributable Revenue	\$ 38,782	\$ 55,998	\$ 49,440	\$ 50,305	1.8%
Contra Joint Venture Revenue	(1,913)	(1,952)	(1,991)	(2,030)	2.0%
Subtotal	36,869	54,046	47,449	48,275	1.7%
Other Service Revenue Tenant Reimbursements	694	796	450	734	63.2%
Total Revenues	37,563	54,842	47,899	49,010	2.3%
Expense					
Maintenance Expenses	502	592	574	630	9.8%
JV Direct	626	1,297	193	98	-49.3%
Security	-	74	179	198	11.0%
Environmental & Sustainability	32	178	333	657	96.9%
Cost Recovery	47	107	260	272	4.8%
Seaport Project Management	22	23	32	71	120.0%
Central Services / Other	40	120	156	221	42.0%
Total Operating Expenses w/o Pension Credit	1,268	2,390	1,727	2,148	24.4%
DRS Pension Credit	(205)	(682)	-	-	NA
Total Operating Expenses with Pension Credit	1,063	1,708	1,727	2,148	24.4%
NOI Before Depreciation	36,499	53,134	46,172	46,862	1.5%
Legacy Depreciation for NWSA Facilities	15,187	14,997	14,896	14,627	-1.8%
NOI After Depreciation	21,313	38,137	31,277	32,235	3.1%

jvrnoi.xls

The Port also makes capital investments. The Port provides 50 percent of the funding for the NWSA capital investments described in the NWSA budget and included in Section IX, “Capital Improvement Plan”. In addition, the Port has certain legacy obligations related to Port owned facilities licensed to the NWSA; these are entirely funded by the Port. More information on the NWSA and Port legacy projects can be found in Section IX.

This page intentionally left blank.



The Northwest Seaport Alliance 2023 Budget



Operating Budget and Capital Investment Plan adopted:
November 7, 2022



In June 2022, Inbound Logistics magazine named The Northwest Seaport Alliance in its annual list of “Green 75” supply chain partners. This is the sixth consecutive year that the NWSA has been recognized for its environmental programs and commitment to sustainability.



The Northwest Seaport Alliance joined Green Marine in 2016 and has maintained its continued improvement every year since becoming a member. Green Marine is a voluntary marine industry initiative with the goal of achieving levels of environmental performance that exceed regulatory requirements in areas such as air emissions, greenhouse gases, cargo waste management, community impacts (noise, dust, odors, and light), water and land pollution prevention and environmental leadership. There are currently more than 100 ship owners, port authorities, terminals, and shipyards from coast to coast, in Canada and the United States, participating in the program.

Table of Contents

Memo from John Wolfe, CEO	i
Budget Document Overview	ii
I. The Northwest Seaport Alliance Overview	I-1
II. Budget Message	II-1
III. Business Outlook	III-1
IV. Operating Budget	IV-1
V. Capital Investment Plan	V-1
VI. Environmental Stewardship & Planning	VI-1
Appendix A Bond Income Calculation.....	A-1
Appendix B Capital Construction.....	A-2
Appendix C NWSA Full Time Personnel.....	A-3
Appendix D NWSA Memberships.....	A-4

Figures

<u>Figure</u>		<u>Page Number</u>
I-1	Northwest Seaport Alliance Facilities – Seattle Harbor.....	I-6
I-2	Northwest Seaport Alliance Facilities – Tacoma Harbor.....	I-7
I-3	The Northwest Seaport Alliance Organizational Chart.....	I-8
V-1	Five-Year Capital Investment Plan by Line of Business	V-4

Tables

<u>Table</u>		<u>Page Number</u>
III-1	Cargo Activity Five-Year Forecast	III-4
IV-1	Statement of Revenue, Expenses and Distributable Income by Business	IV-4
IV-2	Operating Revenue and Expense Detail.....	IV-5
IV-3	Statements of Revenues, Expenses and Changes in Net Position	IV-6
IV-4	Allocations and Direct Charges Summary.....	IV-7
IV-5	NWSA Six-Year Financial Forecast	IV-7
IV-6	NWSA Six-Year Bond Income.....	IV-7
V-1	Planned Capitalized Project Spending.....	V-2
V-2	Five-Year Planned Capital Investment Plan by Purpose	V-3
V-3	Five-Year Planned Capital Investment Plan by Accounting Treatment	V-3
V-4	Five-Year Planned Major Projects by Line of Business.....	V-3
V-5	Depreciation Impact due to Capitalized Projects	V-3



To: Managing Members

Date: November 7, 2022

Subject: The Northwest Seaport Alliance Operating Budget and Five-Year Capital Investment Plan

Staff is pleased to present the 2023 Northwest Seaport Alliance (NWSA) Budget. This document informs interested parties about the NWSA's overall goals and strategies, as well as the business environment in which we operate. It highlights the strategic investments that will deliver competitive financial results, build infrastructure in an environmentally sustainable manner, and create jobs and economic wealth in the Puget Sound region.

In 2022, the global supply chain was challenged by significant congestion problems. NWSA overcame many of our congestion challenges through the opening of Terminal 5 and expanded partnerships at our near-dock container storage facilities that added capacity to our gateway. Additionally, a new partnership with the U.S. Department of Agriculture has helped exporters utilize our storage facilities to increase export opportunities. Increased congestion at other West Coast ports, however, caused vessel schedule disruptions that reduced vessel calls and containerized cargo volumes in our gateway.

The NWSA is proud to have a diversified business portfolio to offset these challenges and provide financial stability. In 2022, breakbulk cargo volumes set new records in multiple months, providing the highest yearly volume in the port's history. In addition, Glovis Logistics announced the decision to consolidate the KIA and Hyundai auto imports within our gateway. The NWSA domestic intermodal business also increased in 2022 with the opening of a new BNSF domestic intermodal yard.

Key infrastructure investments continue with Terminal 5 Phase two construction and Terminal 46 expected to return to service as a containerized cargo terminal in early 2023. Additionally, several marine terminals in Tacoma are exploring expansion opportunities, and we expect to announce more details in 2023.

The NWSA creates significant economic activity and family wage jobs in the Puget Sound region and across the state. NWSA and our customers' business activities generate more than 58,400 direct and indirect jobs and \$12.4 billion of business output based on the most recent study released in 2019 from 2017 data. The NWSA is an environmental leader in reducing cargo-related air emissions and stormwater pollution.

The current NWSA's Strategic Business Plan includes:

- Improve the efficiency and cost competitiveness of the supply chain
- Enhance NWSA, local and regional transportation infrastructure
- Advance the NWSA's market position in the international and domestic shipping industry
- Increase revenue through growth and diversification
- Advance environmental stewardship

Recent infrastructure investments and expanded partnerships have positioned our gateway for opportunities to grow market share and jobs in the region. The NWSA will continue to invest in the infrastructure necessary to keep our position as a leading North American port. Our team is focused on promoting responsible financial and environmental stewardship, fostering operational excellence throughout the gateway, and increasing business and employment across the region.

John Wolfe
Chief Executive Officer

Budget Document Overview

The Budget Document consists of these major sections:

I. Overview: This section provides information about the NWSA's facilities and customers. It examines the economic context of the NWSA's operating environment and outlines the NWSA's organizational structure.

II. Budget Message: This includes an overview of the budget challenges and opportunities, revenue types and expenditures. The Budget Message outlines the priorities and issues for the budget year and describes changes from the previous year.

III. Business Outlook: This section describes the NWSA's overall goals and strategies. It includes assumptions, potential obstacles and trends that staff used to develop the forecast. These serve as the foundation for the Operating Budget.

IV. Operating Budget: This section provides a summary of the assumptions that form the basis for the NWSA's operating budget. This section includes the operating budget with revenue and expenses by line of business, and details of expected operating costs. This section also provides a five-year financial forecast for the alliance.

V. Five-Year Capital Investment Plan (CIP): The CIP consists of all capitalized and expensed projects that the NWSA plans to complete in the next five years. Capitalized projects affect the NWSA's Profit and Loss statement through depreciation while expensed projects flow directly to the NWSA's net income in the year the expenses are incurred. This section provides details on the CIP including the impact of the capital spending on profitability.

VI. Environmental Stewardship and Planning: This section provides a historical context for the environmental challenges facing the two ports and their surrounding communities. This section also discusses the role of the NWSA Planning and Logistics department and its work to integrate all aspects of the alliance.

I The Northwest Seaport Alliance Overview

Marine Cargo Operating Partnership

The Northwest Seaport Alliance (NWSA) was formed when the ports of Seattle and Tacoma joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region.

NWSA Strengths and Advantages

Located in the Pacific Northwest in Washington state, the NWSA offers short transit times between the US and Asia, and the terminal and landside infrastructure necessary to quickly move cargo to the U.S. Midwest. NWSA strengths and advantages include:

- One gateway, two harbors and multiple terminal facilities offering more choices for shippers using the gateway.
- Naturally deep-water harbors and marine terminals with big-ship handling capabilities.
- Vessel service from the three international container shipping alliances and all major international container carriers. In all, seventeen international and four domestic container carriers make regular port calls at NWSA facilities.
- Dual service from the two West Coast transcontinental railroads (UP, BNSF) with competitive transit times to Chicago and other major Midwest markets.
- Excellent on-dock rail facilities and inland rail service. Two domestic rail operators.
- Close proximity to the second largest concentration of warehousing on the West Coast.
- Over 100 transload warehouses supplying logistics services to shippers using the gateway, many rail-served.

International & Domestic Trade

The NWSA ranks among the world's top 75 container gateways and was the fourth-largest gateway for containerized cargo in North America in 2021. Retention and growth of cargo volumes

shipped between Asia and major distribution points in the Pacific Northwest, Midwest, Ohio Valley, and the East Coast is a primary focus for the alliance. The NWSA also has a very active trade with Alaska and Hawaii.

The NWSA is a major center for bulk, breakbulk, and project cargoes. The NWSA is the Northwest home port for processing Kia, Mazda, and Mitsubishi automobiles and trucks while The Port of Tacoma has a separate facility, managed by the NWSA, that processes Hyundai, Nissan and Volvo vehicles.

The value of NWSA's two-way international trade totaled more than \$75 billion in 2021. Imports were \$59.1 billion, and exports were \$16 billion. Through June 2022, the two ports handled roughly \$37.5 billion of international trade. Based on dollar value, China (including Hong Kong) was the NWSA's largest trading partner. Other major international trading partners include:

- Japan
- Vietnam
- South Korea
- Taiwan
- Thailand
- Indonesia
- Malaysia
- Philippines

Seattle-Tacoma is recognized as "The "Gateway to Alaska"; with more than 80 percent of trade between Alaska and the lower 48 states handled at the two harbors. In 2021, 2.8 million metric tons of domestic cargo were shipped between Alaskan ports and NWSA terminals. Matson, TOTE Maritime Alaska, Northland, and Alaska Marine Lines are the primary shipping lines plying the Alaska trade. Trade with Alaska is estimated at \$5.4 billion, making it NWSA's fourth largest trading partner based on value of trade. The NWSA also provides connections to Hawaii with service from Matson and Aloha Marine Lines.

Port of Seattle & Port of Tacoma

The Port of Seattle was created September 5, 1911, in an effort by citizens to ensure public ownership of the Seattle harbor. The Port of Seattle was the first autonomous municipal corporation in the United States specifically tasked to develop harbor and

port facilities to encourage commerce. The Port opened Fishermen's Terminal in 1914, its first warehouse in 1915 and began working on the creation of Harbor Island.

The Port of Tacoma was created on November 5, 1918, by the voters of Pierce County to create job opportunities through trade, as well as promote economic development in Pierce County and the state of Washington.

The Port of Seattle and the Port of Tacoma's geographic boundaries lie within King and Pierce counties, respectively. They are situated on Elliott and Commencement bays in Puget Sound. Because of this strategic location, they offer efficient connections to sea, rail, highway, and air transportation networks.

King and Pierce Counties

King and Pierce counties are the first and second most populous metropolitan areas in the state of Washington. The two counties represent a combined population of approximately 3.1 million or 41% of the population of the state of Washington.

Located about halfway between the Oregon and Canadian borders, King and Pierce counties cover 3,916 square miles.

Ports' Economic Impact

The ports serve as a major economic engine for Pierce County, King County, and the state of Washington, creating thousands of family-wage jobs and serving as a catalyst for economic development.

In 2019, the ports of Tacoma and Seattle announced results from a joint economic impact study of the NWSA and the two seaports. According to the study, in 2017 the two ports' marine cargo activities supported 58,400 jobs in Washington state and contributed \$12.4 billion in total business output. Cargo-handling and leasing activities generated more than \$136 million in local and state taxes in Washington.

NWSA Facilities and Services

The ports have licensed to the NWSA facilities related to maritime commerce, including facilities for handling of containerized cargo, automobiles, logs, breakbulk cargo, heavy-lift and project cargoes, as well as intermodal rail operations. The NWSA's four

major waterways – two in Seattle and two in Tacoma – provide 33 ship berths on waterways that are about 51 feet deep. The NWSA facilities are located near I-5 and I-90, providing highway access to the Puget Sound market and beyond.

BNSF Railway and the Union Pacific Railroad serve the NWSA's nine on-dock and near-dock intermodal rail yards. The NWSA's intermodal rail facilities help save shippers and shipping lines both time and money for cargo destined for Midwest locations.

In Tacoma, Tacoma Rail, a division of Tacoma Public Utilities, provides switching and terminal rail service. Arrival and departure tracks help ensure efficient and reliable access to the mainline railroads.

The NWSA is both a landlord and an operating port. The NWSA's maritime marketing efforts focus on attracting cargo and additional shipping lines to its facilities. The NWSA also works with charter shippers and others to move their cargoes through both NWSA and customer-operated facilities in the Puget Sound.

Many of the two home ports' efforts are focused on industrial development and real estate. They each work to attract major manufacturers and warehouse/distribution centers to King and Pierce counties.

See Figures 1-1 and 1-2 for an overview of The Northwest Seaport Alliance facilities located in Seattle and Tacoma, respectively.

The Northwest Seaport Alliance governance

The NWSA was established as a Port Development Authority (PDA), separate from the two home ports, similar to Public Development Authorities formed by cities and counties. In 2015, the ports successfully sought and received an amendment to Washington law RCW 53 that allows the ports of Tacoma and Seattle to form a PDA for management of maritime activities.

The NWSA is governed by the two ports as equal members, with each port acting through its elected commissioners. Each Port Commission is a Managing Member of the NWSA, with each Managing Member being represented by its Port Commission. Votes by the Managing Members require a simple majority from each commission.

Each port remains a separate legal entity,

independently governed by its own elected commissioners. Each port has granted to the PDA a license for the PDA's exclusive use, operation, and management of certain facilities, including the collection of revenues. Ownership of the licensed facilities remains with the ports, not the PDA.

The ports remain responsible for their own debt and debt service; the PDA will not borrow funds.

The ports set up an initial 50/50 investment in the PDA; operating income is reported, and cash is distributed back to the ports on a monthly basis. The PDA has its own annual operating budget and five-year capital investment plan.

The ports contribute to capital construction subject to Managing Members approval; capital funding does not come from working capital generated by the NWSA.

NWSA Managing Members

The Managing Members are the commissions for each of the two home ports. The citizens of Pierce and King counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle. Each Commission seat is elected every four years, on a staggered basis.

The Managing Members are the final authority for approval of the NWSA's annual budget, long-term leases, policies, long-range development plans, and all construction projects and spending in amounts exceeding the authority of the Chief Executive Officer.

The members of the commissions at the time of this publication are:

Port of Seattle

- Ryan Calkins
- Sam Cho
- Fred Felleman
- Toshiko Hasegawa
- Hamdi Mohamed

Port of Tacoma

- Kristin Ang
- Deanna Keller
- Dick Marzano
- John McCarthy
- Don Meyer

NWSA Managing Members Meetings

Managing Member meetings are open to the public

The Northwest Seaport Alliance Budget 2023

and are held at various locations in both King and Pierce counties and online.

For the location and agenda for upcoming Managing Member meetings, as well as minutes for previous Managing Member meetings, visit www.nwseaportalliance.com.

The NWSA streams all Managing Member meetings live on the website, which are archived for future viewing.

Citizens may contact the Managing Members by calling 800-657-9808. Correspondence may be mailed to:

The Northwest Seaport Alliance
P.O. Box 2985
Tacoma, WA 98401-2985

Organizational Structure

The NWSA's daily operations are led by the Chief Executive Officer and the NWSA Executive Team. See the Organizational Chart (Figure I-3 on page I-8).

Executive Team

The Executive Team is comprised of the following positions:

- Chief Executive Officer (CEO)
- Deputy CEO
- General Counsel
- Chief Commercial and Strategy Officer
- Chief Financial Officer
- Chief Operations Officer
- Director of Engineering
- Director of Environmental/Planning Programs
- Director for Communications
- Senior Manager for Government Affairs

The Executive Team oversees all business activities and departments, and with the Managing Members, provides long-term strategic direction. The Executive Team ensures compliance with all regulations relevant to NWSA and port activities, including public meetings and information, environmental protection, labor relations, procurement, security, financial management and other issues. The Chief Operations

Officer, Director of Engineering and Director of Environmental Programs provide day-to-day management of some port staff working on both Port and NWSA-related items.

Commercial Group

Led by the Chief Commercial and Strategy Officer, the Commercial Group is comprised of the Business Development team, the Marketing & Business Services Team, and the Real Estate team.

Business Development: International and domestic container, breakbulk, and bulk cargo are core business segments for the NWSA. The Business Development team is responsible for cargo and terminal business development and management, and customer service to ocean carriers, marine terminals and shippers. The Business Development team plays an important role coordinating efforts across the entire supply chain, including customers, terminal facilities, railroads, and trucking companies. This team, in cooperation with the Operations Team and our customers, identifies and implements operational improvements to enhance the overall efficiency at the NWSA's terminals.

As one of the northernmost gateways on the U.S. West Coast, the Pacific Northwest has long been the primary hub for waterborne trade with Alaska, as well as a major gateway for trans-Pacific trade.

The gateway's on-dock and near-dock intermodal rail yards, along with international and domestic rail services to the U.S. Midwest, are key assets and an integral part of the NWSA business. Relationship management with Tacoma Rail, BNSF and Union Pacific (UP) and other rail stakeholders is a key function of this team.

While a significant portion of the Business Development team is focused on the container and associated intermodal business, the NWSA has a robust non-container business. Comprised of breakbulk (Roll-on/Roll-off, also known as RoRo), bulk and auto cargoes, these non-container segments make a significant contribution to revenue and further diversify the gateway's business portfolio. Additionally, the NWSA's Tacoma Harbor is designated as a strategic military port for transport of military cargoes.

Auto customers of the NWSA include Kia, Mazda, and Mitsubishi. Automobile imports are processed on property leased by Auto Warehousing Company (AWC), the largest auto processor on

the U.S. West Coast. The Port of Tacoma has a separate auto facility leased by Wallenius Wilhelmsen Solutions, which processes Hyundai, Nissan and Volvo imports.

Exports of petroleum products and molasses add to the diversified cargo mix.

The NWSA offers competitive rates and full service to all customers. To help facilitate and grow the cargo business, the NWSA has trade and business development representation in China, and Korea.

Marketing and Business Services Team: This team supports the Business Development team and is responsible for market research and business intelligence and analysis, marketing and advertising activities. It also supports the goals of the Commercial Group with cargo volume tracking and volume forecasting services.

Real Estate Team: Non-terminal industrial and commercial properties and facilities in the Seattle and Tacoma harbor are included in the assets assigned to the NWSA. These properties are a significant source of revenue for the NWSA. Real estate personnel are responsible for leasing, divesting and managing the Port's real estate portfolio.

Located in an industrial zone with room for growth, tenants offer a broad range of services for the NWSA's international and domestic customers including warehousing and distribution, manufacturing and marine services.

Operations Group

The Operations Group is responsible for the daily operations of NWSA facilities at both ports.

The Operations Group coordinates vessel arrivals and departures, and with the associated stevedores. The Operations group orders and manages labor at the North Intermodal Yard and breakbulk terminal in Tacoma, and is also responsible for customer service. The major focus of this department is to ensure the proper processing of all vessels and freight shipments moving through the Puget Sound gateway.

The Operations Department, in conjunction with Tacoma Rail, is responsible for rail service delivery at the Tacoma Harbor intermodal yards. This department also operates the North Intermodal Yard (NIM). The NIM is the only port on the U.S. West Coast with

dedicated rail services personnel. Both harbors offer competitive rail service via BNSF Railway and the UP Railroad, and are a major gateway for handling discretionary cargo destined for the Midwest.

Support Services

Support services such as maintenance, security, government affairs, communications, engineering, environmental programs, planning and financial services are provided by NWSA staff and / or service agreements between the alliance and the two ports. Costs for these services are charged by the ports to the alliance based on agreed upon methodologies including direct charge and purchased services.

Commitment to Fiscal Stewardship

The NWSA is intended to support the credit profiles of both ports, and its financial framework is intended to preserve both ports' commitment to financial strength and fiscal stewardship.

Both ports have a solid track record of prudent financial management and strong financial results, including solid debt service coverage and ample liquidity balances.

The ports are committed to ensuring that existing bond pledges and covenants will not be negatively affected. Outstanding bonds will remain obligations of each individual port.

To maintain the rights of each port's existing bondholders, the charter prohibits the NWSA from issuing debt.

Figure I-1.... Northwest Seaport Alliance Facilities – Seattle Harbor



Figure I-2.... Northwest Seaport Alliance Facilities – Tacoma Harbor

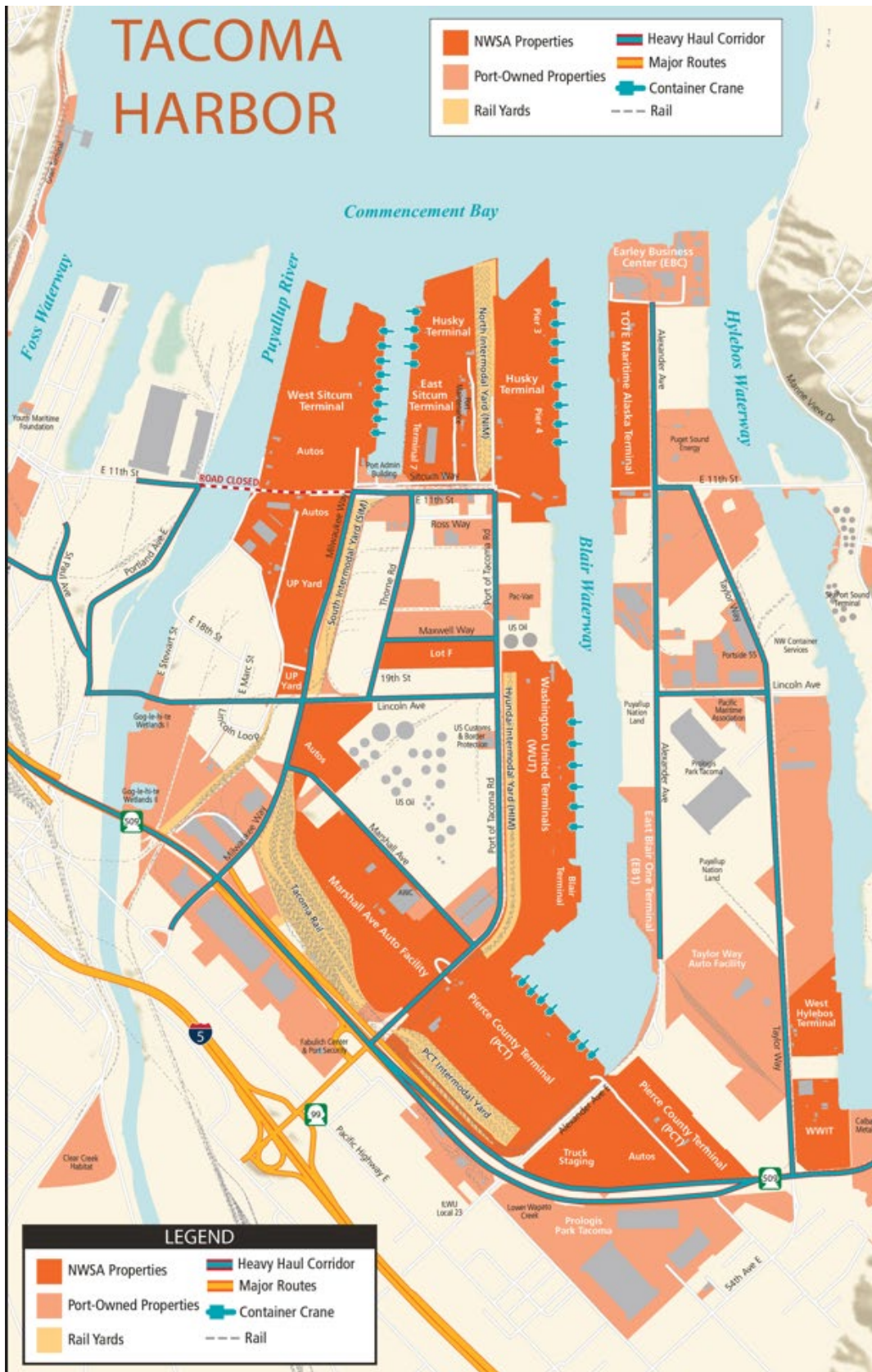
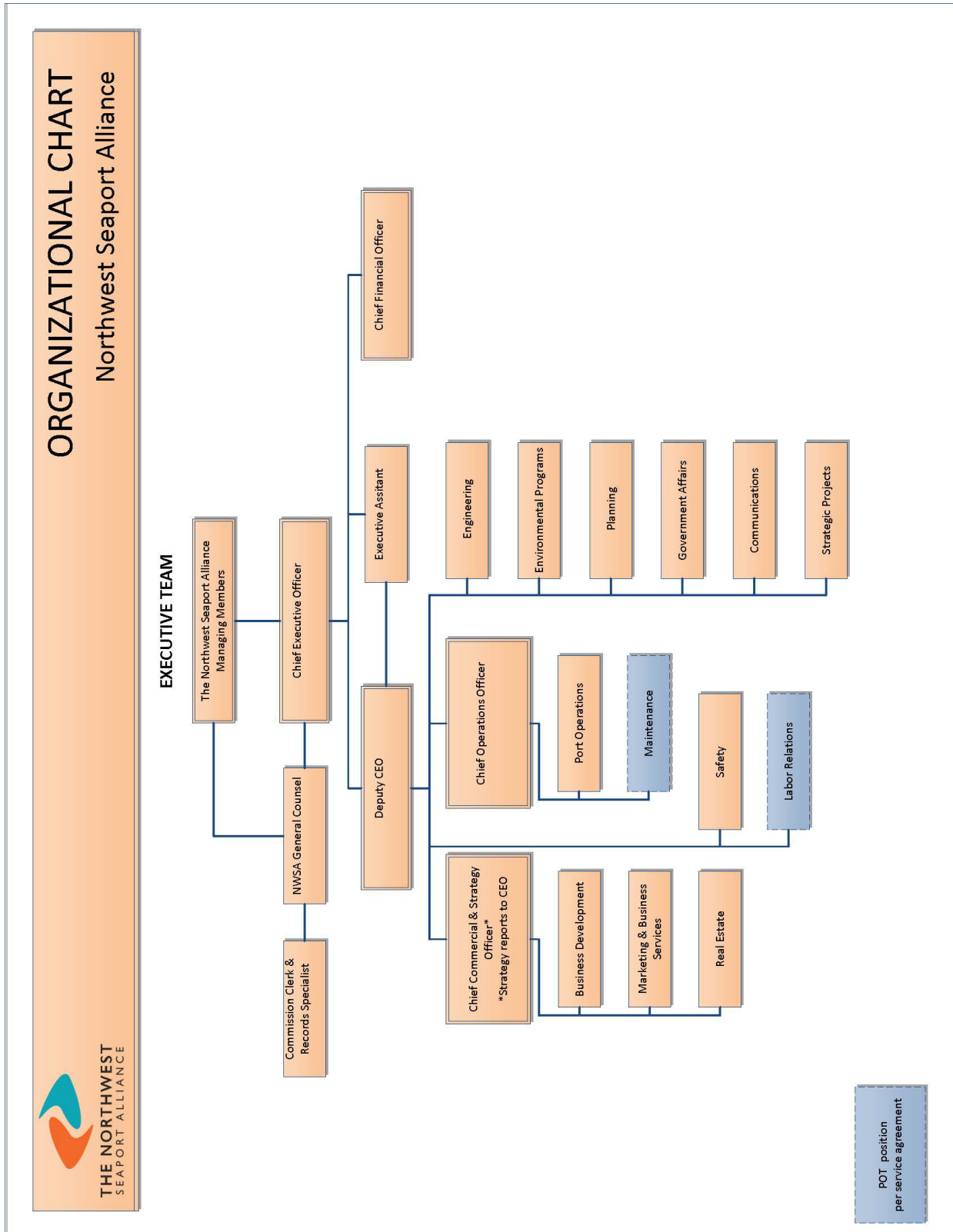


Figure I-3.... The Northwest Seaport Alliance Organizational Chart



II Budget Message

NWSA Goals

The NWSA has identified strategic initiatives to maintain and grow the maritime business in the Puget Sound. The high-level strategic initiatives, and supporting priorities are listed below:

1. **Commercial Initiatives**
 - a. Complete modernization of T5 dock, berth and power infrastructure in the Seattle Harbor to meet future container industry demand, increase throughput, and position The Northwest Seaport Alliance gateway strategically
 - b. Maximize gateway cargo potential and diversification and enhance supply chain networks. Facilitate terminal densification to increase cargo throughput
2. **Gateway Operations**
 - a. Enhance cargo and transportation (waterway, roadway and rail) efficiencies within the gateway to drive improved service delivery
 - b. Enhance and improve service delivery key performance indicators (KPIs) with a move toward real-time reporting and analytics
 - c. Support port-area infrastructure investments that support the efficient flow of cargo to and from NWSA facilities
 - d. Work with third party vendors and key stakeholders to enhance data visibility in a sustainable and fiscally responsible manner
3. **Financial Performance**
 - a. Effectively manage operating activities to deliver expected financial results
 - b. Maximize use of grants and other external funding
4. **Environmental Stewardship**
 - a. Effectively Manage and monitor the clean truck and clean air strategies and pursue improvements that support the green gateway strategy
 - b. Continued focus on water quality at NWSA and tenant run facilities. Provide input regarding 2025 Industrial stormwater General Permit (ISGP) requirements.
5. **Facilities Development**
 - a. Effectively Manage completion of all projects on-time and within budget
 - b. Support emergent business opportunities requiring facilities improvements
6. **Government Affairs**
 - a. Continue to pursue Harbor Maintenance Tax reform
 - b. Contribute to improvements in Federal permitting to support NWSA objectives
7. **Planning and Logistics**
 - a. Continue engagement and advocacy in regional transportation and land use planning
 - b. Complete vulnerability assessment and response framework for NWSA facilities
 - c. Leverage grant opportunities to fund strategic cargo related facilities and infrastructure
 - d. Support harbor deepening and maintenance dredging in both harbors
8. **Organizational Performance**
 - a. Engage and participate in Diversity, Equity and Inclusion (DEI) training
 - b. Continue development and implementation of applications that enhance the business and provide a competitive advantage

Budget Environment

The NWSA operates principally in two industries: terminal services and property rentals. Terminal services involve marine-oriented services including dockage, cargo-handling, storage and related activities. Property rentals include facilities and land used for container terminals, industrial activities, and storage.

As described in further detail in Section III, increased competition from Canadian ports as well as ports located on the U.S. West, Gulf and East coasts, has negatively impacted container market share for the Puget Sound gateway. The expansion of the Panama Canal and access via the all-water route to the Gulf and East coasts offers an alternative for US-bound shipments. While the recent market demand has resulted in high utilization of our terminals, NWSA staff continue to work on future projects to retain and grow our market share.

Revenues

The NWSA has both fixed and variable revenue streams. The majority of NWSA's revenue comes from fixed revenue streams, primarily from leased properties. The leased properties are mainly container terminals, buildings, and industrial and commercial land. The NWSA's container terminal leases with shipping carriers can last 20 years or longer depending on carrier requirements. Building and land leases with more than one-year remaining are considered fixed. Minimum crane hours and minimum intermodal lift requirements specified in certain terminal leases are considered fixed.

The balance of NWSA revenue comes from variable services provided to customers. These services include intermodal lifts for railcar loading above specified minimums and per unit charges for automobile unloading and breakbulk cargo. Variable revenues also include equipment rental on an hourly basis for crane hours above specified minimums and on straddle carriers used by terminal leaseholders, and month-to-month building or land leases.

GASB 87: GASB 87 move a significant amount of revenue from Operating Revenue to non-operating revenue. For clarity and to avoid confusion, the impact of GASB 87 will not be incorporated into this budget document.

2023 Budget

The NWSA has developed an overall operating budget with projected revenue of \$233.5 million. Operating income is budgeted to be \$96.6 million, resulting in an operating margin of 41.4 percent. The NWSA net distributable revenue of \$100.6 million, which includes grant and interest. Distributable Cash of \$124.6 million will be shared evenly between the two home ports. Each port's portion of net income will be included as revenue in their financial reports.

NWSA financial performance reflects the investments it is making to successfully complete our customer commitments while meeting the NWSA financial goals. The operating and capital budgets are based on the cargo forecast in Section III.

Capital Investment Plan Highlights

NWSA projects for the next five years reflect a focus on strategic container terminal development in both harbors. With this focus the NWSA has reviewed potential assets for revenue generation to ensure that financial and economic growth goals are met.

Major 2023 – 2027 capital projects include:

Seattle Harbor

- Completion of the 2nd berth and other improvements at Terminal 5
- Terminal 18 shore power installation
- Terminal 46 NW bulkhead replacement

Tacoma Harbor

- Husky shore power installation
- Berth dredging at 3 terminals
- PCT reefer expansion and fender replacement
- Ongoing maintenance of facilities
- Tacoma Terminal Expansion program

Both Harbors

- Clean air and stormwater investments
- Investments in numerous environmental remediation and mitigation projects

The NWSA's 2023 Capital Investment Plan of \$174.8 million represents the first year of the NWSA's 2023 - 2027 CIP – a package totaling \$649.3 million in new projects and investments. See Section V for additional details on the Capital Investment Plan.

Financial Measures

Financial measures for the NWSA have been developed

to monitor financial performance. The two measures are (1) Net Distributable Cash and (2) Return on Revenue (operating income divided by revenue). These measures help ensure that the NWSA is providing the necessary financial performance required by each home port.

Legislative Impact

Transportation Funding

The NWSA relies on an efficient and well-maintained road and rail network to ensure the smooth movement of cargo to and from its facilities.

The Washington Legislature made a significant commitment to infrastructure in 2015, passing the 16-year, \$16 billion statewide *Connecting Washington* transportation package. An estimated \$3.3 billion of those funds will be invested in projects benefiting NWSA terminals. In 2022, the Legislature passed the *Move Ahead WA* transportation package, which contained an additional \$468 million to address financial shortfalls in some of the port-related projects contained in *Connecting Washington*.

In 2021 Congress passed the Infrastructure Investment and Jobs Act (IIJA), a \$1.2 trillion infrastructure funding bill. The IIJA includes over \$5 billion over five years exclusively for port projects and \$20.5 billion for three other major discretionary grant programs to help fund multimodal infrastructure.

The IIJA funds will assist the NWSA in making strategic investments in mission-critical freight infrastructure, such as marine terminals, roads and rail. In 2020 the NWSA received our first award under the Port Infrastructure Development Program (PIDP), a \$10.7 million grant for the final phase of the T5 modernization program. In 2021, Port of Tacoma received \$15.7 million for the Off-Dock Container Support Facility, which will support cargo movement through NWSA terminals. NWSA also submitted a PIDP grant application in 2022 for gate improvements and a yard expansion at Terminal 5.

In addition, in 2022 Congress passed the Inflation Reduction Act. The bill includes \$3 billion over five years to establish a new grant program for zero-emissions port projects that will support the NWSA's clean air programs.

NWSA has hired additional grant support staff and has a substantial planning effort underway to identify

additional candidate projects for these new funding opportunities.

Shorepower Infrastructure Funding

Through the 2020 update to the Northwest Ports Clean Air Strategy, the NWSA established an aspirational goal to install shore power at its major international container terminals by 2030. In support of this goal, shore power has previously been installed at TOTE Terminal and will be available at Terminal 5 upon completion of the redevelopment project. The NWSA has also begun construction on a shore power system at Husky Terminal and is beginning design of a shore power system for Terminal 18.

The NWSA has leveraged a number of sources of external funding to support the shore power installations that are underway. The NWSA was awarded a \$4.3 million Clean Energy Fund grant from the state to support shore power installation at T-5. This funding was directed to the NWSA through a state budget proviso in the 2019 legislative session. The NWSA has also accepted a \$1 million DERA grant from the EPA, a \$1 million grant from the TransAlta Coal Transition grant fund, and a \$1.1 million state Volkswagen settlement grant from the Washington State Department of Ecology to support the Husky shorepower project. And finally, the NWSA has received a \$2 million grant from the Washington State Department of Ecology to support design and construction of a shore power system at Terminal 18.

The NWSA continues to plan for future shore power installations, ensure that terminal designs and redevelopments include shorepower, and pursue additional opportunities to leverage external funding to support shore power installations. Planning work associated with future shore power projects will allow the NWSA to accurately account for them in the Capital Investment Program and position the organization well to apply for external funding. NWSA staff expect the number and magnitude of external funding opportunities to increase in the coming years, given recent legislation that has been passed at the state and federal level. Some of these emerging opportunities are the Washington Climate Commitment Act, the Federal Infrastructure and Jobs Act and the Federal Inflation Reduction Act. NWSA staff will be aggressively pursuing all funding avenues to advance the shore power program.

Navigation Improvement Projects

The largest container vessels calling West Coast ports today have over two times the capacity of those that called just five years ago. To remain a competitive trade gateway, the NWSA is deepening the navigation channels that serve its facilities. In 2018, the U.S. Army Corps of Engineers completed a Chief's Report recommending deepening in specific areas adjacent to the NWSA's container terminals in the Seattle Harbor. Congress subsequently authorized the project in the 2018 Water Resources Development Act, and design funds were approved in the Corps' FY20 Work Plan. While channels are mostly -51 feet or deeper, some shallower spots present navigational and safety challenges. The recommendation is to deepen the east and west waterway in the Seattle Harbor to -57 feet MLLW.

This will allow the NWSA to handle fully laden ships larger than 18,000 TEUs. Deepening channels to this depth will require a local financial match of federal dollars, which could come from several sources, including the potential for a contribution from the NWSA. Additionally, the NWSA in 2018 signed a feasibility cost-sharing agreement with the Corps to initiate a feasibility study of navigation improvements to the Blair Waterway at the Port of Tacoma. The study was completed with a signed Chief's Report in May of 2022. The alliance has contributed approximately \$1.8 million over the course of the three-year study, amounting to half of the study's costs.

Our goal is to ensure the design phase is funded by Congress in 2022. A positive step toward this goal was the inclusion of \$1.5 million to cover the federal share of design costs in Senate appropriations legislation that was released this summer.

Harbor Maintenance Tax (HMT)

The HMT is assessed on ocean-going international imports that land at U.S. ports to pay for maintenance dredging of waterways through the HMT Trust Fund. It is not, however, assessed on importers who route cargo through non-US ports and afterwards move the cargo into U.S. markets by land. Moreover, the NWSA has received little, if any, benefit from the fund because its facilities are located on natural deep-water harbors that do not require significant maintenance dredging. Since 1986 the ports of Seattle and Tacoma have sought reform of the HMT to provide

a greater return to donor ports, such as the NWSA, and to ensure U.S. tax code does not disadvantage U.S. ports and maritime cargo.

A decades-long effort was achieved in December 2020 when Congress passed comprehensive HMT reform legislation as part of the Water Resources Reform and Development Act (WRDA) of 2020. The bill sets aside 8% of annual HMT collections for donor ports like Seattle and Tacoma. If implemented as drafted, the NWSA estimates that between them the two home ports of Seattle and Tacoma will receive approximately \$40 million annually for projects beginning in federal fiscal year 2023.

In 2022 the Port of Seattle received \$2.782 million and the Port of Tacoma received \$2.744 million from the federal government through the existing WRDA Section 2106 HMT donor port program. These funds will be used by the NWSA to fund eligible infrastructure projects to enhance the competitiveness of our cargo operations

Conclusion

The realities of the drastic changes in the global economy have led all ports to examine business and operational strategies.

The NWSA is focused on maximizing the use of existing facilities, working with existing customers to keep them competitive and successful, attracting new business and making strategic infrastructure investments such as the construction of world class terminals in both harbors that position the gateway for long-term growth. Through coordinated investments in maritime assets, the NWSA will help ensure the growth in the flow of cargo throughout the Puget Sound.

The NWSA is placing increased emphasis on the importance of developing and strengthening relationships with labor partners, industry stakeholders, customers, local, state and tribal governments and near-port communities to collaboratively achieve its future vision. This vision includes the road and rail infrastructure that ties the whole supply chain system together.

Despite the challenging realities of today's global economy, NWSA management is confident that the plans outlined in this budget will help the gateway remain financially strong, competitive and successful.

III Business Outlook

U.S. Economy

According to the Department of Commerce Bureau of Economic Analysis (BEA), real gross domestic product (GDP), defined as the value of the production of goods, decreased 0.6 percent in the second quarter of 2022 and 1.6 percent in the first quarter of 2022. BEA said, "The decrease in real GDP reflected decreases in private inventory investment, residential fixed investment, federal government spending, and state and local government spending, that were partly offset by increases in exports and consumer spending."

TTX, a railcar and freight management company cites slower inventory growth, a weaker business investment, and declines in government spending and consumer expenditures on goods as the causes for the reduction in GDP. Inflation continues to cast a shadow on the economy, although there is some debate as to whether it has succeeded in driving the economy into recession. According to TTX, "While the second quarter decline meets the criteria of the high-level definition of a recession (two consecutive quarterly declines), it does not necessarily meet the requirements set by the National Bureau of Economic Research (NBER). The NBER defines a recession as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, spending and other indicators as the primary signal for a recession. Many of these indicators appear to be performing well, such as industrial production, which recorded its highest quarter on record in Q2. The labor market also remains quite strong with unemployment at 3.6% (full employment) and gains in nonfarm payrolls exceeding historical averages. Finally, inflation adjusted consumer spending has increased in each of the last eight quarters."

Further, TTX says, "After substantial inventory builds in late 2021 and early 2022, the subsequent quarters still saw rising inventories but at a much slower rate than before, resulting in a drag on GDP. However, while these more volatile components have seen drastic changes, consumer spending (~70% of GDP) continues to remain positive, implying that this weak recession or correction is more of a reflection of a quirky inventory/trade cycle as opposed to a drastic decline in consumer demand which has been the

root cause in all previous recessions."

The U.S. unemployment rate was at 3.5 percent in July 2022 with 528,000 jobs added for the month. According to the Bureau of Labor Statistics, "Job growth was widespread, led by gains in leisure and hospitality, professional and business services, and health care. Both total nonfarm employment and the unemployment rate have returned to their February 2020 pre-pandemic levels."

The National Association of Realtors states that pending home sales declined 1% in June 2022, month over month. According to Lawrence Yun, NAR's chief economist, "Home prices are still rising by double-digit percentages year-over-year, but annual price appreciation should moderate to the typical rate of 5% by the end of this year and into 2023," Yun added. "With mortgage rates expected to stabilize near 6% alongside steady job creation, home sales should start to rise by early next year."

The Conference Board reported August 2022 Consumer Confidence Index at 103.2, up from 95.3 in July. According to the Conference Board's Senior Director of Economic Indicators Lynn Franco, "August's improvement in confidence may help support spending, but inflation and additional rate hikes still pose risks to economic growth in the short term."

Shipping Industry

Global supply chains continue to struggle with residual impacts from the COVID-19 pandemic. Record setting import volumes resulting from sustained, strong consumer demand during the pandemic caused major congestion at West Coast ports during the pandemic. In recent months, major retailers have announced postponing or even canceling orders from Asia to work down inventories that built up over the pandemic. That said, while Transpacific monthly container volumes have been declining recently compared with 2021, they remain above pre-pandemic levels. Congestion remains an issue with some West Coast ports still reporting vessels at anchor awaiting berth space, although the problem has shifted in large part to the East and Gulf Coast, as shippers re-directed cargo to avoid West

Coast congestion and potential disruption from current labor negotiations. Congestion on the West Coast remains in large part due to capacity or equipment issues experienced at other points in the supply chain. Container lines continue to suspend services or cancel sailings to circumvent congestion and restore schedule integrity, which along with equipment availability challenges, has limited capacity for US exports. Vessel utilization remains elevated, although moderating somewhat as demand for import of certain consumer goods has declined due to inflation. Several smaller carriers launched niche services to the West Coast at the height of the pandemic to take advantage of historically high freight rates. There is some question as to the viability and sustainability of these services going forward as freight rates have moderated, especially in light of falling demand and high cost of vessels chartered to support these services. Container shipping lines have announced a raft of service suspensions and void sailings for the winter months to better balance vessel capacity with demand and prop up freight rates. China continues maintain a very strict COVID policy, resulting in recurring periodic manufacturing plant and port facilities closures where outbreaks are occurring, posing a constant risk for further disruption to supply chains.

The U.S.-China trade war and the pandemic caused importers to accelerate efforts to shift sourcing and production to countries in SE Asia or use a “China + X” strategy to diversify the risk associated with being solely reliant on China. There has been a corresponding increase in manufactured imports from Vietnam and other SE Asian economies. In many cases, origin and transshipment ports in SE Asia are geographically closer (and transits shorter) to the US East Coast, which may cause a partial shift of Asia import volume away from west coast ports. With that said, it will take some time before these countries can meet the infrastructure and skilled labor China offers. Russian’s invasion of the Ukraine has added to geopolitical uncertainty.

In 2022, the composition of carriers that make up the various shipping alliances:

- 2M – Maersk, MSC,
- Ocean Alliance – CMA CGM, COSCO Shipping, Evergreen, OOCL
- THE Alliance – Hapag Lloyd, Yang Ming, Ocean Network Express (ONE), HMM

Major Independent Carriers – Hamburg Sud, ZIM, and SM Line.

Alliances have concentrated capacity in fewer hands allowing ocean carriers to exercise greater control over capacity on major trade lanes through coordinated changes to vessel sailings, schedules, and transit times.

Northwest Seaport Alliance Activity

Containers:

Through July 2022, the NWSA has handled nearly 2.1 million TEUs (twenty-foot equivalent units), a 5.6 percent decrease year-to-date. Reduced vessel calls—resulting from vessel delays at other ports and ongoing service suspensions—have negatively impacted NWSA volumes.

Container volume is projected to increase next year as congestion clears and services are reinstated or normalized. However, continued inflation, which reduces consumer spending, or another surge of COVID-19 would negatively impact the forecast. Competition from ports in British Columbia, Canada and other North American gateways or a protracted decline in global trade due to increased trade friction or other geopolitical events could limit container volume.

Breakbulk:

Breakbulk cargo is comprised of commodities that are either too large or heavy for containerized shipment. In the case of The Northwest Seaport Alliance, this consists largely of building materials, heavy machinery, boats, and agricultural and construction equipment. Following a record-breaking NWSA-operated terminals year, 2022, total breakbulk tonnage (both harbors) is estimated to reach approximately 436K metric tons as volumes remain strong. Volume is forecasted to be 455K metric tons in 2023.

Autos:

NWSA/POT auto units for 2022 are forecasted to be 130K units, down slightly from the previous year. 2023 volumes are expected to show strong growth due to new business to 213k units.

Logs:

The Log business was suspended due to the tariffs and has not been included in the forecast or budget.

Molasses & Petroleum:

Petroleum volumes are forecasted to be 624K metric

tons in 2022 with conservative growth thereafter.
Molasses volumes are forecasted to be 34K metric
tons in 2022 with slight growth thereafter.

Table III-1..... Cargo Activity Five-Year Forecast

<u>THE NORTHWEST SEAPORT ALLIANCE CARGO ACTIVITY 5-YEAR FORECAST</u>											
	Forecast										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<u>Non-Container Forecast (Thousands of Metric Tons)</u>											
Breakbulk	211	249	246	292	366	436	455	468	482	497	512
Autos	225	228	306	245	262	243	491	496	501	506	511
Logs	278	117	76	0	0	0	0	0	0	0	0
Petroleum	716	666	636	677	524	624	628	631	634	637	640
Molasses	36	46	47	42	33	35	35	35	35	35	35
Total Tonnage	1,465	1,305	1,311	1,256	1,186	1,338	1,608	1,630	1,653	1,675	1,699
Year over Year change	16%	-11%	0%	-4%	-6%	13%	20%	1%	1%	1%	1%
<u>Container Forecast (Thousands of TEUs)</u>											
International	2,995	3,111	3,058	2,636	2,992	3,032	3,113	3,231	3,355	3,489	3,628
Domestic	707	686	717	685	744	749	756	764	775	787	799
Total TEUs	3,702	3,798	3,775	3,320	3,736	3,781	3,869	3,994	4,130	4,276	4,427
Year over Year change	2%	3%	-0.6%	-12.1%	12.5%	1.2%	2.3%	3.2%	3.4%	3.5%	3.5%
<u>Intermodal Yard Lifts*</u>											
Hyundai Intermodal Yard	115,858	112,731	124,778	85,401	125,228	84,651	86,344	88,071	89,832	91,629	93,462
North Intermodal Yard	194,502	177,380	178,205	147,269	159,023	118,452	119,000	121,380	123,808	126,284	128,809
South Intermodal Yard	87,659	99,954	86,271	89,529	102,168	121,791	164,819	176,285	185,369	194,576	198,909
Pierce County Intermodal Yard	75,581	62,959	71,310	45,684	27,856	32,631	33,120	33,783	34,459	35,148	35,851
Total Intermodal Lifts	473,600	463,024	460,564	367,883	414,275	357,525	403,283	419,518	433,468	447,636	457,031
Year over Year change	-18%	-4%	2%	-20%	13%	-14%	13%	4%	3%	3%	2%
<u>Log Board Feet</u>	52,706,190	23,161,000	15,192,000	0	0	0	0	0	0	0	0
Year over Year change	111%	-56%	-34%	-100%	0%	0%	0%	0%	0%	0%	0%
<u>Vehicle Units (NWSA+POT)</u>	146,885	146,147	191,822	156,205	162,484	156,091	334,198	344,224	354,551	365,187	376,143
Year over Year change	-11%	-1%	31%	-19%	4%	-4%	114%	3%	3%	3%	3%

* Intermodal Lifts Reported for South Harbor only

IV Operating Budget

Overview

The NWSA operating budget revenue is based on cargo volume forecasts (see Table III-1), existing terminal and property leases and contractual and tariff-generated revenue. Operating budget expenses were projected based on historical information, as well as levels of expenditures required to support the increases in revenue.

From this information, NWSA staff prepared a realistic budget that supports both the strategic priorities and financial goals of the NWSA.

Departmental budgets estimate expenses that will be generated in support of the NWSA and its businesses. Expenses fall into one of five categories: Administration, Operations, Security, Environmental or Maintenance. Administration expenses are incurred in the day-to-day management of the NWSA. Operations and Maintenance expenses support the day-to-day management of business activities. Security support is provided by each home port. Environmental expenses are a subset of overall environmental spending, and include clean air and clean water activities, and close coordination with each home port on compliance and monitoring activities.

Business budgets are projections of revenues earned and expenses incurred in the operation of a particular business line. In addition, the NWSA expects to receive funds from other sources including user fees, and investment earnings.

Although capital project spending is planned within the capital budget, capital projects will impact operating budgets for future years through new sources of revenues and increased operating expenses and depreciation costs.

Nature of Business

Washington law authorizes ports to provide and charge rents, tariffs and other fees for docks, wharves, and similar harbor facilities, including associated storage and traffic-handling facilities for waterborne commerce. Ports also may provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles. Finally, ports may acquire and improve lands for sale or lease for industrial or commercial purposes and may create industrial development

districts.

The NWSA is a joint venture that operates with the two ports as enterprise funds, allowing the NWSA and the ports to operate in much the same manner as a private business. Operating revenues are comprised of charges to its customers to cover costs associated with the service provided and to support investment in future projects.

Balanced Budget

Based on the Government Finance Officers Association (GFOA) Recommended Budget Practices, a balanced budget “is a basic budgetary constraint intended to ensure that a government does not spend beyond its means.”

The NWSA defines “balanced budget” in the following way: Total revenues are sufficient to cover operating expenses for the budget year and to offset the cost of capital investments (depreciation) and anticipated debt costs for any planned future capital investments.

The NWSA uses the full-accrual basis for budgeting, consistent with the basis for accounting. This method recognized the financial effect of events that impact the Port during the accounting period, regardless of whether cash was received or spent.

Budget Process

The NWSA budget is a guideline used by management to direct strategic and tactical operations. Typically, more projects and spending are budgeted than may actually occur. This conservative approach ensures that the NWSA’s financial goals are still met if business conditions support the full budgeted spending.

The NWSA operates on a calendar year budget cycle that must integrate the budget schedule needs of both home ports. The operating budget and the capital budget are the NWSA’s plan for meeting the current needs of its customers, and for implementation of the strategic goals.

The annual budget development begins in June and continues through November. The process begins with the development of strategic objectives and initiatives, which are reviewed by the Managing Members and the Chief Executive Officer. The Managing Members and Chief Executive Officer communicate any strategy changes or policy concerns and gather additional input.

Cargo forecasts, available at the beginning of the budget

process, are used to develop the variable portion of the operating budget. During a study session, the Managing Members are presented with a draft budget.

In November, a public hearing is held by each home port to allow for public comment, and to adopt the statutory budget and approve the property tax levy for the home ports. The NWSA's operating income is split evenly between the ports and is shown as revenue to the home ports. After the home port Commission approves and adopts its statutory budget, it is submitted, with the related home port resolutions, to the respective County Councils and Assessor Treasurer offices.

Major Assumptions

Major drivers of the 2023 operating budget are a result of economic and industry trends represented in the cargo forecast.

Revenue

- Existing leases continue per existing lease terms and contracts
- Cargo volumes drive equipment and intermodal revenues and expenses
- Auto and breakbulk imports continue to provide revenue diversity
- Tariff rates are projected to increase between 3% and 5%
- Property lease rental rates will increase as specified in contracts

Direct Expenses

- The NWSA has direct headcount of 62 positions. Salaries are expected to increase by 6%
- Major operating expenses include construction of non-NWSA owned infrastructure needed for the development of Terminal 5, and ongoing maintenance of terminal paving, bulkheads and fender systems
- Depreciation for licensed assets at the time of the formation of the NWSA will remain on the books of the home ports. Depreciation of any new investments that are jointly funded will be charged against the NWSA

Home port services provided

Each home port is providing services to the alliance, and some NWSA personnel are providing services back to the home ports. These services are provided

either by direct charge or purchased services through Inter-local Agreements.

Table IV-4 shows the approximate value of Operating, Maintenance, Environmental, Security and Administrative services purchased by the NWSA from each of the home ports and the services purchased by the Port of Tacoma from the NWSA. This table does not include the value of services provided for capitalized and expensed projects.

Estimating Revenues and Expenses

The NWSA uses several different methods of projecting revenues, depending upon the nature and materiality of the revenue item and the projection period. Specific revenue projection techniques include:

- **Historical Data:** Future revenues are based on historical trends with the assumption that they will continue in the future. When using historical data as a means for projecting revenues, the NWSA analyzes as many as 10 years of data to estimate a rate of growth
- **Business Operations:** Terminal lease/rental agreements, grant agreements, and service contracts provide information for this projection method. These projections may be adjusted to reflect the probable impacts of anticipated changes in the economy, legislation and inflation
- **Judgment Estimates:** This method relies on a person knowledgeable in the field, often a department director, who prepares a revenue projection based on awareness of past and present conditions including fee changes, development plans, marketing campaigns, usage activity, frequency, volume, weight and similar determinations
- **Current Data:** This method predicts future revenue based on actual or annualized current year revenues and often is used when historical data and trends are not available, or if used, would result in an inaccurate revenue projection
- **Volume:** The NWSA uses the five-year cargo forecast to project volume related revenues

Financial Practices

The NWSA manages its operations to maximize its financial capacity - to provide adequate cash flow to the home ports to support debt service coverage ratios.

Financial Tools

- **Cargo Forecasts:** The NWSA maintains a cargo estimate for each of the next five years. (See Table III-1)
- **Five-Year Financial Forecast:** A portion of the operating budget is driven by volumes from the cargo forecast while the majority of the revenue comes from major lease contracts. Planned revenue-generating capital projects are aligned with new revenues and expenses in the five-year operating forecast. The operating budget is monitored throughout the year, noting any variances that may require corrective action. The Managing Members, Chief Executive Officer and Executive Team review these semi-annually
- **Five-Year Capital Investment Plan:** This plan ties directly to the strategy developed during the budget process. Updated semi-annually, it identifies all proposed projects. Some projects are capitalized and impact future year forecasts through depreciation, while others are expensed in the current year
- **Home Port Plan of Finance:** The financial output of the NWSA will be shared evenly between the home ports and is an input into each home port's five-year plan that identifies each port's ability to fund their business objectives
- **Financial Analysis of Investments:** The NWSA reviews significant capital investments and their related assumptions prior to acceptance into the planned capital budget. Revenue-generating projects are expected to earn a return on investment that meets or exceeds the standards
- **Financial Reporting:** The NWSA creates a variety of reports available electronically or in hard copy

For additional information on accounting policies, see each home port's budget and annual financial reports.

Table IV-1...Statement of Revenue, Expenses and Distributable Income by Business*

<i>(\$ millions)</i>	2021 Actual	2022 Budget	2022 Forecast	2023 Budget
Operating Revenues				
Container	167.8	172.1	166.9	185.5
Non Container	22.0	20.8	26.4	30.6
Real Estate	12.6	13.9	14.6	17.5
Other	0.0	0.0	0.0	0.0
Total Operating Revenues	202.5	206.8	207.9	233.5
Direct and Maintenance Expenses				
Container	40.9	40.9	41.9	45.5
Non Container	11.1	12.4	15.0	17.7
Real Estate	1.3	0.8	0.9	1.3
Other	12.1	18.3	15.5	20.1
Total Direct & Maintenance Expenses	65.3	72.4	73.2	84.5
Administration	18.1	19.5	18.6	21.3
Security	4.0	4.3	4.2	4.0
Environmental	1.5	3.0	1.8	3.0
Total Operating Expense before Depreciation	88.9	99.2	97.8	112.9
<i>Operating Income before depreciation</i>	<i>113.6</i>	<i>107.6</i>	<i>110.1</i>	<i>120.6</i>
Depreciation & Amortization	14.8	23.2	18.7	24.0
Total Operating Expense	103.7	122.4	116.5	136.9
Income from Operations	\$98.7	\$84.4	\$91.4	\$96.6
<i>Return on Revenue</i>	<i>48.8%</i>	<i>40.8%</i>	<i>44.0%</i>	<i>41.4%</i>
Non Operating Income (Expense)	13.3	14.4	8.6	4.0
Distributable Income before Special Item	112.0	98.9	100.0	100.6
Special Item				
Distributable Income	\$112.0	\$98.9	\$100.0	\$100.6
Distributable Cash	\$126.8	\$122.1	\$118.7	\$124.6
Bond Income	\$124.4	\$108.3	\$112.1	\$125.8

* Amounts may not foot due to rounding.

Table IV-2 Operating Revenue and Expense Detail*

(\$ millions)	2021	2022	2022	2023
	Actual	Budget	Forecast	Budget
Property Rental	\$48.2	\$55.1	\$56.3	\$60.4
Sale of Utilities	1.0	1.4	1.7	1.8
Services Marine Terminals	122.0	139.0	135.7	153.7
Equipment Rentals	15.7	11.2	14.0	17.6
Other Revenue	15.6	0.1	0.3	0.1
Operating Revenue	202.5	206.8	207.9	233.5
Home Port Services Provided	19.6	20.5	19.3	22.0
Port Salaries & Benefits	7.4	10.6	10.3	11.9
Outside Services	4.8	3.1	4.8	3.0
Longshore Labor & Fringe	11.7	9.4	13.2	12.5
Direct Expenses	15.8	14.6	14.0	19.4
Marketing & Global Outreach	0.5	0.7	0.7	0.7
Travel & Hosting	0.0	0.7	0.6	0.9
Maintenance	19.7	30.5	26.6	33.3
Office Equipment & Supplies	0.3	0.2	0.2	0.3
Utilities	5.9	5.3	5.5	5.9
Other Employee Exp	0.0	0.1	0.1	0.2
Other Expenses	1.5	0.6	0.8	0.1
Environmental	1.5	2.8	1.7	2.8
Total Operating Expenses before Dep.	88.9	99.2	97.8	112.9
<i>Operating Income before Depr.</i>	113.6	107.6	110.1	120.6
Depreciation & Amortization	14.8	23.2	18.7	24.0
Total Operating Expenses	\$103.7	\$122.4	\$116.5	\$136.9
Operating Income	\$98.7	\$84.4	\$91.4	\$96.6
<i>Return on Revenue</i>	48.8%	40.8%	44.0%	41.4%
Non Operating Revenue and Expenses	13.3	14.4	8.6	4.0
Net Assets Before Special Items	112.0	98.9	100.0	100.6
Increase in Net Assets	\$112.0	\$98.9	\$100.0	\$100.6
Distributable Cash (calculated)	\$126.8	\$122.1	\$118.7	\$124.6

* Amounts may not foot due to rounding.

Table IV-3.... Statement of Revenues, Expenses and Changes in Net Position*

	2021 Actual	2022 Forecast	2023 Budget	Change from Prior Year Forecast
<i>(\$ Millions)</i>				
Operating Revenue	\$202.5	\$207.9	\$233.5	12.3%
Total Operating Expenses before Dep.	(88.9)	(97.8)	(112.9)	15.5%
Depreciation & Amortization	(14.8)	(18.7)	(24.0)	28.1%
Operating Income	98.7	91.4	96.6	5.7%
Non Operating Revenues (Expenses)				
Interest Income	0.9	0.7	1.0	48.5%
Premium Discount	(0.1)	(0.1)	(0.1)	1.6%
Market Value Adjustments	(0.4)	(1.3)	0.0	-100.0%
Non-Capital Grant Income	0.1	0.8	4.3	447.9%
Capital Grant Contributions	5.4	8.1	8.2	1.2%
Other Non Operating Revenue (Expense)	7.4	0.4	(9.5)	-2550.0%
Total Non Operating Income (Expense)	13.3	8.6	4.0	-53.9%
Net Distributable Revenue (Net Income)	112.0	100.0	100.6	0.6%
Distributable Cash				
Net Distributable Revenue (Net Income)	112.0	100.0	100.6	0.6%
Add Depreciation and Amortization	14.8	18.7	24.0	28.1%
Distributable Cash*	126.8	118.7	124.6	4.9%
Net Position				
Net Position beginning of year	449.3	537.6	587.6	9.3%
Add Contributions and Expected Capital Construction**	104.9	68.7	150.7	119.3%
Add Net Distributable Revenue (Net Income)	112.0	100.0	100.6	0.6%
Less Cash Distributions	(128.6)	(118.7)	(124.6)	4.9%
Net Position end of year	\$537.6	\$587.6	\$714.4	21.6%

* Per charter section 5.3 and charter definition 1.1 (p)

** Contributions include any Harbor Maintenance Tax Received

* Amounts may not foot due to rounding.

Table IV-4.... Allocations and Direct Charges Summary*

(\$ Millions)	2021 Actual	2022 Budget	2022 Forecast	2023 Budget
Port of Tacoma to NWSA	\$29.2	\$31.1	\$29.5	\$31.9
Port of Seattle to NWSA	\$10.1	\$9.8	\$9.8	\$12.1
NWSA to Port of Tacoma	\$0.8	\$0.9	\$0.9	\$0.9

Table IV-5.... Six-year Statement of Revenue, Expenses and Change in Assets*

(\$ millions)	2022	2023	2024	2025	2026	2027
Operating Revenue	\$207.9	\$233.5	\$257.6	\$271.6	\$284.3	\$293.7
Total Operating Expenses before Dep.	(97.8)	(112.9)	(146.4)	(112.2)	(112.3)	(115.1)
Depreciation & Amortization	(18.7)	(24.0)	(31.7)	(39.3)	(42.1)	(44.2)
Operating Income	91.4	96.6	79.6	120.1	129.8	134.4
Grant Income	8.9	12.5	16.3	9.1	2.6	0.0
Other Non Operating Income	(0.3)	(8.5)	0.9	0.9	0.9	0.9
Net Distributable Revenue	100.0	100.6	96.7	130.1	133.4	135.3
Distributable Cash (calculated)	\$118.7	\$124.6	\$128.4	\$169.4	\$175.5	\$179.5
Bond Income	\$112.1	\$125.8	\$113.5	\$161.8	\$174.3	\$179.6

Table IV-6.... Six-year Bond Income*

(\$ Millions)	2022	2023	2024	2025	2026	2027
Operating Revenue	207.9	233.5	257.6	271.6	284.3	293.7
Add Non Operating Revenue	10.1	13.5	17.1	10.0	3.6	0.9
Less Capital Grants	(8.1)	(8.2)	(14.9)	(7.6)	(1.2)	0.0
Less Operating Expenses before Depreciation	(97.8)	(112.9)	(146.4)	(112.2)	(112.3)	(115.1)
Bond Income	\$112.1	\$125.8	\$113.5	\$161.8	\$174.3	\$179.6

* Amounts may not foot due to rounding.



Cargo handling at Husky Terminal

V Capital Investment Plan

Overview

The Northwest Seaport Alliance invests in projects to increase the capacity, extend the life or improve the safety or efficiency of alliance-managed property and equipment.

New projects on the Capital Investment Plan that are \$100,000 or greater have been vetted through the Investment Decision and Development Process (IDDP). The IDDP is a two-stage planning development.

- Stage 1 (Opportunity Assessment) is to document new investment opportunities, identify any conflicts and receive input from all potentially affected departments/teams. The leadership management makes decision to pursue the opportunity to next stage.
- Stage 2 (Alternatives Analysis) is to assess the initial viability of a project, consider and evaluate alternatives, conduct a project screening, and consider long-range capital planning.

The five-year Capital Investment Plan (CIP) identifies all projects planned or underway. The CIP provides a mechanism for tracking and managing project budgets and cash flows for five years into the future. Table V-1 shows planned spending on capitalized projects for the five-year time frame. Projects are associated with a program that fall under one of the businesses or under a category called "Infrastructure."

Although funds for a project are included in the CIP, the project is not automatically authorized to proceed. The alliance Managing Members review and approve each project individually. Projects must have the necessary permitting before proceeding.

To achieve its goals, the alliance continues to invest in revenue-generating capital projects that support its businesses. Although the home ports are responsible for the general infrastructure in each respective county, the alliance may also invest in infrastructure projects that support the NWSA's maritime business, as well as increasing rail and road transit of cargo within boundaries between the ports of Seattle and Tacoma. Often, these infrastructure projects are expensed versus capitalized due to accounting requirements.

In addition, environmental projects are planned for meeting or maintaining regulatory requirements, including the development of mitigation and remediation projects. Projects may be expensed or capitalized according to accounting rules.

Summary of Major Projects

During 2022, the NWSA worked on the following capital projects:

- Upgraded stormwater system at Terminal 18
- Replaced fender system at WUT terminal
- Phase one berth modernization construction at Terminal 5 including stormwater systems
- Paving and storm vault reconfiguration at T46
- Install shore power at Husky terminal

The 2023 - 2027 Capital Investment Plan focuses on the following strategic and maintenance projects:

Strategic investments:

- Completion of phase 2 berth modernization at Seattle Terminal 5 and associated infrastructure
- Tacoma Terminal Expansion program
- Rehabilitation of the Terminal 46 bulkhead
- Install shore power at T18

Maintenance investments:

- Replace fender system at WUT and PCT terminals
- Replace water lines and valve at Terminal 18
- Maintenance dredging at several container terminals of both harbors
- Berth dredging and toe wall at Husky and WUT terminals
- Rehabilitate T46 cranes
- Maintenance and rehabilitation of assigned assets

The alliance has a strong commitment to the protection and improvement of the environment. Examples of this commitment include the Clean Truck Program, the Northwest Ports Clean Air Strategy, and significant investment in storm-water improvements.

Strategic development efforts focus on serving existing customers, attracting new customers, and building a diverse, dynamic and resilient business base.

Table V-1....Planned Capitalized Project Spending

(\$ Millions)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Historical Capital	77.8	93.4	134.4	90.6	68.7					
Planned Capital						149.3	117.0	54.8	69.4	162.3
Grand Total	\$ 77.8	\$ 93.4	\$ 134.4	\$ 90.6	\$ 68.7	\$ 149.3	\$ 117.0	\$ 54.8	\$ 69.4	\$ 162.3

Capital Investment Plan Priorities

To efficiently allocate human and financial resources, the alliance uses a capital project prioritization methodology. For internal management, the alliance uses two categories:

- **Open:** These are ongoing projects or projects ready to move forward that have customer commitment or a high degree of certainty. Only open projects are included in the budget.
- **Estimate:** These are projects based on an identified business need or opportunity but have not been fully developed in scope and cost.

Capital Investment Plan Projects by Purpose

The alliance classifies CIP projects into three types, (as shown below in Table V-2):

- **Revenue Renewal:** Projects developed to renovate or replace obsolete or aging revenue-producing assets. These projects serve to extend existing revenue streams or ensure existing streams are not lost and may offer additional revenue if replacements enhance the efficiencies of operations or offer additional capabilities or value.
- **Infrastructure:** Projects developed to enhance infrastructure, support multiple or future customers or to enhance public infrastructure. Sometimes, other public agencies may participate in funding. Infrastructure projects are often complex in nature, with multiple public agencies involved in the planning process and execution.
- **Revenue-Generating:** Projects developed for a specific customer that will result in a new revenue stream.

Table V-3 shows Open (excludes estimate) project expenditures during the five-year planning horizon as categorized by accounting treatment.

Accounting rules require some spending to be capitalized and depreciated over time, while

other spending is expensed as incurred.

The alliance's policy is to capitalize all asset additions greater than \$20,000 and with an estimated life of more than three years. Depreciation is computed on the straight-line method. The economic lives of capitalized assets range from three years to 20 years for machinery and equipment while economic lives of buildings and improvements range from 10 years to 75 years.

Table V-3 shows that the NWSA intends to implement \$649.3 million worth of planned projects (capitalized and expensed) in the next five years, with \$174.8 million of that total earmarked for 2023. Non-operating and operating projects will be expensed as incurred and are included in the operating budget.

Table V-4 shows the five-year CIP by Line of Business.

Table V-5 shows the expected increase in depreciation when planned projects are completed. The CIP is the total expected spending of 134 projects, 55 of which are capitalized and 79 expensed as incurred.

The expensed projects are captured as expenses in the current year budget and four-year operating forecast as incurred. The costs of the capitalized projects are captured as depreciation expense over the estimated life of the projects that may extend beyond three years. Depreciation expense will increase when the redevelopment of Terminal 5 phase 2 is complete.

Funding

Capitalized projects are funded by the two homeports and grants or other 3rd party funds if available. Expensed projects are funded by cash generated by the NWSA and grants, homeport funds, or other 3rd party funds if available.

Table V-2....Five-Year Planned Capital Investment Plan by Purpose

(\$ Millions)

	2023	2024	2025	2026	2027	Total
Infrastructure	\$7.2	\$10.2	\$7.0	\$5.5	\$5.2	\$35.1
Renewal	68.1	117.0	56.2	71.3	164.2	476.7
Revenue	99.4	36.6	1.3	0.0	0.0	137.4
Grand Total	\$174.8	\$163.8	\$64.5	\$76.9	\$169.3	\$649.3

Amounts may not foot due to rounding

Table V-3....Five-Year Planned Capital Investment Plan by Accounting Treatment

(\$ Millions)

	2023	2024	2025	2026	2027	Total
Capitalized	\$149.3	\$117.0	\$54.8	\$69.4	\$162.3	\$552.8
Operating Expense	17.0	46.8	9.7	7.5	7.0	87.9
Non-Operating Expense	8.6	0.0	0.0	0.0	0.0	8.6
Grand Total	\$174.8	\$163.8	\$64.5	\$76.9	\$169.3	\$649.3

Amounts may not foot due to rounding

Table V-4....Five-Year Planned Projects by Line of Business

(\$ Millions)

	2023	2024	2025	2026	2027	Total
Container Business	\$145.5	\$148.7	\$49.5	\$68.3	\$161.1	\$573.1
Non Container Business	6.7	0.3	0.1	0.1	0.1	7.1
Real Estate	0.7	0.1	0.0	0.0	0.0	0.7
Infrastructure	21.9	14.7	15.0	8.5	8.2	68.4
Grand Total	\$174.8	\$163.8	\$64.5	\$76.9	\$169.3	\$649.3

Amounts may not foot due to rounding

Table V-5....Depreciation Impact Due To Capitalized Projects

(\$ Millions)

	2023	2024	2025	2026	2027	Total
Container Business	\$ (11.3)	\$ (18.6)	\$ (26.2)	\$ (28.9)	\$ (31.2)	\$ (116.2)
Non Container Business	(0.1)	(0.5)	(0.5)	(0.5)	(0.5)	\$ (2.1)
Real Estate	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	\$ (0.1)
Infrastructure	-	-	-	-	-	\$ -
Grand Total	\$ (11.4)	\$ (19.1)	\$ (26.7)	\$ (29.4)	\$ (31.7)	\$ (118.4)

Amounts may not foot due to rounding

Capital Investment Plan Project Descriptions

The NWSA’s five-year CIP has been categorized on a business basis, as shown in Figure V-1. The following section provides details of major planned improvements within each business and only includes major projects and equipment.

Container Terminals Business

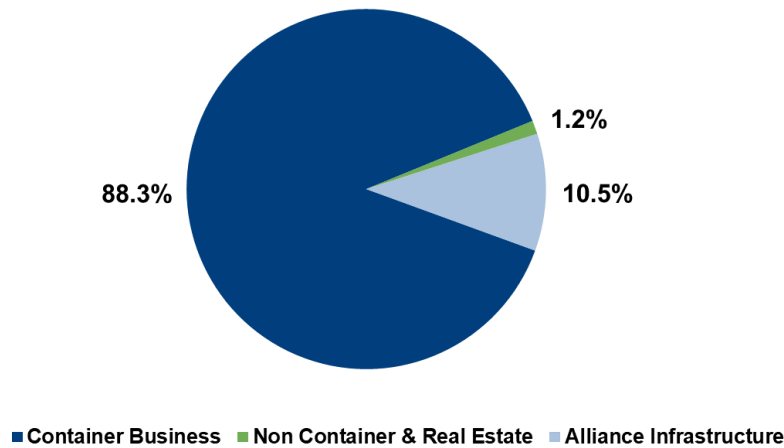
Planned capital expenditures for container terminals will total approximately \$573 million over the next five years. The CIP for this business will provide the

funds necessary for phase 2 construction of major terminal improvements at the North Harbor Terminal 5; shore power construction at Terminal 18; replace bulkhead at Terminal 46; various terminal expansion in the South Harbor; maintenance and berth dredging at several container terminals; replace and repair fenders at PCT and WUT terminals.

Non-Container Business & Real Estate

Approximately \$8 million will be spent on facility improvement for terminal operations, auto and real estate businesses.

Figure V-1....Five-Year Capital Investment Plan by Line of Business



Alliance Infrastructure

This section includes capital expenditures that are not specific to a single business and are in support of the alliance’s infrastructure or environmental improvements.

- Environmental Programs: These projects include reduction and monitoring of emissions, and ongoing cleanup projects. This also includes purchase of electric straddle carriers for its operations. The Clean Truck Program and the Clean Cargo Handling Equipment Incentive Program provide matching funds and incentives to help cover the cost of replacing older trucks or handling equipment with cleaner new ones.

- Technology: The alliance continues to invest in an operations service center that will allow customers and cargo owners to track their cargo as it moves through the gateway.

Capital Investment Plan Revisions

The CIP is an integral part of the budget planning process and is reviewed and revised semi-annually. Adjustments in amount and timing are made as required to meet changes in customer or infrastructure requirements.

VI Environmental Stewardship and Planning

Environmental stewardship is a high priority for the NWSA. The NWSA Environmental Stewardship Framework has been put into action. Specifically, working with our stakeholders, the NWSA developed a Best-In-Class approach built on a foundation of the following:

- Environmental, economic and financial business decision planning/making are fully integrated;
- Responsive to market and community; and,
- Drives innovative, cost-effective and sustainable solutions.

Program areas of emphasis include:

- Water Quality
- Air Quality and Sustainable Practices
- Remediation
- Habitat Restoration
- Planning and Logistics
 - Transportation
 - Land Use
 - Facilities

In 2023, the NWSA plans to focus its environmental efforts on water and air quality and greenhouse gas reductions, with the bulk of that work on NWSA licensed properties. The NWSA plans to develop additional sustainability strategies to help shape future leasing strategies, green corridors, green fuels and explore green building initiatives.

In addition, the NWSA has partnered with the Ports of Seattle and Tacoma along with other key industry, environmental, state and federal stakeholders to develop a large commercial vessel Quiet Sound program. This program will be managed by Maritime Blue and will study and promote ways to reduce noise impacts to Orca and other marine mammals in Washington State Waters. The Ports of Seattle, Tacoma and the NWSA have committed a total of \$100,000 in 2023 towards this effort to expedite the program's implementation.

Water Quality Program

NWSA's Water Quality (WQ) team is comprised of professionals with experience in site inspection, monitoring, project development and delivery, and policy analysis. The goal of this program is to work with internal and external stakeholders to design highly effective, low-cost treatment and compliance solutions that meet or exceed Washington State's high water quality standards.

Industrial Stormwater Management Program

The WQ team manages an industrial stormwater program that is a collaborative effort engaging customers, agencies and environmental organizations in both the Seattle and Tacoma harbors. The goal of the program is to discover and create solutions for emerging stormwater issues, solve common problems and provide stormwater technical assistance to our customers at their request. Staff engage in extensive stakeholder outreach that includes customers, regulators, and environmental organizations.

Research and Develop Cost-Effective Means to Manage Stormwater

The NWSA continues previous work initiated separately by the two ports. The NWSA implements innovative cost-effective treatment methods in the field and focuses on practical, effective stormwater Best Management Practices (BMPs). This includes conducting pilot studies of new and existing treatment infrastructure and sharing the results with tenants and stakeholders. The NWSA was recognized in 2022 by the American Public Ports Association for the tenant education efforts with a Lighthouse award for Stakeholder Awareness, Education & Involvement: Port of Tacoma -- *Educational Tools for Managing Stormwater at the Port of Tacoma: Resources for our tenants, customers, and community*. In 2023, WQ staff will release a BMP Playbook which details the construction, maintenance, and performance data of treatment systems by operational type.

Source Control

Controlling pollutants at or near the source is the most cost-effective way to reduce pollution in stormwater runoff, manage the risk of costly corrective actions for treatment, and reduce the cost of operations and maintenance of installed stormwater treatment systems. NWSA WQ staff work with customers (as requested) to identify pollutants close to the source and eliminate the source where possible. The WQ team assists customers with effective,

low-cost solutions.

Seattle Harbor Focus

Most Seattle Harbor tenants have installed stormwater treatment at their facilities. The challenge going forward is to reduce the cost of operating and maintaining these systems. The WQ team continues to focus on maintaining relationships with tenants/customers and working with them to implement at-source and near-source BMPs with these goals in mind. In 2023, WQ staff will continue working with tenants to improve their Storm Water Pollution Prevention Plans (SWPPP) and help tenants understand the importance of consistency between operations and plans.

Tacoma Harbor Focus

The WQ team continues to work with tenants/customers to implement at-source and near-source BMPs to facilitate cost-effective and successful solutions, and to focus on customers that may face site challenges to meet water quality criteria or regulatory policy issues. In the Tacoma Harbor, WQ will work through the development of a Stormwater Infrastructure Comprehensive Plan that will detail the status of all the Port's MS4 infrastructure. WQ will use those details to develop a 10-year infrastructure maintenance, repair, and replacement plan.

Stormwater Development/Redevelopment

Coordination with each home ports' stormwater permit programs ensures site-specific stormwater requirements are met. This includes the design of appropriate treatment systems and/or system selection based on proposed land use and typical discharges associated with site-specific activities. Projects include redevelopment of terminals in both harbors.

2023 Goals

In 2023, the WQ team will

- assist SSA in completing the construction of the Phase 2 stormwater treatment system at Terminal 5 for the southern 55 acres.
- Work with Port of Seattle to complete the reconfiguration of the T-46 Stormwater Treatment vaults to comply with maintenance standards.

- Continue to support emerging projects including outfall repair at Husky Terminal, ditch maintenance in the Tacoma Harbor, and the Thorne Road Off-Dock Container Expansion yard for which Ecology funded a \$4.37M grant.
- Continue productive conversations with Ecology on the 2025 Industrial Stormwater General Permit (ISGP)

Air Quality & Sustainable Practices Program

The Air Quality & Sustainable Practices Program jointly serves the Port of Tacoma and The Northwest Seaport Alliance and focuses on two goals: 1) reducing – and, ultimately, phasing out -- air and climate pollution from seaport related activities; and 2) promoting environmentally sustainable corporate practices. The program collaborates with a wide range of internal and external partners to develop, find funding for, and implement a suite of initiatives to advance the 2020 Northwest Ports Clean Air Strategy (NWPCAS), including the Clean Truck Program; the Clean Vessels Program (including shore power installations); and the Clean CHE Program.

Key 2022 Accomplishments

- Lead implementation of the NWSA's 2021-2025 Clean Air Implementation Plan to advance the 2020 NWPCAS;
- In collaboration with the Port of Seattle, Port of Tacoma, Seattle City Light, Tacoma Public Utilities, and others, advanced the Seattle Waterfront Clean Energy Strategic Plan and the South Harbor Electrification Road Map (SHERM) to assess the infrastructure needs associated with transitioning to zero-emission vehicles, equipment, and operations;
- Completed implementation of a project at the South Intermodal (SIM) Yard to replace six diesel-powered yard tractors with zero-emission, all-electric tractors – and identify similar opportunities for public-private partnerships that reduce emissions;
- Supported completion of the design phase for the installation of shore power infrastructure at Husky Terminal;
- Initiated a new phase of the scrap-and-replace incentive program with a goal of incentivizing the scrapping of about 40 more pre-2007 trucks and replacing them with newer trucks that are 90% cleaner;

- Developed a new Clean CHE Incentive Program aimed at encouraging marine terminal operators to scrap old diesel equipment and replace it with zero-emission technologies;
- In collaboration with the ports of Seattle and Tacoma, launched the Ports Clean Air Quarterly, a quarterly update on port-related clean air and climate solutions, develop on-going clean air-related engagement programs with and for near-port communities and tenants/industry partners;
- Continued to identify, pursue; and secure grants and other external financial and technical assistance to help advance NWSA clean air, climate, and sustainability goals. For example, the AQSP Team secured \$2.8M in CMAQ (Congestion Mitigation Air Quality) funding from the Puget Sound Regional Council and \$400K from the Washington Department of Transportation – both to support the transition to zero-emission drayage trucking at the Port of Tacoma and throughout the NWSA gateway;
- Continued to staff the joint Port of Tacoma/NWSA Clean Air & Climate Action Team (C-CAT) to guide implementation of the NWPCAS and the Port's associated implementation plan.

Key 2023 Goals

- Continue to lead and coordinate implementation of the NWSA 2021-2025 Clean Air Implementation Plan;
- Support installation of shore power infrastructure at Husky Terminal and initiation of design for shore power installation at Washington United Terminal;
- Catalyze the formation of the Puget Sound Zero Emission Truck Collaborative and the development of a Decarbonizing Drayage Roadmap; including leveraging the Port of Seattle's Office of Equity, Diversity and Inclusion to support the program being effective for all trucking stakeholders.
- Begin implementation of the new Clean CHE Incentive Program;
- Lay the foundation for a zero-emission drayage truck demonstration project in the gateway;
- In collaboration with the ports of Tacoma and

Seattle, launch a new web portal on port-related clean air and climate solutions (nwcleanports.org);

- Begin implementing new, clean air-focused community engagement programs in both harbors;
- Complete the Seattle Waterfront Clean Energy Strategic Plan and the South Harbor Electrification Roadmap (SHERM); and
- Complete the update to the Puget Sound Maritime Emissions Inventory (PSEI)

Planning & Logistics

Planning and Logistics provides a range of services intended to support NWSA Charter goals from strategic to site planning. Some primary services include planning for marine terminals and supporting infrastructure, advocating for multi-modal freight related transportation systems, facilitating port visioning. Planning also coordinates baseline studies to facilitate decision making about investments and operations.

Planning Overview:

- **Facility Planning:** Services include facility design, facility resilience assessment and planning, assessment of infrastructure needs for operational efficiency, and documentation of current and planned facilities.
- **Transportation Planning and Advocacy:** Support for optimizing gates and terminals, analyzing traffic flow and circulation, and evaluating new communications and data collection technologies.
- **Project Feasibility Development:** Support development by maintaining a general understanding of all focus areas within the organization. With this overall perspective, to the team assists with opportunity assessment reviews and strategic port planning.
- **Strategic Planning and Visioning:** Support the Coordinated Course Annual Program with a key role in developing materials for the Managing Member Retreat. This includes affirming the long-range vision and supporting development of the budget by illustrating the CIP projects for the commission. Services also include developing land use plans and supporting the development of organizational strategic plans. Review and comment on new and updated local,

state, and federal policy and regulatory documents to protect the interests of the Port.

- **Grant Program Coordination:** Ensure a unified and proactive approach to grant procurement. Grants are sought to help offset the cost of infrastructure, facility, technology, and planning whenever feasible. Coordination efforts encompass tracking priority projects, encouraging a state of project readiness, tracking grant programs, staff support to the Grant Steering Committee, and communicating with staff involved in grant writing as well as providing commission updates.

2023 Planning Goals

The major goals for 2023 include, completing the vulnerability assessment response framework and advancing related policies, advancing Coordinated Course to 2035 visioning and project tracking , coordination and technical support for Sound Transit on ST3 link extensions north and south and Sounder expansion, advocacy at Puget Sound Regional Council, technical support for new business opportunities, and continued coordination with the NWSA Government Relations, Operations, and Commercial teams, and coordination of the Grant Program. Planning will also lead the homeport of Tacoma's work on the Tideflats Subarea Plan and a Master Plan for the Earley Business Center.

Appendix A: Bond Income Calculation

The Northwest Seaport Alliance Charter requires the establishment of a Bond Income Calculation. Section 4.2 (b) states:

Bond Income Calculation. Managing Members shall establish and maintain a requirement for the PDA to calculate and establish a minimum level of net income available to pay revenue bond debt service for each Managing Member from the PDA equal to the amount currently required for the Homeports to meet their current bond rate covenants for bond issues outstanding at the time of the formation of the PDA. ("Bond Income Calculation"). In the case of the Port of Seattle, the Bond Income Calculations excludes bonds issued to fund Airport Facilities. The Managing Members shall require the Bond Income Calculation to be reviewed annually as part of the PDA budget process and the Managing Members may adjust the Bond Income Calculation so long as it does not cause any Managing Member to fail to comply with its rate covenant. The PDA may not take any action that reasonably would reduce PDA income below the minimum level established by the Bond Income Calculation unless each Homeport separately votes to approve that action. Such a vote by each Homeport must occur even if the action is within the CEO's authority under the Delegation of Authority Master Policy.

The Northwest Seaport Alliance Charter also specifies required actions associated with each homeports bond rate coverage management. Section 4.2 (c) states:

If net income before depreciation of the PDA is not sufficient for either Homeport to be in compliance with a rate covenant (as currently described in each Homeport's Master Bond Resolutions in effect as of the Effective Date), then:

- (i) Upon that Homeport's request, the PDA shall hire an independent third-party consultant to perform analysis and make recommendations for actions needed to achieve bond covenant compliance.
- (ii) If the consultant recommends an action that the PDA is unwilling, unable or refuses to undertake, either Managing Member can require dissolution of the PDA following the dispute resolution process even if within the Initial Period.
- (iii) The PDA shall have at least four months to respond, act and or dissolve following its receipt of the consultant's recommended action, unless a shorter time is required by the applicable bond covenants.

The Managing Members established the Bond Income Calculation as \$90 million based on the then currently outstanding debt of each Port, the applicable rate covenants and certain other net revenues available for debt service, as appropriate. Due to refunding of all bonds outstanding at the time of the formation of the NWSA, the Managing Members approved a reduction of Bond Income to \$0 effective January 1, 2023.

Appendix B: Capital Construction

The Northwest Seaport Alliance Charter requires the funding of Capital Construction. Section 3.12 states:

Separate from Working Capital, the PDA shall provide for the funding of capital expenditures (“Capital Construction”) to be funded by a pro rata initial contribution from each Managing Member based on their respective Membership Interests. Managing Members may approve by vote contributions to Capital Construction in amounts other than based on each Managing Members’ pro rata respective Membership Interests on a project-specific basis. Requests for funding Capital Construction shall be based either on the CEO’s periodic projection of PDA capital project cash flow needs or based on project authorizations to the CEO in accordance with the Managing Member’s Delegation of Authority Master Policy Resolution. Managing Members may consider requests for additional contributions to the PDA, the affirmative approval of which will require a vote by each Managing Member. Capital Construction shall be funded by each Managing Member separately and not from Working Capital except to provide short term liquidity per Section 3.7. Distributions of Capital Construction funds will be made expressly subject to either (1) Managing Member approval of capital projects or (2) CEO approval of capital expenditure, where such expenditure is within the levels set in the Delegation of Authority Master Policy.

The Managing Members established the initial Capital Construction as \$27 million based on the proposed 2016 NWSA Capital Improvement Plan. Additions to NWSA Capital Construction have been made as necessary to fund Managing Member approved projects.

Appendix C: NWSA Full Time Personnel

	NWSA			
	2021 Actual	2022 Budget	2022 Actual	2023 Budget
<i>As of September 1st, 2022</i>				
Executive	10	10	9	9
External Affairs (Public Affairs & Communications)	2	4	4	4
Finance And Administration	-			2
Commercial Business	16	21	16	20
Operations	10	10	9	12
Facilities Development	10	11	11	15
Total	48	56	49	62

Northwest Seaport Alliance Average Compensation (excluding CEO)

The 2023 staffing budget of \$11,912,564 includes the following:

- \$8,089,211 for salaried employees and \$143,559 for hourly employees which includes;
 - \$331,660 for annual pay increases for salaried employees starting April.
 - \$19,509 for annual recognition program paid to salaried employees in April.
 - \$78,038 for marketplace adjustment for salaried employees during the year.
 - Hourly employees will receive a 3.0% raise in April per contract.
 - Average salary of \$130,063.
- Total benefits of \$3,679,794

Changes in NWSA Full Time Personnel from prior budget

- Executive: 1 transferred to Facilities Development
- Finance and Administration: 2 transferred from Port of Tacoma
- Commercial Business: 1 position eliminated
- Operations: 2 new positions
- Facilities Development: 3 new positions plus 1 transferred from executive

Appendix D: NWSA Memberships

Overview

The NWSA and alliance staff are members of several organizations. The NWSA believes that participating in these partnership organizations plays a key role in advancing the NWSA's business objectives and ensures NWSA staff is knowledgeable and productive. These memberships are in addition to, or supplement the home port memberships.

Port Authority Organizations

These memberships assist the NWSA's lobbying efforts on both the state and national levels and keep staff informed about major issues and developments that affect NWSA operations. Membership with the Washington State Public Ports Association remains with the home ports.

Economic Development Organizations

Economic development is a major part of the NWSA's mission. For that reason, the NWSA maintains memberships and works closely with a variety of economic development groups. These memberships help strengthen the NWSA's visibility throughout the world through trade missions and trade shows.

Regional Organizations

Memberships in regional organizations demonstrate the NWSA's commitment to trade on a statewide and regional basis.

Industry Associations and Professional Organizations

These associations and organizations ensure that staff obtains the latest in technical development by taking advantage of meetings, networks and special programs offered by them.

Trade Promotion Organizations

These memberships give the marketing and sales staff important contacts and current industry trade information that enhances the NWSA's overall marketing efforts.

Community Service Groups

The NWSA maintains memberships in these groups as part of its effort to build better community relations, to work more effectively with business people and to ensure that the NWSA's interests and concerns are addressed in the community.

Annual NWSA Memberships & Personnel Memberships (estimated)

Organization	Annual Dues
American Association of Port Authorities	\$78,000
Pacific Northwest Waterways Association	33,500
Washington Council on International Trade	20,000
International Association of Ports and Harbors	14,000
Green Marine	11,000
All Other Memberships	65,355
Total NWSA Memberships	\$221,855

American Association of Port Authorities

AAPA is an alliance of leading ports in the Western Hemisphere that protects and advances the common interests of its diverse members through advocacy, professional development, relationship-building, and public awareness.

Pacific Northwest Waterways Association

The Association advocates for funding for navigation projects around the region, including those on the Columbia Snake River System, in the Puget Sound and along the Oregon and Washington coasts.

Washington Council on International Trade

The Council is dedicated to advocating for public policies that increase Washington State's international competitiveness.

International Association of Ports and Harbors

A global trade association for seaports worldwide. It is headquartered in Tokyo, Japan.

Green Marine

Green Marine is an environmental certification program for the North American marine industry.

The Northwest Seaport Alliance

Mailing Address

P.O. Box 2985
Tacoma, WA 98401-2985

Phone: 800-657-9808

Website: www.nwseaportalliance.com

This page intentionally left blank.

XIII. APPENDICES

APPENDIX A: BUDGET POLICY, PROCESS, AND CALENDAR

1. OPERATING BUDGET

a. Budget Policy:

The Port established a budget policy to provide systematic planning as part of the management performance and control. The purpose of this policy is to allow the capability to forecast realizable financial results over definite periods of time. This is accomplished through planning and coordination of the various complex operations and functions of the Port, through systematic communication and the use of the Port's financial control and management information system.

The Operating Budget is an essential tool for business planning, resource allocation, and control. It quantifies business groups and departmental plans for future periods in strategic, operational, and monetary terms. This facilitates coordination of plans between divisions/departments and provides a basis for control once the plan is in effect.

Various inputs to the budget planning process are required for it to be meaningful, including forecast of economic trends and business activity levels. Above all, goals, objectives, programs, action plans and performance measures are defined and reviewed annually for consistency and support of the Port's overall mission.

The budget plan is based on assumptions about the success of marketing efforts, demand for services, and the cost, availability and need for people and materials. The budget process provides continual feedback which compares not only actual performance to the plan but also the validity of the assumptions on which the plan was based.

The Operating Budget is a management tool for controlling and analyzing each area of responsibility. Budgeting, as well as the recording of actual costs, is done on an Org basis. An Org is a distinct functional and physical unit. Its performance responsibility can be assigned to one person. There are over 200 Orgs at the Port and each Org has a budget.

Allocated and/or indirect expenses are not budgeted for by the recipient Org. These are costs that are allocated to the business groups/units from service providers. Allocated costs are general support costs that cannot be directly attributed to a business unit, but instead support the entire Port. Costs can come from within the division (intra-division allocation) or from outside the division (inter-department allocation).

Department Directors are responsible for preparing the operating budget for their areas of responsibility, subject to review and approval by several levels within the organization. Orgs can be combined to analyze and report on budgets by functional or business units. Port management needs current, timely, and accurate information to make informed decisions. The objective of the budget process is to provide resource allocation, accountabilities, performance, and control to enhance effective management.

In addition to planning for the business needs of the organization, this process results in a method of comparing actual financial results with the approved budget plan. The appropriateness of the pricing structure or the effects of changes in costs or activity can be observed. This approach gives management the flexibility to evaluate the performance of a particular activity. The Budget Report (a comparison of the proposed budget to the current year's budget and last year's actual) and the Responsibility Report (a comparison of current year actuals to current year budget) can advise a manager if things are not going as expected, whether strategies are being accomplished, and give them clues as to what might be wrong.

The annual budget process includes several Commission briefings by the Operating Divisions and Central Services during the year to update the Commission on key issues facing the business groups and to solicit input into overall strategies and objectives. The divisions update the Commission on each business unit with background information, discuss capital and operating plans, and dialogue on major policy issues. Divisions fine-tune their business and operating goals based on Commission input and put together their budgets.

Key budget events include the following:

- Conduct budget planning meetings with the Executive Management team
- Publish the budget guidelines/instructions and budget calendar
- Provide financial planning and analysis system training to budget staff
- Division and department budget staff prepare their respective budgets
- Conduct internal budget reviews which include in-depth discussion of revenue and expense assumptions; new programs, initiatives, or other proposed increases in revenue and expenses
- Review and approval of budget by the Executive Management and Commissioners
- Release of the budget to the Port Commission and public stakeholders

The budget staff responds to inquiries of commission and interested stakeholders during commission budget workshops, first and second reading, and adoption of the budget after the public hearings.

In addition to the Operating Budget as stated above, the budget staff prepares the Statutory Budget as defined in RCW 53.35.010 to show “estimated expenditures and the anticipated available funds from which all expenditures are paid.” Being a cash budget, the Statutory Budget establishes the level of the Port’s property tax levy and sets upper limits of expenditures and is not used as an Operating Budget.

b. Budget Adoption:

The budget is provided to the Port Commission and must be made available to the general public as required by law - RCW 53.35.010 and RCW 53.35.045. A Public Hearing for the Introduction of the Preliminary Budget is held before the final passage of the Budget, at which time the Port Commission will make final recommendations and adopt the budget. An announcement of the public hearing is made in the DAILY JOURNAL OF COMMERCE newspaper and copies of the preliminary budget are made available for distribution to any interested persons by a specified date as required by laws - RCW 53.35.020 and RCW 53.35.045.

Subsequent to the public hearing and Commission adoption of a final plan, the Statutory Budget is then filed with the King County Council and King County Assessor as required by law, by a specified date as allowed by RCW 53.35.045.

c. Monitoring of Budget:

Once an annual budget is in place, the Responsibility Report (comparing actual results to budget) is generated monthly and variances from the budget are analyzed and reported on a monthly basis, and more extensively each quarter, to determine if corrective action is needed. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into the quarterly Financial Performance Report. The Financial Performance Report is a report in narrative format explaining the reason or causes of variances between actual revenues and expenses versus budgeted amounts on a quarterly basis. A good and accurate monthly and quarterly variance/Financial Performance Report is a very important tool for management. The Financial Performance Report is presented to Executive Management and the Commission quarterly. This allows Executive Management and the Commission to make timely and well-informed decisions.

d. Amending the Operating and Capital Budgets:

The Executive Director of the Port of Seattle is authorized “Within Budget Limits” to transfer budgeted amounts between departments; however, any revisions that alter the total expenses Portwide that are not within the Executive Director Authorized Budget Limits require authorization from the Port Commission.

As per Resolution 3605, as amended, the Port Commission has adopted policy directives delegating administrative authority to the Executive Director for the purpose of day-to-day management and administration of the Port and as stated in sections 20.2.1 and 20.2.2 of said resolution:

20.2.1. "Annually Approved Capital Budget" means the list of capital projects (including small works projects) and the projected total dollar amount of upcoming budget-year spending associated with those projects which is presented to, and reviewed by, the Commission as part of the budget review process (i.e., the first year of the Capital Improvement Plan), or as subsequently amended by the Commission during the budget year.

20.2.2. "Annual Operating Budget" means the budgeted operating and non-operating revenues and expenses reviewed and approved by the Commission as part of the budget process, or as subsequently amended by the Commission during the budget year.

e. Operating Budget Process:

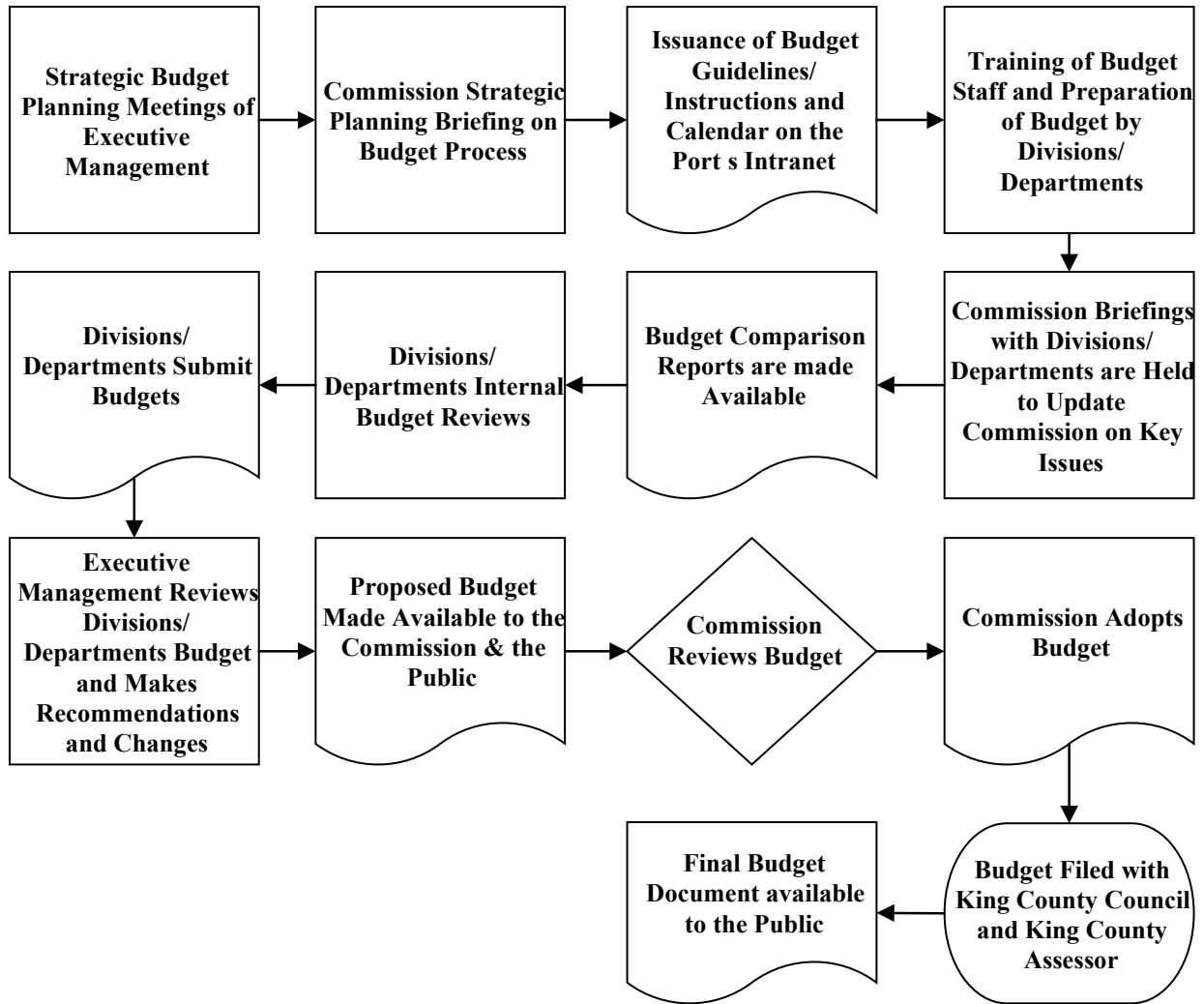
The steps in the 2023 operating budget process are as follows:

- Coordinate with the NWSA to make sure all the key dates for both the operating and capital budgets from the two entities work for each other at the beginning of the year
- Budget planning meetings with the Executive Team to discuss key strategic initiatives and budget process
- Commission strategic and business planning briefing
- Financial planning and analysis system training for budget users from the various divisions
- Commission briefing on budget process and providing key budget assumptions to the Commission
- Issuance of budget guidelines/instructions and budget calendar on the Port’s intranet
- For the operating divisions, targets are developed based on the divisions’ business forecast
- For Central Services, initial targets are based on a bottom-up assessment of needed resources to accomplish Portwide strategy/actions plans
- Several Commission briefings by the operating divisions and Central Services are held during the year to update the Commission on key issues facing the business groups/departments and to solicit input for any changes in strategy
- Financial planning and analysis system is prepared and made available for input
- Actual preparation of the budget by divisions/departments
- Costs of service departments are charged/allocated to the operating divisions and the NWSA according to the policy and the Service Agreements
- Finance and Budget generates a budget comparison report that compares the proposed budget to the current year’s budget and last year’s actual. Finance and Budget also produces the current year’s Forecast Report
- Divisions/departments complete their detailed budgets and are reviewed internally by their senior managers and Finance and Budget staff. These reviews include in-depth discussion of revenue and expense assumptions, new programs, initiatives, or other proposed increases in revenue, expenses as well as operational needs
- Divisions/departments budgets are submitted to Finance and Budget and then reviewed against targets by the Executive Team
- Executive Team makes recommendations and changes, which are incorporated into divisions and

departments budgets

- Several Commission budget briefings are held on divisions/departments capital budget, operating budget, and Draft Plan of Finance
- All budget issues are resolved, and changes are entered into the financial planning and analysis system
- Finance and Budget staff generates various reports, ascertains that all approved changes are incorporated into the budget and reports are accurate
- Budget public briefings and open houses are held for the operating divisions: Aviation, Maritime, and EDD
- Finance and Budget prepares the preliminary budget document and releases the proposed budget to the Port Commission and to the public approximately three weeks before the Introduction and Public Hearing of the 2023 Budget
- The Introduction and Public Hearing of the budget are held on the second Tuesday of November.
- The Adoption of the budget are held on the third Tuesday of November
- Statutory Budget is filed with King County Council and the King County Assessor as required by law on the first Monday in December
- Finance and Budget staff prepares and releases the final budget document to reflect Commission recommendations
- Finance and Budget staff sets commitment control for Central Services departments and operating divisions

FIGURE A-1: OPERATING BUDGET PROCESS FLOW CHART



f. Operating Budget Planning Calendar:

<u>Date</u>	<u>Activity</u>
5/20/22	2023 Budget Planning with the Executive Leadership Team
6/14/22	Commission Budget Retreat
7/6/22	Financial planning and analysis system available for input
7/8/22	Budget Guidelines/Instructions and Calendar Available
7/8 - 10/13/22	Preparation of budget by divisions/departments
7/26/22	Budget Development Briefing
8/1/22	Commission Budget Retreat
8/5/22	Central Services Departments New Budget Requests Due to Finance & Budget (F&B)
8/8/22	Central Services Allocation forms available for review
8/15 - 8/31/22	Executive Review of Central Services Department's New Budget Requests
9/1/22	Non-Operating Budgets due to F&B
8/31/22	Central Services Departments Final Entries Completed
9/2/22	Central Services Budget Support Documentation due to F&B
9/14/22	Executive Review of Central Services' Operating & Capital Budgets
9/14/22	Executive Review of Maritime's Operating and Capital Budgets
9/14/22	Executive Review of EDD's Operating and Capital Budgets
9/15/22	Executive Review of Aviation's Operating and Capital Budgets
9/27/22	Commission Briefing on Central Services Operating Budget
10/11/22	Commission Budget Study Sessions for Aviation and Maritime Operating and Capital Budgets
10/12/22	Maritime and EDD Divisions budget public open house
10/13/22	Aviation Division budget public open house
10/18/22	2023 Preliminary Budget document is available to the Commission
10/20/22	2023 Preliminary Budget document is released to the Public
10/25/22	Tax Levy and Draft Plan of Finance Commission Briefing
11/8/22	Introduction of the 2023 Preliminary Budget and Public Hearing
11/29/22	Adoption of the 2023 Budget
11/30/22	Filing of Budget with King County Council & King County Assessor as required by law
12/5/22	Release of the 2023 Final Budget

2. CAPITAL BUDGET

a. Capital Budget Policy:

As part of the Strategic Budgeting process, Finance and Budget produces the Capital Budget and the Draft Plan of Finance. The Capital Budget consists of capital plans or the Capital Improvement Plan (CIP), over a five-year period, for all divisions: Aviation, Maritime, Economic Development and Central Services. The Draft Plan of Finance is a funding plan of the CIP that the Port publishes on an annual basis.

The divisions review and revise their CIP in conjunction with the review of their existing business goals and strategies. The CIP is comprised of Committed projects from the 2022 CIP, less any that have been deleted, plus any Prospective projects that may meet the criteria to move forward to Committed status. The CIP may include Business Plan Prospective projects if coverage targets are met. Divisions are encouraged to review CIP cash flows with respect to timing and reasonableness to ensure effective use of capital capacity.

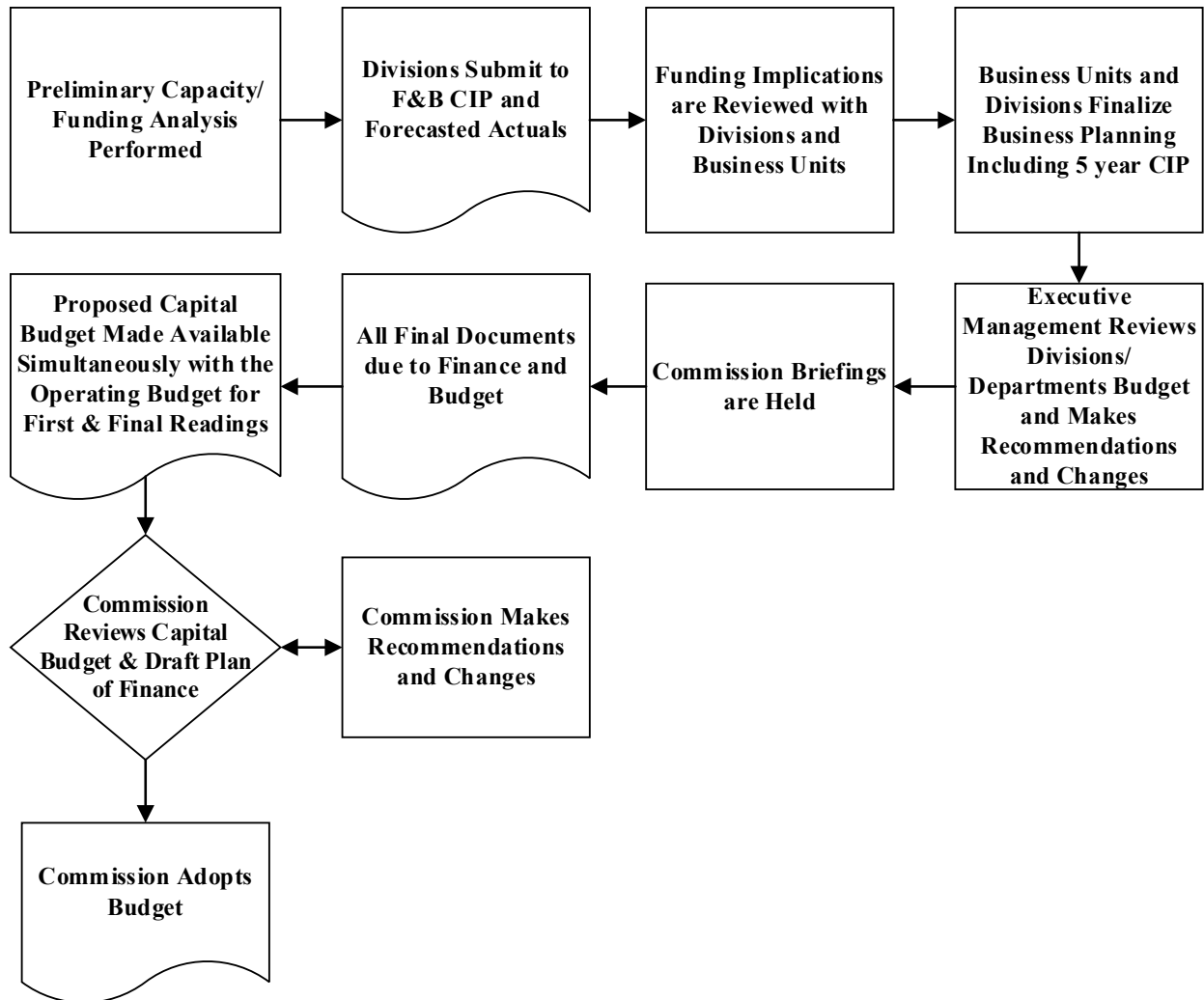
b. Capital Budget Process:

- A preliminary capacity/funding analysis is performed once the 2nd quarter update is completed, but no later than by the end of August
- At the end of September, divisions submit to Finance and Budget the CIP and 2023 forecasted actual (which includes actual through second quarter). The funding implications of these capital plans are then reviewed with the divisions and business units
- Following Finance and Budget funding analysis and Executive review of preliminary plans, business units and divisions finalize their operating and financial goals, including their CIP for 2023-2027
- This information is then reviewed by Executive, presented to the Commission, and included in the 2023 Final Budget document

After the close of the 2022 fourth quarter in January 2023 and based on the 2022 fourth quarter CIP update, the divisions should have more refined capital spending estimates for 2023. Each division may choose to adjust the spending from the original list of projects in the Capital Budget, to establish the 2023 approved funding amount for each project and for the division as a whole. The adjusted Capital Budget will become the “Approved 2023 Capital Budget” and will be used for quarterly variance reporting during the year.

Note: Even though the Commission reviews the Capital Budget in November, each individual CIP project, with a total cost in excess of \$300,000, is presented and approved by the Commission in public meeting for spending authority.

FIGURE A-2: CAPITAL BUDGET PROCESS FLOW CHART



c. Capital Budget Planning Calendar:

Following is the 2023 Capital Budget planning calendar:

<u>Date</u>	<u>Activity</u>
6/14/22	Commission Budget Retreat
7/26/22	Budget Development Briefing
8/1/22	Commission Budget Retreat
8/15 - 9/15/22	Executive Review of Operating and Capital Budgets for all divisions
9/9/22	Preliminary Aviation Forecast Model due to F&B
9/27/22	Commission Briefing on Central Services' Operating and Capital Budgets
10/4 - 10/7/22	F&B finalizes Capacity/Funding Analysis
10/11/22	Commission Budget Study Sessions for Aviation Operating and Capital Budgets
10/11/22	Commission Briefing on Maritime and EDD Operating and Capital Budgets
10/20/22	2023 Preliminary Budget document is released to the Public
10/25/22	Tax Levy and Draft Plan of Finance Commission Briefing
11/8/22	Introduction and Public Hearing of the 2023 Budget
11/29/22	Adoption of the 2023 Budget
11/30/22	Filing of Budget with King County Council & King County Assessor as required by law
12/5/22	Release of the 2023 Final Budget

APPENDIX B: FINANCIAL MANAGEMENT POLICIES

The primary purpose of the Port is to broaden and strengthen the economic base of the port district. The Port uses key criteria in various combinations as it pursues its capital and operating programs and projects. Clearly, national and international economic strengths or weaknesses have a direct bearing upon the Port's financial viability and role as an economic engine for the region.

1. KEY FINANCIAL TOOLS

The Port uses several tools to monitor its financial performance, and these are described below:

- a. **Long-term Targets**: The Port's long-term targets provide high-level policy guidance. These targets provide guidance to business planning for each division.
- b. **Operating Budget**: The Operating Budget is an essential tool for the Port's management planning, resource allocations, and control. It quantifies line of business and departmental plans for the next year in both operational and monetary terms. Throughout the year, the Responsibility Reports (which compare actual results to budget) are generated monthly and variances from budget are analyzed on a monthly basis, and more extensively each quarter, to determine if corrective action is needed. Divisions and departments prepare a quarterly forecast, which is incorporated into the quarterly Performance Report, which provides explanation of variances from the approved plan and is presented quarterly to Executive Management and Commission in public meetings, as necessary.
- c. **Balanced Budget**: The Port prepares an annual budget and supports, encourages, and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port's policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.
- d. **Operating Forecasts**: Included in the budget document are five-year forecasts or projections of the division's operating revenues and expenses. The first year of this forecast is the Operating Performance Budget.
- e. **Capital Budget and Capital Improvement Plan**: A detailed plan of proposed outlays or capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the proposed means of financing them through bond proceeds, grants, and operating revenues. This document serves as an operational and planning tool and it is directly tied to the business goals. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.
- f. **Capital Improvement Plan (CIP) Reserve**: The Capital Improvement Plan may include one or more CIP reserves to ensure funding capacity for unspecified projects (e.g., renewal and replacement), new initiatives and unforeseen needs. However, CIP reserves are not intended to anticipate all potential future spending and amounts will be determined by considering the data on historical capital trends, existing asset conditions, the status (level of certainty) of CIP forecasts, and any contingent risks that may require funding. The use of CIP reserves will be reviewed with the Commission annually during the budget process.
- g. **Capital Expenditures**: Expenditures that arise from the acquisition or improvement of the Port's fixed assets such as construction of new facility or renovation of existing facility; renewal, replacement or upgrading of mechanical, electrical, communications, HVAC, and plumbing systems; computer and office equipment; furniture and fixtures; vehicles, etc.
- h. **Capital Budget Impact on the Operating Budget**: Its impact on the Operating Budget is through Capitalized Labor or Charges to Capital Projects, which include the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating budget and then budgeted in the capital budget as part of the cost of the project(s). The Operating Budget is also impacted in the form of increased operating, maintenance, and depreciation expenses because of the

new assets. Depreciation is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn, or depreciated. The capitalized labor or charges to capital projects is displayed in table III-3 and the depreciation is displayed in table III-2. The capitalized labor is also displayed in similar tables in sections IV thru VII.

- i. **Plan of Finance**: The Five-year Capital Budget is the basis of the Plan of Finance. This document provides a funding plan of the capital program developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance, section X of this document.
- j. **Capital Investment Matrix**: The matrix provides an analytical framework for capital projects. The results of the analysis provide financial and non-financial information for the Port Commission as a guide for capital investment decisions.
- k. **Financial and Operational Indicators Report**: The Port uses financial and operating indicators to monitor its financial performance and budget. This report is produced and distributed monthly to the Port Commission and Executive Management.
- l. **Treasury Management**: Using its internal Treasury since July 2002, the Port has experienced increased investment earnings, faster mobilization of funds, on-line banking capabilities, easier accounts and full control of its cash and investments.
- m. **General Coverage Ratios and Cash Flow Margins**: As part of its financial modeling, the Port targets that Airport cash flow equals 1.25x of all Airport related revenue debt and that Non-Airport cash flow equals 1.8x of all Non-Airport related revenue debt. In addition, the Port targets general obligation bond debt service not to exceed any more than seventy-five percent of the annual tax levy.
- n. **Bond Coverage Ratios**: The Port, through financial modeling, runs projections for its revenue bond debt service coverage ratio. Although the Port has an obligation under First Lien Revenue Bond covenants to maintain a ratio of 1.35x, as a matter of practice a ratio of at least 1.8x is maintained. Debt service coverage may fall below this target level during periods of construction borrowing prior to the time that revenue producing assets come on-line.
- o. **Fund Balances**: Working capital fund balances are maintained in the General Fund and the Airport Development Fund. The targeted level for the General Fund is approximately twelve months of operating and maintenance expenses other than Airport related expenses. The targeted level for the Airport Development Fund is eighteen months of Airport related operating and maintenance expenses to be achieved by 2025. \$5M in the Renewal and Replacement Fund as required by bond documents.
- p. **Performance/Variance Report**: This report is in narrative format explaining the reasons for or causes of variances between actual revenues and expenses versus budgeted amounts on a quarterly basis. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.
- q. **Commitment Control**: The Port has in place a commitment control ledger that monitors department budgets, and which prevents departments from exceeding their total budget without appropriate approval.

2. FINANCIAL POLICIES AND DESCRIPTION OF MAJOR FUNDS

This section, pages XIII-11 through 18, presents a summary of the Port's major financial policies and description of its major funds.

- a. **Organization:** Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, and commerce in an equitable, accountable, and environmentally responsible manner. The Port is considered a special purpose government with a separately elected commission of five members and is legally separate and fiscally independent of other State or local governments.
- b. **Reporting Entity:** The Port reports the following fund: the Enterprise Fund accounts for all activities and operations of the Port.

There are dozens of sub-funds that are summarized into the Enterprise Fund. The Enterprise fund is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its sub-fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions - Aviation, Maritime, and Economic Development.

Within the Enterprise Fund, the Port segregates non-operating expenses made for other public entities which are generally funded by the ad valorem tax levy. This includes expenses for district schools and infrastructure improvements to the state and region in conjunction with other agencies. These projects are controlled by other governmental entities and are not reflected as Port assets.

In 2015, the Port underwent a series of reorganizations to strategically position the Port to achieve future growth, operational excellence, and talent development.

Operation of the Port's main cargo business was transferred to the Northwest Seaport Alliance, a joint venture with the Port of Tacoma, which unified the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. The remaining Seaport businesses became a part of the new Maritime Division.

The Northwest Seaport Alliance is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. The Pacific Northwest is a key region for inbound and outbound United States cargo, moving cargo not only for the regional trade, but also cargo headed to destinations throughout the entire U.S. Midwest, and this Alliance will help the region remain competitive into the future. This is truly historic and signals a new era of cooperation between the ports. Combining the strong cargo terminal operations will make the region more competitive in the global economy and create new jobs in Washington.

The two ports have moved from fierce competitors to bold collaborators to form a new business model for the greater good of the region. The ports recognized how critical the maritime industry is to the state's economy and are proud and excited to strengthen it even more.

Together, the ports can more efficiently deploy the significant investments each port has devoted to infrastructure and speak with a stronger voice on pressing regional and industry-related issues. While the ports remain separate organizations that retain ownership of their respective assets, they formed a port development authority (PDA) to manage the container, break-bulk, auto and some bulk terminals in Seattle and Tacoma. The PDA is governed jointly by the two ports through their elected commissions.

Effective January 1, 2016, the Port is comprised of three operating divisions, namely Aviation, Maritime and Economic Development.

The Aviation Division ("Aviation") operates Seattle-Tacoma International Airport (SEA) which serves the predominant air travel needs of a five-county area. The Airport is ranked as 11th busiest airport in the U.S. serving 36.1 million passengers and more than 498,741 metric tons of air cargo in 2021. Thirty airlines serve 91 non-stop domestic and 27 international destinations including Canada, Mexico, and seasonal operations.

The Maritime Division manages industrial property connected with maritime businesses, recreational marinas, Fishermen's Terminal, cruise, grain, and maritime operations.

The Economic Development Division focuses on managing the Port's industrial and commercial properties including conference and event centers, encouraging tourism, developing small business opportunities, and providing for workforce development in the aviation, maritime and construction industries.

Central Services provides high quality and cost-effective professional and technical services to the divisions and supports the overall goals of the Port; it also delivers projects and provides technical and contracting services in support of the operating and infrastructure needs of the Port through Capital Development. Central Services expenses are allocated and charged to the operating divisions.

- c. **Basis of Accounting and Budgeting:** The Port does not distinguish between the Basis of Accounting and the Basis of Budgeting since the principles set forth as the Basis of Accounting are observed in the budgeting process. The Port is accounted for on a flow of economic resources measurement focus. The financial statements and the budget are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed.

The Government Accounting Standard Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port adopted the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and American Institute of Certified Public Accountants (AICPA) Pronouncements. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance issued by Financial Accounting Standard Board ("FASB") pronouncements which does not conflict with or contradict GASB pronouncements and eliminates the option to apply post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements.

- d. **Use of Estimates:** The preparation of the Port's budget in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in reporting of revenues and expenses in certain instances. Thus, actual amounts could differ from those estimates.
- e. **Operating Revenues:** Fees for services, rents, and charges for the use of Port Facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment, Property Rentals, and other revenues generated from the Port's operations are reported as operating revenue.
- f. **Non-Operating Revenues:** Revenues that do not result from the normal operation of the Port's business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges, and other revenues generated from non-operating sources are classified as non-operating.

- g. **Operating & Maintenance Expenses:** Cost or charges that arise from the normal operation of the Port's business. These are costs or services required for a department/division to function. These include Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct Charges, even those from Central Services and from other Divisions.
- h. **Non-Operating Expenses:** Cost or charges that do not arise from the normal operation of the Port's business. An example is interest expense.
- i. **Capital Policy:** The Port's policy is to capitalize all asset additions or **Tangible Assets (Property, Plant, and Equipment)** and **Intangible Assets**, if they exceed \$20,000, whether it is a single payment or an accumulation of related costs and with an estimated useful life of more than three years. Any asset costing less than \$20,000 is expensed. Land, facilities, and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment 3 to 20 years, and furniture and fixtures 5 to 10 years.
- j. **Debt Policy:** The Port's debt policy is designed to ensure appropriate use and management of debt including compliance with various laws, regulations and agreements and effective management of risk. The policy requires use of an independent financial advisor and describes the roles of Commission and staff. The policy describes the type and structure of debt and sets forth limitations on new debt. Key limitations include minimum debt service coverage requirements for revenue bond debt of 1.25x for the Airport and 1.8x for the Non-Airport businesses and that General Obligation bond debt service cannot exceed 75% of the annual tax levy. The policy establishes savings targets for refunding ranging from 3% for a current refunding with a short-term maturity/call date to 9% for a LIBOR based swap refunding with a long-term maturity/call date. The policy also provides guidelines for the sale of bonds.
- k. **Ad Valorem Tax Levy:** Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses. The King County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. The lien date is January 1. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation of all property is required annually. Taxes are due in two equal installments on April 30 and October 31. Collections are distributed to the Port by the County Treasurer.
- l. **Description of Funds:** The Port has a single Enterprise Fund and for management purposes the Port has established multiple sub-funds. The Enterprise Fund accounts for all activities and operations of the Port and for all of its assets and liabilities. The Enterprise fund is connected to the functional units in that it is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties.

Therefore, the Port of Seattle summarizes all of its fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions (Aviation, Maritime, Economic Development), and Central Services.

Included in the Enterprise Fund is the Port’s Tax levy sub-fund and related Harbor Development and Transportation and Infrastructure sub-funds; these are the Port’s Governmental Funds. The Port’s enterprise fund increased primarily due to the bond proceeds from a revenue bond issuance in July 2021. The Tax levy sub-funds declined primarily due to spending from the Harbor Development fund on the construction of terminal 5.

TABLE B-1: FUND BALANCES

	General Government	Debt Service	Assets (1) as of September 30, 2021 (\$ million)	Assets (1) as of September 30, 2022 (\$ million)	Change (\$ million)
Enterprise Fund (2)	X	X	1,509.5	2,041.5	532.0
Tax levy Sub-funds (3)	X	General Obligation only	109.3	106.0	(3.3)

Notes:

- 1) Includes, cash, short-term investments, and long-term investments.
- 2) Includes Tax levy sub-funds. Estimate based on cash and investment allocated to the sub-funds, not accrued assets.
- 3) Tax levy sub-funds: Tax Levy, Harbor Development and Transportation and Infrastructure.

There is no separate appropriation process to make payments from the Enterprise Fund; funds are deemed appropriated upon spending authorization. Most operating expenditures are authorized with adoption of the budget. Larger contracts, either operating or capital require separate authorization. Sub-funds are used to pay expenditures based on the described uses of the sub-fund.

Descriptions of some of the major sub-funds are:

TABLE B-2: FUND DESCRIPTIONS

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
1. Operating	Airport Development Fund (ADF)	03040	This is the operating fund for the Seattle-Tacoma International Airport (Aviation division). The fund receives operating revenues derived from all airport sources and funds operating and maintenance expenses related to the Airport. The fund also receives Airport Improvement Program grants reimbursement receipts. Transfers made from this fund include funding for Aviation related revenue bond fund debt service. Capital acquisition expenditures which are not otherwise funded are also made from this fund. Other expenditures include operating and administrative expenses and non-operating expenditures associated with Central Services that are allocated to Aviation.

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
	General Fund	00010	<p>The general fund is the operating and capital fund for all Port-owned properties with the exception of the Seattle-Tacoma International Airport (Aviation). This includes Maritime, Economic Development, and the Port’s membership interest in the NWSA (collectively referred to as “non-airport” businesses). Operating revenues derived from these other sources and excluding the Industrial Development Corporation are deposited to this fund. The fund also receives non-operating revenues that are associated with these non-airport businesses or are Central Services in nature. Expenditures from this fund include:</p> <ul style="list-style-type: none"> • Non-airport operating and administrative expenses; capital equipment purchases and construction projects, excluding projects funded with other funding sources (for example, certain expenses may be funded from the tax levy fund, as directed by Port Commission) • Operating expenses for Central Services allocated to the non-airport businesses • Central Services capital equipment purchases and capital projects that are ultimately allocated to the operating divisions through allocated depreciation and appropriate portions of capital that is split between the airport and non-airport businesses. • Non-operating expenditures that are directly associated with non-airport businesses. • Port payrolls, purchases of materials, supplies and services, and non-airport capital acquisition expenditures which are not otherwise funded are made from this fund. Periodic reports are generated indicating what general fund monies have been expended for payrolls or accounts payable that properly should have been paid out of the other funds. These amounts will then be transferred from such other funds to the general funds as reimbursements.
	Tax Levy	00020	<p>The Tax Levy fund was established in 2002 and is used to receive the ad valorem taxes levied on real properties within the Port’s District (King County). Prior to 2002, the tax levy proceeds were deposited into the General Fund. Other items deposited to this fund include Receipts in lieu of taxes, Tax sales and refunds, Investment income and expense, Tax adjustments, Tax supplements and cancellations. Proceeds are used for General Obligation (G.O.) bonds debt service, and to fund capital, expense and special item projects that meet criteria established by the Port, or as directed by Port Commission.</p>
	Transportation & Infrastructure Reserve (TIF)	00021	<p>Established in 2010, as per the 2010 Commission approved budget, the TIF can be used for any lawful purpose just the same as Tax Levy Fund. The TIF initial funding source is from the Tax Levy fund, and the fund balance is reviewed at least annually with Port staff and Commission.</p>

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
	Harbor Development Fund (HDF)	00022	In 2017 the Port set aside funds in the HDF to help fund future development in the North Harbor (NWSA). The HDF was initially funded with a portion of the 2017 G.O. bond proceeds, which were issued to reimburse the Port for prior year cash payments made to the State of Washington on the Alaska Way Viaduct project. The HDF is legally separate from any tax levy collections and is available to pay revenue bond debt service, if the Port chooses.
	Customer Deposits	06010	This fund has been established as a depository of lease deposits and other monies held by the Port as surety but belonging to Port of Seattle customers.
2. Special Facility	Passenger Facility Charges (PFCs) <ul style="list-style-type: none"> • Revenue • Capital 	06054 03060	PFC Revenues are derived from passenger facility charges levied on embarking passengers at Seattle-Tacoma International Airport. The collected revenues are used to pay debt service on PFC Revenue Bonds, debt service on other revenue bonds related to FAA approved projects, and for specifically designated airport facility improvements projects. All PFC's revenues are deposited to the Revenue fund (06054). From the Revenue fund, there is a required monthly transfer to the Debt Service fund (by the 25th of each month) equal to 1/6 th of semi-annual PFC debt service payment. The remaining balance in the Revenue fund, which includes interest earnings, is then transferred to Capital fund (03060).
	Customer Facility Charge (CFC)	CFC01	Established in 2006, the CFC Fund holds revenue derived from charges imposed upon customers of rental car companies accessing the Airport, and taxable revenue bond proceeds issued to fund the Consolidated Rental Car Facility (CRCF). Funds are to be used to pay debt service on those bonds, construction costs for the CRCF project, any future capital maintenance projects, and specified CRCF operating expenses.
	Fuel Hydrant Fund <ul style="list-style-type: none"> • Revenue • Debt Service • Project • Reserve 	Held in Trust	The funds accruing to the Fuel Hydrant Revenue Fund are derived from Pledged Lease Revenue and Other Revenue as defined in Resolution No. 3504, as amended. Funds are to be used to pay Fuel Hydrant bonds debt service. All Fuel Hydrant revenues are deposited to the Revenue account. From the Revenue account, there is a required monthly transfer to the Debt Service account equal to 1/6 th of the semi-annual interest and 1/12 th of the annual principal amounts. The remaining balance of the Reserve account, which is interest earnings, is then transferred to Capital account.
3. Debt Related	Bond Funds	Various	The Port of Seattle issues bonds pursuant to bond resolutions to fund its Capital Improvement Program. Proceeds from bond issues are used to fund construction, capitalized interest, and reserves, see below.

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
	Capitalized Interest Fund (Cap-I)	Various	Established at the time of bond issuance, Cap-I funds are additional bond proceeds to be used to pay interest expense on the bonds before the capital assets funded by the bonds go into use and are able to generate revenue to repay principal.
	Construction Fund (CF)	Various	Proceeds from bond issues are used for the Port’s facilities expansions and improvements, land acquisition, and/or pay interest. Separate funds are set up for each bond issue to allow for the tracking and reconciliation of bond proceeds expenditures.
	Debt Service Reserve Fund (DSRF)	Various	Established at the time of bond issuance for the purposes of securing the payment of principal and interest on related outstanding bonds. Terms set forth in the bond covenants dictate how much the Port is required to maintain in the Reserve fund. Not all bond issues have a cash funded Reserve fund; the Port may instead choose to maintain qualified surety and/or a qualified letter of credit.
	Debt Service Fund (DSF)	Various	DSF’s serve as pass-through funds. Transfers are made periodically to the DSF, typically on the debt service date, for an amount sufficient to meet the debt service requirements. The source of the funds transfer depends on the related debt and may be made, legally, from any operating fund, but it is the Port’s intent to make such transfers from the General Fund, Tax Levy Fund and/or Airport Development Fund.
4. Other Operating	Repair and Renewal Fund	03150	Established pursuant to Master Resolution 3577, Section 4. (b), the proceeds of the fund may be used by the Port to pay extraordinary operating and maintenance expenses, make capital replacements, additions, expansions, repairs, and renewals of the facilities of the Port.
	Environmental Settlement	ENVIR	Established 2008, the fund is used for environmental settlement money received for cleanup work the Port is engaged to do. Consequently, there are restrictions on how proceeds are used.
	Industrial Development Corporation (IDC)	IDC01	The IDC of the Port of Seattle is a special purpose government with limited powers. It was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84) for the purpose of facilitating industrial expansion through tax-exempt financing. The IDC fund balance is comprised from compensation from companies that borrow through the IDC, and investment earnings. IDC “surplus” funds may be used for any allowable purposes as provided by state law: allowable under the Port’s authorized powers to engage in economic development programs, and for growth management, planning or other economic development purposes.

3. REVENUE AND EXPENSE ASSUMPTIONS

The 2023 Operating Revenues are developed based on the terms of various lease agreements and on forecasted activity levels. Operating Expenses are developed based on historical experience, forecasted activity levels and inflation.

Aviation aeronautical revenues, which are based on cost-recovery, are budgeted at \$504.9M, an increase of 27.8% compared to the 2022 budget. Non-aeronautical revenues are budgeted at \$296.1M, which is 23.0% higher than the 2022 budget mainly driven by less demand for Public Parking, Airport Dining and Retail, Ground Transportation, and Rental Cars. The 2023 Aviation expenses are expected at \$460.5M, an increase of 15.8% from the 2022 budget mainly driven by increases in payroll, airline realignment, and other expenses.

Maritime revenues are budgeted at \$75.9M, an increase of 28.3% over the 2022 budget due to the expected revenue increases in Cruise Operations. Grain revenue is expected to be flat compared to the 2022 budget. Maritime expenses are budgeted at \$66.1M, an increase of 14.3% compared to the 2022 budget mainly due to pay increase and new/unfrozen FTEs.

Economic Development revenues are anticipated at \$22.2M, an increase of 18.3% compared to the 2022 budget due to higher revenues from the Conference & Event Centers and the Bell Street Garage. The 2023 Economic Development expenses are budgeted at \$30.1M, an increase of 6.5% from the 2022 budget driven by new initiatives and variable costs associated with increased Conference & Event Center volumes.

The key business activities forecast for the Airport, Maritime, and Economic Development divisions are as follows:

- Enplaned passengers for 2023 are expected to be 94.5% of the 2019 level (the most recent “normal” year)
- Cruise budgeted at 85% occupancy on 289 sailings with 1.43M passengers
- Grain volume is budgeted at 4.34M metric tons, a 4% decrease from 2022 budget
- Recreational Marina occupancy rate of 96%, consistent with 2022 budget and year-end forecast
- Commercial properties are expected to remain at 95% or greater occupancy at year-end 2023, consistent with a forecasted occupancy of more than 95% at year-end 2022
- Conference and Event Center revenues reflect 80% of a typical year’s capacity from some remaining pandemic impacts

Port-wide salaries for non-represented (exempt and non-exempt) employees have been budgeted for a 6% COLA increase starting in February 2023 and a 3% average annual Pay for Performance increases beginning in March 2023. Benefit costs for employees in non-union jobs are budgeted in two parts:

- The first part is a flat dollar amount per employee per month and covers costs that are not related to employees’ pay. This includes medical and dental coverage, Wellness Rewards Program costs, 401(a) contributions, and Flexible Spending Account fees. This amount is \$1,323.90 per employee per month
- The second part covers costs that are related to employees’ pay. This includes FICA, PERS, life and disability insurance as well as PTO and Sick Leave amounts together with the new Washington Paid Family and Medical Leave Act. These items are estimated to total 21.93% of pay in 2023

APPENDIX C: BUSINESS ASSESSMENT

1. National and Local Economy and Outlook

Economic growth has resumed despite the pandemic largely due to the trillions of dollars in stimulus programs. However, inflation soared as supplies of commodities and labor, disrupted by the pandemic, could not keep up with high consumer demand. Real GDP rose to an annual rate of 2.6% in the third quarter after declining by 0.6% in the second quarter and by 1.6% in the first quarter. The increase can be attributed to growth in exports, specifically in goods and services. The main contributor in goods include petroleum, nondurable goods, and nonautomotive capital goods. Meanwhile, the increase in services were due to upsurge in travel and financial services. Other factors that contributed to the increase in GDP include consumer spending particularly in health care, nonresidential fixed investment, and government spending largely due to increase in defense spending. The Economic and Revenue Forecast Council's (ERFC) forecast for GDP growth is 1.6% for 2022, 0.6% in 2023, 2.1% in 2024, and 2.0% in 2025 and 2026.

A total of 261,000 net jobs were added in October led by the health care sector with a gain of 53,000, followed by professional and technical services with 43,000 jobs. Similarly, manufacturing added 32,000 jobs, accommodation increased by 20,000, social assistance added 19,000 jobs, and local government excluding education added 16,000 while local government education increased by 14,000 jobs. In contrast, warehousing and storage had a reduction of 20,000 jobs, rental and leasing services declined by 8,000, and services to buildings and dwellings lost 6,000 jobs. The unemployment rate continues to steadily decline after surging to 14.8% in April 2020 due to the pandemic. The unemployment rate in October was recorded at 3.7%, slightly higher than the pre-pandemic rate of 3.5% prior to February 2020. The average hourly earnings for private sector increased by 4.7% compared to over a year ago. Unemployment rate in October was 3.8%, slightly higher than the rate of 3.5% in September. The unemployment rate is expected to average to 3.7% this year and to steadily increase to 4.6% in 2025. However, it is expected to decrease to 4.2% in 2027.

Washington state's nonfarm employment increased by 14,600 in September and October. Private services-providing sectors gained 19,200 jobs in the same two-month period. The manufacturing sector added a total of 1,300 jobs, of which 1,200 came from aerospace. Construction also added 3,000 jobs. State and local jobs decreased by 8,500, and the federal jobs declined by 300. The unemployment rates increased to 3.8% in October, up from 3.7% in September. However, the October and September rates were significantly lower than the all-time high of 16.8% rate recoded in April 2020.

Washington state housing construction decelerated in the second and third quarters compared to the first quarter of 2022. A total of 60,500 units Seasonally Adjusted Annualized Rate (SAAR) were approved in the first quarter but decreased to 56,300 (SAAR) in the second quarter and further plunged to 44,500 (SAAR) units in the third quarter. The third quarter building permits comprised of 26,100 multi-family and 18,400 single-family units.

The seasonally adjusted Seattle CPI rate of 8.9% recorded between October 2021 to October 2022 surpassed the 7.8% increase in the U.S. City Average index. This increase can be attributed to higher food and energy prices this year compared to last year. Core prices rose 7.7% compared to 6.3% in the national index. Excluding shelter costs, Seattle inflation was 8.9% while the national average was recorded at 8.2%.

Sources:

[https://erfc.wa.gov/publications-September Quarterly, November Monthly update](https://erfc.wa.gov/publications-September%20Quarterly,%20November%20Monthly%20update)

<https://www.bea.gov/news/2022/gross-domestic-product-third-quarter-2022-advance-estimate>

TABLE C-1: SUMMARY FORECAST

SUMMARY FORECAST							
(Annual Percent Change)	2020	2021	2022	2023	2024	2025	2026
Washington State Economic Forecast							
Non-farm Payroll Employment (% Ch)	-5.3	2.4	5.0	1.1	0.7	0.8	1.0
Unemployment Rate (%)	8.5	5.3	4.0	4.3	4.9	4.7	4.5
Personal Income (% Ch)	6.4	3.8	-3.0	1.3	2.9	3.3	3.2
Seattle Consumer Price Index (% Ch)	1.7	4.7	8.7	3.9	2.0	2.0	2.0
Housing Permits (% Ch)	-9.0	29.2	-6.6	-15.1	4.2	0.9	-1.9
Total Population (in 000's)	7,707.0	7,767.0	7,828.1	7,899.0	7,970.3	8,041.7	8,113.1
% Change	1.6	0.8	0.8	0.9	0.9	0.9	0.9

Source: [Washington State Economic and Revenue Forecast Council, September report.](#)

TABLE C-2: STATE EMPLOYMENT BY INDUSTRY

Washington State 2021 Average Employment Classified by Industry			
Industry description	Average Firms	Average Annual Employment	Average Annual Wage
Agriculture, forestry, fishing, and hunting	6,498	96,995	\$37,461
Mining	132	2,113	75,881
Utilities	224	5,322	112,678
Construction	28,055	210,289	73,866
Manufacturing	7,715	256,371	83,157
Wholesale trade	12,255	129,162	95,020
Retail trade	14,277	398,227	76,369
Transportation & warehousing	4,994	108,536	69,538
Information	5,673	156,366	268,502
Finance and insurance	6,372	96,499	124,676
Real estate, rental and leasing	7,193	54,152	70,601
Professional, scientific, and technical services	31,544	225,512	125,748
Management of companies and enterprises	659	43,202	135,156
Administrative and waste management services	13,229	171,112	61,561
Educational services	3,763	43,230	46,220
Health care and social assistance	61,071	434,088	60,236
Arts, entertainment, and recreation	3,047	40,200	40,504
Accommodation and food services	15,055	237,697	28,256
Other services (except public administration)	19,832	91,271	52,198
Government	2,140	547,166	74,767
Total *	243,728	3,347,510	82,513

* Total and average of statewide rollup data. Employment and wages are not shown for some subsectors to avoid disclosure of data for ind. employer.

Source: Washington State Employment Security Department, 2021 annual averages, Statewide 3-digit NAICS <https://esd.wa.gov/labormarketinfo/covered-employment>

TABLE C-3: TOP 10 PUBLIC COMPANIES IN WASHINGTON

Top 10 Companies with HQ in Washington State <i>(ranked by Revenues)</i>			
Company	No. of Employees	Revenues (\$M)	Website
Amazon.com	1,335,000	469,820	www.amazon.com
Microsoft	182,268	198,270	www.microsoft.com
Costco Wholesale	288,000	195,920	www.costco.com
Starbucks	383,000	29,060	www.starbucks.com
Paccar	28,500	23,522	www.paccar.com
Expeditors International	19,000	16,523	www.expeditors.com
Nordstrom	62,000	14,789	www.nordstrom.com
Weyerhaeuser	9,372	10,201	www.weyerhaeuser.com
Expedia Group	14,800	8,598	www.expedia.com
Fortive	18,000	5,254	www.fortive.com

Source: <https://www.value.today/headquarters/washington>

2. Economic Impact Study Summary:

The Port of Seattle retained Community Attributes Inc. (CAI) in 2018 to evaluate the economic impacts generated by Port of Seattle’s aviation and maritime businesses. Cumulatively, the Port’s activities and operations helped generate 121,200 direct jobs and \$19.2M in business revenue. The combined figures reflect data results for cruise activity included in the 2019 report while airport, cargo, fishing, and other maritime activities were included in the 2018 reports. Moreover, the combined figures include activities at both Seattle and Tacoma cargo terminals managed by the Northwest Seaport Alliance.

Seattle-Tacoma International Airport (SEA):

SEA, owned and operated by the Port of Seattle, is an important economic engine for the Pacific Northwest connecting businesses, trade, and leisure travelers. Business activity data collected for the 2018 study demonstrated SEA’s role as a major driving force for regional prosperity generating the following impacts to the local and regional economy:

- A total of 151,400 jobs was generated including 87,300 direct jobs
- Total personal income was \$7.1B
- Business revenue was \$22.5B
- State taxes of \$415M reflected both direct and secondary activities

Commercial Fishing and Recreational Boating Industries:

Port of Seattle’s marinas (Shilshole Bay, Salmon Bay, Bell Harbor and Harbor Island) and other properties serve as critical assets to the region’s recreational boating industry. The Port’s marinas support various economic activities which include Washington’s largest liveaboard community, onsite restaurants, and fuel and vessel maintenance and repairs. The Port also offers moorage for tugboats, barges, and research vessels. Furthermore, the Port’s industrial lands are leased by non-maritime tenants such as operators of warehouses for non-containerized cargo, local manufacturers, and retailers. Likewise, the Port’s commercial properties (i.e., Fishermen’s Terminal, Maritime Industrial Center, Terminal 91, etc.) play a major role in supporting the regional fishing industry. These facilities are used by a large majority

of the North Pacific Fisheries Fleet as well as other fishing vessels that operate in the Puget Sound and the West Coast of the Olympic Peninsula. The results of the 2019 study underscore the importance of Port facilities in the region; highlights include:

- \$671.3M of Direct Business Output from Commercial Fishing including 7,000 direct jobs
- Fishing vessels moored at Port facilities generated gross earnings of more than \$455.0M in 2017
- \$729M of Direct Business Output from Recreational boating including 3,620 jobs
- Recreational boating generated more than \$357M in labor compensation

Maritime Cargo:

In 2015, the ports of Seattle and Tacoma formed the Northwest Seaport Alliance (NWSA) to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs for the region. The Northwest Seaport Alliance represents one of the largest cargo-loading centers in the United States. In 2018, the NWSA commissioned a report on the economic impact of marine cargo. Key points of the 2018 study are as follows:

- NWSA directly supported 20,100 jobs with \$1.9B in labor income in 2017
- Average annual wage including benefits for direct jobs supported by Marine Cargo was approximately \$95,000
- NWSA marine cargo directly supported \$5.9B in business output in 2017
- Direct and secondary economic activities generated nearly \$136M in taxes

Cruise Industry:

Cruise ships utilizing the Port of Seattle facilities support economic activities by procuring supplies from local suppliers and vendors, offering shore services to cruise passengers, and commissioning service companies to repair or service equipment. Furthermore, cruise passengers and crew support the economy through their spending on local goods and services. The 2019 economic impacts of the Port of Seattle's cruise business include:

- Cruise activities create nearly \$900M a year in total local business revenue
- Each homeport ship call contributes an average \$4.2M to the state's economy and supports over 5,500 jobs
- Estimated \$260.1M in labor income and business output of \$893.6M in 2019

The Full Economic Reports for the Airport, Commercial Fishing and Recreational Boating, Marine Cargo and Cruise are available on the Port's website: <https://www.portseattle.org/page/economic-impact-and-tax-levy>.

APPENDIX D: BOND AMORTIZATION SCHEDULES

TABLE D-1: BOND AMORTIZATION SCHEDULE FOR 2023

Bond Type Series	Original Issue Amount	Issue Date	Outstanding Jan. 1, 2023	2023 Principal Payments		Outstanding Dec. 31, 2023	Interest Payments [1]	
				Due Date	Amount		Due Date	Amount
<u>GENERAL OBLIGATION BONDS</u>								
Limited Tax G.O., Series 2013B Taxable	\$75,165,000 [3]	03/26/13	1,225,000		-	1,225,000	05/01, 11/01	33,933
Limited Tax G.O., Series 2015	\$156,990,000 [4]	04/28/15	117,830,000	06/01/23	6,800,000	111,030,000	06/01, 12/01	5,008,150
Limited Tax G.O., Series 2017	\$127,345,000	03/07/17	112,830,000	01/01/23	3,365,000	109,465,000	01/01, 07/01	5,557,375
Limited Tax G.O., Series 2022A	\$15,115,000 [5]	01/26/22	13,745,000	12/01/23	1,690,000	12,055,000	06/01, 12/01	687,250
Limited Tax G.O., Series 2022B	\$94,345,000 [6]	01/26/22	91,260,000	12/01/23	9,675,000	81,585,000	06/01, 12/01	1,863,363
TOTAL GENERAL OBLIGATION BONDS			336,890,000		21,530,000	315,360,000		13,150,071
<u>REVENUE BONDS</u>								
<u>First Lien Bonds</u>								
Series 2009B-2	\$22,000,326 [7]	07/16/09	58,507,966		-	62,917,653 [7]		-
Series 2016B - Ref. 2007B	\$124,380,000 [8]	08/02/16	100,960,000	10/01/23	8,030,000	92,930,000	04/01, 10/01	5,048,000
Series 2016C - Ref. Taxable	\$6,180,000 [8]	08/02/16	4,670,000	10/01/23	415,000	4,255,000	04/01, 10/01	132,187
Series 2021 Refunding	\$43,015,000 [9]	06/30/21	35,520,000	09/01/23	8,240,000	27,280,000	03/01, 09/01	1,776,000
Total First Lien Bonds			199,657,966		16,685,000	187,382,653		6,956,187
<u>Intermediate Lien Bonds</u>								
Series 2013 Revenue Refunding	\$139,105,000 [10]	12/17/13	113,805,000	07/01/23	14,020,000	99,785,000	01/01, 07/01	5,665,250
Series 2015A New Money	\$72,010,000	08/06/15	62,260,000	04/01/23	2,205,000	60,055,000	04/01, 10/01	3,035,850
Series 2015B Refunding	\$284,440,000 [11]	08/06/15	146,350,000	03/01/23	8,195,000	138,155,000	03/01, 09/01	7,112,625
Series 2015C New Money	\$226,275,000	08/06/15	190,970,000	04/01/23	8,000,000	182,970,000	04/01, 10/01	9,348,500
Series 2016 Refunding	\$99,095,000 [12]	08/02/16	99,095,000		-	99,095,000	02/01, 08/01	4,915,900
Series 2017A Revenue Refunding	\$16,705,000 [13]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	\$264,925,000 [13]	08/22/17	200,920,000	05/01/23	17,160,000	183,760,000	05/01, 11/01	6,754,572
Series 2017C New Money	\$313,305,000	08/22/17	288,855,000	05/01/23	8,610,000	280,245,000	05/01, 11/01	14,352,500
Series 2017D New Money	\$93,230,000	08/22/17	55,385,000	05/01/23	10,000,000	45,385,000	05/01, 11/01	2,519,250
Series 2018A New Money	\$470,495,000	06/21/18	443,735,000	05/01/23	12,280,000	431,455,000	05/01, 11/01	21,392,250
Series 2018B New Money	\$85,145,000	06/21/18	59,975,000	05/01/23	8,795,000	51,180,000	05/01, 11/01	2,778,875
Series 2019 New Money	\$457,390,000	08/07/19	441,995,000	04/01/23	11,335,000	430,660,000	04/01, 10/01	21,416,375
Series 2021A Revenue Refunding	\$34,415,000 [14]	06/30/21	12,130,000	12/01/23	12,130,000	-	06/01, 12/01	606,500
Series 2021A New Money	\$12,610,000	06/30/21	12,610,000		-	12,610,000	06/01, 12/01	630,500
Series 2021B Revenue Refunding	\$148,765,000 [15]	06/30/21	143,910,000	12/01/23	5,105,000	138,805,000	06/01, 12/01	6,540,175
Series 2021C Revenue Refunding	\$44,325,000 [16]	06/30/21	30,120,000	08/01/23	14,915,000	15,205,000	02/01, 08/01	1,506,000
Series 2021C New Money	\$470,065,000	06/30/21	468,990,000	08/01/23	2,465,000	466,525,000	02/01, 08/01	22,548,900
Series 2021D New Money	\$41,395,000	06/30/21	41,395,000		-	41,395,000	02/01, 08/01	670,534
Series 2022A Revenue Refunding	\$206,200,000 [17]	08/11/22	206,200,000		-	206,200,000	02/01, 08/01	10,023,611
Series 2022B Revenue Refunding	\$34,315,000 [18]	08/11/22	34,315,000	08/01/23	16,790,000	17,525,000	02/01, 08/01	26,534,399
Series 2022B New Money	\$551,615,000	08/11/22	551,615,000		-	551,615,000	02/01, 08/01	1,668,090
Series 2022C Revenue Refunding	\$31,160,000 [19]	08/11/22	31,160,000	08/01/23	15,340,000	15,820,000	02/01, 08/01	1,463,678
Series 2022C New Money	\$39,275,000	08/11/22	39,275,000		-	39,275,000	02/01, 08/01	1,030,361
Total Intermediate Lien Bonds			3,691,770,000		167,345,000	3,524,425,000		173,349,945
<u>Subordinate Lien Bonds</u>								
Series 2008	\$200,715,000 [20]	06/11/08	148,475,000	2023	12,082,721 [2]	136,392,279	Various [2]	5,270,863 [2]
Total Subordinate Lien Bonds			148,475,000		12,082,721	136,392,279		5,270,863
TOTAL REVENUE BONDS			4,039,902,966		196,112,721	3,848,199,932		185,576,995

SPECIAL FACILITY REVENUE BONDS

Fuel Facilities Series 2013 ref	\$88,660,000	[21]	06/13/13	<u>56,855,000</u>	06/01/23	<u>4,455,000</u>	<u>52,400,000</u>	06/01, 12/01	<u>2,457,758</u>
TOTAL SPECIAL FACILITY REVENUE BONDS				<u>56,855,000</u>		<u>4,455,000</u>	<u>52,400,000</u>		<u>2,457,758</u>

Notes:

- [1] - Interest Payments shown in this schedule are gross amounts before use of any Capitalized Interest.
 - [2] - Estimated annual total. Interest paid monthly. Principal paid annually or at maturity. Annual principal payments are voluntary.
 - [3] - Series 2013B G.O. bonds partially refunded the Series 2004B G.O. bonds, the Series 2004C G.O. bonds and the Series 2011 G.O bonds on 3/26/2013.
The Series 2004C G.O. Ref. bonds refunded a portion of the Port's 1994B Revenue bonds and a portion of the 1994 G.O. bonds. The Series 2011 G.O. bonds refunded the outstanding 2000B G.O. Bonds.
 - [4] - Series 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. Bonds. The Series 2006 G.O bonds refunded a portion of the Port's 1999A Special Facility bonds and a portion of the 2000A G.O. bonds.
 - [5] - Series 2022A G.O. refunded a portion of the Port's B-1 Commerical Paper.
 - [6] - Series 2022B G.O. Revenue and Refunding bonds fully refunded the outstanding 2011 G.O refunding bonds. The 2011 G.O. bonds refunded the 2000B G.O bonds.
 - [7] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The outstanding principal balance at 12/31/2023 includes \$40,917,327.03 of accumulated accreted interest.
 - [8] - Series 2016 ABC First Lien bonds refunded a portion of the outstanding Series 2007A First Lien bonds and all of the Series 2007B First Lien bonds.
 - [9] - Series 2021 First Lien bonds refunded a portion of the Series 2011B First Lien bonds. The Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate Lien bonds.
 - [10] - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
 - [11] - Series 2015B Intermediate Lien bonds refunded the outstanding Series 2005A Intermediate Lien bonds. The Series 2005A Intermediate Lien bonds refunded a portion of the Port's 1996A First Lien bonds and a portion of the Port's 1997A First Lien bonds.
 - [12] - Series 2016 Int Lien Refunding bonds refunded the outstanding Series 2006A bonds. The Series 2006A Intermediate Lien bonds refunded the outstanding 2000A First Lien series bonds.
 - [13] - Series 2017A Int. Lien Revenue Refunding bonds fully refunded the Series 2009A First Lien Revenue Bonds. The 2017B bonds refunded a portion of the 2009B-1 First Lien Revenue bonds.
 - [14] - Series 2021A Revenue Refunding Intermediate Lien bonds fully refunded the outstanding 2010A PFC Ref. bonds. The Series 2010A PFC Ref. bonds refunded a portion of the 1998A PFC series bonds.
 - [15] - Series 2021B Ref. Intermediate Lien bonds fully refunded the outstanding 2010B Ref. Intermediate Lien bonds. The Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lien series bonds.
 - [16] - Series 2021C Ref. Intermediate Lien bonds fully refunded the outstanding Series 2010C Intermediate Lien bonds. The Series 2010C Intermediate Lien bonds refunded a portion of the Port's 2000B First Lien Bonds.
 - [17] - Series 2022A Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
 - [18] - Series 2022B Ref. Intermediate Lien bonds fully refunded the 2012B Intermediate Lien bonds. The 2012B Intermediate Line bonds refunded the 2001B First Lien bonds and 2001C First Lien bonds.
 - [19] - Series 2022C Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
 - [20] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
 - [21] - Series 2013 Special Facility Fuel Hydrant bonds fully refunded the 2003 Special Facility Fuel Hydrant bonds. Debt service for Fuel Facilities is paid directly from Fuel Hydrant Facility income, not out of operating cash flows.
- The Port has authority to issue up to \$400 million in Commercial Paper, as of 10/31/2022 the Port had \$10.01 million outstanding.

TABLE D-2: BOND AMORTIZATION SCHEDULE FOR 2022

Bond Type Series	Original Issue Amount	Issue Date	Outstanding Jan. 1, 2022	2022 Principal Payments		Outstanding Dec. 31, 2022	Interest Payments [1]	
				Due Date	Amount		Due Date	Amount
GENERAL OBLIGATION BONDS								
Limited Tax G.O., Series 2011 Ref	\$74,000,000 [3]	02/23/11	18,495,000	12/01/22	18,495,000	-	06/01, 12/01	160,102
Limited Tax G.O., Series 2013A ref	\$27,630,000 [4]	03/26/13	21,305,000	11/01/22	21,305,000	-	05/01, 11/01	956,100
Limited Tax G.O., Series 2013B Taxable	\$75,165,000 [4]	03/26/13	1,225,000	11/01/22	-	1,225,000	05/01, 11/01	33,933
Limited Tax G.O., Series 2015	\$156,990,000 [5]	04/28/15	124,300,000	06/01/22	6,470,000	117,830,000	06/01, 12/01	5,339,900
Limited Tax G.O., Series 2017	\$127,345,000	03/07/17	116,030,000	01/01/22	3,200,000	112,830,000	01/01, 07/01	5,721,500
Limited Tax G.O., Series 2022A	\$15,115,000 [6]	01/26/22	-	12/01/22	1,370,000	13,745,000	06/01, 12/01	640,288
Limited Tax G.O., Series 2022B	\$94,345,000 [7]	01/26/22	-	12/01/22	3,085,000	91,260,000	06/01, 12/01	1,591,751
TOTAL GENERAL OBLIGATION BONDS			281,355,000		53,925,000	336,890,000		14,443,574
REVENUE BONDS								
<u>First Lien Bonds</u>								
Series 2009B-2	\$22,000,326 [8]	07/16/09	22,000,326		-	58,507,966 [8]		-
Series 2016B - Ref. 2007B	\$124,380,000 [9]	08/02/16	108,605,000	10/01/22	7,645,000	100,960,000	04/01, 10/01	5,430,250
Series 2016C - Ref. Taxable	\$6,180,000 [9]	08/02/16	5,075,000	10/01/22	405,000	4,670,000	04/01, 10/01	139,781
Series 2021 Refunding	\$43,015,000 [10]	06/30/21	43,015,000	09/01/22	7,495,000	35,520,000	03/01, 09/01	2,515,183
Total First Lien Bonds			178,695,326		15,545,000	199,657,966		8,085,213
<u>Intermediate Lien Bonds</u>								
Series 2012A Refunding	\$342,555,000 [11]	03/14/12	288,705,000	08/01/22	288,705,000	-	02/01,08/01	14,718,617
Series 2012B - Ref. 2001B	\$189,315,000 [12]	03/14/12	52,375,000	08/01/22	52,375,000	-	02/01,08/01	2,668,396
Series 2013 Revenue Refunding	\$139,105,000 [13]	12/17/13	127,155,000	07/01/22	13,350,000	113,805,000	01/01, 07/01	6,332,750
Series 2015A New Money	\$72,010,000	08/06/15	64,380,000	04/01/22	2,120,000	62,260,000	04/01, 10/01	3,119,100
Series 2015B Refunding	\$284,440,000 [14]	08/06/15	164,155,000	03/01/22	17,805,000	146,350,000	03/01, 09/01	7,762,625
Series 2015C New Money	\$226,275,000	08/06/15	198,585,000	04/01/22	7,615,000	190,970,000	04/01, 10/01	9,738,875
Series 2016 Refunding	\$99,095,000 [15]	08/02/16	99,095,000		-	99,095,000	02/01,08/01	4,915,900
Series 2017A Revenue Refunding	\$16,705,000 [16]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	\$264,925,000 [16]	08/22/17	217,405,000	05/01/22	16,485,000	200,920,000	05/01, 11/01	7,181,034
Series 2017C New Money	\$313,305,000	08/22/17	297,045,000	05/01/22	8,190,000	288,855,000	05/01, 11/01	14,772,500
Series 2017D New Money	\$93,230,000	08/22/17	64,900,000	05/01/22	9,515,000	55,385,000	05/01, 11/01	3,007,125
Series 2018A New Money	\$470,495,000	06/21/18	455,410,000	05/01/22	11,675,000	443,735,000	05/01, 11/01	21,991,125
Series 2018B New Money	\$85,145,000	06/21/18	68,340,000	05/01/22	8,365,000	59,975,000	05/01, 11/01	3,207,875
Series 2019 New Money	\$457,390,000	08/07/19	452,775,000	04/01/22	10,780,000	441,995,000	04/01, 10/01	21,969,250
Series 2021A Revenue Refunding	\$34,415,000 [17]	06/30/21	23,685,000	12/01/22	11,555,000	12,130,000	12/01	1,184,250
Series 2021A New Money	\$12,610,000	06/30/21	12,610,000		-	12,610,000	12/01	630,500
Series 2021B Revenue Refunding	\$148,765,000 [18]	06/30/21	148,765,000	12/01/22	4,855,000	143,910,000	12/01	6,789,175
Series 2021C Revenue Refunding	\$44,325,000 [19]	06/30/21	44,325,000	08/01/22	14,205,000	30,120,000	08/01	2,216,250
Series 2021C New Money	\$470,065,000	06/30/21	470,065,000	08/01/22	1,075,000	468,990,000	08/01	22,602,650
Series 2021D New Money	\$41,395,000	06/30/21	41,395,000		-	41,395,000	08/01	670,534
Series 2022A Revenue Refunding	\$206,200,000 [20]	08/11/22	-		-	206,200,000	02/01,08/01	-
Series 2022B Revenue Refunding	\$34,315,000 [21]	08/11/22	-		-	34,315,000	02/01,08/01	-
Series 2022B New Money	\$551,615,000	08/11/22	-		-	551,615,000	02/01,08/01	-
Series 2022C Revenue Refunding	\$31,160,000 [22]	08/11/22	-		-	31,160,000	02/01,08/01	-
Series 2022C New Money	\$39,275,000	08/11/22	-		-	39,275,000	02/01,08/01	-
Total Intermediate Lien Bonds			3,307,875,000		478,670,000	3,691,770,000		156,313,780
<u>Subordinate Lien Bonds</u>								
Series 2008	\$200,715,000 [23]	06/11/08	158,300,000	2022	9,825,000 [2]	148,475,000	Various [2]	1,413,727 [2]
Total Subordinate Lien Bonds			158,300,000		9,825,000	148,475,000		1,413,727
TOTAL REVENUE BONDS			3,644,870,326		504,040,000	4,039,902,966		165,812,720

SPECIAL FACILITY REVENUE BONDS

Fuel Facilities Series 2013 ref	\$88,660,000	[24]	06/13/13	61,095,000	06/01/22	4,240,000	56,855,000	06/01, 12/01	2,675,133
TOTAL SPECIAL FACILITY REVENUE BONDS				<u>61,095,000</u>		<u>4,240,000</u>	<u>56,855,000</u>		<u>2,675,133</u>

Notes:

- [1] - Interest Payments shown in this schedule are gross amounts before use of any Capitalized Interest.
- [2] - Estimated annual total. Interest paid monthly. Principal paid annually or at maturity. Annual principal payments are voluntary.
- [3] - The Series 2011 G.O. bonds were fully refunded by the 2022B G.O. bonds. The 2011 G.O. bonds refunded the outstanding 2000B G.O. Bonds.
- [4] - Series 2013AB G.O. bonds fully refunded the Series 2004A G.O. bonds and partially refunded the Series 2004B G.O. bonds, the Series 2004C G.O. bonds and the Series 2011 G.O bonds on 3/26/2013. The Series 2004C G.O. Ref. bonds refunded a portion of the Port's 1994B Revenue bonds and a portion of the 1994 G.O. bonds. The Series 2013A G.O. bonds are scheduled to be paid down early in November, 2022.
- [5] - Series 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. Bonds. The Series 2006 G.O bonds refunded a portion of the Port's 1999A Special Facility bonds and a portion of the 2000A G.O. bonds.
- [6] - Series 2022A G.O. refunded a portion of the Port's B-1 Commercial Paper.
- [7] - Series 2022B G.O. Revenue and Refunding bonds fully refunded the outstanding 2011 G.O refunding bonds. The 2011 G.O. bonds refunded the 2000B G.O bonds.
- [8] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The outstanding principal balance at 12/31/2022 includes \$36,507,640.14 of accumulated accreted interest.
- [9] - Series 2016BC First Lien bonds refunded all of the Series 2007B First Lien bonds.
- [10] - Series 2021 First Lien bonds refunded a portion of the Series 2011B First Lien bonds. The Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate Lien bonds.
- [11] - The Series 2012A Intermediate Lien bonds were refunded by the Series 2022A and 2022C Intermediate Lien bonds. The 2012A Intermediate Lien bonds fully refunded the Series 2001A First Lien Revenue bonds and partially refunded the Series 1999A Sub Lien bonds and 2003A First Lien bonds.
- [12] - The Series 2012B Intermediate Lien bonds were fully refunded by the Series 2022B Intermediate Lien bonds. The 2012B Intermediate Lien bonds refunded a portion of the Series 2001B First Lien bonds and fully refunded the Series 2001C First Lien bonds.
- [13] - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
- [14] - Series 2015B Intermediate Lien bonds refunded the outstanding Series 2005A Intermediate Lien bonds. The Series 2005A Intermediate Lien bonds refunded a portion of the Port's 1996A First Lien bonds and a portion of the Port's 1997A First Lien bonds.
- [15] - Series 2016 Int Lien Refunding bonds refunded the outstanding Series 2006A bonds. The Series 2006A Intermediate Lien bonds refunded the outstanding 2000A First Lien series bonds.
- [16] - Series 2017A Int. Lien Revenue Refunding bonds fully refunded the Series 2009A First Lien Revenue Bonds. The 2017B bonds refunded a portion of the 2009B-1 First Lien Revenue bonds.
- [17] - Series 2021A Revenue Refunding Intermediate Lien bonds fully refunded the outstanding 2010A PFC Ref. bonds. The Series 2010A PFC Ref. bonds refunded a portion of the 1998A PFC series bonds.
- [18] - Series 2021B Ref. Intermediate Lien bonds fully refunded the outstanding 2010B Ref. Intermediate Lien bonds. The Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lien series bonds.
- [19] - Series 2021C Ref. Intermediate Lien bonds fully refunded the outstanding Series 2010C Intermediate Lien bonds. The Series 2010C Intermediate Lien bonds refunded a portion of the Port's 2000B First Lien Bonds.
- [20] - Series 2022A Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
- [21] - Series 2022B Ref. Intermediate Lien bonds fully refunded the 2012B Intermediate Lien bonds. The 2012B Intermediate Line bonds refunded the 2001B First Lien bonds and 2001C First Lien bonds.
- [22] - Series 2022C Ref. Intermediate Lien Bonds partially refunded the Series 2012A Intermediate Lien bonds. The Series 2012A Intermediate Lien bonds refunded the Port's 1999A Subordinate Lien bonds, 2001A First Lien bonds, and 2003A First Lien Bonds.
- [23] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
- [24] - Series 2013 Special Facility Fuel Hydrant bonds fully refunded the 2003 Special Facility Fuel Hydrant bonds. Debt service for Fuel Facilities is paid directly from Fuel Hydrant Facility income, not out of operating cash flows.

The Port has authority to issue up to \$400 million in Commercial Paper, as of 10/31/2022 the Port had \$10.01 million outstanding.

bondam.xls

TABLE D-3: 30 YEAR BOND AMORTIZATION SCHEDULE

Port of Seattle Statement of 30 Years - Fiscal Year Mode Outstanding and Closed Debt Service As of 1/1/2023 Primary Sort Issue Group (in thousands) [*Selected Issues]											
	2023	2024	2025	2026	2027	2028 2032	2033 2037	2038 2042	2043 2047	2048 2052	Total
GO Bonds											
INTEREST	13,150	12,452	11,693	10,862	10,100	39,741	25,002	7,694	0	0	130,696
PRINCIPAL	21,530	22,230	23,010	17,215	17,975	78,455	79,030	77,445	0	0	336,890
Rev Int Lien											
INTEREST	173,350	166,691	158,412	150,173	141,320	572,747	364,749	186,271	45,110	0	1,958,824
PRINCIPAL	167,345	177,450	169,380	177,900	191,610	908,365	787,060	723,585	389,075	0	3,691,770
Rev Sr. Lien											
INTEREST	6,956	6,134	15,167	14,582	10,591	43,311	0	0	0	0	96,741
PRINCIPAL	16,685	17,505	22,968	23,560	12,932	69,500	0	0	0	0	163,150
Rev Sub Lien ¹²											
INTEREST	3,878	3,879	3,878	3,878	3,878	19,393	2,209	0	0	0	40,994
PRINCIPAL	0	0	0	0	0	0	158,300	0	0	0	158,300
Special Facility Rev Bonds-FH											
INTEREST	2,458	2,230	2,029	1,854	1,665	4,533	70	0	0	0	14,838
PRINCIPAL	4,455	4,675	4,865	5,045	5,220	29,805	2,790	0	0	0	56,855
Interest Total	199,792	191,386	191,179	181,350	167,555	679,725	392,030	193,965	45,110	0	2,242,093
Principal Total	210,015	221,860	220,223	223,720	227,737	1,086,125	1,027,180	801,030	389,075	0	4,406,965
Grand Total	409,807	413,246	411,402	405,070	395,293	1,765,850	1,419,210	994,995	434,185	0	6,649,059

- 1) Assumes an interest rate of 2.45% per annum for all outstanding Subordinate Lien variable rate bonds.
- 2) Excludes the Port's Subordinate Lien Commercial Paper program, which is authorized in the amount of \$400M, and as of October 31, 2022 was outstanding in the amount of \$10.0M.

The Port maintains credit ratings with three rating agencies: Moody’s Investor Services, S&P Global Ratings and Fitch Ratings. Ratings are maintained on The Port’s general obligation credit and on three liens of revenue bond credit.

TABLE D-4: Bond Ratings Summary

	Moody's	S&P	Fitch
General Obligation Bonds	Aaa	AA	AA-
First Lien Revenue Bonds	Aa2	AA	AA
Intermediate Lien Revenue Bonds	A1	AA-	AA-
Subordinate Lien Revenue Bonds	A2	A+	AA-
Fuel Hydrant Special Facility Bonds	A1	A	

APPENDIX E: OTHER DETAILED EXPENDITURES

a. Promotional Hosting

Promotional hosting consists of expenses incurred by officials and employees of the Port in connection with hosting others for the purpose of promoting the increased use of Port facilities and services.

TABLE E-1: PROMOTIONAL HOSTING BY DIVISION

DIVISION	2021 Actuals	2022 Budget	2023 Budget
Aviation	\$ 24,613	\$ 192,325	\$ 138,325
Maritime	6,284	83,800	99,150
Economic Development	4,577	59,850	80,650
Central Services	13,184	118,555	147,380
Total	\$ 48,658	\$454,530	\$465,505

Promo.xls

b. Memberships

The 2023 Budget for the Port of Seattle is \$1,427,459. The Executive Director may approve additional memberships and increases in dues which could not be foreseen during 2023 budget preparation, provided that the increases do not exceed 10% of the total membership budget.

Memberships are for: (1) associations for the purpose of participating on a cooperative basis with other port districts, airports and with operators of terminal and transportation facilities; (2) associations providing specialized information and services; (3) associations to better qualify certain employees in the performance of specified duties which are assigned to such employees; and (4) associations which are considered to be of particular and special value in connection with the carrying out of the Port's promotion and advertising activities. Membership is an effective way to leverage scarce resources to accomplish objectives that might otherwise be omitted.

TABLE E-2: MEMBERSHIPS

Memberships	2023 Budget
1. Airports Council International	183,500
2. Greater Seattle Partners	150,000
3. Washington Public Ports Association-AV	146,573
4. Washington Public Ports Association - Maritime	146,573
5. American Association of Airport Executives	106,725
6. Puget Sound Regional Council & Economic Development	85,200
7. Greater Seattle Metropolitan Chamber	42,000
8. American Association of Port Authorities	35,000
9. Aviation Information Sharing and Analysis Center	30,388
10. Airports Council International - North America	27,816
11. Cruise Line International Association	25,000
12. Washington Health Alliance	16,200
13. Green Marine	12,500
14. The Good Traveler	12,000
15. International Air Transport Association	10,000
16. Washington Council on International Trade	10,000
17. Global Biorisk Advisory Council (GBAC) Accreditation	10,000
18. Other	377,984
TOTAL	\$ 1,427,459

APPENDIX F: CHANGES BETWEEN PRELIMINARY BUDGET TO FINAL BUDGET

Aviation Division

Revenues decreased by \$6.4M

- Aeronautical revenues increased by net \$131K:
 - Higher Aeronautical revenue to recover additional expense charges from other divisions
- Non-Aeronautical revenues decreased by \$6.5M:
 - \$6.4M decrease due to 3% lower enplanement forecast
 - \$117K increase due to slight increase in performance metrics for Rental Car and AIClear concession activity
 - \$250K decrease due to federal concessionaire relief grant portion expected to be carried forward to 2023

Operating Expenses decreased \$148K:

- \$27K reduction in B&O Tax expense due to reduction in Non-Aeronautical Revenue
- \$121K reduction in Credit Card Fee expense due to reduction in Non-Aeronautical Revenue

Maritime Division

- \$387K reduction in Operating Revenue
- \$80K addition to Marine Maintenance expense for Registrations
- \$30K reduction to Env Finance expense due to overlapping emergency hire
- \$30K increase in Waterfront Project Management expenses

NWSA Joint Venture

- \$200K increase in NWSA Distributable

Economic Development Division

- No changes

Central Services

- No changes

APPENDIX G: CENTURY AGENDA KPIS

Goal 1: Position the Puget Sound region as a premier international logistics hub		
Objective	KPI	Current Results
Objective 1: Meet the Puget Sound region's int'l trade and cargo needs in an efficient and sustainable manner	Cargo Space utilization – Achieve and maintain a ratio of 1.0 metric ton/square foot	Off Target. The current ratio for 2022 is 1.16, well exceeding the target of 1.0.
Objective 2: Support the continued success and competitiveness of the NWSA	Status of NWSA strategic plan execution as it relates to the POS	TBD

Goal 2: Advance this region as a leading tourism destination and business gateway		
Objective	KPI	Current Results
Objective 3: Continuously improve the operational efficiency and customer experience at SEA	Attain Skytrax 4 star rank by 2025	Achieved in 2022, 3 years early.
Objective 4: Strengthen the competitiveness of SEA in the regional and global marketplace	Thirty (30) year-round international services of over 2,000 miles by 2025	On Track. As of June 30, there are 22 qualified services, up from eleven at the start of 2021. The eleven services gained so far this year are a mix of two brand-new services (American-London and Qatar-Doha), five returning services, and four formerly seasonal services that will now operate year-round.
Objective 5: Meet the region's air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner	Achieve level of service optimal at peak for FIS, Gates, Checkpoints and Restrooms by 2025	Slight Delay. 30%. Progress on Checkpoints 1 and 5 are behind schedule. Checkpoint 1 delivery is delayed from Q1 of 2024 to now; Q2 of 2024, so delays are minimal. Checkpoint 5 delivery has been pushed from Q1 of 2024 to now Q1 2026 placing it well behind the original projection. There are various reasons for this and the deadline for completion of all efforts in this KPI is 2025, so there is time for course correction. Restroom upgrades are slightly delayed from original projections, however, they were not set for completion until 2024 so those are on track.

Goal 3: Responsibly Invest in the Economic Growth of the Region and all its Communities		
Objective	KPI	Current Results
Objective 6: Increase career and business opportunities for local communities in all port-related industries	16 % of eligible POS dollars spent with WMBE/SBEs/DBEs	Off Track. Achieved 51% of goal. 2022 utilization at 8.1%, down from 13.6% in 2021. Have used 217 WMBE businesses this year vs annual target of 354, down from 228 WMBE businesses used in 2021.
Objective 7: Advance maritime industries through innovation, strategic investment and capable management of Port facilities	100% complete Maritime Innovation Center.	60% Overall. 100% of design completed..
	70-100% of Projects Complete on time.	57% of projects completed on time.
Objective 8: Expand the economic, cultural and community benefits of Cruise Operations while preserving industrial lands	70-100% of Projects Complete within budget.	81% of projects on budget.
	100% completion on modernizing T91 Cruise facility, report on community benefits.	100%. COVID related upgrades to both cruise terminals were completed in 2021. We saw record breaking numbers for the 2022 cruise season with 296 vessel calls and an estimated 1.26m revenue passengers. The safe resumption of cruise has supported the rebound of the local economy and well as provided significant job opportunities.
	100% complete of ShorePower at Pier 66.	35%. P66 Shore Power Project is approximately 35% complete. SEPA completed and received the HPA on 8/27/21

Goal 4: Be the greenest and most energy-efficient port in North America		
Objective	KPI	Current Results
Objective 9: Meet all increased energy needs through conservation and renewable sources	Renewable energy will be presented as a percentage of total energy use on an annual basis.	On Track. 100% of the Port's increased energy demand was met through renewables.
	Energy conserved will be presented as a cumulative total energy (MMBTU) conserved on an annual basis.	On Track. 100% of the Port's increased energy demand was met through conservation and renewables.
Objective 10: Meet or exceed agency requirements for stormwater leaving Port-owned or operated facilities	Stormwater KPI is the percentage of the agency requirements that are met on an annual basis. Maritime and Aviation	On Track. 75% Maritime: We met all permit obligations (including submission of annual report) for 2021 in 3/2022. We are in process of fulfilling 2022 obligations. Aviation: Complied with 99.4% (1,382/1,391) of the NPDES & King County permit parameters sampled through Q2 2021.
Objective 11: Reduce air pollutants and carbon emissions	-GHG Scope 1 and 2 are calculated using a 3-year rolling average as a percentage to the 2005 baseline. -AV Scope 3 will be a 3-year rolling average as a percentage of the 2005 baseline. -Scope 3 maritime emissions are calculated every 5 years and will be reported separately.	GHG: As of end of 2021, we achieved -46% reduction. 23% for the 3-year rolling average. AV: Scope 3 emissions for Aviation decreased by 15% from the 2005 baseline for the 3-yr rolling average 2018-2020. Maritime: Scope 3 emissions for Maritime decreased 20% from the 2005 baseline (data only available for 2005, 2011, 2016).
	100% of total cruise ship calls that are shore power capable and percentage of total calls that connect, each season.	46% (136 of 295 calls) in 2022 season are equipped with shore power. Total calls that connect is 24%.
Objective 12: Restore, create, and enhance 40 additional acres of habitat in the Green/Duwamish habitat	Progress towards goal is measured annually in acres.	As of end of Q2 2022, we've restored 15 of 40 acres (37.5%).

Goal 5: Become a Model for Equity, Diversity and Inclusion		
Objective	KPI	Current Results
Objective 13: Increase utilization of WMBE and DBE firms and eliminate disparity of access to opportunities	Percent of eligible POS dollars spent with WMBE/SBEs/DBEs	Off Track. Achieved 51% of goal. 2022 utilization at 8.1%, down from 13.6% in 2021.
	Number of WMBEs/SBEs contracted with by POS	Have used 217 WMBE businesses this year vs annual target of 354, down from 228 WMBE businesses used in 2021.
Objective 14: Ensure that all internal and external programs, structures and practices provide equitable opportunities for all	100% completion of Equity goals in equity plans of each Port division or COE	On Track. The Change Team facilitated equity SWOTs in Q1 2022, in efforts to support EDI goal-development at the department-level. Most teams participated and to date, about 65% of departments across the Port have submitted their 2023 EDI goals.
	100% increase/year in developing and implementing racial equity competency for managers	On Track. Implemented EDI goals in PerformanceLink for all supervisors and staff. OEDI is offering four advanced Supervisor Racial Equity trainings (102) and one basic training (101) for new supervisors or incomplete prerequisites.
Objective 15: Advance regional workforce development in port-related industries to provide equitable access to quality careers	% increase/year in participants of color in Port WFD programs who access or move forward along career pathways in Port-related industries	On Track. We saw an 11% increase in BIPOC participants as compared to 2021. Specifically, 201 BIPOC supported to enter careers in construction trades, 12 BIPOC supported in aviation careers, total 213 (YTD), as compared to 192 in FY 2021.

Goal 6: Be a Highly Effective Public Agency		
Objective	KPI	Current Results
Objective 16: Advance the Port's dedication to employee engagement, safety, innovation, and financial stewardship	Annual employee turnover	Off Track. We are at 8.2% through July 2022.
	60-100% Customer Service score for HR	No update in 2022. 84% is an average score using all Courtesy Scores for HR teams for 2021: Health & Safety 90%, Employee Relations 67%, Total Rewards 86%, Talent Management 89%, Organizational Efficiency 89%
	100% departments achieving 90% or better on safety evaluation	On Track. 100% of departments are scoring 90% or more as of Q3 2022.
Objective 17: Foster an environment of transparency, accountability, respect, leadership, and fairness to give Port staff the tools to be exceptional public servants	Improved employee engagement survey - composite scores in each area using 2019 survey as baseline	On Track. The next employee engagement survey will be conducted in 2023, The score for overall engagement in 2021 was 75%
Objective 18: Partner and engage with external stakeholders to build healthy, safe and equitable communities	Number of engagements in individual King County communities annually	Conducted 25 port updates throughout King County; hosted grand opening of Duwamish River People's Park; hosted Environmental Symposium, Environmental Grantee Tour and four tree planting/habitat restoration events; hosted Elected Officials Working Waterfront Tour (140 attendees); provided major project updates on T5 (6), NWPCAS (4), SKCCIF Enviro Grants (12), Duwamish Valley (14), Cruise (12). Hosted Youth Career Awareness Programs (13), Port U Adult Education Series (4), Fall virtual community budget briefings (2).
	Expand access and engagement with diverse communities through language assistance.	SEA Airport summer travel season advertisements included targeted buy with Univision and La Raza del Noreste. Continued translation of South King County Community Impact Fund materials and providing language translation services.
Objective 19: Set the standard for high-quality, cost-effective, and timely delivery of capital programs	AVIATION: Complete 75% of large* Aviation CIP projects within budget and schedule *Budget >\$50M	On Track. 98% of large AV CAIP projects were completed within acceptable time frames and on budget.
	AVIATION: YoY – achieve 75% of schedule milestones for large Aviation CIP projects	On Track. 96% of all large AV CIP schedule milestones were met on time.
	AVIATION: YoY – achieve 75% of planned expenditures for all Aviation CIP projects	On Track. 99% of planned expenditures were met for all AV CIP Projects.
	MARITIME & EDD: 60-85% of CIP projects within approved budget	On Track. 91% of CIP Projects are within approved budget.
	MARITIME & EDD: 70-85% of CIP projects within approved schedule	Off Track. 47% of CIP projects are within schedule.
	MARITIME & EDD: Maritime and Economic Development - 60-85% execution rate of planned CIP project spending	Off Track. 31% as of Q2 2022.

APPENDIX H: GLOSSARY OF TERMS USED

Account: A record of an activity as revenue or expense, such as fees for services, rents, or as salaries, equipment, supplies, travel, etc.

Accrual: Represents an outstanding obligation for goods and services received or performed but for which payment has not been made.

Accrual Basis of Accounting: It is the basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed, or the recording of revenue or expense in the absence of a cash transaction.

Actual: Earned revenue or incurred expense during the stated fiscal year.

Actions: The specific tactics, actions and projects an organization will undertake in an effort to meet the objectives. These statements should reflect how objectives will be achieved.

Ad Valorem Tax Levy: Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses.

Allocated Expense: These are costs allocated to business groups from service providers. Allocated costs are general support costs that cannot be directly attributed to a business unit, but instead support the entire Port and all its Business Groups. Costs can come from within the division (intra-division) or from outside the division (inter-division).

Amortization: The gradual reduction in the book value of Fixed or Intangible Assets having a limited life by allocating the original cost over the life of the asset. (See Depreciation).

Annual Financial Report: This document is produced by the Port of Seattle annually detailing financial, statistical, budgetary, and demographic data and it is distributed to the public.

Appropriation: Authorization granted by a legislative body to make expenditures and to incur obligations for a specific use and contains specific limitations as to the amount, purpose, and time when it may be expended.

Assessed Valuation: Is an official government valuation set upon real estate and personal property by the King County Assessor, as a basis for levying property taxes.

Audit: A formal examination of an organization accounts or financial situation.

Balanced Budget: The Port prepares an annual budget and supports, encourages, and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.

Bonds: Is an interest-bearing written instrument promising to pay a specified sum of money (the face value or principal amount) on a specified date (the maturity date) at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond resolution or ordinance.

Budget: A financial plan, forecast or projection of the Port's revenues and expenses expected during the stated budget year.

Budget Calendar: A schedule of key dates that the Port follows in the preparation, review, and adoption of its annual budget.

Budget Document: The Port's official written approved budget in document format, prepared by the Port's Finance and Budget teams.

Budget Message: A general discussion of the proposed budget presented in written format by the Executive Director of the Port to the Port Commission and Public.

Business & Occupation (B&O) Tax: It is a gross receipt tax levied on businesses. Washington State does not have a corporate or personal income tax. Washington's B&O Tax is calculated on the gross income from activities.

Capital Improvement Plan (CIP) and Draft Plan of Finance: A detailed five-year plan of proposed capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the means of financing them through bond proceeds, grants, and operating revenues. This document serves as an operational and planning tool. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.

Capital Capacity: An estimated calculation of the maximum amount available to spend on capital projects, given assumptions about future revenues and expenses and the ability to cover future interest payments per bond covenants and Port policies. See further discussion in the Draft Plan of Finance, section X.

Capital Expenditures: In accordance with Generally Accepted Accounting Principles (GAAP) and Port policy, capital expenditures are defined as expenditures that arise from the acquisition or improvement of the Port's fixed assets, such as construction of new facility or renovation of an existing facility; or renewal, replacement or upgrading of existing Port assets. Capital assets cost \$20,000 or more, with a useful life of 3 years or more, of which the Port has ownership.

Capitalized Labor or Charges to Capital Projects: Includes the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating expense and then input into the capital budget as part of the cost of the project(s).

CARES Act: The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act.

Cash Disbursements: Is the disbursement or payment of cash for cost incurred in the operation of the Port's business.

Cash Flow: Illustrates the flow of funds over a period of time incorporating both the operating budget and the capital budget and determines the financial needs.

Cash Receipts: The collection of cash from services and from Port facilities and equipment leased or operated.

Chartfield: A field that contains information that defines a transaction in terms of account number, department code, subclass, fund, or program.

Chart of Accounts: It is a long list (“index”) of account numbers and their descriptions.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Continuous Process Improvement Program (CPI): CPI is the port’s official program to establish a continuous and enduring culture of improvement by utilizing a disciplined and time-tested improvement methodology called “LEAN.” A culture of CPI will expand and improve the Port’s capabilities, making the Port a stronger, more competitive organization. The CPI program focuses on four key elements:

- Organizational strategies, objectives, and metrics
- Employee empowerment and engagement
- Efficiency
- Innovation

Cost Per Enplanement (CPE): Airline cost per enplanement reflects the overall cost to the airlines for each passenger enplaned. The CPE measures the total costs borne by the passenger airlines operating at the airport divided by the number of enplaned passengers (roughly half of the total passengers). CPE is a key indicator used by the airlines to measure the relative costs of airports.

Cost Recovery: is a method of rate setting and revenue recognition based on recovering costs associated with a specific business operation. Costs included in the recovery methodology include operating expenses, debt service costs, and amortization for assets associated with a specific business operation.

Customer Facility Charges (CFCs): As determined by applicable State legislation, customer facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds.

Department/Org: An organizational unit within the Port which is part of a division.

Depreciation: This is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn or depreciated (See Amortization).

Direct Charge: The ability to direct charged for services instead of allocating them, which is charging against another division’s/department’s subclass to represent where resources were used and dollars spent for the work that was actually done.

Draft Plan of Finance: The Five-year Capital Budget is the basis of the Plan of Finance. A funding plan for the Capital Budget that identifies the types and amounts of funding sources that are expected to be available in the five-year planning period, developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance section.

Enterprise Fund: There are dozens of funds that are summarized into the Enterprise Fund. The Enterprise Fund accounts for all activities and operations of the Port. The Enterprise fund is connected to the functional units in that it is used to account for operations and activities that are financed at least in

part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions (Aviation, Maritime, Economic Development), and Central Services.

Environmental Remediation Liability: The Port's policy requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: imminent endangerment to the public; permit violation; named as party responsible for sharing costs; named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's pollution remediation obligation. Costs incurred for pollution remediation obligation are recorded as environmental expenses unless the expenditures meet specific criteria that allow them to be capitalized. Capitalization criteria include: preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

Equity: The excess of assets over liabilities.

Estimates: Prediction of revenues and expenditures.

Fiscal Year: The Port's annual accounting period for recording financial transactions begins January 1 and ends December 31, which is the same as the calendar year. It is also called the budget year.

Forecast: An estimate, projection or prediction of revenues and expenses.

Full-Time Equivalent: Full-Time Equivalent (FTE) employee, where "full-time" equals 100% of a full-time schedule. A full-time employee is represented as a "1.0 FTE" where 1.0 = 100% of a full-time schedule. FTEs represented by less than 1.0, such as 0.8, represent less than a full-time schedule. For example, "0.8 FTE" represents 80% of a full-time schedule.

Fund: Enterprise Fund. The establishment of a sub-fund is to account for money set aside for some specific purpose.

Fund Balance: The Net Position of the Enterprise Fund.

Generally Accepted Accounting Principles (GAAP): Standards and guidelines by which Accounting and Financial Reporting are governed.

General Obligation (GO) Bonds and Interest: The Port can borrow money which is intended to be paid back through its taxing authority. The tax levy (See Section VIII) funds the repayment of the principal and interest of these bonds. Port financial policies dictate that G.O. bonds be used for projects that have a long lag between project costs and revenues or are insufficient to support revenue bond financing, the project generates significant economic benefits for taxpayers, and the project is critical to the Port's core business.

Goals: Written statements that declare what the port/division/department plan to achieve to fulfill its mission.

Governmental Accounting Standards Board (GASB): It is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government Finance Officers Association (of USA and Canada) (GFOA): The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and practices and promoting them through education, training, and leadership.

Investment in Joint Venture: The Port adopted Joint Venture Accounting beginning January 1, 2016, to account for its 50% share in the Northwest Seaport Alliance (NWSA).

Inter-Division Allocation (Charges): Allocation or Charges from one division to another.

Intra-Division Allocation (Charges): Allocation or Charges from within the division.

Landing Fee: The landing fee rate and resulting landing fee revenues are based on the contractual agreement between the Port's Aviation Division and the airlines. This contractual agreement permits the airlines to land and operate at Sea-Tac Airport. See the discussion of landing fees in Appendix E.

LEAN: Is a management philosophy, a process improvement approach, and a set of methods that seek to identify, eliminate, and reduce non-value added activities or waste within a process. Lean is time tested and is used by several companies, industries, and agencies around the world. Key principles of LEAN are:

- Guiding team members through the steps in process improvement with a trained facilitator
- Measuring the current state of a process
- Analyzing problem areas within a process
- Brainstorming improvement ideas, implementing improvements, and putting in place controls to sustain improvements

Major Funds: There are dozens of funds that are summarized into the Enterprise Fund, which is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions – Aviation, Maritime and Economic Development, and Central Services.

Majority in Interest (MI): Under the terms of the current agreement between the airlines and the airport, the airlines are entitled to vote their approval for particular capital projects that affect the airline rate base.

Millage: A tax rate on property, expressed in mills per dollar of value of the property.

Mission: A brief statement that describes the purpose of an organization's existence. It defines the core purpose of the organization: What your organization does and for whom.

Net Assets: As required by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, net assets (equity) have been classified on the statement of net assets into the following categories:

- Invested in capital assets – net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets

- Restricted: Net Assets subject to externally imposed stipulations on their use
- Unrestricted: All remaining net assets that do not meet the definition of “invested in capital assets – net of related debt” or “restricted”

When both restricted and unrestricted resources are available for the same purpose, restricted assets are considered to be used first over unrestricted assets.

Net Operating Income before Depreciation (NOI): Income from operations after all direct and allocated expenses, but before depreciation, non-operating revenues and expenses has been included.

Non-Aeronautical Revenues: Include concession, parking and other fees not charged directly to the airlines. These revenues help offset the residual landing fee requirement.

Non-Airport Revenues: All revenues at the Port not related to the Airport, includes all Maritime, EDD, Stormwater Utilities, Central Services, and NWSA distributable revenues.

Non-Operating Expenses: Cost or charges that do not arise from the normal operation of the Port’s business. An example is interest expense.

Non-Operating Revenues: Revenues that do not result from the normal operation of the Port’s business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges, and other revenues generated from non-operating sources.

Northwest Seaport Alliance (NWSA): A Joint Venture between the Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance, which unifies the two ports’ marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. It is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. It is a separate governmental entity established as a Port Development Authority, similar to Public Development Authorities formed by cities and counties. It is governed equally by the Managing Members who are acting through its home port’s elected commissioners. The citizens of Pierce and King Counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle every four years, on a staggered basis. Each home port will remain a separate legal entity, independently governed by its own elected commissioners.

Objectives: Are statements of specific outcomes that are related to achieving the desired goals/strategies.

Operating Income before Allocations & Depreciation: Direct operating revenues minus direct operating expenses. This does not include any allocated expenses.

Operating & Maintenance Expenses: Cost or charges that arise from the normal operation of Port’s business. These are cost or services required for a department/division to function. These include Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct and allocated charges, from Central Services and from other Divisions.

Operating Revenues: Fees for services, rents, and charges for the use of Port facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment Rentals, Property Rentals, and other revenues generated from port’s operations are reported as operating revenue.

ORG: Is an abbreviated term for “Organization” and is the number that identifies departments. It shows where cost originates.

Other Post-Employment Benefits (OPEB): According to the Governmental Accounting Standard Board (GASB) statement 45, government agencies are required to record post-employment benefit costs other than pensions as a liability based on actuarial costs.

Passenger Facilities Charges (PFCs): As determined by applicable federal legislation, passenger facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds. PFC revenues received from the airlines are recorded as non-operating income in the statements of revenues, expenses, and changes in net assets upon passenger enplanement.

Passenger Facilities Charges (PFCs) Bonds: Bonds backed by Passenger Facility Charges.

Passenger Traffic: Enplanements, deplanements and connecting passenger activity.

Performance Indicators or Measures: Metrics used by Port management to determine whether a program is achieving or accomplishing its mission efficiently and effectively.

Performance or Operating Budget: A financial plan that incorporates an estimate of proposed revenues and expenses for a given period. A department's budget includes only those revenues and expenditures for which it has control.

Performance or Variance Report: A report in narrative format explaining the reason or causes of variances between actual revenues and expenses versus budgeted amounts for a given period. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.

Port Commission: It is the governing body of the Port of Seattle, which is comprised of five commissioners elected by the voters of King County to serve four-year terms and to establish Port policy.

Program: Represents costs that are tracked and tend to enhance account information.

Repairs and Maintenance: Expenditures for routine maintenance and repairs to structure and minor improvements to property, which do not increase the value of the capital assets.

Resolution: A formal expression of opinion or determination adopted by the Port Commission.

Revenue Bonds: A type of borrowing that is repaid through the dedication of revenues intended to be generated by the investment being funded by the bonds.

Revenue over Expense: The excess or deficit of revenues (operating and non-operating) over expenses (operating and non-operating). The excess of revenues over expenses increases equity, whereas the deficit, expenses over revenues, decrease equity.

Seasonally Adjusted: Monthly figures are seasonally adjusted to account for typical seasonal variations which allows for month-to-month comparison.

Seasonally Adjusted Annualized Rate: A calculated rate to reflect the full year and adjusted to account for the seasonal variations.

Strategies: The broad, overall priorities adopted by the organization in recognition of its operating environment and in pursuit of its mission and vision. Strategies set the stage for decisions on budget, resources, and timeframes.

Statutory Budget: A plan that depicts the cash flows of the Port. It shows the beginning balance, cash receipts and cash disbursements and the balance at the end of the year. This budget must be filed with the King County Council and the King County Assessor as required by law by a specific date. See Section XI.

Subclass: Shows where resources were used and spending occurred. It shows who benefited from the work.

Tax Levy: The amount of money to be raised by the imposition of property taxes. See Section VIII.

Transfers: The movement of money from one fund to another.

Transportation Worker Identification Credential (TWIC): The Transportation Worker Identification Credential, also known as TWIC®, is required by the Maritime Transportation Security Act for workers who need access to secure areas of the nation’s maritime facilities and vessels. It is a tamper-resistant biometric identification card system established through the U.S. Congress Maritime Transportation Security Act (MTSA) and administered by the Transportation Security Administration (TSA) and U.S. Coast Guard. TSA conducts a security threat assessment (background check) to determine a person’s eligibility and issues the credential. U.S. citizens and immigrants in certain immigration categories may apply for the credential. Most mariners licensed by the U.S. Coast Guard also require a credential.

Twenty-foot Equivalent Unit (TEU): The international standard of measurement for the container volume that moves through the Port. One forty-foot container is equivalent to two TEUs.

Vacancy Factor: A percentage applied to total payroll to account for potential turnover and delays in hiring to depict a more accurate estimated payroll budget.

Values: Principles, standards, characteristics, or qualities held in high positive regard by an individual or group. They are often used to guide day-to-day actions.

Variiances: The difference between “actual” and “budget” amounts for revenues and for expenses, which could be either favorable or unfavorable.

Favorable Variance: This is a positive variance, and it exists when, in a given period:

- Revenues: Actual revenues are higher than budgeted revenues
- Expenses: Actual expenses are lower than budgeted expenses

Unfavorable Variance: This is a negative variance, and it exists when, in a given period:

- Revenues: Actual revenues are lower than budgeted revenues
- Expenses: Actual expenses are higher than budgeted expenses

Vision: A word picture or brief statement of what the organization intends to become or how it sees itself at some point in the future.

APPENDIX I: ACRONYMS AND ABBREVIATIONS

AAPA	American Association of Port Authorities
AAAE	American Association of Airport Executives
AAG	Alaska Airlines Group
ACI	Airports Council International
ACI-NA	Airports Council International-North America
AEC	Airport Employment Center
AICPA	American Institute of Certified Public Accountants
AIR 21	Aviation Investment & Reform Act for the 21st Century
AOA	Air Operations Area
APM	Automated People Mover
ARFF	Aviation Regional Fire Fighting
ATC	Air Traffic Control
B&OT	Business and Occupation Tax
BHICC	Bell Harbor International Conference Center
BHM	Bell Harbor Marina
BHS	Baggage Handling System
BLS	Bureau of Labor Statistics
BMPs	Best Management Practices
CBP	Customs and Border Protection
CDD	Capital Development Division
CERT	Community Emergency Response Team
CFCs	Customer Facility Charges
CFO	Chief Financial Officer
CIP	Capital Improvement Plan
CJIS	Criminal Justice Information Services
CMMS	Computerized Maintenance Management System
COO	Chief Operating Officer
CPE	Cost Per Enplanement
CPI	Consumer Price Index / Continuous Process Improvement
CPO	Central Procurement Office, a Port department
CTE	Central Terminal Expansion
CY	Calendar Year / Container Yard
DBE	Disadvantaged Business Enterprise
DHS	Department of Homeland Security
DNR	Department of Natural Resources
DOT	Department of Transportation
ED	Executive Director
EDD	Economic Development Division
EDI	Equity, Diversity, and Inclusion, a Port Department
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESGR	Employer Support of the Guard Reserve
FAA	Federal Aviation Administration
FAR	Federal Aviation Regulations
FASB	Financial Accounting Standard Board
FAST	Freight Action Strategy Corridor
F&B	Finance and Budget, a Port Department
FEMA	Federal Emergency Management Agency

FIMS	Flight Information Management System
FIS	Federal Inspection Area
FMC	Federal Maritime Commission
FOD	Foreign Object Debris
FTE	Full-time Equivalent Employee
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GBAC	Global Biorisk Advisory Council Accreditation
GFOA	Government Finance Officers Association (of USA and Canada)
GIS	Geographical Information System
GO	General Obligation (Bond)
GT	Ground Transportation
HCM	Human Capital Management
HDF	Harbor Development Fund
HDS	Harbor Development Strategy
HIPAA	Health Insurance Portability and Accountability Act
HMT	Harbor Maintenance Tax
HR	Human Resources, a Port department
HVAC	Heating, Ventilation and Air Conditioning
IAF	International Arrivals Facility
IATA	International Air Transport Association
ICT	Information and Communications Technology, a Port Department
IDC	Industrial Development Corporation
IDIQ	Indefinite Delivery Indefinite Quantity
ILA	Interlocal Agreement
IMC	Intermodal Center
JV	Joint Venture
KPIs	Key Performance Indicators
LEAN	Lean Education Academic Network
LEOFF	Law Enforcement Officers' and Fire Fighters' Retirement System
LOI	Letter of Intent
LOC	Letter of Credit
LR	Labor Relations, a Port Department
LRP	Long Range Plan
LTGO	Limited Tax General Obligation
MAP	Million Annual Passengers
WMBE	Women & Minority Owned Business Enterprise
MD	Managing Director
MIC	Maritime Industrial Center
MIS	Management Information System
MOBI	Marina Operation Boating Inventory System
MOU	Memorandum of Understanding
NAMF	North Area Maintenance Facility
NAC	Neighborhood Advisory Committee
NEPA	National Environmental Policy Act
NMA	National Management Association
NOI	Net Operating Income
NREL	National Renewable Energy Laboratory
NSAT	North Satellite Terminal
NTSB	National Transportation Safety Board

NWMTA	Northwest Marine Terminal Association
NWSA	Northwest Seaport Alliance
OEDI	Office of Equity, Diversity, and Inclusion, a Port Department
O&D	Origin and Destination
O&M	Operating and Maintenance Expense
OPEB	Other Post-Employment Benefits
ORG	Organization
PCS	Port Construction Services, a Port department
PCI	Payment Card Industry
PDA	Port Development Authority
PERS	Public Employees' Retirement System
PFCs	Passenger Facility Charges
PLA	Project Labor Agreement
PLBs	Passenger Loading Bridges
PM	Project Manager
PMA	Pacific Maritime Association
PMG	Project Management Group, a Port department
PNWA	Pacific Northwest Waterways Association
POS	Port of Seattle
PPE	Personal Protective Equipment
PPM	Post Panamax
PREP	Performance Review, Evaluation & Planning
PSA	Professional Service Agreement
PSCAA	Puget Sound Clean Air Agency
PSRC	Puget Sound Regional Council
RCF	Rental Car Facility
RCW	Revised Code of Washington
RFP	Request for Proposal
RMM	Regulated Materials Management
SAAR	Seasonally Adjusted Annualized Rate
SAF	Sustainable Aviation Fuels
SBM	Shilshole Bay Marina
SDS	Stormwater Drainage System
SEA	Seattle-Tacoma International Airport (Airport Code)
SEPA	State Environmental Policy Act
SKC	South King County
SLOA	Signatory Airline Lease and Operating Agreements
SSA	Stevedoring Services of America
STEP	South Terminal Expansion Project
STS	Satellite Transit System
SWOT	Strengths, Weaknesses, Opportunities, and Threats
SWU	Storm Water Utility
USCG	United States Coast Guard
USDA	United States Department of Agriculture
TEU	Twenty-foot Equivalent Unit
TSA	Transportation Security Administration
TWIC	Transportation Worker Identification Credential
UBC	Uniform Building Code
WASPC	Washington Association of Sheriffs and Police Chiefs
WSCC	Washington State Convention Center
WSDOE	Washington State Department of Ecology

WSDOT	Washington State Department of Transportation
WTC	World Trade Center
WPPA	Washington Public Ports Association



Port 
of Seattle

Port of Seattle
P.O. Box 1209
Seattle, WA 98111
www.portseattle.org

