# 2017 Budget and Business Plan and Draft Plan of Finance

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Port of Seattle

Seattle, Washington

# 2017 Budget and Business Plan

# And

# Draft Plan of Finance

Prepared by:
Finance and Budget Departments

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# Distinguished Budget Presentation Award

GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished Budget Presentation Award*

PRESENTED TO

**Port of Seattle**

**Washington**

For the Fiscal Year Beginning

**January 1, 2016**

Executive Director

**T**he Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Port of Seattle for its annual budget for the fiscal year beginning January 1, 2016.

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

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

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# BUDGET DOCUMENT ORGANIZATION

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

- **Section I** has the Budget Message from the Chief Executive Officer depicting the 2017 plans, budget highlights, and a budget summary. Table I-1 depicts the operating revenues, expenses, capital budget and full-time equivalent positions by division. This table differs from the other tables in section III in that it shows the portion of the corporate/administrative expense that is not allocated to the divisions. Otherwise, the division expenses would not add up to the total port expenses. Table I-2 is a cash flow summary and charts which depict the sources and uses of Port funds.
- **Section II**, the Port View, contains the history of the port, its facilities and services, its long range plans, its commissioners and officers and organizational chart.
- **Section III**, the Overview of the 2017 budget and business plan contains an executive summary discussion of the Port’s Operating and Non-operating Budget, Capital Budget, and Tax Levy.
    - Table III-1 provides a summary of the Port business plan forecast for the period 2016-2021.
    - Table III-2 summarizes the Port's revenues, expenses, and net assets for the years 2013-2017.
    - Table III-3 summarizes the Port's operating revenues and expenses by major account, 2015-2017.
    - Table III-4 summarizes the Port's staffing by division, 2015-2017.
    - Table III-5 summarizes the Port's Capital Budget, 2017-2021.
- The Operating Division summaries for the Aviation, Maritime, and Economic Development Divisions (**Sections IV through VI**) present the summary business plans for each business group, operating budget, staffing, and capital budget for each division. The operating budget is presented by business groups/departments as well as by major revenue and expense accounts. One thing to note is that the business groups/departments table in each division (Table IV-6, V-5, VI-5) differs from the other tables in that it shows the division’s controllable costs only and does not reflect the direct charges and corporate allocations expenses from the corporate division which includes capital development.
- **Section VII** presents a summary of Corporate, descriptions of the departments, operating budgets, staffing, and capital budgets.
- A detailed presentation and discussion of the Tax Levy is provided in **Section VIII**.
- Details of the Capital Budget are provided in **Section IX**. A summary page presents the total capital budget by business group and by division. Following the summary is a listing of the projects by business group and division.
- The Draft Plan of Finance is provided in **Section X**.
- The Statutory Budget, which is submitted to King County Council and King County Assessor, is provided in **Section XI**.
- **Section XII** contains the budget details for the Northwest Seaport Alliance.
- The Appendices in **Section XIII** include detailed information regarding the budget and financial policies, business assessment, bond amortization schedules, other detailed expenditures, glossary of terms used and acronyms.

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**PORT OF SEATTLE**
**MEMORANDUM**

**DATE:** October 14, 2016

**TO**: Port Commission

**FROM:** Ted Fick, Chief Executive Officer

**SUBJECT:** 2017 Budget Message

I am pleased to submit the 2017 Budget of the Port of Seattle for your review. This budget is designed to advance our goal of leveraging the economic growth in our region to create opportunities for all. With this budget, we can grow along with the regional economy, expand support for small and disadvantaged businesses, increase opportunities for people to work in aviation and maritime industries, and protect our environment.

**2017 IS A GROWTH YEAR**

- Seattle-Tacoma International Airport is undertaking significant capital projects to expand our capacity for the growing number of flights and passengers, including the modernization of the North Satellite, the construction of a new International Arrival Facility, and a new high speed baggage system.
- Maritime expects cruise passengers to increase by 8.8 percent in 2017 and the renovation of the Bell Street Pier Cruise Terminal is underway to help accommodate that growth.
- The Economic Development Division is poised for growth with the expansion of the Des Moines Creek Business Park, pending development of the Lora Lake site, and the completion of the Real Estate Strategic Plan.

**SEVERAL KEY INITIATIVES ARE DRIVING THE 2017 BUDGET**

- Enhance public outreach to increase awareness of Port contributions to regional economic and workforce development
- Expand the internship program to increase opportunities for local students
- Accommodate the strong growth and meet the operational challenges
- Support the airport capital development program
- Complete the Sustainable Airport Master Plan (SAMP)
- Add staff and resources for Business Intelligence, Security & Preparedness, and Finance & Budget to strengthen Centers of Expertise and leverage capabilities Portwide

**PORT BUSINESS OUTLOOK**

We anticipate 48 million passengers to fly through Sea-Tac Airport in 2017, an increase of 46 percent since 2012. Once again, Sea-Tac Airport is likely to be the fastest growing large airport in the country. All indications are that passenger growth will continue next year. We will also see about an 8.8 percent increase in cruise passengers in 2017 over this year, with more than a million passengers and 14 more ship calls. We continue to be the leading West Coast Cruise port.

These are the financial results we project for 2017 under this proposed budget:

- Total revenues are budgeted at $849.1 million, 5.0 percent increase over 2016;

- Total expenses are budgeted at $703.4 million,  7.0 percent increase over 2016;
- Change in Net Assets are budgeted at $145.7 million, $141.7 million over the 2016 budget before adjusting for a $147.7 million Viaduct contribution and $6.0 million below 2016 budget after adjusting for the special item.
- The five-year capital improvement program is $2.7 billion.

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

**AVIATION DIVISION**

Airport capacity to accommodate growth is limited until capital projects can be completed. Increasing numbers of flights and passengers also create operational challenges. We are undertaking cost-effective expansion and working to increase non-aeronautical revenues through effective operations in airport dining and retail, property development, and parking services. We're working to enhance customer service by improving airport cleanliness and comfort, as well as wayfinding and passenger processing.

Aeronautical revenues are primarily based on cost-recovery formulas. Since costs are increasing, revenues are increasing as well. Non-aeronautical revenues reflect growing passenger demand for parking, rental cars, and airport dining and retail services.

Four major projects account for $1.46 billion in capital expenditures: the North Satellite modernization program, the International Arrivals Facility, the Baggage Optimization project, and the South Satellite renovation. The 2017 budget also proposes the addition of 33 new projects totaling $273.5 million in spending through 2021. These would join previously approved projects for a total five-year CIP program budget of $2.4 billion, which does not include potential projects to be identified by Sustainable Airport Master Plan (SAMP).

**MARITIME DIVISION**

The Maritime Division remains busy managing the cruise business, three recreational marinas, Terminal 91, Fishermen's Terminal, and other maritime industrial facilities.

For 2017, Cruise forecasts 1.04 million passengers, an 8.8 percent increase over 2016. Grain volume from Terminal 86 is forecast to be 3.72 million metric tons in 2017, down 7 percent from the 2016 forecast. The recreational marina occupancy rate continues to consistently average 95 percent.

Fishing and commercial occupancy rates are forecast to average 83 percent, showing a slight increase over the 2016 budgeted forecast of 82 percent. Commercial properties are targeting a 95-percent occupancy rate by the end of 2017, which is consistent with current results.

The proposed five-year CIP for the Maritime Division is $164.6 million with capital investments planned at Fishermen's Terminal, Terminal 91, the cruise terminal at Pier 66, and Shilshole Bay Marina.

**ECONOMIC DEVELOPMENT DIVISION**

The Economic Development Division focuses on managing the Port's real estate, encouraging tourism, developing small business opportunities, and providing for workforce development in the maritime, aviation, manufacturing, aerospace, and construction industries. The 2017 budget targets a 95 percent real estate occupancy rate at the end of 2017, matching the 2016 target. Revenue from Bell Harbor International Conference Center in 2017 is expected to increase 26 percent from the 2016 budget.

Program improvements have been budgeted in 2017 to fund workforce development, tourism initiatives, and Economic Development Partnership Program awards for cities in King County.

## THE NORTHWEST SEAPORT ALLIANCE (NWSA) JOINT VENTURE

In August 2015, the Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance (NWSA), a joint venture port development authority (PDA) designed to unify the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the competitiveness of the Puget Sound gateway and attract more marine cargo and jobs to the region.

The net income from the NWSA is distributed evenly between the two home ports and our 50-percent share of the net income will be included as revenues in the Portwide financial statements.

## LOOKING AHEAD

The 2017 budget will help us further advance the Century Agenda strategic plan. The capital investments in new facilities will support the job growth and economic vitality of the region. Major capital projects at the Airport, such as the North Satellite and South Satellite renovations, new International Arrivals Facility, and the Baggage System Optimization will improve the customer experience, reduce congestion, and add capacity to accommodate future growth.

The Port will also continue to invest in capital projects that will enhance our capabilities and improve our infrastructure. Key projects include Pier 66 Modernization, T-5 Modernization, T-46 Development, and other asset stewardship programs. These and other capital investments will enable us to serve our customers and the general public better, provide jobs and economic opportunities to the local communities, and improve the environment in our region.

## OPERATING BUDGET

The fiscal management of the budget is what allows us to invest in the opportunities that help to build the regional economy. 2017 operating revenues are budgeted at $620.2 million, a $35.7 million or 6.1 percent increase from the 2016 budget. Operating expenses are budgeted at $384.7 million, a 14.5 percent increase compared to the 2016 budget. Net operating income (before depreciation) is $235.6 million, a 5.2 percent decrease from 2016.

### AVIATION

The Aviation Division manages both the aeronautical and non-aeronautical sides of its business. On the Aeronautical side, budgeted 2017 operating revenue is $278.4 million, 6.6 percent higher than the 2016 budget. On the Non-aeronautical side, operating revenues are $226.6 million, 8.8 percent increase from the 2016 budget. Total operating revenues are budgeted at $501.4 million, 7.7 percent over 2016. Total operating expenses are budgeted at $302.7 million. Net operating income before depreciation is $198.7 million.

### MARITIME

The Maritime Division includes Cruise Operations, as well as the operation and management of marine properties such as Terminal 91, Fishermen's Terminal, and the three marinas.

Maritime operating revenues are budgeted at $51.8 million, a 5.1 percent increase over 2016. Total operating expenses, including corporate costs, are forecast at $46.5 million. Net operating income before depreciation is expected to be $5.3 million in 2017.

### ECONOMIC DEVELOPMENT

The division's 2017 budgeted revenue is expected to be $16.0 million, a 16.6 percent increase from the 2016 budget. Total operating expenses are expected to be $29.1 million, 24.0 percent increase from 2016. New and expanded initiatives in 2017 include strategic investments to develop comprehensive career pathways in the aviation and maritime industries, including programs to support high school students, regional trades partnerships, job training in the manufacturing and trucking industries, and the continuation of programs to support small businesses.

CORPORATE

The three operating divisions of the Port are supported by a number of functional departments as well as service groups, including the Capital Development. These functional and service groups allocate their expenses according to the level of service they provide to the divisions. Corporate operating expenses are budgeted at $144.1 million.

## CAPITAL BUDGET

The total capital budget for 2017 is $ 651.6 million and the five-year capital improvement program is $2.7 billion, which reflects the Port's continuing commitment to promoting regional economic activity through the investment in the development, expansion, and renewal of Port facilities in support of the strategies and objectives outlined in the Port’s Century Agenda and division Business Plans.

## TAX LEVY

The Port’s 2016 Budget assumes a levy amount of $72.0 million, no change from 2016; however, due to the increase in assessed value, the tax levy rate will decrease from $0.1704 to $0.1536 per $1,000 of assessed value based on the preliminary figures from the County. We have gradually reduced the levy amount since 2009 and the levy rate has moved downward over the past several years as property values have increased. The Tax Levy, Section VIII of this document, provides more information regarding the Port’s levy.

## SUMMARY

We are in a strong financial position heading into 2017. Our responsible, proactive budget management enables us to be reliable stewards of public resources. I thank our finance and budget staff for their hard work. The 2017 budget positions us well to manage and leverage the region’s growing economy and to share that prosperity with the community.

## 2017 Budget Highlights

The Port strives to maintain a strong financial position while continue to invest in business operations that retain and attract customers, create jobs, assure best value and return on investment, and help position the Port for future growth.

- The 2017 budget includes $1.4 billion in expenditures designed to meet the region's demand for Port services. The budget also aims to return the benefits of growth back to the community through significant environmental and economic development initiatives.

- The 2017 budget includes more than $45 million in environmental initiatives and projects aimed at making the Port of Seattle the greenest and most energy efficient port in North America:
  - encouraging more people to use light-rail to get to and from the airport,
  - increasing the number of electric vehicle charging stations at Sea-Tac,
  - offering more sound insulation to neighbors around the airport,
  - protecting water quality through expanded storm water management,
  - creating a $1 million fund to implement the Energy and Sustainability Committee policy directives, and
  - designating another $1 million for community ecological projects in SeaTac, Burien and Des Moines.

- The 2017 budget also include significant spending for the following:
  - $16.5 million to enhance safety and security, and another $4.2 million to improve customer service, for passengers at Sea-Tac Airport,
  - $3.9 million in workforce development programs to provide more internships and job-training programs, and to investigate a new skill center,
  - $1.7 million to promote, support and expand a number of tourism initiatives for the region, and,
  - $1 million in grants to cities in King County to support their economic development initiatives.

- Operating expenses are $384.7 million for 2017 budget, a $48.7 million or 14.5% increase from 2016 budget mainly due to payroll increases, janitorial and other contractual increases, Sustainable Airport Master Plan, and some new and expanded strategic initiatives in 2017.

- Operating revenues are budgeted at $620.2 million, a $35.7 million or 6.1% increase from 2016 budget. Excluding Aeronautical revenues, which are based on cost recovery, other operating revenues are $345.4 million, an increase of $18.3 million or 5.6% compared to 2016 budget mainly due to higher revenues from Public Parking, Ground Transportation, Rental Cars, Airport Dining and Retail, Airport Commercial Properties, Cruise, and Conference & Event Centers.

- Total Revenues, which include the $620.2 million operating revenues and $228.9 million non-operating revenues, are $849.1 million, a $40.3 million or 5.0% higher than 2016 budget. With an expected $675.0 million proceeds from bond issues, the total Sources of Fund are budgeted at $1.5 billion.

- The Port's net operating income before depreciation is $235.6 million, $13.0 million or 5.2% decrease from 2016 budget; and net operating income after depreciation is $69.3 million, $16.9 million or 19.6% lower than 2016 budget.

- The Port's capital budget is $651.6 million for 2017 and $2.7 billion for the next five years; it includes investments in projects that create near-term jobs and accommodate our future growth, as well as environmental initiatives and congestion relief projects that ease the movement of freight throughout the region.

- Major capital projects for 2017 include: International Arrivals Facility, NorthSTAR Program, Baggage Optimization, South Satellite Renovation, Cruise Terminal Tenant Improvements, Fishermen's Terminal Improvements, Shilshole Bay Marina Restrooms/Service Building Replacement, and Terminal 91 Uplands Pre-Development.

# TABLE I-1: 2017 BUDGET SUMMARY

| OPERATING BUDGET ($ in 000's) | Notes | Aviation | Maritime | Economic Development | NWSA Joint Venture | Corporate & Other | Total |
|---|---|---|---|---|---|---|---|
| Aeronautical Revenue | | $ 278,375 | $ - | $ - | $ - | $ - | $ 278,375 |
| Non-Aeronautical Revenue | 1 | 226,645 | 51,830 | 16,030 | 21 | 4,212 | 298,738 |
| NWSA Distributable Revenue | | 0 | 0 | 0 | 46,708 | 0 | 46,708 |
| SLOA III Incentive Straight Line Adj | | (3,576) | 0 | 0 | 0 | 0 | (3,576) |
| **Total Operating Revenues** | | **501,444** | **51,830** | **16,030** | **46,729** | **4,212** | **620,245** |
| **Total Operating Expense** | 2 | **302,711** | **46,502** | **29,069** | **1,128** | **5,249** | **384,660** |
| **Net Operating Income before Depreciation** | | **198,733** | **5,327** | **(13,039)** | **45,601** | **(1,037)** | **235,585** |
| Depreciation | | 126,170 | 16,672 | 3,854 | 18,637 | 967 | 166,300 |
| **Net Operating Income after Depreciation** | | **72,563** | **(11,345)** | **(16,893)** | **26,964** | **(2,004)** | **69,285** |
| Revenue Bond Interest Expense | | (112,927) | (1,043) | (146) | (7,910) | (1) | (122,026) |
| Interest Income | | 8,624 | 1,952 | 100 | 146 | 0 | 10,822 |
| Non-Op Environmental Expense | | 0 | (5,441) | 0 | 0 | 0 | (5,441) |
| Other Non-Op Income (Expense) | 3 | (923) | 1,501 | (172) | (149) | 0 | 257 |
| Ad Valorem Tax Levy Revenue | 4 | 0 | 25,277 | 6,730 | 25,833 | 14,160 | 72,000 |
| Public Expense | | (43) | (1,110) | 0 | (1,335) | 0 | (2,488) |
| G.O. Bond Interest & Amortization | | 0 | (787) | (297) | (4,377) | (12,254) | (17,714) |
| Passenger Facility Charges | | 89,087 | 0 | 0 | 0 | 0 | 89,087 |
| Customer Facility Charges | | 26,300 | 0 | 0 | 0 | 0 | 26,300 |
| Fuel Hydrant revenue | 5 | 7,024 | 0 | 0 | 0 | 0 | 7,024 |
| Passenger Facility Charges revenue bond interest expense | | (4,985) | 0 | 0 | 0 | 0 | (4,985) |
| Non Capital Grants and Donations | | 4,459 | 4,136 | 0 | 0 | 0 | 8,595 |
| Public Expense Special Item | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net Non-operating and Special Item** | | **16,616** | **24,485** | **6,215** | **12,208** | **1,906** | **61,431** |
| **Capital Contributions** | | **15,000** | **0** | **0** | **0** | **0** | **15,000** |
| **Revenue Over Expense** | | **$ 104,179** | **$ 13,140** | **$ (10,678)** | **$ 39,172** | **$ (99)** | **$ 145,716** |

| CAPITAL BUDGET | Notes | Aviation | Maritime | Economic Development | NWSA Joint Venture | Corporate & Other | Total |
|---|---|---|---|---|---|---|---|
| Committed | | $ 501,539 | $ 29,531 | $ 7,765 | $ 221 | $ 6,998 | $ 546,054 |
| Business Plan Prospective | | 88,959 | 5,489 | 8,185 | - | 2,890 | 105,523 |
| Total | 6 | **$ 590,498** | **$ 35,020** | **$ 15,950** | **$ 221** | **$ 9,888** | **$ 651,577** |

| EMPLOYEES | Aviation | Maritime | Economic Development | NWSA Joint Venture | Corporate & Other | Total |
|---|---|---|---|---|---|---|
| Total FTE's | **962.9** | **161.3** | **36.0** | **0.0** | **871.7** | **2,031.8** |

ONEPGSUM.XLSX

Notes:
1) Total Operating Revenues in Corporate & Other include $367K non-aeronautical revenue from Corporate & a net of $3.8 million Stormwater Utility & Elimination revenues.
2) Total Operating Expenses in Corporate & Other include a net of $2.9 million Stormwater Utility & Elimination.
3) Total Other Non-Op Income (Expense) include a net of $1 thousand Stormwater Utility.
4) See Tax Levy Section VIII for detail of tax levy use.
5) Fuel Hydrant non-cash revenue recorded as non-operating revenues due to an Accounting change.
6) Total Captial Budget in Corporate & Other include a net of $2.1 million Stormwater Utility.

## TABLE I-2: CASH FLOW SUMMARY

| ($ in 000's) | | 2017 | Percent of Total |
|---|---|---|---|
| **Beginning balance of cash & investments** | | **$ 1,005,294** | |
| **SOURCES OF CASH** | | | |
| Operating Revenues | | 620,245 | 40.6% |
| Interest Receipts | | 10,822 | 0.7% |
| Proceeds from Bond Issues | | 675,000 | 44.2% |
| Grants and Capital Contributions | | 23,595 | 1.5% |
| Tax Levy | | 72,000 | 4.7% |
| Passenger Facility Charges | | 89,087 | 5.8% |
| Rental Car Customer Facility Charges | | 26,300 | 1.7% |
| Fuel Hydrant Receipts | | 7,024 | 0.5% |
| Other Receipts | | 3,290 | 0.2% |
| **Total** | | **1,527,363** | **100%** |
| **Anticipated available funds** | | **2,532,657** | |
| **USES OF CASH** | | | |
| **Expenses from Operations:** | | | |
| Total Operating Expenses | | 384,660 | 28.8% |
| **Debt Service:** | | | |
| Interest Payments | 150,400 | | 11.3% |
| Bond Redemptions | 138,915 | | 10.4% |
| Total Debt Service | | 289,315 | 21.6% |
| Other Expenses | | 8,474 | 0.6% |
| Public Expense | | 2,488 | 0.2% |
| Capital Expenditures | | 651,577 | 48.8% |
| **Total** | | **1,336,514** | **100%** |
| **Ending balance of cash & investments** | | **$ 1,196,143** | |
| **Increase (decrease) of cash during year** | | **$ 190,849** | |

cashflow.xlsx

**FIGURE I-1: SOURCES OF FUNDS**

($ in 000's)

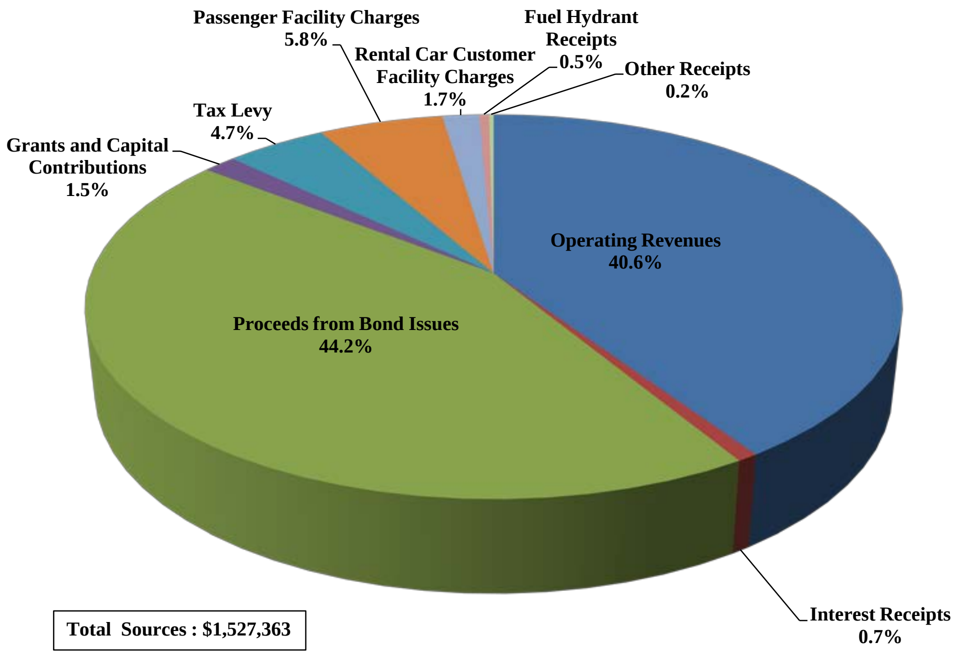
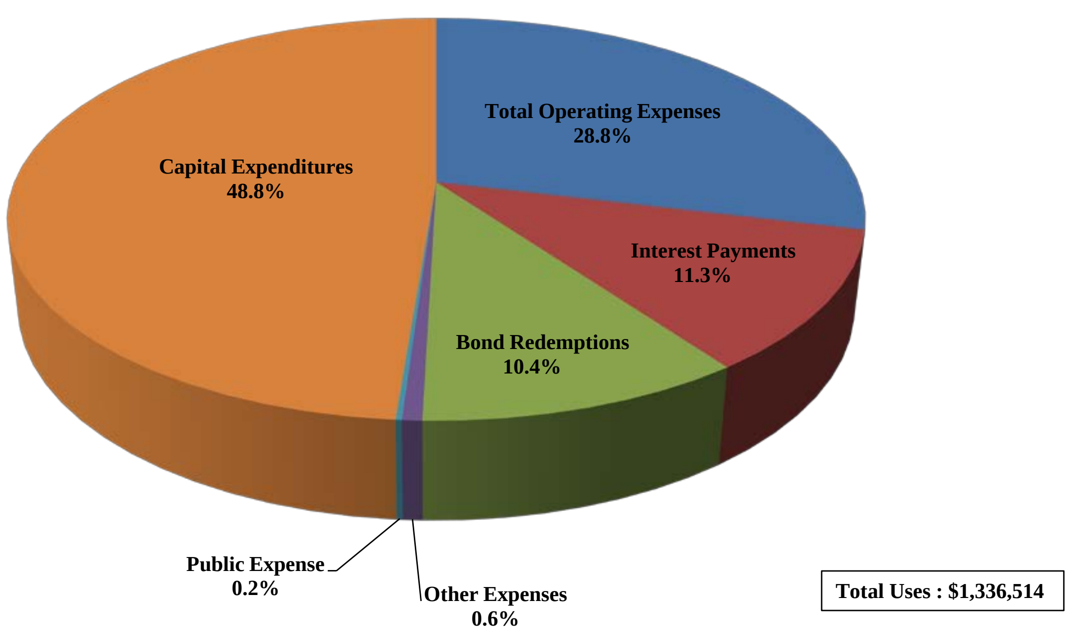



**FIGURE I-2: USES OF FUNDS**

($ in 000's)



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## 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, giving careful consideration to 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-Tac"). The Maritime Division manages industrial property connected with maritime businesses, commercial and recreational marinas, cruise, grain and maritime operations. The Economic Development Division has portfolio management, and plans and facilitates the development of selected real estate assets, tourism and office of social responsibility, and a new small business "incubator".

Corporate 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 services in support of the business plans and infrastructure needs of the Port through Capital Development.

In August of 2015, the Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance (NWSA), which unifies the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region. The new NWSA is the third-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach and the Port of New York/New Jersey. It is the first alliance of its kind in North America. Located in the Pacific Northwest in Washington State, the Alliance offers shorter U.S. - to-Asia transits, as well as a deep connection to Alaska. The Alliance is a major center for containers, bulk, break-bulk, project/heavy-lift cargo, automobiles and trucks. It is connected to the second-largest concentration of distribution centers on the West Coast. 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.

Combining the strong cargo terminal operations will make the region more competitive in the global economy and create new jobs in Washington. 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. The NWSA was formed as a Port Development Authority (PDA), which is a separate legal entity from the two home ports, and will act as the exclusive manager and operator to manage the container, breakbulk, auto and some bulk terminals in Seattle and Tacoma.

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, will remain outside the Alliance.

## B. HISTORY OF THE PORT OF SEATTLE

The Port was established in 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 1912, its first warehouse in 1915 and began working on the creation of Harbor Island. Since then, the Port has developed numerous properties as well as constructed the Seattle-Tacoma International Airport in 1949.

The Port's task hasn't changed over the years but its scope of services has expanded considerably. The Port continues to upgrade and modernize its facilities to meet current market demands. The Port has added container terminals, a grain terminal, cruise terminals, marinas, public parks and viewpoints and contributed significantly to the development of public amenities along Seattle's waterfront.

## C. PORT OF SEATTLE FACILITIES AND SERVICES

Sea-Tac Airport is located on 2,800 acres sixteen miles south of downtown Seattle. The Port has invested over $4.0 billion in capital improvements at the airport since 1999. 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-Tac is the 13th largest U.S. airport as measured by total passengers in 2015 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 the 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.

## FIGURE II-1: FACILITY MAP

## D. LONG RANGE PLAN

# CENTURY AGENDA

Port of Seattle

For more than 100 years, the Port of Seattle has generated jobs and growth for King County and the greater region by advancing trade and commerce, promoting industrial growth, and stimulating economic development. In 2012, the Port of Seattle's centennial anniversary, the Port Commission launched the Century Agenda—a comprehensive vision that focuses on the Port's next quarter-century. The Century Agenda refreshes the Port's strategies and objectives in a way that builds upon the accomplishments of the Port's first century and provides a visionary look at the emerging challenges and opportunities of the 21st century.

The Port of Seattle will use its real estate, capital assets and financial capabilities to accomplish the Century Agenda. These are tools to thoughtfully steward, rather than areas well-suited for specific 25-year goals.

In anticipation of the Port's Centennial, in 2010, the Commission formed a Century Agenda Committee to guide the Port's long-range vision. During 2011, the Commission convened monthly public roundtables to discuss strategic issues related to the Port's mission. In January 2012, the Commission adopted Preliminary Strategic Goals, which now are known as Strategies and Objectives, along with a proposed Mission and Commitment. Through extensive public outreach in 2012 that included over a thousand people and more than 60 events and engagements, the Port's partners affirmed this preliminary work. Each year since then, Port staff has identified action plans that have been incorporated in the Port business plans and budget, to advance progress towards achieving the Century Agenda Vision, Strategies, and Objectives.

To ensure "One-Port" participation and ownership of the Century Agenda, various cross-functional internal LRP development teams were created between June and September 2015. These teams include Aviation, Maritime, Small Business Development, Workforce Development, Environmental, and High Performance Organization. These teams were established to operationalize the Century Agenda and drive it from being aspirational to operational in a rolling five-year planning process.


### OUR VISION

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

### OUR MISSION

**The Port of Seattle is a public agency that creates jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development.**

### OUR COMMITMENT

**The Port of Seattle creates economic opportunity for all, stewards our environment responsibly, partners with surrounding communities, promotes social responsibility, conducts ourselves transparently, and holds ourselves accountable. We will leave succeeding generations a stronger Port.**



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# LONG RANGE PLAN OVERVIEW

Port of Seattle

The Long Range Plan (LRP) allows the Port to more effectively and transparently improve the Port's ability to support the local economy by creating 100,000 new jobs for the Puget Sound region while addressing key environmental opportunities and social responsibility of all its stakeholders. Both Century Agenda and High Performance Organization strategies and objectives are important in the development of the LRP, and to ultimately achieve the vision for supporting the local economy.

## CENTURY AGENDA

Focused on external growth: moving cargo, traveling public, community engagement & environment stewardship

### 4 STRATEGIES / 16 OBJECTIVES

Strategy 1. Position the Puget Sound Region as a Premier International Logistics Hub
Strategy 2. Advance this Region as a Leading Tourism Destination and Business Gateway
Strategy 3. Use Our Influence as an Institution to Promote Small Business Growth and Workforce Development
Strategy 4. Be the Greenest, and Most Energy Efficient Port in North America

## HIGH PERFORMANCE ORGANIZATION

Focused on operations excellence, organizational alignment, and a people centric organization

### 5 STRATEGIES / 12 OBJECTIVES

Strategy 1. Increase Customer Satisfaction
Strategy 2. Eliminate Workplace Injuries
Strategy 3. Act as One Port
Strategy 4. Become Model for Workplace Diversity & Inclusion
Strategy 5. Foster Employee Development & Leverage Talent

# LONG RANGE PLAN SCORECARD
## PERFORMANCE TO PLANS

Port of Seattle

### CENTURY AGENDA

| STATUS | Strategy 1: Logistics Hub |
|---|---|
| | Objective 1 - Grow seaport annual container volume to more than 3.5 million TEUs |
| ✓ | Objective 2 - Optimize infrastructure investments & financial returns w/ Washington Ports |
| | Objective 3 - Triple air cargo volume to 750,000 metric tons |
| | Objective 4 - Triple the value of our outbound cargo to over $50 billion |
| | Objective 5 - Double the economic value of the fishing and maritime cluster |

| STATUS | Strategy 2: Tourism & Business Gateway |
|---|---|
| | Objective 6 - Make Sea-Tac Airport the West Coast "Gateway of Choice" for international travel |
| | Objective 7 - Double the number of international flights and destinations |
| | Objective 8 - Meet the region's air transportation needs at the Airport for the next 25 years & encourage the cost effective expansion of domestic and int'l PAX & cargo service |
| | Objective 9 - Double the economic value of cruise traffic to Washington state |

| STATUS | Strategy 3: Small Business & Workforce Development |
|---|---|
| | Objective 10 - Increase the proportion of funds spent by the Port w/qualified small business firms on construction, consulting, goods and services to 40 percent of the eligible dollars spent |
| | Objective 11 - Increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics |

| STATUS | Strategy 4: Greenest & Most Efficient Port |
|---|---|
| | Objective 12 - Meet all increased energy needs through conservation and renewable |
| | Objective 13 - Meet or exceed agency requirements for storm water |
| | Objective 14 - Reduce air pollutants and carbon emissions |
| | Objective 15 - Anchor the Puget Sound urban industrial land use to prevent sprawl |
| | Objective 16 - Restore, create, & enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay |

### HIGH PERFORMANCE ORGANIZATION

| STATUS | Strategy 1: Customer Satisfaction |
|---|---|
| | Objective 1 - Improve External Customer Service |
| | Objective 2 - Improve Customer Service between the Port's Departments/Functions |
| | Objective 3 - Improve process efficiencies & effectiveness |

| STATUS | Strategy 2: Safety |
|---|---|
| | Objective 4 - Reduce occupational injury rate & severity rate |
| | Objective 5 - All managers will lead safety performance |

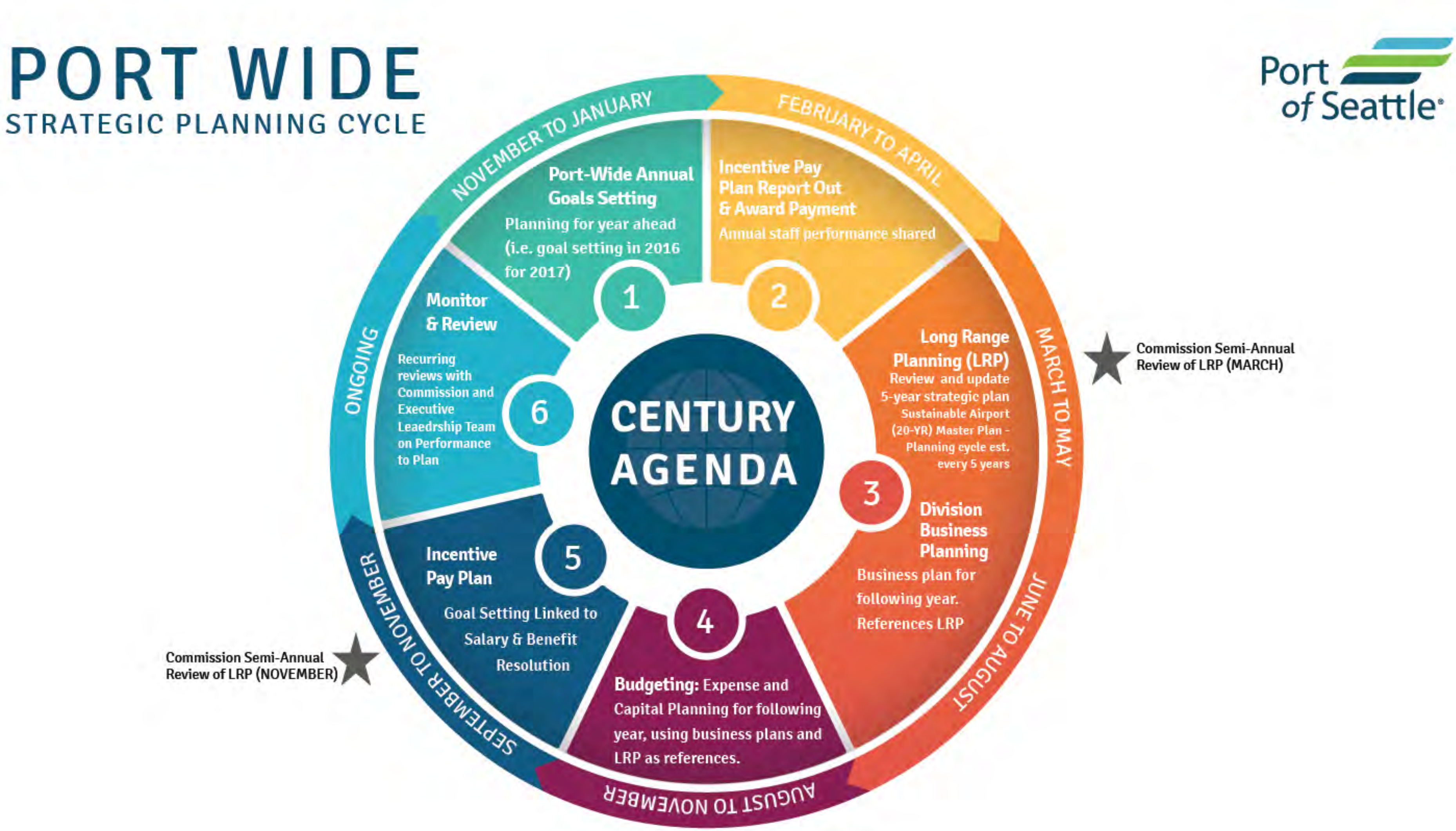
| STATUS | Strategy 3: One Port |
|---|---|
| | Objective 6 - Strengthen the culture and act as a single organization with a shared vision |
| | Objective 7 - Increase Port-wide common & standardized language, business processes, tools, & measures |

| STATUS | Strategy 4: Diversity & Inclusion |
|---|---|
| | Objective 8 - Increase management accountability for diversity & inclusion (D&I) |
| | Objective 9 - Increase percentage of employees who agree that the Port is committed to D&I |
| | Objective 10 - Increase awareness internally and actively share D&I programs externally |

| STATUS | Strategy 5: Talent Development |
|---|---|
| | Objective 11 - Develop a strong talent pipeline |
| | Objective 12 - Foster awareness of Port-wide talent |

**Status Key**

- Not Started
- ✓ Completed
- On Track
- In Progress
- Mitigation to be developed..


PORT WIDE
STRATEGIC PLANNING CYCLE
Port of Seattle
NOVEMBER TO JANUARY
FEBRUARY TO APRIL
MARCH TO MAY
JUNE TO AUGUST
AUGUST TO NOVEMBER
SEPTEMBER TO NOVEMBER
ONGOING
1
Port-Wide Annual Goals Setting
Planning for year ahead (i.e. goal setting in 2016 for 2017)
2
Incentive Pay Plan Report Out & Award Payment
Annual staff performance shared
3
Long Range Planning (LRP)
Review and update 5-year strategic plan
Sustainable Airport (20-YR) Master Plan - Planning cycle est. every 5 years
Division Business Planning
Business plan for following year. References LRP
4
Budgeting: Expense and Capital Planning for following year, using business plans and LRP as references.
5
Incentive Pay Plan
Goal Setting Linked to Salary & Benefit Resolution
6
Monitor & Review
Recurring reviews with Commission and Executive Leaedrship Team on Performance to Plan
CENTURY AGENDA
Commission Semi-Annual Review of LRP (MARCH)
Commission Semi-Annual Review of LRP (NOVEMBER)

# LONG RANGE PLAN

## CENTURY AGENDA STRATEGIES

### STRATEGY 1 POSITION THE PUGET SOUND REGION AS A PREMIER INTERNATIONAL LOGISTICS HUB


Objective 1. Grow seaport annual container volume to more than 3.5 million TEUs

Objective 2. Structure our relationship with Washington ports to optimize infrastructure investments and financial returns

Objective 3. Triple air cargo volume to 750,000 metric tons

Objective 4. Triple the value of our outbound cargo to over $50 billion

Objective 5. Double the economic value of the fishing and maritime cluster

### STRATEGY 2 ADVANCE THIS REGION AS A LEADING TOURISM DESTINATION AND BUSINESS GATEWAY


Objective 6. Make Sea-Tac Airport the West Coast "Gateway of Choice" for international travel

Objective 7. Double the number of international flights and destinations

Objective 8. Meet the region's air transportation needs at Sea-Tac Airport for the next 25 years and encourage the cost-effective expansion of domestic and international passenger and cargo service

Objective 9. Double the economic value of cruise traffic to Washington state

### STRATEGY 3 USE OUR INFLUENCE AS AN INSTITUTION TO PROMOTE SMALL BUSINESS GROWTH AND WORKFORCE DEVELOPMENT

Objective 10. Increase the proportion of funds spent by the port with qualified small business firms on construction, consulting, goods and services to 40 percent of the eligible dollars spent

Objective 11. Increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics

### STRATEGY 4 BE THE GREENEST AND MOST ENERGY EFFICIENT PORT IN NORTH AMERICA

Objective 12. Meet all increased energy needs through conservation and renewable sources

Objective 13. Meet or exceed agency requirements for storm water leaving Port-owned or operated facilities

Objective 14. Reduce air pollutants and carbon emissions

Objective 15. Anchor the Puget Sound urban industrial land use to prevent sprawl in less developed area

Objective 16. Restore, create, & enhance 40 additional acres of habitat in the Green/Duwamish Watershed and Elliott Bay

# LONG RANGE PLAN

## HIGH PERFORMANCE ORGANIZATION STRATEGIES

### STRATEGY 1
**CUSTOMER SATISFACTION**

Objectives
1. Improve External Customer Service
2. Improve Internal Customer Service
3. Improve Process Efficiencies & Effectiveness

### STRATEGY 2
**SAFETY**

Objectives
4. Reduce occupational injury rate and severity rate
5. All managers will lead safety performance

### STRATEGY 3
**ONE PORT**

Objectives
6. Strengthen the culture and act as a single organization with a shared vision
7. Increase Port-wide common and standardized language, business processes, technology tools, and measures

### STRATEGY 4
**DIVERSITY & INCLUSION(D&I)**

Objectives
8. Increase management accountability of D&I
9. Increase % of employees who agree that the Port is committed to D&I
10. Increase awareness internally and actively share D&I programs externally

### STRATEGY 5
**TALENT DEVELOPMENT**

Objectives
11. Develop a strong talent pipeline
12. Foster awareness of Port-wide talent

The full Long Range Plan can be found on the Port of Seattle website at http://www.portseattle.org/About/Pages/default.aspx.

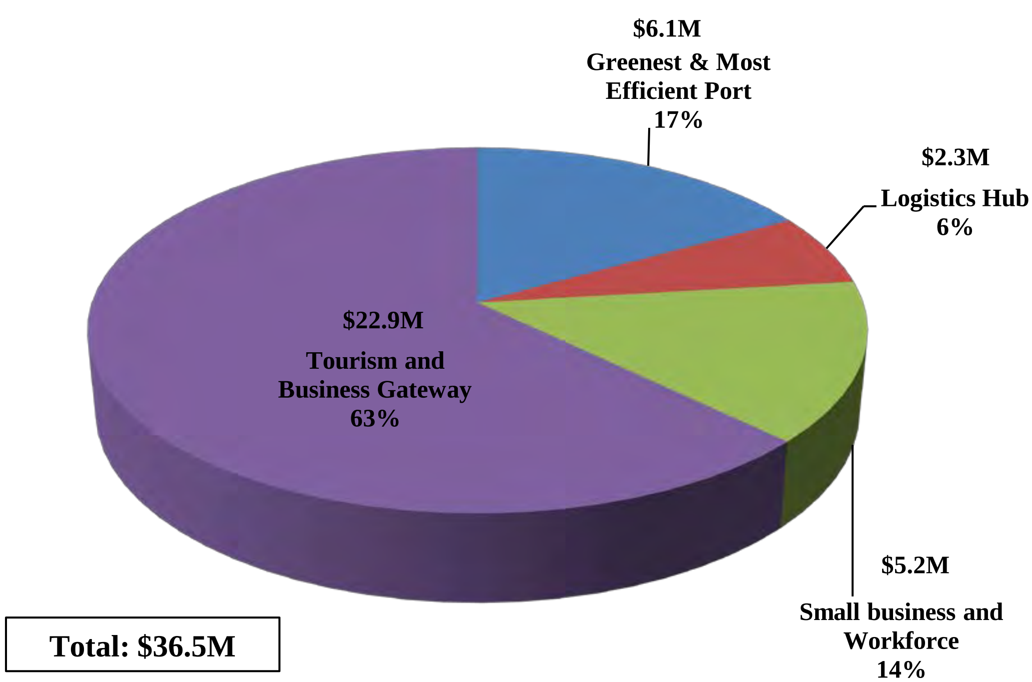
## STRATEGIC POSITIONING FOR GROWTH (SPG)

As part of the 2017 budget process, the Port's three operating divisions undertook a new Strategic Positioning for Growth (SPG) budgeting initiative. This initiative focused on the Operating Divisions' functions/activities and their alignment with the Port's strategies and objectives. A high-level summary of the 2017 operating budget resources dedicated to each of the four Century Agenda strategies can be found in the chart and table below.

## TABLE II-1: 2017 OPERATING BUDGET CENTURY AGENDA STRATEGIES

| ($ in 000's)<br>**Century Agenda Strategies** | **Aviation** | **Maritime** | **EDD** | **Total** |
|---|---|---|---|---|
| Strategy 1 - Logistics Hub | 538 | 551 | 1,227 | 2,316 |
| Strategy 2 - Tourism and Business Gateway | 19,518 | 1,806 | 1,574 | 22,899 |
| Strategy 3 - Small Business and Workforce Development | 175 | 241 | 4,751 | 5,167 |
| Strategy 4 - Greenest & Most Efficient Port | 2,210 | 3,804 | 109 | 6,122 |
| **Total Century Agenda spending** | **22,441** | **6,403** | **7,660** | **36,504** |
| **Percentage of Portwide Century Agenda Spending By Division** | **61.5%** | **17.5%** | **21.0%** | **100.0%** |

## FIGURE II-2: 2017 CENTURY AGENDA STRATEGIES



## 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. They are:

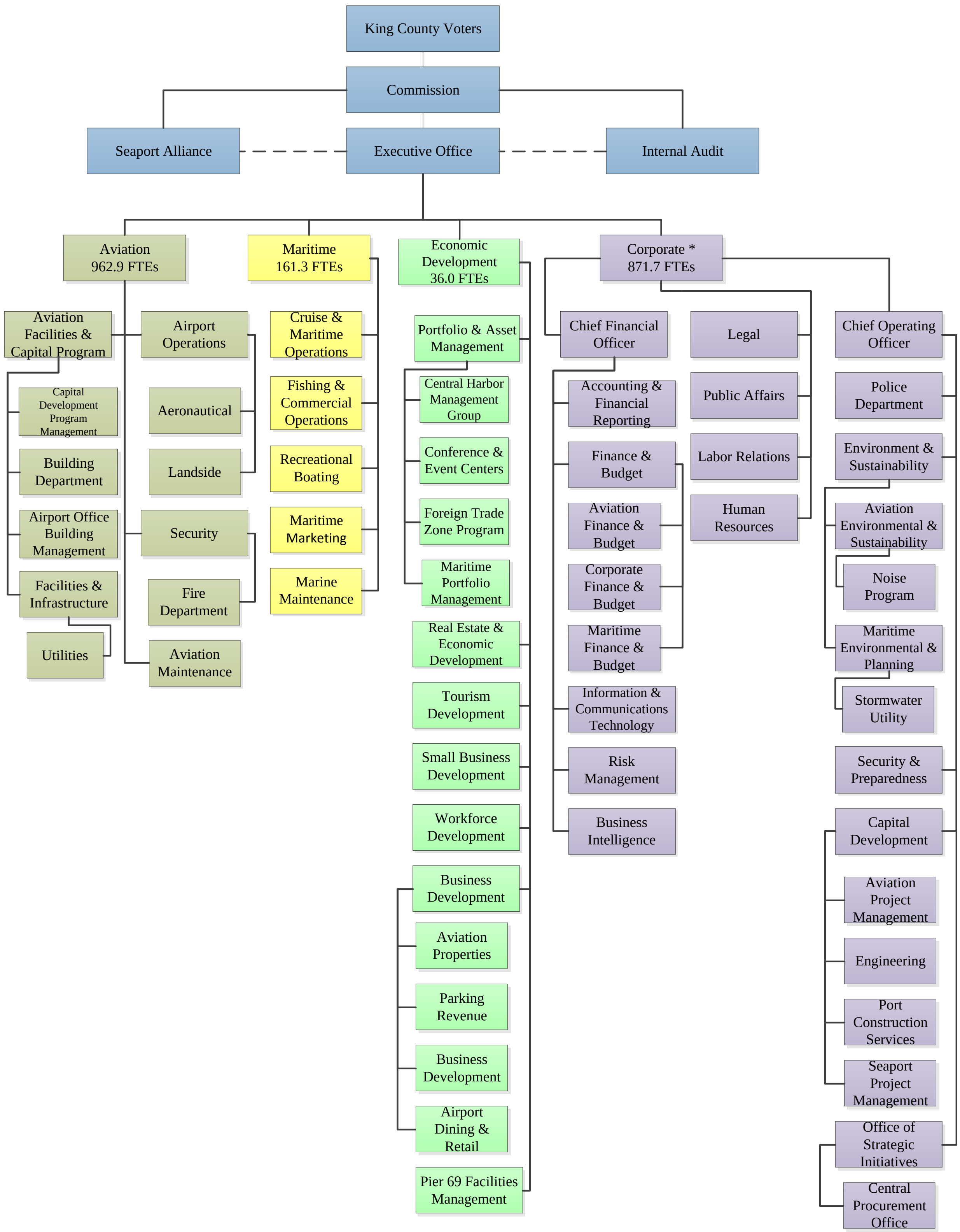
John Creighton, President
Tom Albro, Vice President
Stephanie Bowman, Secretary
Courtney Gregoire, Assistant Secretary
Fred Felleman, Commissioner At Large

The senior officers of the Port are:

Ted Fick, Chief Executive Officer
Dave Soike, Chief Operating Officer
Dave Caplan, Sr. Director, Office of Strategic Initiatives
Julie Collins, Sr. Director, Public Affairs
Rodney Covey, Acting Chief of Police
Paula Edelstein, Sr. Director, Human Resources
Larry Ehl, Executive Chief of Staff
David Freiboth, Sr. Director, Labor Relations
Ralph Graves, Sr. Director, Capital Development
Lance Lyttle, Managing Director, Aviation Division
Dave McFadden, Managing Director, Economic Development Division
Lindsay Pulsifer, Managing Director, Maritime Division
Dan Thomas, Chief Financial Officer
Craig Watson, General Counsel

## F. ORGANIZATION CHART

## FIGURE II-3: ORGANIZATION CHART




*For reporting purposes, Commission Office, Executive Office, and Internal Audit all roll up to Corporate.

## A. BUSINESS PLAN OVERVIEW

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

**TABLE III-1: PORT OF SEATTLE BUSINESS PLAN FORECAST**

| ($ in 000's) OPERATING BUDGET | Notes | Budget 2016 | Budget 2017 | Forecast 2018 | Forecast 2019 | Forecast 2020 | Forecast 2021 | Compound Growth 2017 - 2021 |
|---|---|---|---|---|---|---|---|---|
| Aeronautical Revenue | | $ 261,019 | $ 278,375 | $ 297,314 | $ 343,869 | $ 365,474 | $ 406,747 | 9.9% |
| Non-Aeronautical Revenue | 1 | 275,305 | 298,738 | 309,982 | 315,379 | 332,579 | 341,308 | 3.4% |
| NWSA Distributable Revenue | | 51,829 | 46,708 | 46,328 | 56,359 | 55,170 | 51,394 | 2.4% |
| SLOA III Incentive Straight Line Adj | | (3,576) | (3,576) | 0 | 0 | 0 | 0 | -100.0% |
| **Total Operating Revenues** | | **584,578** | **620,245** | **653,625** | **715,608** | **753,223** | **799,449** | **6.6%** |
| **Total Operating & Maintenance Expenses** | 1 | **335,943** | **384,660** | **393,183** | **407,955** | **422,730** | **439,727** | **3.4%** |
| **Net Operating Income Before Depreciation** | | **248,635** | **235,585** | **260,441** | **307,653** | **330,492** | **359,721** | **11.2%** |
| Total Depreciation Expense | | 162,451 | 166,300 | | | | | |
| **Net Operating Income after Depreciation** | | **$ 86,183** | **$ 69,285** | | | | | |
| | | | | | | | | **Total 2017 - 2021** |
| **Committed Capital Budget** | | $ 348,033 | $ 546,054 | $ 552,972 | $ 383,520 | $ 239,953 | $ 159,432 | $ 1,881,931 |
| **Business Plan Prospective** | | 60,412 | 105,523 | 189,473 | 207,688 | 145,468 | 172,371 | 820,523 |
| **TOTAL CAPITAL BUDGET** | 2 | **$ 408,445** | **$ 651,577** | **$ 742,445** | **$ 591,208** | **$ 385,421** | **$ 331,803** | **$ 2,702,454** |

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Notes:
1) Includes revenue from Corporate, Stormwater Utility & Elimination and corresponding offset to allocated charges from Corporate departments.
2) See Section X for details of Capital Budget.

## B. OPERATING BUDGET OVERVIEW

### OVERVIEW

The 2017 budget proposes total operating revenues of $620.2 million and total operating expenses of $384.7 million. Net Operating Income before depreciation calculates to $235.6 million. Net Operating Income after depreciation is budgeted at $69.3 million.

### AVIATION DIVISION

The Aviation Division operates the Seattle-Tacoma International Airport, which was the 13th largest airport in the U.S. in 2015 based on passengers. Enplaned passenger numbers have grown 8.5% at Sea-Tac Airport through October 2016. Current and long-term cost management continues to be a strategic focus of Sea-Tac Airport.

Operating revenues are budgeted to be $501.4 million, a $35.7 million or 7.7% increase from 2016 budget. Net Aeronautical revenues are budgeted to $274.8 million, an increase of $17.4 million or 6.6%; and non-airline revenues are budgeted to be $226.6 million, an increase of $18.3 million or 8.8%, compared to 2016 budget.

Total airport operating expenses are budgeted to total $302.7 million. This represents a $34.9 million or 13.0% increase compared to the 2016 budget. For the Aviation Division alone, without corporate allocated costs, the 2017 budget is $176.3 million, a 11.4% increase from 2016 budget. Net operating income before depreciation is $198.7 million.

### MARITIME DIVISION

The Maritime Division includes four major business groups: Cruise Operations, Fishing and Commercial Operations, Grain and Recreational Marinas. It also includes Marine Maintenance and support from four Centers of Expertise: Environment and Sustainability, Finance & Budget, Security & Preparedness and Real Estate Management. These business and service groups oversee strategic planning, business and facility development, maritime security and the management and operations of maritime facilities including cruise, fishing, grain and multi-purpose terminals, commercial moorage, recreational marinas and related properties.

Maritime operating revenues are $51.8 million. Total operating expenses including corporate costs are $46.5 million. Net operating income before depreciation is $5.3 million.

### ECONOMIC DEVELOPMENT DIVISION

The Economic Development Division is committed to increasing the economic vitality of our region and generating new business opportunities for the Port. This will be accomplished by leveraging the Port's partnerships with local and regional commercial and industrial businesses and real estate partners. The Economic Development Division also intends to identify and pursue opportunities that enhance the region's long-term vitality and ultimately produce new revenue for the Port.

The Economic Development Division integrates the efforts of six functional workgroups: Portfolio and Asset Management, Real Estate Development & Planning, Pier 69 Facilities Management, Small Business Development, Workforce Development, and Tourism Development.

Economic Development operating revenues are $16.0 million. Total operating expenses including corporate costs are $29.1million. Net operating loss before depreciation is $13.0 million.

## CORPORATE

The three operating divisions are supported by a number of functional departments as well as service groups. These functional and service groups allocate their expenses according to the level of service they provide to the divisions. The corporate departments are vital to the success of the operating divisions and provide essential services such as accounting, legal services, computer support, project delivery, and contracting services. Their services also benefit the public in general and play an indirect role in the success of the operating divisions.

Operating expenses for Corporate are $144.1 million for 2017.

## THE NWSA JOINT VENTURE

The Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance (NWSA) in August 2015. The joint venture 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 third-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach and the Port of New York/New Jersey.

The net income from the NWSA will be distributed evenly between the two home ports and our 50% share of the net income is $46.7 million, which is included as operating revenue in the Portwide financial statements.

## NON-OPERATING REVENUE AND EXPENSE

Non-operating revenues are budgeted to be $228.8 million. Non-operating expenses, including $166.3 million of depreciation expense, are budgeted to be $318.7 million. The budget contains a tax levy amount of $72.0 million. The millage rate is estimated to be $0.1536

## CASH FLOW SUMMARY

Table I-2 from section I, page 7, reveals that operating revenues makes up 40.6% of the Port's budgeted $1,527 million cash receipts for 2017. The tax levy is projected to be $72.0 million and accounts for 4.7% of total budgeted receipts in 2017.

Total cash outlays are budgeted to be $1,336.5 million for 2017. Total Operating Expenses makes up 28.8% and capital expenditures make up 48.8% of the total cash outflow.

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

| ($ in 000's) Notes | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget |
|---|---|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | | | |
| Services | $ 190,662 | $ 195,364 | $ 212,612 | $ 224,151 | $ 240,915 | $ 250,884 |
| Property rentals | 342,093 | 325,219 | 332,696 | 293,951 | 289,743 | 307,754 |
| Customer facility charges revenues | 11,367 | 13,608 | 12,663 | 12,767 | 12,383 | 12,931 |
| Operating grant and contract revenues | 856 | 298 | 962 | 1,880 | 1,880 | 1,968 |
| NWSA distributable revenue | | | | 51,829 | 55,136 | 46,708 |
| **Total operating revenue** | **544,978** | **534,489** | **558,933** | **584,578** | **600,057** | **620,245** |
| **OPERATING EXPENSES BEFORE DEPRECIATION:** | | | | | | |
| **Total operating expenses before depreciation** | **306,989** | **306,300** | **317,806** | **335,943** | **338,934** | **384,660** |
| **NET OPERATING INCOME BEFORE DEPRECIATION** | **237,989** | **228,189** | **241,127** | **248,635** | **261,123** | **235,585** |
| **DEPRECIATION** | **171,374** | **166,337** | **163,338** | **162,451** | **164,451** | **166,300** |
| **OPERATING INCOME** | **66,615** | **61,852** | **77,789** | **86,183** | **96,672** | **69,285** |
| **NON-OPERATING INCOME (EXPENSE):** | | | | | | |
| Ad valorem tax levy revenues | 72,738 | 72,801 | 72,819 | 72,000 | 72,000 | 72,000 |
| Passenger facility charges revenues | 64,661 | 69,803 | 79,209 | 84,650 | 85,586 | 89,087 |
| Customer facility charges revenues | 20,389 | 19,889 | 23,540 | 24,963 | 24,963 | 26,300 |
| Fuel hydrant facility revenues | 7,417 | 6,935 | 6,957 | 7,098 | 7,098 | 7,024 |
| Non Capital Grants and donations | 3,771 | 10,159 | 5,358 | 3,566 | 3,566 | 8,595 |
| Investment income (loss) - net | (1,107) | 11,202 | 9,122 | 8,537 | 12,535 | 10,822 |
| Revenue and capital appreciation bonds interest expense | (115,340) | (108,910) | (110,128) | (121,423) | (116,476) | (122,026) |
| Passenger facility charge revenue bonds interest expense | (6,212) | (5,906) | (5,584) | (5,302) | (5,302) | (4,985) |
| General obligation bonds interest expense | (11,479) | (9,475) | (10,490) | (14,726) | (9,808) | (17,714) |
| Public Expense | (6,226) | (6,854) | (5,023) | (8,898) | (8,898) | (2,488) |
| Non-Op Environmental Expense - net | (4,765) | (9,142) | (2,888) | (5,000) | (5,000) | (5,441) |
| Other (expense) income - net | (411) | 2,109 | (23,493) | (3,319) | (10,335) | 257 |
| **Total non-operating (expense) income - net** | **23,436** | **52,611** | **39,399** | **42,146** | **49,929** | **61,431** |
| **INCOME BEFORE CAPITAL CONTRIBUTIONS** | **90,051** | **114,463** | **117,188** | **128,329** | **146,601** | **130,716** |
| **CAPITAL CONTRIBUTIONS** | **21,381** | **16,746** | **22,804** | **23,406** | **18,531** | **15,000** |
| **INCOME BEFORE SPECIAL ITEM** | **$ 111,432** | **$ 131,209** | **$ 139,992** | **$ 151,736** | **$ 165,132** | **$ 145,716** |
| **SPECIAL ITEM - SR 99 Viaduct Expense** | | | **(120,000)** | **(147,700)** | **(147,700)** | **-** |
| **INCREASE IN NET POSITION** | **$ 111,432** | **$ 131,209** | **$ 19,992** | **$ 4,036** | **$ 17,432** | **$ 145,716** |
| **EMPLOYMENT (FTES)** | **1801.1** | **1830.3** | **1841.8** | **1856.6** | **1867.2** | **2031.8** |

BDREVEXP

## TABLE III-3: REVENUES AND EXPENSES BY ACCOUNT CATEGORY

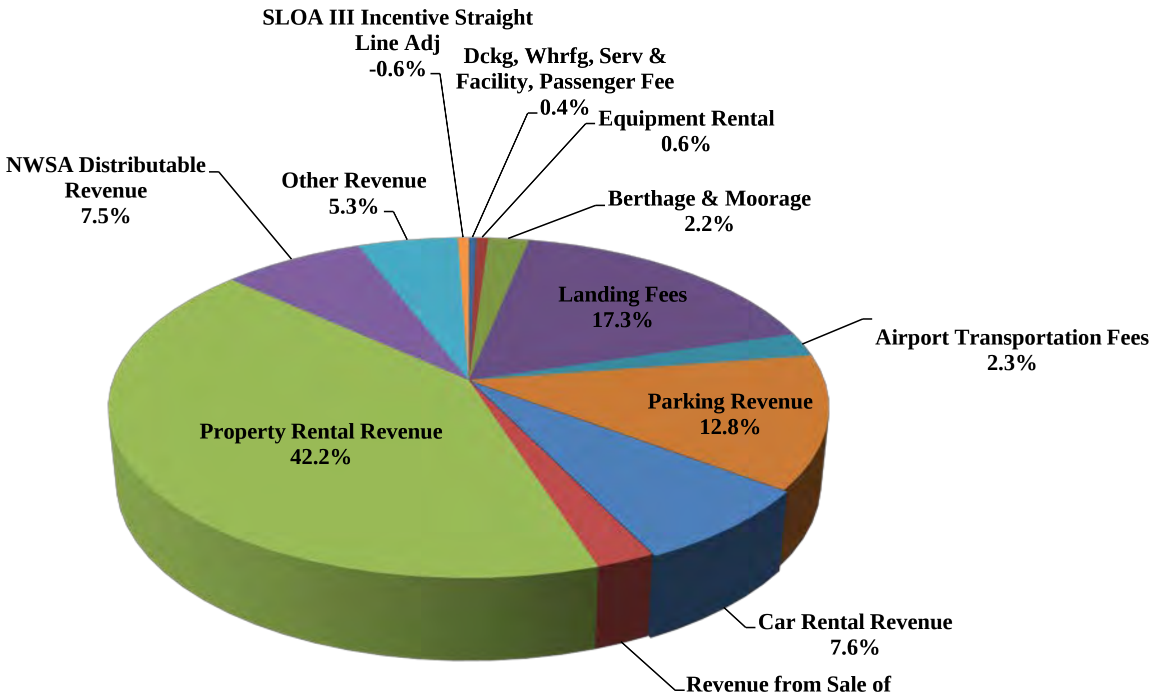
| TOTAL PORT ($ in 000's) | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud - 2016 Bud |
|---|---|---|---|---|---|
| **Operating Revenue** | | | | | |
| Dckg, Whrfg, Serv & Facility, Passenger Fee | | $ 3,449 | $ 1,915 | $ 2,594 | 35.5% |
| Equipment Rental | | 3,097 | 3,221 | 3,807 | 18.2% |
| Berthage & Moorage | | 12,091 | 12,668 | 13,371 | 5.6% |
| Landing Fees | | 76,393 | 93,197 | 107,591 | 15.4% |
| Airport Transportation Fees | | 8,586 | 8,190 | 14,203 | 73.4% |
| Parking Revenue | | 68,645 | 72,327 | 79,527 | 10.0% |
| Car Rental Revenue | | 43,325 | 44,548 | 47,036 | 5.6% |
| Revenue from Sale of Utilities | | 12,987 | 14,393 | 14,363 | -0.2% |
| Property Rental Revenue | | 292,628 | 256,364 | 261,829 | 2.1% |
| NWSA Distributable Revenue | | - | 51,829 | 46,708 | -9.9% |
| Other Revenue | | 35,514 | 29,658 | 32,960 | 11.1% |
| SLOA III Incentive Straight Line Adj | | (3,576) | (3,576) | (3,576) | 0.0% |
| **Total Operating Revenue** | | **553,138** | **584,735** | **620,414** | **6.1%** |
| | | | | | |
| **Operating Expense** | | | | | |
| Salaries, Wages, Benefits & Workers Compensation | | 227,819 | 245,193 | 268,493 | 9.5% |
| Equipment Expense | | 6,996 | 5,727 | 7,440 | 29.9% |
| Utilities | | 19,953 | 21,211 | 21,769 | 2.6% |
| Supplies & Stock | | 7,654 | 7,165 | 8,120 | 13.3% |
| Outside Services | | 57,944 | 78,302 | 101,363 | 29.5% |
| Travel & Other Employee Expenses | | 4,285 | 5,298 | 6,203 | 17.1% |
| Promotional Expenses | | 1,149 | 984 | 1,997 | 102.8% |
| Other Expenses | | 26,984 | 26,255 | 25,477 | -3.0% |
| **Total O&M without Environmental** | | **352,783** | **390,136** | **440,863** | **13.0%** |
| | | | | | |
| Environmental Remediation Liability Expense | | 4,337 | 3,448 | 3,775 | 9.5% |
| **Total O&M with Environmental** | | **357,120** | **393,584** | **444,638** | **13.0%** |
| | | | | | |
| Charges to Capital/Govt /Envrs Projects | | (40,291) | (47,274) | (51,532) | 9.0% |
| | | | | | |
| **Expense after Charges to Capital Projects** | | **$ 316,830** | **$ 346,310** | **$ 393,106** | **13.5%** |

table4.xlsx

Note: The 2016 & 2017 revenues and expenses in this table differ from the other tables in that they include allocatable revenues and costs to the Northwest Seaport Alliance.

## FIGURE III-1: REVENUES BY SOURCE: 2017

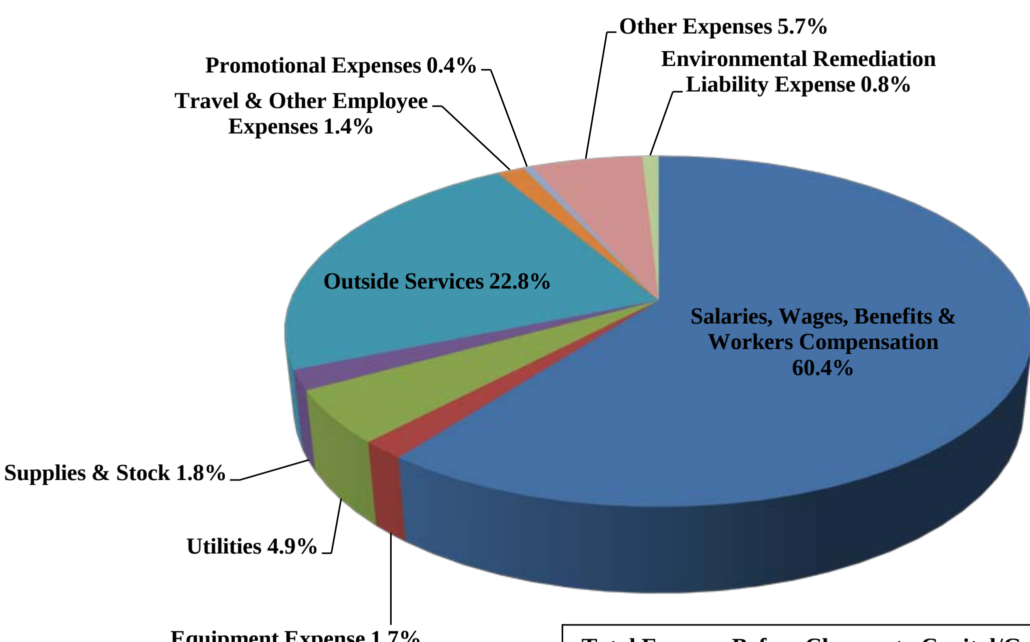
($ in 000's)




**Total Revenue: $620,414**

## FIGURE III-2: EXPENSES BY USAGE: 2017

($ in 000's)




**Total Expense Before Charges to Capital/Govt/Envrs Projects: $444,638**
**Charges to Capital/Govt/Envrs Projects: $51,532**
**Total Expense: $393,106**

## C. BUDGET OVERVIEW - STAFFING

In early 2015, CEO Ted Fick announced an organizational change with the new organizational realignment intended to flatten the reporting structure; some of the organizational changes included the creation of an Office of Strategic Initiatives that will provide a launch pad for ideas and an internal focus on Operational Excellence including LEAN/Continuous Process Improvement initiatives. Also new was the Economic Development Division, which functions as the primary economic growth driver for the Port, and encompasses a number of existing functions in the former Real Estate Division, along with Tourism Development, and a new small business “incubator”.

In October of 2015, CEO Ted Fick announced the second phase of the reorganization (“Phase II Re-Org” for short), which was effective January 1, 2016.

Two concepts were central: “Centers of Expertise” (COEs) and a matrixed management structure, which were essential to creating a true “One Port” model – a single organization with a common purpose, which can achieved operating division goals, meet organizational targets and fulfill the Century Agenda objectives, built on collaboration, knowledge sharing and mutual accountability.

Centers of Expertise (COEs) are departments/teams that provide enterprise-wide leadership, policy, consultation and services related to a particular area of focus of which some departments already operate as COEs. New COEs include Business Intelligence, Finance & Budget, Security & Preparedness, Environment & Sustainability, and Portfolio & Management.

Some departments have changed reporting relationships or have a matrixed reporting relationship, which means that some functions have a dual reporting relationship, both direct (“solid”) and an indirect (“dotted line”) way to report. The matrixed COE structure will support mobilizing resources across departmental and divisional lines as they are needed; provide opportunities for professional growth and advancement; clarify accountability for policies and processes; and reveal opportunities for process improvement, so the Port can sharpen its focus on high priority work.

The 2017 budget proposes a net increase of 175.2 Full-Time Equivalent positions (FTEs) to 2,031.8 FTEs compared to 1,856.6 FTEs in the 2016 budget. Key staffing changes include:

- Aviation transferred 50.1 FTEs from Aviation Finance & Budget, Environmental & Planning, Noise Program, Emergency Management, and Community Partnership to Corporate resulted from Phase II Re-Org; the division also eliminated 5 FTEs.
- Aviation proposes to add 85 FTEs for the new 100% Employee Screening function and 32.5 FTEs to support the strong passenger growth, compliance requirement and strategic staffing for key capital projects.
- The Maritime Division transferred 10.0 FTEs from Maritime Finance & Budget and 17.3 FTEs from Environmental & Planning to the Corporate, and 3.0 FTEs from Portfolio Management to the Economic Development Division.
- The Economic Development Division transferred 2.3 FTEs from the Office of Social Responsibility function to Corporate and received 3.0 FTEs for Portfolio Management from Maritime Division.
- Corporate received 79.8 FTEs transferred from Aviation, Maritime and Economic Development Divisions as a result of the Phase II Re-Org.
- Corporate proposes to add 24.5 new FTEs to strengthen the COEs and support the capital and operational growth of the divisions.
- Corporate also proposes to add 82 high school intern positions to the Human Resources’ budget to increase opportunity for local students.



Table of Contents

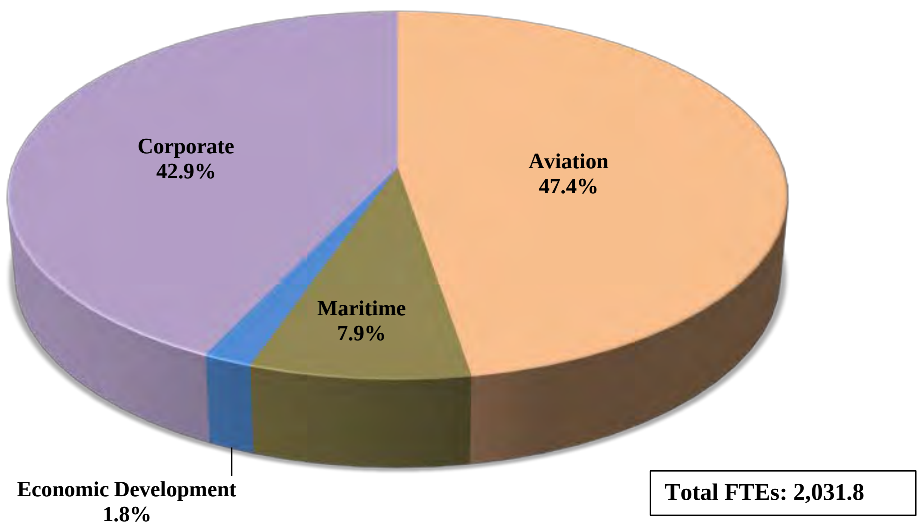
More information for each of these categories is provided in the Aviation, Maritime, Economic Development, and Corporate sections of this document (Sections IV to VII).

**TABLE III-4: PORT STAFFING BY DIVISION**

| PORT STAFFING (Full-Time Equivalent Positions) Division | Note | 2015 Actual | 2016 Budget | 2016 Est. Act. | 2017 Budget | % Change 17 Bud-16 Bud | 17 Bud-16 Est |
|---|---|---|---|---|---|---|---|
| Aviation | | 880.8 | 892.8 | 842.9 | 962.9 | 7.9% | 14.2% |
| Maritime | | 183.6 | 184.6 | 157.8 | 161.3 | -12.6% | 2.2% |
| Economic Development | | 30.5 | 33.8 | 34.5 | 36.0 | 6.7% | 4.3% |
| Corporate | | 746.9 | 745.4 | 832.1 | 871.7 | 16.9% | 4.8% |
| **Total FTE's** | | **1,841.8** | **1,856.6** | **1,867.2** | **2,031.8** | **9.4%** | **8.8%** |

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 2017 Capital Budget reflects the Port's continuing commitment to promoting regional economic activity through the investment of $546 million in the development, expansion, and renewal of Port facilities. For a complete discussion of the Port's long-term capital and funding plan, refer to Sections IX and X, Capital Budget and Draft Plan of Finance.

Table III-5 below summarizes divisional spending in the 2017 Capital Budget:

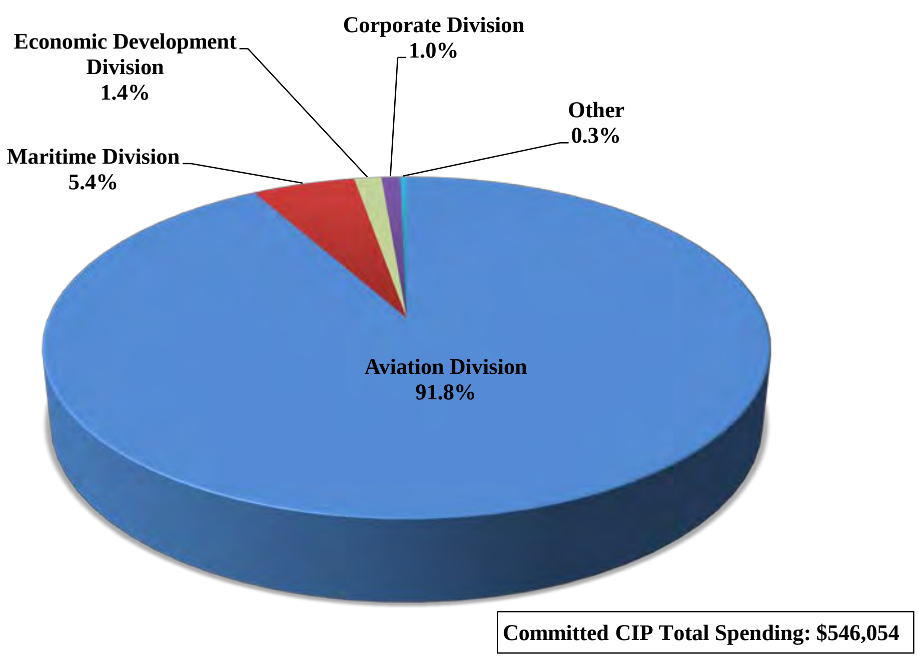
**TABLE III-5: CAPITAL BUDGET**

| ($ in 000's) Committed Capital Projects | 2017 Budget | 2017-2021 CIP | % of 2017 Total |
|---|---|---|---|
| Aviation Division | $501,539 | $1,781,572 | 91.8% |
| Maritime Division | 29,531 | 56,130 | 5.4% |
| Economic Development Division | 7,765 | 13,553 | 1.4% |
| Corporate Division | 5,348 | 22,138 | 1.0% |
| Other | 1,871 | 8,538 | 0.3% |
| **Total Committed** | **$546,054** | **$1,881,931** | 100.0% |
| **Business Plan Prospective Projects** | **$105,523** | **$820,523** | |
| **Total CIP** | **$651,577** | **$2,702,454** | |
| | | | capsum.xls |

Note: Definitions and details of the capital budget can be found in Section IX.

**FIGURE III-4: 2017 COMMITTED CAPITAL BUDGET**

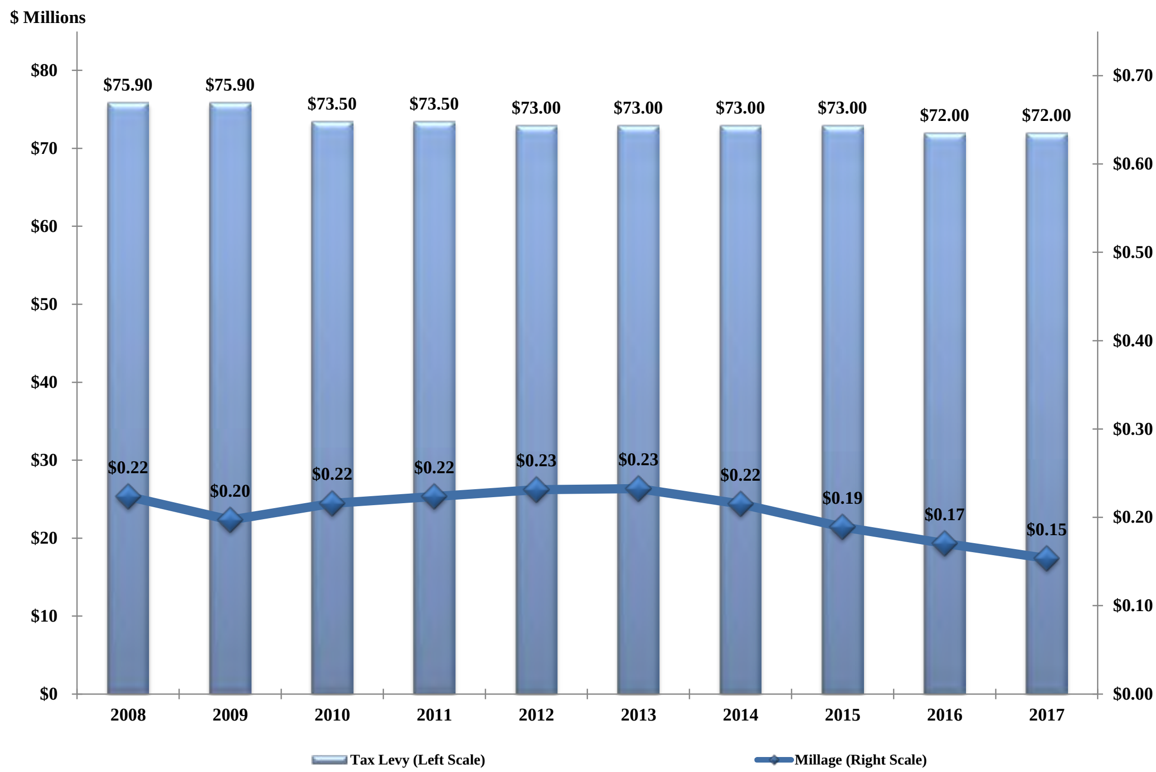
($ in 000's)



## E. TAX LEVY

- The maximum allowable levy for 2017 is $99.0 million.
- For 2017 the levy will be $72.0 million.
- The estimated millage rate is $0.1536.
- The 2017 levy will be used for:
    - General Obligation (G.O.) Bonds Debt Service
    - Regional Transportation projects
    - Legacy Environmental Remediation
    - Capital improvements at Pier 66
    - Capital projects in support of the fishing industry
    - Other capital projects and initiatives meeting specified criteria endorsed by the Commission
    - Economic development initiatives including workforce development and partnership program
    - Other environmental initiatives including Airport Community Ecology funding and energy and sustainability policy directives

### FIGURE III-5: TAX LEVY VS. MILLAGE RATE 2008-2017



# AVIATION DIVISION

## A. 2017 BUDGET SUMMARY

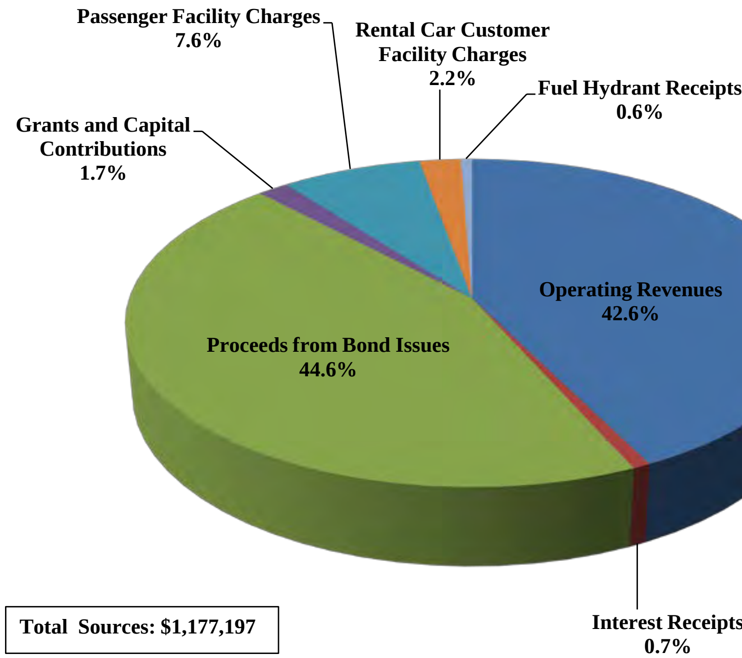
### TABLE IV-1: 2017 CASH FLOW

| ($ in 000's) | | 2017 | Percent of Total |
|---|---|---|---|
| **SOURCES OF CASH** | | | |
| Operating Revenues | | $ 501,444 | 42.6% |
| Interest Receipts | | 8,624 | 0.7% |
| Proceeds from Bond Issues | | 525,000 | 44.6% |
| Grants and Capital Contributions | | 19,459 | 1.7% |
| Tax Levy | | - | 0.0% |
| Passenger Facility Charges | | 89,087 | 7.6% |
| Rental Car Customer Facility Charges | | 26,300 | 2.2% |
| Fuel Hydrant Receipts | | 7,024 | 0.6% |
| Other Receipts | | 258 | 0.0% |
| **Total** | | **1,177,197** | **100%** |
| **USES OF CASH** | | | |
| **Expenses from Operations:** | | | |
| Total Operating Expenses | | 302,711 | 27.0% |
| **Debt Service:** | | | |
| Interest Payments | 125,318 | | 11.2% |
| Bond Redemptions | 100,115 | | 8.9% |
| Total Debt Service | | 225,433 | 20.1% |
| Other Expenses | | 1,181 | 0.1% |
| Public Expense | | 43 | 0.0% |
| Capital Expenditures | | 590,498 | 52.7% |
| **Total** | | **$ 1,119,866** | **100%** |

cashflow.xlsx, AV

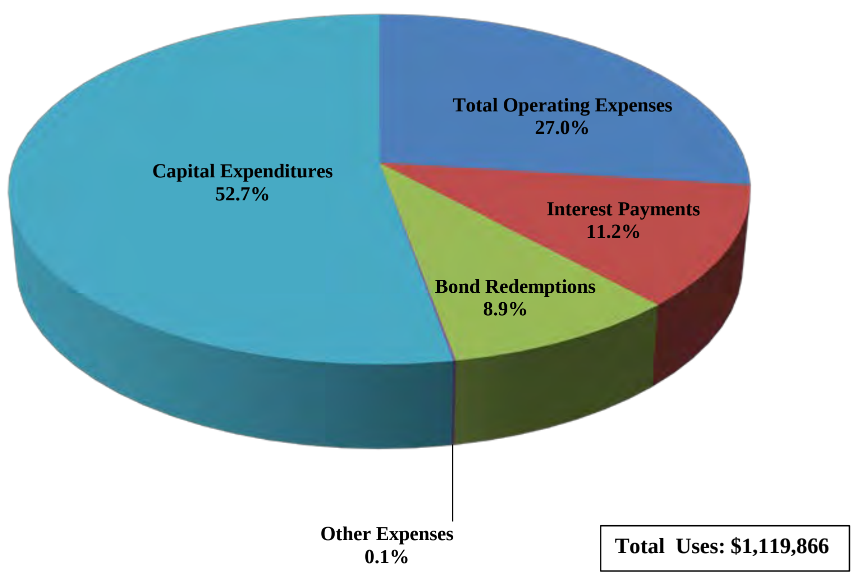
## FIGURE IV-1: SOURCES OF CASH

($ in 000's)




## FIGURE IV-2: USES OF CASH

($ in 000's)



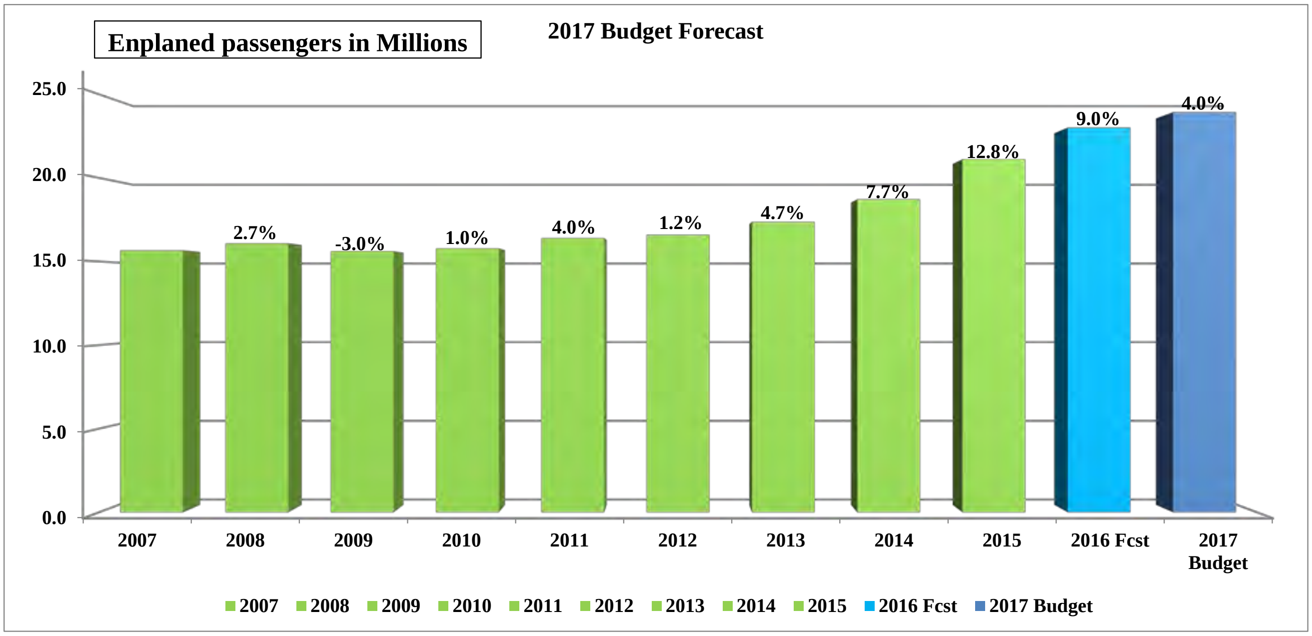
# B. BUSINESS PLAN FORECAST

## TABLE IV-2: BUSINESS PLAN FORECAST

| ($ in 000's) OPERATING BUDGET | Budget 2016 | Budget 2017 | Forecast 2018 | Forecast 2019 | Forecast 2020 | Forecast 2021 | Compound Growth 2017-2021 |
|---|---|---|---|---|---|---|---|
| Aeronautical Revenues | $ 261,019 | $ 278,375 | $ 297,314 | $ 343,869 | $ 365,474 | $ 406,747 | 9.9% |
| Non-Aeronautical Revenues | 208,321 | 226,645 | 235,446 | 237,993 | 251,129 | 256,978 | 3.2% |
| SLOA III Incentive Straight Line Adj | (3,576) | (3,576) | - | - | - | - | |
| **Total Operating Revenues** | **465,764** | **501,444** | **532,760** | **581,862** | **616,603** | **663,726** | **7.3%** |
| Operating & Maintenance Expense | 178,171 | 198,355 | 204,958 | 212,473 | 220,899 | 230,425 | 3.8% |
| Corporate and other Division Costs | 67,658 | 81,408 | 84,117 | 87,202 | 90,660 | 94,570 | 3.8% |
| Law Enforcement Costs | 18,728 | 19,173 | 19,811 | 20,538 | 21,352 | 22,273 | 3.8% |
| Environmental Remediation Liability Expense | 3,246 | 3,775 | 3,901 | 4,044 | 4,204 | 4,385 | 3.8% |
| **Total Operating Expense** | **267,803** | **302,711** | **312,788** | **324,256** | **337,115** | **351,653** | **3.8%** |
| **Net Operating Income Before Depreciation** | **197,962** | **198,733** | **219,972** | **257,606** | **279,488** | **312,072** | **11.9%** |
| Total Depreciation Expense | 121,153 | 126,170 | | | | | |
| **Net Operating Income After Depreciation** | **76,808** | **72,563** | | | | | |
| | | | | | | | **Total 2017-2021** |
| **Committed Capital Budget** | 307,933 | 501,539 | 529,983 | 371,998 | 226,380 | 151,672 | 1,781,572 |
| **Business Plan Prospective** | 52,131 | 88,959 | 133,368 | 126,318 | 128,398 | 142,521 | 619,564 |
| **Total Capital Budget** | **$ 360,064** | **$ 590,498** | **$ 663,351** | **$ 498,316** | **$ 354,778** | **$ 294,193** | **$ 2,401,136** |

## TABLE IV-3: AVIATION KEY MEASURES

| | Budget 2017 | Forecast 2018 | Forecast 2019 | Forecast 2020 | Forecast 2021 |
|---|---|---|---|---|---|
| **Key Measures** | | | | | |
| Cost per Enplanement (CPE) | 10.88 | 11.52 | 13.26 | 13.95 | 15.41 |
| O&M per Enplanement | 12.65 | 12.92 | 13.25 | 13.62 | 14.04 |
| Non-Aero Revenue per Enplanement | 9.47 | 9.73 | 9.72 | 10.14 | 10.26 |
| Debt per Enplanement | 110.32 | 126.82 | 137.86 | 143.36 | 146.70 |
| Debt Service Coverage | 1.50 | 1.45 | 1.36 | 1.34 | 1.29 |
| **Traffic (in 000's)** | | | | | |
| Enplanements | 23,929 | 24,202 | 24,478 | 24,757 | 25,039 |




Enplaned passengers are expected to grow by 9.0% in 2016. For 2017, the budget assumes growth of 4.0%.

## C. AVIATION DIVISION

**MISSION:** Connecting our region to the world through flight.

**VISION:** Sea-Tac is a welcoming front door, embodying the spirit of the Northwest – an economic engine and a source of regional pride.

### MAJOR/NEW INITIATIVES:

- Complete Sustainable Airport Master Plan (SAMP) and environmental review.
- Initiate project planning in anticipation of SAMP completion.
- Implement full employee screening.
- Security enhancements – terminal and airfield.
- Regular hardstand operations due to gate shortage.
- Improve terminal cleanliness.
- Improve wayfinding.
- First full year of construction for International Arrivals Facility (IAF) and North Satellite (NSAT) projects.
- Continue with implement Airport Dining and Retail (ADR) Master Plan, including infrastructure upgrades, lease phasing strategy and new competitive solicitations and resulting leases.
- Current lease and operating agreement with airlines expires 12/31/17: extend current lease, develop new lease agreement, or implement rates by resolution in 2017.

### DIVISION DESCRIPTION:

The Port of Seattle owns and operates Seattle-Tacoma International Airport, the 13th largest airport in the U.S. in 2015 based on passengers. 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:

Industry consolidation has left three major legacy carriers: American, United, and Delta. Together with Southwest, these four airlines dominate the U.S. market. Other smaller carriers, such as Alaska, JetBlue, Hawaiian, and Virgin America constitute the next largest group of commercial carriers. Ultra-low-cost carriers such as Spirit, Frontier, and Allegiant make up another group, although these carriers have a very small presence at Sea-Tac airport. With the acquisition of Virgin America by Alaska Air Group, the consolidation in the industry continues.

Continued economic growth in the United States and relatively low oil prices have contributed to an environment of continued growth in demand for air service. 2015 marked the sixth year in a row that the U.S. airline industry has been profitable. Consolidation has also contributed to industry profitability by reducing competition on many routes.

With the continued growth by Delta at Sea-Tac, the airport has become a hub for both Alaska and Delta. Through October of 2016, Alaska accounts for 50% of passengers at Sea-Tac, while Delta had 20%.

## BUSINESS ASSESSMENT/DRIVERS:

Sea-Tac Airport was the fastest growing large hub airport in the U.S. in 2015, with passenger growth of 12.8%. The regional economy continues to outpace the national economy, contributing to the passenger growth at Sea-Tac. In addition, in 2015 there was a notable increase in connecting traffic (+30%) driven by both Alaska and Delta. With expected growth of 9% in 2016, Sea-Tac will have seen passenger growth of over 38.6% from 2012 – 2016.

Passenger growth is projected at 4.0% in 2017. Due to construction of the new International Arrivals Facility (IAF) and the expansion and renovation of the North Satellite (NSAT), there will be five gates taken out of service in 2017. Since Sea-Tac is already gate constrained at peak times, accommodating anticipated flight activity in 2017 will require regular hardstand operations (bussing passengers to and from aircraft parked at a remote hardstand). Terminal facilities will be constrained until new space can be added consistent with the master plan (SAMP). While the completion of NSAT in 2021 will provide additional gates, the need for ongoing hardstand operations is expected to continue. To address this shortage of terminal facilities, the Port is moving forward with the development of a Hardstand Terminal on the east side of Concourse D. This terminal, anticipated to be completed in 2018, will provide gate holdrooms for those passengers who will be bussed to aircraft parked on remote hardstand locations.

The recent high growth has caused capacity concerns for the baggage processing and terminal space. The Baggage Optimization project will consolidate baggage screening functions and add system capacity, but will not be completed until 2023. Well before this time, additional scope and capacity will be needed. Included in the capital plan are projects to add baggage capacity in the interim. The scope and budget for interim projects to expand the capacity of the system are still being developed. To address the need for additional terminal space (office, lounges, dining & retail), another new project will add space above the C1 building.

In 2017, the airport will have three major projects (IAF, NSAT, and Baggage Optimization) under construction. Capital spending will more than triple 2016 spending to almost $600 million. The 2017 – 2021 capital plan anticipates spending $2.4 billion, including 33 new projects totaling $273 million proposed for inclusion with this budget proposal. These spending figures do not include likely projects to implement SAMP that will be aimed at providing long-term capacity for the airport to accommodate anticipated growth of passengers and cargo.

**CHALLENGES AND OPPORTUNITIES:**

- Continued growth, coupled with significant construction projects, will make improvements to customer service challenging.
- Implementing employee screening in advance of mandate.
- Need to partner with airlines to implement hardstand operations: Port will own and maintain equipment, and airline consortium will operate buses.
- Complete detailed planning and definition of the near-term projects identified in the Master Plan as early as possible in order to prepare for timely construction of critical path projects.
- Update and/or refurbish critical customer service facilities to adequately meet the accelerated increase in passenger throughput in the terminal (e.g. restrooms, communications infrastructure, etc.).
- Accelerate the schedule for the baggage optimization project and add interim facilities development in light of the far greater baggage activity associated with high passenger growth.
- Airline lease and operating agreement expires 12/31/17.
- Increase non-airline revenues to help fund capital program.

## D. 2017 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. 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 operating and maintenance costs (based on the percentage of revenue producing space split between airlines and other Port tenants), as well as the corresponding capital costs (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.

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.

This cash flow also provides the vast majority of the revenue sharing that is credited to the signatory airlines in accordance with the terms of the Signatory and Lease and Operating Agreement (SLOA III). Under the terms of SLOA III, of the net cash flow available for debt service that exceeds 125% of debt service (if any), 50% is credited to the signatory airlines.

**Overview of Major Changes in 2017 Budget**

The 2017 Budget reflects the significant growth in enplanements occurring in 2016 (9.0%) and continued growth expected for 2017 (4.0%). This activity growth and a strong regional economy has stimulated passenger spending for parking, rental cars, and terminal dining and retail. The increase in non-aeronautical revenue contributes to greater revenue sharing, which also minimizes the growth in aeronautical revenues. The multi-year Sustainable Airport Master Plan will be completed in 2017, and planning efforts will shift toward implementation of the multiple projects identified during the master planning process. 2017 will also see a continued ramp up in the airport capital program.

**Revenues**

2017 Budget non-aeronautical revenues are up $18.3 million or 8.8% over the 2016 budget due to increased enplaned passengers at Sea-Tac. Continued growth is expected in all non-aeronautical business units, with particularly strong growth in public parking, ground transportation, rental cars, and airport dining & retail/terminal leased space.

Aeronautical rate base revenues are budgeted to increase by 7.9%, reflecting increases in both capital and operating costs. Anticipated revenue sharing of over $33 million will partially offset this growth so that total airline revenues are budgeted to increase by 6.6%.

For 2017, revenues will be reduced by $3.6 million to amortize the lease incentive that was incorporated into the Signatory Lease and Operating Agreement in 2013.

**Operating Expense Drivers**

Total airport operating expenses (including Corporate costs and environmental remediation costs) are budgeted to increase by $34.9 million, or 13.0% compared to the 2016 Budget. The 2017 baseline budget reflects increases in payroll costs, increased expenses for contracted services, and increased costs associated with rising non-aeronautical revenues. Payroll costs in the 2017 budget reflects the combined impact of existing staff and new FTE's added in the 2017 Budget to address operational needs at the airport, partially offset by certain Aviation FTE's transferred to Corporate due to a Port-wide reorganization in early 2016. Of the 50 FTE's transferred to Corporate, 17 FTE's have been reassigned to Corporate functions. The remaining 33 FTE's transferred to Corporate continue to directly support airport functions and are reflected in 2017 Budget payroll costs for the Aviation division.

New FTE's added in the 2017 include 85 FTE's to staff a new security screening function for airport employees planned for implementation in early 2017, and 41.5 new FTE's added to support the continued growth in passenger volumes and to address operational impacts from the growing airport capital program. The 2017 budget also includes $14.5 million in non-recurring baseline expenses primarily focused on implementation of master plan projects and non-aeronautical revenue development.

**Links to Century Agenda:**
The 2017 Operating Budget includes staff resources that work on many elements of the Century Agenda. New budget requests for 2017 that specifically support the Century Agenda include the following:

1. Make Sea-Tac the west coast "Gateway of Choice" for international travel and double the number of international flights and destinations:
   - Meet commitments under international incentive program for new services introduced in 2015 and 2016.
2. Meet the region's air transportation needs at Sea-Tac Airport for the next 25 years:
   - Sustainability Master Plan - $500,000 to complete in 2017, from a total cost of approximately $6.0 million.
   - Advance Planning for Master Plan projects - $3,500,000 in 2017.
   - Environmental review process begins for proposed master plan projects - $2,300,000 in 2017.
   - Utilities evaluation for Master Plan projects - $500,000 in 2017.

The following tables explain the detailed changes to the Aviation Division budget. The total operating and maintenance costs of the airport also include costs from Corporate and other divisions.

**Aviation 2017 Budget Summary Compared to 2016 Budget**:

| in 000's | Approved 2016 Budget | Approved 2017 Budget | Change vs. Restated Baseline $ | % |
|---|---|---|---|---|
| **Baseline Budget** | **161,389** | **170,111** | | |
| Baseline transferred to Corporate | | (2,346) | | |
| **Adjusted Baseline Budget** | **161,389** | **167,765** | | |
| Baseline Cost Reductions/Savings | (2,205) | (4,568) | | |
| Baseline Cost Increases | 6,606 | 6,756 | | |
| **Baseline Budget before proposed additions** | **165,789** | **169,953** | **2,188** | **1.3%** |
| Proposed additions to Baseline | 4,322 | 7,183 | | 4.3% |
| Add 100% Employee Screening | | 6,712 | | 4.0% |
| **Revised Baseline Budget** | **170,111** | **183,849** | **16,083** | **9.6%** |
| | | | **Change vs. 2016 Bud** | |
| Non-recurring Expenses | 10,158 | 14,507 | 4,349 | |
| **Budget before Exceptions** | **180,269** | **198,355** | **18,087** | **10.0%** |
| Exceptions: Regulated Materials | 3,246 | 3,775 | 529 | **16.3%** |
| **Aviation O&M Budget** | **$ 183,515** | **$ 202,130** | **$ 18,616** | **10.1%** |

Consistent with the long-term objective of managing the growth of operating and maintenance costs, the focus of the 2017 budget was to ensure controlled growth of baseline Airport O&M. Consequently, major non-recurring baseline expenses and exceptions to baseline expenses are segregated from recurring baseline expenses. The 2017 budget has been closely scrutinized and the approved budget is based on expected spending needs for 2017, not the prior year's budget. As a result, the cost increases for payroll and contracted services have been partially offset by significant cuts or savings in the baseline budget. The 9.6% growth in the recurring portion of the baseline budget was considered necessary to support the continued growth in passenger volumes. The non-recurring expenses in the 2017 Budget ($14.5 million) were considered necessary to address long-term facility needs including SAMP related project planning and to address operational impacts from the significant ramp up in the airport capital program. The following tables provide details of the key elements in the cost reductions and cost increases reflected in the 2017 budget.

The following tables highlight the changes to the baseline budget, as well as the exceptions to the baseline budget.

**Aviation 2017 Baseline Cost Reductions/Savings**:

| **2017 Baseline Cost Reductions/Savings:** | | | **$000's** |
|---|---|---|---|
| Payroll Savings from eliminated FTE's | | 387 | |
| Eliminate (1) FTE - Apprentice, Operating Maint Engineer | 130 | | |
| Eliminate (1) FTE - RCF Seasonal Bus Drivers | 97 | | |
| Eliminate (1) FTE - Lead RCF Bus Driver | 80 | | |
| Eliminate (0.5) FTE - Bus Driver in Employee Parking | 41 | | |
| Eliminate (0.5) FTE - Cashier in Public Parking | 40 | | |
| Other Payroll Savings (before new FTE requests) | | | |
| Lower Worker's Comp & OPEB | | 381 | |
| Other payroll savings (zero based budgeting) | | 81 | |
| **Total Payroll Decrease (before new FTE's)** | | | **848** |
| Non-Payroll Savings (zero based budgeting) | | | |
| Eliminate Aviation Contingencies | | 1,600 | |
| RCF Curbside Assistant contract | | 420 | |
| Amortization - prepaid frontage fees (DMCBP Phase II paid in full) | | 414 | |
| Cargo building maintenance (AVM will perform) | | 264 | |
| AVM elevator/escalator contracts adjusted to trend | | 150 | |
| Other non-payroll savings (zero based budgeting) | | 872 | |
| **Total Non-Payroll Savings** | | | **3,720** |
| **Total 2017 Baseline Cost Reductions** | | | **4,568** |

## Aviation 2017 Baseline Budget Cost Increases:

| **2017 Baseline Cost Increases:** | | **$000's** |
|---|---|---|
| Payroll Increases (before new FTE requests) | | |
| Average payroll increase (3.5%) & benefits adj | | **3,308** |
| Contractual & Formulaic Cost Increases | | |
| Lower estimated Charges to Capital | 814 | |
| Utility commodity cost increase | 626 | |
| Aeronautical B&O tax increase | 239 | |
| Janitorial contract increase | 196 | |
| Other Non-Payroll Increases (zero based budgeting) | 661 | |
| **Total Contractual Increases** | | **2,536** |
| Non-Aero costs related to revenue growth | | |
| Increase in credit card fees | 217 | |
| Owner's liaison costs DMCBP Phase II & III (100% reimb) | 200 | |
| Amortization - prepaid frontage fees (DMCBP Phase III) | 167 | |
| B&O tax increase | 127 | |
| Advertising increase (100% paid by Tenant Mktg fund) | 120 | |
| Clubs & Lounges - increased operating costs | 80 | |
| **Total Non-Aero Cost Increases** | | **912** |
| **Total 2017 Baseline Cost Increases** | | **6,756** |

## Aviation 2017 Approved Additions to Baseline Budget:

| **2017 Baseline Budget Requests:** | **$000's** |
|---|---|
| New FTE's for 100% employee screening | 6,712 |
| All other New FTE's | 2,917 |
| Janitorial contract scope increase | 1,000 |
| CISS contract scope increase | 879 |
| Eight Additional Fire Fighters | 806 |
| Airport-wide Customer Service training | 260 |
| Fire Dept apparatus maintenance contract | 200 |
| Maintenance materials increase - higher usage | 200 |
| NEPL parking lot attendant contract | 196 |
| Fire Dept FAA required Live Fire training | 100 |
| Asset Condition Assessment support | 100 |
| Terminal Test & Balance consultant | 100 |
| Seattle Chamber dues/membership | 100 |
| All other Baseline budget requests | 325 |
| **Total 2017 Baseline Budget Requests** | **13,896** |

## Aviation 2017 Approved Additional Non-recurring Expenses:

| **2017 Non-recurring Budget Requests:** | **$000's** |
|---|---|
| Sustainable Master Plan | |
| Complete SAMP and transition to next phase | 500 |
| Adv Planning IDIQ for Master Plan projects | 3,500 |
| SAMP Environmental Review (NEPA/SEPA) | 2,300 |
| SAMP Utilities Evaluation | 500 |
| Non-Airline Revenue Development | |
| Burien NERA 3 - FAA pilot program (90% reimb) | 1,800 |
| ADR leasing consultant | 500 |
| Parking pre-booking consultant | 200 |
| Music Initiative Program (airport share) | 175 |
| Airport Signage Master Plan | 950 |
| Capital Program Development | |
| Project definition, sequencing, coordination | 500 |
| Architectural Standards Update | 200 |
| Parking garage improvements (one floor refresh) | 450 |
| Cargo Consulting Services | 140 |
| Air Incentive Program - new int'l service | 725 |
| All other Non-recurring budget requests (detail below) | 2,067 |
| **Total 2017 Non-recurring Budget Requests** | **14,507** |

## Detail for Other Non-Recurring Budget Requests:

| | **$000's** | | **$000's** |
|---|---|---|---|
| **Non-Airline Revenue Development** | | **Other Aeronautical Business** | |
| Owner's Liaison - new property develop | 150 | Stanchions & sign holders -common use gates | 35 |
| Support svcs (surveys, appraisals, title reports) | 50 | IER Mobile Phone Scanners -passport control | 24 |
| **Other Non-Aero Business** | | **Maintenance** | |
| GT Operators Relocation Design | 100 | Arc Flash Consultant - ADR/Terminal/Baggage | 150 |
| RCF Bus Camera (software) upgrade | 100 | Water Reservoir Cleaning | 100 |
| ADR quality assurance consulting | 53 | Centralized Mgmt Deicing Equip Consulting | 50 |
| GT Software System Upgrade | 30 | Curbside Refresh - Arrivals level | 30 |
| **Facilities Management** | | Post-Maximo upgrade implementation | 25 |
| IWS/Storm Water Evaluation | 150 | Storage Tanks 10-Year Inspection | 20 |
| Facility Master Record Drawing Consultant | 150 | Maximo system upgrade training | 12 |
| BMF Lighting Design and Improvement | 50 | Equipment Upgrades | 10 |
| Asset Management Estimating Consultant | 50 | Generator & Infrastructure for Fort Lawton Site | 10 |
| Terminal Space Masterplan | 80 | **Other non-recurring** | |
| Ltd. Duration - Admin Asst for F&I/Utilities | 73 | Staffing Plan consultant | 150 |
| Permit Management Tracking System | 60 | Financial consulting for airline agreement | 100 |
| Water Conservation Plan | 50 | Tri-Annual Disaster costs - 2017 Exercise | 100 |
| UHF/VHF Radio Antenna mapping and doc | 50 | Non-recurring new FTE costs (equipment) | 40 |
| | | Addt'l AAAE IET Training Stations (AV training ctr) | 15 |
| **All Other 2017 Non-recurring Budget Requests** | | | **2,067** |

| | | 2017 Budget Request $000 | | |
|---|---|---|---|---|
| **Problem/Need/Opportunity** | **Solution** | **FTEs** | **Baseline** | **One-time** |
| **Safety** | | | | |
| Prepare for emergency/disaster | 2017 Tri-Annual Disaster Exercise | | | 100 |
| Need to implement systematic airfield safety management program - Required | Airport Ops Manager - Safety Management | 1.0 | 110 | 2 |
| Increased airfield operations requires additonal staff to provide adequate oversight | Airport Operations Specialist | 2.0 | 159 | 2 |
| Code requires annual inspection | Annual Smoke Control Consultant | | 50 | |
| Electrical danger for staff | Arc Flash study - next phase | | | 150 |
| Unsafe lighting conditions at BMF | BMF Lighting Design and Improvement | | | 50 |
| FAA requires 3 minute response time to midpoint of furthest runway | Additional firefighters to staff 2nd fire station to provide faster incident response time | 8.0 | 806 | |
| FAA requires live fire training for Fire Dept. | Training at DFW (North Bend closed) | | 100 | |
| Protect staff and contractors | Fall Protection Inspection | | 25 | |
| Improve safety conditions for passengers | RCF Bus Camera (software) upgrade | | | 100 |
| | **Safety - 2017 Budget Requests Subtotal** | **11.0** | **1,249** | **404** |
| **Security** | | | | |
| Opportunity to enhance security | Hire staff to do full employee screening | 85.0 | 6,712 | |
| Increased compliance and audit requirements | Audit and Compliance Manager | 1.0 | 99 | 2 |
| Increased compliance and audit requirements | Security Compliance Coordinator | 1.0 | 89 | 2 |
| Develop and manage videao analytics | Security Systems Process Manager | 1.0 | 105 | 2 |
| | **Security - 2017 Budget Requests Subtotal** | **88.0** | **7,006** | **5** |
| **Passenger Growth: Operational Challenges** | | | | |
| **Ground Transportation Trip Activity Growth & Complexity** | | | | |
| Effective mgmt oversight & compliance monitoring limited by resource capacity | Landside Supervisors | 2.0 | 190 | |
| | Ground Transportation Controllers | 6.0 | 397 | |
| | Contract management support | 1.0 | 103 | |
| **Hardstand Operations** | | | | |
| Complex hardstand scheduling/ coordination driven by volume growth | Airline Scheduling Systems Specialist | 1.0 | 95 | 3 |
| Additional buses and increased trip activity driven by volume growth | Automotive Bus Mechanic | 1.0 | 87 | |
| | Field Crew Laborer - Bus Washer/Cleaner | 1.0 | 54 | |
| New hardstand equipment | Automotive/equipment Mechanic | 1.0 | 87 | |
| **Maintain Facilities** | | | | |
| Passenger volumes increase wear on facilties | Carpenter | 1.0 | 85 | |
| | Laborer - Parking Garage | 1.0 | 55 | |
| **Volume Driven Resource Needs** | | | | |
| Scheduling delays for mandatory training (badging process) due to testing stations at full capacity | Additional AAAE IET Training Stations (AV Training Ctr) | | | 15 |
| Increase in Badge volume growth | Background Compliance Specialist | 1.0 | 73 | 2 |
| | **Passenger Growth: Operational Challenges - 2017 Budget Requests Subtotal** | **16.0** | **1,225** | **20** |

| Problem/Need/Opportunity | Solution | 2017 Budget Request $000 FTEs | Baseline | One-time |
|---|---|---|---|---|
| **Passenger Growth: Long-term Facility Needs** | | | | |
| **Complete SAMP and Related Planning** | | | | |
| Identify facility needs | SAMP & Transition to Environmental Review | | | 500 |
| Identify specific projects | Post-SAMP Advanced Planning | | | 3,500 |
| Validate Plan | SAMP Environmental Review | | | 2,300 |
| | SAMP Utilities Evaluation | | | 500 |
| | IWS/Storm Water Evaluation | | | 150 |
| **Other Facility Planning** | | | | |
| | Architectural Standards Update Consultant | | | 200 |
| | Ground Transportation Operators Relocation | | | 100 |
| | Terminal Space Masterplan | | | 80 |
| **Build Capacity for Capital Program Delivery** | | | | |
| | Capital Program Development (project | | | 500 |
| | Capital Development Program FTE | 1.0 | 137 | 2 |
| | Sr. Engineer, Conveyance | 1.0 | 113 | 3 |
| | Sr. Engineer, Mechanical Systems | 1.0 | 113 | 3 |
| | Program Management Coordinator | 1.0 | 82 | 2 |
| | Ltd. Duration - Admin Assistant for | 1.0 | | 75 |
| | Permit Management Tracking System | | | 60 |
| | Building Inspector/Plans Examiner | 1.0 | 96 | 3 |
| | Permit Technician - Building Department | 1.0 | 59 | 2 |
| **Passenger Growth: Long-term Facility Needs - 2017 Budget Requests Subtotal** | | **7.0** | **600** | **7,980** |
| **Customer Service** | | | | |
| **Facility Cleanliness / Appearance / ASQ metrics** | | | | |
| | Janitorial contract scope increase | | 1,000 | |
| | Parking garage improvements (one floor | | | 375 |
| | Terminal to Ground Transportation transition - | | | 75 |
| | Music Initiative Programming & Development | | | 175 |
| | Stanchions and sign holders for common use | | | 35 |
| | Curbside Refresh - Arrivals level | | | 30 |
| **Wayfinding / Processing Passengers** | | | | |
| | Airport Signage Master Plan | | | 950 |
| | CISS contract scope increase | | 879 | |
| | Annual fees for additional Automated | | 96 | |
| | IER Mobile Phone Scanners - for passport | | | 24 |
| | Equipment Upgrades | | | 10 |
| **Train Staff on Customer Service** | | | | |
| | Airport-wide Customer Service Training | | 260 | |
| | Customer Service Recognition program | | 55 | |
| **Other** | | | | |
| | North Employee Parking Lot Attendant | | 196 | |
| | Salesforce Licensing - employee portals & | | 40 | |
| **Customer Service - 2017 Budget Requests Subtotal** | | | **2,526** | **1,674** |
| **Air Service Development** | | | | |
| | New Air Service Incentive- Xiamen Air | | | 250 |
| | New Air Service Incentive- Volaris | | | 150 |
| | New Air Service Incentive- Condor | | | 50 |
| | New Air Service Incentive- Alaska- | | | 25 |
| | New Air Service Incentive- Alaska -San Luis | | | 25 |
| | New Air Service Incentive- Alaska -Wichita | | | 25 |
| | New Air Service Incentive- Unnamed Airline | | | 200 |
| **Air Service Development - 2017 Budget Requests Subtotal** | | | | **725** |



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| Problem/Need/Opportunity | Solution | 2017 Budget Request $000 FTEs | Baseline | One-time |
|---|---|---|---|---|
| **Grow Non-Aeronautical Revenues** | | | | |
| Develop land to generate revenues | NERA FAA Pilot Program - grant | | | 1,800 |
| | Owner's Liaison - new property development | | | 150 |
| | Support Services (surveys, appraisals, title | | | 50 |
| Reserved parking can generate new revenue | Parking Pre-booking System Consultant | | | 200 |
| ADR releasing program | ADR Leasing Consultant | | | 500 |
| Monitor quality of ADR program to improve customer satisfaction and grow revenue | ADR Quality Assurance Consulting | | | 53 |
| **Grow Non-Aeronautical Revenues - 2017 Budget Requests Subtotal** | | | | **2,753** |
| **Asset Management** | | | | |
| **Strategic Asset Management** | | | | |
| | Asset Condition Assessment Support | | 100 | |
| | Facility Master Record Drawing Consultant | | | 150 |
| | Asset Management Estimating Consultant | | | 50 |
| | UHF/VHF Radio Antenna mapping and | | | 50 |
| **Maintaining Existing Assets** | | | | |
| | Fire Dept Apparatus Maintenance Contract | | 200 | |
| | Maintenance Materials Increase (Elec. & | | 200 | |
| | Terminal Test and Balance Consultant | | 100 | |
| | Water Reservoir Cleaning | | | 100 |
| | Airport Office Bldg - Increase | | 10 | |
| | Storage Tank(s) 10-Year Inspection | | | 20 |
| **Asset Management - 2017 Budget Requests Subtotal** | | | **610** | **370** |
| **Environmental** | | | | |
| | Centralized Management of Deicing | | | 50 |
| | Water Conservation Plan | | | 50 |
| **Environmental - 2017 Budget Requests Subtotal** | | | | **100** |
| **Other Business Needs** | | | | |
| Determine optimal staffing levels | Staffing Plan Consultant | | | 150 |
| Increase grant utilization, to further MWBE goals | Senior Financial Analyst - Grants and PFC | 1.0 | 99 | 2 |
| Cargo facility development | Cargo Facilities Manager | 1.0 | 104 | 2 |
| | Cargo Business Development & Marketing Mgr | 1.0 | 104 | 2 |
| | Cargo Consulting Services | | | 140 |
| Critical high value lease | Financial consulting - primarily for airline agreement | | | 100 |
| Enhance utility billing customer service | Utility Business Analyst | 1.0 | 81 | 3 |
| Enhance systems utilization & training | Ground Transportation Software System | | | 30 |
| | Maximo system upgrade training | | | 12 |
| | Post-Maximo upgrade implementation | | | 25 |
| Grow internship opportunities | Airport Training dept - College Intern | 0.25 | 16 | |
| | Airport Dining & Retail dept - Graduate | 0.25 | 14 | |
| Tomorrow at Sea-Tac coalition | Seattle Chamber Membership Dues | | 100 | |
| Airport legislative alliance | ACI/AAAE Membership Dues | | 48 | |
| Reduced for 2016, need to augment | Additional Travel/Training | | 25 | |
| | Professional development & software | | 69 | |
| | Employee Recognition | | 10 | |
| | General supplies/PPE | | 11 | |
| Backup system for emergency responders | Generator & Infrastructure for Fort Lawton | | | 10 |
| **Other Business Needs - 2017 Budget Requests Subtotal** | | **4.5** | **679** | **476** |
| **2017 Budget Requests Total** | | **126.5** | **13,896** | **14,507** |

## Aeronautical Business

| $ in 000's | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget Change $ | Budget Change % | Budget vs Forecast $ | Budget vs Forecast % |
|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | |
| Movement Area | 78,326 | 95,220 | 97,308 | 109,845 | 14,625 | 15.4% | 12,536 | 12.9% |
| Apron Area | 10,840 | 14,144 | 13,979 | 15,957 | 1,813 | 12.8% | 1,978 | 14.1% |
| Terminal Rents | 150,449 | 159,569 | 157,899 | 163,565 | 3,996 | 2.5% | 5,666 | 3.6% |
| Federal Inspection Services (FIS) | 9,979 | 10,836 | 11,045 | 12,437 | 1,601 | 14.8% | 1,392 | 12.6% |
| **Total Rate Base Revenues** | **249,594** | **279,768** | **280,231** | **301,803** | **22,035** | **7.9%** | **21,572** | **7.7%** |
| Commercial Area | 9,519 | 9,306 | 9,449 | 9,665 | 359 | 3.9% | 217 | 2.3% |
| **Subtotal before Revenue Sharing** | **259,113** | **289,074** | **289,680** | **311,468** | **22,394** | **7.7%** | **21,788** | **7.5%** |
| Revenue Sharing | (29,453) | (28,055) | (36,454) | (33,093) | (5,038) | 18.0% | 3,361 | -9.2% |
| Other Prior Year Revenues | (35) | - | - | - | - | 0.0% | - | 0.0% |
| **Total Aeronautical Revenues** | **229,624** | **261,019** | **253,226** | **278,375** | **17,356** | **6.6%** | **25,149** | **9.9%** |
| **Total Aeronautical Expenses** | **153,914** | **170,349** | **173,833** | **194,588** | **24,240** | **14.2%** | **20,755** | **11.9%** |
| **Net Operating Income** | **75,710** | **90,670** | **79,393** | **83,787** | **(6,884)** | **-7.6%** | **4,394** | **5.5%** |
| Debt Service | (82,341) | (91,723) | (90,247) | (88,740) | 2,983 | -3.3% | 1,507 | -1.7% |
| **Net Cash Flow** | **(6,631)** | **(1,053)** | **(10,854)** | **(4,954)** | **(3,901)** | **370.4%** | **5,901** | **-54.4%** |

## Aeronautical Cost Drivers – Rate Base Only

| $ in 000's | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Impact on Aero Revenues Budget Change $ | Impact on Aero Revenues Budget Change % |
|---|---|---|---|---|---|---|
| O&M | 150,286 | 166,776 | 170,098 | 190,645 | 23,869 | 14.3% |
| Debt Service Gross | 111,477 | 120,668 | 118,878 | 117,336 | (3,332) | -2.8% |
| Debt Service PFC Offset | (32,454) | (32,583) | (32,837) | (33,099) | (516) | 1.6% |
| Amortization | 24,853 | 28,338 | 28,204 | 29,637 | 1,298 | 4.6% |
| Space Vacancy | (3,469) | (2,431) | (2,805) | (1,486) | 945 | -38.9% |
| TSA Grant and Other | (1,099) | (1,000) | (1,307) | (1,230) | (230) | 23.0% |
| **Rate Base Revenues** | **249,594** | **279,768** | **280,231** | **301,803** | **22,035** | **7.9%** |

## Highlights (Change over 2016 Budget):

- Operating Expenses up $24.2M:
  - Full Employee Screening contract - $6.7M.
  - Terminal Security Enhancements project - $3.8M.
  - Flight Corridor Safety Program - $2.7M increase.
  - Janitorial - $0.8M increase.
  - Increase in corporate allocations ($2.7M) and divisional allocations ($3.2M).
- Debt Service down $3.3M:
  - Finished paying 2005C & 2012C bonds debt service.
- Amortization (use of ADF) up $1.3M:
  - New assets placed in service - 2 runway high speed snow blowers, ID badge software, PeopleSoft upgrade, Noise monitoring system, fixed walkway at gate S4, etc.
- Space vacancy - $0.9M increase due to a decrease in publicly accessible offices space.

## Non-Aeronautical Business

| $ in 000's | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget Change $ | Budget Change % | Budget vs Forecast $ | Budget vs Forecast % |
|---|---|---|---|---|---|---|---|---|
| **Non-Aero Revenues** | | | | | | | | |
| Rental Cars | 46,515 | 48,166 | 49,190 | 50,746 | 2,580 | 5.4% | 1,556 | 3.2% |
| Public Parking | 63,059 | 66,847 | 70,412 | 73,568 | 6,721 | 10.1% | 3,156 | 4.5% |
| Ground Transportation | 8,809 | 8,327 | 12,908 | 14,417 | 6,091 | 73.1% | 1,509 | 11.7% |
| Airport Dining & Retail/Terminal Leased Space | 52,391 | 55,554 | 57,711 | 56,738 | 1,184 | 2.1% | (973) | -1.7% |
| Commercial Properties | 8,007 | 10,251 | 15,518 | 12,141 | 1,891 | 18.4% | (3,377) | -21.8% |
| Utilities | 7,000 | 7,626 | 7,172 | 7,118 | (508) | -6.7% | (54) | -0.7% |
| Employee Parking | 7,913 | 8,249 | 9,089 | 8,482 | 233 | 2.8% | (606) | -6.7% |
| Clubs and Lounges | 2,392 | 2,578 | 2,796 | 2,729 | 151 | 5.8% | (67) | -2.4% |
| Other | 759 | 723 | 905 | 705 | (18) | -2.5% | (200) | -22.1% |
| **Total Non-Aero Revenues** | **196,844** | **208,321** | **225,702** | **226,645** | **18,324** | **8.8%** | **943** | **0.4%** |
| **Total Non-Aero Expenses** | **84,226** | **97,454** | **97,850** | **108,123** | **10,669** | **10.9%** | **10,273** | **10.5%** |
| **Net Operating Income** | **112,618** | **110,867** | **127,853** | **118,522** | **7,655** | **6.9%** | **(9,330)** | **-7.3%** |
| Less: CFC Surplus [1] | (5,159) | (5,146) | (5,518) | (5,561) | 416 | -7.5% | (43) | 0.8% |
| **Adjusted Non-Aero NOI** | **107,459** | **105,721** | **122,335** | **112,961** | **7,240** | **6.8%** | **(9,374)** | **-7.7%** |
| Debt Service | (42,812) | (43,494) | (44,205) | (45,136) | 1,642 | -3.6% | (931) | 2.1% |
| **Net Cash Flow [2]** | **64,647** | **62,227** | **78,130** | **67,825** | **5,598** | **9.0%** | **(10,305)** | **-13.2%** |

(1) $3M in commercial paper will be paid down in 2017, which reduces both CFC operating revenue and the CFC surplus

(2) Non-aero cash flow is the primary source of airline revenue sharing. Strong growth in non-aero revenue is reflected in the 2017 increase in revenue sharing.

## Highlights:

- 2017 Budget anticipates growth across all major non-airline business units due to growing passenger volumes and improving economy.

## Non-Airline Key Indicators

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget Change $ | Budget Change % | Budget vs Forecast $ | Budget vs Forecast % |
|---|---|---|---|---|---|---|---|---|
| **Non Aero Revenues per Enplanement** | | | | | | | | |
| Parking | 2.99 | 3.01 | 3.06 | 3.07 | 0.07 | 2.2% | 0.01 | 0.5% |
| Rental Cars (includes Operating CFC) | 2.20 | 2.17 | 2.14 | 2.12 | (0.05) | -2.2% | (0.02) | -0.8% |
| Ground Transportation | 0.42 | 0.37 | 0.56 | 0.60 | 0.23 | 60.7% | 0.04 | 7.4% |
| Airport Dining and Retail | 2.44 | 2.45 | 2.42 | 2.19 | (0.26) | -10.5% | (0.23) | -9.5% |
| Commercial Properties | 0.38 | 0.46 | 0.67 | 0.51 | 0.05 | 10.0% | (0.17) | -24.8% |
| Non-Airline Terminal Leased Space | 0.04 | 0.05 | 0.09 | 0.18 | 0.13 | 253.8% | 0.09 | 106.5% |
| Utilities | 0.33 | 0.34 | 0.31 | 0.30 | (0.05) | -13.3% | (0.01) | -4.6% |
| Employee Parking | 0.37 | 0.37 | 0.40 | 0.35 | (0.02) | -4.5% | (0.04) | -10.3% |
| Clubs and Lounges | 0.11 | 0.12 | 0.12 | 0.11 | (0.00) | -1.7% | (0.01) | -6.2% |
| Other | 0.04 | 0.03 | 0.04 | 0.03 | (0.00) | -9.5% | (0.01) | -25.1% |
| **Total Revenue per Enplanement** | **9.33** | **9.38** | **9.81** | **9.47** | **0.09** | **1.0%** | **(0.34)** | **-3.4%** |
| **Primary Concessions Sales / Enpl** | **11.40** | **11.85** | **11.82** | **11.61** | **(0.25)** | **-2.1%** | **(0.21)** | **-1.8%** |



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## OPERATING BUDGET SUMMARY

### TABLE IV-4: REVENUE BY ACCOUNT

| Revenue by Account ($ in 000's) | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud-2016 Bud |
|---|---|---|---|---|
| **Operating Revenue** | | | | |
| Equipment Rental | $2,798 | $2,986 | $3,501 | 17.2% |
| Landing Fees | 76,393 | 93,197 | 107,591 | 15.4% |
| Airport Transportation Fees | 8,586 | 8,190 | 14,203 | 73.4% |
| Parking Revenue | 68,450 | 72,146 | 79,315 | 9.9% |
| Rental Car Revenues | 43,325 | 44,548 | 47,036 | 5.6% |
| Revenue from Sale of Utilities | 6,448 | 6,972 | 6,478 | -7.1% |
| Property Rental Revenue | 204,819 | 220,041 | 223,647 | 1.6% |
| Other Revenues | 15,689 | 21,260 | 23,249 | 9.4% |
| SLOA III Incentive Straight Line Adjustment | (3,576) | (3,576) | (3,576) | 0.0% |
| **Total Operating Revenue** | **$422,932** | **$465,764** | **$501,444** | **7.7%** |

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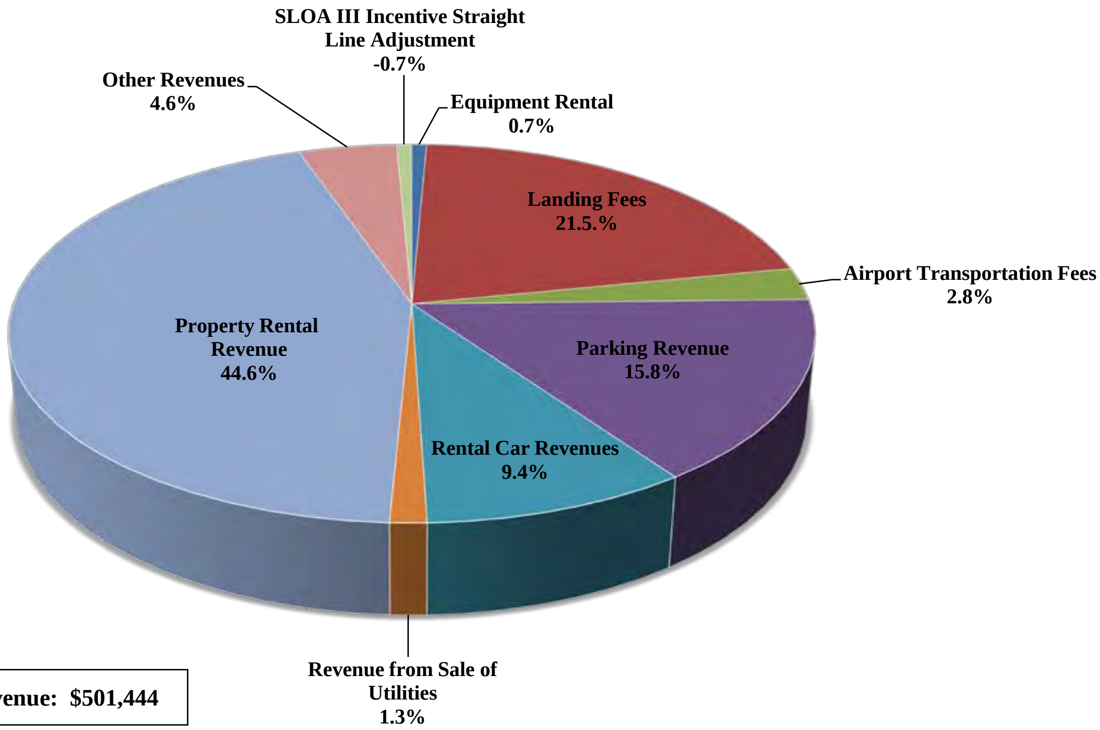
### FIGURE IV-3: AVIATION DIVISION REVENUE BY ACCOUNT

($ in 000's)




**Total Revenue: $501,444**

**TABLE IV-5: OPERATING & MAINTANENCE EXPENSES BY ACCOUNT**

| Expense by Account (in 000's) | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud-2016 Bud |
|---|---|---|---|---|
| Salaries, Wages, Benefits & Worker's Comp | $100,405 | $108,832 | $119,886 | 10.2% |
| Equipment Expense | 3,377 | 2,924 | 2,754 | -5.8% |
| Utilities | 13,720 | 14,686 | 15,187 | 3.4% |
| Supplies & Stock | 5,204 | 4,464 | 4,990 | 11.8% |
| Outside Services | 31,953 | 40,300 | 45,279 | 12.4% |
| Travel & Other Employee Expenses | 1,119 | 1,547 | 1,866 | 20.6% |
| Promotional Expenses | 673 | 419 | 1,009 | 140.8% |
| Other Expenses | 10,053 | 12,132 | 11,605 | -4.3% |
| **Total O&M without Environmental** | **166,504** | **185,304** | **202,576** | **9.3%** |
| Environmental Remediation Liability Expense | 4,222 | 3,246 | 3,775 | 16.3% |
| **Total O&M with Environmental** | **170,726** | **188,550** | **206,351** | **9.4%** |
| Charges to Capital/Govt/Envrs Projects | (3,568) | (5,035) | (4,221) | -16.2% |
| **Total Budgeted Operating Expense** | **167,158** | **183,515** | **202,130** | **10.1%** |

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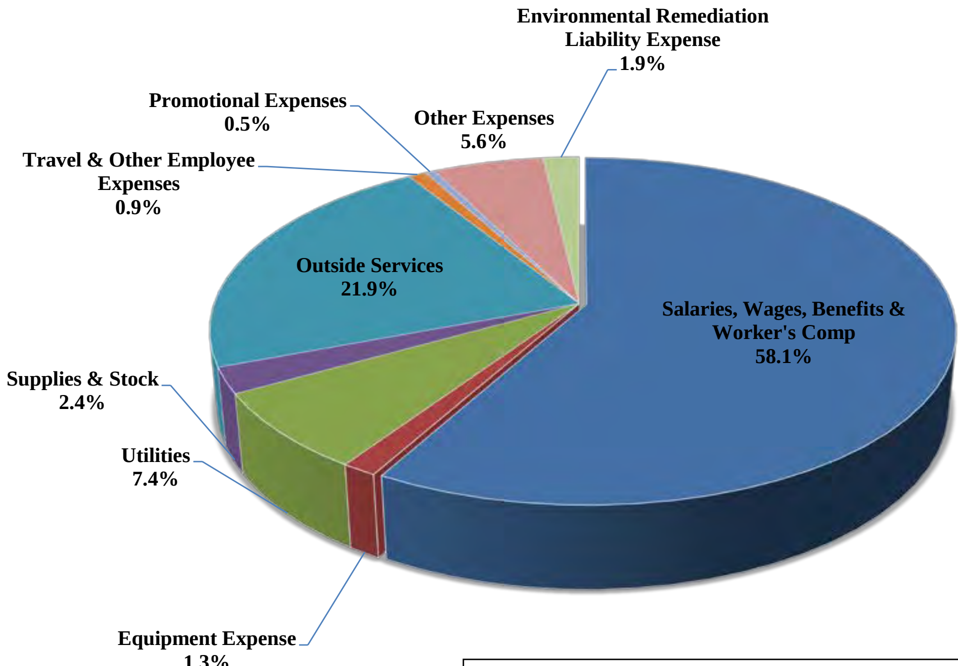
**FIGURE IV-4: AVIATION DIVISION EXPENSE BY ACCOUNT**

($ in 000's)




**Total Before Charges to Capital/Govt/Envrs Projects: $206,351**
**Charges to Capital/Govt/Envrs Projects: $4,221**
**Total Operating Expense: $202,130**

## TABLE IV-6: REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT

| AVIATION DIVISION | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud - 2016 Bud |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| AIRLINE REVENUES | | | | |
| Movement Area | 78,326 | 95,220 | 109,845 | 15.4% |
| Apron Area | 10,840 | 14,144 | 15,957 | 12.8% |
| Terminal Rents | 150,433 | 159,569 | 163,565 | 2.5% |
| Federal Inspection Services (FIS) | 9,979 | 10,836 | 12,437 | 14.8% |
| **Subtotal Rate Base Revenues** | **249,578** | **279,768** | **301,803** | **7.9%** |
| Commercial Area | 9,519 | 9,306 | 9,665 | 3.9% |
| **Subtotal Airline Revenues before Revenue Sharing** | **259,097** | **289,074** | **311,468** | **7.7%** |
| Revenue Sharing | (29,453) | (28,055) | (33,093) | 18.0% |
| Other Prior Year Revenues | (35) | | | |
| **Total Airline Revenues** | **229,608** | **261,019** | **278,375** | **6.6%** |
| **SLOA III Incentive Straight Line Adj.** | **(3,576)** | **(3,576)** | **(3,576)** | **0.0%** |
| NON-AIRLINE REVENUES | | | | |
| Public Parking | 63,059 | 66,847 | 73,568 | 10.1% |
| Rental Cars | 46,515 | 48,166 | 50,746 | 5.4% |
| Ground Transportation | 8,809 | 8,327 | 14,417 | 73.1% |
| Airport Dining & Retail/Non-Airline Terminal Lease Space | 52,478 | 55,554 | 56,738 | 2.1% |
| Utilities | 7,000 | 7,626 | 7,118 | -6.7% |
| Other | 19,039 | 21,801 | 24,058 | 10.4% |
| **Total Non-Airline Revenues** | **196,900** | **208,321** | **226,645** | **8.8%** |
| **Total Operating Revenues** | **422,932** | **465,764** | **501,444** | **7.7%** |
| | | | | BDAVREEX.xls |

| AVIATION DIVISION (in 000's) | 2015 Actual | 2016 Budget | 2017 Budget | 2017 Bud - 2016 Bud |
|---|---|---|---|---|
| **EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS PROJECTS** | | | | |
| BUSINESS UNITS | | | | |
| Airport Operations | 45,313 | 50,104 | 38,792 | -22.6% |
| Airport Operations excluding Airline Realignment | 45,318 | 50,104 | 38,792 | -22.6% |
| Airline Realignment | (5) | - | - | n/a |
| Business Dev & Management | 7,505 | 10,503 | 10,755 | 2.4% |
| Utilities | 14,458 | 15,252 | 16,472 | 8.0% |
| **Business Units** | **67,276** | **75,860** | **66,019** | **-13.0%** |
| AVIATION SERVICES | | | | |
| Aviation Director's Office | 2,037 | 2,037 | 1,744 | -14.4% |
| Capital Development | - | - | 1,638 | n/a |
| Division Contingency | () | 1,600 | - | -100.0% |
| Fire Department | 12,804 | 13,711 | 15,313 | 11.7% |
| Aviation Planning | 3,621 | 5,316 | 6,123 | 15.2% |
| Aviation Finance & Budget | 1,955 | 1,932 | 2,184 | 13.1% |
| Community Partnerships | 1,184 | 1,486 | 754 | -49.3% |
| Airport Security | 8,123 | 8,896 | 15,810 | 77.7% |
| **Aviation Services** | **29,725** | **34,977** | **43,567** | **24.6%** |
| AVIATION FACILITIES | | | | |
| AV Facilities & Infrastructure | 2,867 | 3,520 | 4,894 | 39.0% |
| Aviation Signage | 468 | 516 | 524 | 1.6% |
| Airport Building Department | 831 | 854 | 1,218 | 42.7% |
| Airport Office Building | 1,214 | 1,285 | 999 | -22.2% |
| AV Environmental Programs Group | 3,667 | 6,055 | 6,555 | 8.3% |
| Aviation Maintenance | 58,017 | 60,362 | 77,318 | 28.1% |
| **Aviation Facilities** | **67,065** | **72,591** | **91,508** | **26.1%** |
| Aviation Risks Expense | 2,436 | 1,876 | 1,482 | -21.0% |
| Aviation Environmental Remediation Liability | 4,222 | 3,246 | 3,775 | 16.3% |
| Aviation Capital to Expense | 2 | - | - | n/a |
| **Total Expenses Before Charges to Cap/Govt/Envrs Projects** | **170,726** | **188,550** | **206,351** | **9.4%** |
| **CHARGES TO CAPITAL/GOVT /ENVRS PROJECTS** | **(3,380)** | **(4,592)** | **(3,937)** | **-14.3%** |
| **OPERATING & MAINTENANCE EXPENSE** | | | | |
| BUSINESS UNITS | | | | |
| Airport Operations excluding Airline Realignment | 44,283 | 49,459 | 38,032 | -23.1% |
| Airline Realignment | (5) | - | - | n/a |
| Business Dev & Mgmt | 7,508 | 10,503 | 10,755 | 2.4% |
| Utilities | 14,458 | 15,252 | 16,472 | 8.0% |
| **Business Units** | **66,244** | **75,215** | **65,259** | **-13.2%** |
| AVIATION SERVICES | | | | |
| Aviation Director's Office | 2,034 | 1,821 | 1,744 | -4.2% |
| Capital Development | - | - | 1,638 | n/a |
| Division Contingency | - | 1,600 | - | -100.0% |
| Fire Department | 12,762 | 13,371 | 15,043 | 12.5% |
| Aviation Planning | 3,618 | 5,235 | 6,123 | 17.0% |
| Aviation Finance & Budget | 1,955 | 1,932 | 2,184 | 13.1% |
| Community Development | 1,135 | 1,432 | 723 | -49.5% |
| Airport Security | 8,118 | 8,896 | 15,810 | 77.7% |
| **Aviation Services** | **29,622** | **34,288** | **43,267** | **26.2%** |
| AVIATION FACILITIES | | | | |
| AV Facilities & Infrastructure | 2,266 | 2,829 | 4,077 | 44.1% |
| Aviation Signage | 451 | 498 | 506 | 1.6% |
| Airport Building Department | 409 | 533 | 746 | 40.0% |
| Airport Office Building | 1,214 | 1,285 | 999 | -22.2% |
| AV Environmental Programs Group | 3,530 | 5,745 | 6,301 | 9.7% |
| Aviation Maintenance | 56,704 | 58,002 | 75,719 | 30.5% |
| **Aviation Facilities** | **64,573** | **68,890** | **88,348** | **28.2%** |
| **Aviation Operating & Maintenance Expense** | **160,439** | **178,393** | **196,873** | **10.4%** |
| Aviation Risks Expense | **2,435,752** | **1,875,610** | 1,482 | -21.0% |
| Aviation Environmental Remediation Liability | 4,222 | 3,246 | 3,775 | 16.3% |
| Aviation Capital to Expense | 61 | - | - | n/a |
| **Total Operating Expense** | **167,158** | **183,515** | **202,130** | **10.1%** |

BDAVREEX.xls

## E. STAFFING

Table IV-7 outlines the full-time equivalent staffing (FTEs) for the Aviation division. The Aviation 2017 Budget is based on 962.9 FTEs, which is 7.9% higher than the 2016 budget.

**TABLE IV-7: AVIATION DIVISION STAFFING**

| **STAFFING**<br>(Full-Time Equivalent Positions)<br>**BUSINESS GROUP/DEPARTMENT** | **Notes** | **2015 Actual** | **2016 Budget** | (a)<br>**2016 Est. Act.** | (b)<br>**2017 Budget** | **% Change 2017 Bud - 2016 Bud** |
|---|---|---|---|---|---|---|
| AIRPORT OPERATIONS | | | | | | |
| Aeronautical Business Group | a, 10 | 96.0 | 102.0 | 95.0 | 100.8 | -1.2% |
| Landside Business Group | a, 5, 7 | 133.1 | 133.1 | 136.1 | 141.1 | 6.0% |
| **Airport Operations** | | **229.1** | **235.1** | **231.1** | **241.9** | **5.6%** |
| BUSINESS DEVELOPMENT | | | | | | |
| Aviation Properties | 12 | 10.5 | 10.5 | 10.5 | 11.5 | 9.5% |
| Concession | 13 | 8.2 | 8.2 | 8.2 | 8.5 | 3.0% |
| Business Development | | 2.3 | 2.3 | 2.3 | 2.3 | 0.0% |
| Parking Development | a | | 0.0 | 2.0 | 2.0 | n/a |
| Business Management | a | 4.0 | 4.0 | 2.0 | 2.0 | -50.0% |
| Utilities | | 2.0 | 2.0 | 2.0 | 3.0 | 50.0% |
| **Business Development** | | **27.0** | **27.0** | **26.95** | **29.20** | **8.3%** |
| AVIATION SERVICES | | | | | | |
| Airport Director's Office | a, 10 | 8.0 | 8.0 | 6.0 | 5.0 | -37.5% |
| Capital Dev Prog Mgmt | a, 8 | | 0.0 | 4.0 | 6.0 | n/a |
| Fire Department | 2, 14 | 80.0 | 80.0 | 80.3 | 88.3 | 10.3% |
| Planning | a1 | 10.3 | 10.3 | 0.0 | 0.0 | -51.2% |
| Aviation Finance & Budget | a1, 11 | 13.0 | 12.0 | 0.0 | 0.0 | 8.3% |
| Environmental | | 16.3 | 16.3 | 0.0 | 0.0 | 0.0% |
| Noise Programs | | 5.0 | 5.0 | 0.0 | 0.0 | 0.0% |
| Community Development | a1 | 4.3 | 4.3 | 0.0 | 0.0 | -100.0% |
| Airport Security | a1, 3, 4 | 82.6 | 82.6 | 80.3 | 169.3 | 105.0% |
| **Total Aviation Services** | | **219.4** | **218.4** | **170.5** | **268.5** | **28.7%** |
| FACILITIES | | | | | | |
| Facilities & Infrastructure | 8 | 20.0 | 20.0 | 20.0 | 23.0 | 15.0% |
| AV Signage | | 4.0 | 4.0 | 4.0 | 4.0 | 0.0% |
| Airport Building Department | 6 | 6.0 | 6.0 | 6.0 | 8.0 | 33.3% |
| Airport Office Building | | 10.4 | 10.4 | 8.4 | 8.4 | -19.3% |
| Maintenance | 9, 10 | 365.0 | 372.0 | 376.0 | 380.0 | 2.2% |
| **Total Facilities** | | **405.4** | **412.4** | **414.4** | **423.4** | **2.7%** |
| **TOTAL AVIATION DIVISION** | | **880.8** | **892.8** | **842.9** | **962.9** | **7.9%** |

FTE.XLS

**Notes:**

a) The reassignment of 37.25 FTEs between business groups within Aviation Division during 2016 did not change overall staffing levels.

b) The 2017 Budget includes an increase of 126.5 FTEs to support Aviation division growth. Those new FTEs are explained in Notes 3-15 below. Of these, 125.5 new FTEs were additions to Aviation division departments and are reflected in Table IV-7. 1.0 new FTE is in a Corporate department (Aviation Finance & Budget) which is direct charged 100% to the airport, and is therefore not shown in Table IV-7.

c) 2017 Budget includes a reduction of 5.0 FTEs in unused vacant positions.

(1.0 FTE) Limited duration Graduate Fellowship position
(0.5 FTE) Parking Services & Revenue Rep
(1.0 FTE) Lead RCF Bus Driver
(1.0 FTE) RCF Bus Driver Seasonal/Temp (5 @ 0.2 FTE each)
(0.5 FTE) Employee Parking Bus Driver
(1.0 FTE) Operating Maint. Engineer, Apprentice

1) Port-wide reorganization in early 2016 resulted in the budget transfer of 50.15 FTEs from Aviation division to Corporate

10.25 FTEs in Org 4530 Business Intelligence transferred to Corporate
12.0 FTEs in Org 4540 Aviation Finance & Budget transferred to Corporate
16.25FTEs in Org 4580 Environmental transferred to Corporate
5.0 FTEs in Org 3360 Noise Programs transferred to Corporate
4.32 FTEs in Org 4610 Community Relations transferred to Corporate
2.33 FTEs in Org 4160 Emergency Management transferred to Corporate

2) FTE addition during 2016: College Intern (0.25 FTE) added for Org 4400 Fire Department.

3) 2017 Budget: Increase of 6.0 FTE positions - Aeronautical Operations

1.0 Airport Operations Manager - Safety Mgmt.
2.0 Airport Operations Specialists
1.0 Airline Scheduling Systems Specialist
2.0 Cargo Facilities/Business Development

4) 2017 Budget: Increase of 8.0 FTE positions - Landside

2.0 Landside Supervisors
6.0 Ground Transportation Controllers

5) 2017 Budget: Increase of 1.0 FTE position - Aviation Properties

1.0 Aviation Property Manager 2

6) 2017 Budget: Increase of 0.25 FTE position - Airport Dining & Retail

0.25 Graduate Intern

7) 2017 Budget: Increase of 1.0 FTE position - Utility Dept.

1.0 Utility Business Analyst

8) 2017 Budget: Increase of 2.0 FTE positions - Capital Development

1.0 Program Management Coordinator
1.0 Capital Development Program

9) 2017 Budget: Increase of 8.0 FTEs for Fire Dept.

8.0 Firefighters

10) 2017 Budget: Increase of 1.0 FTE position - Aviation Finance & Budget (transferred to Corporate)

1.0 Financial Analyst III

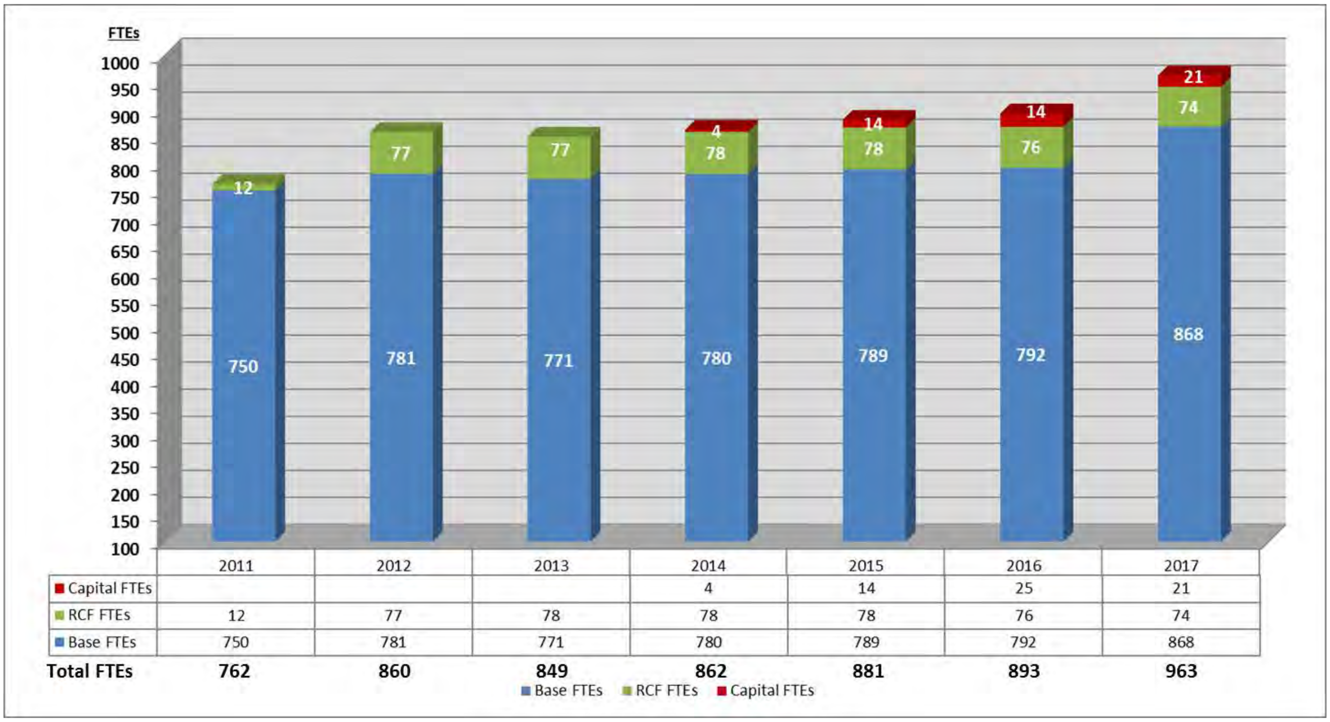
**Notes (continuted):**

11) 2017 Budget: Increase of 85.0 FTEs for 100% Employee Screening
    1.0 Manager
    8.0 Supervisors
    76.0 Security Screeners
12) 2017 Budget: Increase of 4.3 FTE positions - Aviation Security
    1.0 Audit and Compliance Manager
    1.0 Security Compliance Manager
    1.0 Security Systems Process Manager
    1.0 Background Compliance Specialist
    0.25 College Intern - Airport Training
13) 2017 Budget: Increase of 3.0 FTE positions - Facilities & Infrastructure
    1.0 Sr. Engineer, Mechanical Systems
    1.0 Sr. Engineer, Conveyance
    1.0 Sr. Admin Staff Assistant (Limited Duration)
14) 2017 Budget: Increase of 2.0 FTE positions - Building Department
    1.0 Permit Technician
    1.0 Building Inspector/Plans Examiner
15) 2017 Budget: Increase of 5.0 FTE positions - Aviation Maintenance
    1.0 Carpenter
    1.0 Laborer - Parking Garage
    1.0 Automotive Mechanic - Bus Maintenance Facility (BMF)
    1.0 Automotive Mechanic - Fleet
    1.0 Laborer - Bus Washer/Cleaner

**Full-Time Equivalent Staff Positions (FTE’s)**

| 2017 Proposed Budget FTEs | | FTEs | % |
|---|---|---|---|
| **2016 Approved Budget** | | **892.81** | |
| High School Intern positions added (28 @ 0.25) | | 7.00 | |
| Transfer all High School Intern positions to HR (30 @ 0.25) | | (7.50) | |
| College Intern - Fire department | | 0.25 | |
| Transfer of Aviation FTE's to Corporate Division | | (50.15) | |
| **2016 Adjusted Baseline** | | **842.41** | |
| **2017 FTE Reductions & Transfers:** | | | |
| Positions Eliminated in 2017 Budget | | (4.00) | |
| Apprentice, Operating Maint Engineer | (1.00) | | |
| Lead RCF Bus Driver | (1.00) | | |
| RCF Seasonal Bus Drivers | (1.00) | | |
| Bus Driver in Employee Parking | (0.50) | | |
| Cashier in Public Parking | (0.50) | | |
| Graduate Fellowship (limited duration) | | (1.00) | |
| **Net 2017 FTE Reductions & Transfers:** | | **(5.00)** | -0.6% |
| **2017 Budget FTEs BEFORE Proposed New FTEs** | | **837.41** | |
| **Proposed New FTEs:** | | | |
| FTE' for New function: 100% Employee Screening | | 85.00 | 10.1% |
| New FTE's for Existing functions: | | 40.50 | 4.8% |
| Strong passenger growth, compliance requirements, and capital program | | | |
| Airport Security FTE's | 4.25 | | |
| Cargo FTEs | 2.00 | | |
| Landside FTE's | 8.00 | | |
| Building Dept. FTE's | 2.00 | | |
| Fire Dept. FTE's | 8.00 | | |
| Business Development FTE's | 1.25 | | |
| Airport Operations FTE's | 4.00 | | |
| Capital Development/Facilities & Infrastructure FTE | 6.00 | | |
| Maintenance FTE's | 5.00 | | |
| **Proposed New 2017 Budget FTEs** | | **125.50** | **14.9%** |
| **2017 Budget Proposed FTEs - Aviation division only** | | **962.91** | **7.9%** |
| **plus: Corporate FTE's direct charged 100% to airport** | | **39.25** | |
| **2017 Budget FTEs - in Aviation division budget** | | **1,002.16** | |

The graph below shows the trend of FTEs for the Aviation division since 2011. Total staffing for 2017 reflects an increase of 70.1 FTE's over the prior year budget level. The increase from the 2016 Budget to the 2017 Budget is comprised of the addition of 125.5 new FTEs, the elimination of 5.0 FTEs, and the transfer of 50.4 FTEs to other divisions due to a Port-wide reorganization in 2016.




## F. <u>CAPITAL BUDGET</u>

The business plan summaries at the beginning of this section provide the context for the following capital budget for the Aviation Division. Table IV-8 provides a Summary of the Aviation Approved Capital Budget for 2017.

The Aviation Division's capital plan for 2017 – 2021 calls for spending of $2.4 billion. $1.5 billion is for four major projects: NorthSTAR (including expansion of North Satellite), Baggage Recapitalization/Optimization, International Arrivals Facility, and South Satellite Renovation. Thirty three projects, totaling $273 million, were proposed for inclusion as "business plan prospective." A total of $155 million remains in the Allowance CIPs, which is undesignated future spending that will account for as yet undefined future projects or budget increases to existing projects.

**Links to Century Agenda:**

Included in the capital budget are the following projects that directly support the Century Agenda:

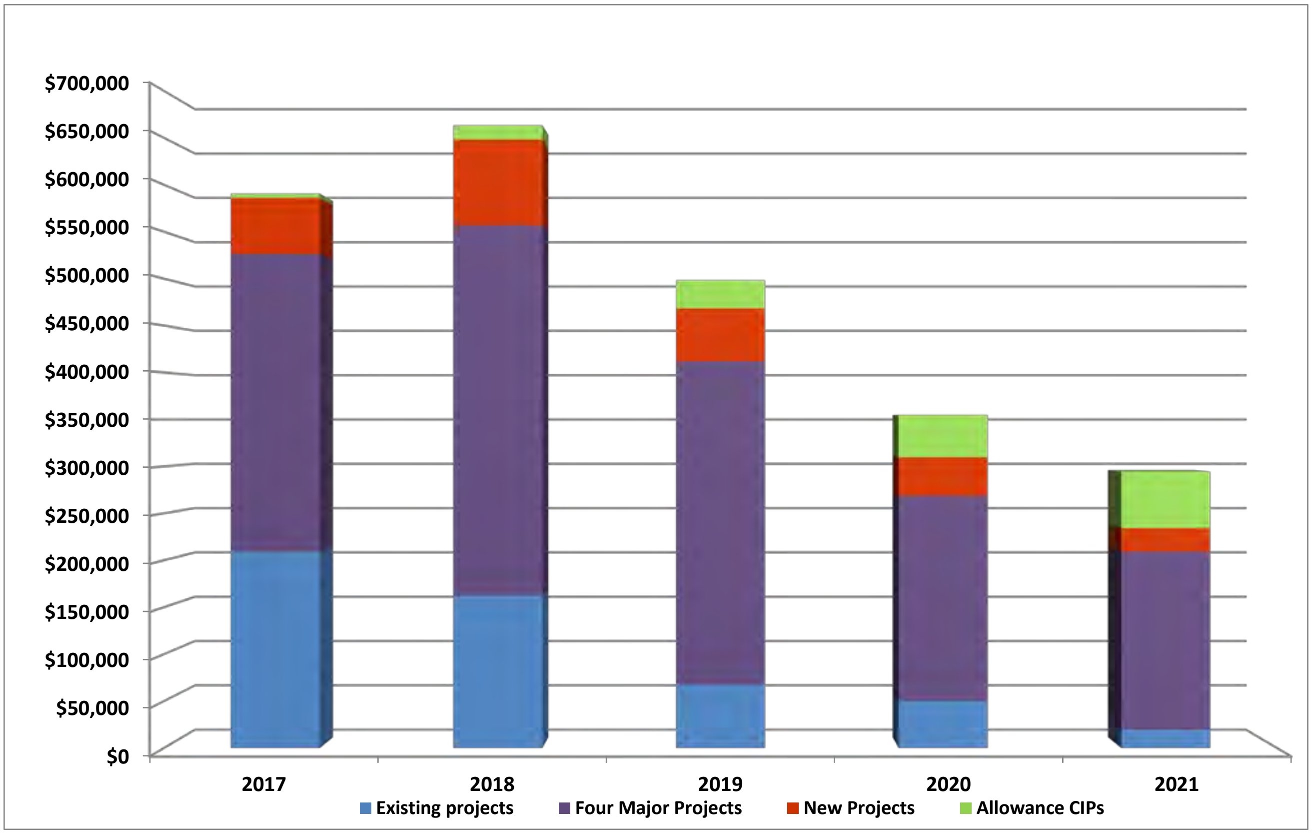
1. Make Sea-Tac Airport the west coast "Gateway of Choice" for international travel and double the number of international flights and destinations:
   - South Satellite Interior Renovations (ongoing).
   - New International Arrivals Facility (ongoing).
2. Meet the region's air transportation needs for the next 25 years
   - Baggage Recapitalization/Optimization (ongoing).
   - Expand North Satellite to add gates (ongoing).
3. Meet all increased energy needs through conservation and renewable sources:
   - Alternate Utility Facility.
   - North Terminals Utilities Upgrade.
   - Main Terminal Low Voltage Systems Upgrade.
4. Meet or Exceed Agency Requirements for Storm Water:
   - IWS Segregation Meters (ongoing).
5. Reduce air pollutants and carbon emissions:
   - Pre-conditioned Air project (ongoing).
   - Electrical ground service infrastructure and charging stations (ongoing).

**Summary by Category:**

| | Cash Flows (Figures in $000s) | | | | | | 2017-21 |
|---|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
| **Four Major Projects** | | | | | | | |
| NorthSTAR | 29,128 | 73,799 | 112,316 | 117,001 | 113,988 | 82,778 | 499,882 |
| International Arrivals Facility | 41,527 | 197,366 | 227,339 | 143,128 | 27,597 | - | 595,430 |
| Baggage Optimization | 5,421 | 45,000 | 45,600 | 64,500 | 47,000 | 57,000 | 259,100 |
| South Satellite Renovation | 30 | 970 | 9,000 | 20,000 | 30,000 | 50,000 | 109,970 |
| Subtotal | 76,106 | 317,135 | 394,255 | 344,629 | 218,585 | 189,778 | 1,464,382 |
| **Other existing projects** | 103,381 | 209,135 | 162,595 | 67,438 | 50,018 | 19,519 | 508,705 |
| **Proposed New Projects** | 1,386 | 59,666 | 91,501 | 56,249 | 41,175 | 24,896 | 273,487 |
| **Allowance CIPs** | - | 4,562 | 15,000 | 30,000 | 45,000 | 60,000 | 154,562 |
| **Total Proposed CIP** | 180,873 | 590,498 | 663,351 | 498,316 | 354,778 | 294,193 | 2,401,136 |

- Four major projects account for $1.5 billion.
- Proposing 33 projects totaling $273M spending through 2021.
- Budget includes place-holder spending for as yet undefined future projects (called "Allowance CIPs"): $155M.
- Budget does not include potential projects to be identified by Sustainable Airport Master Plan (SAMP).

**Summary by Category Chart:**



## Major Projects:

| Major Projects | CIP | 2016 | Cash Flows (Figures in $000s) 2017 | 2018 | 2019 | 2020 | 2021 | 2017 - 2021 Total |
|---|---|---|---|---|---|---|---|---|
| NorthSTAR program | 5 CIPs | 29,128 | 73,799 | 112,316 | 117,001 | 113,988 | 82,778 | 499,882 |
| International Arrivals Facility | C800583 | 41,527 | 197,366 | 227,339 | 143,128 | 27,597 | - | 595,430 |
| Baggage Recapitalization/Optimization | C800612 | 5,421 | 45,000 | 45,600 | 64,500 | 47,000 | 57,000 | 259,100 |
| South Satellite Renovation | C800743 | 30 | 970 | 9,000 | 20,000 | 30,000 | 50,000 | 109,970 |
| Concourse D Hardstand Terminal | C800769 | 278 | 15,000 | 22,722 | - | - | - | 37,722 |
| Alternate Utility Facility | C800538 | 601 | 10,000 | 20,000 | 5,596 | - | - | 35,596 |
| Airfield Pavement Program | C800483 | 38 | 6,500 | 6,500 | 6,500 | 6,500 | 6,394 | 32,394 |
| Restroom Upgrades Conc B, C, D | C800697 | 86 | 3,000 | 5,000 | 7,500 | 7,500 | 5,000 | 28,000 |
| Highline School Insulation | C200007 | - | 7,251 | - | - | 15,675 | - | 22,926 |
| N. Terminals Utilities Upgrade | C800717 | 898 | 8,000 | 8,000 | 3,328 | - | - | 19,328 |
| MT Low Voltage Sys Upgrade | C800061 | 1,170 | 5,000 | 5,000 | 5,000 | 3,039 | - | 18,039 |
| Add'l Baggage Makeup Space IAF | C800836 | 167 | 400 | 15,584 | 2,349 | - | - | 18,333 |
| Concessions Infrastructure | C800638 | 1,694 | 5,000 | 5,000 | 5,000 | 3,581 | - | 18,581 |
| SSAT Make-Up Feed Line | C800780 | 176 | - | - | 8,000 | 5,823 | - | 13,823 |
| Video System Improvements Proj | C800642 | 1,035 | 5,000 | 4,000 | 2,696 | - | - | 11,696 |
| GSE Electrical Chrg Stations | C800335 | 4,199 | 5,000 | 5,066 | - | - | - | 10,066 |
| New Projects | Multiple | 1,386 | 59,666 | 91,501 | 56,249 | 41,175 | 24,896 | 273,487 |
| Allowance CIPs | | - | 4,562 | 15,000 | 30,000 | 45,000 | 60,000 | 154,562 |
| Other (123) | | 93,039 | 138,984 | 65,723 | 21,469 | 7,900 | 8,125 | 242,201 |
| Total | | 180,873 | 590,498 | 663,351 | 498,316 | 354,778 | 294,193 | 2,401,136 |

- Four major projects are shown in the top four lines. Spending for these four projects makes up 61% of the total spending for this category.

Descriptions of major projects:

- NorthSTAR Program: Renovate/expand the North Satellite to address seismic concerns, upgrade HVAC and lighting, upgrade fixtures and add eight gates. This project will also upgrade the baggage system serving the North Satellite, Concourse C vertical circulation, and the Main Terminal at the North end.
- International Arrivals Facility: Build a new FIS facility on the east side of Concourse A in order to expand capacity to process arriving international passengers.
- Baggage Recapitalization/Optimization: Replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity.
- South Satellite Renovation: Renovate the South Satellite to increase the level of service to international departures/arrivals and domestic departure.
- Concourse D Hardstand Terminal: Construct a 32,500 SF building on the East side of Concourse D in the existing North Ground Transportation Lot in order to provide for remote hardstand operations.
- Alternate Utility Facility: Provide an enclosed, dual fuel standby power facility. Upon unexpected loss of normal utility power, the standby power facility will provide stable backup power to the airport within five minutes.
- Airfield Pavement Replacement: Provide budget for annual replacement of the most damaged airfield pavement. The scope each year is determined based on surveys.
- Restroom Upgrades Conc B, C, D: Renovate, enlarge and build new public restrooms on Concourses B, C, and D.
- Highline School Insulation: Complete a comprehensive sound insulation program for Highline School District schools.

- N. Terminals Utilities Upgrade: Replace and extend the existing 45 year old undersized steam, condensate, and chilled water supply and return piping from the Central Mechanical Plant to the North half of the airport.
- Main Terminal Low Voltage: Replace the low voltage electrical systems throughout the main terminal.
- Add'l Baggage Makeup Space IAF: Add additional space to the IAF at the ramp level that can be used to reduce outbound baggage constraints.
- Concessions Infrastructure: Expand dining and retail capacity through the terminal and change uses of existing units to meet increased demand.
- SSAT Makeup Feed Line: Connect the distribution portion of the C60 baggage system to the SSAT for conveyance of bags to the south satellite make-up devices on the ramp level of the building. It will also be connected to the Baggage Optimization project.
- Video System Improvements: Upgrade cameras, add cameras, and upgrade the airport's video management system.
- GSE Electrical Charging Stations: Install electrical charging stations to permit passenger airlines to charge electrical ground service equipment near all gates.

**Proposed New Projects:**

| Next Slide | # of Projects | Description | Cost Estimate | Cash Flows (Figures in $000s) 2017 | 2018 | 2019 | 2020 | 2021 | 2017-21 Total |
|---|---|---|---|---|---|---|---|---|---|
| I | 8 | Safety and Security | 41,777 | 5,152 | 19,697 | 8,500 | 6,044 | 2,296 | 41,689 |
| II | 10 | Asset Management | 54,072 | 12,644 | 21,471 | 15,220 | 4,736 | - | 54,071 |
| III | 6 | Response to Growth: Capacity | 115,039 | 25,614 | 22,340 | 21,055 | 22,400 | 22,600 | 114,009 |
| IV | 3 | Response to Growth: Customer Service | 17,000 | 1,947 | 10,878 | 2,170 | - | - | 14,995 |
| V | 6 | Other | 48,836 | 14,309 | 17,115 | 9,304 | 7,995 | - | 48,723 |
| | 33 | TOTAL | 276,724 | 59,666 | 91,501 | 56,249 | 41,175 | 24,896 | 273,487 |

- A total of 46 projects were proposed to the Aviation Investment Committee for approval.
- The largest project includes the C1 Building Floor Expansion and Garage Plaza and Elevators Update.
- The proposed projects do not include projects that will come out of SAMP.

**I. New Projects – Safety & Security**

| V | CIP | Description | Cost Estimate | Cash Flows (Figures in $000s) 2017 | 2018 | 2019 | 2020 | 2021 | 2017-21 Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | C800650 | Surface Area Management System | 5,000 | 700 | 4,300 | - | - | - | 5,000 |
| 2 | C800779 | Safedock - A5, D10, D11 & GOS | 3,872 | 770 | 3,102 | - | - | - | 3,872 |
| 3 | C800834 | GBAS Upgrade | 3,158 | 220 | 2,938 | - | - | - | 3,158 |
| 4 | C800876 | Fire Station - Westside | 2,400 | 2,020 | 380 | - | - | - | 2,400 |
| 5 | C800842 | AOS Perimeter Fence Line | 3,993 | 346 | 1944 | 1703 | - | - | 3,993 |
| 6 | C800844 | Perimeter Intrusion Detect Sys | 10,000 | 285 | 378 | 997 | 6,044 | 2,296 | 10,000 |
| 7 | C800862 | Terminal Security Enhancements | 9,854 | 300 | 4,285 | 5,269 | - | - | 9,854 |
| 8 | C800880 | Employee Security Screening | 3,500 | 511 | 2370 | 531 | - | - | 3,412 |
| | | | | | | | | | - |
| | | TOTAL | 41,777 | 5,152 | 19,697 | 8,500 | 6,044 | 2,296 | 41,689 |

1. Surface Area Management System: Detect and display the location of aircraft and vehicles throughout the ramp areas of the Sea-Tac using multiple cameras, sensors, and existing data feeds.
2. Safedock – A5, D10, D11 & GOS: Install Safedock units at gates A5, D10 and D11, and connect all 22 existing Safedock units to communications. Install the Safedock Gate Operating System (GOS) and connect it to Inform.

3. GBAS Upgrade: Upgrade Sea-Tac's Ground Based Augmentation System (GBAS), from a beta system to a fully functioning navigational aid.
4. Fire Station Westside: Provide 2 connected modular facilities and an additional ARFF vehicle structure to properly house the Fire Department personnel and equipment.
5. AOS Perimeter Fence Line: Increase the height of the perimeter fence on approximately 820 panels 10 feet wide.
6. Perimeter Intrusion Detect Sys: Provide perimeter detection for the entire airport perimeter.
7. Terminal Security Enhancements: Install bollards in strategic locations on the lower drive and garage. Shatterproof the glass in front of the terminal on the lower and upper drives.
8. Employee Security Screening: Install security screening at two or more exterior gates and add employee portals with metal detectors in the terminal.

## II. New Projects – Asset Management

| | | | Cost | Cash Flows (Figures in $000s) | | | | | 2017-21 |
|---|---|---|---|---|---|---|---|---|---|
| **VI** | **CIP** | **Description** | **Estimate** | **2017** | **2018** | **2019** | **2020** | **2021** | **Total** |
| 1 | C800789 | Garage Plaza & Elevators Update | 23,276 | 3,672 | 6,182 | 8,686 | 4,736 | - | 23,276 |
| 2 | C800801 | Replace Variable Freq. Drive | 5,000 | 2,450 | 2,550 | - | - | - | 5,000 |
| 3 | C800865 | Trenchless Pipe Replace Ph 2 | 5,623 | 390 | 1,293 | 3,940 | - | - | 5,623 |
| 4 | C800878 | ARFF Vehicle Replacements | 2,200 | 2,200 | - | - | - | - | 2,200 |
| 5 | C800900 | Garage Ancillary Renew/Replace | 1,936 | 483 | 1,130 | 322 | - | - | 1,935 |
| 6 | C800901 | Parking Garage - Elec. Panels | 3,267 | 815 | 1,907 | 545 | - | - | 3,267 |
| 7 | C800902 | Conc B - Electrical Panels | 2,675 | 645 | 2,030 | - | - | - | 2,675 |
| 8 | C800903 | Conc B - Mechanical Equipment | 1,328 | 330 | 998 | - | - | - | 1,328 |
| 9 | C800904 | Conc B - Water/Sewer Lines | 2,636 | 636 | 2,000 | - | - | - | 2,636 |
| 10 | C800905 | Conc C - Electrical Panels | 6,131 | 1,023 | 3,381 | 1,727 | - | - | 6,131 |
| | | TOTAL | 54,072 | 12,644 | 21,471 | 15,220 | 4,736 | - | 54,071 |

1. Garage Plaza & Elevators Update: Modernize elevator banks and upgrade elevator lobby areas throughout the garage.
2. Replace Variable Freq. Drive: Replace variable frequency drives that have outlived their useful lives.
3. Trenchless Pipe Replace Ph 2: Replace the oldest water main at STIA, a main artery for the water distribution that supply water to the main terminals.
4. ARFF Vehicle Replacements: Purchase two 3,000 gallon ARFF Units.
5. Garage Ancillary Renew/Replace: Replace or renew identified systems in the garage and central mechanical plant.
6. Parking Garage – Elec. Panels: Replace or renew electrical panels in the garage.
7. Conc B – Electrical Panels: Replace or renew identified electrical components on Concourse B.
8. Conc B – Mechanical Equipment: Replace or renew multiple pieces of the air distribution system on the ramp level of Concourse B.
9. Conc B – Water/Sewer Lines: Replace or renew water and sewer lines outside of Concourse B.
10. Conc C – Electrical Panels: Replace or renew electrical system components in Concourse C.

## III. New Projects – Response to Growth (Capacity)

| III | CIP | Description | Cost Estimate | Cash Flows (Figures in $000s) 2017 | 2018 | 2019 | 2020 | 2021 | 2017-21 Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | C800845 | C1 Building Floor Expansion | 50,000 | 1,100 | 2,000 | 2,500 | 21,800 | 22,600 | 50,000 |
| 2 | C800850 | C61 Upgrades and Add'l Makeup | 16,300 | 7,889 | 8,381 | - | - | - | 16,270 |
| 3 | C800866 | Widen Arrivals Approach | 15,600 | 200 | 1,000 | 14,400 | - | - | 15,600 |
| 4 | C800873 | Concourse B Gate Reconfigure | 10,400 | 9,400 | - | - | - | - | 9,400 |
| 5 | C800875 | Additional STS Cars | 17,450 | 6,525 | 8,175 | 2,150 | 600 | - | 17,450 |
| 6 | C800883 | Central Term Mezzanine Offices | 5,289 | 500 | 2,784 | 2,005 | - | - | 5,289 |
| | | TOTAL | 115,039 | 25,614 | 22,340 | 21,055 | 22,400 | 22,600 | 114,009 |

1. C1 Building Floor Expansion: Construct three additional floors on top of the C1 building for increased office, lounge, and ADR space.
2. C61 Upgrades and Add'l Makeup: Add needed interim baggage system capacity.
3. Widen Arrivals Approach: Widen arrivals approach to add roadway capacity and relieve congestion.
4. Concourse B Gate Reconfigure: Add narrow body aircraft parking positions.
5. Additional STS Cars: Purchase additional train cars for the Satellite Transit system to meet increased service requirements.
6. Central Term Mezzanine Offices: Construct additional space on the 2nd floor of the original 1949 terminal building to support Airport Dining and Retail program's office needs and provide space for airlines, other tenants, and/or Port purposes.

## IV. New Projects – Response to Growth (Customer Service)

| II | CIP | Description | Cost Estimate | Cash Flows (Figures in $000s) 2017 | 2018 | 2019 | 2020 | 2021 | 2017-21 Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | C800833 | Holdroom Seatings for Conc B&C | 6,000 | 367 | 5,628 | - | - | - | 5,995 |
| 2 | C800886 | Central Terminal Enhancements | 3,000 | 750 | 250 | - | - | - | 1,000 |
| 3 | C800898 | Airport Signage Phase 1 | 8,000 | 830 | 5,000 | 2,170 | - | - | 8,000 |
| | | TOTAL | 17,000 | 1,947 | 10,878 | 2,170 | - | - | 14,995 |

1. Holdroom Seating for Conc B&C: Purchase holdroom seating to furnish all holdrooms on Concourses B and C.
2. Central Terminal Enhancements: Replace or enhance furniture, fixtures, equipment, and architectural finishes in the Central Terminal in order to enhance passenger experience at the airport.
3. Airport Signage Phase 1: Design and deliver the first set of signage solutions prescribed by the upcoming signage master plan.

## V. New Projects – Other

| IV | CIP | Description | Cost Estimate | Cash Flows (Figures in $000s) 2017 | 2018 | 2019 | 2020 | 2021 | 2017-21 Total |
|---|---|---|---|---|---|---|---|---|---|
| **Regulatory & Community** | | | | | | | | | |
| 1 | C200095 | Condo Sound Insulation | 24,681 | 700 | 7,993 | 7,993 | 7,995 | - | 24,681 |
| **Grow Non-Aero Revenue** | | | | | | | | | |
| 2 | C800870 | Parking Revenue Infrastructure | 14,611 | 8,550 | 6,061 | - | - | - | 14,611 |
| **Small Business** | | | | | | | | | |
| 3 | C800846 | Kiosk Program Expansion | 3,139 | 1,012 | 2,014 | - | - | - | 3,026 |
| **Business Need** | | | | | | | | | |
| 4 | C800762 | Telecommunication Meet Me Room | 905 | 47 | 47 | 811 | - | - | 905 |
| 5 | C800841 | Tenant Network Demarc Upgrade | 2,500 | 1,000 | 1,000 | 500 | - | - | 2,500 |
| 6 | C800864 | Water System Alternate Source | 3,000 | 3,000 | - | - | - | - | 3,000 |
| | | TOTAL | 48,836 | 14,309 | 17,115 | 9,304 | 7,995 | - | 48,723 |

1. Condo Sound Insulation: Provide sound insulation for condominiums per the outcome of the 2014 Part 150 study.
2. Parking Revenue Infrastructure: Design, install and maintain revenue-enhancing infrastructure for the parking garage.
3. Kiosk Program Expansion: Increase small, local, and/or disadvantage business opportunities in the Airport Dining and Retail program.
4. Telecommunication Meet Me Room: Design and construct a telecommunication room on the fourth floor of the parking garage where telecommunications equipment can run on a 24/7 basis.
5. Tenant Network Demarc Upgrade: Standardize our tenant network “demarc packages” for many existing legacy installations and important vacant properties.
6. Water System Alternate Source: Provide a reliable alternate source to the current high cost source thus saving taxpayer and rate payer expenses.

## TABLE IV-8: AVIATION CAPITAL BUDGET SUMMARY

| ($ in 000's) | 2016 Budget | 2016-2020 CIP | % of 2016 Total Committed |
|---|---|---|---|
| **Committed Capital Projects** | | | |
| Airfield | $70,117 | $118,156 | 22.8% |
| Business Development | 10,680 | 15,440 | 3.5% |
| Landside | 12,525 | 38,410 | 4.1% |
| Air Terminal | 154,500 | 1,286,620 | 50.2% |
| Infrastructure | 44,116 | 102,747 | 14.3% |
| Airfield Security | 6,278 | 10,605 | 2.0% |
| Aviation NOISE | 1,749 | 25,228 | 0.6% |
| Division-wide Projects | 7,968 | 12,558 | 2.6% |
| **Total Committed** | **$307,933** | **$1,609,764** | **100.0%** |
| **Business Plan Prospective Project** | **$52,131** | **$439,924** | |
| **Total CIP** | **$360,064** | **$2,049,688** | |

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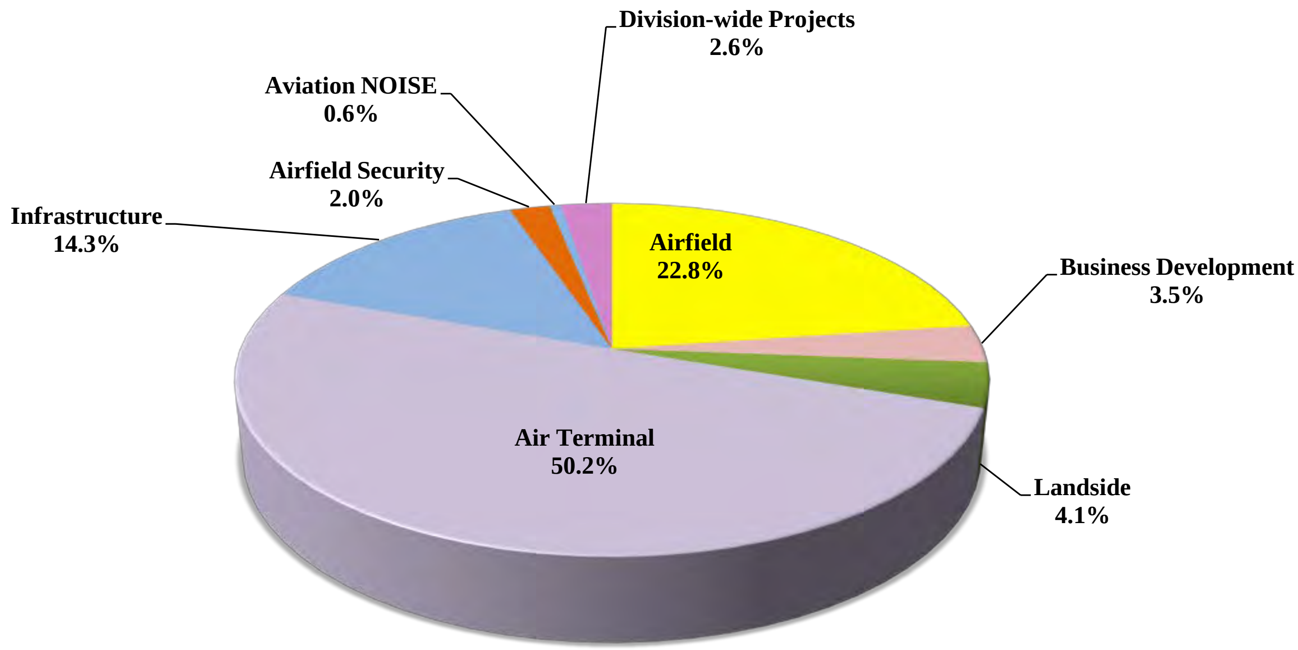
## FIGURE IV-5: AVIATION DIVISION COMMITTED CAPITAL BUDGET

($ 000's)




**Committed CIP Total Spending: $360,064**

## G. AVIATION DIVISION OPERATING STATISTICS

### TABLE IV-9: AVIATION DIVISION OPERATING STATISTICS

| | (1) Enplaned Passengers | | (2) Total Landed Weight | | (3) Air Cargo | |
|---|---|---|---|---|---|---|
| Year | Number | Growth | Pounds | Growth | Metric tons | Growth |
| 1999 | 13,802 | 31.8% | 23,078 | 24.8% | 444,224 | 8.3% |
| 2000 | 14,174 | 2.7% | 23,051 | -0.1% | 456,920 | 2.9% |
| 2001 | 13,506 | -4.7% | 22,178 | -3.8% | 401,535 | -12.1% |
| 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 | 14,982 | 2.4% | 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 Budget | 22,214 | 5.2% | 26,126 | 5.5% | 348,139 | 4.7% |
| 2016 Forecast | 23,009 | 9.0% | 26,536 | 7.2% | 354,000 | 6.4% |
| 2017 Budget | 23,929 | 4.0% | 27,726 | 4.5% | 365,682 | 3.3% |
| **Compound Growth** | | | | | | |
| 2005 - 2015 | | 3.7% | | 2.1% | | -0.2% |
| 2010 - 2015 | | 6.0% | | 4.6% | | 3.3% |

**Notes:**
1) Passengers in thousands
2) Weight in thousands
3) In Metric Tons

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# MARITIME DIVISION

## A. 2017 BUDGET SUMMARY

### TABLE V-1: 2017 CASH FLOW SUMMARY

| ($ in 000's) | | 2017 | Percent of Total |
|---|---|---|---|
| **SOURCES OF CASH** | | | |
| Operating Revenues | | $ 51,830 | 60.1% |
| Interest Receipts | | 1,952 | 2.3% |
| Proceeds from Bond Issues | | - | 0.0% |
| Grants and Capital Contributions | | 4,136 | 4.8% |
| Tax Levy | | 25,277 | 29.3% |
| Other Receipts | | 3,010 | 3.5% |
| **Total** | | **86,204** | **100%** |
| **USES OF CASH** | | | |
| **Expenses from Operations:** | | | |
| Total Operating Expenses | | 46,502 | 45.0% |
| **Debt Service:** | | | |
| Interest Payments | 2,853 | | 2.8% |
| Bond Redemptions | 10,878 | | 10.5% |
| Total Debt Service | | 13,731 | 13.3% |
| Other Expenses | | 6,950 | 6.7% |
| Public Expense | | 1,110 | 1.1% |
| Capital Expenditures | | 35,020 | 33.9% |
| **Total** | | **$ 103,314** | **100%** |

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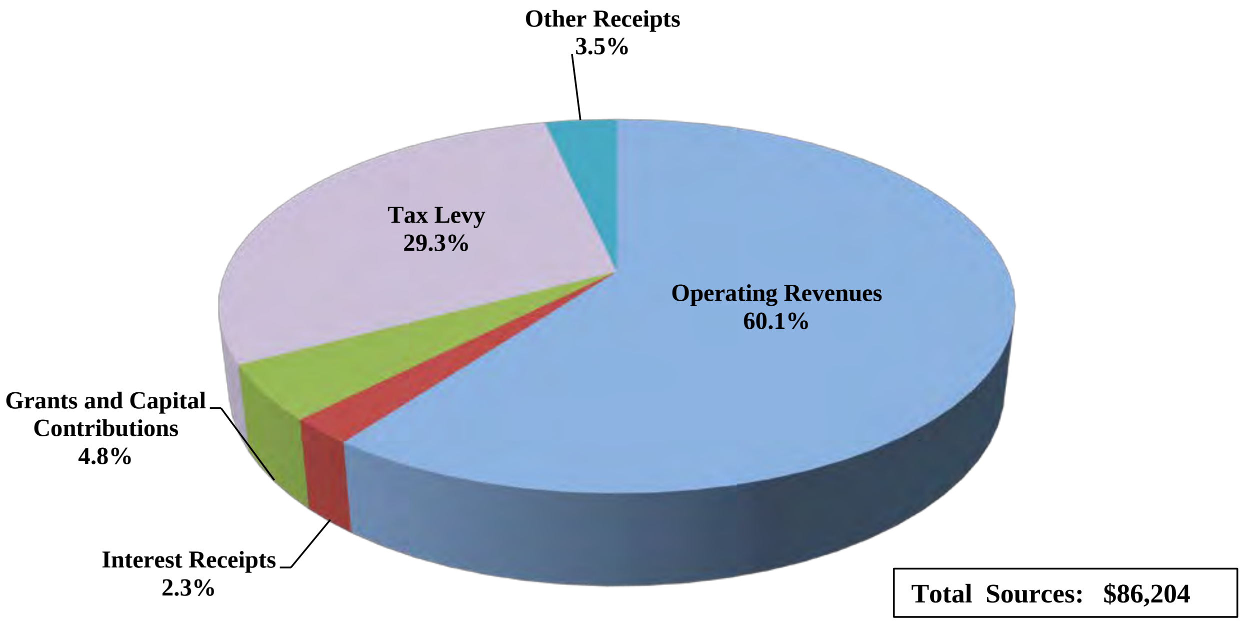
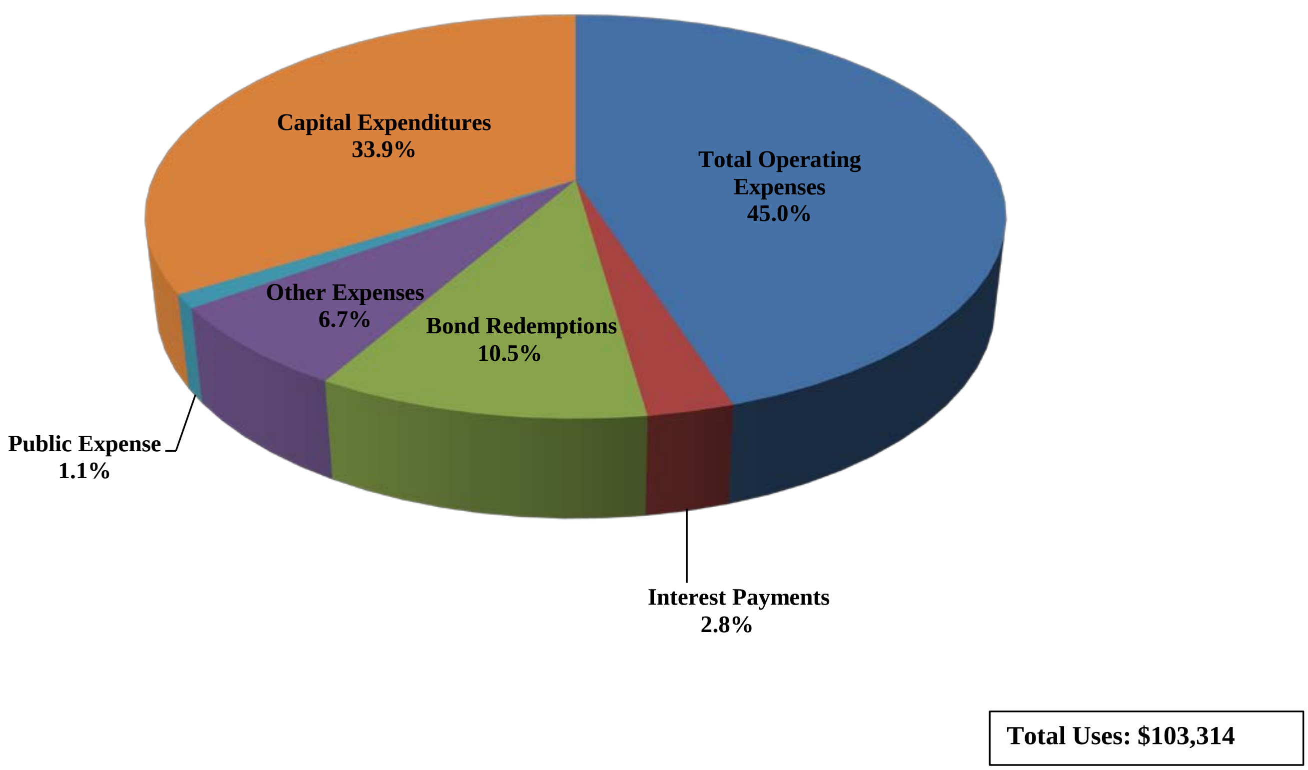
## FIGURE V-1: SOURCES OF CASH

($ in 000's)




## FIGURE V-2: USES OF CASH

($ in 000's)



## B. BUSINESS PLAN FORECAST

### TABLE V-2: BUSINESS PLAN FORECAST

| ($ in 000's) OPERATING BUDGET | Notes | Budget 2016 | Budget 2017 | Forecast 2018 | Forecast 2019 | Forecast 2020 | Forecast 2021 | Compound Growth 2017 - 2021 |
|---|---|---|---|---|---|---|---|---|
| Operating Revenue | | $ 49,314 | $ 51,830 | $ 53,288 | $ 54,732 | $ 56,664 | $ 58,625 | 3.1% |
| **Total Operating Revenues** | | **49,314** | **51,830** | **53,288** | **54,732** | **56,664** | **58,625** | **3.1%** |
| **Total Operating & Maintenance Expenses** | 1 | **42,467** | **46,502** | **46,415** | **47,383** | **48,501** | **49,845** | **1.8%** |
| **Net Operating Income Before Depreciation** | | **6,846** | **5,327** | **6,873** | **7,349** | **8,163** | **8,780** | **13.3%** |
| Total Depreciation Expense | | 17,139 | 16,672 | | | | | |
| **Net Operating Income After Depreciation** | | **$ (10,292)** | **$ (11,345)** | | | | | **Total 2017 - 2021** |
| **Committed Capital Budget** | | $ 23,469 | $ 29,531 | $ 14,984 | $ 3,525 | $ 6,302 | $ 1,788 | $ 56,130 |
| **Business Plan Prospective** | | 4,011 | 5,489 | 29,356 | 45,250 | 8,560 | 19,850 | 108,505 |
| **TOTAL CAPITAL BUDGET** | 2 | **$ 27,480** | **$ 35,020** | **$ 44,340** | **$ 48,775** | **$ 14,862** | **$ 21,638** | **$ 164,635** |

mabpfor.xls

Notes:
1) 2016 Budget reflects Phase II Re-Org.
2) See Section X for details of Capital Budget.

## C. MARITIME DIVISION

### MISSION:

Enrich our maritime legacy by leveraging our properties to create waterfront opportunities and grow maritime jobs in a financially and environmentally sustainable way.

### VISION:

A vibrant working waterfront generating economic vitality for the region.

### MAJOR/NEW INITIATIVES:

- Dramatic Growth: Leverage maritime properties to grow net income and economic benefit
    - Fund and construct Shilshole Bay Marina's new bathrooms/ lockers/laundry facility
    - Modernize Pier 66 and Pier 91 for larger cruise ships (Big Ship Ready II)
    - Develop habitat restoration into a line of business (Port owned waterfront habitat)
    - Investigate feasibility of building dry stack moorage on existing Port properties
- 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
    - Talent Development: Develop staff capabilities, bench strength and opportunities
        - Identify and implement targeted training to increase employee capabilities
        - Engage in succession planning program with Human Resources
        - Develop 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:

The Maritime Division includes four major business groups: Cruise Operations, Fishing and Commercial Operations, Grain and Recreational Marinas. It also includes Marine Maintenance and support from four Centers of Expertise: Environment and Sustainability, Finance & Budget, Security Preparedness and Real Estate Management. These business and service groups oversee strategic planning, business and facility development, maritime security and the management and operations of maritime facilities including cruise, fishing, grain and multi-purpose terminals, commercial moorage, recreational marinas and related properties.

The Maritime Division and its facilities serve a diverse mix of year round and seasonal activities. May through September, Smith Cove Cruise Terminal and Bell Harbor Cruise Terminal serve as homeport for cruise ships headed to Alaska. October through May, Fisherman's Terminal and Terminal 91, serve as homeport for the North Pacific fishing fleet and factory trawlers. Throughout the year, recreational boats are served at Bell Harbor Marina, Harbor Island Marina and Shilshole Bay Marina - home to a vibrant live-aboard community. 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 global cruise market continues to grow with many lines increasing their focus and deployment in Asia. This market growth is supported by global fleet expansion with larger ships and new product innovations to meet the more sophisticated demands of consumers. The Alaskan cruising market remains strong with cruise lines deploying some of their best ships here in the Northwest.

### 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 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, as well as 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 places 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, LDC, is projecting 2016/2017 crop year to be somewhat reduced from current crop year with export volume modestly lower. The U.S. share of global trade for grains is likely to realize some impact from higher competition from other parts of the world.

### Industrial Properties

The Puget Sound Industrial Market is expected to continue to grow but at slightly slower pace in 2017 after a strong recovery in the past couple of years. As of 1st QTR of 2016, total regional vacancy rate has fallen below 5% with Kent Valley, which has the largest industrial inventory of all the Puget Sound submarkets, at 4% and Seattle Close-In market at 1.57%.

### Recreational Boating

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

The current economy is boosting interest in boating and boat sales. Recently released numbers for new boat sales in Washington State show new vessel sales, in January 2016, were the best in current dollars (not adjusted for inflation) since January 2007, before the recession began, and the best since January 2008 in units sold. Nationally, the marina industry reported that 69% of marinas had occupancy level of 85% or higher in 2015.

The 2016 Seattle Boat Show saw a slight increase in attendance of 1.4 percent over 2015. Sales were up 27 percent in units over last year and 22 percent in dollar volume. Product innovation played a big part. Buyers were seeing enough new features and innovations this year to help them rationalize the value.

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.

## <u>BUSINESS ASSESSMENT:</u>

### Cruise

Moderate growth is expected with 14 additional sailings, reflecting increases from nearly all cruise lines, expected for Seattle in 2017, in addition to a larger ship brought in by Holland America Lines at Terminal 91. Revenue passenger counts are expected to increase to more than 1,000,000. Based on continued surveys, the level of satisfaction for Seattle cruise passengers exceeds industry standards. Passengers surveyed express a strong desire to return to Seattle again in the future. The number of pre and post cruise passenger visits is steadily increasing in the region.

### Shilshole Bay Marina

The monthly moorage occupancy at Shilshole Bay Marina remains strong and finished at 97% for 2015. The continued high level of success is attributed to the marina's location, docks with good maneuverability and wide navigation channels, a strong and active live-aboard community, and strong customer focus.

Over the next five years, several marina improvements are planned or underway, including replacement of 1960's era restroom/shower/laundry buildings, repairs to utilities, parking lot pavement replacement, upgrading or replacing the 1962 fuel dock building and rehabilitation of two docks omitted from the 2006-2008 Dock Replacement Project. The commercial property occupancy rate at Shilshole Bay Marina is currently at 100%. The main focus throughout 2017 will be to retain existing tenants and cultivate new revenue streams.

### Fishermen's Terminal and the Maritime Industrial Center

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 (<40') 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 commercial property occupancy at both Fishermen's Terminal and the Maritime Industrial Center is 98%, slightly better than the office industry wide average long term occupancy rate of 97%. The main focus throughout 2017 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. Over the next ten years, the capital plan for the entire Fishermen's Terminal property calls for up to $90M in projects including the NW Dock improvements, Docks 3 and 4 rehabilitation, corrosion protection to seawalls, Net Shed buildings roof replacements, and the Maritime Industrial Center west and central pier resurfacing. These projects are subject to the overall Port of Seattle capital plan funding priorities.

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 replaces old vessels with new ones, not necessarily adding vessels to their respective fleets. Moorage rates at the terminal for fishing and commercial vessels are at 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 2017. 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. The energy sector is driving change in maritime facilities as forward effort continues in oil exploration in north Alaska and as liquefied natural gas (LNG) for marine vessels becomes more prevalent in our region.

### Grain

The Pier 86 Grain Terminal handles corn and soy beans from the upper Midwest states. Despite its age, the terminal is still competitive for handling these grain commodities. The overall market projection is strong and our terminal should remain competitive and productive for the long term. Grain export volumes through T86 in 2015/2016 crop year experienced a sharp drop in the months of March and April and have now returned back to normal activity level.

### 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. 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 local Seattle Close-In market.

## CHALLENGES AND OPPORTUNITIES:

### Cruise Challenges

- Aggressive schedule of cruise line customers to expand facility passenger capacity by 2017
- Controlling the cost of building, maintaining and operating terminals
- Limited capital capacity for investment in cruise terminal modernization to support larger ships

### Cruise Opportunity

- Increased demand for shorter cruise itineraries
- Customer interest in bringing larger cruise ships to homeport in Seattle

**Recreational Marina Challenges**

- Retaining customers and facility availability during upcoming capital improvement projects including Seattle waterfront construction projects
- Maintaining assets responsibly within the Port system while still controlling costs
- Designing and rebuilding the Shilshole multi-use service buildings (restrooms/showers/laundry) in a way that will meet the long term needs of our customers and boost our current revenue streams.
- Identifying and implementing new revenue opportunities that take into consideration marina customer needs
- Balancing Port initiatives with operational work and requirements.
- Adapting facilities and operations to meet dynamic regulatory environment
- Providing developmental opportunities to staff without reducing operational functionality

**Recreational Marina Opportunity**

- Implementing new revenue opportunities that take into consideration marina customer needs
- 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
- 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

**Fishing and Commercial Challenges**

- Potential for further slow decline of the small fishing boat fleet (<40’) due to market conditions
- 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
- Small recreational boat owners are discouraged from taking moorage at FT when summer weather is poor
- Future planning and capital investment in properties with aging infrastructure and implementing energy conservation improvements to improve operating efficiencies and retain customers
- Adapting facilities and operations to meet dynamic regulatory environment
- Attracting new maritime customers and vessel homeport bases with changing land use environment

**Fishing and Commercial Opportunity**

- 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 incentivise continued growth within the fishing and maritime industry
- Establishing short term Transportation Worker Identification Credential (TWIC) berths
- Attracting vessel homeport bases for seafood, tug and barge fleets
- Asset acquisition to accommodate newly constructed larger fishing vessels

**Grain Challenge and Opportunity**

- 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 volume

## D. OPERATING BUDGET SUMMARY

### Background

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

- Implementation of programs that directly support the Port's initiatives to double the regional economic impacts of our Cruise and Fishing businesses. These activities can generate revenue for the Port.
- 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.

### Assumptions

The 2017 Maritime Division Budget is based on the following assumptions:

- Cruise forecasts 1,044,000 passengers, an increase of 8.8% from the 2016 budget, due to 14 additional calls in 2017.
- Grain volume is budgeted at 3.72 million metric tons per forecast from tenant, a 7% decrease from 2016 budget and forecast.
- Recreational Marina occupancy rate of 95%, consistent with 2016 Budget and year end forecast.
- Fishing and Commercial average occupancy rate of 83%, consistent with 2016 forecast and above budget of 82%.
- Commercial Building Properties target 95%+ occupancy at year-end 2017, consistent with current results.
- Salaries and benefits are forecasted using the 2017 budget guidelines of a 3.5% increase to salaries and specified benefit fixed amount/percentage
- 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

### Major Changes in 2017 Budget

### Revenues

| $'s Thousands | 2016 Budget | 2017 Budget | '17-'16 Bud Change $ | '17-'16 Bud Change % |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Cruise Operations** | 15,396 | 16,502 | 1,107 | 7.2% |
| **Bulk Terminals** | 5,002 | 4,508 | (494) | -9.9% |
| **Maritime Portfolio Management** | | | | |
| Marina Office & Retail | 3,976 | 4,012 | 36 | 0.9% |
| Maritime Industrial | 5,968 | 6,605 | 638 | 10.7% |
| **Fishing & Operations** | | | | |
| Fishing & Commercial | 2,912 | 3,052 | 140 | 4.8% |
| Maritime Operations | 5,618 | 6,069 | 451 | 8.0% |
| **Recreational Boating** | | | | |
| Shilshole Bay Marina | 9,637 | 10,284 | 648 | 6.7% |
| Other Marinas | 806 | 796 | (10) | -1.2% |
| **Operating Revenue** | **49,314** | **51,830** | **2,516** | **5.1%** |
| **Total Revenue** | **49,314** | **51,830** | **2,516** | **5.1%** |

Overall Maritime Division Revenues are budgeted to increase by $2.5 million or 5.1%.

Cruise revenues will increase due to an 8.8% increase in passenger volumes as well as year over year rate increases in passenger fees and dockage. A one-time reimbursement related to the new lease at P66 that was budgeted in 2016 results in a decrease year over year, offsetting some of the increase in passenger revenues.

Bulk Terminals decrease in revenue is a result of a more conservative volume estimate provided by the tenant at Terminal 86.

Maritime Industrial revenue increase of 10.7% is driven by new and renewed leases and rate increases.

Fishing and Operations revenues increased due to higher occupancy in the Fishing and Commercial Vessels and better utilization of the assets in Maritime Operations, as well as projected rate increases.

Recreational Boating revenue is budgeted to increase overall due to stable occupancy and increased rates.

## Operating Expense Drivers

Total Maritime Division operating expenses (including direct charges and allocations from Corporate and EDD services groups) are budgeted to increase by $4.0 million or 9.5%. The change reflects an increase in corporate allocations and direct charges of $1.2 million, increase in charges from Economic Development and Environmental service groups of $774K, and an increase in Maritime costs (including Maintenance) of $2 million. The increase in Maritime costs are primarily due to one-time expenditures from Maintenance geared to repairs of Stormwater and other aging port infrastructure, and proposed new initiatives (including new FTE’s) from all groups, but particularly Cruise, to achieve Long Range Plan and Century Agenda goals.

## TABLE V-3: REVENUE BY ACCOUNT

| (in 000's) REVENUE BY ACCOUNT | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud - 2016 Bud |
|---|---|---|---|---|---|
| **Operating Revenue** | | | | | |
| Dckg, Whrfg, Serv/Facility, Passenger Fee | | $ 2,608 | $ 1,915 | 2,594 | 35.5% |
| Equipment Rental | | 306 | 236 | 305 | 29.6% |
| Berthage & Moorage | | 12,091 | 12,668 | 13,371 | 5.6% |
| Parking Revenue | | 14 | 17 | 44 | 150.0% |
| Revenue From Sale of Utilities | | 1,170 | 1,342 | 1,358 | 1.2% |
| Property Rental Revenue | | 20,377 | 22,055 | 22,843 | 3.6% |
| Other Revenues | | 1,652 | 1,399 | 978 | -30.1% |
| **Total Operating Revenue** | 1 | **$ 38,218** | **$ 39,633** | **$ 41,493** | **4.7%** |

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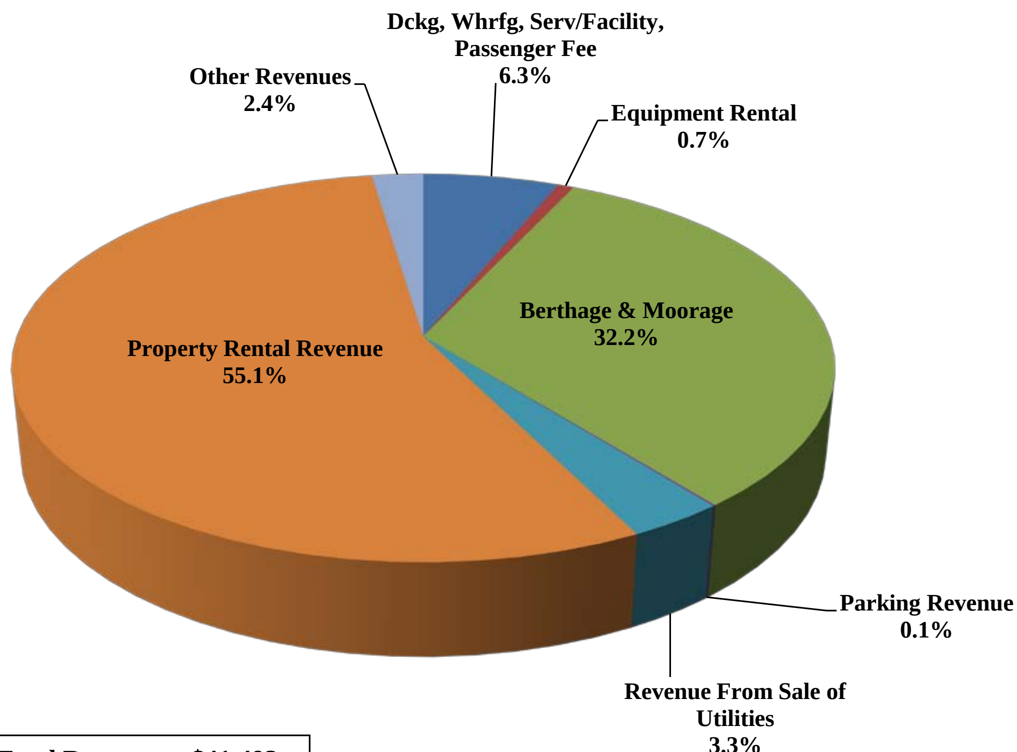
Notes:

1) Revenue does not include allocations from other divisions.

## FIGURE V-3: MARITIME DIVISION REVENUE BY ACCOUNT

($ in 000's)




**Total Revenue: $41,493**

## TABLE V-4: OPERATING AND MAINTENANCE EXPENSES BY ACCOUNT

| ($ in 000's) EXPENSE BY ACCOUNT | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud - 2016 Bud |
|---|---|---|---|---|---|
| Salaries, Wages, Benefits & Workers Comp | | $ 19,233 | $ 21,844 | $ 23,648 | 8.3% |
| Equipment Expense | | 1,017 | 825 | 1,320 | 59.9% |
| Utilities | | 2,803 | 3,103 | 3,527 | 13.6% |
| Supplies & Stock | | 1,521 | 1,693 | 1,594 | -5.8% |
| Outside Services | | 2,235 | 2,519 | 3,613 | 43.4% |
| Travel & Other Employee Expenses | | 286 | 395 | 353 | -10.6% |
| Promotional Expenses | | 68 | 117 | 336 | 187.5% |
| Other Expenses | | 1,270 | 1,946 | 1,178 | -39.4% |
| **Total O&M without Environmental** | | **28,435** | **32,443** | **35,569** | **9.6%** |
| Environmental Remediation Liability Expense | | 114 | 202 | - | -100.0% |
| **Total O&M with Environmental** | | **28,549** | **32,645** | **35,569** | **9.0%** |
| Charges to Capital/Govt/Envrs Projects | | (1,151) | (1,276) | (1,238) | -3.0% |
| **Total Budgeted Operating Expense** | 1 & 2 | **$ 27,398** | **$ 31,368** | **$ 34,331** | **9.4%** |

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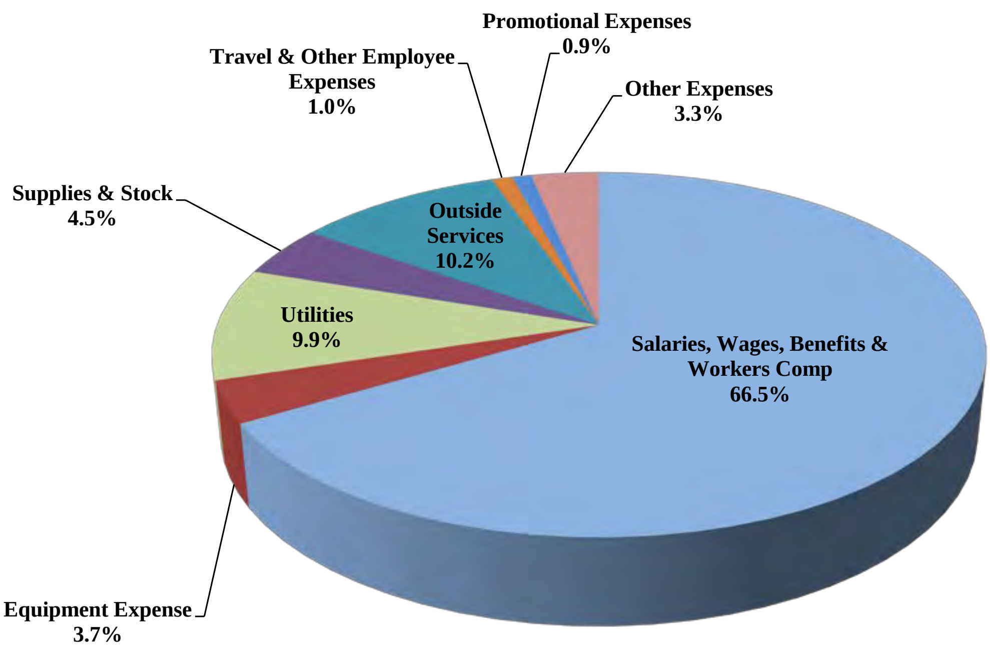
Notes:

1) Tables V-4 & 5 differ from Table V-2, in that they only reflect the division expenses and do not include corporate allocations.
2) 2016 Budget reflects Phase II Re-Org.

## FIGURE V-4: MARITIME DIVISION EXPENSE BY ACCOUNT

($ in 000's)




**Total Before Charges to Capital /Govt/Envrs Projects: $35,569**
**Charges to Capital/Govt/Envrs Projects: $1,238**
**Total Expense: $34,331**

## TABLE V-5: MARITIME REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT

| ($ in 000's)<br>BY BUSINESS GROUP/DEPARTMENT | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud - 2016 Bud |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Fishing & Operations | | $ 8,333 | $ 8,477 | $ 9,068 | 7.0% |
| Recreational Boating | | 9,734 | 10,439 | 11,077 | 6.1% |
| Cruise Operations | | 14,324 | 15,333 | 16,459 | 7.3% |
| Bulk Terminals | | 4,678 | 5,000 | 4,506 | -9.9% |
| Marine Maintenance | | 1,150 | 384 | 383 | -0.2% |
| **Total Operating Revenue** | | **38,218** | **39,633** | **41,493** | **4.7%** |
| | | | | | |
| **EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS PROJECTS** | | | | | |
| **Business Groups:** | | | | | |
| Fishing & Operations | | 4,026 | 4,131 | 4,676 | 13.2% |
| Recreational Boating | | 2,832 | 2,870 | 3,346 | 16.6% |
| Cruise Operations | | 2,298 | 3,184 | 3,660 | 15.0% |
| Bulk Terminals | | 60 | 72 | 64 | -11.9% |
| **Total Business Group Expense** | | **9,215** | **10,257** | **11,745** | **14.5%** |
| **Service Depts.:** | | | | | |
| Marine Marketing | | 498 | 495 | 484 | -2.2% |
| Marine Maintenance | | 18,279 | 20,987 | 22,626 | 7.8% |
| **Other** | | | | | |
| Maritime Administration | | 443 | 563 | 534 | -5.2% |
| Parks | | - | 141 | 180 | 27.9% |
| Maritime Environmental Remediation Liability Expense | | 114 | 202 | - | -100.0% |
| **Total Services Expense** | | **19,335** | **22,387** | **23,824** | **6.4%** |
| | | | | | |
| **Total Expenses Before Charges to Cap/Govt /Envrs Projects** | | **28,549** | **32,645** | **35,569** | **9.0%** |
| | | | | | |
| **CHARGES TO CAPITAL/ GOVT /ENVRS PROJECTS** | | **(1,151)** | **(1,276)** | **(1,238)** | **-3.0%** |
| | | | | | |
| **OPERATING & MAINTENANCE EXPENSE** | | | | | |
| **Business Groups:** | | | | | |
| Fishing & Operations | | 4,026 | 4,131 | 4,676 | 13.2% |
| Recreational Boating | | 2,832 | 2,870 | 3,346 | 16.6% |
| Cruise Operations | | 2,305 | 3,184 | 3,660 | 15.0% |
| Bulk Terminals | | 60 | 72 | 64 | -11.9% |
| **Total Business Group Expense** | | **9,222** | **10,257** | **11,745** | **14.5%** |
| **Service Depts.:** | | | | | |
| Marine Marketing | | 498 | 495 | 484 | -2.2% |
| Marine Maintenance | | 17,124 | 19,710 | 21,388 | 8.5% |
| **Other** | | | | | |
| Maritime Administration | | 440 | 563 | 534 | -5.2% |
| Parks | | - | 141 | 180 | 27.9% |
| Maritime Environmental Remediation Liability Expense | | 114 | 202 | - | -100.0% |
| **Total Services Expense** | | **18,176** | **21,111** | **22,586** | **7.0%** |
| | | | | | |
| **Total Operating Expense** | 1 | **$ 27,398** | **$ 31,368** | **$ 34,331** | **9.4%** |

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Notes:
1) Expenses do not include corporate allocations.

## E. STAFFING

Based on Phase II Reorganization, the Maritime Division transferred 10 FTEs from Maritime Finance and Budget and 17.3 FTEs from Environmental & Planning to the Corporate Division and 3.0 FTEs to the Economic Development Division leaving a total of 161.3 FTEs for 2017.

The following TABLE V-6 outlines the Full-Time Equivalents (FTEs) in the Maritime Division.

### TABLE V-6: MARITIME DIVISION STAFFING

| **STAFFING**<br>(Full-Time Equivalent Positions)<br>**BUSINESS GROUP/DEPARTMENT** | **Notes** | **2015 Actual** | **2016 Budget** | **2016 Est. Act.** | **2017 Budget** | **% Change 2017 Bud - 2016 Bud** |
|---|---|---|---|---|---|---|
| **Business Groups:** | | | | | | |
| Maritime Properties | 1 | 1.0 | 1.0 | | 0.0 | -100.0% |
| Fishing & Operations (FO) | 2 | | | 15.0 | 16.3 | NA |
| Cruise & Maritime Operations (CMO) | 3 | 8.0 | 8.0 | | 0.0 | -100.0% |
| Cruise Operations (CO) | 4 | | | 4.0 | 5.5 | NA |
| Commercial & Recreation Marinas (CRM) | 5 | 33.0 | 33.0 | | 0.0 | -100.0% |
| Recreational Boating (RB) | 6 | | | 17.0 | 19.0 | NA |
| Stormwater Utility* | | 0.0 | 1.0 | 1.0 | 1.0 | 0.0% |
| **Total Business Groups** | | **42.0** | **43.0** | **37.0** | **41.8** | **-2.9%** |
| **Service Departments:** | | | | | | |
| Maritime Environmental & Planning | 7 | 15.6 | 16.6 | 0.0 | 0.0 | -100.0% |
| Maritime Finance & Budget | 7 | 10.0 | 10.0 | 0.0 | 0.0 | -100.0% |
| Maritime Marketing | 8 | | | 2.0 | 2.3 | NA |
| Marine Maintenance | 9 | 113.0 | 113.0 | 116.8 | 115.0 | 1.8% |
| **Total Service Departments** | | **138.6** | **139.6** | **118.8** | **117.3** | **-16.0%** |
| Other | | | | | | |
| Maritime Administration | | 3.0 | 2.0 | 2.0 | 2.3 | 12.5% |
| **TOTAL MARITIME DIVISION** | | **183.6** | **184.6** | **157.8** | **161.3** | **-12.6%** |
| | | | | | | FTE.XLS |

Notes:

1) Transferred to EconDev as a part of Maritime Portfolio
2) 3 FTE from CMO and 12 FTE from CRM and add an Admin, an Intern in 2017
3) Transferred 3 FTE to FO, 4 FTE to CO and 1 FTE of Maritime Security to Corporate
4) 4 FTE from CMO, and add P66 Cruise Facility Manager & seasonal Cruise Facility Maintenance Manager
5) Transferred 12 FTE to FO, 2 FTE to Maritime Marketing, 17 FTE to Recreational Boating, 2 FTE (Maritime Portfolio) to EDD
6) 17 FTE from CRM, add 2 FTE Harbor Facilities Specialists
7) Transferred to Corporate
8) 2 FTE from CRM, and add a college intern
9) Converted 2 long term Emergency Hire Employees to FTE in 2016

* Include Stormwater Utility FTE within Maritime

## F. MARITIME CAPITAL BUDGET

### TABLE V-7: MARITIME DIVISION CAPITAL BUDGET SUMMARY

| ($ in 000's) | 2017 Budget | 2017-2021 CIP | % of 2017 Total Committed |
|---|---|---|---|
| **Committed Capital Projects** | | | |
| Recreational Boating | $3,462 | $15,525 | 11.7% |
| Cruise Operations | 14,271 | 16,209 | 48.3% |
| Fishing and Operations | 6,206 | 6,385 | 21.0% |
| Maritime General | 3,430 | 14,390 | 11.6% |
| Maritime Portfolio Management | 2,162 | 3,621 | 7.3% |
| **Total Committed** | **$29,531** | **$56,130** | **100.0%** |
| **Business Plan Prospective Projects** | **$5,489** | **$108,505** | |
| **Total CIP** | **$35,020** | **$164,635** | |

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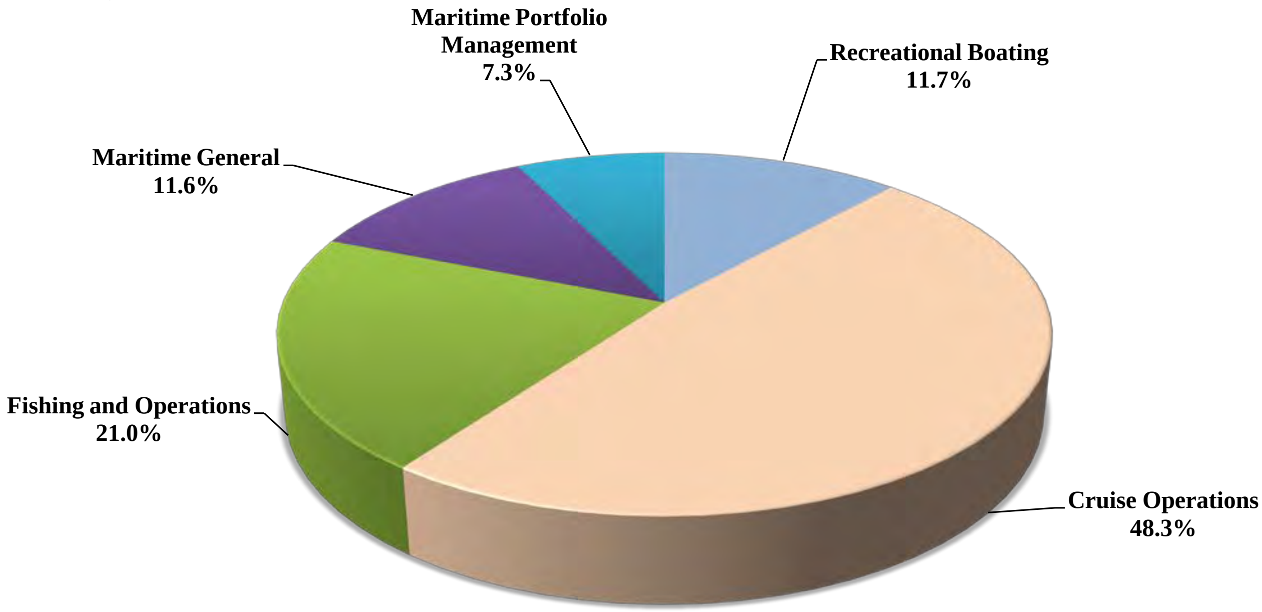
### FIGURE V-5: MARITIME DIVISION COMMITTED CAPITAL BUDGET

($ in 000's)




**Committed CIP Total Spending: $29,531**

## G. MARITIME DIVISION OPERATING STATISTICS

### TABLE V-8: MARITIME DIVISION OPERATING STATISTICS

| | Cruise Ship Sailings | | Cruise Passengers | | Grain | |
|---|---|---|---|---|---|---|
| Year | 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 Budget | 203 | 5.7% | 959,846 | 7.2% | 4,000,000 | 5.9% |
| 2016 Forecast | 203 | 5.7% | 980,000 | 9.5% | 4,000,000 | 5.9% |
| 2017 Budget | 217 | 6.9% | 1,043,530 | 6.5% | 3,720,000 | -7.0% |
| **Compound Growth** | | | | | | |
| 2005 - 2015 | | 1.3% | | 2.7% | | -2.9% |
| 2010 - 2015 | | -2.9% | | -0.8% | | -7.2% |

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# ECONOMIC DEVELOPMENT DIVISION

## A. 2017 BUDGET SUMMARY

### TABLE VI-1: 2017 CASHFLOW SUMMARY

| ($ in 000's) | | 2017 | Percent of Total |
|---|---|---|---|
| **SOURCES OF CASH** | | | |
| Operating Revenues | | $ 16,030 | 70.1% |
| Interest Receipts | | 100 | 0.4% |
| Proceeds from Bond Issues | | - | 0.0% |
| Grants and Capital Contributions | | - | 0.0% |
| Tax Levy | | 6,730 | 29.4% |
| Other Receipts | | 20 | 0.1% |
| **Total** | | **22,881** | **100%** |
| | | | |
| **USES OF CASH** | | | |
| **Expenses from Operations:** | | | |
| Total Operating Expenses | | 29,069 | 60.6% |
| **Debt Service:** | | | |
| Interest Payments | 624 | | 1.3% |
| Bond Redemptions | 2,110 | | 4.4% |
| Total Debt Service | | 2,734 | 5.7% |
| Other Expenses | | 193 | 0.4% |
| Public Expense | | - | 0.0% |
| Capital Expenditures | | 15,950 | 33.3% |
| **Total** | | **$ 47,946** | **100%** |

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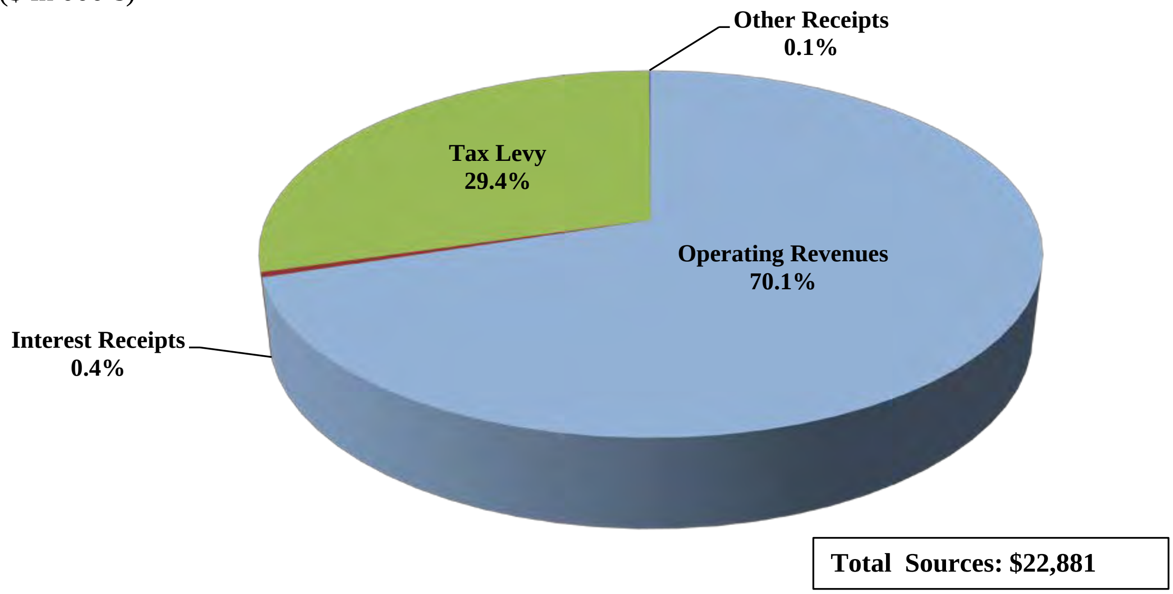
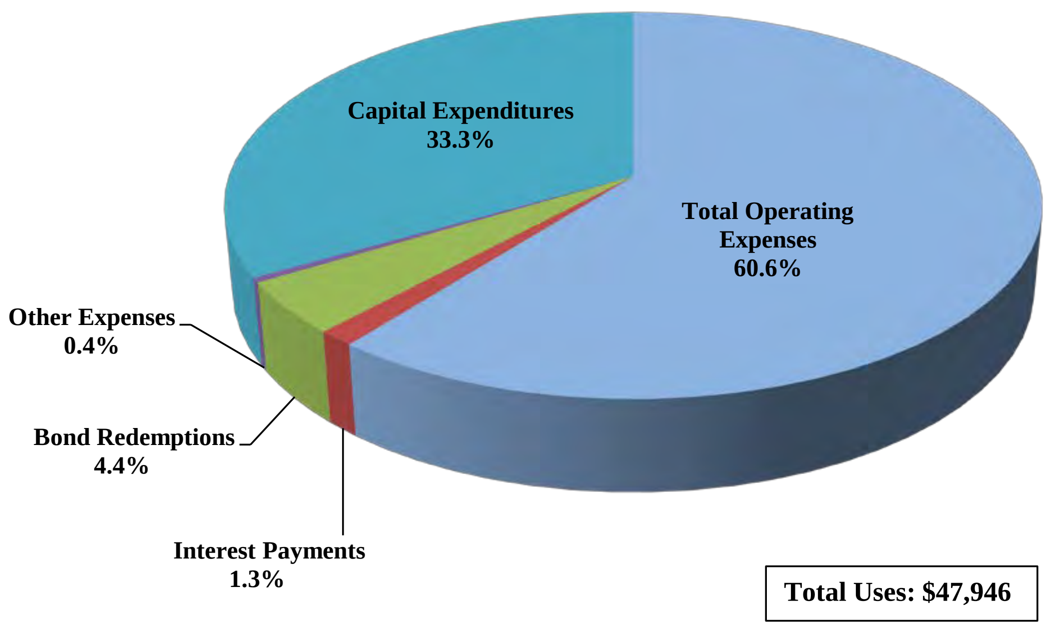
## FIGURE VI-1: SOURCES OF CASH

($ in 000's)




## FIGURE VI-2: USES OF CASH

($ in 000's)



## B. BUSINESS PLAN FORECAST

## TABLE VI-2: BUSINESS PLAN FORECAST

| ($ in 000's) OPERATING BUDGET | Notes | Budget 2016 | Budget 2017 | Forecast 2018 | 2019 | 2020 | 2021 | Compound Growth 2017 - 2021 |
|---|---|---|---|---|---|---|---|---|
| **Operating Revenue** | | $ 13,745 | $ 16,030 | $ 16,861 | $ 18,108 | $ 20,073 | $ 20,818 | 6.8% |
| **Total Operating Revenues** | | **$ 13,745** | **$ 16,030** | **$ 16,861** | **$ 18,108** | **$ 20,073** | **$ 20,818** | **6.8%** |
| **Total Operating Expense** | 1 | **23,446** | **29,069** | **28,517** | **30,773** | **32,266** | **33,320** | **3.5%** |
| **Net Operating Income Before Depreciation** | | **(9,701)** | **(13,039)** | **(11,655)** | **(12,666)** | **(12,193)** | **(12,502)** | **1.0%** |
| Total Depreciation Expense | | 3,461 | 3,854 | | | | | |
| **Net Operating Income After Depreciation** | | **$ (13,163)** | **$ (16,893)** | | | | | |
| | | | | | | | | **Total 2017 - 2021** |
| **Committed Capital Budget** | | $ 11,513 | $ 7,765 | $ 1,703 | $ 1,845 | $ 1,110 | $ 1,130 | $ 13,553 |
| **Business Plan Prospective** | | 945 | 8,185 | 22,249 | 31,620 | 3,010 | 3,000 | 68,064 |
| **TOTAL CAPITAL BUDGET** | 2 | **$ 12,458** | **$ 15,950** | **$ 23,952** | **$ 33,465** | **$ 4,120** | **$ 4,130** | **$ 81,617** |

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Notes:
1) 2016 Budget reflects Phase II Re-Org.
2) See Section X for details of Capital Budget.

## C. ECONOMIC DEVELOPMENT DIVISION

### MISSION:

To implement the Port of Seattle's Century Agenda creating quality jobs and driving economic prosperity throughout Washington State.

### VISION:

The Economic Development Division will implement initiatives that position the King County region for economic success:

- Organize and implement targeted efforts to raise the Port's and the region's image as a business location.
- Develop real estate projects that trigger public/private investment and job creation.
- Identify incubator and economic development projects where the Port's investment could trigger public/private investment, job creation, and return short and long term value to Port of Seattle operations.
- Implement workforce development projects that support the Port's key sectors (ex. Aviation, Marine, Goods Movement, Manufacturing, and Construction).
- Increase international visitor traffic to the region through targeted tourism promotions.
- Support and develop small business enterprises that can partner with the Port on public works projects, concession operations and other goods and service's needs.

The Division also manages many of the Port's key properties including our Pier 69 Headquarters.

The Port is already recognized as a significant driver of regional economic growth but does not have a franchise on economic development and cannot meet the Century Agenda goals unless it works effectively with public and private partners in King County and throughout Washington State.

## MAJOR/NEW INITIATIVES:

The Economic Development Division will implement the following new or expanded initiatives in 2017:

- Economic Development Partnership Grant Program – provides King County cities with funding to support economic development projects in their communities.
- Implementation of the Port's Real Estate Strategic Plan to directly support Century Agenda goals through development and investment in the Port's properties.
- Additional funding for the Cooperative Tourism Promotion Program which provides funding to local communities and non-profits for promotion of tourist destinations to visitors using airport, cruise terminals, and/or marinas.
- Expanded High School Career Exploration and Intern Program.
- Continued Workforce Development Programs, including Airport Career Pathways and Maritime Industrial Workforce Development.

## DIVISION DESCRIPTION:

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

### Real Estate Development & Planning

Real Estate Development & Planning plans and facilitates the development of selected real estate assets currently within its own portfolio and provides development expertise and support to the Maritime and Aviation Divisions. The team also identifies and evaluates new opportunities outside the Port's current portfolio and completes other transactions related to Port assets.

### Portfolio & Asset Management

Portfolio & Asset Management leases, markets, and manages the Division's portfolio of conference, office, retail, commercial, and industrial properties and works to enhance the value of the Division's assets through strategic asset planning and repositioning. Portfolio & Asset Management is organized into three groups:

**Central Harbor Management Group**
Central Harbor Management Group manages markets, leases and plans for Economic Development Division assets located from Terminal 91 to Pier2/CEM in West Seattle. This includes various retail, office and industrial properties, and the conference and event centers.

**Lease Administration & Utilities Group**
Lease Administration & 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 use of the Port's Foreign Trade Zone for the benefit of businesses that import/export goods from/to other countries.

### Small Business

The Small Business Program supports economic development efforts in the communities we serve and programs helps ensure that port activities are conducted within a framework of equity, inclusion and equal access to economic opportunity.

**Workforce Development**

The Port's workforce development initiatives provide a roadmap and overarching principles to strengthen the Port's key sectors by ensuring they enjoy a robust talent pipeline. They also leverage the Port's leadership and influence to create high quality jobs, increase access to good jobs, as well as to support career advancement, and expand incomes and shared prosperity for our community.

**Tourism Development**

The Port's tourism development and promotion program began over thirty years ago. Our marketing efforts include supporting tourism promotion in five key direct flight overseas markets (Japan, China, UK, France and Germany) with a focused effort to increase cruise expenditures in the Pacific Northwest, granting funding to regional destination marketing organizations which will increase visitors' awareness and use of the Port's visitor properties (Sea-Tac airport, cruise terminals and marinas).

**Pier 69 Facilities Management**

Pier 69 Facilities Management ensures functionality of Port Headquarters by integrating people, place, process, and technology. Operations include reception, motor pool, mailroom, shipping & receiving, conference center, and Clipper Café.

## INDUSTRY ASSESSMENT:

### Local Real Estate Market:

**Industrial:**

The local industrial real estate market remains strong but growth appears to be slowing. According to Colliers International, Seattle's industrial market should see greater than average growth over the foreseeable future as new supply meets still growing demand, bringing the overall market to equilibrium. Rental rates increased modestly quarter over quarter and may level off in the next 12 to 18 months as new supply hits the market to meet demand. The vacancy rate is 4.3% market wide, mostly consistent year over year. In the Kent Valley, which includes the airport market, the vacancy rate is just 3.4%. The Seattle vacancy is even lower at 1.7%.

**Commercial:**

The local commercial real estate market continues to be dominated by the technology industry, which accounts for 90% of preleases and more than 60% of tenants currently in the market. According to Colliers International, demand continues to far outpace supply especially for large blocks of space versus smaller spaces. Throughout 2017, vacancy will hold steady, even as new construction begins to deliver. Global tech companies continue their expansion into the Puget Sound market – growing head count, expanding operations and absorbing large blocks of space.

**Tourism:**

Tourism is the state's fourth-largest export industry according to Gross Domestic Product (GDP) produced, following software, aerospace and agriculture and processed food. Visitors to Washington State in 2015 spent $20.7 billion and generated $1.8 billion in local and state tax revenues. Travel and tourism supported more than 170,500 jobs and generated earnings (payroll) in excess of $5 billion in our state. According to the US Travel Association, international visitors spend an average of 5 times more than domestic travelers—which makes international a very lucrative market.

## BUSINESS ASSESSMENT:

### PORTFOLIO & ASSET MANAGEMENT

**Leasing and Marketing:**

The occupancy level of our Commercial Properties is currently at 95%+ compared to a broader Seattle market occupancy of approximately 93%. We expect leasing activity to remain stable with current economic conditions but will continue to wrestle with local challenges (e.g. transportation infrastructure projects) on the Central Waterfront and Duwamish. Corresponding increases in leasing activity are expected in most other submarkets.

**Operations and Maintenance:**

The commercial real estate industry's focus on energy efficiency has resulted in a downward trend in total operating expenses with approximately two-thirds of the savings achieved in the utility category, underscoring an industry focus on maximizing building efficiency.

A large portion of the operations and maintenance services related to the portfolio are provided through the Marine Maintenance Department. Our teams will continue to work together to improve operating efficiencies, to reduce environmental impact, to budget appropriately, and to manage our expenses in order to maintain and improve the value of our portfolio of real estate assets.

**Capital Investments/Improvements:**

By the end of 2016, the Portfolio and Asset Management team is expected to have overseen roughly $8.4 million in capital investments being made in the commercial and hospitality properties. Investments will be reflected in sustained existing revenues and improved operating efficiencies intended to position the properties for improving market conditions and opportunity for additional revenue.

### SMALL BUSINESS

The Economic Development Division's Small Business Program implements outreach and training initiatives to ensure small and disadvantaged businesses have the resources they need to successfully secure Port contracting opportunities. POS Small Business will also work to develop incubators that provide space and entrepreneurial support for Port cluster industries.

### WORKFORCE DEVELOPMENT

The port sectors supported by Port investments in the areas of small business participation and workforce development (Airport, Maritime and Construction) have rebounded from the recession. Prime businesses are seeking our support to find qualified small businesses as sub-contractors and qualified employees and job-seekers to support their operations, in particular at the airport. The Port has embarked on a major construction program at Sea-Tac Airport, which will provide many opportunities for small businesses and will create jobs for the regional community members.

### REAL ESTATE DEVELOPMENT & PLANNING

The group's strength lies in a relatively well-located portfolio of underutilized sites in Seattle and surrounding the airport. This is particularly significant given the increasingly smaller supply of close-in, well-served industrial land available for development. The real estate portfolio is one of the Economic Development Division's best means of increasing revenue and related job creation. Disposition of the portfolio, however, will require a careful balancing of both financial and the non-financial objectives described in the Century Agenda and applying both a short and long-term filter to potential transactions.

**TOURISM**

International visitors are "high value", as they spend more time and more money on vacation than domestic travelers. These "long-haul" travelers typically have up to 3 weeks of vacation, and often visit multiple destinations in one trip. This focus is a successful niche for us, generating multiple international media stories and earning a "Port of the Year" designation from a German cruise publication. Promotion partnerships with one cruise line (NCL) in Germany and the UK resulted in an increase of 26% and 40% bookings through Seattle, respectively. The Tourism department will continue to identify means to educate and inform domestic and international cruise offices, tour operators and retail travel agents about cruising from Alaska and pre / post stay extensions in Seattle and the Pacific Northwest that will increase awareness and interest in Seattle as a great cruise and visitor destination.

## CHALLENGES AND OPPORTUNITIES:

### PORTFOLIO & ASSET MANAGEMENT

**Commercial Properties**

**Challenges:**

- Having experienced high vacancy rates over an extended period, during the last recession, landlords of commercial real estate will continue to aggressively pursue tenants looking for commercial space. Well-positioned and maintained properties that offer attractive amenity packages more readily benefit from improving market conditions.
- Compliance with legal, financial and regulatory aspects of public entity ownership of real property can result in having a less competitive edge than the private sector in the commercial real estate market (contracting procedures, security deposit requirements, and limited flexibility in negotiations). This is likely to be reflected in achievable lease rates at the lower end of the market range and/or lengthier vacancies through missed opportunities.
- Locations of several properties within the portfolio provide only limited amenities such as public transportation, shopping, dining, walking trails, etc.
- Updating and refurbishing aging infrastructure will require forward planning and capital investment.
- Improving operating efficiencies in properties with aging infrastructure and implementing energy conservation improvements will involve forward planning and capital investment.
- There continues to be concern with local businesses that will be affected by the Alaskan Way Seawall Project. Perception in the market is that the disruption from the ongoing work currently underway on the waterfront will continue to negatively affect businesses along the entire waterfront for the next several years with the following potential impacts.
  - Loss of traffic capacity and parking, commute time congestion
  - Walking access is constrained, impacting tourist activity
  - Customer, public, employee and supplier access to businesses are restricted and congested
  - Negative impact to seasonal business volume from both the physical and perceptual blockages
  - Negative impact of construction activity (i.e., noise, congestion, muck)
  - Loss of key infrastructure on the waterfront that serve the public and customer needs
  - Potential tenant's employee access to waterfront office space may be impeded
  - Limited shopping, activities, and dining choices for employees of potential office tenants
  - Public and potential tenants may likely avoid the waterfront altogether
  - No public transportation along Alaskan Way
- The multiple organizational changes in progress and more coming make it difficult to continue process improvement and performance metrics development with significant unknowns.
- The Northwest Seaport Alliance and Surface Water Utility both present potential for many system configuration challenges, changes to various reports, SharePoint workflow design, and support staff assignments. Until more detail has been developed, we are proceeding to analyze the most likely

outcomes in order to be prepared for implementation in a timely manner when the organization structures have been finalized.

**Opportunities:**

- The current real estate market has recovered and is expected to continue to provide new opportunities for additional revenue.

**<u>Conference & Event Centers</u>**

**Challenges:**

- Hotel room supply – Seattle is an increasingly popular destination and hotel room supply is currently down thereby limiting the ability to leverage good rates for out of town conference business.
- 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.
- Aging facilities - Updating and refurbishing aging infrastructure will require forward planning and capital investment.
- Competitive market – New and refurbished events spaces are currently in development, offering more space, flexibility and modern amenities. A number of event space venues have recently opened or have been remodeled recently (the Motif, the (Marriott) Renaissance Hotel, the Westin Hotel, the Chihuly Garden and Glass, the Conference Center at the Washington State Convention Center, and MOHAI).
- Schedule conflicts - Cruise activity and departure times often conflict with opportunities for planned events and has a negative impact on event opportunities.
- Parking capacity at Pier 91, Smith Cove Conference and Event Center, is very limited and inconveniently located. Also, transportation options to the site are limited.
- The prospective expansion of the cruise program at Pier 66 may constrain event operations.

**Opportunities:**

- Continued Investment – The rebuilding of the Seattle Waterfront over the next few years presents a distinct opportunity to leverage historical success and iconic heritage to update and refresh the Bell Harbor International Conference and Event Center, the Maritime Event Center and the World Trade Center Seattle in anticipation of renewed regional and international interest.
- Leveraging Paul Schell Center – The renaming of Bell Street Pier provides another opportunity to leverage on ongoing investment in the facilities at Pier 66. Additionally, renaming the entire complex at Pier 66 would also greatly enhance the visibility and search profile of the Conference Center and the cruise terminal.

**SMALL BUSINESS**

**Challenges:**

- How best to respond to the under-representation of minority and women in port contracting, as documented by the 2014 disparity study.
- How to ensure the accurate collection, tracking and reporting of participation by ethnicity in Port business opportunities.
- How to determine transparent, fair and most effective changes to procurement policy and processes to create more opportunities for Minority, Woman, Disadvantage Business Enterprise and Small Business Enterprise firms.
- Reduce internal perceived barriers towards small businesses (i.e. “they can’t perform”, “they are not big enough”, “this is specialized work”, “too risky”).
- Encourage firms to get MWBE businesses certifications.

**Opportunities:**

- Updating the Port's small business resolution 3618 to add inclusion of women and minority participation goals, thus ensuring a more inclusive program.
- Collecting, tracking and reporting of small business/ethnicity information as part of the small business reports.
- Expanding training programs for small business interested in contracting with the Port
- Creation of Incubators that support Port sectors:
  - Construction Trades
  - Maritime
  - Food Manufacturing

**WORKFORCE DEVELOPMENT**

**Challenges:**

- How to maximize the Port's legislative authority and funding available for workforce development.
- How best to identify other sources of Expansion Funds – Levy, General Fund, Tenant Charges, Contractor Labor Hour Charges.
- Draft resolutions needed to support/enable new strategy.
- How to support the Commission's Quality Jobs Strategy.

**Opportunities:**

- The Port Commission has publicly expressed an interest in the expansion of the workforce development strategy.
- The CEO has expressed support in continued Port investments and in the program expansion.
- Source(s) of Expansion Funds – Levy, General Fund, Tenant Charges, Contractor Labor Hour Charges.
- Resolution as needed to support/enable new strategy.
- Quality Jobs – implementation, enforcement, and impact measurement.

**REAL ESTATE DEVELOPMENT & PLANNING**

**Challenges:**

- How best to maximize the Port's limited legislative authority and funding available for workforce development.
- How best to identify other sources of Expansion Funds – Levy, General Fund, Tenant Charges, Contractor Labor Hour Charges.
- How to support the Commission's Quality Jobs Strategy.

**Opportunities:**

- The Port Commission has approved expanded investment in workforce development strategy.
- The CEO has expressed support in continued Port investments and in the program expansion.
- Work with WPA to draft legislation to articulate Port's authority to support workforce development.
- Source(s) of Expansion Funds – Levy, General Fund, Tenant Charges, Contractor Labor Hour Charges.
- Quality Jobs – implementation, enforcement, and impact measurement.

**TOURISM**

**Challenges:**

- Port of Seattle and Visit Seattle's agreement calls for both organizations to work collaboratively and cooperatively in promoting the area in selected international markets that have the opportunity to grow leisure visitation. We will collaboratively work to reach consensus with respect to expansion in 2017.

**Opportunities:**

- Build on "cruise-and-stay program" by investing in joint promotions with cruise lines and tour agencies, and target cruise media for coverage, focusing on the United Kingdom, Europe, and Asia as top cruising markets in the world.
- Develop, build and re-invigorate off-season programming for targeted international markets, partner with top-producing tour agencies and key media for promotion.

## D. ECONOMIC DEVELOPMENT 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 small businesses, workforce development, and tourism. 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 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 2017 Economic Development Division Budget is based on the following assumptions:

- Commercial properties are expected to remain at 95% or greater occupancy at year-end 2017, consistent with a forecasted occupancy of 95%+ at year-end 2016.
- Conference and Event Center revenues are budgeted to be 26% higher than 2016 Budget due to higher than expected activity during ongoing P-66 construction.
- Economic Development Partnership Grants are expected to continue.
- The Cooperative Tourism Promotion Program is expected to increase by $150,000.
- Salaries and benefits were forecasted using the 2017 Budget guidelines of a 3.5% increase to salaries and specified benefit fixed amount/percentage.
- Utility rate increases were 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 2017 Budget

The 2017 budget reflects new expenditures for the Economic Development Partnership Grant Program with King County cities and additional funding for the Cooperative Tourism Promotion Program with local communities and non-profits.

The 2017 budget also reflects higher revenue expected form the Bell Harbor International Conference Center over the 2016 Budget.

The 2017 budget reflects the reorganization of the Office of Social Responsibility functions, the addition of the Offices of Workforce Development and Small Business, and the final sale of Eastside Rail Corridor that closed in March 2016.

### Revenues

Economic Development Division Operating Revenues are budgeted to increase by $2.3 million or 16.6% compared to the 2016 budget. Overall, Portfolio & Asset Management's revenues are up due to higher than expected activity at Conference & Event Centers despite ongoing construction at Pier 66. Higher revenue from the Central Harbor Management Group is expected primarily due to higher occupancy at T-91 uplands and the Harbor Marina Corporate Center at T-102.

| $'s in 000's | 2016 Budget | 2017 Budget | *Incr (Decr)* 17-'16 Budget Chg $ | % |
|---|---|---|---|---|
| **Revenue** | | | | |
| Portfolio & Asset Management | 13,742 | 16,028 | 2,286 | 16.6% |
| *Central Harbor Mgmt Group* | *7,421* | *8,055* | *634* | *8.5%* |
| *Conference & Event Centers* | *6,296* | *7,943* | *1,647* | *26.2%* |
| *Foreign Trade Zone* | *25* | *30* | *5* | *20.0%* |
| Eastside Rail | 1 | 0 | (1) | 100.0% |
| Other | 2 | 2 | 0 | 7.8% |
| **Total Revenue** | **13,745** | **16,030** | **2,285** | **16.6%** |

**Operating Expense Drivers**

Total Economic Development Division operating expenses (including direct charges and allocations from Corporate, Capital Development and Maritime service groups) are budgeted to increase by $5.6 million or 24% over the 2016 budget. The change reflects increased Conference and Event Center expenses, due to higher activity (see revenue change explanation above). Higher expenses are expected from Workforce Development for new and continued investment in programs, including internships, the Airport Career Pathways Program, and for Maritime Industrial Workforce Development. In addition, Corporate Expenses are budgeted to increase by $1.3 million primarily due to changes to the corporate standard allocation methodology and higher corporate expenses relating to new initiatives.

## TABLE VI-3: REVENUE BY ACCOUNT

| REVENUE BY ACCOUNT ($ in 000's) | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud 2016 Bud |
|---|---|---|---|---|---|
| Operating Revenue | | | | | |
| Parking Revenue | | 181 | 164 | 168 | 2.7% |
| Revenue From Sale of Utilities | | 2,378 | 2,498 | 2,682 | 7.4% |
| Property Rental Revenue | | 76,694 | 79,950 | 84,183 | 5.3% |
| Other Revenues | | 11,228 | 9,356 | 11,110 | 18.8% |
| **Total Operating Revenue** | 1 | **$ 90,481** | **$ 91,967** | **$ 98,144** | **6.7%** |

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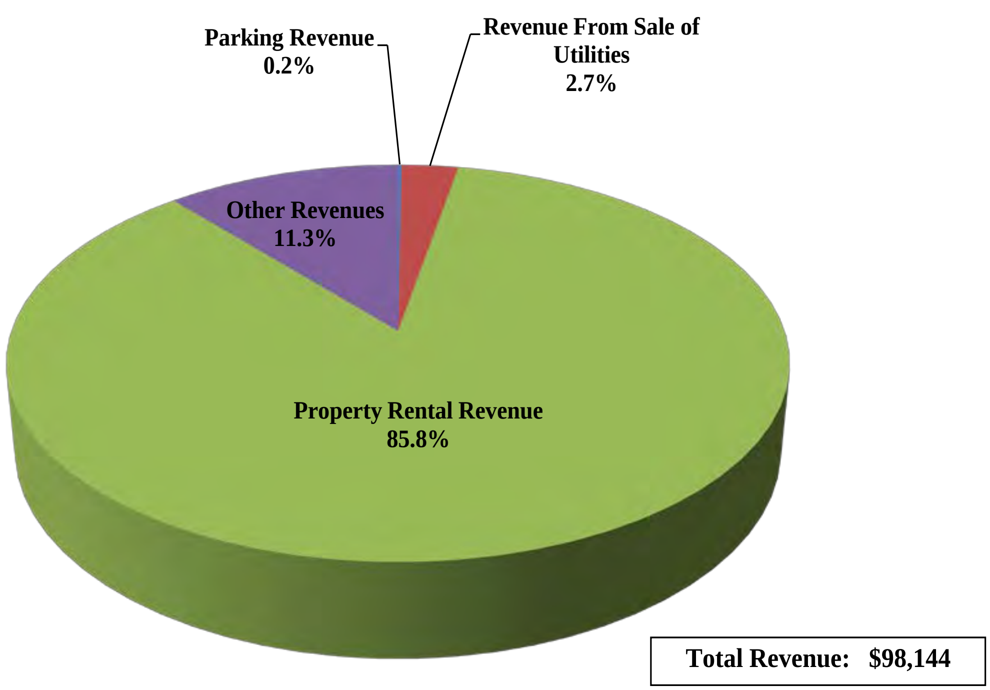
Notes:
1) Revenue does not include allocations from other divisions.

## FIGURE VI-3: ECONOMIC DEVELOPMENT DIVISION REVENUE BY ACCOUNT

($ in 000's)



## TABLE VI-4: OPERATING & MAINTENANCE EXPENSES BY ACCOUNT

| ($ in 000's)<br>EXPENSE BY ACCOUNT | Notes | 2015<br>Actual | 2016<br>Budget | 2017<br>Budget | % Change<br>2017 Bud<br>2016 Bud |
|---|---|---|---|---|---|
| Salaries, Wages, Benefits & Workers Comp | | $ 6,716 | $ 7,639 | $ 8,487 | 11.1% |
| Equipment Expense | | 435 | 200 | 829 | 314.1% |
| Utilities | | 3,885 | 4,082 | 4,075 | -0.2% |
| Supplies & Stock | | 146 | 130 | 154 | 18.1% |
| Outside Services | | 4,266 | 8,473 | 10,762 | 27.0% |
| Travel & Other Employee Expenses | | 210 | 338 | 388 | 14.7% |
| Promotional Expenses | | 65 | 82 | 254 | 211.5% |
| Other Expenses | | 11,091 | 11,827 | 12,498 | 5.7% |
| **Total O&M without Environmental** | | **26,813** | **32,770** | **37,447** | **14.3%** |
| Environmental Remediation Liability Expense | | | - | - | 0.0% |
| **Total O&M with Environmental** | | **26,813** | **32,770** | **37,447** | **14.3%** |
| Charges to Capital/Govt/Envrs Projects | | 3 | - | - | 0.0% |
| **Total Operating Expense** | 1 & 2 | **$ 26,816** | **$ 32,770** | **$ 37,447** | **14.3%** |

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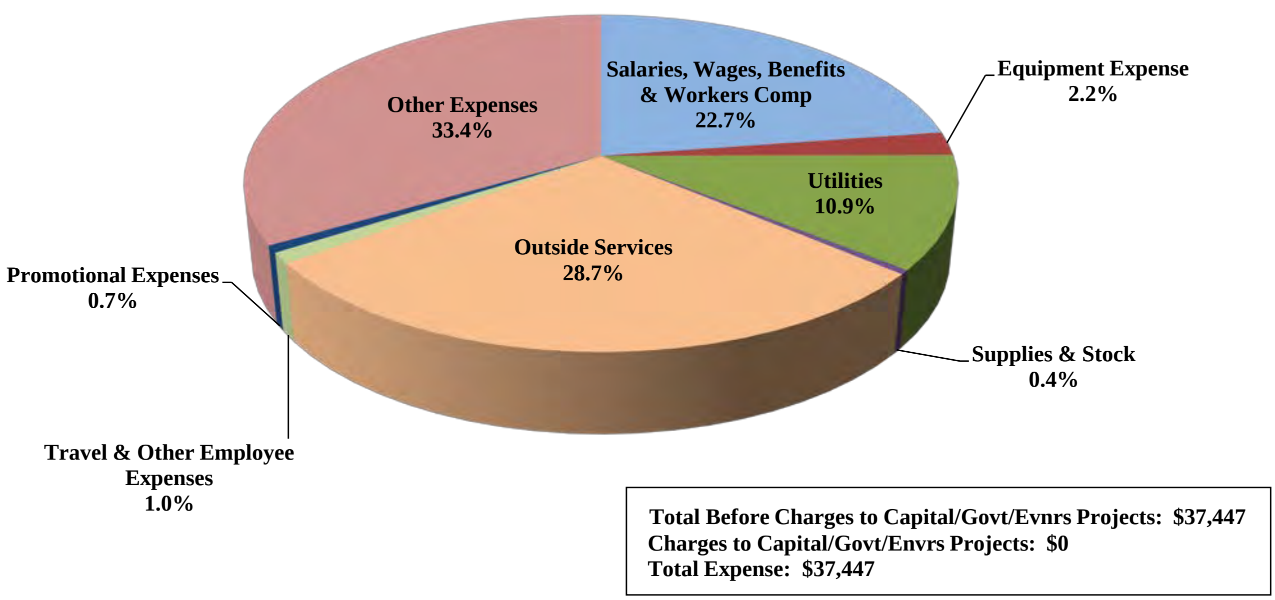
Notes:
1) Table VI-4 differs from Table VI-2, in that it only reflects the division expenses and does not include corporate allocations.
2) 2016 Budget reflects Phase II Re-Org.

## FIGURE VI-4: ECONOMIC DEVELOPMENT DIVISION EXPENSE BY ACCOUNT

($ in 000's)



## TABLE VI-5: ECONOMIC DEVELOPMENT REVENUE AND EXPENSE BY DEPARTMENT

| (in 000's) BY DEPARTMENT | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud - 2016 Bud |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Portfolio Management | | $ 27,683 | $ 23,583 | $ 26,536 | 12.5% |
| Business Development Management | | 62,791 | 68,383 | 71,608 | 4.7% |
| Eastside Rail Corridor | | 7 | 1 | - | -100.0% |
| **Total Operating Revenue** | | **90,481** | **91,967** | **98,144** | **6.7%** |
| | | | | | |
| **EXPENSES BEFORE CHARGES TO CAP/ GOVT/ENVRS PROJECTS** | | | | | |
| **Business Groups:** | | | | | |
| Portfolio Management | | 15,235 | 14,037 | 16,150 | 15.1% |
| Business Development Management | | 7,505 | 10,503 | 10,755 | 2.4% |
| Real Estate Development and Planning | | 345 | 1,853 | 1,277 | -31.1% |
| Eastside Rail Corridor | | (1,263) | 144 | - | -100.0% |
| **Total Business Group Expense** | | **21,822** | **26,537** | **28,183** | **6.2%** |
| **Service Groups and Other:** | | | | | |
| Pier 69 Facilities Management | | 1,394 | 1,538 | 1,775 | 15.4% |
| Tourism | | 920 | 1,174 | 1,285 | 9.5% |
| Small Business | | 2,145 | 471 | 708 | 50.1% |
| Workforce Development | | - | 2,644 | 2,962 | 12.0% |
| Economic Development Management | | 533 | 405 | 2,534 | 525.4% |
| **Total Services Group and Other Expense** | | **4,992** | **6,233** | **9,264** | **48.6%** |
| | | | | | |
| **Total Expenses Before Charges to Cap/Govt/Envrs Projects** | | **26,813** | **32,770** | **37,447** | **14.3%** |
| | | | | | |
| **CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS** | | **3** | **-** | **-** | |
| | | | | | |
| **OPERATING & MAINTENANCE EXPENSE** | | | | | |
| **Business Groups:** | | | | | |
| Portfolio Management | | 15,235 | 14,037 | 16,150 | 15.1% |
| Business Development Management | | 7,508 | 10,503 | 10,755 | 2.4% |
| Real Estate Development and Planning | | 345 | 1,853 | 1,277 | -31.1% |
| Eastside Rail Corridor | | (1,263) | 144 | - | -100.0% |
| **Total Business Group Expense** | | **21,824** | **26,537** | **28,183** | **6.2%** |
| **Service Groups and Other:** | | | | | |
| Pier 69 Facilities Management | | 1,394 | 1,538 | 1,775 | 15.4% |
| Tourism | | 920 | 1,174 | 1,285 | 9.5% |
| Small Business | | 2,145 | 471 | 708 | 50.1% |
| Workforce Development | | - | 2,644 | 2,962 | 12.0% |
| Economic Development Management | | 533 | 405 | 2,534 | 525.4% |
| **Total Services Group and Other Expense** | | **4,992** | **6,233** | **9,264** | **48.6%** |
| | | | | | |
| **Total Operating Expense** | 1 | **$ 26,816** | **$ 32,770** | **$ 37,447** | **14.3%** |

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Notes:
1) Expenses do not include corporate allocations.

## E. STAFFING

Based on Phase II Reorganization, the Economic Development Division is budgeting a total of 36.0 FTEs for 2017 which is 2.2 FTEs higher than the 2016 Budget. The Office of Social Responsibility (OSR) function, comprised of 2.3 FTES were transferred to Public Affairs in Corporate, the other 5.5 FTEs remained in Economic Development – 2.0 FTEs went to Small Business Development and 3.5 FTEs to Workforce Development. Also 3.0 FTEs were transferred to Portfolio Management from the Maritime Division. Economic Development Administration is adding a Director of Business Development and an Administrative Assistant. Real Estate Development and Planning transferred 1 FTE to the Small Business Development and is also adding a Real Estate Specialist.

As mentioned, Small Business Development received 2 FTEs from the Office of Social Responsibility and one from Real Estate Development and Planning, and Workforce Development received 3.5 FTEs from the Office of Social Responsibility and then transferred 1.5 High School Interns to Human Resources.

The following table outlines the Full-Time Equivalents (FTEs) for both regular and other categories in the Economic Development Division.

**TABLE VI-6: ECONOMIC DEVELOPMENT DIVISION STAFFING**

| **STAFFING**<br>(Full-Time Equivalent Positions)<br>**BY DEPARTMENT** | **Notes** | **2015 Actual** | **2016 Budget** | **2016 Est. Act.** | **2017 Budget** | **% Change 2017 Bud - 2016 Bud** |
|---|---|---|---|---|---|---|
| Economic Development Administration | 1 | 2.0 | 2.0 | 2.0 | 4.0 | 100.0% |
| Portfolio & Asset Management | | 11.0 | 11.0 | 14.0 | 14.0 | 27.3% |
| Central Harbor Mgmt Group | | 3.0 | 3.0 | 3.0 | 3.0 | 0.0% |
| Conference & Event Centers | | 0.0 | 0.0 | 0.0 | 0.0 | NA |
| Maritime Portfolio | 2 | 0.0 | 0.0 | 3.0 | 3.0 | NA |
| Portfolio Mgmt Admin | | 8.0 | 8.0 | 8.0 | 8.0 | 0.0% |
| P69 Facilities Management | | 6.0 | 6.0 | 6.0 | 6.0 | 0.0% |
| Real Estate Development & Planning | 3 | 3.0 | 4.0 | 3.0 | 4.0 | 0.0% |
| Small Business | 4 | 0.0 | 0.0 | 3.0 | 3.0 | NA |
| Tourism | | 2.0 | 3.0 | 3.0 | 3.0 | 0.0% |
| Workforce Development | 5 | 0.0 | 0.0 | 3.5 | 2.0 | NA |
| Office of Social Responsibility (OSR) | 6 | 6.5 | 7.8 | 0.0 | 0.0 | -100.0% |
| **TOTAL ECONOMIC DEVELOPMENT DIVISION** | | **30.5** | **33.8** | **34.5** | **36.0** | 6.7% |
| | | | | | | FTE.XLS |

Notes:
1) Add Director Business Development and Administrative Assistant
2) Maritime Portfolio Management transferred from Maritime
3) Transferred a FTE to Small Business in 2016, and Add Real Estate Specialist FTE in 2017
4) 2 FTE from OSR and 1 FTE from RE Development & Planning
5) 3.5 FTE from OSR in 2016, then transfer 1.5 FTE interns to Human Resources
6) Transferred 2.3 FTE OSR to Corp, 2 FTE to Small Business, 3.5 FTE to Workforce Development

## F. ECONOMIC DEVELOPMENT CAPITAL BUDGET

### TABLE VI-7: ECONOMIC DEVELOPMENT DIVISION CAPITAL BUDGET SUMMARY

| ($ in 000's) | 2017 Budget | 2017-2021 CIP | % of 2017 Total Committed |
|---|---|---|---|
| **Committed Capital Projects** | | | |
| General Economic Development | $1,927 | $6,052 | 24.8% |
| Portfolio Management | 5,838 | 7,501 | 75.2% |
| **Total Committed** | **$7,765** | **$13,553** | **100.0%** |
| **Business Plan Prospective Projects** | **$8,185** | **$68,064** | |
| **Total CIP** | **$15,950** | **$81,617** | |

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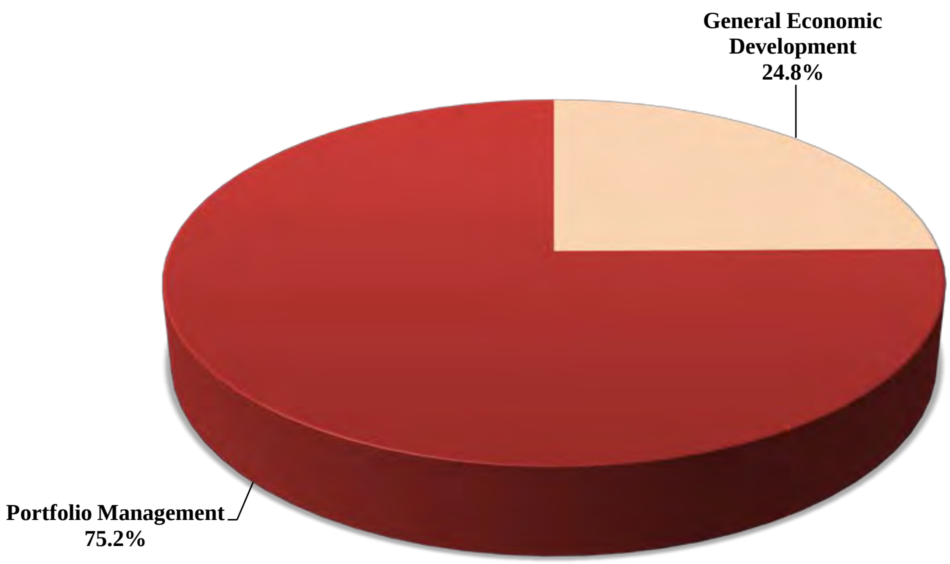
### FIGURE VI-5: ECONOMIC DEVELOPMENT COMMITTED CAPITAL BUDGET

($ in 000's)




**Committed CIP Total Spending: $7,765**

# CORPORATE

## A. 2017 BUDGET SUMMARY

### TABLE VII-1: 2017 BUDGET SUMMARY

| ($ in 000's) OPERATING RESULTS | Notes | 2015 Actual | 2016 Budget | 2017 Budget | Change 2017 Bud-2016 Bud | % Change 2017 Bud-2016 Bud |
|---|---|---|---|---|---|---|
| Operating Revenue | | $ 14 | $ - | $ - | $ - | 0.0% |
| Other Revenue | | 716 | 570 | 367 | (203) | -35.6% |
| **Total Revenue** | | **730** | **570** | **367** | **(203)** | **-35.6%** |
| Corporate | | 104,952 | 123,951 | 144,066 | 20,115 | 16.2% |
| **Total Corporate Expense** | 1 | **$ 104,952** | **$ 123,951** | **$ 144,066** | **$ 20,115** | **16.2%** |
| **Excess of Revenue over Expense** | | **$ (104,222)** | **$ (123,381)** | **$ (143,699)** | **$ (20,317)** | **16.5%** |
| **COMMITTED CAPITAL BUDGET** | | **$ 6,539** | **$ 5,118** | **$ 5,348** | **$ 230** | **4.5%** |
| **EMPLOYMENT (TOTAL FTEs)** | 1 | **746.9** | **745.4** | **871.7** | **126.3** | **16.9%** |

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Notes:
1) 2016 Budget reflects Phase II Re-Org.

## B. CORPORATE MISSION STATEMENT

Corporate 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

- Develop and strengthen Centers of Expertise to leverage capabilities Port wide
    - Adding staff and other budget resources for Business Intelligence, Finance & Budget, Security & Preparedness, and Environment & Sustainability.
- Expand and enhance public outreach to increase awareness of Port's contribution to regional economic and workforce development
- Expand high school internship program to increase opportunities for local students
    - Human Resources budgeting for 82 high school interns and new internship program manager
- Support major division projects and growth initiatives
    - Additional Capital Development staff and major expense work supporting Airport capital development program
    - Environment & Sustainability contracted support for completion of Sustainable Airport Master Plan (SAMP)
    - Additional Police Department staffing to help manage airport drives



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## C. KEY FUNCTIONS & RESPONSIBILITIES

### OVERVIEW:

Corporate provides a number of essential services to the three operating divisions of the Port and to the Northwest Seaport Alliance (the NWSA) per service agreements. Many of the Corporate departments are vital to the success of the operating divisions and the NWSA. These services also benefit the public in general and play an indirect role in the success of the divisions.

Corporate functions have evolved and now include 27 departments with organizational restructuring over the past two years. Apart from the traditional support functions, such as Accounting, HR, Public Affairs, etc., Corporate also includes Police and Capital Development, which was formerly a separate division. In addition, four new Centers of Expertise (COEs) were added to Corporate in early 2016. They are Business Intelligence, Finance & Budget, Security & Preparedness and Environment & Sustainability.

The key functions for the Corporate departments in 2017 are:

### 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:

- Reviews the strategies that serve as the framework for the business divisions' and corporate departments' business plans. These strategies provide the grounding for prioritizing and allocating resources to programs and projects at the division level.
- Reviews and approves 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 in the First Budget Reading is held before the Second Reading and Final Passage of Budget, at which time the Port Commission adopts the budget.
- Sets additional long-term policy goals that are in keeping with its long-term mission of economic development and job creation at public Commission meetings through the passage by majority vote of Commission Resolutions, in accordance with RCW 53.08 and the Master Delegation of Authority.
- Reviews and approves in 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.
- Employs and retains a CEO to implement the goals, objectives and policy guidelines established by the Port Commission through majority vote at Commission meetings and by Commission approval of the CEO 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 CEO is holding his direct report managers accountable for division-level performance.
- Oversees the Internal Audit function of the Port of Seattle through the Audit Committee made up of two Port Commissioners and a third public member.

### EXECUTIVE:

Achieve the operating and performance goals and objectives set by the Commission. Oversee the achievement of all divisions' major goals and initiatives.

## LEGAL:

ATTORNEY SERVICES

Provide legal analysis, advice, expertise, opinions and similar services, including: drafting, review and interpretation of contracts, agreements, statutes, regulations, judicial opinions and other legal materials and documents; prosecution and defense of claims and litigation; assistance with settlements and negotiations; representation in arbitration, mediations and other forms of dispute resolution; representation before hearings boards and other administrative or legislative bodies. Receive and manage reported violations and monitor workplace investigations and outcomes.

Provide overall leadership and coordination of the Port's ethics and compliance program. Publish and interpret the Code of Conduct, promote ethics awareness, provide ethics training, foster organization and individual commitment to the port's ethical values, provide guidance on ethics and whistleblower issues, and oversee the Workplace Responsibility program. The Workplace Responsibility program receives and manages the process for responding to reported Code of Conduct and whistleblower violations.

RECORDS

Manage and provide public record administration, including public disclosure. Provide Port-wide assistance with regard to records management issues including retention scheduling, archiving and public disclosure. Manage Port records in accordance with State retention requirements. Manage the Portwide Records Center in SharePoint.

## PUBLIC AFFAIRS:

The Port's Public Affairs department includes a number of key functions, including federal, state and local government relations, which include regional transportation technical and policy expertise; strategic communications; and community engagement.

GOVERNMENT RELATIONS:

- Collaborate with Commission and port business divisions (aviation, maritime and economic development) and Commission to develop legislative funding and policy priorities.
- Work with Port Commission to communicate the port's Century Agenda, business, transportation and trade priorities to representatives from federal, state and local legislators, agencies and stakeholders.
- Foster effective relationships between the Port Commission/senior Port staff and elected officials and to advance the port's objectives and to represent national, regional and statewide interests to the local and federal Legislature and Executive branch.
- 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 Port of Seattle's business and operations through meaningful 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.
- Coordinate legislative advocacy and policy development with the NWSA.

REGIONAL TRANSPORTATION:

- Focus transportation policy analysis and strategies to support funding and freight mobility at local, regional, state and federal levels.

- Coordinate/collaborate with local jurisdictions, customers, stakeholders and other interested parties to ensure continued access to Port facilities.
- Advocate/protect/enhance access to Port facilities through key projects.
- Lead efforts to assess key transportation projects that impact the Port.
- Work with the Aviation Division on regional transportation plans to support getting people to and from Sea-Tac.

<u>CAPITAL PROJECT DELIVERY:</u>

- Provide strategy, direction, planning, and implementation of public and stakeholder support for the Port's capital projects and capital programs.
- Educate and engage audiences about Port capital programs, infrastructure investment and Commission priorities/initiatives in these areas.
- Engage in partnerships with stakeholders in government, business, labor and community organizations in support of Port capital investments to support trade development, economic growth, transportation infrastructure investment and responsible environmental regulation.
- Support memberships and activities in associations and build coalitions and broaden awareness of port issues and support for port capital program objectives and economic opportunity through port investment.
- Work with Capital Project leaders to identify key milestones that inform communication and commission decision timeframes.

<u>STRATEGIC COMMUNICATIONS/MEDIA RELATIONS:</u>

- Provide strategy, direction, planning, and implementation of the Port's internal and external communication products.
- Act to ensure that all audiences are effectively informed about/engaged with Port business goals and Commission priorities/initiatives.
- Effectively use multiple communication platforms to manage and communicate the port brand through consistent graphics, messaging, tone and quality, and applying guidelines and requirements for design and production of port advertising, marketing and communication products.
- Manage and execute emergency and crisis communication plans to effectively provide timely information for crisis incidents/issues to the public through mainstream and social media channels, including updating training for staff response and bench strength.
- Provide communications support and planning to commissioners and executive leadership.

<u>COMMUNITY ENGAGEMENT:</u>

- Enhance the Port's reputation as a public steward and advance business interests by engaging and informing stakeholders and forging strategic relationships.
- Deliver programs, events and communications that strengthen the port's relationships with its communities and stakeholders, and supports business objectives such as: Terminal 5 Modernization EIS, Northwest Ports Clean Air Strategy and Clean Truck updates; new airport and seaport customers/service; the opening of new facilities; and results from economic impact studies that demonstrate the value of industry.
- Strengthen strategic relationships within fence line communities such as Duwamish Valley neighborhoods to support clean air/Superfund projects and Seaport competitiveness and North Harbor neighborhoods to update on cruise, uplands development, and Ship Canal industry initiatives.
- Develop targeted outreach opportunities throughout King County for Commissioners and Executives to engage with area leaders and stakeholders on Century Agenda initiatives.
- Engage King County-wide audiences through public education events such as Port U, Seafood U and Maritime U promotional campaigns and working waterfront tours.

OFFICE OF SOCIAL RESPONSIBILITY:

- Support the Public Affairs team in advancing communication, community engagement, and legislative efforts to achieve the Port's Century Agenda objectives, the Commission policies, and the Port CEO's objectives and directives to staff.
- Provide Policy recommendations to the Port Commission, the CEO, Executive Leadership team, and the Sr. Director of Public Affairs that support and promote social impact and economic opportunities in the communities we serve associated with Port activities.
- Facilitate the dialogue between the Port Commissioners, the CEO, executive team, and staff with the socio-economically disadvantaged communities, including the minority, immigrant and refugee communities.
- Identify opportunities for social impact that will advance the Port's job creation and economic development mission, while supporting the Port communities.
- Support the Port's small business and workforce development programs in order to ensure that inclusion and equal access remain an integral part of these programs sponsored and funded by the Port.
- Track, measure and report the Port's social impact via Compass, external website, social media, dashboards, presentations to staff and community groups.
- Represent the Port's interests internally and externally to support the message and results of the various Port efforts that benefit the disadvantaged, immigrant and minority communities.
- Recommend external presentation opportunities for Port commissioners, the CEO and executives, to present their vision of an inclusive and fair Port.
- Identify and celebrate internal and external social responsibility champions, by collaborating with internal teams in selecting individuals or businesses that deserve recognition.
- Manage the Port's Annual Community Giving Campaign, which supports the Port employees' cash donations to non-profit organization through the Port's payroll deduction program.

PUBLIC AFFAIRS:

- Provide strategic guidance and direct the delivery of Public Affairs services to the Port Commissioners, CEO and business division leaders.
- Lead development and execution of work by the Public Affairs team to support the accomplishment of the Port's 2017 goals and LRP objectives.

**ACCOUNTING AND FINANCIAL REPORTING**:

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

- Port-wide core accounting and financial reporting services.
- Port accounting policies and procedures development and enforcement.
- Industry prescribed accounting & financial reporting standards compliance assurance.
- Annual Port financial statements preparation and issuance.
- Recurring fiscal management reporting.
- Accounts payable administration.
- Payroll administration.
- P-card and Travel card administration.
- Leases and customer billing administration.
- Accounts receivable and revenues administration.
- Credit and collection enforcement.
- General ledger administration.
- Capital projects costing and fixed assets accounting.
- Cash/investment and debt accounting.
- Grants billing and reporting.
- Airport Passenger Facility Charge (PFC) accounting and reporting.

- Airport Customer Facility Charge (CFC) accounting.
- Corporate credit cards and procurement cards administration.
- Employee expense claims and reimbursements.
- Business tax administration.
- External audits facilitation.

**INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT):**

ICT provides reliable, high-quality, cost-effective enterprise-wide infrastructure, hardware, applications, and technology services to support the Divisions and the Port's strategies.  ICT's key responsibilities and services focus on effectively administering and managing the Port's enterprise Information and Communications Technology systems, services, and resources in the most cost effective manner.

**FINANCE AND BUDGET:**

The overall goal of the Finance & 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 budget system and its interfaces.
- Provide budget training, workshops, and MIS training to Portwide budget support staff.
- Review monthly variance reports and provide monthly Financial and Operational Indicators Report and Executive Summary Report to the Commission and 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 Corporate departments.
- Manage the Port economic impact study and other ad-hoc economic impact analysis.

FINANCE & 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: Cash and Investment portfolio management; manage 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 was created to (1) provide advanced analytical and research support, (2) create efficiencies that eliminate information management waste, and (3) grow and analytical culture with a data fluency. Key functions include:

- Performance measurement support
- Eliminating information management waste
- Advanced analytics
- Survey research/customer intelligence
- Facilitating growth of an analytical culture with data fluency

## RISK MANAGEMENT:

- Oversee Property/Casualty Insurance Program.
- Manage claims process/intake/settlement.
- Manage the driver safety program, including managing the drug testing requirements for commercial driver license holders.
- Conduct contractual reviews.
- Provide services in risk analysis, enterprise risk management, training, loss reporting, and reserve analysis.
- Report lost and stolen assets to State Auditor.
- Participate in emergency planning and business continuity planning.
- Conduct risk assessment and review of special events.

## INTERNAL AUDIT:

Internal Audit provides an objective review and assessment of the strategies, processes, systems and other activities that management has implemented in order to achieve Port's goals and objectives. Internal Audit conducts audits of Port activities to provide reasonable assurance over Accountability/Transparency, Fiscal integrity, including lease & concession and third-party arrangements, Compliance, Operations/Controls, Performance, and Governance.

Internal Audit's key functions include:

- Conduct audits to provide reasonable assurance that Port operations are effective and efficient in achieving its goals and objectives.
- Conduct a Port-wide risk assessment at least annually to identify significant risks to the Port in operations, finance and compliance. Risks of significant impact to Port operations are examined yearly as part of the Audit Committee Annual Internal Audit Work Plan.
- Conduct Port-wide governance and program audits to ensure operations are achieving intended Port goals and objectives in an efficient manner. Make recommendations for continuous improvement as necessary.
- Conduct operational audits of various Port business units (e.g., departments) and activities to ensure: 1) effectiveness and efficiency in operations, and 2) assess management control (e.g., processes) and make recommendations, as necessary, for continuous improvement.
- Conduct compliance audits to ensure Port activities are in compliance with applicable internal, federal, and state rules and regulations.
- Conduct compliance audits for concession and 3rd party management agreements to ensure that concessionaires and management companies are accountable for agreed-upon terms and conditions including complete and timely payments to the Port.
- Provide consulting services to Port management to aide management in its continuing efforts to improve Port operations.

## OFFICE OF STRATEGIC INITIATIVES:

### STRATEGIC INITIATIVES:

- Develop and execute the Long Range Plan.
- Provide Lean training and drive Lean initiatives throughout the Port.

### 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.
- For consulting and purchasing, lead team negotiations (price, contract terms & conditions) for base contract and amendments. Draft and/or review, negotiate change orders and amendments.
- Provide advice & 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 to be in compliance with state law and Resolution 3605.
- Provide training and outreach on procurement and contract issues, including developing appropriate small business programs and opportunities.

**HUMAN RESOURCES:**

Apart from providing core services listed below, Human Resources and Development 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 we provide daily, many of which also respond to the bigger picture, longer-term concerns described above.

- Talent development programs
- Workforce planning and HR data analysis
- Spirit and Wellness program
- Total Rewards strategies and programs
- Succession Planning
- Diversity and Inclusion strategies and metrics
- HR technology planning
- Organizational development consulting
- Range of talent development opportunities (e.g., classes, Internal Internships, MEEM mentoring program)
- Ensure recognition programs support culture change
- Sponsorship of Development & Diversity Council; ASAP; Women's Initiative; partnerships with Employee Resource Groups
- Conflict resolution
- Promote employee health and well being
- Design, facilitate, plan activities to reinvent and/or reinforce workplace culture
- Change management support and consultation
- Enhancing safety culture
- Affordable Care Act reporting
- Affirmative Action Plan
- Required training (Safety, Anti-Harassment)
- Workers Compensation claims administration, education
- Required reporting (Workers Compensation, applicant tracking data, EEO-4, Veterans, etc.)
- Safety training
- Compensation and benefits administration including analysis to support collective bargaining processes
- Employee Relations (coordination with Workplace Responsibility Office)
- Systems Administration (HCM, Learning Management System, Applicant Tracking, ePerformance, Market Pricing)
- Maintain accurate employee records
- Talent Acquisition
- Health and Safety services and expertise
- Process improvement facilitation
- Internship program

**LABOR RELATIONS:**

The purpose of the Labor Relations (LR) department is to support the Port of Seattle's mission of creating economic vitality in King County by fostering an open, cooperative, and mutually supportive relationship with the Port's employees, organized labor, and the business community.

- Take all of the necessary steps to prepare and negotiate the agreements with the employee representatives for the Port's 22 bargaining units.
- Oversee the implementation and administration of labor agreements.
- Provide consultation to all Port-wide committees and all divisions on labor matters, including proposed changes in policy in a manner designed to avoid labor disputes.
- Establish effective and cooperative relationships with the organized labor community, including unions that do not represent Port employees.
- Work to minimize the risk of operational disruption throughout the region by partnering with external labor leaders and Port business partners to assist in facilitating positive labor relations across the region, particularly in areas related to the Port's business and operations.
- Process grievances and disciplinary proceedings according to the agreements, and represent the Port in arbitration and PERC proceedings.
- Provide input on any Port policies, practices, and/or procedures concerning labor relations and/or represented employees, including participation in Port oversight committees and projects.
- Participate in labor management committees.
- Assure consistency between external labor strategies and ongoing and future work with unions that represent Port employees including the establishment of broad-based Labor Relations strategies and policies that support collective bargaining agreement alignment with the Port's Century Agenda.

**SECURITY AND PREPAREDNESS:**

The Security & Preparedness is a new COE with the mission to provide preparedness, protection and response services for the Port that ensures a reduced risk environment and enhances our business continuity of operations. The key functions include:

- Business Continuity & Disaster Recovery Planning (IT)
- Emergency Preparedness
- Maritime Security
- Information Security
- Compliance
- Awareness, Training & Exercising
- Develop and Maintain Plans & Procedures
- Project Support
- Incident Response
- Threat & Vulnerability Management

**ENVIRONMENT AND SUSTAINABILITY:**

The Environment & Sustainability is a new COE that includes the Aviation Environmental & Planning, Noise Program, Maritime Environmental & Planning, and Stormwater Utility. Its key functions and responsibilities include:

- Responsible for providing environmental, planning and sustainability services necessary to ensure regulatory compliance, deliver on sustainability and environmental strategic programs and goals, and provide comprehensive planning services Portwide.
- Regulatory Compliance: Provide for the services and studies needed to ensure Port compliance
- Provide leadership, strategic direction and oversee the management of the Port's Environment and Sustainability department. Effectively mentor staff, communicate decisions and give direction across the divisions and departments to champion port values, goals, strategies and objectives that are specific to environment, planning and sustainability.

- Direct the management of the Port's vision for environmental efforts and sustainable operations including greenhouse-gas emissions reduction, energy and water conservation, reuse and recycling programs, estuary and soil remediation, sustainable capital project development, and other related initiatives. Direct appropriate and successful implementation of environmental NEPA/SEPA environmental impact statements and permitting. Develop and manage department budget.
- Direct oversight to the planning function at the port to include strategic facilities planning as well as day to day planning for the Airport, Maritime, and Economic Development lines of business.
- Manage NPDES and Waste Discharge Permit Compliance – provide management oversight for treatment and flow control for stormwater.
- Monitor airport outfall to stream and take corrective actions as needed – provide management oversight for treatment and flow control for stormwater.
- Manage SPCC and other spill prevention and response; regulatory
- Manage solid and hazardous waste compliance; regulatory
- Identify alternative parts cleaning alternatives; regulatory
- Complete Wetland 401/404 Permit requirements and other habitat management; regulatory
- Complete habitat management plan; provide management oversight for habitat management plan and approve plan
- Manage MTCA program compliance; regulatory
- Coordinate implementation of water conservation measures;
- Reduce aircraft-related emissions; provide management oversight to provide at least three incentives for airlines to use emission reduction technologies at SeaTac and approve plan
- Finalize Strategy for a Sustainable Sea-Tac S3
- Reduce port-owned emissions; provide management oversight to reduce GHGs from port owned sources and approve plan
- Reduce emissions from on-road vehicles; provide management oversight of plan to conserve energy at SeaTac and approve plan
- Assist tenants in meeting recycling and composting requirements; provide management oversight of plan to conserve energy at SeaTac and approve plan
- Increase airfield waste diversion; provide management oversight for airfield solid waste diversion effort
- Increase construction waste diversion; provide management oversight of plan to conserve energy at SeaTac and approve plan
- Conduct outreach to passengers on sustainability initiatives; provide management oversight and approve activities
- Airside planning covers gate/ramp area planning including planning for cargo, airport support, and airline support facilities, airfield planning and airspace planning and protection.
- Terminal planning covers all facilities and function located in the terminal areas and concourses
- Landside planning includes planning for all airport roadways, terminal curbs, parking, landside people movers and facilities to support landside operation such as ground transportation holding lots
- Regional transportation planning includes coordination with other agencies and planning for improved access to airport facilities
- Land use planning to identify the highest and best use of airport property, ensure land use compatibility, and ensure appropriate application/interpretation of FAA land use restrictions
- Sound insulation program management, provide management oversight for insulation of 20 single family homes
- Sound insulation program management, provide management oversight for condominium sound insulation project and ensure Commission is informed of the progress
- FAA Compliance/Regulatory - Noise; regulatory
- Noise Abatement & Outreach programs, provide management oversight for noise outreach programs
- Part 150 Project Implementation, provide management oversight of four noise mitigation projects and ensure Commission is informed of the progress

**POLICE:**

- Provide professional law enforcement services to the internal and external Port of Seattle stakeholders.
- Support the professional development of each department member.
- Provide essential emergency response services to Port of Seattle operations during unusual occurrences, disasters, and acts of extraordinary violence.
- Provide an enhanced deterrent to acts of extraordinary violence within the Port of Seattle's Jurisdiction.
- Investigate and apprehend criminals victimizing citizens within our jurisdiction.
- Provide advanced forensic analysis of electronics to return them to rightful owners from both police custody and the STIA's lost and found.

**CAPITAL DEVELOPMENT:**

AVIATION PROJECT MANAGEMENT GROUP:

- Deliver capital & expense projects for Aviation Division on time, within budget, meeting agreed scope, and with minimal and mutually-agreed impacts on airport operations.
- Ensure that procurement meets requirements of State law, Port policies & procedures, federal grants, and other controlling regulations.
- Assist Aviation Division in initial project scoping, cost estimation, and development of project alternatives.
- Actively seek small business opportunities in design & construction contracting.
- Support the Port's environmental goals through incorporation of appropriate project elements & through management of projects directly in support of environmental improvements.

ENGINEERING:

- Design and technical support for Port projects and facilities.
  - Civil/Structural and Mechanical/Electrical design, analysis and 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 review
- Construction management for all major construction projects and tenant construction oversight.
  - Pre-construction services
  - Field observation/inspection and quality compliance checks
  - Change order management, disputes and claims resolution
  - Construction coordination with Port operations/tenants
  - Construction document management
  - Management of Project Labor Agreements (PLA)
- Construction safety compliance for all construction projects and provides orientation training.
- Surveying and mapping of all Port properties.
  - Topographic and hydrographic surveys
  - Legal descriptions and lease line layouts
  - Utility locates/mapping and aerial mapping
  - GIS data gathering
  - Project staking and validation
- Emergency Response and Declaration of Emergency Support.

PORT CONSTRUCTION SERVICES:

- Management of Asbestos Abatement in support of construction projects.
  - Review Regulated Materials Management (RMM) design
  - Provide project monitoring and quality control
  - Manage project abatement
- Management of the Asbestos Operations & Maintenance program.

  - Provide RMM tenant support
  - Provide RMM maintenance support
  - Make periodic inspections
  - Provide RMM routine housekeeping
  - Provide asbestos awareness training
  - Provide indoor air quality and mold inspections
- Construction Management of small works projects.
  - Track project schedule and budgets
  - Prepare estimates
  - Prepare work authorizations and service directives for small works contractors
  - Perform construction quality inspections
  - Recycle construction debris on projects
- Small works construction.
  - Provide craft labor resources (carpenters, laborers, operators, etc.)
  - Provide construction equipment (pick-up trucks, dump trucks, heavy equipment, small tools, etc.)
- Provide small business opportunities in open order and project specific small works contracts.

SEAPORT PROJECT MANAGEMENT GROUP:

- Complete capital and expense projects at the best value for the Port, within approved budgets, and within defined project scope.
- Support Economic Development and Maritime Divisions beyond projects including: budget plan development; business planning; asset management and reporting; community outreach; negotiations; contracting; and technical support and assistance.
- Provide project delivery services for NW Seaport Alliance; support business process development as needed to include budget plan development; business planning; asset management and reporting; community outreach; negotiations; contracting; and technical support and assistance.
- Support Capital Development Division by: coordinating with other CD departments; complying with regulatory agencies; following policies, procedures, and guidelines; and responding to audit inquiries.
- Support the NW Seaport Alliance, Economic Development, and Maritime Divisions in development of a comprehensive asset management plan by providing technical expertise and services as needed.
- In collaboration with the Maritime Environmental & Planning team, ensure sustainable engineering features are considered as appropriate during the planning phase of project delivery.
- Incorporate small and disadvantaged business opportunities into all project delivery planning efforts.

## D. CORPORATE BUDGET SUMMARY

Corporate departments are primary supporters of the Port business units. Strong growth in the operating divisions and more support of the Century Agenda and LRP strategies and objectives require significant new resources for Corporate in 2017. Overall, the 2017 budget increased by $20.1 million or 16.2% from the 2016 budget mainly due to the following reasons:

- Add staff and other budget resources to strengthen the four new Centers of Expertise (Business Intelligence, Finance & Budget, Security & Preparedness, and Environment & Sustainability) to leverage capabilities Port wide.
- Expand and enhance public outreach to increase awareness of Port's contribution to regional economic and workforce development
    - Public Affairs staff additions and restructuring in 2016, as well as the additional funding for public education communication and consulting support in 2017, resulted in more than $1.0 million increase from the 2016 budget.
- Expand high school internship program to increase opportunities for local students
    - Human Resources budgeting for 82 high school interns and new internship program manager for a total of $665K.
- Support major division projects and growth initiatives
    - Additional Capital Development staff and major expense work supporting Airport capital development program ($11.0 million).
    - Environment & Sustainability contracted support for completion of Sustainable Airport Master Plan (SAMP) resulted in a $2.3 million increase from the 2016 budget.
    - Creating a $1.0 million Airport Community Ecology Fund.
    - Additional Police Department staffing to help manage airport drives ($300K).
- Add $1.0 million to implement Energy and Sustainability Committee policy directives.
- Add resources to maintain and support some new and existing information and communication systems and applications ($644K).
- Consolidate the printer/copier services from various divisions and departments into one contract managed by Central Procurement Office ($369K increase in Corporate and a corresponding reduction in the operating divisions).
- An average pay increase of 3.5% for exempt and non-exempt employees' salaries and a slightly higher benefit costs for 2017.

The following Tables VII-2 & VII-3 and Figures VII-1 & VII-2 illustrate the administrative expense for Corporate by department and by account:

## TABLE VII-2: ADMINISTRATIVE EXPENSE BY DEPARTMENT

| ($ in 000's)<br>BY DEPARTMENT | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud-2016Bud |
|---|---|---|---|---|---|
| **EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRS PROJECTS** | | | | | |
| Commission | | $ 1,270 | $ 1,635 | $ 1,830 | 11.9% |
| Executive | | 2,198 | 1,569 | 1,944 | 23.9% |
| Legal | | 3,560 | 3,251 | 3,342 | 2.8% |
| Public Affairs | | 4,429 | 6,447 | 7,847 | 21.7% |
| Accounting & Financial Reporting | | 6,845 | 7,570 | 7,763 | 2.6% |
| Information & Communications Technology | | 23,744 | 24,238 | 25,864 | 6.7% |
| Finance & Budget | | 4,910 | 5,060 | 6,014 | 18.8% |
| Business Intelligence | | - | 917 | 1,458 | 59.1% |
| Risk Services | | 3,217 | 3,449 | 3,470 | 0.6% |
| Internal Audit | | 1,280 | 1,620 | 1,770 | 9.3% |
| Office of Strategic Initiatives | | 5,353 | 11,315 | 8,466 | -25.2% |
| Labor Relations | | 1,191 | 1,126 | 1,313 | 16.6% |
| Human Resources | | 6,769 | 7,634 | 9,035 | 18.4% |
| Security & Preparedness | | 1,370 | 1,503 | 2,065 | 37.4% |
| Environment & Sustainability | | 12,609 | 14,893 | 19,912 | 33.7% |
| Police | | 21,003 | 23,587 | 23,884 | 1.3% |
| Capital Development Administration | | 428 | 430 | 447 | 4.0% |
| Engineering | | 16,447 | 19,760 | 25,485 | 29.0% |
| Port Construction Services | | 6,944 | 7,207 | 7,793 | 8.1% |
| Aviation Project Management Group | | 13,862 | 18,978 | 27,856 | 46.8% |
| Seaport Project Management Group | | 2,594 | 2,668 | 2,611 | -2.1% |
| Contingency | | 653 | 500 | 250 | -50.0% |
| **Total Expenses Before Charges to Cap/Govt/Envrs Projec** | 1 | **140,649** | **165,357** | **190,422** | **15.2%** |
| **CHARGES TO CAPITAL/GOVT/ENVRS PROJECTS** | | **(35,697)** | **(41,406)** | **(46,357)** | **12.0%** |
| **OPERATING & MAINTENANCE EXPENSE** | | | | | |
| Commission | | 1,270 | 1,635 | 1,830 | 11.9% |
| Executive | | 2,198 | 1,569 | 1,944 | 23.9% |
| Legal | | 3,501 | 3,219 | 3,288 | 2.1% |
| Public Affairs | | 4,429 | 6,447 | 7,847 | 21.7% |
| Accounting & Financial Reporting | | 6,780 | 7,570 | 7,763 | 2.6% |
| Information & Communications Technology | | 20,998 | 21,160 | 22,420 | 6.0% |
| Finance & Budget | | 4,805 | 4,933 | 5,873 | 19.1% |
| Business Intelligence | | - | 917 | 1,458 | 59.1% |
| Risk Services | | 3,217 | 3,449 | 3,470 | 0.6% |
| Internal Audit | | 1,280 | 1,620 | 1,770 | 9.3% |
| Office of Strategic Initiatives | | 3,487 | 9,059 | 6,264 | -30.8% |
| Labor Relations | | 1,191 | 1,126 | 1,313 | 16.6% |
| Human Resources | | 6,720 | 7,634 | 9,035 | 18.4% |
| Security & Preparedness | | 1,367 | 1,448 | 2,065 | 42.6% |
| Environment & Sustainability | | 11,170 | 13,542 | 18,056 | 33.3% |
| Police | | 20,990 | 23,587 | 23,884 | 1.3% |
| Capital Development Administration | | 428 | 430 | 447 | 4.0% |
| Engineering | | 4,300 | 5,913 | 7,092 | 19.9% |
| Port Construction Services | | 3,565 | 2,862 | 4,079 | 42.5% |
| Aviation Project Management Group | | 1,610 | 4,543 | 13,005 | 186.2% |
| Seaport Project Management Group | | 1,019 | 789 | 912 | 15.6% |
| Contingency | | 653 | 500 | 250 | -50.0% |
| **Total Operating Expenses** | 1 | **$ 104,952** | **$ 123,951** | **$ 144,066** | **16.2%** |

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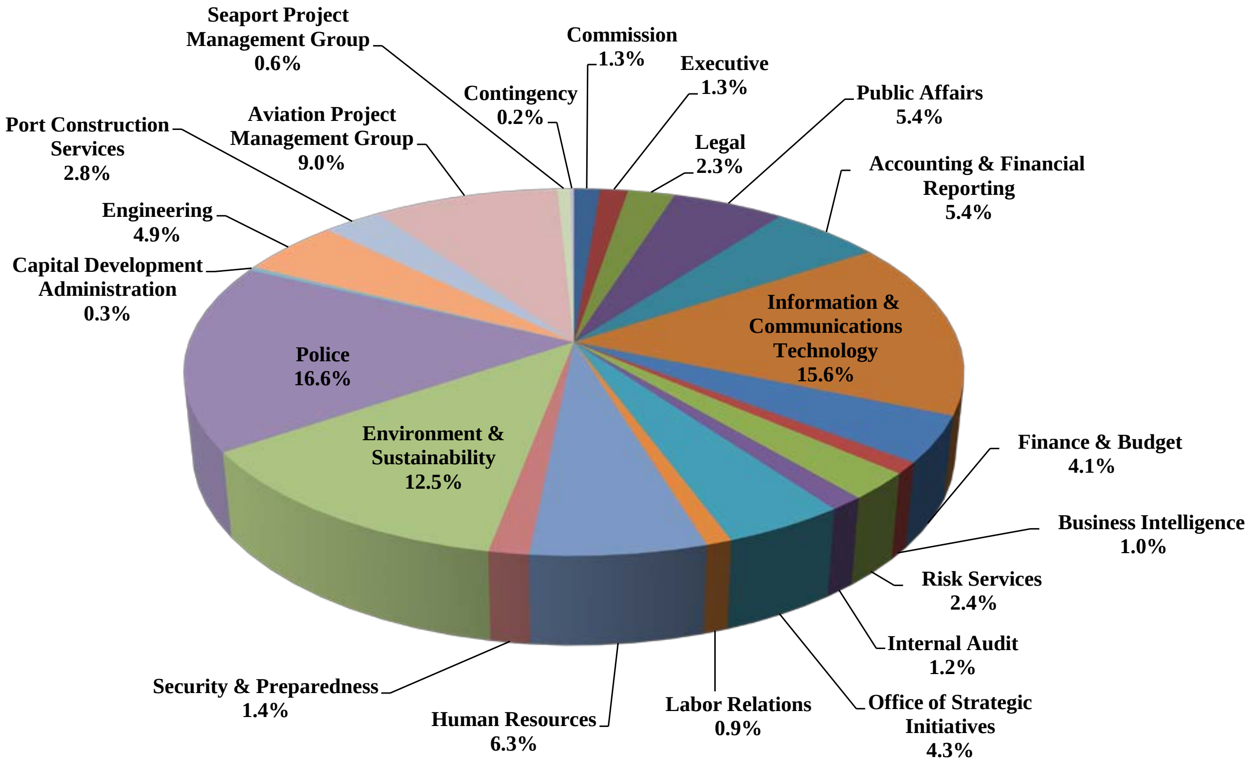
Notes:
1) Does not include adjustment for charges into Corporate SubClasses from Divisions.

## FIGURE VII-1: ADMINISTRATIVE EXPENSE BY DEPARTMENT

($ in 000's)




Total Expense: $144,066

## TABLE VII-3: REVENUES AND EXPENSES BY ACCOUNT

| BY ACCOUNT ($ in 000's) | Notes | 2015 Actual | 2016 Budget | 2017 Budget | % Change 2017 Bud-2016 Bud |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Property Rental Revenue | | $ 14 | $ - | $ - | 0.0% |
| Other Revenue | | 716 | 570 | 367 | -35.6% |
| **Total Administrative Revenue** | | **730** | **570** | **367** | **-35.6%** |
| **Expense** | | | | | |
| Salaries, Wages, Benefits & Workers Compensation | | 106,989 | 115,474 | 123,774 | 7.2% |
| Equipment Expense | | 2,231 | 1,843 | 2,579 | 39.9% |
| Utilities | | 51 | 75 | 84 | 12.1% |
| Supplies & Stock | | 889 | 1,009 | 1,384 | 37.2% |
| Outside Services | | 23,890 | 38,671 | 53,705 | 38.9% |
| Travel & Other Employee Expenses | | 2,661 | 3,343 | 3,906 | 16.8% |
| Promotional Expenses | | 266 | 426 | 414 | -2.8% |
| Other Expenses | | 3,672 | 4,513 | 4,575 | 1.4% |
| **Total Operating Expenses Before Charges to Cap/Govt/Envrs Projects** | | **140,649** | **165,357** | **190,422** | **15.2%** |
| Charges to Capital/Govt/Envrs Projects | | (35,697) | (41,406) | (46,357) | 12.0% |
| **Total Administrative Expense** | 1 & 2 | **$ 104,952** | **$ 123,951** | **$ 144,066** | **16.2%** |

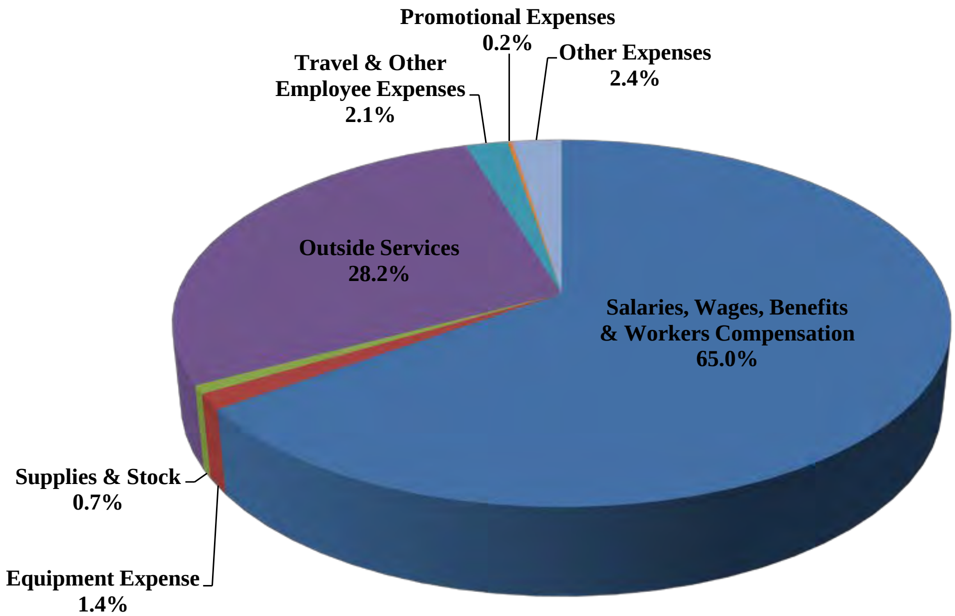
adminbud.xls

Notes:

1) Does not include adjustment for charges into Corporate SubClasses from Divisions.
2) 2016 Budget reflects Phase II Re-Org.

## FIGURE VII-2: ADMINISTRATIVE EXPENSE BY ACCOUNT

($ in 000’s)




**Total Before Charges to Capital/Govt/Envrs Projects: $190,422**
**Charges to Capital/Govt/Envrs Projects: $46,357**
**Total Administrative Expense $144,066**

## E. STAFFING

The following TABLE VII-4 depicts the proposed staffing requirements for 2017 by department for Corporate.

Corporate is budgeting 871.7 FTEs for 2017, which is 126.3 FTEs higher than the 2016 budget, which is primarily due to the Phase II Reorganization. The second phase of the reorganization ("Phase II" for short) was effective January 1, 2016, which is based on Centers of Expertise (COEs) and a matrixed management structure. Some departments have changed reporting relationships or have a matrixed reporting relationship, which means that some functions have dual reporting, both direct ("solid") and an indirect ("dotted line") way to report.

Due to this Matrix Phase II Reorganization, Aviation and Maritime Finance & Budget, Business Intelligence, Security Preparedness, Environmental Sustainability, Aviation Community Partnership and Office of Social Responsibility were transferred from the divisions into corporate.

Commission deleted the Policy Assistant and added 3 Commission Specialists.

The Executive department deleted the International Business Liaison, added the Chief Operating Officer position and a .5 Executive Assistant.

Public Affairs received 4.3 FTEs from Aviation Community Partnership including 1.3 High School Interns, 2 from Office of Social Responsibility and 3 mid-year approvals - a Director of Communication, a Director of Government Relations, an Int'l Business Protocol Liaison, transferred the 1.3 High School Interns to Human Resources and added a Sr. Manager, Aviation Communication Marketing position.

Aviation Finance & Budget will be adding a Grant Analyst, Maritime Finance & Budget will be adding a Cost Recovery Analyst; Business Intelligence will be adding a Customer Research Field Worker and a Business Intelligence Analyst.

Information & Communication Technology will be adding two Software Developers and an ICT Project Manager.

Labor Relations deleted the Director position and added a Labor Relations Manager for 2017.

Human Resources added a Talent Acquisition Manager, a Business Partner and will be adding the equivalent of 16.4 FTEs High School Interns during the summer and an Internship Program Manager.

Police converted 8 part-time Traffic Support Specialists to full-time and Engineering will be adding a Sr. Construction Inspector, a Resident Engineer and 3 Construction Coordinators.

Please see the notes at the bottom of the following table for further explanations.

## TABLE VII-4: CORPORATE STAFFING

| STAFFING (Full-Time Equivalent Positions) BY DEPARTMENT | Notes | 2015 Actual | 2016 Budget | 2016 Est. Act. | 2017 Budget | % Change 2017 Bud - 2016 Bud |
|---|---|---|---|---|---|---|
| Commission | 1 | 11.0 | 12.5 | 12.5 | 14.5 | 16.0% |
| Executive Office | 2 | 5.0 | 5.0 | 5.0 | 5.5 | 10.0% |
| Legal Counsel | | 15.5 | 15.5 | 15.5 | 15.5 | 0.0% |
| Public Affairs | 3 | 23.5 | 23.5 | 32.8 | 32.5 | 38.3% |
| Accounting & Financial Reporting | | 55.6 | 55.4 | 55.4 | 55.4 | 0.0% |
| Information & Communication Technology | 4 | 125.0 | 125.0 | 120.0 | 123.0 | -1.6% |
| Finance and Budget | 5 | 11.0 | 11.0 | 33.0 | 35.0 | 218.2% |
| Business Intelligence | 5 | | | 7.3 | 9.3 | |
| Risk Services | | 6.0 | 6.0 | 6.0 | 6.0 | 0.0% |
| Internal Audit | | 9.2 | 9.2 | 9.2 | 9.2 | 0.0% |
| Office of Strategic Initiative | | 46.0 | 47.0 | 47.0 | 47.0 | 0.0% |
| Labor Relations | 6 | 7.0 | 7.0 | 6.0 | 7.0 | 0.0% |
| Human Resources | 7 | 44.5 | 44.5 | 46.5 | 63.9 | 43.6% |
| Security & Preparedness | 8 | | | 8.3 | 11.3 | |
| Environment & Sustainability | 8 | | | 43.9 | 43.9 | |
| Police | 9 | 128.0 | 133.0 | 133.0 | 137.0 | 3.0% |
| Capital Development Administration | | 2.0 | 2.0 | 2.0 | 2.0 | 0.0% |
| Engineering | 10 | 124.5 | 120.5 | 120.5 | 125.5 | 4.1% |
| Port Construction Services | | 50.3 | 49.3 | 49.3 | 49.3 | 0.0% |
| Aviation Project Management | | 65.8 | 62.0 | 62.0 | 62.0 | 0.0% |
| Seaport Project Management | | 17.0 | 17.0 | 17.0 | 17.0 | 0.0% |
| **TOTAL CORPORATE PROFESSIONAL & TECHNICAL SERVICES DIVISION** | | **746.9** | **745.4** | **832.1** | **871.7** | **16.9%** |

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Notes:

1) Commission deleted the Policy Assistant and added 3 Commission Specialists.
2) Executive deleted the International Business Liaison, added the Chief Operating Officer position and a .5 Executive Assistant.
3) Public Affairs received 4.3 FTEs from Aviation Community Partnership including 1.3 High School Interns, 2 from Office of Social Responsibility and 3 mid-year approvals - a Director of Communication, a Director of Government Relations and an Int'l Business Protocol Liaison and transferred the 1.3 High School Interns to Human Resources and was approved for a Sr. Manager, Aviation Communication Marketing position.
4) Information & Communication Technology will be adding two Software Developers and an ICT Project Manager.
5) Due to the Matrix Phase II Reorganization, Aviation and Maritime Finance and Business Intelligence were transferred from the divisions into Corporate during the year. Aviation Finance & Budget will be adding a Grant Analyst, Maritime Finance & Budget will be adding a Cost Recovery Analyst; Business Intelligence will be adding a Customer Research Field Worker and a Business Intelligence Analyst.
6) Labor Relations deleted the Director position and added a Labor Relations Manager for 2017.
7) Human Resources added a Talent Acquisition Manager, a Business Partner and will be adding 16.4 High School Interns during the summer and an Internship Program Manager.
8) Due to the Matrix Phase II Reorganization, Security Preparedness and Environmental Sustainability were transferred from the divisions into Corporate during the year. Security Preparedness will be adding a Security Analyst/Engineer, an Emergency Preparedness Program Manager and a Sr. Administrative Assistant.
9) Police converted 8 part-time Traffic Support Specialists to full-time.
10) Engineering will be adding a Sr. Construction Inspector, a Resident Engineer and 3 Construction Coordinators.

## F. CAPITAL BUDGET

Corporate has a total capital budget of $7.7 million for 2017. For more detail refer to the Capital Budget, Section IX.

TABLE VII-5 provides a summary of the Corporate 2017 capital budget.

### TABLE VII-5: CORPORATE CAPITAL BUDGET

| ($ in 000's) | 2017 Budget | 2017-2021 CIP | % of 2017 Total Committed |
|---|---|---|---|
| **Committed Capital Projects** | | | |
| Corporate General and Capital Development | 1,340 | 7,130 | 25.1% |
| ICT Business Services | 4,008 | 15,008 | 74.9% |
| **Total Committed** | **$5,348** | **$22,138** | **100.0%** |
| **Business Plan Prospective Projects** | **$2,400** | **$21,400** | |
| **Total CIP** | **$7,748** | **$43,538** | |

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## G. CORPORATE SUMMARY

### TABLE VII-6: CORPORATE SUMMARY

| ($ in 000's) OPERATING BUDGET | Notes | Actual 2015 | 2016 Budget | 2016 Forecast | Budget 2017 | Growth 2017 Bud-2016 Bud |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | $ 730 | $ 570 | $ 570 | $ 367 | -35.6% |
| Corporate Expense | | 83,962 | 100,364 | 94,027 | 120,181 | 19.7% |
| Law Enforcement Costs | | 20,990 | 23,587 | 23,508 | 23,884 | 1.3% |
| **Total** | 1 | **104,952** | **123,951** | **117,535** | **144,066** | **16.2%** |
| **Income from Operations** | | **$ (104,222)** | **$ (123,381)** | **$ (116,966)** | **$ (143,699)** | **16.5%** |
| **CAPITAL SPENDING** | | **$ 6,539** | **$ 5,118** | **$ 8,098** | **$ 5,348** | **4.5%** |
| **TOTAL FTEs** | | **746.9** | **745.4** | **832.1** | **871.7** | **16.9%** |

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Notes:

1) 2016 Budget reflects Phase II Re-Org.

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# TAX LEVY

## A. TAX AT A GLANCE

- The maximum allowable levy for 2017 is $99.0 million.
- For 2017 the levy will be $72.0 million.
- The estimated millage rate is $0.1536.
- The 2017 levy will be used for:
    - General Obligation (G.O.) Bonds Debt Service
    - Regional Transportation projects
    - Legacy Environmental Remediation
    - Capital improvements at Pier 66
    - Capital projects in support of the fishing industry
    - Other capital projects meeting specified criteria endorsed by the Commission
    - Economic development initiatives including workforce development and partnership program
    - Other environmental initiatives including Airport Community Ecology funding and energy and sustainability policy directives

## 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 value 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.

The Port is 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. Bonds 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. Prior to the passage of the Initiative, the growth limit was the lesser of 6% or the inflation rate (for levy limit calculation see Section XI Statutory Budget).

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 2017. 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 was 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 $462 million 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: 1991-2017**

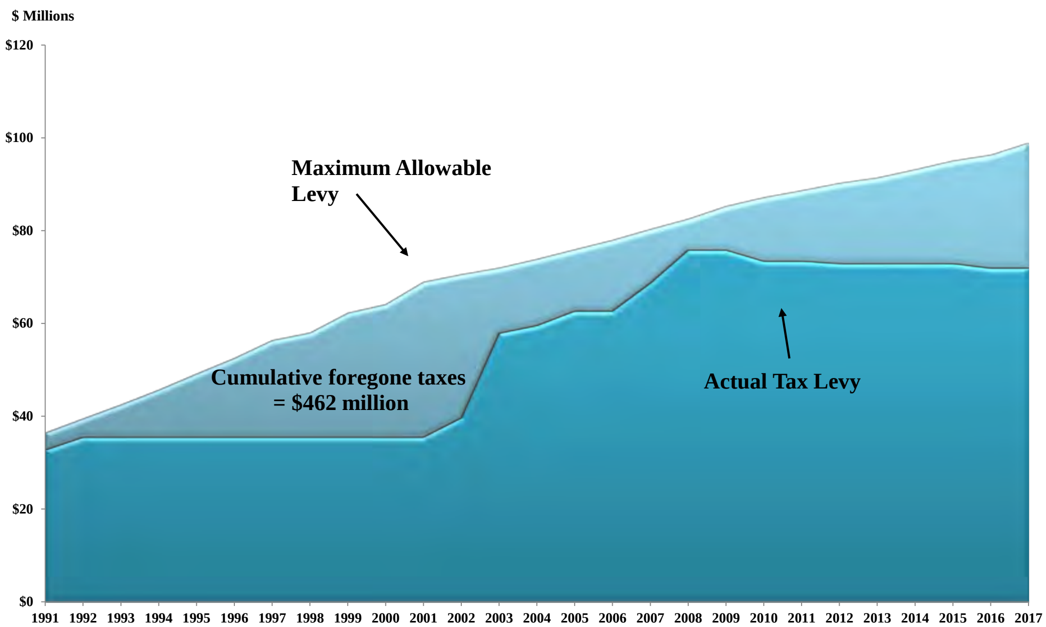
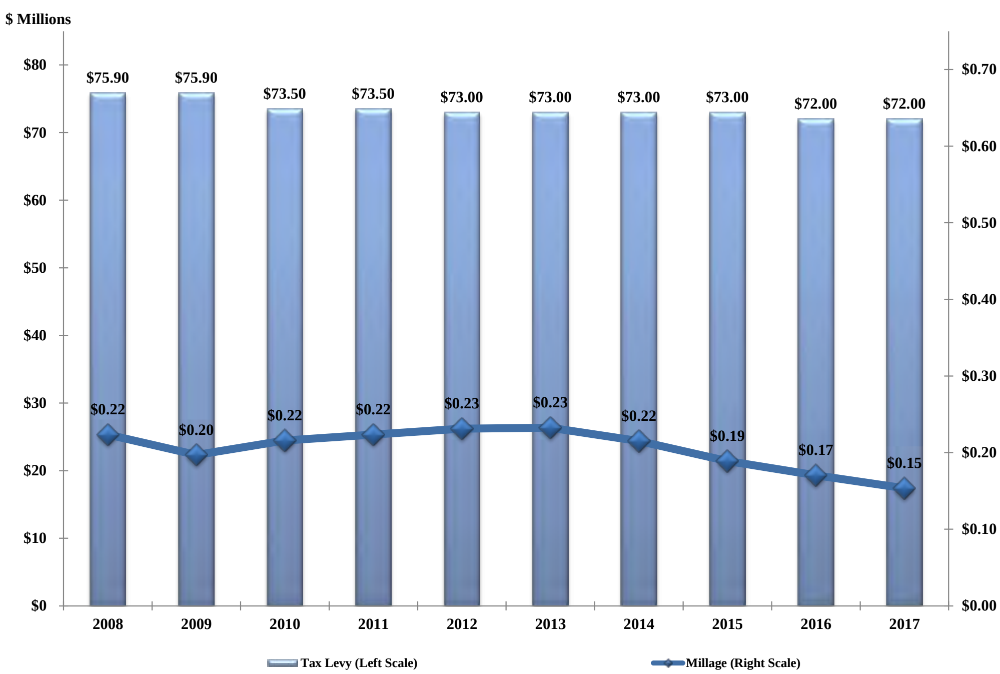



FIGURE VIII-2 shows the historical millage rate from 2008 to 2017. The Port kept the tax levy at $73.0 million from 2012 to 2015 and lowered it to $72.0 million for 2016 and 2017.

**FIGURE VIII-2: TAX LEVY VS. MILLAGE RATE 2008-2017**



**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. As of 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 $2.72/$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, Port may levy up to an estimated $1.3 billion over the twenty year period, with the collection period beginning no sooner than 2018.

## C. TAX LEVY USES

During the annual budget process, the Commission reviews and approves the use of the tax levy. The 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 G.O. bonds issued previously to partially fund critical capital infrastructure investments in and around the Seattle Harbor. Projects have included container terminal upgrades and expansions, Fishermen's Terminal improvements; and dock renewals and upgrades at the Terminal 86 grain facility and Terminal 115. In 2015, the Port issued G.O. Bonds to fund $120 million of its contribution to the SR99 Tunnel Replacement Project. The Port plans to issue up to $150 million of new G.O. Bonds in 2017 to reimburse itself for the final payments to the SR99 Tunnel Replacement Project made in 2016. The levy has also been used to cash fund investments that foster regional economic growth and provide community benefits. These include environmental remediation in the Seattle Harbor, regional freight mobility initiatives such as FAST Corridor, the purchase of the Eastside Rail Corridor, and support for certain workforce development initiatives. The Port has also used the levy to fund capital projects and initiatives meeting specified criteria endorsed by the Commission, including, but not limited to, projects supporting the fishing industry.

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 the Port of Seattle, 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. In 2015, the Port agreed to fund between $10.0 million and $20.0 million over a 20 year period for existing and future roadway repair and reconstruction within the network. The Port has set aside tax levy funds into the Commission-designated Transportation & Infrastructure Reserve Fund (TIF) to fund its potential $20.0 million contribution.

The levy has not traditionally been used for projects at Sea-Tac International Airport, however, the Commission approved the use of the levy for specific projects not eligible for Airport funding such as noise mitigation improvements at certain Highline School District schools near to Sea-Tac Airport. The timing of this funding is dependent on the Highline School District, but isn't expected until 2018 at the earliest.

For 2017 planned uses of levy will include debt service on G.O. Bonds, environmental remediation expenditures, capital improvements at Pier 66 to modernize cruise operations, capital projects in support of fishing industry and other workforce and economic development initiatives. 2017 uses also include funding of the Airport Community Ecology Fund, which was created to support projects and programs that improve ecological and environmental attributes in airport-area communities, and funding of energy and sustainability policy directives to be adopted in 2017.

## TABLE VIII-1: SOURCES AND USES OF TAX LEVY

Table VIII-1 shows how the Port plans to spend the levy in 2017.

| | Notes | 2017 ($ in 000's) |
|---|---|---|
| **SOURCES** | | |
| Prior Year Levy Fund Balance | | $ 60,525 |
| Projected Tax Levy Collection | | 72,000 |
| Bonds Proceeds - Reimbursement of SR99 payments | | 65,000 |
| Grants & Other Reimbursements | | 6,680 |
| Total Projected Sources | | 204,205 |
| **USES** | | |
| G.O. Bonds Debt Service - Existing | | 34,530 |
| G.O. Bonds Debt Service - New | 1 | 10,164 |
| Total Projected G.O. Debt Service | | 44,694 |
| *Capital Expenditures:* | | |
| Maritime - Fishing Industry Support | | 10,457 |
| Maritime - Strategic Investments in Cruise Facilities | | 12,921 |
| Economic Development - Strategic Investments | | 5,000 |
| Total Projected Capital Expenditures | | 28,378 |
| *Other Expenditures:* | | |
| Regional Transportation & Freight Mobility | | 2,165 |
| Airport Community Ecology Fund | | 1,000 |
| Energy and Sustainability Policy Directives | | 1,000 |
| Environmental Remediation Liability (Non-Aviation) | 2 | 9,431 |
| EDD: Workforce Development & Partnership Program | | 2,720 |
| Total Projected Other Expenditures | | 16,316 |
| Total Projected Uses | | 89,389 |
| Projected Ending Balance | | $ 114,816 |

Notes:
1) Estimated new debt service associated with anticipated LTGO bonds to be issued in 2017 to reimburse the Port for the $147.7 million cash contributions made to the State in 2016 for the SR99 Tunnel Replacement Project.
2) Includes projected cashflows for environmental projects already or expected to be booked as liabilities.

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

TABLE VIII-2 provides the allocation of existing G.O. bond debt service in 2017 to the projects that were funded by G.O. bonds issued in 1994, 2000, 2004, 2006, 2011, 2013 and 2015.

| | **2017** ($ in 000's) |
|---|---|
| **Containers** | |
| East Waterway Dredging | $ 732 |
| T-5 Expansion & Upgrades | 6,106 |
| T-46 Expansion Redevelopment | 4,250 |
| T-18 Expansion & Upgrade | 11,025 |
| T-115 Yard Upgrades | 178 |
| Total Containers | 22,290 |
| **Docks and Commercial Properties** | |
| T-91 Apron & Infrastructure Improvements | 2,850 |
| Pier 17 Dock Replacement | 106 |
| T-86 Terminal Upgrades | 126 |
| Total Docks and Commercial Properties | 3,082 |
| **Corporate Public Expense** | |
| Alaskan Way Viaduct Replacement | 7,002 |
| **Economic Development Commercial Properties** | |
| World Trade Center | 541 |
| **Fishing** | |
| Fishermen's Terminal Docks & Seawall Renewal | 1,615 |
| **Total G.O. Bond Debt Service** | **$ 34,530** |

## 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 2017 debt limit:

| | | |
|---|---|---|
| **Value of Taxable Property** [1] | **$** | **468,699,128,038** |
| Debt Limit, Non-Voted General Obligation Bonds (.25% of Value of Taxable Property) | $ | 1,171,747,820 |
| Less: Outstanding Non-Voted General Obligation Bonds as of 12/31/2016 | $ | 283,620,000 |
| Less: Capital leases and other general obligations as of 9/30/2016 | | - |
| **Remaining Capacity of Non-Voted General Obligation Debt** | **$** | **888,127,820** |
| Debt Limit, Total General Obligation Debt (.75% of Value of Taxable Property) | $ | 3,515,243,460 |
| Less: Total Outstanding General Obligation as of 12/31/2016 | $ | 283,620,000 |
| Less: Capital leases and other general obligations as of 9/30/2016 | | - |
| **Remaining Capacity of Total General Obligation Debt** | **$** | **3,231,623,460** |

[1] Preliminary assessed valuation as of 10/31/2016

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The Port may levy property taxes sufficient for the payment of principal of 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

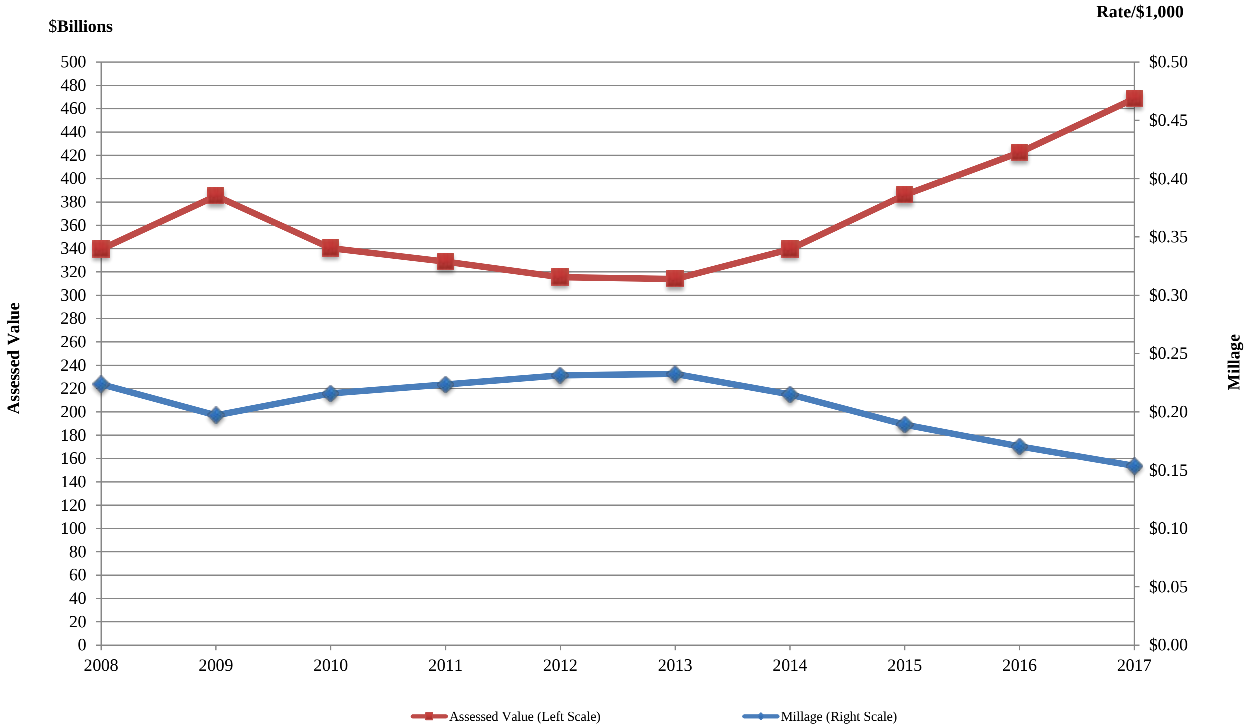
Since the 101% levy limitation applies to the total levy for G.O. debt service and for general Port purposes, an increase in the tax levy for G.O. bonds may result in a decrease in the amount which could be levied for general Port purposes, unless a higher aggregate tax levy was approved by the voters.

Beginning with the 2001 Budget, the Port established a target to use no more than 75% of the levy for debt service and retain at least 25% for general purposes.

## E. TAXPAYER EFFECT

FIGURE VIII-3 shows the assessed valuation as compared to the millage rate from 2008 to 2017. The graph shows that the assessed value has increased from $339 billion for the tax year 2008 to an estimated $466 billion for the tax year 2017, while the millage (the rate paid per $1,000 Assessed Value) has decreased from $0.2236 in 2008, to the rate of $0.1536 applicable in 2017. The 2016 preliminary assessed value as of October 31, 2016, is estimated to be $468,699,128,038. (The 2016 assessed valuation is used for 2017 tax collection).

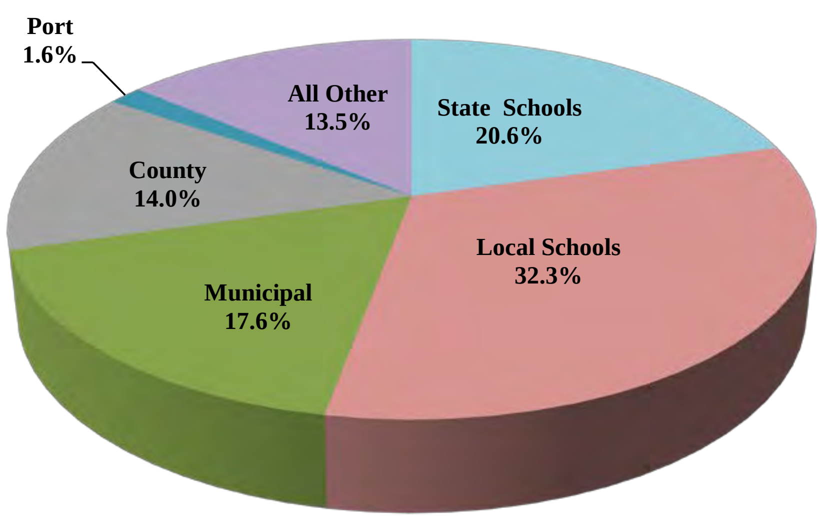
**FIGURE VIII-3: KING COUNTY ASSESSED VALUATION VS. PORT MILLAGE RATE 2008-2017**




## F. COUNTY PROPERTY TAX COMPARISON

For 2016, the Port accounted for 1.6% of the total property taxes collected by the County.

**FIGURE VIII-4: 2016 PERCENTAGE OF TAX LEVIES BY TAXING DISTRICT**



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# CAPITAL BUDGET

The following pages provide detail of the projects included in the Port's 2017-2021 capital budget. Additional information can be found in each of the divisions' business plans and operating budgets. Additionally, the Port assumes funding of 50% of the Northwest Seaport Alliance capital budget, which can be found in Section XII. Those projects are excluded from the table below.

Projects in this year's plan are divided into several 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. ***Other Prospective Projects*** are preliminary in nature and are not ready for full funding commitment. Prospective projects are included in the capital budget section for informational purposes only.

## TABLE IX-1: CAPITAL BUDGET

| ($ in 000's) | *Est/Act* [1] 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total 2017-2021 |
|---|---|---|---|---|---|---|---|
| **Committed Projects** | | | | | | | |
| ***Aviation Division*** | | | | | | | |
| Airfield | $18,679 | $32,251 | $22,308 | $6,500 | $6,500 | $6,394 | **$73,953** |
| Business Development | 6,525 | 8,529 | 2,000 | 500 | 500 | 500 | **12,029** |
| Landside | 7,493 | 11,817 | 10,160 | 7,244 | 0 | 0 | **29,221** |
| Air Terminal | 111,111 | 385,621 | 445,538 | 339,592 | 199,666 | 144,778 | **1,515,195** |
| Infrastructure | 15,238 | 44,539 | 43,930 | 14,066 | 3,039 | 0 | **105,574** |
| Airfield Security | 1,296 | 9,000 | 4,647 | 2,696 | 0 | 0 | **16,343** |
| Aviation NOISE | 243 | 7,251 | 0 | 0 | 15,675 | 0 | **22,926** |
| Aviation F&B (Division-wide) | 13,082 | 2,531 | 1,400 | 1,400 | 1,000 | 0 | **6,331** |
| **Aviation Division** | **173,667** | **501,539** | **529,983** | **371,998** | **226,380** | **151,672** | **1,781,572** |
| ***Maritime Division*** [2] | | | | | | | |
| Recreational Boating | 479 | 3,462 | 8,513 | 150 | 3,400 | 0 | **15,525** |
| Cruise Operations | 2,792 | 14,271 | 1,695 | 243 | 0 | 0 | **16,209** |
| Fishing and Operations | 370 | 6,206 | 179 | 0 | 0 | 0 | **6,385** |
| Maritime General | 4,570 | 3,430 | 3,193 | 3,077 | 2,902 | 1,788 | **14,390** |
| Maritime Portfolio Management | 1,502 | 2,162 | 1,404 | 55 | 0 | 0 | **3,621** |
| Security | 89 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Maritime Division** | **9,802** | **29,531** | **14,984** | **3,525** | **6,302** | **1,788** | **56,130** |
| ***Economic Development Division*** [2] | | | | | | | |
| General Economic Development | 2,133 | 1,927 | 940 | 1,545 | 810 | 830 | **6,052** |
| Portfolio Management | 2,664 | 5,838 | 763 | 300 | 300 | 300 | **7,501** |
| **Economic Development Division** | **4,797** | **7,765** | **1,703** | **1,845** | **1,110** | **1,130** | **13,553** |
| ***Corporate*** | | | | | | | |
| Corporate General and Capital Development | 1,414 | 1,340 | 1,666 | 1,332 | 1,350 | 1,442 | **7,130** |
| ICT Business Services | 6,684 | 4,008 | 2,750 | 2,750 | 2,750 | 2,750 | **15,008** |
| **Corporate** | **8,098** | **5,348** | **4,416** | **4,082** | **4,100** | **4,192** | **22,138** |
| ***Other*** | | | | | | | |
| Stormwater Utility General | 300 | 1,650 | 1,650 | 1,650 | 1,650 | 650 | **7,250** |
| Licensed NWSA Assets | 235 | 221 | 236 | 420 | 411 | 0 | **1,288** |
| **Other** | **535** | **1,871** | **1,886** | **2,070** | **2,061** | **650** | **8,538** |
| **Total Committed** | **$196,899** | **$546,054** | **$552,972** | **$383,520** | **$239,953** | **$159,432** | **$1,881,931** |
| **Business Plan Prospective Projects** | | | | | | | |
| Aviation Division | $7,206 | $88,959 | $133,368 | $126,318 | $128,398 | $142,521 | **$619,564** |
| Maritime Division | 2,175 | 5,489 | 29,356 | 45,250 | 8,560 | 19,850 | **108,505** |
| Economic Development Division | 550 | 8,185 | 22,249 | 31,620 | 3,010 | 3,000 | **68,064** |
| Corporate | 100 | 2,400 | 4,500 | 4,500 | 5,000 | 5,000 | **21,400** |
| Other | 0 | 490 | 0 | 0 | 500 | 2,000 | **2,990** |
| **Total Business Plan Prospective** | **$10,031** | **$105,523** | **$189,473** | **$207,688** | **$145,468** | **$172,371** | **$820,523** |
| **Total Port of Seattle** | **$206,930** | **$651,577** | **$742,445** | **$591,208** | **$385,421** | **$331,803** | **$2,702,454** |

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Notes

1) Estimated/Actual 2016 represents six months of actual spending and six months of projected spending.

2) Maritime and Economic Development divisions were created in 2015.

**AVIATION DIVISION CAPITAL IMPROVEMENT PROGRAM**

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

**Major Committed Capital Projects:**

International Arrivals Facility (IAF): This project will construct a new Federal Inspection Services (FIS) facility on the east side of Concourse A in order to expand capacity to process arriving international passengers. Construction started in September 2016 and the IAF is expected to be in operation by Q4 2019.

Baggage Recapitalization/Optimization: This project will replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity. The project will be done in four phases. The first phase of the project advertised for bids on October 13, 2016 with bids opening on December 13, 2016. Construction will start Q2 2017.

NSAT Renovation & Expansion: In collaboration with Alaska Airlines, the Port will renovate and expand the North Satellite to address seismic concerns; upgrade heating, ventilation, and air conditioning (HVAC), lighting and fixtures; and add eight gates. Construction started in 2016 and will be progressing in 2017. Other elements of the NorthSTAR program, such as improvements to vertical circulation on Concourse C and renovation of the baggage systems supporting the North Satellite have been completed.

**Other Committed Capital Projects:**

Noise Remedy Program: The Port's Noise Remedy Program began in 1971 and is designed to mitigate aircraft noise in neighborhood communities. The program involved the buy-out or insulation of single-family houses, mobile home parks, multi-family buildings, and institutional buildings. The current program involves insulation of single-family homes and future project spending for Highline School District noise mitigation. With the completion of an updated Part 150 study in 2014, the Port has proposed new programs for insulation of additional multi-family buildings and single-family homes.

Concourse D Hardstand Terminal: This project will construct a 32,500 square foot building on the East side of Concourse D in the existing North Ground Transportation Lot in order to provide for remote hardstand operations. This project has authorization to advertise and execute an alternative public works delivery using the design-build method. The project is in the procurement phase of soliciting for the Design Build Team.

Service Tunnel Renewal / Replacement: The service tunnel runs beneath the lower airport drive. This project will bring the airport service tunnel structures up to current seismic code and improve their earthquake reliability. The project design is 90% complete and the project will be going to bid in Q1 2017. Construction is scheduled to begin at the end of Q2 2017.

Alternate Utility Facility: This project will provide an enclosed, dual fuel standby power facility. Upon unexpected loss of normal utility power, the standby power facility will provide stable backup power to the airport within five minutes. This project is in the final stages of procuring for a Public Works building engineering system contract.

**Business Plan Prospective CIP:**

The Aviation Business Plan Prospective CIP is composed of project spending for Airfield, Landside, Terminal, Infrastructure, and other Aviation needs. The largest project will be the renovation of the South Satellite. The budget also includes an allowance for undesignated future spending. This permits the addition of currently undefined new projects to the plan without increasing total spending. 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 for a description of major existing and new projects.

## MARITIME DIVISION CAPITAL IMPROVEMENT PROGRAM

**General:** Maritime's current five-year capital improvement program continues the Port's emphasis on supporting investments in facilities and infrastructure to support economic growth for Cruise, Fishing, and Recreational Vessel industries.

### Major Committed Capital Project:

Pier 66 Cruise Tenant Improvement Allowance: Norwegian Cruise Line Holdings has entered into an agreement with the Port and would expand the existing 44,000 square feet cruise passengers processing facility to approximately 151,500 square feet. Improvements would be primarily done within the existing building envelope. In addition, two new passenger boarding gangways would be built. All work, including gangways, would be completed by April 1, 2017, ready for the 2017 cruise season.

### Committed Capital Projects:

Shilshole Bay Marina Upgrades: Construction is planned to take place over multiple years starting in 2016 and will include reconstruction of restroom/shower/laundry buildings across the site to be cost-effective and minimize tenant and operational disruptions. This will be coordinated with repaving the parking lot and adding storm water improvements.

Fishermen's Terminal Net Sheds: Includes replacement of roofs on Fishing Net Sheds 3, 4, 5, and 6 in addition to adding new fall protection systems and security ladders.

General Maritime: Includes replacement of Maritime rolling stock (forklifts, passenger vehicles, pickup trucks, trailers). Additional committed projects include small projects and technology-related investments.

### Business Plan Prospective CIP:

The Maritime Business Plan Prospective CIP is a combination of revenue/capacity growth and renewal/enhancement projects. Revenue/capacity growth projects include a project for additional gangways at Terminal 91 to support larger cruise ships and a project to modernize the exterior of Pier 66. Renewal/enhancement projects include funds such as rehabilitating the Docks at Fishermen's Terminal and Harbor Island Marina and funds for the Fishermen's Terminal Strategic Plan. Also included is a general renewal and replacement project to allow for projects that cannot be determined with certainty as to location, timing and cost.

## ECONOMIC DEVELOPMENT DIVISION CAPITAL IMPROVEMENT PROGRAM

**General:** Projects in the Economic Development Division's current five-year capital improvement program are primarily projects associated with the renewal and replacement of infrastructure, building components and systems that are at or beyond the end of their useful lives. Also included is an investment in tenant improvements related to the releasing of space expected to become vacant as existing leases expire.

### Committed Capital Projects:

Terminal 102 Buildings A-D Roof & HVAC Replacement: A preliminary design report by Cornerstone Architectural Group estimated the service life at less than two years before wide-spread failure occurs. Given this, the roofs (88,000 square feet) are planned to be replaced in 2016 along with remaining HVAC units.

Pier 69 Roof Beam Repair: The interior face and the underside of the concrete roof beams supporting the clerestory windows are deteriorating and pose a risk of spalled concrete falling. The project will install concrete repairs and screen covers to mitigate roof beam spalling.

Elevator upgrades at P66 and Bell Street Garage: The elevators are 20 years old and upgrades will improve reliability, performance, and add another 20 years of service life.

Other Committed projects: These include Tenant Improvements, Fleet Replacement, Economic Development Technology Projects, and other small projects.

**Business Plan Prospective CIP:**

The Economic Development Division Prospective CIP is a combination of revenue/capacity growth, renewal/enhancement, and Environmental/Safety projects. One of the revenue/capacity growth projects includes a project at Terminal 91 Uplands to prepare the site for future development. Renewal/enhancement projects include lobby improvements at Pier 69 and BHICC Interior Modernization at Pier 66. Environmental/Safety projects include Solar Panels at Pier 69 and Roof Fall protection at Pier 66. Also included is a general renewal and replacement project to allow for projects that cannot be determined with certainty as to location, timing, and cost.

## CORPORATE CAPITAL IMPROVEMENT PROGRAM

The current corporate five-year capital improvement program is predominantly technology improvements and upgrades. Approximately 32% of 2017 technology capital improvement projects are refreshes of critical infrastructure and network security enhancements required to maintain compliance with established industry standards. The remaining technology capital improvement projects are mostly for system upgrades, replacements or consolidation of existing systems that require refresh. These technology projects are all driven by business unit demand, with system upgrades being required to maintain system operations and ongoing vendor support.

A small portion of corporate capital includes a capital program that is primarily for the replacement of equipment and assets that are at or beyond the end of their useful lives. In 2017 the fleet projects will replace six vehicles ($35,000 each), two utility trucks ($60,000 each) and one excavator ($150,000). The remaining portion of the CIP is for survey equipment, a large format printer, and replacement of a boathouse.

In addition to the Committed, Business Plan Prospective and Other Prospective project categories described above, the Port may also invest in Public Expense projects (projects that meet the criteria of Committed or Business Plan Prospective projects but the expenditures are expensed instead of capitalized). This can occur when improvement projects are created on non-Port properties; they are generally a required component of other Committed projects or they are the Port's contribution to regional transportation needs.

## TABLE IX-2: PUBLIC EXPENSE PROJECTS

| Division | CIP Description ($ in 000's) | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total (2017 - 2021) |
|---|---|---|---|---|---|---|---|
| Aviation | SR 518 Corridor Improvements | $ 43 | 0 | 0 | 0 | 0 | **$ 43** |
| | **Subtotal for Airport** | **43** | **0** | **0** | **0** | **0** | **43** |
| Joint Venture | Fast Corridor I | 50 | 0 | 0 | 0 | 0 | **50** |
| | Fast Corridor II | 605 | 69 | 2,500 | 2,500 | 730 | **6,404** |
| | East Marginal Way Phase 2 | 350 | 0 | 0 | 0 | 0 | **350** |
| | North Argo Express Access | 200 | 0 | 0 | 0 | 0 | **200** |
| | Seattle Heavy Haul Network | 130 | 3,000 | 2,000 | 2,000 | 2,000 | **9,130** |
| | **Subtotal for Joint Venture** | **1,335** | **3,069** | **4,500** | **4,500** | **2,730** | **16,134** |
| Maritime | Maritime Air Quality Program | 150 | 150 | 200 | 200 | 200 | **900** |
| | P66 Alaskan Way St Improvement | 960 | 15 | 0 | 0 | 0 | **975** |
| | **Subtotal for Maritime** | **1,110** | **165** | **200** | **200** | **200** | **1,875** |
| | **Total - Public Expense** | **$ 2,488** | **$ 3,234** | **$ 4,700** | **$ 4,700** | **$ 2,930** | **$ 18,052** |

_5YrCapBud&ProspectiveProj.xlsx

## TABLE IX-3: NON-RECURRING CAPITAL BUDGET IMPACT ON THE OPERATING BUDGET

| ($ in 000's) | Notes | Capital Budget Impact | Recurring (R) or Non-Recurring (NR) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total 2017-2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Aviation Division:** | | | | | | | | | | |
| **NSAT Renovation and Expansion** | | **Yes** | **NR** | | | | | | | |
| Capital Spending | | | | 27,364 | 72,915 | 111,462 | 116,127 | 113,088 | 74,028 | 487,620 |
| Change in Operating Revenues | 1 | | | 0 | 0 | 0 | 11,392 | 7,439 | 27,037 | 45,868 |
| Change in Operating Expenses | | | | 0 | 0 | 0 | 0 | 0 | 1,718 | 1,718 |
| **International Arrivals Facility** | | **Yes** | **NR** | | | | | | | |
| Capital Spending | | | | 41,527 | 197,366 | 227,339 | 143,128 | 27,597 | 0 | 595,430 |
| Change in Operating Revenues | 1 | | | 0 | 0 | 0 | 0 | 10,751 | 9,654 | 20,406 |
| Change in Operating Expenses | | | | 0 | 0 | 0 | 0 | 1,500 | 1,553 | 3,053 |
| **Checked Baggage Optimization** | | **Yes** | **NR** | | | | | | | |
| Capital Spending | | | | 5,421 | 45,000 | 45,600 | 64,500 | 47,000 | 57,000 | 259,100 |
| Change in Operating Revenues | 1 | | | 0 | 0 | 0 | 5,295 | 7,970 | 11,760 | 25,025 |
| Change in Operating Expenses | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Capital Spending** | | | | **74,312** | **315,281** | **384,401** | **323,755** | **187,685** | **131,028** | **1,342,149** |
| **Change in Operating Revenues** | | | | **0** | **0** | **0** | **16,687** | **26,160** | **48,451** | **91,298** |
| **Change in Operating Expenses** | | | | **-** | **0** | **0** | **0** | **1,500** | **3,270** | **4,770** |
| **Maritime Division:** | | **No** | | | | | | | | 0 |
| | | | | | | | | | | 0 |
| **Economic Development Division:** | | **No** | | | | | | | | 0 |
| | | | | | | | | | | 0 |
| **Corporate** | | **No** | | | | | | | | 0 |
| **Port-wide Total** | | | | | | | | | | 0 |
| **Capital Spending** | | | | **74,312** | **315,281** | **384,401** | **323,755** | **187,685** | **131,028** | **1,342,149** |
| **Change in Operating Revenues** | | | | **-** | **0** | **0** | **16,687** | **26,160** | **48,451** | **91,298** |
| **Change in Operating Expenses** | | | | **$ -** | **$ -** | **$ -** | **$ -** | **$ 1,500** | **$ 3,270** | **$ 4,770** |

Table X-3.xls

**Notes:**

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

Port of Seattle

# 5 Year Capital Budget

by CIP Number

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Committed Projects

**Run by:** ARR528

## Selection

| | |
|---|---|
| **Start Year:** | 2016 |
| **Business Unit:** | ALL |
| **Project Status:** | 3 - 6 |
| **Division:** | ALL |
| **Sponsor:** | ALL |
| **CIP Group:** | ALL |

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# 5 Year Capital Budget

by CIP Number

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# Aviation Division

## Airfield

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800479** | Fdr 101 Taps/Fire Sta Ele | 255 | 70 | 0 | 0 | 0 | 0 | **70** | 4,474 | 4,149 |
| **CIP Group:** | | **Aeronautical Facilities** | **255** | **70** | **0** | **0** | **0** | **0** | **70** | **4,474** | **4,149** |
| 5 | **C800247** | Cargo 2 West Cargo Hardst | 260 | 459 | 0 | 0 | 0 | 0 | **459** | 7,049 | 6,321 |
| 5 | **C800254** | Aircraft RON Parking USPS | 160 | 0 | 0 | 0 | 0 | 0 | **0** | 36,489 | 35,974 |
| **CIP Group:** | | **Air Cargo** | **420** | **459** | **0** | **0** | **0** | **0** | **459** | **43,538** | **42,295** |
| 5 | **C800390** | Cargo 6 Enhancements | 502 | 718 | 0 | 0 | 0 | 0 | **718** | 6,344 | 5,209 |
| **CIP Group:** | | **Aircraft Fueling** | **502** | **718** | **0** | **0** | **0** | **0** | **718** | **6,344** | **5,209** |
| 5 | **C800335** | GSE Electrical Chrg Stati | 4,199 | 5,000 | 5,066 | 0 | 0 | 0 | **10,066** | 30,197 | 16,132 |
| 4 | **C800557** | Snow Blower and Deicer Tr | 3 | 0 | 0 | 0 | 0 | 0 | **0** | 1,476 | 1,475 |
| 5 | **C800585** | Wi-Fi Enhancement Project | 1,627 | 5,000 | 3,717 | 0 | 0 | 0 | **8,717** | 10,676 | 709 |
| 5 | **C800637** | Alaska Hangar One Roof | 1,347 | 418 | 0 | 0 | 0 | 0 | **418** | 1,926 | 259 |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800775** | Plow / Broom Snow Equipme | 0 | 3,410 | 0 | 0 | 0 | 0 | **3,410** | 3,410 | 0 |
| 5 | **C800781** | SSAT Narrow Body Configur | 75 | 4,000 | 1,425 | 0 | 0 | 0 | **5,425** | 5,500 | 0 |
| 3 | **C800838** | Hardstand Equipment Purch | 0 | 6,200 | 5,600 | 0 | 0 | 0 | **11,800** | 11,800 | 0 |
| **CIP Group:** | | **Airfield Miscellaneous** | **7,251** | **24,028** | **15,808** | **0** | **0** | **0** | **39,836** | **64,985** | **18,575** |
| 5 | **C102573** | Airfield Pavement Replace | 1,156 | 20 | 0 | 0 | 0 | 0 | **20** | 22,719 | 21,381 |
| 4 | **C800406** | RW16C-34C Design and Reco | 9,057 | 456 | 0 | 0 | 0 | 0 | **456** | 83,498 | 72,760 |
| 4 | **C800483** | Airfield Pavement Program | 38 | 6,500 | 6,500 | 6,500 | 6,500 | 6,394 | **32,394** | 32,500 | 86 |
| **CIP Group:** | | **Airfield Pavement** | **10,251** | **6,976** | **6,500** | **6,500** | **6,500** | **6,394** | **32,870** | **138,717** | **94,227** |
| **Subtotal for Airfield:** | | | **18,679** | **32,251** | **22,308** | **6,500** | **6,500** | **6,394** | **73,953** | **258,058** | **164,455** |

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# 5 Year Capital Budget

by CIP Number

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| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Aviation Division Wide** | | | | | | | | | | | |
| 5 | **C800034** | No. Expressway Relo Phase | 481 | 0 | 0 | 0 | 0 | 0 | **0** | 102,562 | 102,086 |
| **CIP Group:** | **CDP** | | **481** | **0** | **0** | **0** | **0** | **0** | **0** | **102,562** | **102,086** |
| 5 | **C800688** | Construction Logistics Ex | 6,202 | 576 | 0 | 0 | 0 | 0 | **576** | 8,542 | 4,048 |
| **CIP Group:** | **Facilities** | | **6,202** | **576** | **0** | **0** | **0** | **0** | **576** | **8,542** | **4,048** |
| 5 | **C101117** | FIMS Phase II | 638 | 0 | 0 | 0 | 0 | 0 | **0** | 8,211 | 7,695 |
| 5 | **C800066** | AV/IT Small Capital Proje | 1,723 | 1,400 | 1,400 | 1,400 | 1,000 | 0 | **5,200** | 12,495 | 6,066 |
| 5 | **C800693** | Noise System Upgrade/Repl | 24 | 0 | 0 | 0 | 0 | 0 | **0** | 1,100 | 1,100 |
| **CIP Group:** | **IT Projects** | | **2,385** | **1,400** | **1,400** | **1,400** | **1,000** | **0** | **5,200** | **21,806** | **14,861** |
| 5 | **C800705** | Fire Dept ARFF Vehicle | 1,760 | 0 | 0 | 0 | 0 | 0 | **0** | 1,760 | 0 |
| 5 | **C800760** | Auburn Mitigation Road Re | 720 | 0 | 0 | 0 | 0 | 0 | **0** | 720 | 0 |
| 5 | **C800800** | SEA Smartphone App | 400 | 100 | 0 | 0 | 0 | 0 | **100** | 500 | 9 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group:** | | **Miscelleneous** | **2,880** | **100** | **0** | **0** | **0** | **0** | **100** | **2,980** | **9** |
| 6 | **C100156** | Small Capital | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 11,536 | 11,533 |
| 5 | **C800017** | Aviation Small Jobs | 1,026 | 389 | 0 | 0 | 0 | 0 | **389** | 9,998 | 9,101 |
| 5 | **C800018** | Aviation Small Capital | 108 | 66 | 0 | 0 | 0 | 0 | **66** | 3,999 | 3,830 |
| **CIP Group:** | | **Small Projects** | **1,134** | **455** | **0** | **0** | **0** | **0** | **455** | **25,533** | **24,464** |
| **Subtotal for Aviation Division Wide:** | | | **13,082** | **2,531** | **1,400** | **1,400** | **1,000** | **0** | **6,331** | **161,423** | **145,468** |

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# 5 Year Capital Budget

by CIP Number


Run by: ARR528

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Business Development** | | | | | | | | | | | |
| 4 | **C800154** | Tenant Reimbursement | 323 | 500 | 500 | 500 | 500 | 500 | **2,500** | 4,709 | 1,641 |
| 5 | **C800690** | B2 Expansion for DL Club | 5,908 | 5,875 | 1,500 | 0 | 0 | 0 | **7,375** | 13,724 | 850 |
| **CIP Group:** | | **Bus. Development Miscellaneous** | **6,231** | **6,375** | **2,000** | **500** | **500** | **500** | **9,875** | **18,433** | **2,491** |
| 4 | **C800651** | Town & Country Stormwater | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 333 | 333 |
| 5 | **C800716** | Central Terminal Stairs | 294 | 2,154 | 0 | 0 | 0 | 0 | **2,154** | 2,493 | 164 |
| **CIP Group:** | | **Properties** | **294** | **2,154** | **0** | **0** | **0** | **0** | **2,154** | **2,826** | **497** |
| **Subtotal for Business Development:** | | | **6,525** | **8,529** | **2,000** | **500** | **500** | **500** | **12,029** | **21,259** | **2,988** |

**Project Status Codes: 1=Under Preliminary Review, 2=LOB Approved, 3=Division Approved, 4=Authorized, 5=Under Contract/In Progress, 6 = Project Complete, 9=Deleted**

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Infrastructure** | | | | | | | | | | | |
| 5 | **C800461** | IWTP Fiber Installation | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 409 | 410 |
| 3 | **C800805** | Duress System Replacement | 400 | 350 | 0 | 0 | 0 | 0 | **350** | 750 | 0 |
| 5 | **C800827** | STIA Communication Infras | 565 | 0 | 0 | 0 | 0 | 0 | **0** | 565 | 0 |
| **CIP Group:** | | **Communication Systems** | **965** | **350** | **0** | **0** | **0** | **0** | **350** | **1,724** | **410** |
| 4 | **C800061** | MT Low Voltage Sys Upgrad | 1,170 | 5,000 | 5,000 | 5,000 | 3,039 | 0 | **18,039** | 19,639 | 801 |
| 5 | **C800107** | C4 UPS System Improvement | 352 | 2,200 | 687 | 0 | 0 | 0 | **2,887** | 3,662 | 575 |
| 5 | **C800230** | Emergency Lighting - Park | 1 | 0 | 0 | 0 | 0 | 0 | **0** | 2,098 | 2,096 |
| 5 | **C800538** | Alternate Utility Facilit | 601 | 10,000 | 20,000 | 5,596 | 0 | 0 | **35,596** | 36,400 | 404 |
| 4 | **C800699** | Electric Utility SCADA | 718 | 5,000 | 3,833 | 0 | 0 | 0 | **8,833** | 9,600 | 217 |
| 5 | **C800709** | Term Wide Voice Paging Sy | 1,000 | 600 | 0 | 0 | 0 | 0 | **600** | 1,600 | 26 |
| 4 | **C800724** | Concourse C New Power Cen | 898 | 5,000 | 4,464 | 0 | 0 | 0 | **9,464** | 10,446 | 131 |
| 5 | **C800788** | OPS Lan Core Switch Upgra | 2,016 | 966 | 0 | 0 | 0 | 0 | **966** | 2,982 | 17 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group:** | | **Electrical Infrastructure** | **6,756** | **28,766** | **33,984** | **10,596** | **3,039** | **0** | **76,385** | **86,427** | **4,267** |
| 4 | **C102066** | Art Pool | 77 | 187 | 260 | 142 | 0 | 0 | **589** | 757 | 169 |
| 5 | **C800659** | N. Utility Tunnel Steam P | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 737 | 737 |
| 5 | **C800708** | S. Util Tunnel Steam Pipe | 586 | 404 | 0 | 0 | 0 | 0 | **404** | 1,000 | 126 |
| **CIP Group:** | | **F&I Miscellaneous Projects** | **663** | **591** | **260** | **142** | **0** | **0** | **993** | **2,494** | **1,032** |
| 5 | **C800251** | Vertical Convey Modernztn | 2,625 | 2,245 | 0 | 0 | 0 | 0 | **2,245** | 11,417 | 7,070 |
| 5 | **C800334** | Two New CTE Freight Eleva | 231 | 56 | 0 | 0 | 0 | 0 | **56** | 7,889 | 7,609 |
| 5 | **C800497** | Airportwide Mech Controls | 1,398 | 281 | 0 | 0 | 0 | 0 | **281** | 3,348 | 2,469 |
| 5 | **C800551** | Grease Interceptor Augmnt | 840 | 250 | 0 | 0 | 0 | 0 | **250** | 1,488 | 834 |
| 5 | **C800722** | CTE HVAC Upgrades | 813 | 4,000 | 1,686 | 0 | 0 | 0 | **5,686** | 6,590 | 503 |
| **CIP Group:** | | **Mechanical Infrastructure** | **5,907** | **6,832** | **1,686** | **0** | **0** | **0** | **8,518** | **30,732** | **18,485** |
| 5 | **C102032** | Sanitary Sewer Pump Sta U | 49 | 0 | 0 | 0 | 0 | 0 | **0** | 872 | 871 |
| 5 | **C800717** | N. Terminals Utilities Up | 898 | 8,000 | 8,000 | 3,328 | 0 | 0 | **19,328** | 20,299 | 371 |

**Project Status Codes: 1=Under Preliminary Review, 2=LOB Approved, 3=Division Approved, 4=Authorized, 5=Under Contract/In Progress, 6 = Project Complete, 9=Deleted**

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CIP Group: | | Water Infrastructure | 947 | 8,000 | 8,000 | 3,328 | 0 | 0 | 19,328 | 21,171 | 1,242 |
| **Subtotal for Infrastructure:** | | | 15,238 | 44,539 | 43,930 | 14,066 | 3,039 | 0 | 105,574 | 142,548 | 25,436 |

# 5 Year Capital Budget

by CIP Number

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Landside** | | | | | | | | | | | |
| 5 | **C101107** | So. 160th St. GT Lot Expa | 238 | 0 | 0 | 0 | 0 | 0 | **0** | 736 | 477 |
| **CIP Group:** | | **Ground Transportation** | **238** | **0** | **0** | **0** | **0** | **0** | **0** | **736** | **477** |
| 5 | **C800253** | Parking System Replacemen | 1 | 0 | 0 | 0 | 0 | 0 | **0** | 5,128 | 5,129 |
| 5 | **C800274** | 8th Floor Weather Proofin | 3 | 0 | 0 | 0 | 0 | 0 | **0** | 8,361 | 8,360 |
| 5 | **C800324** | Long-Term Cell Phone Lot | 73 | 60 | 60 | 0 | 0 | 0 | **120** | 3,122 | 2,492 |
| 5 | **C800451** | Doug Fox Site Improvement | 107 | 0 | 0 | 0 | 0 | 0 | **0** | 6,799 | 6,128 |
| 5 | **C800581** | Parking Garage Lights (CA | 1,203 | 2,037 | 100 | 100 | 0 | 0 | **2,237** | 5,536 | 2,448 |
| 5 | **C800648** | Emergency Phones | 309 | 36 | 0 | 0 | 0 | 0 | **36** | 413 | 192 |
| 5 | **C800728** | Parking System Replacemen | 3,757 | 1,684 | 0 | 0 | 0 | 0 | **1,684** | 5,500 | 143 |
| **CIP Group:** | | **Public Parking** | **5,453** | **3,817** | **160** | **100** | **0** | **0** | **4,077** | **34,859** | **24,892** |
| 5 | **C101110** | Consolidate RCF land acq. | 10 | 0 | 0 | 0 | 0 | 0 | **0** | 10,768 | 10,758 |
| **CIP Group:** | | **Rental Cars** | **10** | **0** | **0** | **0** | **0** | **0** | **0** | **10,768** | **10,758** |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C102112** | Service Tunnel Renewal/Re | 1,792 | 8,000 | 10,000 | 7,144 | 0 | 0 | **25,144** | 27,584 | 1,567 |
| **CIP Group:** | | **Roadways** | **1,792** | **8,000** | **10,000** | **7,144** | **0** | **0** | **25,144** | **27,584** | **1,567** |
| **Subtotal for Landside:** | | | **7,493** | **11,817** | **10,160** | **7,244** | **0** | **0** | **29,221** | **73,947** | **37,694** |

| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **NOISE Program** | | | | | | | | | | | |
| 4 | **C200093** | Single Family Home Sound | 243 | 0 | 0 | 0 | 0 | 0 | **0** | 10,750 | 7,821 |
| **CIP Group:** | | **Residential Insulation** | **243** | **0** | **0** | **0** | **0** | **0** | **0** | **10,750** | **7,821** |
| 5 | **C200007** | Highline School Insulatio | 0 | 7,251 | 0 | 0 | 15,675 | 0 | **22,926** | 101,799 | 63,409 |
| **CIP Group:** | | **School Insulation** | **0** | **7,251** | **0** | **0** | **15,675** | **0** | **22,926** | **101,799** | **63,409** |
| **Subtotal for NOISE Program:** | | | **243** | **7,251** | **0** | **0** | **15,675** | **0** | **22,926** | **112,549** | **71,230** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Security

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 | **C102163** | MT 100% Baggage Screening | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 218,903 | 218,901 |
| 5 | **C800218** | Scty Exit Lane Breach Ctr | 132 | 0 | 0 | 0 | 0 | 0 | **0** | 1,459 | 1,276 |
| 5 | **C800605** | Scty Exit Lane Breach Ctr | 129 | 4,000 | 647 | 0 | 0 | 0 | **4,647** | 7,707 | 2,955 |
| 5 | **C800642** | Video System Improvements | 1,035 | 5,000 | 4,000 | 2,696 | 0 | 0 | **11,696** | 12,999 | 604 |
| **CIP Group:** | | **Security Projects** | **1,296** | **9,000** | **4,647** | **2,696** | **0** | **0** | **16,343** | **241,068** | **223,736** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Security:** | **1,296** | **9,000** | **4,647** | **2,696** | **0** | **0** | **16,343** | **241,068** | **223,736** |

## Terminal and Tenants

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800168** | C60 - C61 BHS Modificatio | 118 | 0 | 0 | 0 | 0 | 0 | **0** | 10,334 | 9,553 |
| 6 | **C800382** | BHS C22-C1, MK1, TC3 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 5,563 | 5,562 |
| 6 | **C800399** | C60-C1 Interline Baggage | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| 4 | **C800555** | NS Refurbish Baggage Syst | 867 | 0 | 0 | 0 | 0 | 0 | **0** | 19,340 | 18,064 |
| 5 | **C800612** | Checked Bag Recap/Optimiz | 5,421 | 45,000 | 45,600 | 64,500 | 47,000 | 57,000 | **259,100** | 318,900 | 15,814 |
| 3 | **C800802** | Auto Tag Reader Replaceme | 50 | 687 | 423 | 0 | 0 | 0 | **1,110** | 1,160 | 0 |
| 4 | **C800825** | Interim Baggage System Pr | 10,256 | 3,930 | 0 | 0 | 0 | 0 | **3,930** | 14,200 | 1,270 |
| 5 | **C800836** | Add'l Baggage Makeup Spac | 167 | 400 | 15,584 | 2,349 | 0 | 0 | **18,333** | 18,500 | 0 |
| 3 | **C800858** | Checkpoint 5 Wall Relocat | 700 | 500 | 0 | 0 | 0 | 0 | **500** | 1,200 | 0 |
| **CIP Group:** | | **Baggage Systems** | **17,579** | **50,517** | **61,607** | **66,849** | **47,000** | **57,000** | **282,973** | **389,197** | **50,263** |
| 5 | **C800464** | Fiber Infr to Gate Backst | 1,668 | 15 | 0 | 0 | 0 | 0 | **15** | 3,195 | 2,780 |
| 5 | **C800790** | Passenger Flow Image Anal | 500 | 715 | 0 | 0 | 0 | 0 | **715** | 1,215 | 0 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group:** | | **Communication Systems** | **2,168** | **730** | **0** | **0** | **0** | **0** | **730** | **4,410** | **2,780** |
| 5 | **C800019** | Gate Utilities Improvemen | 888 | 5,000 | 1,279 | 0 | 0 | 0 | **6,279** | 16,114 | 9,135 |
| 5 | **C800238** | Cent Plant Preconditioned | 2,410 | 1,420 | 0 | 0 | 0 | 0 | **1,420** | 54,716 | 51,050 |
| 5 | **C800543** | Replace PLBs at S7, S9 & | 202 | 19 | 0 | 0 | 0 | 0 | **19** | 2,939 | 2,770 |
| 5 | **C800662** | S4 & S6 IC Connection | 410 | 0 | 0 | 0 | 0 | 0 | **0** | 4,691 | 4,409 |
| 5 | **C800692** | 2016 Fuel System Modifica | 2,895 | 10,204 | 1,200 | 0 | 0 | 0 | **11,404** | 14,482 | 326 |
| 4 | **C800771** | Gate D6 Holdroom for Hard | 155 | 1,569 | 0 | 0 | 0 | 0 | **1,569** | 1,733 | 64 |
| **CIP Group:** | | **Gates** | **6,960** | **18,212** | **2,479** | **0** | **0** | **0** | **20,691** | **94,675** | **67,754** |
| 5 | **C800426** | FIS Short-Term Improvemen | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 1,637 | 1,636 |
| 4 | **C800544** | NS NorthSTAR Program | 596 | 884 | 854 | 874 | 900 | 8,750 | **12,262** | 19,515 | 3,837 |
| 4 | **C800545** | NS Main Terminal Improvem | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 29,199 | 363 |
| 4 | **C800547** | NS Conc C Vertical Circul | 301 | 0 | 0 | 0 | 0 | 0 | **0** | 15,956 | 15,502 |
| 5 | **C800549** | SSAT Interior Renovations | 3,122 | 1,158 | 0 | 0 | 0 | 0 | **1,158** | 5,127 | 968 |
| 5 | **C800556** | NS NSAT Renov NSTS Lobbie | 27,364 | 72,915 | 111,462 | 116,127 | 113,088 | 74,028 | **487,620** | 538,102 | 31,504 |

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| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800615** | STIA 2nd Flr Mezz Infra U | 13 | 0 | 0 | 0 | 0 | 0 | **0** | 2,401 | 2,400 |
| 5 | **C800638** | Concessions Infrastructur | 1,694 | 5,000 | 5,000 | 5,000 | 3,581 | 0 | **18,581** | 21,454 | 1,772 |
| 4 | **C800697** | Restroom Upgrades Conc B, | 86 | 3,000 | 5,000 | 7,500 | 7,500 | 5,000 | **28,000** | 33,047 | 46 |
| 5 | **C800766** | Conc A, B, C Carpet Repla | 1,021 | 2,640 | 0 | 0 | 0 | 0 | **2,640** | 3,661 | 21 |
| 4 | **C800770** | Concourse B Roof Replacem | 167 | 5,000 | 2,084 | 0 | 0 | 0 | **7,084** | 7,263 | 53 |
| **CIP Group:** | | **Interior Improvements** | **34,364** | **90,597** | **124,400** | **129,501** | **125,069** | **87,778** | **557,345** | **677,362** | **58,102** |
| 5 | **C800653** | Passenger Loading Bridge | 1,071 | 850 | 159 | 0 | 0 | 0 | **1,009** | 6,184 | 4,443 |
| 4 | **C800695** | C3 Holdroom Expansion | 366 | 1,500 | 1,346 | 0 | 0 | 0 | **2,846** | 3,299 | 129 |
| **CIP Group:** | | **Loading Bridges** | **1,437** | **2,350** | **1,505** | **0** | **0** | **0** | **3,855** | **9,483** | **4,572** |
| 5 | **C800782** | STS Cars Customer Experie | 1,000 | 1,200 | 370 | 0 | 0 | 0 | **1,570** | 2,570 | 0 |
| 5 | **C800835** | STS Display -S. Loop & Sh | 480 | 100 | 0 | 0 | 0 | 0 | **100** | 580 | 0 |
| **CIP Group:** | | **STS** | **1,480** | **1,300** | **370** | **0** | **0** | **0** | **1,670** | **3,150** | **0** |
| 5 | **C800473** | CUSE at Ticket Cntrs/Gate | 56 | 0 | 0 | 0 | 0 | 0 | **0** | 1,478 | 1,422 |

**Report:** pc416pos.rpt

**Date/Time:** 12/1/2016 2:43 PM

# 5 Year Capital Budget

by CIP Number



**Run by:** ARR528

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800475** | Misc Bldg Improvements AR | 328 | 0 | 0 | 0 | 0 | 0 | **0** | 2,721 | 2,391 |
| 5 | **C800484** | Laptop Power in Concourse | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 1,550 | 1,540 |
| 5 | **C800495** | Facility Monitoring Sys R | 26 | 0 | 0 | 0 | 0 | 0 | **0** | 1,943 | 1,943 |
| 5 | **C800550** | Concourse D Roof Replacem | 1 | 0 | 0 | 0 | 0 | 0 | **0** | 2,964 | 2,894 |
| 5 | **C800560** | MT Mezz Tenant Relocation | 1 | 0 | 0 | 0 | 0 | 0 | **0** | 2,012 | 1,908 |
| 4 | **C800583** | International Arrivals Fa | 41,527 | 197,366 | 227,339 | 143,128 | 27,597 | 0 | **595,430** | 649,366 | 27,102 |
| 5 | **C800629** | S1 Ramp | 229 | 33 | 0 | 0 | 0 | 0 | **33** | 1,399 | 1,217 |
| 5 | **C800657** | Domestic Water Piping | 1,096 | 219 | 0 | 0 | 0 | 0 | **219** | 1,452 | 531 |
| 4 | **C800658** | Mech Energy Conservation | 12 | 1,500 | 1,742 | 14 | 0 | 0 | **3,256** | 3,502 | 234 |
| 5 | **C800667** | Automated Passport Contro | 8 | 0 | 0 | 0 | 0 | 0 | **0** | 2,051 | 2,006 |
| 4 | **C800702** | 2015-2016 C Conc Roof Rep | 2,738 | 3,115 | 0 | 0 | 0 | 0 | **3,115** | 5,922 | 306 |
| 5 | **C800761** | B Concourse Ramp Lvl Hold | 410 | 3,000 | 1,394 | 0 | 0 | 0 | **4,394** | 4,848 | 204 |
| 5 | **C800769** | Concourse D Hardstand Ter | 278 | 15,000 | 22,722 | 0 | 0 | 0 | **37,722** | 38,000 | 28 |
| 3 | **C800818** | SSAT Structural Improveme | 85 | 682 | 1,980 | 100 | 0 | 0 | **2,762** | 2,880 | 43 |

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| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group:** | | **Terminal Facilities** | **46,795** | **220,915** | **255,177** | **143,242** | **27,597** | **0** | **646,931** | **722,088** | **43,769** |
| 5 | **C800490** | New Window Wall Ticket Zo | 1 | 0 | 0 | 0 | 0 | 0 | **0** | 5,407 | 5,386 |
| 5 | **C800824** | Zone 5 Ticket Lobby Recon | 327 | 1,000 | 0 | 0 | 0 | 0 | **1,000** | 1,756 | 18 |
| **CIP Group:** | | **Ticketing Strategy** | **328** | **1,000** | **0** | **0** | **0** | **0** | **1,000** | **7,163** | **5,404** |
| **Subtotal for Terminal and Tenants:** | | | **111,111** | **385,621** | **445,538** | **339,592** | **199,666** | **144,778** | **1,515,195** | **1,907,528** | **232,644** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Aviation Division:** | | | **173,667** | **501,539** | **529,983** | **371,998** | **226,380** | **151,672** | **1,781,572** | **2,918,380** | **903,651** |

| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# Corporate P&TS

## Corporate P&TS Capital Project

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800009** | Infrastructure - Small Ca | 1,836 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | **7,500** | 31,924 | 15,921 |
| 5 | **C800012** | Services Technology Small | 1,132 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | **5,000** | 16,252 | 6,191 |
| 3 | **C800016** | Enterprise GIS - Small Ca | 432 | 250 | 250 | 250 | 250 | 250 | **1,250** | 3,979 | 1,354 |
| 5 | **C800162** | ID Badge System Replaceme | 267 | 0 | 0 | 0 | 0 | 0 | **0** | 2,499 | 2,267 |
| 6 | **C800323** | Network Switch Replacemen | -4 | 0 | 0 | 0 | 0 | 0 | **0** | 1,476 | 1,475 |
| 6 | **C800393** | Net RMS Replacement | 21 | 0 | 0 | 0 | 0 | 0 | **0** | 888 | 887 |
| 5 | **C800519** | Contractor Data System Up | 311 | 0 | 0 | 0 | 0 | 0 | **0** | 675 | 532 |
| 6 | **C800520** | Computer Dispatch Upgrade | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 620 | 621 |
| 5 | **C800521** | Constr. Doc. Mgt Sys. rep | 538 | 0 | 0 | 0 | 0 | 0 | **0** | 900 | 377 |
| 6 | **C800586** | Radio System Upgrade (800 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 4,684 | 4,682 |
| 5 | **C800694** | Expense Project Authoriza | 68 | 0 | 0 | 0 | 0 | 0 | **0** | 518 | 450 |
| 6 | **C800745** | PeopleSoft HCM Upgrade to | 57 | 0 | 0 | 0 | 0 | 0 | **0** | 1,256 | 1,257 |
| 5 | **C800746** | Maximo Upgrade | 813 | 178 | 0 | 0 | 0 | 0 | **178** | 1,000 | 267 |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800748** | Remote Data Ctr Bus Conti | 720 | 480 | 0 | 0 | 0 | 0 | **480** | 1,200 | 22 |
| 5 | **C800763** | Employee Performance Mgmt | 293 | 0 | 0 | 0 | 0 | 0 | **0** | 400 | 292 |
| 5 | **C800776** | POS Website Redevelopment | 200 | 600 | 0 | 0 | 0 | 0 | **600** | 800 | 0 |
| 6 | **C800822** | PeopleSoft BU Configurati | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| **CIP Group:** | | **Information Technology** | **6,684** | **4,008** | **2,750** | **2,750** | **2,750** | **2,750** | **15,008** | **69,071** | **36,595** |
| 3 | **C800450** | CDD Fleet Replacement | 686 | 525 | 854 | 675 | 690 | 480 | **3,224** | 5,748 | 941 |
| 3 | **C800453** | CDD Small Cap | 276 | 340 | 140 | 108 | 72 | 172 | **832** | 2,387 | 631 |
| 3 | **C800458** | Corporate Fleet Replaceme | 252 | 275 | 472 | 349 | 388 | 590 | **2,074** | 7,076 | 1,179 |
| **CIP Group:** | | **Other Corporate Capital Projec** | **1,214** | **1,140** | **1,466** | **1,132** | **1,150** | **1,242** | **6,130** | **15,211** | **2,751** |
| 5 | **C800051** | Small Capital Acquisition | 200 | 200 | 200 | 200 | 200 | 200 | **1,000** | 3,847 | 1,649 |
| **CIP Group:** | | **Small Capital Acquisition** | **200** | **200** | **200** | **200** | **200** | **200** | **1,000** | **3,847** | **1,649** |
| **Subtotal for Corporate P&TS Capital Project** | | | **8,098** | **5,348** | **4,416** | **4,082** | **4,100** | **4,192** | **22,138** | **88,129** | **40,995** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Corporate P&TS:** | | | **8,098** | **5,348** | **4,416** | **4,082** | **4,100** | **4,192** | **22,138** | **88,129** | **40,995** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# Economic Development Division

## General Economic Development

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | **C800359** | RE: 2011 Small Projects | 53 | 0 | 0 | 0 | 0 | 0 | **0** | 1,207 | 1,194 |
| 6 | **C800537** | RE: 2013 Small Projects | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 1,187 | 1,188 |
| 3 | **C800562** | ED: 2018 & Beyond Small P | 0 | 0 | 450 | 1,235 | 500 | 500 | **2,685** | 5,185 | 0 |
| 3 | **C800730** | RE: 2015 Small Projects | 489 | 0 | 0 | 0 | 0 | 0 | **0** | 520 | 222 |
| 3 | **C800815** | ED: 2016 Small Projects | 320 | 0 | 0 | 0 | 0 | 0 | **0** | 320 | 0 |
| 3 | **C800831** | ED Fleet Replacement | 0 | 30 | 0 | 60 | 60 | 80 | **230** | 400 | 0 |
| 3 | **C800891** | ED: 2017 Small Projects | 0 | 770 | 240 | 0 | 0 | 0 | **1,010** | 1,010 | 0 |
| **CIP Group:** | | **ED Small Projects** | **862** | **800** | **690** | **1,295** | **560** | **580** | **3,925** | **9,829** | **2,604** |
| 6 | **C800243** | RE Preliminary Planning | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 1 | 0 |
| 3 | **C800244** | ED Technology Projects | 250 | 250 | 250 | 250 | 250 | 250 | **1,250** | 2,800 | 50 |
| 5 | **C800314** | P69 Built-Up Roof Replace | 43 | 0 | 0 | 0 | 0 | 0 | **0** | 2,464 | 2,463 |
| 6 | **C800670** | P69 DDC System Modernizat | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 | **C800691** | Pier 69 Carpet Replacemen | 28 | 0 | 0 | 0 | 0 | 0 | **0** | 804 | 804 |
| 4 | **C800698** | P69 Roof Beam Rehabilitat | 950 | 877 | 0 | 0 | 0 | 0 | **877** | 2,090 | 689 |
| **CIP Group:** | | **General ECON DEV - Other** | **1,271** | **1,127** | **250** | **250** | **250** | **250** | **2,127** | **8,159** | **4,006** |
| **Subtotal for General Economic Development:** | | | **2,133** | **1,927** | **940** | **1,545** | **810** | **830** | **6,052** | **17,988** | **6,610** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Portfolio Management** | | | | | | | | | | | |
| 3 | **C800749** | Bell St Gar AI Elevtr Upg | 129 | 291 | 0 | 0 | 0 | 0 | **291** | 420 | 0 |
| 4 | **C800813** | P66 Elevator 2,3,4 Upgrad | 174 | 884 | 463 | 0 | 0 | 0 | **1,347** | 1,547 | 50 |
| **CIP Group:** | | **Central Waterfront** | **303** | **1,175** | **463** | **0** | **0** | **0** | **1,638** | **1,967** | **50** |
| 4 | **C800814** | BHICC Fit & Finish Improv | 100 | 400 | 0 | 0 | 0 | 0 | **400** | 500 | 0 |
| **CIP Group:** | | **Conf & Event Centers BHICC** | **100** | **400** | **0** | **0** | **0** | **0** | **400** | **500** | **0** |
| 3 | **C800126** | Tenant Improvements -Capi | 300 | 300 | 300 | 300 | 300 | 300 | **1,500** | 5,468 | 2,249 |
| **CIP Group:** | | **Tenant Improvements** | **300** | **300** | **300** | **300** | **300** | **300** | **1,500** | **5,468** | **2,249** |
| 4 | **C800196** | T102 Bldg Roof HVAC Repla | 1,961 | 3,963 | 0 | 0 | 0 | 0 | **3,963** | 6,197 | 484 |
| **CIP Group:** | | **Terminal 102** | **1,961** | **3,963** | **0** | **0** | **0** | **0** | **3,963** | **6,197** | **484** |
| **Subtotal for Portfolio Management:** | | | **2,664** | **5,838** | **763** | **300** | **300** | **300** | **7,501** | **14,132** | **2,783** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Economic Development Division:** | | | 4,797 | 7,765 | 1,703 | 1,845 | 1,110 | 1,130 | 13,553 | 32,120 | 9,393 |

| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Maritime Division

### Cruise Operations

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total (2017 - 2021) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | **C800514** | SCCT PAX TERMINAL Improv | 25 | 540 | 635 | 0 | 0 | 0 | **1,175** | 1,200 | 0 |
| 4 | **C800592** | Cruise Terminal Tenant Im | 2,002 | 12,800 | 200 | 0 | 0 | 0 | **13,000** | 15,002 | 2 |
| 4 | **C800613** | Cruise Cap Allow - CTA Le | 200 | 100 | 200 | 200 | 0 | 0 | **500** | 823 | 197 |
| 4 | **C800614** | Cruise per Passenger Allo | 0 | 60 | 60 | 43 | 0 | 0 | **163** | 163 | 0 |
| 3 | **C800819** | BSCT Imp Staff Oversight | 91 | 121 | 0 | 0 | 0 | 0 | **121** | 240 | 67 |
| 3 | **C800821** | T91 P91W Slope Stabilizat | 48 | 650 | 600 | 0 | 0 | 0 | **1,250** | 1,298 | 18 |
| 4 | **C800830** | CHI STE 200/210 TIS | 426 | 0 | 0 | 0 | 0 | 0 | **0** | 426 | 426 |
| **CIP Group: Cruise** | | | **2,792** | **14,271** | **1,695** | **243** | **0** | **0** | **16,209** | **19,152** | **710** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Cruise Operations:** | **2,792** | **14,271** | **1,695** | **243** | **0** | **0** | **16,209** | **19,152** | **710** |

## Fishing and Operations

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 4 | **C800526** | FT Net Shed 3,4,5 &6 Roof | 138 | 3,928 | 179 | 0 | 0 | 0 | **4,107** | 4,268 | 46 |
| 5 | **C800527** | FT Net Shed 9 Roof Replac | 11 | 0 | 0 | 0 | 0 | 0 | **0** | 395 | 392 |
| **CIP Group:** | | **Fishermen's Terminal - Water** | **149** | **3,928** | **179** | **0** | **0** | **0** | **4,107** | **4,663** | **438** |
| 6 | **C800090** | P34 Mooring Dolphins | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 1,631 | 1,630 |
| **CIP Group:** | | **Maritime Operations - Other** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1,631** | **1,630** |
| 5 | **C800160** | T91 Lighting Upgrade | 30 | 0 | 0 | 0 | 0 | 0 | **0** | 1,145 | 1,126 |
| 4 | **C800675** | P91 South End Fender | 191 | 2,278 | 0 | 0 | 0 | 0 | **2,278** | 2,469 | 22 |
| **CIP Group:** | | **Maritime Operations - T91** | **221** | **2,278** | **0** | **0** | **0** | **0** | **2,278** | **3,614** | **1,148** |
| **Subtotal for Fishing and Operations:** | | | **370** | **6,206** | **179** | **0** | **0** | **0** | **6,385** | **9,908** | **3,216** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Maritime General

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 4 | **C800729** | Marina Mgt Sys Replacemen | 450 | 100 | 0 | 0 | 0 | 0 | **100** | 550 | 0 |
| **CIP Group:** | | **Maritime General Other** | **450** | **100** | **0** | **0** | **0** | **0** | **100** | **550** | **0** |
| 6 | **C001785** | Prelimin Planning (Marine | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| 6 | **C100841** | Seaport Div. Small Projec | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 4,841 | 4,841 |
| 3 | **C102395** | Maritime Technology Proje | 250 | 250 | 250 | 250 | 250 | 250 | **1,250** | 5,339 | 2,595 |
| 3 | **C800115** | Fleet Replacement | 619 | 0 | 0 | 0 | 0 | 0 | **0** | 4,524 | 4,165 |
| 3 | **C800442** | Maritime Fleet Replacemen | 957 | 1,203 | 1,213 | 1,177 | 1,187 | 1,038 | **5,818** | 11,458 | 739 |
| 3 | **C800561** | MD: 2018 & Beyond Small P | 0 | 0 | 1,060 | 1,650 | 1,465 | 500 | **4,675** | 7,175 | 0 |
| 3 | **C800681** | RE: 2014 Small Projects | 6 | 0 | 0 | 0 | 0 | 0 | **0** | 1,313 | 1,313 |
| 3 | **C800734** | SEA: 2015 Small Projects | 167 | 59 | 0 | 0 | 0 | 0 | **59** | 384 | 184 |
| 3 | **C800797** | CRM MM 2015 Small Project | 852 | 91 | 0 | 0 | 0 | 0 | **91** | 1,056 | 440 |
| 3 | **C800816** | MD: 2016 Small Projects | 1,269 | 790 | 0 | 0 | 0 | 0 | **790** | 2,059 | 133 |
| 3 | **C800892** | MD: 2017 Small Projects | 0 | 937 | 670 | 0 | 0 | 0 | **1,607** | 1,607 | 0 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group:** | | **Maritime Small Projects** | **4,120** | **3,330** | **3,193** | **3,077** | **2,902** | **1,788** | **14,290** | **39,756** | **14,410** |
| **Subtotal for Maritime General:** | | | **4,570** | **3,430** | **3,193** | **3,077** | **2,902** | **1,788** | **14,390** | **40,306** | **14,410** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Maritime Portfolio Management

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total (2017 - 2021) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | **C800005** | FT Paving/Storm Upgrades | 0 | 90 | 800 | 55 | 0 | 0 | **945** | 1,052 | 105 |
| 5 | **C800137** | FT C15 HVAC Improvements | -163 | 8 | 0 | 0 | 0 | 0 | **8** | 4,391 | 4,524 |
| 3 | **C800191** | FT C14 (Downie) Roof & HV | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 55 | 56 |
| 5 | **C800344** | FT C-2 (Nordby) Roof & HV | 13 | 0 | 0 | 0 | 0 | 0 | **0** | 2,073 | 2,071 |
| 3 | **C800750** | C15 Building Tunnel Impro | 0 | 400 | 300 | 0 | 0 | 0 | **700** | 700 | 0 |
| **CIP Group:** | | **Fishermens Terminal - Land** | **-150** | **498** | **1,100** | **55** | **0** | **0** | **1,653** | **8,271** | **6,756** |
| 5 | **C800430** | P90 C175 Roof Replacement | 10 | 0 | 0 | 0 | 0 | 0 | **0** | 1,999 | 2,000 |
| 5 | **C800439** | T91 Substation Upgrades | 1,533 | 17 | 0 | 0 | 0 | 0 | **17** | 2,096 | 1,769 |
| 4 | **C800829** | T91 Building C-173 Roof O | 109 | 1,397 | 54 | 0 | 0 | 0 | **1,451** | 1,560 | 23 |
| **CIP Group:** | | **Maritime Industrial Facilities** | **1,652** | **1,414** | **54** | **0** | **0** | **0** | **1,468** | **5,655** | **3,792** |
| 3 | **C800445** | SBM Pad Site Developement | 0 | 250 | 250 | 0 | 0 | 0 | **500** | 500 | 0 |
| **CIP Group:** | | **Shilshole Bay Marina - Land** | **0** | **250** | **250** | **0** | **0** | **0** | **500** | **500** | **0** |

# 5 Year Capital Budget

by CIP Number

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Maritime Portfolio Management:** | | | **1,502** | **2,162** | **1,404** | **55** | **0** | **0** | **3,621** | **14,426** | **10,548** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Recreational Boating

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | **C800539** | BHM Pile Wraps | 0 | 0 | 0 | 0 | 3,400 | 0 | **3,400** | 3,449 | 49 |
| **CIP Group:** | | **Bell Harbor Marina** | **0** | **0** | **0** | **0** | **3,400** | **0** | **3,400** | **3,449** | **49** |
| 3 | **C800678** | HIM E Dock | 0 | 200 | 3,550 | 150 | 0 | 0 | **3,900** | 3,965 | 64 |
| **CIP Group:** | | **Harbor Island Marina** | **0** | **200** | **3,550** | **150** | **0** | **0** | **3,900** | **3,965** | **64** |
| 6 | **C800088** | SBM Central Seawall Repla | 13 | 0 | 0 | 0 | 0 | 0 | **0** | 663 | 661 |
| 3 | **C800355** | SBM Paving | 93 | 55 | 1,047 | 0 | 0 | 0 | **1,102** | 1,195 | 39 |
| 4 | **C800356** | SBM Restrms/Service Bldgs | 373 | 3,207 | 3,916 | 0 | 0 | 0 | **7,123** | 7,622 | 223 |
| **CIP Group:** | | **Shilshole Bay Marina - Water** | **479** | **3,262** | **4,963** | **0** | **0** | **0** | **8,225** | **9,480** | **923** |
| **Subtotal for Recreational Boating:** | | | **479** | **3,462** | **8,513** | **150** | **3,400** | **0** | **15,525** | **16,894** | **1,036** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Security** | | | | | | | | | | | |
| 5 | **C800436** | SEA SEC R13 P66 TWIC & T9 | 89 | 0 | 0 | 0 | 0 | 0 | **0** | 738 | 687 |
| 6 | **C800515** | SEA Security Gnt Rd 14 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 137 | 137 |
| **CIP Group:** | | **Maritime Security - Grants** | **89** | **0** | **0** | **0** | **0** | **0** | **0** | **875** | **824** |
| **Subtotal for Security:** | | | **89** | **0** | **0** | **0** | **0** | **0** | **0** | **875** | **824** |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Maritime Division:** | | | **9,802** | **29,531** | **14,984** | **3,525** | **6,302** | **1,788** | **56,130** | **101,561** | **30,744** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# NWSA Joint Venture

## Joint Venture General

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 | **C800680** | SEA: 2014 Small Projects | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 358 | 357 |
| 3 | **C800885** | Joint Venture Small Capit | 150 | 0 | 0 | 0 | 0 | 0 | **0** | 150 | 0 |
| **CIP Group:** | **JV Small Projects** | | **150** | **0** | **0** | **0** | **0** | **0** | **0** | **508** | **357** |

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total | Total EstAct | CIP Actuals |
|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Joint Venture General:** | **150** | **0** | **0** | **0** | **0** | **0** | **0** | **508** | **357** |

## Lease & Asset Management

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **C800546** | Argo Yard Roadway Element | 12 | 0 | 0 | 0 | 0 | 0 | **0** | 3,045 | 3,039 |
| **CIP Group:** | | **Containers Other** | **12** | **0** | **0** | **0** | **0** | **0** | **0** | **3,045** | **3,039** |
| 6 | **C800689** | Terminal 115 Stormwater S | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 514 | 514 |
| **CIP Group:** | | **Terminal 115** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **514** | **514** |
| 5 | **C102874** | T-18 Complete Const. Issu | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 1,057 | 1,056 |
| 5 | **C102875** | T18 Street Vacation Compl | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 3,630 | 3,633 |
| **CIP Group:** | | **Terminal 18** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **4,687** | **4,689** |
| 3 | **C800563** | T46 Viaduct Driven Capita | 3 | 4 | 106 | 0 | 0 | 0 | **110** | 349 | 237 |
| 4 | **C800620** | T46 Pub Acc Mitigation at | 0 | 70 | 130 | 420 | 411 | 0 | **1,031** | 1,261 | 231 |
| **CIP Group:** | | **Terminal 46** | **3** | **74** | **236** | **420** | **411** | **0** | **1,141** | **1,610** | **468** |
| 5 | **C102858** | T5 Street Vacation Comple | 70 | 147 | 0 | 0 | 0 | 0 | **147** | 1,594 | 1,377 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group: Terminal 5** | | | 70 | 147 | 0 | 0 | 0 | 0 | 147 | 1,594 | 1,377 |
| **Subtotal for Lease & Asset Management:** | | | 85 | 221 | 236 | 420 | 411 | 0 | 1,288 | 11,450 | 10,087 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for NWSA Joint Venture:** | | | **235** | **221** | **236** | **420** | **411** | **0** | **1,288** | **11,958** | **10,444** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# Stormwater Utility

## SWU General

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | **C800895** | T18 SW outfall upgrade | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 0 | **4,000** | 4,000 | 0 |
| 3 | **C800991** | PW Stormwater Sys Renewal | 0 | 500 | 500 | 500 | 500 | 500 | **2,500** | 5,000 | 0 |
| **CIP Group:** | | **SWU Large Capital** | **0** | **1,500** | **1,500** | **1,500** | **1,500** | **500** | **6,500** | **9,000** | **0** |
| 3 | **C800837** | SWU Small Capital | 300 | 150 | 150 | 150 | 150 | 150 | **750** | 1,800 | 22 |
| **CIP Group:** | | **SWU Small Projects** | **300** | **150** | **150** | **150** | **150** | **150** | **750** | **1,800** | **22** |
| **Subtotal for SWU General:** | | | **300** | **1,650** | **1,650** | **1,650** | **1,650** | **650** | **7,250** | **10,800** | **22** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Stormwater Utility:** | | | **300** | **1,650** | **1,650** | **1,650** | **1,650** | **650** | **7,250** | **10,800** | **22** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Grand Total:** | | | 196,899 | 546,054 | 552,972 | 383,520 | 239,953 | 159,432 | 1,881,931 | 3,162,948 | 995,249 |

# 5 Year Capital Budget

by CIP Number

**Report:** pc416pos.rpt
**Date/Time:** 12/1/2016 2:40 PM

Business Plan Prospective Projects

**Run by:** ARR528

## Selection

| | |
|---|---|
| **Start Year:** | 2016 |
| **Business Unit:** | ALL |
| **Project Status:** | 2 - 2 |
| **Division:** | ALL |
| **Sponsor:** | ALL |
| **CIP Group:** | ALL |

Port of Seattle

Report: pc416pos.rpt
Date/Time: 12/1/2016 2:40 PM

# 5 Year Capital Budget

by CIP Number

Page: 1
Run by: ARR528

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# Aviation Division

## Airfield

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800772** | Fuel Hydrant Pit Program | 0 | 0 | 400 | 0 | 0 | 1,000 | **1,400** | 4,000 | 0 |
| **CIP Group:** | | **Aircraft Fueling** | **0** | **0** | **400** | **0** | **0** | **1,000** | **1,400** | **4,000** | **0** |
| 2 | **C800834** | GBAS Upgrade | 0 | 220 | 2,938 | 0 | 0 | 0 | **3,158** | 3,158 | 0 |
| 2 | **C800842** | AOS Perimeter Fence Line | 0 | 346 | 1,944 | 1,703 | 0 | 0 | **3,993** | 3,993 | 0 |
| **CIP Group:** | | **Airfield Miscellaneous** | **0** | **566** | **4,882** | **1,703** | **0** | **0** | **7,151** | **7,151** | **0** |
| 2 | **C800650** | Surface Area Management S | 0 | 700 | 4,300 | 0 | 0 | 0 | **5,000** | 5,000 | 0 |
| **CIP Group:** | | **Navigational Navaids** | **0** | **700** | **4,300** | **0** | **0** | **0** | **5,000** | **5,000** | **0** |
| **Subtotal for Airfield:** | | | **0** | **1,266** | **9,582** | **1,703** | **0** | **1,000** | **13,551** | **16,151** | **0** |

Project Status Codes: 1=Under Preliminary Review, 2=LOB Approved, 3=Division Approved, 4=Authorized, 5=Under Contract/In Progress, 6 = Project Complete, 9=Deleted

## Aviation Division Wide

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800404** | Aeronautical Allowance | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| 2 | **C800405** | Non-Aeronautical Allowanc | 0 | 2,562 | 5,000 | 10,000 | 10,000 | 10,000 | **37,562** | 52,275 | 0 |
| 2 | **C800753** | Aeronautical Allowance | 0 | 2,000 | 10,000 | 20,000 | 35,000 | 50,000 | **117,000** | 696,436 | 0 |
| 2 | **C800794** | Fire Pump Replacement | 0 | 580 | 0 | 0 | 0 | 0 | **580** | 580 | 0 |
| **CIP Group:** | **Miscelleneous** | | **0** | **5,142** | **15,000** | **30,000** | **45,000** | **60,000** | **155,142** | **749,291** | **0** |
| 2 | **C800099** | Aviation Small Capital | 1,557 | 1,269 | 947 | 0 | 0 | 0 | **2,216** | 6,000 | 2,807 |
| 2 | **C800100** | Aviation Small Jobs | 2,444 | 1,141 | 2,500 | 2,600 | 925 | 0 | **7,166** | 10,000 | 949 |
| 2 | **C800751** | Aviation Small Jobs | 0 | 0 | 0 | 0 | 1,775 | 2,800 | **4,575** | 12,000 | 0 |
| 2 | **C800752** | Aviation Small Capital | 0 | 0 | 553 | 1,600 | 1,700 | 1,800 | **5,653** | 10,000 | 0 |
| **CIP Group:** | **Small Projects** | | **4,001** | **2,410** | **4,000** | **4,200** | **4,400** | **4,600** | **19,610** | **38,000** | **3,756** |
| **Subtotal for Aviation Division Wide:** | | | **4,001** | **7,552** | **19,000** | **34,200** | **49,400** | **64,600** | **174,752** | **787,291** | **3,756** |

## Business Development

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800846** | Kiosk Program Expansion | 113 | 1,012 | 2,014 | 0 | 0 | 0 | **3,026** | 3,139 | 0 |
| 2 | **C800886** | Central Terminal Enhancem | 150 | 750 | 250 | 0 | 0 | 0 | **1,000** | 3,000 | 0 |
| **CIP Group:** | | **Concessions** | **263** | **1,762** | **2,264** | **0** | **0** | **0** | **4,026** | **6,139** | **0** |
| 2 | **C800655** | IWS Segregation Meters (C | 50 | 850 | 0 | 0 | 0 | 0 | **850** | 900 | 0 |
| 2 | **C800883** | Central Term Mezzanine Of | 0 | 500 | 2,784 | 2,005 | 0 | 0 | **5,289** | 5,289 | 0 |
| **CIP Group:** | | **Properties** | **50** | **1,350** | **2,784** | **2,005** | **0** | **0** | **6,139** | **6,189** | **0** |
| **Subtotal for Business Development:** | | | **313** | **3,112** | **5,048** | **2,005** | **0** | **0** | **10,165** | **12,328** | **0** |

| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Infrastructure** | | | | | | | | | | | |
| 2 | **C800762** | Telecommunication Meet Me | 0 | 47 | 47 | 811 | 0 | 0 | **905** | 905 | 0 |
| **CIP Group:** | | **Communication Systems** | **0** | **47** | **47** | **811** | **0** | **0** | **905** | **905** | **0** |
| 2 | **C800774** | Overheight Vehicle Detect | 326 | 334 | 0 | 0 | 0 | 0 | **334** | 660 | 1 |
| 2 | **C800784** | Emergency Generator Cont | 234 | 760 | 0 | 0 | 0 | 0 | **760** | 994 | 35 |
| 2 | **C800806** | Electrical Service Securi | 100 | 0 | 450 | 50 | 0 | 0 | **500** | 600 | 0 |
| 2 | **C800811** | Chiller Panel Upgrade | 50 | 400 | 50 | 0 | 0 | 0 | **450** | 500 | 0 |
| 2 | **C800826** | Arc Flash Mitigation | 150 | 1,486 | 1,564 | 0 | 0 | 0 | **3,050** | 3,200 | 0 |
| 2 | **C800901** | Parking Garage - Elec. Pa | 0 | 815 | 1,907 | 545 | 0 | 0 | **3,267** | 3,267 | 0 |
| 2 | **C800902** | Conc B - Electrical Panel | 0 | 645 | 2,030 | 0 | 0 | 0 | **2,675** | 2,675 | 0 |
| 2 | **C800905** | Conc C - Electrical Panel | 0 | 1,023 | 3,381 | 1,727 | 0 | 0 | **6,131** | 6,131 | 0 |
| **CIP Group:** | | **Electrical Infrastructure** | **860** | **5,463** | **9,382** | **2,322** | **0** | **0** | **17,167** | **18,027** | **36** |
| 2 | **C800900** | Garage Ancillary Renew/Re | 0 | 483 | 1,130 | 322 | 0 | 0 | **1,935** | 1,935 | 0 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group:** | | **F&I Miscellaneous Projects** | **0** | **483** | **1,130** | **322** | **0** | **0** | **1,935** | **1,935** | **0** |
| 2 | **C800240** | Main Terminal HVAC Upgrad | 0 | 0 | 250 | 250 | 0 | 0 | **500** | 500 | 0 |
| 2 | **C800798** | SSAT Infrastructure Upgra | 0 | 5,330 | 670 | 0 | 0 | 0 | **6,000** | 6,000 | 0 |
| 2 | **C800801** | Replace Variable Freq. Dr | 0 | 2,450 | 2,550 | 0 | 0 | 0 | **5,000** | 5,000 | 0 |
| 2 | **C800903** | Conc B - Mechanical Equip | 0 | 330 | 998 | 0 | 0 | 0 | **1,328** | 1,328 | 0 |
| **CIP Group:** | | **Mechanical Infrastructure** | **0** | **8,110** | **4,468** | **250** | **0** | **0** | **12,828** | **12,828** | **0** |
| 2 | **C800493** | Water Right Supply Develo | 0 | 500 | 0 | 0 | 0 | 0 | **500** | 500 | 0 |
| 2 | **C800787** | NSAT Roofs to Storm Pipin | 1 | 0 | 0 | 0 | 0 | 0 | **0** | 1 | 1 |
| 2 | **C800799** | Trenchless Replacement of | 0 | 360 | 1,190 | 0 | 0 | 0 | **1,550** | 1,550 | 0 |
| 2 | **C800804** | Water Hammer Attenuation | 2 | 498 | 0 | 0 | 0 | 0 | **498** | 500 | 2 |
| 2 | **C800864** | Water System Alternate So | 0 | 3,000 | 0 | 0 | 0 | 0 | **3,000** | 3,000 | 0 |
| 2 | **C800865** | Trenchless Pipe Replace P | 0 | 390 | 1,293 | 3,940 | 0 | 0 | **5,623** | 5,623 | 0 |
| 2 | **C800904** | Conc B - Water/Sewer Line | 0 | 636 | 2,000 | 0 | 0 | 0 | **2,636** | 2,636 | 0 |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIP Group: Water Infrastructure** | | | 3 | 5,384 | 4,483 | 3,940 | 0 | 0 | 13,807 | 13,810 | 3 |
| **Subtotal for Infrastructure:** | | | 863 | 19,487 | 19,510 | 7,645 | 0 | 0 | 46,642 | 47,505 | 39 |

## Landside

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800777** | Reuse of S. 28th St. GT L | 125 | 853 | 40 | 0 | 0 | 0 | **893** | 1,018 | 0 |
| **CIP Group:** | | **Ground Transportation** | **125** | **853** | **40** | **0** | **0** | **0** | **893** | **1,018** | **0** |
| 2 | **C800789** | Garage Plaza & Elevators | 0 | 3,672 | 6,182 | 8,686 | 4,736 | 0 | **23,276** | 23,276 | 0 |
| 2 | **C800870** | Parking Revenue Infrastru | 0 | 8,550 | 6,061 | 0 | 0 | 0 | **14,611** | 14,611 | 0 |
| **CIP Group:** | | **Public Parking** | **0** | **12,222** | **12,243** | **8,686** | **4,736** | **0** | **37,887** | **37,887** | **0** |
| 2 | **C800810** | RCF Bus Purchase | 0 | 1,800 | 0 | 0 | 0 | 0 | **1,800** | 1,800 | 0 |
| **CIP Group:** | | **Rental Cars** | **0** | **1,800** | **0** | **0** | **0** | **0** | **1,800** | **1,800** | **0** |
| 2 | **C102162** | Air Cargo Rd Safety Imp | 0 | 0 | 2,335 | 651 | 0 | 0 | **2,986** | 3,052 | 66 |
| 2 | **C800143** | South Access Property Acq | 0 | 1,500 | 0 | 0 | 0 | 0 | **1,500** | 1,500 | 0 |
| 2 | **C800866** | Widen Arrivals Approach | 0 | 200 | 1,000 | 14,400 | 0 | 0 | **15,600** | 15,600 | 0 |
| **CIP Group:** | | **Roadways** | **0** | **1,700** | **3,335** | **15,051** | **0** | **0** | **20,086** | **20,152** | **66** |

| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Landside:** | | | **125** | **16,575** | **15,618** | **23,737** | **4,736** | **0** | **60,666** | **60,857** | **66** |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## NOISE Program

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C200094** | Single Family Home Insula | 200 | 4,500 | 4,918 | 4,918 | 0 | 0 | **14,336** | 14,536 | 0 |
| 2 | **C200095** | Condo Sound Insulation | 0 | 700 | 7,993 | 7,993 | 7,995 | 0 | **24,681** | 24,681 | 0 |
| **CIP Group:** | | **Residential Insulation** | **200** | **5,200** | **12,911** | **12,911** | **7,995** | **0** | **39,017** | **39,217** | **0** |

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for NOISE Program:** | **200** | **5,200** | **12,911** | **12,911** | **7,995** | **0** | **39,017** | **39,217** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Security** | | | | | | | | | | | |
| 2 | **C800844** | Perimeter Intrusion Detec | 0 | 285 | 378 | 997 | 6,044 | 2,296 | **10,000** | 10,000 | 0 |
| 2 | **C800862** | Terminal Security Enhance | 0 | 300 | 4,285 | 5,269 | 0 | 0 | **9,854** | 9,854 | 0 |
| 2 | **C800876** | Fire Station - Westside | 0 | 2,020 | 380 | 0 | 0 | 0 | **2,400** | 2,400 | 0 |
| 2 | **C800878** | ARFF Vehicle Replacements | 0 | 2,200 | 0 | 0 | 0 | 0 | **2,200** | 2,200 | 0 |
| 2 | **C800880** | Employee Security Screeni | 88 | 511 | 2,370 | 531 | 0 | 0 | **3,412** | 3,500 | 0 |
| **CIP Group:** | | **Security Projects** | **88** | **5,316** | **7,413** | **6,797** | **6,044** | **2,296** | **27,866** | **27,954** | **0** |
| **Subtotal for Security:** | | | **88** | **5,316** | **7,413** | **6,797** | **6,044** | **2,296** | **27,866** | **27,954** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Terminal and Tenants

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800780** | SSAT Make-Up Feed Line | 176 | 0 | 0 | 8,000 | 5,823 | 0 | **13,823** | 13,999 | 177 |
| 2 | **C800850** | C61 Upgrades and Add'l Ma | 30 | 7,889 | 8,381 | 0 | 0 | 0 | **16,270** | 16,300 | 0 |
| **CIP Group:** | | **Baggage Systems** | **206** | **7,889** | **8,381** | **8,000** | **5,823** | **0** | **30,093** | **30,299** | **177** |
| 2 | **C800841** | Tenant Network Demarc Upg | 0 | 1,000 | 1,000 | 500 | 0 | 0 | **2,500** | 2,500 | 0 |
| **CIP Group:** | | **Communication Systems** | **0** | **1,000** | **1,000** | **500** | **0** | **0** | **2,500** | **2,500** | **0** |
| 2 | **C800779** | Safedock - A5, D10, D11 & | 0 | 770 | 3,102 | 0 | 0 | 0 | **3,872** | 3,872 | 0 |
| 2 | **C800873** | Concourse B Gate Reconfig | 1,000 | 9,400 | 0 | 0 | 0 | 0 | **9,400** | 10,400 | 0 |
| **CIP Group:** | | **Gates** | **1,000** | **10,170** | **3,102** | **0** | **0** | **0** | **13,272** | **14,272** | **0** |
| 2 | **C800743** | SSAT Renovation Project | 30 | 970 | 9,000 | 20,000 | 30,000 | 50,000 | **109,970** | 600,000 | 30 |
| 2 | **C800898** | Airport Signage Phase 1 | 0 | 830 | 5,000 | 2,170 | 0 | 0 | **8,000** | 8,000 | 0 |
| **CIP Group:** | | **Interior Improvements** | **30** | **1,800** | **14,000** | **22,170** | **30,000** | **50,000** | **117,970** | **608,000** | **30** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800793** | PLB Renew & Replace Phase | 375 | 1,600 | 2,000 | 2,000 | 2,000 | 2,025 | **9,625** | 10,000 | 25 |
| **CIP Group:** | | **Loading Bridges** | **375** | **1,600** | **2,000** | **2,000** | **2,000** | **2,025** | **9,625** | **10,000** | **25** |
| 2 | **C800875** | Additional STS Cars | 0 | 6,525 | 8,175 | 2,150 | 600 | 0 | **17,450** | 17,450 | 0 |
| **CIP Group:** | | **STS** | **0** | **6,525** | **8,175** | **2,150** | **600** | **0** | **17,450** | **17,450** | **0** |
| 2 | **C800833** | Holdroom Seatings for Con | 5 | 367 | 5,628 | 0 | 0 | 0 | **5,995** | 6,000 | 0 |
| 2 | **C800845** | C1 Building Floor Expansi | 0 | 1,100 | 2,000 | 2,500 | 21,800 | 22,600 | **50,000** | 50,000 | 0 |
| **CIP Group:** | | **Terminal Facilities** | **5** | **1,467** | **7,628** | **2,500** | **21,800** | **22,600** | **55,995** | **56,000** | **0** |
| **Subtotal for Terminal and Tenants:** | | | **1,616** | **30,451** | **44,286** | **37,320** | **60,223** | **74,625** | **246,905** | **738,521** | **232** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Aviation Division:** | | | **7,206** | **88,959** | **133,368** | **126,318** | **128,398** | **142,521** | **619,564** | **1,729,824** | **4,093** |

| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Corporate P&TS

### Corporate P&TS Capital Project

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total (2017 - 2021) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800097** | IT Renewal/Replacement | 0 | 0 | 1,500 | 2,000 | 5,000 | 5,000 | **13,500** | 38,500 | 0 |
| 2 | **C800747** | Project Cost Management S | 100 | 900 | 0 | 0 | 0 | 0 | **900** | 1,000 | 0 |
| 2 | **C800907** | Supplier Database System | 0 | 700 | 0 | 0 | 0 | 0 | **700** | 700 | 0 |
| 2 | **C800908** | Corporate Firewall | 0 | 800 | 0 | 0 | 0 | 0 | **800** | 800 | 0 |
| 2 | **C800909** | PeopleSoft Financials Upg | 0 | 0 | 3,000 | 2,500 | 0 | 0 | **5,500** | 5,500 | 0 |
| **CIP Group:** | | **Information Technology** | **100** | **2,400** | **4,500** | **4,500** | **5,000** | **5,000** | **21,400** | **46,500** | **0** |
| **Subtotal for Corporate P&TS Capital Project** | | | **100** | **2,400** | **4,500** | **4,500** | **5,000** | **5,000** | **21,400** | **46,500** | **0** |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Corporate P&TS:** | | | 100 | 2,400 | 4,500 | 4,500 | 5,000 | 5,000 | 21,400 | 46,500 | 0 |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# Economic Development Division

## Development & Planning

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800158** | T91 Uplands Pre-Developme | 0 | 5,000 | 15,000 | 30,000 | 0 | 0 | **50,000** | 50,000 | 0 |
| **CIP Group:** | | **Real Estate Development** | **0** | **5,000** | **15,000** | **30,000** | **0** | **0** | **50,000** | **50,000** | **0** |
| **Subtotal for Development & Planning:** | | | **0** | **5,000** | **15,000** | **30,000** | **0** | **0** | **50,000** | **50,000** | **0** |

| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **General Economic Development** | | | | | | | | | | | |
| 2 | **C800216** | ED: Contingency Renew.&Re | 500 | 500 | 1,000 | 1,000 | 3,000 | 3,000 | **8,500** | 24,000 | 0 |
| 2 | **C800887** | P69 lobby Improvements | 0 | 1,000 | 0 | 0 | 0 | 0 | **1,000** | 1,000 | 0 |
| 2 | **C800888** | P69 Solar Panel System | 0 | 1,100 | 100 | 0 | 0 | 0 | **1,200** | 1,200 | 0 |
| **CIP Group:** | | **General ECON DEV - Other** | **500** | **2,600** | **1,100** | **1,000** | **3,000** | **3,000** | **10,700** | **26,200** | **0** |
| **Subtotal for General Economic Development:** | | | **500** | **2,600** | **1,100** | **1,000** | **3,000** | **3,000** | **10,700** | **26,200** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Portfolio Management** | | | | | | | | | | | |
| 2 | **C800732** | ED BHICC Roof Fall Protec | 0 | 25 | 389 | 0 | 0 | 0 | **414** | 414 | 0 |
| 2 | **C800889** | BHICC Interior Modernizat | 50 | 560 | 5,760 | 620 | 10 | 0 | **6,950** | 7,000 | 0 |
| **CIP Group:** | | **Conf & Event Centers BHICC** | **50** | **585** | **6,149** | **620** | **10** | **0** | **7,364** | **7,414** | **0** |
| **Subtotal for Portfolio Management:** | | | **50** | **585** | **6,149** | **620** | **10** | **0** | **7,364** | **7,414** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Economic Development Division:** | | | **550** | **8,185** | **22,249** | **31,620** | **3,010** | **3,000** | **68,064** | **83,614** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# Maritime Division

## Cruise Operations

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800129** | Second Gangway per Berth | 0 | 475 | 7,500 | 25 | 0 | 0 | **8,000** | 8,000 | 0 |
| 2 | **C800673** | P66 Cruise Terminal Stand | 0 | 0 | 50 | 550 | 0 | 0 | **600** | 600 | 0 |
| 2 | **C800735** | P66 Cruise Term Roof Fall | 0 | 25 | 251 | 0 | 0 | 0 | **276** | 276 | 0 |
| 2 | **C800820** | P66 Exterior Modernizatio | 50 | 700 | 5,370 | 6,850 | 30 | 0 | **12,950** | 13,000 | 0 |
| 2 | **C800910** | T91 Camel Replacements | 0 | 0 | 930 | 0 | 0 | 0 | **930** | 930 | 0 |
| **CIP Group: Cruise** | | | **50** | **1,200** | **14,101** | **7,425** | **30** | **0** | **22,756** | **22,806** | **0** |

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total | Total EstAct | CIP Actuals |
|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Cruise Operations:** | **50** | **1,200** | **14,101** | **7,425** | **30** | **0** | **22,756** | **22,806** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fishing and Operations** | | | | | | | | | | | |
| 2 | **C800528** | FT W Wall N Fender Replac | 0 | 10 | 190 | 2,750 | 0 | 0 | **2,950** | 2,950 | 0 |
| 2 | **C800529** | FT W Wall N Sht Pile Crsn | 0 | 10 | 190 | 2,575 | 0 | 0 | **2,775** | 2,775 | 0 |
| 2 | **C800530** | FT S Wall Wt End Improvem | 5 | 169 | 970 | 530 | 0 | 0 | **1,669** | 1,674 | 0 |
| 2 | **C800531** | FT Dock 3 Fixed Pier Impr | 10 | 150 | 840 | 2,000 | 0 | 0 | **2,990** | 3,000 | 0 |
| 2 | **C800532** | FT Dock 4 Fixed Pier Corr | 10 | 150 | 1,540 | 1,800 | 0 | 0 | **3,490** | 3,500 | 0 |
| 2 | **C800533** | FT W Wall S Sht Pile Cor | 0 | 0 | 0 | 10 | 190 | 1,000 | **1,200** | 2,200 | 0 |
| 2 | **C800534** | FT S Wall Cl Fndr Rp & Co | 0 | 0 | 0 | 10 | 190 | 4,150 | **4,350** | 13,300 | 0 |
| **CIP Group:** | | **Fishermen's Terminal - Water** | **25** | **489** | **3,730** | **9,675** | **380** | **5,150** | **19,424** | **29,399** | **0** |
| 2 | **C800307** | MIC West & Central Piers | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 942 | 0 |
| **CIP Group:** | | **Maritime Industrl Cntr - Water** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **942** | **0** |
| **Subtotal for Fishing and Operations:** | | | **25** | **489** | **3,730** | **9,675** | **380** | **5,150** | **19,424** | **30,341** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Maritime General** | | | | | | | | | | | |
| 2 | **C800002** | Contingency Renewal & Rep | 2,000 | 2,000 | 2,000 | 6,000 | 6,000 | 6,000 | **22,000** | 89,000 | 0 |
| 2 | **C800731** | Maint N Office Site Impro | 0 | 200 | 300 | 0 | 0 | 0 | **500** | 500 | 0 |
| **CIP Group:** | | **Maritime General Other** | **2,000** | **2,200** | **2,300** | **6,000** | **6,000** | **6,000** | **22,500** | **89,500** | **0** |
| **Subtotal for Maritime General:** | | | **2,000** | **2,200** | **2,300** | **6,000** | **6,000** | **6,000** | **22,500** | **89,500** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Maritime Portfolio Management

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800525** | FT Strategic Plan | 100 | 1,200 | 6,600 | 15,650 | 1,350 | 8,700 | **33,500** | 42,100 | 0 |
| **CIP Group:** | | **Fishermens Terminal - Land** | **100** | **1,200** | **6,600** | **15,650** | **1,350** | **8,700** | **33,500** | **42,100** | **0** |
| **Subtotal for Maritime Portfolio Management:** | | | **100** | **1,200** | **6,600** | **15,650** | **1,350** | **8,700** | **33,500** | **42,100** | **0** |

# 5 Year Capital Budget



| Status | CIP# | Name | *2016* | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

## Recreational Boating

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800676** | HIM ABD Dock | 0 | 200 | 2,525 | 1,675 | 200 | 0 | **4,600** | 4,600 | 0 |
| 2 | **C800677** | HIM C Dock | 0 | 200 | 100 | 4,000 | 600 | 0 | **4,900** | 4,900 | 0 |
| **CIP Group:** | | **Harbor Island Marina** | **0** | **400** | **2,625** | **5,675** | **800** | **0** | **9,500** | **9,500** | **0** |
| 2 | **C800679** | SBM Lower A Dock Impr. | 0 | 0 | 0 | 825 | 0 | 0 | **825** | 825 | 0 |
| **CIP Group:** | | **Shilshole Bay Marina - Water** | **0** | **0** | **0** | **825** | **0** | **0** | **825** | **825** | **0** |
| **Subtotal for Recreational Boating:** | | | **0** | **400** | **2,625** | **6,500** | **800** | **0** | **10,325** | **10,325** | **0** |

# 5 Year Capital Budget



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Maritime Division:** | | | 2,175 | 5,489 | 29,356 | 45,250 | 8,560 | 19,850 | 108,505 | 195,072 | 0 |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# NWSA Joint Venture

## Lease & Asset Management

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800755** | T30 Alaskan Way Street Va | 0 | 0 | 0 | 0 | 0 | 500 | **500** | 7,500 | 0 |
| **CIP Group:** | | **Terminal 30** | **0** | **0** | **0** | **0** | **0** | **500** | **500** | **7,500** | **0** |
| **Subtotal for Lease & Asset Management:** | | | **0** | **0** | **0** | **0** | **0** | **500** | **500** | **7,500** | **0** |

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for NWSA Joint Venture:** | | | **0** | **0** | **0** | **0** | **0** | **500** | **500** | **7,500** | **0** |

Report: pc416pos.rpt
Date/Time: 12/1/2016 2:40 PM

# 5 Year Capital Budget

by CIP Number



| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|

# Stormwater Utility

## SWU General

| Status | CIP# | Name | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **C800897** | SWU Industrial Vacuum Tru | 0 | 490 | 0 | 0 | 0 | 0 | **490** | 490 | 0 |
| 2 | **C800992** | SWU Contingency | 0 | 0 | 0 | 0 | 500 | 1,500 | **2,000** | 11,000 | 0 |
| **CIP Group:** | | **SWU Large Capital** | **0** | **490** | **0** | **0** | **500** | **1,500** | **2,490** | **11,490** | **0** |
| **Subtotal for SWU General:** | | | **0** | **490** | **0** | **0** | **500** | **1,500** | **2,490** | **11,490** | **0** |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal for Stormwater Utility:** | | | 0 | 490 | 0 | 0 | 500 | 1,500 | 2,490 | 11,490 | 0 |

| Status | CIP# | Name | 2016 | Forecast 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Total ( 2017 - 2021 ) | Total EstAct | CIP Actuals to Closed Qtr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Grand Total:** | | | 10,031 | 105,523 | 189,473 | 207,688 | 145,468 | 172,371 | 820,523 | 2,074,000 | 4,093 |

# Other Prospective Projects

**Other Prospective Projects** are still in preliminary planning or are not currently deemed critical in meeting business plan goals and are not ready for full funding commitment. Prospective projects are included in the capital budget section for informational purposes only.

| Division | Sponsor | CIP Number | CIP Description |
|---|---|---|---|
| Aviation | Airfield | C800645 | Cargo 4 (UAL Freight Building) |
| Aviation | Airfield | C800758 | NSAT Pavement |
| Aviation | Aviation Division Wide | C800151 | CDP Future |
| Aviation | Aviation Division Wide | C800683 | Guardhouse - Svc Tunnel |
| Aviation | Aviation Division Wide | C800685 | Port Construction Service |
| Aviation | Aviation Division Wide | C800792 | Wi-Fi Authentication Site |
| Aviation | Aviation Division Wide | C800869 | 2017 Asset Management |
| Aviation | Business Development | C800832 | NERA 2 Street Vacation |
| Aviation | Business Development | C800855 | SSAT Shared Club Expansio |
| Aviation | Business Development | C800874 | Cell Phone Lot Facilities |
| Aviation | Business Development | C800882 | ADR Portal Improvements |
| Aviation | Infrastructure | C800376 | SSAT HVAC, Lights, Ceiling |
| Aviation | Infrastructure | C800660 | New off-site Comm. Ctr. |
| Aviation | Infrastructure | C800663 | Air Cargo Road Electric |
| Aviation | Infrastructure | C800664 | Air Cargo Road Utilities |
| Aviation | Infrastructure | C800665 | CTX in CTE Power Upgrade |
| Aviation | Infrastructure | C800785 | Indoor Navigation System |
| Aviation | Infrastructure | C800786 | Main Terminal Plumming |
| Aviation | Infrastructure | C800795 | RF Tower Site Tech Upgrade |
| Aviation | Infrastructure | C800796 | Lift Station Gravity Sewer |
| Aviation | Infrastructure | C800803 | B Concourse Ramp Level HV |
| Aviation | Infrastructure | C800808 | Exit Sign Renew & Replacement |
| Aviation | Infrastructure | C800860 | Flush Water Reuse |
| Aviation | Infrastructure | C800863 | Elec. Command & Control R |
| Aviation | Infrastructure | C800867 | Water Box Replacements |
| Aviation | Landside | C800398 | Vert Convey Modn Non-Aero |
| Aviation | Landside | C800589 | Toll Plaza Expansion |
| Aviation | Landside | C800635 | Floor Count Expansion |
| Aviation | Landside | C800764 | Parking Garage Low Volt U |
| Aviation | Landside | C800767 | Epoxy Cover for Parking Garage |
| Aviation | Landside | C800768 | 8th Floor Garage Improvements |
| Aviation | Landside | C800778 | QTA Lot Development |
| Aviation | Landside | C800872 | NEPL Electric Vehicle Cha |
| Aviation | Landside | C800877 | Cell Phone Lot Elec. Char |
| Aviation | Landside | C800881 | NEPL Gate Upgrades |
| Aviation | NOISE | C800590 | Residential Sound Insulation |
| Aviation | Security | C800388 | Security Checkpoint Wayfi |
| Aviation | Security | C800575 | CCTV Expansion Project |
| Aviation | Security | C800644 | Phase 2 Perimeter Security |
| Aviation | Security | C800843 | Landside Security Surveil |
| Aviation | Security | C800851 | BDU / K9 Roof Replacement |
| Aviation | Security | C800852 | Logos Imaging System |
| Aviation | Security | C800853 | Replace Bomb Suits |
| Aviation | Security | C800854 | Dismounted Compact X-Ray |
| Aviation | Stormwater | C800783 | Vacuum/Jetter Truck |
| Aviation | Terminal and Tenants | C800631 | Concourse A Bridge Level |
| Aviation | Terminal and Tenants | C800646 | Zone 7 Connect to C1 Bag |

# Other Prospective Projects

**Other Prospective Projects** are still in preliminary planning or are not currently deemed critical in meeting business plan goals and are not ready for full funding commitment. Prospective projects are included in the capital budget section for informational purposes only.

| Division | Sponsor | CIP Number | CIP Description |
|---|---|---|---|
| Aviation | Terminal and Tenants | C800654 | B Concourse HVAC |
| Aviation | Terminal and Tenants | C800666 | STS Renewal & Replacement |
| Aviation | Terminal and Tenants | C800668 | Baggage PLC Replacement |
| Aviation | Terminal and Tenants | C800791 | Passenger Flow Wi-Fi Analytics |
| Aviation | Terminal and Tenants | C800809 | Main Terminal Fire Sprinkler |
| Aviation | Terminal and Tenants | C800812 | SSAT Asset Management Upgrade |
| Aviation | Terminal and Tenants | C800839 | IAF Image Processing Analytics |
| Aviation | Terminal and Tenants | C800840 | Restroom Real Time Sensor |
| Aviation | Terminal and Tenants | C800847 | Repurpose Payphones |
| Aviation | Terminal and Tenants | C800848 | SAMP Preliminary Engineer |
| Aviation | Terminal and Tenants | C800849 | C1 Sortation / Transfer U |
| Aviation | Terminal and Tenants | C800857 | Baggage Claim Display Rep |
| Aviation | Terminal and Tenants | C800859 | D1 - D2 Holdroom Enlargem |
| Aviation | Terminal and Tenants | C800871 | Music Venue and Public St |
| Economic Development | General Economic Development | C800352 | P69 Concrete Dock Rehab |
| Economic Development | Portfolio Management | C800199 | WTC HVAC Replacement |
| Economic Development | Portfolio Management | C800671 | P-34 Roof Replacement |
| Economic Development | Portfolio Management | C800890 | P34 Parking Lot Improveme |
| Maritime | Cruise & Maritime Operations | C102475 | T-91 Berth 6 & 8 Redevelopment |
| Maritime | Cruise & Maritime Operations | C800001 | Pier 2 Renew/replace |
| Maritime | Cruise & Maritime Operations | C800120 | P66 Shore Power |
| Maritime | Cruise & Maritime Operations | C800178 | T91 Parking Garage |
| Maritime | Cruise & Maritime Operations | C800181 | Maritime Industrial Moorage |
| Maritime | Cruise & Maritime Operations | C800184 | Widen T91 West Berth Access |
| Maritime | Cruise & Maritime Operations | C800431 | Dredge P90 East |
| Maritime | Cruise & Maritime Operations | C800510 | P91 Slope Stabilization |
| Maritime | Cruise & Maritime Operations | C800582 | New Cruise Terminal |
| Maritime | Cruise & Maritime Operations | C800594 | T91 Industrial Warehouse (sf) |
| Maritime | Cruise & Maritime Operations | C800674 | Pier 66 Fender Upgrade |
| Maritime | Cruise & Maritime Operations | C800736 | SCCT Shore Power Upgrade |
| Maritime | Cruise & Maritime Operations | C800741 | Duwamish Mooring Dolphins |
| Maritime | Fishing and Operations | C800444 | FT NW Dock West Improveme |
| Maritime | Fishing and Operations | C800598 | T46 Replace N Pier Struct |
| Maritime | Maritime General | C800893 | T-91 Marine Maint Shop |
| Maritime | Recreational Boating | C800444 | FT NW Dock West Improvements |
| Maritime | Recreational Boating | C800522 | FT I-8 Bldg Roof Replacement |
| Maritime | Recreational Boating | C800536 | BHM Wavebreak Cathodic Pr |
| Maritime | Recreational Boating | C800672 | SBM G Dock Rehab |
| Maritime | Recreational Boating | C800733 | C3 West Wall Bldg Roof Re |
| Maritime | Recreational Boating | C800911 | Recreational Dry Boat Moo |
| Maritime | Recreational Boating | C800912 | SBM Esplanade Upgrades |
| NWSA JV | Lease & Asset Management | C800593 | WWW Deepening 53+2,85%Up/ |
| Stormwater Utility | SWU General | C800894 | T-5 stormwater line work |

Table of Contents

**NWSA Capital Budget**

*In thousands $*

| Home Port | Project Name | 2016 Forecast | 2017 Budget | 2018 Budget | 2019 Budget | 2020 Budget | 2021 Budget | 2017-2021 Budget Total |
|---|---|---|---|---|---|---|---|---|
| North Harbor | Arrival/Security Bldg Roof Replacement *(small project)* | 80 | - | - | 80 | - | - | **80** |
| North Harbor | Fire Main Pier Connection Replacement *(small project)* | 80 | - | - | - | - | - | **-** |
| North Harbor | Hydrant Replacement *(small project)* | - | 175 | - | - | - | - | **175** |
| North Harbor | N Waterline Loop *(small project)* | 30 | 70 | - | - | - | - | **70** |
| North Harbor | Sprinkler Pipe Pier Connection Replacement *(small project)* | 55 | - | - | - | - | - | **-** |
| North Harbor | Terminal 104 Site Improvements | - | 200 | 800 | - | - | - | **1,000** |
| North Harbor | Terminal 115 Rail Switch & Crossing Replacement *(small project)* | 100 | 150 | - | - | - | - | **150** |
| North Harbor | Terminal 115 warehouse W1 Bldg Power Supply Upgrade *(small project)* | 30 | - | - | - | - | - | **-** |
| North Harbor | Terminal 115 warehouse W6 Transit Shed Standpipe Replacement *(small project)* | 20 | 280 | - | - | - | - | **280** |
| North Harbor | Terminal 18 Berth 1 Kindermorgan Dock Rehabilitation *(small project)* | - | 180 | - | - | - | - | **180** |
| North Harbor | Terminal 18 Dock Rehabilitation (Pile & Toe Repairs) | 80 | 1,420 | - | - | - | - | **1,420** |
| North Harbor | Terminal 18 S Gate Rail Spur Westway | 1,066 | 239 | - | - | - | - | **239** |
| North Harbor | Terminal 18 Stormwater Utility Upgrade | 2,875 | 775 | 5,000 | 750 | 5,600 | - | **12,125** |
| North Harbor | Terminal 46 Development | - | 90 | 750 | 1,746 | - | - | **2,586** |
| North Harbor | Terminal 46 Dock Rehabilitation | 306 | 300 | 142 | 13,000 | 15,000 | 3,900 | **32,342** |
| North Harbor | Terminal 46 N Crane Rail & Berth Extension Design & Construction | 118 | 34 | 300 | 8,800 | - | - | **9,134** |
| North Harbor | Terminal 46 N Fender System Modification | 160 | - | - | - | - | - | **-** |
| North Harbor | Terminal 46 Stormwater Improvements | 425 | 236 | 3,500 | - | - | - | **3,736** |
| North Harbor | Terminal 5 Berth Modernization Design | 7,214 | 1,340 | - | - | - | - | **1,340** |
| North Harbor | Water Control Valve Upgrade *(small project)* | 100 | 100 | 100 | - | - | - | **200** |
| South Harbor | Satellite Operations Center at Pier 69 | - | - | 400 | - | - | - | **400** |
| South Harbor | ZPMC Crane Drive Replacements (2 total) | - | 300 | 2,700 | - | - | - | **3,000** |
| South Harbor | 36,000 lb Forklift | 21 | 189 | - | - | - | - | **189** |
| South Harbor | 3701 Taylor Way Roof Replacement | 828 | - | - | - | - | - | **-** |
| South Harbor | APM Terminals Fender System Replacement | 350 | 751 | - | - | - | - | **751** |
| South Harbor | Auto Warehouse Company facility Smoke Ventilation Replacement | - | 260 | - | - | - | - | **260** |
| South Harbor | Automated Equipment Identification/Optical Character Recognition (AEI/OCR) Enhancements | - | 200 | - | - | - | - | **200** |
| South Harbor | Breakbulk Terminal Operating System | 719 | 161 | - | - | - | - | **161** |
| South Harbor | Cargo Reporting Tool Replacement | - | 200 | - | - | - | - | **200** |
| South Harbor | Customer Service Portal Expansion | 200 | 500 | - | - | - | - | **500** |
| South Harbor | Customs and Border Protection Booth & Utilities | 52 | 500 | - | - | - | - | **500** |
| South Harbor | East Blair One Terminal Paving | - | 250 | - | - | - | - | **250** |
| South Harbor | East Blair One Terminal Yard Truck | 25 | 227 | - | - | - | - | **227** |
| South Harbor | Husky Kone Electrical Upgrade (crane 2301 & 2302) | 762 | - | - | - | - | - | **-** |
| South Harbor | Husky Panamax Container Cranes Acquisition | 9,777 | 11,118 | 28,713 | - | - | - | **39,831** |
| South Harbor | Install Trench Drain in Reefer Area | 219 | - | - | - | - | - | **-** |
| South Harbor | North Intermodal Yard Storm Water Pipe | - | 1,105 | - | - | - | - | **1,105** |
| South Harbor | NWSA Unallocated Capital Improvements | 184 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | **15,000** |
| South Harbor | Pier 3 Backlands Grade Improvement | 413 | - | - | - | - | - | **-** |
| South Harbor | Pier 4 Phase 2 Reconfiguration Design & Construction | 38,270 | 52,888 | 12,940 | - | - | - | **65,828** |
| South Harbor | Pierce County Terminal Electrical Testing & Repair | 40 | - | - | - | - | - | **-** |
| South Harbor | Pierce County Terminal Truck Staging Design & Construction | 2,563 | - | - | - | - | - | **-** |
| South Harbor | Portac site Security Enhancements | 521 | - | - | - | - | - | **-** |
| South Harbor | Straddle Carrier Purchases (4) | - | 500 | 4,500 | - | - | - | **5,000** |
| South Harbor | Terminal 7 Warehouse Rehabilitation | 2,189 | - | - | - | - | - | **-** |
| South Harbor | Terminals 3/4 Gate Complex & Backland Reconfiguration Design & Construction | - | 3,650 | 5,600 | 3,693 | - | - | **12,943** |
| South Harbor | Terminals 3/4 Gate Complex & Backland Reconfiguration Prelim Design | 307 | 750 | - | - | - | - | **750** |
| South Harbor | TOTE Admin Building HVAC | 746 | - | - | - | - | - | **-** |
| South Harbor | TOTE Marine Tower Roof Replacement | 207 | - | - | - | - | - | **-** |
| South Harbor | Twin 20 Crane Spreaders (2) | - | 600 | - | - | - | - | **600** |
| South Harbor | Washington United Terminals South Intermodal Yard Pavement Replacement | - | 1,715 | - | - | - | - | **1,715** |
| South Harbor | Washington United Terminals Fender System Replacement | - | 2,800 | - | - | - | - | **2,800** |
| South Harbor | West Hylebos Log Dock 2017 Improvements | - | 579 | - | - | - | - | **579** |
| South Harbor | West Hylebos Log Dock 2018 Improvements | - | - | 530 | - | - | - | **530** |
| | | **71,132** | **87,832** | **68,975** | **31,069** | **23,600** | **6,900** | **218,376** |

# 2017-2021 DRAFT PLAN OF FINANCE

## A. Introduction

The Port of Seattle underwent significant organizational restructuring in 2015 and 2016. While the *Aviation Division*, the Port's largest division, continues to operate separately, the Non-Airport businesses have undergone significant change. In 2015, the Ports of Seattle and Tacoma jointly formed the *Northwest Seaport Alliance (*NWSA) as a Port Development Authority. The NWSA is a separate legal entity from the individual ports, but is governed by the two ports as equal members, with each port acting through its elected commissioners. Both Ports have licensed certain marine cargo facilities (i.e. shipping container terminals and certain industrial properties) to the NWSA, which will act as the exclusive manager and operator of the marine cargo business of both ports. The individual ports retain their existing port commission 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 gateway, including a focus on ensuring that container facilities will be able to handle the larger ships migrating into the trans-Pacific trade.

For additional information on the NWSA, please refer to Section XII, "The Northwest Seaport Alliance 2017 Budget", or visit their website:

https://www.nwseaportalliance.com

Other former Seaport Division businesses and facilities – cruise, the grain terminal and certain other industrial properties – were combined with recreational and commercial marinas into a newly formed *Maritime Division*. The Port has eliminated the Real Estate Division and created an *Economic Development Division* that includes certain commercial properties and has responsibility for the Port's broader economic development activities, including property development, tourism and small business initiatives (both formerly part of administrative services). In addition to the Port's operating divisions, several departments provide corporate, capital development and environmental services, of which the associated costs are charged or allocated to the operating divisions. The Port also created a stormwater utility business in 2015 to better manage stormwater fees and to ensure funds were being utilized for stormwater infrastructure improvements on Port properties.

For the purposes of the Draft Plan of Finance discussion below, the Port separates funding resources between the *Airport* and *Non-Airport* businesses. The *Airport* capital plan is self-funded with Airport resources, with the exception of tax levy uses for certain noise mitigation efforts. The *Non-Airport* capital plan combines and shares all non-Airport funding resources. See further discussion on "2017-2021 Funding Plan" in section D below.

## B. Overview of the Draft Plan of Finance

Each year the Port prepares the Draft Plan of Finance (the Plan) as part of the capital management process. The Plan provides a framework for the funding of the Port's anticipated capital spending, 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 capital plan in order to provide better guidance on longer-term funding.

Once a year, the Commission is presented with the Port's capital plan and associated funding analysis. By final budget action, the Commission approves the capital plan and establishes the level of the Port's

Capital Budget. Each quarter capital spending forecasts are updated and progress is measured on actual versus budgeted spending; this is reviewed quarterly by each division and Senior Management and periodically by the Port Commission.

## C. Overview of the Funded Capital Plan

The capital plan is the result of an iterative process that begins with business plan forecasts developed and approved by each operating division. The business plans, which contain operating and capital forecasts, are then reviewed in the context of the Port's projected capital capacity and further reviewed by Port Executive staff. The final business plan, including the capital plan, is incorporated into the Budget and into the Plan of Finance. For information on the Port's Capital Improvement Program (CIP), see Section IX "Capital Budget."

Within the capital plan, projects are divided into several categories that determine their funding priority.

- Committed: Committed projects are those necessary to implement the divisions' business plans and are well scoped, have undergone financial analysis and at least division level review. They include projects that are already underway and authorized as well as projects not yet authorized, but ready for Commission level review. These projects receive a specific funding commitment in the capital plan.
- Prospective: Prospective projects may also be part of business plans, but are not yet well-scoped and analyzed 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 capital funding be 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 business plan 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 business plan goals.
- Public Expense Projects: In addition to the CIP, the Port participates in several public projects, particularly in the area of regional transportation and contributions to Highline School District noise mitigation. Because these projects do not result in Port-owned assets, they are accounted for as an 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 of Finance.

Committed projects are designated for funding and are the basis of the Plan of Finance. This year's Plan of Finance also includes all Business Plan Prospective projects. As described above in the Introduction, the overall capital and funding approach for the 2017 Plan is divided into two major components, *Airport* and *Non-Airport*. The Airport is subject to certain regulatory restrictions, and as such, its capital plan is funded separately from the Non-Airport businesses. The Non-Airport business capital plans cover both the Maritime and Economic Development Divisions, as well as select few legacy Port projects at its container terminals. While the Port of Seattle's CIP excludes any NWSA capital projects, the Plan of Finance does assume Port funding for its share (assumed 50%) of the NWSA CIP. Both the Airport and Non-Airport segments fund an allocated portion of the Corporate Division's capital plan.

The 2017 Plan was developed to meet certain financial targets, including 1.25x coverage on Airport revenue bond debt service, and 1.50x coverage on Non-Airport revenue bond debt service, minimum Airport operating fund balance equal to approximately 10 months of operating and maintenance expenses

(O&M) and a minimum Non-Airport operating fund balance equal to 6 months of O&M (for a Port-wide target of 9 months of 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 levy, thus preserving the flexibility for the Port to increase the levy if needed. The Port levied $75.9 million in both 2008 and 2009, and has reduced the levy in several years down to $72.0 million in 2016 and 2017. Consistent with policy, the Plan retains at least 25% of the annual tax levy for general purposes and uses no more than 75% for Limited Tax General Obligation (G.O.) bond debt service. This policy is more restrictive than the Port's statutory authority for G.O. bond debt. Based on statute, the Port estimates $888.1 million of remaining capacity of non-voted G.O. bond debt at 12/31/2016. For more tax levy information, see Section VIII "Tax Levy."

## D. 2017-2021 Funding Plan

### AIRPORT

The Aviation Division's 2017-2021 capital plan costs an estimated $2.4 billion, and consists of four major projects, which total an estimated $1.5 billion during the five year period. The first major project is the development of a new International Arrivals Facility for international passengers, which is needed to expand capacity to process the Airport's growing international passenger base. The second is the reconfiguration and optimization of the baggage screening equipment to improve operational efficiency and increase capacity. The third is the Port's NorthSTAR program that includes expanding, renovating and reconfiguring the North Satellite Terminal and certain main terminal facilities that connect to the North Satellite terminal. This effort will add additional gates, address seismic concerns, and upgrade HVAC, lighting and fixtures. The fourth major project is the renovation of the South Satellite, which will include seismic upgrades of the building, as well as significant HVAC and concourse improvements.

In addition to these four major projects, there are several smaller projects, both new and on-going, which are meant to help the Port manage existing assets (renewal and replacement), improve capacity and customer service in response to the rapid growth at the Airport, and improve overall safety and security at SeaTac. The Capital Plan also includes approximately $155 million of Allowance CIP's, which cover undefined future projects or budget increases to existing projects. The Capital Plan does not, however, include potential projects to be identified in the Sustainable Airport Master Plan (SAMP), as discussed in Section IV, "Aviation Division". For more details about the Airport capital plan, see Section IX, "Capital Budget."

**TABLE X-1: 2017-2021 AIRPORT CAPITAL PROJECTS ($ Millions)**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2017-21 Total |
|---|---|---|---|---|---|---|
| *Four Major Projects:* | | | | | | |
| NorthSTAR | 74 | 112 | 117 | 114 | 83 | 500 |
| International Arrivals Facility | 197 | 227 | 143 | 28 | - | 595 |
| Baggage Optimization | 45 | 46 | 65 | 47 | 57 | 259 |
| South Satellite Renovation | 1 | 9 | 20 | 30 | 50 | 110 |
| Subtotal | 317 | 394 | 345 | 219 | 190 | 1,464 |
| Other Existing Projects | 209 | 163 | 67 | 50 | 20 | 509 |
| Proposed New Projects | 60 | 92 | 56 | 41 | 25 | 273 |
| Allowance CIPs | 5 | 15 | 30 | 45 | 60 | 155 |
| **Total Airport CIP** | **590** | **663** | **498** | **355** | **294** | **2,401** |
| Allocated Corporate CIP | 6 | 7 | 7 | 7 | 8 | 36 |
| **Total Airport Funded CIP** | **597** | **671** | **505** | **362** | **302** | **2,437** |

The funding of the Airport Capital Plan includes Airport net income, existing bond proceeds and future revenue bond proceeds. The Airport also expects federal grant money for capital improvements for the baggage optimization effort, airfield pavement program, noise mitigation, and other security related projects. Passenger Facility Charge (PFC) collections (net of PFC bond debt service and 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, may provide additional capital funding for future Consolidated Rental Car Facility upgrades and the acquisition of buses, as necessary. Additionally, the Plan anticipates the use of the tax levy to fund the portion of Highline School District noise improvements that are ineligible for Airport funding.

**TABLE X-2: 2017-2021 AIRPORT CAPITAL PROJECTS FUNDING ($ Millions)**

| | |
|---|---|
| *Airport Funding Sources:* | |
| Net Income | 276 |
| Existing Bond Proceeds | 130 |
| Passenger Facility Charges | 259 |
| Customer Facility Charges | 2 |
| Federal Grants | 188 |
| Tax Levy (1) | 3 |
| Future Revenue Bond Proceeds | 1,579 |
| Total Airport Funding Sources | 2,437 |
| *Airport Capital:* | |
| Airport CIP | 2,401 |
| Allocated Corporate CIP (2) | 36 |
| Total Airport Funded Capital | 2,437 |

(1) For capital spending only (portion of Highline School District improvements that are ineligible for Airport funding).

(2) Assumes funding with Net Income only.

In addition to the above funding plan for capital projects, Aviation's 2017-2021 funding plan includes approximately $43 thousand of expenditures for Public Expense Projects. For more details about the Port's public expense projects and their funding, see Section IX, "Capital Budget".

**NON-AIRPORT**

The 2017-2021 capital plan for Non-Airport operations costs an estimated $365 million, and includes Maritime and Economic Development Division CIP along with the Port's assumed 50% funding of the NWSA CIP. It also includes approximately $2 million of legacy street vacation-related projects at the Port's container terminals that were not transferred to the NWSA but rather assumed to be funded only by the Port of Seattle. The Plan excludes approximately $9.7 million of stormwater utility capital projects, which are assumed to be funded with stormwater utility funds only. The funding plan allocates funding resources, including the tax levy, based on management guidelines.

The Maritime Division CIP focuses on investments in facilities and infrastructure to support economic growth for Cruise, Fishing, and Recreational Vessel industries. The most significant Maritime capital project is the expansion of the Pier 66 cruise passenger processing facility, in partnership with Norwegian Cruise Line Holdings, and includes the construction of two new passenger boarding gangways. All work is expected to be completed by April 2017, in preparation for the 2017 cruise season. Other Maritime projects include upgrades to Shilshole Bay Marina and the exterior of Pier 66, as well as capital spending associated with the Fishermen's Terminal strategic plan. The Maritime Division CIP also includes a $22.0 million contingency.

The most significant Economic Development capital project is the predevelopment of the Terminal 91 uplands for future development. Other Economic Development projects largely focus on renewal and replacement of existing assets and infrastructure, primarily at Terminal 102, Pier 69, Pier 66 and the Bell Street Garage. The Economic Development Division CIP also includes an $8.5 million contingency.

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

Additionally, the Non-Airport capital plan assumes 50% funding of all “open” and “capitalized” projects within the NWSA capital forecast. Open projects are on-going projects or projects ready to move forward that have customer commitment or a high degree of certainty. The determination of whether to “capitalize” or expense a project is driven by accounting rules, and any open projects that are deemed to be expensed are excluded from the NWSA CIP. These expense projects will reduce the NWSA NOI (and thus reduce the revenues received by each Port). Significant NWSA projects in the North Harbor (Seattle harbor) include the design of major terminal improvements at Terminal 5, dock rehabilitation and utility upgrades at Terminal 46, and stormwater utility upgrades at Terminal 18. Significant NWSA projects in the South Harbor (Tacoma harbor) include the construction of major terminal improvements at Terminal 4 and the acquisition of four super-post Panamax container cranes and replacement straddle carriers for the General Central Peninsula.

“Estimate” projects forecasted by the NWSA are excluded from their CIP. These projects are based on an identified business need or opportunity, but have not been fully developed in scope and cost. These projects include the full redevelopment and modernization of Terminal 5 in the North Harbor. The funding plan below includes only $1.3 million of capital (design) costs of the Terminal 5 project, although $6 million in public expense costs related to Terminal 5 electrical upgrades are included in the NWSA operating forecast. Additional tax levy funding would likely be required for full Terminal 5 redevelopment.

More information on the NWSA capital forecast can be found in Section XII, “The Northwest Seaport Alliance 2017 Budget”.

The funding of the Non-Airport capital plan is based on the income projections associated with the Maritime and Economic Development Divisions, and assumes the 50% Port share of the NWSA forecasted NOI. The Plan targets 1.5x debt service coverage on all Non-Airport revenue bond debt. Non-Airport CIP funding sources include net income, excess General Fund cash above minimum balance requirements, and federal grants for the Terminal 46 Modernization project under the Transportation Investment Generating Economic Recovery (TIGER) grants program. Non-Airport funding also includes use of the Tax Levy for certain Commission approved capital projects, which for the 2017-2021 Plan include certain improvements at Pier 66 to modernize cruise operations, capital projects in support of fishing industry and certain economic development strategic initiatives.

The Plan also estimates a $34 million funding shortfall beginning in 2018, which can be resolved by among other things, project deferrals or increased use of tax levy funding.

**TABLE X-3: 2017-2021 NON-AIRPORT CAPITAL PROJECTS FUNDING ($ Millions)**

| | |
|---|---|
| *Non-Airport Funding Sources:* | |
| Net Income and Operating Funds | 183 |
| Grants | 10 |
| Tax Levy | 138 |
| Total Non-Airport Funding Sources | 332 |
| | |
| *Non-Airport Capital:* | |
| Maritime Division | 165 |
| Economic Development Division | 82 |
| NWSA - Port 50% share | 109 |
| NWSA - Legacy Port Projects | 2 |
| Allocated Corporate CIP (1) | 8 |
| Total Non-Airport Funded Capital | 365 |
| | |
| Funding Shortfall | (34) |

(1) Assumes funding with Net Income and Operating Funds only.

In addition to the above funding for capital projects, the 2017-2021 Plan includes an estimated $18.0 million of expenditures for certain freight mobility public expense projects. For more details about the Port's public expense projects and their funding, please see Section VIII, "Tax Levy," and Section IX, "Capital Budget."

## CORPORATE

The Corporate capital program is predominantly Information and Communication Technology (ICT) department projects associated with critical infrastructure and network security enhancements required to maintain compliance with established industry standards. A small portion of the CIP is for small capital equipment purchases and vehicle fleet replacement. Corporate capital costs are allocated to and funded by the operating divisions, as presented above in Tables X-2 and X-3. See Section IX, "Capital Budget," for additional information on the Corporate CIP.

### SR99 Tunnel

The Alaskan Way viaduct (a portion of SR99) passes through and is adjacent to downtown Seattle's urban core and the Seattle waterfront, providing passenger and freight mobility within and between Seattle's harbor and industrial areas. The Alaskan Way viaduct was damaged in a 2001 earthquake and the State has undertaken a replacement of the Alaskan Way viaduct with a bored tunnel estimated to be completed in 2019. On August 6, 2013, the Commission approved a funding agreement with the Washington State Department of Transportation for the Port to contribute $267.7 million. The Port paid $120.0 million in 2015, funded with its 2015 LTGO bonds, and $147.7 million in 2016, funded with cash. The Port expects to reimburse itself for the full $147.7 million with proceeds of LTGO bonds expected to be issued in early 2017. The 2017-2021 Plan incorporates this assumption.

**FINANCIAL IMPLICATIONS AND RISKS**

The funding Plans above include projects currently identified as Committed and Business Plan Prospective. The Plans incorporate revenue bond debt service coverage targets of 1.25x for the Airport and 1.50x for Non-Airport operations. Port-wide coverage for all revenue bond debt service (irrespective of lien) ranges from a low of 1.37x to a high of 1.46x (calculated assuming that a portion of Revenue Bond debt service is paid from PFCs and CFCs).

There are a number of risks that should be considered with regard to the above funding Plan. While the Committed projects are fairly certain, the Business Plan Prospective projects are still uncertain with regards to scope and timing; an increase in costs or 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 contemplated but may be required for security, renewal and replacement or to address changes in the business environment, nor "estimate" projects for the NWSA. In addition, the forecast is based on a number of assumptions related to operating income and tax levy collection; changes in these assumptions could affect the Plan results as well. To minimize coverage impacts or manage funding shortfalls, the Port could employ a number of options:

- delay or reduce project spending
- further reduce operating costs or identify additional revenues
- utilize alternative financing for appropriate projects
- seek additional grant funding
- increase airline rates and charges within the limitations of the Airport's operating agreement (SLOA III)
- increase the tax levy, 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, whereby it would utilize a combination of options.

The Plan of Finance assumes a levy amount of $72.0 million in 2017-2021, which is below the Port's actual statutory authority of $99.0 million in 2017. The Port can access additional funding sources including remaining non-voted G.O. bond capacity and voted G.O. bond capacity, assess the tax levy up to the maximum amount or assess an Industrial Development District (IDD) levy (subject to limitations described in Section VIII "Tax Levy"). There are no plans to use these resources at present, but they are available should the Port Commission deem them appropriate.

## E. Financing Initiatives

In December 2015, the Port extended and amended an existing letter of credit backing $100.0 million of Subordinate Lien Revenue Notes (Commercial Paper) with a new $125.0 million letter of credit that expires in December 2018. The existing letter of credit was set to expire in November 2016.

In January 2016, the Port amended and extended the existing letter of credit backing the 1997 Subordinate Lien bonds to January 2019. The existing letter of credit was set to expire in January 2016. The outstanding principal balance on the 1997 Subordinate Lien bonds is $65.0 million as of December 31, 2016.

In April 2016, the Port amended and extended the existing letter of credit backing the 2008 Subordinate Lien bonds to June 2020. The existing letter of credit was set to expire in June 2016. The outstanding principal balance on the 2008 Subordinate Lien bonds is $184.5 million as of December 31, 2016.

In August 2016, the Port issued $150.1 million of 2016ABC First Lien Revenue Refunding bonds and $99.1 million of 2016 Intermediate Lien Revenue Refunding bonds. The 2016ABC First Lien bonds were used to refund the outstanding 2007AB First Lien Revenue bonds, while the 2016 Intermediate Lien bonds were used to refund the outstanding 2006 Intermediate Lien Revenue Refunding bonds. In total, the refunding transactions resulted in net present value savings of approximately $67.6 million.

In early 2017, the Port expects to issue G.O. bonds to reimburse itself $147.7 million for the final two installments paid to the Washington State Department of Transportation related to the SR99 Deep Bore Tunnel Project, which the Port cash funded in May and October 2016, in the amounts of $65.0 million and $82.7 million, respectively. The Port also expects to issue revenue bonds in 2017 to fund a portion of the Aviation capital plan that is projected to be funded with future revenue bond proceeds. Additionally, in light of the continued low interest rate environment, the Port will continue to monitor the debt portfolio for refunding opportunities that provide for economic savings.

## F. Capital Planning Resources

The following information on funding guidelines and financial model assumptions are resources for better understanding the 2017 Draft Plan of Finance.

### PORT OF SEATTLE FUNDING GUIDELINES

The following guidelines have been prepared to assist the Commission, Port management, and staff in decisions regarding the allocation of Port capital funds.

**Tax Levy and General Obligation Bonds**

Section VIII, "Tax Levy," describes the various uses of the tax levy including the funding of certain capital projects. Generally, the Port has used the tax levy for environmental remediation, regional transportation projects, and for certain capital expenditures that met the following criteria:

- A long lag exists between capital costs and project revenues or the project's financial return will not support revenue bond financings (i.e. the internal rate of return, or IRR, is less than the current cost of debt); and
- The project generates significant economic benefits for taxpayers.

Following the formation of the NWSA and to further assist in determining which projects to fund with the tax levy, the following criteria was developed:

| | Fund from Operating Income | Eligible for Tax Levy Funding |
|---|---|---|
| Asset Renewal and Replacement | Supports an operation that generates positive net income | Supports an economic benefit operation |
| Investment in a Strategic Initiative | Investment has a short payback period/is self-funding | Investment has no or a long payback |
| Location of the Asset | South Harbor | North Harbor |

Based on these criteria, the 2017 Plan assumes the tax levy funds renewal and replacement projects of assets that support the fishing industry as well as strategic investments at Pier 66 to modernize cruise operations as well as Terminal 91 uplands pre-development.

In addition to funding capital projects, G.O. bonds may be used for public expense projects in addition to capital projects. For large public expense items this provides for more prudent cash flow management by spreading out payments over time. 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.

**Revenue Bonds**

Projects should earn 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 senior lien revenue bond coverage ratio of 1.8x will be reviewed annually in light of changing circumstances such as critical funding needs or changes in the airport-airline operating agreement. As mentioned above, the Port targets 1.25x coverage on Airport revenue bond debt service and 1.50x 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**

In order 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.

**Airport Improvement Program (AIP) Grants and Passenger Facility Charges (PFCs)**

Projects eligible for AIP grant and PFC funding should be consistent with airport investment strategies and must comply with the regulations of the grant-making agency. High priority safety, security and capacity projects will be stressed.

**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 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.

## 2017 DRAFT PLAN OF FINANCE ASSUMPTIONS

**Capital Budget**

Capital budget projections are aligned with the capital presentations provided to the Port Commission in October 2016, and are included in Section IX "Capital Budget."

**Capital Capacity Calculations**

The Port's capital capacity calculations combine projections of operating revenues, expenses, non-operating items, debt service, and capital spending to determine Port debt financing requirements. Assumptions used in the 2017 Plan of Finance include:

- Interest earned on restricted and unrestricted funds based on 1.1% interest rate in 2017, and 1.50% from 2018-2021.
- New bonds issued in 2017 assume a 4.6% interest rate; new bonds issued in 2018-2021 assume at 5.6% interest rate. All new bond issuances assume a 25 year term.

- *First Lien* is the assumed working lien for new Non-Airport revenue bond debt; no First Lien revenue bonds issued in 2017-2021 time period.
- *Intermediate Lien* is the primary working lien for new Airport revenue bond debt; 80% of the new bond issuances for the Airport are assumed to be funded on the Intermediate Lien; 20% are funded on the *Subordinate Lien,* based on the Port's 20% variable rate debt target and which would reside under the Subordinate Lien.

- 1% gross-up assumed for all new debt issuance to account for costs of issuance.
- 8% and 9% *additional* gross-up assumed for the Debt Service Reserve Fund contribution (cash funded) for new Aviation and Non-airport revenue bond debt, respectively. No new Non-airport revenue bond debt assumed in 2017-2021 time period.
- Gross-up for new Aviation debt issuance for assumed 18 months of Capitalized Interest.
- Interest on variable rate bonds (issued in 1997 and 2008) is based on projections of short and long-term tax-exempt variable rates and range from 1.15% to 3.00%.
- 2017 operating revenue and expense forecasts are based on the 2017 preliminary operating budget as of November 2016, with adjustments as appropriate, and may vary from the forecasts in the 2017 final budget.

**Tax Levy**

The Port's tax levy projections are based on maintaining the levy amount at $72.0 million.

A tax levy projection model is used to forecast future year assessed value amounts that can affect the maximum statutory levy.

**Revenue and Expense Assumptions**

*Airport*

- Airport aeronautical revenues are determined according to the 2013 airline agreement (SLOA III), which is a cost recovery model for airline-utilized property and facilities at the Airport. SLOA III expires December 31, 2017, but is the basis of the aeronautical forecast for the entire five-year period.

  SLOA III establishes 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 III 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. SLOA III provides for the sharing of a portion (50%) of Airport net revenues if Airport debt service coverage exceeds 1.25 times, however the Airport can charge the airlines additional debt service coverage if Airport coverage is below 1.25 times. A Majority-in-Interest of the airlines can delay new project construction, but not design, for up to 12 months.

- Airport non-aeronautical revenues are based on forecasted passenger growth 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) are also included in the total grant funding amount.
- Passenger Facility Charges (PFCs) are estimated based on projected enplanement levels, net of debt service payments on PFC bonds 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. The 2009 First Lien Revenue Bonds and Commercial Paper proceeds along with any CFC income (net of debt service) are expected to fund any remaining Consolidated Rental Car Facility capital projects.

*Non-Airport*

- Revenue and expense projections are based on the Maritime and Economic Development Division's long-range operating forecasts, which are based on the terms of existing lease agreements and projected activity levels for any applicable volume based revenues. Revenues generated from new investments were not included.
- The Port assumed 50% of the forecasted NWSA NOI (before Depreciation) as Port operating revenue.
  - The NWSA will distribute cash to each Port based on cash flow from operations, calculated pursuant to General Accepted Accounting Principles (GAAP). 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 share (initially 50 percent) 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).
- Estimated security grant receipts for operating grants are included in gross revenues and the associated expenditures are included in operating expenses, if applicable.
- Operating environmental costs are included in O&M expense, if applicable.
- Certain non-operating revenues and expenses are included; for example, interest earnings, payment of public expenses and other non-operating environmental expenses.

*Corporate*

Corporate department expenses are distributed to the operating divisions as corporate overhead.

# PORT OF SEATTLE

## 2017 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 and sets upper limits on expenditures, and is not used as an operating budget. The function of controlling and managing the operations of the Port is accomplished with the Operating Budget, which is provided in Sections IV through VII.

The 2017 Preliminary Statutory Budget will be provided to the Port Commissioners and made available to the general public as required by law (RCW 53.35.010 and RCW 53.35.045). Notice of the Public Hearing, with an announcement that copies of the preliminary budget are available for distribution to any interested persons, was published on October 24th, 2016, in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The final statutory budget was filed with the King County Council on December 2nd, 2016, as allowed by RCW 53.35.045.

## B. STATUTORY BUDGET HIGHLIGHTS

### 1. Tax Levy

For 2017, the tax levy amount is assumed to be $72,000,000. The following is a comparison of the tax levy detail between 2016 and 2017:

| | Budget 2016 | | Budget 2017 | |
|---|---|---|---|---|
| | Levy Rate | Levy Amount | Levy Rate | Levy Amount |
| **For General Obligation Bonds(1)** | $ 0.0817 | $ 34,524,417 | $ 0.0737 | $ 34,530,286 |
| **For General Purposes** | 0.0887 | 37,475,584 | 0.0799 | 37,469,715 |
| **Total** | **$ 0.1704** | **$ 72,000,000** | **$ 0.1536** | **$ 72,000,000** |

(1) Reflects existing G.O. bond debt service only. The Port plans to issue up to $150 million of new G.O. bonds in 2017.

LEVY.XLSX

### 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 2016 preliminary assessed valuation as of October 31, 2016 is $468,699,128,038 after omitted assessments, which are not included in the Port's levy calculation. (The 2016 assessed valuation is used for 2017 tax collection.) This is an increase from the final assessed valuation per the King County Annual Report for 2016 tax collection, which was $424,679,740,443 after omitted assessment – See section VII, Tax Levy.

## C. RESOLUTION

### RESOLUTION NO. 3726, As Amended

**A RESOLUTION** of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2017; 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 property of the Port of Seattle District in the Year 2017.

**WHEREAS,** the Port of Seattle Commission, on the 20th day of October, 2016, prepared the preliminary budget of the Port of Seattle for the year 2017 and provided for the publication of Notice of Budget Hearing on the adoption of said budget, to be heard on the 8th day of November, 2016, when taxpayers might appear and present objections to said preliminary budget; and

**WHEREAS,** a public hearing on said preliminary budget was held in the office of the Port Commission, pursuant to notice duly given, in the City of Seattle, County of King, State of Washington, on the 8th of November 2016, at 1 p.m.; and

**WHEREAS,** all parties present were afforded a full opportunity to present objections to the preliminary budget, and the Port Commission being duly advised in the premises; and

**WHEREAS,** the King County Assessor has notified the Commissioners of the Port of Seattle on the 31st day of October, 2016, that the regular levy assessed value of the property lying within the boundaries of said district for the year 2016 is $468,699,128,038 (after omitted assessments); and

**WHEREAS,** the King County Assessor has notified the Commissioners of the Port of Seattle on the 31st day of October, 2016, that the maximum allowable levy is $98,993,903 including $185,986 levy for prior year refunds and the Port intends to retain this levy capacity.

**NOW, THEREFORE, BE IT RESOLVED**, by the Port Commission of the Port of Seattle that the preliminary budget of the Port of Seattle for the year 2017, as presented at the aforementioned hearing, is hereby adopted as the final budget of the Port of Seattle for the Year 2017; and

**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, 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 $72,000,000; and

**BE IT FURTHER RESOLVED**, that the King County Council, State of Washington, be notified that the specific sum herein mentioned being a total of $72,000,000 is necessary to be raised by taxation to meet the payment of bond redemption and interest on Port of Seattle General Obligation Bonds, 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, 2017 and thereafter; that said King County Council be respectfully requested to make a levy in said amount for the aforesaid purposes; and

**BE IT FURTHER RESOLVED**, that the above is a true and complete listing of levies for said District for collection in the year 2016 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 22nd day of November, 2016, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

JOHN CREIGHTON

STEPHANIE BOWMAN

[illegible]

COURTNEY GREGOIRE

FRED FELLEMAN

Port 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 2017 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.***

| (Note 1) Using Limit Factor For District | Calculation of Limit Factor Levy | Using Implicit Price Deflator |
|---|---|---|
| 96,483,080 | Levy basis for calculation: (2016 Limit Factor) (Note 2) | 96,483,080 |
| **1.0100** | x Limit Factor | **1.0095** |
| 97,447,911 | = Levy | 97,402,564 |
| 8,289,213,412 | Local new construction | 8,289,213,412 |
| 0 | + Increase in utility value (Note 3) | 0 |
| 8,289,213,412 | = Total new construction | 8,289,213,412 |
| 0.16954 | x Last year's regular levy rate | 0.16954 |
| 1,405,353 | = New construction levy | 1,405,353 |
| **98,853,264** | Total Limit Factor Levy | **98,807,917** |
| | **Annexation Levy** | |
| **0** | Omitted assessment levy (Note 4) | **0** |
| 98,853,264 | Total Limit Factor Levy + new lid lifts | 98,807,917 |
| 468,699,128,038 | ÷ Regular levy assessed value less annexations | 468,699,128,038 |
| 0.21091 | = Annexation rate (cannot exceed statutory maximum rate) | 0.21081 |
| 0 | x Annexation assessed value | 0 |
| **0** | = **Annexation Levy** | **0** |
| | **Lid lifts, Refunds and Total** | |
| 0 | + First year lid lifts | 0 |
| 98,853,264 | + Limit Factor Levy | 98,807,917 |
| **98,853,264** | = Total RCW 84.55 levy | **98,807,917** |
| 185,986 | + Relevy for prior year refunds (Note 5) | 185,986 |
| 99,039,250 | = Total RCW 84.55 levy + refunds | 98,993,903 |
| | Levy Correction: Year of Error ______ (+or-) | |
| 99,039,250 | **ALLOWABLE LEVY (Note 6)** | 98,993,903 |
| | **Increase Information (Note 7)** | |
| 0.21131 | Levy rate based on allowable levy | 0.21121 |
| 72,000,000 | Last year's ACTUAL regular levy | 72,000,000 |
| 25,447,911 | Dollar increase over last year other than N/C – Annex | 25,402,564 |
| 35.34% | Percent increase over last year other than N/C – Annex | 35.28% |
| | **Calculation of statutory levy** | |
| | Regular levy assessed value (Note 8) | 468,699,128,038 |
| | x Maximum statutory rate | 0.45000 |
| | **= Maximum statutory levy** | **210,914,608** |
| | +Omitted assessments levy | **0** |
| | =Maximum statutory levy | **210,914,608** |
| | 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 next 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

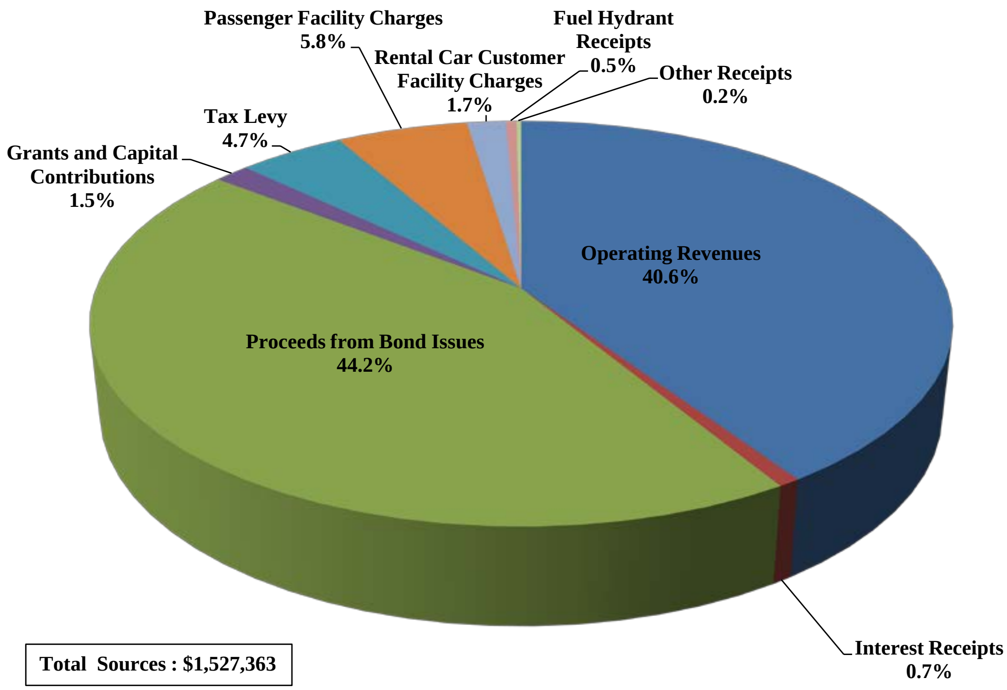
### TABLE XI-2: FORECASTED CASH FLOW SUMMARY

| ($ in 000's) | | 2017 | Percent of Total |
|---|---|---|---|
| **Beginning balance of cash & investments** | | **$ 1,005,294** | |
| **SOURCES OF CASH** | | | |
| Operating Revenues | | 620,245 | 40.6% |
| Interest Receipts | | 10,822 | 0.7% |
| Proceeds from Bond Issues | | 675,000 | 44.2% |
| Grants and Capital Contributions | | 23,595 | 1.5% |
| Tax Levy | | 72,000 | 4.7% |
| Passenger Facility Charges | | 89,087 | 5.8% |
| Rental Car Customer Facility Charges | | 26,300 | 1.7% |
| Fuel Hydrant Receipts | | 7,024 | 0.5% |
| Other Receipts | | 3,290 | 0.2% |
| **Total** | | **1,527,363** | **100%** |
| **Anticipated available funds** | | **2,532,657** | |
| **USES OF CASH** | | | |
| **Expenses from Operations:** | | | |
| Total Operating Expenses | | 384,660 | 28.8% |
| **Debt Service:** | | | |
| Interest Payments | 150,400 | | 11.3% |
| Bond Redemptions | 138,915 | | 10.4% |
| Total Debt Service | | 289,315 | 21.6% |
| Other Expenses | | 8,474 | 0.6% |
| Public Expense | | 2,488 | 0.2% |
| Capital Expenditures | | 651,577 | 48.8% |
| **Total** | | **1,336,514** | **100%** |
| **Ending balance of cash & investments** | | **$ 1,196,143** | |
| **Increase (decrease) of cash during year** | | **$ 190,849** | |

cashflow.xlsx

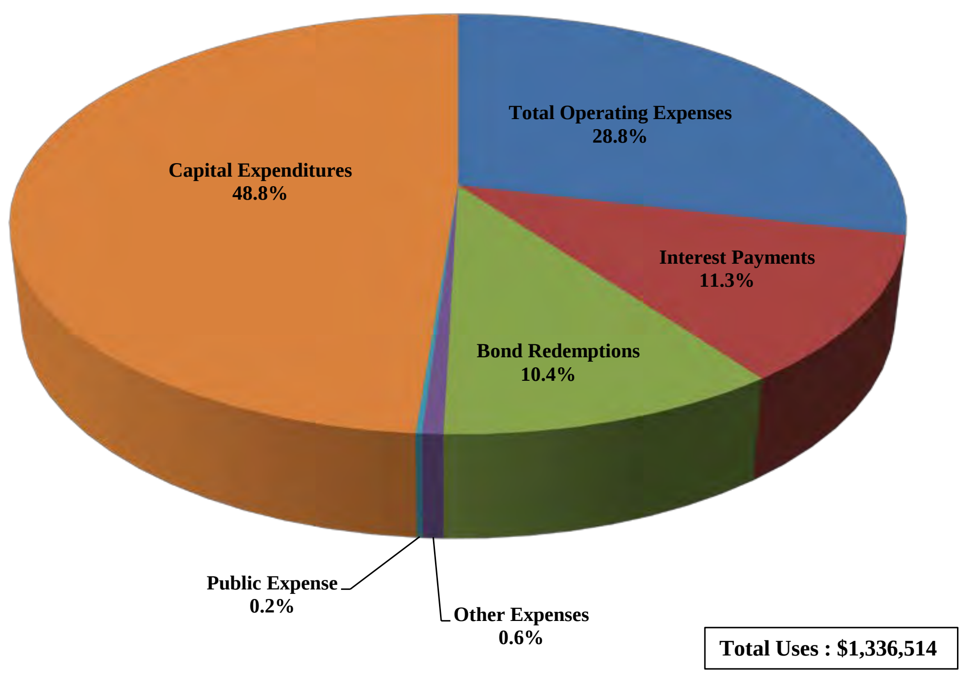
## FIGURE XI-1: SOURCES OF CASH

($ in 000's)




## FIGURE XI-2: USES OF CASH

($ in 000's)



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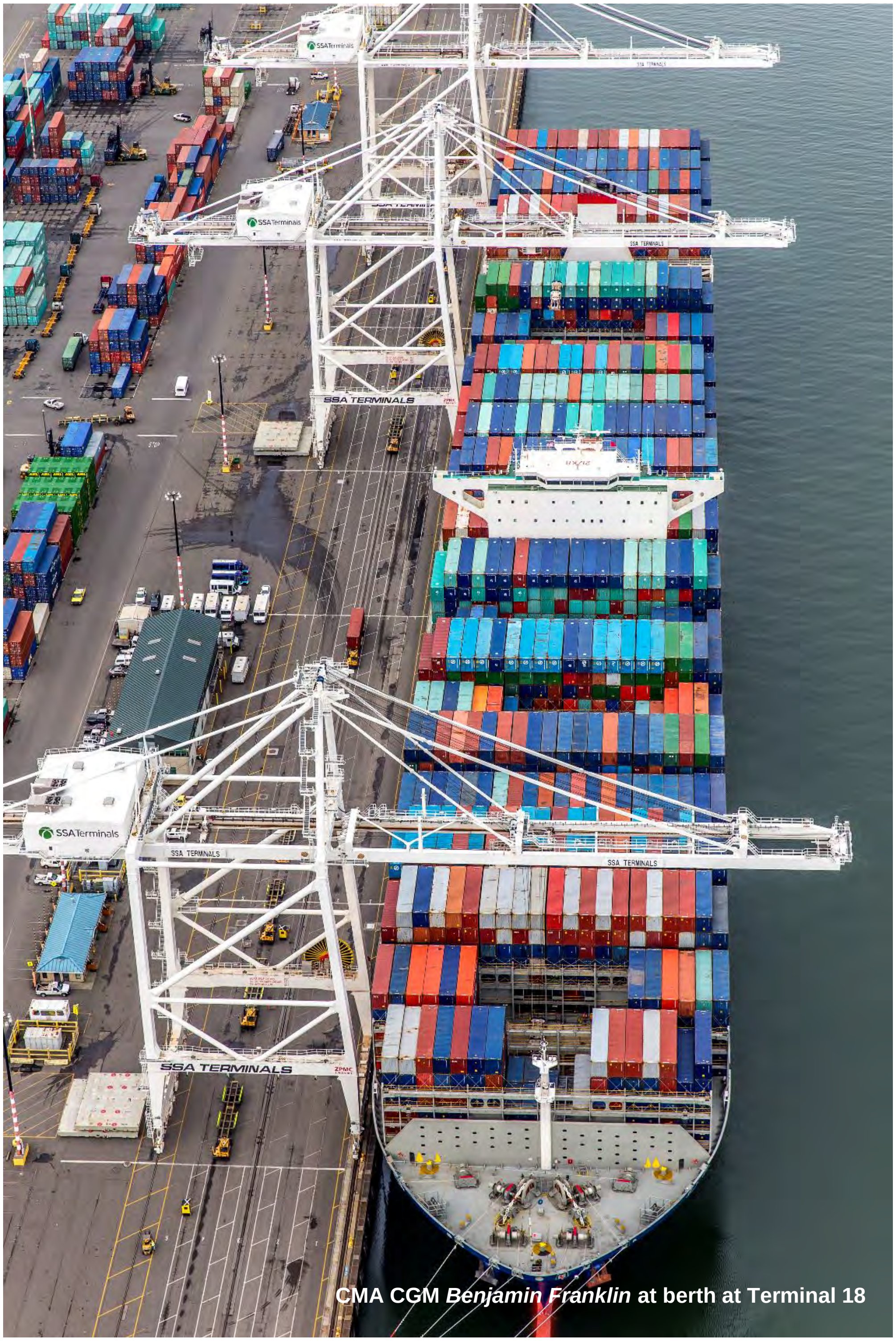
# The Northwest Seaport Alliance 2017 Budget



CMA CGM *Benjamin Franklin* at berth at Terminal 18

Operating Budget and Capital Improvement Plan adopted:
November 1, 2016

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# Figures



# Tables


**Evergreen Ship *Ever Strong* berthing at Pierce County Terminal**

To: Managing Members
Date: November 1, 2016
Subject: The Northwest Seaport Alliance Operating Budget and Five-Year Capital Improvement Plan

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Staff is pleased to present the 2017 Northwest Seaport Alliance (NWSA) Budget. This document informs citizens and other interested parties about the NWSA's overall goals and strategies, as well as the competitive environment in which we operate. It highlights our focus on strategic investments that will deliver competitive financial results, build for the future, and continue to create jobs and economic wealth for the Puget Sound region.

The competition among West Coast ports remains incredibly intense as shipping lines form new alliances and terminal operators explore ways in which to reduce costs, including consolidating terminals. The introduction of larger vessels to gain economies of scale has resulted in the need for significant infrastructure investment at West Coast ports. Additionally, West Coast ports are faced with increased competition from ports in Canada, Mexico and the East and Gulf Coasts of the United States.

The NWSA, which was formed to respond to these competitive challenges, has taken action to strengthen the gateway. The NWSA is focused on ensuring that our facilities are ready to handle the bigger ships migrating into the trans-Pacific trade, and that our terminals, road and rail infrastructure can move cargo efficiently.

The NWSA recently identified our Strategic Business Planning Initiatives that:

- Improve licensed NWSA terminal and waterway assets to meet market demand
- Enhance NWSA, local and regional transportation infrastructure
- Improve the efficiency and cost competitiveness of the supply chain
- Advance the NWSA's market position in the international shipping industry
- Increase revenue through growth and diversification
- Advance environmental stewardship

While we expect the global economy to continue its slower-than-desired recovery, we are focused on the financial health of the NWSA and continue to focus on new business opportunities that will create jobs and economic wealth for the Puget Sound gateway.

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 it 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 projection for the alliance.

V. Five-Year Capital Improvement 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 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) is the first of its kind in North America.

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 for the region.

Located in the Pacific Northwest in Washington state, the NWSA offers short U.S.-to-Asia transit times, and the infrastructure necessary to quickly move cargo to the U.S. Midwest.

## International & Domestic Trade

The NWSA is the third-largest gateway for containerized cargo in North America, focused specifically on shipping between Asia and major distribution points in the Pacific Northwest, Midwest, Ohio Valley and the East Coast.

The NWSA is also a major center for bulk, breakbulk, project/heavy-lift cargoes, automobiles and trucks. The NWSA's terminals are located near the second-largest concentration of distribution centers on the West Coast.

Top international trading partners include:
- China/Hong Kong
- Japan
- Republic of Korea
- Taiwan
- Vietnam
- Thailand
- Canada
- Malaysia
- Indonesia

The value of this two-way international trade totaled more than $73.5 billion in 2015. Imports were $57.3 billion and exports were $16.2 billion of that total.

The Puget Sound is the major cargo gateway to Alaska. More than 80 percent of the total trade volume between Alaska and the lower 48 states moves through the Tacoma and Seattle harbors. Trade with Alaska was estimated at $3.5 billion in 2016. If it were ranked with the NWSA's international trading partners, Alaska would be fourth. The NWSA also provides connections to Hawaii.

## 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 5th, 1918 by the citizens of Pierce County to create job opportunities through trade, as well as in the economic development of 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 Commencement and Elliott bays in Puget Sound. Because of this strategic location, they offer efficient connections to sea, rail, highway and air transportation networks.

The NWSA ranks among the world's top 45 container gateways with some of the industry's largest container shipping lines calling the Puget Sound. Twenty-two international and four domestic shipping lines make regular service calls to the NWSA. The alliance also handles breakbulk, bulk, and auto shipping lines.

Shipping lines have been attracted to the Pacific Northwest because of its proximity to markets for trade, an experienced labor force, natural deep water, available land for expansion, excellent on-dock rail facilities and inland rail service. Rail service is provided by the BNSF Railway and the Union Pacific Railroad. Currently, approximately 50% to 60% of the NWSA import cargo moves out via rail. Excellent highway access is provided via Interstate 5 and Interstate 90.

Through July 2016, the two ports handled about $42.5 billion of trade. Based on dollar volume, China (including Hong Kong) is the NWSA's largest trading partner. Other leading trading partners include Japan, South Korea, Taiwan and Alaska.

As the "Gateway to Alaska," the NWSA handles about 3.4 million tons of domestic cargo shipped between the two states annually. Matson, TOTE Maritime Alaska, and Alaska Marine Lines are major shipping lines serving Alaska from the NWSA. Matson also provides service to Hawaii.

The NWSA is both a landlord and an operating organization. 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 Puget Sound.

The NWSA is a major auto import and processing center, handling vehicles for Kia, Mazda, and Mitsubishi.

Additionally, many of the two ports' efforts are focused on industrial development and real estate. They each work to attract major manufacturing and warehouse/distribution centers to King and Pierce counties.

### Pierce & King 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 2,949,590 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

In October 2014, the ports of Tacoma and Seattle announced the results of a joint economic impact study of the two seaports. 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.

According to the study, the two port's' marine cargo activities are related to 48,100 jobs in Washington state that contribute $4.1 billion in total income and re-spending. The two ports' cargo-handling, construction and leasing activities generate more than $379 million annually 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 containerized cargo, automobiles, logs, breakbulk cargo, heavy-lift cargo and project cargoes, as well as intermodal rail terminal 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, allowing 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.

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.

See Figures 1-1 and 1-2 for an overview of The Northwest Seaport Alliance facilities located in Seattle (North Harbor) and Tacoma (South Harbor), respectively.

### NWSA Managing Members

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 NWSA is a Port Development Authority 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.

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 Managing Members are the two port commissions. The current members of the commissions are:

Port of Seattle
- Tom Albro
- Stephanie Bowman
- John Creighton
- Fred Felleman
- Courtney Gregoire

Port of Tacoma
- Connie Bacon
- Don Johnson
- Dick Marzano
- Don Meyer
- Clare Petrich

### NWSA Managing Members Meetings

Managing Member meetings are open to the public and are held at various locations in both King and Pierce counties.

For the location and agenda for upcoming Managing Member meeting, as well as minutes for previous Managing Member meetings, you can visit the website at www.nwseaportalliance.com.

The NWSA streams all Managing Member meetings live on the website and 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 Executive Team. See the Organizational Chart Figure I-3 on page I-8).

### Executive Team

The Executive Team is comprised of the CEO, two deputy CEO's, 6 chief officers, and executive administrative support. 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 port activities, including public meetings and information, environmental protection, labor relations, procurement, security, financial management and other issues.

### Commercial Group

The Commercial Group is comprised of two businesses and their related personnel, and the Commercial Strategies Team.

Container Business: International and domestic container cargo is a core business segment for the NWSA. Container business personnel are responsible for container and terminal business development and management, and customer service. They also play an important role coordinating efforts with customers on terminal facility and operational improvements to enhance 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 are an integral part of the container business. Rail personnel support the container business and are responsible for rail service delivery at the Intermodal Yards. Relationship management with Tacoma Rail, BNSF and Union Pacific (UP) and other rail stakeholders are key functions of the rail professionals.

Non-Container Business: Comprised of breakbulk (Roll On and Roll Off also known as RoRo), bulk and auto cargos, the non-container business makes a significant contribution to revenue and further diversifies the gateway's business portfolio. Non-container personnel are responsible for business development, management and customer service for breakbulk, bulk and auto business segments.

The NWSA offers competitive rates and full service to breakbulk customers. Aside from handling agricultural and mining equipment and other rolling stock, the NWSA's South Harbor is designated as a strategic military port for transport of military cargoes.

Auto customers include Kia, Mazda, and Mitsubishi. Auto Warehousing Company (AWC), a tenant, is the largest auto processor on the U.S. West Coast.

Exports of logs, petroleum products and molasses add to the diversified cargo mix.

Commercial Strategies Team: This team is responsible for the sales and marketing activities and customer outreach to shippers, non-vessel operating common carriers and third-party logistics providers. It also supports the goals of the Commercial Group by providing strategic market research and business intelligence, cargo volume tracking and forecasting. The Commercial Strategies team also manages the regional and international business. The NWSA has trade and business development representation in Alaska, New Jersey, Japan, Hong Kong, China and Korea.

### Operations Group

The Operations Group is responsible for the daily operations of NWSA facilities at both ports.

The Operations Group provides coordination with vessel arrivals and departures, and with the associated stevedores. The Operations group orders and manages labor at the North Intermodal Yard and other locations 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 South Harbor intermodal yards. This department also operates the North Intermodal Yard, and 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, public affairs, facilities development and financial services are provided by 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 allocation.

## The Northwest Seaport Alliance governance

The NWSA is a separate governmental entity established as a Port Development Authority (PDA), similar to Public Development Authorities formed by cities and counties. The ports in 2015 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 its two Managing Members. Each Managing Member is 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 monthly and cash is distributed back to the ports at least quarterly. 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.

## 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 – North Harbor*

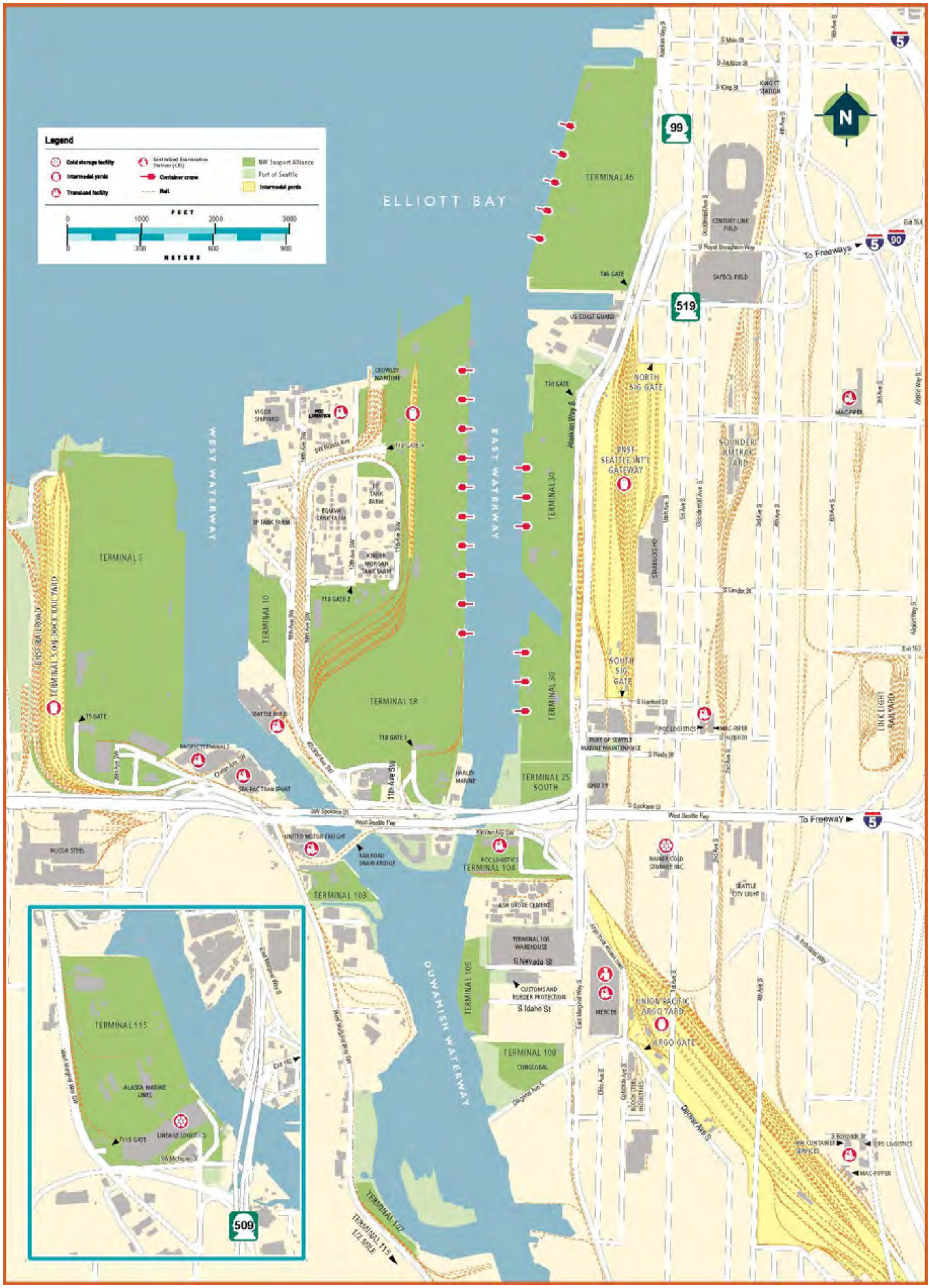




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*Figure I-2….**Northwest Seaport Alliance Facilities –** South Harbor*

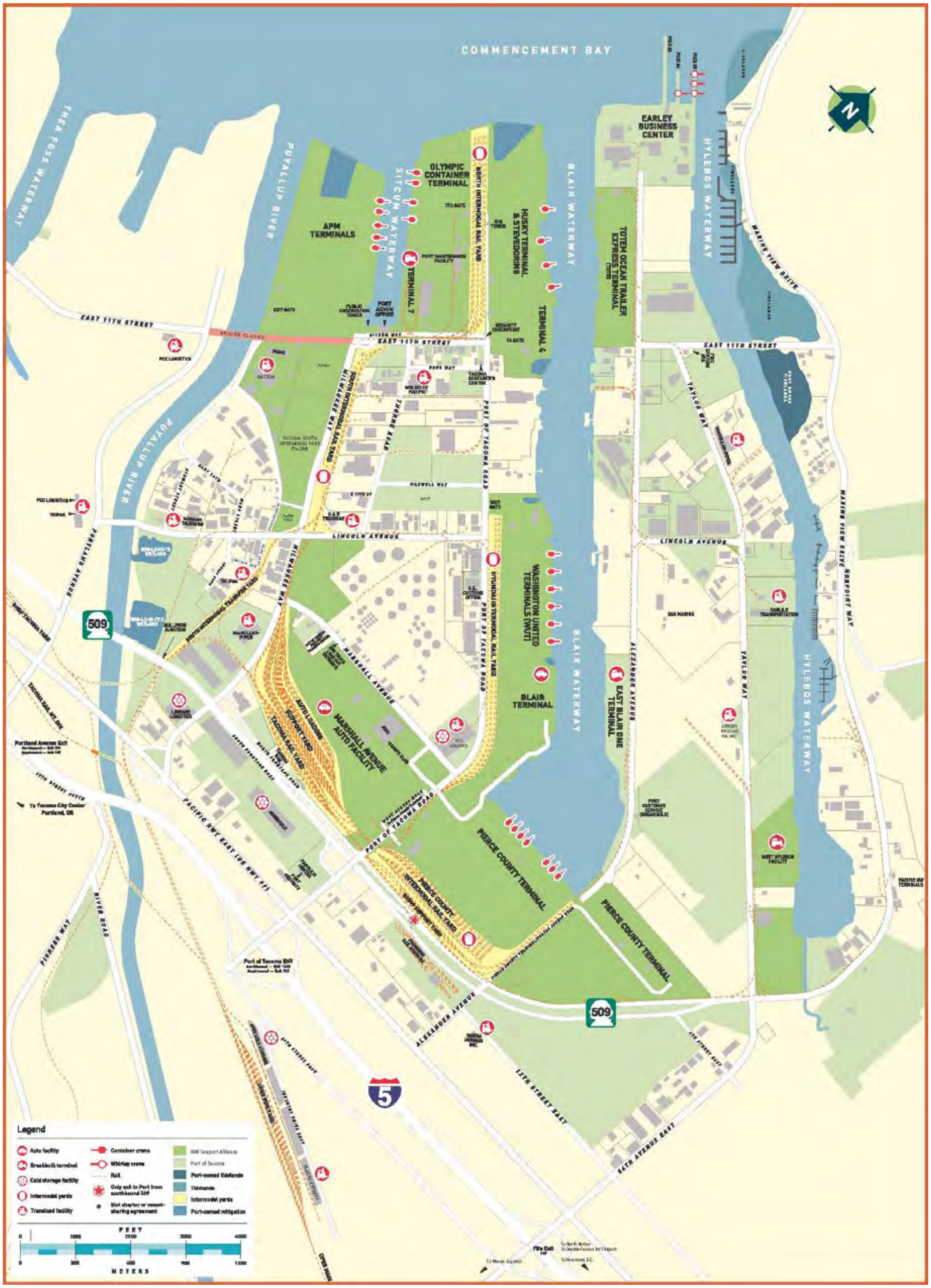




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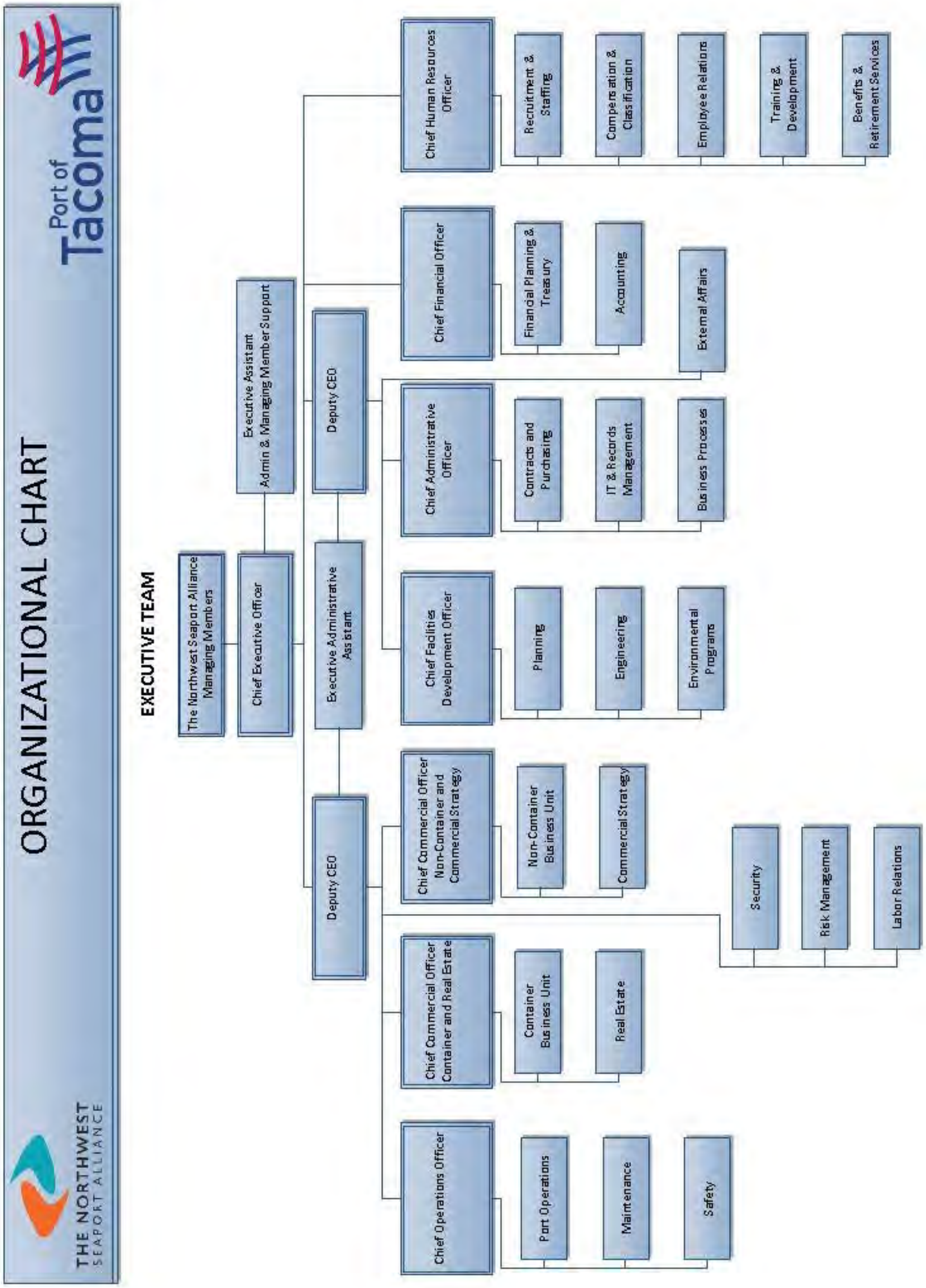
*Figure I-3....The Northwest Seaport Alliance Organizational Chart*



# II 2017 The Northwest Seaport Alliance Budget Message

## NWSA Goals

The NWSA has identified six commercial goals to maintain and grow the maritime business in the Puget Sound.

1. **Improve Licensed Alliance Terminal and Waterway Assets to Meet Market Demand**
   a. Redevelop the General Central Peninsula (GCP) and Pier 4 to increase container throughput and respond to container industry changes
   b. Modernization of T5 dock, berth and power infrastructure to meet future container industry demand, increase throughput, and position The Northwest Seaport Alliance gateway strategically
   c. Complete Seattle Harbor Navigation Improvement project
   d. Work with U.S. Army Corps of Engineers (USACE) to begin a deepening project study for Tacoma waterways
   e. Facilitate collaboration between terminal operators and ocean carriers for alliance consolidation

2. **Enhance Alliance, Local and Regional Transportation Infrastructure**
   a. Participate in partner agency planning efforts to ensure that the alliance's needs are considered and that plans support future business growth
   b. In partnership with local, state and federal stakeholders, facilitate improvement projects to vital roadways that service alliance customers
   c. Update the ports of Tacoma and Seattle's Land Use and Transportation Plans and work to maintain and improve freight mobility along the alliance's truck routes
   d. Design and develop appropriate rail support infrastructure in coordination with Tacoma Rail and the Class 1 railroads

3. **Improve Efficiency and Cost Competitiveness of the Supply Chain**
   a. Improve the efficiency, service level and cost competitiveness of the intermodal product through the PNW gateway
   b. Establish an Operations Service Center (OSC) with the mission of providing 'best in class' service delivery and customer care to our customers and stakeholders
   c. Establish an Executive Advisory Council (EAC) comprised of leaders in the shipping industry – EAC's mission will be to work collaboratively to ensure that the gateway is the easiest and most reliable for doing business

4. **Advance the Alliance's Market Position in the International Shipping Industry**
   a. Develop marketing materials and outreach programs to advance NWSA competitive position and value proposition with key customer segments
   b. Develop and implement a comprehensive business development strategy targeting international container carriers, BCOs, NVOs and other supply chain partners

5. **Increase Revenue Through Growth and Diversification**
   a. Facilitate new project cargo, breakbulk, auto and bulk business opportunities
   b. Develop and execute a comprehensive business strategy to support the Seaport Alliance's domestic container business

6. **Advance Environmental Stewardship**
   a. Partner to find innovative solutions to our customers' environmental challenges
   b. Continuously improve operational efficiency and emission reductions

## 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, the economic conditions caused by the fiscal crisis of late 2008 have had a significant impact on Asia-Pacific trade, resulting in reduced container cargo volume. The drop in volume, combined with increased competition from Canadian ports as well as ports located on the U.S. West, Gulf and East coasts, have resulted in reduced cargo through the Puget Sound gateway. Due to decreased demand for terminal space, competition among ports for container business has increased.

The ports of Seattle and Tacoma responded to these conditions by reducing costs and focusing on the needs of our current customers. NWSA staff are reviewing both harbor's physical assets to rationalize the facilities and reduce costs where possible.

## Revenues

The NWSA has both fixed and variable revenue streams. The majority of NWSA's revenues come from fixed revenue streams. These revenues are 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 rail car loading above minimums and per unit charges for automobile unloading. Variable revenues also include equipment rental on an hourly basis for crane hours above minimums and straddle carriers used by terminal leaseholders and month to month building or land leases.

## 2017 Budget

The NWSA has developed an overall operating budget with projected revenue of $189.4 million. Operating income is budgeted to be $92.6 million, resulting in operating margin of 49%. The NWSA net income of $93.4 million, which includes grant and interest income, and cash of $95.7 million will be distributed 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 Improvement Plan Highlights

NWSA projects for the next five years reflect a focus on industrial development and utilization of existing terminal capacity. With this focus the NWSA has reviewed potential assets for revenue generation to ensure that financial and economic growth goals are met.

Major 2017 – 2021 capital projects include the following:

*North Harbor*
- T-46 wharf redevelopment and paving;
- T-18 maintenance dredging;
- Removal of obsolete cranes at several terminals; and
- Design of T-5 wharf and associated electrical upgrades in preparation for construction of the new wharf.

*South Harbor*
- Construction of a wharf at Husky Terminal to accommodate super post Panamax ships;
- Purchase of four post-Panamax cranes for Husky terminal;
- Contributions to an improved gate for the General Central Peninsula (Husky and OCT terminals and the North Intermodal Yard);
- Straddle carrier purchase; and
- Ongoing maintenance of our facilities.

*Both Harbors*

- Clean air and stormwater investments;
- Investments in numerous environmental remediation and mitigation projects.

The NWSA's 2017 capital budget of $105.6 million represents the first year of the NWSA's 2017-2021 capital plan – a package totaling $270.4 million in new projects and investments. See Section V for additional details on the Capital Improvement Plan.

## Financial Measures

Financial measures for the NWSA have been developed to monitor financial performance. The two measures are (1) Net Operating Income and (2) Return on Assets. 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 in 2015 made a significant commitment to infrastructure, passing a 16-year, $16 billion statewide transportation package. An estimated $3.3 billion of those funds will be invested in projects benefiting NWSA terminals.

In 2015 Congress passed the FAST Act, a surface transportation authorization bill that established a new freight funding program. Prior to the FAST Act, few federal investment tools have been available to ports and other local government when it comes to freight infrastructure. The new program could assist the NWSA in making strategic investments in mission-critical freight infrastructure, such as marine terminals, roads and rail.

*North Harbor Navigation Improvement Project*

The largest container vessels calling West Coast ports today have roughly twice the capacity of those that called just five years ago. In order to remain a competitive trade gateway, the NWSA must take steps to better accommodate these larger vessels. One such step is to study whether deepening is needed in specific areas adjacent to the NWSA's container terminals in the North Harbor. While channels are mostly -51 feet or deeper, some shallower spots present navigational and safety challenges. The NWSA partnered with the U.S. Army Corps of Engineers to study the feasibility of a potential deepening project. The draft feasibility report that was issued on August 2 identifies a tentatively selected plan to deepen the east and west waterway to -57 feet. Deepening channels to this depth will require a local financial match, which could come from several sources, including the potential for a contribution from the NWSA.

*Trans-Pacific Partnership*

The Trans-Pacific Partnership (TPP) is an Asian-Pacific regional trade agreement currently being negotiated among the United States and 11 other partners: Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, Canada, Mexico and Japan. The Asia-Pacific region offers enormous economic opportunities for American businesses; the region comprises 40% of the global population, and the economies of these countries generated 55% of global GDP in 2011.

More directly, the Asia-Pacific region is the largest market in the world for U.S. exports and receives 72% of U.S. agricultural exports.

A successful TPP would open doors for increased economic engagement in Asia, a region that is already a destination for 69% of Washington goods exports and a significant portion of Washington state's services exports. In addition, many Washington retail, apparel and manufacturing companies leverage the Asia-Pacific region as a key part of their global supply chain.

The inclusion of Japan in the TPP is particularly important. The Northwest Seaport Alliance handles $15.7 billion worth of trade with Japan, making it the NWSA's second-largest international trading partner. Japan is Washington state's top services export destination and second largest goods export destination. The National Potato Council projects that exports of frozen potatoes could increase by tens of millions of dollars over the next five years if Japan alone eliminated potato tariffs, and the Northwest Horticultural Council estimates elimination of the 9% tariff on cherries would provide benefits of at least $2 million over one year.

The successful completion and ratification of TPP offers the promise of additional cargo volumes and revenue to the NWSA.

The NWSA supports passage of the TPP agreement that increases opportunities for Washington state workers, exporters and economy while creating verifiable, measurable, and enforceable standards to protect workers and the environment.

*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.

The Water Resources Reform and Development Act (WRRDA) passed by Congress in 2014 included language that, for the first time in 30 years, partially reformed the federal Harbor Maintenance Tax to the betterment of Puget Sound ports. The bill allows a select group of donor ports to use HMT funds for berth maintenance and the navigation-related maintenance dredging and disposal of contaminated sediments. The bill also authorizes up to $50 million in HMT transfers - subject to appropriation - to donor ports and energy ports. This rebate can be used for customer rebates, berth maintenance and in-water environmental remediation. Congress appropriated $25 million in donor and energy port funding in FY16. Seattle and Tacoma do not plan to spend our ports' share of the funding until some changes we are seeking are made to the program. The NWSA is actively working to secure this appropriation and expand it in future years.

## Conclusion

The realities of the drastic changes in the global economy have led all ports to examine business and operational strategies.

The NWSA is increasingly focused on maximizing the use of existing facilities, working with existing customers to keep them competitive and successful, and continuing to make strategic infrastructure investments that help position the gateway for long-term growth. Through coordinated investments in maritime assets, The NWSA will help ensure growth in the cargo flow through the Puget Sound.

The NWSA is placing increased emphasis on the importance of developing and strengthening relationships with labor partners, industry stakeholders, customers, and local, state and tribal governments in a collaborative effort to achieve the future vision of the NWSA. This vision must include the road and rail infrastructure that ties the whole 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

Weak global demand and political tensions have contributed to slower than expected growth of the U.S. GDP through August. According to TTX, a rail car provider to Class 1 railroads, the U.S. is not heading into a recession, but the economy has weakened over the last three quarters. Still, unemployment is relatively low and the Consumer Confidence Index broke 100 in August, the highest reading over the past 11 months.

Real gross domestic product (GDP), defined as the value of the production of goods, increased at an annual rate of 1.1% in the second quarter of 2016. In the first quarter, real GDP increased 0.8%. Department of Commerce Bureau of Economic Analysis (BEA) attributed the second-quarter increase in real GDP to consumer spending and exports, which have been positively impacted by the value of the dollar and weak demand in Asia and Europe. These gains were offset by declines in private inventory investment, residential fixed investments, state and local government spending, non-residential fixed investments, and an increase in imports.

The unemployment rate was at 4.9% in August 2016, unchanged from the previous month. The unemployment rate has been 5.0% or below since October 2015, a significant improvement from the high of 10 percent in the depths of the recession (2009). According to U.S. Department of Labor figures, job gains occurred in professional and business services, health care, and financial activities. Employment in mining continued to trend downward.

After four months of increases, existing-home sales fell 3.2% in July due to low housing inventories in many parts of the country. The West region, which was the only exception, experienced a 2.5% increase in home sales and a median price 6.4% above what it was a year ago. According to Lawrence Yun, National Association of Realtor's Chief economist, "Severely restrained inventory and the tightening grip it's putting on affordability is the primary culprit for the considerable sales slump throughout much of the country last month." Realtors® are reporting diminished buyer traffic because of the scarce number of affordable homes on the market, and the lack of supply is stifling the efforts of many prospective buyers attempting to purchase while mortgage rates hover at historical lows.

The Conference Board reported August's consumer confidence index at 101.1, the first time at this level since September 2015, suggesting underlying strength in the economy. The latest survey indicated optimism in the current and future labor market as well as in current and future personal income. Strong job gains, underlying strength in the job market, and an increase in home prices - which boosts net worth- are supporting the consumer confidence reading. Retail sales also bounced back in August, rising 0.5% month-over-month.

## Shipping Industry

The global container shipping industry remains challenged in 2016 and faces many of the same issues that have plagued the shipping industry over the last few years. Even with the global economy recovering from the financial crisis, the industry remains encumbered with debt after investing heavily in new, larger vessels before and since the recession. Overcapacity, low freight rates and the arrival of newer and bigger ships will continue to stretch the capabilities and profitability of ocean carriers and ports in the medium term.

2016 Developments:

- On August 31, Hanjin Shipping (the seventh largest container carrier) filed for receivership. The bankruptcy had a short-term positive impact on freight rates
- CMA CGM completed its acquisition of NOL and its subsidiary APL, and is looking to sell NOL assets to pay down debt
- Hapag-Lloyd is close to completing its merger with United Arab Shipping Company (UASC)

- China Ocean Shipping (Group) Co. (COSCO) and China Shipping Group restructured to form China COSCO Shipping Corp, the fourth largest container carrier in the world

Significant increases in the price of bunker fuel over the last decade drove global carriers into a race to build and operate the largest, most fuel-efficient vessels as a means to drive down per unit carrying costs. In the process, carriers have taken on huge debt to match the similarly sized price tags of these assets. The market has seen a significant influx of capacity as these mega-vessels have come online, but demand has languished, making it difficult for carriers to sustain freight rates at a level to operate profitably. This imbalance between supply and demand will remain the driving force behind industry dynamics into the future.

The number of mega vessels (more than 13,000-TEU capacity) in service - which predominantly serve the major East-West trade lanes - is projected to double by the end of 2017. This segment of the global fleet will eventually account for more than 10% of global TEU capacity. Lagging demand has left few choices for carriers with growing fleets of large vessels: they simply have to work together. Carriers have generally preferred to consolidate operations through a growing number of alliances.

While carrier alliances and vessel sharing agreements are nothing new to the shipping industry, the shuffling of alliance partners continues. The list below compares 2016 alliances with the newly formed alliances, which will coalesce in April of 2017.

2016 Alliances & Members

- G6 – APL, Hapag-Lloyd, Hyundai Merchant Marine, MOL, NYK Line, OOCL
- CKYH-E – COSCO, “K” Line, Yang Ming Line, Hanjin Shipping Co., Evergreen Line
- 2M – Maersk Line, Mediterranean Shipping
- Ocean 3 – China Shipping Container Line, CMA-CGM, United Arab Shipping Co.

2017 Alliances & Members

- 2M – Maersk, MSC, Hyundai
- Ocean Alliance – CMA CGM (APL), COSCO, Evergreen, OOCL
- The Alliance – Hapag Lloyd (UASC), Yang Ming, MOL, NYK, K-Line
- Independent Carriers – Hamburg Sud, ZIM, PIL, Wan Hai

Formation of these new alliances has concentrated capacity in fewer hands and allowed ocean carriers to exercise more control over available capacity on major trade lanes through coordinated changes to vessel sailings, schedules, and transit times, thereby influencing freight rates. Longer service strings with more port calls help carriers deploy excess capacity that would otherwise be running empty or delayed at great expense.

The new generation of ultra-large container ships (ULCS) is also having a ripple effect across the US port industry. As the mega-ships come into service in Asia-Europe, vessels they have replaced are slowly being redeployed, primarily to the trans-Pacific trade. These larger ships, with carrying capacity of between 10,000 and 14,000 TEUs, require deeper water, more berth space and additional cranes with a longer reach to work the length of the ship. The larger container volume on each ship also puts strain on landside infrastructure as terminals need more yard space for container loading and unloading, and additional backlands for container storage and operational support. Seaports across the US are engaged in major dredging and infrastructure improvement projects to accommodate the larger vessels, but port congestion could be an issue until infrastructure catches up.

The global container shipping industry will continue to face challenges financially, and there is no clear end in sight. The recent decline in fuel prices – while a welcome relief – is probably not going to relieve the industry's financial pain in the longer term.  That said, many carriers are doing the right thing by shedding peripheral assets in favor of focusing on core container shipping operations. Successful carriers will likely match this focus on investment with an in-depth understanding of profitability at the trade, route, and customer levels.

## Northwest Seaport Alliance Activity

*Containers:*

In the first two months of 2016, the NWSA saw double-digit growth compared with Jan/Feb 2015, as international cargo volumes returned to normal following successful conclusion of West Coast labor negotiations. International volumes have since leveled out, but overall volumes continue to be negatively impacted by weakness in the Alaska market and the loss of a weekly vessel service to Hawaii in 2015.  Through August 2016, the NWSA has handled over 2.3 million TEUs (20-foot equivalent units), a 0.2% decrease year-to-date.

Container volumes as a whole are projected to be relatively flat for the next two years.  There are several factors that could impact NWSA international volumes in 2017, including restructured services with changes to ports of call based on new alliance agreements (to be announced April 2017), the expanded Panama Canal and its ability, or lack thereof, to draw additional trans-Pacific volume to Gulf and East Coast ports (with Suez and Panama Canals dropping tolls to attract business), the fate of Hanjin Shipping, and any possible impact from 1M+ TEUs of expanded container handling capacity coming on-line at competing West Coast ports.

Domestic container volume, which accounts for approximately 20% of total NWSA volume, is expected to decrease 3% this year due to elimination of Horizon Line's service to Hawaii, sold to the Pasha Group, and a weak Alaska market.  Alaska volumes are projected to be down in 2017 due to falling state revenues from low oil prices, a decrease in construction spending, and an anticipated U.S. Army reduction of workforce. Volume projections for Hawaii are supported by nominal economic growth forecasted for the state (based on tourism) and favorable economic conditions in the U.S. and Japan that support travel and tourism.

*Breakbulk:*

Breakbulk cargo is comprised of commodities that are either too large or unwieldy 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.  For 2016, breakbulk tonnage is estimated to reach approximately 183K metric tons. Volume is forecasted to reach 187K metric tons in 2017, a 2% increase from the previous year.  This growth is mainly driven by an increasing amount of import cargo coming from Japan due to the weakening yen vs. a stronger U.S. dollar.

*Autos*:

Auto imports for 2016 are forecasted to reach 173K units.  Volumes for 2017 are projected to decrease by 2% to 170K units due to an increase in near-sourcing of autos for the North American market from newly constructed factories opening in Mexico. Auto production in Mexico is expected to increase 51% from 2015 to 2022.

*Logs:*

On the NWSA's bulk side of the business, log exports have continued to decline, and are expected to finish 2016 significantly below the prior year at just over 20 million board feet.  The drop in volume is primarily a result of the slowing growth of the Chinese economy, and subsequent decrease in demand for logs to use in the manufacture of concrete forms for construction in China.  Volumes for 2017 are projected to remain level with 2016, assuming the same demand will be needed in China.

*Molasses & Petroleum:*

Petroleum volumes are projected to remain flat through 2016 and 2017, depending on customer demand.  Petroleum is forecasted at 689K metric tons.

Molasses volumes are expected to be flat in 2016 with 5% growth in 2017.  Molasses volume are forecasted at 46K metric tons.

*Table III-1....Cargo Activity Five-Year Forecast*

**THE NORTHWEST SEAPORT ALLIANCE CARGO ACTIVITY 5-YEAR FORECAST**

| | Actual | | | | Forecast | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 (est) | 2017 | 2018 | 2019 | 2020 | 2021 |
| Non-Container Forecast (Thousands of Metric Tons) | | | | | | | | | | |
| Breakbulk | 304 | 250 | 253 | 234 | 183 | 187 | 187 | 203 | 221 | 241 |
| Autos | 204 | 226 | 252 | 271 | 256 | 253 | 239 | 241 | 243 | 246 |
| Logs | 342 | 389 | 277 | 237 | 126 | 126 | 126 | 126 | 126 | 126 |
| Petroleum | 621 | 788 | 998 | 815 | 685 | 689 | 690 | 690 | 690 | 690 |
| Molasses | 75 | 48 | 50 | 44 | 44 | 46 | 48 | 48 | 48 | 48 |
| **Total Tonnage** | **1,546** | **1,701** | **1,830** | **1,601** | **1,294** | **1,301** | **1,290** | **1,308** | **1,328** | **1,351** |
| | | 10% | 8% | -13% | -19% | 1% | -1% | 1% | 2% | 2% |
| Container Forecast (Thousands of TEUs) | | | | | | | | | | |
| International | 2,778 | 2,635 | 2,557 | 2,761 | 2,752 | 2,791 | 2,874 | 2,960 | 3,049 | 3,141 |
| Domestic | 786 | 821 | 870 | 769 | 746 | 680 | 666 | 653 | 655 | 658 |
| **Total TEUs** | **3,564** | **3,456** | **3,427** | **3,530** | **3,498** | **3,471** | **3,540** | **3,613** | **3,704** | **3,799** |
| | | -3% | -1% | 3% | -1% | -1% | 2% | 2% | 3% | 3% |
| Intermodal Yard Lifts | | | | | | | | | | |
| Hyundai Intermodal Yard | 91,185 | 158,100 | 157,234 | 132,655 | 148,660 | 151,633 | 156,182 | 160,868 | 165,694 | 170,665 |
| North Intermodal Yard | 193,511 | 169,185 | 193,772 | 227,051 | 223,569 | 210,900 | 215,116 | 219,619 | 225,199 | 230,946 |
| South Intermodal Yard | 82,249 | 83,787 | 94,924 | 90,531 | 86,508 | 88,238 | 90,885 | 93,612 | 96,420 | 99,313 |
| Pierce County Intermodal Yard | 72,815 | 75,293 | 69,870 | 81,581 | 89,908 | 91,706 | 94,457 | 97,291 | 100,210 | 103,216 |
| **Total Intermodal Lifts** | **439,760** | **486,365** | **515,800** | **531,818** | **548,645** | **542,477** | **556,642** | **571,390** | **587,523** | **604,140** |
| * Intermodal Lifts Reported for South Harbor only | | 11% | 6% | 3% | 3% | -1% | 3% | 3% | 3% | 3% |
| Log Board Feet | 66,405,210 | 74,340,580 | 50,502,920 | 41,679,250 | 20,343,881 | 20,343,881 | 20,343,881 | 20,343,881 | 20,343,881 | 20,343,881 |
| | | 12% | -32% | -17% | -51% | 0% | 0% | 0% | 0% | 0% |
| Vehicle Units | 148,239 | 160,419 | 175,802 | 183,305 | 173,715 | 170,903 | 162,358 | 163,981 | 165,621 | 167,277 |
| | | 8% | 10% | 4% | -5% | -2% | -5% | 1% | 1% | 1% |



Section XII
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# IV Operating Budget

## Overview

The NWSA operating budget revenue is based on cargo volume forecasts (see Table III-1, page III-4), 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 the 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.

## 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 August 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 September, 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 budget year. 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 2017 operating budget are a result of economic and industry trends represented in the cargo forecast.

### Revenue

- Existing leases continue per existing leases and contracts
- Cargo volumes drive equipment and intermodal revenue and expenses
- Auto and breakbulk imports continue to provide revenue diversity
- Tariff rates are projected to increase 2% to 2.5%
- Property lease rental rates will increase as specified in contracts

### Direct Expenses

- The NWSA has direct headcount of 56 positions Salaries are expected to increase at 3% growth
- Major operating expenses include removal of obsolete cranes, berth maintenance dredging, and ongoing maintenance of terminal paving 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

### Allocations and home port charges

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 by allocation.

A direct charge is where a cost can be directly attributed specifically with a particular project(s) and directly assigned with a high degree of accuracy. Examples of direct charge include engineers assigning time to a specific project, maintenance staff repairing a specific asset, and security charging time to a specific event such as an auto ship discharging cargo.

An allocation is an indirect cost for common services or services that are not directly attributed to a given project. For example, support staff do not complete timecards so their time cannot be directly assigned to work. Examples of allocations include the finance team providing analysis work for an investment, information technology services providing network connectivity and laptop equipment, and the executive team providing leadership and direction.

Table IV-4 shows the total approximate value of the allocation and home port charges and services provided to the different entities.

### 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 budgeted revenues

## Financial Practices

The NWSA manages its operations to maximize its financial capacity - to maintain strong cash flow to provide the necessary cash to the home ports to provide adequate home port 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, page III-4)
- 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 budget. 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 Improvement 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 by Business*

| *($ Thousands)* | 2016 Budget | 2016 Forecast | 2017 Budget |
|---|---|---|---|
| **Operating Revenue** | | | |
| Container | 163,406 | 163,343 | 159,986 |
| Non Container | 18,868 | 18,627 | 17,876 |
| Real Estate | 10,528 | 10,994 | 11,509 |
| Other | 95 | 47 | 0 |
| **Total Revenue** | **192,896** | **193,012** | **189,371** |
| | | | |
| **Direct Expenses** | | | |
| Container | 34,300 | 31,819 | 36,541 |
| Non Container | 9,012 | 7,605 | 8429 |
| Real Estate | 983 | 774 | 831 |
| Other | 17,520 | 15,042 | 17,553 |
| **Total Direct Expenses** | **61,816** | **55,240** | **63,353** |
| | | | |
| **Administrative Expenses** | 19,878 | 18,924 | 23,220 |
| | | | |
| **Security** | 4,410 | 4,282 | 4,434 |
| | | | |
| **Environmental** | 2,063 | 4,136 | 3,283 |
| | | | |
| **Total Operating Expenses before Depreciation** | **88,167** | **82,581** | **94,291** |
| | | | |
| **Depreciation** | 571 | 823 | 2,527 |
| **Total Operating Expense** | **88,738** | **83,403** | **96,818** |
| | | | |
| **Net Operating Revenue over Expenses (Income from Operations)** | **$104,158** | **$109,608** | **$92,552** |
| **% Revenue** | 54.0% | 56.8% | 48.9% |
| | | | |
| Non Operating Revenue and Expense | | 687 | 863 |
| **Net Distributable Revenue (Net Income)** | **$104,158** | **$110,295** | **$93,415** |

Amounts may not foot due to rounding.

*Table IV-2....Operating Revenue and Expense Detail*

| *($ Thousands)* | **2016 Budget** | **2016 Forecast** | **2017 Budget** |
|---|---|---|---|
| Services Marine Terminals | $118,772 | $118,087 | $118,803 |
| Property Rental | 45,819 | 46,558 | 41,265 |
| Equipment Rentals | 17,398 | 17,360 | 18,625 |
| Other Revenue | 9,985 | 10,069 | 9,786 |
| Sale of Utilities | 922 | 937 | 892 |
| **Operating Revenue** | **$192,896** | **$193,012** | **$189,371** |
| | | | |
| Allocations | 24,398 | 22,786 | 24,383 |
| Maintenance | 16,194 | 14,240 | 17,627 |
| Longshore Labor & Fringe | 12,417 | 12,520 | 12,904 |
| Port Salaries & Fringe | 9,303 | 8,287 | 9,848 |
| Outside Services | 6,856 | 6,133 | 9,821 |
| Direct Expense | 10,216 | 9,628 | 9,607 |
| Utilities | 3,802 | 3,717 | 3,998 |
| Environmental | 2,063 | 3,545 | 3,121 |
| Depreciation | 571 | 823 | 2,527 |
| Other Expenses | 1,200 | 384 | 1,016 |
| Travel & Entertainment | 837 | 541 | 808 |
| Marketing & Global Outreach | 508 | 354 | 544 |
| Other Employee Expense | 167 | 226 | 360 |
| Office Equipment & Supplies | 206 | 220 | 254 |
| **Total Operating Expense** | **$88,738** | **$83,403** | **$96,818** |

Amounts may not foot due to rounding.

*Table IV-3....Statements of Revenues, Expenses and Changes in Net Position*

| ($ Thousands) | 2016 Forecast | 2017 Budget | Better / Worse |
|---|---|---|---|
| Operating Revenue | $193,012 | $189,371 | -1.9% |
| Total Operating Expenses excluding depreciation | -82,581 | -94,291 | -14.2% |
| Depreciation | -823 | -2,527 | -207.2% |
| **Net Operating Revenue over Expenses (Income from Operations)** | 109,608 | 92,553 | **-15.6%** |
| | | | |
| **Non Operating Revenues (Expenses)** | | | |
| Interest Income | 684 | 528 | -22.8% |
| Other non-operating expense, net | -16 | -6 | 59.8% |
| Grants | 10 | 340 | 3300.0% |
| **Total non-operating expenses , net** | **678** | **862** | **27.0%** |
| | | | |
| **Net Distributable Revenue (Net Income)** | 110,287 | 93,415 | -15.3% |
| | | | |
| **Uses of Cash** | | | |
| Net Income | 110,287 | 93,415 | -15.3% |
| Add Depreciation | 823 | 2,527 | -207.2% |
| Less Interest Income | -684 | -528 | -22.8% |
| Less Capital Grants | 0 | -275 | |
| **Distributable Operating cash*** | **110,425** | **95,139** | **-13.8%** |
| | | | |
| **Change in Net Position from Operations** | **-138** | **-1,724** | |
| **Initial Contributions and Expected Capital Construction** | **140,232** | **87,832** | |
| | | | |
| **Net Position** | | | |
| Net Position beginning of year | $0 | $140,094 | |
| Net Position end of year | $140,094 | $226,202 | 61.5% |

* Per Charter Section 5.3 and Charter definition 1.1(p)

May not foot due to rounding

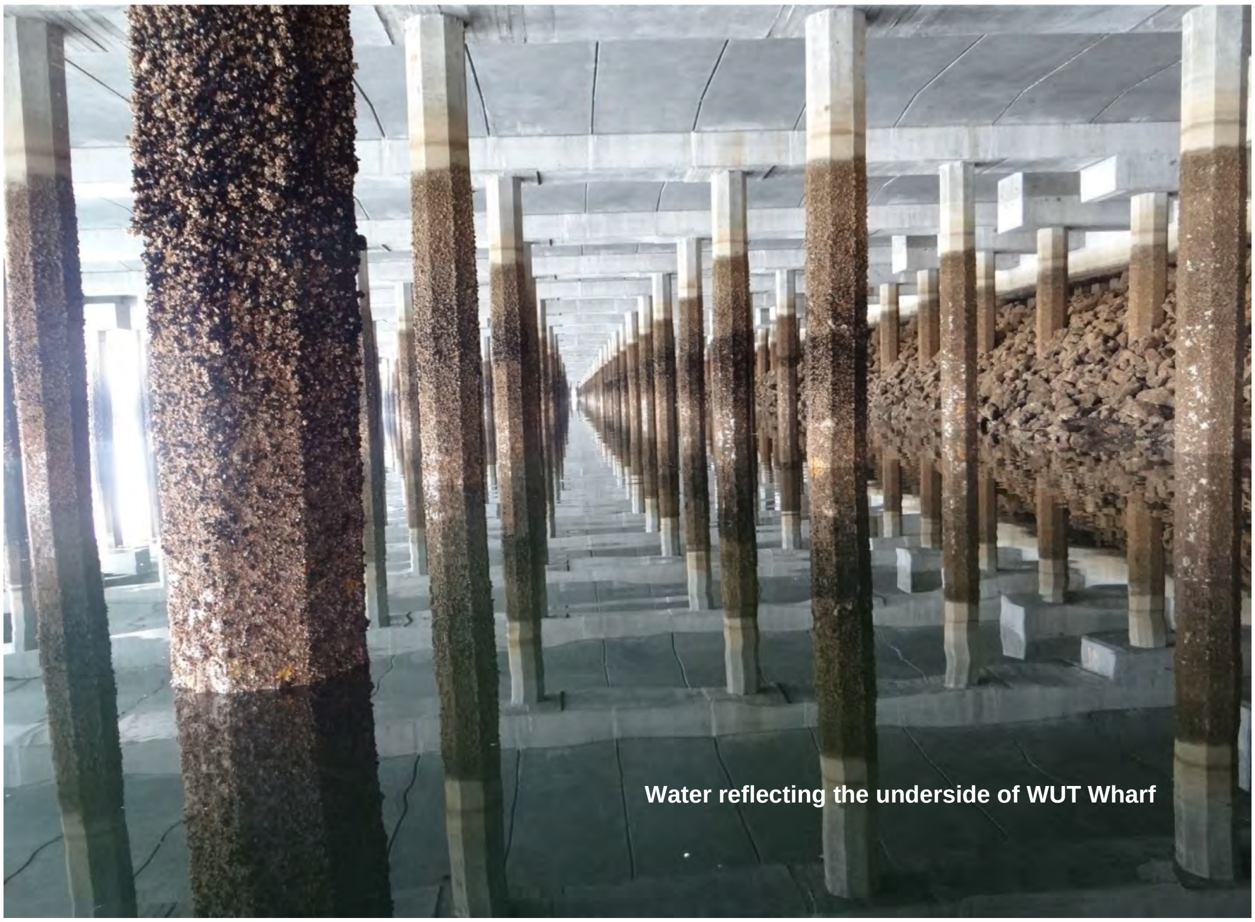
*Table IV-4....Summary of Allocations and Direct Charges*

| ($ thousands) | 2016 Budget | 2016 Forecast | 2017 Budget |
|---|---|---|---|
| Port of Tacoma to NWSA | $19,047 | $17,801 | $20,862 |
| Port of Seattle to NWSA | 3,972 | 3,512 | 2,938 |
| NWSA to Port of Tacoma | 959 | 961 | 1,095 |

*Table IV-5.... Five year Statement of Revenue, Expenses and Change in Assets*

| ($ thousand) | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Operating Revenue | $189,370 | $193,439 | $198,629 | $202,721 | $206,640 |
| Total Operating Expenses | 96,818 | 102,058 | 97,123 | 101,745 | 104,376 |
| Operating Income | 92,553 | 91,382 | 101,506 | 100,976 | 102,264 |
| Non-Operating Income | 863 | 1,275 | 11,213 | 9,363 | 523 |
| Net Income | $93,416 | $92,657 | $112,719 | $110,339 | $102,787 |

Amounts may not foot due to rounding



# V NWSA Capital Improvement 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.

The five-year Capital Improvement 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. Each project is reviewed and approved individually by the alliance Managing Members and 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 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

The five-year capital budget focuses on the following strategic and maintenance projects:

Strategic investments:
- Design of major terminal improvements at the North Harbor Terminal 5 (T-5) in preparation for redevelopment
- Construction of major terminal improvements at the South Harbor Terminal 4 resulting in a 2,900-ft two wharf facility
- Purchase four super-post Panamax container cranes for the General Central Peninsula
- Rehabilitation of the T-46 dock
- Upgrade T-46 utilities and electrical
- Design and construction of T-46 crane rail and berth extension
- T-18 stormwater utility upgrade

Maintenance investments:
- Pile cap repairs
- Purchase four replacement straddle carriers for the General Central Peninsula
- 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 stormwater 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) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Planned Capital | $71.1 | $87.8 | $69.0 | $31.1 | $23.6 | $6.9 |
| **Grand Total** | **$71.1** | **$87.8** | **$69.0** | **$31.1** | **$23.6** | **$6.9** |

## Capital Improvement 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 Improvement Plan Projects by Purpose

While the stage of the planning process determines the budgetary category of a particular project, project purpose determines the source of financing. The alliance classifies CIP projects into three types, (as shown below in Table V-2):

- Revenue-Generating: Projects developed for a specific customer that will result in a new revenue stream. The NWSA has designated Port-generated operating cash and revenue bonds to fund most of these projects.
- Revenue Renewal: Projects developed to renovate or replace obsolete or aging revenue-producing assets. These projects serve to extend existing revenue streams and may offer additional revenue if replacements enhance the efficiencies of operations or offer additional capabilities or value. The ports have designated port-generated operating cash or revenue bonds to fund most of these projects and also may use capital leasing through equipment suppliers or financial institutions.
- Infrastructure: Projects developed to enhance infrastructure, support multiple or future customers or to enhance public infrastructure. Sometimes, other public agencies may participate in funding that otherwise comes from port-generated operating cash, the property tax levy, and general obligation bonds or revenue bonds. They often are complex in nature, with multiple public agencies involved in the planning process and execution.

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.

Table V-3 shows that the NWSA intends to implement $270.4 million worth of planned projects (capitalized and expensed) in the next five years, with $105.6 million of that total earmarked for 2017. Non-operating and operating projects will be expensed as incurred and are included in the operating budget.

Table V-4 shows the five-year budget by Line of Business

Table V-5 shows the expected increase in depreciation and revenue from time when all of the projects are completed. The CIP is the total expected spending of 102 projects, 54 of which are capitalized and 48 expensed as incurred. The expensed projects are captured as expenses in the budget and five-year Plan of Finance as incurred. The costs of the capitalized projects are captured as depreciation expense over the estimated life of the projects which may extend beyond five years. The alliance expects depreciation expense will increase when the redevelopment of Terminal 4 is complete and the new cranes are in-service.

*Table V-2....Five-Year Planned Capital Improvement Plan by Purpose*

($ Millions)

| | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Infrastructure | $7.9 | $5.0 | $4.8 | $4.7 | $4.7 | $27.1 |
| Renewal | 83.5 | 67.7 | 4.9 | 9.9 | 3.8 | 169.8 |
| Revenue | 14.2 | 12.7 | 27.7 | 15.0 | 3.9 | 73.5 |
| **Grand Total** | **$105.6** | **$85.4** | **$37.4** | **$29.6** | **$12.4** | **$270.4** |

*Table V-3....Five-Year Planned Capital Improvement Plan by Accounting Treatment*

($ Millions)

| | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Capitalized | $87.8 | $69.0 | $31.1 | $23.6 | $6.9 | $218.4 |
| Operating Expense | 17.8 | 16.4 | 6.3 | 6.0 | 5.5 | 52.0 |
| **Grand Total** | **$105.6** | **$85.4** | **$37.4** | **$29.6** | **$12.4** | **$270.4** |

*Table V-4....Planned Major Projects by Line of Business*

($ Millions)

| | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Container Business | $85.9 | $63.0 | $30.4 | $23.1 | $6.1 | $208.5 |
| Non Container Business | $2.4 | $0.6 | $0.2 | $0.4 | $0.1 | 3.7 |
| Infrastructure | $17.3 | $21.7 | $6.8 | $6.2 | $6.2 | 58.2 |
| Grand Total | **$105.6** | **$85.3** | **$37.4** | **$29.7** | **$12.4** | **$270.4** |

*Table V-5....Net Income Impact of Capitalized Projects*

($ Millions)

| | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Container Business | $0.6 | $13.7 | -$2.6 | -$2.3 | -$1.6 | $7.8 |
| Non Container Business | -0.1 | -0.2 | -0.3 | -0.3 | -0.3 | -$1.3 |
| Real Estate | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -$0.5 |
| Infrastructure | -0.2 | -0.7 | -0.8 | -0.8 | -0.8 | -3.3 |
| **Grand Total** | **$0.2** | **$12.7** | **-$3.8** | **-$3.5** | **-$2.9** | **$2.8** |

## Capital Budget 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.

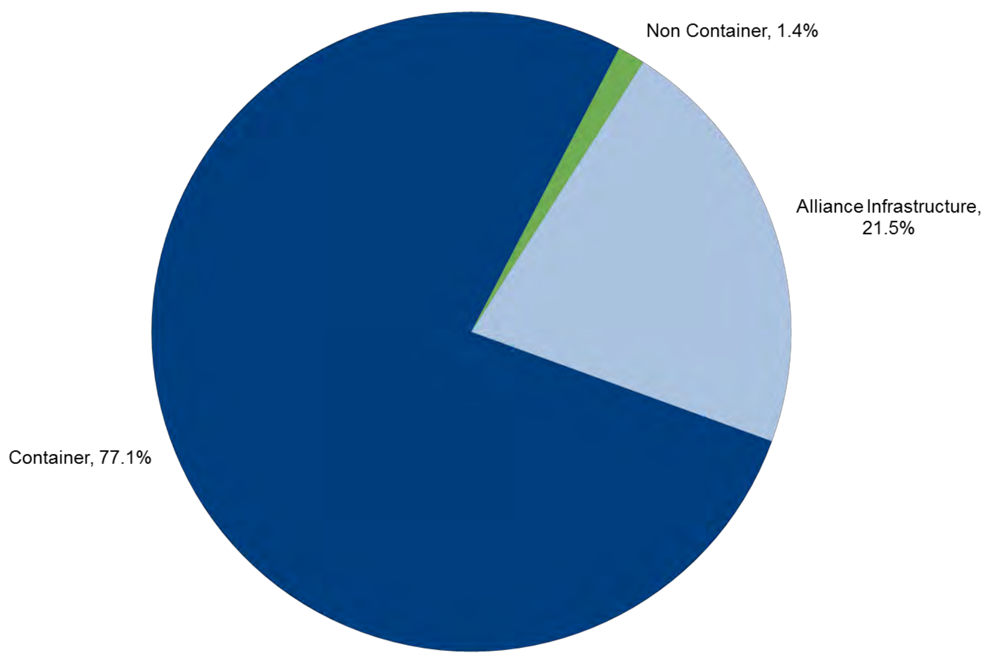
### Container Terminals Business

Planned capital expenditures for container terminals will total approximately $208.5 million over the next five years. The CIP for this business will provide the funds necessary for the design of major terminal improvements at the North Harbor Terminal 5 in preparation for redevelopment; T-18 stormwater utility upgrade; T-46 dock rehabilitation, including design and construction; acquire four container cranes and construction of a wharf at Husky Terminal, purchase straddle carriers for the South Harbor's General Central Peninsula, pile caps repairs, paving repairs and fender replacments at various terminals.

### Non-Container Business

Approximately $3.7 million will be spent on facility improvement for breakbulk business and environmental cap repairs.

*Figure V-1....Five-Year Planned Capital Budget by 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.

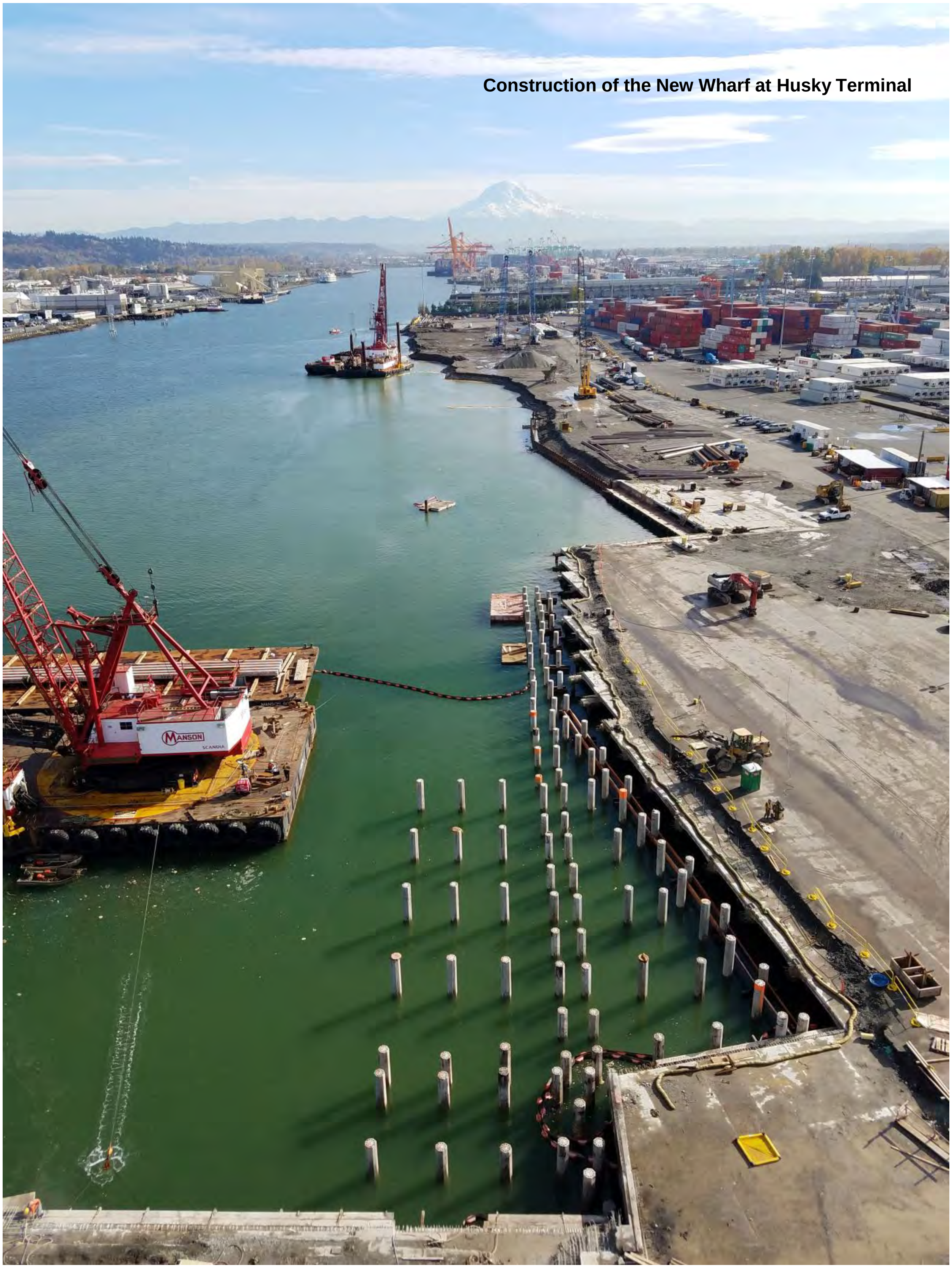
- Environmental Programs: These projects include reduction and monitoring of emissions, and ongoing cleanup projects. This also includes the Clean Truck Program, which provides matching funds and incentives to help cover the cost of replacing older trucks with cleaner new trucks.

- Technology: The alliance is investing in an operations service center that will allow customers and cargo owners to track their cargo as it moves through the gateway.

## Capital Improvement 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.

The alliance maintains sufficient cash reserves to meet the CIP requirements, as well as any unexpected capital requirements, without adversely affecting the ongoing operations of both ports.


Construction of the New Wharf at Husky Terminal
MANSON

# VI Environmental Stewardship and NWSA Planning

Environmental stewardship is a high priority for the NWSA. In 2016 the NWSA Environmental Stewardship Framework was put into action. Specifically, working with our stakeholders, the NWSA developed a Best-In-Class program built on a foundation of the following:

- Fully integrated environmental, economic and financial business decision planning/making;
- Responsive to market and community;
- Lead market by design and implementation-target market subsidies; and
- Driven by innovative cost/effective solutions.

Program areas of emphasis include:

- Water Quality (source control)
- Air Quality
- Remediation
- Habitat Restoration
- Sustainable practices

In 2017, the NWSA plans to focus its environmental efforts, on water and air quality, with the bulk of that work on NWSA licensed properties. The NWSA plans to develop additional sustainability strategies to help shape future leasing strategies.

## Water Quality Program

### Industrial Stormwater Management Program

The NWSA partnership is the framework for an industrial stormwater management program that is a collaborative working group of customers, agencies and environmental organizations in both north and south harbors. The goal of the Stormwater Workgroup is to be the forum to discuss emerging stormwater issues, common problems and solutions and provide stormwater compliance technical assistance to our customers. Staff engage in extensive stakeholder outreach that includes customers, regulators and the neighboring communities.

Depending on need and interest, the Stormwater Workgroup may be divided into sub-groups to provide site-specific assistance to tenants/customers so they can benefit from cost-effective stormwater pollution control approaches.

### Research and Develop Cost-Effective Means to Manage Stormwater

The NWSA continues previous work initiated separately by the ports. The NWSA implements innovative cost-effective treatment methods in the field in an effort to focus in on stormwater Best Management Practices (BMPs). This includes conducting pilot studies of new and existing treatment infrastructure to develop demonstrated designs of cost-effective stormwater treatment devices that are shared with tenants and customers.

### Source Control

Controlling pollutants at or near the source is the most cost effective way of reducing impacted stormwater runoff, managing the risk of costly corrective actions for treatment, and reducing the cost of operations and maintenance of installed stormwater treatment systems.

*North Harbor Focus*

Most North Harbor tenants have installed or are installing stormwater treatment at their facilities. The challenge going forward is to reduce the cost of operating and maintaining these systems and, if possible, prevent or eliminate the need for stormwater treatment in selected areas. The Stormwater Workgroup continues to focus on maintaining relationships with tenants/customers and work with them to implement at-source and near-source BMPs with these goals in mind.

*South Harbor Focus*

Most South Harbor tenants have reached consistent attainment or are currently meeting benchmarks for water quality sampling under the Industrial Stormwater General Permit. The Stormwater Workgroup continues to work with tenants/customers to implement at-source and near-source BMPs to ensure continued compliance, and to focus on tenants/customers that may face challenges to meet water quality criteria.

### Infrastructure Assessment Program

The NWSA Infrastructure Assessment Program will facilitate the ongoing assessment of the stormwater system and the work needed to ensure its proper function. North Harbor will use Stormwater Utility funds from the home port to begin the assessment and, later, rehabilitation of the system.

### Stormwater Development/Redevelopment

Coordination with home ports MS4 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. Both home ports have developed Stormwater Management Guidance Manuals which give specific guidance for development and redevelopment projects to ensure compliance with MS4 requirements.

### Projects

Multiple tenant assistance projects at both harbors includes installing downspout treatment boxes, infrastructure assessments to identify potential deficiencies, and source control site visits to assist tenants/customers that are permittees under the Industrial Stormwater General Permit.

*North Harbor Projects*

Design for the redevelopment of Terminal 5 is underway. As part of those efforts the NWSA will focus on cost-effective stormwater treatment solutions as the facility is updated in partnership with a long-term customer. The focus for this project will be to set up both the NWSA and the new tenant for stormwater success.

*South Harbor Projects*

Stormwater treatment is upgraded as required as part of the reconfiguration of Pier 4 to ensure the terminal has the stormwater infrastructure needed to continue to operate successfully. In the South Harbor a retrofit of an existing oil-water separator and a proprietary water quality vault into media filtration treatment at the EB-1 terminal are scheduled.

## Air Quality Program

### Northwest Ports Clean Air Strategy

The Northwest Ports Clean Air Strategy (NWPCAS) was developed in 2007 and updated in 2013 as a collaborative effort among Port of Vancouver (Canada), the Port of Seattle, and the Port of Tacoma to reduce air emissions from shipping and port-related activities. The NWPCAS includes goals to reduce emissions of diesel particulate matter and greenhouse gases, and establishes performance targets for various maritime sectors.

The 2017 NWSA Strategic Business Plan calls for implementing the NWPCAS and identifies specific measures to achieve that. NWSA staff will continue ongoing collaboration with NWPCAS partners to share information, conduct joint projects and publish annual progress reports to the community. Staff will also integrate port-specific fuel efficiency plans into an NWSA plan, and will assist terminals in updating their fuel efficiency plans. Lastly, the NWSA will seek opportunities to partner with customers and other stakeholders on grant-funded emission reduction projects and pilot studies.

### Puget Sound Maritime Air Emissions Inventory

In 2005 and 2011, the partners in the Puget Sound Maritime Air Forum, consisting of the ports of Tacoma, Seattle, Anacortes, Everett and Olympia; along with Washington State Ferries, Puget Sound Clean Air Agency, Western States Petroleum Association, Pacific Merchant Shipping Association, and others, collaborated on the development of a Puget Sound Maritime Air Emissions Inventory. The 2005 inventory formed the basis of the Northwest Ports Clean Air Strategy. The next inventory will be based on emissions in calendar year 2016. Project planning and contracting began in 2016, with data collection and reporting occurring in 2017. As the largest port authority in the Puget Sound Maritime Air Forum, the NWSA will manage the 2016 inventory. The results of the 2016 inventory will be used to assess progress in meeting goals and targets of the Northwest Ports Clean Air Strategy.

### Clean Truck Program

The ports of Seattle and Tacoma have had separate Clean Truck Programs since 2008, when the NWPCAS was adopted by the respective port Commissions. The NWPCAS includes a target for reducing air emissions from trucks serving marine terminals by the end of 2017.

Planning to align the two ports' initiatives into a unified NWSA Clean Truck Program are underway and will extend into 2017. The alignment will focus on minimizing impacts on stakeholders, minimizing duplication, consolidating outreach and recordkeeping, and launching an NWSA truck scrapping/replacement project upon closeout of a similar Port of Seattle program.

The NWSA is providing matching funds for a drayage truck replacement project in 2016-2017, which is managed by the Puget Sound Clean Air Agency and funded primarily by a U.S. Department of Transportation Congestion Mitigation and Air Quality grant. It will provide incentives for 115 trucks to be scrapped and replaced with cleaner models.

In 2015 the Port of Tacoma launched a pilot project under the U. S. Department of Transportation Freight Advanced Traveler Information Systems (FRATIS) program. Its purpose is to provide trucking stakeholders with real-time traffic information, which has the potential to shorten cargo pick-up and delivery queues. Work is being done in collaboration with the NWSA Operations Center and will support its key performance indicators related to truck turn times. The project will be completed in 2017.

### Green Marine Membership

Green Marine is a maritime environmental organization that offers a certification program for the North American marine industry. To receive certification, members benchmark their environmental performance each year and have bi-annual verification of results. The NWSA joined this organization in 2016 and began the self-assessment process. This work will continue in 2017, with results scored and published by Green Marine.

### Ship to Shore Power Expansion

Both the ports of Tacoma and Seattle have provided shore power at some berths. The NWSA will continue to look for additional opportunities to leverage public and private funding for additional shore power installations, and ensure terminal designs include shore power capability. This is consistent with the NWSA Strategic Plan and Northwest Ports Clean Air Strategy to reduce particulate emissions.

## Planning

The Planning Team provides a range of services from strategic to site planning and computer simulation to waterways management. Some of our primary services include planning for marine terminals and supporting infrastructure, port master planning, optimizing port operations and determining the operational and financial feasibility of new port and marine investments. Port Planning also prepares baseline studies to make decisions about investments and operations. We use computer simulation and mapping to test and communicate the efficiency of port plans and operational plans.

Planning Overview:

- Site Planning: Port Planning has experience with developing port industrial lands, equipment costing, industrial warehouse location and layout analysis. Operations for containers, bulk materials, forest products and general cargoes have been assessed.
- Operations Planning and Research: Planning applies operations research to support Operations in optimizing gates and terminals, analyzing traffic flow and circulation, and evaluating new communications and data collection technologies.
- Project Development: Services in project development include: developing project timelines, budgets, and work specification documents, creating work breakdown structures, project evaluation, project

progress reports, and management of project consultants.

- Economic and Financial Analysis: Services include: cost benefit studies, economic risk analysis, financial analysis, market studies, multi-modal and system optimization of transportation networks, and defining development concepts and economic strategies.
- Strategic Planning: Services include: developing business plans, master plans, and grant proposals and outreach, and financial projections.

Our goals for 2017 include completion of a transportation system analysis including traffic data collection for the Tideflats, a land use inventory, completion of the Strategic Plan for the Port of Tacoma, visioning and community engagement for the Foss Waterway area, as well as ongoing coordination with Seattle, Tacoma and other partner agencies.

# 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 from the PDA equal to the amount currently required for the Homeports to meet their current bond rate covenants ("Bond Income Calculation"). 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. 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.
> 11
> (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 currently outstanding debt of each Port, the applicable rate covenants and certain other net revenues available for debt service, as appropriate.

# 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 on the CEO's periodic projection of PDA capital project cash flow needs. 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. 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 will be made as necessary to fund Managing Member approved projects.

# Appendix C  NWSA Full Time Personnel

| | 2016 Budget | 2016 Actual 9/26/2016 | 2017 Budget |
|---|---|---|---|
| **Executive** | 11 | 12 | 13 |
| **Commercial Business** | 35 | 31 | 37 |
| **Facilities Development** | 8 | 6 | 9 |
| **Total** | 54 | 49 | 59 |

# Appendix D NWSA Memberships

## Overview

The NWSA pays for a variety of memberships on behalf of the NWSA and/or individual staff. The NWSA believes this investment in 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 the business people and to ensure that the NWSA's interests and concerns are addressed in the community.

## Budgeted annual NWSA Memberships & Personnel Memberships (estimated)

| Organization | Annual Dues |
|---|---|
| American Association of Port Authorities | $50,000 |
| Pacific Northwest Waterway Association | 26,765 |
| WA. Council on Int'l Trade | 20,000 |
| Coalition for America's Gateways & Trade Corridors | 13,000 |
| All Other Memberships | 38,723 |
| Total NWSA Memberships | $148,488 |

## 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.

## **Coalition for America's Gateways & Trade** Corridors

The Coaltion raises public and Congressional awareness of the need to expand U.S. freight transportation capabilities and to promote sufficient funding for trade corridors and freight facilities.

# The Northwest Seaport Alliance

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# 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 viewed as year one of the business plans and as such, it is an essential component of the management planning and control process. 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. Each Org has a budget. The person assigned to each of these Org budget is responsible for the operating costs of that Org. Budgeting is done on a line-item basis for Revenues and Operating & Maintenance Expenses.

Allocated and/or indirect expenses are not budgeted for by the recipient Org. These are costs that are allocated to business groups/unit 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 providing the business plan for 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 actual results to budget) can advise a manager if things are not going as expected, whether strategies are being accomplished, and also give him/her clues as to what might be wrong. The function of controlling and managing the operations of the Port is accomplished with the Operating Budget.

The 2017 budget process included several Commission briefings by the operating divisions and corporate departments 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 updated the Commission on each business unit with background information, discussed capital and operating plans and dialogue on major policy issues.

Divisions fine-tuned their business plans based on Commission input and put together budgets based on revised business plans.

Key events included budget planning meetings by the Executive Management team, the issuance of the budget guidelines/instructions and budget calendar to divisions, training of budget users on usage of the budget system, actual preparation of the budget by divisions and departments, and internal budget reviews, which included in-depth discussion of revenue and expense assumptions, new programs, initiatives, or other proposed increases in revenue and expenses, reviews and approvals by the Executive Management and Commissioners, and release of the updated proposed budget to the Port Commission and public stakeholders.

Budget staff responded 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 Performance 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 Performance Budget.

**b. <u>Budget Adoption:</u>**

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 in the First Budget Reading is held before the Second Reading and Final Passage of 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 is made available for distribution to any interested persons by a specified date as required by law - RCW 53.35.020 and RCW 53.35.045.

Subsequent to the public hearing and Commission adoption of a final plan, the statutory budget and resolution 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. <u>Monitoring of Budget:</u>**

Once an annual budget is in place, the Responsibility Report (comparing actual results to budget) is generated monthly and variances from 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 Performance/Variance Report. The Performance/Variance 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 performance/variance report is a very important tool for management. This report provides explanation of variances from the approved plan and presented quarterly to Executive Management and the Commission in public meetings. This allows Executive Management and the Commission to make timely and well-informed decisions.

**d. Amending the Operating and Capital Budgets:**

The Chief Executive Officer of the Port of Seattle is authorized "Within Budget Limits" to transfer budgeted amounts between departments; however, any revisions that alter the total expenses Port-wide that are not within the Chief Executive Officer Authorized Budget Limits and require authorization from the Port Commission.

As per Resolution 3605, as amended, the Port Commission has adopted policy directives delegating administrative authority to the Chief Executive Officer 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.

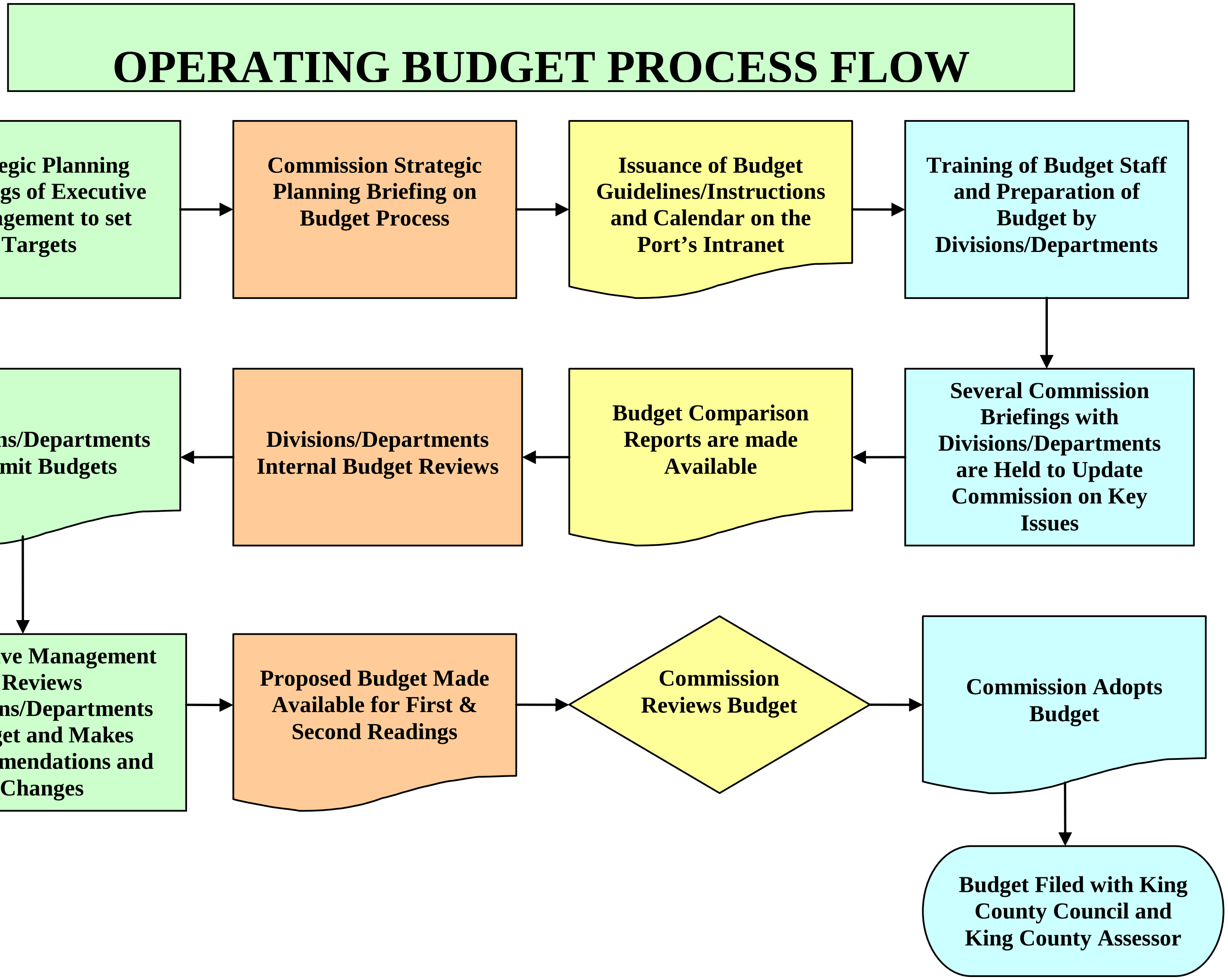
**e. Operating Budget Process:**

The steps in the 2017 operating budget process are as follows:

- Budget planning meetings of Executive Management to set 2017 operating targets.
- Commission strategic and business planning briefing.
- Training of budget users from the various divisions on the use of the budget system.
- Commission briefing on budget process and key assumptions.
- 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 plan forecast.
- For Corporate, initial targets are based on a bottom-up assessment of needed resources to accomplish Port wide strategy/actions plans.
- Several Commission briefings by the operating divisions and Corporate are held during the year to update the Commission on key issues facing the business groups/departments and to solicit input into any changes in strategy.
- Budget system available for input.
- Actual preparation of the budget by divisions/departments.
- Costs of service departments are charged/allocated to operating divisions and the NWSA according to policy and the Service Agreements.
- Corporate Finance and Budget generates a budget comparison report, which compares the proposed budget to the current year's budget and last year's actual, and 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 Corporate 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 and made into the budget system.
- Corporate Finance and Budget staff generates various reports and ascertains that all approved changes are incorporated into the budget and reports are accurate.
- Corporate Finance and Budget prepared a preliminary budget document and released the proposed budget to the Port Commission and to the public on October 20, 2016.
- The First Reading and Public Hearing of the budget were held on November 8, 2016.
- The Second Reading, Final Passage and Adoption of the 2017 budget was on November 22, 2016, at which time the Port Commission made final recommendations and adopted the budget.
- Statutory Budget was filed with King County Council and the King County Assessor as required by law on December 1, 2016.
- Corporate Finance and Budget staff prepares and releases the final budget document to reflect Commission recommendations.
- Corporate Finance and Budget staff sets commitment control for Corporate departments and operating divisions.

**FIGURE A-1: OPERATING BUDGET PROCESS FLOW CHART**



**f. Operating Budget Planning Calendar:**

| Date | Activity |
|---|---|
| 06/14/16 | Commission Briefing on the Strategic Positioning for Growth |
| 07/25/16 | Budget System Available for Input |
| 07/26/16 | Commission Study Session on Long Range Plan/Business Plans and Strategic Positioning for Growth |
| 07/27 - 8/08/16 | Budget User Training |
| 07/27 - 10/13/16 | Preparation of budget by divisions/departments |
| 08/01/16 | Budget Guidelines/Instructions and calendar available on the Port's Intranet |
| 08/05/16 | Allocation templates available for review |
| 08/11 - 8/18/16 | Budget Staff conducts Budget Workshops to assist budget personnel with budget data entry |
| 08/15 - 9/23/16 | Aviation, Maritime and Economic Development Internal Budget Reviews |
| 08/25/16 | Corporate Departments Final Entry and Budget Support Documentation due to Corporate Finance and Budget |
| 09/02/16 | Non-Operating Budgets due to Corporate Finance and Budget |
| 09/06/16 | Executive Management reviews of Corporate Budgets (both Operating & Capital Budgets) |
| 09/06/16 | Executive Management reviews of Aviation's Budget (both Operating and Capital Budgets) |
| 09/08/16 | Executive Management reviews of Maritime & Economic Development Budgets (both Operating & Capital Budgets) |
| 09/13/16 | Commission Briefing on 2017 Budget Overview and Budget Assumptions |
| 09/27/16 | Commission Briefing on Corporate Operating & Capital Budgets |
| 10/03 - 10/14/16 | Capacity Funding Analysis |
| 10/10 - 10/14/16 | Corporate Finance and Budget staff prepares 2017 preliminary budget document |
| 10/10/16 | Commission Meeting to review Aviation, Maritime, and Economic Development Operating & Capital Budgets |
| 10/18/16 | 2017 Preliminary Budget & Business Plan document is available to the Commission |
| 10/20/16 | 2017 Preliminary Budget & Business Plan document is released to the Public |
| 10/25/16 | Tax Levy and Draft Plan of Finance Commission Briefings |
| 11/08/16 | First Reading and Public Hearing of 2017 Preliminary Budget & Business Plan |
| 11/22/16 | Second Reading, Final Passage and Adoption of the 2017 Budget & Business Plan |
| 12/02/16 | Filing of Budget with King County Council & King County Assessor as required by law |
| 12/15/16 | Release of 2017 Final Budget, Business Plan and Draft Plan of Finance document |

## 2. CAPITAL BUDGET

### a. Capital Budget Policy:

As part of the Strategic Budgeting process, Corporate Finance and Budget (F&B) produces the Capital Budget and the Draft Plan of Finance. The Capital Budget consists of capital plans or Capital Improvement Programs (CIP), over a five-year period, for all divisions: Aviation, Maritime, Economic Development and Corporate. 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 plans and strategies. The CIP is comprised of Committed projects from the 2016 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.

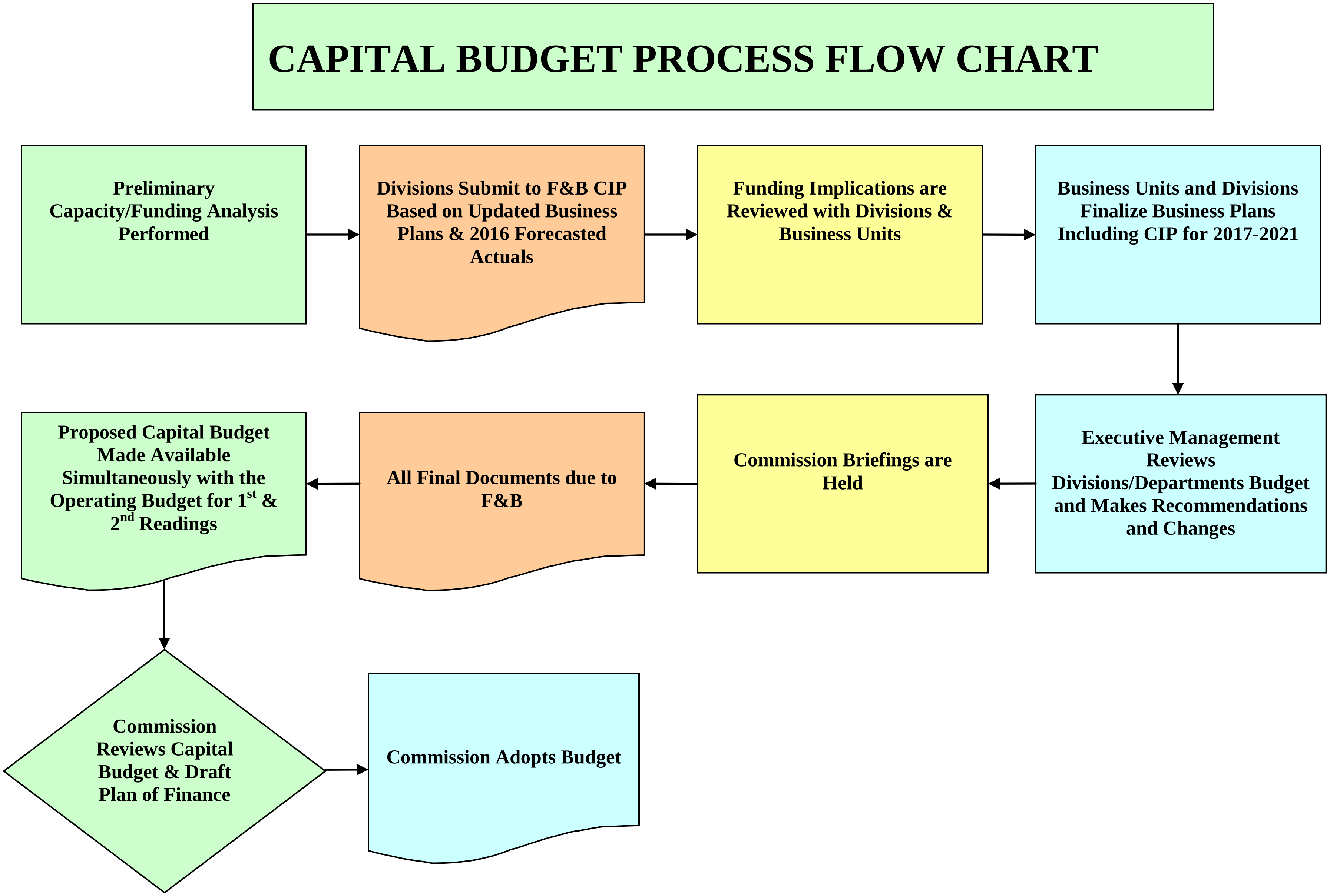
### b. Capital Budget Process:

- 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 Corporate Finance & Budget (F&B) the CIP based on their updated business plans and 2016 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 F&B funding analysis and Executive review of preliminary plans, business units and divisions finalize their business plans, including their CIP for 2017 -2021.
- This information is then reviewed with Executive, presented to the Commission, included in the 2017 Budget and Business Plan document.

After the close of the 2016 fourth quarter in January 2017, and based on the 2016 fourth quarter CIP update the divisions should have more refined capital spending estimates for 2017. Each division may choose to adjust the spending for the original list of projects in the Annually Approved Capital Budget, to establish the 2017 approved funding amount for each project and for the division as a whole. The adjusted Annually Approved Capital Budget will become the “Approved 2017 Capital Budget” and will be used to compare to the Annually Approved Capital Budget 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 costs 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 2017 capital budget planning calendar:

| Date | Activity |
|---|---|
| 06/14/16 | Commission Briefing on the Strategic Positioning for Growth |
| 07/26/16 | Commission Study Session on Long Range Plan/Business Plans and Strategic Positioning for Growth |
| 08/22-09/2/16 | Preliminary Non-Aviation capital capacity analysis by F&B |
| 09/06-09/08/16 | Executive Review of Operating and Capital Budgets for all divisions |
| 09/09/16 | Preliminary Aviation Forecast Model due to F&B |
| 09/27/16 | Commission Briefing - Corporate Operating and Capital Budgets |
| 10/03-10/14/16 | Finance and Budget finalizes Capacity/Funding Analysis |
| 10/04/16 | Finance and Budget creates "CAPBUD" database from Projects |
| 10/10/16 | Commission Briefing – Aviation, Maritime, and Economic Development Operating and Capital Budgets |
| 10/18/16 | Preliminary Budget Document available to Commission |
| 10/20/16 | Release of 2017-2021 Capital Budget as part of the 2017 Preliminary Budget and Business Plan document |
| 10/25/16 | Commission Briefing – Tax Levy and Draft Plan of Finance |
| 11/08/16 | First Reading and Public Hearing of 2017 Preliminary Budget & Business Plan |
| 11/22/16 | Second Reading, Final Passage and Adoption of the 2017 Budget & Business Plan |
| 12/15/16 | Release of 2017 Final Budget, Business Plan and Draft Plan of Finance document |

# 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 the business plans created by each division.

b. **Business Plans**: The business plans set the strategic direction and priorities for each division. The business plans are a planning tool, which link operations, capital investments, and the interests of the Port's customers and the community.

c. **Operating Budget**: The Operating Budget is a one-year slice of the business plans. It is an essential component of the Port's management planning and control process. 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.

d. **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.

e. **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.

f. **Capital Budget**: 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 plans. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.

g. **Capital Expenditures**: Expenditures that arise from the acquisition or improvement of the Port's fixed assets. The expenditures reflected in the capital budget cover projects anticipated to provide modernized Airport, Maritime, and Economic Development facilities for sustained growth of the Port.

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 book.

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 1.5x 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 at a targeted level of approximately nine months of operating and maintenance expenses. The Port maintains $5 million 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**: The Port of Seattle (the "Port") is a municipal corporation of the State of Washington, organized on September 5, 1911, through enabling legislation by consent of the voters within the Port district. In 1942, the local governments in King County selected the Port to operate the Seattle-Tacoma International Airport (the "Airport"). 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. The Port has no stockholders or equity holders. All revenues or other receipts must be disbursed in accordance with provisions of various statutes, applicable grants, and agreements with the holders of its bonds.

b. **Reporting Entity**: The Port reports the following fund: the Enterprise Fund accounts for all activities and operations of the Port.

In early 2015, new CEO Ted Fick announced an organizational realignment intended to flatten the reporting structure. Some of the organizational changes include the creation of an Office of Strategic Initiatives that will provide a launch pad for ideas and an internal focus on Operational Excellence including LEAN/Continuous Process Improvement initiatives. Also new will be the Economic Development Division, which will function as the primary economic growth driver for the Port, and will encompass a number of existing functions including some of the current Real Estate Division, along with the Office of Social Responsibility, Tourism Development, and a new small business "incubator". Operation of the Port's main cargo business will be transferred to the Northwest Seaport Alliance, a joint venture with the Port of Tacoma, while the remaining Seaport businesses will become a part of a new Maritime Division.

As stated above, the Port of Seattle and the Port of Tacoma recently 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.

The Northwest Seaport Alliance is the third-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach and the Port of New York/New Jersey. 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 will 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 airport; cruise business; marinas, such as Fisherman's Terminal; grain terminals and industrial real estate, such as the Northwest Innovation Works and Puget Sound Energy facilities and Terminal 91 uplands, will remain outside the alliance.

The PDA will be governed jointly by the two ports through their elected commissions.

There are dozens of funds that 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 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.

The Aviation Division ("Aviation") serves the predominant air travel needs of a five-county area. The Airport has 19 U.S.-flag passenger air carriers (including regional and commuter air carriers) and ten foreign-flag passenger air carriers providing daily nonstop service from the Airport to 97 cities, including 19 foreign cities.

The Maritime Division manages industrial property connected with maritime businesses, commercial and recreational marinas, cruise, grain and maritime operations.

The Economic Development Division will function as the primary economic growth driver for the Port, and will encompass a number of existing functions, along with the Office of Social Responsibility, Tourism Development, and a new small business “incubator”.
The divisions have labor workforces subject to various collective bargaining agreements. These workforces support the operations and maintenance of the divisions.

The Capital Development Division became part of Corporate with the recent re-organization. Thus, existing engineering, project management and construction functions and the Port’s Central Procurement Office, which consolidates contracting and procurement functions are now part of Corporate.
Corporate 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 business plans and infrastructure needs of the Port through Capital Development. Corporate expenses are allocated and charged to the operating divisions.

Within the Enterprise Fund, the Port segregates non-operating expenses made to public entities which are 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 in the Port's financial statements.

In October of 2015, CEO Ted Fick announced the second phase of the reorganization (“Phase II” for short), which was effective January 1, 2016.
Two concepts were central: “Centers of Expertise” (COEs) and a matrixed management structure, which were essential to creating a true “One Port’ model – a single organization with a common purpose, which can achieved operating division goals, meet organizational targets and fulfill the Century Agenda objectives, built on collaboration, knowledge sharing and mutual accountability.

Centers of Expertise (COEs) are departments/teams that provide enterprise-wide leadership, policy, consultation and services related to a particular area of focus of which some departments already operate as COEs. New COEs include Business Development, Business Intelligence, Finance and Budget, Security and Preparedness, Environment and Sustainability, and Portfolio Management.

Some departments have changed reporting relationships or have a matrixed reporting relationship, which means that some functions have a dual reporting relationship, both direct (“solid”) and an indirect (“dotted line”) way to report to Port executives.

The matrixed COE structure will support mobilizing resources across departmental and divisional lines as they are needed; provide opportunities for professional growth and advancement; clarify accountability for policies and processes; and reveal opportunities for process improvement, so the Port can sharpen its focus on high priority work.

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 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 Corporate 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 1.50x for the Maritime and for Economic Development 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. **Special Item**: The Port recorded as a special item, a $120,000,000 payment made to the Washington State Department of Transportation ("WSDOT") for the State Route 99 ("SR99") Alaskan Way Viaduct Replacement Program in 2015. This is the first payment based on the funding agreement entered into with WSDOT for the State's eligible construction cost incurred on the Tunnel Design Build Project. The Port made the remaining $147,700,000 payment to WSDOT in 2016 and recorded it as a special item. The SR99 Alaskan Way Viaduct Replacement Program will improve movement of freight and other traffic on the west corridors of the Seattle transportation system between the Duwamish and Ballard-Interbay neighborhoods, including easy access to the Port's cargo, recreational boating, commercial fishing, cruise facilities and the Airport.

m. **Description of Major Funds**: 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 Corporate. Descriptions of some of the major funds are:

| Types of Funds | Fund Name | Fund # | 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 it 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 AVPMG, Corporate and CDD operating expenses and capital expenditures that are allocated to Aviation. |
| | **General Fund** | 00010 | The general fund is the operating and capital fund for all Port-owned properties with the exception of the Seattle-Tacoma International Airport (Aviation). Operating revenues derived from all sources other than the Aviation division or the Industrial Development Corporation are deposited to this fund. The fund also receives non-operating revenues that are associated with the Maritime/Economic Development divisions or are corporate in nature. Expenditures from this fund include:<br>• Maritime division operating and administrative expenses; capital equipment purchases and construction projects, excluding projects funded with other funding sources;<br>• Economic Development division revenues & expenses flow through the general fund, however, as directed by Port Commission, certain Economic Development division expenses and capital projects may be funded from |

| Types of Funds | Fund Name | Fund # | Fund Description |
|---|---|---|---|
| | | | the tax levy fund;<br>• Operating expenses for Corporate allocated to the operating divisions; anything directly allocated to an operating division is paid from the appropriate operating fund, General Fund for Maritime/Economic Development and the Airport Development Fund for Aviation;<br>• Corporate 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 two operating divisions;<br>• Non-operating expenditures that are directly associated with the Maritime and Corporate in nature.<br>• Port payrolls, purchases of materials, supplies and services, and non-Aviation 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. |
| | **General Fund Reserve (GFR)** | 00011 | Established in 2007, the GFR is a sub-fund of the General Fund. It can be used for any lawful purpose just the same as the General Fund. Finance & Budget staff evaluates this fund annually to review its balance relative to General Fund and/or other general purpose funds the Port may have, the annual contribution amount, and to assess the need to have this fund. |
| | **Tax Levy** | 00020 | 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. |
| | **Transportation & Infrastructure Reserve (TIF)** | 00021 | 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. |

| Types of Funds | Fund Name | Fund # | Fund Description |
|---|---|---|---|
| | **Lease Security SSAT/T-18 Fund** | 03090 | Established December 2011, this fund represents the Lessee's (SSAT and SSA) Security for Rent Payment in the form of a "Cash Security", to satisfy the lease's Security Requirement. |
| | **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 Facilities Charges (PFC) :**<br>• **Revenue**<br>• **Capital** | <br><br><br>06054<br>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 PFC 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 of monies to the Debt Service fund equal to 1/6$^{th}$ of semi-annual debt service payment by the 25th of each month. The remaining balance of 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**<br>• **Revenue**<br>• **Debt Service**<br>• **Project**<br>• **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.<br>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. |
| | **Capitalized Interest Fund** | Various | Established at the time of bond issuance, Cap-I funds are additional bond proceeds to be used to pay interest |

| Types of Funds | Fund Name | Fund # | Fund Description |
|---|---|---|---|
| | **(Cap-I)** | | expense before the capital asset goes into use and is 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 | The DSF serves as a pass-through fund. 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 all such transfers from the General or Airport Development Funds. |
| **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

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.

Aeronautical revenues are based on cost recovery. Non-airline revenues at the Airport are projected to increase by $18.3 million or 8.8% from the 2016 budget. Maritime revenues are projected to increase by $2.5million or 5.1% and Economic Development revenues are anticipated to increase by 2.3 million or 16.6% from the 2016 budget. The key business activities forecast for the Airport, Maritime, and Economic Development divisions are as follows:

- Enplaned passengers: 4.0% up from the 2016 year-end forecast, which is expected be 9.0% higher than last year.
- Cruise passengers: 8.8% increase from 2016 budget
- Grain volume: 7% decrease from 2016 budget (at 3.72M metric tons)
- Marina occupancy rate: Flat as compared to 2016 budget (at 95%)
- Commercial Properties occupancy rate: Flat as compared to 2016 budget (at 95%)
- Bell Harbor International Conference Center Revenue: 26.4% increase from 2016 budget.

Container volumes are compiled on a combined basis as part of the Northwest Seaport Alliance business plan and budget.

Port wide salaries for exempt and non-exempt employees are budgeted to increase by an average of 3.5% for 2017 and benefit costs are budgeted in two parts for employees in non-union jobs:

- The first part represents the costs that are not salary based. This includes medical and dental coverage, Wellness Rewards program costs, 401(a) contributions, and Flexible Spending Account fees. This amount totals $1,314.18 per benefit eligible employee per month.
- The second part represents costs that are salary based. This includes FICA, PERS, life and disability insurance as well as PTO and EI amounts. These items total 23.581% of pay.

# APPENDIX C: BUSINESS ASSESSMENT

## a. Local Economy and Outlook

The national economy continues its moderate growth in 2016. Real gross domestic product (GDP), defined as the value of the production of goods and services in the United States, increased 1.4 percent in the second quarter of 2016, according to the “third” estimate released by the Bureau of Economic Analysis. The growth rate was 0.3 percentage point higher than the “second” estimate released in August. In the first quarter, real GDP rose 0.8 percent.

The US unemployment rate was at 4.9% in August 2016, unchanged from the previous month. The rates were lower than a year earlier in 242 of the 387 metropolitan areas, higher in 123 areas, and unchanged in 22 areas, the U.S. Bureau of Labor Statistics reported. Nonfarm payroll employment increased over the year in 320 metropolitan areas, decreased in 59 areas, and was unchanged in 8 areas.

The Washington economy is expanding at a solid pace. In recent months Washington employment has grown faster than expected in the February forecast but historical estimates were revised slightly lower. Washington exports continue to decline and manufacturing activity is struggling. Home prices are rising rapidly in the Seattle area and single-family housing construction continues to improve. Seattle area consumer price inflation is well above the national average due largely to shelter cost inflation.

Washington employment is expected to grow 2.8% this year, up from 2.4% in the June forecast due mainly to the strong job growth in the first half of the year. As in June, growth is expected to gradually decelerate as the recovery matures. Employment growth is expected to average 1.3% per year in 2017 through 2021 which is the same rate assumed in June. The forecast for nominal personal income growth this year is 4.8%, up sharply from 4.1% in the June forecast. The higher growth this year is mainly due to the Quarterly Census of Employment and Wages data for the first quarter which indicates that wages are higher than previously believed. The new forecast for nominal personal income growth in 2017 through 2021 averages 4.9% per year, down slightly from the June forecast of 5.0%.

Washington housing construction was stronger than expected in the second quarter. Washington housing units authorized by building permits averaged 45,300 units (SAAR) in the second quarter of 2016, up from 37,600 in the first quarter. The June forecast expected an average rate of 42,600 units in the second quarter. Multi-family permits averaged 22,700 units in the second quarter, up from 15,300 units in the first quarter and higher than the 20,100 expected in the June forecast. Single-family permits averaged 22,600 units in second quarter, up from 22,300 units in the first quarter and slightly higher than the 22,500 units forecasted for the second quarter. The third quarter of 2016 got off to a weaker start with 39,800 units (SAAR) permitted in July of which 21,600 were single-family and 18,200 were multi-family.

Seattle home prices continue to rise rapidly. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices rose 0.5% in June following increases of 0.3% in May and 0.4% increase in April. While the last three months have exhibited weaker growth than in earlier months, it appears that this is due to problems with the seasonal adjustment process. A more reliable measure is the over-the-year growth which shows an 11.0% increase in prices since the previous June. Seattle home prices are up 50.0% since the November 2011 and prices now exceed the May 2007 peak by 4.2%.

Seattle area consumer price inflation remains moderate thanks to lower energy costs. Over the last year, from August 2015 to August 2016, consumer prices in the Seattle area rose 2.1% compared to 1.1% for the U.S. city average. Core prices, which exclude food and energy, were up 3.3% in Seattle compared to 2.3% for the nation. The higher Seattle inflation was due to more rapid growth in shelter costs. During the year, shelter costs in Seattle rose 6.1% compared to 3.4% for the nation.

## TABLE C-1: SUMMARY FORECAST

| **SUMMARY FORECAST (Annual Percent Change)** | **2014** | **2015** | **2016** | **2017** | **2018** |
|---|---|---|---|---|---|
| **Washington State Economic Forecast** | | | | | |
| Employment | 2.5 | 2.7 | 2.7 | 1.9 | 1.4 |
| Unemployment Rate | 6.5 | 5.8 | 5.7 | 5.6 | 5.3 |
| Real Personal Income | 1.6 | 4.9 | 3.6 | 2.5 | 3.0 |
| Consumer Price Index | 1.8 | 1.4 | 2.2 | 2.5 | 2.3 |
| Housing Permits | 7.0 | 16.0 | 1.3 | 6.2 | 4.5 |
| Total Population (in 000's) | 6,968.2 | 7,061.4 | 7,155.3 | 7,247.6 | 7,334.5 |
| % Change | 1.2 | 1.3 | 1.3 | 1.3 | 1.2 |
| Age 17 and Under | 1,588.4 | 1,602.7 | 1,616.9 | 1,631.2 | 1,643.7 |
| % of Total | 22.8 | 22.7 | 22.6 | 22.5 | 22.4 |
| Age 6 - 18 | 1,151.0 | 1,162.2 | 1,173.2 | 1,182.8 | 1,192.1 |
| % of Total | 16.5 | 16.5 | 16.4 | 16.3 | 16.3 |
| Age 18 and Over | 5,379.8 | 5,458.7 | 5,538.4 | 5,616.4 | 5,690.9 |
| % of Total | 77.2 | 77.3 | 77.4 | 77.5 | 77.6 |
| Age 21 and Over | 5,107.4 | 5,187.1 | 5,266.0 | 5,342.0 | 5,414.1 |
| % of Total | 73.3 | 73.5 | 73.6 | 73.7 | 73.8 |
| Age 20 - 34 | 1,445.8 | 1,458.8 | 1,471.4 | 1,481.5 | 1,489.3 |
| % of Total | 20.7 | 20.7 | 20.6 | 20.4 | 20.3 |
| Age 18 - 64 | 4,396.9 | 4,431.0 | 4,465.8 | 4,496.6 | 4,520.1 |
| % of Total | 63.1 | 62.7 | 62.4 | 62.0 | 61.6 |
| Age 65 and Over | 982.8 | 1,027.7 | 1,072.6 | 1,119.8 | 1,170.7 |
| % of Total | 14.1 | 14.6 | 15.0 | 15.5 | 16.0 |

Source: Washington State Economic and Revenue Forecast Council, June 2016
http://www.erfc.wa.gov/publications/documents/jun16pub.pdf

## TABLE C-2: STATE EMPLOYMENT BY INDUSTRY

### Washington State 2015 Average Employment Classified by Industry

| Industry description | Average Firms | Average Employment | Average Annual Wage |
|---|---|---|---|
| Agriculture, forestry, fishing, and hunting | 7,378 | 102,547 | $28,398 |
| Mining | 158 | 2,340 | 67,425 |
| Utilities | 228 | 4,848 | 92,790 |
| Construction | 22,978 | 162,800 | 56,925 |
| Manufacturing | 7,140 | 287,595 | 73,860 |
| Wholesale trade | 13,402 | 130,189 | 72,523 |
| Retail trade | 14,854 | 349,640 | 38,300 |
| Transportation & warehousing | 4,515 | 90,812 | 54,344 |
| Information | 3,304 | 113,670 | 150,503 |
| Finance and insurance | 5,660 | 91,666 | 85,968 |
| Real estate, rental and leasing | 6,600 | 47,722 | 46,986 |
| Professional, scientific, and technical services | 22,807 | 182,009 | 85,644 |
| Management of companies and enterprises | 639 | 41,890 | 108,447 |
| Administrative, support, waste management and remediation services | 11,391 | 155,730 | 45,934 |
| Educational services | 3,089 | 39,796 | 37,437 |
| Health care and social assistance | 54,024 | 389,735 | 47,459 |
| Arts, entertainment, and recreation | 2,711 | 47,604 | 30,509 |
| Accommodation and food services | 13,877 | 257,320 | 20,451 |
| Other services (except public administration) | 17,986 | 92,090 | 36,414 |
| Government | 2,126 | 533,684 | 57,274 |
| **Total *** | **214,868** | **3,123,684** | **$56,642** |

Source: Washington State Employment Security Department, Employment and Economic Information
Quarterly Census of Employment and Wages,Annual Averages 2015 QCEW Preliminary Data
*: Total and average of statewide rollup data
https://fortress.wa.gov/esd/employmentdata/reports-publications/industry-reports/quarterly-census-of-employment-and-wages

**TABLE C-3: TOP 10 PUBLIC COMPANIES IN WASHINGTON**

**Washington State top 10 Companies**
*(ranked by 2015 total Sales)*

| Company | Industry | # of Employees | 2015 Sales (in billions) | Website |
|---|---|---|---|---|
| Costco Wholesale | Retail | 161,000 | $116.2 | www.costco.com |
| Amazon.com | Retail | 230,800 | 107.0 | www.amazon.com |
| Microsoft | Computer Products | 118,000 | 93.6 | www.microsoft.com |
| T-Mobile US | TeleCommunication | 50,000 | 32.0 | www.t-mobile.com |
| Starbucks | Retail | 238,000 | 19.2 | www.starbucks.com |
| Paccar | Transportation | 23,000 | 19.1 | www.paccar.com |
| Nordstrom | Retail | 72,500 | 14.4 | www.nordstrom.com |
| Weyerhaeuser | Forest products | 12,600 | 7.1 | www.weyerhaeuser.com |
| Expedia | Transportation | 18,730 | 6.7 | www.expediainc.com |
| Expeditors International | Transportation | 15,397 | 6.6 | www.expd.com |

Source: Fortune 500
http://beta.fortune.com/fortune500/list/filtered?hqstate=WA

### b. Economic Impact

The Port of Seattle retained Martin Associates to evaluate the economic impacts generated by the Seattle seaport, Seattle-Tacoma International Airport and the Port's non-maritime and non-aviation tenants, based on business activity data collected in 2013-2014. The firm has conducted similar studies at more than 250 seaports and most major airports in North America.

For the seaport, the study measures the impacts of five distinct types of waterborne activity:

- Marine cargo activity
- Fishing activity at marine terminals (and related services)
- Waterborne passenger activity (cruise and shore-side operations)
- Marina activity (recreational and transient boating)
- Non-marine cargo and non-aviation Port of Seattle real estate tenants (restaurant, retail, and industry-related services.

For the airport, the study measures the impacts of five business sectors:

- Airline/airport service sector
- Freight transportation sector
- Passenger ground transportation sector
- Contract construction/consulting services sector
- Visitors' industry sector

The study includes interviews with 1,067 firms doing business with the Port, plus surveys with 1,400 aviation passengers and 600 cruise passengers and ship crew.

The results provide a snapshot of the economic impact of Port of Seattle in 2013-2014, and impact models for each business unit operated by the Port of Seattle. The study provides models to assess the economic impacts of specific Port of Seattle capital development projects.

By air, land and sea, the Port of Seattle connects passengers and cargo to destinations around the globe. From tourism and international trade to fishing, boating and imported products, the Port affects nearly every person in the Northwest region-generating nearly 216,000 jobs – and affects many others throughout the world.

Successful trade and travel generate substantial – and dependable – revenue, including $19.8 billion in business revenue in 2013. The Port of Seattle's airport, seaport and real estate activities contribute to the local and regional economy on multiple levels through the reinvestment and re-spending of Port-generated revenue and income.

Results demonstrate the Port is a strong driving force for sustainable economic vitality. When combined with its tenants, the Port of Seattle is responsible for the direct employment of 129,744 individuals, ranking among the top job-producers in the region including Boeing (74,000), Microsoft (40,000), and the University of Washington (25,000).

Port of Seattle facilities generate the following economic impacts for the local and regional economy in 2013:

- 129,744 direct jobs are generated by Port-owned transportation facilities.
- As the result of local and regional purchases by those individuals, an additional 53,148 induced jobs are supported in the region.
- 33,379 indirect jobs were supported by $1.1 billion of local purchases by businesses supplying services at the Port-owned facilities.
- $3.8 billion of direct wages and salaries were received by those 111,317 directly employed by the Port's transportation infrastructure. As the result of re-spending this income, an additional $5.1 billion of income and consumption expenditures were created in the Seattle region, primarily King County.
- Businesses providing services at Port-owned marine terminals and Sea-Tac Airport, as well as real estate tenants, received $17.6 billion of revenue, excluding the value of cargo shipped through the airport and marine facilities, and the landed value of the seafood caught by the fleet using Fishermen's Terminal, Terminal 91 and the Maritime Industrial Center.
- $867.0 million of state and local taxes were generated by activity at the Port of Seattle marine terminals, real estate tenants, and Sea-Tac International Airport. Of the $867.0 million of state and local taxes, the State of Washington receives about $561.1 million, and the balance, $305.9 million, was received by local and county governments within the State. In addition, $439.4 million of federal aviation-specific taxes were generated by activity at Sea-Tac International Airport.

# APPENDIX D: BOND AMORTIZATION SCHEDULES

## TABLE D-1: BOND AMORTIZATION SCHEDULE FOR 2016

| Bond Type Series | Original Issue Amount | Issue Date | Outstanding Jan. 1, 2016 | 2016 Principal Payments Due Date | 2016 Principal Payments Amount | Outstanding Dec. 31, 2016 | Interest Payments (1) Due Date | Interest Payments (1) Amount |
|---|---|---|---|---|---|---|---|---|
| **GENERAL OBLIGATION BONDS** | | | | | | | | |
| Limited Tax G.O., Series 2004C Ref. | $131,330,000 (3) | 01/27/04 | 12,640,000 | 11/01/16 | 2,925,000 | 9,715,000 | 05/01, 11/01 | 663,600 |
| Limited Tax G.O., Series 2011 Ref | $74,000,000 (3) | 02/23/11 | 54,000,000 | 12/01/16 | 4,335,000 | 49,665,000 | 06/01, 12/01 | 2,915,813 |
| Limited Tax G.O., Series 2013A ref | $27,630,000 (3) | 03/26/13 | 27,630,000 | | | 27,630,000 | 05/01, 11/01 | 1,272,350 |
| Limited Tax G.O., Series 2013B Taxable | $75,165,000 (3) | 03/26/13 | 54,275,000 | 11/01/16 | 9,865,000 | 44,410,000 | 05/01, 11/01 | 741,254 |
| Limited Tax G.O., Series 2015 | $156,990,000 (4) | 04/28/15 | 156,990,000 | 06/01/16 | 4,790,000 | 152,200,000 | 06/01, 12/01 | 7,016,400 |
| TOTAL GENERAL OBLIGATION BONDS | | | 305,535,000 | | 21,915,000 | 283,620,000 | | 12,609,417 |
| **REVENUE BONDS** | | | | | | | | |
| First Lien Bonds | | | | | | | | |
| Series 2003A | $190,470,000 (5) | 07/30/03 | 36,600,000 | | | 36,600,000 | 01/01, 07/01 | 1,921,500 |
| Series 2004 Refunding | $24,710,000 (8) | 06/15/04 | 1,945,000 | 06/01/16 | 1,030,000 | 915,000 | 06/01, 12/01 | 82,225 |
| Series 2007A | $27,880,000 (11) | 03/20/07 | 27,880,000 | Various | 27,880,000 (11) | - | 04/01, 10/01 | 1,215,788 |
| Series 2007B | $200,115,000 (11) | 03/20/07 | 154,820,000 | 08/02/16 | 154,820,000 (11) | - | 04/01, 10/01 | 6,472,098 |
| Series 2009A | $20,705,000 | 07/16/09 | 20,705,000 | | | 20,705,000 | 05/01, 11/01 | 1,087,013 |
| Series 2009B-1 | $274,255,000 | 07/16/09 | 273,635,000 | 05/01/16 | 1,980,000 | 271,655,000 | 05/01, 11/01 | 18,868,493 |
| Series 2009B-2 | $22,000,326 (9) | 07/16/09 | 35,181,343 | | | 37,832,925 (9) | | |
| Series 2011A Refunding | $11,380,000 (10) | 11/30/11 | 4,115,000 | 09/01/16 | 2,005,000 | 2,110,000 | 03/01, 09/01 | 184,650 |
| Series 2011B Refunding | $97,190,000 (10) | 11/30/11 | 88,380,000 | 09/01/16 | 4,700,000 | 83,680,000 | 03/01, 09/01 | 4,419,000 |
| Series 2016A - Ref. 2007A | $19,565,000 (11) | 08/02/16 | - | | - | 19,565,000 | | 159,669 |
| Series 2016B - Ref. 2007B | $124,380,000 (11) | 08/02/16 | - | | - | 124,380,000 | | 1,014,112 |
| Series 2016C - Ref. Taxable | $6,180,000 (11) | 08/02/16 | - | | - | 6,180,000 | | 25,504 |
| Total First Lien Bonds | | | 643,261,343 | | 192,415,000 | 603,622,925 | | 35,450,050 |
| Intermediate Lien Bonds | | | | | | | | |
| Series 2005C - Ref. 1996B | $40,120,000 (21) | 06/06/06 | 8,170,000 | 09/01/16 | 8,170,000 (21) | - | 03/01, 09/01 | 410,406 |
| Series 2006A - Ref. 2000A | $124,625,000 (12) | 06/08/06 | 124,625,000 | 08/03/16 | 124,625,000 (12) | - | 02/01, 08/01 | 6,206,968 |
| Series 2010A Ref. 1998A | $25,200,000 (13) | 07/15/10 | 2,160,000 | 06/01/16 | 1,060,000 | 1,100,000 | 6/01,12/01 | 65,200 |
| Series 2010B New Money | $157,880,000 | 07/15/10 | 151,945,000 | 06/01/16 | 3,165,000 | 148,780,000 | 6/01,12/01 | 7,469,837 |
| Series 2010B - Ref. 2005D | $63,435,000 (14) | 07/15/10 | 63,435,000 | 06/01/16 | 1,320,000 | 62,115,000 | 6/01,12/01 | 3,118,563 |
| Series 2010C - Ref. 2000B | $128,140,000 (15) | 07/15/10 | 126,660,000 | 02/01/16 | 11,470,000 | 115,190,000 | 02/01,08/01 | 6,046,250 |
| Series 2012A Refunding | $342,555,000 (5) | 03/14/12 | 333,170,000 | 08/01/16 | 9,755,000 | 323,415,000 | 02/01,08/01 | 16,373,950 |
| Series 2012B Refunding | $189,315,000 (6) | 03/14/12 | 138,455,000 | 08/01/16 | 13,020,000 | 125,435,000 | 02/01,08/01 | 6,230,400 |
| Series 2012C Refunding | $80,270,000 (7) | 03/14/12 | 23,010,000 | 11/01/16 | 15,960,000 | 7,050,000 | 05/01, 11/01 | 426,586 |
| Series 2013 Revenue Refunding | $139,105,000 (16) | 12/17/13 | 127,155,000 | | | 127,155,000 | 01/01, 07/01 | 6,332,750 |
| Series 2015A New Money | $72,010,000 | 08/06/15 | 72,010,000 | | | 72,010,000 | 04/01, 10/01 | 4,032,186 |
| Series 2015B Refunding | $284,440,000 (17) | 08/06/15 | 284,440,000 | 03/01/16 | 12,435,000 | 272,005,000 | 03/01, 09/01 | 14,686,333 |
| Series 2015C New Money | $226,275,000 | 08/06/15 | 226,275,000 | 04/01/16 | 800,000 | 225,475,000 | 04/01, 10/01 | 13,006,573 |
| Series 2016 Refunding | $99,095,000 (12) | 08/02/16 | - | | - | 99,095,000 | | |
| Total Intermediate Lien Bonds | | | 1,681,510,000 | | 201,780,000 | 1,578,825,000 | | 84,406,002 |
| Subordinate Lien Bonds | | | | | | | | |
| Series 1997 | $108,830,000 | 03/26/97 | 72,055,000 | 2016 | 7,115,000 (2) | 64,940,000 | Various (2) | 289,979 (2) |
| Series 1999A | $127,140,000 (5) | 11/14/02 | 56,255,000 | 9/1/2016 | 3,080,000 | 53,175,000 | 03/01, 09/01 | 3,094,025 |
| Series 2008 | $200,715,000 (18) | 06/11/08 | 192,725,000 | 2016 | 8,230,000 (2) | 184,495,000 | Various (2) | 797,617 (2) |
| Total Subordinate Lien Bonds | | | 321,035,000 | | 18,425,000 | 302,610,000 | | 4,181,621 |
| TOTAL REVENUE BONDS | | | 2,645,806,343 | | 412,620,000 | 2,485,057,925 | | 124,037,673 |

**SPECIAL REVENUE BONDS**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| PFC Rev. Bonds Series 1998A | $118,490,000 (19) | 07/16/98 | 31,020,000 | | - | 31,020,000 | 06/01, 12/01 | 1,706,100 |
| PFC Ref. Bonds Series 2010A | $79,770,000 (19) | 12/01/10 | 79,770,000 | | - | 79,770,000 | 06/01, 12/01 | 3,988,500 |
| PFC Ref. Bonds Series 2010B | $66,695,000 (19) | 12/01/10 | 12,450,000 | 12/01/16 | 12,450,000 | - | 06/01, 12/01 | 622,500 |
| TOTAL SPECIAL REVENUE BONDS | | | 123,240,000 | | 12,450,000 | 110,790,000 | | 6,317,100 |

**SPECIAL FACILITY REVENUE BONDS**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fuel Facilities Series 2013 ref | $88,660,000 (20) | 06/13/13 | 82,640,000 | 06/01/16 | 3,180,000 | 79,460,000 | 06/01, 12/01 | 3,762,983 |
| TOTAL SPECIAL FACILITY REVENUE BONDS | | | 82,640,000 | | 3,180,000 | 79,460,000 | | 3,762,983 |

**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.
3) - 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 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 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.
6) - Series 2012B Intermediate Lien bonds refunded a portion of the Series 2001B First Lien bonds and fully refunded the Series 2001C First Lien bonds.
7) - Series 2012C Intermediate Lien bonds partially refunded the Series 1999B Sub Lien bonds and Series 2001D First Lien bonds.
8) - Series 2004 First Lien bonds refunded a portion of the Port's First Lien series 1992A, 1994A, 1996B and 1998 revenue bonds.
9) - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at $22,000,326 par. The outstanding principal balance at 12/31/2016 includes $15,832,599 of accumulated accreted interest.
10) - Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate Lien series bonds.
11) - 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.
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 2010A Intermediate Lien bonds refunded the outstanding 1998A First Lien series bonds.
14) - Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lien series bonds.
15) - Series 2010C Intermediate lien bonds refunded a portion of the Port's 2000B First Lien Bonds.
16) - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
17) - 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.
18) - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
19) - Series 2010A PFC Ref. bonds refunded a portion of the 1998A PFC series bonds. Series 2010B PFC Ref. bonds fully refunded the outstanding 1998B PFC bonds. Debt service for PFC Ref. bonds will be paid directly out of receipts from PFCs, not out of operating cash flows.
20) - 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.
21) - Series 2005C Intermediate Lien bonds 2017 (final) maturity was paid in 2016. Series 2005C Intermediate Lien bonds refunded a portion of the Port's 1996B First Lien bonds.

The Port has authority to issue up to $250 million in Commercial Paper, as of 10/31/2016 the Port had $29.655 million outstanding.

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## TABLE D-2: BOND AMORTIZATION SCHEDULE FOR 2017

| Bond Type Series | Original Issue Amount | Issue Date | Outstanding Jan. 1, 2017 | 2017 Principal Payments Due Date | 2017 Principal Payments Amount | Outstanding Dec. 31, 2017 | Interest Payments (1) Due Date | Interest Payments (1) Amount |
|---|---|---|---|---|---|---|---|---|
| **GENERAL OBLIGATION BONDS** | | | | | | | | |
| Limited Tax G.O., Series 2004C Ref. | $131,330,000 (3) | 01/27/04 | 9,715,000 | 11/01/17 | 3,075,000 | 6,640,000 | 05/01, 11/01 | 510,038 |
| Limited Tax G.O., Series 2011 Ref | $74,000,000 (3) | 02/23/11 | 49,665,000 | 12/01/17 | 4,555,000 | 45,110,000 | 06/01, 12/01 | 2,699,063 |
| Limited Tax G.O., Series 2013A ref | $27,630,000 (3) | 03/26/13 | 27,630,000 | | | 27,630,000 | 05/01, 11/01 | 1,272,350 |
| Limited Tax G.O., Series 2013B Taxable | $75,165,000 (3) | 03/26/13 | 44,410,000 | 11/01/17 | 9,935,000 | 34,475,000 | 05/01, 11/01 | 673,186 |
| Limited Tax G.O., Series 2015 | $156,990,000 (4) | 04/28/15 | 152,200,000 | 06/01/17 | 5,040,000 | 147,160,000 | 06/01, 12/01 | 6,770,650 |
| TOTAL GENERAL OBLIGATION BONDS | | | 283,620,000 | | 22,605,000 | 261,015,000 | | 11,925,286 |
| **REVENUE BONDS** | | | | | | | | |
| First Lien Bonds | | | | | | | | |
| Series 2003A | $190,470,000 (5) | 07/30/03 | 36,600,000 | | | 36,600,000 | 01/01, 07/01 | 1,921,500 |
| Series 2004 Refunding | $24,710,000 (8) | 06/15/04 | 915,000 | 06/01/17 | 915,000 | - | 06/01, 12/01 | 26,306 |
| Series 2009A | $20,705,000 | 07/16/09 | 20,705,000 | | | 20,705,000 | 05/01, 11/01 | 1,087,013 |
| Series 2009B-1 | $274,255,000 | 07/16/09 | 271,655,000 | 05/01/17 | 3,495,000 | 268,160,000 | 05/01, 11/01 | 18,711,361 |
| Series 2009B-2 | $22,000,326 (9) | 07/16/09 | 37,832,925 | | | $40,684,355 (9) | | |
| Series 2011A Refunding | $11,380,000 (10) | 11/30/11 | 2,110,000 | 09/01/17 | 2,110,000 | - | 03/01, 09/01 | 84,400 |
| Series 2011B Refunding | $97,190,000 (10) | 11/30/11 | 83,680,000 | 09/01/17 | 5,370,000 | 78,310,000 | 03/01, 09/01 | 4,184,000 |
| Series 2016A - Ref. 2007A | $19,565,000 (11) | 08/02/16 | 19,565,000 | 10/01/17 | 7,135,000 | 12,430,000 | 04/01, 10/01 | 974,250 |
| Series 2016B - Ref. 2007B | $124,380,000 (11) | 08/02/16 | 124,380,000 | | | 124,380,000 | 04/01, 10/01 | 6,187,800 |
| Series 2016C - Ref. Taxable | $6,180,000 (11) | 08/02/16 | 6,180,000 | 10/01/17 | 65,000 | 6,115,000 | 04/01, 10/01 | 155,616 |
| Total First Lien Bonds | | | 603,622,925 | | 19,090,000 | 587,384,355 | | 33,332,245 |
| Intermediate Lien Bonds | | | | | | | | |
| Series 2010A Ref. 1998A | $25,200,000 (13) | 07/15/10 | 1,100,000 | 06/01/17 | 1,100,000 | - | 6/01,12/01 | 22,000 |
| Series 2010B New Money | $157,880,000 | 07/15/10 | 148,780,000 | 06/01/17 | 3,310,000 | 145,470,000 | 6/01,12/01 | 7,324,513 |
| Series 2010B - Ref. 2005D | $63,435,000 (14) | 07/15/10 | 62,115,000 | 06/01/17 | 1,385,000 | 60,730,000 | 6/01,12/01 | 3,057,863 |
| Series 2010C - Ref. 2000B | $128,140,000 (15) | 07/15/10 | 115,190,000 | 02/01/17 | 12,055,000 | 103,135,000 | 02/01,08/01 | 5,458,125 |
| Series 2012A Refunding | $342,555,000 (5) | 03/14/12 | 323,415,000 | 08/01/17 | 10,200,000 | 313,215,000 | 02/01,08/01 | 15,936,200 |
| Series 2012B - Ref. 2001B | $189,315,000 (6) | 03/14/12 | 125,435,000 | 08/01/17 | 13,540,000 | 111,895,000 | 02/01,08/01 | 5,709,600 |
| Series 2012C Refunding | $80,270,000 (7) | 03/14/12 | 7,050,000 | 11/01/17 | 7,050,000 | - | 05/01, 11/01 | 145,371 |
| Series 2013 Revenue Refunding | $139,105,000 (16) | 12/17/13 | 127,155,000 | | | 127,155,000 | 01/01, 07/01 | 6,332,750 |
| Series 2015A New Money | $72,010,000 | 08/06/15 | 72,010,000 | | | 72,010,000 | 04/01, 10/01 | 3,497,800 |
| Series 2015B Refunding | $284,440,000 (17) | 08/06/15 | 272,005,000 | 03/01/17 | 16,815,000 | 255,190,000 | 03/01, 09/01 | 13,179,875 |
| Series 2015C New Money | $226,275,000 | 08/06/15 | 225,475,000 | 04/01/17 | 2,975,000 | 222,500,000 | 04/01, 10/01 | 11,199,375 |
| Series 2016 Refunding | $99,095,000 (12) | 08/02/16 | 99,095,000 | | | 99,095,000 | 02/01,08/01 | 4,902,245 |
| Total Intermediate Lien Bonds | | | 1,578,825,000 | | 68,430,000 | 1,510,395,000 | | 76,765,716 |
| Subordinate Lien Bonds | | | | | | | | |
| Series 1997 | $108,830,000 | 03/26/97 | 64,940,000 | 2017 | 7,330,000 (2) | 57,610,000 | Various (2) | $746,810 (2) |
| Series 1999A | $127,140,000 (5) | 11/14/02 | 53,175,000 | 9/1/2017 | 12,245,000 | 40,930,000 | 03/01, 09/01 | 2,924,625 |
| Series 2008 | $200,715,000 (18) | 06/11/08 | 184,495,000 | 2017 | 8,475,000 (2) | 176,020,000 | Various (2) | $2,121,693 (2) |
| Total Subordinate Lien Bonds | | | 302,610,000 | | 28,050,000 | 274,560,000 | | 5,793,128 |
| TOTAL REVENUE BONDS | | | 2,485,057,925 | | 115,570,000 | 2,372,339,355 | | 115,891,088 |

**SPECIAL REVENUE BONDS**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| PFC Rev. Bonds Series 1998A | $118,490,000 | (19) | 07/16/98 | 31,020,000 | | - | 31,020,000 | 06/01, 12/01 | 1,706,100 |
| PFC Ref. Bonds Series 2010A | $79,770,000 | (19) | 12/01/10 | 79,770,000 | 12/01/17 | 13,220,000 | 66,550,000 | 06/01, 12/01 | 3,988,500 |
| TOTAL SPECIAL REVENUE BONDS | | | | 110,790,000 | | 13,220,000 | 97,570,000 | | 5,694,600 |

**SPECIAL FACILITY REVENUE BONDS**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fuel Facilities Series 2013 ref | $88,660,000 | (20) | 06/13/13 | 79,460,000 | 06/01/17 | 3,325,000 | 76,135,000 | 06/01, 12/01 | 3,616,258 |
| TOTAL SPECIAL FACILITY REVENUE BONDS | | | | 79,460,000 | | 3,325,000 | 76,135,000 | | 3,616,258 |

**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.
3) - 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 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 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.
6) - Series 2012B Intermediate Lien bonds refunded a portion of the Series 2001B First Lien bonds and fully refunded the Series 2001C First Lien bonds.
7) - Series 2012C Intermediate Lien bonds partially refunded the Series 1999B Sub Lien bonds and Series 2001D First Lien bonds.
8) - Series 2004 First Lien bonds refunded a portion of the Port's First Lien series 1992A, 1994A, 1996B and 1998 revenue bonds.
9) - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at $22,000,326 par. The outstanding principal balance at 12/31/2017 includes $18,684,029 of accumulated accreted interest.
10) - Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate Lien series bonds.
11) - 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.
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 2010A Intermediate Lien bonds refunded the outstanding 1998A First Lien series bonds.
14) - Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lien series bonds.
15) - Series 2010C Intermediate lien bonds refunded a portion of the Port's 2000B First Lien Bonds.
16) - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
17) - 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.
18) - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
19) - Series 2010A PFC Ref. bonds refunded a portion of the 1998A PFC series bonds. Debt service for PFC Ref. bonds will be paid directly out of receipts from PFCs, not out of operating cash flows.
20) - 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 $250 million in Commercial Paper, as of 10/31/2016 the Port had $29.655 million outstanding.

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# 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 | Notes | 2015 Actual | 2016 Budget | 2017 Budget |
|---|---|---|---|---|
| Aviation | | $ 186,525 | $ 250,944 | $ 208,280 |
| Maritime | | 23,953 | 36,670 | 147,220 |
| Economic Development | | 32,863 | 45,177 | 196,780 |
| Joint Venture | | 34,092 | 0 | 0 |
| Corporate | | 57,309 | 100,912 | 126,592 |
| **Total** | | **$ 334,742** | **$ 433,703** | **$ 678,872** |

PROMO.XLS

## B. Memberships

The 2017 Budget for the Port of Seattle includes monies sufficient for memberships amounting to a total of $1,474,801.

In addition, the Chief Executive Officer may approve additional memberships and dues increases for 2017, which may arise and which could not be foreseen at this time, provided these increases do not exceed 10% of the total membership's budget.

Memberships are for associations for the purpose of participating on a cooperative basis with other port districts, airports and with operators of terminal and transportation facilities, associations providing specialized information and services, associations to better qualify certain employees in the performance of specified duties which are assigned to such employees, and 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.

# APPENDIX F: 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.

**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)

**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.

**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.

**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 Chief Executive Officer of the Port to the Port Commission and Public.

**Capital Budget 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 and it is directly tied to the business plans. 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 XI.

**Capital Expenditures**: Expenditures that arise from the acquisition or improvement of the Port's fixed assets. Port assets are given a useful life of more than three years when they become active. The expenditures reflected in the capital budget cover projects anticipated to provide modernized Seaport, Airport and Real Estate facilities for sustained growth of the Port.

**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).

**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.

**Comprehensive Annual Financial Report (CAFR)**: This document, known as the CAFR, is produced by the Port of Seattle annually detailing financial, statistical, budgetary and demographic data and it is distributed to the public.

**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.

**Customer Facility Charges (CFC)**: 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 Corporate.

**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**: The establishment of a fund is to account for money set aside for some specific purpose.

**Generally Accepted Accounting Principles (GAAP):** Standards and guidelines by which Accounting and Financial Reporting are governed.

**General Obligation (G.O.) 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.

**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 International 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

**Majority in Interest (MII)**: 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-Airline Revenues**: Include concession, parking and other fees not charged directly to the airlines. These revenues help offset the residual landing fee requirement.

**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.

**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 Corporate 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 term 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.

**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 XII.

**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.

**<u>Twenty-foot Equivalent Unit (TEU)</u>**: The international standard of measurement for the container volume that moves through the Port. One forty-foot container is equivalent to two TEUs.

**<u>Values</u>:** 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.

**<u>Variances</u>**: 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

**<u>Vision</u>**: 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 G: ACRONYMS and ABBREVIATIONS

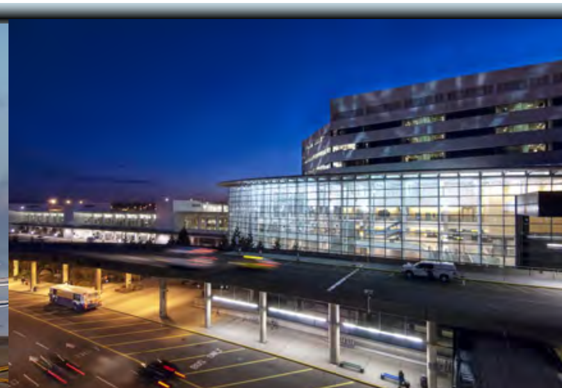
| | |
|---|---|
| **AAPA** | American Association of Port Authorities |
| **AAAE** | American Association of Airport Executives |
| **ACI** | Airports Council International |
| **AEC** | Airport Employment Center |
| **AIR 21** | Aviation Investment & Reform Act for the 21st Century |
| **AODB** | Airport Operations Database |
| **APM** | Automated People Mover |
| **ARFF** | Aviation Regional Fire Fighting |
| **ATC** | Air Traffic Control |
| **B&OT** | Business and Occupation Tax |
| **BALA** | Basic Airline Lease Agreement |
| **BHICC** | Bell Harbor International Conference Center |
| **BHM** | Bell Harbor Marina |
| **BHS** | Baggage Handling System |
| **BLS** | Bureau of Labor Statistics |
| **BMP** | Best Management Practices |
| **BY** | Budget Year |
| **CAFR** | Comprehensive Annual Financial Report |
| **CDD** | Capital Development Division, a Port Division |
| **CDP** | Comprehensive Development Plan |
| **CEO** | Chief Executive Officer |
| **CERT** | Community Emergency Response Team |
| **CFC** | Customer Facility Charges |
| **CFO** | Chief Financial Officer |
| **CIP** | Capital Improvement Program |
| **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 |
| **CPR** | Cardio Pulmonary Resuscitation |
| **CTDP** | Container Terminal Development Plan |
| **CTE** | Central Terminal Expansion |
| **CY** | Calendar Year |
| | Container Yard |
| **DHS** | Department of Homeland Security |
| **DNR** | Department of Natural Resources |
| **DOT** | Department of Transportation |
| **EDD** | Economic Development Division |

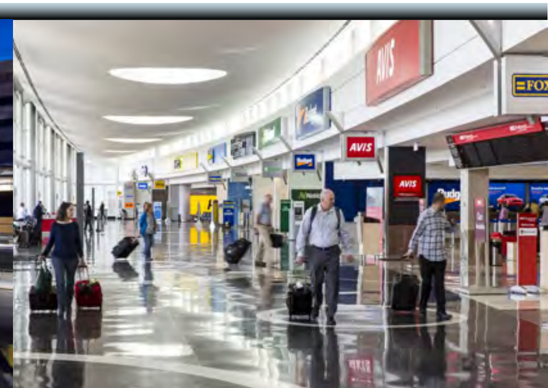
| | |
|---|---|
| **EIS** | Environmental Impact Statement |
| **EPA** | Environmental Protection Agency |
| **ESGR** | Employer Support of the Guard Reserve |
| **FAA** | Federal Aviation Administration |
| **FAR** | Federal Aviation Regulations |
| **FASB** | Financial Accounting Standard Board |
| **FAST** | Freight Action Strategy Corridor |
| **F&B** | Finance and Budget, a Port department |
| **FEMA** | Federal Emergency Management Agency |
| **FIDS** | Flight Information Display System |
| **FIMS** | Flight Information Management System |
| **FIS** | Federal Inspection Area |
| **FMC** | Federal Maritime Commission |
| **FOD** | Foreign Object Debris |
| **FTE** | Full-time Equivalent Employee |
| **FTPP** | Fishermen's Terminal Piers and Properties |
| **FY** | Fiscal Year |
| **GAAP** | Generally Accepted Accounting Principles |
| **GASB** | Governmental Accounting Standards Board |
| **GFOA** | Government Finance Officers Association (of USA and Canada) |
| **GIS** | Geographical Information System |
| **G.O.** | General Obligation (Bond) |
| **GT** | Ground Transportation |
| **HCM** | Human Capital Management |
| **HDS** | Harbor Development Strategy |
| **IDC** | Industrial Development Corporation |
| **IFO** | Income From Operations |
| **ILA** | Interlocal Agreement |
| **IMC** | Intermodal Center |
| **ICT** | Information and Communications Technology, a Port department |
| **KPI** | Key Performance Indicators |
| **LEOFF** | Law Enforcement Officers' and Fire Fighters' Retirement System |
| **LOI** | Letter of Intent |
| **LOC** | Letter of Credit |
| **LRP** | Long Range Plan |
| **LRT** | Light Rail Transit |
| **MAP** | Million Annual Passengers |
| **MBE/WBE** | Minority & Women Owned Business Enterprise |
| **MD** | Managing Director |
| **MIC** | Marine Industrial Center |
| **MIS** | Management Information System |
| **MOBI** | Marina Operation Boating Inventory System |
| **MOU** | Memorandum of Understanding |

| | |
|---|---|
| **MPT** | Main Passenger Terminal |
| **MT** | Main Terminal |
| **NAMF** | North Area Maintenance Facility |
| **NAC** | Neighborhood Advisory Committee |
| **NEPA** | National Environmental Policy Act |
| **NEST** | New Economic Strategy Triangle |
| **NMA** | National Management Association |
| **NOI** | Net Operating Income |
| **NTSB** | National Transportation Safety Board |
| **NWMTA** | Northwest Marine Terminal Association |
| **NWSA** | Northwest Seaport Alliance |
| **O&D** | Origin and Destination |
| **O&M** | Operating and Maintenance Expense |
| **OPEB** | Other Post-Employment Benefits |
| **ORG** | Organization |
| **P&TS** | Professional and Technical Services |
| **PCC** | Pacific Coast Congress |
| **PCS** | Port Construction Services, a Port department |
| **PDA** | Port Development Authority |
| **PERS** | Public Employees' Retirement System |
| **PFC** | Passenger Facility Charges |
| **PLA** | Project Labor Agreement |
| **PM** | Project Manager |
| **PMA** | Pacific Maritime Association |
| **PMG** | Project Management Group |
| **PNWA** | Pacific North West 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 |
| **RAU** | Resource Allocation Unit |
| **RCF** | Rental Car Facility |
| **RCW** | Revised Code of Washington |
| **RE** | Real Estate, a Port Division |
| **RFP** | Request For Proposal |
| **RMM** | Regulated Materials Management |
| **SBM** | Shilshole Bay Marina |
| **SDS** | Storm water Drainage System |
| **SLOA** | Signatory Airline Lease and Operating Agreements |
| **SO** | Strategies and Objectives |

| | |
|---|---|
| **SPG** | Strategic Positioning for Growth |
| **SSA** | Stevedoring Services of America |
| **STEP** | South Terminal Expansion Project |
| **STIA** | Seattle-Tacoma International Airport |
| **STITA** | Seattle-Tacoma International Taxi Association |
| **STS** | Satellite Transit System |
| **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 |
| **WSDOT** | Washington State Department of Transportation |
| **WTC** | World Trade Center |
| **WPPA** | Washington Public Ports Association |

Port of Seattle



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