

Port of Seattle

Q1 2018 Financial Performance Report



Portwide Financial Highlights

- **Q1 Actual:**
 - Operating Revenues \$6.0M favorable to budget and \$9.3M over 2017.
 - The Non-Aviation Revenues \$2.5M favorable to budget and \$642K over 2017.
 - Operating Expenses \$8.6M favorable to budget and \$7.6M above 2017 mainly due to more payroll and project-related expenses.
 - Net Operating Income before depreciation \$14.6M favorable to budget and \$1.7M over 2017.
- **Year-End Forecast:**
 - Revenues \$10.1M favorable, Expenses \$1.6M favorable, and NOI \$11.7M favorable to budget.
 - Total capital spending forecast to be \$766.8M or 87.6% of the budget for 2018.

Expect strong financial performance results for 2018

Aviation Business Highlights

- **Activity:** Passenger growth in Q1 tracking with budgeted growth of 5.0%
- **Customer Service:** below target through Q1 - Airport Service Quality scores exceeding 2017 in only 2 of the 6 categories
- **Business:**
 - Airport dining and retail program awarded lease group 4 in February 2018
 - Reached agreement with airlines on five-year signatory lease and operating agreement (SLOA IV, 2018 - 2022) in February
- **Community:** Implemented Inter-local agreement with City of SeaTac
- **Capital Program:** Major projects under construction , spending in 2018 will likely be all-time high for airport
- **Planning for future:** Sustainable Airport Master Plan – anticipate moving into environmental review by end of Q2

Major accomplishments on Aviation Division priorities

Aviation Financial Highlights

- **Cost per Enplanement (CPE) Forecast – \$0.28 unfavorable to budget**
 - Budget assumed 50% Revenue Sharing, Forecast reflects 40% Revenue Sharing per SLOA IV
 - Forecast CPE is aligned with 2018 Budget spending adjusted for 40% Revenue Sharing
- **Non-Aeronautical NOI Forecast - \$0.6M higher than budget**
- **Capital Spending Forecast - \$699M, expected to be 88% of budget**

Strong operating results; capital spending short of budget

Maritime Business Highlights

Cruise – Alaskan Way Street Widening project is demobilizing and will allow for reduced congestion during cruise days. Marketing efforts to cruise lines producing positive results including confirmed berth reservations for Royal Caribbean's Ovation of the Seas in 2019.

Recreational Boating – Despite a 6% increase in moorage rates, occupancy rates increased 3% y/y to 96% at Shilshole Bay Marina due to process improvements in completing advance work on the waitlist. Bell Harbor Marina successfully participated in the Seattle Boat show, exceeding revenue targets.

Fishing and Commercial Operations – Great turnout for 90th annual Blessing of the Fleet at Fishermen's Terminal and barge moorage on Eliot Bay properties continue to be fully utilized.

Maritime Portfolio Management – The first amendment to the ground lease with Duke's Chowderhouse was approved for a bigger footprint. Design development will continue through mid-2018.

Stormwater Utility – Assessed 10 miles of stormwater lines and repaired 1 mile in Q1. On track to repair another 4.5 miles for the remainder of 2018.

Fine tuning the businesses and advancing the Century Agenda

Maritime Financial Highlights

Maritime – Q1 2018 NOI \$1,896K favorable to budget and (\$819K) lower than 2017

- Q1 Revenue favorable to budget by \$521K and \$617K greater than 2017 driven by Recreational Boating and Fishing & Operations.
- Q1 Expenses favorable to budget by \$1,375K and \$1,435K higher than 2017.
- No material forecast changes from budget for Q1.
- 2018 Capital forecast to 81% of budget with driven by restroom and paving projects at Shilshole Bay moving spend to 2019.
- Stormwater Utility forecast is tracking to budget.

Maritime Division financial results proceeding as planned

EDD Business Highlights

Real Estate Development—Trammell Crow working to permit development at Des Moines Creek North property in SeaTac. Company expects to start groundwork in April. Reviewing responses to RFP to develop Pier 2. Finished infrastructure study of T91 Uplands showing possibility to phase investments in buildings and infrastructure.

Workforce Development—Received Commission authorization to fund Construction Trades outreach, recruitment, training and retention services. These workforce development investments are being made in coordination with the City of Seattle and King County. Staff also helped develop regional workforce strategies that will reframe King County Workforce Board priorities.

Small Business—Supported passage of new Diversity in Contracting policy. Small Business Department leading program development efforts with various departments across the Port.

Portfolio Management—Properties at 98% occupancy. Entered into a new management agreement contract with Kidder Mathews for the World Trade Center West building.

Tourism—Expanded the economic development program to include tourism destination marketing organizations (DMOs) statewide for Q2-Q3 2018.

2018 Initiatives underway

EDD Financial Highlights

EDD – NOI \$974K (40%) favorable to budget and \$733K greater than 2017

- Revenue favorable to budget by \$173K and \$1,370K greater than 2017. Conference and Event Center \$153K favorable to budget, and \$1,223K up from 2017.
- Expenses favorable to budget by \$801K from Workforce Development, Central Services, and other initiatives. Y/Y expenses up \$637K primarily due to increased Conference and Event Center, Portfolio Management, and Maintenance.
- EDD projects to spend 105% of capital budget.

On track to exceed budgeted NOI

Central Services Business Highlights

- The Port expanded its efforts to combat human trafficking.
- The Port Commission established the 2018 Environmental Priorities.
- The Port removed over 2,000 creosote pilings and restored habitat.
- The Port expanded Sea-Tac Airport Advertising Opportunities to Statewide Tourism Marketers.
- Executed events and tours to help build community awareness and support for the Port.
- Completed the 2017 Airport Economic Impacts Study .
- Initiated work on intermediate lien bonds to fund Airport projects.
- Replaced the Airport Parking Revenue Control System.
- Launched Assistive Technology for Blind and Low Vision at Sea-Tac Airport.

Achieved a number of accomplishments in Q1 2018

Central Services Financial Highlights

- **Q1 Actual:**

- Operating expenses \$4.3M favorable to budget mainly due to some vacant positions and lower Outside Services expenses.
- Operating expenses \$3.4M higher than 2017 mainly due to higher payroll and more project-related expenses.

- **Year-End Forecast:**

- Operating expenses forecast to be \$3.3M favorable to budget due primarily to savings from Payroll and Outside Services.
- Operating expenses forecast to be \$24.4M higher than 2017 due to higher payroll and more project-related expenses. Departments that have the most increase include:
 - Capital Development: \$6.3M
 - Police: \$5.0M
 - Environment & Sustainability: \$4.5M

Vacancies & delayed expenses led to favorable budget variances

Appendix

Q1 2018 Financial Performance Report



Portwide Financial Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	55,903	59,873	70,134	67,828	2,306	3.4%	10,262	17.1%
Airport Non-Aero Revenues	44,871	54,006	52,372	51,122	1,250	2.4%	(1,635)	-3.0%
Other Port Operating Revenues	28,563	28,020	28,663	26,196	2,466	9.4%	642	2.3%
Total Operating Revenues	129,336	141,899	151,169	145,147	6,022	4.1%	9,269	6.5%
Total Operating Expenses	69,740	82,008	89,623	98,209	8,587	8.7%	7,614	9.3%
NOI before Depreciation	59,597	59,891	61,546	46,938	14,608	31.1%	1,655	2.8%
Depreciation	41,085	40,817	40,892	40,689	(204)	-0.5%	75	0.2%
NOI after Depreciation	18,512	19,074	20,653	6,249	14,405	230.5%	1,580	8.3%

- Operating Revenues \$6.0M favorable to budget and \$9.3M higher than 2017.
- Operating Expenses \$8.6M favorable to budget but \$7.6M higher than 2017.
- NOI before Depreciation \$14.6M favorable to budget and \$1.7M higher than 2017.

Strong financial performance for the Port

Non-Aviation Financial Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
NWSA Distributable Revenue	15,241	14,852	13,419	11,662	1,757	15.1%	(1,434)	-9.7%
Maritime Revenues	8,725	9,053	9,670	9,149	521	5.7%	617	6.8%
EDD Revenues	3,672	3,127	4,497	4,324	173	4.0%	1,370	43.8%
SWU & Other	924	988	1,077	1,062	15	1.4%	90	9.1%
Total Operating Revenues	28,563	28,020	28,663	26,196	2,466	9.4%	642	2.3%
Total Operating Expenses	13,464	15,246	18,548	20,915	2,367	11.3%	3,302	21.7%
NOI before Depreciation	15,098	12,774	10,114	5,281	4,833	91.5%	(2,660)	-20.8%
Depreciation	10,527	10,163	9,984	10,012	28	0.3%	(180)	-1.8%
NOI after Depreciation	4,571	2,611	131	(4,731)	4,862	-102.8%	(2,480)	-95.0%

Strong financial performance for the Port

Portwide Operating Revenues Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Aeronautical Revenues	55,903	59,873	70,134	67,828	2,306	3.4%	10,262	17.1%
Public Parking	16,286	17,456	18,668	18,705	(37)	-0.2%	1,213	6.9%
Rental Cars - Operations	6,159	6,129	6,009	5,903	106	1.8%	(121)	-2.0%
Rental Cars - Operating CFC	615	291	1,293	1,503	(210)	-14.0%	1,002	344.0%
ADR & Terminal Leased Space	12,177	13,346	13,887	12,742	1,146	9.0%	542	4.1%
Ground Transportation	2,582	3,613	3,707	3,714	(7)	-0.2%	94	2.6%
Employee Parking	2,298	2,302	2,565	2,273	292	12.9%	263	11.4%
Airport Commercial Properties	1,904	7,810	2,894	2,747	147	5.3%	(4,916)	-62.9%
Airport Utilities	1,812	1,750	1,759	1,889	(130)	-6.9%	9	0.5%
Cruise	48	71	32	86	(54)	-63.0%	(39)	-55.1%
Recreational Boating	2,528	2,592	3,005	2,868	138	4.8%	413	15.9%
Fishing & Operations	2,100	2,166	2,224	2,009	215	10.7%	58	2.7%
Grain	1,486	1,606	1,556	1,411	144	10.2%	(51)	-3.1%
Maritime Portfolio Management	2,560	2,610	2,845	2,770	74	2.7%	234	9.0%
Central Harbor Management	1,585	2,014	2,162	2,141	21	1.0%	148	7.3%
Conference & Event Centers	1,895	1,107	2,330	2,177	153	7.0%	1,223	110.4%
NWSA Distributable Revenue	15,241	14,852	13,419	11,662	1,757	15.1%	(1,434)	-9.7%
Other	2,157	2,311	2,680	2,718	(38)	-1.4%	368	15.9%
Total Operating Revenues (w/o Aero)	73,434	82,027	81,034	77,318	3,716	4.8%	(992)	-1.2%
TOTAL	129,336	141,899	151,169	145,147	6,022	4.1%	9,269	6.5%

Operating revenues exceeded budget

Portwide Operating Expense Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	25,674	28,142	31,239	32,489	1,251	3.8%	3,097	11.0%
Wages & Benefits	23,554	25,539	29,627	29,571	(55)	-0.2%	4,088	16.0%
Payroll to Capital Projects	4,712	5,604	5,901	7,027	1,125	16.0%	298	5.3%
Equipment Expense	1,324	1,795	1,850	2,137	286	13.4%	55	3.1%
Supplies & Stock	1,705	2,329	2,353	2,224	(129)	-5.8%	24	1.0%
Outside Services	9,779	13,801	16,139	23,733	7,595	32.0%	2,337	16.9%
Utilities	5,280	5,276	6,976	5,832	(1,143)	-19.6%	1,700	32.2%
Travel & Other Employee Expenses	746	1,021	1,037	1,673	637	38.1%	15	1.5%
Promotional Expenses	176	199	361	378	16	4.3%	162	81.6%
Other Expenses	3,576	7,515	4,484	5,610	1,126	20.1%	(3,031)	-40.3%
Charges to Capital Projects	(6,786)	(9,213)	(10,343)	(12,465)	(2,122)	17.0%	(1,130)	12.3%
TOTAL	69,740	82,008	89,623	98,209	8,587	8.7%	7,614	9.3%

- Payroll expenses were \$1.2M below budget due to vacant positions and hiring delay.
- Outside Services were \$7.6M favorable to budget due to timing of spending, project delays, and some actual savings.
- Utilities Expense was \$1.1M over budget mainly due to higher Surface Water Utility cost.

Operating expenses were \$8.6M or 8.7% below budget

Portwide Financial Summary – YE Forecast

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Aeronautical Revenues	244,235	264,114	309,042	301,082	7,960	2.6%	44,928	17.0%
Airport Non-Aero Revenues	221,021	236,803	244,037	244,786	(749)	-0.3%	7,234	3.1%
Other Port Operating Revenues	133,211	131,114	127,506	124,612	2,894	2.3%	(3,609)	-2.8%
Total Operating Revenues	598,467	632,031	680,584	670,479	10,105	1.5%	48,553	7.7%
Total Operating Expenses	325,285	372,982	421,293	422,885	1,592	0.4%	48,311	13.0%
NOI before Depreciation	273,182	259,049	259,291	247,594	11,697	4.7%	242	0.1%
Depreciation	164,336	165,021	163,309	163,309	-	0.0%	(1,712)	-1.0%
NOI after Depreciation	108,846	94,028	95,982	84,285	11,697	13.9%	1,954	2.1%

- Operating Revenues forecast to be \$10.1M favorable to budget in 2018.
- Operating Expenses forecast to be \$1.6M favorable to budget in 2018.
- NOI before Depreciation forecast to be \$11.7M above budget in 2018.

Expect strong financial performance results in 2018

Capital Spending by Division

\$ in 000's	2018 YTD Actual	2018 Forecast	2018 Budget	Budget Variance	
				\$	%
Aviation	92,203	698,855	796,200	97,345	12.2%
Maritime	3,747	37,705	46,749	9,044	19.3%
Economic Development	824	6,473	6,149	(324)	-5.3%
Corporate & Other (note 1)	458	23,730	26,669	2,939	11.0%
TOTAL	97,232	766,763	875,767	109,004	12.4%

Note:

(1) "Other" includes Street Vacation projects and Storm Water Utility Small Capital projects.

2018 capital spending forecast to be \$766.8M

Aviation Division Appendix

Airport Activity

	YTD 2016	YTD 2017	YTD 2018	% Change from 2017
Enplaned Passengers (000's)				
Domestic	4,272	4,416	4,643	5.2%
International	512	582	602	3.5%
Total	4,783	4,998	5,246	5.0%
Operations	91,480	93,398	98,102	5.0%
Landed Weight (In Millions of lbs.)				
Cargo	369	468	530	13.2%
All other	5,477	5,748	6,097	6.1%
Total	5,847	6,216	6,627	6.6%
Cargo - Metric Tons				
Domestic freight	36,293	50,381	55,882	10.9%
International freight	22,341	25,626	24,907	-2.8%
Mail	14,396	14,158	14,387	1.6%
Total	73,030	90,165	95,176	5.6%

Passenger Activity

Airline	Change 2017 v. 2018	2018 Market Share
Alaska	0.5%	52.1%
Delta	13.5%	22.0%
United	21.3%	6.1%
Southwest	6.3%	5.9%
American	3.7%	5.0%

Q1 2018 Cargo :

- A return to a lower, more sustainable, metric tonnage growth rate of 5.6% still driven overall by increases in e-commerce and express shipments
- Strong Domestic YTD growth of 10.9% driven by increases in e-commerce and express tonnage and freighter operations
- Declining International YTD of -2.8% due to lower inbound imports vs. YTD 2017. Inbound trans-pacific belly cargo was unusually high last year due to capacity constraints on ocean lanes
- Continued growth in Cargo (freighter) Landed Weight due to greater numbers of domestic freighters carrying e-commerce and express shipments

2018 enplaned passenger growth of 5.0%

Aviation Financial Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Operating Revenues:								
Gross Aeronautical Revenues	247,811	267,690	309,042	301,082	7,960	2.6%	41,352	15.4%
SLOA III Incentive Straight Line Adj	(3,576)	(3,576)	-	-	-	0.0%	3,576	-100.0%
Aeronautical Revenues	244,235	264,114	309,042	301,082	7,960	2.6%	44,928	17.0%
Non-Aeronautical Revenues	221,021	236,803	244,037	244,786	(749)	-0.3%	7,234	3.1%
Total Operating Revenues	465,256	500,916	553,078	545,867	7,211	1.3%	52,162	10.4%
Total Operating Expense	261,226	299,114	333,589	334,856	1,267	0.4%	34,475	11.5%
Net Operating Income	204,030	201,802	219,489	211,011	8,478	4.0%	17,687	8.8%
Capital Expenditures	153,887	293,785	698,855	796,200	97,345	12.2%	405,070	137.9%

2018 Forecasted NOI \$8.4M favorable to budget

Key Performance Measures

	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Fav (UnFav) Budget Vairance		Incr (Decr) Change from 2017	
					\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	10.10	10.52	11.63	11.35	(0.28)	-2.4%	1.10	10.5%
Non-Aeronautical NOI (in 000's)	128,727	133,101	127,453	126,861	593	0.5%	(5,647)	-4.2%
Other Performance Metrics								
O&M Cost per Enplanement	11.46	12.77	13.53	13.58	0.05	0.4%	0.76	5.9%
Non-Aero Revenue per Enplanement	9.70	10.11	9.90	9.93	(0.03)	-0.3%	(0.21)	-2.1%
Debt per Enplanement (in \$)	104	114	116	116	-	0.0%	2	1.3%
Debt Service Coverage	1.53	1.57	1.56	1.51	0.05	3.6%	(0.01)	-0.6%
Days cash on hand (10 months = 304 days)	416	379	307	304	3	1.0%	(72)	-19.0%
Aeronautical Revenue Sharing (\$ in 000's)	(37,395)	(42,329)	(28,833)	(35,799)	6,966	19.5%	13,496	31.9%
Activity (in 000's)								
Enplanements	22,796	23,416	24,654	24,654	-	0.0%	1,238	5.3%

2018 Forecast vs. 2018 Budget

Key Performance Metrics

- CPE – Impacted by SLOA IV reduction in Revenue Sharing to 40%, Budget assumed 50% Revenue Sharing
- Non-Aero NOI growth – Primarily due to lower operating expense due to delays in ADR expense projects, partially offset by lower ADR revenue during lease transitions

Other Performance Metrics

- Aero Revenue Sharing – Forecast reflects 40% Revenue Sharing per SLOA IV, Budget assumed 50% Revenue Sharing

Positive: Non-aero NOI above budget. Negative: CPE above budget.

Aviation Expense YTD Summary

\$ in 000's	2016 YTD Actual	2017 YTD Actual	2018 Year-to-Date Actual Budget	Fav (UnFav) Budget Variance \$ %	Incr (Decr) Change from 2017 \$ %
Operating Expenses:					
Payroll	24,196	27,344	31,119 31,453	334 1.1%	3,775 13.8%
Outside Services	6,548	7,751	8,391 11,248	2,857 25.4%	640 8.3%
Utilities	3,646	3,599	4,909 3,916	(993) -25.4%	1,310 36.4%
Other Airport Expenses	4,570	8,296	4,544 4,451	(93) -2.1%	(3,752) -45.2%
Total Airport Direct Charges	38,960	46,990	48,963 51,068	2,105 4.1%	1,973 4.2%
Total Airport Expenses	38,960	46,990	48,963 51,068	2,105 4.1%	1,973 4.2%
Police Costs	4,294	4,195	5,318 5,424	106 1.9%	1,123 26.8%
Capital Development	1,461	2,480	2,694 5,641	2,946 52.2%	214 8.6%
Other Central Services	11,012	12,130	13,128 14,155	1,026 7.3%	998 8.2%
Maritime/Economic Development	548	966	971 1,007	36 3.6%	5 0.5%
Total Charges from Other Divisions	17,315	19,772	22,112 26,226	4,115 15.7%	2,340 11.8%
Total Operating Expense	56,275	66,762	71,074 77,294	6,220 8.0%	4,313 6.5%
Net Operating Income	44,498	47,117	51,432 41,656	9,775 23.5%	4,314 9.2%

2018 YTD Actuals to YTD 2018 Budget

Cost Savings:

- Payroll savings – Favorable \$0.3M primarily due to vacancies and hiring delays
- Outside Services – Favorable \$2.9M due to spending delays which will reverse before YE
 - \$1.0M delay in FAA pilot project grant spending
 - \$1.2M – Planned spending in Maintenance, Capital Programs, and AV Planning slower than anticipated
- Charges from other divisions – Favorable \$4.1M
 - AVPMG savings primarily due to Terminal project delays partially offset by lower charges to capital (\$2.9M)
- Savings from Other Central Services (\$1.0M)

Unplanned Expenses:

- Utilities – Unfavorable(\$1.0M) primarily due to higher Surface water costs, including IWTP Overflow Event(\$0.4M)

Unplanned expenses absorbed by cost savings

Aviation Expense YE Summary

\$ in 000's	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
					\$	%	\$	%
Operating Expenses:								
Payroll	94,559	114,463	130,243	132,156	1,913	1.4%	15,780	13.8%
Outside Services	31,636	41,055	54,520	52,532	(1,988)	-3.8%	13,465	32.8%
Utilities	14,667	16,374	17,786	17,320	(466)	-2.7%	1,412	8.6%
Other Airport Expenses	21,934	28,292	20,904	19,776	(1,128)	-5.7%	(7,388)	-26.1%
Total Airport Direct Charges	162,797	200,184	223,453	221,784	(1,668)	-0.8%	23,268	11.6%
Environmental Remediation Liability	-	8,812	4,030	4,030	-	0.0%	(4,782)	-54.3%
Capital to Expense	-	2,856	-	-	-	0.0%	(2,856)	-100.0%
Total Exceptions	-	11,668	4,030	4,030	-	0.0%	(7,638)	-65.5%
Total Airport Expenses	162,797	211,852	227,483	225,814	(1,668)	-0.7%	15,631	7.4%
Police Costs	18,183	17,652	22,174	22,174	-	0.0%	4,522	25.6%
Capital Development	9,319	14,701	20,575	23,092	2,517	10.9%	5,873	40.0%
Other Central Services	58,617	51,004	57,847	58,265	418	0.7%	6,842	13.4%
Maritime/Economic Development	12,310	3,904	5,511	5,511	-	0.0%	1,606	41.1%
Total Charges from Other Divisions	98,429	87,262	106,107	109,042	2,935	2.7%	18,844	21.6%
Total Operating Expense	261,226	299,114	333,589	334,856	1,267	0.4%	34,475	11.5%

2018 Forecast to 2018 Budget

Unplanned Expenses:

- Peak staffing support (\$1.5M)
- Landside Honey Bucket Rental (\$0.3M)
- Increased Lost & Found Staffing (\$0.3M)
- Utilities - IWTP Overflow Event (\$0.4M)
- Payroll charges to capital lower than expected (\$0.6M)

Offset by Cost Savings:

- AVPMG savings primarily due to Terminal project delays partially offset by lower charges to capital (\$2.5M)
- Savings from Other Central Services (\$0.4M)
- Payroll savings – primarily due to vacancies and forecasted hiring delays (\$1.9M)

Unplanned expenses absorbed by cost savings

Aeronautical Business YTD

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Revenues:								
Movement Area	21,004	23,133	26,941	26,942	(2)	0.0%	3,808	16.5%
Apron Area	2,464	3,506	3,934	3,602	331	9.2%	428	12.2%
Terminal Rents	36,634	37,274	40,761	40,699	62	0.2%	3,487	9.4%
Federal Inspection Services (FIS)	2,284	3,079	3,071	3,021	50	1.6%	(8)	-0.3%
Total Rate Base Revenues	62,385	66,992	74,706	74,265	441	0.6%	7,714	11.5%
Commercial Area	2,154	2,471	2,637	2,513	123	4.9%	166	6.7%
Subtotal before Revenue Sharing	64,539	69,463	77,343	76,778	564	0.7%	7,880	11.3%
Revenue Sharing	(7,742)	(8,696)	(7,208)	(8,950)	1,741	19.5%	1,488	17.1%
Total Aeronautical Revenues	56,797	60,767	70,134	67,828	2,306	3.4%	9,368	15.4%
Total Aeronautical Expenses	36,737	42,822	47,132	50,044	2,912	5.8%	4,310	10.1%
Net Operating Income	20,060	17,945	23,002	17,785	5,218	29.3%	5,058	28.2%

2018 YTD Actuals to YTD 2018 Budget

Revenue - \$2.3M favorable

- Rate based revenue \$0.4M higher– Due to unplanned costs of customer service peak staffing initiative , partially offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change)
- Commercial Area revenue \$0.1 higher – Due to higher RON parking activity.
- Revenue sharing \$1.7M lower - Due to reduction of revenue sharing percentage from 50% to 40%, based on SLOA IV provisions

Expenses – \$2.9M favorable

- Payroll savings – Primarily due to vacancies and hiring delays
- AVPMG savings due to Terminal project delays partially offset by lower charges to capital

Higher Aeronautical revenues due to lower revenue sharing percentage

Aeronautical Business YE

\$ in 000's	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
					\$	%	\$	%
Revenues:								
Movement Area	94,725	108,638	125,898	125,422	475	0.4%	17,259	15.9%
Apron Area	14,028	16,771	16,023	15,979	44	0.3%	(748)	-4.5%
Terminal Rents	155,852	155,431	172,108	171,854	254	0.1%	16,677	10.7%
Federal Inspection Services (FIS)	11,227	18,612	13,634	13,413	221	1.6%	(4,978)	-26.7%
Total Rate Base Revenues	275,832	299,452	327,662	326,668	994	0.3%	28,210	9.4%
Commercial Area	9,379	10,574	10,212	10,212	-	0.0%	(362)	-3.4%
Subtotal before Revenue Sharing	285,211	310,026	337,874	336,880	994	0.3%	27,848	9.0%
Revenue Sharing	(37,395)	(42,311)	(28,833)	(35,799)	6,966	19.5%	13,478	31.9%
Other Prior Year Revenues	(5)	(26)					26	100.0%
Total Aeronautical Revenues	247,811	267,690	309,042	301,082	7,960	2.6%	41,352	15.4%
Total Aeronautical Expenses	168,932	195,414	217,006	216,931	(75)	0.0%	21,592	11.0%
Net Operating Income	78,879	72,276	92,036	84,151	7,885	9.4%	19,760	27.3%
Debt Service	(89,130)	(86,564)	(92,425)	(90,323)	(2,102)	-2.3%	(5,861)	-6.8%
Net Cash Flow	(10,251)	(14,288)	(389)	(6,173)	5,784	93.7%	13,899	97.3%

2018 Forecast to Budget

Revenue - \$7.9M favorable

- Rate based revenue \$0.9M higher– Due to unplanned cost of customer service peak staffing initiative , partially offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change)
- Revenue sharing \$7M - Lower due to reduction of revenue sharing percentage from 50% to 40%, based on SLOA IV provisions

Expenses – \$75K unfavorable

- Unplanned costs of customer service peak staffing initiative, are largely offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change) and payroll savings due to vacancies and hiring delays

Higher Aeronautical revenues due to lower revenue sharing percentage

Aero Cost Drivers

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
\$ in 000's					\$	%	\$	%
O&M	165,427	192,188	211,339	210,433	906	0.4%	19,151	10.0%
Debt Service Gross	118,641	113,832	120,555	120,555	-	0.0%	6,723	5.9%
Debt Service PFC Offset	(32,831)	(33,057)	(33,015)	(33,015)	-	0.0%	42	-0.1%
Amortization	28,215	29,654	32,373	32,373	-	0.0%	2,719	9.2%
Space Vacancy	(2,638)	(2,264)	(2,654)	(2,650)	(5)	0.2%	(390)	17.2%
TSA Operating Grant and Other	(982)	(901)	(935)	(1,028)	93	-9.1%	(34)	3.8%
Rate Base Revenues	275,832	299,452	327,662	326,668	994	0.3%	28,210	9.4%
Commercial area	9,379	10,574	10,212	10,212	-	0.0%	(362)	-3.4%
Total Aero Revenues	285,211	310,026	337,874	336,880	994	0.3%	27,848	9.0%

2018 Forecast to 2018 Budget

- O&M Expenses – \$0.9M higher due to unplanned cost of customer service peak staffing initiative, partially offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change) and payroll savings – due to vacancies & hiring delays

Aero rate base revenues based on cost recovery formulas

Aero Revenue Sharing

	2016	2017	2018	2018	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Aero Revenues (incl' commercial)	285,211	310,026	337,874	336,880	994	0.3%	27,848	9.0%
Non-Aeronautical Revenues	221,021	236,803	244,029	244,786	(757)	-0.3%	7,227	3.1%
Total O&M Expenses	(261,226)	(299,114)	(334,429)	(334,612)	183	-0.1%	(35,315)	11.8%
Net Operating Income	245,006	247,714	247,474	247,054	420	0.2%	(240)	-0.1%
ADF Interest Income	3,725	4,242	4,127	4,127	-	0.0%	(115)	-2.7%
Security Checkpoint TSA Grant	916	1,039	1,028	1,028	-	0.0%	(10)	-1.0%
Misc. Non-Operating Expenses	(2,481)	(1,799)	(750)	(750)	-	0.0%	1,050	-58.3%
CFC Excess	(4,899)	(2,750)	(7,077)	(7,142)	64	-0.9%	(4,328)	157.4%
Available for Debt Service [a]	242,267	248,446	244,803	244,318	485	0.2%	(3,643)	-1.5%
Debt Service	133,982	131,060	138,177	138,177	-	0.0%	7,117	5.4%
Debt Service x 1.25 [b]	167,477	163,825	172,721	172,721	-	0.0%	8,896	5.4%
Available for revenue sharing [c]=[a]-[b]	74,790	84,621	72,082	71,597	485	0.7%	(12,539)	-14.8%
Revenue Sharing [d]=[c]*0.5	37,395	42,310	28,833	35,799	(6,966)	-19.5%	(13,478)	-31.9%

Lower revenue sharing % drives increase in CPE

Non-Aeronautical Business YTD

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	6,159	6,129	6,009	5,903	106	1.8%	(121)	-2.0%
Rental Cars - Operating CFC	615	291	1,293	1,503	(210)	-14.0%	1,002	344.0%
Public Parking	16,286	17,456	18,668	18,705	(37)	-0.2%	1,213	6.9%
Ground Transportation	2,582	3,613	3,707	3,714	(7)	-0.2%	94	2.6%
Airport Dining & Retail & Leased Space	12,382	13,346	13,887	12,742	1,146	9.0%	542	4.1%
Commercial Properties	1,904	7,810	2,894	2,747	147	5.3%	(4,916)	-62.9%
Utilities	1,812	1,750	1,759	1,889	(130)	-6.9%	9	0.5%
Employee Parking	2,298	2,302	2,565	2,273	292	12.9%	263	11.4%
Clubs and Lounges	596	861	1,202	1,231	(28)	-2.3%	341	39.6%
Other	236	449	387	415	(28)	-6.8%	(62)	-13.9%
Total Non-Aero Revenues	44,871	54,006	52,372	51,122	1,250	2.4%	(1,635)	-3.0%
Total Non-Aero Expenses	19,538	23,940	23,943	27,250	3,308	12.1%	3	0.0%
Net Operating Income	25,333	30,066	28,429	23,872	4,558	19.1%	(1,637)	-5.4%

2018 YTD Actuals to YTD 2018 Budget

Revenue - \$1.2M favorable

- Airport Dining & Retail – YTD revenue growth partially due to schedule delay in transitions to new leases (\$1.1M)
- Employee Parking – demand driven growth (\$0.3M)

Expenses - \$3.3M favorable

- Savings from other Divisions include delays for ADR tenant build-outs and other Terminal projects.
- Payroll savings – primarily due to vacancies and hiring delays

Lower YTD expenses reflect deferred spending rather than savings

Non-Aeronautical Business YE

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	37,082	35,051	35,294	35,294	-	0.0%	243	0.7%
Rental Cars - Operating CFC	12,122	10,641	15,563	15,563	-	0.0%	4,922	46.3%
Public Parking	69,540	75,106	78,572	78,572	-	0.0%	3,466	4.6%
Ground Transportation	12,803	15,684	16,884	16,884	-	0.0%	1,200	7.7%
Airport Dining & Retail & Leased Space	58,405	58,980	58,354	59,087	(734)	-1.2%	(627)	-1.1%
Commercial Properties	9,992	18,042	15,000	14,706	293	2.0%	(3,043)	-16.9%
Utilities	7,233	7,018	7,317	7,556	(239)	-3.2%	300	4.3%
Employee Parking	9,329	9,617	9,457	9,457	-	0.0%	(160)	-1.7%
Clubs and Lounges	3,028	5,041	5,630	5,630	-	0.0%	590	11.7%
Other	1,487	1,624	1,966	2,036	(70)	-3.4%	343	21.1%
Total Non-Aero Revenues	221,021	236,803	244,037	244,786	(749)	-0.3%	7,234	3.1%
Total Non-Aero Expenses	92,294	103,702	116,583	117,925	1,342	1.1%	12,881	12.4%
Net Operating Income	128,727	133,101	127,453	126,861	593	0.5%	(5,647)	-4.2%
Less: CFC (Surplus) / Deficit	(4,899)	(2,750)	(7,077)	(7,142)	64	0.9%	(4,328)	-157.4%
Adjusted Non-Aero NOI	123,828	130,351	120,376	119,719	657	0.5%	(9,975)	-7.7%
Debt Service	(43,984)	(44,495)	(45,752)	(45,752)	-	0.0%	(1,257)	-2.8%
Net Cash Flow	79,844	85,856	74,624	73,967	657	0.9%	(11,231)	-13.1%

2018 Forecast to 2018 Budget

Revenue – (\$0.7M) unfavorable

- Airport Dining & Retail – Unfavorable (\$0.7M) forecast reflects timing impact of transitions to new leases, partially offset by increased revenue from Advertising
- Commercial Properties – Favorable \$0.3M due to DMCBP Phase II construction completed earlier than anticipated
- Utilities – Unfavorable (\$0.2M) garbage program undergoing process improvement planning

Expenses – \$1.3M favorable

- Savings from other Divisions include delays for ADR tenant buildouts and other Terminal projects
- Payroll savings – Primarily due to vacancies and hiring delays
- Unplanned expenses absorbed by above savings include peak staffing support, Landside honey bucket service, and lower payroll charges to capital

Non-Aero NOI is forecasted to be \$0.6M higher than budget

Public Parking Performance

Public Parking - Revenue Detail	2016	2017	2018	2018	Fav / (UnFav)	Incr / (Decr)
\$ in 000's	Actual	Actual	Forecast	Budget	Budget Variance	Change from 2017
					\$	\$
					%	%
<u>Parking Garage Revenue to Port</u>						
Gross Sales - Parking Garage	74,301	82,362	85,673	85,673	- 0%	3,311 4.0%
less - WA Sales Tax	(6,081)	(6,818)	(6,480)	(6,480)	- 0%	338 -5.0%
less - SeaTac Parking Tax	(4,212)	(6,563)	(7,196)	(7,196)	- 0%	(633) 9.6%
Revenue to Port - General Parking	64,008	68,981	71,997	71,997	- 0%	3,016 4.4%
<u>Other Garage Revenue</u>						
Passport Parking Program	2,749	2,990	3,356	3,356	- 0%	366 12.2%
Total Parking Garage Revenue	66,758	71,971	75,353	75,353	- 0%	3,382 4.7%
<u>Other Parking Revenue</u>						
Concession Rent - Doug Fox off-site parking	2,751	3,109	3,200	3,200	- 0%	91 2.9%
All Other Parking Revenue	32	25	19	19	- 0%	(6) -25.1%
Total Parking Revenue	69,540	75,106	78,572	78,572	- 0.0%	3,466 4.6%

Parking Transactions by duration	2016	2017	2018	2018	Fav / (UnFav)	Incr / (Decr)
in 000's	Actual	Actual	Forecast	Budget	Budget Variance	Change from 2017
					#	#
					%	%
Parking < 1 day	1,646	1,623	1,639	1,639	- 0.0%	16 1.0%
Parking 1-4 days	496	499	504	504	- 0.0%	5 1.0%
Parking 4+ days	181	184	186	186	- 0.0%	2 1.0%
Total Parking Transactions	2,323	2,307	2,329	2,329	- 0.0%	22 1.0%

Key message:

Parking revenue growth expected to be steady, slightly slower than growth in enplanements

2018 Forecast vs. 2017 Actuals

- Revenue - \$3.5M increase compared to prior year. 4.6% increase partially due to tariff rate increase in April 2017
- Transactions - 1% increase in expected parking transactions reflects slower growth than the growth in enplanements, and reflects impact of increasing number of transportation alternatives available to passengers

Slower growth in parking transactions reflects increasing transportation alternatives

Rental Car Performance

Rental Car - Revenue Detail					Fav / (UnFav)		Incr / (Decr)	
# and \$ in 000's	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
RCF Concession Revenue to Port	33,465	31,352	31,508	31,508	-	0.0%	157	0.5%
Gross Sales by Operators	310,987	313,654	315,083	315,083	-	0.0%	1,429	0.5%
Total Transactions	1,411	1,388	1,437	1,437	-	0.0%	50 ↑	3.6%
O&D Enplanements	15,821	16,227	17,061	17,061	-	0.0%	834 ↑	5.1%
Average Ticket	\$220.42	\$226.03	\$219.22	\$219.22	-	0.0%	(\$6.81) ↓	-3.0%
Average Length of Stay	4.34	4.37	4.37	4.37	-	0.0%	0.00	0.0%
Transactions/O&D Enplanements	8.92%	8.55%	8.42%	8.42%	-	0.0%	-0.13% ↓	-1.5%
CFC Revenue Summary								
Total Transaction Days	6,129	6,067	6,287	6,287	-	0.0%	220 ↑	3.6%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	-	0.0%	\$0.00	0.0%
Total CFC Revenue Earned	36,837	36,430	37,723	37,723	-	0.0%	1,293	3.5%
Reserve for debt service and CP interest:	(21,715)	(22,790)	(22,161)	(22,161)	-	0.0%	(629)	-2.8%
Reserve for CP principal payment:	(3,000)	(3,000)	-	-	-	0.0%	(3,000)	-100.0%
Debt Service Reserve Requirement	(24,715)	(25,790)	(22,161)	(22,161)	-	0.0%	(3,629)	-14.1%
Residual - CFC Operating Revenue:	12,122	10,641	15,563	15,563	-	0.0%	4,922	46.3%
Rental Car - Revenue Summary								
# and \$ in 000's	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
RCF Concession Revenue to Port	33,465	31,352	31,508	31,508	-	0.0%	157	0.5%
Residual - CFC Operating Revenue:	12,122	10,641	15,563	15,563	-	0.0%	4,922	46.3%
Land Rent/Space Rent/Other	3,617	3,699	3,786	3,786	-	0.0%	86	2.3%
Total Rental Cars Oper Revenue	49,203	45,691	50,857	50,857	-	0.0%	5,165	11.3%
Total Enplanements	22,796	23,416	24,654	24,654	-	0.0%	1,238	5.3%

Key message:

Rental Car revenue continues to be impacted by availability of other transportation alternatives (TNCs, car-sharing, light rail, etc.)

2018 Forecast vs. 2017 Actuals

Rental Car Concession revenue - Forecast relatively flat to prior year. Concession Revenue is impacted by (3) key indicators:

- Expected decline in Transactions per O&D Enplanement reflects trend in passenger preference shifting to other transportation options
- Total Transactions expected to grow at a slower rate than the growth in enplanements
- Average ticket price is a function of rental car pricing and customer demand, and can vary significantly. The 2018 Budget and the 2018 Forecast assumes an average ticket price closer to 2016 actuals. This metric will be monitored and adjusted in the 2018 forecast, as needed

CFC Operating Revenue - Forecasted to increase by \$4.9M

- \$1.3M increase due to increase in Transaction Days forecasted for 2018
- \$3.6M increase due to lower debt service in 2018, primarily driven by final payment on outstanding Commercial Paper balance (\$3.0M) paid last year

Rental Car activity has slowed due to transportation alternatives

Ground Transportation

Revenue to Port	2016	2017	2018	2018	Fav / (UnFav)		Incr / (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Ground Transportation Revenues								
Transportation Network Companies	3,222	6,940	8,122	8,122	-	0.0%	1,182	17.0%
On Demand Taxis	5,045	5,199	4,591	4,591	-	0.0%	(609)	-11.7%
On Demand Limos	869	858	855	855	-	0.0%	(3)	-0.4%
Belled In Taxis (Annual Permit)	159	45	108	108	-	0.0%	63	140.1%
Pre-Arranged Limos (Annual Permit)	496	626	603	603	-	0.0%	(23)	-3.7%
Courtesy Cars (cost recovery)	2,039	1,319	1,909	1,909	-	0.0%	590	44.7%
All other Operators (cost recovery)	696	394	483	483	-	0.0%	89	22.6%
Other Misc Revenues	278	303	214	214	-	0.0%	(89)	-29.4%
Total GT Revenue	12,803	15,684	16,884	16,884	-	0.0%	1,200	7.7%

Key message:

Significant changes in customer preferred ground transportation alternatives are reflected in both revenue and trip activity between GT operator categories.

2018 Forecast vs. 2017 Actuals

GT Revenue forecast compared to prior year:

- TNC revenue forecast in 2018 reflects continued shift in customer preference and the impact of the rate increase (to \$6/trip) effective for the full year
- Taxi revenue forecasted to decline (\$0.6M) partially due to rate decrease (to \$6/trip) effective all year in 2018, compared to \$7/trip in effect for the first 9 months of 2017
- Courtesy car revenue increase reflects rate correction in 2018 Budget

GT Trip Activity forecast compared to prior year:

- TNC trip volume expected to continue to grow at a rate slightly faster than the growth in enplaned passengers, driven by strong customer demand
- Taxi trips expected to grow at a slower rate than the growth in enplaned passengers
- Declines in other operator categories reflects the changing GT operating environment

Trip Activity	2016	2017	2018	2018	Fav / (UnFav)		Incr / (Decr)	
in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Ground Transportation Trips								
Transportation Network Companies	602	1,277	1,354	1,354	-	0.0%	76	6.0%
On Demand Taxis	827	750	765	765	-	0.0%	15	1.9%
On Demand Limos	74	72	71	71	-	0.0%	(1)	-1.1%
Belled In Taxis (Annual Permit)	195	56	52	52	-	0.0%	(4)	-7.1%
Pre-Arranged Limos (Annual Permit)	369	337	325	325	-	0.0%	(12)	-3.6%
Courtesy Cars (cost recovery)	1,197	1,175	1,211	1,211	-	0.0%	36	3.0%
All other Operators (cost recovery)	95	79	78	78	-	0.0%	(0)	-0.5%
Total GT Trip Activity	3,360	3,746	3,856	3,856	-	0.0%	109	2.9%

TNC growth expected to continue to outpace enplanement growth

Airport Dining & Retail and Leased Space

Airport Dining & Retail <i>Org Basis (in 000's)</i>	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Fav / (Unfav) Budget Variance		Incr / (Decr) from 2017	
					\$	%	\$	%
ADR Revenue								
Food & Beverage	21,314	21,579	20,299	21,700	(1,400)	-6.5%	(1,280)	-5.9%
Retail	13,496	13,989	14,344	14,344	-	0.0%	355	2.5%
Duty Free	6,265	6,912	7,250	7,250	-	0.0%	339	4.9%
Advertising	6,725	6,662	6,680	6,021	658	10.9%	17	0.3%
Foreign Currency Exchange	1,206	1,275	1,296	1,296	-	0.0%	20	1.6%
Space Rental	3,236	1,292	1,335	1,335	-	0.0%	42	3.3%
All other ADR revenue	2,952	2,902	2,713	2,813	(100)	-3.6%	(189)	-6.5%
Total ADR Revenue	55,195	54,611	53,916	54,759	(842)	-1.5%	(695)	-1.3%
Expenses								
Total ADR	2,239	1,959	2,355	2,420	65	2.7%	396	20.2%
Income from Operations	52,956	52,652	51,561	52,339	(777)	-1.5%	(1,091)	-2.1%

2018 Forecast vs. 2018 Budget

- Revenue - (\$0.8M) decrease
- Food & Beverage - (\$1.4M) unfavorable reflects revised impact of significant number of units transitioning to new leases
- Advertising - \$0.7M favorable reflects strong sales under new lease

2018 Forecast vs. 2017 Actuals

- Revenue - (\$0.7M) decrease
- Food & Beverage - (\$1.3M) decrease reflects a significant number of units transitioning to new leases
- Retail - \$0.4M increase reflects strong sales, minimal retail units impacted by lease transitions in 2018
- Duty Free - \$0.3M increase reflects steady demand growing in pace with increased international enplanements

Steady growth in ADR during lease transitions

Commercial Properties

Non-Aero Commercial Properties <i>Org Basis (in 000's)</i>	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Fav / (Unfav) Budget Variance		Incr / (Decr) from 2017	
					\$	%	\$	%
DMCBP/NERA Revenue								
Option Area Rent	29	27	-		-	0.0%	(27)	-100.0%
Phase I - Base Rent	372	674	593	593	-	0.0%	(81)	-12.0%
Phase I - In-lieu Fees	221	239	259	259	-	0.0%	20	8.3%
Phase II - Base Rent	17	29	368	29	339	1172.8%	339	1168.2%
Phase II - In-lieu Fees		5,434	-		-	0.0%	(5,434)	-100.0%
Phase III - Base Rent	30	349	582	582	-	0.0%	232	66.5%
Phase III - In-lieu Fees	69	206	223	223	-	0.0%	17	8.3%
208th St. Rent Credit (Phase I)	(450)		-	-	-	0.0%	-	0.0%
DMCBP Owner's Liaison Reimb - Phase II			3	3	-	0.0%	3	0.0%
DMCBP Owner's Liaison Reimb - Phase III			3	3	-	0.0%	3	0.0%
NERA 2 Land Rent		15	248	248	-	0.0%	233	1525.8%
NERA 3 Land Rent		42	678	678	-	0.0%	637	1525.9%
Subtotal - New Development Revenue	288	7,015	2,956	2,617	339	12.9%	(4,059)	-57.9%
In-flight Kitchen Revenue	7,025	7,827	8,241	8,054	187	2.3%	414	5.3%
NERA 3 Grant Revenue	908	1,402	1,837	2,070	(233)	-11.2%	435	31.0%
All other Non-Aero Commercial Properties revenue	1,771	1,798	1,966	1,966	-	0.0%	167	9.3%
Non-Aero Commercial Properties Revenue	9,992	18,042	15,000	14,706	293	2.0%	(3,043)	-16.9%
DMCBP Expenses								
Phase I prepaid frontage fee amort.	179	179	179	179	-	0.0%	-	0.0%
Phase II prepaid frontage fee amort.		3,578	-		-	0.0%	(3,578)	-100.0%
Phase III prepaid frontage fee amort.		167	167	167	-	0.0%	-	0.0%
DMCBP Owner's Liaison expense - Phase II	84		-		-	0.0%	-	0.0%
DMCBP Owner's Liaison expense - Phase III	8		-		-	0.0%	-	0.0%
Subtotal - DMCBP Expenses	271	3,924	346	346	-	0.0%	(3,578)	-91.2%
Non-Aero Commercial Properties Expenses	1,692	5,928	3,002	3,260	258	-7.9%	(2,926)	-49.4%
Income from Operations	8,300	12,114	11,998	11,446	552	4.8%	(116)	-1.0%

Key message:

Strong growth in land rent from new development, offset by one-time lump sum payment (\$5.4M) in 2017

2018 Forecast vs. 2017 Actuals

Revenue – (\$4.1M) decrease

- DMCBP Phase II – (\$5.4M) decrease due to one-time lump sum reimbursement revenue earned in 2017
- All other revenue - \$2.4M increase:
 - DMCBP Phase II construction completed in early 2018 (\$0.3M)
 - New development revenue from NERA 2, NERA 3, and DMCBP North parcels in 2018
 - In-flight Kitchen - \$0.4M increase keeping pace with higher enplanements
 - FAA pilot program grant - \$0.4M increase in final year of grant spending. Grant project will be completed in mid-2018

Expenses – (\$ 3.8M) decrease

- DMCBP Phase II – \$3.6M increase due to lump sum expense for amortization of pre-paid frontage fees

NOI Impact from DMCBP Phase II

- \$5.4M lump sum in-lieu revenue earned in Q1 2017
- (\$3.6M) lump sum expense for pre-paid frontage fees
- \$1.8M incremental NOI**

Strong revenue growth, offset by \$5.4M lump sum in 2017

2018 Capital Expenditures

\$ in 000's Description	2018 YTD Actual	2018 Forecast	2018 Budget	Budget Variance \$ %	
International Arrivals Fac-IAF ⁽¹⁾	24,869	289,607	324,221	34,614	10.7%
NS NSAT Renov NSTS I obbies ⁽²⁾	24,441	121,803	140,738	18,935	13.5%
ASI Conversion at Checkpoints ⁽³⁾	229	4,329	16,800	12,471	74.2%
N. Terminals Utilities Upgrade ⁽⁴⁾	103	403	8,200	7,797	95.1%
SSAT Infrastructure HVAC ⁽⁵⁾	82	782	4,910	4,128	84.1%
Holdroom Seatings for Conc B&C ⁽⁶⁾	200	3,520	6,950	3,430	49.4%
Add'l Baggage Makeup Space IAF ⁽⁷⁾	341	13,998	15,998	2,000	12.5%
Electric Utility SCADA ⁽⁸⁾	9	169	1,861	1,692	90.9%
Service Tunnel Renewal/Replace	3,209	15,409	16,000	591	3.7%
Alternate Utility Facility	15,573	17,852	18,350	498	2.7%
Checked Bag Recap/Optimization	7,260	37,760	38,000	240	0.6%
All Other	15,887	193,223	204,172	10,950	5.4%
Total Spending	92,203	698,855	796,200	97,345	12.2%

- (1) Delays in design-build progress, consultant billings/purchases for construction and project/construction management services.
- (2) Actual projected billings as provided by contractor have been less than anticipated.
- (3) \$8.7M of capital budget deemed to be public expense, as the equipment will be transferred to TSA. Additionally, equipment supply and integration issues with airlines and TSA are causing delays.
- (4) Early works construction cancelled and combined with main construction phase due to better coordination with adjacent projects.
- (5) Bid bust has resulted in one year delay of project. Currently re-evaluating options for additional scope to be added.
- (6) Delays in design-build performance and IAF building foundations/steel.
- (7) Lack of resources and increased requirements delayed project start date. Requirements have changed since the original estimate, thus delaying construction.
- (8) Lack of resources and increased requirements delayed project start date. Requirements have changed since the original estimate, thus delaying construction.

Forecasting to spend 88% of budget

SAMP Overview

Description	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (Unfav)		Inc (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	2018 Budget Variance		Change from 2017	
					\$	%	\$	%
SAMP Completion & Transition to Env Review	105	100	16	125	109	87.2%	(84)	-80.0%
Adv Planning IDIQ - Master Plan	-	-	681	625	(56)	-9.0%	681	N/A
Environmental Review - Master Plan	-	47	-	-	-	N/A	(47)	N/A
SAMP Utilities Master Plan	-	-	-	-	-	N/A	-	N/A
Total SAMP-Related Spending	105	147	697	750	53	7.1%	550	523.8%

Description	2016	2017	Year-End Projection		Fav (Unfav)		Inc (Decr)	
\$ in 000's	Actual	Actual	2018	2018	2018 Budget Variance		Change from 2017	
			Forecast	Budget	\$	%	\$	%
SAMP Completion & Transition to Env Review	1,591	1,335	500	500	-	0.0%	(835)	-52.5%
Adv Planning IDIQ - Master Plan	-	1,141	2,500	2,500	-	0.0%	1,359	N/A
Environmental Review - Master Plan	208	169	1,700	1,700	-	0.0%	1,531	736.1%
SAMP Utilities Master Plan	-	276	500	500	-	0.0%	224	N/A
Total SAMP-Related Spending	1,799	2,921	5,200	5,200	-	0.0%	2,279	126.7%

Positive variance reflects deferred spending rather than savings

Maritime Division Appendix



Maritime 2018 Financial Summary

	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Fishing & Operations	2,100	2,166	2,224	2,009	215	11%	58	3%
Recreational Boating	2,528	2,592	3,005	2,868	138	5%	413	16%
Cruise	48	71	32	86	(54)	-63%	(39)	-55%
Bulk	1,486	1,606	1,556	1,411	144	10%	(51)	-3%
Maritime Portfolio Management	2,560	2,610	2,845	2,770	74	3%	234	9%
Other	4	8	8	4	4	96%	1	10%
Total Revenue	8,725	9,053	9,670	9,149	521	6%	617	7%
Expenses								
Fishing & Operations	1,122	1,125	1,221	1,179	(41)	-3%	96	8%
Rec Boating	771	964	1,017	1,209	192	16%	53	6%
Cruise	274	245	547	610	63	10%	301	123%
Other Maritime	159	94	143	299	156	52%	49	52%
Maintenance Expenses	2,146	2,029	2,535	2,910	374	13%	506	25%
Portfolio Management	801	819	1,059	1,095	36	3%	240	29%
Other ED Expenses	84	174	168	187	19	10%	(6)	-3%
Total Maritime & EDD expenses	5,358	5,451	6,690	7,488	798	11%	1,239	23%
Environmental & Sustainability	184	224	150	424	274	65%	(75)	-33%
CDD Expenses	271	181	218	308	90	29%	37	20%
Police Expenses	924	876	1,088	1,028	(61)	-6%	212	24%
Other Central Services	2,119	2,301	2,325	2,597	272	10%	24	1%
Aviation Division	29	31	28	29	1	4%	(2)	-7%
Total Central Services & Aviation	3,528	3,613	3,809	4,386	577	13%	196	5%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	8,886	9,064	10,499	11,874	1,375	12%	1,435	16%
NOI Before Depreciation	(161)	(11)	(829)	(2,726)	1,896	-70%	(819)	7677%
Depreciation	4,336	4,251	4,399	4,370	(29)	-1%	148	3%
NOI After Depreciation	(4,497)	(4,262)	(5,229)	(7,096)	1,867	-26%	(967)	23%

Strong Occupancy and Management of Expenses

Maritime 2018 Financial Forecast

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Fishing & Operations	9,108	9,297	8,388	8,388	0	0%	(910)	-10%
Recreational Boating	10,255	11,086	12,166	12,166	0	0%	1,081	10%
Cruise	15,422	17,596	18,150	18,150	0	0%	554	3%
Bulk	5,382	5,427	5,163	5,163	0	0%	(263)	-5%
Maritime Portfolio Management	10,255	10,787	10,769	11,169	(400)	-4%	(18)	0%
Other	388	(9)	17	17	0	0%	26	-297%
Total Revenue	50,810	54,183	54,653	55,053	(400)	-1%	469	1%
Expenses								
Fishing & Operations	4,308	4,599	4,641	4,641	0	0%	42	1%
Rec Boating	3,164	3,813	4,595	4,595	0	0%	782	20%
Cruise	2,600	2,674	4,748	4,748	0	0%	2,074	78%
Other Maritime	666	462	1,399	1,399	0	0%	937	203%
Maintenance Expenses	9,900	10,420	11,261	11,261	0	0%	840	8%
Portfolio Management	3,367	3,507	3,550	3,750	200	5%	43	1%
Other ED Expenses	420	665	833	833	0	0%	168	25%
Total Maritime & EDD expenses	24,425	26,140	31,026	31,226	200	1%	4,886	19%
Environmental & Sustainability	1,358	1,125	2,168	2,168	0	0%	1,043	93%
CDD Expenses	1,010	748	1,177	1,212	35	3%	429	57%
Police Expenses	3,921	3,756	4,209	4,209	0	0%	453	12%
Other Central Services	9,315	9,869	10,576	10,641	65	1%	707	7%
Aviation Division	139	138	123	123	0	0%	(15)	-11%
Total Central Services & Aviation	15,743	15,635	18,252	18,352	100	1%	2,617	17%
Envir Remed Liability	115	389	0	0	0	NA	(389)	-100%
Total Expense	40,283	42,164	49,278	49,578	300	1%	7,115	17%
NOI Before Depreciation	10,526	12,020	5,375	5,475	(100)	-2%	(6,645)	-55%
Depreciation	17,351	17,410	17,868	17,868	0	0%	459	3%
NOI After Depreciation	(6,824)	(5,390)	(12,494)	(12,394)	(100)	1%	(7,104)	132%

Strong Occupancy and Management of Expenses

Maritime 2018 YTD by Business Part 1

\$ in 000's	YTD Actual 2016	YTD Actual 2017	YTD Actual 2018	YTD Budget 2018	Fav(UnFav) \$	Bud Var %	Incr/(Decr) \$	Chg fr Prior Year %	Total Year Budget 2018
<u>Cruise</u>									
Revenue	48	71	32	86	(54)	-62.79%	(39)	-54.93%	18,150
Expense	1,281	1,457	2,153	2,567	414	16.13%	696	47.77%	12,817
NOI Before Depreciation	(1,233)	(1,386)	(2,121)	(2,481)	360	14.51%	(735)	-53.03%	5,333
Depreciation Expense	1,311	1,313	1,608	1,604	(4)	-0.25%	295	22.47%	6,498
NOI After Depreciation	(2,544)	(2,699)	(3,729)	(4,085)	356	8.71%	(1,030)	-38.16%	(1,165)
<u>Rec Boating</u>									
Revenue	2,528	2,592	3,005	2,868	137	4.78%	413	15.93%	12,166
Expense	2,137	2,171	2,532	3,044	512	16.82%	361	16.63%	11,661
NOI Before Depreciation	391	421	473	(176)	649	368.75%	52	12.35%	505
Depreciation Expense	856	823	743	721	(22)	-3.05%	(80)	-9.72%	2,957
NOI After Depreciation	(465)	(402)	(270)	(897)	627	69.90%	132	32.84%	(2,452)
<u>Maritime Portfolio</u>									
Revenue	2,560	2,610	2,845	2,770	75	2.71%	235	9.00%	11,169
Expense	2,217	2,416	2,693	2,846	153	5.38%	277	11.47%	10,891
NOI Before Depreciation	343	194	152	(76)	228	300.00%	(42)	-21.65%	278
Depreciation Expense	659	668	680	649	(31)	-4.78%	12	1.80%	2,610
NOI After Depreciation	(316)	(474)	(528)	(725)	197	27.17%	(54)	-11.39%	(2,332)
<u>Fishing & Operations</u>									
Revenue	2,100	2,166	2,224	2,009	215	10.70%	58	2.68%	8,388
Expense	2,948	2,459	2,685	2,847	162	5.69%	226	9.19%	11,687
NOI Before Depreciation	(848)	(293)	(461)	(838)	377	44.99%	(168)	-57.34%	(3,299)
Depreciation Expense	1,377	1,305	1,216	1,245	29	2.33%	(89)	-6.82%	5,195
NOI After Depreciation	(2,225)	(1,598)	(1,677)	(2,083)	406	19.49%	(79)	-4.94%	(8,494)

Major Maritime Businesses tracking favorable to budget

Maritime 2018 YTD by Business Part 2

\$ in 000's	YTD Actual 2016	YTD Actual 2017	YTD Actual 2018	YTD Budget 2018	Fav(UnFav) \$	Bud Var %	Incr/(Decr) \$	Chg fr Prior Year %	Total Year Budget 2018
<u>Bulk/Grain Terminal</u>									
Revenue	1,486	1,606	1,556	1,411	145	10.28%	(50)	-3.11%	5,163
Expense	285	288	406	441	35	7.94%	118	40.97%	1,839
NOI Before Depreciation	1,201	1,318	1,150	970	180	18.56%	(168)	-12.75%	3,324
Depreciation Expense	134	139	149	151	2	1.32%	10	7.19%	608
NOI After Depreciation	1,067	1,179	1,001	819	182	22.22%	(178)	-15.10%	2,716
<u>Other</u>									
Revenue	4	8	8	4	4	100.00%	0	NA	17
Expense	4	56	30	129	99	76.74%	(26)	-46.43%	683
NOI Before Depreciation	0	(48)	(22)	(125)	103	82.40%	26	54.17%	(666)
Depreciation Expense	0	2	3	0	(3)	NA	1	50.00%	0
NOI After Depreciation	0	(50)	(25)	(125)	100	80.00%	25	50.00%	(666)
<u>Total Maritime</u>									
Revenue	8,725	9,053	9,670	9,149	521	5.69%	617	6.82%	55,053
Expense	8,871	8,847	10,499	11,874	1,375	11.58%	1,652	18.67%	49,578
NOI Before Depreciation	(146)	206	(829)	(2,725)	1,896	69.58%	(1,035)	-502.43%	5,475
Depreciation Expense	4,336	4,251	4,399	4,370	(29)	-0.66%	148	3.48%	17,868
NOI After Depreciation	(4,482)	(4,045)	(5,228)	(7,095)	1,867	26.31%	(1,183)	-29.25%	(12,393)

Grain Revenue ahead of budget, but down slightly from record 2017

Stormwater Utility YTD Results

\$ in 000's	2017 YTD	2018 YTD		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget Variance		Change from 2017	
				\$	%	\$	%
StormWater Utility							
NWSA	821	929	923	6	1%	108	13%
Tenants Revenue	100	104	125	(22)	-17%	4	4%
Non-tenants Revenue	283	282	285	(3)	-1%	(1)	0%
Total Revenues	1,204	1,315	1,333	(18)	-1%	111	9%
SWU Direct	131	172	227	55	24%	41	31%
Maintenance Expenses	521	752	855	103	12%	231	44%
Other Maritime Expenses	0	1	-	(1)	NA	0	168%
EDD Expenses	5	1	4	3	70%	(4)	-73%
Environmental & Sustainability	73	49	51	2	3%	(23)	-32%
Police Expenses	-	0	-	(0)	NA	0	NA
Capital Development Expenses	16	5	13	8	60%	(10)	-67%
Other Central Service Expenses	92	127	174	46	27%	36	39%
Total Expenses	838	1,108	1,324	216	16%	271	32%
NOI Before Depreciation	367	207	9	198	2215%	(160)	-44%
Depreciation	248	259	295	36	12%	11	4%
NOI After Depreciation	119	(52)	(286)	234	-82%	(171)	-144%

Stormwater Utility tracking to budget for 2018

Maritime Capital 2018

	2018 YTD Actual	2018 Forecast	2018 Budget	Budget Variance	
				\$	%
\$ in 000's					
Salmon Bay Marina ACQ	11	15,849	15,804	(45)	0%
SBM Restrms/Service Bldgs Rep	44	1,843	7,162	5,319	74%
FT Re Development Phase I	430	3,480	2,700	(780)	-29%
P91 South End Fender	1,175	2,056	2,202	146	7%
Maritime Fleet Replacement	67	2,105	2,158	53	2%
Contingency Renewal & Replace.	0	1,150	2,000	850	43%
SBM Paving	37	640	1,673	1,033	62%
Cruise Terminal Tenant Improv	261	1,562	1,531	(31)	-2%
Salmon Bay Marina Uplands	0	1,504	1,505	1	0%
FT Docs 3,4,5 Fixed Pie	34	268	1,424	1,156	81%
Restoration	25	40	1,140	1,100	96%
All Other Projects	1,663	7,208	7,450	242	3%
Total Maritime	3,747	37,705	46,749	9,044	19%

SBM restrooms and paving delayed due to bidding and permit schedule

Economic Development Division Appendix



EDD 2018 Financial Summary

	2016 YTD	2017 YTD	2018 Year-to-Date		Fav(UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
\$ in 000's					\$	%	\$	%
Revenue	1,777	2,020	2,167	2,147	20	1%	147	7%
Conf & Event Centers	1,895	1,107	2,330	2,177	153	7%	1,223	110%
Total Revenue	3,672	3,127	4,497	4,324	173	4%	1,370	44%
Expenses								
Portfolio Management	636	899	1,016	1,030	14	1%	117	13%
Conf & Event Centers	1,721	1,653	2,033	2,109	76	4%	380	23%
P69 Facilities Expenses	41	50	53	60	7	12%	3	6%
RE Dev & Planning	173	57	38	48	10	20%	(18)	-32%
EconDev Expenses Other	148	208	163	289	126	43%	(45)	-21%
Maintenance Expenses	573	666	850	765	(85)	-11%	185	28%
Maritime Expenses (Excl Maint)	8	9	34	70	36	52%	25	260%
Total EDD & Maritime Expenses	3,300	3,542	4,188	4,372	183	4%	647	18%
Small Business	4	12	20	38	18	48%	8	67%
Workforce Development	(9)	95	86	403	317	79%	(10)	-10%
Tourism	193	232	239	315	76	24%	8	3%
EDD Grants	0	12	6	0	(6)	NA	(6)	-51%
Total EDD Initiatives	188	351	351	756	406	54%	(0)	0%
Environmental & Sustainability	11	53	46	83	37	45%	(7)	-14%
CDD Expenses	88	91	57	84	28	33%	(34)	-37%
Police Expenses	39	39	41	39	(2)	-6%	2	4%
Other Central Services	922	1,244	1,273	1,419	146	10%	29	2%
Aviation Division	24	27	28	31	4	11%	1	2%
Total Central Services & Aviation	1,084	1,455	1,445	1,657	212	13%	(10)	-1%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	4,572	5,347	5,984	6,785	801	12%	637	12%
NOI Before Depreciation	(900)	(2,220)	(1,487)	(2,461)	974	-40%	733	-33%
Depreciation	934	927	998	1,038	40	4%	71	8%
NOI After Depreciation	(1,835)	(3,147)	(2,485)	(3,499)	1,014	-29%	662	-21%

Strong Occupancy and Management of Expenses

EDD 2018 Financial Forecast

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Revenue	7,881	8,658	9,236	8,985	251	3%	578	7%
Conf & Event Centers	8,022	9,133	9,580	9,537	43	0%	447	5%
Total Revenue	15,903	17,791	18,816	18,522	294	2%	1,025	6%
Expenses								
Portfolio Management	3,084	3,879	3,778	3,778	0	0%	(101)	-3%
Conf & Event Centers	6,932	7,639	8,475	8,465	(10)	0%	836	11%
P69 Facilities Expenses	180	206	272	289	17	6%	66	32%
RE Dev & Planning	1,037	214	211	211	0	0%	(3)	-1%
EconDev Expenses Other	628	773	1,227	1,227	0	0%	454	59%
Maintenance Expenses	2,787	3,666	3,276	3,055	(221)	-7%	(390)	-11%
Maritime Expenses (Excl Maint)	31	52	344	344	0	0%	292	557%
Total EDD & Maritime Expenses	14,679	16,429	17,584	17,370	(213)	-1%	1,155	7%
Small Business	21	64	140	140	0	0%	76	118%
Workforce Development	522	850	1,992	1,992	0	0%	1,142	134%
Tourism	1,093	1,234	1,460	1,460	0	0%	225	18%
EDD Grants	20	751	960	960	0	0%	209	28%
Total EDD Initiatives	1,656	2,900	4,552	4,552	0	0%	1,652	57%
Environmental & Sustainability	62	260	398	398	0	0%	138	53%
CDD Expenses	250	387	318	329	11	3%	(69)	-18%
Police Expenses	157	51	158	158	0	0%	107	209%
Other Central Services	4,223	5,257	5,765	5,816	51	1%	508	10%
Aviation Division	107	113	127	127	0	0%	15	13%
Total Central Services & Aviation	4,800	6,068	6,767	6,829	62	1%	698	12%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	21,135	25,397	28,903	28,751	(151)	-1%	3,505	14%
NOI Before Depreciation	(5,232)	(7,606)	(10,087)	(10,229)	142	-1%	(2,481)	33%
Depreciation	3,682	3,863	4,156	4,156	0	0%	293	8%
NOI After Depreciation	(8,914)	(11,469)	(14,243)	(14,385)	142	-1%	(2,774)	24%

Strong Occupancy and Management of Expenses

Contribution to Maritime Division

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Revenues:								
Maritime Industrial	1,531	1,616	1,745	1,722	24	1%	129	8%
Marina Office & Retail	1,028	994	1,099	1,048	51	5%	105	11%
Total Revenues to Other Divisions	2,560	2,610	2,845	2,770	74	3%	234	9%
Expenses to Other Divisions								
Maritime Portfolio Mgmt	2,217	2,416	2,693	2,846	153	5%	277	11%
NOI Before Depreciation	343	194	152	(76)	227	-300%	(43)	-22%

EDD making significant contribution to Maritime Division

EDD Capital 2018

\$ in 000's	2018 YTD Actual	2018 Forecast	2018 Budget	Budget Variance	
				\$	%
Econ Dev	824	6,473	6,149	(324)	-5%

Planned Capital Projects Moving Forward

Central Services Appendix



Central Services Expense by Category

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Salaries & Benefits	16,549	17,305	19,245	19,994	748	3.7%	1,941	11.2%
Wages & Benefits	5,109	4,982	5,988	6,317	329	5.2%	1,006	20.2%
Payroll to Capital Projects	4,058	4,792	4,689	5,644	954	16.9%	(103)	-2.1%
Equipment Expense	436	295	670	869	198	22.8%	375	127.0%
Supplies & Stock	200	189	248	358	110	30.7%	59	31.2%
Outside Services	2,972	5,070	6,784	9,705	2,921	30.1%	1,715	33.8%
Travel & Other Employee Exps	516	417	544	967	423	43.8%	127	30.6%
Insurance Expense	596	582	540	580	40	6.9%	(42)	-7.3%
Litigated Injuries & Damages	85	838	-	-	-	0.0%	(838)	-100.0%
Other	(234)	256	141	733	591	80.7%	(115)	-44.8%
Charge to Capital	(5,942)	(8,226)	(8,902)	(10,886)	(1,984)	18.2%	676	8.2%
Total	24,345	26,499	29,948	34,280	4,332	12.6%	3,449	13.0%

- Payroll savings due to delay hiring and vacancies.
- Outside Services favorable budget variance mainly came from spending and project delays.
- Charge to Capital was lower than budget due to delay of some capital projects.

Most of the budget savings came from payroll and outside services

Financial Summary for Central Services

Year-to-Date Actual

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Total Operating Revenues	19	33	29	10	18	176.1%	(4)	-12.8%
Core Central Support Services	15,415	16,896	17,947	19,432	1,485	7.6%	1,051	6.2%
Police	5,374	5,237	6,586	6,618	32	0.5%	1,349	25.8%
Capital Development	2,213	3,041	4,260	6,452	2,191	34.0%	1,219	40.1%
Environment & Sustainability	1,344	1,325	1,155	1,779	623	35.1%	(170)	-12.8%
Total Operating Expenses	24,345	26,499	29,948	34,280	4,332	12.6%	3,449	13.0%

Operating expenses \$4.3M favorable to budget through Q1

Financial Summary for Central Services

Year-End Forecast

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Total Operating Revenues	1,330	68	182	182	-	0.0%	113	166.0%
Core Central Support Services	69,196	71,071	79,764	80,367	603	0.7%	8,693	12.2%
Police	23,045	22,095	27,065	27,065	-	0.0%	4,970	22.5%
Capital Development	12,218	17,370	23,659	26,289	2,630	10.0%	6,289	36.2%
Environment & Sustainability	8,824	6,975	11,464	11,504	40	0.3%	4,490	64.4%
Total Operating Expenses	113,284	117,511	141,953	145,225	3,273	2.3%	24,441	20.8%

Operating expenses forecast to be \$3.3M favorable to budget for the year

Central Services Capital Spending

\$ in 000's	2018 YTD	2018	2018	Budget Variance	
	Actual	Forecast	Budget	\$	%
Infrastructure - Small Cap	81	81	1,500	1,419	94.6%
Services Tech - Small Cap	43	993	1,150	157	13.7%
Project Cost Mgmt System	57	507	600	93	15.5%
Supplier Database System	46	446	450	4	0.9%
Corporate Firewall	0	822	922	100	10.8%
PeopleSoft Financials Upgrade	33	2,933	3,100	167	5.4%
Radio System Upgrade	0	11,900	12,000	100	0.8%
Police Records Mgmt System	0	700	700	0	0.0%
CDD Fleet Replacement	59	1,054	1,210	156	12.9%
Corporate Fleet Replacement	1	1,181	1,180	(1)	-0.1%
Other (note 1)	52	817	1,416	599	42.3%
TOTAL	372	21,434	24,228	2,794	11.5%

Note:

(1) "Other" includes remaining ICT projects and small capital projects/acquisitions.

2018 capital spending forecast to be 88.5% of budget