



Port of Seattle Q3 2019 Financial Performance Report

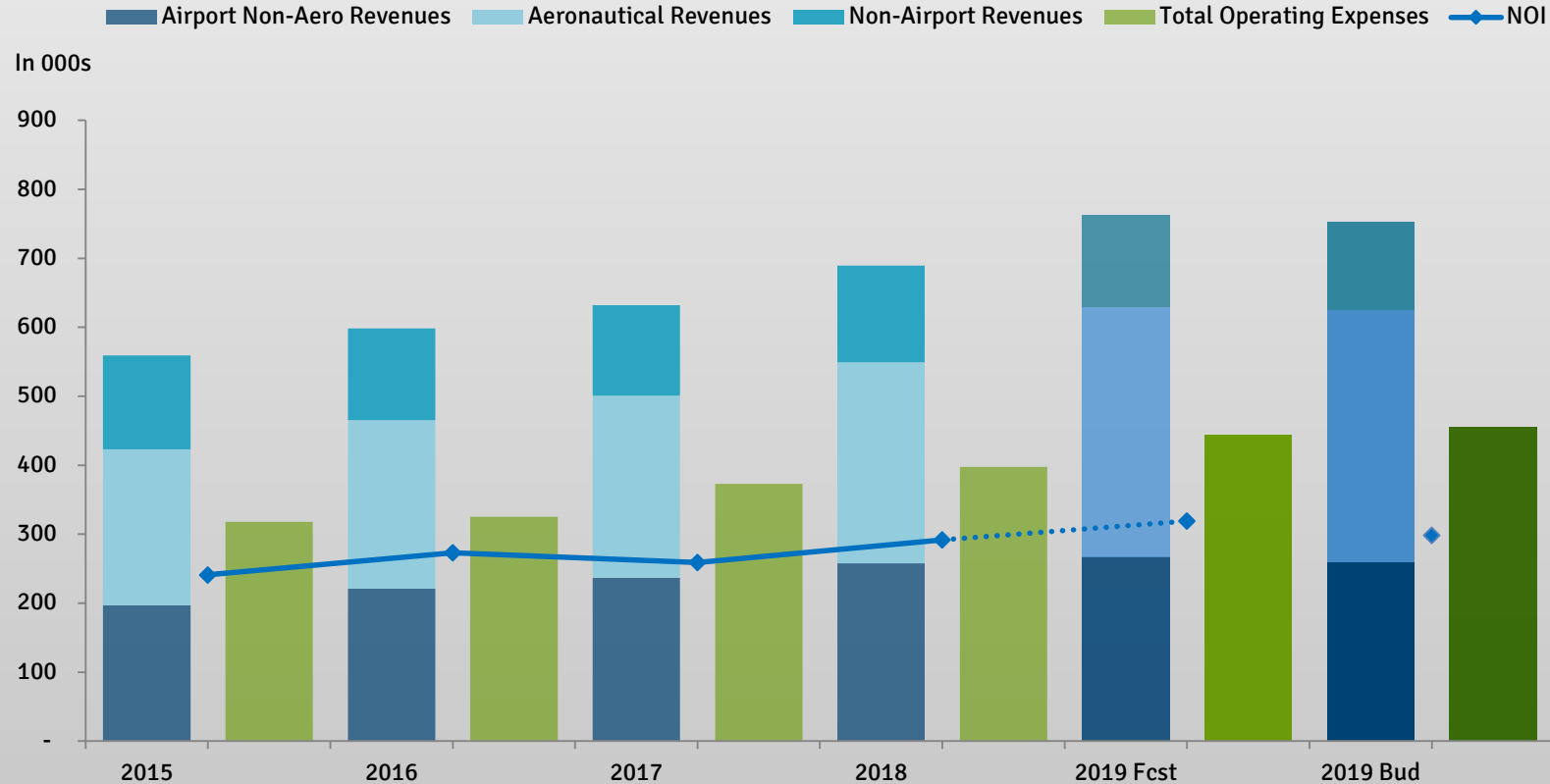
October 30th, 2019

Portwide Financial Highlights

- **Q3 YTD Actual:**
 - Operating Revenues \$12.4M favorable to budget and \$60.1M over 2018.
 - The Non-Aviation Revenues \$7.6M favorable to budget and \$9.8M higher than 2018.
 - Operating Expenses \$22.7M below budget and \$29.8M over 2018.
 - Net Operating Income before Depreciation \$35.0M favorable to budget and \$30.3M over 2018.
 - Total capital spending was \$427.8M for Q3 2019.
- **Year-End Forecast:**
 - Operating Revenues \$9.4M higher than budget.
 - Operating Expenses \$11.5M lower than budget.
 - NOI before depreciation \$20.9M higher than budget.

Strong Q3 financial Results

Portwide Net Operating Income Performance



Operating Revenues are \$12.4M higher than budget due to higher revenues in:

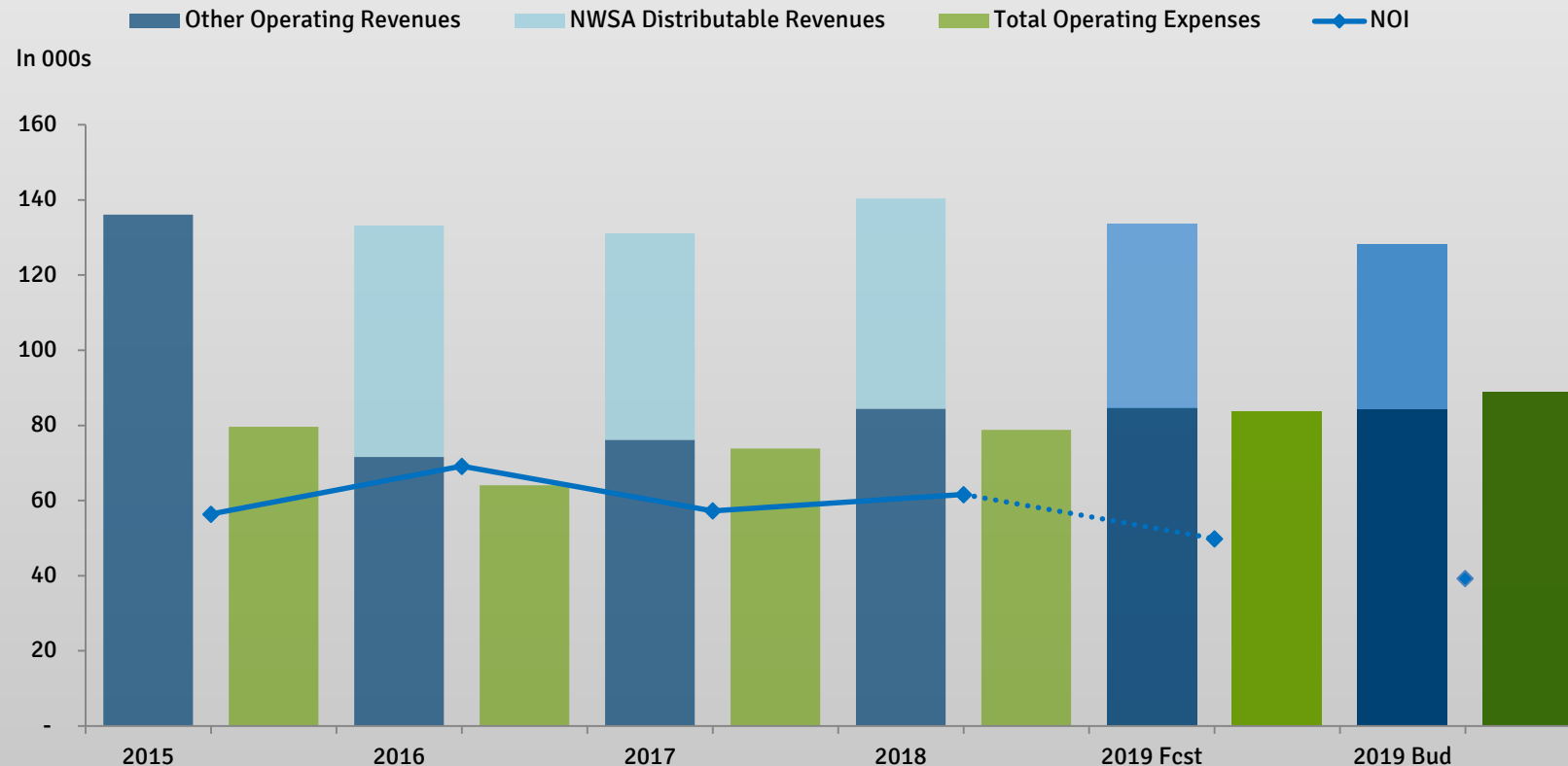
- ADR
- Ground Transportation
- Rental Cars
- Clubs and Lounges
- Conference & Event Centers
- NWSA Distributable Revenue

Total Operating expenses are \$22.7M below budget due to:

- Staffing vacancies
- Project delays

Steady revenue growth since 2015

Non-Airport Net Operating Income Performance



- Non-Airport Operating Revenue exceeded budget by \$7.6M due to:
 - Higher revenue from Conference & Event Centers
 - Higher NWSA Distributable Revenues
- Expenses are \$5.0M lower than budget due to:
 - Staffing vacancies
 - Project delays
 - Other spending delays

NOI forecast to exceed budget

Portwide Financial Summary – YE Forecast

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2018	
					\$	%	\$	%
Aeronautical Revenues	264,114	291,268	361,493	365,604	(4,111)	-1.1%	70,225	24.1%
Airport Non-Aero Revenues	236,803	257,707	267,528	259,537	7,991	3.1%	9,821	3.8%
Non-Airport Revenues	131,114	140,415	133,640	128,115	5,525	4.3%	(6,775)	-4.8%
Total Operating Revenues	632,031	689,390	762,661	753,255	9,406	1.2%	73,271	10.6%
Total Operating Expenses	372,982	397,638	443,487	454,986	11,499	2.5%	45,849	11.5%
NOI before Depreciation	259,049	291,752	319,174	298,269	20,905	7.0%	27,422	9.4%
Depreciation	165,021	164,362	168,676	168,676	-	0.0%	4,314	2.6%
NOI after Depreciation	94,028	127,390	150,498	129,593	20,905	16.1%	23,108	18.1%

Expect strong financial performance results for 2019

Capital Spending by Division

\$ in 000's	2019 YTD Actual	2019 Forecast	2019 Budget	Budget Variance	
				\$	%
Aviation	415,846	602,250	765,486	163,236	21.3%
Maritime	3,371	10,744	17,638	6,894	39.1%
Economic Development	1,575	3,827	5,713	1,886	33.0%
Central Services & Other (note 1)	6,964	13,068	25,203	12,135	48.1%
TOTAL	427,756	629,889	814,040	184,151	22.6%

Note:

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

Capital spending forecast to be \$630 million for 2019

Aviation Division

Q3 2019 Financial Performance Report



Aviation Division

Financial Summary

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues			
Aeronautical	361,493	365,604	(4,111)
Non-aeronautical	267,528	259,537	7,992
Total	629,021	625,140	3,881
O&M expense	359,710	366,105	6,395
NOI	269,311	259,036	10,276
Key Measures			
Non-Aero NOI	147,177	136,534	10,643
CPE (\$)	12.97	13.39	0.42
Capital Spending	602,250	767,732	165,482

Business Highlights

- YTD passenger growth of 3.3%, trending below 4% forecast
- Forecasting to achieve both primary financial goals: Non-aero NOI and CPE
 - Non-aero revenue growth driven by Transportation Network Companies (TNCs) and Airport operated lounges
- Capital spending forecast at 78% of annual budget

Forecasting to achieve primary financial goals

Aviation Business Events

- **PASSENGERS:**
 - Passengers up 3.3% through September
 - International passengers up 3.7%
 - Tracking below adjusted 2019 growth assumption of 4% (budget assumed 3%)
- **NEW INTERNATIONAL SERVICES STARTED YTD:**
 - Cathay Pacific to Hong Kong
 - Japan Airlines to Tokyo-Narita
 - Delta to Osaka
 - Singapore Airlines to Singapore
- **CAPITAL PROGRAM:**
 - Completed Phase I of North Satellite, started construction of Phase II

Growth continues

Business Highlights: 2019 Goals

SAFETY:

- Airfield composite safety score of 19.5 exceeds annual target of 18
- Individual not going home: Q3 YTD 43 vs. 2019 goal < 52

SECURITY:

- Exit Lane Breach Control Phase II – RFP cancelled due to scope change and building code egress concerns (STS checkpoints).
- Perimeter Intrusion Detection system – RFP delayed, refining scope.
- Annual TSA regulatory compliance audit completed. No significant findings.

Airfield composite safety score exceeding goal

Business Highlights: 2019 Goals

EMPLOYEE ENGAGEMENT:

- Goal was to increase employee engagement in the Aviation Division as evidenced by a 3% increase over the 2018 survey results by Q4 2019; however, no survey will be conducted in Q4.
- Each department continuing to work on specific survey action plans

INNOVATIONS & EFFICIENCIES:

- Third Shark Tank innovations forum held October 9
- Implement two efficiencies or innovations in each department – in process

ASSET MANAGEMENT:

- Asset condition assessment inventory – in process

Will not be able to measure year-end employee engagement score

Business Highlights: 2019 Goals

SOCIAL RESPONSIBILITY:

- Airport Concessions Disadvantaged Business Enterprise (ACDBE) share of sales = 24.8% vs. goal of 22% (as of Q2)
- Disadvantaged Business Enterprise (DBE) share of FAA grant contract spending of 13.9% vs. goal of 8% (as of Q2)
- Women and Minority Business Enterprise share of spending on personal services contracts =14.3% vs. goal of 12% (as of Q2)

CUSTOMER SERVICE:

- Exceeding five-year average for 1 of 6 key ASQ measures (goal is 2)
- 80% of AV Division staff completed WE ARE customer service training

Q3 is seasonal peak for airport travelers, so challenging for customer service measures

Business Highlights: 2019 Goals

ENVIRONMENT AND SUSTAINABILITY:

- Completed sound insulation for 16 single family homes

FINANCIAL PERFORMANCE:

- Forecasting to achieve both 2019 goals:
 - Non-aeronautical NOI of \$147.2M vs. budget of \$136.6M
 - Airline costs (CPE) of \$12.97 vs. budget of \$13.39

On Track

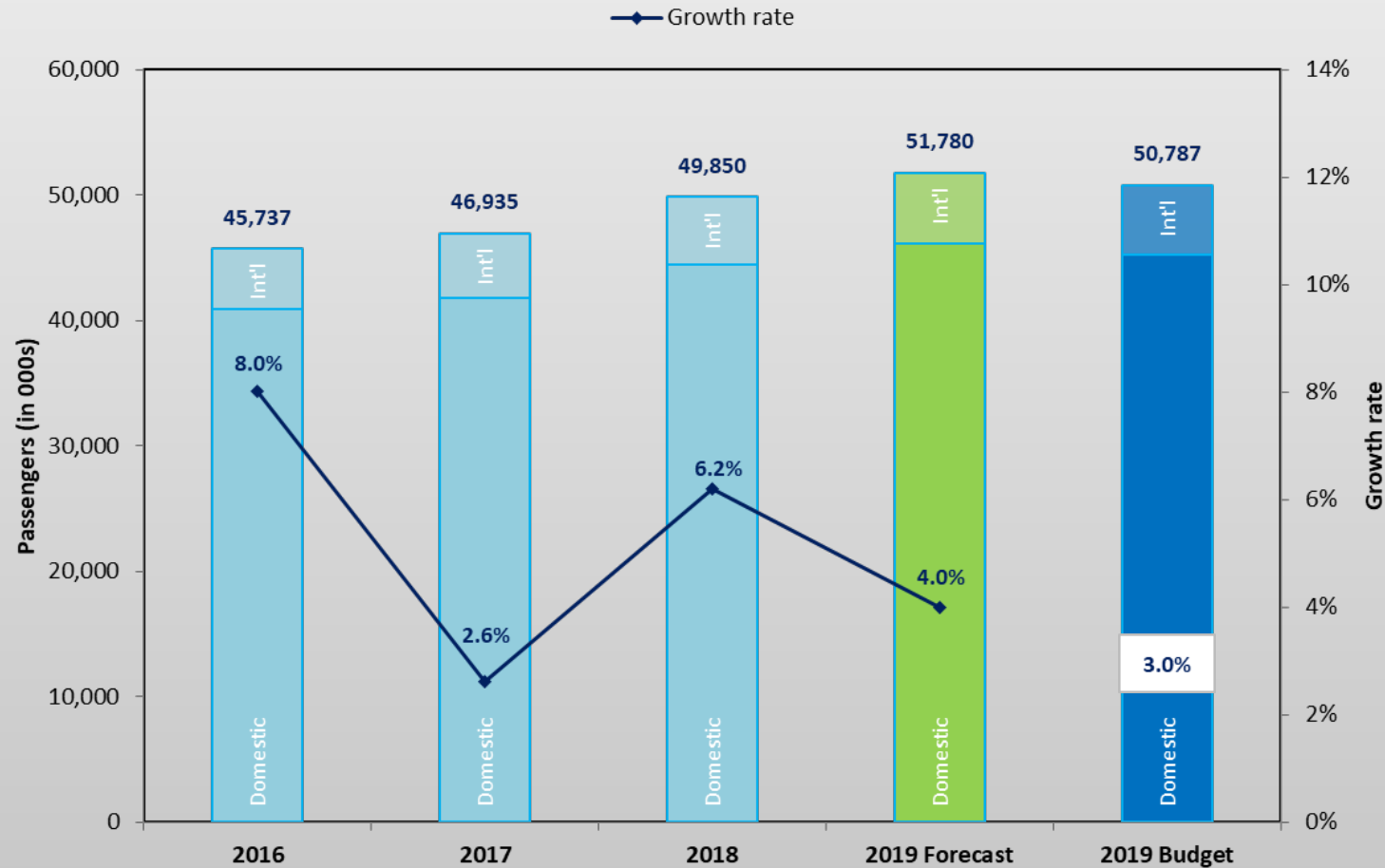
Business Highlights: 2019 Goals

CAPITAL PROJECTS:

- **North Satellite:**
 - Completed Phase 1
 - Started construction on Phase 2
- **International Arrivals Facility:**
 - Erection of center span and transport delayed
 - Pod C on track
- **Baggage Optimization:**
 - Phase 2 design complete
 - Issued Phase 2 bid requests

Progress on major projects

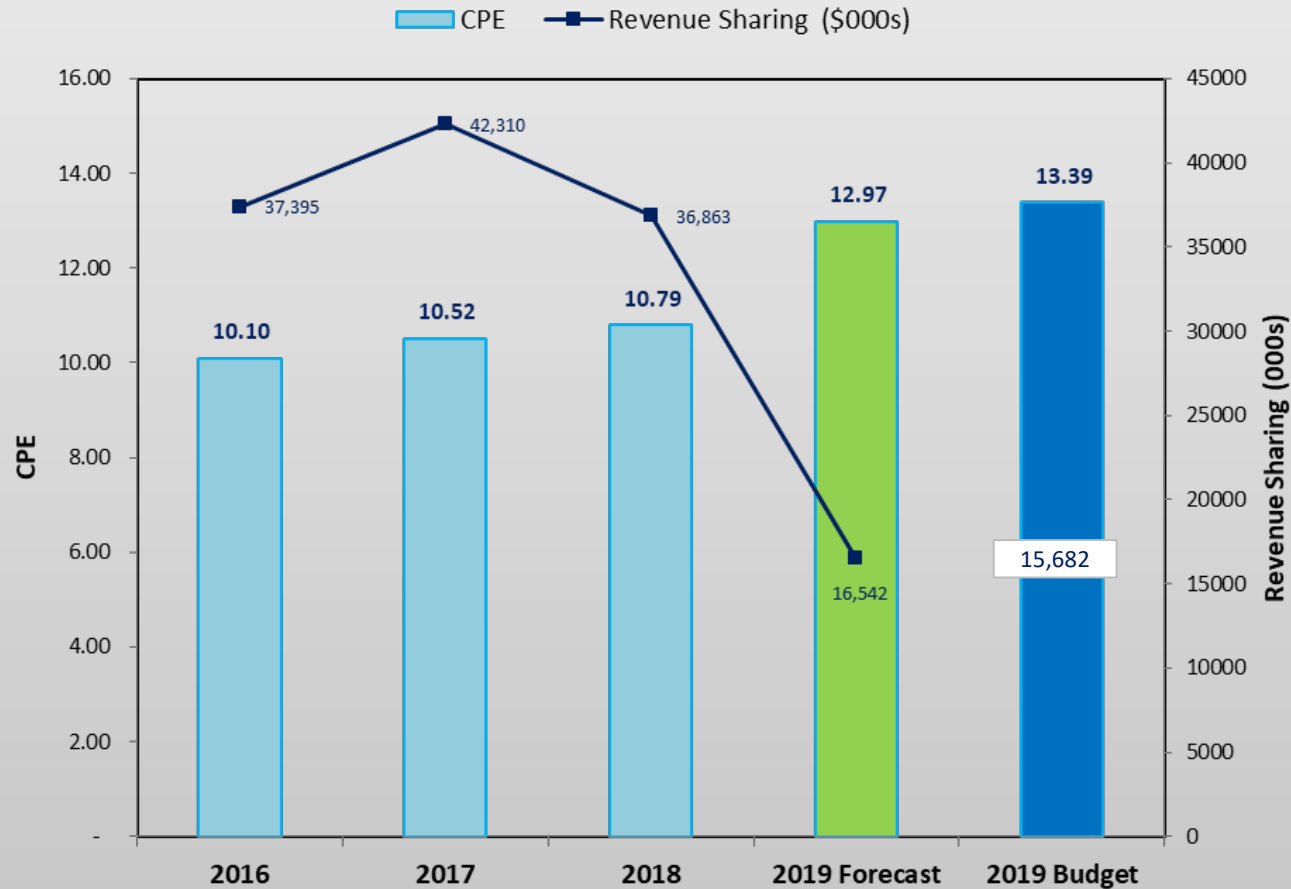
Airport Activity



Year-to-date Q3:
Passengers +3.3%
Landed weight +3.1%
Cargo metric tons +3.2%

Total passenger growth anticipated to be 4% for year

Airline Cost Management (CPE)



2019 Budget:

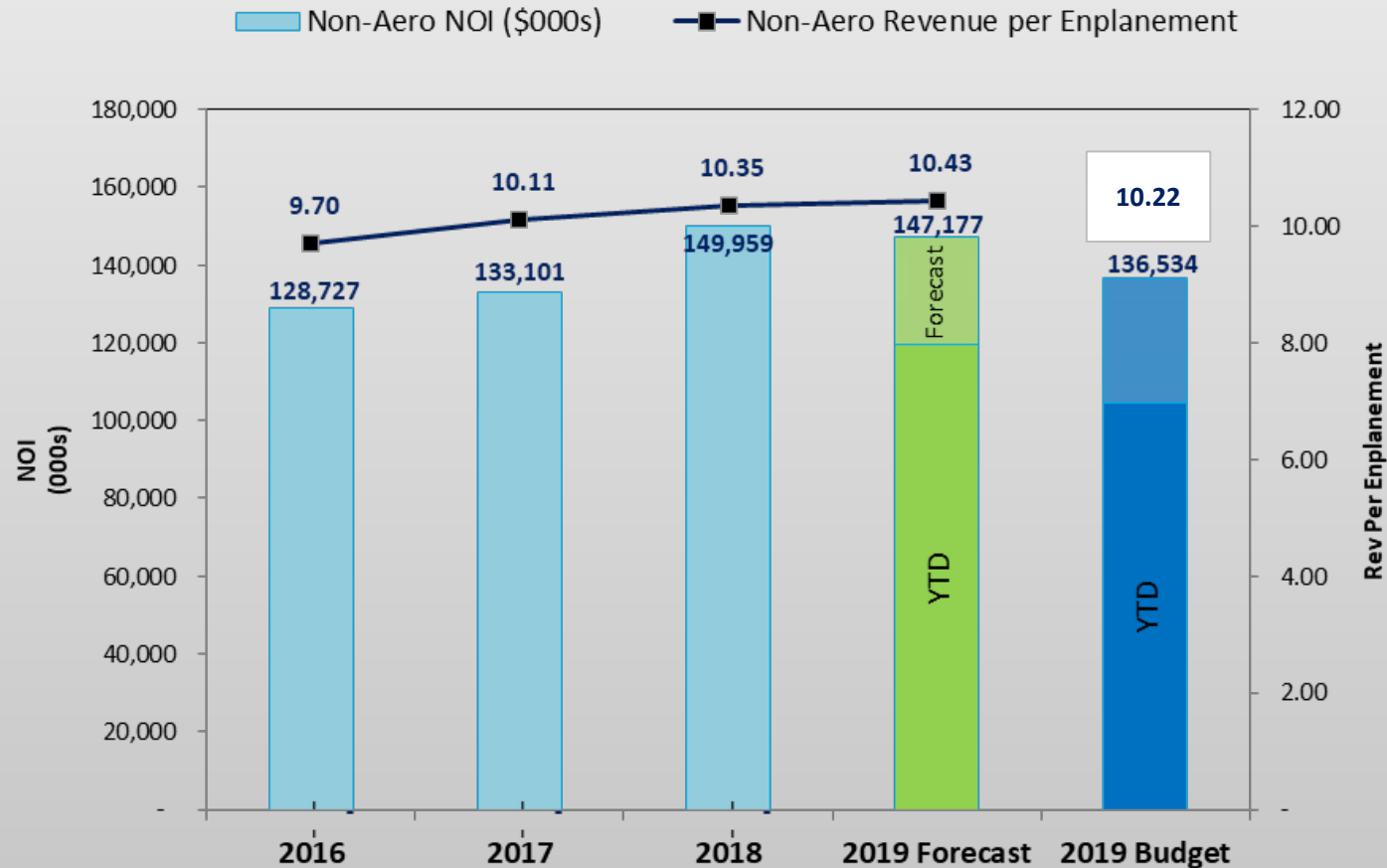
- Adjusted for SLOA IV 20% revenue sharing

2019 CPE Forecast:

- Higher than 2018 due to higher revenue requirements in 2019. Currently below Budget of 13.39 due to increase in forecasted non-airline revenues

2019 Revenue Sharing down from 2018 based on change from 40% to 20% sharing

Non-Aeronautical Performance



YTD 2019 vs. 2018:

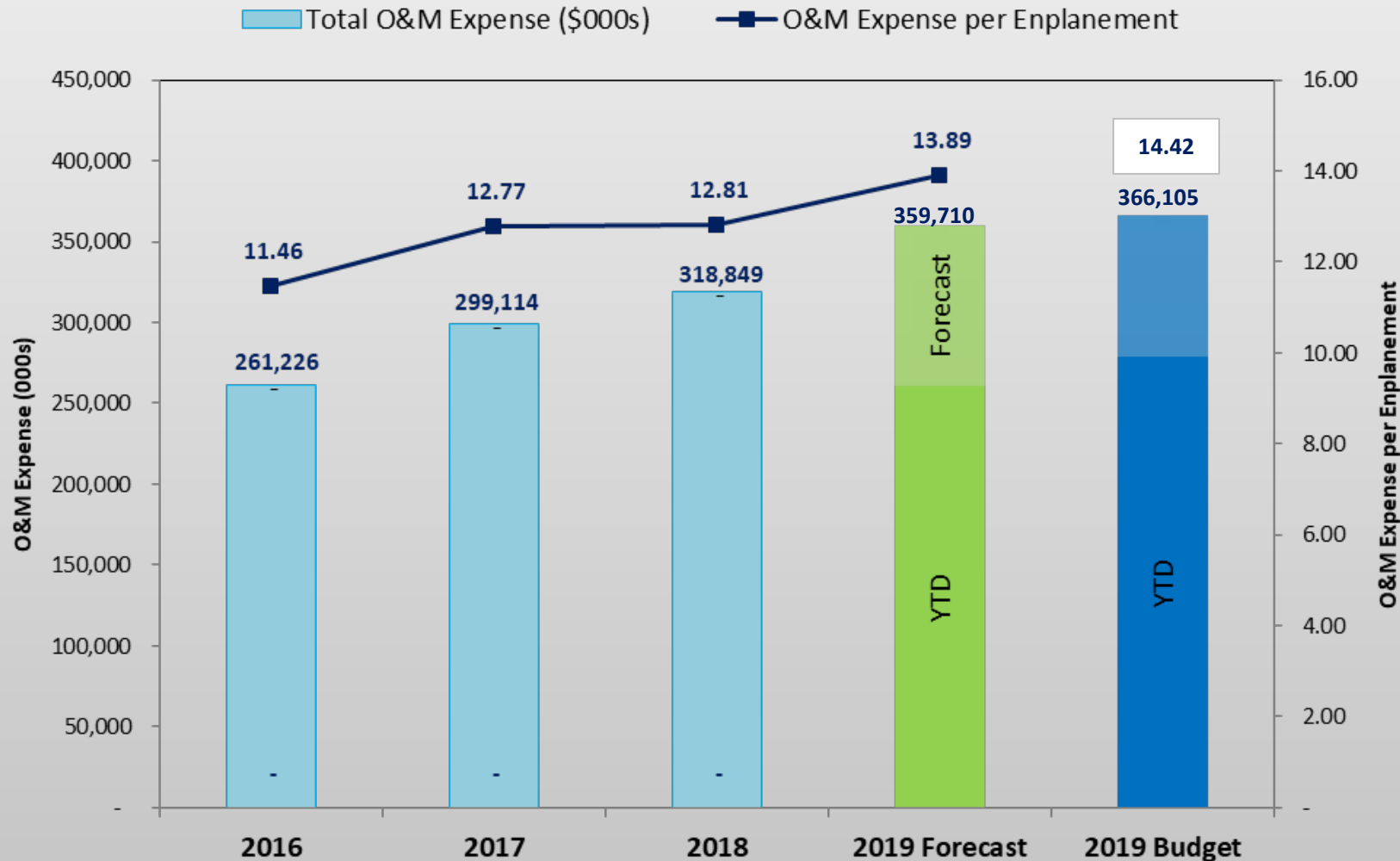
- Revenues 3.1% Increase
- Expenses 2.2% Increase
- NOI 8.7% Increase

Revenue growth:

- Public parking
- ADR
- GT
- Clubs and Lounges

ADR, parking and TNCs driving positive revenue variance in 2019 forecast

Total Operating Expense Performance



Q3 YTD:

- \$17.6M favorable, 6.3%

2019 Forecast vs Budget :

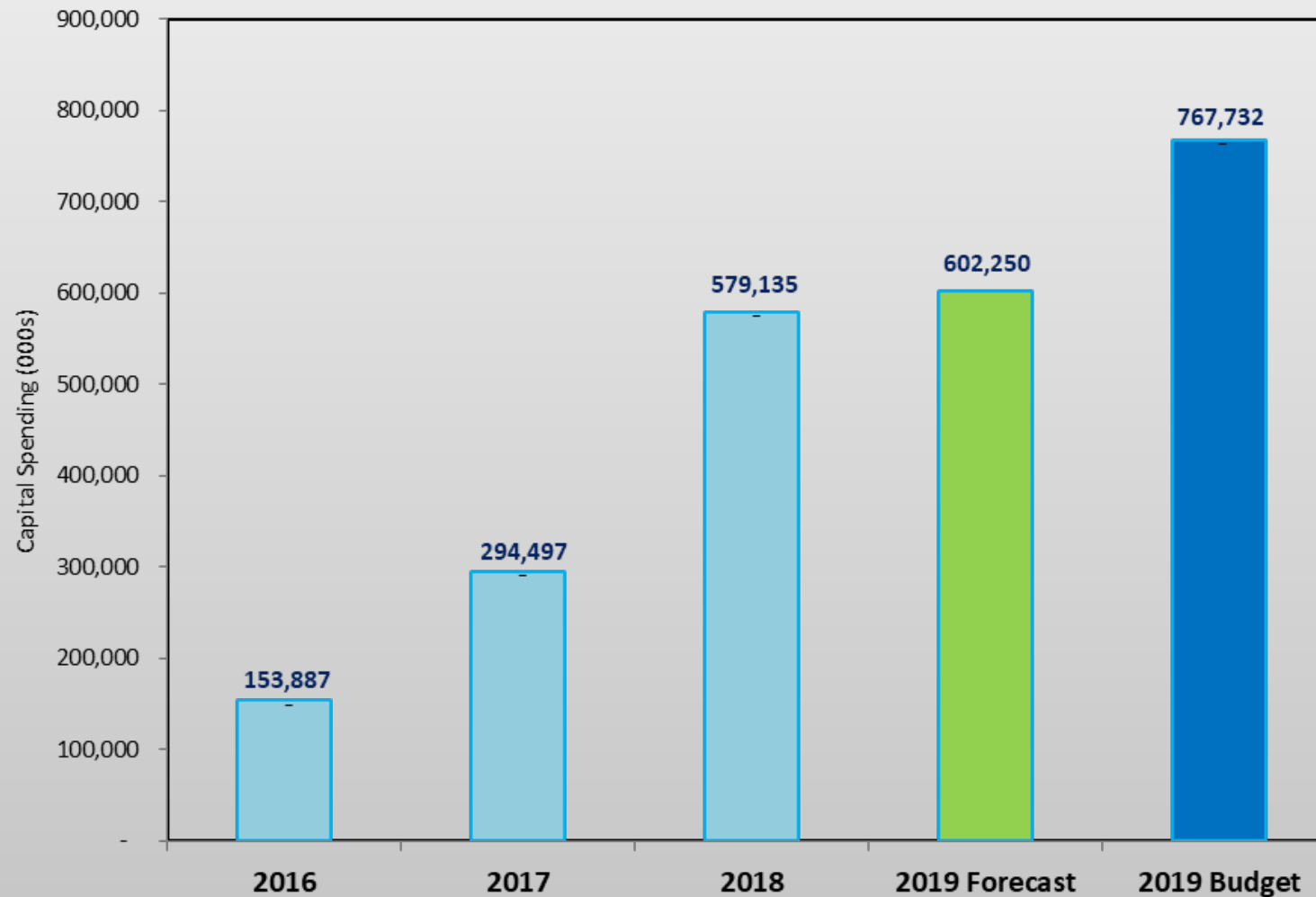
- \$6.4M favorable, 1.7%

2019 Forecast under-run driven primarily by:

- Cost allocations to Aviation from other divisions due to delayed project and program spending

Anticipate cost savings due to delayed project and program spending

Capital Spending



2019 Forecast:

- IAF = \$314M
- NSAT = \$140M
- Other = \$250M

Major 2019 Variances:

- IAF = \$62.4M
- NSAT = \$1.4M
- Checked Bag Optimization = \$2.1M
- AFLD Pvmnt Program = \$5.8M
- Service Tunnel Renewal = \$3.9M
- SD Pond Bird Deterrent = \$5.8M
- SSAT Renov. Project = \$3.5M
- ARC Flash Mitigation = \$3.5M
- Fire Station Westside = \$3.1M
- Other = \$74M

2019 spending variances primarily due to delayed spending, not project savings

Maritime Division

Q3 2019 Financial Performance Report

Maritime Division

Bottom Line Up Front

Financial Forecast

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues			
Fishing, Commercial, & Recreational Marinas	22,042	22,742	(700)
Cruise	22,406	22,406	0
Maritime Portfolio Mgmt.	10,328	10,328	0
Grain / Other	4,254	4,254	0
Total	59,029	59,729	(700)
O&M Expense			
Maritime & EDD	17,727	19,600	1,873
Maintenance	11,780	11,980	200
Central Services and Other	18,623	19,242	619
Total	48,130	50,822	2,692
NOI	10,900	8,908	1,992
Capital Spending	10,744	17,638	(6,894)

Business Highlights

- YTD Q3 Net Income \$868K greater than 2018.
 - Revenue Growth 5%, Expense Growth 5%
- T46 Cruise RFP issued.
- Perfect Safety record for Maintenance and Rec Boating
- Launched Rate Study with 3rd party consultancy for Fishing and Rec Boating.

Forecast to Exceed NOI by \$2M

Business Highlights

- **Cruise** – Ended the peak 2019 cruise season with record number of passengers. RFP issued July 26, 2019 for solicitation of investment partner for new cruise terminal. Successful Port Valet program for 2019 cruise season with 20% overall increase in passenger participation year over year. Completed negotiations with CTA lease extension at T91.
- **All Marinas** – The 2019 Rec Boating and Commercial Fishing market rate survey launched with enhanced data from a third-party consultancy.
- **Recreational Boating Marine Maintenance** –Bids closed for Shilshole Bay Marina’s customer service facility buildings. Building on 4th year in a row with zero injuries.
- **Seaport Environmental** – The Port receives and analyses weekly shore power reports from Holland America Group with detailed cruise emissions and energy use metrics. By end of Q3, shore power use will avoid over 2000 tons of CO2. The Port hosted the annual cruise MOU meeting where Ecology presented the completed EGCS wash water study, with their recommendations for next steps.
- **Stormwater Utility** - Crews have assessed 83% of the system, rehabilitated 21%, completed 20 repairs, and installed 5 tide gates so far in 2019.

Managing growth and environmental stewardship

Maritime Financial Highlights

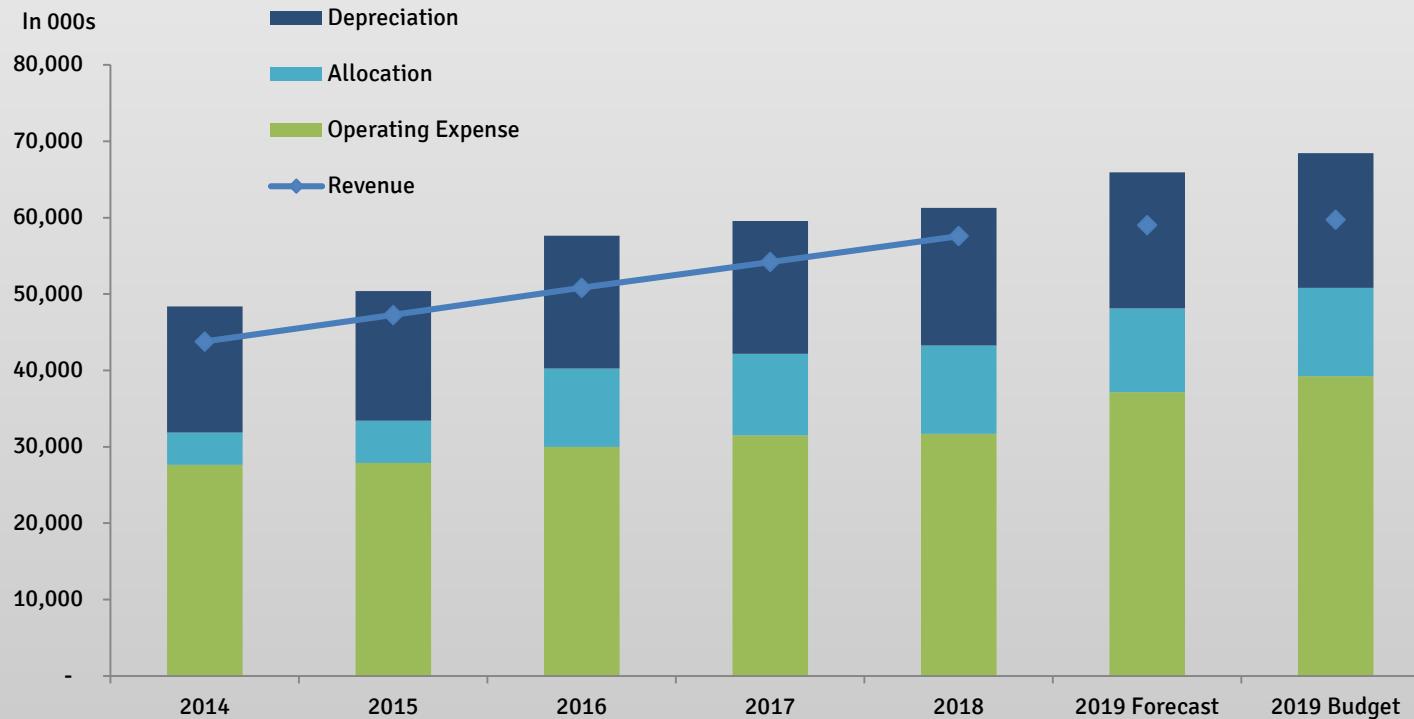
Maritime – 2019 Net Income is \$3,054K favorable to budget and \$868K higher than 2018

- YTD 2019 Revenue unfavorable to budget by \$785K due to Ocean Phoenix at T91 and slightly lower occupancy for non-liveboards. YTD 2019 Revenue \$2.4M or 5% higher than 2018 driven by Recreational Boating rate increases, Cruise rate and passenger increase, offset by reduction in Grain volumes and leases from WSDOT.
- Expenses \$3.9M favorable to budget driven by Cruise consulting and marketing, Maintenance timing, and unfilled positions. Expense are up \$1.6M or 5% Y/Y.
- 19% of Capital budget was spent through Q3, with annual forecast at 61% of budget.
- Stormwater Utility is tracking to budget.

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Revenues	43,838	47,446	49,843	50,628	(785)	-2%	2,397	5%
Total Operating Expenses	30,233	33,055	34,630	38,522	3,891	10%	1,575	5%
Net Operating Income	13,604	14,391	15,213	12,106	3,107	26%	822	6%
Depreciation	12,589	13,313	13,267	13,214	(53)	0%	(46)	0%
Net Income	1,015	1,078	1,946	(1,107)	3,054	276%	868	81%

Revenue growth continues to outpace spending growth

Maritime Division Financial Trends



2019 Forecast Drivers:

Revenue

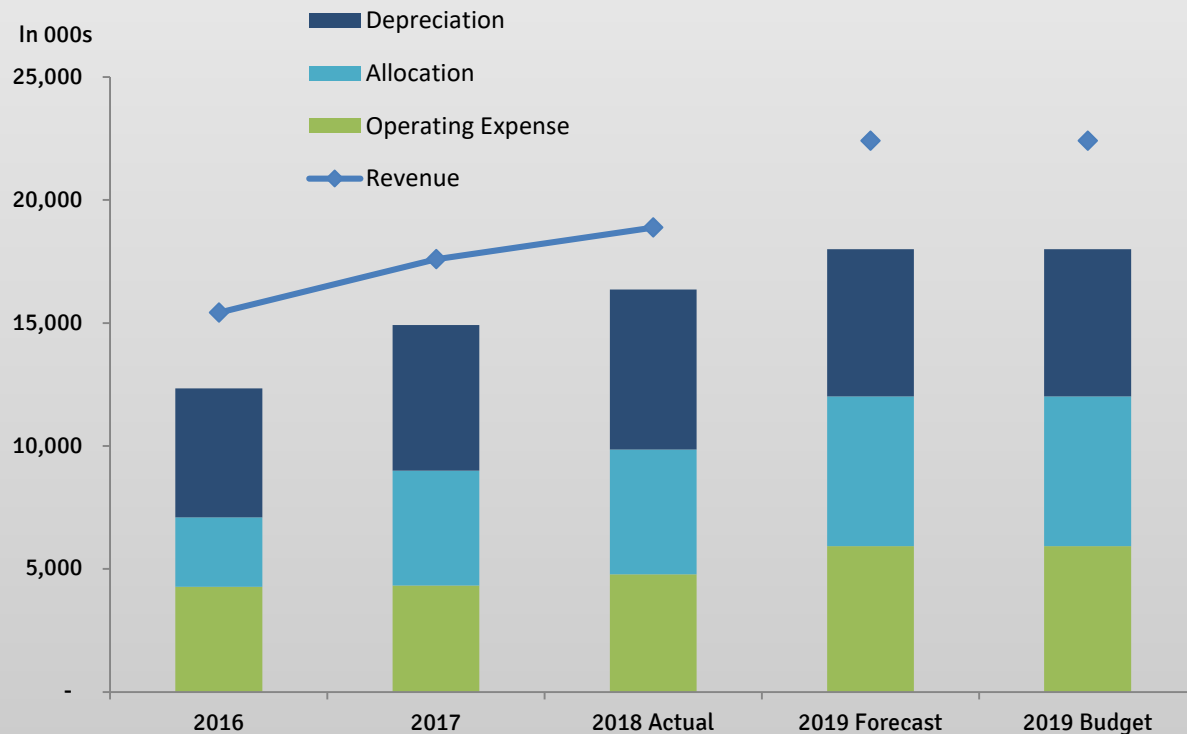
1. Marina Moorage
2. Utilization of Elliott Bay moorage and dockage facilities.

Expense

1. Non-capitalizable consulting and outside services related to new cruise terminal/berth.
2. Port Valet service costs.
3. Tenant improvement costs.
4. Central Services allocation.
5. Maintenance spend mix.

Operating profit forecasted \$2M higher than budget

Cruise Financial Trends



Year-to-Date Variance

Budget- Favorable / (Unfavorable)

- Revenue – (\$61K)
- Expense - \$806K
- Depreciation – (\$220K)
- Net Income – \$525K

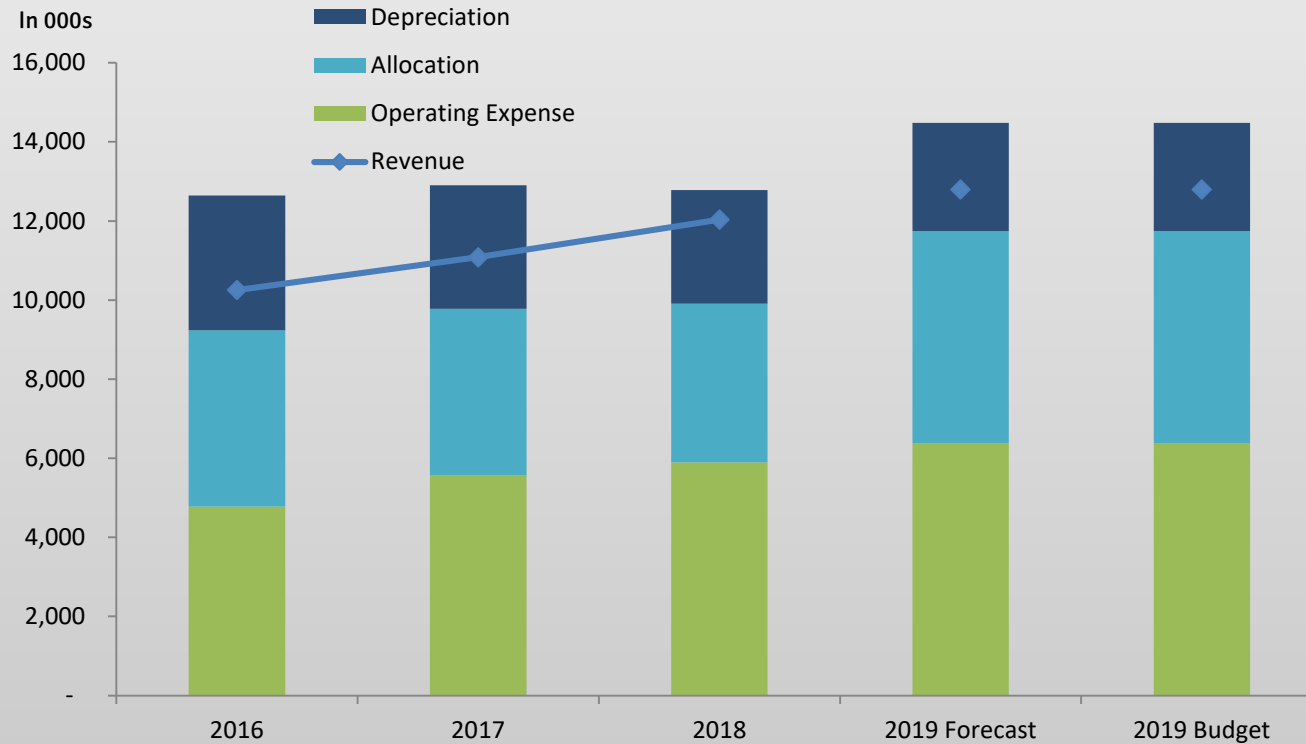
Vs. Prior Year -Increase / (Decrease)

- Revenue – \$3,641K
- Expense - \$914K
- Depreciation – (\$137K)
- Net Income - \$2,865K

- Individual business lines forecast to budget as of Q3 2019.

Creating nearly \$3M in additional Net Income from 2018

Recreational Boating Financial Trends



Year-to-Date Variance

Budget- Favorable / (Unfavorable)

- Revenue – (\$237K)
- Expense - \$911K
- Depreciation – (\$25K)
- Net Income – \$647K

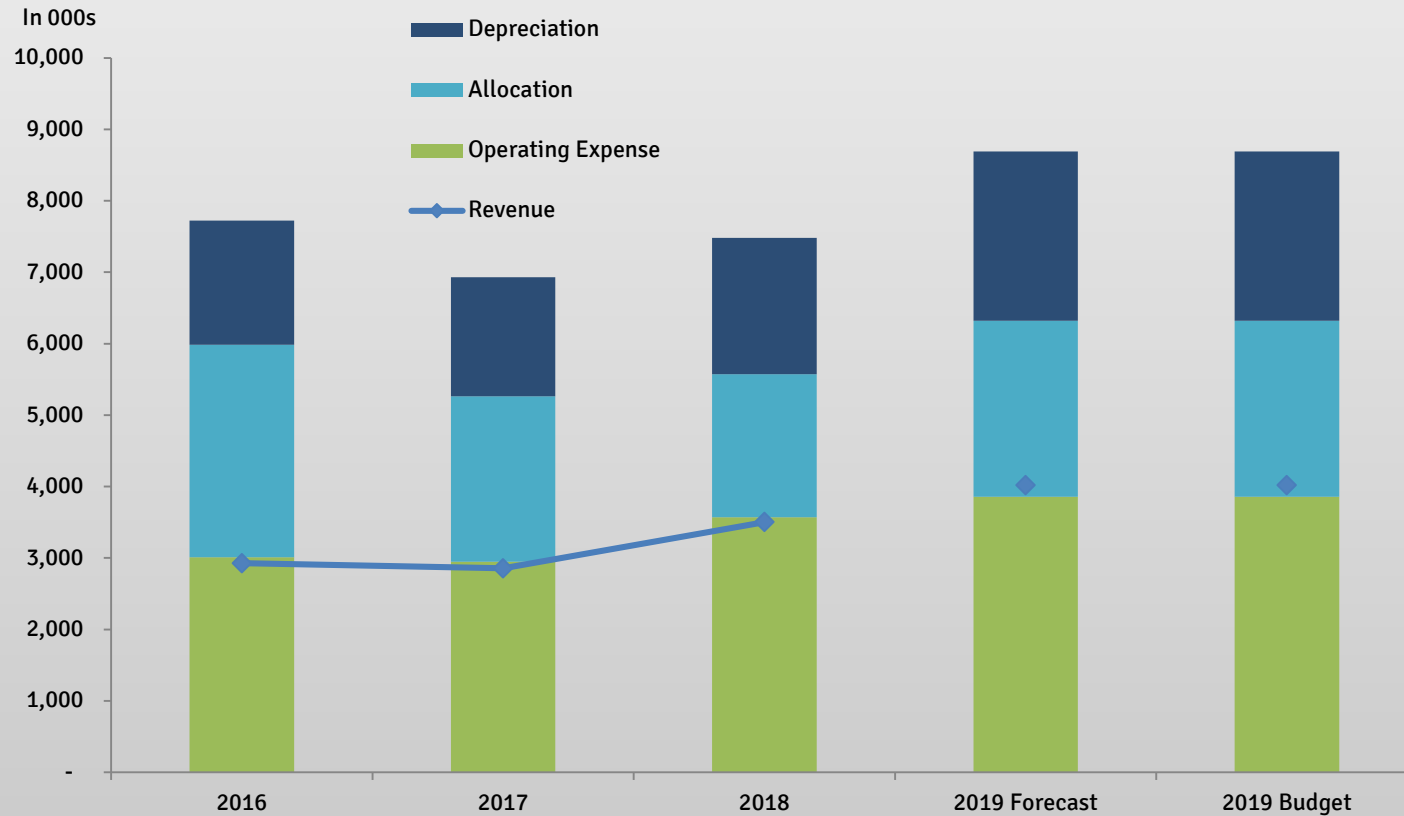
Vs. Prior Year -Increase / (Decrease)

- Revenue – \$370K
- Expense - \$457K
- Depreciation – (\$97K)
- Net Income - \$10K

- Individual business lines forecast to budget as of Q3 2019.
- Includes Shilshole Bay Marina, Bell Harbor Marina, and Harbor Island Marina.

Y/Y net income continues to progress

Ship Canal Fishing & Ops Trends



Year-to-Date Variance

Budget- Favorable / (Unfavorable)

- Revenue – (\$103)
- Expense - \$365K
- Depreciation – \$146K
- Net Income – \$407K

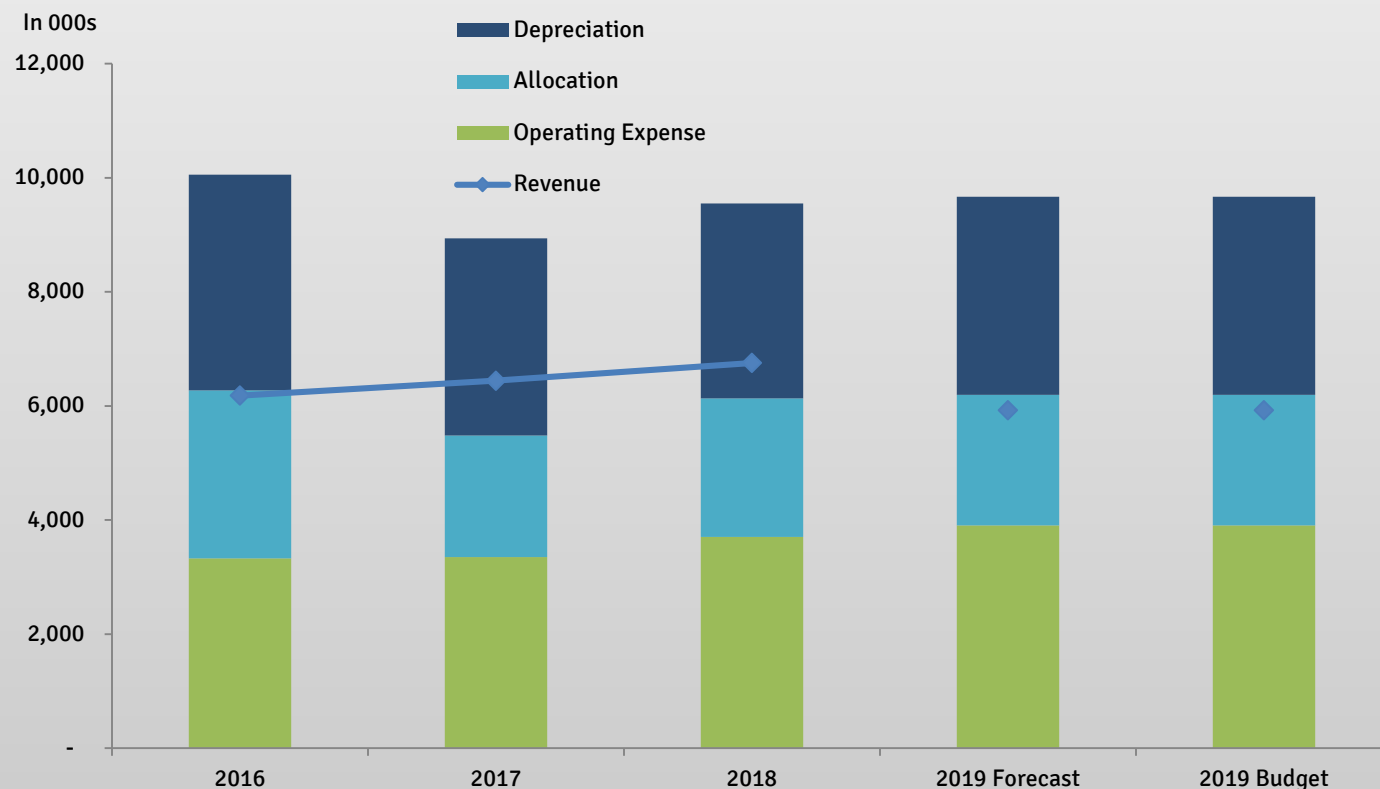
Vs. Prior Year -Increase / (Decrease)

- Revenue – \$408K
- Expense - \$92K
- Depreciation – \$393K
- Net Income – (\$76K)

- Individual business lines forecast to budget as of Q3 2019.
- Includes Fishermen's Terminal, Maritime Industrial Center, and Salmon Bay Marina.

Salmon Bay Marina Driving Budget and Y/Y Variance

Elliott Bay Fishing & Commercial Ops Trends



Year-to-Date Variance

Budget- Favorable / (Unfavorable)

- Revenue – (\$335K)
- Expense – \$699K
- Depreciation – \$97K
- Net Income – \$459K

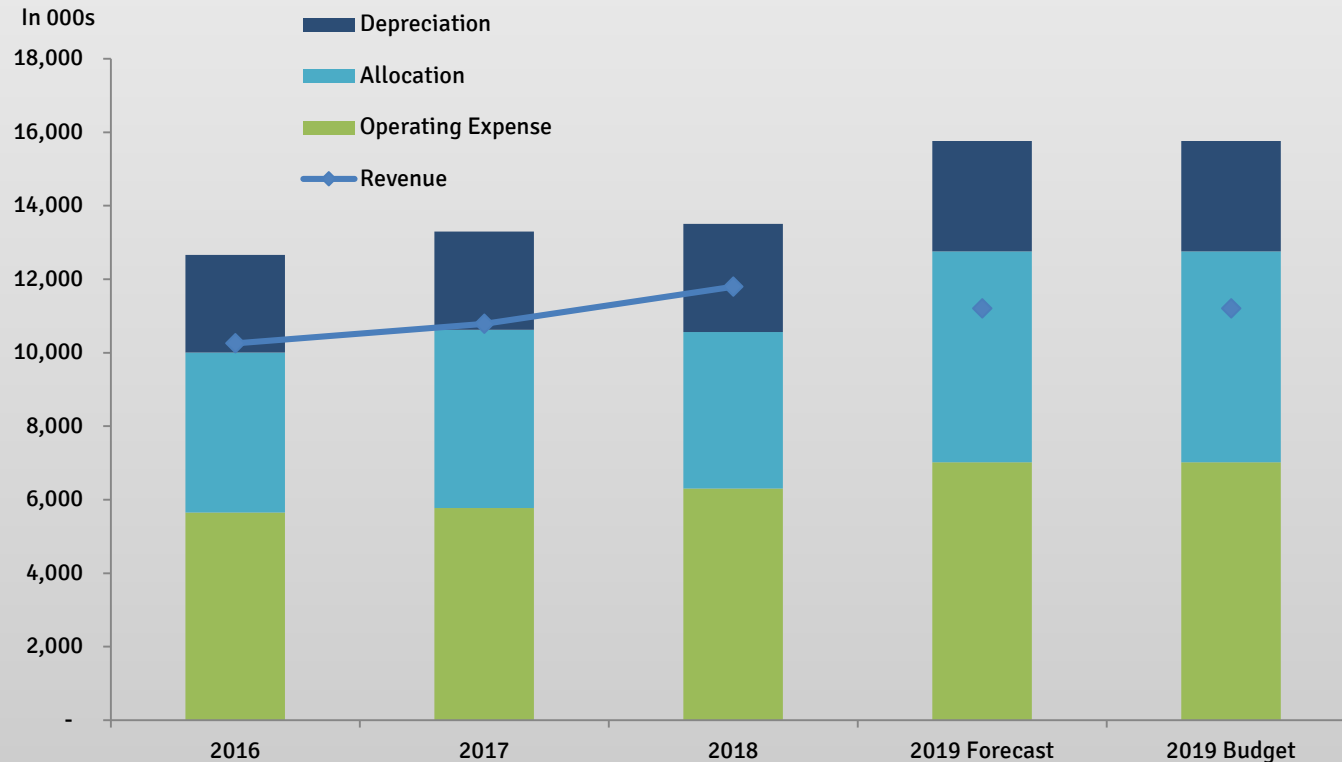
Vs. Prior Year -Increase / (Decrease)

- Revenue – (\$123K)
- Expense – (\$543K)
- Depreciation – (\$51K)
- Net Income – \$471K

- Individual business lines forecast to budget as of Q3 2019.
- Includes Terminal 91 (waterside non-Cruise), Terminal 46 Docks, Kellogg Island, Terminal 25, Terminal 18 Dolphins, Pier 69 Vessels, Pier 28 Docks, Pier 34 Dolphins, Pier 2 Docks, and Terminal 108 Moorage.

Rate increases offset by less utilization than expected

Maritime Portfolio Management Trends



Year-to-Date Variance

Budget- Favorable / (Unfavorable)

- Revenue – (\$73K)
- Expense - \$834K
- Depreciation – (\$45K)
- Net Income – \$716K

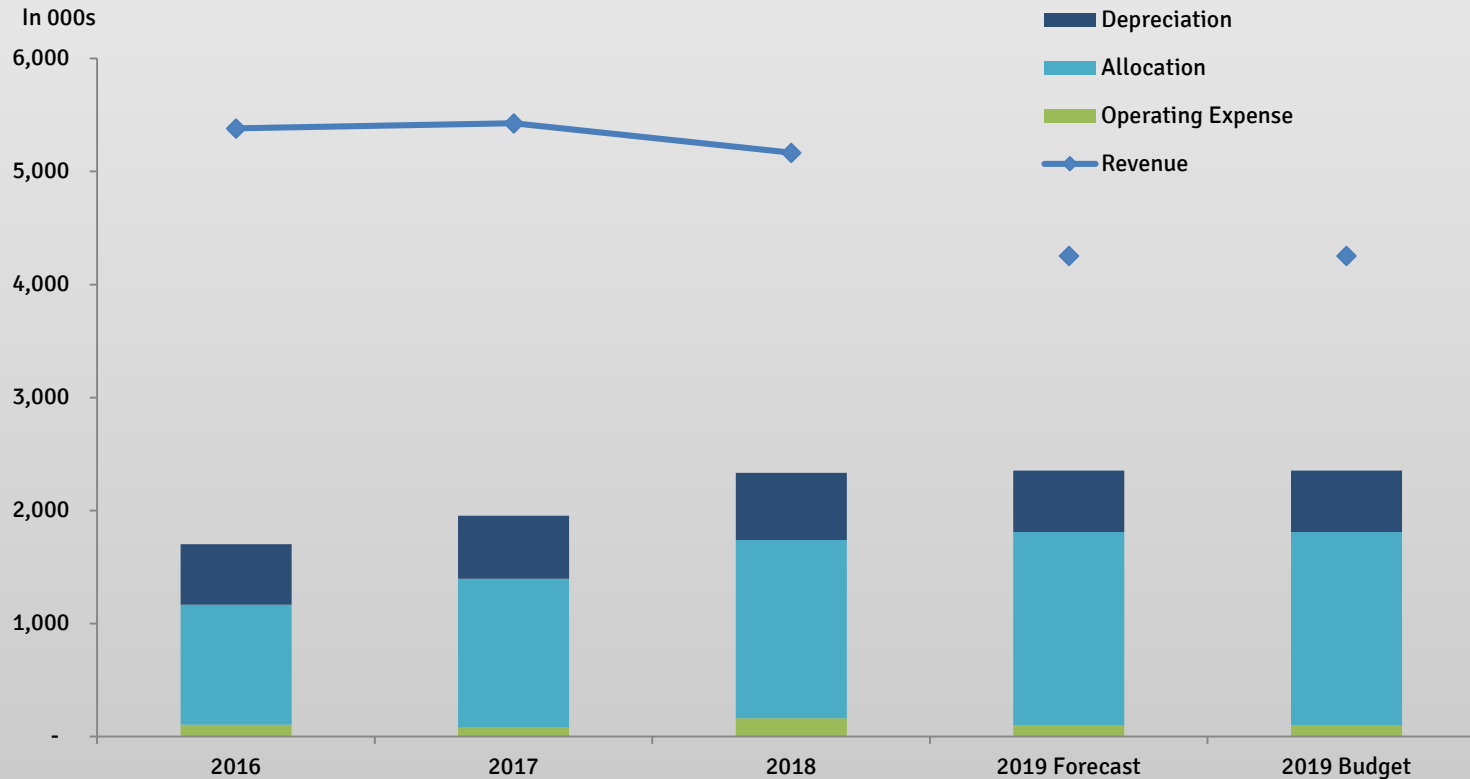
Vs. Prior Year -Increase / (Decrease)

- Revenue – (\$1,051K)
- Expense - \$461K
- Depreciation – (\$121K)
- Net Income - \$2,865K

- Individual business lines forecast to budget as of Q3 2019.
- Includes uplands of Shilshole Bay Marina, Terminal 91 (Industrial), Fishermen's Terminal, Maritime Industrial Center, Salmon Bay Marina, T-115, T-108, and T-106.

Leasing closer to market and managing costs

Grain Terminal Goal: Net Income Maximized



Year-to-Date Variance

Budget- Favorable / (Unfavorable)

- Revenue –\$1K
- Expense - \$84K
- Depreciation – (\$6K)
- Net Income – \$79K

Vs. Prior Year -Increase / (Decrease)

- Revenue – (\$856K)
- Expense – (\$76K)
- Depreciation – (\$33K)
- Net Income – (\$747K)

- Individual business lines forecast to budget as of Q3 2019.

Navigating volatility of tariffs

Northwest Seaport Alliance Summary

\$ in 000's	2018 YTD	2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget Variance		Change from 2018	
				\$	%	\$	%
Revenue	139,596	146,733	147,616	(883)	-1%	7,137	5%
Operating expense	64,578	75,277	84,767	9,490	11%	10,699	17%
Operating Income	75,018	71,456	62,849	8,607	14%	(3,562)	-5%
Interest Income	878	1,231	1,075	(156)	-15%	353	40%
Market Value Adjustment	(196)	408	0	(408)	NA	604	-308%
Net Interest Income	682	1,639	1,075	564	52%	957	140%
Non Operating Income (Expense)	38	(364)	(2,182)	(1,818)	83%	(402)	-1058%
Grant Income	50	2,625	3,059	434	14%	2,575	5150%
Net Income	75,788	75,356	64,801	10,555	16%	(432)	-1%
Cargo TEUs	2,795,334	2,909,606				114,272	4.1%
Cargo Volume (Metric Tons)	22,120,216	22,936,244				816,028	3.7%

Note: Results may differ slightly from NWSA site due to rounding differences

Revenue - Non-container business \$3.5M favorable to budget from higher than expected military and auto volumes.

Expenses – Growth from 2018 driven by one-time crane removal costs at T18 & T46 along with volume related costs.

NWSA TEU Data

YTD Volumes up, but tariffs are a wildcard. As trade shifts from China to SE Asia, there is risk that volumes could shift to East Coast ports due to the shorter transit.

Exports:

- China dropped from NWSA's 1st to 3rd largest export trading partner through July 2019; TEU volume down 33% (-36,024 TEU). Leading export declines were in hay/forage products, wood products, and wastepaper.
- Exports to India were down 31% YOY through July due to tariffs. Apple exports are down 63% (6,794 TEUs!) and scrap paper by 42% (3,356 TEUs) YTD.
- Exports to other leading markets are up 10% or more YTD. Japan (+10%), Korea (+21%) and Taiwan (+18%).

Imports

- Imports from China were down 4.7% July YTD, -22,788 TEUs.
- Imports from other Asian countries were up (Japan +14%, Taiwan +18%); Vietnam +30%, Thailand +47% (growth on smaller volumes)

Favorable Net Income to budget, but tariffs impacting Y/Y growth

Economic Development Division Q3 2019 Financial Performance Report

Economic Development Division

Bottom Line Up Front

Financial Forecast

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues	20,004	19,725	279
O&M Expense			
EDD & Maritime	14,990	15,593	603
Maintenance	3,371	4,071	700
Diversity in Contracting	199	199	0
Workforce Development	1,410	2,010	600
Tourism	1,521	1,521	0
EDD Grants	900	1,160	260
Central Services and Other	6,231	6,561	330
Total	28,621	31,114	2,493
NOI	(8,617)	(11,389)	2,772
Capital Spending	3,827	5,713	(1,886)

Business Highlights

- YTD Q3 Net Income \$701K greater than 2018.
 - Revenue Growth 2%, Expense Growth -1%
- Contractor selected for Bell Harbor International Conference Center renovation. Construction to start in November
- Diversity in contracting hosted three outreach events to highlight upcoming Port procurement opportunities. 129 Women/Minority Business Enterprises attended these workshops
- Awarded contract to sustain Youth Maritime Collaborative career connected learning initiatives to Maritime Blue and Goodwill Industries .
- Tourism has generated \$1.2 Million worth of media exposure touting Alaska Cruise and Washington's travel destinations through its international marketing initiatives (through Q3)
- Signed contract with Maritime Blue to advance maritime innovation initiatives and made field trip to Iceland to see and learn about their Ocean Cluster maritime innovation center.

Maximizing Port's real estate potential and driving jobs & economic activity

Business Highlights

- **Diversity in Contracting** – Diversity in contracting hosted three outreach events to highlight upcoming Port procurement opportunities. 129 Women/Minority Business Enterprises attended these workshops.
- **Real Estate**– Closed Property Sale on Harbor Avenue small property. Contractor selected for Bell Harbor International Conference Center renovation. Construction to start in November .
- **Workforce Development** – Awarded contract to sustain Youth Maritime Collaborative career connected learning initiatives to Maritime Blue and Goodwill Industries.
- **Innovation** - Signed contract with Maritime Blue to advance maritime innovation initiatives and made field trip to Iceland to see and learn about their Ocean Cluster maritime innovation center.
- **P69 Facilities** - Fund authorization for lobby renovation. Waterfront Shuttle funding discontinued due to excessive cost per trip expense.
- **Tourism**- Port co-sponsored opening event of the 2019 US – China Tourism Summit. As of Q3, tourism marketing representation in UK/Ireland, Mainland Europe, and Australia/New Zealand has generated over \$1.2M in editorial coverage about Washington and cruising from Seattle to Alaska.

Moving Initiatives forward

Economic Development Financial Highlights

2019 Q3 Net Income \$4.6M favorable to budget and \$701K greater than 2018

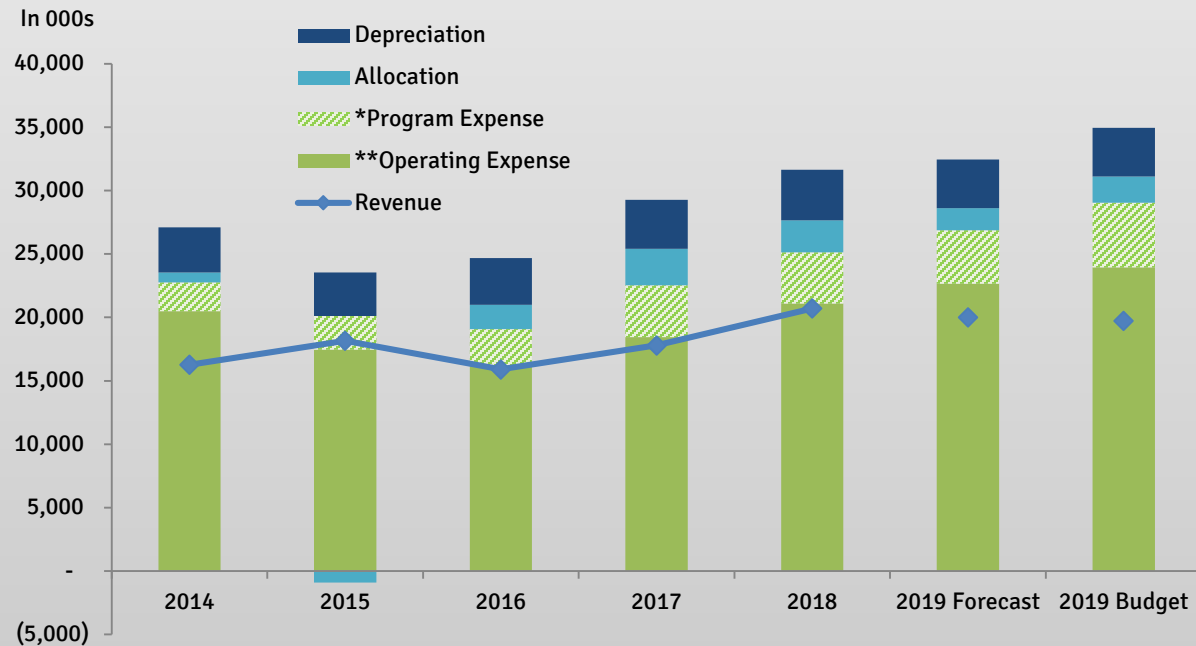
- Revenue favorable to budget by \$279K and \$225K greater than 2018 driven by favorable volumes at the Conference and Event Centers. Annual revenue forecast at 1% over budget and 3% below 2018 from anticipated closures related to Conference and Event Center modernization project.
- Expenses favorable to budget by \$4,283K driven by timing of Economic Development grant matching funds timing, initiative programs, favorable P66 allocation methodology change, and underspend in central services. Expenses are flat on a Y/Y basis. Annual expenses forecasted to 8% under budget and 4% higher than 2018 due to primarily to higher spending in initiative programs.
- 28 % of Capital budget was spent through Q3, with annual forecast at 67% of budget.

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	12,221	14,590	14,815	14,536	279	2%	225	2%
Total Operating Expenses	18,562	19,325	19,071	23,354	4,283	18%	(254)	-1%
Net Operating Income	(6,341)	(4,735)	(4,256)	(8,819)	4,563	52%	479	10%
Depreciation	2,849	3,008	2,786	2,866	80	3%	(222)	-7%
Net Income	(9,190)	(7,743)	(7,042)	(11,685)	4,643	40%	701	9%

YTD Revenue exceeding plan, expenses below budget

Economic Development Division

Financial Trends



2019 Forecast Drivers:

Revenue

1. Better than expected Conference & Event volumes.

Expense

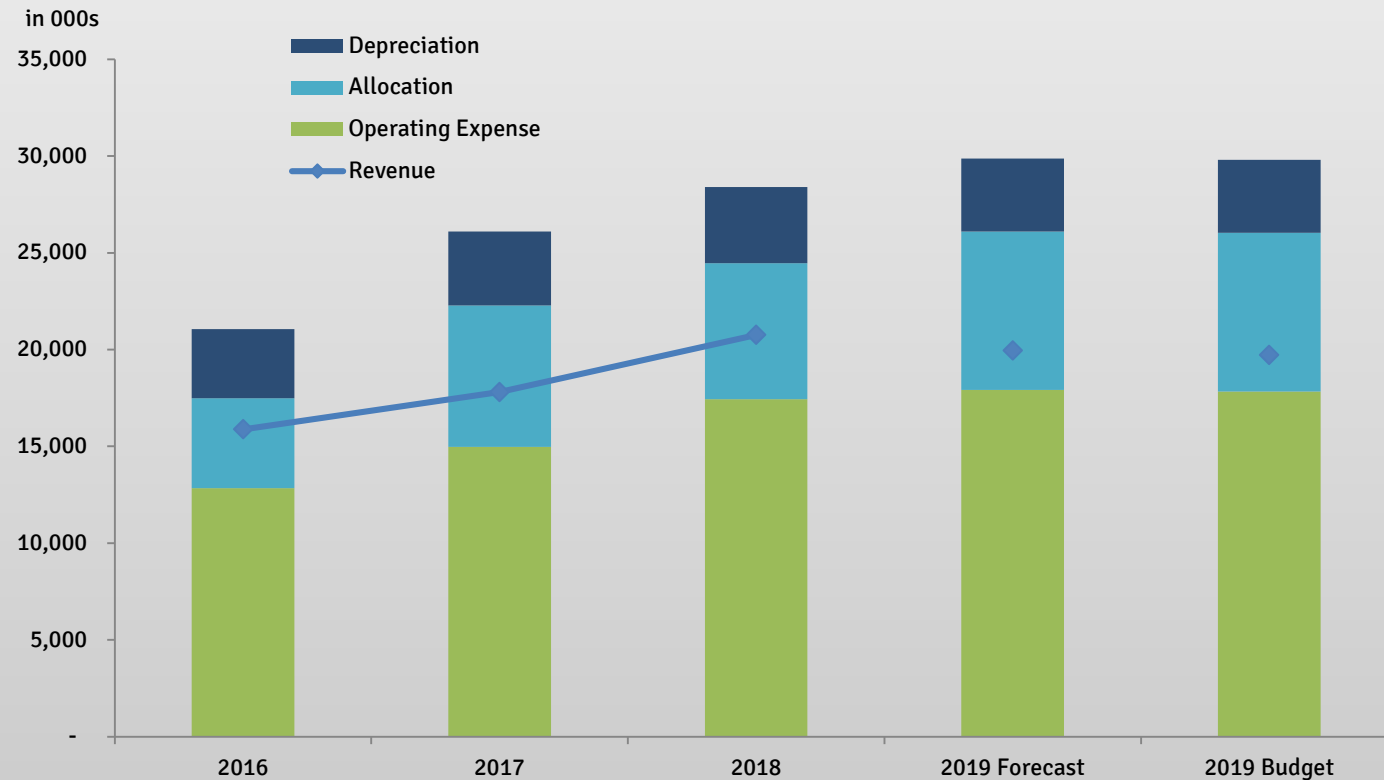
1. Conference center variable cost
2. Tenant Improvements.
3. Maintenance common area spend.
4. Program costs.

* Includes Small Business, Tourism, Workforce Development, Real Estate Development, and Economic Development Grants.

** Includes Portfolio Management, Division Management, Facilities, and Other.

Forecasting \$2.8M favorable to budget

Portfolio Management Trends



Year-to-Date Variance

Budget- Favorable / (Unfavorable)

- Revenue – \$279K
- Expense - \$1,862K
- Depreciation – \$92K
- Net Income – \$2,234K

Vs. Prior Year -Increase / (Decrease)

- Revenue – \$225K
- Expense – (\$354K)
- Depreciation – (\$230K)
- Net Income - \$810K

- Individual business lines forecast to budget as of Q3 2019.
- Includes non-alliance & upland real-estate at Tsubota, T-91 (General), T-86, P-69, Bell Street Garage, Smith Cove Conference Center, Bell Harbor Conference Center, World Trade Center, Foreign Trade Zone, Pier 2, T-34, and T-102.

Conference & Event Center Modernization driving Volumes

Central Services

Q3 2019 Financial Performance Report



Central Services Business Highlights

- Hosted **Port 101** Ship Canal Boat Tour.
- Launched **Seafood 101** industry promotional campaign; Social media campaign highlighted Eastside maritime businesses.
- Conducted **forest stewardship trainings** for Burien, Des Moines and SeaTac as part of the Green Cities Partnership with Forterra.
- Hosted several **Airport Community Ecology (ACE) Fund drop-in sessions**; seven applications were received for the fifth grant cycle of the ACE Fund.
- Police Marine Patrol Unit provided a **waterside tour to our Federal partners** participating in a Maritime Security class. The tour highlighted security vulnerabilities impacting a seaport.
- Issued \$457 million of **revenue bonds** to help fund Airport investments.
- Hosted **International Erosion Control Association (IECA) Regional Event**.
- **Supplier Database implementation** – Retired the outdated Procurement Roster and Management System (PRMS) and replaced it with VendorConnect, expanding our ability to catalogue and encourage use of minority-owned businesses.

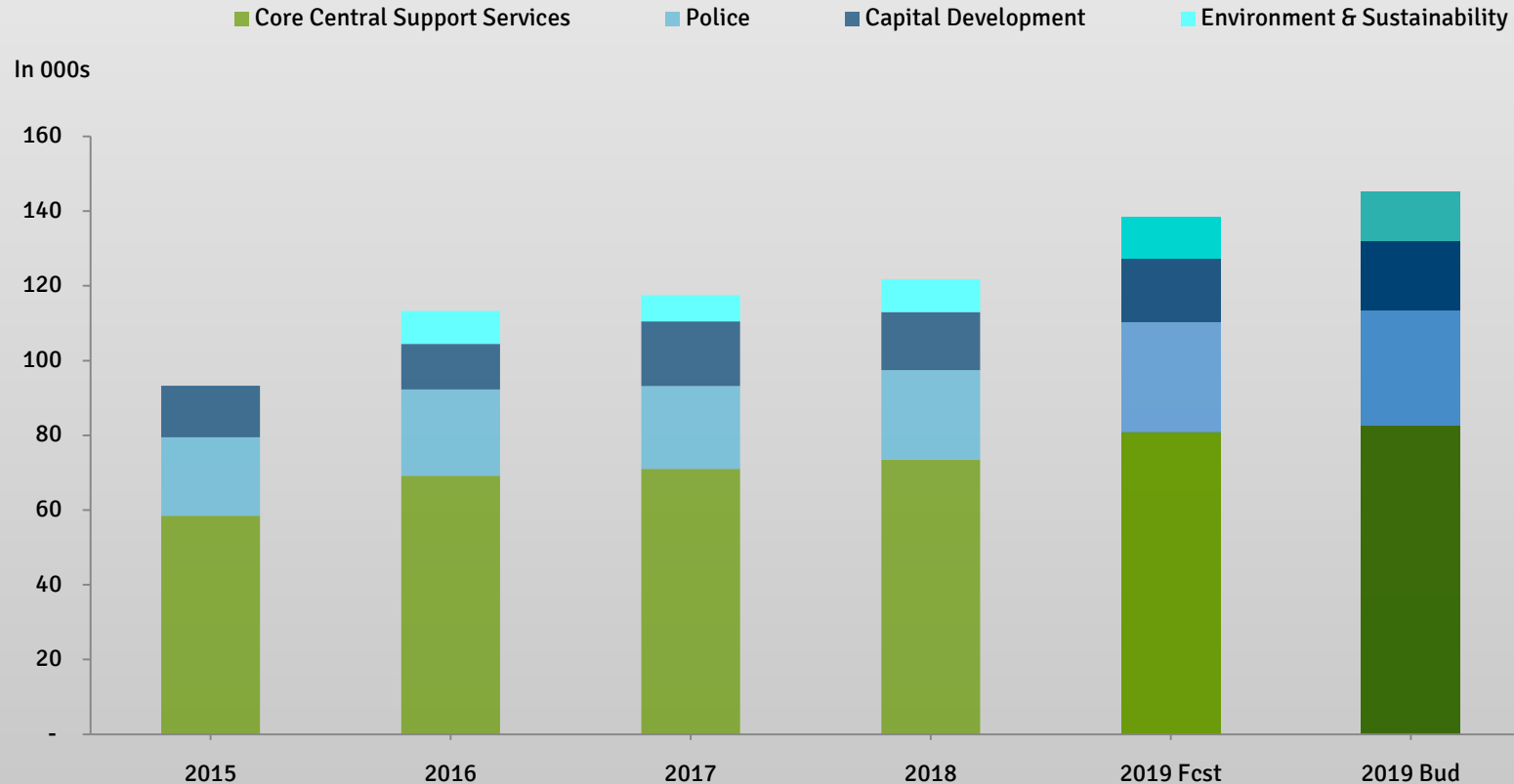
Achieved a number of accomplishments

Central Services Financial Highlights

- **Q3 YTD Actual:**
 - Operating expenses are \$8.9M favorable to budget mainly due to staff vacancies and project delays.
 - Operating expenses are \$6.9M higher than 2018 mainly due to higher Payroll costs and more Outside Services.
- **Year-End Forecast:**
 - Operating expenses forecast are \$6.7M favorable to budget due to savings in Payroll and Outside Services.
 - Operating expenses forecast are \$16.9M higher than 2018 due to higher payroll and more project-related expenses.

Forecasting a \$6.7 favorable budget variance for the year

Central Services Financial Trends



- Operating expenses forecast are \$16.9M higher than 2018 due to higher payroll and more project-related expenses.
- Major changes from 2018 are as follows :
 - Core Central Support Services: \$7.2M
 - Police: \$5.5M
 - Environment & Sustainability: \$2.4M
 - Capital Development: \$1.7M

Expenses are \$8.9M favorable to the budget YTD

Appendix

Q3 2019 Financial Performance Report

Portwide Financial Summary

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	201,954	232,689	274,002	276,156	(2,154)	-0.8%	41,312	17.8%
Airport Non-Aero Revenues	179,994	196,338	205,283	198,397	6,886	3.5%	8,945	4.6%
Non-Airport Revenues	102,635	99,439	109,261	101,622	7,638	7.5%	9,822	9.9%
Total Operating Revenues	484,583	528,466	588,546	576,175	12,370	2.1%	60,080	11.4%
Total Operating Expenses	266,120	293,158	322,948	345,615	22,667	6.6%	29,791	10.2%
NOI before Depreciation	218,463	235,308	265,597	230,560	35,037	15.2%	30,290	12.9%
Depreciation	122,548	122,757	130,820	125,264	(5,556)	-4.4%	8,063	6.6%
NOI after Depreciation	95,915	112,551	134,777	105,296	29,481	28.0%	22,227	19.7%

Strong YTD financial performance

Non-Airport Financial Summary

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
NWSA Distributable Revenue	43,412	34,007	37,678	32,933	4,745	14.4%	3,671	10.8%
Maritime Revenues	43,838	47,446	49,843	50,628	(785)	-1.5%	2,397	5.1%
EDD Revenues	12,222	14,590	14,815	14,536	279	1.9%	225	1.5%
SWU & Other	3,164	3,395	6,925	3,526	3,399	96.4%	3,530	104.0%
Total Operating Revenues	102,635	99,439	109,261	101,622	7,638	7.5%	9,822	9.9%
Total Operating Expenses	52,503	57,028	61,896	66,893	4,997	7.5%	4,868	8.5%
NOI before Depreciation	50,132	42,411	47,365	34,729	12,636	36.4%	4,955	11.7%
Depreciation	30,119	30,011	29,242	28,380	(862)	-3.0%	(769)	-2.6%
NOI after Depreciation	20,013	12,399	18,123	6,350	11,774	185.4%	5,724	46.2%

Non-Airport NOI outperformed budget by \$12.6M in Q3

Portwide Operating Revenues Summary

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	201,954	232,689	274,002	276,156	(2,154)	-0.8%	41,312	17.8%
Public Parking	55,297	59,245	60,839	62,361	(1,521)	-2.4%	1,595	2.7%
Rental Cars - Operations	28,339	30,025	29,982	29,365	617	2.1%	(43)	-0.1%
Rental Cars - Operating CFC	9,132	13,407	12,295	11,483	812	7.1%	(1,112)	-8.3%
ADR & Terminal Leased Space	44,002	48,196	52,283	48,485	3,797	7.8%	4,087	8.5%
Ground Transportation	11,756	13,910	15,685	14,756	929	6.3%	1,775	12.8%
Employee Parking	7,112	7,744	7,803	7,465	338	4.5%	59	0.8%
Airport Commercial Properties	13,825	11,804	11,444	10,696	748	7.0%	(360)	-3.1%
Airport Utilities	5,236	5,464	5,518	6,017	(500)	-8.3%	54	1.0%
Clubs and Lounges	3,715	4,801	7,598	6,235	1,363	21.9%	2,797	58.3%
Cruise	17,515	19,025	22,666	22,727	(62)	-0.3%	3,641	19.1%
Recreational Boating	8,289	9,368	9,445	9,682	(237)	-2.5%	77	0.8%
Fishing & Operations	6,303	6,443	7,021	7,460	(439)	-5.9%	578	9.0%
Grain	3,782	4,043	3,187	3,185	1	0.0%	(856)	-21.2%
Maritime Portfolio Management	7,929	8,551	7,500	7,573	(73)	-1.0%	(1,051)	-12.3%
Central Harbor Management	6,487	6,924	6,643	6,743	(100)	-1.5%	(280)	-4.1%
Conference & Event Centers	5,706	7,636	8,147	7,768	379	4.9%	510	6.7%
NWSA Distributable Revenue	43,412	34,007	37,678	32,933	4,745	14.4%	3,671	10.8%
Other	4,791	5,184	8,811	5,085	3,726	73.3%	3,627	70.0%
Total Operating Revenues (w/o Aero)	282,629	295,776	314,544	300,020	14,524	4.8%	18,768	6.3%
TOTAL	484,583	528,466	588,546	576,175	12,370	2.1%	60,080	11.4%

Operating revenues exceeded budget by \$12.4M

Portwide Operating Expense Summary

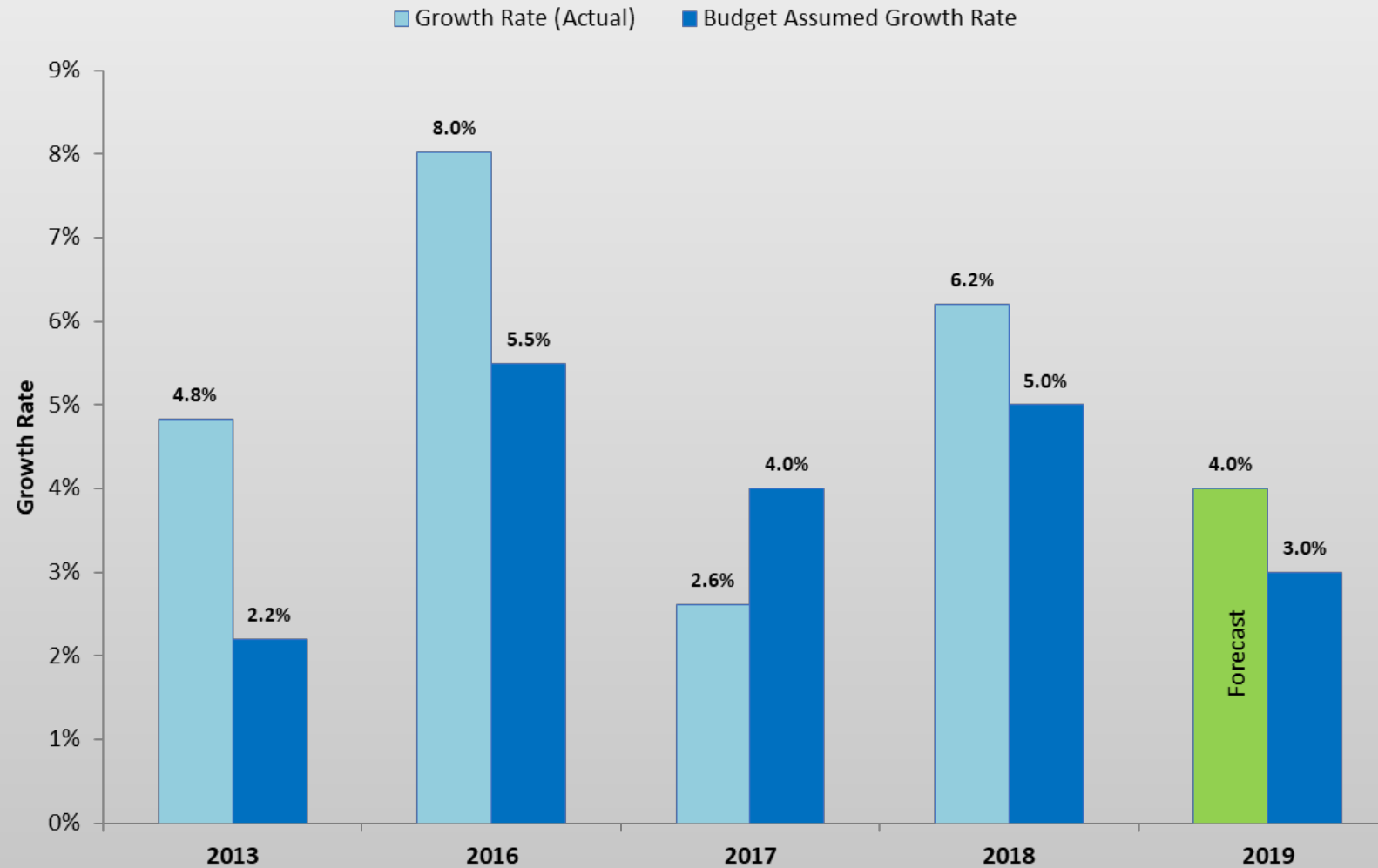
\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Salaries & Benefits	86,837	95,918	101,684	106,404	4,719	4.4%	5,767	6.0%
Wages & Benefits	82,321	91,657	97,839	96,621	(1,217)	-1.3%	6,182	6.7%
Payroll to Capital Projects	18,668	20,049	19,991	25,289	5,298	20.9%	(58)	-0.3%
Equipment Expense	6,020	5,883	7,523	6,237	(1,286)	-20.6%	1,640	27.9%
Supplies & Stock	6,837	7,178	7,763	6,660	(1,103)	-16.6%	584	8.1%
Outside Services	53,473	62,260	66,762	85,734	18,972	22.1%	4,502	7.2%
Utilities	17,403	19,805	19,955	22,099	2,145	9.7%	150	0.8%
Travel & Other Employee Expenses	3,283	3,381	3,867	5,525	1,659	30.0%	485	14.4%
Promotional Expenses	800	1,160	1,440	2,026	587	28.9%	280	24.1%
Other Expenses	23,211	23,390	34,655	34,693	38	0.1%	11,265	48.2%
Charges to Capital Projects/Overhead Alloc	(32,732)	(37,522)	(38,529)	(45,673)	(7,145)	15.6%	(1,007)	2.7%
TOTAL	266,120	293,158	322,948	345,615	22,667	6.6%	29,791	10.2%

- Payroll expenses were \$3.5M below budget due to staff vacancies.
- Outside Services were \$19.0M favorable to budget due to timing of spending, project delays, and some actual savings.
- Supplies & Stock were \$1.1M over budget mainly due to more De-icing Materials for snow removal.

Operating expenses were \$22.7M below budget

Aviation Division Appendix

Passengers (Growth Comparison)



Passenger updated growth forecast is 4% vs. initial 3%

Airport Activity

	YTD 2017	YTD 2018	YTD 2019	% Change from 2018
Total Passengers (000's)				
Domestic	31,784	33,835	34,951	3.3%
International	3,938	4,215	4,372	3.7%
Total	35,722	38,050	39,323	3.3%
Operations	314,298	331,952	338,864	2.1%
Landed Weight (In Millions of lbs.)				
Cargo	1,677	1,821	1,838	0.9%
All other	19,745	21,233	21,934	3.3%
Total	21,422	23,054	23,772	3.1%
Cargo - Metric Tons				
Domestic freight	179,634	179,806	184,782	2.8%
International freight	97,558	104,423	110,461	5.8%
Mail	43,117	42,011	41,309	-1.7%
Total	320,309	326,240	336,552	3.2%

Passenger Activity

Airline	Change 2018 v. 2019	2019 Market Share
Alaska	3.9%	48.8%
Delta	10.3%	24.6%
United	-6.5%	5.8%
Southwest	-8.8%	5.7%
American	-5.6%	5.2%

Q3 2019:

Passengers

- YTD passenger growth of 3.35% tracking ahead of 2019 budget based on 3.0% growth and expected to continue to strengthen in Q4, but just short of updated forecast based on 4% growth.

2019 YTD total passenger growth of 3.3%

Aviation Financial Summary

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2018	
					\$	%	\$	%
Operating Revenues:								
Aeronautical Revenues	264,114	291,268	361,493	365,604	(4,111)	-1.1%	70,225	24.1%
Non-Aeronautical Revenues	236,803	257,707	267,528	259,537	7,992	3.1%	9,822	3.8%
Total Operating Revenues	500,916	548,975	629,021	625,140	3,881	0.6%	80,046	14.6%
Total Operating Expense	299,114	318,849	359,710	366,105	6,395	1.7%	40,861	12.8%
Net Operating Income	201,802	230,126	269,311	259,036	10,276	4.0%	39,186	17.0%
Capital Expenditures	293,785	579,135	602,250	767,732	165,482	21.6%	23,115	4.0%

(1) Annual non-cash amortization of \$17.9M lease incentive related to the 5 year SLOA III agreement which ended in 2017.

2019 Forecasted NOI \$10.3M favorable to budget

Key Performance Measures

	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav (UnFav) Budget Vairance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	10.52	10.79	12.97	13.39	0.42	3.1%	2.18	20.2%
Non-Aeronautical NOI (in 000's)	133,101	149,959	147,177	136,534	10,643	7.8%	(2,782)	-1.9%
Other Performance Metrics								
O&M Cost per Enplanement	12.77	12.81	13.89	14.42	0.52	3.6%	1.09	8.5%
Non-Aero Revenue per Enplanement	10.11	10.35	10.33	10.22	0.11	1.1%	(0.02)	-0.2%
Debt per Enplanement (in \$)	114	133	132	123	(9)	-7.6%	(1)	-0.4%
Debt Service Coverage	1.57	1.66	1.66	1.65	0.01	0.7%	0.00	0.0%
Days cash on hand (10 months = 304 days)	379	235	307	278	28	10.2%	71	30.2%
Aeronautical Revenue Sharing (\$ in 000's)	(42,311)	(36,863)	(16,542)	(15,682)	(860)	-5.5%	20,321	55.1%
Activity (in 000's)								
Enplanements	23,416	24,894	25,890	25,394	496	2.0%	996	4.0%

CPE 2019 Forecast vs 2018 Actuals:

CPE increase – Impacted by SLOA IV reduction in Revenue Sharing to 20% in 2019 from 40% in 2018

Non-Aero NOI 2019 Forecast vs 2019 Budget:

Non-Aero NOI growth due to higher forecasted Non-Aero Revenue

Other Performance Metrics:

Aero Revenue Sharing – Forecast reflects 20% Revenue Sharing per SLOA IV.

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

Aviation Expense YTD Summary

\$ in 000's	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
Operating Expenses:								
Payroll	86,857	96,767	104,264	105,296	1,032	1.0%	7,497	7.7%
Outside Services	27,587	34,645	35,591	45,616	10,025	22.0%	946	2.7%
Utilities	12,264	14,280	14,097	16,066	1,969	12.3%	(183)	-1.3%
Other Airport Expenses	18,992	16,682	21,783	17,539	(4,245)	-24.2%	5,102	30.6%
Total Airport Direct Charges	145,700	162,373	175,735	184,517	8,782	4.8%	13,362	8.2%
Environmental Remediation Liability	2,714	4,484	12,543	14,204	1,661	11.7%	8,060	179.8%
Capital to Expense	71	8	113	-	(113)	N/A	105	1308.0%
Total Exceptions	2,786	4,492	12,656	14,204	1,548	10.9%	8,165	181.8%
Total Airport Expenses	148,486	166,865	188,391	198,721	10,330	5.2%	21,526	12.9%
Police Costs	14,052	16,161	16,535	18,851	2,316	12.3%	373	2.3%
Capital Development	10,679	9,200	3,337	5,128	1,791	34.9%	(5,863)	-63.7%
Other Central Services	37,748	40,858	49,314	52,146	2,832	5.4%	8,456	20.7%
Maritime/Economic Development	2,653	3,046	3,484	3,875	391	10.1%	439	14.4%
Total Charges from Other Divisions	65,131	69,265	72,670	80,001	7,330	9.2%	3,405	4.9%
Total Operating Expense	213,617	236,130	261,061	278,722	17,660	6.3%	24,932	10.6%

2019 YTD Actuals to YTD 2019 Budget

Expenses - \$17.7M Favorable, driven by:

Delayed Spending in Airport Expenses - \$10.3M Favorable:

- Primarily driven by savings from Outside Services due to delayed spending in Aviation Planning, Capital Development and Program Management, and Facilities and Infrastructure, offset by snow related costs early in the year

Delayed Spending in Other Divisions - \$7.3M Favorable:

- Cost savings in allocations from other divisions due to planning project and program delays

YTD Cost Savings due to delayed spending on projects

Aviation Expense YE Summary

\$ in 000's	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Operating Expenses:								
Payroll	114,463	125,341	141,968	141,316	(652)	-0.5%	16,627	13.3%
Outside Services	41,055	47,638	57,336	60,950	3,614	5.9%	9,698	20.4%
Utilities	16,374	18,237	18,150	20,235	2,085	10.3%	(88)	-0.5%
Other Airport Expenses	28,292	25,125	28,103	22,692	(5,411)	-23.8%	2,978	11.9%
Total Airport Direct Charges	200,184	216,341	245,556	245,192	(364)	-0.1%	29,215	13.5%
Environmental Remediation Liability	8,812	6,233	12,793	14,259	1,466	10.3%	6,561	105.3%
Capital to Expense	2,856	6,891	183	-	(183)	0.0%	(6,708)	-97.3%
Total Exceptions	11,668	13,124	12,977	14,259	1,282	9.0%	(147)	-1.1%
Total Airport Expenses	211,852	229,465	258,532	259,451	919	0.4%	29,068	12.7%
Police Costs	17,652	19,231	25,137	25,137	-	0.0%	5,906	30.7%
Capital Development	14,701	12,607	14,383	16,242	1,859	11.4%	1,776	14.1%
Other Central Services	51,004	53,121	56,512	60,129	3,617	6.0%	3,391	6.4%
Maritime/Economic Development	3,904	4,425	5,145	5,145	0	0.0%	720	16.3%
Total Charges from Other Divisions	87,262	89,384	101,177	106,654	5,476	5.1%	11,793	13.2%
Total Operating Expense	299,114	318,849	359,710	366,105	6,395	1.7%	40,861	12.8%

2019 Forecast to 2019 Budget
Total Expenses - \$6.4M
Favorable driven primarily by:

\$5.5M Cost savings in allocations from other divisions:

- 1M savings from Police,
- 1.3M from Capital Development - driven by spending delays in projects and program spending.
- 2.4M from all other Central Services,

\$0.9M Cost savings in Direct Airport Expenses: unplanned spending absorbed due to spending delays in other areas. Total Direct Airport Expenses are forecasted to be closely in line with budget by year-end.

Projected cost savings due to delayed project and program spending

Aeronautical Business YTD

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Revenues:								
Movement Area	82,520	95,501	97,759	98,645	(887)	-0.9%	2,258	2.4%
Apron Area	11,808	13,055	15,458	14,835	623	4.2%	2,403	18.4%
Terminal Rents	120,862	129,248	153,616	153,647	(31)	0.0%	24,367	18.9%
Federal Inspection Services (FIS)	10,509	11,143	11,325	11,235	89	0.8%	181	1.6%
Total Rate Base Revenues	225,699	248,947	278,157	278,363	(205)	-0.1%	29,210	11.7%
Commercial Area	7,710	7,549	8,405	9,555	(1,149)	-12.0%	857	11.4%
Subtotal before Revenue Sharing	233,409	256,496	286,563	287,917	(1,355)	-0.5%	30,067	11.7%
Revenue Sharing	(28,773)	(23,806)	(12,561)	(11,762)	(799)	-6.8%	11,246	47.2%
Total Aeronautical Revenues	204,636	232,689	274,002	276,156	(2,154)	-0.8%	41,312	17.8%
Total Aeronautical Expenses	139,005	153,640	175,121	184,762	9,641	5.2%	21,481	14.0%
Net Operating Income	65,632	79,049	98,881	91,393	7,487	8.2%	19,832	25.1%

2019 YTD Actuals to YTD 2019 Budget

- **Aero Revenue \$2.2M lower**, and within 1% of Budget driven primarily by delayed spending in Outside Services
- **Aero Expenses – \$9.6M** favorable driven by lower allocations from other divisions due to delays in project and program spending

Aeronautical NOI higher due to YTD project delays

Aeronautical Business YE

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change	from 2018
					\$	%	\$	%
Revenues:								
Movement Area	108,638	116,703	128,807	130,873	(2,066)	-1.6%	12,104	10.4%
Apron Area	16,771	15,627	19,021	19,714	(693)	-3.5%	3,395	21.7%
Terminal Rents	155,431	169,318	202,772	203,319	(546)	-0.3%	33,454	19.8%
Federal Inspection Services (FIS)	18,612	16,226	14,319	14,521	(202)	-1.4%	(1,907)	-11.8%
Total Rate Base Revenues	299,452	317,874	364,919	368,426	(3,507)	-1.0%	47,045	14.8%
Commercial Area	10,574	10,257	13,116	12,859	256	2.0%	2,858	27.9%
Subtotal before Revenue Sharing	310,026	328,131	378,035	381,286	(3,251)	-0.9%	49,904	15.2%
Revenue Sharing	(42,311)	(36,863)	(16,542)	(15,682)	(860)	-5.5%	20,321	55.1%
Other Prior Year Revenues	(26)	-	-	-	-	0.0%	-	
Total Aeronautical Revenues	267,690	291,268	361,493	365,604	(4,111)	-1.1%	70,225	24.1%
Total Aeronautical Expenses	195,414	211,101	239,358	243,102	3,744	1.5%	28,257	13.4%
Net Operating Income	72,276	80,167	122,135	122,502	(367)	-0.3%	41,968	52.4%
Debt Service ⁽¹⁾	(86,564)	(91,673)	(111,673)	(109,343)	(2,330)	-2.1%	(20,000)	-21.8%
Net Cash Flow	(14,288)	(11,506)	10,462	13,159	(2,697)	20.5%	21,968	190.9%

2019 Forecast to Budget

Total Aeronautical Revenue \$4.1M and Total Aeronautical Expenses \$3.7M favorable driven by the same factors:

- lower spending in Outside Services and allocations from other divisions driven by spending delays in projects and program spending
- and to a lesser degree - higher year-end forecasted non-aeronautical revenue which drives revenue sharing to airlines to be higher, contributing to lower aeronautical revenues

Lower Aeronautical Revenues primarily driven by spending delays in outside services, projects and program spending

Aero Cost Drivers

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2018	
\$ in 000's					\$	%	\$	%
O&M	192,188	206,076	232,349	237,387	(5,038)	-2.1%	26,273	12.7%
Debt Service Gross	113,832	115,419	137,696	136,513	1,183	0.9%	22,277	19.3%
Debt Service PFC Offset	(33,057)	(32,987)	(33,060)	(33,045)	(15)	0.0%	(73)	0.2%
Amortization	29,654	32,371	30,583	30,121	463	1.5%	(1,787)	-5.5%
Space Vacancy	(2,264)	(2,132)	(1,591)	(1,521)	(70)	4.6%	541	-25.4%
TSA Operating Grant and Other	(901)	(873)	(1,058)	(1,028)	(30)	2.9%	(185)	21.2%
Rate Base Revenues	299,452	317,874	364,919	368,426	(3,507)	-1.0%	47,045	14.8%
Commercial area	10,574	10,257	13,116	12,859	256	2.0%	2,858	27.9%
Total Aero Revenues	310,026	328,131	378,035	381,286	(3,251)	-0.9%	49,904	15.2%

2019 Forecast to 2019 Budget

- (\$5M) lower revenue driven primarily by lower allocations from other divisions driven by spending delays in projects and program spending
- **Debt Service - \$1.2M increase** due to increase in Rate Base of NS NSAT Renov Phase 1 in-service (\$3.5M), offset by 2015A bond principal paydown (\$1.86M), projects delay on Hardstand Equipment Purchase (\$300K) & GBAS Upgrade (\$145K).
- **Amortization - \$463K increase** due to Public Expense Projects -Flight Corridor Safety (\$102K); IAF FAA Fiber Optic Cable Replacement (\$169K) & Vanderlande Screening Lanes (\$136K)

Aero rate base revenues based on cost recovery formulas

Aero Revenue Sharing

	2017	2018	2019	2019	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Aero Revenues (incl' commercial)	310,026	328,131	378,035	381,286	(3,251)	-0.9%	49,904	15.2%
Non-Aeronautical Revenues	236,803	257,707	267,528	259,537	7,992	3.1%	9,822	3.8%
Total O&M Expenses	(299,114)	(318,849)	(359,710)	(366,119)	6,409	-1.8%	(40,861)	12.8%
Net Operating Income	247,714	266,989	285,854	274,703	11,150	4.1%	18,864	7.1%
ADF Interest Income	4,242	3,752	6,352	6,352	-	0.0%	2,600	69.3%
Security Checkpoint TSA Grant	1,039	1,001	1,028	1,028	-	0.0%	27	2.7%
Misc. Non-Operating Expenses	(1,799)	(1,586)	(1,311)	(1,311)	-	0.0%	275	-17.4%
CFC Excess	(2,750)	(7,724)	(5,572)	(3,993)	(1,578)	39.5%	2,152	-27.9%
Available for Debt Service	248,446	262,433	286,352	276,780	9,572	3.5%	23,919	9.1%
Debt Service	131,060	136,218	162,912	158,696	4,217	2.7%	26,694	19.6%
Debt Service x 1.25	163,825	170,273	203,640	198,369	5,271	2.7%	33,367	19.6%
Available for revenue sharing	84,621	92,159	82,711	78,410	4,301	5.5%	(9,448)	-10.3%
Revenue Sharing	42,310	36,864	16,542	15,682	860	5.5%	(20,321)	-55.1%

Higher revenue sharing percentage due to higher forecasted non-aero NOI

Non-Aeronautical Business YTD

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	28,339	30,025	29,982	29,365	617	2.1%	(43)	-0.1%
Rental Cars - Operating CFC	9,132	13,407	12,295	11,483	812	7.1%	(1,112)	-8.3%
Public Parking	55,297	59,245	60,839	62,361	(1,521)	-2.4%	1,595	2.7%
Ground Transportation	11,756	13,910	15,685	14,756	929	6.3%	1,775	12.8%
Airport Dining & Retail	40,846	44,353	47,541	44,748	2,793	6.2%	3,187	7.2%
Non-Airline Terminal Leased Space	3,157	3,843	4,742	3,738	1,004	26.9%	899	23.4%
Commercial Properties	13,825	11,804	11,444	10,696	748	7.0%	(360)	-3.1%
Utilities	5,236	5,464	5,518	6,017	(500)	-8.3%	54	1.0%
Employee Parking	7,112	7,744	7,803	7,465	338	4.5%	59	0.8%
Clubs and Lounges	3,715	4,801	7,598	6,235	1,363	21.9%	2,797	58.3%
Other	1,579	1,742	1,837	1,534	302	19.7%	95	5.4%
Total Non-Aero Revenues	179,994	196,338	205,283	198,397	6,886	3.5%	8,945	4.6%
Total Non-Aero Expenses	74,612	82,489	85,923	93,960	8,036	8.6%	3,434	4.2%
Net Operating Income	105,381	113,848	119,360	104,438	14,922	14.3%	5,512	4.8%

2019 YTD Actuals to YTD Prior Year

Non-Aero Revenue -

- **Rental Car** – concession revenue flat to PY, CFC operating revenue decline due to higher debt service in 2019.
- **Parking** – revenue growth due to higher enplanements and net impact of parking rate increase to General Parking beginning in July 2019.
- **GT** – driven by TNC revenue growth, partially offset by decline in demand for taxis
- **Airport Dining & Retail** – strong performance in Food & Beverage sales and Advertising revenue is partially offset by decline in Duty Free sales. Retail revenue includes \$1.5M prior year adjustment recognized in 2019.
- **Clubs** – demand driven growth continues.
- All other Non-Aero revenue showing steady growth

Expenses - planned spending in line with 2019 Budget initiatives

Revenue growth driven by ADR, Lounges, GT, and Parking

Non-Aeronautical Business YE

\$ in 000's	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	35,051	37,306	37,088	36,455	634	1.7%	(218)	-0.6%
Rental Cars - Operating CFC	10,641	16,263	14,615	13,624	991	7.3%	(1,648)	-10.1%
Public Parking	75,106	80,212	83,000	82,350	650	0.8%	2,788	3.5%
Ground Transportation	15,684	18,772	20,706	19,734	972	4.9%	1,934	10.3%
Airport Dining & Retail	54,611	59,021	59,932	59,484	448	0.8%	910	1.5%
Non-Airline Terminal Leased Space	4,369	5,302	5,879	4,909	970	19.8%	577	10.9%
Commercial Properties	18,042	15,434	15,471	14,219	1,251	8.8%	37	0.2%
Utilities	7,018	7,206	7,688	8,058	(370)	-4.6%	482	6.7%
Employee Parking	9,617	10,269	10,472	10,134	338	3.3%	203	2.0%
Clubs and Lounges	5,041	6,802	10,329	8,520	1,809	21.2%	3,527	51.9%
Other	1,624	1,119	2,349	2,049	300	14.6%	1,229	109.9%
Total Non-Aero Revenues	236,803	257,707	267,528	259,537	7,992	3.1%	9,822	3.8%
Total Non-Aero Expenses	103,702	107,748	120,352	123,003	2,652	2.2%	12,604	11.7%
Net Operating Income	133,101	149,959	147,177	136,534	10,643	7.8%	(2,782)	-1.9%
Less: CFC (Surplus) / Deficit ⁽¹⁾	(2,750)	(7,724)	(5,572)	(3,993)	(1,578)	-39.5%	2,152	27.9%
Adjusted Non-Aero NOI	130,351	142,235	141,605	132,540	9,065	6.8%	(630)	-0.4%
Debt Service ⁽¹⁾	(44,495)	(44,545)	(49,459)	(49,352)	(107)	-0.2%	(4,914)	-11.0%
Net Cash Flow	85,856	97,690	92,146	83,188	8,958	10.8%	(5,544)	-5.7%

(1) CFC excess and Debit service are forecasted/budgeted on an annual basis only. Thus, quarterly data is not available.

2019 Forecast to 2018 Actuals

Revenue:

- **Rental Car** – fewer transactions offset by higher average ticket price results in nearly flat YOY Concession Revenue. CFC operating revenue lower YOY primarily due to higher debt service costs in 2019.
- **Parking** – revenue growth due to higher enplanements and net impact of parking rate increase to General Parking beginning in July 2019.
- **GT** – driven by TNC revenue growth, partially offset by decline in demand for taxis
- **Airport Dining & Retail** – strong performance in Food & Beverage sales and Advertising revenue is partially offset by decline in Duty Free sales. Retail revenue includes \$1.5M prior year adjustment recognized in 2019.
- **Clubs** – demand driven growth continues.
- All other Non-Aero revenue showing steady growth

Expenses - planned spending in line with 2019 Budget initiatives

NOI favorable to Budget, but lower compared to 2018

Public Parking Performance YTD

Public Parking - Revenue Detail	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2018	
					\$	%	\$	%
Parking Garage Revenue to Port								
Revenue to Port - General Parking	50,074	53,568	54,669	56,537	(1,868)	-3.3%	1,101	2.1%
Other Garage Revenue								
Premier Corporate Parking	726	890	1,046	925	121	13.1%	156	17.6%
Passport Parking Program	2,211	2,366	2,654	2,469	185	7.5%	288	12.2%
Revenue to Port - Parking Programs	2,937	3,255	3,700	3,393	306	9.0%	444	13.7%
Total Parking Garage Revenue	53,011	56,823	58,368	59,930	(1,562)	-2.6%	1,545	2.7%
Other Parking Revenue								
Concession Rent - Doug Fox off-site parking	2,266	2,384	2,422	2,416	6	0.2%	38	1.6%
All Other Parking Revenue	20	37	49	14	35	244.5%	12	30.9%
Total Parking Revenue	55,297	59,245	60,839	62,361	(1,521)	-2.4%	1,595	2.7%
Enplanement Metrics								
in 000's								
	2017 YTD	2018 YTD	2019 Year-to-Date		Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2018	
					#	%	#	%
Total Enplanements	17,788	18,952	19,586	19,312	274	1.4%	634	3.3%
O&D %	70.4%	71.2%	71.2%	70.3%	0.9%	1.3%	0.0%	0.0%
O&D Enplanements	12,523	13,494	13,945	13,576	369	2.7%	451	3.3%
Revenue per O&D Enplanement								
Public Parking	\$ 4.00	\$ 3.97	\$ 3.92	\$ 4.16	\$ (0.24)	-5.9%	\$ (0.05)	-1.2%
Premier Corporate Parking	\$ 0.06	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.01	10.1%	\$ 0.01	13.8%
Passport Parking Program	\$ 0.18	\$ 0.18	\$ 0.19	\$ 0.18	\$ 0.01	4.6%	\$ 0.01	8.6%
Total Garage Revenue per O&D Enplanement	\$ 4.23	\$ 4.21	\$ 4.19	\$ 4.41	\$ (0.23)	-5.2%	\$ (0.03)	-0.6%

2019 Actuals vs. 2018 Actuals:

Parking revenue growth YOY driven by higher enplanements and the tariff increase for general parking implemented mid-2019.

Garage Parking revenue growth in current year is negatively impacted by decision to eliminate the parking coupon program and the delay in implementation of pre-booking program in 2019.

YOY growth in reflects tariff increases and customer demand for close-in parking

Public Parking Performance YE

Public Parking - Revenue Detail							Incr / (Decr)	
\$ in 000's	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Budget Variance \$	%	Change from 2018 \$	%
Parking Garage Revenue to Port								
Revenue to Port - General Parking	68,024	72,473	74,650	74,554	96	0.1%	2,177	3.0%
Other Garage Revenue Programs								
Premier Corporate Parking	958	1,225	1,430	1,247	183	14.7%	205	16.7%
Passport Parking Program	2,990	3,219	3,590	3,330	260	7.8%	371	11.5%
Revenue to Port - Parking Programs	3,947	4,444	5,020	4,578	442	9.7%	576	13.0%
Total Parking Garage Revenue	71,971	76,917	79,670	79,132	538	0.7%	2,753	3.6%
Other Parking Revenue								
Concession Rent - Doug Fox off-site parking	3,109	3,238	3,275	3,200	75	2.3%	37	1.1%
Space Rent and Other Parking Revenue	25	56	55	19	36	190.1%	(1)	-1.8%
Total Parking Revenue	75,106	80,212	83,000	82,350	650	0.8%	2,788	3.5%
Total Enplanements	23,416	24,894	25,890	25,394	496	2.0%	996	4.0%
O&D %	70.4%	71.2%	71.1%	70.3%	0.8%	1.1%	-0.1%	-0.1%
O&D Enplanements	16,485	17,725	18,408	17,852	556	3.1%	683	3.9%
Revenue per O&D Enplanement Metrics								
Public Parking	\$ 4.13	\$ 4.09	\$ 4.06	\$ 4.18	\$(0.12)	-2.9%	\$ (0.03)	-0.8%
Premier Corporate Parking	\$ 0.06	\$ 0.07	\$ 0.08	\$ 0.07	\$ 0.01	11.2%	\$ 0.01	12.4%
Passport Parking Program	\$ 0.18	\$ 0.18	\$ 0.20	\$ 0.19	\$ 0.01	4.5%	\$ 0.01	7.4%
Total Garage Revenue per O&D Enplanement	\$ 4.37	\$ 4.34	\$ 4.33	\$ 4.43	\$(0.10)	-2.4%	\$ (0.01)	-0.3%

2019 Forecast vs. 2018 Actuals

Garage General Parking revenue growth YOY primarily driven by higher enplanements and a price increase to General Parking beginning in July 2019.

Parking programs - demand driven growth continues

2019 Forecast vs. 2019 Budget

Garage General Parking revenue growth forecast in Q4 compared to budget is based on strong enplanement volume in Q4 and the tariff rate increase which went into effect on 7/1/19 for General Parking.

Strong enplanements growth and tariff rate increases driving parking revenue growth

Rental Car Performance YTD

Rental Car - Revenue Detail	2017 YTD		2018 YTD		2019 Year-to-Date		Fav / (UnFav)		Incr / (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018			
					\$	%	\$	%		
Total Enplanements	17,788	18,952	19,585	19,312	273	1.4%	633	3.3%		
O&D %	70.4%	71.2%	71.1%	70.3%	0.8%	1.1%	-0.1%	-0.1%		
O&D Enplanements	12,523	13,494	13,925	13,576	348	2.6%	431	3.2%		
Gross Sales by Operators	255,058	272,606	264,235	265,251	(1,016)	-0.4%	(8,370)	-3.1%		
Total Transactions	1,069	1,099	1,097	1,076	21	1.9%	(2)	-0.2%		
Average Ticket	\$238.52	\$247.99	\$240.88	\$246.52	(\$5.64)	-2.3%	(\$7.12)	-2.9%		
Average Length of Stay	4.44	4.50	4.57	4.51	0.06	1.3%	0.07	0.02		
Transactions/O&D Enplanements	8.54%	8.15%	7.88%	7.93%	-0.05%	-0.6%	-0.27%	-3.3%		
<u>CFC Revenue Summary</u>										
Total Transaction Days	4,749	4,946	5,010	4,849	161	3.3%	64	1.3%		
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$0.00	0.0%	\$0.00	0.0%		
CFC Revenue Earned	28,493	29,675	30,061	29,094	967	3.3%	386	1.3%		
Other CFC Collections	364	234	(232)	-	(232)	N/A	(467)	-199.2%		
Total CFC Revenue	28,857	29,909	29,829	29,094	735	2.5%	(80)	-0.3%		
Debt Service Reserve Requirement	(19,725)	(16,502)	(17,534)	(17,611)	77	-0.4%	(1,032)	6.3%		
Residual - CFC Operating Revenue	9,132	13,407	12,295	11,483	812	7.1%	(1,112)	-8.3%		
<u>Rental Car - Revenue Summary</u>										
\$ in 000's	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018			
					\$	%	\$	%		
RCF Concession Revenue to Port	25,578	27,158	27,052	26,524	528	2.0%	(106)	-0.4%		
Residual - CFC Operating Revenue:	9,132	13,407	12,295	11,483	812	7.1%	(1,112)	-8.3%		
Land Rent/Space Rent/Other	2,761	2,867	2,930	2,841	88	3.1%	63	2.2%		
Total Rental Cars Operating Revenue	37,470	43,433	42,277	40,848	1,429	3.5%	(1,156)	-2.7%		

Key message:

Rental Car revenue continues to be impacted by availability of other transportation alternatives (light rail, TNCs, car-sharing, etc.). Transactions per O&D enplaned passenger declining faster than overall enplanement growth.

Reduced transactions per O&D enplaned passenger

Rental Car Performance YE

Rental Car - Revenue Detail	2017	2018	2019	2019	Fav / (UnFav)		Incr / (Decr)	
# and \$ in 000's	Actual	Actual	Budget	Forecast	Budget	Variance	Change from 2018	
					\$	%	\$	%
<u>RCF Concession Revenue to Port</u>	31,352	33,474	32,666	33,300	634	1.9%	(174)	-0.5%
Total Enplanements	23,416	24,894	25,394	25,890	496	2.0%	996	4.0%
O&D %	70.4%	71.2%	70.3%	71.1%	0.8%	1.1%	-0.1%	-0.1%
O&D Enplanements	16,485	17,725	17,852	18,408	556	3.1%	683	3.9%
Gross Sales by Operators	313,654	334,355	326,665	333,405	6,740	2.1%	(950)	-0.3%
Total Transactions	1,388	1,416	1,396	1,395	(1)	-0.1%	(21)	-1.5%
Average Ticket	\$226.03	\$236.08	\$234.00	\$239.00	5.00	2.1%	\$2.92	1.2%
Average Length of Stay	4.37	4.44	4.43	4.54	0.11	2.5%	0.10	2.3%
Transactions/O&D Enplanements	8.42%	7.99%	7.82%	7.58%	-0.24%	-3.1%	-0.41%	-5.1%
<u>CFC Revenue Summary</u>								
Total Transaction Days	6,070	6,286	6,184	6,333	149	2.4%	47	0.7%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$0.00	0.0%	\$0.00	0.0%
CFC Revenue Earned	36,421	37,716	37,106	37,998	892	2.4%	282	0.7%
Other CFC Collections	(160)	349	-	-	-	N/A	(349)	-100.0%
Total CFC Revenue Earned	36,261	38,065	37,106	37,998	892	2.4%	(67)	-0.2%
Reserve for debt service and CP interest:	(22,621)	(21,802)	(23,482)	(23,383)	99	-0.4%	(1,581)	7.3%
Reserve for CP principal payment:	(3,000)	-	-	-	-	NA	-	NA
Debt Service Reserve Requirement	(25,621)	(21,802)	(23,482)	(23,383)	99	-0.4%	(1,581)	7.3%
Residual - CFC Operating Revenue:	10,641	16,263	13,624	14,615	991	7.3%	(1,648)	-10.1%
Rental Car - Revenue Summary								
# and \$ in 000's	Actual	Actual	Budget	Forecast	Budget	Variance	Change from 2018	
					\$	%	\$	%
RCF Concession Revenue to Port	31,352	33,474	32,666	33,300	634	1.9%	(174)	-0.5%
Residual - CFC Operating Revenue:	10,641	16,263	13,624	14,615	991	7.3%	(1,648)	-10.1%
Land Rent/Space Rent/Other	3,699	3,833	3,788	3,788	-	0.0%	(45)	-1.2%
Total Rental Cars Oper Revenue	45,691	53,569	50,079	51,703	1,624	3.2%	(1,866)	-3.5%

Key message:

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

2019 Forecast vs. 2018 Actuals

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

- Expected continuation of decline in **Transactions per O&D Enplanement** reflects trend in passenger preference shifting to other transportation options, most notable in short-term (1-day) rentals
 - Average length of stay** is increasing as 1-day rentals have declined significantly, due to shift in customer preference to other transportation alternatives.
 - Average ticket price** is a function of rental car pricing and customer demand, and can vary significantly. The 2019 Budget and the 2019 Forecast assumes an average ticket price higher than 2018 actuals due to the continued erosion of short-term rentals to other transportation modes.
- CFC Operating Revenue** – YOY decline primarily due to increase in debt service compared to prior year

Reduced transactions per O&D enplaned passenger

Ground Transportation YTD

Revenue to Port	2017 YTD 2018 YTD		2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Ground Transportation Revenues								
Transportation Network Companies	4,981	7,587	9,587	8,496	1,091	12.8%	2,000	26.4%
On Demand Taxis	4,051	3,337	2,868	3,222	(354)	-11.0%	(469)	-14.1%
On Demand Limos	613	607	599	591	8	1.3%	(8)	-1.4%
Belled In Taxis (Annual Permit)	45	35	27	33	(6)	-16.8%	(8)	-21.5%
Pre-Arranged Limos (Annual Permit)	501	494	483	475	8	1.8%	(11)	-2.2%
Courtesy Cars (cost recovery)	1,016	1,252	1,517	1,451	66	4.6%	265	21.2%
All other Operators (cost recovery)	345	293	361	327	33	10.1%	68	23.1%
Other Misc Revenues	204	304	242	160	81	50.7%	(62)	-20.3%
Total GT Revenue	11,756	13,910	15,685	14,756	929	6.3%	1,775	12.8%
Trip Activity								
in 000's	Actual	Actual	Actual	Budget	#	%	#	%
Ground Transportation Trips								
Transportation Network Companies	932	1,255	1,598	1,487	111	7.4%	342	27.3%
On Demand Taxis	577	560	479	537	(58)	-10.8%	(81)	-14.4%
On Demand Limos	56	54	51	52	(1)	-2.2%	(2)	-4.5%
Belled In Taxis (Annual Permit)	49	15	11	16	(4)	-26.9%	(3)	-21.3%
Pre-Arranged Limos (Annual Permit)	260	268	51	265	(214)	-80.7%	(217)	-80.9%
Courtesy Cars (cost recovery)	893	887	936	879	57	6.4%	49	5.5%
All other Operators (cost recovery)	63	48	60	45	14	31.7%	12	24.3%
Total GT Trip Activity	2,830	3,087	3,186	3,282	(96)	-2.9%	100	3.2%
Total Enplanements	17,788	18,952	19,585	19,312	273	1.4%	633	3.3%
O&D %	70.4%	71.2%	71.2%	70.3%	0.9%	1.3%	0.0%	0.0%
O&D Enplanements	12,523	13,494	13,944	13,576	368	2.7%	450	3.3%
Revenue per O&D Enplanement Metrics								
TNC	7.4%	9.3%	11.5%	11.0%	0.5%	4.6%	2.2%	23.2%
Taxi	4.6%	4.1%	3.4%	4.0%	-0.5%	-13.2%	-0.7%	-17.2%
All other	22.6%	22.9%	22.9%	24.2%	-1.3%	-5.5%	0.0%	-0.1%
Total GT Trips per O&D Enplanement	22.6%	22.9%	22.9%	24.2%	-1.3%	-5.5%	0.0%	-0.1%

Key message:

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

Growth in TNC activity continues to outpace the offsetting decline in all other GT operator categories combined, which results in an overall increase in trip activity of 10.0% YTD

TNC growth expected to continue to outpace enplanement growth

Ground Transportation YE

Revenue to Port	2017	2018	2019	2019	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2018	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Ground Transportation Revenues								
Transportation Network Companies	6,940	10,349	12,864	11,574	1,290	11.1%	2,515	24.3%
On Demand Taxis	5,199	4,475	3,690	4,176	(486)	-11.6%	(785)	-17.5%
On Demand Limos	858	853	842	842	-	0.0%	(11)	-1.2%
Belled In Taxis (Annual Permit)	45	35	29	33	(4)	-12.1%	(6)	-17.1%
Pre-Arranged Limos (Annual Permit)	626	635	588	588	-	0.0%	(47)	-7.4%
Courtesy Cars (cost recovery)	1,319	1,660	2,020	1,919	101	5.3%	360	21.7%
All other Operators (cost recovery)	394	340	459	388	71	18.3%	119	34.9%
Other Misc Revenues	303	424	214	214	-	0.0%	(210)	-49.6%
Total GT Revenue	15,684	18,772	20,706	19,734	972	4.9%	1,934	10.3%
Trip Activity								
in 000's	Actual	Actual	Forecast	Budget	#	%	#	%
Ground Transportation Trips								
Transportation Network Companies	1,277	1,715	2,144	1,929	215	11.1%	429	25.0%
On Demand Taxis	750	723	615	696	(81)	-11.6%	(108)	-15.0%
On Demand Limos	72	69	67	67	-	0.0%	(2)	-2.8%
Belled In Taxis (Annual Permit)	56	18	14	18	(4)	-22.5%	(5)	-24.9%
Pre-Arranged Limos (Annual Permit)	337	347	344	344	-	0.0%	(3)	-1.0%
Courtesy Cars (cost recovery)	1,175	1,209	1,224	1,160	64	5.6%	16	1.3%
All other Operators (cost recovery)	79	63	76	57	19	33.7%	13	21.0%
Total GT Trip Activity	3,746	4,145	4,484	4,271	214	5.0%	339	8.2%
Total Enplanements	23,416	24,894	25,890	25,394	496	2.0%	996	4.0%
O&D %	70.4%	71.2%	71.2%	70.3%	0.9%	1.3%	0.0%	0.0%
O&D Enplanements	16,485	17,725	18,434	17,852	582	3.3%	709	4.0%
Revenue per O&D Enplanement Metrics								
TNC	7.7%	9.7%	11.6%	10.8%	0.8%	8.5%	2.0%	20.2%
Taxi	4.6%	4.1%	3.3%	3.9%	-0.6%	-13.8%	-0.7%	-18.3%
All other	10.4%	9.6%	9.4%	9.2%	0.1%	1.5%	-0.3%	-2.8%
Total GT Trips per O&D Enplanement	22.7%	23.4%	24.3%	23.9%	0%	1.7%	0.9%	4.0%

Key message:

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

2019 Forecast vs. 2018 Actuals

GT Revenue forecast compared to prior year:

- TNC revenue forecast in 2019 reflects continued shift in customer preference, and is expected to grow 24% YOY
- Taxi revenue forecasted to decline 18% YOY
- Revenue from all other GT operator categories continues to reflect changes in market demand.
- Overall GT revenue expected to grow more than 10% compared to prior year.

GT Trip Activity forecast compared to prior year:

- TNC trip volume expected to continue to grow significantly faster than the growth in enplaned passengers. 2019 Forecast expects a 25% YOY increase in TNC trip volume.
- Taxi trips activity continues to decline. 2019 Forecast expects a 15% YOY reduction in taxi trip volume
- Trip volume for all other GT operator categories continues to adjust to market demand.
- Overall trip volume expected to grow more than 8% compared to prior year.

TNC growth expected to continue to outpace enplanement growth

Airport Dining & Retail YTD

YTD Airport Dining & Retail	2017 YTD	2018YTD	2019 YTD		Fav / (Unfav) Budget		Incr / (Decr) from	
<i>Org Basis (in 000's)</i>	Actual	Actual	Actual	Budget	\$	%	\$	%
ADR Revenue								
Food & Beverage	16,287	17,479	19,574	18,068	1,506	8.3%	2,095	12.0%
Retail	9,974	12,751	13,506	11,526	1,979	17.2%	755	5.9%
Duty Free	5,540	5,517	5,208	5,610	(402)	-7.2%	(309)	-5.6%
Personal Services	2,869	2,957	3,030	2,852	178	6.2%	72	2.4%
Advertising	4,833	4,540	4,998	5,136	(138)	-2.7%	458	10.1%
Space Rental - Terminal	1,000	1,004	972	1,039	(67)	-6.5%	(33)	-3.3%
All other revenue	343	104	254	517	(263)	-50.9%	150	143.4%
Total ADR Revenue	40,846	44,353	47,541	44,748	2,793	6.2%	3,187	7.2%
Sales per Enplanement (YTD Aug)								
SPE - Food & Beverage	\$7.20	\$7.20	\$7.54	\$7.30	\$0.24	3.4%	\$0.35	4.8%
SPE - Retail Sales	\$3.99	\$4.37	\$3.99	\$3.88	\$0.11	2.9%	(\$0.38)	-8.7%
SPE - Duty Free	\$0.92	\$0.86	\$0.77	\$0.90	(\$0.13)	-14.8%	(\$0.09)	-10.9%
SPE - Personal Services	\$0.96	\$0.94	\$0.85	\$0.89	(\$0.04)	-4.5%	(\$0.09)	-9.4%
SPE - Airport Dining & Retail	\$13.07	\$13.37	\$13.15	\$12.97	\$0.18	1.4%	(\$0.21)	-1.6%

Key Messages – YTD Performance

- **Food & Beverage** – Strong sales throughout the airport, including new units in Central Terminal and North Satellite.
- **Retail Sales** – YTD actuals include \$1.5M prior year adjustment from revised tenant sales reporting. Convenience Retail ‘grab’n’go” food sales declined as expected in 2019 as new restaurants opened, when compared to surge in 2018 sales during period Central Terminal quick serve restaurants were closed for lease transition.
- **Duty Free** - Sales continue to lag, likely due to stricter Chinese enforcement of existing tariffs

Strong growth continues as new ADR units open

Airport Dining & Retail YE

2019 Airport Dining & Retail <i>Org Basis (in 000's)</i>	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav / (Unfav) Budget Variance		Incr / (Decr) from 2018	
					\$	%	\$	%
ADR Revenue								
Food & Beverage	21,579	23,132	23,917	23,780	137	0.6%	785	3.4%
Retail	13,989	17,005	17,268	15,445	1,823	11.8%	263	1.5%
Duty Free	6,912	7,026	6,308	7,497	(1,189)	-15.9%	(718)	-10.2%
Personal Services	3,728	3,951	3,662	3,785	(123)	-3.2%	(289)	-7.3%
Advertising	6,662	6,432	7,126	6,896	230	3.3%	694	10.8%
Space Rental - Terminal	1,292	1,351	1,345	1,385	(40)	-2.9%	(7)	-0.5%
All other revenue	449	125	306	697	(391)	-56.1%	182	145.9%
Total ADR Revenue	54,611	59,022	59,932	59,484	448	0.8%	910	1.5%
Sales per Enplanement								
SPE - Food & Beverage	\$7.18	\$7.34	\$7.73	\$7.30	\$0.43	5.9%	\$0.39	5.3%
SPE - Retail Sales	\$4.07	\$4.38	\$4.00	\$3.88	\$0.12	3.0%	(\$0.38)	-8.8%
SPE - Duty Free	\$0.91	\$0.83	\$0.77	\$0.90	(\$0.13)	-14.2%	(\$0.06)	-7.5%
SPE - Personal Services	\$0.95	\$0.94	\$0.85	\$0.89	(\$0.04)	-5.0%	(\$0.10)	-10.4%
SPE - Airport Dining & Retail	\$13.12	\$13.50	\$13.34	\$12.97	\$0.37	2.9%	(\$0.16)	-1.1%

2019 Forecast vs. 2018 Actuals

- **Food & Beverage** – Strong sales throughout the airport, including new units in Central Terminal and North Satellite.
- **Retail Sales** – 2019 Forecast includes \$1.5M prior year adjustment from tenant revised sales reporting. Convenience Retail ‘grab’n’go” food sales declined as expected in 2019 as new restaurants opened, when compared to surge in 2018 sales during period Central Terminal quick serve restaurants were closed for lease transition.
- **Duty Free** - Sales continue to lag, likely due to stricter Chinese enforcement of existing tariffs.

Strong performance in Food & Beverage continues

Commercial Properties YTD

Non-Aero Commercial Properties <i>Subclass Basis (in 000's)</i>	2017 YTD Actual	2018 YTD Actual	2019 Year to Date Actuals Budget		Fav / (Unfav) 2019 Budget Variance \$ %		Incr / (Decr) from 2018 Actuals \$ %	
Revenue Source								
NEW DEVELOPMENT PARCELS								
DMCBP Land Rents - all (3) phases	633	1,161	1,183	1,180	3	0.3%	22	1.9%
DMCBP In Lieu - 7yr repayment schedule (Phase I & III)	488	516	387	387	0	0.0%	(129)	-24.9%
DMCBP In Lieu - lump sum payment (Phase II)	5,434	-	-	-	-		-	
Subtotal DMCBP:	6,555	1,677	1,571	1,567	3	0.2%	(107)	-6.4%
NERA 2 Land Rent	8	181	201	201	(0)	0.0%	20	11.3%
NERA 3 Land Rent	21	495	551	551	(0)	0.0%	56	11.3%
Des Moines Creek North Land Rent	-	35	381	381	0	0.0%	346	992.0%
Subtotal New Development revenue:	6,584	2,388	2,703	2,700	3	0.1%	316	13.2%
In-Flight Kitchen Revenue	5,678	6,411	7,237	6,563	674	10.3%	826	12.9%
Burien NERA 3 FAA Pilot Program grant	396	1,742	49	-	49	100%	(1,693)	-97.2%
All Other Commercial Properties Revenue	1,168	1,264	1,455	1,433	22	1.5%	191	15.1%
Non-Aero Commercial Properties Revenue:	13,825	11,804	11,444	10,696	748	7.0%	(360)	-3.0%

Key Messages – YTD Performance

- **In-Flight Meal Revenue** growth continues to outpace the growth in enplanements.
- **Non-Aero commercial real estate portfolio** now stable, as construction on new development properties is complete and properties have all transitioned to full land rental rates. Occupancy is stable on existing properties.
- **NERA grant program** ended in mid-2018

Strong in flight meal revenues driving positive performance

Commercial Properties YE

Non-Aero Commercial Properties <i>Subclass Basis (in 000's)</i>	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav / (Unfav) 2019 Budget		Incr / (Decr) from	
					\$	%	\$	%
Revenue Source								
NEW DEVELOPMENT PARCELS								
DMCBP Land Rents - all (3) phases	1,079	1,556	1,573	1,573	-	0.0%	17	1.1%
DMCBP In Lieu - 7yr repayment schedule (Phase I & III)	445	482	522	522	-	0.0%	40	8.2%
DMCBP In Lieu - lump sum payment (Phase II)	5,434	-	-	-	-		-	
Subtotal DMCBP:	6,958	2,038	2,095	2,095	-	0.0%	57	2.8%
NERA 2 Land Rent	15	248	268	268	-	0.0%	20	8.3%
NERA 3 Land Rent	42	687	734	734	-	0.0%	47	6.8%
Des Moines Creek North Land Rent	-	90	593	593	-	0.0%	503	560.2%
Subtotal New Development revenue:	7,015	3,063	3,690	3,690	-	0.0%	627	20.5%
In-Flight Kitchen Revenue	7,827	8,705	9,709	8,634	1,075	12.5%	1,004	11.5%
Burien NERA 3 FAA Pilot Program grant	1,402	1,807	-	-	-		(1,807)	-100.0%
All Other Commercial Properties Revenue	1,798	1,859	2,072	1,896	177	9.3%	213	11.5%
Non-Aero Commercial Properties Revenue:	18,042	15,433	15,471	14,219	1,251	8.8%	37	0.2%

2019 Forecast vs. 2018 Actuals

- **In-Flight Meal Revenue** growth continues to outpace the growth in enplanements.
- Non-Aero commercial real estate portfolio now stable, as construction on new development properties is complete and properties have all transitioned to full land rental rates. Occupancy is stable on existing properties.
- NERA grant program ended in mid-2018

In-flight meal revenue growth continues to outpace enplanement growth

2019 Capital Expenditures

\$ in 000's Description	2019 YTD Actual	2019 Forecast	2019 Budget	Budget Variance \$ %	
International Arrivals Fac-IAF ⁽¹⁾	231,102	314,102	376,548	62,446	16.6%
NS NSAT Renov NSTS Lobbies ⁽²⁾	95,920	139,642	141,054	1,412	1.0%
Checked Bag Recap/Optimization ⁽³⁾	17,289	23,789	25,865	2,076	8.0%
AFLD Pvmnt Program 2016-2020 ⁽⁴⁾	2,276	4,576	10,350	5,774	55.8%
Service Tunnel Renewal/Replace ⁽⁵⁾	8,632	11,132	15,000	3,868	25.8%
SD Pond Bird Deterrent Improv ⁽⁶⁾	617	3,867	9,620	5,753	59.8%
Terminal Security Enhancements ⁽⁷⁾	1,514	1,739	6,700	4,961	74.0%
RCF Pavement Remediation ⁽⁸⁾	257	757	5,200	4,443	85.4%
SSAT Renovation Project ⁽⁹⁾	(3,426)	(3,426)	100	3,526	3525.9%
Arc Flash Mitigation ⁽¹⁰⁾	41	149	3,636	3,487	95.9%
SSAT Infrastructure HVAC ⁽¹¹⁾	4,578	9,578	6,250	(3,328)	-53.2%
Highline School Insulation ⁽¹²⁾	3	13	3,300	3,287	99.6%
Fire Station - Westside ⁽¹³⁾	466	845	4,000	3,155	78.9%
Parking Garage Elevators Modernization ⁽¹⁴⁾	200	810	3,590	2,780	77.4%
All Other	56,577	95,487	160,108	64,621	40.4%
Total Spending	415,846	602,250	767,732	165,482	21.6%

- (1) Construction delays, manpower challenges. Pedestrian Walkway lift originally planned June 2019, now likely in 2020.
- (2) Annual Variance due to Construction timing.
- (3) Original substantial completion for phase 1 was 8/10/19, but this is now delayed 6 months, spending also lagging behind original projection.
- (4) One work project had bid much lower than engineer's original estimate. The EAC for this project is \$5.8M less than the current budget of \$11.8M.
- (5) Baseline cashflow assumed traffic management change order was implemented which did not occur. Baseline did not account for reduced spending as work in the Main Garage is completed.
- (6) Originally construction was to be complete during 2019, however construction is now pushed back until 2020.
- (7) Baseline cashflow prepared prior to scope revision (sidewalk surfacing) that delayed construction four months. Bids were cancelled.
- (8) Baseline cashflow prepared prior to scope revision (security fencing) that delayed construction two months. Construction as further delayed a month due to a bid protest.
- (9) Project was cancelled.
- (10) Design delays have postponed the start of construction until 2020.
- (11) Adjusted work areas to allow the contractor more efficiencies with larger spaces to complete the work. This efficiency accelerated the cost.
- (12) Awaiting grant issuance for project to commence.
- (13) A change in delivery method from two major work contracts to one contract has resulted in delaying the construction to start in Q1 2020.
- (14) Elevator Shafts and Vestibules is being delayed until 2020 construction season due to design delays and weather windows.

YTD spending variances primarily due to delayed Capex spending

SAMP Overview

YTD Summary					Fav (Unfav)		Inc (Decr)	
\$ in 000's	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date Actual	Budget	2019 Budget Variance \$	%	Change from 2018 \$	%
SAMP Completion & Transition to Env Review	958	324	131	210	79	37.6%	(193)	-59.6%
Adv Planning IDIQ - Master Plan	850	3,048	2,089	3,488	1,399	40.1%	(959)	-31.5%
Environmental Review - Master Plan	124	97	208	1,170	962	82.2%	111	114.6%
SAMP Utilities Master Plan	0	255	415	1,400	985	70.4%	160	62.7%
Total SAMP-Related Spending	1,932	3,724	2,843	6,268	3,425	54.6%	(881)	-23.7%

Annual Forecast			Year-End Projection		Fav (Unfav)		Inc (Decr)	
\$ in 000's	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2019 Budget Variance \$	%	Change from 2018 \$	%
SAMP Completion & Transition to Env Review	1,335	462	300	300	0	0.0%	(162)	-35.1%
Adv Planning IDIQ - Master Plan	1,141	3,905	4,650	4,650	0	0.0%	745	19.1%
Environmental Review - Master Plan	169	521	1,100	1,600	500	31.3%	579	111.1%
SAMP Utilities Master Plan	276	459	1,000	2,000	1,000	50.0%	541	117.9%
Total SAMP-Related Spending	2,921	5,347	7,050	8,550	1,500	17.5%	1,703	31.8%

YTD timing delay in Environmental Review and Advanced Planning

Maritime Division Appendix

Maritime 2019 YTD Financial Summary

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	2,101	2,504	2,913	3,016	(103)	-3%	409	16%
Elliott Bay Fishing & Commercial Oper	4,201	4,231	4,108	4,444	(335)	-8%	(123)	-3%
Recreational Boating	8,289	9,075	9,445	9,682	(237)	-2%	370	4%
Cruise	17,515	19,025	22,666	22,727	(62)	0%	3,641	19%
Bulk	3,782	4,043	3,187	3,185	1	0%	(856)	-21%
Maritime Portfolio Management	7,929	8,551	7,500	7,573	(73)	-1%	(1,051)	-12%
Other	19	17	25	0	25	NA	8	46%
Total Revenue	43,838	47,446	49,843	50,628	(785)	-2%	2,397	5%
Expenses								
Ship Canal Fishing & Operations	1,519	1,873	1,932	2,173	241	11%	59	3%
Elliott Bay Fishing & Commercial Op	1,864	1,857	1,866	1,811	(55)	-3%	10	1%
Rec Boating	2,937	2,618	2,742	2,920	178	6%	124	5%
Cruise	1,698	2,065	1,735	2,519	784	31%	(329)	-16%
Security	0	1	235	487	252	52%	234	23732%
Other Maritime	385	871	952	1,471	520	35%	81	9%
Maintenance Expenses	7,007	8,362	8,350	8,944	594	7%	(13)	0%
Portfolio Management	2,560	2,894	3,171	3,247	76	2%	277	10%
Other ED Expenses	491	464	381	525	145	28%	(83)	-18%
Total Maritime & EDD expenses	18,460	21,004	21,365	24,099	2,735	11%	361	2%
Enviromental & Sustainability	796	885	1,708	1,967	259	13%	823	93%
CDD Expenses	0	668	623	626	3	0%	(45)	-7%
Police Expenses	2,913	3,252	2,953	3,354	401	12%	(299)	-9%
Other Central Services	7,549	7,186	7,812	8,267	455	5%	626	9%
Aviation Division	145	160	159	209	50	24%	(1)	0%
Total Central Services & Aviation	11,402	12,150	13,255	14,422	1,167	8%	1,104	9%
Envir Remed Liability	371	(99)	11	0	(11)	NA	110	111%
Total Expense	30,233	33,055	34,630	38,522	3,891	10%	1,575	5%
NOI Before Depreciation	13,604	14,391	15,213	12,106	3,107	26%	822	6%
Depreciation	12,589	13,313	13,267	13,214	(53)	0%	(46)	0%
NOI After Depreciation	1,015	1,078	1,946	(1,107)	3,054	276%	868	81%

YTD NOI 26% higher than 2018

Maritime 2019 Forecast Financial Summary

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Ship Canal Fishing & Operations	2,854	3,502	3,821	4,021	(200)	-5%	319	9%
Elliott Bay Fishing & Commercial Operations	6,443	6,755	5,627	5,927	(300)	-5%	(1,128)	-17%
Recreational Boating	11,086	12,035	12,594	12,794	(200)	-2%	560	5%
Cruise	17,596	18,880	22,406	22,406	0	0%	3,526	19%
Bulk	5,427	5,167	4,254	4,254	0	0%	(913)	-18%
Maritime Portfolio Management	10,787	11,305	10,328	10,328	0	0%	(977)	-9%
Other	(9)	(69)	0	0	0	NA	69	100%
Total Revenue	54,183	57,575	59,029	59,729	(700)	-1%	1,455	3%
Expenses								
Ship Canal Fishing & Operations	2,011	2,261	2,554	2,804	250	9%	293	13%
Elliott Bay Fishing & Commercial Operations	2,588	2,530	2,479	2,629	150	6%	(51)	-2%
Rec Boating	3,814	3,609	3,995	4,395	400	9%	387	11%
Cruise	2,674	2,683	3,512	4,212	700	17%	829	31%
Other Maritime	462	721	364	564	200	35%	(357)	-50%
Maintenance Expenses	10,420	11,416	11,780	11,980	200	2%	363	3%
Portfolio Management	3,507	3,726	4,229	4,279	50	1%	502	13%
Other ED Expenses	665	621	595	718	123	17%	(26)	-4%
Total Maritime & EDD expenses	26,141	27,566	29,507	31,580	2,073	7%	1,941	7%
Environmental & Sustainability	1,125	1,588	2,372	2,622	250	10%	783	49%
CDD Expenses	748	823	855	821	(34)	-4%	33	4%
Police Expenses	3,756	4,041	4,333	4,473	140	3%	292	7%
Other Central Services	9,803	9,469	10,857	11,120	263	2%	1,389	15%
Aviation Division	203	221	206	206	0	0%	(15)	-7%
Total Central Services & Aviation	15,634	16,141	18,623	19,242	619	3%	2,482	15%
Envir Remed Liability	389	(455)	0	0	0	NA	455	100%
Total Expense	42,164	43,252	48,130	50,822	2,692	5%	4,878	11%
NOI Before Depreciation	12,020	14,323	10,900	8,908	1,992	22%	(3,423)	-24%
Depreciation	17,410	18,022	17,613	17,613	0	0%	(409)	-2%
NOI After Depreciation	(5,390)	(3,699)	(6,713)	(8,705)	1,992	23%	(3,014)	-81%

Net Income Exceeding Budget

Maritime 2019 Business Line Financials

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\$ in 000's	YTD Actual <u>2017</u>	YTD Actual <u>2018</u>	YTD Actual <u>2019</u>	YTD Budget <u>2019</u>	Fav(UnFav) \$	Bud Var %	Incr/(Decr) \$	Chg fr Prior Year %	Total Year Budget <u>2019</u>
<u>Cruise</u>									
Revenue	17,515	19,025	22,666	22,727	(61)	-0.27%	3,641	19.14%	22,406
Expense	6,217	7,527	8,440	9,247	807	8.73%	913	12.13%	12,017
NOI Before Depreciation	11,298	11,498	14,226	13,480	746	5.53%	2,728	23.73%	10,389
Depreciation Expense	3,941	4,848	4,711	4,491	(220)	-4.90%	(137)	-2.83%	5,986
NOI After Depreciation	7,357	6,650	9,515	8,989	526	5.85%	2,865	43.08%	4,403
<u>Rec Boating</u>									
Revenue	8,289	9,075	9,445	9,682	(237)	-2.45%	370	4.08%	12,794
Expense	7,197	7,545	8,002	8,913	911	10.22%	457	6.06%	11,750
NOI Before Depreciation	1,092	1,530	1,443	769	674	87.65%	(87)	-5.69%	1,044
Depreciation Expense	2,356	2,169	2,072	2,046	(26)	-1.27%	(97)	-4.47%	2,727
NOI After Depreciation	(1,264)	(639)	(629)	(1,277)	648	50.74%	10	1.56%	(1,683)
<u>Maritime Portfolio</u>									
Revenue	7,929	8,551	7,500	7,573	(73)	-0.96%	(1,051)	-12.29%	10,328
Expense	7,594	7,705	8,167	9,001	834	9.27%	462	6.00%	11,982
NOI Before Depreciation	335	846	(667)	(1,428)	761	53.29%	(1,513)	-178.84%	(1,654)
Depreciation Expense	2,003	2,043	1,922	1,877	(45)	-2.40%	(121)	-5.92%	2,502
NOI After Depreciation	(1,668)	(1,197)	(2,589)	(3,305)	716	21.66%	(1,392)	-116.29%	(4,156)
<u>Ship Canal Fishing & Operations</u>									
Revenue	2,101	2,504	2,913	3,016	(103)	-3.54%	409	16.33%	4,021
Expense	3,925	4,314	4,406	4,771	365	8.27%	92	2.13%	6,319
NOI Before Depreciation	(1,824)	(1,810)	(1,493)	(1,755)	262	17.51%	317	17.50%	(2,298)
Depreciation Expense	1,247	1,238	1,632	1,778	146	8.97%	393	31.75%	2,370
NOI After Depreciation	(3,071)	(3,049)	(3,125)	(3,533)	408	13.05%	(76)	-2.51%	(4,668)

Maritime 2019 Business Line Financials

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\$ in 000's	YTD Actual 2017	YTD Actual 2018	YTD Actual 2019	YTD Budget 2019	Fav(UnFav) \$	Bud Var %	Incr/(Decr) \$	Chg fr Prior Year %	Total Year Budget 2018
<u>Elliott Bay Fishing & Commercial Operations</u>									
Revenue	4,201	4,231	4,108	4,444	(335)	-8.16%	(123)	-2.90%	5,927
Expense	4,035	4,518	3,975	4,673	699	17.57%	(543)	-12.02%	6,195
NOI Before Depreciation	166	(286)	134	(229)	363	NA	420	-146.76%	(269)
Depreciation Expense	2,617	2,558	2,507	2,603	97	3.86%	(51)	-2.00%	3,471
NOI After Depreciation	(2,451)	(2,844)	(2,373)	(2,833)	460	19.38%	471	-16.57%	(3,739)
<u>Bulk/Grain Terminal</u>									
Revenue	3,782	4,043	3,187	3,185	2	0.06%	(856)	-21.17%	4,254
Expense	1,030	1,350	1,273	1,357	84	6.19%	(77)	-5.70%	1,810
NOI Before Depreciation	2,752	2,693	1,914	1,828	86	4.70%	(779)	-28.93%	2,444
Depreciation Expense	418	447	414	408	(6)	-1.47%	(33)	-7.38%	543
NOI After Depreciation	2,334	2,246	1,500	1,420	80	5.63%	(746)	-33.21%	1,901
<u>Other</u>									
Revenue	19	17	25	0	25	NA	8	47.06%	0
Expense	446	97	367	560	193	34.46%	270	278.35%	748
NOI Before Depreciation	(427)	(80)	(342)	(560)	218	38.93%	(262)	-327.50%	(748)
Depreciation Expense	5	10	10	10	0	0.00%	0	NA	14
NOI After Depreciation	(432)	(90)	(352)	(570)	218	38.25%	(262)	-291.11%	(762)
<u>Total Maritime</u>									
Revenue	43,838	47,446	49,843	50,628	(785)	-1.55%	2,397	5.05%	59,729
Expense	30,443	33,055	34,630	38,522	3,892	10.10%	1,575	4.76%	50,822
NOI Before Depreciation	13,395	14,391	15,213	12,106	3,107	25.66%	822	5.71%	8,907
Depreciation Expense	12,589	13,313	13,267	13,214	(53)	-0.40%	(46)	-0.35%	17,613
NOI After Depreciation	806	1,078	1,946	(1,108)	3,054	275.63%	868	80.52%	(8,706)

Maritime Capital 2019

\$ in 000's	2019 YTD	2019	2019	Budget Variance	
	Actual	Forecast	Budget	\$	%
Small Projects	1,266	1,684	3,954	2,270	57%
SBM Restrms/Service Bldgs Rep	88	1,088	2,920	1,832	63%
Contingency Renewal & Replace.	0	2,000	2,000	0	0%
MD Fleet 2019	0	607	1,818	1,211	67%
Cruise Terminal Tenant Improv	15	1,123	1,370	247	18%
T117 Restoration	237	437	1,040	603	58%
FT Docs 3,4,5 Fixed Pier	229	673	600	(73)	-12%
New Cruise Terminal	552	1,394	600	(794)	-132%
SBM Paving	36	46	596	550	92%
Maritime Technology Projects	44	174	450	276	61%
Marina Mgt Sys Replacement	69	69	426	357	84%
All Other Projects	835	1,449	1,864	415	22%
Total Maritime	3,371	10,744	17,638	6,894	39%

Small Projects – Numerous projects within CIP are under feasibility discussions to either cancel or defer spending into 2020.

T117 Restoration – Schedule delayed due to delay in Trustee negotiation.

New Cruise Terminal - A site for the new cruise terminal became available sooner than expected. Design development proceeding earlier than anticipated.

SBM Paving – Construction delayed due to re-evaluation of project scope after bids received 33% over Engineer's estimate.

Marina Management System – Project on hold as Vendor unable to meet security requirements.

Schedule delays driving underspend vs. to budget

Stormwater Utility

\$ in 000's	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018		Total Year Budget 2019
			Actual	Budget	\$	%	\$	%	
Revenue									
NWSA	2,876	3,158	3,367	3,423	(56)	-2%	209	7%	4,564
Tenants Revenue	547	841	926	844	83	10%	85	10%	1,125
Non-tenants Revenue	84	73	79	79	(0)	0%	6	8%	106
Total Revenues	3,507	4,072	4,372	4,346	26	1%	300	7%	5,795
Expenses									
SWU Direct	554	627	568	785	(217)	-28%	(59)	-9%	1,052
Maintenance Expenses	1,605	2,350	2,277	2,164	113	5%	(73)	-3%	2,933
EDD Expenses	15	6	24	37	(13)	-36%	18	296%	50
Environmental & Sustainability	314	159	261	195	66	34%	103	65%	260
Capital Development Expenses	36	21	30	54	(24)	-44%	9	45%	72
Other Central Service Expenses	287	514	604	598	6	1%	90	18%	797
Total Expenses	2,811	3,676	3,764	3,833	(69)	-2%	88	2%	5,164
NOI Before Depreciation	696	241	500	357	143	40%	259	107%	
Depreciation	748	824	901	830	71	9%	77	9%	1,108
NOI After Depreciation	(52)	(583)	(401)	(473)	72	-15%	182	-31%	(1,108)

Crews have assessed 83% of the system, rehabilitated 21%, completed 20 repairs, and installed 5 tide gates so far in 2019.

SWU tracking to budget

Economic Development Division Appendix

EDD 2019 YTD Financial Detail

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav(UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Revenue	6,515	6,954	6,668	6,768	(100)	-1%	(286)	-4%
Conf & Event Centers	5,706	7,636	8,147	7,768	379	5%	510	7%
Total Revenue	12,221	14,590	14,815	14,536	279	2%	225	2%
Expenses								
Portfolio Management	3,384	2,856	2,791	3,168	378	12%	(65)	-2%
Conf & Event Centers	5,305	6,479	6,867	6,682	(185)	-3%	387	6%
P69 Facilities Expenses	144	173	153	169	16	10%	(20)	-12%
RE Dev & Planning	156	110	79	149	70	47%	(31)	-29%
EconDev Expenses Other	555	648	584	948	364	38%	(64)	-10%
Maintenance Expenses	2,291	2,949	2,265	3,080	816	26%	(684)	-23%
Maritime Expenses (Excl Maint)	143	188	193	340	147	43%	5	3%
Total EDD & Maritime Expenses	11,977	13,403	12,930	14,536	1,606	11%	(472)	-4%
Diversity in Contracting	42	84	130	152	21	14%	47	56%
Workforce Development	560	343	606	1,535	929	61%	263	77%
Tourism	837	942	868	1,157	289	25%	(74)	-8%
EDD Grants	688	65	(12)	1,110	1,122	101%	(78)	-119%
Total EDD Initiatives	2,126	1,434	1,592	3,954	2,361	60%	158	11%
Environmental & Sustainability	179	178	268	296	29	10%	90	51%
CDD Expenses	0	31	17	20	3	14%	(13)	-43%
Police Expenses	130	122	150	171	21	12%	29	23%
Other Central Services	4,041	4,040	4,030	4,258	228	5%	(10)	0%
Aviation Division	109	118	83	118	36	30%	(35)	-30%
Total Central Services & Aviation	4,459	4,488	4,548	4,864	316	6%	60	1%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	18,562	19,325	19,071	23,354	4,283	18%	(254)	-1%
NOI Before Depreciation	(6,341)	(4,735)	(4,256)	(8,819)	4,563	52%	479	10%
Depreciation	2,849	3,008	2,786	2,866	80	3%	(222)	-7%
NOI After Depreciation	(9,190)	(7,743)	(7,042)	(11,685)	4,643	40%	701	9%

Flat spending YTD over 2018

EDD 2019 Forecast Financial Detail

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2018	
					\$	%	\$	%
Revenue	8,658	9,002	8,830	8,930	(100)	-1%	(172)	-2%
Conf & Event Centers	9,133	11,703	11,174	10,795	379	4%	(529)	-5%
Total Revenue	17,791	20,705	20,004	19,725	279	1%	(700)	-3%
Expenses								
Portfolio Management	3,879	3,571	3,894	4,128	234	6%	323	9%
Conf & Event Centers	7,639	9,889	9,559	9,374	(185)	-2%	(331)	-3%
P69 Facilities Expenses	206	235	225	225	0	0%	(11)	-5%
RE Dev & Planning	214	149	146	216	70	32%	(3)	-2%
EconDev Expenses Other	773	785	902	1,262	360	29%	117	15%
Maintenance Expenses	3,666	3,915	3,371	4,071	700	17%	(544)	-14%
Maritime Expenses (Excl Maint)	52	166	265	389	124	32%	99	59%
Total EDD & Maritime Expenses	16,429	18,711	18,361	19,664	1,303	7%	(350)	-2%
Diversity in Contracting	64	132	199	199	0	0%	67	50%
Workforce Development	850	702	1,410	2,010	600	30%	708	101%
Tourism	1,234	1,408	1,521	1,521	0	0%	112	8%
EDD Grants	751	838	900	1,160	260	22%	62	7%
Total EDD Initiatives	2,900	3,080	4,030	4,890	860	18%	949	31%
Environmental & Sustainability	260	281	338	395	57	14%	58	21%
CDD Expenses	387	283	247	235	(12)	-5%	(36)	-13%
Police Expenses	51	(76)	207	228	21	9%	283	374%
Other Central Services	5,257	5,259	5,319	5,547	228	4%	60	1%
Aviation Division	113	113	119	155	36	23%	6	5%
Total Central Services & Aviation	6,068	5,860	6,231	6,561	330	5%	372	6%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	25,397	27,651	28,621	31,114	2,493	8%	971	4%
NOI Before Depreciation	(7,606)	(6,946)	(8,617)	(11,389)	2,772	24%	(1,671)	-24%
Depreciation	3,863	3,992	3,819	3,819	0	0%	(173)	-4%
NOI After Depreciation	(11,469)	(10,938)	(12,436)	(15,208)	2,772	18%	(1,498)	-14%

Ending the year \$2.8M favorable Net Income to Budget

EDD Capital 2019

\$ in 000's	2019 YTD Actual	2019 Forecast	2019 Budget	Budget Variance	
				\$	%
Tenant Improvements -Capital	0	572	1,012	440	43%
RE: Contingency Renew.&Replace	0	902	1,000	98	10%
Small Projects	111	163	750	587	78%
BHICC Interior Modernization	555	732	750	18	2%
P66 HVAC Systems Upgrade	270	390	690	300	43%
T91 Upland PreDevelopment	101	141	625	484	77%
P69 Commission Chamber Refresh	258	331	301	(30)	-10%
P69 Solar Panel System	266	266	300	34	11%
EDD Technology Projects	0	170	250	80	32%
Fleet Replacement	0	30	30	0	0%
Other Projects	14	130	5	(125)	-2500%
Total Economic Development	1,575	3,827	5,713	1,886	33%

Tenant Improvements - Capital – Leases forecasted to expire will be renewed and require additional capital investment.

Small Projects – Upland Garage EV Charging Station project was cancelled by project sponsor for 2019. Project feasibility for 2020 under discussion.

T-91 Upland Industrial – Spending less in 2019 with more spending to occur in 2020 and 2021.

Prioritization and project delays

Central Services Appendix

Central Services Financial Summary

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Operating Revenues	249	237	1,045	102	942	919.2%	807	340.2%
Core Central Support Services	52,549	56,146	58,524	61,834	3,309	5.4%	2,379	4.2%
Police	17,558	20,023	21,882	23,080	1,198	5.2%	1,859	9.3%
Capital Development	12,521	11,528	12,014	14,126	2,112	14.9%	486	4.2%
Environment & Sustainability	5,176	4,932	7,064	9,364	2,301	24.6%	2,132	43.2%
Total Operating Expenses	87,805	92,629	99,485	108,404	8,920	8.2%	6,856	7.4%

Operating expenses were \$8.9M favorable to budget in Q3 2019

Central Services Expense by Category

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	53,338	59,180	61,869	63,314	1,446	2.3%	2,688	4.5%
Wages & Benefits	16,379	18,604	20,582	21,317	735	3.4%	1,979	10.6%
Payroll to Capital Projects	16,144	16,241	16,489	20,614	4,124	20.0%	248	1.5%
Equipment Expense	2,000	1,783	2,223	1,789	(434)	-24.2%	439	24.6%
Supplies & Stock	813	896	959	916	(43)	-4.7%	62	7.0%
Outside Services	21,623	23,301	24,577	32,128	7,552	23.5%	1,275	5.5%
Travel & Other Employee Exps	1,742	1,768	1,946	2,871	925	32.2%	178	10.1%
Insurance Expense	1,684	1,637	1,700	1,725	25	1.4%	63	3.9%
Litigated Injuries & Damages	817	(82)	-	-	-	0.0%	82	-100.0%
Other	1,605	1,798	2,604	2,706	102	3.8%	805	44.8%
Charge to Capital/Overhead Alloc	(28,342)	(32,498)	(33,464)	(38,976)	(5,512)	14.1%	965	3.0%
Total	87,805	92,629	99,485	108,404	8,920	8.2%	6,856	7.4%

- Payroll savings due to staff vacancies.
- Outside Services favorable budget variance are largely due to lower spending and project delays.
- Charge to Capital was lower than budget due to delay of some capital projects.

Majority of the budget savings are from payroll and outside services

Central Service YE Financial Forecast

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2018	
					\$	%	\$	%
Total Operating Revenues	68	(500)	1,131	185	946	511.5%	1,632	-326.0%
Core Central Support Services	71,071	73,576	80,818	82,710	1,892	2.3%	7,242	9.8%
Police	22,095	23,908	29,436	30,778	1,342	4.4%	5,528	23.1%
Capital Development	17,370	15,501	17,177	18,628	1,452	7.8%	1,675	10.8%
Environment & Sustainability	6,975	8,770	11,202	13,224	2,022	15.3%	2,432	27.7%
Total Operating Expenses	117,511	121,755	138,633	145,339	6,707	4.6%	16,877	13.9%

Expect a \$6.7M favorable budget variance for 2019

Central Services Capital Spending

\$ in 000's	2019 YTD	2019	2019	Budget Variance	
	Actual	Forecast	Budget	\$	%
Infrastructure - Small Cap	572	1,089	1,500	411	27.4%
Services Tech - Small Cap	373	600	1,000	400	40.0%
Enterprise GIS - Small Cap	104	189	250	61	24.4%
Project Cost Management S	211	281	350	69	19.7%
Supplier Database System	368	410	410	0	0.0%
PeopleSoft Financials Upgrade	1,235	1,575	1,575	0	0.0%
Radio System Upgrade	3,072	5,572	9,140	3,568	39.0%
Police Records Mgmt System	0	0	800	800	100.0%
New Budget System	8	258	600	342	57.0%
Office Wi-Fi Refresh	0	0	500	500	100.0%
Maximo Upgrade	19	129	500	371	74.2%
Fiber Channel	0	0	600	600	100.0%
Phone System Upgrade	0	0	1,400	1,400	100.0%
STIA Network Redundancy	0	150	900	750	83.3%
CDD Fleet Replacement	188	258	1,439	1,181	82.1%
CDD Small Cap	0	281	351	70	19.9%
Corporate Fleet Replacement	355	355	1,328	973	73.3%
Other (note 1)	0	575	725	150	20.7%
TOTAL	6,505	11,722	23,368	11,646	49.8%

Note:

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

YTD spending variances primarily due to delayed spending