

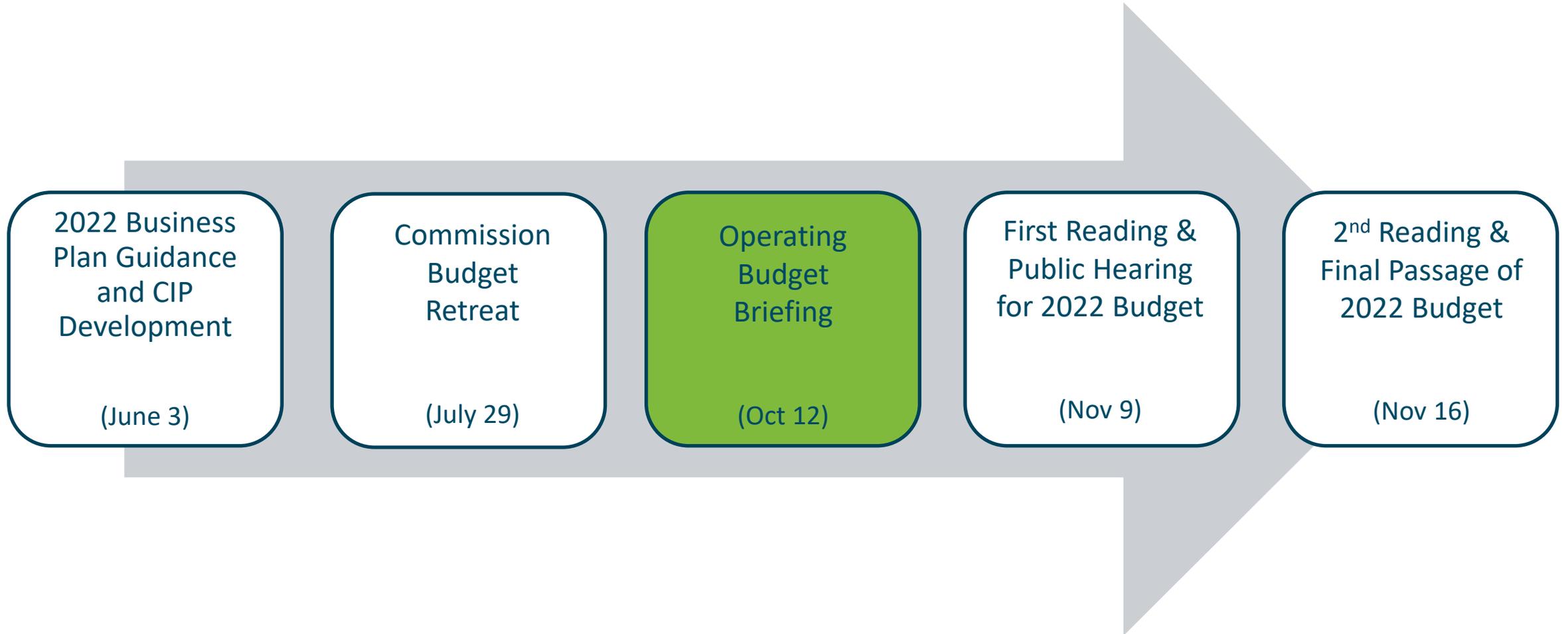
# Maritime Division

Item no. 11b\_supp  
Meeting date: October 12, 2021



2022 Preliminary Budget  
October 12, 2021

# 2022 Maritime Division Budget Timeline



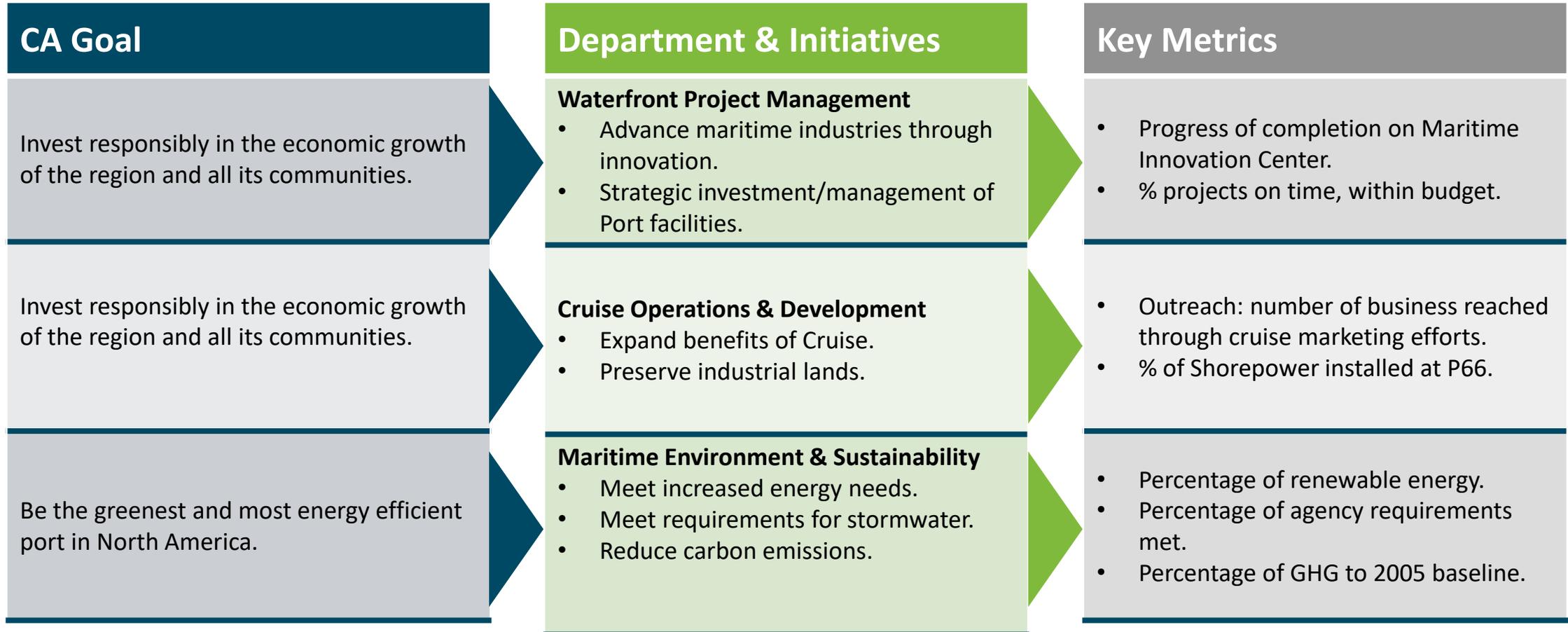
# Century Agenda Drives Division Plans and Budgets



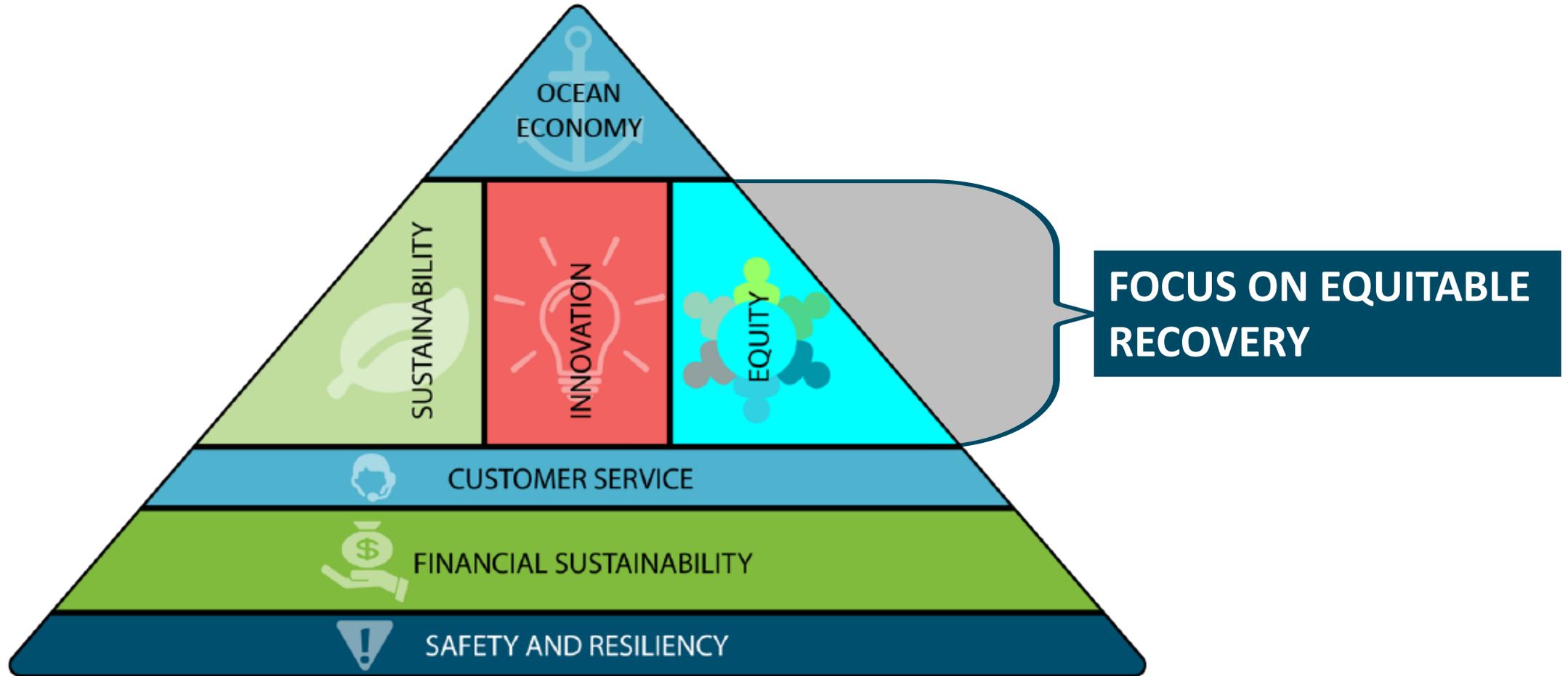
## CENTURY AGENDA OBJECTIVES

- Position the Puget Sound Region as a Premier International Logistics Hub
- Advance this Region as a Leading Tourism Destination and Business Gateway
- Responsibly Invest in the Economic Growth of the Region and all its Communities
- Be the Greenest and Most Energy Efficient Port in North America
- Become a Model for Equity, Diversity and Inclusion
- Be a Highly Effective Public Agency

# Century Agenda Drives Division Plans and Budgets



# Maritime Priorities 2022



# Summary SWOT: Maritime

## OPPORTUNITIES

- **Cruise opportunity to move forward Equity and Sustainability priorities.**
- Take advantage of grants to fund capital projects.
- Increase awareness of trends, market shifts, technological advancements in Maritime Operations.
- Continue to look for CPI opportunities in times of change.
- Maritime innovation initiatives can generate demand for space and bring new energy to our properties.
- Opportunity to realize ROI from our investments in sustainability and environmental initiatives.

## THREATS

- Lingering public health concerns and additional cruise operational requirements and protocols.
- High variability in construction pricing and supply-chain disruption impacting projects.
- Climate change is impacting fisheries.
- Increased concerns on impact of Cruise.
- Sensitivity to public opinion can impact Port efficiency.
- Significant delays in permitting related to changes in Endangered Species Act.
- **In recovery, but not recovered.**

# Summary SWOT: Maritime

## STRENGTHS

- Strong delivery of cruise operation at premium rate (moorage/passenger fees).
- Project team has strong organizational understanding of Port policies, fundamentals & processes.
- **Competitive advantage of physical assets.**
- Diverse, full life cycle in house maintenance services with favorable customer satisfaction.
- Strong and well-integrated Maritime Environmental team.
- Diverse and desirable properties for maritime/industrial.

## WEAKNESSES

- Expense and capital budgets limited until cruise revenue rebounds.
- **Lack of planning resources creates inefficiencies in projects.**
- Aging infrastructure.
- Adapting workforce to ongoing change and transition.
- Work depends on external contracts, cumbersome process.
- Organizational Capacity constraints on growth.

# Maritime Budget: Bottom Line Up Front

## Budget Drivers

- **Supporting growing Capital Plan**
  - Combined NWSA and POS Capital Plans at Record High
  - Projects of Increased Complexity
- **Maintaining our Assets**
  - Backlog of work orders from COVID-19
- **Sustainability**
  - Supporting Sustainability Framework
  - Incorporating Sustainability more broadly

## Top and Bottom Line

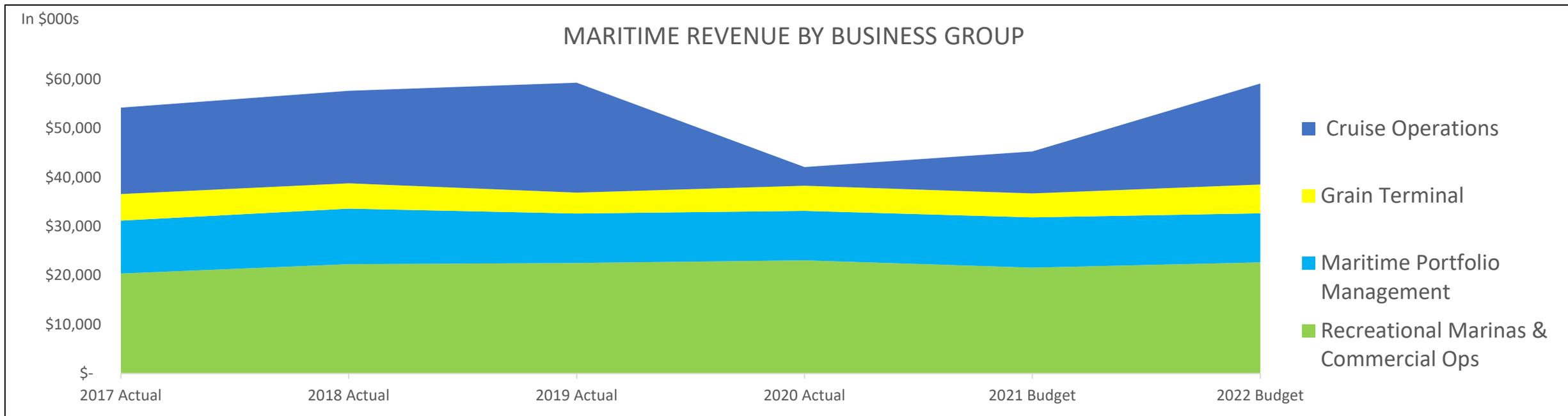
- **Revenue at \$59.1M**
  - Up \$13.9M from 2021, down \$3.8M from the 2020 (pre-Covid) budget.
- **Expenses at \$57.9M**
  - Up 6% (3% annually) from last "normal" budget in 2020.
- **Net Operating Income at \$1.3M**
- **Evaluating a longer term NOI target**

# Maritime Revenues

- Overall planning a \$13.9M annual increase, \$3.8M below 2020 budget.
- Cruise budgeted at 75% occupancy and risk-adjusted sailings.
- Promising year at the grain terminal. Increases from Louis Dreyfuss rates taking effect.

## Recreational Marinas & Commercial Operations.

- Moorage, Service, Equipment, Storage rate increases:
  - Active Commercial Fishing: 3%
  - Non-Active Commercial Fishing: 3%
  - Recreational Boating: 5%
  - Commercial Maritime: 5%



Revenue returning to pre-pandemic levels

# Maritime Expenses

- Compared to 2020 Approved Budget
- Direct Expenses down \$.3M, top-level FTE vacancy factor, elimination of 2 positions, and reductions in travel.
- Support Services up \$1.8M - Increased FTE's and higher pay rates in Maintenance.
- Central services up \$2.2M from increased property insurance rates, higher allocation rate, increased police deployment, and general inflation.
- Overall Expenses up \$3.5M or 6%.
- FTE's – Seventeen New (Maintenance – 8, Project Management - 7). Two positions eliminated.

	<b>*2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>Incr (Decr)</b>	
\$ in 000's	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Forecast</b>	<b>Proposed Budget</b>	<b>\$</b>	<b>%</b>
<b>Expenses</b>							
Total Direct	18,776	22,637	20,904	20,554	22,087	(284)	-1%
Total Support Services	15,446	17,162	15,028	14,428	18,971	1,809	11%
Total Central Services / Other	14,423	14,598	14,311	14,041	16,804	2,206	15%
<b>Total Expense</b>	<b>48,644</b>	<b>54,396</b>	<b>50,243</b>	<b>49,023</b>	<b>57,861</b>	<b>3,465</b>	<b>6%</b>

\*Note 2019 Actual does not include \$2M payment to the alliance and includes \$1.9M favorable pension adjustment

# 2022 Maritime Budget Summary

Inclusive of Direct Charges & Allocations from Corporate, & Other Divisions

\$ in 000's	*2019	2020	2021	2021	2022	Incr (Decr)	
	Actual	Budget	Budget	Forecast	Proposed Budget	Change from 2020 \$	%
Ship Canal Fishing & Operations	3,929	4,264	4,135	4,123	4,211	(53)	-1%
Elliott Bay Fishing & Commercial Operations	6,095	5,123	4,509	4,882	4,717	(406)	-8%
Recreational Boating	12,484	13,361	12,915	12,838	13,731	370	3%
Cruise	22,410	26,261	8,558	9,000	20,574	(5,687)	-22%
Grain	4,266	3,490	4,903	5,779	5,900	2,410	69%
Maritime Portfolio Management	10,108	10,428	10,259	10,034	9,986	(443)	-4%
Other	(3)	11	0	0	19	8	79%
<b>Total Revenue</b>	<b>59,289</b>	<b>62,938</b>	<b>45,280</b>	<b>46,656</b>	<b>59,137</b>	<b>(3,801)</b>	<b>-6%</b>
<b>Expenses</b>							
Maritime (Excl. Maint)	13,789	16,881	15,539	15,439	16,022	(859)	-5%
Economic Development	4,987	5,756	5,365	5,115	6,065	309	5%
<b>Total Direct</b>	<b>18,776</b>	<b>22,637</b>	<b>20,904</b>	<b>20,554</b>	<b>22,087</b>	<b>(551)</b>	<b>-2%</b>
Maintenance Expenses	12,186	13,073	11,595	11,095	14,624	1,552	12%
Envir Services & Planning	2,250	2,681	2,140	1,940	2,542	(139)	-5%
Seaport Finance & Cost Recovery	835	1,052	977	977	1,096	44	4%
Waterfront Project Management	175	356	316	416	708	352	99%
<b>Total Support Services</b>	<b>15,446</b>	<b>17,162</b>	<b>15,028</b>	<b>14,428</b>	<b>18,971</b>	<b>1,809</b>	<b>11%</b>
IT	2,685	2,906	2,853	2,838	3,349	444	15%
Police Expenses	4,086	3,382	3,118	3,059	3,495	112	3%
External Relations	1,564	1,635	1,347	1,013	1,648	12	1%
Other Central Services	5,810	6,429	6,749	6,887	8,027	1,598	25%
Aviation Division / Other	278	245	243	243	285	40	16%
<b>Total Central Services / Other</b>	<b>14,423</b>	<b>14,598</b>	<b>14,311</b>	<b>14,041</b>	<b>16,804</b>	<b>2,206</b>	<b>15%</b>
<b>Total Expense</b>	<b>48,644</b>	<b>54,396</b>	<b>50,243</b>	<b>49,023</b>	<b>57,861</b>	<b>3,465</b>	<b>6%</b>
<b>NOI Before Depreciation</b>	<b>10,644</b>	<b>8,541</b>	<b>(4,963)</b>	<b>(2,367)</b>	<b>1,276</b>	<b>(7,265)</b>	<b>-85%</b>
Depreciation	17,627	17,244	16,899	16,899	17,510	265	2%
<b>NOI After Depreciation</b>	<b>(6,982)</b>	<b>(8,703)</b>	<b>(21,862)</b>	<b>(19,266)</b>	<b>(16,234)</b>	<b>(7,531)</b>	<b>-87%</b>

\*Note 2019 Actual does not include \$2M payment to the alliance and includes \$1.9M favorable pension adjustment

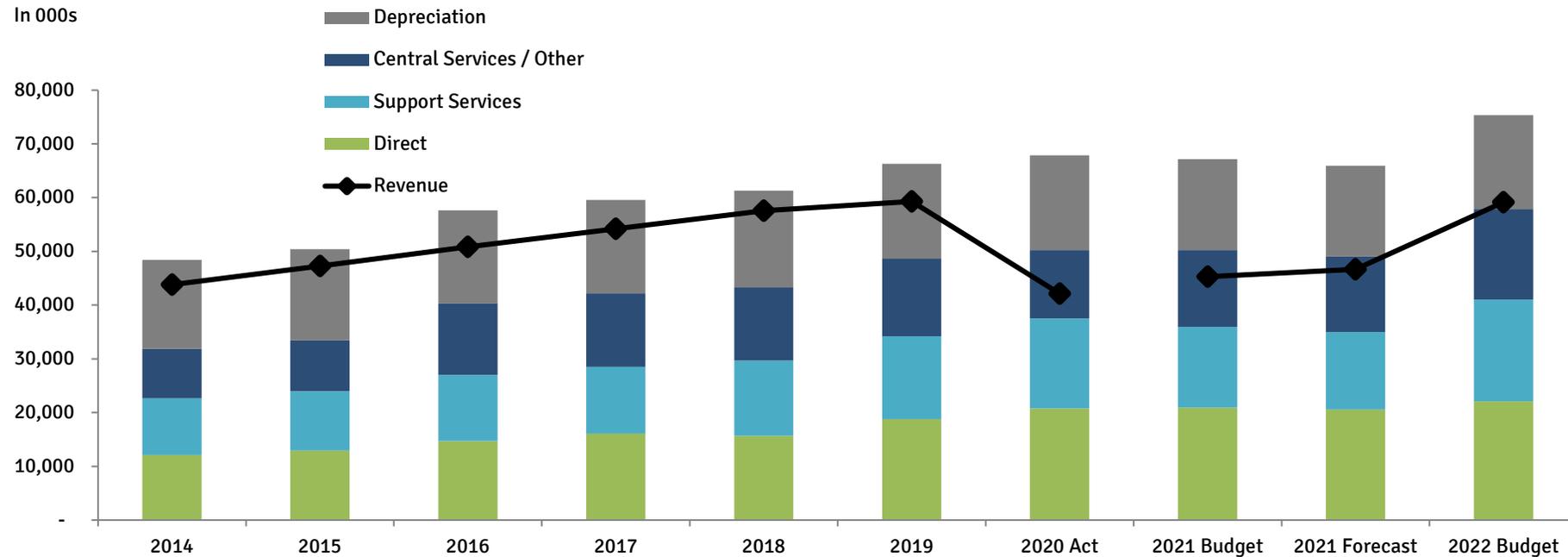
## Net Operating Income:

- Up \$6.2M from 2021.
- Down \$7.3M from 2020 Budget.

## Net Operating Income Target

- Historically NOI Covered 50-80% of Depreciation (Investment Costs).
- In 2020 added annual \$2M Payment for T46.
- In 2022 Budget:
  - Covering 7% of Depreciation.
  - A full Cruise season would cover ~75% of depreciation.
  - Cruise supports division-wide investments.

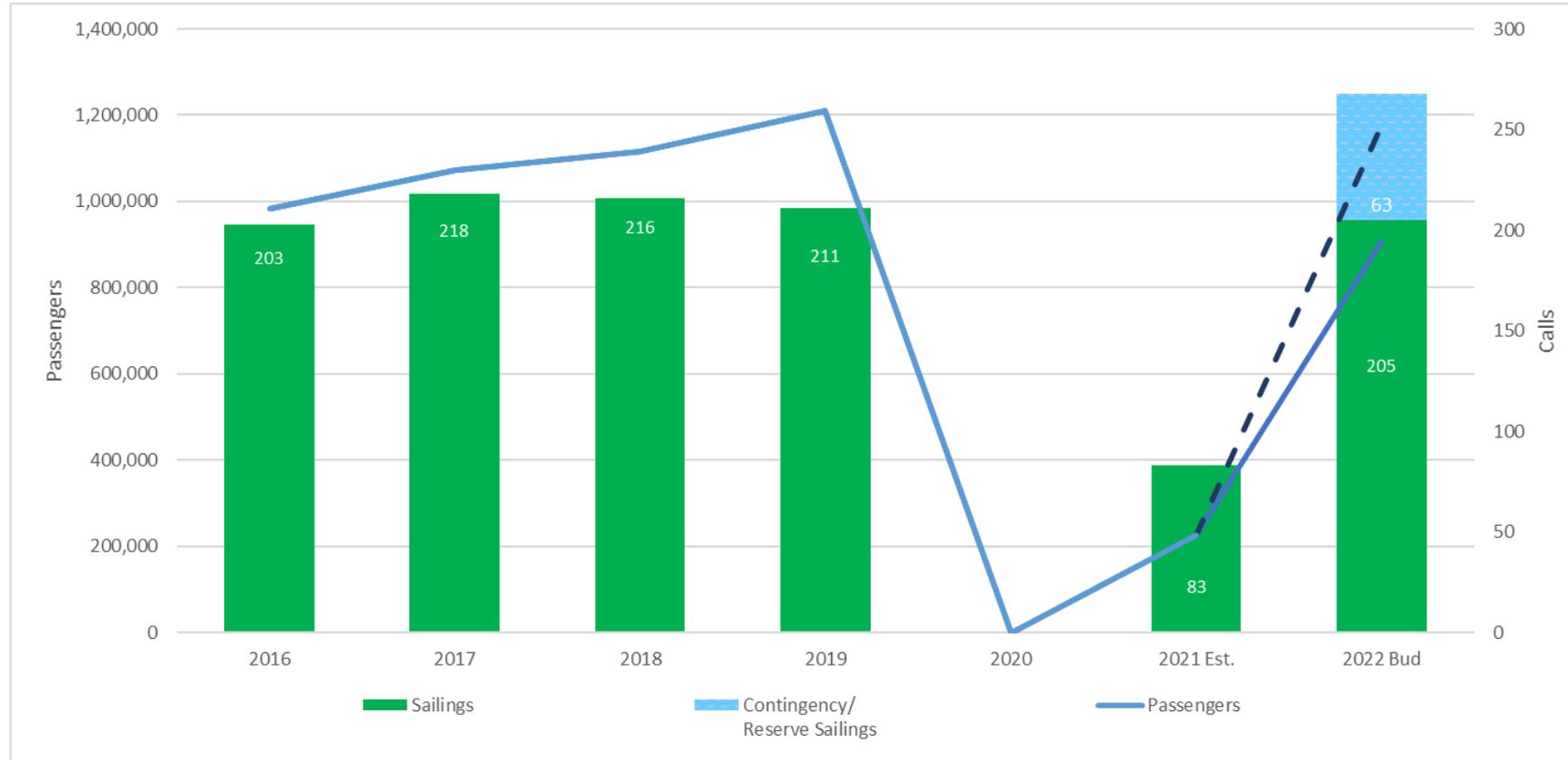
# Maritime Division Financial Trends



- Revenue budgeted just below 2019 level, even with risk-adjusted cruise schedule.
- After austerity measures in 2020 and 2021, expenses return to trend.

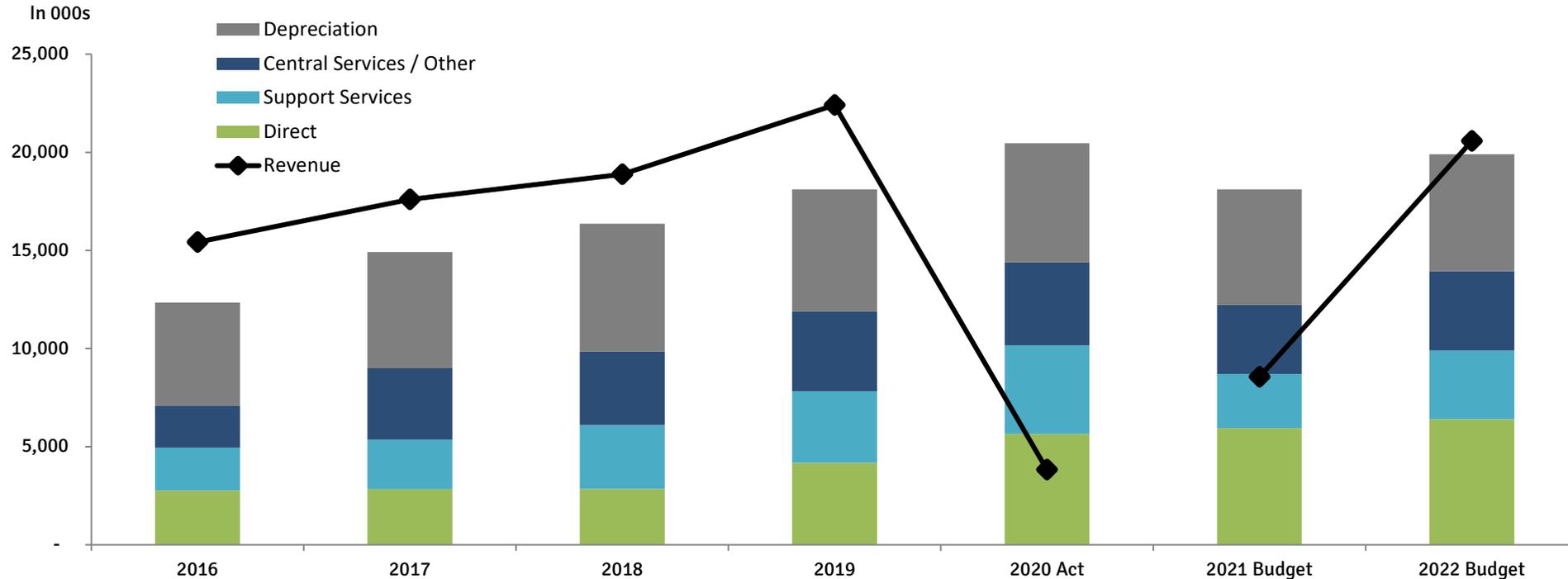
Expect revenue to fully return to trend following pandemic

# Cruise Sailings and Passengers



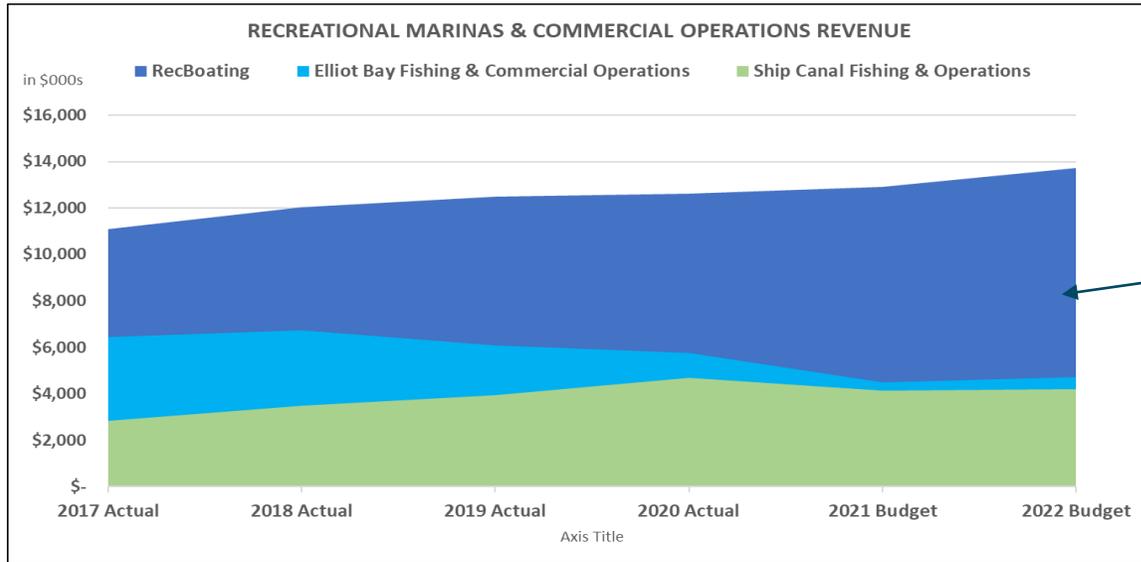
Budgeted COVID risk reserve in passengers and sailings.

# Cruise Operations

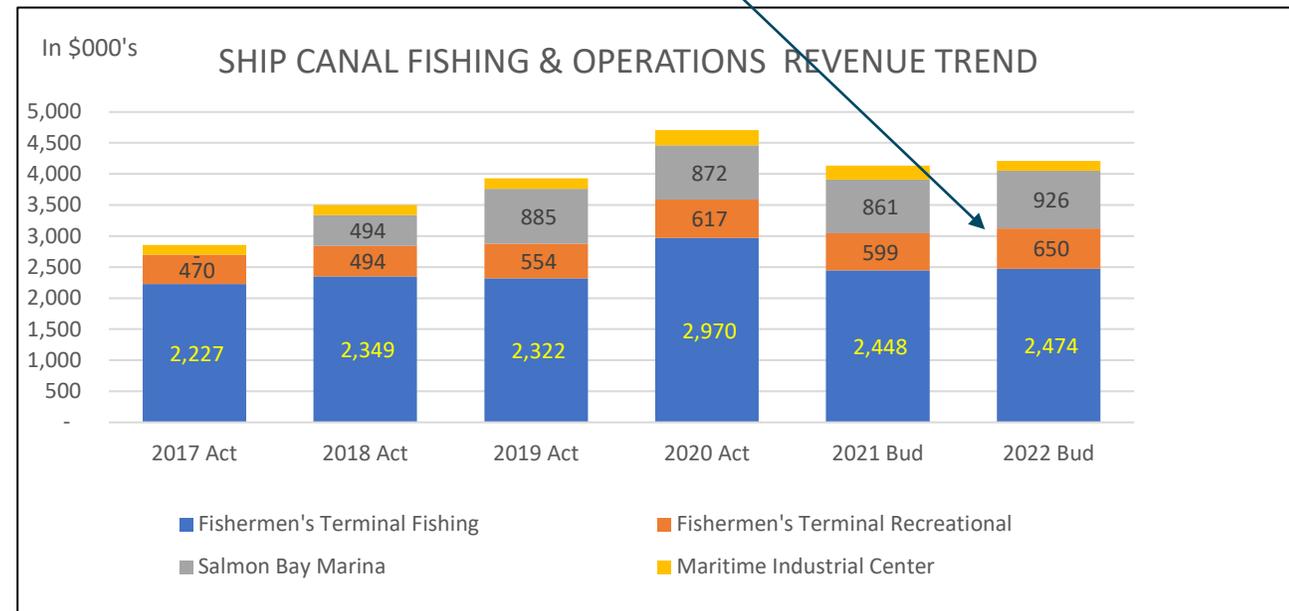


- Includes Terminal 91 and Pier 66 Cruise Terminals. Terminal 91 is managed by a terminal operator and Pier 66 is on a long-term lease with Norwegian Cruise Line Holdings.
- Even with COVID risk reserve, Cruise is profitable.

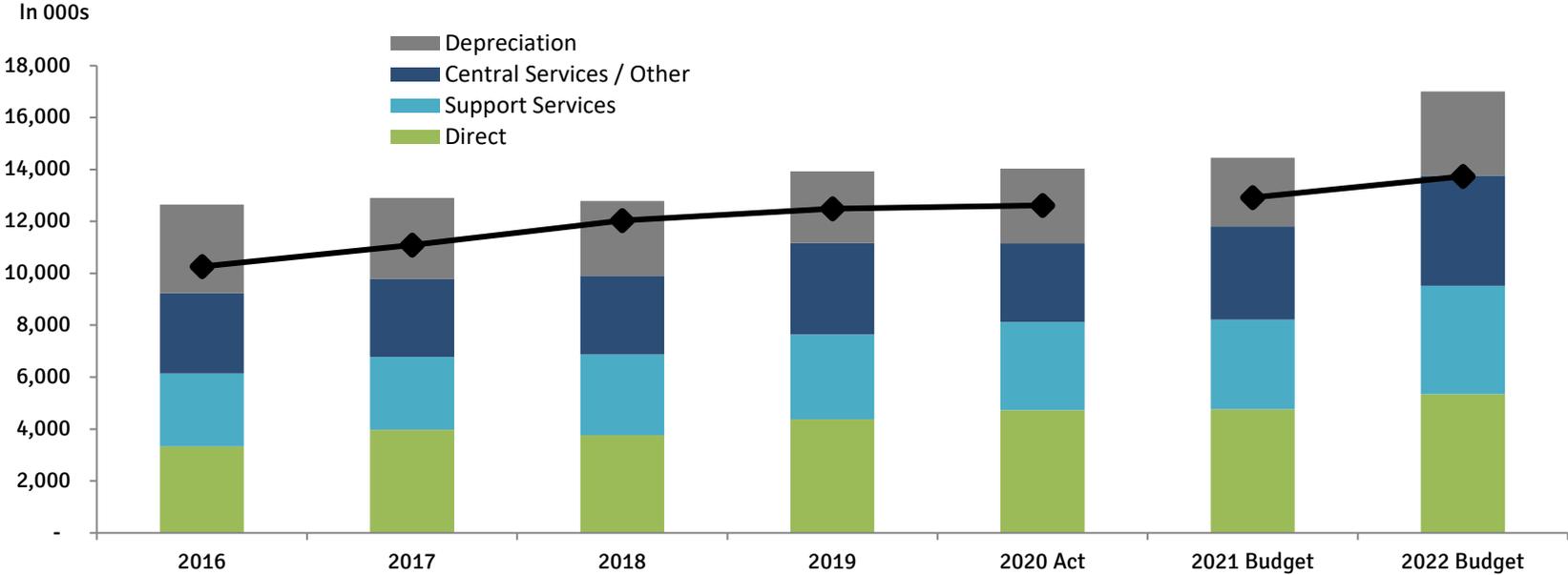
# Recreational Marinas and Commercial Ops



Recreational boating driving marina revenues.

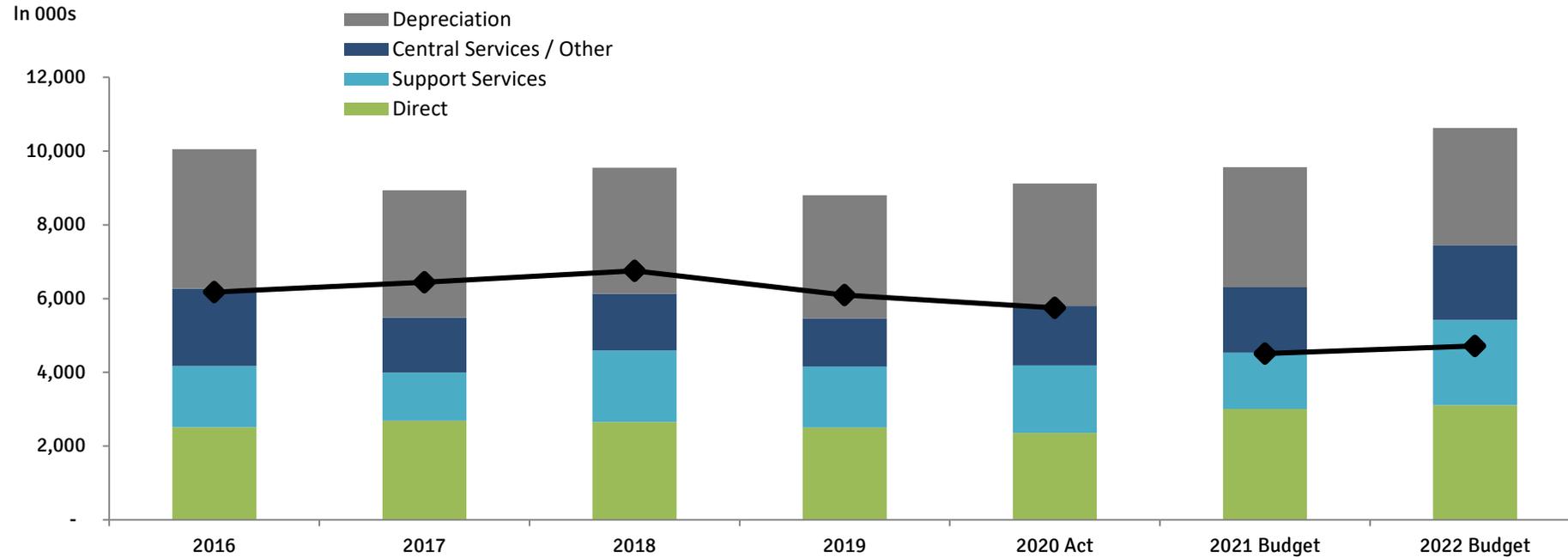


# Recreational Boating



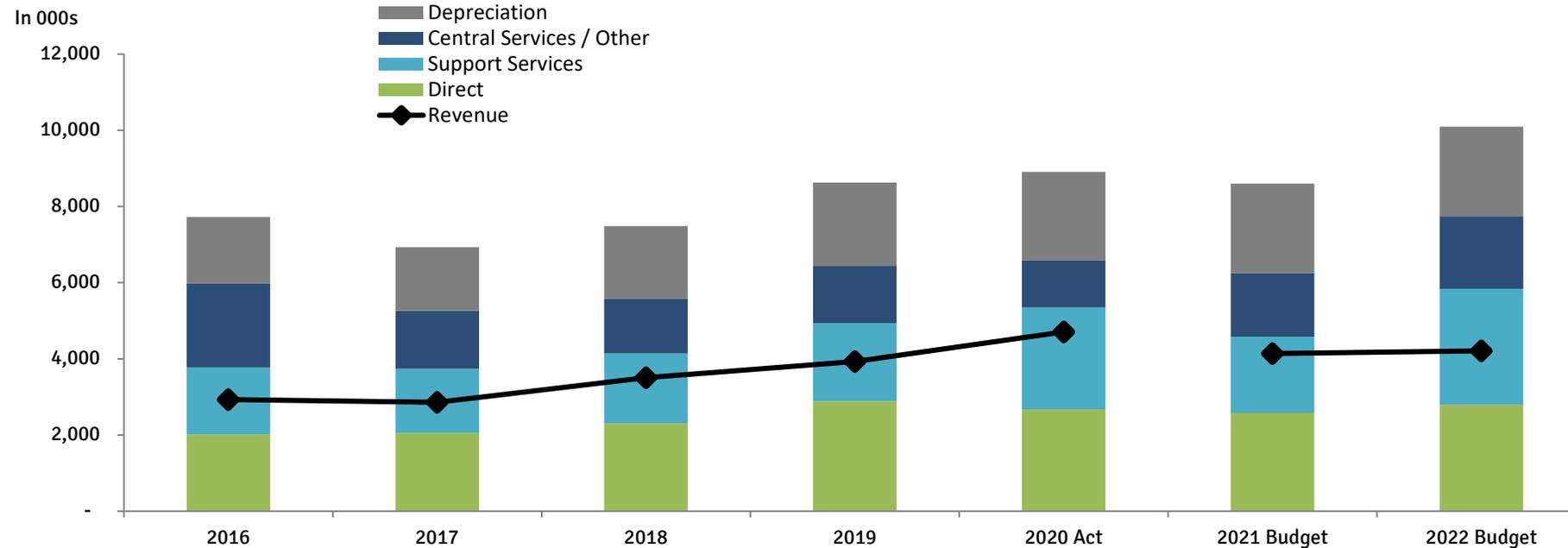
- Includes Shilshole Bay Marina, Bell Harbor Marina, Harbor Island Marina
- Planned 5% rate increases in 2022.

# Elliott Bay Fishing & Commercial Operations



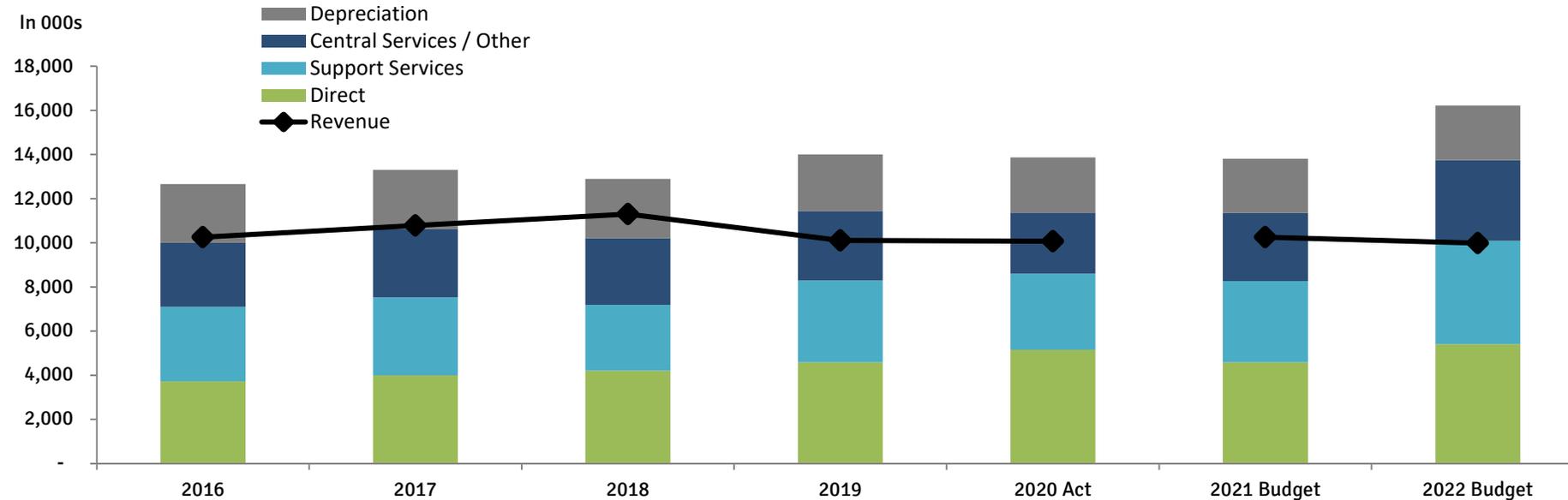
- Includes waterside Terminal 91, Terminal 25, Kellogg Island, Terminal 18 North Dolphins, Pier 34 Dolphins, Terminal 46 North Docks, Terminal 28, Pier 2, Pier 69.
- Incremental revenue down from West Seattle Bridge Closure at Pier 2 and reduced business activities from COVID at P69 and T91. High number of jobs supported by this business line.

# Ship Canal Fishing & Operations



- Includes waterside of Fishermen's Terminal, Salmon Bay Marina, Maritime Industrial Center
- Planned rate increases in 2022: Fishing 3%, Recreation and Commercial Moorage 5% .

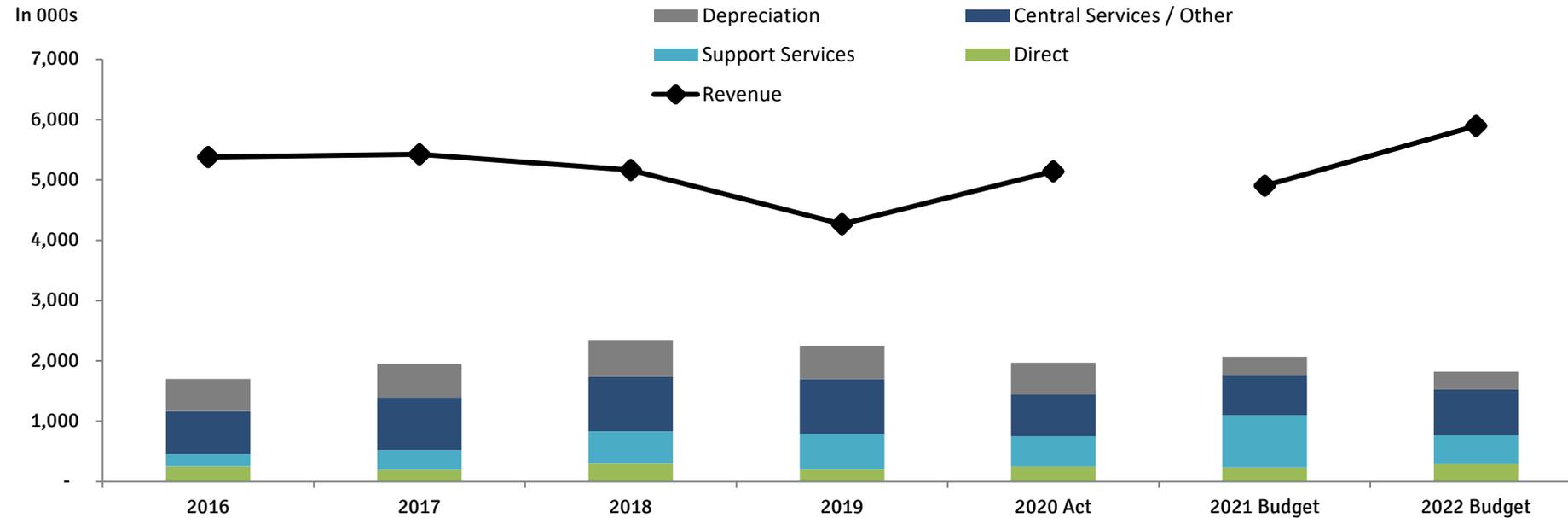
# Maritime Portfolio Management



- 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.
- Trammell Crow ground lease revenue at T-106 to phase in from 2023 to 2025.

Flat Revenue in 2022 with 30%+ growth expected by 2025

# Grain Terminal Goal



- Positioned at Terminal 86, Grain Terminal is on a long-term lease with Louis Dreyfus Company.
- After Tariff challenges 2019 to mid-2020, significant increase in demand.

# Maritime Division Service Group Summary

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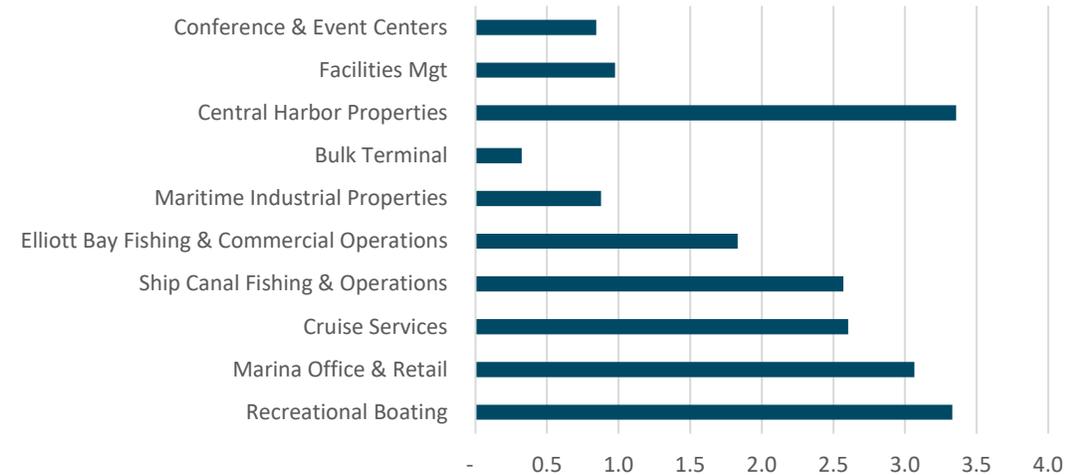


# Marine Maintenance

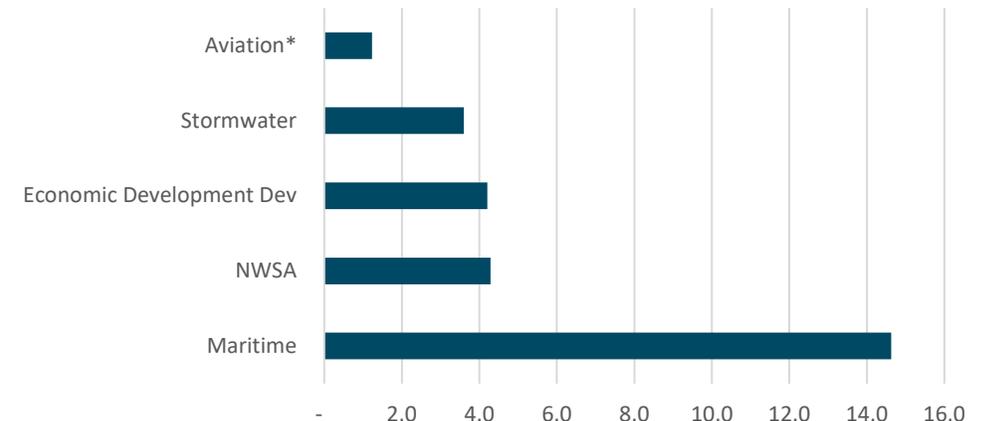
Total Department Expenses Before charges and allocations \$ in 000's	2019	2020	2021	2022	Incr (Decr)	
	Actual	Budget	Budget	Proposed Budget	Change from 2020	%
Payroll	19,705	19,234	19,966	23,063	3,829	20%
Outside Services	1,756	3,184	927	1,739	(1,445)	-45%
Other	4,348	3,864	3,557	4,506	641	17%
Capital/ Non Operational	(1,420)	(1,473)	(1,391)	(1,343)	130	-9%
<b>Total Expenses</b>	<b>24,390</b>	<b>24,809</b>	<b>23,059</b>	<b>27,964</b>	<b>3,155</b>	<b>13%</b>

- Maintenance expenses up \$3.2M or 13% from 2020 Approved Budget
- Payroll expenses primary driver:
  - Assumes increases of 5.2% to 6% Represented and Non-Rep Labor from 2021 wage rates.
  - Five additional represented FTEs (pipe fitter, plumber, clean team, stormwater).
  - Five temporary craft positions.
- Reductions in Outside Services, due to lower expected project work than 2020 but in-line with historical spending.

Maintenance Expense by MD/EDD Business (\$millions)



Maintenance Expense by Division (\$millions)



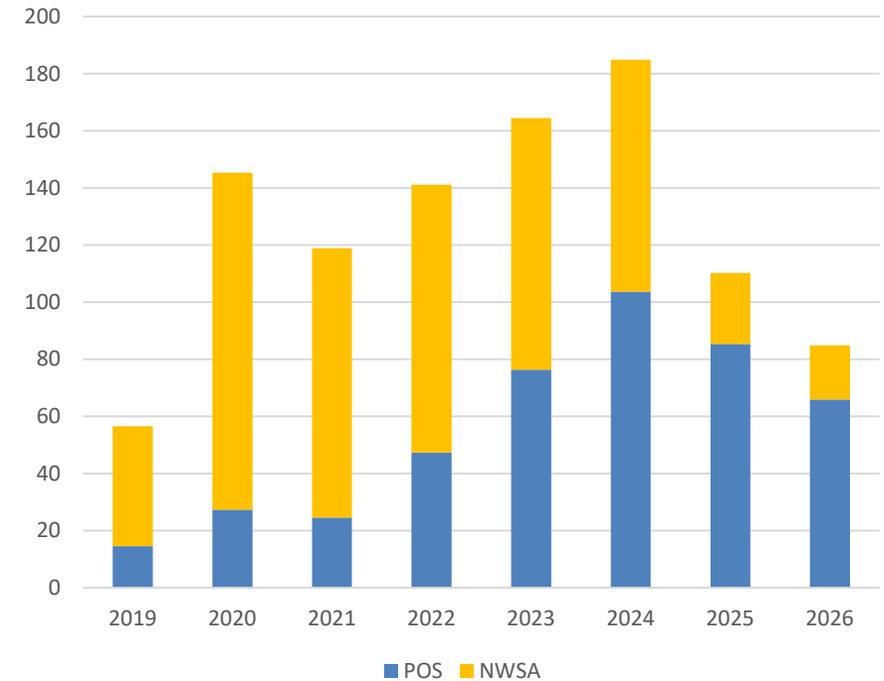
# Waterfront Project Management

Total Department Expenses Before charges and allocations \$ in 000's	2019	2020	2021	2022	Incr (Decr)	
	Actual	Budget	Budget	Proposed Budget	Change from 2020	\$ %
Payroll	2,938	3,820	3,576	6,039	2,218	58%
Outside Services	13	7	10	25	18	246%
Other	80	94	35	147	53	56%
Capital / Non Operational	(2,091)	(2,881)	(2,674)	(4,437)	(1,556)	54%
<b>Total Expenses</b>	<b>940</b>	<b>1,041</b>	<b>947</b>	<b>1,774</b>	<b>733</b>	<b>70%</b>

## Payroll & FTE Growth Drivers:

- Integration of Seaport and Marine Maintenance Project Management.
- Growth in capital program to consistently over \$100M per year.
- PM pipeline backfill due to actual and anticipated retirements.
- Heavy workloads in 2020 and 2021 have stretched staff.

5 Year Mid-Large Capital Plan (plus historical)  
X \$1,000,000  
Preliminary



- Does not include small cap, tech, fleet, reserves, etc.
- Does not account for 'pop ups or unplanned needs

# Maritime Environment and Sustainability 2022 Proposed Budget and Comparisons

<b>Total Department Expenses Before charges and allocations \$ in 000's</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Incr (Decr)</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Proposed Budget</b>	<b>Change from 2020 \$</b>	<b>%</b>
Payroll	2,787	3,429	3,313	4,024	595	17%
Outside Services	1,366	1,129	927	1,235	106	9%
Other	349	366	46	94	(271)	-74%
Capital / Non Operational	(1,228)	(1,504)	(1,245)	(1,685)	(182)	12%
<b>Total Expenses</b>	<b>3,275</b>	<b>3,420</b>	<b>3,041</b>	<b>3,668</b>	<b>248</b>	<b>7%</b>

## Overall increased \$248K/7% compared to 2020 original budget

### Salary & Benefits

- Increased \$595K/17% from 2020 approved budget
  - The unfroze two positions for Sustainability Framework and Permitting, added Habitat position.

### Outside Services

- Increased \$106K/9% from 2020 approved budget
  - Returned to historical average

### Other

- Decreased \$(271K)/7% from 2020 approved budget
  - Reductions in Travel/Training and other discretionary expenses

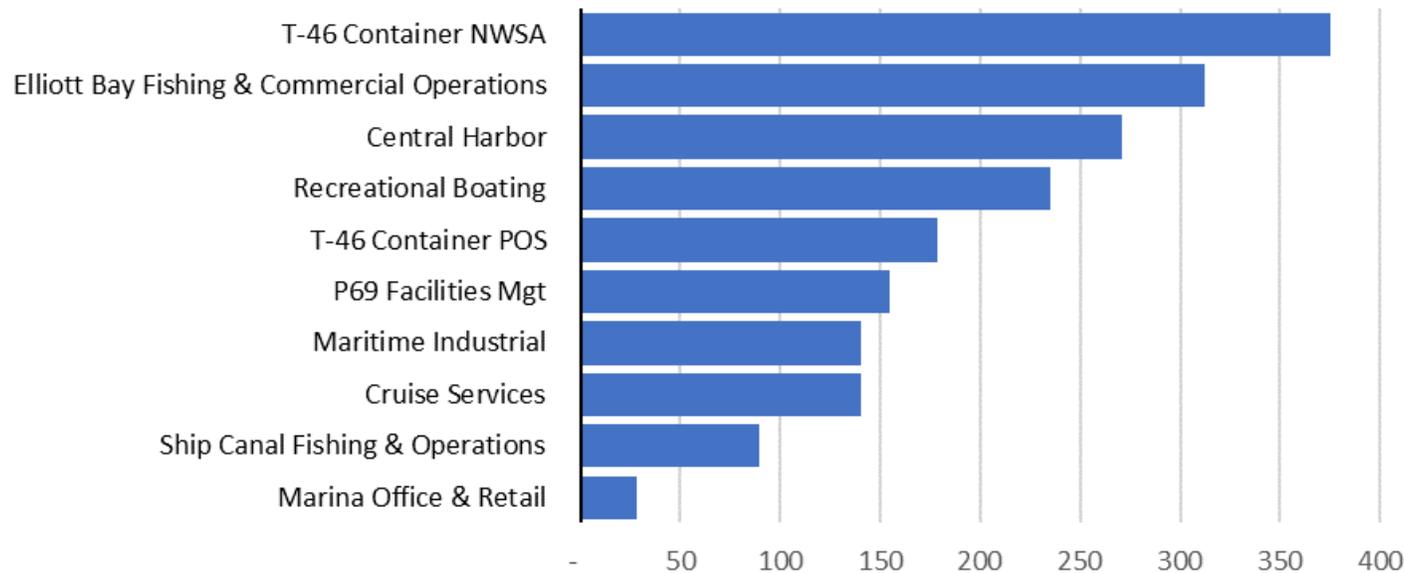
### Capital/ Non-Operational

- Decreased \$(182K)/12% from 2020 approved budget
  - Higher percentage of project work

# Security

Total Department Expenses Before charges and allocations \$ in 000's	2019	2020	2021	2022	Incr (Decr)	
	Actual	Budget	Budget	Proposed Budget	Change from 2020	%
Payroll	224	321	306	325	5	1%
Outside Services	580	2,447	1,873	1,926	(520)	-21%
Other	7	44	16	75	31	71%
<b>Total Expenses</b>	<b>811</b>	<b>2,811</b>	<b>2,194</b>	<b>2,327</b>	<b>(484)</b>	<b>-17%</b>

## Contracted Security Deployment in \$000s



## Highlights

- Equipment expenses up due to new batteries and chargers for security radios, 6 ID badge readers, and cameras.
- Contracted services in 2022 assumes all business back to normal (2018 and 2019 level).
  - For special events, used 2018 list as a baseline to calculate the 2022 security expense with rate increases year over year, like Cruise, NW Trend Event, Fleet Week, etc.

# New and Unfrozen FTEs

Category	Description	Total
Maintaining Port Assets	<p><b>8 New:</b> Fleet Asset Specialist, Material Inventory Specialist, Facility Maintenance Manager - North Properties, Plumber , Sprinkler Fitter, Clean Team (2), Stormwater Team</p> <p><b>Unfreeze 1:</b> Maintenance and Asset Analyst</p>	9.0
Supporting Growing Capital Plan	<p><b>7 New:</b> Assistant Project Manager, Cost Estimator, Project Controller, System Analyst, Project Manager III - NWSA, Project Manager I - NWSA, Project Manager I - EDD</p> <p><b>Unfreeze 6:</b> Project Manager III, Project Assistant, Capital Project Scheduler, Senior Planner, Planner, Sr Environmental Management Specialist - Permitting</p>	13.0
Sustainability	<p><b>1 New:</b> Environmental Program Manager - Habitat</p> <p><b>Unfreeze 1:</b> Environmental Program Manager - Sustainability Framework</p>	2.0
Organizational Effectiveness and Revenue Generation	<p><b>1 New:</b> Seasonal half-time Specialists at Shilshole Bay Marina (2)</p> <p><b>Unfreeze 1:</b> Maintenance and Asset Analyst, Cruise Operations Specialist</p>	2.0
<b>Total</b>		<b>26.0</b>

# Full Time Equivalent Employees (FTEs)

## 2022 Maritime FTEs Summary

<u>Description</u>	<u>FTEs</u>	<u>Notes</u>
<b>2021 Approved Budget</b>	<b>262.5</b>	
Changes in 2021:		
Mid-Year Approvals	1.0	Environmental Program Mgr - Habitat
Eliminated	-2.0	Carpenter and Sign Shop
Transfer	0.0	
<b>2021 Baseline</b>	<b>261.5</b>	
2022 Budget Changes:		
Transfer	0.0	
Eliminated	-2.0	
New FTEs Approved	16.0	
<b>Net Change</b>	<b>14.0</b>	
<b>2022 Proposed FTEs</b>	<b>275.5</b>	
<b><u>Frozen FTEs Summary</u></b>		
Frozen FTEs as of Jan 2021	11.0	
Mid-Yr Exemptions from HF	0.0	
2022 Apprv'd to Unfreeze	-9.0	
Frzn FTEs to be eliminated	-2.0	
<b>TTL remaining Fzn FTEs</b>	<b>0.0</b>	

Total Employees = 275.5

# Stormwater Utility Summary

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2021 Preliminary Budget  
October 12, 2022



# Stormwater Utility Budget

	2019	2020	2021	2021	2022	Inc/(Dec) from	
\$ in 000's	Actual	Budget	Budget	Forecast	Proposed Budget	2020 Approved Budget	
						\$	%
<b>Revenue</b>							
Tenants Revenue	3,293	3,772	3,508	3,508	3,340	(432)	-13%
NWSA	1,206	945	1,503	1,503	1,936	991	51%
Port Non-tenants	1,340	1,553	1,452	1,452	1,493	(60)	-4%
<b>Total Revenues</b>	<b>5,839</b>	<b>6,270</b>	<b>6,464</b>	<b>6,464</b>	<b>6,768</b>	<b>499</b>	<b>7%</b>
<b>Expenses*</b>							
SWU Direct	994	1,226	1,377	1,377	1,531	306	20%
Maintenance Expenses	3,039	3,224	3,636	3,636	3,598	373	10%
Other Central Services	850	926	872	872	1,014	88	9%
Environmental & Sustainability	319	88	56	56	46	(42)	-92%
Seaport Project Management	32	49	18	18	13	(36)	-276%
<b>Total Expenses</b>	<b>5,234</b>	<b>5,513</b>	<b>5,958</b>	<b>5,958</b>	<b>6,202</b>	<b>689</b>	<b>11%</b>
<b>NOI Before Depreciation</b>	<b>605</b>	<b>756</b>	<b>506</b>	<b>506</b>	<b>566</b>	<b>(190)</b>	<b>-34%</b>
Depreciation	1,209	1,194	1,267	1,267	1,297	103	8%
<b>NOI After Depreciation</b>	<b>(603)</b>	<b>(438)</b>	<b>(761)</b>	<b>(761)</b>	<b>(731)</b>	<b>(294)</b>	<b>40%</b>

- 4.6 Percent Rate Increase Adopted
- Capital Plan for 5 years is total of \$4.3 M for system renewal and repairs

Year 2 of the SWU Strategic Plan:

- Deploying a mobile field inspection software
- Creating a dashboard for real-time analysis of infrastructure asset management,
- Evaluating and implementing innovative green stormwater infrastructure,
- Creating a scoring matrix incorporating equity, diversity and inclusion to prioritize infrastructure work.

# Stormwater Utility Capital Budget Summary

\$'s in 000's	2022	2023	2024	2025	2026	Total
Bio-Infiltration Facility	0	80	0	0	0	80
CIPP projects	400	400	400	400	400	2,000
Pipe Replacement	100	100	225	100	100	625
Solid Waste Drainage	300	300	300	0	0	900
MIC SW System Improvements	200	0	0	0	0	200
SBM Vault Improvement	0	120	0	0	0	120
SWU Sweeper	0	0	0	300	0	300
Pressure Washer Recovery Unit	0	0	75	0	0	75
<b>Total Projects</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>800</b>	<b>500</b>	<b>4,300</b>

# Maritime Appendix

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2022 Preliminary Budget  
October 12, 2022



# Cruise Operations

\$ in 000's	2020	2021	2022	Incr (Decr)	
	Budget	Budget	Proposed Budget	Change from 2021	
				\$	%
T-91 & Bell St Cruise Operations	26,233	8,520	20,512	11,991	141%
Bell Street Vessel Operations	28	38	62	24	63%
<b>Total Revenue</b>	<b>26,261</b>	<b>8,558</b>	<b>20,574</b>	<b>12,015</b>	<b>140%</b>
<b>Expenses</b>					
Maritime (Excl. Maint)	5,870	5,582	5,950	369	7%
Economic Development	461	387	471	84	22%
<b>Total Direct</b>	<b>6,331</b>	<b>5,968</b>	<b>6,421</b>	<b>453</b>	<b>8%</b>
Maintenance Expenses	2,941	2,084	2,604	519	25%
Envir Services & Planning	596	336	448	112	33%
Seaport Finance & Cost Recovery	299	231	257	26	11%
Waterfront Project Management	112	94	161	68	72%
<b>Total Support Services</b>	<b>3,947</b>	<b>2,744</b>	<b>3,470</b>	<b>726</b>	<b>26%</b>
IT	719	640	736	96	15%
Police Expenses	1,041	779	872	93	12%
External Relations	598	344	418	75	22%
Other Central Services	1,959	1,670	1,961	291	17%
Aviation Division/ Other	91	81	94	13	16%
<b>Total Central Services/ Other</b>	<b>4,408</b>	<b>3,514</b>	<b>4,081</b>	<b>567</b>	<b>16%</b>
<b>Total Expense</b>	<b>14,686</b>	<b>12,226</b>	<b>13,972</b>	<b>1,746</b>	<b>14%</b>
<b>NOI Before Depreciation</b>	<b>11,575</b>	<b>(3,668)</b>	<b>6,602</b>	<b>10,269</b>	<b>-280%</b>
Depreciation	5,884	5,880	5,958	78	1%
<b>NOI After Depreciation</b>	<b>5,691</b>	<b>(9,548)</b>	<b>644</b>	<b>10,191</b>	<b>107%</b>

## Compared to 2021 Budget

Revenue up \$12M / 140%

- Assumes 75% occupancy and risk-adjusted schedule at T91 based on CDC Framework for Conditional Sailings (FCS)

Direct Expenses up \$453K / 8%

- Port Valet costs budgeted higher due to increased participation assumed in 2022
- Includes NWSA payment escalated at 2% per agreement

# Recreational Boating

\$ in 000's	2020	2021	2022	Incr (Decr)	
	Budget	Budget	Proposed Budget	Change from 2021	
				\$	%
Berthage and Moorage & Concession Services	12,331	11,891	12,621	730	6%
Utility Sales Revenue	498	477	506	29	6%
Other Service Revenue	402	439	495	56	13%
Other	102	108	92	(16)	-14%
<b>Total Revenue</b>	<b>13,333</b>	<b>12,915</b>	<b>13,714</b>	<b>800</b>	<b>6%</b>
<b>Expenses</b>					
Maritime (excl Maint)	5,334	4,777	5,369	592	12%
Economic Development	304	295	354	59	20%
<b>Total Direct</b>	<b>5,639</b>	<b>5,072</b>	<b>5,723</b>	<b>651</b>	<b>13%</b>
Maintenance Expenses	2,403	2,823	3,331	509	18%
Envir Services & Planning	32	24	26	2	10%
Seaport Finance & Cost Recovery	221	227	253	26	12%
Seaport Project Management	70	67	182	115	172%
<b>Total Support Service</b>	<b>2,726</b>	<b>3,141</b>	<b>3,793</b>	<b>653</b>	<b>21%</b>
IT	774	768	975	207	27%
Police Expenses	745	768	860	92	12%
External Relations	330	329	403	74	23%
Other Central Services	1,407	1,680	1,970	289	17%
Aviation Division/Other	50	51	61	9	18%
<b>Total Central Services/Other</b>	<b>3,307</b>	<b>3,597</b>	<b>4,269</b>	<b>672</b>	<b>19%</b>
<b>Total Expense</b>	<b>11,671</b>	<b>11,809</b>	<b>13,785</b>	<b>1,976</b>	<b>17%</b>
<b>NOI Before Depreciation</b>	<b>1,662</b>	<b>1,106</b>	<b>(71)</b>	<b>(1,176)</b>	<b>-106%</b>
Depreciation	2,546	2,268	2,813	545	24%
<b>NOI After Depreciation</b>	<b>(884)</b>	<b>(1,162)</b>	<b>(2,883)</b>	<b>(1,721)</b>	<b>148%</b>

## Compared to 2021 Budget

Revenue up \$800K / 6.2%

- Shilshole Bay Marina rates will increase 5%, and we are expecting the occupancy will increase 1% in 2022.

Direct Expenses up \$651K / 13%

- Two additional half-time seasonal hires budgeted in 2022.
- Increase in Utility rates.

Support Services up \$653K / 20.8%

Central Services up \$672K / 18.7%

Depreciation up \$545K / 24.0%

# Elliott Bay Fishing & Commercial Operations

\$ in 000's	2020	2021	2022	Incr (Decr)	
	Budget	Budget	Proposed Budget	Change from 2021	%
Berthage and Moorage & Dockage	2,518	2,328	2,411	83	4%
Space Rental	1,776	1,523	1,531	8	1%
Utility Sales Revenue	511	503	521	18	4%
Other	258	135	224	89	66%
<b>Total Revenue</b>	<b>5,064</b>	<b>4,489</b>	<b>4,688</b>	<b>199</b>	<b>4%</b>
<b>Expenses</b>					
Maritime (excl Maint)	3,101	2,886	3,186	301	10%
Economic Development	184	316	149	(168)	-53%
<b>Total Direct</b>	<b>3,284</b>	<b>3,202</b>	<b>3,335</b>	<b>133</b>	<b>4%</b>
Maintenance Expenses	1,803	1,146	1,832	686	60%
Envir Services & Planning	17	12	15	3	24%
Seaport Finance & Cost Recovery	145	133	152	19	14%
Seaport Project Management	38	39	87	48	121%
<b>Total Support Service</b>	<b>2,004</b>	<b>1,331</b>	<b>2,086</b>	<b>755</b>	<b>57%</b>
IT	378	380	411	31	8%
Police Expenses	410	377	431	55	15%
External Relations	180	164	200	35	21%
Other Central Services	776	833	971	139	17%
Aviation Division/Other	21	20	24	4	20%
<b>Total Central Services/Other</b>	<b>1,766</b>	<b>1,774</b>	<b>2,037</b>	<b>264</b>	<b>15%</b>
<b>Total Expense</b>	<b>7,054</b>	<b>6,306</b>	<b>7,459</b>	<b>1,153</b>	<b>18%</b>
<b>NOI Before Depreciation</b>	<b>(1,990)</b>	<b>(1,817)</b>	<b>(2,771)</b>	<b>(954)</b>	<b>52%</b>
Depreciation	2,988	2,972	2,970	(2)	0%
<b>NOI After Depreciation</b>	<b>(4,978)</b>	<b>(4,790)</b>	<b>(5,741)</b>	<b>(952)</b>	<b>20%</b>

## Compared to 2021 Budget

Revenue up \$199K / 4.4%

- Expecting 5% rate increase for moorage, service, equipment rental and storage, 3% tariff rate increase 2022.

Direct Expenses up \$133K / 4.2%

- Travel & other employee expenses up \$31K.

Support Services up \$755K / 56.8%

Central Services up \$264K / 14.9%

Depreciation Flat

# Ship Canal Fishing & Operations

\$ in 000's	2020	2021	2022	Incr (Decr)	
	Budget	Budget	Proposed Budget	Change from 2021	%
Berthage and Moorage & Dockage	3,708	3,736	3,815	79	2%
Space Rental	250	192	171	(21)	-11%
Utility Sales Revenue	83	84	97	13	15%
Other	170	123	123	0	0%
<b>Total Revenue</b>	<b>4,211</b>	<b>4,135</b>	<b>4,206</b>	<b>71</b>	<b>2%</b>
<b>Expenses</b>					
Maritime (excl Maint)	3,368	2,732	2,965	234	9%
Economic Development	67	70	72	2	2%
<b>Total Direct</b>	<b>3,435</b>	<b>2,802</b>	<b>3,037</b>	<b>235</b>	<b>8%</b>
Maintenance Expenses	1,922	1,633	2,570	937	57%
Envir Services & Planning	13	11	12	1	12%
Seaport Finance & Cost Recovery	89	101	113	12	12%
Seaport Project Management	50	33	103	70	209%
<b>Total Support Service</b>	<b>2,074</b>	<b>1,778</b>	<b>2,798</b>	<b>1,020</b>	<b>57%</b>
IT	357	419	458	40	9%
Police Expenses	292	343	379	36	11%
External Relations	130	146	180	33	23%
Other Central Services	576	740	878	138	19%
Aviation Division/Other	16	18	22	3	18%
<b>Total Central Services/Other</b>	<b>1,370</b>	<b>1,667</b>	<b>1,917</b>	<b>251</b>	<b>15%</b>
<b>Total Expense</b>	<b>6,879</b>	<b>6,247</b>	<b>7,753</b>	<b>1,506</b>	<b>24%</b>
<b>NOI Before Depreciation</b>	<b>(2,668)</b>	<b>(2,112)</b>	<b>(3,546)</b>	<b>(1,435)</b>	<b>68%</b>
Depreciation	1,975	2,138	2,146	9	0%
<b>NOI After Depreciation</b>	<b>(4,643)</b>	<b>(4,249)</b>	<b>(5,693)</b>	<b>(1,443)</b>	<b>34%</b>

## Compared to 2021 Budget

Revenue up \$71K / 1.7%

- Includes a 3% rate increase for commercial fishing, 5% for others.
- Small decrease in Maritime Industrial Center moorage.

Direct Expenses up \$235K / 8.4%

- Payroll expenses up \$64K / 5.0%.
- Utilities expenses up \$50K / 6.8%.
- Travel expenses up \$29K.
- Offset by \$62K down in Bad Debt.

Support Services up \$1,020K / 57.3%

Central Services up \$251K / 15.1%

Depreciation Flat

# Maritime Portfolio Management

	2020	2021	2022	Incr (Decr)	
	Budget	Budget	Proposed Budget	Change from 2021	%
\$ in 000's				\$	
<b>Maritime Portfolio Management</b>					
Marina Office & Retail	3,933	4,006	3,359	(648)	-16%
Maritime Industrial	3,959	4,225	4,191	(34)	-1%
Utilities	2,536	2,028	2,436	408	20%
<b>Total Revenue</b>	<b>10,428</b>	<b>10,259</b>	<b>9,986</b>	<b>(273)</b>	<b>-3%</b>
PM Direct	3,940	3,762	4,201	439	12%
EDD PM Direct	351	314	389	75	24%
EDD Other	394	175	376	201	115%
MD Direct	497	341	440	99	29%
<b>Total Direct</b>	<b>5,182</b>	<b>4,592</b>	<b>5,406</b>	<b>815</b>	<b>18%</b>
Maintenance Expenses	3,334	3,116	3,944	828	27%
Environmental & Sustainability	377	254	323	69	27%
Seaport Finance & Cost Recovery	244	237	268	30	13%
Seaport Project Management	64	63	137	73	116%
<b>Total Support Services</b>	<b>4,019</b>	<b>3,670</b>	<b>4,671</b>	<b>1,001</b>	<b>27%</b>
Police Expenses	699	689	771	82	12%
Other Corp Expenses	2,275	2,411	2,930	519	22%
<b>Total Central Services/Other</b>	<b>2,974</b>	<b>3,100</b>	<b>3,701</b>	<b>601</b>	<b>19%</b>
<b>Total Expense</b>	<b>12,175</b>	<b>11,363</b>	<b>13,778</b>	<b>2,416</b>	<b>21%</b>
<b>NOI Before Depreciation</b>	<b>(1,746)</b>	<b>(1,103)</b>	<b>(3,793)</b>	<b>(2,689)</b>	<b>-244%</b>
Depreciation	2,479	2,446	2,481	36	1%
<b>NOI After Depreciation</b>	<b>(4,225)</b>	<b>(3,549)</b>	<b>(6,274)</b>	<b>(2,725)</b>	<b>-77%</b>

## Compared to 2021 Budget

Revenue down \$273K / -2.7%

- Space Rental Revenue at MIC \$233K below 2021 budget.
- Decreased Space Rental Revenue at FT \$368K from FVO winding down their operations \$238K and inability to raise rents on rent renewals during the pandemic \$130K.
- Decreased Space Rental Revenue at T91 Industrial \$248K due to Lineage surrendering building 28 & 39. This is partially offset by increased Space Rental Revenue at T106 \$176K.
- Utility up \$408K mainly electricity.
- Direct Expenses up \$815K / 17.7%
- T91 Other Contracted Services up \$280K
- MIC Tenant Improvements up \$102K
- Support Services up \$1,001K / 27.3%
- Central Services up \$601K / 19.4%
- Depreciation up \$36K / 1.5%

# Grain Terminal

	2020	2021	2022	Incr (Decr)	
	Budget	Budget	Proposed Budget	\$	%
\$ in 000's					
Leasing Revenue	3,490	4,903	5,900	997	20%
<b>Total Revenue</b>	<b>3,490</b>	<b>4,903</b>	<b>5,900</b>	<b>997</b>	<b>20%</b>
<b>Expenses</b>					
Maritime (Excl. Maint)	234	191	245	54	28%
Economic Development	55	46	46	(0)	0%
<b>Total Direct</b>	<b>289</b>	<b>237</b>	<b>291</b>	<b>54</b>	<b>23%</b>
Maintenance Expenses	642	748	323	(426)	-57%
Envir Services & Planning	107	58	76	18	31%
Seaport Finance & Cost Recovery	54	48	53	5	11%
Waterfront Project Management	11	10	24	13	131%
<b>Total Support Services</b>	<b>814</b>	<b>864</b>	<b>475</b>	<b>(389)</b>	<b>-45%</b>
IT	103	80	92	12	15%
Police Expenses	196	162	181	19	12%
External Relations	86	69	85	16	23%
Other Central Services	380	341	400	59	17%
Aviation Division / Other	10	8	10	2	22%
<b>Total Central Services / Other</b>	<b>774</b>	<b>659</b>	<b>767</b>	<b>107</b>	<b>16%</b>
<b>Total Expense</b>	<b>1,877</b>	<b>1,761</b>	<b>1,533</b>	<b>(228)</b>	<b>-13%</b>
<b>NOI Before Depreciation</b>	<b>1,614</b>	<b>3,143</b>	<b>4,367</b>	<b>1,224</b>	<b>39%</b>
Depreciation	525	311	294	(16)	-5%
<b>NOI After Depreciation</b>	<b>1,088</b>	<b>2,832</b>	<b>4,073</b>	<b>1,241</b>	<b>44%</b>

## Compared to 2021 Budget

Revenue up \$997K / 20%

- Consistent with strong performance 2021 YTD (up 32% vs 2021 budget).

Direct Expenses up \$54K / 23%

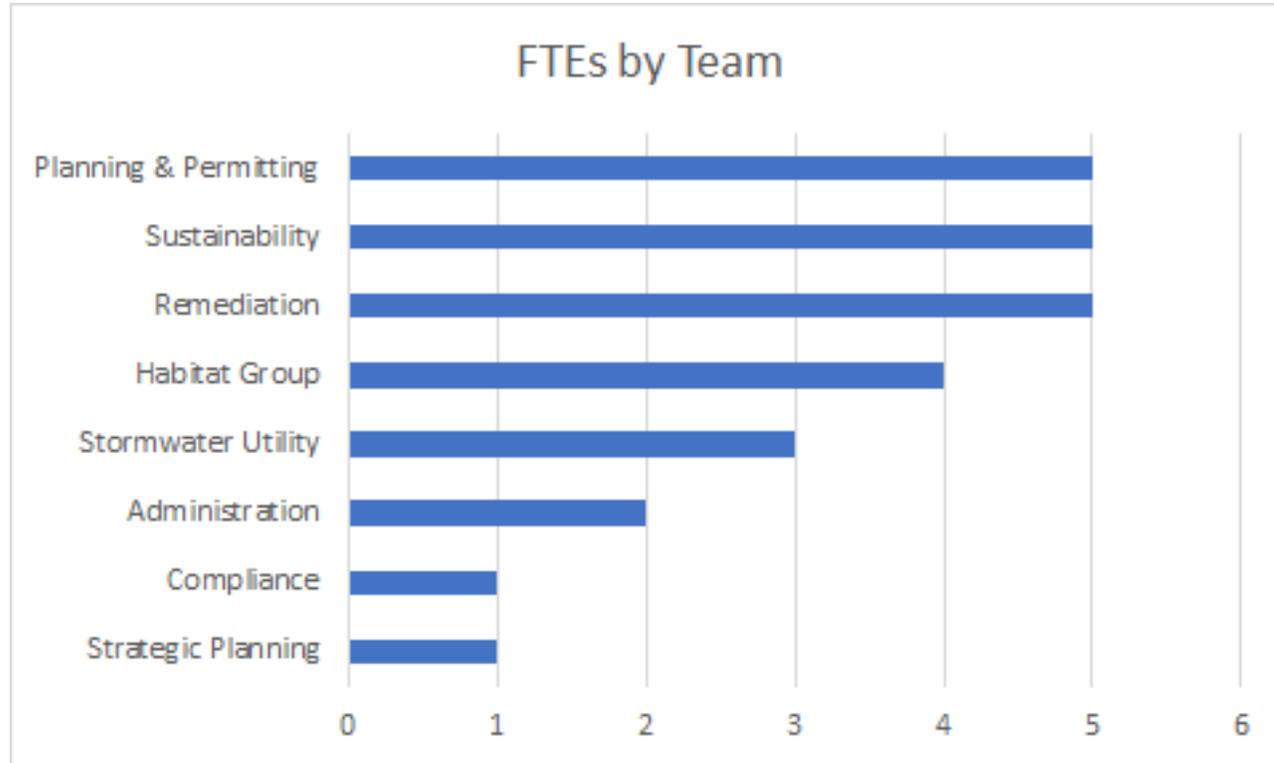
- Higher insurance costs.

Support Services down \$389K / -45%

Central Services up \$107K / 16%

Depreciation Down \$16K / -5%

# Maritime Environment and Sustainability 2022 Business Plan Highlights



## Continuing core services

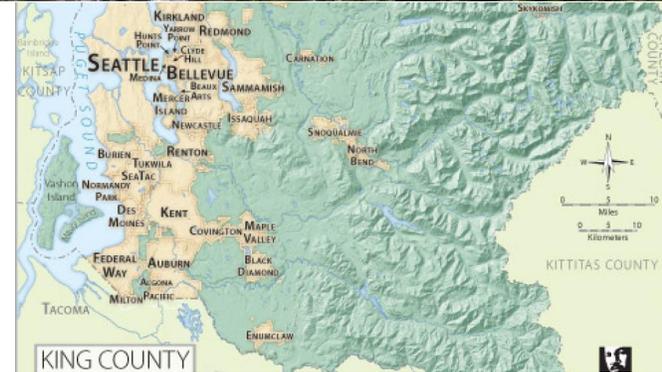
- Increased service levels for Sustainable Evaluation Framework Policy Directive.
- Continue habitat work: PORTfolio mitigation bank (T117, T25, Auburn), Quiet Sound program, Smith Cove, Alternative Bankline Stabilization Program, OA Action Plan, Duwamish Valley Community Benefits Commitment, tree canopy management.
- Implement NW Ports Clean Air Strategy, GHG reductions, shore power, Seattle Waterfront Clean Energy Strategy, new energy software platform.
- Continue strong permitting and planning support for capital and expense project delivery, including programmatic permitting approaches and regulatory advocacy.
- Continue dangerous waste compliance, spill response, and derelict vessel abatement.
- Progress remediation and cleanups on LDW, EWW, T91, T115 and other sites.
- Innovative Financing Strategy for seeking cost recovery (3<sup>rd</sup> parties, grants, insurance and settlements, selling mitigation offsets).
- Grant money earmarked in the Biannual State legislature budget for LDW, EWW, T91 and T115.

# Maritime Division FTE Rollup

DEPARTMENT	2021	2021	2021	2021	2021	2022	2022	2022	2022	FTE Change	% Change
	Approved Budget	Mid Year Approval	Eliminated/ Layoff	Internal Transfer	Revised Total	Internal Transfer	Eliminated FTEs	Proposed New FTEs	Proposed Budget		
<b>By Departments:</b>											
Waterfront Project Management	23.00	-	-	-	23.00	8.00	-	7.00	38.00	15.00	65.2%
Cruise Operations	4.00	-	-	-	4.00	-	-	-	4.00	0.00	0.0%
Marine Maintenance	147.00	-	(2.00)	-	145.00	(8.00)	-	8.00	145.00	0.00	0.0%
Maritime Division Management	5.00	-	-	-	5.00	-	(1.00)	-	4.00	-1.00	-20.0%
Maritime Marketing	3.00	-	-	-	3.00	-	-	-	3.00	0.00	0.0%
Recreational Marinas & Commercial Oper	41.50	-	-	-	41.50	-	(1.00)	1.00	41.50	0.00	0.0%
Elliott Bay Fishing & Commercial Opera	4.00	-	-	-	4.00	-	-	-	4.00	0.00	0.0%
Fishing & Operations Admin	2.00	-	-	-	2.00	-	-	-	2.00	0.00	0.0%
Maritime Security	3.00	-	-	-	3.00	-	-	-	3.00	0.00	0.0%
Recreational Boating	20.50	-	-	-	20.50	-	-	1.00	21.50	1.00	4.9%
Ship Canal Fishing & Operations	12.00	-	-	-	12.00	-	(1.00)	-	11.00	-1.00	-8.3%
Maritime Environment & Sustainability	22.00	1.00	-	-	23.00	-	-	-	23.00	0.00	0.0%
Seaport Finance	14.00	-	-	-	14.00	-	-	-	14.00	0.00	0.0%
Stormwater Utility	3.00	-	-	-	3.00	-	-	-	3.00	0.00	0.0%
<b>Total Maritime</b>	<b>262.50</b>	<b>1.00</b>	<b>(2.00)</b>	<b>-</b>	<b>261.50</b>	<b>-</b>	<b>(2.00)</b>	<b>16.00</b>	<b>275.50</b>	<b>14.00</b>	<b>5.4%</b>

Note: Frozen FTEs included in 2021 count

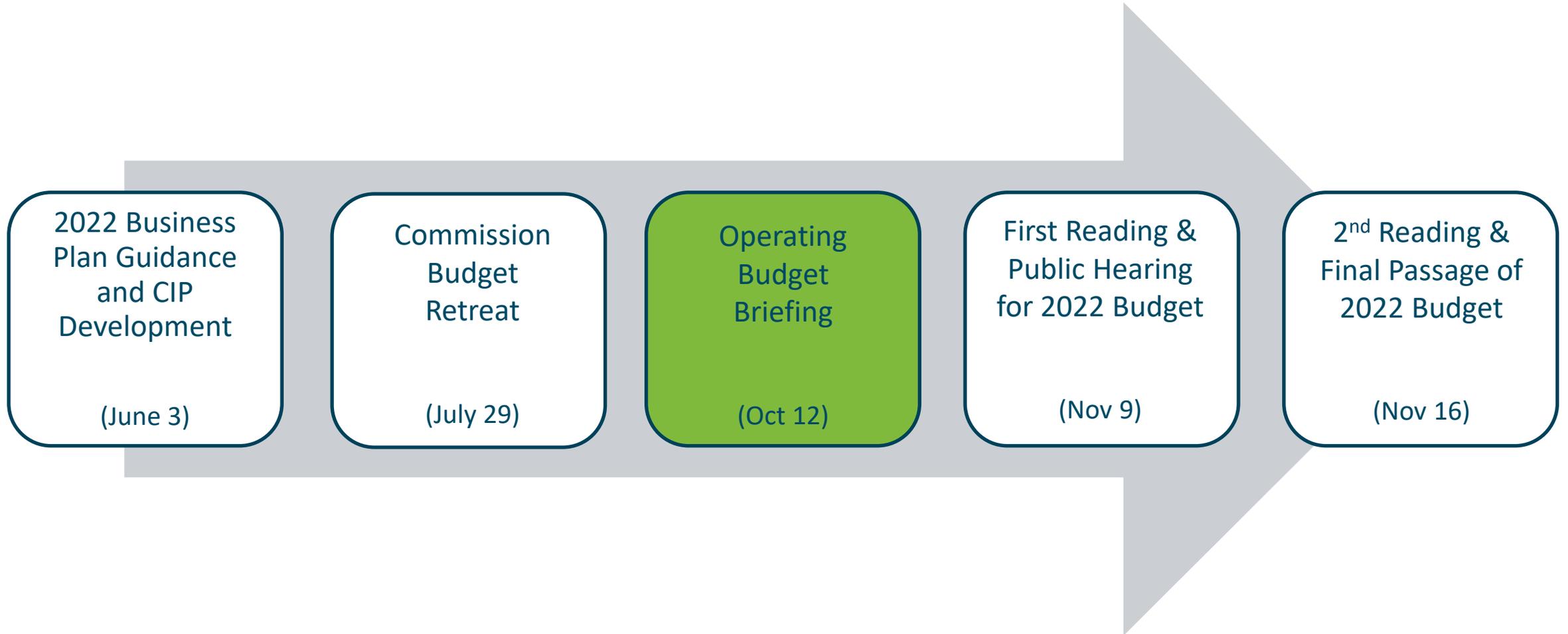
# Economic Development Division



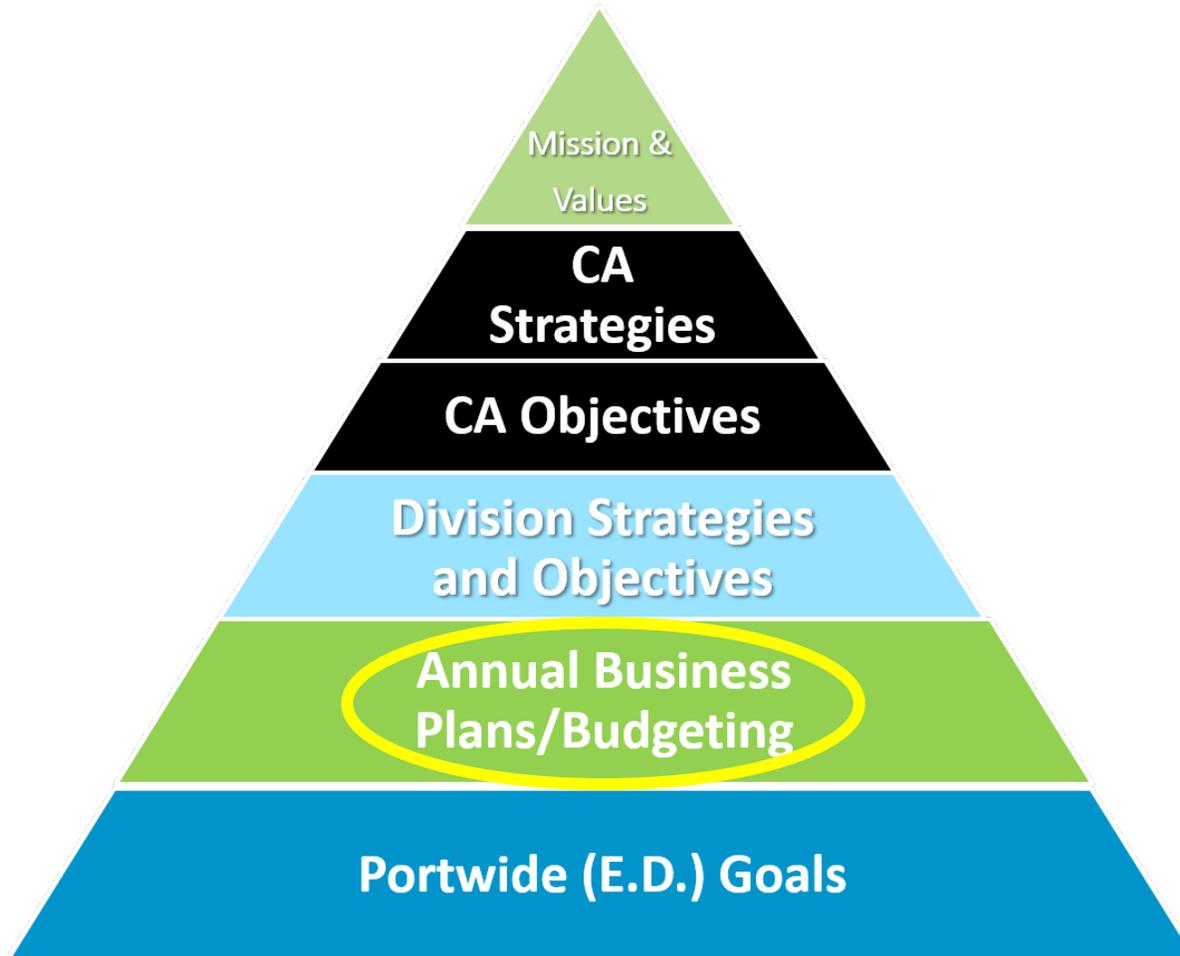
2022 Preliminary Budget  
October 12



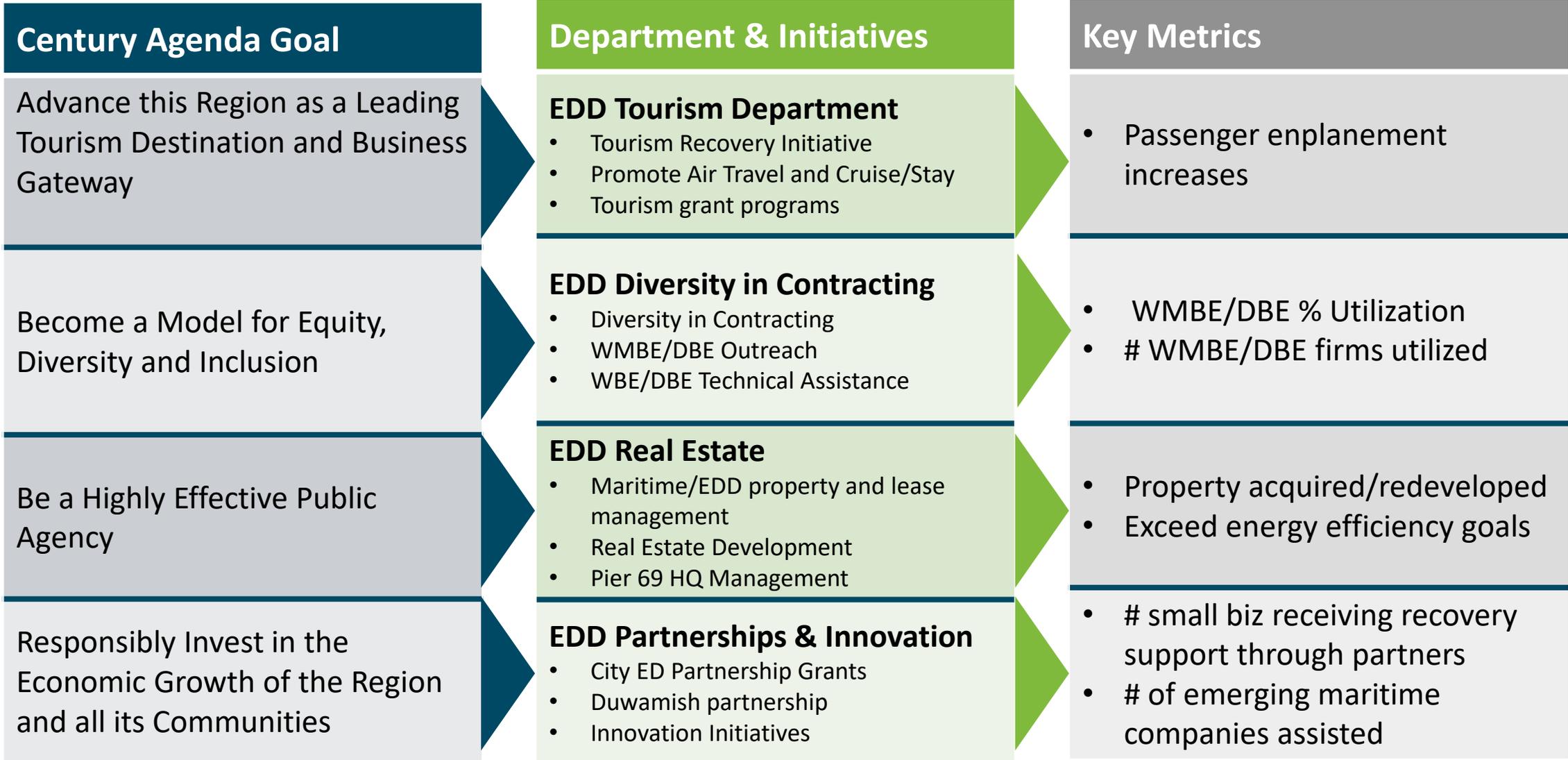
# 2022 Economic Development Division Budget Timeline



# Century Agenda Drives Division Plans and Budgets



- ★ Position the Puget Sound Region as a Premier International Logistics Hub
- ★ Advance this Region as a Leading Tourism Destination and Business Gateway
- ★ Responsibly Invest in the Economic Growth of the Region and all its Communities
- ★ Be the Greenest and Most Energy Efficient Port in North America
- ★ Become a Model for Equity, Diversity and Inclusion
- ★ Be a Highly Effective Public Agency



# EDD SWOT Analysis

## Strengths



- Port Commission committed to Economic, Equitable & RE Development
- **Grant programs** advance Port priorities and partnerships
- Talented, connected and respected team
- Diverse **attractive properties**

## Weaknesses



- Policy and regulations impacts efficiency and competitiveness
- Capital and Staffing constraints
- Challenging Properties
- Disruptive Port Work Patterns impacts Facilities

## Opportunities



- Washington can be **global leader in maritime innovation**
- Expansion of **regional small businesses (WMBE) initiatives**
- **Hot industrial market** supports RE Development opportunities
- Tourism recovery including Cruise

## Threats



- **Fragmentation of recovery efforts** – regional collaboration/scaling challenging
- **Economic uncertainty** impacts RE market, labor availability, WMBE availability
- Pandemic still impacts retail, office and conferences
- Worsening Homelessness/public safety issues

# EDD Up-Front Summary

	*2019	2020	2021	2021	2022	Incr (Decr)	
	Actual	Budget	Budget	Forecast	Proposed Budget	Change from 2020	
\$ in 000's						\$	%
Revenue	8,912	9,124	8,313	7,913	8,470	(654)	-7%
Conf & Event Centers	12,239	9,985	5,035	4,135	10,299	314	3%
<b>Total Revenue</b>	<b>21,151</b>	<b>19,110</b>	<b>13,348</b>	<b>12,048</b>	<b>18,769</b>	<b>(341)</b>	<b>-2%</b>
<b>Expenses</b>							
Portfolio Management	3,732	4,008	3,401	3,301	3,905	(103)	-3%
Conf & Event Centers	10,218	8,902	4,920	4,420	9,018	116	1%
P69 Facilities Expenses	215	230	222	177	228	(2)	-1%
RE Dev & Planning	136	208	154	154	246	39	19%
EconDev Expenses Other	930	932	835	695	842	(90)	-10%
Maintenance Expenses	3,145	3,819	2,537	3,037	4,201	382	10%
Maritime Expenses (Excl Maint)	253	1,317	1,060	1,060	1,279	(39)	-3%
<b>Total EDD &amp; Maritime Expenses</b>	<b>18,630</b>	<b>19,417</b>	<b>13,128</b>	<b>12,843</b>	<b>19,719</b>	<b>302</b>	<b>2%</b>
Diversity in Contracting	152	197	142	122	168	(29)	-15%
Tourism	1,337	1,536	2,481	2,181	1,750	214	14%
EDD Grants & Innovation	785	1,110	1,060	1,060	1,500	390	35%
<b>Total EDD Initiatives</b>	<b>2,274</b>	<b>2,843</b>	<b>3,683</b>	<b>3,363</b>	<b>3,418</b>	<b>575</b>	<b>20%</b>
Environmental & Sustainability	344	44	31	23	59	9	19%
Police Expenses	61	233	209	205	229	(4)	-2%
Other Central Services	5,732	6,708	4,242	4,051	4,749	(1,964)	-29%
Aviation Division	114	123	120	120	128	5	4%
<b>Total Central Services &amp; Aviation</b>	<b>6,251</b>	<b>7,108</b>	<b>4,603</b>	<b>4,400</b>	<b>5,164</b>	<b>(1,954)</b>	<b>-27%</b>
<b>Total Expense</b>	<b>27,156</b>	<b>29,368</b>	<b>21,413</b>	<b>20,605</b>	<b>28,301</b>	<b>(1,077)</b>	<b>-4%</b>
<b>NOI Before Depreciation</b>	<b>(6,005)</b>	<b>(10,258)</b>	<b>(8,065)</b>	<b>(8,557)</b>	<b>(9,532)</b>	<b>736</b>	<b>7%</b>
Depreciation	3,647	3,389	3,216	3,216	3,741	352	10%
<b>NOI After Depreciation</b>	<b>(9,651)</b>	<b>(13,647)</b>	<b>(11,281)</b>	<b>(11,773)</b>	<b>(13,273)</b>	<b>385</b>	<b>3%</b>

\*Note 2019 Actual includes a \$708K favorable pension adjustment

## • Top and Bottom Line

- Revenue \$18.8M; down \$341K or 2% from 2020 Budget
- Expenses \$28.3M; down \$1.1M or 4% from 2020 budget
- Net Operating Loss \$9.5M; \$.7M favorable to 2020 budget

## • Budget Drivers:

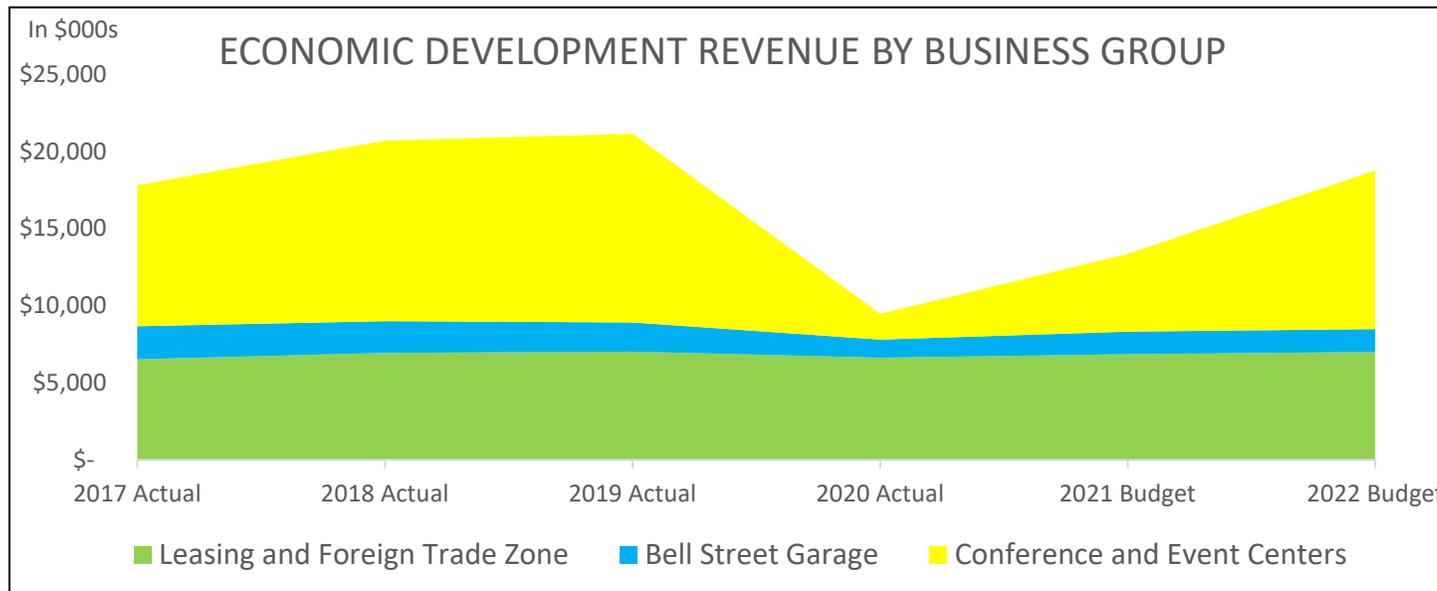
- Economic Recovery
- Conference & Event Centers at about 75% historic volumes
- Increasing Equity, Diversity, and Inclusion
  - Increasing WMBE utilization in port-wide capital plan
  - Supporting impacted small businesses
- Targeted funding to help restart Regional Tourism
- Moving forward Maritime Innovation

# Economic Development Revenues

\$ in 000's	2019	2020	2021	2021	2022	Incr (Decr)	
	Actual	Budget	Budget	Forecast	Proposed Budget	Change from 2020	%
Bell Street Garage	1,899	2,150	1,454	1,054	1,463	(686)	-32%
Conf & Event Centers	12,239	9,985	5,035	4,135	10,299	314	3%
Leasing Revenue	7,035	6,973	6,859	6,859	6,998	25	0%
Other Revenue	(21)	2	0	0	9	7	380%
<b>Total Revenue</b>	<b>21,151</b>	<b>19,110</b>	<b>13,348</b>	<b>12,048</b>	<b>18,769</b>	<b>(341)</b>	<b>-2%</b>

**Overall, up \$5.4M or 40.5% compared to 2021 budget and just under 2020 budget.**

- Conference & Event Centers anticipating return to about 75% of pre-COVID revenue level in 2022.
- Bell Street Garage continues to see lower demand but beginning to recoup some concession revenue.
- Leasing portfolio experiencing flat revenue related tied to COVID restrictions.



# Economic Development Expenses

	*2019	2020	2021	2021	2022	Incr (Decr)	
	Actual	Budget	Budget	Forecast	Proposed Budget	Change from 2020	
\$ in 000's						\$	%
<b>Expenses</b>							
Portfolio Management	3,732	4,008	3,401	3,301	3,905	(103)	-3%
Conf & Event Centers	10,218	8,902	4,920	4,420	9,018	116	1%
P69 Facilities Expenses	215	230	222	177	228	(2)	-1%
RE Dev & Planning	136	208	154	154	246	39	19%
EconDev Expenses Other	930	932	835	695	842	(90)	-10%
Maintenance Expenses	3,145	3,819	2,537	3,037	4,201	382	10%
Maritime Expenses (Excl Maint)	253	1,317	1,060	1,060	1,279	(39)	-3%
<b>Total EDD &amp; Maritime Expenses</b>	<b>18,630</b>	<b>19,417</b>	<b>13,128</b>	<b>12,843</b>	<b>19,719</b>	<b>302</b>	<b>2%</b>
Diversity in Contracting	152	197	142	122	168	(29)	-15%
Tourism	1,337	1,536	2,481	2,181	1,750	214	14%
EDD Grants & Innovation	785	1,110	1,060	1,060	1,500	390	35%
<b>Total EDD Initiatives</b>	<b>2,274</b>	<b>2,843</b>	<b>3,683</b>	<b>3,363</b>	<b>3,418</b>	<b>575</b>	<b>20%</b>
<b>Total Central Services &amp; Aviation</b>	<b>6,251</b>	<b>7,108</b>	<b>4,603</b>	<b>4,400</b>	<b>5,164</b>	<b>(1,954)</b>	<b>-27%</b>
<b>Total Expense</b>	<b>27,156</b>	<b>29,368</b>	<b>21,413</b>	<b>20,605</b>	<b>28,301</b>	<b>(1,077)</b>	<b>-4%</b>

\*Note 2019 Actual includes \$708K favorable pension adjustment

## Compared to 2020 Budget

### EDD & Maritime Expenses up \$302K or 2%

- Increased volumes and labor costs at Conference & Event Centers.
- Increased Maintenance Wage rates.

### Economic Development Initiatives up \$575K or 20%

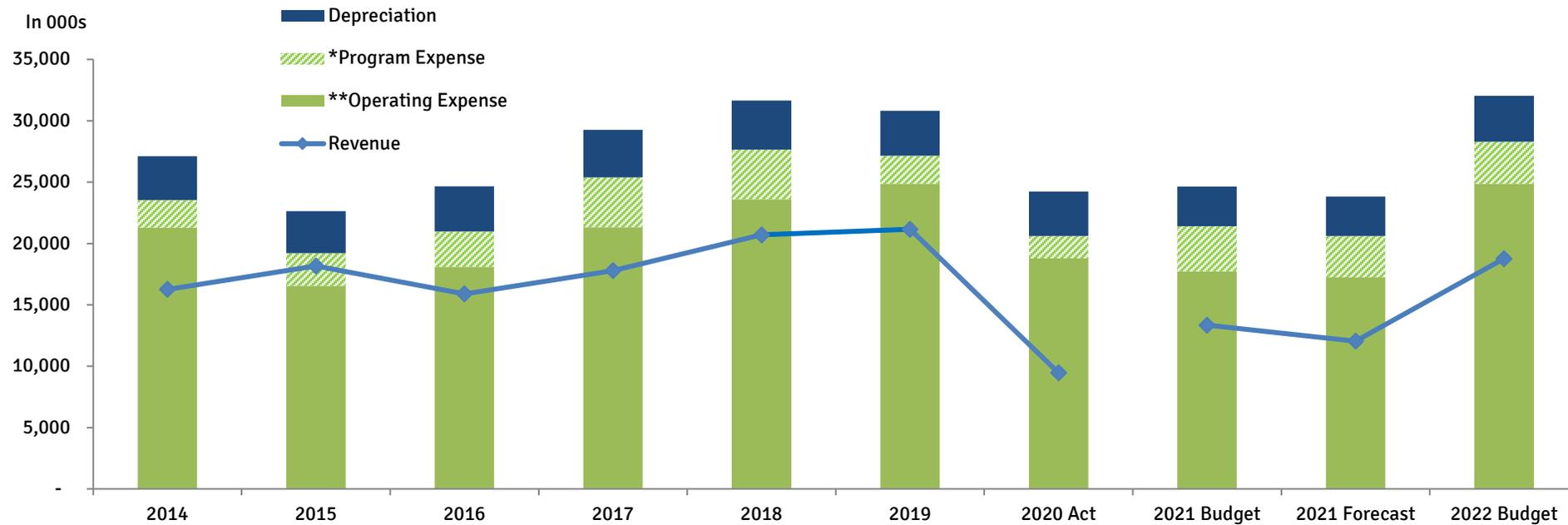
- EDD Initiatives up \$575K due to remaining \$350K Washington Tourism Alliance Program along with increased investments in economic recovery.

### Central services down \$2M (27%)

- Reduction in Conference & Event volumes driving down allocation rate.

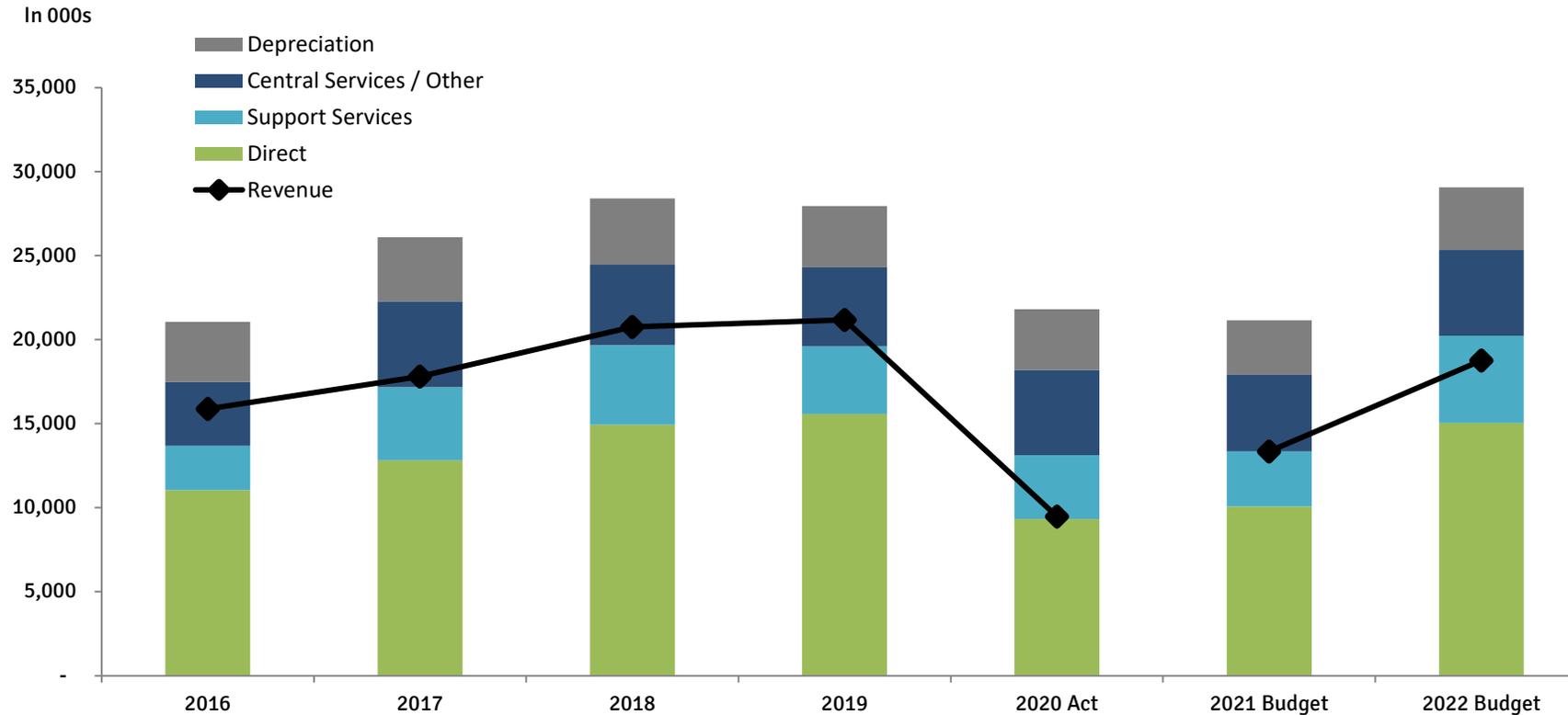
**FTE – Net decrease 1**

# Economic Development Division Financial Trend



- Conference & Event Center bookings progressively declined in 2020 and 2021. Expecting return to ~75% capacity in 2022.

# Portfolio Management Financial Trend



## Revenue

Conference & Event Centers anticipating a return to pre-COVID revenue level.

## Direct Expenses

Variable Conference Expenses follow revenue trend.

- 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.

# Diversity in Contracting

1. **Increase WMBE contracting utilization results to reduce disparities** in Port contracting processes
2. **Complete study of potential barriers to WMBE utilization** and identify/implement improvement recommendations
3. **Provide PortGen workshops/trainings** to interested WMBE and DBE businesses
4. **Implement communication and education programs** to build external and internal support for WMBE utilization
5. **Work with Public Sector partners to advance WMBE and DBE utilization**

In \$000s	2021 Budget	2022 Budget	difference
<b>*Personnel</b>	1,022	1,045	23
<b>Outside Service</b>	335	563	228
<b>Promo Expenses</b>	68	98	30
<b>General Expenses</b>	53	83	30

\*Transferred out EDD Grant position  
 Outside services and promotions on following page



# Diversity in Contracting Investments

<b>Diversity in Contracting Investments in \$000s</b>	<b>2020 Budget</b>	<b>2021 Budget</b>	<b>2022 Budget</b>	<b>22-'21 Change \$</b>
Business Accelerator (SKCF)	-	-	150	150
Highline Small Business Development Center ILA (SKCF)	-	50	50	-
WMBE/DBE Advanced Training (SKCF)	50	50	50	-
Airport DBE Workshop - FAA (Mini Conference/AAAE)	-	-	60	60
Barrier Study	-	-	80	80
Outreach / Technical Assitance	145	60	105	45
Marketing/ Communication/Design Services/Technical Writing Co	10	10	50	40
Tabor 100 Resource Center	-	50	60	10
Government and Community Partnerships	25	45	50	5
<b>Total</b>	<b>230</b>	<b>265</b>	<b>655</b>	<b>390</b>

# Tourism

- 1. **Implement Tourism Recovery initiative** in partnership with WA Tourism Alliance
- 2. **Utilize Tourism Grants to advance sustainable and equitable tourism** events and destinations
- 3. **Organize/Sponsor Statewide Conference on Sustainable Tourism**
- 4. **Promote Cruise and Stay options** in select domestic and international markets
- 5. **Partner with Visit Seattle and South Sound Regional Tourism Authority** to leverage Port tourism investments and grant programs

In \$000s	2021 Budget	2022 Budget	difference
Personnel	527	546	19
Outside Service	1,789	938	(851)
Promo Expenses	68	130	62
General Expenses	49	48	(1)

Includes \$350K Tourism Recovery Initiative; Europe/Australia promotions 234k, Sustainable Tourism Conference \$75K, and Tourism grants 200k.



# Real Estate Development & Management

- ❑ Redevelop Port properties (ex. Des Moines Creek W, CEM)
- ❑ Maintain 94% Occupancy within EDD/Maritime RE portfolio
- ❑ Continue **Terminal 91 Uplands** planning/development
- ❑ Move **Maritime Innovation Center** forward
- ❑ **Evaluate Acquisition/Partnership development opportunities** in partnership with the Northwest Seaport Alliance
- ❑ Manage, Operate & Maintain **Pier 69 Headquarters**

## Total Real Estate Development & Management Expenses

In \$000s	2021 Budget	2022 Budget	difference
RE Development	633	755	122
P69 Facilities	1,578	1,733	155
Portfolio Leasing	13,143	18,279	5,136

RE Development and P69, service Seaport and Airport.  
Portfolio Leasing services entire Seaport.



# Economic Development and Innovation Partnerships

1. **Support Regional Economic Recovery** via financial partnerships with cities, Chambers, Small Business Development Centers and other partners
2. Support **Greater Seattle Partners'** regional economic recovery plan finalization and implementation
3. Support **Duwamish Community Equity Partners'** economic development initiatives
4. Support **maritime innovation initiatives** to discover, promote and help advance promising maritime ventures and startups
5. **Advance** and coordinate **Port innovation initiatives**

In \$000s	2021 Budget	2022 Budget	difference
<b>*Personnel</b>	595	788	193
<b>Outside Service</b>	1,060	1,500	440
<b>Promo Expenses</b>	31	31	0
<b>General Expenses</b>	150	150	0

\*Transferred in EDD Grant Position  
 Includes funding for City ED Partnership grants \$1.2M;  
 Regional Small Business Partnerships \$150K,  
 Greater Seattle Partners \$130k, and Maritime Blue \$150k



# Net Decrease of 1 FTE

## 2022 Economic Development FTEs Summary

<b>Description</b>	<b>FTEs</b>	<b>Notes</b>
<b>2021 Approved Budget</b>	<b>36.0</b>	
Changes in 2021:		
Mid-Year Approvals	0.0	
Eliminated	0.0	
Transfer	0.0	
<b>2021 Baseline</b>	<b>36.0</b>	
2022 Budget Changes:		
Transfer	0.0	
Eliminated	-1.0	Business Development Director
New FTEs Approved	0.0	
<b>Net Change</b>	<b>-1.0</b>	
<b>2022 Proposed FTEs</b>	<b>35.0</b>	

- Eliminated Business Development Director

# EDD Budget: Impacts on Equity, Diversity and Inclusion (EDI)

- EDD Budget tangibly advances equitable economic development
  - **Diversity in Contracting** program advances utilization of Women, Minority Business Enterprises and Disadvantaged Business Enterprises
  - **South King County fund investments** support small business recovery especially for minority, immigrant and refugee owned firms
  - **Tourism grants** that support ethnic events and destinations
  - **Real estate development projects** support apprenticeship utilization and priority hire

# EDD Budget Advances Century Agenda EDI Goals

- **Diversity in Contracting** Department budget includes funding for staff/program that supports WMBE and DBE utilization.
- **Real estate development projects** help advance Port workforce initiatives that provide equitable access to careers in Port-related industries
- Working to establish equity lens for other key economic development programs (ex. **Tourism and City partnership grants**)

# EDD Budget Request To Advance Equity

2022 Budget includes an additional 240k to support a regional small business assistance initiative designed to help BIPOC businesses

- Helps fund expanded partnership with Cities, Chambers and Small Business Development Centers to support aggressive outreach to BIPOC businesses and other businesses in underserved communities.

# Training on Equitable Budgeting

- EDD team members doing well in terms of applying equity lens to budgets and programs
- More training for staff/leaders on community engagement and program design could be helpful as new or existing programs are considered in terms of equity
- Training on best practices in equitable economic development could be helpful (WMBE accelerator models, regional procurement initiatives, etc.)

# Economic Development Division Commission Briefing - Appendix

2022 Preliminary Budget

# Portfolio Management

	2020	2021	2022	Incr (Decr)	
	Budget	Budget	Proposed Budget	Change from 2021	%
\$ in 000's				\$	%
<b>Portfolio Management</b>					
Central Harbor	7,581	6,752	7,243	492	7%
T-91 Uplands	1,512	1,526	1,188	(338)	-22%
Conference & Events Centers	9,985	5,035	10,299	5,264	105%
Foreign Trade Zone	30	35	30	(5)	-14%
<b>Total Revenue</b>	<b>19,108</b>	<b>13,348</b>	<b>18,760</b>	<b>5,412</b>	<b>41%</b>
PM Outside Services	810	522	782	260	50%
PM Direct	12,101	7,798	12,141	4,343	56%
EDD Other	1,704	1,450	1,798	348	24%
MD Direct	447	307	300	(7)	-2%
<b>Total Direct</b>	<b>15,062</b>	<b>10,078</b>	<b>15,021</b>	<b>4,944</b>	<b>49%</b>
Maintenance Expenses	3,817	2,534	4,201	1,667	66%
Enviromental & Sustainability	278	267	261	(5)	-2%
Seaport Finance & Cost Recovery	515	420	533	113	27%
Waterfront Project Management	77	66	184	118	179%
<b>Total Support Services</b>	<b>4,687</b>	<b>3,286</b>	<b>5,179</b>	<b>1,893</b>	<b>58%</b>
Police Expenses	233	209	229	20	9%
Other Corp Expenses	5,350	4,366	4,893	527	12%
<b>Total Central Services/Other</b>	<b>5,583</b>	<b>4,576</b>	<b>5,122</b>	<b>546</b>	<b>12%</b>
<b>Total Expense</b>	<b>25,332</b>	<b>17,940</b>	<b>25,322</b>	<b>7,382</b>	<b>41%</b>
<b>NOI Before Depreciation</b>	<b>(6,224)</b>	<b>(4,591)</b>	<b>(6,562)</b>	<b>(1,970)</b>	<b>-43%</b>
Depreciation	3,386	3,213	3,738	525	16%
<b>NOI After Depreciation</b>	<b>(9,610)</b>	<b>(7,805)</b>	<b>(10,300)</b>	<b>(2,495)</b>	<b>-32%</b>

## Compared to 2021 Budget

Revenue up \$5,412K / 40.5%

- Conference & Event Centers anticipating a return to pre-COVID

Direct Expenses up \$4,944K / 49.1%

- Variable Conference Expenses in follow revenue trend (food, labor).
  - Increased Capital Reserves
  - Tenant Improvements & Broker Fees – WTCW Suite 130 & 230
  - Energy Management Consulting Services
- Support Services up \$1,893K / 57.6%
- Central Services up \$546K / 11.9%
- Depreciation up \$525K / 16.3%

# Net Decrease of 1 FTE

DEPARTMENT	2021	2021	2021	2021	2021	2022	2022	2022	2022	FTE Change	% Change
	Approved Budget	Mid Year Approval	Eliminated/ Layoff	Internal Transfer	Revised Total	Internal Transfer	Eliminated FTEs	Proposed New FTEs	Proposed Budget		
<b>By Departments:</b>											
EDD Mgt	4.00	-	-	-	4.00	1.00	(1.00)	-	4.00	0.00	0.0%
Facilities Mgt	5.00	-	-	-	5.00	-	-	-	5.00	0.00	0.0%
Maritime Portfolio Mgmt	3.00	-	-	-	3.00	-	-	-	3.00	0.00	0.0%
Portfolio Management	11.00	-	-	-	11.00	-	-	-	11.00	0.00	0.0%
Re Dev Planning	2.00	-	-	-	2.00	-	-	-	2.00	0.00	0.0%
Diversity in Contracting	8.00	-	-	-	8.00	(1.00)	-	-	7.00	-1.00	-12.5%
Tourism	3.00	-	-	-	3.00	-	-	-	3.00	0.00	0.0%
<b>Total EDD</b>	<b>36.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36.00</b>	<b>-</b>	<b>(1.00)</b>	<b>-</b>	<b>35.00</b>	<b>-1.00</b>	<b>-2.8%</b>

- Eliminated Business Development Director
- Transferred EDD Grants role from Diversity & Contracting to EDD Management

# Maritime and Economic Development Draft 2022-26 Capital Improvement Plan (CIP)

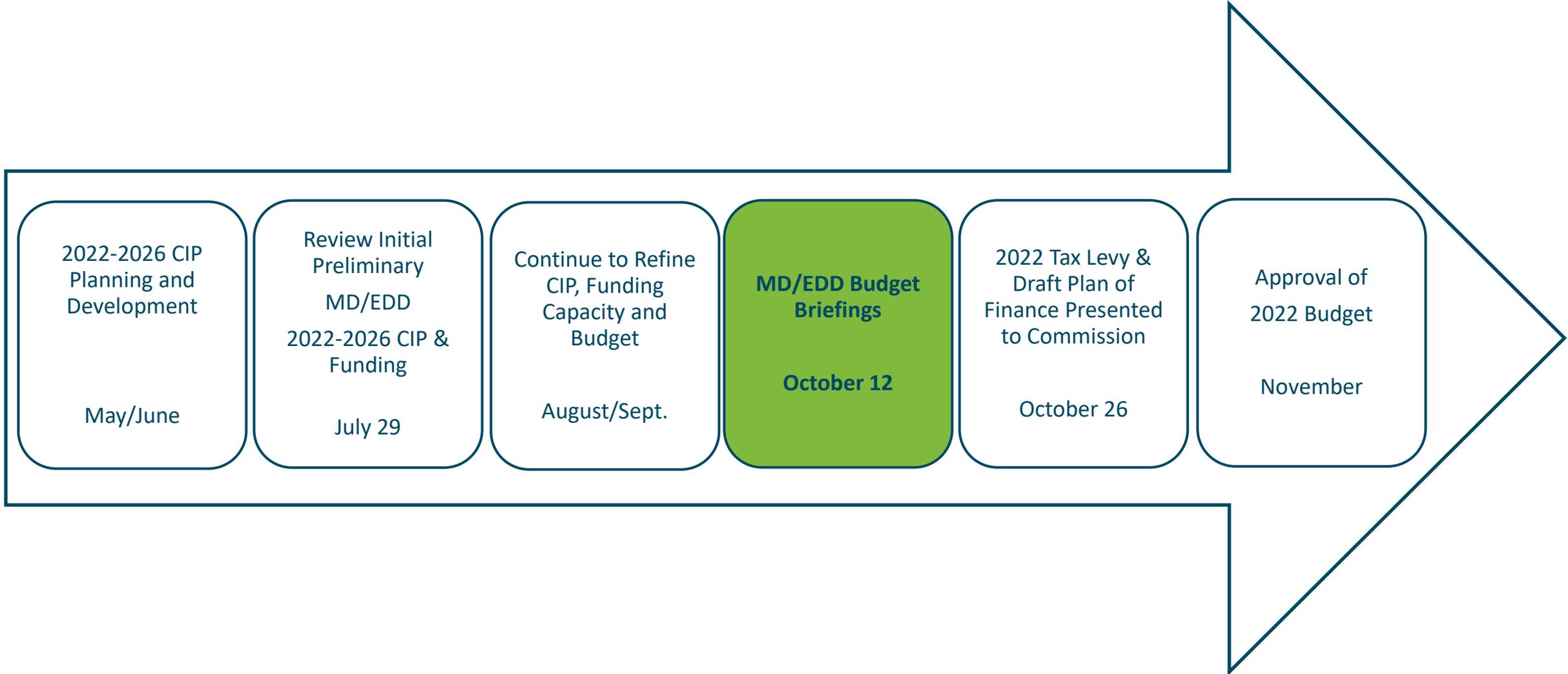
October 12, 2021



# Agenda

- **Priorities going forward**
  - Economic Recovery
  - Improving Capital Project Delivery
- **Draft 2022-2026 CIP**
  - Key projects discussion
- **Project Delivery Recommendation**
  - Additional resources

# CIP Timeline



# Capital Improvement Plan Priorities

## Asset

### Stewardship:

Maintaining the Port's capital assets and preserving Seattle's iconic working waterfront



## Financial

### Sustainability:

Making investments that support maritime industries and the Port's long term funding capacity



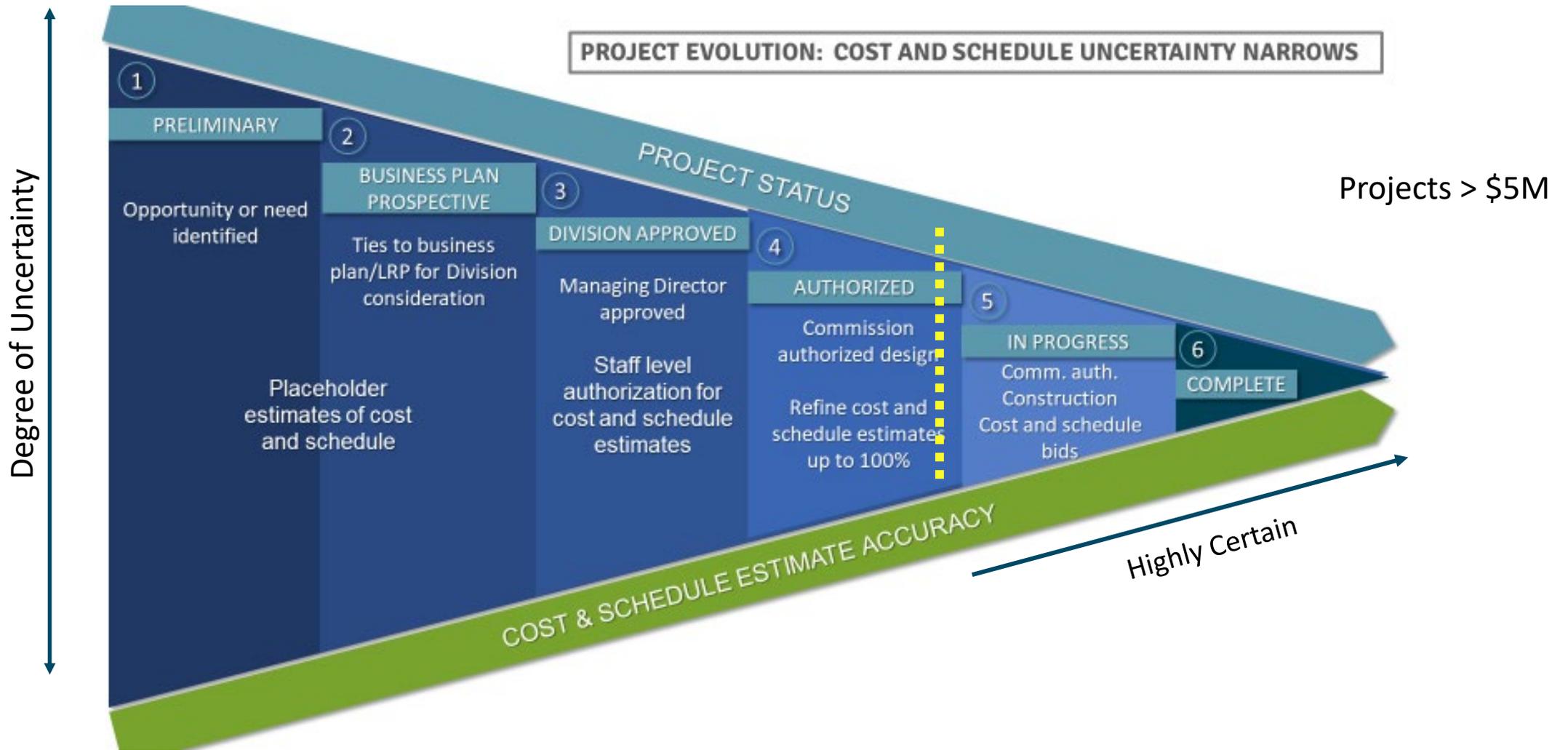
## Community and Environment:

### Environment:

Stewarding our environment responsibly, partnering with surrounding communities, and promoting social responsibility



# Capital Improvement Plan Status & Certainty



# Draft 2022 to 2026 CIP: \$378M

Project Group/Name	Status	\$ millions						Total Project Cost		
		2022	2023	2024	2025	2026	5Y Total	Current	Previous <sup>3</sup>	Change
<i>Large</i>		14.9	47.9	81.0	67.5	44.6	255.9	528.6	452.7	75.8
Duwamish River People's Park (T117 Restoration)	5 In Construction	2.5	0.3	0.3	0.3	0.3	3.6	19.8	23.6	(3.7)
Terminal 91 Berth 6 & 8 Redevelopment	4 In Design	1.3	20.7	39.0	0.8	-	61.8	65.2	40.0	25.2
Terminal 91 Uplands Development Phase I	4 In Design	1.5	2.1	23.1	22.4	-	49.1	50.3	48.5	1.8
Maritime Innovation Center	4 In Design	1.3	6.0	11.1	-	-	18.4	19.9	16.0	3.9
Pier 66 Shore Power	4 In Design	7.5	8.8	0.0	-	-	16.3	17.0	16.7	0.2
Terminal 46 Replace North Pier Structure	3 Pre-design	-	2.5	2.5	30.0	25.0	60.0	60.2	49.5	10.7
Jack Block Park Pier Replacement	3 Pre-design	0.3	0.7	3.5	3.5	-	8.0	8.3	4.0	4.3
Terminal 91 New Cruise Gangways	3 Pre-design	0.5	6.5	0.0	-	-	6.9	7.0	6.9	0.1
Terminal 91 Uplands Phase 2 Buildings	2 Bus Plan Prospective	-	-	-	0.6	1.7	2.3	166.0	144.0	22.0
Fishermen's Terminal Gateway Building	2 Bus Plan Prospective	-	-	-	-	1.9	1.9	53.1	53.4	(0.3)
Fishermen's Terminal Northwest Dock Improvements <sup>2</sup>	2 Bus Plan Prospective	-	0.5	1.5	10.0	15.0	27.0	52.0	42.5	9.5
Terminal 91 Uplands Phase 2 Utility Infrastructure	2 Bus Plan Prospective	-	-	-	-	0.6	0.6	9.8	7.7	2.1
<i>Mid-Cap<sup>1</sup></i>		20.8	19.1	13.6	6.8	6.0	66.3			
<i>Small</i>		5.1	1.9	1.0	1.1	2.0	11.1			
<i>Fleet/Technology</i>		2.7	2.8	2.6	2.3	1.7	12.2			
<i>Tenant Improvements</i>		0.8	0.6	0.6	0.6	0.6	3.0			
<i>Management Reserve Cash Flow Adjustment</i>		(10.3)	12.1	10.3	7.0	11.0	30.0			
<b>Total</b>		<b>\$33.9</b>	<b>\$84.3</b>	<b>\$109.0</b>	<b>\$85.3</b>	<b>\$65.9</b>	<b>\$378.4</b>			

<sup>1</sup>Also includes non-material spending in 2022 on large projects at/near completion (BHICC Modernization, SBM Service Buildings, T91 NW Fender)

<sup>2</sup>Moved into capital plan this year - condition assessment to be completed in 2022

<sup>3</sup>Total estimated project cost as of 2021 Capital Plan (Q3 2020)

<sup>4</sup>Project Categories: Large >\$5M, Mid \$1M to \$5M, Small <\$1M

\* Fourth Cruise Berth (\$137M) has been moved to status 1 (Prospective) and is not funded

# Large Projects Moving Forward

- **T46 North Pier Structure: \$60M**
  - Preliminary assessment suggests replacement with in-kind structure
    - Multi-use, such as fishing or research vessels
  - Design/permitting anticipated to start in 2023
- **P66 Shore Power: \$17M**
  - SEPA process complete
  - At approx. 40% design
  - MOU with City Light on cost share in negotiation
- **T91 Berth 6&8: \$65M**
  - At 30% design
  - Cost estimate increased due to seismic issues
  - Construction anticipated in 2023
    - To be validated by upcoming risk assessment
- **T91 Uplands: \$225M**
  - Phase I: \$50M – 10% design
  - Phase II: \$175M
    - Pre-planning beginning 2025
    - Utility infrastructure + Building Development

# Large Projects Moving Forward (2)

- In Construction
  - Duwamish River People's Park (T117 Restoration)
  - T91 NW Fender - completion in 2021
- In Design
  - P66 Shore Power
  - Maritime Innovation Center
- Pre-design work underway
  - FT NW Dock Improvements
  - Jack Block Park Pier Replacement
  - Gateway Park South/Shoreline Restoration
- Joint Venture (not included in MD/EDD CIP)
  - West Waterway Deepening (\$28M)

# Project Delivery Capacity



- Shift of NWSA projects from South Harbor to North Harbor
- Port CIP picks up as NWSA starts completion process

- Assessment of delivery improvements
  - Additional project managers
    - Improving career pathways
  - Revised reporting structure
- Additional resources required to deliver
  - Internal, Port-wide departments:
    - Commission, executive, business managers, PMs, CPO, engineering, legal, finance, external relations, etc.
    - Many resources shared with Aviation and NWSA
    - Potential operating budget impacts
  - External e.g., permitting, environmental review

# Appendix

# Capital Planning Guidelines

- **Maintain construction to help stimulate recovery** across the region.
- **Capital planning should incorporate** potential changes to facilities in the wake of **COVID-19**.
- **New Projects** should be:
  - **prioritized according to the CIP Priorities and Budget Guiding Principles**
  - **timing of new construction** should consider updated demand forecasts, funding availability and project delivery capacity.
- **Project designs and environmental reviews should generally continue to advance on top priority projects** to preserve the option to proceed if grant funding becomes available or the Port's financial outlook improves sooner than expected.
- **Cost estimates** should factor in **cost escalation** and the local bidding environment in preparing and updating project budgets.