

2022

# Budget in Brief

Preliminary



Port   
of Seattle®

# A Message from Port Leadership



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*Commission President*



Stephanie Bowman  
*Commissioner*



Ryan Calkins  
*Commissioner*



Sam Cho  
*Commissioner*



Peter Steinbrueck  
*Commissioner*



Stephen P. Metruck  
*Executive Director*

Dear Community,

We are proud to present the Port of Seattle's 2022 Budget and five-year Capital Improvement Plan. By supporting over 121,000 jobs and \$38 billion in business revenue, the Port creates opportunities across a broad cross-section of the regional economy.

Our key 2022 initiatives increase investments in airport, maritime, and economic development projects to strengthen trade, improve customer experience and create thousands of new career opportunities. We continue to expand our successful workforce development and youth-employment initiatives focused on disadvantaged communities while minimizing our impacts on neighborhoods, the environment, and climate.

This marks the third year that COVID impacts our budget and community. We see positive signs on the horizon, but the pandemic continues to present new challenges, especially for those who were already deprived of opportunities for success.

The widespread availability of vaccines supported a major travel recovery this spring and summer. Passenger volume at the airport returned to 75 percent of what we consider typical. Cruise operations resumed in July with reduced ship calls and with fewer passengers. Dramatic changes in consumer spending from travel and services to household products, drove significant increases in air cargo and maritime shipping, resulting in unprecedented supply chain congestion for west coast ports and others around the world.



The global pandemic continues to impact international and business travel as well as cultural and political divisions over masks and vaccines. Labor market shortages have been exacerbated by people deciding to change their careers, while economic inequities and the climate crisis continue to require constant attention.

We developed this budget specifically to adapt to this uneven recovery. As part of our budget development, we conducted a Port-wide Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis. This analysis shows very clearly that two years of fiscal restraint, including a pay and hiring freeze, resulted in tremendous stress on the organization.

Our budget development plan also included input from members of our community. In a series of county-wide listening sessions, more than 100 community leaders urged the Port to continue large capital investments that generate long-term economic activity and to continue supporting workforce development programs to create jobs of the future. Our habitat programs have expanded to enhance the restoration of the marine ecosystem from kelp to killer whales. We have also partnered with organizations like the Highline School district and Seattle Aquarium to further these efforts. These programs have also helped to strengthen our relationships with our tribal partners.



Our plans meet both local and regional needs. Our five-year capital plan includes the largest ever proposed set of capital investments to anchor industry and economic activity, as well as to improve efficiency and service at our airport and maritime facilities. **We are excited as our generational investments in the airport’s North Satellite and International Arrivals Facility (IAF), and the first phase of our seaport’s Terminal 5 modernization come across the finish line. We also continue to invest in cleaning up legacy pollution and habitat restoration as well as in our communities to include completion of the Duwamish River People’s Park and to help with the repair of the West Seattle Bridge.**

Port gateways generate billions in economic activity. Safe operation before, during, and after a pandemic requires partnership with hundreds of private businesses and a pipeline of highly skilled staff. **In 2022, we expand our budget to maintain millions of square feet at new facilities and return to investing in our workforce and strengthening our capacity to execute projects and programs.**

Our Port must improve service to a growing community while phasing out emissions and environmental impact. After successfully advocating for Washington state to adopt a Low Carbon Fuel Standard, we accelerated our own greenhouse gas reduction goals and launched new research in collaboration with King County and others to support the development of renewable green fuels for the maritime and aviation industries. **Our 2022 budget positions the Port to phase out its own emissions in the next 18 years, support innovation projects that advance decarbonization of the maritime industry, accelerate sound insulation programs, and increase sustainability in Port projects.**

We are encouraged by the success of our strategies to help businesses and communities survive the COVID crisis, but also recognize that small business and particularly minority and women owned businesses continue to feel the worst effects of the pandemic. **In our 2022 budget, we continue investing in programs that support startups and small businesses, such as our innovative Maritime and PortGen accelerator programs. Our budget also expands the economic opportunities for tourism related businesses and invests in new efforts, such as the Community Navigator Network.**

While the economic and service benefits of the Port extend across the county and state, we are keenly aware that operational impacts of the Port are felt most keenly by the communities who live closest to the airport and seaport. **We continue to invest in the South King County Fund and Duwamish Valley Community Equity Program and support quality of life projects near our operations, like a new noise study at SEA Airport.**

Most of the money needed to support the Port’s programs comes from its airport, maritime, and real-estate lines of business. We also utilize a countywide property tax levy to fund maritime capital investments, environmental improvements, and community programs. Just 1.2 percent of the total King County property tax goes to the Port. In 2021, that share amounted to an estimated \$72 for the median King County homeowner.

However, we could not have maintained our level of local investments during the pandemic without federal support. Following up on critical grants approved in 2020, the new Biden administration’s emphasis on major infrastructure projects that include ways for ports to work more efficiently and environmentally. Our budget also shares the Administration’s support of an equitable recovery through investments in our gateways, surrounding communities, and environment. We look forward to partnering with the Biden administration to advance our mutually ambitious goals.

We believe that the Port’s 2022 budget strikes the right balance between financial and environmental stewardship and commitment to communities throughout King County and beyond. The recovery continues to be the mission of our organization. We know we cannot do it alone and are committed to expanding strong partnerships between governments, business, labor, and community organizations so we can build back better together.



**We welcome your engagement, especially in this pivotal moment in history.**

# About the Port



## Brief History

Founded in 1911, the Port is a public agency providing airport operations and maritime services for the Puget Sound region. Five publicly elected commissioners who serve four year terms establish Port policy; and the Executive Director carries out these policies and leads over 2,000 employees. As one of the largest land holders in King County, the Port owns Seattle-Tacoma International Airport (SEA), piers for workboats and cruise ships, marinas, conference facilities, parks and public access areas, office space, and more.

## OUR MISSION

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

## OUR VISION

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

## OUR COMMITMENT

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

## Century Agenda

The Century Agenda provides enduring goals that are the cornerstone of the Port's long-term strategic planning.

- 1 Position the Puget Sound region as a premier international logistics hub
- 2 Advance this region as a leading tourism destination and business gateway
- 3 Responsibly invest in the economic growth of the region and all its communities
- 4 Be the greenest and most energy-efficient port in North America
- 5 Become a model for equity, diversity, and inclusion
- 6 Be a highly effective public agency

# 2021 Review and Highlights



## OUR BUSINESSES

- Seattle-Tacoma International Airport (SEA) forecasts that airport passenger traffic has recovered to 74 percent of 2019 pre-COVID levels
- Worked with cruise lines, federal, and local officials to safely restore cruise operations, with a total of 83 cruise sailings in 2021
- Through our partnership with the Northwest Seaport Alliance, the Port took delivery of the largest maritime shipping cranes on the west coast through our modernization of Terminal 5
- Completed the construction of the SEA International Arrivals Facility International passenger experience will be significantly enhanced when it opens in the next few months
- Added 10 more remodeled gates with the completion of Phase II of SEA's North Satellite Renovation Project
- Introduced the Port-wide Equity, Diversity, and Inclusion program
- Completed a comprehensive assessment of the Port of Seattle Police Department to ensure alignment with the highest national standards and best practices related to policing and civil rights
- Authorized another year of funding for Washington Maritime Blue which will help advance innovation in regional maritime industries

## OUR COMMUNITY

- Added resources for the South King County Fund to mitigate the impacts of the pandemic on the community and support regional economic recovery
- Advanced the implementation of Duwamish Valley Community Equity Program
- For a second year, funded the Youth Opportunity Initiative to support 200 youth employments
- Continued to support Tourism opportunities for the region and state

## OUR ENVIRONMENT

- Hosted a Sustainable Aviation Fuels (SAF) Study Session to review progress in implementing the SAF strategic plan
- Continued to develop the Duwamish River People's Park and Shoreline Habitat
- Announced the second cycle of South King County Fund Environmental Grants to community-led groups for projects geared towards public space improvements, equipment and artwork installations, and environmental stewardship
- Opened the Community Hub in the Duwamish Valley
- Conducted an inventory of the environmental, community, and recreational attributes of 55 acres of land in the southern portion of North SeaTac Park

# The Port's Economic Impact



## 2022 Community Program Highlights



- Implement Diversity in Contracting
- Continued Women and Minority Business Enterprise (WMBE)
- Advance equity, diversity, and inclusion



- Continue Economic Development Partnership grants
- Implement Tourism Marketing Support Program
- Continue the Local Community Advertising Program



- Continue Internship Program and expand Career Connected Learning
- Support Maritime Secondary Education
- Continue Youth-Maritime Initiative and Career Advancement Center



- Implement the South King County Fund (SKCF)
- Advance Duwamish Valley Community Equity Program (DVCEP)
- Implement Low Carbon Fuel Policy
- Advance Sustainable Aviation Fuels & Air Emissions Program

# 2022 Portwide Budget Summary



The 2022 budget advances Port of Seattle and community priorities by enhancing customer service, making travel and trade related services safe and more efficient, expanding economic opportunity across the region, and benefiting community and environmental health.

## 2022 Operating Budget Summary

- Total operating revenues: **\$785.8 million; \$25.8 million** or **3.2 percent** below the 2020 budget
- Total operating expenses: **\$499.2 million; \$29.4 million** or **6.3 percent** under the 2020 budget
- Net operating income before depreciation: **\$286.6 million; \$52.2 million** or **16.2 percent** below the 2020 budget

\* We use the 2020 budget, instead of the 2021 budget, as a base for comparison as it represents a more normal pre-COVID level budget

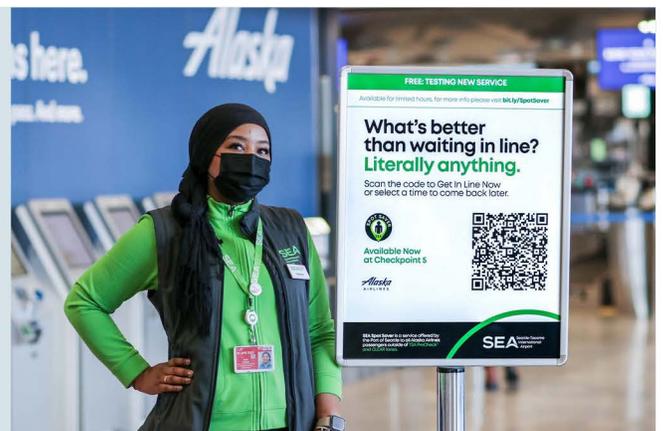


Revenues (\$ in 000's)	2022 Budget	%
1. Operating Revenues	785,784	68.4%
2. Tax Levy	81,037	7.1%
3. Passenger Facilities Charges	91,976	8.0%
4. Customer Facilities Charges	24,516	2.1%
5. Fuel Hydrant	7,022	0.6%
6. Non-Capital Grants and Donations	107,345	9.3%
7. Capital Contributions	39,916	3.5%
8. Interest Income	10,928	1.0%
<b>Total</b>	<b>1,148,524</b>	<b>100%</b>

Expenses (\$ in 000's)	2022 Budget	%
1. Operating Expenses	499,185	56.2%
2. Depreciation	196,757	22.1%
3. Revenue Bond Interest Expense	154,036	17.3%
4. GO Bond Interest Expense	11,951	1.3%
5. Non-Op Environmental Expense	10,700	1.2%
6. Public Expense	14,073	1.6%
7. Other Non-Op Rev/Expenses	2,247	0.3%
<b>Total</b>	<b>888,950</b>	<b>100%</b>

## The 2022 operating budget also includes:

- \$12.4 million in expenditures for environmental stewardship
- \$16.1 million in expenditures on 17 community programs
- \$8.9 million to improve customer service at SEA
- \$1.7 million to promote and support statewide tourism initiatives



# Aviation Division

## About the Division

- SEA was the eighth busiest airport in the U.S. in 2019
- Served 20.1 million passengers and 452,496 metric tons of air cargo in 2020
- Thirty-one airlines serve 91 non-stop domestic and 28 international destinations

## Community Benefits

- Generated 151,400 jobs, including 87,300 direct jobs
- Over \$3.6 billion in direct earnings
- Over \$22.5 billion in business revenues
- Over \$415 million in state taxes reflecting direct and secondary activities

## Budget Overview

- Operating Revenues: \$654.7 million
- Operating Expenses: \$397.7 million
- 2022 Capital Spending: \$514.8 million
- Five-Year Capital Spending: \$4.0 billion



## Aviation Revenue

Operating Revenues (\$ in 000's)	2022 Budget	%
Aeronautical Revenues	413,527	63.2%
Public Parking	81,169	12.4%
Rental Cars - Operations	36,418	5.6%
Rental Cars - Operating CFC	14,593	2.2%
ADR & Terminal Leased Space	46,177	7.1%
Ground Transportation	18,306	2.8%
Employee Parking	10,472	1.6%
Airport Commercial Properties	15,540	2.4%
Airport Utilities	7,808	1.2%
Clubs and Lounges	8,972	1.4%
Other Revenues	1,691	0.3%
<b>Total</b>	<b>654,673</b>	<b>100.0%</b>

## 2022 Major Budget Initiatives

- Reduce the airport's carbon footprint through the purchase of renewable natural gas
- Complete the Sustainable Airport Master Plan (SAMP) environmental review
- Complete the Utility Master Plan
- Continue to upgrade/reconfigure areas within the Main Terminal
- Continue to focus resources to address pest management issues
- Accelerate the noise insulation program
- Achieve more than 93 percent safety evaluation score
- Meet 2022 milestones for StART Noise Working Group and Federal Policy Working Group initiatives
- Begin procurement for the new Part 150 Study Update
- Achieve 2022 milestones for Sustainable Fleet Plan implementation



The airport has facilities for commercial passengers, air cargo, general aviation, and aircraft maintenance on a site of approximately 2,800 acres. Major airport facilities include the Main Terminal, the South and North Satellites, a parking garage, and a consolidated rental car facility.

# Maritime Division

## About the Division

- Operates two cruise ship terminals
- Manages Fisherman's Terminal, which is the home of the North Pacific Fishing Fleet
- Operates one grain terminal, a public cargo terminal, and four public marinas

## Community Benefits

- Each cruise homeport call generates \$4.2 million in business revenues for the region
- Port-related fishing activity generated 11,300 jobs and 1.4 billion in business revenues
- Other business (includes industrial and non-industrial) activities generated 8,400 jobs and \$1.6 billion in business revenues

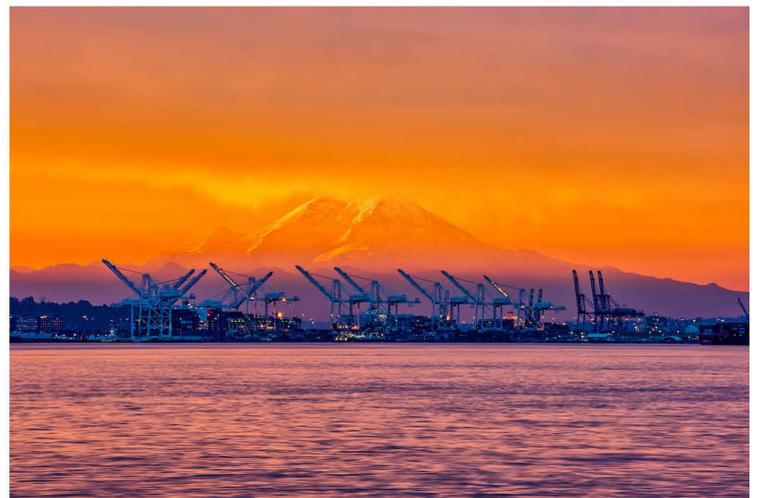
## Budget Overview

- Operating Revenues: \$59.1 million
- Operating Expenses: \$57.9 million
- 2022 Capital Spending: \$23.4 million
- Five-Year Capital Spending: \$294.8 million



## Maritime Revenue

Operating Revenues (\$ in 000's)	2022 Budget	%
Cruise	20,574	34.8%
Recreational Boating	13,731	23.2%
Fishing & Operations	8,928	15.1%
Grain	5,900	10.0%
Maritime Portfolio Management	9,986	16.9%
Other Revenues	19	0.0%
<b>Total</b>	<b>59,137</b>	<b>100.0%</b>



## 2022 Major Budget Initiatives

- Advance maritime industries through innovation.
- Deliver operational excellence on safe operations and maintain port assets
- Develop staff capacity to meet growing business needs

The Maritime Division includes the following business groups: Cruise Operations, Recreational Boating, Fishing and Operations, a Grain Terminal, and about half of the Seaport Real Estate portfolio. Additionally, the division includes service groups such as Maritime Marketing, Security, Marine Maintenance, Maritime Environmental, Seaport Finance, and Waterfront Project Management.

# Economic Development Division

## About the Division

- Manages and develops real estate portfolio and projects
- Supports and develops Small and Women and Minority-owned Business Enterprises (WMBE)
- Promotes tourism and economic development for the region and state

## Community Benefits

- Provides Economic Development Partnership Grants to communities throughout the state
- Supports Small and Women and Minority-owned Business Enterprises (WMBE) for the region
- Promotes tourism and economic development for the region and state

## Budget Overview

- Operating Revenues: \$18.8 million
- Operating Expenses: \$28.3 million
- 2022 Capital Spending: \$10.5 million
- Five-Year Capital Spending: \$83.6 million



## 2022 Major Budget Initiatives

- Complete the study of potential barriers to WMBE utilization and identify/implement improvement recommendations
- Provide PortGen workshops/trainings to interested WMBE and Disadvantaged Business Enterprise (DBE) businesses
- Implement the Tourism Recovery initiative in partnership with the Washington Tourism Alliance
- Utilize Tourism Grants to advance sustainable and equitable tourism events and destinations
- Organize/Sponsor Statewide Conference on Sustainable Tourism Support Regional Economic Recovery
- Advance the Maritime Innovation Center at Fishermen's Terminal



## Economic Development Revenue

Operating Revenues (\$ in 000's)	2022 Budget	%
Central Harbor Management	8,431	44.9%
Conference & Event Centers	10,299	54.9%
Other Revenues	39	0.2%
<b>Total</b>	<b>18,769</b>	<b>100.0%</b>



The Economic Development Division is comprised of five business and service groups: Real Estate Development and Planning, Portfolio and Asset Management, Diversity in Contracting, Tourism, and P69 Facilities Management.

# Environment and Sustainability



The Port of Seattle targets its investments and programs to protect our natural resources and fulfill its goal of becoming the greenest and most energy-efficient port. As environmental stewards, the Port embraces its responsibility to the citizens, to the livability of this region, and to the future. The Port has a very comprehensive Environmental and Sustainability Program that includes air emissions reduction, sound insulation and noise abatement, wetlands and habitat restoration, waste reduction and recycling, water quality improvement and water conservation, stormwater management, wildlife management, hazardous materials management, contaminated site cleanup, and energy conservation.

## Environment and Sustainability Programs

Leadership + Innovation + Community + Partnership



Climate and Air



Remediation



Habitat and Land Stewardship



Noise Management



Environmental Compliance



Solid Waste and Waste Diversion



Stormwater Management



Planning and Permitting

### Key Environmental and Sustainability initiatives for 2022 include:

- South King County Fund (SKCF) Environmental grants
- Energy & Sustainability (E&S) Fund
- Duwamish Valley Community Equity Program
- Low Carbon Fuel Policy/ Green House Gas Reduction Effort Support
- Quiet Sound Underwater Noise Reduction Program
- Sustainable Aviation Fuels & Air Emissions Program (Municipal Solid Waste)



# NORTHWEST SEAPORT ALLIANCE (NWSA)

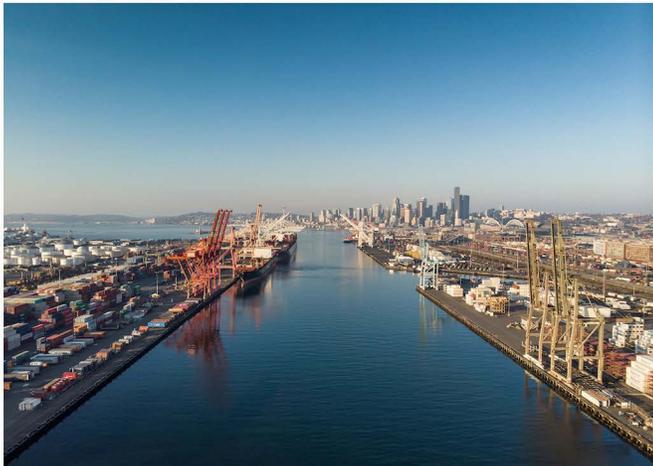


## THE NORTHWEST SEAPORT ALLIANCE

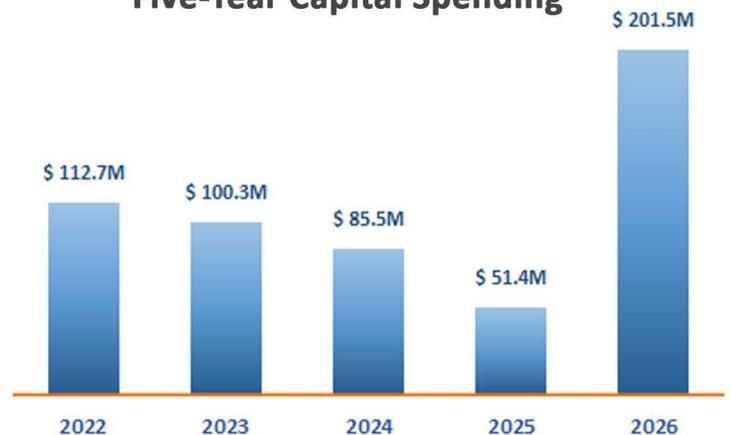
The Northwest Seaport Alliance (NWSA) is a joint venture between the Port of Seattle and the Port of Tacoma. Established in 2015, the Alliance unifies the two ports' marine cargo terminal investments, operations, planning, and marketing to strengthen the competitiveness of the Puget Sound gateway.

The net income from the NWSA is distributed evenly between the two home ports and the Port of Seattle's 50 percent share of the 2022 distributable revenue is forecast to be \$49.4 million, which is the largest source of Non-Airport revenue and is included as operating revenue in the Portwide financial statements.

The ports also share equally in NWSA capital investments; the Port of Seattle's share is forecast to be \$56.4 million for 2022 and \$275.7 million for the next 5 years.



### Five-Year Capital Spending



### The five year NWSA Capital Improvement Plan (CIP) focuses on both strategic and maintenance projects that include:

- Major Terminal Improvements at Terminal 5
- Dock Rehabilitation and Shore Power Construction at Terminal 18
- Replacement of Terminal 46 bulkhead
- Berth dredging at Husky Terminal and at Washington United Terminals (WUT)
- South Harbor (Tacoma) terminal expansion projects



# Capital Spending 2022-2026

## Major Capital Projects

The total capital budget for 2022 is \$559.5 million and the five-year Capital Improvement Program is \$4.4 billion, which reflects the Port's continuing commitment to promoting regional economic vitality through the investment in the development, expansion, and renewal of Port facilities in support of the strategies and objectives outlined in the Port's Century Agenda and five-year plan for each division.

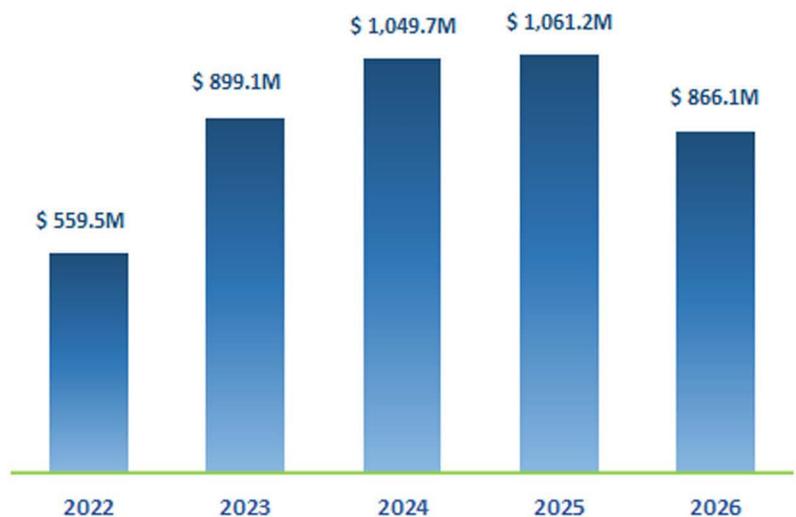


- SEA Baggage Recapitalization/Optimization
- SEA North Main Terminal Development
- SEA South Satellite Renovation/Renewal
- SEA C1 Building Floor Expansion
- Sustainable Aviation Master Plan (SAMP) Planning

- Terminal 91 Berths 6 and 8 Redevelopment
- Terminal 46 North Pier Structure Replacement
- Terminal 91 Uplands Development

- Fishermen's Terminal Northwest Dock Improvements
- Maritime Innovation Center
- Pier 66 Shore Power/Waterfront Electrification

## Five-Year Capital Spending



# Sources and Uses of Funds



## Sources of Funds

(\$ in 000's)

Operating Revenues (1)	\$ 797,374	43.8%
Proceeds from Bond Issues	\$ 659,000	36.2%
Grants and Capital Contributions	\$ 147,261	8.1%
Passenger Facility Charges	\$ 91,976	5.1%
Tax Levy	\$ 81,037	4.5%
Rental Car Customer Facility Charges	\$ 24,516	1.3%
Interest Receipts	\$ 10,928	0.6%
Fuel Hydrant Receipts	\$ 7,022	0.4%
Other Receipts	\$ 1,804	0.1%
<b>Total</b>	<b>\$ 1,820,918</b>	<b>100%</b>

(1) The Operating Revenues total includes NWSA distributable cash.

## Uses of Funds

(\$ in 000's)

Capital Expenditures	\$ 559,548	35.5%
Total Operating Expenses	\$ 499,185	31.7%
Bond Redemptions	\$ 234,040	14.8%
Interest Payments	\$ 198,306	12.6%
Payment to NWSA for Capital Expenditures	\$ 56,339	3.6%
Other Expenses	\$ 14,751	0.9%
Public Expense	\$ 14,073	0.9%
<b>Total</b>	<b>\$ 1,576,242</b>	<b>100%</b>

# Tax Levy at a Glance



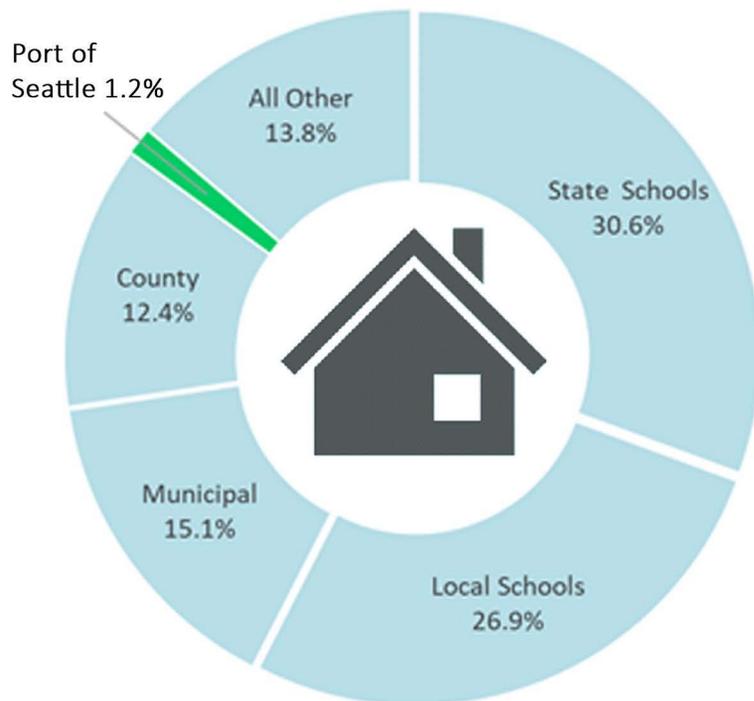
## The 2022 levy will be used for:

- General Obligation (G.O.) Bond debt service
- Capital projects reviewed by the Commission
- Regional transportation projects
- Environmental remediation
- Environmental and climate change initiatives
- Airport Community Support
- Workforce development initiatives and Diversity in Contracting
- Tourism and economic development partnership grants
- City of SeaTac safety enhancements
- Local community advertising at Sea-Tac Airport
- South King County Fund and Sustainable Aviation Fuels and Air Emissions Program
- Duwamish Valley Community Equity Program

## Facts about the Port property tax levy:

- The maximum allowable levy for 2022 is \$111.3 million
- The 2022 levy represents a three percent increase from \$78.7 million in 2021 to \$81.0 million in 2022
- The estimated millage rate in 2022 is \$0.112 per \$1,000 assessed value
- In 2022, the median King County homeowner will pay an estimated \$72 to the Port
- Just 1.2 percent of all the property taxes collected in King County went to the Port in 2021

## 2021 King County Property Taxes by Jurisdiction



*\* Port environmental staff and partners assess the progress of our Blue Carbon project at Smith Cove while cruise ships dock at Terminal 91.*



Port of Seattle

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