

2022

Budget

Preliminary

Port  
of Seattle®







## 2022 Budget

Prepared by the  
Finance and Budget  
Departments



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Port of Seattle  
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For the Fiscal Year Beginning

**January 01, 2021**

*Christopher P. Morill*

**Executive Director**

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Port of Seattle, Washington, for its Annual Budget for the fiscal year beginning January 1, 2021.

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

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

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## BUDGET DOCUMENT OVERVIEW

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

- **Section I**, Executive Summary, provides key business outlook, key budget drivers, budget highlights, and budget summary.
- **Section II**, Port View, contains the Port's history, facilities and services, long range plans, commissioners and officers, and organizational chart.
- **Section III**, Overview, presents the five-year financial forecast and outlines the Port's operating and non-operating budget, capital budget, and tax levy.
- **Sections IV through VI** feature the Operating Division summaries for Aviation, Maritime, and Economic Development, respectively. Each Division section present a discussion of the 2019 budget and five-year financial forecast for each business group as well as operating budget, staffing, and capital budget. The operating budget is presented by business groups/departments and by major revenue and expense accounts.
- **Section VII**, Central Services, presents descriptions of each department as well as summaries of operating budgets, staffing, and capital budgets.
- **Section VIII**, Tax Levy, provides a detailed presentation and discussion of tax levy sources and uses including interaction between general purpose levy and general obligation debt capacity.
- **Section IX**, Capital Improvement Plan (CIP), provides detailed discussion and a summary page presenting the total CIP by business group and by division. A listing of the projects by business group and division is provided at the end of the section.
- **Section X**, Draft Plan of Finance, includes an overview of the funded CIP, a discussion of the airport and non-airport funding plan, financing initiatives and capital planning resources.
- **Section XI**, Statutory Budget, which is submitted to King County Council and King County Assessor, provides an introduction, budget highlights and resolution, and tax levy calculation.
- **Section XII**, NWSA, contains overview, budget message, business outlook, budget details, capital investment plan and environmental stewardship and planning for the Northwest Seaport Alliance (NWSA).
- **Section XIII**, Appendices, includes detailed information regarding the budget and financial policies, business assessment, bond amortization schedules, other detailed expenditures, a glossary of terms, and acronyms used.

# **I. EXECUTIVE SUMMARY**

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

**DATE:** November 15, 2021

**TO:** Port of Seattle Commission

**FROM:** Stephen P. Metruck, Executive Director

**SUBJECT:** 2022 Budget Message

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.

## **PORT BUSINESS OUTLOOK**

- The Airport expects passenger volumes for 2022 to be 95% of the 2019 level
- Cruise forecasts 75% of expected passenger volumes and a risk-adjusted sailing schedule based on tentative berth reservations
- Grain volume is budgeted at 4.5 million metric tons based on forecast from tenant, a 7% increase from 2021 budget
- Recreational Marina occupancy rate of 95%, consistent with 2021 Budget and year end forecast
- Commercial Building Properties target an occupancy of 95% or greater at year-end 2022, consistent with current results

Below is a summary of the key financial results under the 2022 budget:

- Total operating revenues are budgeted at \$785.8 million, \$25.8 million or 3.2 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*)
- Total operating expenses are budgeted at \$499.2 million, \$29.4 million or 6.3 percent above the 2020 budget
- Net operating income before depreciation is budgeted at \$286.6 million; \$52.2 million or 16.2 percent below the 2020 budget
- The 2022 capital budget is \$559.5 million, and the five-year capital improvement plan is over \$4.4 billion

## **2022 KEY INITIATIVES AND BUDGET DRIVERS**

- Operate and maintain newly opened facilities: North Satellite and International Arrivals Facility
- Complete environmental review of Sustainable Airport Master Plan (SAMP)
- Complete Utility Master Plan
- Complete planning study for the future replacement of the Satellite Transit System
- Launch Transportation Management Association
- Initiate building energy efficiency audit
- Implement customer experience quality assurance program
- Continue with airline realignment project to optimize the use of Federal Inspection Services
- Complete the project development document for the Main Terminal Improvements program
- Initiate design on the South Satellite renovation program
- Initiate human trafficking training
- Sponsor and host the American Association of Airport Executives conference
- Complete design work on Terminal 91 Uplands light industrial buildings
- Implement the Tourism Recovery initiative in partnership with the Washington Tourism Alliance
- Continue Economic Development Partnership grants

- Continue to implement Diversity in Contracting, especially for Women and Minority Business Enterprise (WMBE)
- Continue to support Maritime Secondary Education, Youth-Maritime Initiative, and Career Advancement Center
- Continue to invest in workforce development programs and partnerships to develop a talent pipeline for Port-related industries
- Continue to implement Equity, Diversity and Inclusion training and initiatives
- Continue high school and college internship programs to increase opportunities for local students
- Continue to implement the South King County Fund (SKCF) and advance Duwamish Valley Community Equity Program (DVCEP)
- Implement Low Carbon Fuel Policy and advance Sustainable Aviation Fuels & Air Emissions Program
- Continue with accelerated Noise Program
- Advance environmental initiatives to ensure the long-term sustainability of Port operations and the region
- Add significant resources (both staff and consultants) to support the growing capital investment program in the coming years
- Continue to build internal capabilities through innovation, employee training and development, and process improvements

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

## **AVIATION DIVISION**

While we don't anticipate that SEA will return to the 2019 passenger level until 2024, we are taking a long-term view on our capital project planning and development. Major capital project development continues to meet the expected needs for the coming years and work continues with environmental review and preliminary planning for the Sustainable Airport Master Plan in 2022.

Due to travel restrictions in many parts of the world, international travel has been particularly impacted. Business travel has also been slow to recover relative to leisure travel. As a hub for both Alaska and Delta Airlines, SEA has recovered faster than other west coast hubs such as Los Angeles and San Francisco due to SEA's lower percentage of international traffic. In 2022, SEA expects passenger growth of 29% from the 2021 forecast. This would put SEA at 95% of the pre-pandemic 2019 passenger level.

## **MARITIME DIVISION**

The Maritime Division will continue to support the region's ocean economy through its focus on managing the cruise business, four recreational marinas, Terminal 91, Fishermen's Terminal, and a variety of other maritime industrial facilities.

Cruise forecasts 75 percent of 2019 passenger volumes. Grain volume is expected to increase by 7 percent in 2022 from the 2020 budget.

## **ECONOMIC DEVELOPMENT DIVISION**

The Economic Development Division focuses on developing and managing the Port's real estate assets, promoting statewide tourism, economic development and developing minority and women owned business

opportunities. Commercial properties are expected to achieve a 95 percent occupancy rate by the end of 2022, which is consistent with current results.

The 2022 budget continues funding for the diversity in contracting program, tourism initiatives, and economic development partnership grants for cities in King County.

### **THE NORTHWEST SEAPORT ALLIANCE (NWSA)**

The Northwest Seaport Alliance (NWSA) is a joint venture between the Port of Seattle and the Port of Tacoma established in 2015 to unify 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 net income is forecast to be \$49.4 million, which is included as operating revenue in the Port wide financial statements. The ports also share equally in NWSA capital investments; the Port's share is forecast to be \$56.3 million for 2022 and \$275.7 million over the next 5 years.

### **OPERATING BUDGET**

Prudent management of the budget helps ensure that the Port has the capacity to invest in infrastructure and programs that support regional economic growth. 2022 operating revenues are budgeted at \$785.8 million, a \$25.8 million or 3.2 percent decrease from 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*). Operating expenses are budgeted at \$499.2 million, a \$29.4 million or 6.3 percent decrease compared to the 2020 budget. Net operating income (before depreciation) is \$286.6 million, a \$52.2 million or 16.2 percent below the 2020 budget.

### **AVIATION**

The Aviation Division has two distinct lines of business: Aeronautical and Non-aeronautical. Aeronautical revenues are based primarily on operating and capital cost-recovery formulas charged to airlines operating at SEA. On the Aeronautical side, 2022 operating revenue is budgeted at \$413.5 million, which is 3.0 percent higher than the 2020 budget due to an increase in operating expenses and debt service resulting from new capital investments, partially offset by federal COVID-19 relief grants. On the Non-aeronautical side, budgeted operating revenues are \$241.1 million, a 14.8 percent decrease from the 2020 budget mainly driven by the application of federal relief grants to provide rent relief for concessionaires and lower demand for Parking, Rental Cars, Ground Transportation, Airport Dining and Retail, and Airport Commercial Properties. Total operating revenues are budgeted at \$654.7 million, a 4.4 percent decrease from 2020. Total operating expenses, including cost allocations from other divisions, are budgeted at \$397.7 million, a 5.4 percent increase from 2020. Net operating income before depreciation is \$256.9 million.

### **MARITIME**

Maritime Division's operating revenues are budgeted at \$59.1 million, a 6.0 percent decrease from 2020 mainly due to lower revenue from Cruise. Total operating expenses, including cost allocations from other divisions, are forecast at \$57.9 million, a 6.4 percent decrease from 2020. Net operating income before depreciation is expected to be \$1.3 million in 2022.

### **ECONOMIC DEVELOPMENT**

Economic Development Division's 2022 operating revenue is budgeted at \$18.8 million, a 1.8 percent decrease from the 2020 budget mainly due to lower revenue from Conference & Event Centers. Total operating expenses, including cost allocations from other divisions, are expected to be \$28.3 million, a 3.6

percent decrease from 2020. Ongoing key budget initiatives in 2022 include strategic investments in the Maritime Innovation Center, diversity in contracting, and the continuation of programs to support tourism and economic development.

### **CENTRAL SERVICES**

The three operating divisions of the Port are supported by a number of administrative departments and other service groups. These groups allocate their expenses according to the level of service they provide to the divisions and the NWSA. Central Services operating expenses are budgeted at \$141.8 million, a \$7.5 million or 5.6 percent increase from the 2020 budget.

### **CAPITAL BUDGET**

The Port's capital budget is \$559.5 million for 2022 and the five-year capital improvement plan is \$4.4 billion. The plan includes investments in infrastructure renewal and those supporting growth in the Port's business gateways, creating near-term jobs and stimulating long-term economic vitality for the region.

The airport capital budget is \$514.8 million for 2022 and the five-year capital improvement plan is \$4.0 billion. Major projects include completion of the International Arrivals Facility, North Satellite Modernization program, and continued investment in Baggage System Optimization, renovation of the North Main Terminal and South Satellites and expansion of the C1 building totaling \$1.55 billion in capital expenditures over the next five years. The total five-year CIP of \$4.0 billion includes \$202.6 million for SAMP preliminary planning/design plan but does not include future SAMP projects.

The total 2022 capital budget is \$44.7 million for Maritime, Economic Development and other divisions including Stormwater Utility, legacy projects associated with facilities licensed to the NWSA and Central Services, and the five-year capital plan is \$454.8 million. Major capital projects include Terminal 117 Habitat Restoration, Pier 66 Shore Power/Waterfront Electrification, Terminal 91 Berths 6 and 8 Redevelopment, Terminal 46 North Pier Structure Replacement, Fishermen's Terminal Maritime Innovation Center, and Terminal 91 Uplands Development. In addition, the Port supports investments made by the NWSA CIP; its 50 percent share is forecast to be \$56.3 million in 2022 and \$275.7 million over the next five years.

### **TAX LEVY**

The 2022 tax levy is budgeted at \$81.04 million, a 3 percent increase from the 2020 levy of \$78.7 million. Based on preliminary King County assessed valuation, the 2022 estimated millage rate is \$0.112, slightly lower than the \$0.122 in 2021. The Port Commission had gradually lowered the levy amount since 2009 prior to a 3 percent annual increase starting in 2019.

### **2022 BUDGET HIGHLIGHTS**

The Port strives to maintain a strong financial position while continuing to make investments that retain and attract customers, create jobs, provide community benefits, and help position the Port for future growth.

- Total revenues are budgeted at \$1.15 billion, which includes \$785.8 million of operating revenues and \$362.7 million of non-operating revenues. With an estimated \$659.0 million of expected proceeds in 2022 from the anticipated sale of revenue bonds, total sources of funds are forecast to be \$1.82 billion
- Operating revenues are budgeted at \$785.8 million, a \$25.8 million or 3.2 percent decrease from the 2020 budget. The \$413.5 million of Aeronautical revenues are based on cost recovery. Airport Non-Aeronautical revenues are budgeted to be \$241.1 million, a \$42 million or 14.8 percent decrease from



2020 budget mainly due to lower revenues from Public Parking, Ground Transportation, and Airport Dining and Retail

- Non-Airport revenues are projected to be \$131.1 million, a \$4 million or 3.2 percent increase from the 2020 budget due primary to higher NWSA Distributable Income and Grain revenue, partially offset by lower revenue from Cruise
- Total expenses are budgeted at \$889 million, which includes \$499.2 million of operating expenses, \$196.8 million of depreciation expense, and \$193 million of non-operating expenses, the majority of which are comprised of interest and principal on outstanding bonds
- Operating expenses are up \$29.4 million, or 6.3 percent from the 2020 budget mainly due to:
  - Pay increases for represented and non-represented employees
  - New and unfrozen FTEs for both 2021 and 2022
  - Maintenance costs for new facilities (IAF and NSAT)
  - Terminal realignment for airlines
  - Increase in insurance premium and other contractual costs
  - Added resources for customer service and safety & security for the travelling public
- The 2022 operating budget includes the following:
  - \$12.4 million in expenditures for environmental stewardship
  - \$8.9 million to improve customer service at SEA
  - \$4.4 million for Workforce Development to support job-training programs
  - \$2.2 million for South King County Fund
  - \$1.7 million to promote and support statewide tourism initiatives and \$1.2 million for economic development for King County cities
  - \$1.4 million for the Office of Equity, Diversity and Inclusion
- The Port's budgeted net operating income before depreciation is \$286.6 million, a \$55.2 million or 16.3 percent decrease from the 2020 budget. Net operating income after depreciation is \$89.8 million, a \$73 million decrease or 45 percent lower than the 2020 budget.

**TABLE I-1: 2022 BUDGET SUMMARY**

COMPREHENSIVE BUDGET (\$ in 000s)	Notes	Aviation	Non-Aviation	Total
<b>Revenues</b>				
1. Aeronautical Revenues		\$ 413,527	-	413,527
2. Other Operating Revenues	1	241,146	131,111	372,257
<b>Total Operating Revenues</b>		<b>654,673</b>	<b>131,111</b>	<b>785,784</b>
<b>Non-Operating Revenues</b>				
3. Tax Levy		-	81,037	81,037
4. PFCs		91,976	-	91,976
5. CFCs		24,516	-	24,516
6. Fuel Hydrant		7,022	-	7,022
7. Non-Capital Grants and Donations		98,147	9,198	107,345
8. Capital Contributions		39,916	-	39,916
9. Interest Income		9,609	1,320	10,928
<b>Total Non-Operating Revenues</b>		<b>271,186</b>	<b>91,554</b>	<b>362,740</b>
<b>Revenues</b>		<b>925,859</b>	<b>222,665</b>	<b>1,148,524</b>
<b>Expenses</b>				
1. O&M Expense		397,733	101,453	499,185
2. Depreciation		159,272	37,485	196,757
<b>Non-Operating Expenses</b>				
3. Revenue Bond Interest Expense		149,496	4,540	154,036
4. GO Bond Interest Expense		-	11,951	11,951
5. PFC Bond Interest Expense		-	-	-
6. Non-Op Environmental Expense		-	10,700	10,700
7. Public Expense		2,024	12,049	14,073
8. Other Non-Op Rev/Expense		(8)	2,255	2,247
<b>Total Non-Operating Expenses</b>		<b>151,513</b>	<b>41,495</b>	<b>193,008</b>
<b>Total Expenses</b>		<b>708,517</b>	<b>180,432</b>	<b>888,950</b>
<b>Revenues over Expenses</b>		<b>\$ 217,342</b>	<b>\$ 42,232</b>	<b>\$ 259,574</b>
<b>CAPITAL BUDGET</b>				
2022 Capital	2	\$ 514,812	\$ 44,736	\$ 559,548
5-Year CIP (2022-2026)		3,980,683	454,859	4,435,542
<b>EMPLOYEES</b>				
Aviation		1,266.3	-	1,266.3
Maritime		-	275.5	275.5
Economic Development		-	35.0	35.0
Central Services		-	885.8	885.8
<b>Total</b>	3	<b>1,266.3</b>	<b>1,196.3</b>	<b>2,462.6</b>

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Notes:

- 1) Other operating revenues for Non-Aviation include \$49.4 million of NWSA Distributable Revenue.
- 2) The Capital Budget does not include \$56.3 million of the Port's share of NWSA capital spending in 2022 or \$275.7 million over 2022-2026.
- 3) The total includes 29.2 FTEs remaining frozen in 2022.

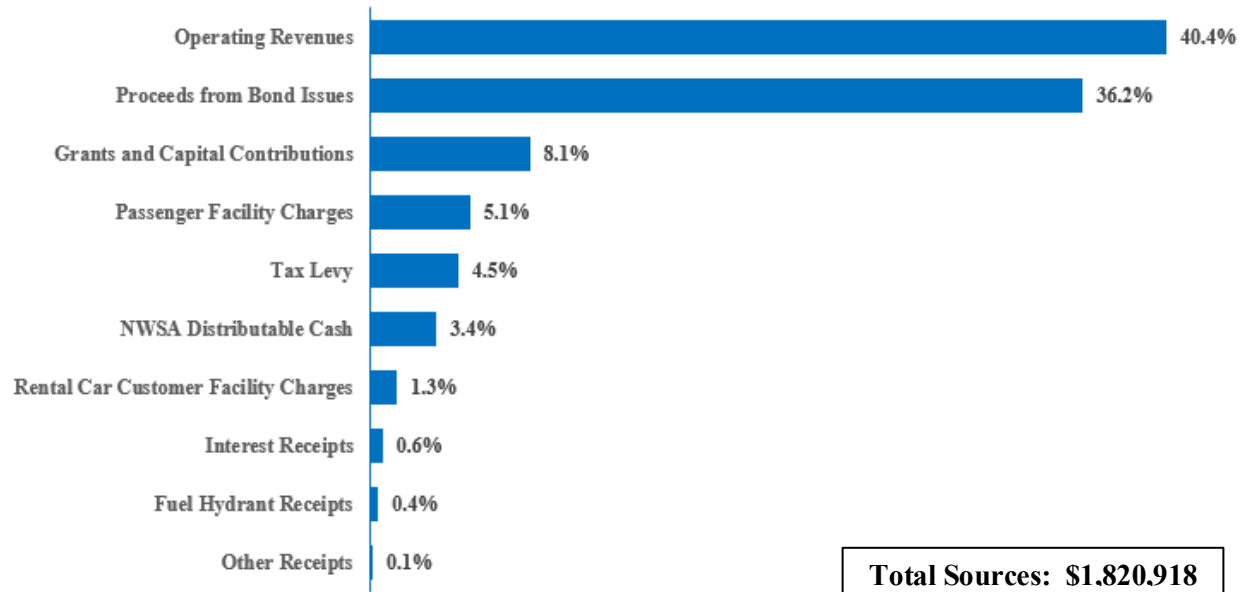
**TABLE I-2: CASH FLOW SUMMARY**

	(\$ in 000's)	2022	Percent of Total
<b>Beginning balance of cash &amp; investments</b>		<b>\$ 1,354,506</b>	
<b><u>SOURCES OF CASH</u></b>			
Operating Revenues without NWSA		736,344	40.4%
NWSA Distributable Cash		61,030	3.4%
Interest Receipts		10,928	0.6%
Proceeds from Bond Issues		659,000	36.2%
Grants and Capital Contributions		147,261	8.1%
Tax Levy		81,037	4.5%
Passenger Facility Charges		91,976	5.1%
Rental Car Customer Facility Charges		24,516	1.3%
Fuel Hydrant Receipts		7,022	0.4%
Other Receipts		1,804	0.1%
<b>Total</b>		<b>1,820,918</b>	<b>100%</b>
<b>Anticipated available funds</b>		<b>3,175,424</b>	
<b><u>USES OF CASH</u></b>			
<b>Expenses from Operations:</b>			
Total Operating Expenses		499,185	31.7%
<b>Debt Service:</b>			
Interest Payments	198,306		12.6%
Bond Redemptions	234,040		14.8%
Total Debt Service		432,346	27.4%
Other Expenses		14,751	0.9%
Public Expense		14,073	0.9%
Payment to NWSA for Capital Expenditures		56,339	3.6%
Capital Expenditures		559,548	35.5%
<b>Total</b>		<b>1,576,242</b>	<b>100%</b>
<b>Ending balance of cash &amp; investments</b>		<b>\$ 1,599,182</b>	
<b>Increase (decrease) of cash during year</b>		<b>\$ 244,676</b>	

cashflow.xlsx

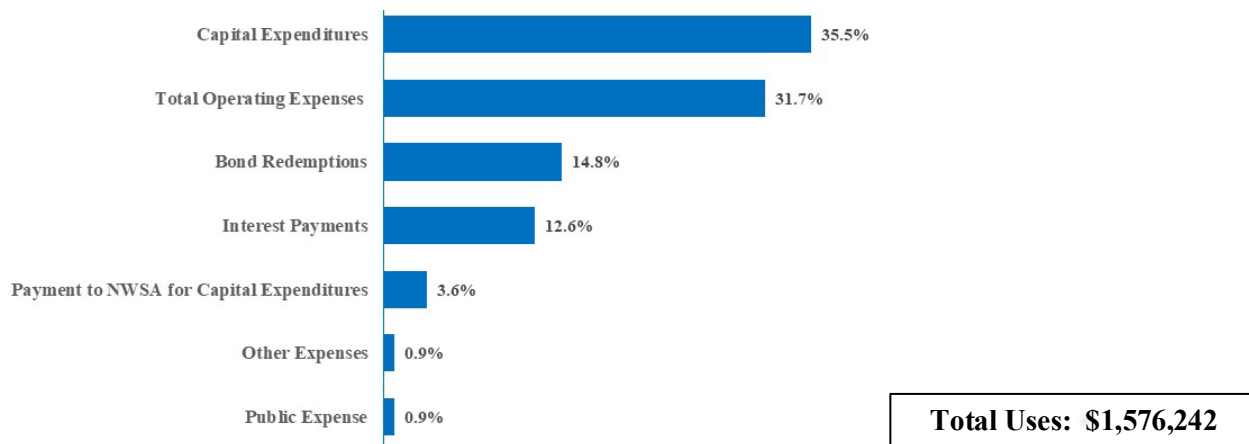
**FIGURE I-1: SOURCES OF CASH**

(\$ in 000's)



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

(\$ in 000's)



## II. PORT VIEW

## **PORT VIEW**

### **A. THE PORT OF SEATTLE**

The Port of Seattle, (the “Port”), is a public enterprise with unique authority operating in an international, market-driven environment. The Port provides services to its customers in order to return benefits to the citizens of King County, carefully considering the economic, social, and environmental implications of its decisions.

The Port is now comprised of three operating divisions, namely Aviation, Maritime, and Economic Development. The Aviation Division manages the Seattle-Tacoma International Airport (SEA). The Maritime Division manages cruise, grain, commercial and recreational marinas, and industrial properties connected with maritime businesses. The Economic Development Division manages the Port’s real estate portfolio as well as develops programs and initiatives to promote tourism in the region and provides support to small businesses. Aside from the three operating divisions, the Port also includes Central Services which provides high quality and cost-effective professional and technical services to the divisions and supports the overall goals of the Port.

### **B. HISTORY OF THE PORT OF SEATTLE**

Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle was the first autonomous municipal corporation in the United States specifically tasked to develop harbor and Port facilities to encourage commerce. The Port was established in an effort by citizens to ensure public ownership of the Seattle harbor. In March 1912, voters approved the Port’s projects that included a plan to build Fishermen’s Terminal which officially opened its doors on January 1914 offering storage rooms, a locker room, offices, headquarters as well as moorage. The new terminal rapidly gained popularity among business and fishing vessel owners and has been home to the North Pacific fishing fleet for more than a century. By late 1915, the Port completed work on Bell Street Pier which housed the original Port headquarters before the relocation to Pier 69 in 1993.

The Port’s concerted efforts to renovate the piers and offer competitive rates were instrumental in increasing domestic and international trade. In 1944, the Port completed construction of Seattle-Tacoma International Airport which was reserved for military use until after World War II. The airport’s official dedication was held on July 9, 1949 attended by more than 30,000 people. During the late 1950’s to the early 1970’s, the South runway was repeatedly lengthened as airlines transitioned away from propeller-driven planes, four concourses were added increasing the number of gates, and Satellite terminals were added to the North and South of the main terminal. In recent years, The Port has undertaken major airport improvements to increase passenger satisfaction and safety such as the addition of the third runway, additional parking spaces, new surface detection radar and lighting, a new concourse, and the ongoing International Arrivals facility and the North Satellite Modernization Project. Aside from investing in airport expansion, the Port has continually contributed to the development of public amenities along Seattle’s waterfront through the construction of container terminals, a grain terminal, cruise terminals, marinas, conference centers, and public parks.

The Port has stayed true to its original mission of promoting economic opportunities and improving the quality of life in the region by advancing trade, travel, and commerce in an equitable, accountable, and environmentally responsible manner. To preserve jobs and to strengthen the Puget Sound gateway, the Port of Seattle along with the Port of Tacoma formed the Northwest Seaport Alliance (NWSA) in August 2015. This partnership unified the two ports’ marine cargo terminal investments, operations, planning, and marketing to make the region more competitive in the global economy, attract more marine cargo,

and create new jobs in the region. Together, the ports can more efficiently deploy the significant investments dedicated to infrastructure and speak with a stronger voice on pressing regional and industry-related issues.

In addition to investing in infrastructure, the Port is also committed in fulfilling its goal of becoming the greenest and most energy-efficient port by investing in projects such as restoring urban forests in near-airport communities and the Duwamish River ecology, promoting adoption of Sustainable Aviation Fuels, implementing green building practices, installing electric vehicle charging stations at the airport and other port facilities, becoming the first (and only) port in the U.S. to form its own stormwater utility, and many more. The Port is also fulfilling its goal of promoting racial equity, diversity and inclusion through the implementation of policies and programs such Duwamish Valley Community Equity Program, South King County Fund, and Youth Opportunities program. These programs not only address health and economic inequities but also provide training opportunities and resources for underserved communities to ensure that economic prosperity is equally shared by all communities regardless of race.

### **C. PORT OF SEATTLE FACILITIES AND SERVICES**

The Aviation Division operates SEA, which is located on 2,800 acres, 12 miles south of downtown Seattle. The airport includes 3 runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length and a subway system linking the concourses. SEA is the 8<sup>th</sup> busiest U.S. airport as measured by passenger volume in 2019 and compared to other large airports, it has relatively high originations and destinations traffic.

The Maritime Division operates 2 cruise vessel terminals with a total of 3 berths. The division also manages a fully automated grain terminal and Fishermen's Terminal, which is home to the North Pacific factory trawler fishing fleet as well as other general-purpose maritime facilities. In addition, the Maritime Division leases industrial property connected with these cruise, cargo, and factory trawler fishing businesses.

The Economic Development Division manages the Port's holdings in commercial real estate, developable property, tourism, small business opportunities, and workforce development in the maritime and aviation industries. This allows the Maritime and Aviation divisions to concentrate on their core businesses.

The NWSA, as a Port Development Authority (PDA), is a separate legal entity from the two home ports, and acts as the exclusive manager and operator of the container, break-bulk, auto and some bulk terminals in Seattle and Tacoma. The NWSA is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. It is the first alliance of its kind in North America, and offers shorter U.S. - to-Asia transits, as well as a deep connection to Alaska.

The airport, cruise business, marinas, Fishermen's Terminal, grain terminals, and certain industrial real estate, such as the Northwest Innovation Works and Puget Sound Energy facilities, and Terminal 91 uplands, remain outside the Alliance.

**FIGURE II-1: FACILITY MAP**





## D. CENTURY AGENDA GOALS

# CENTURY AGENDA OVERVIEW



In 2012, the Port celebrated 100 years of service to the Puget Sound region by creating a comprehensive, strategic initiative to guide Port priorities for the next quarter century. That initiative is the Century Agenda. The Century Agenda aligns the Port's and objectives across all divisions and departments as they address evolving challenges with innovative solutions.

For more than 100 years the Port has generated jobs and growth for King County and the greater region by advancing trade and commerce, promoting industrial growth, and stimulating economic development. The Port leverages its real estate, capital assets and financial capabilities to engage and improve the Puget Sound Region as an anchor institution and it brings those resources to bear in accomplishing the goals established by the Century Agenda.

Two years prior to the centennial, the Commission launched an extensive public engagement effort and formed a Century Agenda Committee to guide the Port's long-range vision. More than 1,000 people attended over 60 events and engagements to help develop what are now known as Strategies and Objectives, along with a proposed Mission and Commitment. Each year since, the Port staff has identified action plans that are incorporated in the Port business plans and budget to advance progress towards achieving the Century Agenda Vision, Strategies, and Objectives.

Since its inception, the Century Agenda has remained the cornerstone of the Port's long-term strategic planning. The Strategies and Objectives set forward in the Century Agenda are reviewed every five years to ensure it remains a living document and that the aspirational aims it sets forth are aligned to and reflective of the current landscape and the Port's vision for the future.

### OUR MISSION

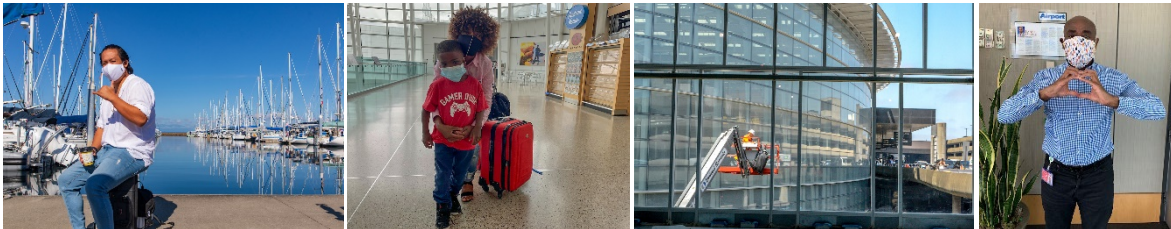
The Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner.

### 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 environment responsibly, partnering with surrounding communities, promoting social responsibility, conducting ourselves transparently and holding ourselves accountable.



# CENTURY AGENDA GOALS AND OBJECTIVES



## **Goal 1: Position the Puget Sound region as a premier international logistics hub**

### **Objectives:**

1. Meet the Puget Sound region's international trade and cargo needs in an efficient and sustainable manner.
2. Support the continued success and competitiveness of the NWSA.

## **Goal 2: Advance this region as a leading tourism destination and business gateway**

### **Objectives:**

1. Strengthen the competitiveness of SEA in the regional and global marketplace.
2. Continuously improve operational efficiency and customer experience at SEA.

## **Goal 3: Responsibly Invest in the Economic Growth of the Region and all its Communities**

### **Objectives:**

1. Advance Maritime Industries through innovation, strategic investment and capable management of Port facilities.
2. Expand economic, cultural and community benefits of maritime operations and tourism while preserving industrial lands.

## **Goal 4: Be the greenest and most energy-efficient port in North America**

### **Objectives:**

1. Meet all increased energy needs through conservation and renewable sources.
2. Restore, create and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay.
3. Reduce air pollutants and carbon emissions.

## **Strategy 5: Become a Model for Equity, Diversity and Inclusion**

### **Objectives:**

1. Increase Investment in WMBE and DBE firms to ensure their increased access to opportunities.
2. Internal and external programs, structures and practices provide equitable opportunities for all.

## **Strategy 6: Be a Highly Effective Public Agency**

### **Objectives:**

1. Partner and engage with external stakeholders to build healthy, safe and equitable communities.
2. Advance the Port's dedication to employee engagement, safety, innovation, and financial stewardship.
3. Set the standard for high-quality, cost-effective, and timely delivery of capital programs.

FIGURE II-2: CENTURY AGENDA (CA) AND ANNUAL BUSINESS PLANS/BUDGETING PROCESS

## CENTURY AGENDA (CA) AND ANNUAL BUSINESS PLANS/BUDGETING PROCESS



## **E. COMMISSIONERS AND OFFICERS**

The Port Commission is the legally constituted governing body of the Port of Seattle. As a governing body of a special purpose municipal corporation, it is charged with the responsibility of fulfilling legislatively mandated purposes and objectives.

The Port Commission is made up of five elected individuals. At the time of this publication, they are:

Fred Felleman, President  
Ryan Calkins, Vice President  
Stephanie Bowman, Commissioner  
Sam Cho, Commissioner  
Peter Steinbrueck, Commissioner

The senior officers of the Port are:

Steve Metruck, Executive Director  
Pearse Edwards, Sr. Director, External Relations  
Larry Ehl, Chief of Staff & Sr. Director, Office of Strategic Initiatives  
Glenn Fernandes, Director, Internal Audit  
David Freiboth, Sr. Director, Labor Relations  
Katie Gerard, Sr. Director, Human Resources  
Bookda Gheisar, Sr. Director, Equity, Diversity and Inclusion  
Stephanie Jones-Stebbins, Managing Director, Maritime Division  
Sandy Kilroy, Sr. Director, Engineering, Environment and Sustainability  
Lance Lyttle, Managing Director, Aviation Division  
Dave McFadden, Managing Director, Economic Development Division  
Mike Merritt, Senior Policy Director  
Pete Ramels, General Counsel & Chief Compliance Officer  
Dave Soike, Chief Operating Officer  
Dan Thomas, Chief Financial Officer

## F. ORGANIZATION CHART

FIGURE II-3: ORGANIZATION CHART



\* For reporting purposes, financials and FTEs counted in the respective division being supported.

\*\* For reporting purposes, Commission Office, Executive Office, Internal Audit, External relations, and Legal all roll up to Central Services.

# III. BUDGET OVERVIEW

## BUDGET OVERVIEW

### A. FINANCIAL OVERVIEW

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

**TABLE III-1: PORT OF SEATTLE FINANCIAL FORECAST**

(\$ in 000's)	2019	2020	2021	2022	2023	2024	2025	2026	2022 - 2026
OPERATING BUDGET	Actual	Budget	Budget	Proposed Budget	Forecast				Compound Growth
Aeronautical Revenue	\$ 357,598	\$ 401,342	\$ 386,668	\$ 413,527	\$ 478,463	\$ 532,669	\$ 571,841	\$ 639,553	11.5%
Airport Non-Aero Revenues	269,037	283,167	189,548	241,146	279,861	295,757	311,326	335,162	8.6%
Non-Airport Revenues	89,559	85,171	62,372	81,671	96,020	103,914	113,121	119,771	10.0%
NWSA Distributable Revenue	47,979	41,935	42,273	49,440	47,889	57,061	55,850	56,720	3.5%
<b>Total Operating Revenues</b>	<b>764,174</b>	<b>811,616</b>	<b>680,861</b>	<b>785,784</b>	<b>902,233</b>	<b>989,401</b>	<b>1,052,137</b>	<b>1,151,206</b>	<b>10.0%</b>
<b>Total Operating Expense</b>	<b>441,700</b>	<b>469,769</b>	<b>423,412</b>	<b>499,185</b>	<b>528,323</b>	<b>549,853</b>	<b>567,964</b>	<b>583,209</b>	<b>4.0%</b>
<b>Net Operating Income Before Depreciation</b>	<b>322,474</b>	<b>341,847</b>	<b>257,448</b>	<b>286,598</b>	<b>373,910</b>	<b>439,548</b>	<b>484,173</b>	<b>567,997</b>	<b>18.7%</b>
Total Depreciation Expense	174,903	179,053	176,509	196,757					
<b>Net Operating Income After Depreciation</b>	<b>\$147,571</b>	<b>\$162,793</b>	<b>\$ 80,939</b>	<b>\$ 89,842</b>					
<b>Committed Capital Budget</b>	597,600	680,691	548,207	590,335	633,538	689,780	665,362	385,312	<b>Total 2022 - 2026 2,964,327</b>
<b>Business Plan Prospective</b>	3,447	58,837	59,884	82,252	203,097	313,946	393,446	478,474	1,471,215
<b>CIP Cashflow Adjustment Reserve</b>	-	(99,066)	(99,565)	(113,039)	62,429	45,927	2,342	2,341	0
<b>Total Capital Budget</b>	<b>\$601,047</b>	<b>\$640,462</b>	<b>\$508,526</b>	<b>\$559,548</b>	<b>\$899,064</b>	<b>\$1,049,653</b>	<b>\$1,061,150</b>	<b>\$ 866,127</b>	<b>\$4,435,542</b>

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Notes:

- 1) Includes revenue from Maritime, Economic Development, Central Services, and Stormwater Utility.
- 2) Does not include NWSA Distributable Revenue.
- 3) Does not include Port's share of NWSA CIP. See Section IX for details of Capital Improvement Plan.

### B. OPERATING BUDGET OVERVIEW

The 2022 proposed budget comprises of Total Operating Revenues of \$785.8 million and Total Operating Expenses of \$499.2 million. Net Operating Income Before Depreciation calculates to \$286.6 million. Net Operating Income After Depreciation is budgeted at \$89.8 million.

- Aviation Division's Operating Revenues are \$654.7 million, a \$29.8 million or 4.4% decrease from 2020 budget. Total Operating Expenses are budgeted at \$397.7 million. This represents a \$57.8 million or 5.4% increase compared to the 2020 budget. Net Operating Income Before Depreciation is \$256.9 million
- Maritime Division's Operating Revenues are \$59.1 million, a \$3.8 million or 6.0% decrease from 2020 budget. Total Operating Expenses are \$57.9 million, a \$3.5 million or 6.4% increase from 2020 budget. Net Operating Income Before Depreciation is \$1.3 million
- Economic Development Division's Operating Revenues are \$18.8 million, a \$0.3 million or 1.8% decrease from 2020 budget. Total Operating Expenses are \$28.3 million, a \$1.1 million or 3.6% decrease from 2020 budget. Net Operating Loss Before Depreciation is \$9.5 million



- Operating Expenses for Central Services are \$141.8 million for 2022, a \$7.5 million or 5.6% increase from 2020 budget
- The Net Income from the NWSA will be distributed evenly between the two home ports. The Port of Seattle's 50% share of the net income for 2022 is \$49.4 million, which is included as Operating Revenue in the Portwide financial statements

The 2022 budget for Non-Operating Revenues are \$362.7 million while Non-Operating Expenses are \$193 million. More information for the Non-Operating Revenues and Expenses can be found from Table III-2.

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

(\$ in 000's)	2019	2020	2020	2021	2021	2022
Notes	Actual	Actual	Budget	Budget	Forecast	Proposed Budget
<b>OPERATING REVENUES:</b>						
Total operating revenue	764,174	510,828	811,616	680,861	573,123	785,784
<b>OPERATING EXPENSES:</b>						
Total operating expenses	443,089	408,681	469,769	423,412	425,322	499,185
<b>NET OPERATING INCOME BEFORE DEPRECIATION</b>	<b>321,085</b>	<b>102,147</b>	<b>341,847</b>	<b>257,448</b>	<b>147,801</b>	<b>286,598</b>
<b>DEPRECIATION</b>	<b>174,971</b>	<b>180,086</b>	<b>179,053</b>	<b>176,509</b>	<b>176,509</b>	<b>196,757</b>
<b>OPERATING INCOME</b>	<b>146,114</b>	<b>(77,939)</b>	<b>162,793</b>	<b>80,939</b>	<b>(28,708)</b>	<b>89,842</b>
<b>NON-OPERATING INCOME (EXPENSE):</b>						
Ad valorem tax levy revenues	73,801	76,196	76,385	78,676	78,676	81,037
Passenger facility charges revenues	100,004	34,637	99,505	67,990	67,990	91,976
Customer facility charges revenues	22,355	15,429	23,914	24,168	24,168	24,516
Fuel hydrant facility revenues	6,742	6,886	7,022	7,022	7,022	7,022
Non capital grants and donations	2,880	149,913	2,551	40,908	156,708	107,345
Investment income (loss)	54,078	41,406	27,669	13,158	14,358	10,928
Revenue bonds interest expense	(105,601)	(133,149)	(157,231)	(155,990)	(145,990)	(154,036)
Passenger facility charge revenue bonds interest expense	(3,547)	(2,670)	(2,740)	(2,539)	(1,639)	-
General obligation bonds interest expense	(12,493)	(11,850)	(12,003)	(11,268)	(11,268)	(11,951)
Public expense	(12,986)	(6,658)	(19,233)	(10,144)	(6,144)	(14,073)
Non-op environmental expense	(118)	(5,971)	(5,000)	(10,200)	(11,700)	(10,700)
Other income (expense)	(21,959)	(22,033)	(2,905)	(2,413)	(913)	(2,247)
Total non-operating income (expense)	<b>103,156</b>	<b>142,135</b>	<b>37,933</b>	<b>39,369</b>	<b>171,269</b>	<b>129,816</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>249,271</b>	<b>64,196</b>	<b>200,727</b>	<b>120,308</b>	<b>142,561</b>	<b>219,658</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>17,736</b>	<b>20,909</b>	<b>48,010</b>	<b>74,911</b>	<b>74,911</b>	<b>39,916</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 267,007</b>	<b>\$ 85,105</b>	<b>\$ 248,737</b>	<b>\$ 195,219</b>	<b>\$ 217,472</b>	<b>\$ 259,574</b>
<b>EMPLOYMENT (FTES)</b>	<b>2263.4</b>	<b>2393.7</b>	<b>2380.2</b>	<b>2390.8</b>	<b>2411.8</b>	<b>2462.6</b>

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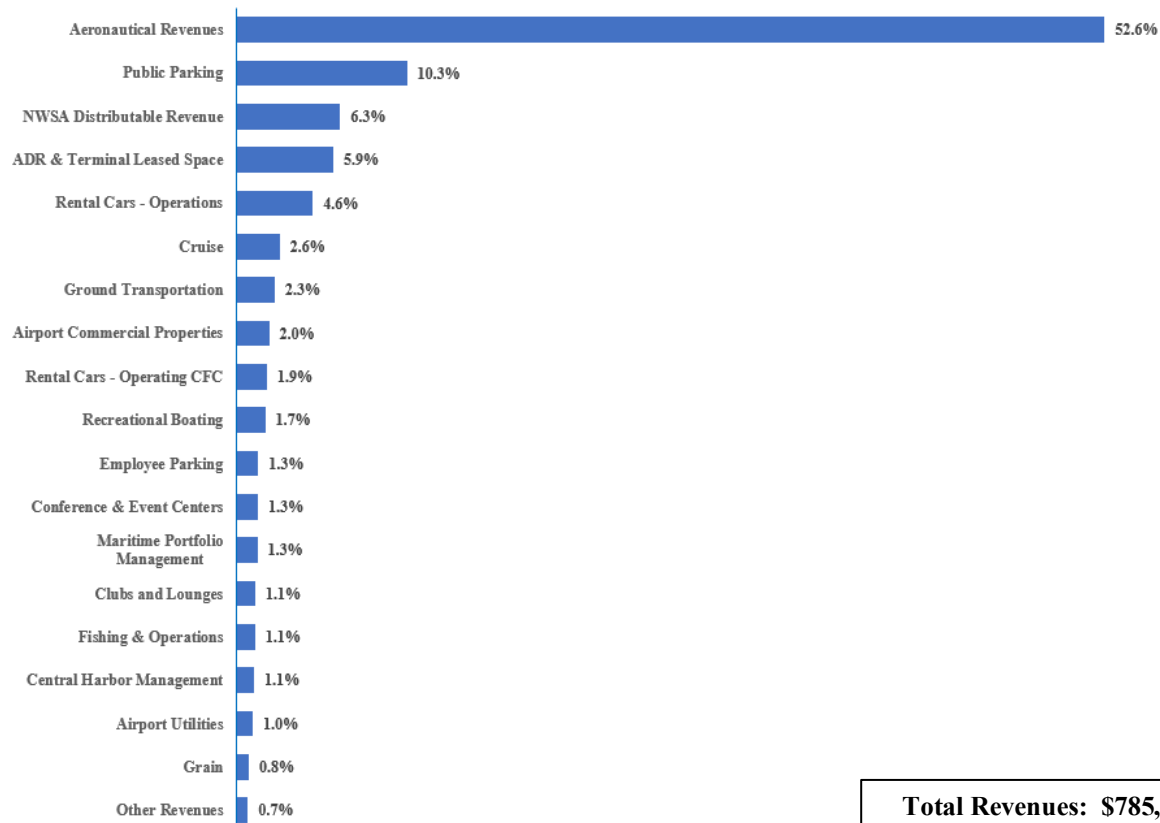


**TABLE III-3: REVENUES BY MAJOR BUSINESSES**

(\$ in 000's)		2019	2020	2021	2022	% Change
Revenue by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Revenue</b>						
Aeronautical Revenues		\$ 357,598	\$ 401,342	\$ 386,668	\$ 413,527	3.0%
Public Parking		82,125	89,485	59,597	81,169	-9.3%
Rental Cars - Operations		36,793	37,363	24,379	36,418	-2.5%
Rental Cars - Operating CFC		15,773	13,786	2,501	14,593	5.9%
ADR & Terminal Leased Space		68,013	71,845	51,184	46,177	-35.7%
Ground Transportation		20,765	22,299	13,628	18,306	-17.9%
Employee Parking		10,438	10,137	9,688	10,472	3.3%
Airport Commercial Properties		15,773	16,660	13,713	15,540	-6.7%
Airport Utilities		7,431	8,831	7,568	7,808	-11.6%
Clubs and Lounges		10,274	10,536	6,221	8,972	-14.8%
Cruise		22,410	26,261	8,558	20,574	-21.7%
Recreational Boating		12,484	13,361	12,915	13,731	2.8%
Fishing & Operations		10,024	9,386	8,644	8,928	-4.9%
Grain		4,266	3,490	4,903	5,900	69.0%
Maritime Portfolio Management		10,108	10,428	10,259	9,986	-4.2%
Central Harbor Management		8,899	9,093	8,278	8,431	-7.3%
Conference & Event Centers		12,239	9,985	5,035	10,299	3.1%
NWSA Distributable Revenue		47,979	41,935	42,273	49,440	17.9%
Other Revenues		10,783	5,390	4,848	5,513	2.3%
<b>Total Operating Revenue</b>		<b>\$764,174</b>	<b>\$811,616</b>	<b>\$680,861</b>	<b>\$785,784</b>	<b>-3.2%</b>

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**FIGURE III-1: REVENUES BY MAJOR BUSINESSES**



**Total Revenues: \$785,784**

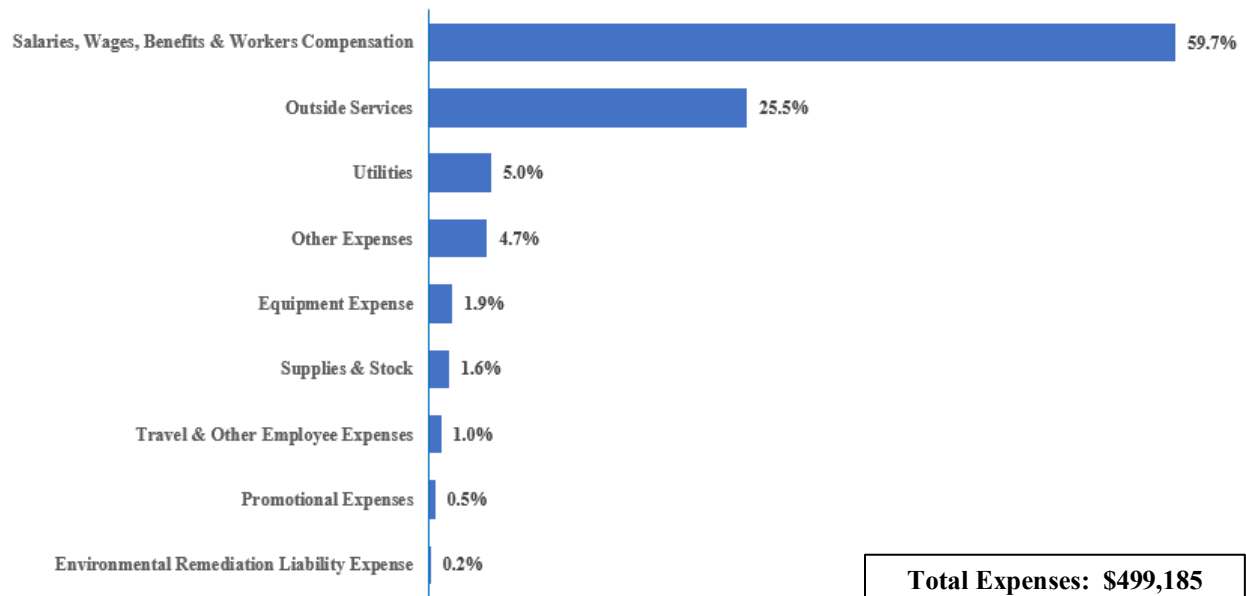
**TABLE III-4: EXPENSES BY MAJOR ACCOUNTS**

(\$ in 000's)		2019	2020	2021	2022	% Change
Expense by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Expense</b>						
Salaries, Wages, Benefits & Workers Compensation		\$ 284,066	\$ 326,770	\$ 312,945	\$ 346,007	5.9%
Equipment Expense		11,865	9,970	6,758	10,914	9.5%
Utilities		25,838	29,036	28,000	29,024	0.0%
Supplies & Stock		11,197	9,082	8,591	9,403	3.5%
Outside Services		106,463	126,169	103,959	147,647	17.0%
Travel & Other Employee Expenses		5,449	7,029	2,409	5,673	-19.3%
Promotional Expenses		3,022	3,184	1,369	3,007	-5.6%
Other Expenses		29,911	26,717	20,213	27,075	1.3%
<b>Total O&amp;M without Environmental</b>		<b>477,811</b>	<b>537,956</b>	<b>484,245</b>	<b>578,750</b>	<b>7.6%</b>
Environmental Remediation Liability Expense		16,525	2,648	2,001	985	-62.8%
<b>Total O&amp;M with Environmental</b>		<b>494,336</b>	<b>540,604</b>	<b>486,246</b>	<b>579,735</b>	<b>7.2%</b>
Charges to Capital/Govt/Envrs Projects/Overhead Alloc		(52,636)	(70,835)	(62,834)	(80,550)	13.7%
<b>Expense after Charges to Capital Projects</b>		<b>\$441,700</b>	<b>\$469,769</b>	<b>\$423,412</b>	<b>\$499,185</b>	<b>6.3%</b>

table4.xlsx

**FIGURE III-2: EXPENSES BY MAJOR ACCOUNTS**

(\$ in 000's)



### **C. STAFFING OVERVIEW**

In 2020 and 2021, the Port instituted cost reduction measures including a hiring freeze and cost reduction in discretionary spending (travel and training) to help mitigate the effects of the Covid-19 pandemic. However, constraints on the budget are not sustainable long-term and Port leaders recognize that to meet Portwide initiatives and increasing needs of the organization, additional resources and staff would need to be restored for the 2022 budget. The 2022 budget strategies included carefully reassessing staffing needs to meet projected increases in business activity, restoring merit pay increases for non-represented staff, and reinstating a portion of the funding for training and development.

At the beginning of the budget cycle, departments across the Port submitted justifications for new budget requests (i.e. request for additional staff, unfreeze (restore) frozen positions, and add or increase funding for initiatives). In some cases, departments presented their business cases to the Executive Leadership team. The 2022 proposed Full-Time-Equivalent (FTE) budget is 2,462.6, an increase of 3.5% compared to the 2020 budget and 2.1% higher compared to the 2021 estimated actual. This number includes remaining frozen (unfunded) positions for 2022.

Major staffing changes are outlined below:

- Aviation division started out with 102.3 frozen (unfunded) FTEs at the beginning of 2021 and a total of 15.0 frozen FTEs were approved earlier this year. For 2022, 36.6 frozen FTEs will have restored funding while 31.5 frozen FTEs will be eliminated. This leaves a total of 19.2 frozen (unfunded) FTEs in 2022. Aviation added 6.0 mid-year FTEs in the Aviation Director's Office and Aviation Project Management and will add 45.0 new FTEs in 2022 to meet key Aviation initiatives (Health and Safety; Security; Innovation and Efficiencies; Customer Experience; Financial Sustainability; and Asset Management, Capital Projects, and Planning). Aviation's proposed 2022 FTE budget is 1266.3 which includes the 19.2 remaining frozen positions.
- Maritime Division started 2021 with 11.0 frozen FTEs. However, 2.0 frozen FTEs will be eliminated while 9.0 frozen FTEs will be restored in 2022. Earlier this year, Maritime added 1.0 mid-year FTE in Maritime Environmental and Sustainability and eliminated 2.0 FTEs in Marine Maintenance. For 2022, Maritime will add 16.0 new FTEs to support growing capital plan, organizational effectiveness and revenue generation, sustainability, and to maintain Port assets. Maritime's proposed 2022 FTE budget is 275.5 with no remaining frozen FTEs.
- Economic Development Division did not have any frozen FTEs in 2020 and no mid-year approvals in 2021. Economic Development will eliminate 1.0 FTE in Diversity in Contracting in 2022. Economic Development's proposed 2022 FTE budget is 35.0.
- Central Services had 43.8 frozen FTEs at the start of 2021. A total of 5.0 frozen FTEs was approved during the two quarters of 2021, and 24.8 will be unfrozen (restored) while 4.0 frozen FTEs will be eliminated in 2022. This leaves 10.0 frozen FTEs in 2022. Central Services added 16.0 mid-year FTEs in Port Construction Services, Legal, Central Procurement Office, Human Resources, Office of Equity Diversity and Inclusion, Engineering, Accounting and Financial Reporting, and External Relations. For 2022, 33.0 new FTEs will be added to support regional equitable recovery, meet increasing needs of business gateways, support the capital needs for the operating divisions, protect the safety and security of the public and employees, and support Portwide initiatives and division priorities. Central Service's proposed 2022 FTE budget is 885.8.

More staffing information is provided in the Aviation, Maritime, Economic Development, and Central Services sections of this document (Sections IV to VII).

**TABLE III-5: PORT STAFFING BY DIVISION**

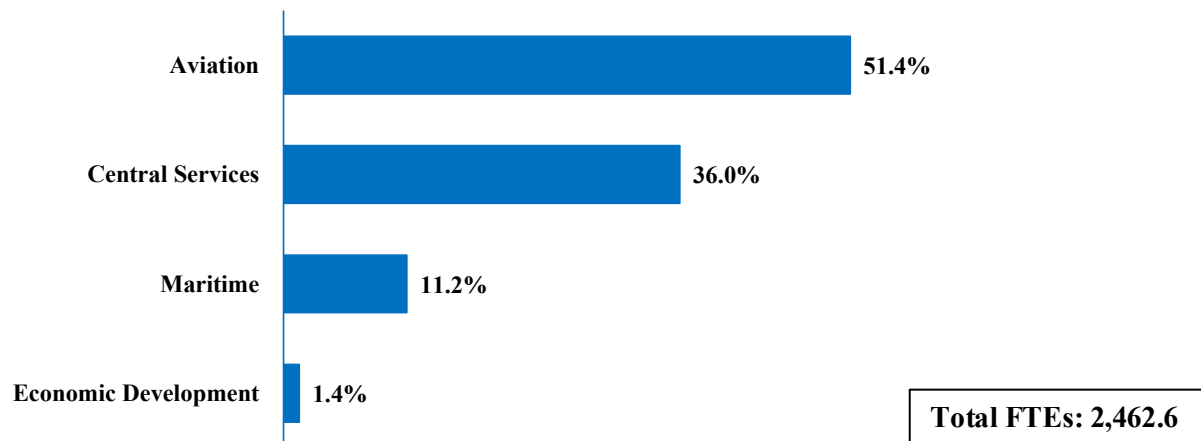
PORT STAFFING (Full-Time Equivalent Positions)		2020 Budget	2020 Actual	2021 Budget	2021 Est. Act.	2022 Proposed Budget	% Change	
Division	Notes						22 Bud- 20 Bud	22 Bud-21 Est. Act.
Aviation		1,250.5	1,252.5	1,246.8	1,252.8	1,266.3	1.3%	1.1%
Maritime <sup>1</sup>		259.9	264.9	262.5	261.5	275.5	6.0%	5.4%
Economic Development		35.6	35.6	36.0	36.0	35.0	-1.7%	-2.8%
Central Services		834.3	840.7	845.5	861.5	885.8	6.2%	2.8%
<b>Total FTE's</b>		<b>2,380.2</b>	<b>2,393.7</b>	<b>2,390.8</b>	<b>2,411.8</b>	<b>2,462.6</b>	<b>3.5%</b>	<b>2.1%</b>

FTE.XLS

Note:

1) Maritime 2021 Budget has been adjusted due to intern rounding.

**FIGURE III-3: PORT STAFFING BY DIVISION:**



#### D. CAPITAL BUDGET OVERVIEW

For the Port to meet the waterborne and air transportation needs of the region and to serve its customers, it must invest in the acquisition, development, and maintenance of long-term assets. For an organization as large and diverse as the Port, this requires comprehensive long-term capital planning which synthesizes the existing and anticipated business environment, careful estimates of customer demand for facilities, available resources, and the priorities of the organization.

The 2022 capital budget is \$559.5 million, and the five-year capital improvement plan (CIP) is \$4.4 billion.

The 2022-2026 CIP reflects the Port's continuing commitment to promoting regional economic activity through the investment in the development, expansion, and renewal of Port facilities. For a more detailed discussion of the Port's long-term capital and funding plan, refer to Section IX (Capital Improvement Plan) and Section X (Plan of Finance).

**TABLE III-6: CAPITAL BUDGET**

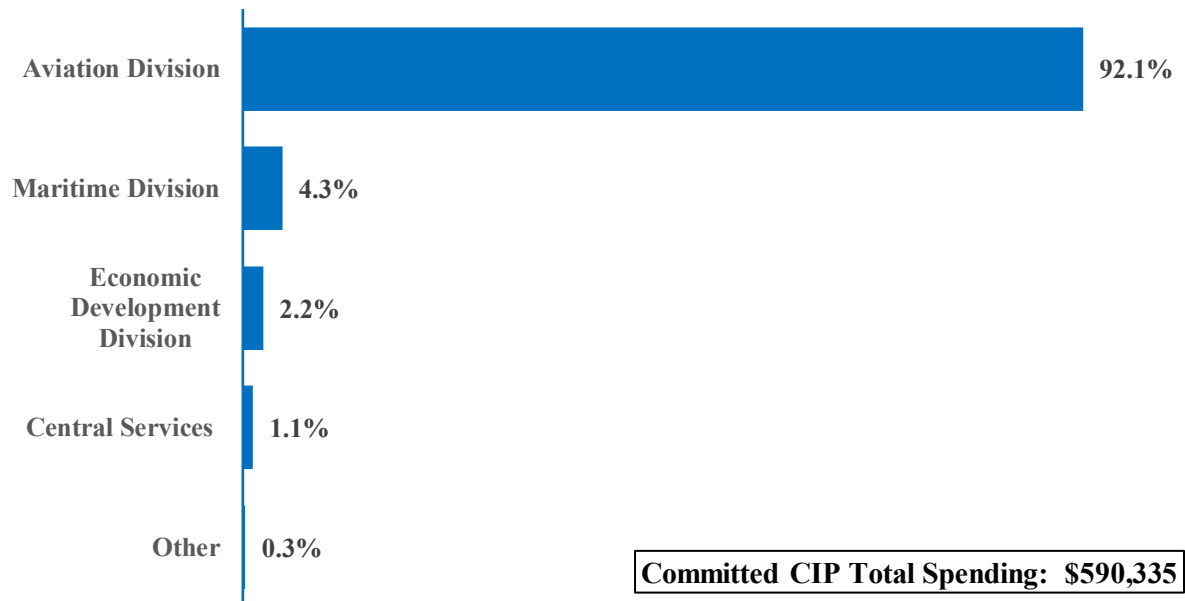
(\$ in 000's)		2022	2022-2026	% of 2022 Total
	Notes	Budget	CIP	Committed
<b>Committed Capital Projects</b>	1			
Aviation Division		\$ 543,725	\$ 2,630,479	92.1%
Maritime Division		25,478	212,023	4.3%
Economic Development Division		13,069	68,486	2.2%
Central Services		6,444	21,506	1.1%
Other	2	1,619	31,833	0.3%
<b>Total Committed</b>		<b>\$ 590,335</b>	<b>\$ 2,964,327</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>		<b>\$ 82,252</b>	<b>\$ 1,471,215</b>	
<b>CIP Cashflow Adjustment Reserve</b>		<b>\$ (113,039)</b>	<b>\$ -</b>	
<b>Total CIP</b>		<b>\$ 559,548</b>	<b>\$ 4,435,542</b>	

CAPSUM

Notes:

- 1) Definitions and details of the capital budget can be found in Section IX.
- 2) Includes the Stormwater Utility and Port projects related to NWSA (Joint Venture); excludes the Port's share of NWSA CIP.

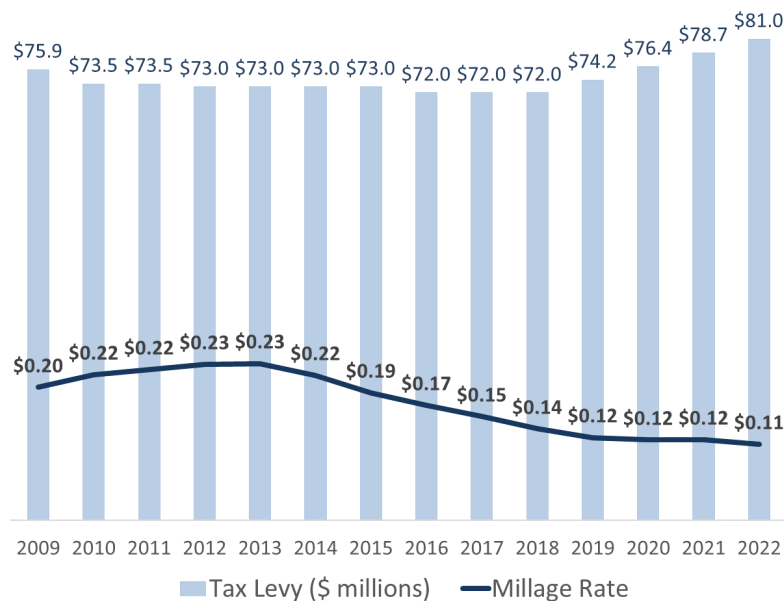
**FIGURE III-4: COMMITTED CAPITAL BUDGET**  
(\$ in 000's)



## E. TAX LEVY

- The preliminary maximum allowable levy for 2022 is \$111.3 million.
- For 2022 the preliminary levy is \$81.04 million, a three percent increase over the 2021 levy of \$78.68 million.
- The estimated 2022 millage rate is \$0.112
- Planned levy uses in 2022 include:
  - 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

**FIGURE III-5: TAX LEVY VS. MILLAGE RATE 2009-2022**



## **F. EQUITY IN BUDGETING**

Over the years the Port has worked hard to ensure the equitable distribution of resources and mitigation of impacts in underserved communities through a number of community programs, such as the South King County Fund, the Duwamish Valley Equity Program, and the Opportunity Youth Initiative. To further advance the Port's Century Agenda goal to "Become A Model of Equity, Diversity, and Inclusion," the Port has been providing equity training to staff with the primary goal to normalize, organize, and operationalize racial equity through employee dialogues, book clubs, learning events, and mandatory training for all managers and supervisors. As a first step in incorporating equity considerations into the budgeting process, we asked each division and department to answer the four questions below as part of the 2022 budget process.

1. Have you considered the impacts on equity, diversity and inclusion (EDI) in the programs and initiatives included in your baseline budget? In thinking about this, consider external stakeholders and communities that may be positively or negatively affected by your programs as well as internal equity considerations.
2. Does your Department's current budget advance the Port's Century Agenda EDI goals? If yes, please describe how.
3. Are there specific areas or programs your Department would like to add to the 2022 budget to advance equity considerations? If yes, describe the specific area(s) and how much funding would be needed.
4. Do you think your team members would benefit from additional training in how to include consideration of Equity in your budgeting process?

Port management reviewed the responses to these questions as part of department budget reviews. Staff has compiled all the responses and are in the process of analyzing and summarizing the information. Our goal is to identify challenges and opportunities in budgeting with an equity lens, gather ideas and suggestions, create a short-term action plan and a long-term strategy that will lead to meaningful and lasting results.



## IV. AVIATION

## AVIATION DIVISION

### A. 2022 BUDGET SUMMARY

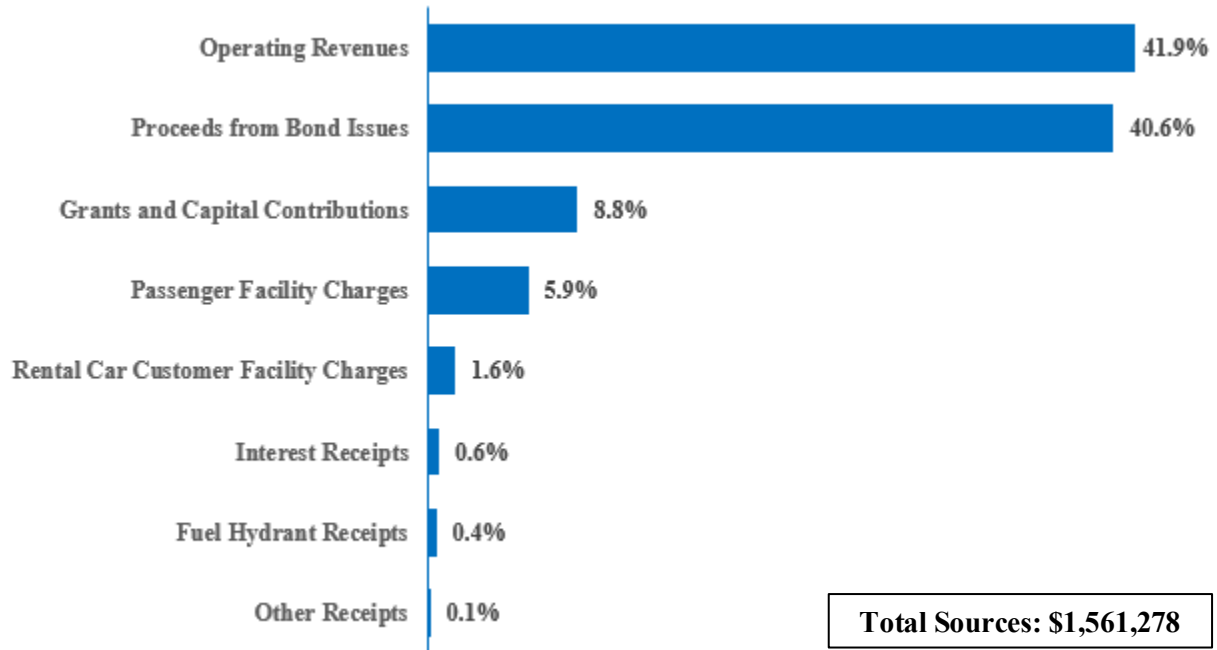
**TABLE IV-1: AVIATION CASH FLOW SUMMARY**

(\$ in 000's)	<u>2022</u>	<u>Percent of Total</u>
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues	\$ 654,673	41.9%
Interest Receipts	9,609	0.6%
Proceeds from Bond Issues	634,000	40.6%
Grants and Capital Contributions	138,064	8.8%
Tax Levy	-	0.0%
Passenger Facility Charges	91,976	5.9%
Rental Car Customer Facility Charges	24,516	1.6%
Fuel Hydrant Receipts	7,022	0.4%
Other Receipts	1,418	0.1%
<b>Total</b>	<b>\$ 1,561,278</b>	<b>100%</b>
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	397,733	31.2%
<b>Debt Service:</b>		
Interest Payments	175,340	13.8%
Bond Redemptions	182,790	14.3%
Total Debt Service	358,130	28.1%
Other Expenses	1,411	0.1%
Public Expense	2,024	0.2%
Capital Expenditures	514,812	40.4%
<b>Total</b>	<b>\$ 1,274,110</b>	<b>100%</b>

cashflow1.xlsx, AV

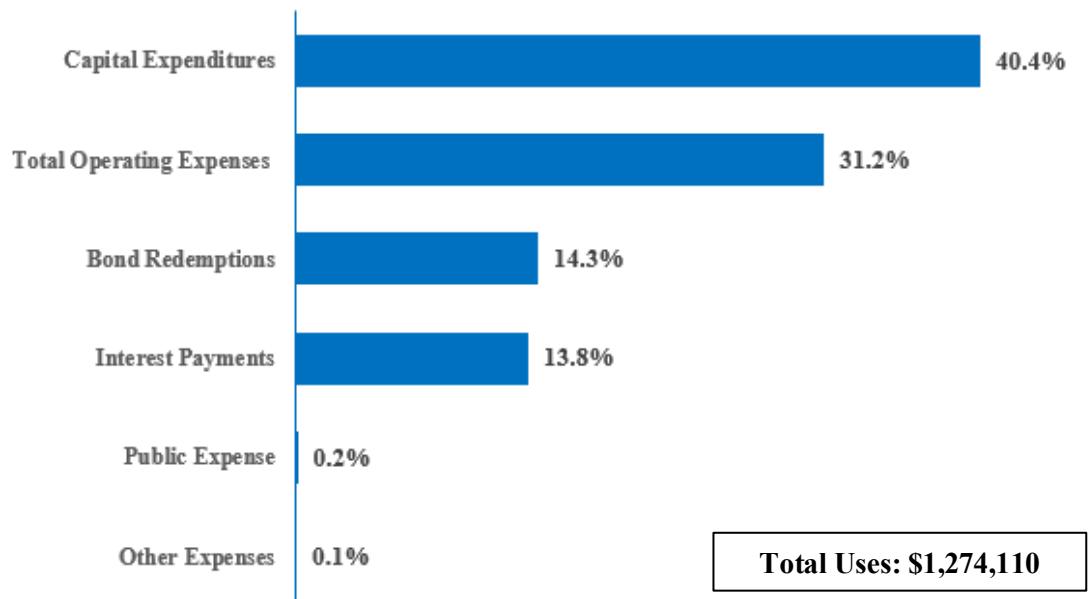
**FIGURE IV-1: AVIATION SOURCES OF CASH**

(\$ in 000's)



**FIGURE IV-2: AVIATION USES OF CASH**

(\$ in 000's)



**B. FINANCIAL FORECAST**

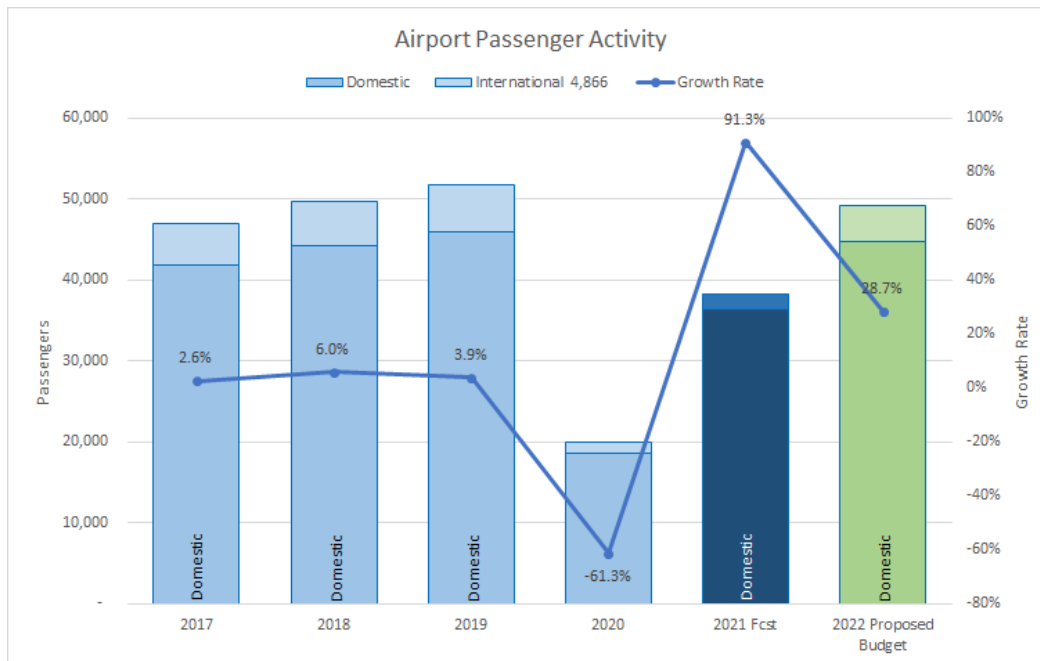
**TABLE IV-2: AVIATION FINANCIAL FORECAST**

Operating Budget (\$ in 000's)	2020 Budget	2021 Budget	2022 Proposed Budget	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2022-2026 Compound Growth
Aeronautical Revenues	\$ 401,342	\$ 386,668	\$ 413,527	\$ 478,463	\$ 532,669	\$ 571,841	\$ 639,553	11.5%
Non-Aeronautical Revenues	283,167	189,548	241,146	279,861	295,757	311,326	335,162	8.6%
<b>Total Operating Revenues</b>	<b>684,510</b>	<b>576,215</b>	<b>654,673</b>	<b>758,324</b>	<b>828,425</b>	<b>883,167</b>	<b>974,715</b>	<b>10.5%</b>
Operating & Maintenance Expense	269,282	242,072	286,292	303,043	316,302	327,076	335,677	4.1%
Central Services and other Division Costs	81,792	73,872	83,782	88,684	92,564	95,717	98,234	4.1%
Law Enforcement Costs	26,233	23,964	27,658	29,277	30,557	31,598	32,429	4.1%
<b>Total Operating Expense</b>	<b>377,306</b>	<b>339,908</b>	<b>397,733</b>	<b>421,003</b>	<b>439,423</b>	<b>454,391</b>	<b>466,340</b>	<b>4.1%</b>
<b>Net Operating Income Before Depreciation</b>	<b>307,203</b>	<b>236,308</b>	<b>256,940</b>	<b>337,321</b>	<b>389,003</b>	<b>428,775</b>	<b>508,375</b>	<b>18.6%</b>
Total Depreciation Expense	141,959	140,014	159,272					
<b>Net Operating Income After Depreciation</b>	<b>165,244</b>	<b>96,294</b>	<b>97,668</b>					
								<b>Total 2022-2026</b>
<b>Committed Capital Budget</b>	608,897	501,674	543,725	564,236	582,307	587,382	352,829	2,630,479
<b>Business Plan Prospective</b>	47,307	47,253	66,897	181,584	295,935	366,562	439,226	1,350,204
<b>CIP Cashflow Adj Reserve</b>	(86,066)	(84,693)	(95,810)	57,486	38,324	-	-	-
<b>Total Capital Budget</b>	<b>570,138</b>	<b>464,234</b>	<b>514,812</b>	<b>803,306</b>	<b>916,566</b>	<b>953,944</b>	<b>792,055</b>	<b>3,980,683</b>

**TABLE IV-3: AVIATION KEY MEASURES**

Aviation key Measures	2020 Budget	2021 Budget	2022 Proposed Budget	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
<b>Key Measures (in \$'s)</b>							
Cost per Enplanement (CPE)	13.92	19.62	15.35	17.34	18.92	19.86	21.78
O&M per Enplanement	14.15	18.66	16.14	16.43	16.73	16.88	16.90
Non-Aero Revenue per Enplanement	10.62	10.41	9.78	10.92	11.26	11.56	12.15
Debt per Enplanement	118.96	197.77	152.47	170.04	195.02	218.09	231.75
Debt Service Coverage	1.80	1.36	1.91	1.74	1.57	1.50	1.43
<b>Traffic (in 000's)</b>							
Enplanements	26,667	18,216	24,648	25,626	26,266	26,923	27,596

**FIGURE IV-3: AIRPORT PASSENGER ACTIVITY**



Total passengers in 2022 are expected to return to within 4.7% of 2019 passenger volumes.

### **C. AVIATION DIVISION DESCRIPTION/BUSINESS ASSESSMENT**

#### **MISSION:**

Connecting our region to the world through flight.

#### **VISION:**

Seattle-Tacoma International Airport (SEA) is a welcoming front door, embodying the spirit of the Northwest – an economic engine and a source of regional pride.

#### **MAJOR/NEW INITIATIVES:**

- Operate and maintain newly opened facilities: North Satellite and International Arrivals Facility
- Initiate human trafficking training
- Launch Transportation Management Association
- Complete NREL Athena passenger mode choice model study
- Complete NREL work to analyze long-term energy alternatives to reduce carbon emissions from the SEA central mechanical plant
- Initiate building energy efficiency audit
- Complete environmental review of Sustainable Airport Master Plan
- Complete utility master plan
- Complete planning study for the future replacement of the Satellite Transit System
- Sponsor and host the AAAE conference

- Implement customer experience quality assurance program
- Continue with airline realignment project to optimize the use of FIS-accessible gates on Concourse A
- Add resources (staff and consultants) to support growing capital program
- Open 11 dining and retail units at North Satellite
- Open Salty's Restaurant in Central Terminal
- Complete the project development document for the Main Terminal Improvements program
- Initiate design on the South Satellite renovation program
- Continue with accelerated noise program
- Increase garbage removal and vegetation control on Port owned properties near the airport
- Conduct annual preparedness/resiliency exercise

**DIVISION DESCRIPTION:**

The Port of Seattle owns and operates Seattle-Tacoma International Airport (SEA), the 8th busiest airport in the U.S. based on passenger volume in 2019 (the most recent “normal” year). The Airport is located approximately 12 miles south of downtown Seattle. Currently, the Airport has facilities for commercial passengers, air cargo, general aviation, and aircraft maintenance on a site of approximately 2,800 acres. Airport facilities include the Main Terminal, the South and North Satellites, a parking garage, and a consolidated rental car facility. The Airport has three runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length.

**INDUSTRY ASSESSMENT:**

After many years of sustained profits, the US airline industry lost \$35 billion dollars in 2020 (per Airlines For America) due to the dramatic drop in travel caused by the COVID-19 driven pandemic. The industry benefited from federal relief directed to the airline industry and airports. Due to travel restriction in many parts of the world, international travel has been particularly impacted. Business travel has also been slow to recover. Airlines have focused on leisure markets, but without the more lucrative business travel, the revenues have been slower to recover than the passenger level would suggest. In recent months the price of oil has risen to exceed 2019 price levels, further hurting airline earnings.

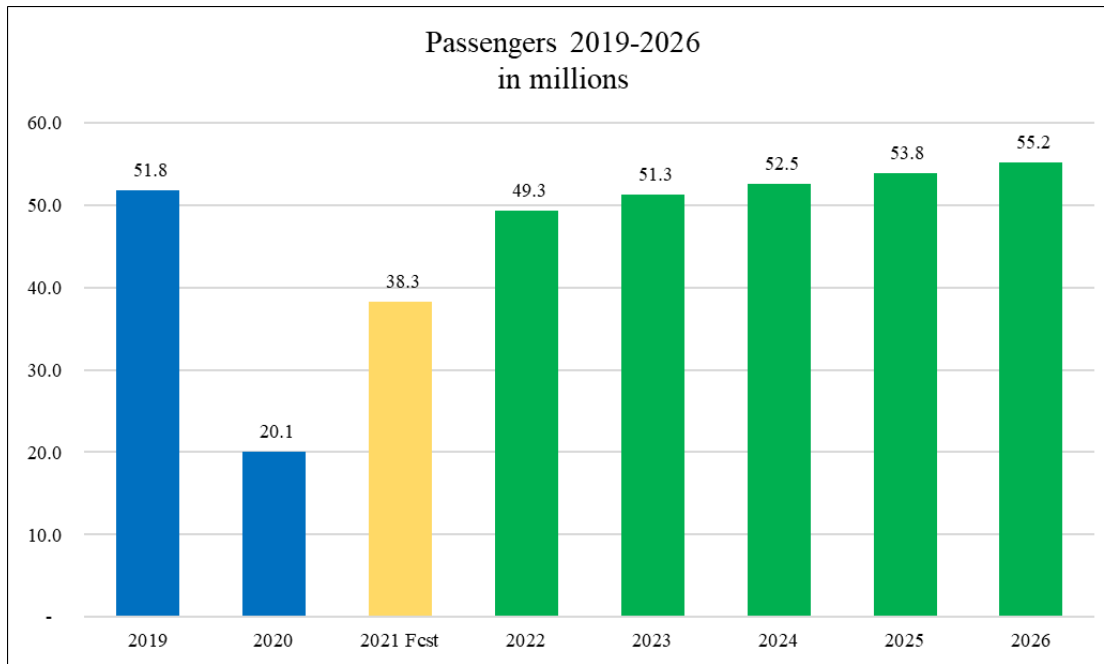
SEA is a hub for both Alaska and Delta. Alaska joined the Oneworld Alliance and has expanded its partnership with American Airlines. American Airlines has launched international service to London and has announced service to Bangalore, India, which is now expected to launch in January of 2022.

**BUSINESS ASSESSMENT/DRIVERS:**

Passenger traffic was down 61% in 2020. Growth slowly picked up in early 2021, then picked up very quickly in early summer before slowing in August with the growing impact of the Delta variant of the COVID-19. Passenger growth has been driven by strong demand for domestic leisure travel. Business travel and international travel have lagged.

For 2022, SEA is projecting passenger growth of 29%. This would put SEA at 95% of the pre-pandemic 2019 passenger level. This reflects anticipated growth in business travel and a partial recovery of international service. SEA has recovered faster than other west coast hubs such as Los Angeles and San Francisco due to SEA's lower percentage of international traffic. The table below shows the projected recovery to 2019 passenger level by 2023 or 2024. There remains much uncertainty over the path of the recovery.

**FIGURE IV-4: AIRPORT PASSENGER FORECAST 2018-2026**



**TABLE IV-4: AVIATION PASSENGER RECOVERY FORECAST**

The below table shows the forecasted recovery in passenger volumes compared to the 2019 pre-pandemic base year.

	Annual Change	vs. 2019
2020	-61.3%	-61.3%
2021	91.0%	-26.1%
2022	28.7%	-4.9%
2023	4.0%	-1.1%
2024	2.5%	1.4%
2025	2.5%	3.9%
2026	2.5%	6.5%

**CHALLENGES AND OPPORTUNITIES:**

**Strengths:**

- Seattle is well positioned as an International Gateway
- Two high performing hub airlines with strong global alliances
- New Facilities: Opening IAF and NSAT will improve customer experience
- Employees' ability to adapt and innovate during operational disruptions, and employee engagement opportunities
- SEA brand, FlyHealthy@SEA, and tenant engagement strategies
- Federal relief – replenish fund balances and augment debt service coverage

**Weaknesses:**

- Airport finances have been impacted by COVID-19
- Constrained land and aging facilities resulting in suboptimal level of service for tenants and passengers
- Project construction activities impact operations, customer service and non-aeronautical revenues
- Capital Program - affordability and resources to deliver the program to meet the expected level of services
- Staffing challenges (employee engagement, filling key positions, safety concerns returning to the office, diversity of internal staff)
- Competing, changing or unplanned priorities

**Opportunities:**

- Regional economy remains strong, with a pent-up demand for travel
- Emerging Technologies to enhance customer experience, revenue and operational efficiencies: biometrics, app-based, pre-booking, and virtual queuing, etc.
- Future federal funding support for airports
- Leverage hub airline partner investments (e.g., Alaska NMTR – Delta Air lounge)
- IAF Facility will be an attraction for other international airlines
- Expect growth through AAG alliance with Oneworld

**Threats:**

- Pandemic uncertainties (variants, return of business travel, telework, lack of guidance on digital health passports, restrictions etc.)
- Airlines are in recovery mode and focus remains on cost cutting
- Volatile Construction Market
- Risk of meeting DBE, WMBE & SBE objectives
- Regulatory changes and lack of agency resources
- Climate change and impact on airport resiliency
- Cyber-attacks concerns (e.g., network security, ransomware, insider threats)
- Community concerns (e.g., opposition to airport expansion, SAF, permit changes, biometrics)



## **D. OPERATING BUDGET SUMMARY**

### **Background**

From a financial perspective, the Aviation Division has two sides to its business: Aeronautical and Non-aeronautical.

On the Aeronautical side, where airline rates are set to recover costs, the Port's goal is to manage costs while maintaining a high level of customer service. The primary measure of an airport's cost to the airlines is the airline cost per enplanement (CPE). The "costs" include the operating and maintenance costs attributable to the airfield and the airline share of the terminal building operating and maintenance costs (based on the percentage of revenue producing space within the terminal which is split between airlines and other Port tenants), as well as the corresponding capital costs for those assets (either debt service or equity amortization). The Port does not charge airlines for the capital costs of any asset funded by Passenger Facility Charges (PFCs) or grants. Similarly, and grant funded operating expenses are not charged to the airlines.

On the Non-aeronautical side of the business, the primary goal is to increase cash flow as measured by net operating income (NOI). The net cash flow can be used to directly fund capital improvements and build up cash reserves to meet liquidity targets. In prior years, this cash flow also provided the vast majority of the revenue sharing that was credited to the signatory airlines in accordance with the terms of the Signatory and Lease and Operating Agreement (SLOA). Under the terms of the current SLOA, the revenue sharing provision was phased out over several years and ended completely in 2019.

As described in the Industry Assessment section above, the COVID-19 pandemic severely impacted airline travel. In response to the decline in passenger volumes, the airport implemented cost cutting measures in 2020, including a hiring freeze in March 2020. During the 2021 Budget process, the airport identified 102.3 positions to remain frozen throughout 2021. In addition, significant non-payroll cost reductions efforts were implemented in 2020 and continued through 2021.

### **Overview of Major Changes in 2022 Budget**

While international travel recovery still lags, the enplanement forecast for the 2022 Budget reflects a recovery within 5% of 2019 pre-pandemic passenger levels. In a strategic effort to manage costs during this continued recovery phase, the focus of the 2022 Budget is to carefully restore the operating expense budget to support the returning passenger activity, closely align budget increases with key airport initiatives, and increase operating expenses in strategic areas in preparation for the growing airport capital program. These strategic budget increases include increasing headcount in key areas, restoring personnel pay increases, and targeted increases to non-payroll expense.

### **Revenues**

Aeronautical revenue – Aero rate base revenues are directly tied to airport operating expenses through the cost recovery methodology for rate setting. Operating expenses which impact aeronautical revenue have significantly increased in the 2022 Budget, as described above. In addition, new facilities have come online during 2021 which require increased operating expense for a full year in the 2022 Budget. The associated capital costs from those new facilities are also included in the airline rate base in the 2022 Budget. The impact of the increase in operating expenses and new asset capital costs on the Aeronautical rate base is partially offset in the 2022 Budget by the application of federal pandemic relief grants. Any Aero rate-based costs which are paid for using grant funds are excluded from cost recovery.

Non-Aero revenues – are recovering steadily as passenger volumes return, however Non-Aero business activity is still lower than both the 2019 pre-pandemic actual performance and the 2020 Budget performance levels since the 2020 Budget was developed before the pandemic impact was known. Passenger volume assumptions in the 2022 Budget are 4.7% lower than 2019 Actuals and 7.6% lower than the assumption in the 2020 Budget.

In addition, Non-Aero revenue in the 2021 Forecast and the 2022 Budget are reduced by \$5.4M and \$21.4M respectively for concessionaire relief grants which are expected to be applied to eligible tenant rent payments. The airport will receive equivalent grant funds under the provisions of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) concessionaire relief program and the American Rescue Plan Act (ARPA) concessionaire relief programs. The grant reimbursement amounts are budgeted as non-operating grant revenue – so the impact of these concessionaire relief programs are cashflow neutral to the airport.

### **Operating Expense Drivers**

Total airport operating expenses (including Central Services costs and environmental remediation costs) are budgeted to increase by \$20.4M, or 5.4% compared to the 2020 Budget. The tables on the following pages summarize high level changes to the direct operating and maintenance (O&M) portion of the Aviation Division budget and highlight key elements in the strategic cost increases reflected in the 2022 Budget. Total operating expenses for the airport also include costs from Central Services and other divisions, which are not reflected in the detailed tables below.

**TABLE IV-5: AVIATION BUDGET SUMMARY – INCREMENTAL CHANGES COMPARED TO 2021 BUDGET**  
(\$ in 000's)

Removed 2021 non-recurring expense	(9,580)
2022 Reductions/Savings in baseline budget	(7,228)
2022 Increases in Charges to Capital	(15,136)
2022 Increases to baseline budget	38,122
Exceptions: Change in Regulated Materials	(1,016)
<b>Budget Reduction before new Budget Reques</b>	<b>5,163</b>
Proposed 2022 additions (baseline)	16,264
Proposed 2022 additions (non-recurring)	22,848
<b>Subtotal - new Budget Requests</b>	<b>39,112</b>
<b>Incremental Budget Change - Total O&amp;M</b>	<b>44,275</b>

**TABLE IV-6: AVIATION BASELINE COST REDUCTIONS/SAVINGS**

<b>2022 Baseline Cost Reductions/Savings:</b>	<b>\$000's</b>
<u>Payroll Savings (before new FTE requests)</u>	
Increase in Payroll Vacancy (5.0% assumption) in 2022 Budget	6,650
Removal of eliminated FTEs (or expired Limited Duration posit	554
<b>Total Payroll cost reductions</b>	<b>7,204</b>
<b>Total Non-Payroll cost reductions</b>	<b>23</b>
<b>Total 2022 Baseline Cost Reductions</b>	<b>7,228</b>

**TABLE IV-7: AVIATION BASELINE BUDGET DECREASED CHARGES TO CAPITAL PROJECTS**

<b>2022 Charges to Capital compared to 2021 Approved Budget:</b>	<b>\$000's</b>
<u>Higher estimated Charges to Capital (decrease to OpExp)</u>	
AVPMG incremental consulting & OH charged to Capital	12,173
AVPMG increased payroll costs charged to Capital	2,074
All other increased Aviation payroll costs charged to Capital	699
Increase in all other Aviation non-payroll Charges to Capital	190
<b>Total increase in Charges to Capital</b>	<b>15,136</b>

**TABLE IV-8: AVIATION BASELINE BUDGET COST INCREASES**

<b>2022 Baseline Cost Increases compared to 2021 Revised Budget:</b>	<b>\$000's</b>
<u>Payroll Increases (before new FTE requests)</u>	
Non-Represented Annual Increases (Pay & Benefits)	3,597
Represented Annual Increases (Pay & Benefits)	6,010
Annualized new FTEs approved in 2021 Budget	1,393
Add New FTEs approved in 2021 (mid-year approvals)	3,197
Grade/Equity Changes	1,701
All other payroll increase/adjustments	355
<b>Total Baseline Payroll Increases</b>	<b>16,254</b>
<u>Non-Payroll Cost Increases due to revenue growth</u>	
Clubs & Lounges - higher usage/increased volume	967
Credit Card usage fee increases	906
B&O tax increase	897
<b>Total Non-Payroll Cost Increases due to revenue growth</b>	<b>2,770</b>
<u>Non-Payroll Cost Increases due to growing Capital Program</u>	
AVPMG Outside Services consulting costs (100% charged to Capital)	<b>13,970</b>
<u>Other Non-Payroll Cost Increases</u>	
AVM contract increases	3,046
Utilities increase (rate & usage)	767
Restore travel to 75% of 2020 Approved Budget	1,180
All other Non-Payroll increases to Baseline	137
<b>Other Non-Payroll Increases (zero based budgeting)</b>	<b>5,129</b>
<b>Total 2022 Baseline Cost Increases</b>	<b>38,122</b>

The following table highlights a few of the key items included in the approved additions to the 2022 Budget.

**TABLE IV-9: AVIATION APPROVED KEY ADDITIONS**

AV Priority	Purpose / Outcome	2022 Requests (in \$000's)
Health and Safety	<b>Pest Control and Waste Management</b> - UPM Pest Control Contract (Western)	627
	<b>Maintain and Improve Safety of Airport Operations Area</b> - Fire Protection and Fire Prevention	500
Community	<b>Promotional Hosting, Sponsorships and Other</b> - 2022 AAAE Annual Conference Sponsorship	650
Customer Experience	<b>Processing Passengers</b> - ACCS Contract - VIP Hospitality	4,100
	<b>Facilities Cleanliness and Appearance</b> - Airport wide window cleaning budget reinstatement	636
Environment and Sustainability	<b>Environmental Compliance</b> - Cargo Rooftop Coatings to Prevent Release of Zinc in Stormwater	563
Financial Sustainability	<b>Air Service Development</b> - 2022 New Air Service Incentives	975
Asset Management, Capital Projects, and Planning	<b>Meet the Maintenance Needs and Standards of the Existing Facilities</b> - Airline Realignment	6,578
	<b>Meet the Maintenance Needs and Standards of the Existing Facilities</b> - ADR Onsite Consultant	1,220
	<b>Meet the Maintenance Needs and Standards of the Existing Facilities</b> - Asset Management Program Development	800
	<b>Meet the Maintenance Needs and Standards of the Existing Facilities</b> - STOC Building Furniture and Equipment Acquisition	700
	<b>Meet the Maintenance Needs and Standards of the Existing Facilities</b> - 2022 Art Conservation	535
	<b>Planning for Future Facilities Needs</b> - On-Call Planning	1,775
	<b>Planning for Future Facilities Needs</b> - Sustainable Airport Master Plan (SAMP) Near-Term Projects (NTP) Environmental Review	1,500
	<b>Planning for Future Facilities Needs</b> - Utility Master Plan	700
<b>Total Non-FTE Highlights</b>		<b>\$ 21,859</b>
Total Cost of Proposed FTEs	See FTE detail in the table below (unfreezing 36.6 and 45 new)	5,478
<b>Total</b>	<b>Total of <u>highlighted</u> budget requests</b>	<b>\$ 27,337</b>
	<i>% of total budget requests shown above</i>	<i>70%</i>

The following table lists the new FTEs included in the approved additions to the 2022 Budget.

**TABLE IV-10: AVIATION APPROVED BUDGET FTE ADDITIONS**

AV Priority	Purpose / Outcome	FTEs
Health and Safety	<b>11 New Positions:</b> 4 Airfield Operations Specialists; 3 Firefighters; 1 Airport Duty Manager; 1 Alarm Tech; 1 Safety Compliance Specialist; 1 Unified Pest Management Coord	11.0
Security	<b>Unfreezing of 2 positions:</b> 1 Electronic Tech; 1 Credential Center Background Specialist <b>1 New Position:</b> 1 Aviation Security Compliance Coordinator	3.0
Innovation and Efficiencies	<b>Unfreezing of 2 positions:</b> 1 Sr Operations Controller; 1 Admin Assistant to the COO <b>1 New Position:</b> 1 Manager Airport Operations	3.0
Customer Experience	<b>Unfreezing of 15.6 FTEs:</b> 2.8 Cruise Transportation Coords; 2 Pathfinders; 1.8 Seasonal Bus Drivers; 1 Landside Spvr; 1 Parking Cashier; 1 Ground Transp Controller; 1 Airport Duty Manager; 1 F&I Intermediate Engineer; 1 Sr. Sign Graphics Design Specialist; 1 Painter; 1 Aviation Field Tech; 1 Laborer Parking/Fueler Cleaner <b>2 New Positions:</b> 1 Customer Communications Mgr; 1 DC Inventory Specialist	17.6
Financial Sustainability	<b>Unfreezing of 1 position:</b> 1 Yield Management Analyst <b>2 New Positions:</b> 1 Lease Administration Supervisor; 1 Senior Financial Analyst	3.0
Asset Management, Capital Projects, and Planning	<b>Unfreezing of 16 position:</b> 4 Operating Engineers; 3 Wiremen; 2 Carpenters; 1 Sr Mgr, AV Planning; 1 AV F&I Engineer - Communications; 1 AV F&I Architect; 1 Maint Plan/Coord; 1 AVM CIP Exp Project Liaison; 1 Utility Worker Electrical; 1 Baggage Operation System Spvr <b>28 New Positions:</b> 5 Capital Project Mgr III; 2 ORAT Mgrs; 2 Assistant Project Mgrs; 2 Capital Project Mgrs; 2 Jr Controllers; 2 Wiremen; 2 Operating Engineers; 1 ORAT Specialist; 1 Art Technician; 1 Capital Project Mgr IV; 1 Doc Controls Coordinator; 1 Estimator; 1 Program Controls Support Spvr; 1 Project Controls Tech; 1 Sr Admin Assistant; 1 Sr Project Controller; 1 Baggage Handling System Asst. Mgr.; 1 Automated Control Specialist	44.0
<b>Total</b>		<b>81.6</b>

The full list of approved additions to the 2022 Budget, both baseline and non-recurring, are explained below in the context of the Problem / Need / Opportunity they are identified to address.

**TABLE IV-11: AVIATION APPROVED BUDGET ADDITIONS**

AV Priority	Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Health and Safety	Maintain and Improve Safety of Airport Operations Area	UPM Pest Control Contract (Western)	-	627	-	627
		Fire Protection and Fire Prevention	-	-	500	500
		Fire Apparatus Maintenance Contract (additional)	-	-	400	400
		Airfield Operations Specialists	4.0	260	-	260
		Travel and Training Supplemental Funding	-	-	157	157
		Firefighters	3.0	155	-	155
		UPM Coordinator	1.0	109	-	109
		Airport Duty Manager	1.0	83	-	83
		Bunker Gear	-	-	98	98
		Safety Compliance Specialist	1.0	68	-	68
		ADA Seating STS and Respite	-	-	87	87
		Alarm Technician	1.0	74	-	74
		Airfield/Gate Striping Design Support	-	-	75	75
		LiftNet Technical Support	-	75	-	75
		Overheight Warning System Installation	-	-	67	67
		Mammal Hazard Mitigation Contractor	-	50	-	50
		UPM Coordinator Services Contract (Avisure)	-	-	50	50
		Enhanced Driver Training Material Development	-	-	48	48
		AOB: Hot Desk/Office Equip	-	-	40	40
		Bagwell Signage	-	-	30	30
		Stanchions Renew and Replacement	-	29	-	29
		Slide in Snow Sanders	-	-	26	26
		Fire Hose	-	20	-	20
		Privacy Screen Renewal and Replacement	-	-	19	19
	Facility Life-Safety Enhancements	Public Access AED Replacement	-	-	300	300
	Reduce Wildlife Strikes	Bird Trapping Contractor	-	199	-	199
		Raptor Strike Avoidance Program (RSAP) Contract	-	83	-	83
	Prepare for Emergencies	Multi-Year Preparedness/Resiliency Exercise Support	-	150	-	150
Health and Safety Total			11.0	\$ 1,983	\$ 1,897	\$ 3,880

AV Priority	Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Security	Maintain and Enhance Overall Security at the Airport	Electronic Technician	1.0	131	-	131
		Aviation Security Compliance Coordinator	1.0	108	-	108
		See Say Airport App - Annual Service / Use fee	-	-	128	128
		Credential Center Background Specialist	1.0	88	-	88
		Cell phones for AV Sec SAC/FES/CSS teams	-	-	86	86
		Regulatory "No Fly" monitoring contract	-	24	-	24
		IAF Security Lock Core Support Contract	-	20	-	20
		SEA Safety Act Certification Application Maintenance	-	-	10	10
Security Total			3.0	\$ 371	\$ 224	\$ 594

AV Priority		Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
				FTEs	Baseline	Non-Recurring	Total
Employee Engagement	Foster Employee Development and Leverage Talent	2022 Av Sec Ops Uniform	-	-	105	105	
		Right Sizing accounts	-	23	-	23	
		AVBP Team Relocation within AOB	-	-	23	23	
		Misc. Small Requests	-	-	17	17	
Employee Engagement Total			-	\$ 23	\$ 145	\$ 168	

AV Priority      Problem / Need / Opportunity      Solution			2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Community	Promotional Hosting, Sponsorships and Other	2022 AAAE Annual Conference Sponsorship	-	-	650	650
		OTF Vegetation Control	-	120	-	120
		OTF Dumping Control - Prevention	-	80	-	80
		AMAC Sponsorship	-	10	-	10
		Promotional Hosting for Airline Executives - Promo Hosting and Employee Food	-	10	-	10
	Airport Noise Mitigation	Noise Sound Insulation Homeowner Handbooks	-	-	79	79
		Ground Noise Study	-	-	36	36
		Part 150 Noise and Land Use Study Update	-	-	25	25
Community Total		-	\$ 220	\$ 790	\$ 1,010	



AV Priority	Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Innovation and Efficiencies	Keep Up with Growth of the Airport	Manager Airport Operations	1.0	121	-	121
		Sr Operations Controller	1.0	71	-	71
		Admin Assistant to COO	1.0	50	-	50
		Airport Integrated Control Center planning effort	-	-	50	50
		AOB: Surface Hubs	-	-	37	37
		AV Ops Consultant Services	-	-	30	30
		AAAE Art in the Airports	-	-	25	25
		AAAE supplemental contribution	-	-	25	25
		Common Use Bag Sizers	-	-	23	23
		AOB: Mobile Power Units	-	-	14	14
	Passenger Processing and Safety	Virtual Queueing Software	-	236	-	236
		General Signage Procurement	-	50	-	50
		Facial Recognition Consultant Procurement	-	-	15	15
	Leverage Employee Innovation to Solve Business Challenges	Crowdsourced Innovation Challenge Software	-	-	25	25
Innovation and Efficiencies Total			3.0	\$ 528	\$ 244	\$ 772

AV Priority	Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Social Responsibility	Combat Human Trafficking	Human Trafficking training	-	-	100	100
Social Responsibility Total			-	\$ -	\$ 100	\$ 100

AV Priority		Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
				FTEs	Baseline	Non-Recurring	Total
Customer Experience	Processing Passengers	ACCS Contract - VIP Hospitality	-	4,100	-	4,100	
		Cruise Transportation Coordinators	2.8	256	-	256	
		Language Line (Interpretive Services) - Budget Increases	-	-	140	140	
		Pathfinders (Airport Customer Svc Rep)	2.0	105	-	105	
		Realign SSAT and A glass Walls Post IAF	-	-	132	132	
		Airport Duty Manager - Terminal	1.0	87	-	87	
		Sr. Sign Graphics Design Spec	1.0	74	-	74	
		Landside Supervisor	1.0	71	-	71	
		Ground Transportation Controller	1.0	48	-	48	
		Parking Cashiers	1.0	46	-	46	
		Laborer Parking/Fueler Cleaner	1.0	49	-	49	
		Prospect - Wheelchair Assistance	-	55	-	55	
		Seasonal Bus Drivers	1.8	55	-	55	
		Regulatory and Informational Signage Consultant	-	-	50	50	
		Accessibility Customer Service Elevation	-	40	-	40	
		Additional stanchions for Rental Car queueing	-	-	30	30	
		Flight Information Display Design	-	-	25	25	
		Transoft Solutions Maintenance Fees	-	3	-	3	
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AV Priority	Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Customer Experience, ctd.	Facilities Cleanliness and Appearance	Airport wide window cleaning budget reinstatement	-	636	-	636
		Standard waste receptacle purchase	-	-	412	412
		Zone 1 Contract price increase	-	499	-	499
		Zone 3 contract price increase	-	465	-	465
		Smart Restroom technology subscription	-	-	140	140
		Aviation Field Technician	1.0	100	-	100
		Painter	1.0	99	-	99
		SEA Restroom Digital Signage	-	-	100	100
		AV F&I Intermediate Engineer	1.0	66	-	66
		DC Inventory Specialist	1.0	37	-	37
		NW CASCADE - Honey Buckets restrooms cell phone lot	-	13	-	13
	Strategic Customer Experience Improvements	QA Program - New Budget Request	-	270	-	270
		Replace Food Court Seating	-	-	243	243
		Customer Communications Manager	1.0	99	-	99
		Seating Replacement	-	-	84	84
		Virtual Concierge Pilot Program	-	-	65	65
		Live Music Program - ADR	-	60	-	60
		Temporary Art Exhibition	-	50	-	50
		Baseline Restoration, Terminal Education	-	35	-	35
		Rightsizing Employee Expenses - Upgrades	-	8	-	8
	Host Targeted Training to Deliver Exceptional Customer Service	Customer Service Training	-	30	-	30
Customer Experience Total			17.6	\$ 7,457	\$ 1,421	\$ 8,878

AV Priority      Problem / Need / Opportunity      Solution			2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Environment and Sustainability	Be the Greenest and Most Energy-Efficient Port in North America	Building Energy Efficiency Audit	-	-	200	200
		NREL Athena Passenger Mode Choice Model	-	-	125	125
		100% Renewable Diesel	-	80	-	80
		Baseline Restoration, Land Stewardship Program	-	75	-	75
		Transportation Mgmt Assoc Consulting Contract	-	-	75	75
		PFAS, Ongoing Investigations & Planning	-	-	60	60
		Land Stewardship Goals and Development Standards	-	-	45	45
		IWTP O&M manual	-	-	30	30
		Sustainable Project Framework Support	-	-	25	25
		Baker Tank Deicer Rental Storage	-	24	-	24
		Baseline Restoration, Green Building Support	-	20	-	20
		Baseline Restoration, Recycling Program Support	-	20	-	20
		Digital Transit Ticket Pilot Program	-	-	20	20
		Zonar installation	-	-	20	20
		Zonar app	-	8	-	8
	Environmental Compliance	Cargo Rooftop Coatings to Prevent Release of Zinc in Stormwater	-	-	563	563
		International Waste Handling and Disposal	-	290	-	290
		Baseline: Compliance & Support: SEPA/NEPA Consultant Support to non-SAMP projects	-	200	-	200
		SAMP Critical Areas Permitting & Mitigation	-	-	165	165
		Final Mitigation Performance Monitoring for Portions of the 1997 Master Plan Update	-	-	150	150
		Flight Corridor Safety Program Restoration	-	-	60	60
		Salmon Safe Recertification	-	-	17	17
Environment and Sustainability Total			-	\$ 717	\$ 1,555	\$ 2,272

AV Priority      Problem / Need / Opportunity      Solution			2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Financial Sustainability	Air Service Development	2022 New Air Service Incentives	-	-	975	975
	Keep Airline Costs Competitive Through Increased Non-Aeronautical Revenues and Improved Business Processes	Financial Consulting - SLOA_WJ Advisors	-	-	100	100
		GT Consultant for On-Demand Pilot Program	-	-	100	100
		Lease Administration Supervisor	1.0	91	-	91
		RCF Small Operator Improvements	-	-	70	70
		Rightsizing of budget for AV F&B	-	9	-	9
		Senior Financial Analyst AV	1.0	95	-	95
		TNC trip tracking module upgrade to Gatekeeper	-	-	50	50
		Yield Management Analyst	1.0	101	-	101
Financial Sustainability Total		3.0	\$ 297	\$ 1,295	\$ 1,592	

AV Priority      Problem / Need / Opportunity      Solution			2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Projects, and Planning	Meet the Maintenance Needs and Standards of the Existing Facilities	Airline Realignment	-	-	6,578	6,578
		On-Call Planning	-	-	1,775	1,775
		ADR Onsite Consultant	-	-	1,220	1,220
		Asset Management Program Development	-	-	800	800
		STOC Building Furniture and Equipment Acquisition	-	-	700	700
		Utility Master Plan	-	-	700	700
		Operating Engineers	4.0	414	-	414
		A12A Jet Bridge TRA	-	-	316	316
		Wiremen	3.0	313	-	313
		Siemens DDC Contract Increase	-	270	-	270
		Small Works Construction Services	-	250	-	250
		Webb Baggage support contract	-	200	-	200
		Park Assist Agreement	-	190	-	190
		IAF Elevator Escalator and Moving walkway	-	160	-	160
		Chiller Repair & Maintenance Contract Increase	-	150	-	150
		Planning funds for Emergency Radio System In-Building Coverage Program	-	-	150	150
		Operating Engineers	2.0	138	-	138
		Carpenters	2.0	137	-	137
		Bldg 196B Demolition	-	-	135	135
		2022 Airfield Pavement Management Program (APMP)	-	-	134	134
		Senior Manager, AV Planning	1.0	125	-	125
		SafeDock Maintenance Service Agreement	-	122	-	122
		Baggage Operation Systems Supervisor	1.0	118	-	118
		ADR Consultant	-	113	-	113
		IAF Biohazard Containers in Restrooms	-	-	110	110
		Shared Tenant Telecom Services	-	-	110	110
		Biometric Air Exit Vendor Support	-	108	-	108
		Chiller 6 Repair	-	-	100	100
		Automated Control Specialist	1.0	100	-	100
		Wiremen	2.0	90	-	90
		Utility Worker Electrical	1.0	88	-	88
		Baggage Handling System Asst. Manager	1.0	85	-	85
		Capital Project Manager III	5.0	85	-	85
		AVM CIP Exp Proj Liaison	1.0	74	-	74
		Maintenance Plan/Coor AV	1.0	74	-	74
		AV F&I Architect	1.0	72	-	72
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AV Priority	Problem / Need / Opportunity	Solution	2022 Budget Requests (in \$000's)			
			FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Projects, and Planning, ctd.	Meet the Maintenance Needs and Standards of the Existing Facilities, ctd.	AV F&I Engineer - Communications	1.0	72	-	72
		Utility Critical Spares and Repairs	-	70	-	70
		Restore Budget for utility vehicle replacements	-	63	-	63
		Replace CUSE Equipment	-	61	-	61
		ATR Consultant - SD#2 Bus & Op Coordination	-	-	50	50
		Internal Audit Recommended Software	-	50	-	50
		STS Materials One-Time Purchase	-	-	50	50
		Support EGSE Equipment	-	50	-	50
		International Arrivals Facility Landscape Maintenance & External Service Areas	-	50	-	50
		System Training	-	-	50	50
		Sr Administrative Assistant	1.0	40	-	40
		Runway Closure Lights (X lights) 3 each	-	-	40	40
		VMS Signs, 3 each	-	-	39	39
		Jr Controller	2.0	35	-	35
		Baggage Handling Control System Technical Support	-	35	-	35
		Project Controls Technician	1.0	33	-	33
		Dam Safety Sheet Piling Inspection	-	-	30	30
		Bldg 196 Complex Maintenance	-	30	-	30
		Estimator	1.0	25	-	25
		Program Controls Support Supervisor	1.0	23	-	23
		OTF Title Reports	-	20	-	20
		Capital Project Manager I	2.0	16	-	16
		Assistant Project Manager	2.0	16	-	16
		Capital Project Manager IV	1.0	14	-	14
		Sr. Project Controller	1.0	13	-	13
		Doc Controls Coordinator	1.0	10	-	10
		AAAC & SLOA V Catering	-	-	6	6
		Consultant Support for PM and Controls Services	-	-	(0)	(0)
	Complete the Sustainable Airport Master Plan (SAMP)	SAMP NTP Environmental Review	-	-	1,500	1,500
	Maintain Airport Art	2022 Art Conservation	-	-	535	535
		Art Technician	1.0	97	-	97
		One-time Art Consultant in lieu of Art Manager position	-	-	50	50
	Implement Operational Readiness and Airport Transition (ORAT)	ORAT Mgr	2.0	248	-	248
		ORAT Specialist	1.0	118	-	118
Asset Management, Capital Projects, and Planning Total			44.0	\$ 4,668	\$15,178	\$ 19,846
2022 Budget Requests - Total Proposed			81.6	\$16,264	\$22,848	\$ 39,112

**TABLE IV-12: AERONAUTICAL BUSINESS**

Aeronautical NOI	2019	2020	2021	2021	2022	Incr (Decr)	
(\$ in 000's)	Actual	Budget	Budget	Forecast	Proposed Budget	Change from 2020	%
<b>Rate Base Revenues</b>							
Airfield Movement Area	123,436	132,128	115,037	87,899	121,862	(10,266)	-7.8%
Airfield Apron Area	22,016	22,011	21,418	15,184	22,182	171	0.8%
Terminal Rents	205,283	212,943	213,147	166,593	229,371	16,428	7.7%
Federal Inspection Services (FIS)	12,321	18,162	21,454	14,373	23,522	5,359	29.5%
<b>Total Rate Base Revenues</b>	<b>363,057</b>	<b>385,245</b>	<b>371,056</b>	<b>284,048</b>	<b>396,937</b>	<b>11,691</b>	<b>3.0%</b>
Airfield Commercial Area	11,687	16,097	15,612	16,284	16,590	493	3.1%
<b>Subtotal before Revenue Sharing</b>	<b>374,744</b>	<b>401,342</b>	<b>386,668</b>	<b>300,332</b>	<b>413,527</b>	<b>12,185</b>	<b>3.0%</b>
Revenue Sharing	(17,146)	-	-	-	-	-	-
<b>Total Aeronautical Revenues</b>	<b>357,598</b>	<b>401,342</b>	<b>386,668</b>	<b>300,332</b>	<b>413,527</b>	<b>12,185</b>	<b>3.0%</b>
<b>Total Aeronautical Expenses</b>	<b>236,959</b>	<b>248,799</b>	<b>233,102</b>	<b>234,400</b>	<b>270,216</b>	<b>21,418</b>	<b>8.6%</b>
<b>Aeronautical NOI</b>	<b>120,639</b>	<b>152,544</b>	<b>153,566</b>	<b>65,932</b>	<b>143,311</b>	<b>(9,233)</b>	<b>-6.1%</b>
Debt Service	(110,945)	(62,607)	(125,747)	(48,130)	(114,432)	(51,824)	82.8%
<b>Net Cash Flow</b>	<b>9,694</b>	<b>89,936</b>	<b>27,819</b>	<b>17,802</b>	<b>28,879</b>	<b>(61,057)</b>	<b>-67.9%</b>

**TABLE IV-13: AERONAUTICAL COST DRIVERS – RATE BASE ONLY**

	2020	2021	2021	2022	Impact on Aero Revenues	
	Budget	Budget	Forecast	Proposed Budget	Change from 2020	
<b>\$ in 000's</b>	<b>Budget</b>	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>\$</b>	<b>%</b>
O&M <sup>(1)</sup>	242,981	227,420	228,844	262,723	19,742	8.1%
Federal Relief Grants O&M	-	(3,500)	(21,100)	(8,100)	(8,100)	
Net O&M	242,981	223,920	207,744	254,623	11,642	4.8%
Debt Service Before Offsets	174,455	193,302	190,120	235,151	60,696	34.8%
Debt Service PFC Offset	(62,998)	(47,549)	(57,839)	(79,803)	(16,804)	26.7%
Federal Relief Grants Debt Service	-	(29,399)	(86,778)	(44,333)	(44,333)	
Net Debt Service	111,457	116,354	45,503	111,015	(441)	-0.4%
Amortization	32,326	32,681	32,624	33,739	1,413	4.4%
Space Vacancy	(490)	(1,141)	(1,063)	(1,682)	(1,193)	243.5%
TSA Operating Grant and Other	(1,028)	(758)	(759)	(758)	270	-26.3%
<b>Rate Base Revenues</b>	<b>385,246</b>	<b>371,056</b>	<b>284,048</b>	<b>396,937</b>	<b>11,691</b>	<b>3%</b>
Commercial area	16,097	15,612	16,284	16,590	493	3%
<b>Total Aero Revenues</b>	<b>401,343</b>	<b>386,668</b>	<b>300,332</b>	<b>413,527</b>	<b>12,184</b>	<b>3%</b>

Note:

1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses.

**Aero Cost Driver Highlights (Change compared to 2020 Budget):**

- Aeronautical rate-based operating expenses increased by \$19.7M, partially offset by a \$8.1M reduction due to transferring additional Federal Relief grant to O&M from 2020 to 2022 as result of the COVID-19 pandemic recovery. Below is the breakout of the Aero Operating Expenses:
  - Aero direct O&M increase of \$18.8M (about 20% of increase is from payroll, 80% is from non-payroll)
    - Payroll increase of \$3.8M – includes aeronautical share of unfrozen (most of the frozen positions were due to the pandemic) and new positions approved 2022 budget. Payroll reflects a larger standard increase for 2022 payroll year and several larger wage increases with new negotiated represented rates.
    - Travel & Other Employee Expenses decrease of \$232K, about 32% below 2020 budget. Within the 2022 budget process, teams were allowed based on business needs to restore up to 75% of Travel & Training levels from the 2020 Budget for reinstatement and focus on development after the pandemic.
    - Outside Services Contract increase of \$17.7M increase from various contractual increases, increased scope on contracts from added space, and new contracts related to IAF opening, including; Smarte Carte IAF Service and New Custodial Contracts, plus new other new funding related to Airline Realignment; and contracts including Virtual Queuing, Cargo related, various Planning items, and other one-time expenses.
    - Other Expenses (Equipment \$38K, Utilities (\$58K), Supplies \$178K, Promo (\$193K), General/Other \$165K) increases of \$130K – includes various increases across the board due recovery after the pandemic with prior costs drastically cut.
    - Environmental Remediation Liability expense (\$1.7M) decrease – remaining \$905K budget represents: Removal for Noise Remediation (Condos), MT Space Conversions, Airfield Pavement, Airline Realignment, Zone 2 CU conversion and several smaller projects.
  - Other Division Allocations increase of \$937K
- Debt Service net decreased by \$441K:
  - Debt Service before offsets \$61M increase primarily due to: significant debt for the new International Arrivals Facility and North Satellite being in use in 2022, the refunding of the 3<sup>rd</sup> Runway debt from PFC backed bond to revenue bond in 2021, and the 2013 bond principal payment begins in 2022 for the South Terminal Expansion, Central Terminal Construction, Main Terminal Bag Screening and STEP Security Bag projects.
  - 2022 budget assumed higher PFC collections to offset debt service for the International Arrival Facilities, 3<sup>rd</sup> Runway and the North Satellite projects.
  - \$44.3M of Federal Relief grant applied to offset debt service which overall reducing most rate area requirements.
- Amortization equity, use of Airport Development Funds (ADF) to fund construction capital projects is higher \$1.4M:
  - New assets came online include: Customer Relationship Management System, Maximo Upgrade, New Budget System, Radio System Upgrade, and the Baggage Optimization.
- Space vacancy - \$1.2M increase due to an increase in unrecovered vacant space (up from 3.5k sq. ft. to 12.8k sq. ft.) cost in the Public Accessible offices.

**TABLE IV-14: NON-AERONAUTICAL BUSINESS**

Non-Aeronautical NOI (\$ in 000's)	2019 Actual	2020 Budget	2021 Budget	2021 Forecast	2022 Proposed Budget	Incr (Decr) Change from 2020 \$ %	
<b>Non-Aeronautical Revenues</b>							
Public Parking	82,125	89,485	59,597	64,576	81,169	(8,316)	-9.3%
Rental Cars	52,567	51,149	26,880	33,612	51,011	(138)	-0.3%
Ground Transportation	20,765	22,299	13,628	11,482	18,306	(3,993)	-17.9%
Airport Dining & Retail	61,615	66,145	45,936	40,381	60,267	(5,878)	-8.9%
Clubs and Lounges	10,274	10,536	6,221	4,001	8,972	(1,564)	-14.8%
Utilities	7,431	8,831	7,568	6,968	7,808	(1,023)	-11.6%
Employee Parking	10,438	10,137	9,688	9,136	10,472	335	3.3%
Tenant Marketing	1,273	1,375	969	870	1,358	(17)	-1.2%
Commercial Properties	15,773	16,660	13,713	12,370	15,540	(1,120)	-6.7%
Non-Airline Terminal Leased Space	6,398	5,700	5,248	5,882	7,329	1,629	28.6%
AOB Conference Center	462	360	-	-	80	(280)	-77.8%
Other	(82)	489	100	100	253	(236)	-48.3%
All Other	34,262	34,722	29,717	28,358	35,032	310	0.9%
<b>Total Non-Aeronautical Revenues</b>	<b>269,037</b>	<b>283,167</b>	<b>189,548</b>	<b>189,378</b>	<b>262,565</b>	<b>(20,603)</b>	<b>-7.3%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>118,286</b>	<b>128,508</b>	<b>106,806</b>	<b>106,861</b>	<b>127,510</b>	<b>(998)</b>	<b>-0.8%</b>
<b>Non-Aeronautical NOI</b>	<b>150,752</b>	<b>154,660</b>	<b>82,742</b>	<b>82,517</b>	<b>135,055</b>	<b>(19,604)</b>	<b>-12.7%</b>
Less: CFC Surplus	(6,834)	-	-	-	(5,588)	(5,588)	
<b>Adjusted Non-Aeronautical NOI</b>	<b>143,917</b>	<b>154,660</b>	<b>82,742</b>	<b>82,517</b>	<b>129,467</b>	<b>(25,192)</b>	<b>-16.3%</b>
Debt Service	(49,299)	(33,065)	(53,025)	(15,935)	(35,229)	(2,164)	6.5%
<b>Net Cash Flow</b>	<b>94,619</b>	<b>121,595</b>	<b>29,717</b>	<b>66,583</b>	<b>94,238</b>	<b>(27,356)</b>	<b>-22.5%</b>

Note:

Non-Aero Revenue shown before Concessionaire Relief grant reductions.

**Non-Aero Highlights (Change compared to 2020 Budget):**

**Non-Aero Revenue**

Non-Aeronautical Operating Revenue is recovering steadily as passenger volumes recover. However, Non-Aero Revenue is still lower than both the 2019 pre-pandemic actual performance and the 2020 Budget performance levels, since the passenger volume assumptions in the 2022 Budget are 4.7% lower than 2019 Actuals and 7.6% lower than the assumption in the 2020 Budget.

COVID-19 impacts to non-aeronautical lines of business has varied significantly, depending on the type of business and how closely that business is tied to passenger volumes as a key driver of their revenue.

Non-Aero Revenue from concession fees or transaction activity (Parking, Rental Car, Ground Transportation, Airport Dining & Retail, Clubs & Lounges, and In-flight Kitchens) has been deeply impacted by the decline in passenger volume due to this pandemic. The business recovery path for these lines of business have varied significantly during 2021 and are expected to recover at different rates in the 2022 Budget.

- Parking – strong customer preference for close-in self-parking during pandemic is expected to continue in 2022 as the preferred transportation option for the traveling public.
- Rental Cars – rental prices rose dramatically in 2021 due to limited rental vehicle fleet inventory. The 2022 Budget assumes rental car operators will gradually restore fleet size to more closely align with passenger demand and rental prices will return to pre-pandemic historical trend levels over the course of the coming year.



- Ground Transportation – customer preference shifted away from shared ride transportation options during the pandemic and has been slower to recover than other Non-Aero lines of business. The 2022 Budget assumes this line of business will continue to recover at a slightly slower rate than the return of enplanement levels.
- Airport Dining & Retail – operations were drastically impacted by the pandemic in 2020 and early 2021, both by the decline in passenger volumes and by government mandated operating restrictions including unit closures, in-person dining restrictions, and restrictions on the sale of alcohol. Business recovery during 2021 continues to be challenged by labor shortages. The 2022 Budget assumes this line of business will recover at a slightly slower rate than the return of enplanement levels due to continued labor shortages.
- Clubs & Lounges – operations were drastically impacted by the pandemic in 2020, with closures of both Port-owned lounges shortly after the initial pandemic impact in March 2020. One of the two lounges remained closed through mid-year 2021. Both Port-owned lounges are currently open and operating, with business activity growing steadily with the return of domestic passenger volumes. Full recovery to pre-pandemic levels is not expected to occur until 2023/2024, due to the slower return of international passenger volumes.
- Commercial Properties and other non-aero lines of business with revenue from real estate leases structured on a specified rate per sq. ft. for space rent have been relatively unaffected by the COVID-19 decline in enplanements. This stable revenue source has partially offset deeper revenue declines from the concession fee revenue sources.

#### Non-Aero Operating Expense

- Non-Aeronautical share of operating expenses are relatively flat compared to the 2020 Budget, with a decrease of \$1M (-0.8%). This reflects the strategic increase of operating expenses to align with returning passenger volumes.

**TABLE IV-15: NON-AERONAUTICAL KEY INDICATORS**

Non Aero Revenues per Enplanement	2020	2021	2021	2022	Incr (Decr)		Budget vs Forecast	
	Budget	Budget	Forecast	Proposed Budget	Change from 2020			
					\$	%	\$	%
Public Parking	3.36	3.27	3.37	3.29	(0.06)	-1.9%	(0.07)	-2.1%
Rental Cars - Operations	1.40	1.34	1.64	1.48	0.08	5.5%	(0.16)	-9.9%
Rental Cars - Operating CFC	0.52	0.14	0.11	0.59	0.08	14.5%	0.48	432.6%
Ground Transportation	0.84	0.75	0.60	0.74	(0.09)	-11.2%	0.14	24.1%
Employee Parking	0.38	0.53	0.48	0.42	0.04	11.8%	(0.05)	-10.8%
<b>Landside Total</b>	<b>6.49</b>	<b>6.03</b>	<b>6.19</b>	<b>6.53</b>	<b>0.04</b>	<b>0.6%</b>	<b>0.34</b>	<b>5.5%</b>
Airport Dining & Retail	2.48	2.52	2.10	2.45	(0.04)	-1.4%	0.34	16.2%
Tenant Marketing	0.05	0.05	0.05	0.06	0.00	6.8%	0.01	21.5%
Commercial Properties	0.62	0.75	0.64	0.63	0.01	0.9%	(0.01)	-2.2%
Clubs and Lounges	0.40	0.34	0.21	0.36	(0.03)	-7.9%	0.16	74.6%
Non-Airline Terminal Leased Space	0.21	0.29	0.31	0.30	0.08	39.1%	(0.01)	-3.0%
AOB Conference Center	0.01	-	-	0.00	(0.01)	-76.0%	0.00	N/A
<b>Commercial Management Total</b>	<b>3.78</b>	<b>3.96</b>	<b>3.31</b>	<b>3.80</b>	<b>0.02</b>	<b>0.4%</b>	<b>0.49</b>	<b>14.7%</b>
Utilities	0.33	0.42	0.36	0.32	(0.01)	-4.3%	(0.05)	-12.8%
Other	0.02	0.01	0.01	0.01	(0.01)	-44.1%	0.01	97.0%
<b>Total Revenue per Enplanement</b>	<b>10.62</b>	<b>10.41</b>	<b>9.87</b>	<b>10.65</b>	<b>0.03</b>	<b>0.3%</b>	<b>0.78</b>	<b>7.9%</b>
<b>ADR Sales per Enplanement</b>	<b>13.73</b>	<b>14.18</b>	<b>13.68</b>	<b>14.69</b>	<b>0.96</b>	<b>7.0%</b>	<b>1.00</b>	<b>7.3%</b>
<b>Enplanements</b> (# in 000's)	<b>26,667</b>	<b>18,216</b>	<b>19,190</b>	<b>24,648</b>	<b>(2,018)</b>	<b>-7.6%</b>	<b>5,459</b>	<b>28.4%</b>

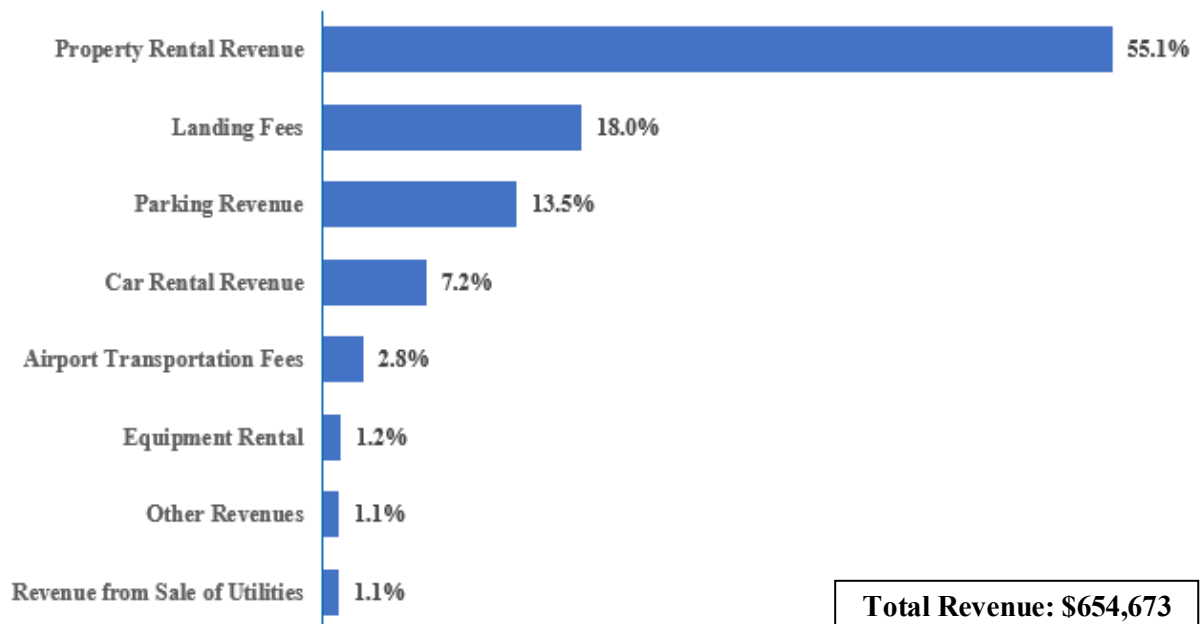
**TABLE IV-16: AVIATION REVENUE BY ACCOUNT**

(\$ in 000's)		2019	2020	2021	2022	% Change
Revenue by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Revenue</b>						
Equipment Rental		\$ 7,222	\$ 7,117	\$ 8,246	\$ 8,169	14.8%
Landing Fees		\$ 120,120	\$ 128,633	\$ 112,243	\$ 118,093	-8.2%
Airport Transportation Fees		\$ 20,472	\$ 22,005	\$ 13,434	\$ 18,203	-17.3%
Parking Revenue		\$ 89,215	\$ 96,367	\$ 67,230	\$ 88,467	-8.2%
Car Rental Revenues		\$ 48,643	\$ 47,286	\$ 23,017	\$ 46,947	-0.7%
Revenue from Sale of Utilities		\$ 6,821	\$ 7,955	\$ 6,801	\$ 7,137	-10.3%
Property Rental Revenue		\$ 305,905	\$ 346,339	\$ 318,273	\$ 360,446	4.1%
Other Revenues		28,518	28,807	26,970	7,211	-75.0%
<b>Total Operating Revenue</b>		<b>\$626,917</b>	<b>\$684,510</b>	<b>\$576,215</b>	<b>\$654,673</b>	<b>-4.4%</b>

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**FIGURE IV-5: AVIATION REVENUE BY ACCOUNT**

(\$ in 000's)



**TABLE IV-17: AVIATION OPERATING & MAINTANENCE EXPENSES BY ACCOUNT**

(\$ in 000's)		2019	2020	2021	2022	% Change
Expense by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Expense</b>						
Salaries, Wages, Benefits & Workers Compensation		\$ 149,099	\$ 162,744	\$ 155,232	\$ 170,172	4.6%
Equipment Expense		6,187	5,524	3,625	5,748	4.0%
Utilities		18,196	21,206	20,266	21,033	-0.8%
Supplies & Stock		7,641	5,694	5,360	5,889	3.4%
Outside Services		69,023	80,061	65,342	101,946	27.3%
Travel & Other Employee Expenses		2,137	2,450	640	2,039	-16.8%
Promotional Expenses		1,891	1,505	657	1,796	19.3%
Other Expenses		16,570	14,912	12,031	14,960	0.3%
<b>Total O&amp;M without Environmental</b>		<b>270,744</b>	<b>294,098</b>	<b>263,154</b>	<b>323,581</b>	<b>10.0%</b>
Environmental Remediation Liability Expense		15,900	2,648	2,001	985	-62.8%
<b>Total O&amp;M with Environmental</b>		<b>286,644</b>	<b>296,745</b>	<b>265,155</b>	<b>324,566</b>	<b>9.4%</b>
Charges to Capital/Govt/Envrs Projects		(21,886)	(27,043)	(22,679)	(37,815)	39.8%
<b>Total Operating Expense</b>	1	<b>\$264,758</b>	<b>\$269,702</b>	<b>\$242,476</b>	<b>\$286,751</b>	<b>6.3%</b>

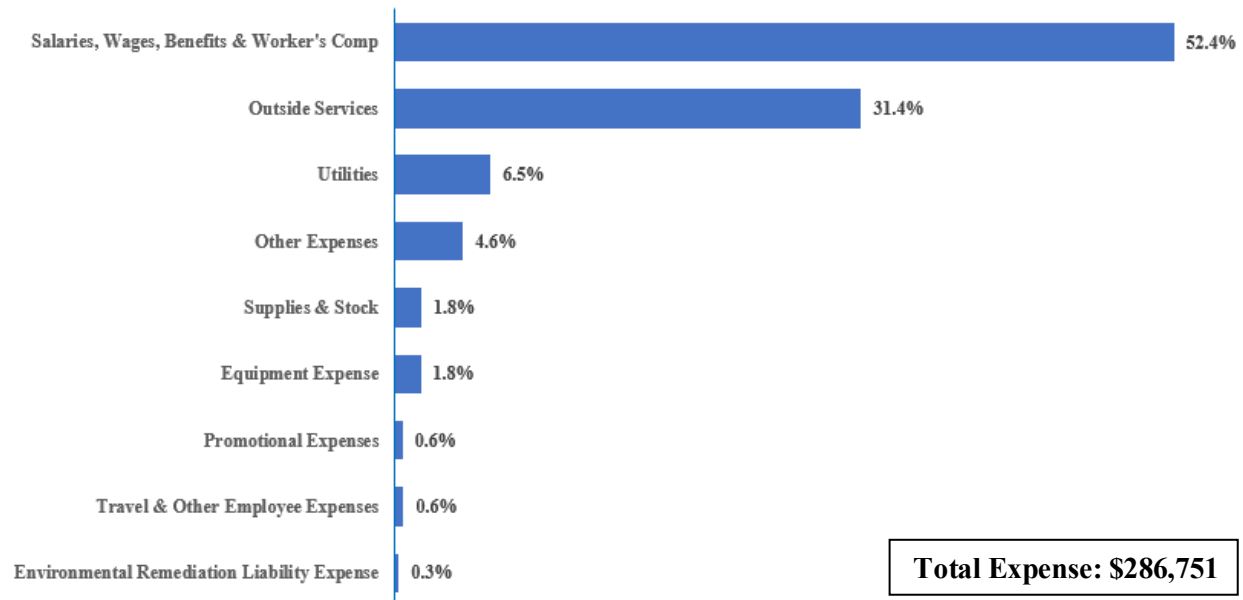
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Note:

1) Tables IV-17, 18 & 19 differ from Table IV-2, in that they only reflect the division expenses and do not include central services allocations.

**FIGURE IV-6: AVIATION EXPENSE BY ACCOUNT**

(\$ in 000's)



**TABLE IV-18: AVIATION REVENUE BY BUSINESS GROUP/DEPARTMENT**

AVIATION DIVISION (\$ in 000's)	2019	2020	2021	2022	Incr/(Decr) Change from 2020	
	Actual	Budget	Budget	Proposed Budget	\$	%
<b><u>AIRLINE REVENUES</u></b>						
<b>Rate Base Revenues</b>						
Airfield Movement Area	123,436	132,128	115,037	121,862	(10,266)	-7.8%
Airfield Apron Area	22,016	22,011	21,418	22,182	171	0.8%
Terminal Rents	205,283	212,943	213,147	229,371	16,428	7.7%
Federal Inspection Services (FIS)	12,321	18,162	21,454	23,522	5,359	29.5%
<b>Total Rate Base Revenues</b>	<b>363,057</b>	<b>385,245</b>	<b>371,056</b>	<b>396,937</b>	<b>11,691</b>	<b>3.0%</b>
Airfield Commercial Area	11,687	16,097	15,612	16,590	493	3.1%
<b>Subtotal before Revenue Sharing</b>	<b>374,744</b>	<b>401,342</b>	<b>386,668</b>	<b>413,527</b>	<b>12,185</b>	<b>3.0%</b>
Revenue Sharing	(17,146)	-	-	-	-	-
<b>Total Aeronautical Revenues</b>	<b>357,598</b>	<b>401,342</b>	<b>386,668</b>	<b>413,527</b>	<b>12,185</b>	<b>3.0%</b>
<b><u>NON-AIRLINE REVENUES</u></b>						
Public Parking	82,125	89,485	59,597	81,169	(8,316)	-9.3%
Rental Cars	52,567	51,149	26,880	51,011	(138)	-0.3%
Ground Transportation	20,765	22,299	13,628	18,306	(3,993)	-17.9%
Airport Dining & Retail	61,615	66,145	45,936	38,848	(27,297)	-41.3%
Other	51,966	54,089	43,506	51,812	(2,277)	-4.2%
<b>Total Non-Aeronautical Revenues</b>	<b>269,037</b>	<b>283,167</b>	<b>189,548</b>	<b>241,146</b>	<b>(42,021)</b>	<b>-14.8%</b>
<b>Total Operating Revenues</b>	<b>626,636</b>	<b>684,510</b>	<b>576,215</b>	<b>654,673</b>	<b>(29,837)</b>	<b>-4.4%</b>

**TABLE IV-19: AVIATION EXPENSE BY BUSINESS GROUP/DEPARTMENT**

	2019	2020	2021	2022	Incr/(Decr) Change from 2020	
	Actual	Budget	Budget	Proposed Budget	\$	%
<b>Expenses After Charges to Cap/Govt/Envrs Projects</b>						
<b><u>BUSINESS UNITS</u></b>						
Aviation Non-Ops	551	-	-	-	-	
Airport Operations	45,343	49,887	43,007	50,873	986	2.0%
Aviation Utilities	20,336	23,550	22,553	23,683	133	0.6%
AV Commercial Management	13,381	15,816	11,905	14,907	(909)	-5.7%
<b>TOTAL BUSINESS UNITS</b>	<b>79,610</b>	<b>89,253</b>	<b>77,466</b>	<b>89,463</b>	<b>210</b>	<b>0.2%</b>
<b><u>AVIATION SERVICES</u></b>						
OperationalReadinessActivation	867	1,422	1,344	847	(575)	-40.4%
Aviation Director's Office	1,703	2,412	1,644	3,356	944	39.1%
Airport Innovation	745	1,119	951	1,172	53	4.8%
Aviation Division Contingency	0	(4,300)	(2,200)	(8,850)	(4,550)	105.8%
Fire Department	17,224	18,723	17,726	20,144	1,420	7.6%
Airport Security	16,704	18,700	16,627	18,564	(136)	-0.7%
Customer Service Department	6,495	6,079	4,720	5,808	(271)	-4.5%
AV Project Management Group	3,948	5,426	2,522	13,079	7,653	141.0%
AV Maintenance	92,449	95,713	99,067	115,586	19,873	20.8%
Aviation Finance & Budget	2,587	2,878	2,683	3,032	154	5.3%
Noise Programs	817	1,012	839	1,124	111	11.0%
AV Environmental Programs Grp	5,680	6,895	4,839	7,222	327	4.7%
New Capital Development Program Depts	-	-	-	326		
<b>TOTAL AVIATION SERVICES</b>	<b>149,218</b>	<b>156,080</b>	<b>150,763</b>	<b>181,410</b>	<b>25,330</b>	<b>16.2%</b>
<b><u>AVIATION FACILITIES</u></b>						
Aviation Capital Program Mgmt	3,301	2,771	1,245	1,692	(1,079)	-38.9%
Aviation Planning	3,868	4,829	2,042	2,184	(2,645)	-54.8%
AV Facilities & Infrastructure	5,360	9,868	5,324	6,449	(3,419)	-34.6%
Aviation Signage	503	906	636	865	(41)	-4.5%
Aviation Building Department	686	1,053	1,042	1,098	45	4.3%
<b>TOTAL AVIATION FACILITIES</b>	<b>13,718</b>	<b>19,427</b>	<b>10,288</b>	<b>12,288</b>	<b>(7,139)</b>	<b>-36.7%</b>
<b><u>OTHER</u></b>						
AV Risk Expenses	4,223	2,294	1,958	2,604	310	13.5%
AV Environmental Reserve	15,900	2,648	2,001	985	(1,663)	-62.8%
Aviation Capital to Expense	2,089	-	-	-	-	
<b>TOTAL OTHER</b>	<b>22,212</b>	<b>4,942</b>	<b>3,959</b>	<b>3,589</b>	<b>(1,353)</b>	<b>-27.4%</b>
<b>Total Operating Expenses (Org Basis)</b>	<b>264,758</b>	<b>269,702</b>	<b>242,476</b>	<b>286,751</b>	<b>17,049</b>	<b>6.3%</b>

**TABLE IV-20: FEDERAL RELIEF GRANT USE PLAN – ALLOCATION BY COST CENTER**

<u>SEA Grant Summary</u>				
Grants Awarded:	<u>2020</u>	<u>2021</u>	<u>Total</u>	
CARES	\$192.1		\$192.1	
CRRSA		\$37.4	\$37.4	
ARPA		\$154.4	\$154.4	
	<u>\$192.1</u>	<u>\$191.7</u>	<u>\$383.9</u>	
<i>*excludes concessions grants</i>				
Grants Applied	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
<u>Airline Benefit</u>				
Airfield Movement Area	\$32.3	\$37.5	\$11.8	\$81.6
Airfield Apron Area	\$7.7	\$9.3	\$5.6	\$22.6
Terminal Building **	\$28.7	\$20.6	\$12.6	\$62.0
Federal Inspection Services **	\$12.9	\$29.4	\$16.6	\$58.8
Baggage System	\$10.4	\$7.4	\$3.5	\$21.2
Gate Utilities	\$4.2	\$4.4	\$2.8	\$11.4
Others	\$4.3	\$3.2	\$1.7	\$9.2
<b>Total Airline Benefit</b>	<b>\$100.5</b>	<b>\$111.7</b>	<b>\$54.6</b>	<b>\$266.8</b>
<u>Non-Airline Benefit **</u>	\$46.6	\$49.0	\$21.5	\$117.1
<b>Total Federal Funding Applied</b>	<b>\$147.1</b>	<b>\$160.7</b>	<b>\$76.1</b>	<b>\$383.9</b>
<b>Cumulative Remaining</b>	<b>\$45.0</b>	<b>\$76.1</b>	<b>\$0.0</b>	<b>\$0.0</b>
Airline Benefit	68%	70%	72%	69%
Non-Airline Benefit **	32%	30%	28%	31%
<b>Grant Usage</b>				
Debt Service	\$103.9	\$128.8	\$66.3	\$299.0
O&M	\$43.3	\$31.9	\$9.8	\$84.9
** Grants are shown after allocations				

- The total Federal Relief grants consists of \$383.9 million for airport and \$26.7 million for Concessions grants
- Federal Relief Grants are used to offset debt service and operating expenses

**E. STAFFING**

**TABLE IV-21: AVIATION STAFFING**

STAFFING (Full-Time Equivalent Positions) BUSINESS GROUP/DEPARTMENT	2020 Actuals	2021 Budget	2021 Est. Actual	2022 Proposed Budget	% Change 2022 Bud vs 2021 Bud
<u>AIRPORT OPERATIONS</u>					
Aeronautical Business Group	83.0	84.0	84.0	97.0	15.5%
Landside Business Group	132.5	139.5	140.5	148.1	6.2%
<b>Airport Operations</b>	<b>215.5</b>	<b>223.5</b>	<b>224.5</b>	<b>245.1</b>	<b>9.7%</b>
<u>COMMERCIAL MANAGEMENT</u>					
Aviation Properties	12.0	13.0	13.0	14.0	7.7%
Airport Dining & Retail	10.2	11.2	12.2	12.2	8.9%
AV Commercial Management	4.0	4.0	4.0	4.0	0.0%
Parking Revenue Management	2.0	2.0	2.0	3.0	50.0%
AV Commercial Mgmt & Analysis	2.0	2.0	2.0	2.0	0.0%
Airport Office Building Mgmt	6.0	6.0	7.0	7.0	16.7%
Utilities	4.0	4.0	4.0	4.0	0.0%
<b>Commercial Management</b>	<b>40.2</b>	<b>42.2</b>	<b>44.2</b>	<b>46.2</b>	<b>9.5%</b>
<u>AVIATION SERVICES</u>					
Airport Director's Office	5.0	7.0	8.0	10.0	42.9%
Airport Innovation	4.0	5.0	5.0	5.0	0.0%
Fire Department	99.0	100.0	101.0	105.0	5.0%
Aviation Finance & Budget	16.0	16.0	16.0	17.0	6.3%
Aviation Environmental Programs	17.0	17.0	18.0	18.0	5.9%
Aviation Noise	5.0	6.0	7.0	7.0	16.7%
Customer Service	31.2	31.2	33.2	36.2	0.0%
Airport Security	179.5	179.5	181.5	183.5	2.2%
Maintenance	412.0	415.0	416.0	440.0	6.0%
Aviation Project Management	56.0	56.0	65.0	83.0	48.2%
<b>Total Aviation Services</b>	<b>824.7</b>	<b>832.7</b>	<b>850.7</b>	<b>904.7</b>	<b>8.6%</b>
<u>AV FACILITIES &amp; CAPITAL PROGRAMS</u>					
Capital Dev Prog Mgmt	7.0	7.0	7.0	7.0	0.0%
Aviation Planning	4.0	4.0	4.0	5.0	25.0%
Facilities & Infrastructure	20.0	22.0	22.0	25.0	13.6%
AV Signage	5.0	5.0	5.0	6.0	20.0%
Aviation Building Department	8.0	8.0	8.0	8.0	0.0%
<b>Total Facilities</b>	<b>44.0</b>	<b>46.0</b>	<b>46.0</b>	<b>51.0</b>	<b>10.9%</b>
<b>TOTAL AVIATION DIVISION BUDGET STAFFING</b>	<b>1,124.4</b>	<b>1,144.4</b>	<b>1,165.4</b>	<b>1,247.0</b>	<b>9.0%</b>
Frozen/Unfunded Positions Excluded from Budget	120.3	102.3	87.3	19.2	
Intern FTEs transferred to HR	7.8				
<b>AVIATION DIVISION including Unfunded FTEs</b>	<b>1,252.5</b>	<b>1,246.8</b>	<b>1,252.8</b>	<b>1,266.3</b>	

Table IV-22 outlines the full-time equivalent staffing (FTEs) in the 2022 Budget for the Aviation division. The Aviation 2022 Budget is based on funding for 1,247 FTEs, which is 9.0% higher than the 2021 Budget and equal to the staffing level in the pre-pandemic 2020 Budget, as shown in the FTE graph in Figure IV-8. The increase in FTEs reflects the staffing needs of the airport as it returns to near pre-pandemic activity levels and is necessary to support the airports growing capital program.

**TABLE IV-22: AVIATION FULL-TIME EQUIVALENT STAFF POSITIONS (FTEs) – SUMMARY OF CHANGES**

The below table is a summary of all changes in Aviation FTEs from the 2020 Budget to the 2021 Budget to the 2022 Proposed Budget.

CHANGES IN FTEs	
Approved 2020 Budget FTEs (pre-pandemic)	1,246.7
Vacant FTEs frozen & unfunded	<u>(102.3)</u>
FTEs funded in 2021 Budget	1,144.4
New FTEs approved mid-year	6.0
Unfreeze FTEs approved mid-year	<u>15.0</u>
Net change during 2021	21.0
Unfreeze FTE Requests	36.6
New FTE Requests	<u>45.0</u>
Proposed additional FTEs in 2022 Budget	81.6
Proposed FTEs in 2022 Budget	1,247.0

<b><u>Status of Frozen Positions in 2021 Budget:</u></b>	
Unfreeze FTEs approved mid-year	15.0
Unfreeze FTEs requested in 2022 Budget	36.6
Frozen FTEs remaining frozen & unfunded	19.2
Frozen FTEs permanently eliminated	<u>31.5</u>
Summary Frozen Positions in 2021 Budget:	102.3



**TABLE IV-23: AVIATION PROPOSED NEW STAFFING**

The table below provides a detailed listing of the proposed new FTEs in the 2022 Budget. This list includes both “new” positions that didn’t exist in the prior year, and a list of specific vacant positions which were identified to unfreeze and hire in 2022.

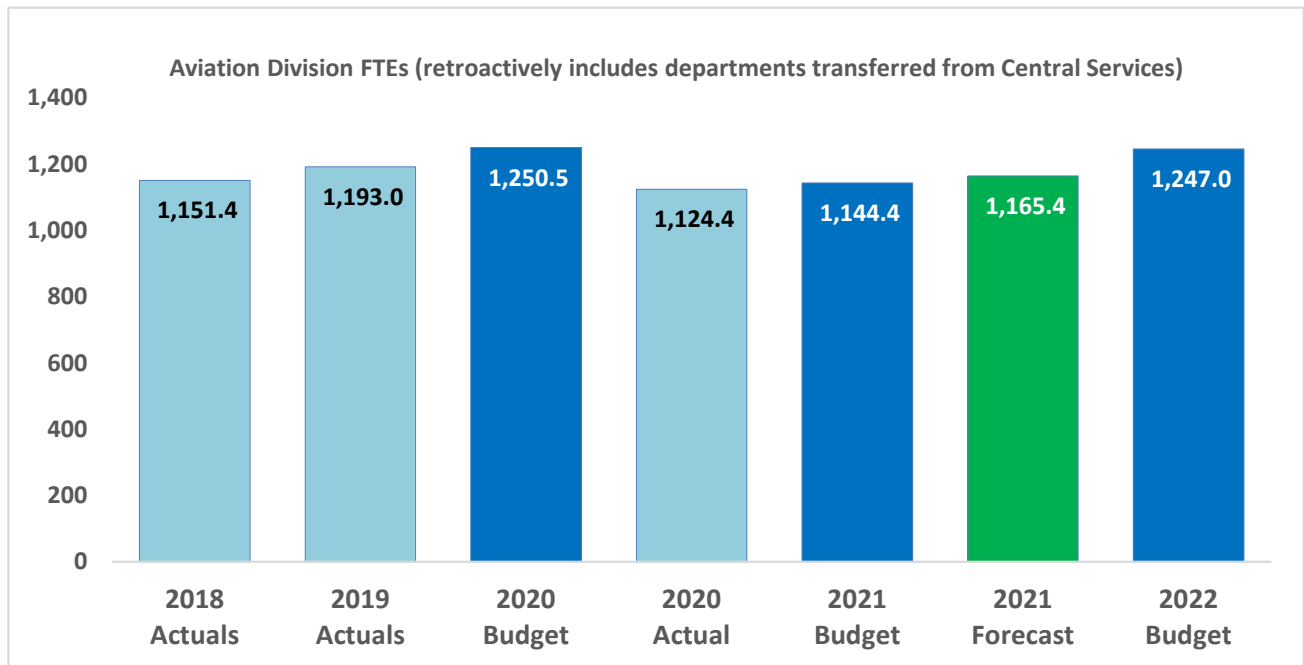
2022 Budget Ask	DeptID	Department Name	Job Title	FTEs
Unfreeze	3343	Credential Center	Credential Center Background Specialist	1.00
	3412	Landside Ops	Landside Supervisor	1.00
	3420	Public Parking	Parking Cashiers	1.00
	3430	Rental Car	Seasonal Bus Driver	1.80
	3450	Ground Transportation	AV Ops Cruise Transp Coord	2.80
	3450	Ground Transportation	Ground Transportation Controller	1.00
	3675	Parking Revenue Mgmt	Yield Management Analyst	1.00
	3830	Combined Communic/Controls Ctr	Sr Operations Controller	1.00
	3840	Terminal Operations	Airport Duty Manager	1.00
	4100	Airport Director's Office	Admin Assistant to COO	1.00
	4230	Customer Care	Pathfinders (Airport Customer Svc Rep)	2.00
	4530	Aviation Planning	Senior Manager, AV Planning	1.00
	4560	Facilities & Infrastructure	AV F&I Engineer	1.00
	4560	Facilities & Infrastructure	AV F&I Intermediate Engineer	1.00
	4560	Facilities & Infrastructure	AV F&I Architect	1.00
	4561	AV Sign Shop	Sr. Sign Grphcs Dsgn Specialist	1.00
	4592	Aviation Maintenance	AVM CIP Exp Proj Liaison	1.00
	4592	Aviation Maintenance	Maintenance Plan/Coordinator	1.00
	4593	Aviation Maintenance	Aviation Field Technician	1.00
	4593	Aviation Maintenance	Carpenters	2.00
	4593	Aviation Maintenance	Laborer Parking/Fueler Cleaner	1.00
	4593	Aviation Maintenance	Painter	1.00
	4594	Aviation Maintenance	Electronic Technician	1.00
	4594	Aviation Maintenance	Utility Worker Electrical	1.00
	4594	Aviation Maintenance	Wiremen	3.00
	4595	Aviation Maintenance	Baggage Operation Systems Supervisor	1.00
	4595	Aviation Maintenance	Operating Engineer	4.00
Unfreeze Total				36.60

Continued from prior page:				
2022 Budget Ask	DeptID	Department Name	Job Title	FTEs
New FTE	3110	AV Operations Director	Manager Airport Operations	1.00
	3320	Airfield Ops	Airfield Operations Specialists	4.00
	3320	Airfield Ops	Airport Duty Manager	1.00
	3320	Airfield Ops	UPM Coordinator	1.00
	3340	AV Security Administration	Aviation Security Compliance Coordinator	1.00
	3610	Aviation Properties	Lease Administration Supervisor	1.00
	3833	AV Safety Management	Safety Compliance Specialist	1.00
	3870	Operational Readiness Activation Transition	ORAT Mgr	2.00
	3870	Operational Readiness Activation Transition	ORAT Specialist	1.00
	4100	Airport Director's Office	Art Technician	1.00
	4200	Customer Service	Customer Communications Manager	1.00
	4400	Fire Dept.	Alarm Technician	1.00
	4400	Fire Dept.	Firefighter	3.00
	4540	AV Finance & Budget	Senior Financial Analyst AV	1.00
	4550	AV Project Mgmt Group	Assistant Project Manager	2.00
	4550	AV Project Mgmt Group	Capital Project Manager I	2.00
	4550	AV Project Mgmt Group	Capital Project Manager III	5.00
	4550	AV Project Mgmt Group	Capital Project Manager IV	1.00
	4550	AV Project Mgmt Group	Doc Controls Coordinator	1.00
	4550	AV Project Mgmt Group	Estimator	1.00
	4550	AV Project Mgmt Group	Jr Controller	2.00
	4550	AV Project Mgmt Group	Program Controls Support Supervisor	1.00
	4550	AV Project Mgmt Group	Project Controls Technician	1.00
	4550	AV Project Mgmt Group	Sr Administrative Assistant	1.00
	4550	AV Project Mgmt Group	Sr. Project Controller	1.00
	4592	Aviation Maintenance	DC Inventory Specialist	1.00
	4594	Aviation Maintenance	Automated Control Specialist	1.00
	4594	Aviation Maintenance	Wiremen	2.00
	4595	Aviation Maintenance	Baggage Handling System Asst. Manager	1.00
	4595	Aviation Maintenance	Operating Engineer	2.00
<b>New FTE Total</b>				<b>45.00</b>
<b>Grand Total</b>				<b>81.60</b>

# **FIGURE IV-7: AVIATION FTEs**

The graph below provides an overview of airport FTEs over a five-year period, and intentionally excludes those FTEs held vacant and unfunded in the 2020 Forecast and the 2021 Budget in order to provide visibility to staffing/hiring decisions which reduced payroll costs without implementing personnel layoffs or furloughs.

This graph also retroactively reflects the transfer of (4) Central Services departments to the Aviation division in 2020 and 2021 for reporting purposes. The transferred departments, which have exclusively supported the airport over this time period and have historically direct charged 100% of their department costs to the Aviation division, are: Aviation Project Management Group, Aviation Finance & Budget, Aviation Environmental Programs, and Aviation Noise.



## F. CAPITAL BUDGET

The business assessment at the beginning of this section provides the context for the following capital budget for the Aviation Division.

The Aviation Division’s capital plan for 2022 – 2026 calls for spending of \$3.9B. Six mega projects account for \$1.5B of the spending: North Satellite Renovation & North Satellite Transit Station Lobbies, Baggage Recapitalization/Optimization, the International Arrivals Facility, C1 Building Floor Expansion, South Satellite Renovation, and North Main Terminal Redevelopment. Twenty-five projects totaling \$776 million spending through 2026 were proposed for inclusion as “business plan prospective.” A total of \$203M is included for the preliminary planning and design of the Sustainable Airport Master Plan (SAMP). A total of \$111M remains in the Reserve Capital Improvement Projects (CIPs), which is undesignated future spending that will account for undefined future projects or budget increases to existing projects. The CIP Reserve is implemented for the 2022 budget to adjust the cash-flow to reflect projects’ spending trends.

**TABLE IV-24: AVIATION PROPOSED CIP**

	2021 FCST	Cash Flows (Figures in \$000s)					
		2022	2023	2024	2025	2026	2022 - 26 TOTAL
<b>Mega Projects</b>							
Baggage Optimization	105,610	104,000	112,000	111,800	113,000	115,000	555,800
North MT Redevelopment	6,612	38,575	93,123	122,403	89,120	167	343,388
SSAT Renovation/Renewal	1,534	1,571	26,045	34,154	140,625	121,667	324,062
C1 Building Floor Expansion	9,100	50,155	31,983	42,698	88,512	62,957	276,305
NSAT	84,602	27,347	-	-	-	-	27,347
International Arrivals Facility	68,439	20,509	-	-	-	-	20,509
Subtotal - Mega Projects	<u>275,897</u>	<u>242,157</u>	<u>263,151</u>	<u>311,055</u>	<u>431,257</u>	<u>299,791</u>	<u>1,547,411</u>
<b>Other Capital Projects</b>	202,890	326,204	360,407	355,766	226,757	74,666	1,343,800
<b>SAMP Preliminary Planning / Design</b>	2,692	8,471	31,059	54,095	60,000	49,000	202,625
<b>Proposed New Projects</b>	1,863	33,790	79,203	134,326	202,930	325,598	775,847
<b>CIPs Reserves</b>	-	-	12,000	23,000	33,000	43,000	111,000
<b>Subtotal</b>	<u>483,342</u>	<u>610,622</u>	<u>745,820</u>	<u>878,242</u>	<u>953,944</u>	<u>792,055</u>	<u>3,980,683</u>
<b>CIP Cashflow Adj Reserve</b>	-	(95,810)	57,486	38,324	-	-	-
<b>Total Proposed CIP</b>	<b>483,342</b>	<b>514,812</b>	<b>803,306</b>	<b>916,566</b>	<b>953,944</b>	<b>792,055</b>	<b>3,980,683</b>

- Six mega projects account for \$1.5B
- Proposing 25 new projects totaling \$775.8M spending through 2026
- Budget includes place-holder spending for undefined future projects (called “Allowance CIPs”): \$111M
- Proposing SAMP preliminary planning/design spending of \$202.6M through 2025 (\$300M total)
- Besides preliminary planning/design funds, budget does not include potential projects to be identified by Sustainable Airport Master Plan (SAMP)

**TABLE IV-25: AVIATION CAPITAL PROJECTS:**

		2021 FCST	Cash Flows (Figures in \$000s)					2022 - 26 TOTAL
Capital Projects	CIP		2022	2023	2024	2025	2026	
<b>Construction Authorized (Status 5-6)</b>								
Checked Bag Recap/Optimization	C800612	105,610	104,000	112,000	111,800	113,000	115,000	555,800
2021-25 AFLD Pvmnt&Spprt Infr	C800930	27,543	41,814	26,107	32,224	20,007	3,067	123,219
Upgrades STS Train Control	C801043	1,262	15,117	27,660	23,260	8,462	-	74,499
Restroom Upgrades Conc B, C, D	C800697	11,482	14,545	9,793	5,621	2,193	-	32,152
NS NSAT Renov NSTS Lobbies	C800556	84,602	27,347	-	-	-	-	27,347
International Arrivals Fac-IAF	C800583	68,439	20,509	-	-	-	-	20,509
Subtotal		298,938	223,332	175,560	172,905	143,662	118,067	833,526
Other Construction Authorized Capital Projects	Multiple	127,873	110,535	56,797	37,759	17,217	7,255	229,563
<b>Total - Construction Authorized</b>		<b>426,811</b>	<b>333,867</b>	<b>232,357</b>	<b>210,664</b>	<b>160,879</b>	<b>125,322</b>	<b>1,063,089</b>
<b>Design Authorized (Status 4)</b>								
North MT Redevelopment	C801204	6,612	38,575	93,123	122,403	89,120	167	343,388
C1 Building Floor Expansion	C800845	9,100	50,155	31,983	42,698	88,512	62,957	276,305
Apartment Sound Insulation	C200096	17	4,656	16,473	32,976	41,746	30,307	126,158
MT Low Voltage Sys Upgrade	C800061	3,703	21,300	18,700	17,700	16,200	5,283	79,183
Art Pool	C102066	506	3,551	5,454	6,161	6,522	4,769	26,457
Other Design Authorized Capital Projects	Multiple	25,839	80,852	132,287	106,653	43,636	2,356	365,784
<b>Total - Design Authorized</b>		<b>45,777</b>	<b>199,089</b>	<b>298,020</b>	<b>328,591</b>	<b>285,736</b>	<b>105,839</b>	<b>1,217,275</b>
<b>Pending Authorization (Status 2-3)</b>								
SSAT Renovation/Renewal	C801203	1,534	1,571	26,045	34,154	140,625	121,667	324,062
Utility Master Plan Allowance	C801267	-	-	19,000	30,000	61,000	97,000	207,000
Main Terminal Improvement Prog	C801266	536	4,593	14,159	21,202	28,850	101,189	169,993
Conc HVAC renewal & replace	C801265	20	2,537	5,680	17,434	36,258	54,229	116,138
Other Pending Capital Projects	Multiple	8,664	68,965	150,559	236,197	240,596	186,809	883,126
<b>Total - Pending Authorization</b>		<b>10,754</b>	<b>77,666</b>	<b>215,443</b>	<b>338,987</b>	<b>507,329</b>	<b>560,894</b>	<b>1,700,319</b>
Subtotal		<b>483,342</b>	<b>610,622</b>	<b>745,820</b>	<b>878,242</b>	<b>953,944</b>	<b>792,055</b>	<b>3,980,683</b>
CIP Cashflow Adj Reserve	C801141	-	(95,810)	57,486	38,324	-	-	-
<b>Grand Total</b>		<b>483,342</b>	<b>514,812</b>	<b>803,306</b>	<b>916,566</b>	<b>953,944</b>	<b>792,055</b>	<b>3,980,683</b>

\* Cash flows and budgets are preliminary and may substantially change.

### Descriptions of Capital Projects:

- **Checked Baggage Recap/Optimization:** Replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity
- **Airfield Pavement Replacement:** Provide budget for annual replacement of aging airfield pavement and joint seals
- **Upgrades STS Train Control:** The Satellite Transit System (STS) is a critical piece of infrastructure that moves passengers from the main terminal to the satellite concourses. The Automatic Train Control and Communication Subsystem needs to be upgraded. The system was installed in 2003 and is the first generation of CITYFLO 650. The hardware is approaching the end of its useful life
- **International Arrivals Facility:** Build a new Federal Inspection Service (FIS) facility on the east side of Concourse A in order to expand capacity to process arriving international passengers
- **NS NSAT Renov NSTS Lobbies:** Renovate/expand the North Satellite to address seismic concerns, upgrade HVAC and lighting, upgrade fixtures, and add eight gates
- **Widen Arrivals Roadway:** Widen the approach to the Arrivals curbside area from two to three lanes. The total improvement area could extend from Air Cargo Rd to the north Rental Car Bus curb. The existing 4th floor entrance ramp from the Departures curbside to the Main Garage will be demolished
- **North Main Terminal Redevelopment:** Redevelop space at the north end of the Main Terminal Ticketing Level of the Airport to improve passenger processing, security throughput, and to elevate the overall passenger experience

- C1 Building Floor Expansion: Construct three additional floors on top of the airport's C1 building to meet space needs for passenger restrooms, concessions, passenger lounges and other tenant offices
- MT Low Voltage System Upgrade: This project covers the renewal and replacement of low voltage (600 volts and below) distribution switchboards, transformers, feeders, panels, motor control centers and tenant metering. The work includes areas in the Main Terminal served by Center and South power centers
- SSAT renovation/renewal: Upgrade systems, reprogram the public facing areas, and add duty free, retail, and dining opportunities

**TABLE IV-26: AVIATION PROPOSED NEW PROJECTS**

# of Projects	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2022 - 26 TOTAL
			2022	2023	2024	2025	2026	
17	Asset Stewardship	1,295,326	27,592	52,624	97,058	134,767	209,380	521,421
0	Capacity	-	-	-	-	-	-	-
5	Safety/Security	54,530	5,386	7,451	6,590	7,129	19,218	45,774
1	Customer experience	1,200	720	-	-	-	-	720
1	Community & Environment	932	92	128	678	34	-	932
1	Reserves	238,392	-	19,000	30,000	61,000	97,000	207,000
25	<b>TOTAL</b>	<b>1,590,380</b>	<b>33,790</b>	<b>79,203</b>	<b>134,326</b>	<b>202,930</b>	<b>325,598</b>	<b>775,847</b>

- A total of 25 projects were submitted to the Aviation Investment Committee for approval; 25 were approved
- The proposed projects do not include projects that will come out of SAMP

## I. Asset Stewardship

**TABLE IV-27: AVIATION ASSET STEWARDSHIP PROJECTS**

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2022 - 26 TOTAL
				2022	2023	2024	2025	2026	
1	C801266	Main Terminal Improvement Prog	800,000	4,593	14,159	21,202	28,850	101,189	169,993
2	C801265	Conc HVAC renewal & replace	255,000	2,537	5,680	17,434	36,258	54,229	116,138
3	C801234	IWTP Program	100,000	6,765	6,883	24,192	31,788	29,740	99,368
4	C801240	Utility Meter Networking	35,525	1,137	3,274	3,300	12,795	12,972	33,478
5	C801280	Concourse Low Voltage Upgrades	28,350	2,224	10,477	13,345	1,976	-	28,022
6	C801256	2022 Eastside Firestation	20,000	5,000	5,000	5,000	5,000	-	20,000
7	C801225	400HZ Replacement Conc C & D	16,500	-	838	2,298	5,301	6,875	15,312
8	C801231	Building 161 D Retrofit	11,313	717	1,881	3,713	4,394	608	11,313
9	C801223	DA and Condensate Sys Upgrades	9,805	-	787	1,588	4,381	3,049	9,805
10	C801236	M.Terminal Exterior wall rehab	7,585	560	1,360	2,777	2,790	97	7,584
11	C801230	Boiler Room Upgrades	3,410	461	835	1,502	612	-	3,410
12	C801224	1947 Water Main - DBB	2,263	764	992	506	1	-	2,263
13	C801239	Sanitary Pipe Replacement	2,000	84	133	201	621	621	1,660
14	C801233	Inform RMS Upgrade	1,300	975	325	-	-	-	1,300
15	C801271	JOC Water Tank Replace	1,100	600	-	-	-	-	600
16	C801228	AV Maintenance Lift Truck	800	800	-	-	-	-	800
17	C801229	AVI Readers Refresh	375	375	-	-	-	-	375
<b>TOTAL</b>			<b>1,295,326</b>	<b>27,592</b>	<b>52,624</b>	<b>97,058</b>	<b>134,767</b>	<b>209,380</b>	<b>521,421</b>

- 1. Main Terminal Improvement:**  
The primary focus of the Main Terminal Program is to address code compliance issues and renewal replacement of critical systems in the Main Terminal.
- 2. Conc HVAC renewal & replace:**  
Primary focus is replacement of the existing HVAC system and to provide smoke control in the concourses.
- 3. IWTP Program:**  
Scope currently includes installing a pretreatment system, segregation of lagoon 3 to high and low BOD storage. This work is necessary for compliance with the Airport's permit.
- 4. Utility Meter Networking:**  
Scope includes software solution for energy management and replacing end of life meters. This work is necessary for compliance with the Washington Clean Buildings Act and other recent code changes.
- 5. Concourse Low Voltage Upgrades:**  
This project will renew and replace existing normal and emergency low voltage electrical distribution equipment within Conc B, C, and D. Replacement will include panelboards, motor control centers, switchboard, feeders, meters, and transformers. New metering will be provided in replaced panelboards.
- 6. 2022 Eastside Fire station:**  
This project will upgrade the HVAC system to provide the necessary heating and cooling to the building. This will bring the facility infrastructure up-to-date and provide necessary upgrades for employee health and well-being.
- 7. 400HZ Replacement Conc C & D:**

Replacement of (4) 400hz motor generators machines, addition of (4) 400hz gate boxes; replacement of (10) failing gate boxes

8. Building 161 D Retrofit:  
Upgrade the building systems that are beyond useful life and failing.
9. DA and Condensate Sys Upgrades:  
This project will replace the DA and condensate tanks and associated equipment to continue to provide hot water and heat to the terminal.
10. M. Terminal Exterior wall rehab:  
Rehabilitation of the 4th floor exterior wall to prevent water intrusion causing mold to the interior building, and replacement of air handler for HVAC that serves the 4th floor.
11. Boiler Room Upgrades:  
Upgrade controls for boilers 1, 2, 3, which are end of life, replacement of failing steam meters, modifications to boiler #4.
12. 1947 Water Main - DBB:  
Renewal & replacement of an existing 1947 water main located under the North Airport Expressway.
13. Sanitary Pipe Replacement:  
Renewal & replacement of sanitary pipe mains serving the Main Terminal, South Satellite, B, C, and D concourses.
14. Inform RMS Upgrade:  
System is critical for airport operations, this will complete the upgrade of the software, hardware and system interfaces.
15. JOC Water Tank Replace:  
Replacement of two water tanks at the SSAT. One has failed already and the second tank is also at risk of failure.
16. AV Maintenance Lift Truck:  
Replacement of existing lift truck that is over 30 years old. Lift truck is required for replacing lighting in the airfield and cargo areas, as well as used for signs, pole replacement, and cleaning.
17. AVI Readers Refresh:  
Replacement of the existing AVI readers that are at end of life.



## II. Community & Environment

**TABLE IV-28: AVIATION COMMUNITY & ENVIRONMENT PROJECTS**

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2022 - 26 TOTAL
				2022	2023	2024	2025	2026	
1	C801232	EV Chargers for AV Fleet	932	92	128	678	34	-	932
		<b>TOTAL</b>	932	92	128	678	34	-	932

### 1. EV Chargers for AV Fleet

This will add four 80-amp rapid chargers adjacent to concourse A, and ten 40-amp chargers to the fleet area in the main garage. This supports the Port's sustainable fleet plan to reduce.

## III. Customer Experience

**TABLE IV-29: AVIATION CUSTOMER EXPERIENCE PROJECTS**

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2022 - 26 TOTAL
				2022	2023	2024	2025	2026	
1	C801272	SEA Virtual Queue	1,200	720	-	-	-	-	720
		<b>TOTAL</b>	1,200	720	-	-	-	-	720

### 1. SEA Virtual Queue

This project will expand the current pilot program for Virtual Queuing at the SEA security checkpoints to include all checkpoints where feasible, all airlines, automated flight information and checkpoint wait time interfaces, gates, and SEA mobile application integration.

## IV. Safety and Security

**TABLE IV-30: AVIATION SAFETY AND SECURITY PROJECTS**

#	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2022 - 26 TOTAL
				2022	2023	2024	2025	2026	
1	C801226	AFLD Lighting/Auto FOD Detecti	35,500	-	593	1,251	5,690	19,211	26,745
2	C801227	Airfield Snow Equipment	8,620	4,310	4,310	-	-	-	8,620
3	C801238	Public Access DAS Upgrade	5,600	510	1,717	2,962	411	-	5,600
4	C801235	Learning center Re-roof	3,010	319	678	1,525	488	-	3,010
5	C801237	Mid Field Checkpoints	1,800	247	153	852	540	7	1,799
		<b>TOTAL</b>	54,530	5,386	7,451	6,590	7,129	19,218	45,774

### 1. AFLD Lighting/Auto FOD:

This project will add LED lighting to 16R and L, FOD Detection (including the base and additional modules of continuous video recording and snow/ ice detection) and add additional software modules for continuous video recording & ice detection of RW16C.

### 2. Airfield Snow Equipment

Replacement of aged snow equipment and add equipment for additional ramp snow operations.

### 3. Public Access DAS Upgrade

Replacement of 13 end-of-life bi-directional amplifiers and are required for in-building radio system.

4. Learning center Re-roof  
Reroof of building 196C. Current roof is failing.
5. Mid Field Checkpoints  
This project is to ensure regulatory compliance and adaptation of full employee screening at the North and South Areas, around the AOA to secured area boundaries.

**V. Reserve**

**TABLE IV-31: AVIATION RESERVE**

#	CIP	Description	Cost	Cash Flows (Figures in \$000s)					2022 - 26
			Estimate	2022	2023	2024	2025	2026	TOTAL
1	C801267	Utility Master Plan Allowance	238,392	-	19,000	30,000	61,000	97,000	207,000
		<b>TOTAL</b>	238,392	-	19,000	30,000	61,000	97,000	207,000

1. Utility Master Plan Allowance  
The utility master plan evaluation is identifying work that is required for maintaining the existing systems, provided resiliency, and those necessary to provide capacity for the future. The focus of utility master plan is on the main service lines and trunk lines.

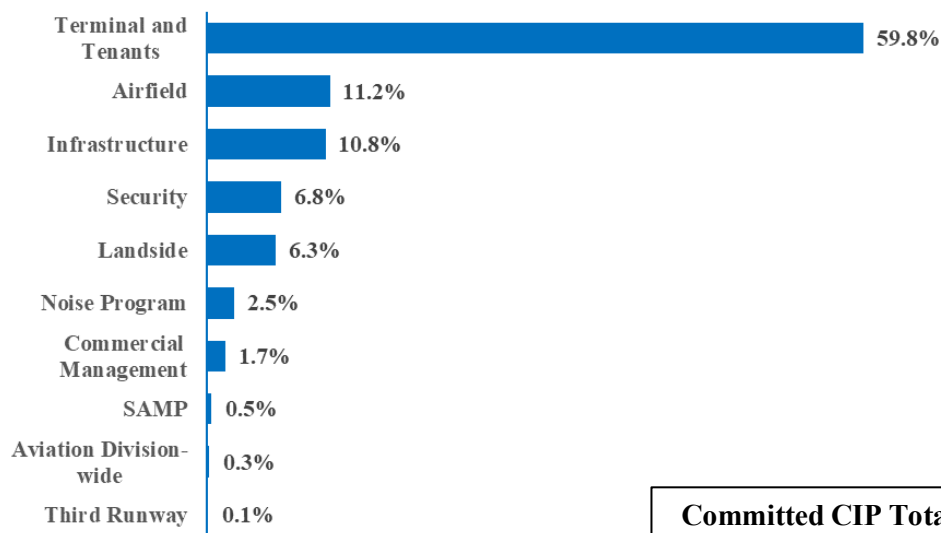
**TABLE IV-32: AVIATION CAPITAL BUDGET SUMMARY**

(\$ in 000's)	2022 Budget	2022-2026 CIP	% of 2022 Total Committed
<b>Committed Capital Projects</b>			
Terminal and Tenants	\$ 324,891	\$ 1,846,480	59.8%
Airfield	61,162	169,018	11.2%
Infrastructure	58,832	223,919	10.8%
Security	36,974	90,453	6.8%
Landside	34,142	114,437	6.3%
Noise Program	13,732	157,307	2.5%
Commercial Management	9,308	19,491	1.7%
Sustainable Airport Master Plan	2,471	2,625	0.5%
Aviation Division-wide	1,413	5,949	0.3%
Third Runway	800	800	0.1%
<b>Total Committed</b>	<b>\$ 543,725</b>	<b>\$ 2,630,479</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 66,897</b>	<b>\$ 1,350,204</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (95,810)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 514,812</b>	<b>\$ 3,980,683</b>	

CAPSUM

**FIGURE IV-8: AVIATION CAPITAL BUDGET**

(\$ in 000's)



**Committed CIP Total Spending: \$543,725**

**G. AVIATION DIVISION OPERATING STATISTICS**

**TABLE IV-33: AVIATION OPERATING STATISTICS**

Year	(1) Enplaned Passengers		(2) Total Landed Weight		(3) Air Cargo	
	Number	Growth	Pounds	Growth	Metric tons	Growth
2001	13,506	-4.7%	22,178	-3.8%	401,535	-12.1%
2002	13,362	-1.1%	21,658	-2.3%	374,753	-6.7%
2003	13,356	0.0%	20,790	-4.0%	351,418	-6.2%
2004	14,364	7.6%	20,944	0.7%	347,517	-1.1%
2005	14,632	1.9%	20,186	-3.6%	338,591	-2.6%
2006	14,991	2.5%	20,362	0.9%	341,981	1.0%
2007	15,661	4.5%	21,014	3.2%	319,013	-6.7%
2008	16,085	2.7%	21,519	2.4%	290,205	-9.0%
2009	15,610	-3.0%	20,388	-5.3%	270,142	-6.9%
2010	15,773	1.0%	19,786	-3.0%	283,425	4.9%
2011	16,397	4.0%	20,123	1.7%	279,893	-1.2%
2012	16,597	1.2%	19,897	-1.1%	283,609	1.3%
2013	17,376	4.7%	20,949	5.3%	292,709	3.2%
2014	18,717	7.7%	22,505	7.4%	327,240	11.8%
2015	21,109	12.8%	24,757	10.0%	332,636	1.6%
2016	22,796	8.0%	27,118	9.5%	366,431	10.2%
2017	23,416	2.7%	28,267	4.2%	425,856	16.2%
2018	24,894	6.3%	30,109	6.5%	432,315	1.5%
2019	25,874	3.9%	31,381	4.2%	453,547	4.9%
2020 (4)	10,044	-61.2%	20,007	-36.2%	452,496	-0.2%
2021 Budget	18,216	81.4%	26,269	31.3%	457,305	1.1%
2021 Forecast	19,132	90.5%	26,922	34.6%	488,696	8.0%
2022 Budget	24,648	28.8%	29,468	9.5%	503,365	3.0%
<b>Compound Growth</b>						
2009 - 2019		5.2%		4.4%		5.3%
2014 - 2019		6.7%		6.9%		6.7%

**Notes:**

- (1) Passengers in thousands
- (2) Weight in thousands
- (3) In Metric Tons
- (4) Contraction due to COVID-19 Pandemic impact

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## **V. MARITIME**

## MARITIME DIVISION

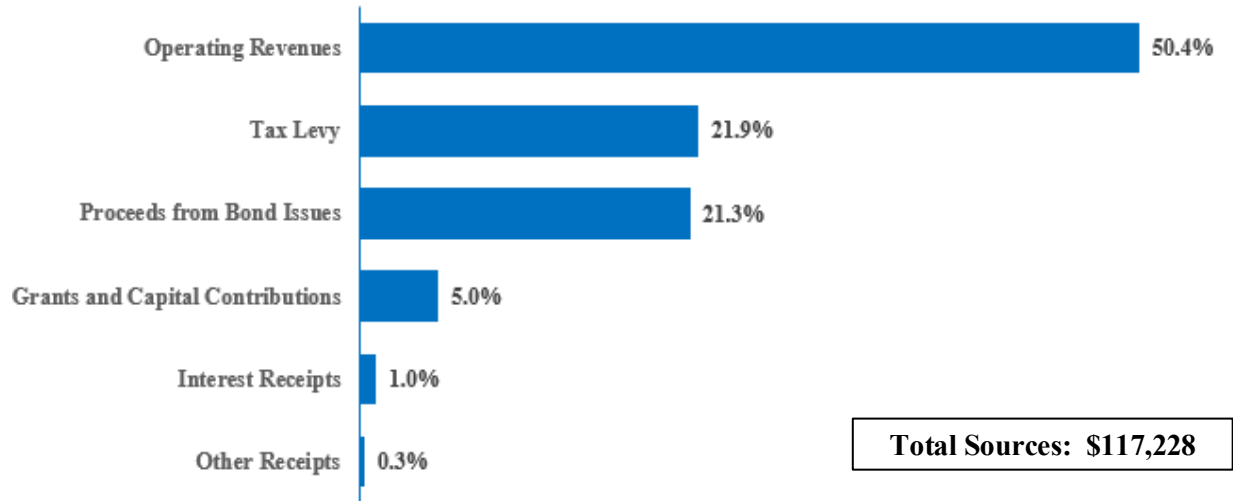
### A. 2022 BUDGET SUMMARY

**TABLE V-1: MARITIME CASH FLOW SUMMARY**

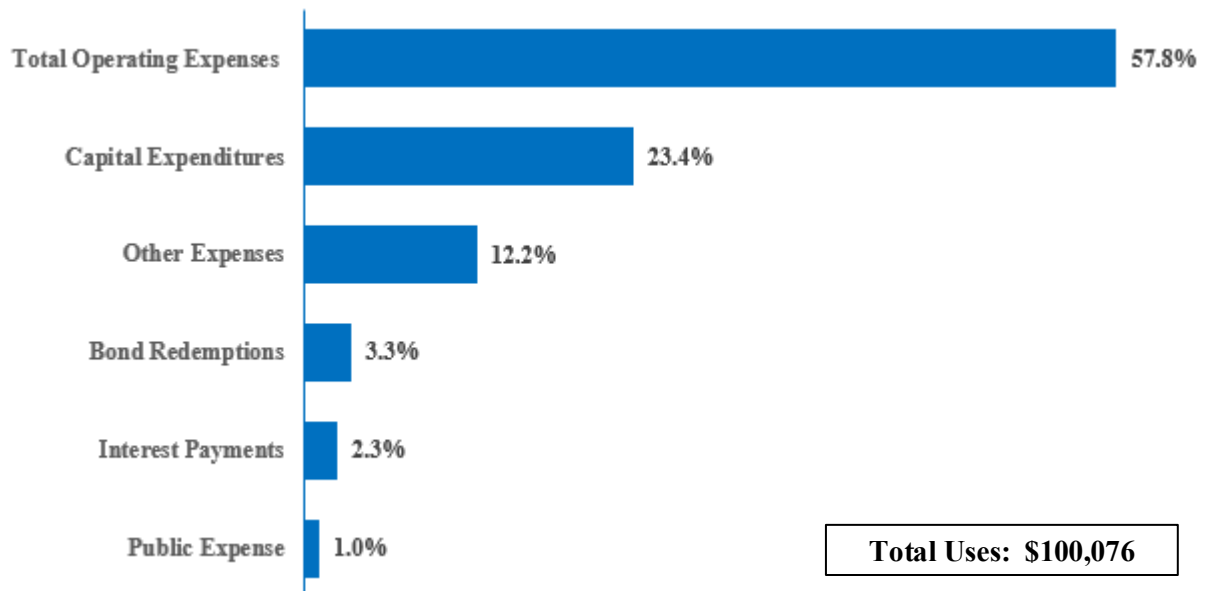
(\$ in 000's)	<u>2022</u>	<u>Percent of Total</u>
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues	\$ 59,137	50.4%
Interest Receipts	1,186	1.0%
Proceeds from Bond Issues	25,000	21.3%
Grants and Capital Contributions	5,916	5.0%
Tax Levy	25,684	21.9%
Other Receipts	305	0.3%
<b>Total</b>	<b>\$ 117,228</b>	<b>100%</b>
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	57,865	57.8%
<b>Debt Service:</b>		
Interest Payments	2,306	2.3%
Bond Redemptions	<u>3,279</u>	<u>3.3%</u>
Total Debt Service	5,585	5.6%
Other Expenses	12,217	12.2%
Public Expense	1,000	1.0%
Capital Expenditures	<u>23,408</u>	<u>23.4%</u>
<b>Total</b>	<b>\$ 100,076</b>	<b>100%</b>

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**FIGURE V-1: MARITIME SOURCES OF CASH**  
(\$ in 000's)



**FIGURE V-2: MARITIME USES OF CASH**  
(\$ in 000's)





## B. FINANCIAL FORECAST

**TABLE V-2: MARITIME FINANCIAL FORECAST**

(\$ in 000's)		2019	2020	2021	2022	2023	2024	2025	2026	2022 - 2026
OPERATING BUDGET	Notes	Actual	Budget	Budget	Proposed Budget	Forecast				Compound Growth
Operating Revenue		\$ 59,289	\$ 62,938	\$ 45,280	\$ 59,137	\$ 70,574	\$ 76,576	\$ 84,073	\$ 89,737	11.0%
Total Operating Revenues		59,289	62,938	45,280	59,137	70,574	76,576	84,073	89,737	11.0%
Total Operating Expense		48,644	54,396	50,243	57,865	60,884	62,858	64,898	67,007	3.7%
Net Operating Income Before Depreciation		10,644	8,541	(4,963)	1,272	9,690	13,718	19,174	22,729	105.6%
Total Depreciation Expense		17,627	17,244	16,899	17,510					
Net Operating Income After Depreciation		(6,982)	(8,703)	(21,862)	(16,238)					
Committed Capital Budget		8,080	39,596	27,438	25,478	56,488	65,450	37,149	27,458	Total 2022 - 2026 212,023
Business Plan Prospective		-	2,970	7,751	7,705	11,095	10,524	21,894	31,545	82,763
CIP Cashflow Adjustment Reserve		-	(5,920)	(8,806)	(9,775)	5,865	3,910	-	-	0
Total Capital Budget	1	\$ 8,080	\$ 36,646	\$ 26,383	\$ 23,408	\$ 73,448	\$ 79,884	\$ 59,043	\$ 59,003	\$ 294,786

MAHPFOR.XLS

Notes:

1) See Section IX for details of Capital Improvement Plan.

## C. MARITIME DIVISION DESCRIPTION/BUSINESS ASSESSMENT

### MISSION:

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

### VISION:

A vibrant working waterfront generating economic vitality for the region.

### MAJOR/NEW INITIATIVES:

- High Performance Organization: Deliver operational excellence and develop our employees
  - Operational Excellence: Deliver safe, compliant operations and maintain port assets
    - Integrate and optimize operations of the Maritime Division
    - Implement operational and safety practices to achieve zero injuries and a 90% safety score
    - Increase innovation and process improvement at every level of the division
  - Talent Development: Develop staff capabilities, bench strength and opportunities
    - Identify and implement targeted training to increase employee capabilities
    - Engage in Maritime Talent Acquisition Strategy focused on Equity, Diversity & Inclusion in hiring with Human Resources
    - Enhance and implement employee development plans and career paths
  - Valued Communication: Provide information that is clear, concise and relevant
    - Leverage technology to improve quality and efficiency of communications
    - Develop and implement measures to improve Commission and public communications

## **DIVISION DESCRIPTION:**

Maritime Division is comprised of several major 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 Environment and Sustainability, and Waterfront Project Management.

The Maritime Division and its facilities serve a diverse mix of year-round and seasonal activities. From April through October, Smith Cove Cruise Terminal and Bell Harbor Cruise Terminal serve as homeports for cruise ships headed to Alaska. From October through May, Fishermen's Terminal and Terminal 91, serve as homeports for the North Pacific fishing fleet and factory trawlers. Throughout the year, recreational boats are served at Bell Harbor Marina, Harbor Island Marina, Salmon Bay Marina, and Shilshole Bay Marina – the latter two being home to vibrant liveaboard communities. The Maritime Division also operates the Maritime Industrial Center and leases Terminal 86, a fully automated grain terminal, along with other industrial properties connected with these maritime activities and businesses.

## **INDUSTRY ASSESSMENT:**

### **Cruise**

The 2020 Alaska cruise season, which was expected to be a record year of vessel calls and passengers, was cancelled due to the COVID-19 pandemic. The CDC's no sail order restricting the cruise sailings in the U.S. was replaced by the Conditional Sailing Framework during the 2021 cruise season, which has allowed cruises under new health protocols. Additionally, an exemption from the Passenger Vessel Services Act (PVSA) of 1886, which requires foreign ships to include one stop at a foreign port between stops in the U.S, was approved by Congress for 2021 cruise sailings. As a result, the 2021 Alaska cruise season started later in the season than in a typical year and with limited passenger occupancy on sailings.

While the current focus remains on public health, it seems reasonable to anticipate a rebound in cruises to Alaska in 2022 with sailing volumes similar to pre-pandemic levels, and possibly with limited passenger capacity to ensure the safety of cruise travelers.

### **Fishing and Commercial Operations**

The Alaska commercial fishing industry remains strong with the Alaska fisheries recognized as the most successfully managed in the world. With sustainable fisheries in the Bering Sea, Bristol Bay, and Gulf of Alaska fisheries, the commercial fishing industry that homeports in Seattle remains stable. Commercial fishing companies are revitalizing their fleets by building new boats to replace aging fishing vessels. Although Alaska ports are working to build better infrastructure to support the small boat fleets, Puget Sound continues to be very attractive for off season moorage for all sizes of commercial boats due to better weather conditions conducive to working on boats. It also provides an established parts supply and maintenance service network.

The industry continues to adapt to an evolving regulatory environment, fishing industry consolidation and more limited marine terminal options. The North American Emissions Control Area (ECA) requires more stringent emission reductions for ocean going vessels operating within coastal waters. This puts a higher burden of compliance on vessels transiting between Seattle and Alaska, when compared to vessels on transpacific voyages, because the entire voyage is within the ECA. In addition, ongoing consolidation of the commercial fishing fleet is driving changes in facilities and services to meet the needs of larger homeport operations. The availability of suitable and affordable marine terminals is growing increasingly scarce in the Northwest.

## **Grain**

Terminal operator/tenant, Louis Dreyfus Company, is projecting grain volumes to be about 7% higher in 2022 from 2021 budget and 4% below mid-year forecast due to increased demand for feed stock from China.

## **Maritime Habitat Initiatives**

The Port has submitted a proposal to federal agencies to develop a habitat mitigation bank. Demand for compensatory mitigation credits in the watershed, as well as Natural Resource Damage credits in the Lower Duwamish River, is increasing due to tighter environmental regulations and pending claims. Large-scale projects in the Duwamish River and Elliott Bay may also create new demand. The Port is in a good position given our property ownership and our track record in developing successful restoration projects for use as habitat banks.

## **Industrial Properties**

Strong local consumption and regional trade with Asia have helped keep industrial demand robust for the past decade. An economic downturn in the face of a pandemic, trade tensions with China, and a spec pipeline are potential red flags for the Puget sound region. However, Port pricing and locations have kept occupancy rates near the 95% level.

## **Recreational Boating**

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

Boaters are demanding upscale moorage facilities including high-end amenities, finishes, and architectural details with more customization, automation and personalization. Industry wide, the largest increases in revenues continue to be from in-water rentals (kayaks, paddle boards, etc.), boat rentals, restaurants, leased slips, fuel, and boat sales.

## **BUSINESS ASSESSMENT:**

### **Cruise**

While berth reservations for 2022 project a record year in vessel calls, total number of revenue passengers is uncertain while the Port of Seattle continues working with the cruise lines and health departments regarding the health protocols and possible need for a new MOA to satisfy CDC requirements in 2022. The 2022 budget assumes a scenario with 75% occupancy for sailings (pre-pandemic levels were assumed at 104%) and a risk-adjusted schedule for Terminal 91 based on tentative berth reservations.

Based on continued surveys, the level of satisfaction for Seattle cruise passengers exceeds industry standards. Passengers surveyed express a strong desire to return to Seattle. Data from the 2021 cruise season is showing that the health protocols are working. When cruise and tourism fully rebound, the number of pre and post cruise passenger visits is expected to increase in our region over time. Expectations are that a safe and gradual resumption of cruise business will continue in 2022.

### **Fishing and Commercial Operations**

Commercial fishing vessel moorage demand remains steady with annual occupancy over 80%, even with the majority of customers leaving to work in Alaska for various parts of the year. The small commercial fishing boats (less than 40 feet) market is most at risk due to the expense of operating a boat, owners

retiring, and boats relocating. This loss of commercial fishing moorage business is somewhat offset by monthly moorage for smaller recreational vessels which do not require year round moorage.

The commercial property occupancy at both Fishermen's Terminal and the Maritime Industrial Center is 97%, slightly better than the industry wide average long-term occupancy rate of 96%. The focus throughout 2022 will be to retain existing tenants and cultivate new revenue streams. Continuous efforts will be made in offering excellent customer service, increasing rental rate levels on renewals and accommodating space reductions, and expansions while improving space for quality tenants.

Dock and moorage assets at Fishermen's Terminal are all fairly new with the exception of the Northwest Dock, which is the oldest dock and now approaching thirty years old. Available shore power systems for the various sizes of boats set us apart from our competition.

The financial outlook is projected to be stable as staff continues to look at Fishermen's Terminal in an entrepreneurial fashion for revenue generating opportunities. Revenue gains are expected from an increased number of recreational vessels, while the recapitalization of the large vessel fishing fleet replaced old vessels with new ones, not necessarily adding vessels to their respective fleets. Moorage rates at the terminal for fishing and commercial vessels lead the market when compared to other Puget Sound public ports. Recreational vessel rates at the terminal are at market as compared to local marinas.

Fishing fleet homeport demand is expected to remain stable in 2022. Fishing, tug, and barge companies are making significant investments in vessel improvements and system upgrades. Other marine industrial moorage is expected to remain stable with moderate growth over time.

### **Grain**

The Pier 86 Grain Terminal handles corn and soybeans from the upper Midwest states. Despite its age, the terminal is still competitive for handling these grain commodities.

### **Maritime Habitat Initiatives**

Interest in Port-provided compensatory mitigation and natural resource damage (NRD) credits is expected to continue to grow as both public and private maritime properties are redeveloped and NRD claims are pursued.

### **Industrial Properties**

Consistent with the regional figures discussed under the Industry Assessment, the forecast for the Seattle close-in industrial market is for lease rates to remain steady, with slight upticks in rents possible. Demand for seaport industrial properties is expected to remain consistent. The Maritime Industrial Portfolio Management staff will continue to manage the industrial portfolio for the purpose of maximizing revenue by balancing rental rates (demand) with fluctuating supply to match the performance of the local Seattle close-in market.

### **Shilshole Bay Marina**

The monthly moorage occupancy at Shilshole Bay Marina remains strong and is budgeted to meet or exceed 95% for 2022. Due to a large waitlist, the opportunity to increase occupancy rates is centered on quicker slip turnaround times. Moorage rates remain competitive within the Seattle market. Continued success is attributed to the marina's location, docks with good maneuverability and wide navigation channels, a strong and active liveaboard community, and strong customer focus.

We currently have just over 400 individuals waiting for slips. Most of those on the waitlist are waiting for a liveaboard slip. We are currently at our maximum live-aboard slip capacity of 350. Liveaboard demand continues to escalate due to extremely high housing costs in the Seattle area.

The commercial property occupancy rate at Shilshole Bay Marina is currently at 100%. The focus throughout 2022 will be to retain existing tenants, continue to grow guest moorage.

### **CHALLENGES AND OPPORTUNITIES:**

#### **Cruise & Marketing Challenges**

- Lingering public health concerns and additional operational requirements and protocols
- Cruise berth capacity on weekends limits growth
- Expense and capital budgets limited until cruise revenue rebounds
- Increase in environmental regulations for cruise operations in Washington and Alaska
- City of Seattle suffered from recent damaged brand reputation

#### **Cruise & Marketing Opportunities**

- Pent-up customer demand due to no 2020 and partial 2021 cruise seasons; passengers surveyed express a strong desire to return to Seattle
- Berth reservations for 2022 anticipate a record year in vessel calls
- Increasing utilization of strong tourism and transportation infrastructure
- Expiring terms of contractual agreements provides opportunity to advance Equity and Environmental priorities

#### **Fishing and Commercial Challenges**

- Commercial Fishing is a highly regulated industry. Environmental regulations threaten commercial fisheries which is a response to manage and preserve commercially harvested aquatic species
- Capturing the new business from the revitalized large commercial boat fleet is essential to remain the homeport of the North Pacific Fishing Fleet
- Controlling the cost of building, maintaining and operating terminals
- Future planning and capital investment in properties with aging infrastructure
- Adapting facilities and operations to meet dynamic regulatory environment
- Attracting new maritime customers and vessel homeport bases within changing land use environment

#### **Fishing and Commercial Opportunities**

- Retaining business from commercial fishing customers who are recapitalizing their fleets
- Continuing to grow recreational vessel fleet during off-season, as space allows
- Promoting legislation to incentivize continued growth within the fishing and maritime industry
- Develop a “Blue Economy” framework accomplished by embracing new Washington State Maritime Cluster organizations; digitalizing and decarbonizing maritime machinery, systems and platforms; embracing Workforce Development and Innovation; and the continued growth and promotion of our Working Waterfront
- Upgrades to current infrastructure to accommodate larger fishing vessels, Berths 6 & 8 at Terminal 91
- Attracting vessel homeport bases for seafood, tug and barge fleets

### **Grain Challenges and Opportunities**

- Grain volume can fluctuate significantly from year to year due to weather and market conditions
- Revenues from the grain terminal include a minimum annual guarantee and otherwise are subject to upside and downside depending on volumes
- Grain terminal impacted by tariff changes, however the demand for feedstock is unable to be met by other nations

### **Maritime Habitat Initiatives Challenges and Opportunities**

- Construction costs associated with habitat projects in the urban maritime environment are escalating. However, these costs affect both the Port and our competition
- NRD credit demand is directly correlated to the rate at which the Trustee Council generates settlements. While the size of the NRD market is potentially substantial, to date the Trustees have proceeded with settlements very slowly
- The Port has significant land assets in the Duwamish which are suitable for restoration purposes but more limited in the middle and upper watershed

### **Recreational Marina Challenges**

- Maintaining assets responsibly within the Port system while still controlling costs
- Finding new revenue streams
- Balancing Port initiatives with operational work
- Right sizing the security levels
- Providing developmental opportunities to staff without reducing operational functionality

### **Recreational Marina Opportunities**

- Exploring new lines of business that were previously not within the Port's strategy, such as dry stack boat storage
- Leveraging new technologies to create efficiencies, such as marina software update and handheld technology
- Increasing moorage revenue due to current high demand
- Leveraging partnerships to create opportunities with organizations such as the Ballard High School Maritime Academy, Seattle Maritime Academy, The Adventuress, and the Northwest Marine Trade Association

### **Marine Maintenance Challenges**

- High demand for represented craft labor, limiting flexibility and driving up costs
- Right sizing maintenance and service levels
- Regulatory/government influences that impact costs, operations, and productivity (e.g., COVID-19)

### **Marine Maintenance Opportunities**

- Continue to control costs
- Maintain motivated workforce during unprecedented times
- Continue to look for CPI (continuous process improvement) opportunities

**Waterfront Project Management Challenges**

- High variability in construction pricing
- Environmental and structural code changes create unpredictability in schedule and cost
- Navigating authorizations between Port of Seattle and Northwest Seaport Alliance

**Waterfront Project Management Opportunities**

- Process Improvement – look to add LEAN principles
- Development & training of new staff
- Integrate new technologies in the workflow process
- Take advantage of grants to fund capital projects

## **D. OPERATING BUDGET SUMMARY**

### **Background**

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

- Implementation of programs that directly support the Port's initiatives to double the regional economic impacts of our Cruise and Fishing businesses in a sustainable manner. These activities can generate revenue for the Port
- Managing other businesses in the portfolio to provide stewardship of public assets for taxpayers. These activities generate revenue through operations and expense through maintenance, repair and renovation
- Following the COVID-19 impacts of 2020 and 2021, Maritime is expecting a return of operations in 2022 to with far less public health challenges

### **Assumptions**

The 2022 Maritime Division Budget is based on the following assumptions:

- Cruise forecasts 75% of expected passenger volumes and a risk-adjusted sailing schedule based on tentative berth reservations
- Grain volume is budgeted at 4.5 million metric tons based on forecast from tenant, a 7% increase from 2021 budget.
- Recreational Marina occupancy rate of 95%, consistent with 2021 Budget and year end forecast
- Commercial Building Properties target an occupancy of 95% or greater at year-end 2022, consistent with current results
- Salaries and benefits are forecasted using the 2022 budget guidelines of 6% increase to salaries and specified benefits
- Utility rates are based on applicable rate changes posted by Seattle Public Utility, Seattle City Light, Puget Sound Energy and other utility vendors, as applicable

### **Operating Revenue**

- Overall Maritime Division Revenues are \$3.8M below 2020 budget and \$13.9M better than 2021
- Cruise revenues are returning to just below pre-pandemic levels
- Bulk Terminals increase is based on feedback from Louis Dreyfus at Terminal 86
- Maritime Portfolio Management revenue decrease driven by vacancy at Fishermen's Terminal
- Fishing and Operations revenues increase in 2021 from increased proposed tariff rates
- Recreational Boating revenue is budgeted higher due to proposed 5% moorage rate increase



**TABLE V-3: MAJOR REVENUE CHANGES**

	(\$ in 000's)	2019	2020	2021	2022	Change	% Change
	Notes	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud	2020 Bud - 2022 Bud
<b>REVENUE</b>							
<b>Cruise Operations</b>		\$ 22,410	\$ 26,261	\$ 8,558	\$ 20,574	\$ (5,687)	-21.7%
<b>Bulk Terminals</b>		4,266	3,490	4,903	5,900	2,410	69.0%
<b>Maritime Portfolio Management</b>							
Marina Office & Retail		4,184	4,439	4,515	3,843	(596)	-13.4%
Maritime Industrial		5,924	5,990	5,744	6,143	153	2.6%
<b>Fishing &amp; Operations</b>							
Ship Canal Fishing and Operations		3,929	4,264	4,135	4,211	(53)	-1.2%
Elliott Bay Fishing & Commercial		6,095	5,123	4,509	4,717	(406)	-7.9%
<b>Recreational Boating</b>							
Shilshole Bay Marina		11,538	12,312	12,130	12,867	556	4.5%
Other Marinas		946	1,049	785	863	(186)	-17.7%
<b>Parks/Other</b>	1	(3)	11	-	19	8	78.5%
<b>Operating Revenue</b>		59,289	62,938	45,280	59,137	(3,801)	-6.0%
<b>Total Revenue</b>		<b>\$ 59,289</b>	<b>\$ 62,938</b>	<b>\$ 45,280</b>	<b>\$ 59,137</b>	<b>\$ (3,801)</b>	<b>-6.0%</b>

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Note:

1) Includes AV and Police misc. revenue offsets to Maritime Division.

### **Operating Expense Drivers**

Total Maritime Division operating expenses (including direct charges and allocations from Central Services and EDD services groups) are budgeted to increase by \$3.5 million or 6.4% from 2020. The increase is almost entirely due to payroll cost from 6% (3% annually) salary increase from 2020 and additional FTEs in Waterfront Project Management and Marine Maintenance.

**TABLE V-4: MARITIME REVENUE BY ACCOUNT**

(\$ in 000's)		2019	2020	2021	2022	% Change
Revenue by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Revenue</b>						
Dckg, Whrfg, Serv/Facility, Passenger Fee		\$ 6,974	\$ 7,601	\$ 2,266	\$ 6,274	-17.5%
Equipment Rental		293	317	191	233	-26.5%
Berthage & Moorage		14,443	15,476	15,089	15,773	1.9%
Parking Revenue		22	24	24	13	-45.0%
Revenue From Sale of Utilities		1,430	1,414	1,377	1,464	3.5%
Property Rental Revenue		25,257	26,881	15,414	24,588	-8.5%
Other Revenues		2,017	1,368	1,337	1,468	7.4%
<b>Total Operating Revenue</b>	1	<b>\$ 50,436</b>	<b>\$ 53,082</b>	<b>\$ 35,699</b>	<b>\$ 49,814</b>	<b>-6.2%</b>

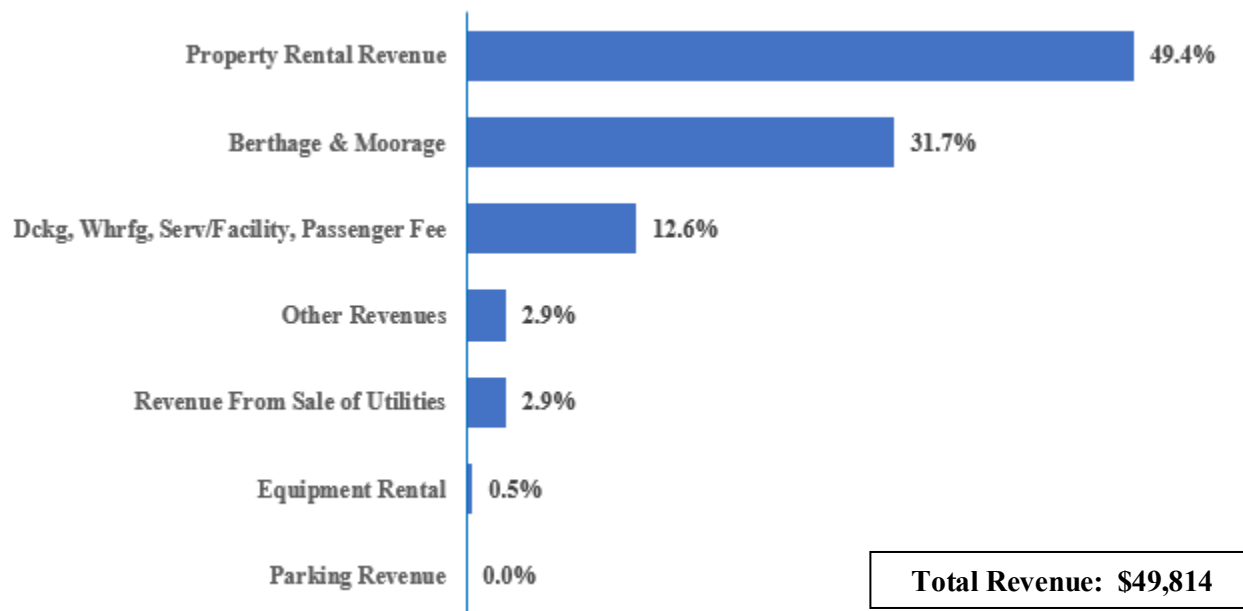
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Note:

1) Revenue does not include allocations from other divisions.

**FIGURE V-3: MARITIME REVENUE BY ACCOUNT**

(\$ in 000's)



**TABLE V-5: MARITIME OPERATING AND MAINTENANCE EXPENSES BY ACCOUNT**

(\$ in 000's)		2019	2020	2021	2022	% Change
Expense by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Expense</b>						
Salaries, Wages, Benefits & Workers Compensation		\$ 32,782	\$ 34,794	\$ 34,939	\$ 41,275	18.6%
Equipment Expense		1,623	1,563	1,086	1,557	-0.4%
Utilities		4,194	4,365	4,268	4,614	5.7%
Supplies & Stock		2,182	2,023	2,431	2,449	21.1%
Outside Services		6,193	8,552	5,415	7,414	-13.3%
Travel & Other Employee Expenses		508	815	151	514	-36.9%
Promotional Expenses		236	510	222	323	-36.6%
Other Expenses		1,533	3,314	2,849	3,161	-4.6%
<b>Total O&amp;M without Environmental</b>		<b>49,252</b>	<b>55,936</b>	<b>51,362</b>	<b>61,309</b>	<b>9.6%</b>
Environmental Remediation Liability Expense		400	-	-	-	0.0%
<b>Total O&amp;M with Environmental</b>		<b>49,651</b>	<b>55,936</b>	<b>51,362</b>	<b>61,309</b>	<b>9.6%</b>
Charges to Capital/Govt/Envrs Projects		(4,667)	(6,034)	(5,618)	(7,692)	27.5%
<b>Total Operating Expense</b>	1	<b>\$ 44,984</b>	<b>\$ 49,902</b>	<b>\$ 45,743</b>	<b>\$ 53,616</b>	<b>7.4%</b>

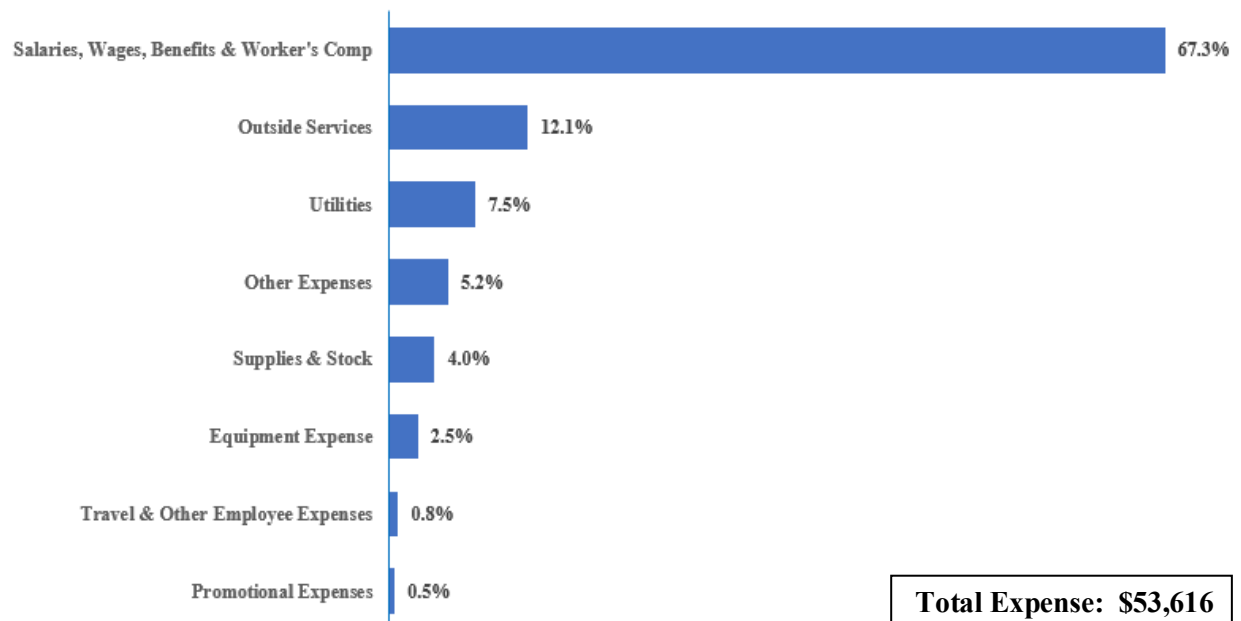
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Note:

- 1) Tables V-4, 5 & 6 differ from Table V-2, in that they only reflect the division expenses and do not include Central Services allocations.

**FIGURE V-4: MARITIME EXPENSE BY ACCOUNT**

(\$ in 000's)



**TABLE V-6: MARITIME REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT**

(\$ in 000's)		2019	2020	2021	2022	% Change
BY BUSINESS GROUP/DEPARTMENT	Notes	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>REVENUE</b>						
Fishing & Operations		\$ 9,994	\$ 9,274	\$ 8,624	\$ 8,894	-4.1%
Recreational Boating		12,479	13,333	12,915	13,714	2.9%
Cruise Operations		22,289	26,161	8,458	20,475	-21.7%
Bulk Terminals		4,266	3,484	4,903	5,900	69.4%
Maritime Security		-	-	-	-	0.0%
Marine Maintenance		1,400	829	798	830	0.1%
Park		4	-	-	-	0.0%
Maritime Habitat Initiatives		4	-	-	-	0.0%
<b>Total Operating Revenue</b>		<b>50,436</b>	<b>53,082</b>	<b>35,699</b>	<b>49,814</b>	<b>-6.2%</b>
<b>EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRs PROJECTS</b>						
<b>Business Groups:</b>						
Fishing & Operations		4,976	5,239	4,850	5,016	-4.3%
Recreational Boating		3,558	3,788	3,620	3,968	4.7%
Cruise Operations		2,796	5,007	4,901	5,971	19.3%
Bulk Terminals		38	43	65	86	97.8%
Maritime Security		811	2,811	2,194	2,327	-17.2%
<b>Total Business Group Expense</b>		<b>12,179</b>	<b>16,888</b>	<b>15,630</b>	<b>17,367</b>	<b>2.8%</b>
<b>Service Depts.:</b>						
Maritime Marketing		790	1,193	742	949	-20.5%
Maritime Finance		1,778	2,118	2,002	2,280	7.6%
Maritime Envir & Planning		4,503	4,924	4,286	5,353	8.7%
Seaport PMG		3,031	3,922	3,621	6,210	58.4%
Marine Maintenance		25,810	26,282	24,450	29,285	11.4%
<b>Other</b>						
Maritime Administration		517	931	585	865	-7.1%
Maritime Contingency			(521)	(217)	(1,256)	140.9%
Parks		187	199	263	255	28.0%
Maritime Habitat Initiatives		(7)	-	-	1	0.0%
Maritime Environmental Remediation Liability Expense		400	-	-	-	0.0%
Others		4	-	-	-	0.0%
Maritime Capital to Expense		460	-	-	-	0.0%
<b>Total Services Expense</b>		<b>37,472</b>	<b>39,048</b>	<b>35,732</b>	<b>43,942</b>	<b>12.5%</b>
<b>Total Expenses Before Charges to Cap/Govt /Envrs Projects</b>		<b>49,651</b>	<b>55,936</b>	<b>51,362</b>	<b>61,309</b>	<b>9.6%</b>
<b>CHARGES TO CAPITAL/ GOVT /ENVRs PROJECTS</b>						
		<b>(4,667)</b>	<b>(6,034)</b>	<b>(5,618)</b>	<b>(7,692)</b>	<b>27.5%</b>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>						
<b>Business Groups:</b>						
Fishing & Operations		4,978	5,239	4,850	5,016	-4.3%
Recreational Boating		3,558	3,788	3,620	3,968	4.7%
Cruise Operations		2,792	5,007	4,901	5,971	19.3%
Bulk Terminals		38	43	65	86	97.8%
Maritime Security		811	2,811	2,194	2,327	-17.2%
<b>Total Business Group Expense</b>		<b>12,177</b>	<b>16,888</b>	<b>15,630</b>	<b>17,367</b>	<b>2.8%</b>
<b>Service Depts.:</b>						
Maritime Marketing		790	1,193	742	949	-20.5%
Maritime Finance		1,605	1,942	1,694	2,053	5.7%
Maritime Envir & Planning		3,275	3,420	3,041	3,668	7.2%
Seaport PMG		940	1,041	947	1,774	70.4%
Marine Maintenance		24,390	24,809	23,059	27,942	12.6%
<b>Other</b>						
Maritime Administration		517	931	585	865	-7.1%
Maritime Contingency			(521)	(217)	(1,256)	140.9%
Parks		187	199	263	255	28.0%
Maritime Habitat Initiatives		(7)	-	-	1	0.0%
Maritime Environmental Remediation Liability Expense		400	-	-	-	0.0%
Others		4	-	-	-	0.0%
Maritime Capital to Expense		706	-	-	-	0.0%
<b>Total Services Expense</b>		<b>32,807</b>	<b>33,013</b>	<b>30,114</b>	<b>36,249</b>	<b>9.8%</b>
<b>Total Operating Expense</b>	1)	<b>\$ 44,984</b>	<b>\$ 49,902</b>	<b>\$ 45,743</b>	<b>\$ 53,616</b>	<b>7.4%</b>

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Note:

1) Expenses do not include Central Services allocations.

## E. STAFFING

The Maritime Division is budgeting 275.5 FTEs for 2022 which is a 6.0% increase compared to the 2020 Budget and a 5.4% increase compared to the 2021 Estimated Actual.

The following TABLE V-7 outlines the Full-Time Equivalents (FTEs) in the Maritime Division.

**TABLE V-7: MARITIME STAFFING**

STAFFING (Full-Time Equivalent Positions)		2020	2020	2021	2021	2022	% Change	
BUSINESS GROUP/DEPARTMENT	Notes	Budget	Actual	Budget	Est. Act.	Proposed Budget	22 Bud-20 Bud	22 Bud-21 Est. Act.
Waterfront Project Management	1	23.0	23.0	23.0	23.0	38.0	65.2%	65.2%
Cruise Operations		4.0	4.0	4.0	4.0	4.0	0.0%	0.0%
Marine Maintenance	2	143.0	147.0	147.0	145.0	145.0	1.4%	0.0%
Maritime Division Management	3	5.0	5.0	5.0	5.0	4.0	-20.0%	-20.0%
Maritime Marketing		3.0	3.0	3.0	3.0	3.0	0.0%	0.0%
Recreational Marinas & Commercial Operations		42.0	42.0	41.5	41.5	41.5	-1.2%	0.0%
Elliott Bay Fishing & Commercial Operations	4	4.3	4.3	4.0	4.0	4.0	-5.9%	0.0%
Fishing & Operations Admin		2.0	2.0	2.0	2.0	2.0	0.0%	0.0%
Maritime Security		3.0	3.0	3.0	3.0	3.0	0.0%	0.0%
Recreational Boating	5	20.8	20.8	20.5	20.5	21.5	3.6%	4.9%
Ship Canal Fishing & Operations	6	12.0	12.0	12.0	12.0	11.0	-8.3%	-8.3%
Maritime Environment & Sustainability	7	22.3	23.3	22.0	23.0	23.0	3.1%	0.0%
Seaport Finance	8	14.6	14.6	14.0	14.0	14.0	-3.8%	0.0%
Stormwater Utility		3.0	3.0	3.0	3.0	3.0	0.0%	0.0%
<b>TOTAL MARITIME DIVISION</b>		<b>259.9</b>	<b>264.9</b>	<b>262.5</b>	<b>261.5</b>	<b>275.5</b>	<b>6.0%</b>	<b>5.4%</b>

FTE.XLS

Notes:

- 1) Waterfront Project Management will receive 8.0 Internal transfers (Sr Mgr MM Project & Compliance, Proj Controls Coordinator, Project Mgr I (2), Project Mgr II, and Project Mgr III (3)) from Marine Maintenance and add 7.0 FTEs (Assistant Project Manager, Cost Estimator, Project Controller, System Analyst, Project Manager III-NWSA, Project Manager I-NWSA, Project Manager) in 2022.
- 2) Marine Maintenance eliminated 2.0 FTEs (Carpenter and Sign Painter) earlier this year. For 2022, 8.0 FTEs (see note 1 for position titles) will be transferred to Waterfront Project Management and 8.0 new FTEs (Fleet Asset Specialist, Material Inventory Specialist, Facility Maintenance Manager - North Properties, Plumber, Sprinkler Fitter, Clean Team (2), Stormwater Team) will be added.
- 3) Maritime Division Management will eliminate 1.0 FTE (Continuous Process Improvement Specialist) in 2022.
- 4) Elliott Bay Fishing & Commercial Operations transferred an Intern to HR for 2021 Budget.
- 5) Recreational Boating will add 1.0 FTE (0.5 each- Seasonal Shilshole Bay Marina Harbor Operations Specialists) in 2022.
- 6) Ship Canal Fishing & Operations will eliminate 1.0 FTE (Salmon Bay Marina Harbor Operations Specialist) in 2022.
- 7) Maritime Environment & Sustainability added 1.0 mid-year FTE (Environmental Program Manager - Habitat) earlier this year.
- 8) Seaport Finance transferred 0.6 Interns to HR for 2021 Budget.

**F. MARITIME CAPITAL BUDGET**

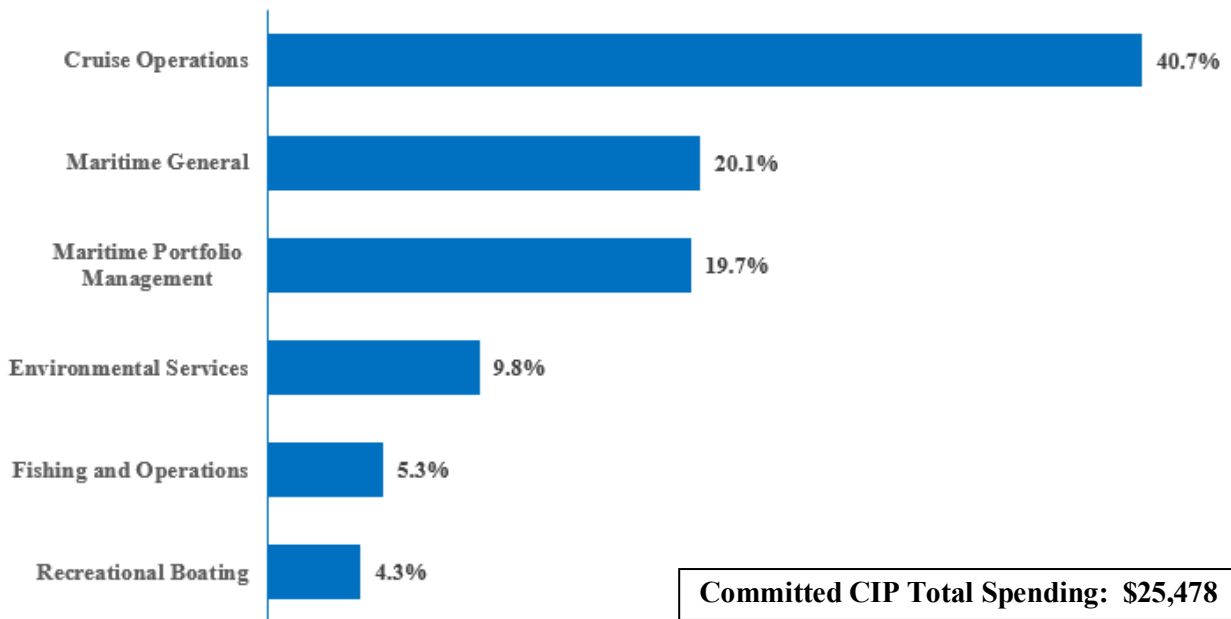
**TABLE V-8: MARITIME CAPITAL BUDGET SUMMARY**

(\$ in 000's)	<b>2022 Budget</b>	<b>2022-2026 CIP</b>	<b>% of 2022 Total Committed</b>
<b>Committed Capital Projects</b>			
Cruise Operations	\$ 10,370	\$ 29,670	40.7%
Maritime General	5,131	23,550	20.1%
Maritime Portfolio Management	5,014	26,577	19.7%
Environmental Services	2,502	3,574	9.8%
Fishing and Operations	1,363	121,933	5.3%
Recreational Boating	1,098	6,719	4.3%
<b>Total Committed</b>	<b>\$ 25,478</b>	<b>\$ 212,023</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 7,705</b>	<b>\$ 82,763</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (9,775)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 23,408</b>	<b>\$ 294,786</b>	

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**FIGURE V-5: MARITIME COMMITTED CAPITAL BUDGET**

(\$ in 000's)



**G. MARITIME DIVISION OPERATING STATISTICS**

**TABLE V-9: MARITIME OPERATING STATISTICS**

Year	Cruise Ship Sailings		Cruise Passengers		Grain	
	Number	Growth	Number	Growth	Metric tons	Growth
2003	99		344,922		3,107,732	
2004	148	49.5%	562,308	63.0%	3,898,491	25.4%
2005	169	14.2%	686,978	22.2%	5,049,107	29.5%
2006	196	16.0%	751,074	9.3%	5,901,821	16.9%
2007	190	-3.1%	780,593	3.9%	5,333,018	-9.6%
2008	210	10.5%	886,039	13.5%	6,400,778	20.0%
2009	218	3.8%	875,433	-1.2%	5,512,164	-13.9%
2010	223	2.3%	931,698	6.4%	5,491,360	-0.4%
2011	195	-12.6%	885,949	-4.9%	5,026,868	-8.5%
2012	202	3.6%	935,000	5.5%	3,161,013	-37.1%
2013	187	-7.4%	870,994	-6.8%	1,351,417	-57.2%
2014	179	-4.3%	823,780	-5.4%	3,618,489	167.8%
2015	192	7.3%	895,055	8.7%	3,778,476	4.4%
2016	203	5.7%	983,539	9.9%	4,389,089	16.2%
2017	218	7.4%	1,071,594	9.0%	4,362,603	-0.6%
2018	216	-0.9%	1,114,888	4.0%	4,378,796	0.4%
2019	211	-2.3%	1,203,317	7.9%	3,403,662	-22.3%
2020	-		-		4,239,804	24.6%
2021 Forecast	83		227,000		4,697,263	10.8%
2022 Schedule	268	223%	1,173,763	417%	4,500,000	-4.2%
2022 Budget*	205	147%	906,994	300%	4,500,000	-4.2%

\*Budget includes risk reserve of 63 sailings from Cruise schedule

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## **VI. ECONOMIC DEVELOPMENT**

## ECONOMIC DEVELOPMENT DIVISION

### A. 2022 BUDGET SUMMARY

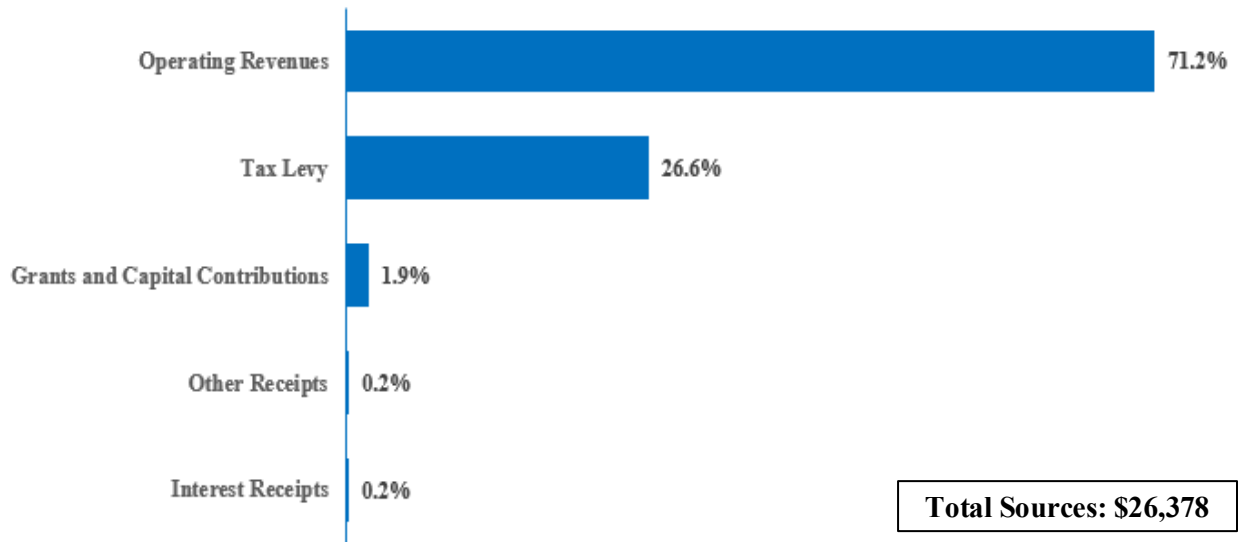
**TABLE VI-1: ECONOMIC DEVELOPMENT CASHFLOW SUMMARY**

(\$ in 000's)	<u>2022</u>	<u>Percent of Total</u>
<b><u>SOURCES OF CASH</u></b>		
Operating Revenues	\$ 18,769	71.2%
Interest Receipts	44	0.2%
Proceeds from Bond Issues	-	0.0%
Grants and Capital Contributions	500	1.9%
Tax Levy	7,015	26.6%
Other Receipts	50	0.2%
<b>Total</b>	<b>\$ 26,378</b>	<b>100%</b>
<b><u>USES OF CASH</u></b>		
<b>Expenses from Operations:</b>		
Total Operating Expenses	28,301	64.3%
<b>Debt Service:</b>		
Interest Payments	405	0.9%
Bond Redemptions	<u>4,404</u>	<u>10.0%</u>
Total Debt Service	4,809	10.9%
Other Expenses	109	0.2%
Public Expense	300	0.7%
Capital Expenditures	<u>10,515</u>	<u>23.9%</u>
<b>Total</b>	<b>\$ 44,035</b>	<b>100%</b>

Cashflow1.xls ED

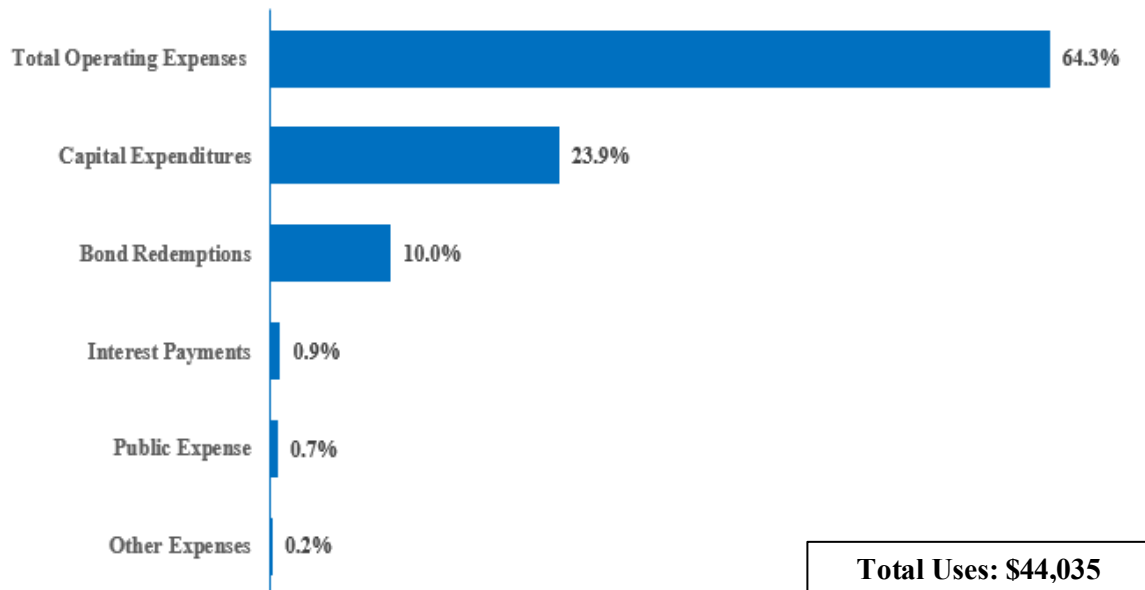
**FIGURE VI-1: ECONOMIC DEVELOPMENT SOURCES OF CASH**

(\$ in 000's)



**FIGURE VI-2: ECONOMIC DEVELOPMENT USES OF CASH**

(\$ in 000's)



## B. FINANCIAL FORECAST

**TABLE VI-2: ECONOMIC DEVELOPMENT FINANCIAL FORECAST**

(\$ in 000's)		2019	2020	2021	2022	2023	2024	2025	2026	2022 - 2026
OPERATING BUDGET		Actual	Budget	Budget	Proposed Budget	Forecast				Compound Growth
Operating Revenue		\$ 21,151	\$ 19,110	\$ 13,348	\$ 18,769	\$ 21,448	\$ 23,096	\$ 24,551	\$ 25,270	7.7%
Total Operating Revenues		21,151	19,110	13,348	18,769	21,448	23,096	24,551	25,270	7.7%
Total Operating Expense		27,156	29,368	21,413	28,301	30,939	31,855	32,727	33,674	4.4%
Net Operating Income Before Depreciation		(6,005)	(10,258)	(8,065)	(9,532)	(9,491)	(8,760)	(8,177)	(8,404)	-3.1%
Total Depreciation Expense		3,647	3,389	3,216	3,741					
Net Operating Income After Depreciation		(9,651)	(13,647)	(11,281)	(13,273)					
Committed Capital Budget		3,121	14,586	8,410	13,069	6,642	24,274	23,451	1,050	68,486
Business Plan Prospective		-	1,215	1,030	1,000	2,050	3,492	2,792	5,822	15,156
CIP Cashflow Adjustment Reserve		-	(2,080)	(3,566)	(3,554)	2,203	1,351	-	-	0
Total Capital Budget		\$ 3,121	\$ 13,721	\$ 5,874	\$ 10,515	\$ 10,895	\$ 29,117	\$ 26,243	\$ 6,872	\$ 83,642

Note:

1) See Section IX for details of Capital Improvement Plan.

## C. ECONOMIC DEVELOPMENT DESCRIPTION/BUSINESS ASSESSMENT

### MISSION:

Create quality jobs in King County and across the state by advancing trade and commerce, promoting manufacturing and maritime growth, and stimulating equitable economic development.

### VISION:

The Port's Economic Development Division will help meet regional need for aviation and maritime services, while advancing economic recovery in all communities we serve. The Economic Development Division will implement initiatives that advance equitable economic development across King County and Washington State:

- Help Port tenants and small business partners recover from COVID-19 pandemic related challenges
- Support tourism recovery initiatives with the Washington Tourism Alliance and industry partners
- Support regional economic recovery via Economic Development Partnership Grant Program and support for Greater Seattle Partners
- Redevelop Port properties (ex. T 91 Uplands) and further evaluate strategic acquisitions and partnerships
- Maintain high occupancy (90+%) rates for the Port's maritime and economic development properties
- Maintain and operate the Port's Pier 69 headquarters facility
- Support maritime and cross Port innovation initiatives to discover, promote and help advance promising innovations, ventures, and startups

**MAJOR/NEW INITIATIVES:**

**Diversity in Contracting**

- Implement outreach and technical assistance initiatives to help Port small business partners recover from COVID-19 pandemic related challenges
- Further establish advanced classes and accelerator training programs for WMBE and DBE businesses
- Exceed 13 percent goal for WMBE utilization (non-construction) within the Economic Development Division. Help other divisions advance WMBE utilization and exceed the Port's goal of 16 percent utilization (non-construction)
- Complete study to identify opportunities to improve WMBE utilization
- Establish of a Portwide goal for Veteran Owned Business utilization

**Tourism**

- Implement collaborative marketing efforts with destination management organizations to continue improving the tourism economy for all of Washington;
- Support tourism and hospitality industry recovery by partnering with the Washington Tourism Alliance to implement statewide recovery initiatives;
- Utilize Port Tourism Grant programs to support recovery and advance ethnic and sustainable tourism options;
- Implement cooperative marketing and promotional efforts in countries identified to have strong Alaska cruise demand, "cruise-and-stay" potential or expansion of visitor stays throughout the region (UK/Ireland, Mainland Europe, China, Australia, New Zealand)
- Help organize and underwrite a conference on sustainable eco-tourism in unison with other tourism destination marketing organizations and industry partners

**Real Estate Development and Asset Management**

- Redevelop Port properties (ex. T91 Uplands, Maritime Innovation Center, etc.) in line with key recommendations in the Port Real Estate Strategic Plan
- Investigate real estate acquisitions and partnerships that advance the Port's mission and priorities

**Portfolio and Asset Management**

- Develop Green Leasing structure for all Maritime and EDD leases
- Promote modernized facility at BHICC through multiple marketing channels to rebuild activity and stabilize net revenue
- Provide and track appropriate relief measures to tenants impacted by COVID-19 pandemic
- Maintain 94% occupancy in Economic Development and Maritime properties

**Pier 69 Facility Management**

- Adjust to hybrid workplace and sustain healthy working conditions at Pier 69 Headquarters

**Economic Development and Innovation Partnerships**

- Support regional economic recovery via the Economic Development Partnership Grant Program
- Support the development of a regional "small business safety net" to support broad based efforts to help businesses recover from pandemic related challenges
- Support Greater Seattle Partners' regional economic recovery plan implementation
- Support Duwamish Community Equity Partners' economic development initiatives
- Support maritime innovation initiatives to discover, promote and help advance promising maritime ventures and startups

- Advance innovation initiatives across the Port serving as coordinating hub for Portwide collaboration

**DIVISION DESCRIPTION:**

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

**Real Estate Development and Planning**

The Port owns hundreds of acres of property that can be developed to advance the Century Agenda. Thoughtful stewardship of these properties can support quality jobs, protect industrial lands, advance aviation, and maritime industries, and generate tax revenues for local government partners.

In a supportive role, the Real Estate Development team is a responsible advocate for the Aviation and Maritime divisions. We leverage our real estate land holdings to promote job growth, community development and sustainability. While utilizing our tools via intellectual capital, a broad network, experience, and financial capabilities.

Except for housing, the Port's Real Estate portfolio is made up of every major commercial real estate product type. From raw land to light industrial. From specialty retail to office. The Real Estate Development and Planning team facilitates the development of properties to maximize their highest and best use. The team also identifies and evaluates new property acquisition opportunities and provides counsel to other divisions regarding real estate management and development.

**Portfolio and Asset Management**

The purpose of the Portfolio and Asset Management Department is to strategically position the Economic Development and Maritime Divisions' diverse portfolios of commercial and industrial real estate assets to achieve positive return on the public's investment through effective asset management with a focus on Maritime and industrial uses. The team works to ensure compliance with all legal, financial, and regulatory aspects of public entity ownership while respecting the environment and aligning with the Port's Century Agenda.

Portfolio and Asset Management manages leasing, marketing, and maintenance and planning for 4 million square feet of conference, office, retail, commercial, and industrial buildings, and land and works to enhance the value of the Divisions' assets through strategic asset planning and repositioning. Portfolio and Asset Management is organized into the following groups:

**Central Harbor Management Group**

Central Harbor Management Group is responsible for Division assets located from Terminal 91 to Pier 2/CEM in West Seattle. This includes various retail, office and industrial properties, and the conference and event centers.

**Maritime Real Estate Portfolio Asset Management**

Our team also manages the leasing, marketing, maintenance, and planning for the Maritime Division landside real estate assets located from Terminal 91 to Shilshole Bay Marina and includes Terminal 106. This portfolio includes retail, office, industrial, warehouse, and land assets.

Lease Administration and Utilities Group

Lease Administration and Utilities Group processes and administers all agreements for both the Economic Development and Maritime divisions. This includes monitoring for compliance with all agreement terms including insurance, surety, lease provisions, and amendments. The team also reads meters, processes payments, and bills customers for over 255 utility meters.

Foreign Trade Zone

Foreign Trade Zone manages and markets the use of the Port's Foreign Trade Zone for the benefit of businesses that import/export goods from/to other countries.

**Pier 69 Facilities Management**

The purchase and redevelopment of the Pier 69 site in the late 1980s has proven to be a visionary move that served as a catalyst for the major redevelopment which has since occurred along the central waterfront. Pier 69 is a unique facility and a great example of adaptive reuse; it was constructed in 1931 by American Can Company and was originally used as a salmon cannery warehouse. The vision of the project team transformed the neglected, massive concrete structure into the Class A office building that has now served the Port and our working waterfront tenants for more than a quarter-century.

Pier 69 Facilities Management ensures the functionality of the Pier 69 site by integrating people, place, process, and technology. Our mission is to provide, operate, and maintain a safe, secure, comfortable, effective, and efficient workplace.

Facility management services include asset management, space management and planning, energy management, reception services, event coordination, mailroom/shipping/receiving, and administration of the site Commute Trip Reduction (CTR) program.

**Diversity in Contracting**

The Diversity in Contracting (DC) department drives equitable economic development by supporting Women and Minority Business Enterprises (WMBE) and Disadvantaged Business Enterprises (DBE). The DC staff conducts outreach and trainings to ensure that WMBE and DBE firms are aware and capable of responding to Port contracting opportunities. DC staff also helps Port divisions/departments set annual WMBE utilization goals and helps identify WMBE utilization opportunities and requirements for upcoming Port procurements.

**Economic Development and Innovation Initiatives**

The managing director, the economic development manager, and the assistant to the managing director provide general support to the division. This team also implements the Economic Development Partnership program and the Port's maritime innovation initiatives.

Economic Development Partnership Program

In 2016, the Port of Seattle established an economic development fund for King County cities to advance regional economic growth and the Port's Century Agenda. The Port's goals with the grant program are to facilitate growth in business, jobs, and economic activity in participating municipalities. At the same time, the partnerships this program establishes will help advance the Port's strategic "Century Agenda" objectives by advancing business development, job creation, and community revitalization region wide.

In 2021, the Port of Seattle awarded about \$840,000 to 26 cities in King County. 51 percent of Port awarded funding supporting small business assistance projects and 35 percent of funding supports buy local/ placemaking projects and tourism projects.

### Maritime Innovation Initiatives

The division helps lead the Port's efforts to advance maritime innovation and establish a maritime innovation center at Fishermen's Terminal. The economic development team coordinates innovation center advisory committee meetings, fact finding trips, and works closely with other government, education, and private partners to support and stimulate innovation that helps sustain the region's maritime industry.

### Port Innovation Initiatives

The Division also organizes and sponsors internal innovation initiatives designed to advance new ideas and technologies within the Port. Organizing innovation seminars and workshops, supporting Shark Tank, and sponsoring annual innovation awards are a few of the initiatives that the division backs to foster Portwide innovation

## **BUSINESS ASSESSMENT:**

### **Real Estate Development and Planning**

#### Real Estate Market Analysis and Assessment

Today's real estate market has been significantly impacted by the outfall from the global outbreak of COVID-19 and the ensuing economic crisis. Those impacts are wide and hit all sectors of the real estate economy to varying degrees. Though some segments of the real estate market saw enormous and immediate negative impacts such as dining, retail and hospitality, the industrial areas near downtown where the Port has significant and well situated holdings, saw unprecedented value appreciation due to the massive shift to online shopping and the need to provide more "last mile" distribution centers close in to major population centers.

Nevertheless, the COVID-19 economic crisis created recessionary conditions for real estate and, with the exception already noted around industrial, marked break from a continuous growth in land and development costs that have characterized the Puget Sound region for well over a decade. The full impact on the economic slowdown is still unfolding and it will difficult to predict specific impacts for at least a couple years.

Three big trends connected to the COVID-19 crisis can be anticipated to impact the real estate sector.

1. The disruption of key construction supply chains in early 2021 is leading to significant inflation in material costs and shortages of key components (including labor).
2. The continued acceleration of the industrial sector is predicted to continue through 2021 making the Port's significant holdings in protected industrial zones (Duwamish MIC, Ballard-Interbay) more valuable as little real estate in these areas are available for sale or development.
3. The changing dynamics of the way people utilize properties due in part to the broad experience with work from home mandates. While health related restrictions during the peak of the pandemic are slowly lifting, it remains unclear how much 18 months of work from home will impact on-going practices and industry norms when it comes to all sectors of the real estate market.

At this juncture the industrial submarket has remains very strong and projections from market analysts continue to note the strength of the sector, particularly for high bay flex space that supports e-Commerce.



The vacancy rate in the close-in industrial submarket (Duwamish, Ballard-Interbay) in Seattle and surrounding areas has maintained itself through the pandemic, mostly as impacts from the pandemic slowdown were offset in the near term by delivery of new space and continued high demand for logistic warehousing. Therefore, from a historic low of 2.5% in early 2017 to 3.4% currently the industrial sector appears poised to be the most stable of real estate investment choices in the near post-pandemic turn. Vacancy rates will continue to remain low until new supply of space hits the market in early 2024. SODO, Interbay and other close in areas are likely to be targets as high-level investors seek to buy any properties that can be found. For Port properties that fall within these submarkets, rents are stable, migrating upwards and industrial vacancy rates within those areas are close to historic lows.

## **Commercial and Industrial**

### Local Market Analysis and Assessment

The occupancy level of our Commercial and Industrial Properties is currently at 94% compared to our specific submarket benchmarks which have occupancy of 93-95%. As previously mentioned, the industrial market is strong, and we expect industrial leasing activity to remain stable despite the current uncertain economic conditions related to COVID-19 recovery.

In the Fishing and Maritime sector during 2020 and 2021, there were multiple large acquisitions between Port tenants (e.g. Glacier Fish and Marel, Lineage Logistics and Trident Seafood) that will assure long-term, stable cashflow for the Port. In 2022 there will be 50,000+ square feet of space turning over and we expect to retain 90% of those tenants and backfill the rest to reach our occupancy goal of 94%.

At the same time, individual office and retail properties on the Central Waterfront and Duwamish areas will continue to wrestle with the impact of teleworking and evolving hybrid work styles along with the continuing local challenges (e.g. transportation infrastructure projects). Increasing occupancy and maintaining market rates in these properties will require special attention and we have contracted with real estate brokers to assist.

## **Conference and Event Centers**

### Local Market Analysis and Assessment

Bell Harbor International Conference Center (BHICC) has been a major success over the past twenty-five years. It has helped anchor Seattle's waterfront revitalization, generated significant international interest in the region, contributed significant economic impacts to the region and become an asset which contributes to the Port's bottom line.

The regional conference marketplace is rapidly evolving, and multiple new and compelling event spaces were recently introduced in Seattle, Bellevue, and other nearby communities. The legislative mandates issued by the State and the City of Seattle have seriously curtailed production of events through the first half of 2021, but the team is focusing on the future and has launched an assertive marketing campaign to regain sales momentum.

Despite the pandemic, Bell Harbor occupies a niche position in the local market as a mid-sized flexible event space. It is smaller and more intimate than the Washington State Convention Center (WSSC) and Century Link Field Event Center but larger than most large hotel conference venues. With copious windows, Bell Harbor allows attendees to enjoy daylight and waterfront views from most rooms. BHICC does not directly compete with the Convention Center and, in fact, fulfills an otherwise missing component for mid-sized flexible event space in the market. Our ability to expand events into the P66 Cruise Terminal allows for large events with appropriate physical distancing and will support our re-emergence.

In the long run, the WS Convention Center expansion will create new opportunities for increased, large conventions in Seattle and will benefit Bell Harbor by hosting displaced groups or supporting events. A short-term challenge is the increased supply of hotel rooms, in anticipation of the WS Convention Center expansion, which arrived a little early and often are attached to meeting space that can easily be offered as a loss leader for selling hotel rooms.

Thanks to the Port's investment in a modernized facility, our position is still strong, and the ongoing transformation of the Waterfront will only increase the distinction and desirability of our waterfront location and amenities.

## **Pier 69 Facilities Management**

### Market Analysis and Assessment

Our Pier 69 headquarters has now been in operation for more than a quarter-century. The facility is well maintained but the building is showing its age and will require significant investment over its second 25 years of service life. Pier 69 is well positioned to support the developing hybrid workplace, and to maintain a healthy and safe work environment.

A programmatic plan has been developed to guide the renewal, replacement, and modernization of major building systems through 2042. The plan outlines \$20-25 million of activity through 2027. An additional \$20-25 million of activity is programmed from 2028 through 2042. This ongoing investment will be required to maintain the effectiveness, efficiency, and resilience of our Class A office.

## **Diversity in Contracting**

### Market Analysis and Assessment

During the years of 2020-2021 COVID-19 has been very challenging for small businesses locally. It has essentially placed all positive economic activity to a standstill. Towards the end of 2021, economic activity signs are showing improvements, yet some businesses are still not knowing if they are going to survive. The Port, however, is doing its part by not slowing down projects but rather continuing to increase its timing to continue its economic support of businesses, especially within the construction and construction-related industries.

Due to this support, the Economic Development Division's Diversity in Contracting's (DC) program continued to inject regional and statewide economic vitality and inclusion through the Port's economic recovery efforts by continuing with its robust outreach efforts combined with effective business resiliency and COVID-19 grant application trainings for current and potential WMBE and small business contracting partners.

This continues the economic activity by providing opportunities to small and WMBE firms which are supporting communities through the maintaining of staff and other beneficial economic activities.

Due to our commitment, the Port is rapidly becoming a leader in advancing inclusive procurement policies that support all firms within the Puget Sound Region. As a result, the Port's EDD division is viewed as a major contributor to the local and regional small business and WMBE recovery efforts amongst outside governments, non-profits, and chambers.

For 2022, the DC department is a major core element for advancing the Port-wide WMBE goals.

## **Tourism Development**

### Market Analysis and Assessment

As a result of the global COVID-19 pandemic, the tourism industry was hit especially hard in 2020 and in 2021, impacting jobs and the tourism economies in Washington and Alaska like no other. Job losses in the hospitality and restaurant industry has reached 45,000 statewide. The Alaska cruise season in 2020 was nonexistent and for 2021 the Alaska Cruise season will be at approximately 25% of the 2019 season. For the month of April 2021, King County hotel occupancy was a dismal 43.1%. SEA Airport traffic (enplanements and deplanements) was 2.5 million compared 7.1 million in 2019.

Because the Port of Seattle's visitor assets cruise terminals and Seattle-Tacoma international Airport (SEA) are integral gateways for continued expansion of travel in the Pacific Northwest, Tourism will work with industry partners and stakeholders to increase the economic value of travel for King County and Washington state in 2022.

Although the cruise industry has been one of the most dramatically impacted because of the COVID-19 crisis and despite the cruise industry challenges globally, it is believed that the Alaska cruise trade will rebound. In Alaska Ketchikan, Sitka, Skagway, and Icy Strait Point all are in the process of planning or building out additional docking infrastructure. Early indications and reports from cruise lines, cruise tour operators and the retail cruise travel trade reflect that visitation will be strong in 2022 and beyond.

Tourism will focus our efforts to impact, and educate the travel trade and travel media on the merits of selling Alaska cruises and recommending extension of stays to explore the Pacific Northwest thereby increasing leisure air travel to Washington for 2021 and beyond. We will continue to work with fellow destination marketing organizations and attractions to market all of Washington state as well as impact and address our strengths, weaknesses, opportunities and threats.

As a result of the COVID-19 impact on SEA as the gateway to the Pacific Northwest and Washington state, POS and the Tourism Department is in a position to play a vital role in collaboration with the Washington Tourism Alliance (WTA) and other visitor stakeholders to bring the visitor industry back to a healthy and important part of Washington state's economy. Our Tourism Marketing Support Program (TMSP), airport spotlight advertising program and international marketing efforts will be used to return the tourism and visitor industry back to life after the challenging and difficult 2021 travel season.

## **Economic Development**

### **Economic Development Partnership Program**

#### Market Analysis and Assessment

The Port began working with cities in King County at the start of COVID-19 (early 2020) to pivot Economic Development Partnership projects to address acute economic needs, while also working with smaller cities to modify projects to support local businesses. Over half of the participating cities pivoted or reallocated resources to projects that supported COVID-19 relief and recovery.

As the pandemic progressed, cities were able to use Port funding as a flexible funding source to help connect small businesses to federal business aid programs through technical assistance (such as filling out forgivable-loan applications) or communication (developing resource newsletters to communicate with local businesses). The Port also convened cities on five virtual meetings to identify resources to support small businesses, share response best practices as the crisis evolved, and offer feedback on the Greater Seattle Partners Recovery Framework.

As cities in King County rebuild from the COVID-19 pandemic, the Port of Seattle Economic Development Partnership Program has demonstrated that it is a flexible funding source that can be used to leverage state and federal assistance programs in King County. The accessibility of the funding and the simpler, yet accountable reporting requirements, make the grants a valuable tool for cities to fill gaps and extend a regional safety net for small businesses.

Today, the economy continues to “re-open” as COVID-19 cases continue to decrease, and cities begin to develop plans on how to use a once in a generation level of federal assistance made through the American Rescue Plan Act. The Port will continue to be a regional convener in King County and use the economic recovery tool to let cities address acute recovery needs.

This year, cities are continuing to address pandemic related challenges impacting their local economies:

- 51 percent of Port awarded funding supports small business assistance initiatives
- 35 percent of funding supports buy local/ placemaking projects and tourism projects

As an example of small business assistance, the cities of Kirkland, Bellevue, Renton, Issaquah, and Redmond continue to support (re)Startup 425 to provide multilanguage technical assistance to help businesses impacted by COVID-19. The City of Burien is helping small businesses “get online” by using digital marketing, digital payment processing, and e-commerce to grow sales.

Demonstrations of buy local/ placemaking projects include Kirkland, which continues to grow Shop Local Kirkland – a centralized e-commerce marketplace for local products and services. Additionally, Kent is funding a pilot for on-call architect services to advise small businesses that are moving into commercial spaces to help mitigate unexpected building costs, decrease front-end costs, and help the business obtain capital.

#### Connection to 2022 Port-Wide Goals

The Port of Seattle Economic Development Partnership grants will continue to drive equitable recovery and build positive partnerships with King County Cities. Port staff will continue to drive cities to use funds to support local small businesses and rebuild the tourism/travel industry.

To date in 2021, the Port of Seattle has awarded about \$840,000 to 26 cities in King County. Based on cities planned projects and budgets, the cities and the Port will be making a combined investment of almost \$1.5 million.

### **Maritime Innovation Initiatives and Center Development**

#### Market Analysis and Assessment

Washington’s maritime industry supports over 75,000 jobs and the industry is essential to our region’s future. Maritime employers provide blue-collar employment opportunities in rural and urban communities. Maritime operations help protect our working waterfronts and harbors. And Washington’s maritime cluster is well positioned to grow into the future.

Often overshadowed by the Seattle region’s tech economy, our maritime sector’s potential is overlooked. A growing Blue Economy is just beginning to gain recognition globally as regions start to recognize the importance of the ocean for economic development, recreation, sustenance, and quality of life purposes. Washington’s new Maritime Blue plan embraces the Blue Economy opportunities and is a bold new blueprint for advancing Washington’s maritime industries.

The Port of Seattle is a key Maritime Blue partner. Advancing maritime innovation initiatives can position our lines of business and maritime business partners for future growth and success. New opportunities for the region include alternative low carbon vessel propulsion systems, surface and undersea robotics, arctic research, seafood product development and digitization.

To realize these innovation opportunities, the region's maritime cluster must collaborate more effectively. The new Maritime Blue cluster organization can help the industry overcome fragmentation that has so far stymied the industry's ability to advance new ideas and technologies. The Port of Seattle can help guide this organization towards success and make additional investments to help anchor regional maritime innovation.

### **CHALLENGES AND OPPORTUNITIES:**

#### **Real Estate Development and Planning**

##### **Strengths:**

- Port does not sell its active and tenanted property as a general rule and therefore can remain a patient steward of these sites through the down turn
- Strategically located properties along major waterways, near airport and industrial cargo transportation channels
- Pro-development Port commission determined to add jobs, with a focused mission to improve our region by strategically leveraging our diverse real estate holdings
- Talented interdisciplinary team with fresh strategic plan

##### **Weaknesses:**

- Limited capital capacity for R/E development project pipeline
- Limited capacity to deliver projects
- Port properties are usually encumbered with wetlands, brownfields, and other development limitations that require creative approaches towards redevelopment

##### **Opportunities:**

- Acquiring property to protect industrial lands and to potentially support economic/equitable development initiatives
- Recovery funding can potentially support real estate development project(s)
- Partner with other agencies to leverage Port properties/capital
- Redeveloping Port properties to support the region's aviation, maritime and logistics industries
- Maritime Innovation Center can help attract new tenants and support industry innovation

##### **Threats:**

- Rebound economy will create challenges: Cost of Construction, inflation, availability of labor
- Market uncertainty due to post COVID-19 real estate recovery and related WFH adjustments
- Long development review timelines and related permitting complexities
- West Seattle Bridge
- Market factors, environmental regulations, and an unprecedented wave of commercial real estate technology innovations that change the way traditional assets are operated

## **Portfolio And Asset Management**

### Commercial Properties

#### **Strengths:**

- Properties located in desirable areas for maritime and industrial users
- Experienced and diverse management team
- Clear and robust processes guide strategy and work

#### **Weaknesses:**

- Several challenging properties that lack public transportation, parking, and amenities
- Port policies and regulations impact our efficiency and competitiveness
- Energy conservation improvements will be increasingly expensive to implement due to aged assets

#### **Opportunities:**

- The industrial real estate market remains strong Changing work environment = new leasing opportunities
- Maritime innovation initiatives can generate demand for space and bring new energy to our properties

#### **Threats:**

- Tenant insecurity and restructuring
- Changing work patterns disrupting office and event space
- Worsening homelessness/public safety issues
- Sensitivity to public opinion can impact Port efficiency

### Conference and Event Centers

#### **Strengths:**

- New renovated facility with advanced technology to support in person and remote meetings.
- Iconic, niche facility in desirable locations.
- Assertive yet prudent management team with deep experience in the market.
- Developing experience in producing and promoting meetings in the post-COVID market.
- Previous team members are anxious to return and contribute to the on-going success.

#### **Weaknesses:**

- Parking capacity at Pier 91, Smith Cove Conference and Event Center is very limited and inconveniently located. Also, public transportation options to the site remain limited

#### **Opportunities:**

- With our innovative, yet prudent, management operator, Columbia Hospitality, at the cutting edge of the future of meetings, we will create new opportunities and new forms of business meetings and social events. The success of the first Puget Sound Economic Summit, in September 2020, demonstrated our team's innovation and flexibility
- Large tech employers are already seeking event space to celebrate employees returning to work. Smaller, local organizations are ramping up trainings and collaboration meetings
- Hotel room supply – With the significant increase in guest room supply, average room rates have dropped. This provides an opportunity to bring conference and event business to the area which has been rate sensitive in the past. Leveraging partnerships with nearby hotel properties has proven successful in some market segments which have previously skipped Seattle due to higher prices

- Business travelers and meeting attendees tend to be vaccinated and have single-digit vaccination hesitancy (8.3%). Business travel is expected to rebound to 72% of 2019 levels in 2022, 94% in 2023 and 102% in 2024. Growth is imminent

**Threats:**

- Tight labor market will cause wage inflation to attract team members to support meetings and events. Over Seattle has 46,000 jobs vacant in the hospitality and entertainment sector
- Competitive market – the expanding array of new supply now presents a different challenge; there are approximately 23 number of new “event venues” in the city/region offering event related space. To make matters worse, they will offer that event space at extreme discounts to fill their guest room inventory until the supply/demand balance is back on track
- Increasingly short lead times in the market – there is a continuing trend toward “just-in-time” event planning and the shortening of lead time for events creates challenges in forecasting and logistics
- Crime/public safety

**Pier 69 Facilities Management**

**Strengths:**

- Scenic location and spacious, well ventilated office facilitates recruitment, retention, wellness, engagement, and a hybrid workplace
- Site does not have significant deferred maintenance
- Facilities are 100% electrified, energy efficient, and house a 100KW photovoltaic solar array
- Public access on the north apron provides recreational opportunities

**Weaknesses:**

- Aging building systems will require significant investment over the next two decades
- Pandemic driven uncertainty surrounding space utilization/design
- Clipper Café closure limits on-site dining options for employees
- Uncertainty regarding service life of the concrete pier which is now 90 years old

**Opportunities:**

- Ownership of the site provides maximum control as the hybrid work environment evolves
- New work patterns, e.g., hybrid workplace, could yield leasable space that would generate new revenue
- Partnerships with passenger ferry agencies
- Partnerships to improve last-mile transit options

**Threats:**

- Site is in a liquefaction zone
- Climate Change
- Limited last-mile transit options
- Increased crime/public safety issues

**Diversity in Contracting**

**Strengths:**

- Port Commission, executive, and staff set strong policy and direction
- DC Staff is well connected and has significant technical experience

- Partnerships with WMBE and organizations (NAMC, Tabor100, MBDA, NWMSDC, USDOT-SBTRC), and outside government/state entities

**Weaknesses:**

- Growth of Capital program stretches DC staff capacity
- Some bias may still exist towards inexperienced firms
- Limited historical WMBE utilization rates make goal setting difficult
- Time for advertisement - this impacts the targeted outreach
- DC staff has limited influence over smaller Cat 1 (50K <) contracts

**Opportunities:**

- Leveraging Small Works and Job Order Contracting to improve upon WMBE participation
- Other government agencies can help leverage Port program
- Continuation of WMBE COVID-19 resiliency business training and support
- Strong community network can enhance Port WMBE utilization
- Strong ethnic media network can help amplify program
- Strong potential to grow WMBE utilization as part of recovery
- Leveraging more alternative delivery (Design/Build, GC/CM) projects

**Threats:**

- I-200 litigation risk impacts Diversity in Contracting outcomes
- Availability of WMBE businesses – Post Economic Slowdown
- Perception (i.e. WMBE firms) - Port is only looking at numbers, not accountabilities (utilization of same WMBE firm to reach numbers – MBE utilization still needs work)
- Small and WMBE businesses finding workers due to economic recovery

**Tourism Development**

**Strengths:**

- The Port's build out of infrastructure improvements (IAF and North Satellite) afford opportunity for increased tourism visitation
- The Port has established itself as a trusted industry convener and partner
- The Port of Seattle's collaborative approach and commitment to statewide tourism is clear the strong partnerships established will aid in recovery efforts
- King County is building strong infrastructure components – Waterfront Park, expanded light-rail, the Climate Pledge Arena, and the Washington State Convention Center – that enhance Seattle's global reputation and assist in attracting future visitors

**Weaknesses:**

- Uncertainty with respect to cruise expansion and operations
- SEA airport operation has been impacted and dramatically disrupted because of the COVID-19 pandemic
- Threat of future COVID-19 outbreaks

**Opportunities:**

- The Alaska cruise trade market appears to have a strong rebound potential
- Cruise passengers often spend extra days in a region or community (in particular international visitors) prior to or post their actual cruise itinerary
- POS can leverage our funding and resources with state tourism marketing efforts



- Because of our state's unique diverse cultures and natural lands, opportunity exists to amplify the promotion of eco and cultural/ethnic tourism

**Threats:**

- Substantial travel uncertainty continues to exist as a result of the pandemic
- The national and international perception that Seattle has substantive homelessness and crime issues continue to pose concerns and are tarnishing Seattle's reputation as a great visitor destination
- Washington state tourism marketing efforts are still below neighboring states and provinces funding levels and the competition for traveler dollars and investments will continue to be intense

**Economic Development**

Economic Development Partnership Program

**Strengths:**

- Grants help advance Port's regional economic priorities during COVID-19
- Talented team supports grants and provides city economic development support
- Grants provide niche funding for business assistance, buy local/ placemaking, and tourism projects, that are expected to:
  - Promote regional economic diversification and main street recovery,
  - Try new approaches to advance equitable economic development,
  - Supports small businesses through technical assistance and tourism development,
  - Recapture spending within the city, and
  - Ultimately create or retain jobs

**Weaknesses:**

- Grant outcomes/metrics are not uniform across participating cities
- Grant program not well integrated with other Port community investments
- Cities often challenged to implement projects in less than a year
- Promising regional economic development initiatives can be difficult to scale or expand

**Opportunities:**

- Cities welcome productive economic development partnerships with the Port of Seattle
- Cities are investing in economic recovery – effectively leveraging Port funding
- Port funding drives city economic recovery investments and planning

**Challenges/ Threats:**

- Balkanization of economic development efforts makes it difficult to scale successful economic development programs
- Difficult to scale equitable economic development efforts
- Challenging for cities to measure outcomes on a short-term basis. Many projects undertaken with Port of Seattle grant funds have long-term objectives, which are hard to measure in terms of immediate return on investment

Maritime Innovation Initiatives and Center Development

**Strengths:**

- Established Port lines of business provide partnership and expertise needed to support maritime innovation
- Port real estate assets can support short and long-term needs for maritime innovation

- Port staff in constant touch with maritime industry = knows problems and opportunities

**Weaknesses:**

- Innovation initiatives are new, so patience is needed to define/achieve outcomes

**Opportunities:**

- To bring world class technologies (Cloud, Cybersecurity, IoT) beneficially to the region's maritime cluster
- To spur innovations that sustain the region's fishing industry and protect our maritime environment
- Advancing partnerships with the University of Washington, NOAA, City of Seattle, Maritime Blue, private industry, and many other stakeholders

**Threats:**

- The region's maritime industry is not particularly collaborative
- Other ports and regions are hungry for talented maritime start-ups. Two local companies have participated in the Port of Rotterdam's accelerator to advance their start-ups

## **D. OPERATING BUDGET SUMMARY**

### **Background**

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

- Implementation of programs that directly support the Port's initiatives to promote women and minority businesses, tourism, and Maritime Innovation. In general, these activities do not directly generate revenue for the Port
- Managing and developing real estate assets to support Century Agenda goals and to maximize financial returns for taxpayers. These activities additionally generate revenue for both the Maritime and Aviation Divisions. The Division is also responsible for the management of the Port's Pier 69 headquarters building

### **Assumptions**

The 2022 Economic Development Division Budget is based on the following assumptions:

- Commercial properties are expected to remain at 95% or greater occupancy at year-end 2022, consistent with a forecasted occupancy of more than 95% at year-end 2021
- Conference and Event Center revenues reflect 75% of a typical year's capacity from some remaining pandemic impacts
- Economic Development Partnership and Tourism Grants are expected to continue
- Salaries and benefits are forecasted using the 2022 Budget guidelines of 6% annual increase to salaries and specified benefit fixed amount/percentage
- Utility rate increases are based on applicable rate changes posted by Seattle Public Utility, Seattle City Light, Puget Sound Energy and other utility vendors as applicable

### **Major Changes in 2022 Budget**

The 2022 budget reflects expanded expenditures for the Economic Development Partnership Grant Program with King County cities, final leg of funding for the Washington Tourism Alliance, and funding for a Sustainable Tourism Conference and Maritime Innovation.

### **Operating Revenue**

Economic Development Division Operating Revenues are budgeted to decrease by \$0.34 million or 1.8% compared to the 2020 budget. Portfolio & Asset Management's revenues are up from 2021 due to lessening COVID-19 impacts to the Bell Harbor International Conference and Event Center and Bell Street Garage.

**TABLE VI-3: MAJOR REVENUE CHANGES**

	(\$ in 000's)	2019	2020	2021	2022	Change	% Change
	Notes	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud	2020 Bud - 2022 Bud
<b>REVENUE</b>							
<b>Portfolio &amp; Asset Management</b>		<b>\$ 21,173</b>	<b>\$ 19,108</b>	<b>\$ 13,348</b>	<b>\$ 18,760</b>	<b>\$ (348)</b>	<b>-1.8%</b>
Central Harbor Mgmt Group		8,899	9,093	8,278	8,431	(661)	-7.3%
Conference & Event Centers		12,239	9,985	5,035	10,299	314	3.1%
Foreign Trade Zone		35	30	35	30	-	0.0%
<b>Others</b>	1)	<b>(21)</b>	<b>2</b>	<b>-</b>	<b>9</b>	<b>7</b>	<b>380.4%</b>
<b>Total Revenue</b>		<b>\$ 21,151</b>	<b>\$ 19,110</b>	<b>\$ 13,348</b>	<b>\$ 18,769</b>	<b>\$ (341)</b>	<b>-1.8%</b>

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Note:

1) Includes Police misc. revenue offsets to Economic Development Division.

### **Operating Expense Drivers**

Total Economic Development Division operating expenses are budgeted to decrease by \$1.1 million or 3.6% from the 2020 budget driven by increases in economic recovery initiatives.

**TABLE VI-4: ECONOMIC DEVELOPMENT REVENUE BY ACCOUNT**

(\$ in 000's)		2019	2020	2021	2022	% Change
Revenue by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Revenue</b>						
Parking Revenue		\$ 185	\$ 185	\$ 185	\$ 101	-45.4%
Revenue From Sale of Utilities		2,659	2,969	2,460	2,914	-1.9%
Property Rental Revenue		15,720	15,879	15,420	14,967	-5.7%
3rd Party Management		11,616	9,304	4,511	9,849	5.9%
Other Revenues		853	925	857	713	-23.0%
<b>Total Operating Revenue</b>	<b>1</b>	<b>\$ 31,033</b>	<b>\$ 29,263</b>	<b>\$ 23,432</b>	<b>\$ 28,543</b>	<b>-2.5%</b>

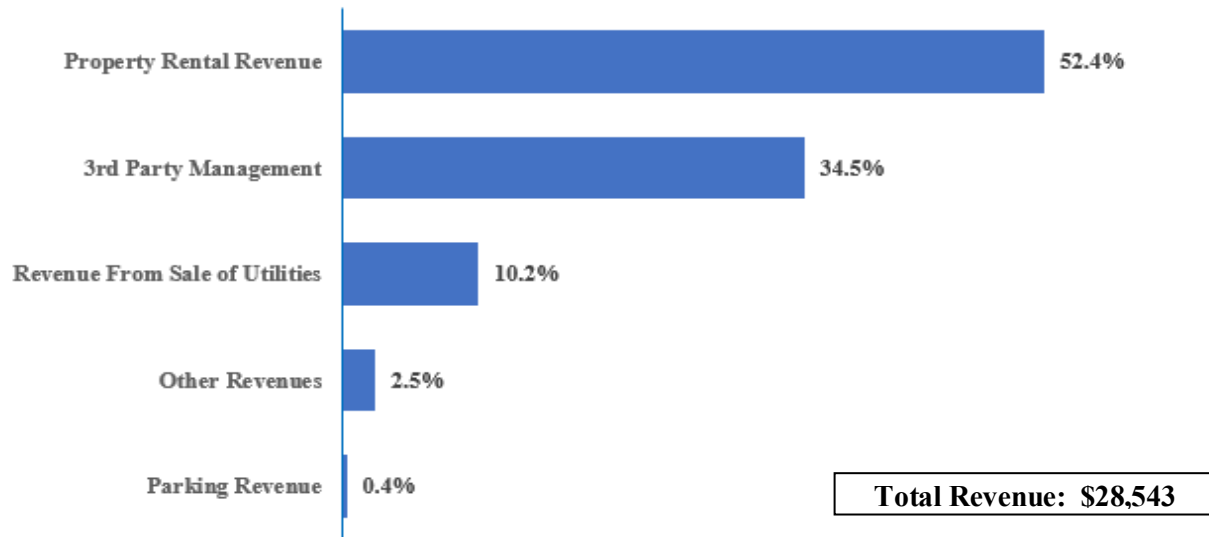
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Note:

1) Revenue does not include allocations from other divisions.

**FIGURE VI-3: ECONOMIC DEVELOPMENT REVENUE BY ACCOUNT**

(\$ in 000's)



**TABLE VI-5: ECONOMIC DEVELOPMENT OPERATING & MAINTENANCE EXPENSES BY ACCOUNT**

(\$ in 000's)		2019	2020	2021	2022	% Change
Expense by Account	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Expense</b>						
Salaries, Wages, Benefits & Workers Compensation		\$ 3,838	\$ 4,875	\$ 4,859	\$ 4,908	0.7%
Equipment Expense		241	349	188	453	30.0%
Utilities		4,772	4,996	4,708	4,863	-2.6%
Supplies & Stock		136	139	117	122	-12.1%
Outside Services		3,450	3,996	4,662	5,323	33.2%
Travel & Other Employee Expenses		268	409	238	336	-18.0%
Promotional Expenses		245	293	174	266	-9.0%
3rd Party Management		9,992	8,783	5,175	8,956	2.0%
Other Expenses		1,600	1,739	1,118	1,551	-10.8%
Charges to Capital/Govt/Envrs Projects		167	-	-	-	0.0%
<b>Total Operating Expense</b>	1	<b>\$ 24,709</b>	<b>\$ 25,579</b>	<b>\$ 21,239</b>	<b>\$ 26,779</b>	<b>4.7%</b>

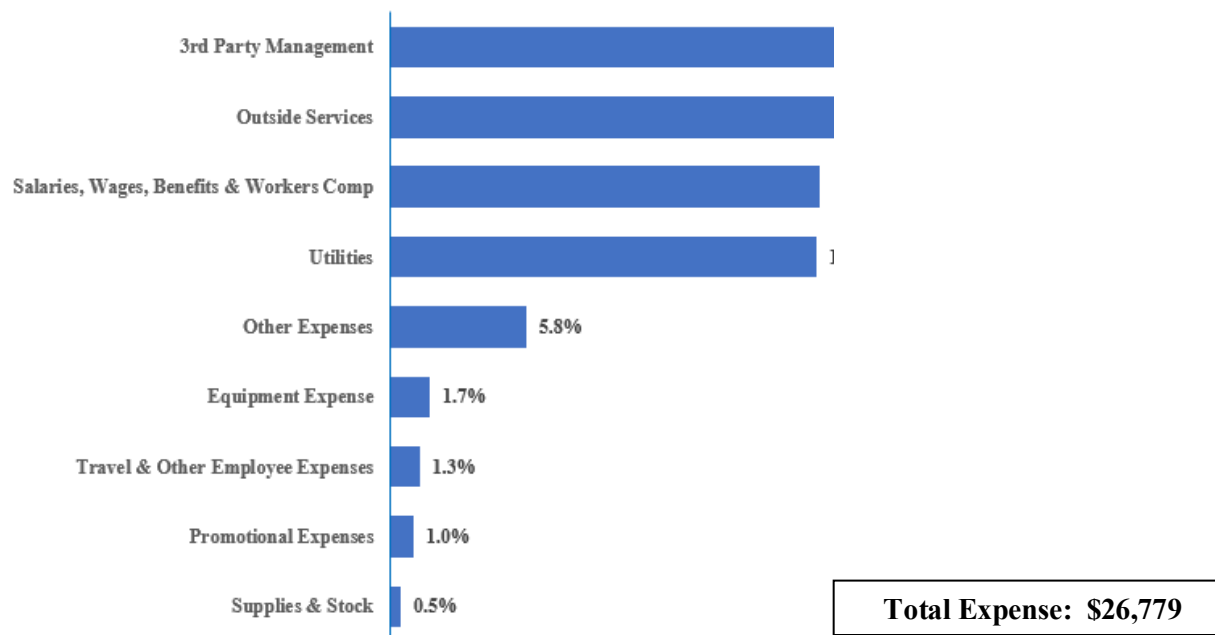
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Note:

1) Table VI-4, 5 & 6 differ from Table VI-2, in that they only reflect the division expenses and do not include Central Services allocations.

**FIGURE VI-4: ECONOMIC DEVELOPMENT EXPENSE BY ACCOUNT**

(\$ in 000's)



**TABLE VI-6: ECONOMIC DEVELOPMENT REVENUE AND EXPENSE BY DEPARTMENT**

(in 000's)		2019	2020	2021	2022	% Change
BY DEPARTMENT	Notes	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>REVENUE</b>						
Portfolio Management		\$ 31,033	\$ 29,263	\$ 23,432	\$ 28,534	-2.5%
<b>Total Operating Revenue</b>		<b>31,033</b>	<b>29,263</b>	<b>23,432</b>	<b>28,534</b>	<b>-2.5%</b>
<b>EXPENSES BEFORE CHARGES TO CAP/ GOVT/ENVRs PROJECTS</b>						
<b>Business Groups:</b>						
Portfolio Management		18,162	17,975	13,143	18,280	1.7%
Real Estate Development and Planning		395	813	633	755	-7.1%
<b>Total Business Group Expense</b>		<b>18,557</b>	<b>18,788</b>	<b>13,776</b>	<b>19,034</b>	<b>1.3%</b>
<b>Service Groups and Other:</b>						
Pier 69 Facilities Management		1,855	1,694	1,578	1,733	2.4%
Tourism		1,338	1,536	2,481	1,675	9.1%
Small Business		883	1,520	1,510	1,836	20.8%
Economic Development Management		1,680	2,042	1,895	2,499	22.4%
Economic Development Capital to Expense		229	-	-	-	0.0%
Economic Development Environmental Reserve		-	-	-	-	0.0%
<b>Total Services Group and Other Expense</b>		<b>5,985</b>	<b>6,791</b>	<b>7,464</b>	<b>7,744</b>	<b>14.0%</b>
<b>Total Expenses Before Charges to Cap/Govt/Envrs Projects</b>		<b>24,542</b>	<b>25,579</b>	<b>21,239</b>	<b>26,779</b>	<b>4.7%</b>
<b>CHARGES TO CAPITAL/GOVT/ENVRs PROJECTS</b>						
		<b>167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>						
<b>Business Groups:</b>						
Portfolio Management		18,162	17,975	13,143	18,280	1.7%
Real Estate Development and Planning		395	813	633	755	-7.1%
<b>Total Business Group Expense</b>		<b>18,557</b>	<b>18,788</b>	<b>13,776</b>	<b>19,034</b>	<b>1.3%</b>
<b>Service Groups and Other:</b>						
Pier 69 Facilities Management		1,855	1,694	1,578	1,733	2.4%
Tourism		1,338	1,536	2,481	1,675	9.1%
Small Business		883	1,520	1,510	1,836	20.8%
Economic Development Management		1,680	2,042	1,895	2,499	22.4%
Economic Development Capital to Expense		397	-	-	-	0.0%
Economic Development Environmental Reserve		-	-	-	-	0.0%
<b>Total Services Group and Other Expense</b>		<b>6,153</b>	<b>6,791</b>	<b>7,464</b>	<b>7,744</b>	<b>14.0%</b>
<b>Total Operating Expense</b>	1	<b>\$ 24,709</b>	<b>\$ 25,579</b>	<b>\$ 21,239</b>	<b>\$ 26,779</b>	<b>4.7%</b>

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Note:

1) Expenses do not include Central Services allocations.

## E. STAFFING

Economic Development is budgeting a total of 35.0 FTEs, a reduction of 1.7% compared to the 2020 Budget.

The following table outlines the Full-Time Equivalents (FTEs) in the Economic Development Division.

**TABLE VI-7: ECONOMIC DEVELOPMENT STAFFING**

STAFFING (Full-Time Equivalent Positions)		2020	2020	2021	2021	2022	% Change	
BY DEPARTMENT	Notes	Budget	Actual	Budget	Est. Act.	Proposed Budget	20 Bud-22 Bud	21 Est. Act.-22 Bud
Economic Development Administration	1	3.0	3.0	4.0	4.0	4.0	33.3%	0.0%
Portfolio & Asset Management	2	14.6	14.6	14.0	14.0	14.0	-4.1%	0.0%
P69 Facilities Management		5.0	5.0	5.0	5.0	5.0	0.0%	0.0%
Real Estate Development & Planning		2.0	2.0	2.0	2.0	2.0	0.0%	0.0%
Diversity in Contracting	3	8.0	8.0	8.0	8.0	7.0	-12.5%	-12.5%
Tourism		3.0	3.0	3.0	3.0	3.0	0.0%	0.0%
<b>TOTAL ECONOMIC DEVELOPMENT DIVISION</b>		<b>35.6</b>	<b>35.6</b>	<b>36.0</b>	<b>36.0</b>	<b>35.0</b>	<b>-1.7%</b>	<b>-2.8%</b>

FTE.XLS

Notes:

- 1) Economic Development Administration added 1.0 FTE (Innovation Initiatives Manager) for 2021 Budget.
- 2) Portfolio & Asset Management eliminated an unfilled part-time 0.6 FTE (Real Estate Analyst) for 2021 Budget.
- 3) Diversity in Contracting will eliminate 1.0 FTE (Business Development Director) in 2022.



**F. ECONOMIC DEVELOPMENT CAPITAL BUDGET**

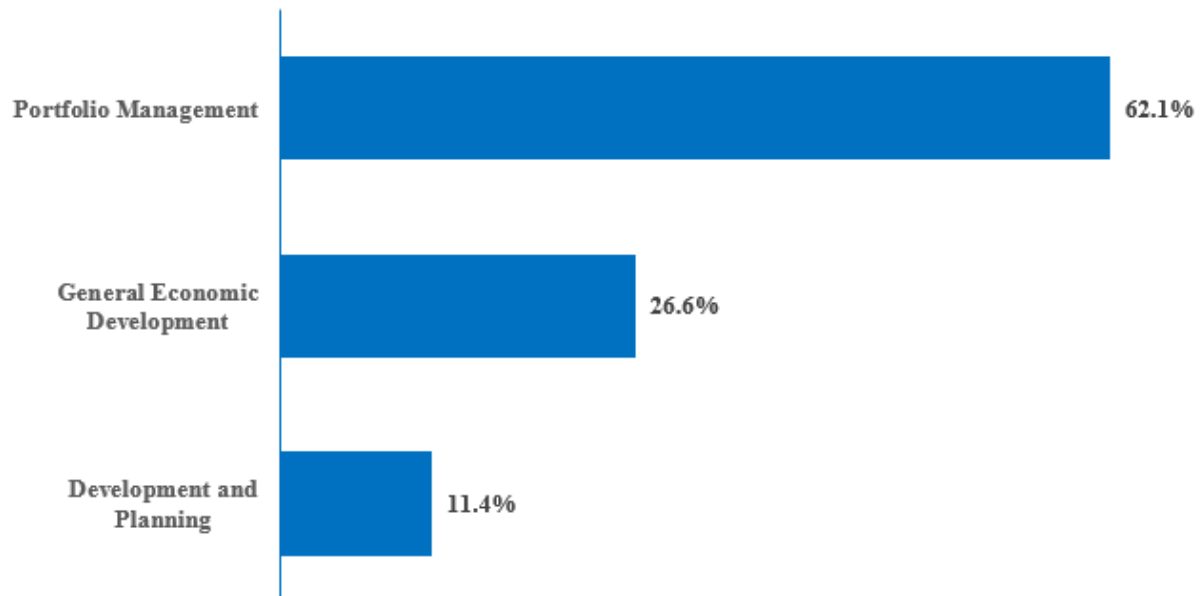
**TABLE VI-8: ECONOMIC DEVELOPMENT CAPITAL BUDGET SUMMARY**

(\$ in 000's)	2022 Budget	2022-2026 CIP	% of 2022 Total Committed
<b>Committed Capital Projects</b>			
Portfolio Management	\$ 8,115	\$ 12,385	62.1%
General Economic Development	3,470	7,031	26.6%
Development and Planning	1,484	49,070	11.4%
<b>Total Committed</b>	<b>\$ 13,069</b>	<b>\$ 68,486</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 1,000</b>	<b>\$ 15,156</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (3,554)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 10,515</b>	<b>\$ 83,642</b>	

CAPSUM

**FIGURE VI-5: ECONOMIC DEVELOPMENT CAPITAL BUDGET**

(\$ in 000's)



**Committed CIP Total Spending: \$13,069**

## VII. CENTRAL SERVICES

## CENTRAL SERVICES

### A. 2022 BUDGET SUMMARY

**TABLE VII-1: CENTRAL SERVICES BUDGET SUMMARY**

(\$ in 000's)						
OPERATING RESULTS	Notes	2019 Actual	2020 Budget	2021 Budget	2022 Proposed Budget	Change 2020 Bud - 2022 Bud
<b>Total Operating Revenue</b>		\$ 1,282	\$ 40	\$ 181	\$ 186	\$ 146
Central Services		113,891	134,279	123,194	141,756	7,477
<b>Total Central Services Expense</b>		<b>113,891</b>	<b>134,279</b>	<b>123,194</b>	<b>141,756</b>	<b>7,477</b>
<b>Excess of Revenue over Expense</b>		<b>\$ (112,609)</b>	<b>\$ (134,239)</b>	<b>\$ (123,013)</b>	<b>\$ (141,570)</b>	<b>\$ (7,331)</b>
Committed Capital Budget		\$ 10,635	\$ 13,703	\$ 5,644	\$ 6,444	\$ (7,259)
Business Plan Prospective		219	6,345	3,600	6,650	305
CIP Cashflow Adjustment Reserve		-	(5,000)	(2,500)	(3,900)	1,100
<b>Total Capital Budget</b>		<b>\$ 10,854</b>	<b>\$ 15,048</b>	<b>\$ 6,744</b>	<b>\$ 9,194</b>	<b>\$ (5,854)</b>
<b>EMPLOYMENT (TOTAL FTEs)</b>		<b>808.0</b>	<b>834.3</b>	<b>845.5</b>	<b>885.8</b>	<b>51.6</b>

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### B. CENTRAL SERVICES DESCRIPTION

#### MISSION:

Central Services provides high quality and cost-effective professional and technical services to the operating divisions and supports the strategies and objectives of the Port.

#### MAJOR AND NEW INITIATIVES:

- Add resources to enhance safety and security of the traveling public
- Continue to provide resources to support the regional equitable economic recovery
- Continue to advance environmental sustainability of the Port and the region.
- Connect underserved communities to Port opportunities
- Restore some budget for employee training and development
- Add resources to support capital programs and meet the business needs for the operating divisions
- Train construction pre-apprentices and construction placements in apprenticeships or trade related jobs
- Continue to support youth participating in maritime experiential events and internships
- Expand equity, diversity, and inclusion within the Port and across the region
- Continue to invest in community programs, such as the South King County Fund and Duwamish Valley Community Equity Program
- Increase public understanding of Port operational activities, especially in airport-neighboring and near-Port communities and disadvantaged populations

## **C. KEY FUNCTIONS AND RESPONSIBILITIES**

### **OVERVIEW:**

Central Services provides a number of essential services to the three operating divisions of the Port and to the Northwest Seaport Alliance (the NWSA) per service agreements. Central Services departments are vital to the success of the operating divisions and the NWSA and benefit the public in general.

Central Services' functions have evolved and now include 20 departments with organizational restructuring over the past few years. Apart from the traditional support functions, such as Accounting, Human Resources, External Relations, etc., Central Services also includes Police, Engineering, Port Construction Services, and three Centers of Expertise (COEs) – Business Intelligence, Finance and Budget, and Environment and Sustainability.

While all COEs continue to maintain the same reporting structure within the Central Services, the Budget and FTE numbers for a couple of the COEs would rollup to the division they are supporting beginning in 2021. Aviation Environmental, Noise Program, and Aviation Finance & Budget rollup into the Aviation Division. Maritime Environmental and Planning, Environmental Finance, and Seaport Finance rollup into the Maritime division.

The key functions for the Central Services departments in 2022 are as follows:

### **COMMISSION:**

The Port Commission is the legally constituted governing body of the Port of Seattle. Its primary duties are to establish policies on behalf of the community that guide the Port's future and maintain its global competitiveness, and to execute its fiduciary responsibilities in overseeing the expenditure of public funds. As a governing body of a special purpose municipal corporation, the Commission is charged with fulfilling the law as the basis for appropriate policy, and establishing policy as the basis for appropriate practices, activities, and procedures.

The Commission expresses its policy direction through the following mechanisms:

- Reviews the strategies that serve as the framework for the business divisions' and Central Services departments' goals and objectives. These strategies provide the groundwork for prioritizing and allocating resources to programs and projects at the division level
- Reviews and approves the annual budget. The budget is made available to the general public as required by RCW 53.35.010 and RCW 53.35.045. A Public Hearing for the Introduction of the Preliminary Budget is held before the final passage of the Budget, at which time the Port Commission will make final recommendations and Adopt the budget
- Sets additional long-term policy goals during public Commission meetings through the passage by majority vote of Commission Resolutions in accordance with RCW 53.08 and the Master Delegation of Authority. These policy goals help advance the Commission's long-term mission of economic development and job creation through promotion of industrial growth and advancement of trade and commerce
- Reviews and approves public session programs, projects, and select contracts through Commission motions that are introduced and seconded by Commission members, in accordance with the Master Delegation of Authority
- Oversees the Executive Director to execute the Century Agenda, major programs and goals, objectives, and policy guidelines established by the Port Commission through majority vote at Commission meetings and by Commission approval of the Executive Director's performance goals and objectives. These include policy goals and objectives related to achieving the Port's financial and budgetary annual performance goals, and aligning budget priorities to the Port's core mission,

division goals and objectives that demonstrate that the Executive Director is holding his direct report managers accountable for division-level performance

- Oversees the Internal Audit function of the Port of Seattle through the Audit Committee made up of two Port Commissioners and a third public member
- Oversees External Relations and General Counsel which allows the Commission office to have greater input on communicating with the public and directing and accepting legal advice and direction
- Oversee Clerk's Office to ensure the public meeting calendar is both appropriate, timely and+ considers the constituents of King County

#### **EXECUTIVE:**

- Achieve the operating and performance goals and objectives set by the Commission
- Select and manage all staff and outside resources needed to carry out the Century Agenda, major programs and projects, and to maintain facilities
- Oversee the achievement of the Portwide goals, as well as all divisions' major goals and initiatives

#### **LEGAL:**

Legal is comprised of Attorney Services, which includes Workplace Responsibility, and Records Management.

#### **ATTORNEY SERVICES:**

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

#### **WORKPLACE RESPONSIBILITY:**

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

#### **RECORDS MANAGEMENT:**

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

#### **EXTERNAL RELATIONS:**

The Port's External Relations department serves several key functions including federal, state, and local government relations; capital project delivery, which includes regional transportation technical and policy expertise; strategic communications; and external outreach and engagement.

GOVERNMENT RELATIONS:

- Collaborate with Commission and Port business divisions (Aviation, Maritime and Economic Development) to develop legislative funding and policy priorities. Anticipate and identify emerging political issues
- Ensure high-level understanding of Commission priorities, and Port operations and business objectives
- Foster effective relationships between port elected officials and senior port staff with local, state, federal elected officials, and international partners and to advance the port's objectives and to represent regional, statewide and national interests to officials in the municipal, county, legislative and executive branches of government
- Develop partnerships with stakeholders in business, labor, and community organizations in support of trade development, economic growth, transportation infrastructure investment, and responsible environmental regulation
- Utilize memberships and activities in associations engaged in legislative work to build coalitions and broaden awareness of Port issues and support for Port objectives
- Provide opportunities for policy makers and staff to learn about the Port of Seattle's business and operations through tours, briefings, and timely responses to requests for information
- Continue to advocate for policies and regulations that enhance and expand the ability of the Port and related businesses to move people and commerce efficiently in a competitive global marketplace and educate leaders on the impacts of adverse policy proposals

REGIONAL TRANSPORTATION:

- Advocate for Port interests in regional transportation programs and projects, including those sponsored by the state, county, city or other agencies or partners (i.e. West Seattle Bridge, Gateway Project, ST3, Safe and Swift Corridor, Freight Mobility)
- Work with external agencies on regional transportation policies and issues to leverage Port interests and minimize impacts to the Port
- Manage internal interests regarding regional transportation including leading the regional transportation strategy team, developing Port comment letters throughout formal planning processes, and acting as liaison to the NWSA and Airport Ground Transportation Regional Mobility group

CAPITAL DEVELOPMENT:

- Manage strategy, communications and advocacy for growth and capital programs at the airport, including the Sustainable Airport Master plan, communicating airport-related demand, opportunities and benefit, and building understanding and support for airport redevelopment
- Advance regional and state economic vitality, including implementation of the South King County fund, supporting government relations and community engagement to increase visibility of port-related contributions to airport-area communities and the state
- Advance environmental sustainability, including improved recognition of the Port's environmental programs, and support of the StART federal policy working group
- Support equity, diversity, and inclusion through collaborative efforts on the South King County fund, promote improved understanding of the Port's commitment and programs in these areas, and emphasize improved accessibility at the airport for all communities and populations
- Strengthen and expand community engagement. Provide support to StART roundtable and agenda

COMMUNICATIONS:

- Build trust by transparently sharing Executive and Commission policy decisions. Develop and implement media relations strategies that drive Port key messages
- Develop and execute internal and external communication plan that align with legislative and community engagement objectives
- Support economic and community development objectives by promoting Port-sponsored opportunities
- Improve customer service and provide a high-quality experience for passengers, tenants, community members, and employees through direct engagement and stories that explain Port programs and projects
- Communicate progress towards key objectives
- Ensure utilization of effective communications tools to reach key audiences

EXTERNAL OUTREACH AND ENGAGEMENT:

- Develop and strengthen business, community, industry, government, and environmental partnerships throughout King County that support the Port's mission and key strategies
- Broaden and diversify the Port's partnerships with external organizations, business, and community groups to anticipate emerging issues and broaden the Port's awareness and understanding of community objectives and priorities
- Administer Commission-supported Community programs including Duwamish Valley Community Equity Program, Airport Community Ecology Fund/Airport Environment & Sustainability Fund and provide support for the South King County Fund
- Create and execute events, communication outreach to advance operating divisions' business objectives; gain public input to influence port decisions; broaden awareness and understanding for program; and policy and regulatory decisions
- Develop and manage effective public engagement programs; prioritize staff understanding of issues and sentiment of King County residents; build and sustain public trust in the Port

EXTERNAL RELATIONS:

- Provide leadership direction and vision for a team-focused culture of community and customer service
- Provide clear understanding of staff roles and responsibilities to advance External Relations objectives and the broader goals of the Port

ACCOUNTING AND FINANCIAL REPORTING:

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

- Port-wide core accounting and financial reporting services
- Port-wide accounting policies and procedures development and enforcement
- Industry prescribed accounting and financial reporting standards compliance assurance
- Annual Port financial statements preparation and issuance
- Recurring fiscal management reporting
- Accounts payable and payments administration
- Payroll administration
- P-card and Travel card administration
- Leases and customer billing administration
- Accounts receivable and revenues administration
- Credit and collection enforcement

- Control General Ledger administration
- Capital projects costing and capital assets accounting (including physical inventory)
- Cash/investment and debt accounting
- Grants billing and reporting
- Airport Passenger Facility Charge (PFC) accounting and reporting
- Airport Customer Facility Charge (CFC) accounting and reporting
- Corporate credit cards and procurement cards administration
- Employee expense claims and reimbursements
- Business Taxes administration
- External audits facilitation and issues resolution
- NW Seaport Alliance (North Harbor) accounting and financial reporting

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

ICT provides state of the art technology and related services in a cost effective, secure, and highly reliable manner that can rapidly respond to the Division and individual department's requirements which will enable them to achieve their business objectives and to support Port strategies. Key functions include:

- Infrastructure (Data Management, Telephony, Network)
- Personal Computing (PC Support, Smartphone/iPad)
- Systems Delivery
- 24/7 Service desk
- Adapt and Leverage Technology Advances
- Technology Training and Socialization to Maximize Investment
- Cyber Security Infrastructure and continual monitoring for cyber security threats

**FINANCE AND BUDGET:**

The overall goal of the Finance and Budget (F&B) department is to continuously improve the institution's management of its debts, assets, budget, and resources. Key functions include:

**BUDGET:**

- Plan, coordinate and manage the Port's budget planning process
- Maintain, enhance, and manage the Port's financial planning and analysis system and its interfaces
- Provide budget training, workshops, and Management Information System (MIS) training to Port-wide budget support staff
- Review monthly variance reports and provide monthly Executive Summary Report to Executive team
- Plan, coordinate and manage the Port's quarterly financial performance reporting process
- Develop and refine budget policies and procedures for the Port
- Provide budget consultation and support to the operating divisions and Central Services departments
- Provide ad-hoc economic impact analysis
- File statutory budget

**FINANCE AND TREASURY:**

- Existing debt management: bond proceeds usage reconciliation; regulatory compliance and financial reporting; bad money analysis; arbitrage rebate calculations; provide financial updates to ratings agencies; investor relations; letter-of-credit renewals and replacements
- Manage new debt issuance
- Manage engagements with outside financial advisor, bond and disclosure counsel and underwriters



- Coordination of short and long-term funding plans for future capital needs; development and monitoring of the Port's annual Capital Budget and Plan of Finance; tax levy funds management.
- Industrial Development Corporation Administration
- Treasury functions include Cash and Investment portfolio management and management of the Port's banking contract

**BUSINESS INTELLIGENCE:**

The Business Intelligence Department's core purpose is to transform the ways the Port accesses, analyzes, and shares data. The Business Intelligence Center of Expertise provides advanced analytical and research support, creates efficiencies that eliminate information management waste, and fosters an analytical culture with data fluency. Key functions include:

- Facilitating development of Key Performance Indicators (KPIs) and other operational and performance measures, driven by Port focus on metrics and measurement
- Reducing the level of effort, complexity and process in preparing or mining data for analysis; supports LEAN/CPI initiatives
- Providing advanced analytical capabilities (e.g. forecasting, etc.) not widely present in organization; required to answer complex business problems
- Internal capacity for survey research services; driven by need to measure effectiveness, performance, and service quality
- Facilitating growth of a data-literate, evidence-based decision-making culture at the port; supports Port's high-performance workforce goal

**RISK MANAGEMENT:**

- Oversee Property/Casualty Insurance Program
- Manage claims process, intake, and settlement
- Recover and collect on claims/damages to the Port
- Manage Driver/Commercial Driver's License (CDL) program (per Federal Motor Safety Carrier Act), the overall Port fleet safety program, and work with Fleet Management Oversight Team to ensure the Port purchases, maintains, and looks for green fleet opportunities
- Contractual reviews of leases and goods/services agreements to ensure contain fair and reasonable indemnity and insurance requirements
- Perform enterprise risk management analysis and training
- Update annual statements in relation to risk, uncertainty, insurance and claims; Report lost and stolen assets to State Auditor
- Collaborate with Health and Safety and Construction Safety to ensure a safe workplace for both employees and contractors and the public
- Collaborate with Police, Fire, and Security to update emergency preparedness procedures and training are kept current
- Provide risk assessment and review of special events
- Assist with the review and selection of Self-Funded Medical and Dental plans
- Major construction support for design, insurance, loss prevention, builder risk insurance, and code compliance

**INTERNAL AUDIT:**

Internal Audit conducts risk-based operational/performance audits throughout the Port in accordance with applicable auditing standards and the best practices of the internal auditing profession. Audit results are designed to add value and improve and strengthen accountability, increase fiscal integrity, provide greater transparency in governance and decision making, and improve investment of public resources to advance trade and commerce, promote industrial growth, stimulate economic development, and create jobs. In

addition, audit results are intended to enhance efficiency and effectiveness of management practices in governance, risk assessment, controls, and compliance.

Internal Audit work is guided by two professional standards:

- Government Auditing Standards - issued by the Comptroller General of the United States
- International Professional Practices Framework (IPPF) - issued by The Institute of Internal Auditors

### **OFFICE OF STRATEGIC INITIATIVES:**

Office of Strategic Initiatives (OSI) comprise of Strategic Planning unit and Continuous Process Improvement unit.

#### **STRATEGIC PLANNING:**

- Update the Century Agenda
- Re-evaluate the fundamentals of the long-term strategic planning
- Host Disruption Summit to prepare the Port for potential disruption and disruptive innovation

#### **CONTINUOUS PROCESS IMPROVEMENT:**

- Provide LEAN Training to foster understanding of LEAN principles
- Implement LEAN initiatives throughout the Port

### **CENTRAL PROCUREMENT OFFICE:**

- Manage the procurement process for all construction contracts, professional and personal service contracts, and goods and service contracts to ensure compliance with legal mandates
- Lead team negotiations (price, contract terms and conditions) for base contract; draft and/or review, negotiate change orders and amendments
- Provide advice and assistance in contract management, addressing performance problems
- Close out contracts, ensuring that all closing submittals have been received
- Provide notification to Commission, with respect to public works contracting, as required, for compliance with state law and Resolution 3605
- Provide training and outreach on procurement and contract issues, including developing appropriate small business programs and opportunities
- Develop program and training to include Diversity in Contracting in the Port's consulting procurements and major construction contracts. Active management of contract requirements. Provide updates to Commission on the program
- Perform data analytics and reporting, including reporting on MWBE and DBE performance, managing workload reports, future procurement database, Vendor Connect database, Contractor Data System (CDS)

### **HUMAN RESOURCES:**

Apart from providing core services listed below, Human Resources is also focused on broader issues such as attracting and retaining a diverse work force; succession preparation; process improvement; performance management aligned with values, strategies and business plans; and developing metrics that drive decisions.

The list that follows reflects services Human Resources provides daily, many of which also respond to the bigger picture, longer-term concerns described above.

EMPLOYEE RELATIONS (ER):

- Provide guidance and direction to Port employees, including senior leadership, managers, and individual contributors, regarding employee performance management issues, as well as consultation to identify the appropriate ER intervention such as coaching, fact-finding, investigation, progressive discipline, facilitation/mediation, training, and conflict resolution
- Manage the interactive process associated with employees' requests for reasonable accommodation
- Ensure Port compliance with our affirmative action responsibilities, which informs, educates, and promotes the Port being an equitable, inclusive and high performing organization

HEALTH & SAFETY:

- Continuous improvement of workplace health and safety, as well as ensuring compliance to all regulated safety programs, including oversight of the Port's self-insured, self-administered workers compensation program
- Promote an active safety culture by teaming with employees and management to recognize, evaluate, communicate, and control workplace hazards to ensure every employee, contractor and tenant goes home safely

ORGANIZATIONAL EFFECTIVENESS:

- Support the organization in achieving improved business results through organizational and people effectiveness
- Address organization-wide business needs such as developing and aligning clear business goals, missions, visions and strategies, defining organization-wide structures and clarifying roles and responsibilities
- Provide leadership and support for the goals and methodology for improving employee engagement, innovation, building high performance teams, developing and improving cross port collaborations
- Strategic advisors to the organization as a whole and Port of Seattle divisions ensuring the business has the skills, capabilities, structure, culture and change processes to execute their strategies and deliver on the near- and long-term goals
- Lead Port-wide strategic initiatives such as engagement, culture and innovation and serve as a liaison between the HR Center of Expertise and assigned business units helping leaders to set direction and translate business goals into HR strategies
- Provide HR related data to the Port to help HR and other groups make decisions using relevant data

TALENT MANAGEMENT:

- Promotes an equitable, inclusive and high performing organization by attracting, engaging and developing diverse talent so that the Port is able to realize its strategic goals
- Partner with business lines to anticipate and support workforce planning needs, generating awareness through outreach of the Port as an employer of choice, identifying and evaluating top talent, building talent pipelines, promoting a learning culture, and continuously enhancing the experience of employees so they are and continue to be highly engaged
- Promote an equitable, inclusive and high performing organization by recruiting, engaging and developing diverse talent so the Port realizes its business and community goals
- Build employee effectiveness through development of common approaches to work, leader and manager preparation and development, employee development, and support of diversity programs and initiatives, the Port is able to build a high performing organization and culture that values learning, employee development, equity, diversity and inclusion

- Generate increased awareness of the Port as an “employer of choice” and of the numerous opportunities available in Port-related industries. Through award winning internship and Veterans Fellowship programs, the HR Outreach function provides opportunities for youth and transitioning veterans to gain professional civilian experience while developing skills necessary to succeed in their career
- Use internal communications as an engine to drive progress toward organizational goals and connect employees to information and resources about key programs, policies, initiatives, events and opportunities that drive employee engagement and knits employees together as a single organization

**TOTAL REWARDS:**

- Ensures the Port offers, directly or indirectly, a competitive total rewards package that supports retention and attraction of employees with the talents, skills and abilities necessary for the Port to fulfill its mission and vision. The Total Rewards package includes all things employees receive as result of their employment relationship with the Port
- Ensure that pay programs for non-represented employees are internally equitable and externally competitive. To do this, employees supporting this function gather and analyze market pay data to maintain the Port’s non-represented pay ranges at competitive levels, evaluate non-represented jobs to ensure they are administered in competitive pay ranges, and analyze employee pay levels to ensure pay equity
- Ensure the Port’s benefits programs are competitive so they can support attraction and retention of the employees necessary for the Port to be a high performing organization. This includes managing the self-insured medical and dental plans, the fully insured HMO, vision, life and disability insurance plans, accrued leave and holiday plans, the Port’s self-administered and self-funded alternative to the Washington state required Paid Family and Medical Leave plan, the Employee Commuter Benefits Program that includes the required Commute Trip Reduction program and the teleworking program, the Employee Assistance Plan, the 457 and 401(a) deferred compensation plans, voluntary (fully paid) employee benefits, and the employee wellness program
- Responsible for the various recognition programs that support employee engagement by acknowledging actions and contributions that exceed what is normally expected
- Responsible for enabling technology and business processes that make it easier to do HR business, and for other Port groups to do business with HR. This includes support and maintenance of existing technology systems and business processes, deployment of new functionality, and related improvements to business processes

**LABOR RELATIONS:**

Labor Relations (LR) offers the best possible representation of the Port’s interests by engaging in collaborative relationships with employee organizations through open communication and dialogue. LR also provides strategic expertise and assistance to positively affect operations, reduce exposure and support a talented workforce to help propel the Port and region into the future. Key functions include:

- Prepare, negotiate, implement and administer the Port’s 22 bargaining agreements
- Implement LR bargaining strategy and directives from the Commission and Executive Leadership Team
- Process grievance and disciplinary procedures according to the agreements
- Represent the Port in Public Employment Relations Commission (PERC) and Arbitration proceedings
- Participate in Port oversight committees; provide consultation to all Port committees and all divisions on labor matters, including proposed changes in policies, practices and procedures in a manner designed to avoid labor disputes

- Supervise and manage labor community outreach as well as Seaport Alliance LR work. Act as the Commission Liaison with Labor and support the Executive Director in their Labor Outreach strategy to facilitate positive labor relations across the region
- Organize, manage, and attend labor business partnership meetings to resolve issues before they become grievances
- Negotiate Project Labor Agreements (PLA) and assist with PLA policy and language

**INFORMATION SECURITY:**

Information Security provides Governance, Protection, Response and Recovery to reduce data risks and enhance the Port's continuity of business operations. The key functions include:

- Perform risk assessments daily to identify recognized threats and threat actors and the probability that these factors will result in an exposure or loss to the Port
- Perform Incident Management, the process of identifying, managing, recording and analyzing security threats or incidents in real-time on a daily basis
- Perform a cyclical practice of identifying, assessing, classifying, remediating, and mitigating security weaknesses together with fully understanding root cause analysis to address potential flaws in policy, process, and standards
- Maintain enterprise systems and control systems across the Port
- Audit and compliance efforts with emphasis to Risk Assessments, and data governance of Payment Card Industry (PCI), Health Insurance Portability and Accountability Act (HIPAA), Criminal Justice Information Services (CJIS) and Privacy data
- Support the essential function of ensuring the availability and resiliency of the Port's information assets, includes designing and conducting exercises and coordinating with Emergency Preparedness and other regional public and private partners in Business Continuity and Disaster Recovery planning
- Provide dedicated professional support to the Port's 911 Center to ensure this mission critical function operates reliably and securely in emergency response situations
- Manage the User Awareness program, which sets clear cybersecurity expectations for all employees and educates users how to recognize attack vectors, help prevent cyber-related incidents and report potential threats

**OFFICE OF EQUITY, DIVERSITY AND INCLUSION (OEDI):**

The Office of Equity, Diversity and Inclusion (OEDI), formed in 2019, is charged with ensuring that equity goals are incorporated throughout Port operations and in providing strategic and policy direction on equity issues. Key functions include:

- Advance the Port's Century Agenda goal to "Become A Model of Equity, Diversity, and Inclusion"
- Lead the conversation about equity with the primary goal to normalize, organize, and operationalize racial equity within the Port through modeling and tone setting by leadership, and employee dialogues and learning events that lead to meaningful results. Develop and implement organizational strategies and work plans to support an equity policy
- Support and collaborate with Human Resources to ensure that the Port's workforce reflects King County demographics and diversity. Encourage equitable approaches to employee participation in Port processes so that all employees regardless of work schedule or shift, have equal opportunity to participate
- Collaborate with Human Resources to examine disparities and barriers within recruitment, performance evaluation, compensation and advancement/retention/promotion

- Consult with various organizations (Employee Resource Groups, Diversity Development Council) to infuse equity principles and best practices. Lead and sponsor a national committee of Ports, working on equity strategies and share best practices
- Manage and recommend strategic investments in workforce development in near-port communities of color and disadvantaged groups in support of a skilled pipeline of workers in port sectors. Implement a workplan that ensures investments and activities produce outcomes that support a skilled workforce in port-related industries
- Continue to partner with other regional public owners to increase access to construction training and jobs and improve outcomes for individuals living in economically distressed zip codes, women, and people of color
- Develop maritime career pathway programs for youth and adults. Expand the aviation career pathways work to other targeted, in-demand pathway jobs within the aviation and facilities maintenance career pathway
- Create and conduct equity trainings for all employees

**POLICE:**

- Provide a visible presence in and around the airport and seaport to assist in preventing crimes from occurring. Collaborate with stakeholders in identifying crime prevention methods to incorporate in their area of responsibility to reduce/prevent crime
- Provide professional law enforcement services to internal and external Port of Seattle Stakeholders which includes essential emergency and routine response capability allowing airport and seaport operations to continue
- Through thorough investigations and utilization of available technological resources, apprehend criminals victimizing citizens and stakeholders within our region. Provide a community where stakeholders, employees, travelers, and the general public feel safe and secure
- Traffic mitigation as well as traditional law enforcement functions throughout the Port of Seattle's jurisdiction
- Provide essential emergency response to mitigate terrorist attacks and other acts of extraordinary violence. Respond with other first response partners to mitigate and stabilize unusual occurrences, disasters and mechanical calamities in order to stabilize the scene and enhance continuity of operations
- Provide emergency communications amongst first response partners and other critical personnel to assist in scene stabilization and deployment of appropriate resources. Allows for clear and concise communication to support maintaining continuity of operations
- Support the professional development of the police department to improve the ability to meet future needs of the Port of Seattle

**ENVIRONMENT AND SUSTAINABILITY ADMINISTRATION:**

The Environment and Sustainability Administration oversees the Aviation Environmental, Noise Program, and Maritime Environmental and Planning. Environment and Sustainability Administration's key functions and responsibilities are listed below:

- Develop and implement initiatives to meet the Century Agenda goal to be the greenest, and most energy-efficient port in North America
- Administer the Airport Community Ecology (ACE)/Forterra Fund which supports the Port's goals of advancing programs dedicated to sustainability and environmental protection. This program will transition to the South King County Fund (SKCF) Environmental grants program
- Oversee the Energy & Sustainability program through continued support in the development of the Sustainability Framework and evaluation of key legislative policies and strategies that will help Port achieve climate protection goals. Provide funds for projects (i.e. Smith Cove Blue Carbon Pilot

Project, Seattle Waterfront Clean Energy Project, joint project with US Department of Energy's National Renewable Energy Laboratory) to would help mitigate the effects of climate change

- Manage and support the ongoing Green House Gas reduction effort. Ensure that funds are available to support the Port's legislative agenda and related analyses as needed. Funds will be used to advance renewable fuels and other energy and transportation-related strategies and to fund projects which includes the Low Carbon Fuel Standard (LCFS) implementation and Sustainable Evaluation Framework implementation, and Municipal Solid Waste study
- Develop and implement performance measurement and tracking system as well as a comprehensive communication strategy for the Port's environmental and sustainability programs. This will create greater awareness of the Port's environmental goals, innovation and investments

## **ENGINEERING:**

### **DESIGN AND TECHNICAL SUPPORT:**

- Civil/Structural and Mechanical/Electrical design, analysis and CAD drafting
- Seismic risk analysis and condition assessment of facilities
- Central repository for all project drawings, as-built, and soils information
- Maintain technical master specifications
- CAD compliance reviews

### **CONSTRUCTION MANAGEMENT:**

- Pre-construction services
- Field observation/inspection and quality compliance checks
- Change order management, disputes and claims resolution
- Construction coordination with Port operations/tenants
- Construction document management
- Management of Project Labor Agreements (PLA)

### **SURVEYING AND MAPPING:**

- Topographic and hydrographic surveys
- Legal descriptions and lease line layouts
- Utility locates/mapping and aerial mapping
- Geographic Information System (GIS) data gathering
- Project staking and validation

### **CONSTRUCTION SAFETY:**

- Provide Port Safety Training and Orientations for contractors, consultants and employees
- Review Contractors site safety plans for acceptance
- Document safety audits of construction projects
- Coordination with Operations, Fire Dept., PLA, Security, Port Construction Services (PCS), Risk management, Building Department and Maintenance
- Response to and documentation of incidents, hazardous conditions and complaints
- Management of safety equipment and personal protective equipment (PPE) supplies for the Engineering Department
- Management Emergency and Disaster preparedness supplies for the Engineering Department
- Data management of contractors safety plans, incidents corrective actions, and department training records
- Data Management of Engineering Department training records

ENGINEERING GENERAL AND ADMINISTRATION:

- Establish and manage Port remote facilities, assets and fleet in support of Project delivery
- Emergency Response and Declaration of Emergency Support
- Engineering administrative services

PORT CONSTRUCTION SERVICES:

CAPITAL AND EXPENSE CONSTRUCTION MANAGEMENT PORT WIDE

- Provide scope clarification and estimates against existing budgets
- Provide reporting on budget and schedule
- Provide small business opportunities in open order and project specific small works contracts
- Coordinate contract requests with Central Procurement Office to identify opportunities for small businesses

REGULATED MATERIALS MANAGEMENT (RMM) PORT WIDE

- Review RMM design
- Provide project abatement, monitoring, and quality control
- Provide RMM tenant support and maintenance support
- Provide RMM routine housekeeping
- Provide asbestos, lead, and silica awareness training
- Provide indoor air quality and mold inspections

CONSTRUCTION CREW SUPPORT

- Provide craft labor resources (carpenters, laborers, operators, etc.)
- Provide construction equipment (pick-up trucks, dump trucks, heavy equipment, small tools, etc.)

ON-CALL CONSTRUCTION AND IDIQ CONTRACT SUPPORT

- Procure contracted public work resources with on-call construction contracts available for project needs as identified
- Procure IDIQ Service Agreements for project needs as identified

EMERGENCY RESPONSE

- Provide management, crews, and contract support for expedited emergency project needs



## D. OPERATING BUDGET SUMMARY

### Background:

Central Services departments are the primary supporters of the Port business units. Growing organizational needs, Century Agenda, Portwide goals, and division priorities drive the budget priorities of Central Services departments. The 2022 budget development approach included the following steps: scrutinizing line-items by account and making appropriate adjustments to the 2020 baseline 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); adding average pay for performance increase and refreshing benefit costs for non-represented employees; reviewing new budget requests from individual departments and incorporating costs of approved items.

### Overview of Major Changes in 2022 Budget:

The 2022 budget for Central Services is \$141.8M, \$7.5M or 5.6% higher than the 2020 budget. The budget before Capital Charges is \$177M, \$5.5M or 3.2% increase from the 2020 budget. The 2022 budget includes \$8.4M of new budget additions to support regional equitable recovery, meet increasing needs of business gateways, support operating divisions' capital needs, protect the safety and security of the traveling public and employees, and support Portwide initiatives and division priorities. The new budget additions are outlined in Tables VII-2 through VII-4.

The 2022 payroll budget increased by \$5.6M or 4.5% primarily due to (1) 33.0 new FTEs for 2022, (2) Mid-year FTE approval (16.0 New, 5.0 frozen, 1.0 overlap), (3) a 6% Pay for Performance increase beginning in March 2022, (4) increase for represented groups based on contracts, (5) and partially offset by a 5% vacancy factor of \$5M.

2022 non-payroll budget decreased by \$105K primarily due to a combination of (1) increases to Equipment Expense \$634K, Worker's Compensation Expense \$417K, and General Expenses \$581K, (2) and a reduction of Supplies & Stock \$265K, Outside Services \$724K, Travel & Other Employee Expenses \$576K, Promotional Expenses \$250K.

### TABLE VII-2: 2022 APPROVED KEY ADDITIONS:

The table below illustrates major additions to the 2022 Budget.

Category	Purpose/Outcome	2022 Requests
<b>Regional Equitable Recovery</b>	SKCF Community Capacity Building CAT III Contract	125,000
<b>Business Gateways</b>	Scope 3 Emissions	200,000
<b>Capital Program</b>	Capital Audit Expert Consultant (IAF)	100,000
<b>Safety &amp; Security</b>	Sea Tac Court Service Agreement	445,047
	Emerging Systems and Resiliency Initiative	250,000
	Annual cloud services for Police Body Worn Camera	145,008
	Implementation Police assesment recommendations	150,000
	Information Security Initiatives	128,000
<b>Organizational Effectiveness and Division Priorities</b>	Outside Legal increase	500,000
	Computer Refresh Increase	500,000
	Analytics Automation, SAAS Migration and P69 Surface Hubs	372,600
	East King County Work Locations, Social Media, Community Engagement, Tribal Government and Indigenous Community consultation workshop	85,000
<b>Total Non-FTE Highlights</b>		3,000,655
Total Cost of Proposed FTEs	See FTE detail in table below (33 New and Unfreezing 24.8)	4,840,966
	% of total budget requests shown above	93.8%

**TABLE VII-3: 2022 APPROVED NEW AND UNFROZEN FTES:**

A total of 57.8 FTEs has been approved for the 2022 Budget which comprise of 33.0 New and 24.8 Unfrozen (restored funding) for 2022.

Category	Purpose/Outcome	Total
Regional Equitable Recovery	6 New: Apprentices (4); Contract Administrator, Service Agreements	5.0
Business Gateways	4 New: Traffic Support Specialist (4) Unfreeze 0.8: Customer Research Field Worker	4.8
Capital Program	6 New: Assistant Manager Field Operations; Buyer II (2); Contract Administrator 5; Senior Construction Manager; Structure Engineer III Unfreeze 11: Construction Inspector II (4); Assist. Resident Eng (2); Project Assistant; Eng. Technician; Mechanical Eng III; Sr. Design Architect; Civil Eng II	17.0
Safety & Security	11 New: Info Sec Compliance and Risk Manager; Information Security Sr Engineer/Analyst; Health & Safety Program Manager; Police officer (6); Crisis Coordinator; Seaport Patrol Officer Unfreeze 6: Police Officer (4); Police Specialist; Police/Fire Comm Specialist	17.0
Organizational Effectiveness and Division Priorities	7 New: Investigation Specialist; Bus. Analyst; Sustainability Analyst for GHG emissions inventory; Env. Innovation and Performance Communications; Buyer III-P-Card; Sr. Treasury Analyst; Sr. FRC Analyst Unfreeze 7: Creative Services Manager; Employee Relations Consultant; Talent Acquisition Representative; Workers Compensation Claims Assistant; Test Engineer; System Engineer; Desktop Engineer	14.0
<b>Total</b>		<b>57.8</b>

**TABLE VII-4: 2022 APPROVED NEW BUDGET ADDITIONS (ALL ITEMS):**

A total of 105 New Budget requests for \$11.9M were received. This number included a mix of new funding requests as well as requests to increase or restore funding for initiatives that were cut in 2021 as part of the cost-reduction effort. Out of the total requests received, 81 items were approved for a total of \$8.4M.

Category	Need/Opportunity	Solution/Outcome	2022 Budget Requests		
			FTEs	Baseline	Non-Recurring
Regional Equitable Recovery	Support the equitable distribution of resources to the community	Construction/trades apprenticeship program (New)	4.0	200,000	
		Contract Administrator 2 – Service Agreements (New)	1.0	109,529	
		SKCF Community Capacity Building (amount reflects yr 1 of 3-yr contract)			125,000
<b>Total</b>			<b>5.0</b>	<b>309,529</b>	<b>125,000</b>
Business Gateways	Meet increasing needs of the Airport and Maritime gateways	Traffic Support Specialists (New)	4.0	279,354	
		Part-time Customer Research Field Worker (Unfreeze)	0.8	57,770	
		Cruise Community Outreach Program		8,500	
		J.D. Power North American Airport Survey			52,000
		Maritime Matters Advertising and Social Media Campaign		15,000	
		Scope 3 Emissions (limited-term 3-yr)			200,000
		Qualtrics (customer research software)		35,000	
		Research Support services (partially restore funding)		75,000	
<b>Total</b>			<b>4.8</b>	<b>470,624</b>	<b>252,000</b>
Capital Program	Support the capital needs for the operating divisions.	Construction Inspector II (Unfreeze)	4.0	118,890	
		Assistant Resident Engineer (Unfreeze)	2.0	54,296	
		Buyer II (New)	2.0	89,868	
		Civil Engineer II (Unfreeze)	1.0	44,967	
		Engineering Technician (Unfreeze)	1.0	30,252	
		Mechanical Engineer III (Unfreeze)	1.0	44,595	
		Senior Design Architect (Unfreeze)	1.0	55,474	
		Structure Engineer III (New)	1.0	78,217	
		Project Assistant (Unfreeze)	1.0	28,807	
		Senior Construction Manager (New)	1.0	63,824	
		Contract Administrator 5 – Construction (New)	1.0	17,354	
		Assistant Manager Field Operations (New)	1.0	64,545	
		Capital Audit Expert Consultant (IAF)			100,000
		Rational Decision Analysis Modeling Consultant			20,000
<b>Total</b>			<b>17.0</b>	<b>691,090</b>	<b>120,000</b>

Category	Need/Opportunity	Solution/Outcome	2022 Budget Requests		
			FTEs	Baseline	Non-Recurring
Safety & Security	Protect the safety and security of the traveling public and employees	Police Officers (6 New & 4 Unfreeze)	10.0	1,137,656	
		Health & Safety Program Manager – Fall Protection (New)	1.0	134,491	
		Workers Compensation Claims Assistant (Unfreeze)	1.0	98,211	
		Compliance and Risk Manager (New)	1.0	146,943	
		Information Security Sr Engineer/Analyst (New)	1.0	133,705	
		Crisis Coordinator (New)	1.0	140,982	
		Police Specialist (Unfreeze)	1.0	64,045	
		Police/Fire Comm Spec - Unfreeze 6233	1.0	92,284	
		Third Seaport patrol officer- New Updated per Police	1.0	114,479	
		Emerging Systems and Resiliency Initiative		250,000	
		GRC Solution			56,000
		Info Security incident response & forensic services support		30,000	
		OXS Password Manager		17,000	
		Phishing Awareness Enhancements		25,000	
		Annual cloud maintenance expense for Police Body Worn Camera		145,008	
		Implementation Police assesment recommendations			150,000
		Sea Tac Court Service Agreement w/ Public Defender		445,047	
Total			18.0	2,974,850	206,000
Organizational Effectiveness and Division Priorities	Support portwide initiatives and division priorities	Investigation Specialist (New)	1.0	141,950	
		Creative Services Manager (Unfreeze)	1.0	146,939	
		Employee Relations Consultant (Unfreeze)	1.0	127,481	
		Talent Acquisition Representative (Unfreeze)	1.0	123,187	
		Business Analyst (New)	1.0	92,353	
		Desktop Engineer – Police Systems (Unfreeze)	1.0	80,477	
		Test Engineer (Unfreeze)	1.0	37,459	
		System Engineer (Unfreeze)	1.0	47,313	
		Senior Treasury Analyst (New to replace LTD FTE)	1.0	153,606	
		Sr. FRC Analyst (New)	1.0	79,827	
		Environmental Innovation and Performance Communications (New)	1.0	147,258	
		Sustainability Analyst for GHG emissions inventory (New)	1.0	147,258	
		Buyer III – P-Card Administrator (New Position)	1.0	115,321	
		Innovations Implementation Fund Pilot			50,000
		Leadership Tomorrow Registration			5,000
		Workboard Software Licenses			8,000
		Outside Legal increase		500,000	
		Accessibility Updates to Website and Social Media			15,000
		Community Engagement Events – State of the Port, Tours		35,000	
		East King County Hotspot Work Locations and Conferencing Privileges		7,500	
		Non-English Proficiency Language Support		20,000	
		Tribal Government and Indigenous Community Consultation Workshop for POS Commissioners & Staff			7,500
		Employee Relations Case Management Software		60,000	
		HCM Upgrade Consulting Support for HR			44,000
		Analytics Automation Subscription for Finance		150,000	
		Computer Refresh Increase			500,000
		P69 Surface Hubs			82,000
		SAAS Migration		140,600	
		External Peer Review			15,000
		Advanced Lean/Strategic Planning Professional Development		16,585	
		Century Agenda Annual Report		15,000	
		Effective Presentations (Data Storytelling)		11,000	
		Lean Learning Missions & Events		25,000	
Virtual Facilitation/Collaboration (Mural software)		10,800			
Engagement with Community Based Orgs for Airport Employment		50,000			
Total			13.0	2,481,913	726,500
Central Services Total - 2022 Budget Requests			57.8	6,928,006	1,429,500

The following Tables VII-5 and VII-6 and Figure VII-1 illustrate the administrative expense for Central Services by department and by account:

**TABLE VII-5: CENTRAL SERVICES EXPENSE BY DEPARTMENT**

(\$ in 000's)		2019	2020	2021	2022	% Change
BY DEPARTMENT	Notes	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>EXPENSES BEFORE CHARGES TO CAP/GOVT/ENVRs PROJECTS</b>						
Commission		\$ 2,022	\$ 2,292	\$ 2,169	\$ 2,486	8.5%
Executive		2,018	2,355	2,285	2,738	16.2%
Legal		5,027	4,059	3,978	5,105	25.8%
External Relations		7,760	11,174	9,878	10,874	-2.7%
Human Resources		9,193	11,690	11,385	13,126	12.3%
Labor Relations		1,230	1,386	1,346	1,444	4.2%
Internal Audit		1,450	1,749	1,637	2,048	17.1%
Accounting & Financial Reporting		7,441	9,024	8,724	9,418	4.4%
Information & Communications Technology		26,430	30,301	28,279	31,767	4.8%
Finance & Budget		2,037	2,219	2,292	2,525	13.8%
Business Intelligence		1,302	2,209	1,523	1,953	-11.6%
Risk Services		3,137	3,438	3,939	4,688	36.4%
Office of Strategic Initiatives		1,448	1,619	1,059	1,231	-24.0%
Central Procurement Office		6,445	8,230	7,655	9,763	18.6%
Information Security		1,212	1,968	1,946	2,463	25.2%
Equity, Diversity and Inclusion		2,337	4,465	3,743	5,756	28.9%
Contingency		39	(2,702)	(1,502)	(5,000)	85.1%
Environment & Sustainability		976	1,538	1,408	1,741	13.2%
Industrial Development Corporation		1	-	-	-	0.0%
Police		27,793	31,444	28,317	32,746	4.1%
Engineering		25,096	33,412	27,937	30,367	-9.1%
Port Construction Services		8,766	9,627	8,851	9,716	0.9%
Central Services Capital to Expense		18	-	-	-	0.0%
<b>Total Expenses Before Charges to Cap/Govt/Envrs Projects</b>	1	<b>143,181</b>	<b>171,498</b>	<b>156,849</b>	<b>176,954</b>	<b>3.2%</b>
<b>CHARGES TO CAPITAL/GOVT/ENVRs PROJECTS</b>						
		<b>(29,291)</b>	<b>(37,219)</b>	<b>(33,655)</b>	<b>(35,198)</b>	<b>-5.4%</b>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>						
Commission		2,022	2,292	2,169	2,486	8.5%
Executive		2,018	2,355	2,285	2,738	16.2%
Legal		4,987	4,001	3,919	5,105	27.6%
External Relations		7,760	11,070	9,878	10,874	-1.8%
Human Resources		9,187	11,690	11,385	13,126	12.3%
Labor Relations		1,230	1,386	1,346	1,444	4.2%
Internal Audit		1,450	1,749	1,637	1,868	6.8%
Accounting & Financial Reporting		7,341	9,024	8,724	9,418	4.4%
Information & Communications Technology		23,014	26,013	24,427	27,597	6.1%
Finance & Budget		2,037	2,219	2,292	2,525	13.8%
Business Intelligence		1,302	2,209	1,523	1,953	-11.6%
Risk Services		3,137	3,438	3,939	4,688	36.4%
Office of Strategic Initiatives		1,448	1,619	1,059	1,231	-24.0%
Central Procurement Office		4,452	5,988	5,532	6,678	11.5%
Information Security		1,203	1,968	1,913	2,449	24.5%
Equity, Diversity and Inclusion		2,337	4,465	3,743	5,756	28.9%
Contingency		39	(2,702)	(1,502)	(5,000)	85.1%
Environment & Sustainability		976	1,538	1,408	1,741	13.2%
Industrial Development Corporation		1	-	-	-	0.0%
Police		27,793	31,444	28,317	32,746	4.1%
Engineering		5,696	8,765	5,580	7,428	-15.3%
Port Construction Services		4,341	3,748	3,619	4,906	30.9%
Central Services Capital to Expense		117	-	-	-	0.0%
<b>Total Operating Expenses</b>	1	<b>\$113,891</b>	<b>\$134,279</b>	<b>\$123,194</b>	<b>\$141,756</b>	<b>5.6%</b>

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Note:

1) Does not include adjustment for charges into Central Services subclasses from divisions.

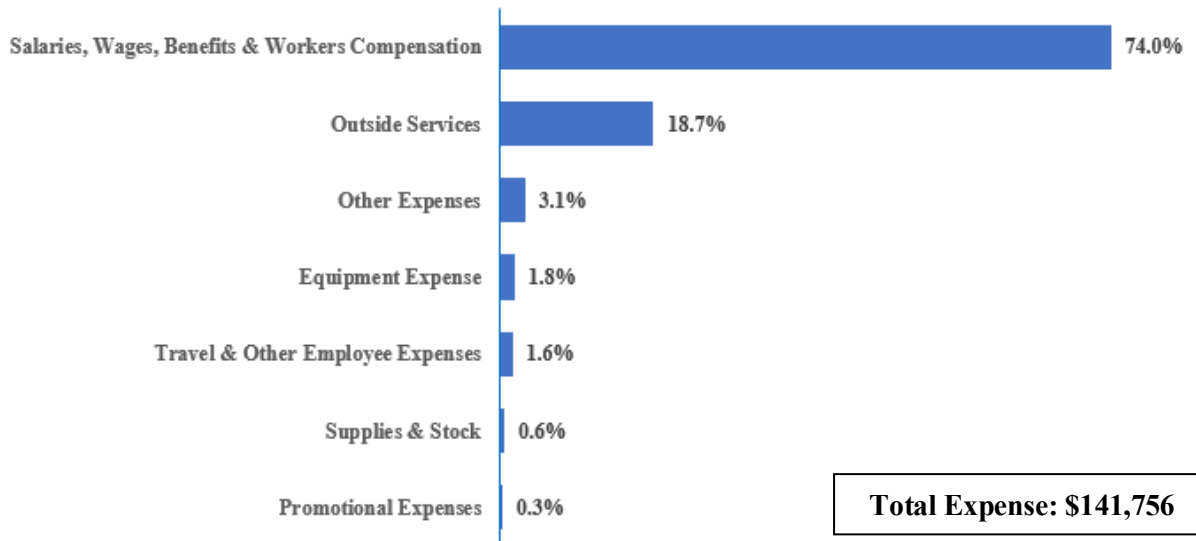
**TABLE VII-6: CENTRAL SERVICES REVENUES AND EXPENSES BY ACCOUNT**

(\$ in 000's)		2019	2020	2021	2022	% Change
BY ACCOUNT	Note	Actual	Budget	Budget	Proposed Budget	2020 Bud - 2022 Bud
<b>Total Operating Revenue</b>		\$ 1,282	\$ 40	\$ 181	\$ 186	366.0%
<b>Expense</b>						
Salaries, Wages, Benefits & Workers Compensation		\$ 104,402	\$ 124,915	\$ 118,700	\$ 130,894	4.8%
Equipment Expense		2,869	2,526	1,858	3,159	25.1%
Utilities		29	46	33	29	-36.7%
Supplies & Stock		1,369	1,302	876	1,037	-20.4%
Outside Services		26,553	33,753	28,465	33,029	-2.1%
Travel & Other Employee Expenses		2,548	3,343	1,378	2,767	-17.2%
Promotional Expenses		658	867	316	617	-28.8%
Other Expenses		4,755	4,747	5,223	5,422	14.2%
<b>Total Operating Expenses Before Charges to Cap/Govt/Envrs Projects</b>		<b>143,181</b>	<b>171,498</b>	<b>156,849</b>	<b>176,954</b>	<b>3.2%</b>
Charges to Capital/Govt/Envrs Projects		(29,291)	(37,219)	(33,655)	(35,198)	-5.4%
<b>Total Administrative Expense</b>		<b>\$113,891</b>	<b>\$134,279</b>	<b>\$123,194</b>	<b>\$141,756</b>	<b>5.6%</b>

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**FIGURE VII-1: CENTRAL SERVICES EXPENSE BY ACCOUNT**

(\$ in 000's)



## E. STAFFING

Every budget cycle (July through December of the preceding year), departments can request for new staff or full-time equivalents (FTEs). Each FTE request must include a justification write-up that goes through the executive review process. Once approved, the new FTE and all associated budget items are added into the financial planning and analysis system. The FTE count is included in the commission budget presentations. During the budget year (and after the budget has been adopted), departments may request for additional FTEs to meet unanticipated departmental needs. The request must be approved by the Executive Director and the requesting department must cover the additional FTE costs within their approved budget.

The 2021 Approved FTE budget was 845.5 which includes 43.8 frozen/unfunded FTEs as a cost reduction measure in response to the pandemic. During the two quarters of 2021, 16.0 mid-year FTEs were added and 5.0 frozen FTEs (already included in FTE total) were approved to support (1) increase in capital procurements due to accelerated capital projects, (2) increasing needs in environmental engagement, (3) administration of grants and relief measures, (3) implementation of equitable recovery programs and workforce development initiative. In early August, Central Services departments submitted new budget requests which included request to unfreeze or restore funding to frozen positions as well as request to add new staff. New budget requests included a total of 72.8 FTEs (39.0 New and 33.8 Frozen). Departments presented their budget proposals to the Executive Leadership team in mid-August, and out of the 72.8 proposed, 57.8 FTEs were approved and added to the 2022 proposed budget. Of the 57.8 approved FTEs, 33.0 FTEs are new and 24.8 are unfrozen. The latter are existing FTEs that will have restored funding in 2022.

For 2022, Central Services is proposing a total of 885.8 FTEs, a 6.2% increase from 2020 Budget and 2.8% increase compared to 2021 Estimated Actual. The 33.0 new FTEs will support Key Initiatives: Regional Equitable Recovery, Business Gateways, Capital Program, Safety & Security, and Organizational Effectiveness and Division Priorities.

**TABLE VII-7: CENTRAL SERVICES STAFFING**

STAFFING (Full-Time Equivalent Positions)		2020	2020	2021	2021	2022	% Change	
BY DEPARTMENT	Notes	Budget	Actual	Budget	Est. Act.	Proposed Budget	20 Bud-22 Bud	21 Est. Act.-22 Bud
Commission	1	16.5	18.5	18.0	18.0	18.0	9.1%	0.0%
Executive Office	2	6.0	7.0	7.0	7.0	7.0	16.7%	0.0%
Legal	3	17.0	17.0	16.0	17.0	18.0	5.9%	5.9%
External Relations	4	38.0	40.0	38.0	39.0	37.0	-2.6%	-5.1%
Human Resources	5	75.1	75.1	96.3	99.3	96.3	28.2%	-3.1%
Labor Relations		7.0	7.0	7.0	7.0	7.0	0.0%	0.0%
Internal Audit		11.0	11.0	11.0	11.0	11.0	0.0%	0.0%
Accounting & Financial Reporting	6	57.7	57.7	56.0	57.0	58.0	0.6%	1.8%
Information & Communication Technology	7	131.0	130.8	130.8	130.8	131.8	0.6%	0.8%
Finance & Budget	8	12.0	12.6	12.6	12.6	13.0	8.3%	2.9%
Business Intelligence	9	11.3	11.3	10.8	10.8	10.8	-4.4%	0.0%
Risk Services		6.0	6.0	6.0	6.0	6.0	0.0%	0.0%
Office of Strategic Initiatives	10	9.0	9.0	9.0	9.0	7.0	-22.2%	-22.2%
Central Procurement Office	11	51.0	51.0	51.0	57.0	62.0	21.6%	8.8%
Information Security	12	8.0	8.0	8.0	8.0	10.0	25.0%	25.0%
Office of Equity, Diversity and Inclusion	13	9.0	9.0	9.0	10.0	14.0	55.6%	40.0%
Police	14	169.0	170.0	166.0	166.0	178.0	5.3%	7.2%
Engineering	15	140.8	140.8	134.0	136.0	138.0	-2.0%	1.5%
Port Construction Services	16	58.0	58.0	58.0	59.0	60.0	3.4%	1.7%
Environment & Sustainability	17	1.0	1.0	1.0	1.0	3.0	200.0%	200.0%
<b>TOTAL CENTRAL SERVICES</b>		<b>834.3</b>	<b>840.7</b>	<b>845.5</b>	<b>861.5</b>	<b>885.8</b>	<b>6.2%</b>	<b>2.8%</b>

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Notes:

- 1) Commission added 2.0 mid-year FTEs (Commission Specialists) 2020. A .50 FTE (College Intern) was transferred to HR for 2021 Budget.
- 2) Executive added 1.0 mid-year FTE (Sr. Policy Advisor) in 2020.
- 3) Legal transferred a total of 1.0 FTE (College Interns - 2 at 0.5 FTE) to HR for 2021 Budget. Legal added 1.0 mid-year FTE (Sr. Port Counsel) in March 2021. For 2022, Legal will add 1.0 FTE (Investigation Specialist).
- 4) External Relations (ER) added 2.0 mid-year FTEs (Photographer and Program Coordinator) in 2020 and transferred 2.0 Interns to HR for 2021 Budget. ER converted a limited-duration 1.0 FTE to permanent position and added 1.0 FTE (Environmental Engagement Program Coordinator) in Sept 2021. For 2022, 2.0 Frozen FTEs (Photographer and Graphic Specialist) will be eliminated.
- 5) Human Resources (HR) streamlined the Internship program for 2021 Budget resulting in the transfer of interns from departments across the Port (22.08) and a slight reduction of college/graduate interns (1.85). HR also added 1.0 FTE (HR Outreach Specialist) for 2021 Budget to support this new initiative. During the second quarter of 2021, HR added 3.0 mid-year FTEs (Sr. Administrative Assistant, Sr. HRD Business Technology Analyst, and Worker's Compensation Certified Claims Manager). For 2022, HR will further streamline the internship programs reducing the intern count by 4.1 and adding 1.0 FTE (Health & Safety Program Manager – Fall Protection).
- 6) Accounting & Financial Reporting (AFR) transferred 0.7 FTEs (College Interns, 2 at 0.2 and 1 at 0.3) to HR and eliminated 1.0 FTE (Accountant III) for 2021 Budget. During Aug 2021, 1.0 FTE (Credit Analyst) was added. For 2022, AFR will add 1.0 FTE (Sr Financial Reporting & Control Analyst).
- 7) Information & Communication Technology (ICT) converted a full-time employee to part-time (0.8) during 2020. In 2022, ICT will add 1.0 FTE (Business Analyst).
- 8) Finance and Budget (FB) added a Limited-Duration (LD) part-time (0.6) Treasury Analyst during 2020. For 2022, FB will replace the part-time LD with a full-time 1.0 FTE (Sr. Treasury Analyst).
- 9) Business Intelligence (BI) transferred a 0.5 FTE (College Intern) to HR for 2021 Budget.
- 10) Office of Strategic Initiative will eliminate 2.0 frozen FTEs (Administrative Assistant and Process Improvement Program Manager) for 2022.
- 11) Central Procurement Office (CPO) added 6.0 mid-year FTEs (5 Contract Administrator II's and 1 Contract Administrator V) during the second quarter of 2021. For 2022, CPO will add 5.0 FTEs (Buyer III – P-Card Administrator, 2 Buyer II, Contract Administrator II, Contract Administrator V – Construction).
- 12) Information Security will add 2.0 FTEs (Sr Engineer/Analyst and Compliance and Risk Manager) in 2022.
- 13) Office of Equity, Diversity and Inclusion (OEDI) added 1.0 mid-year FTE (Program Coordinator) during August 2021 and will add 4.0 apprentices in 2022.
- 14) Police added 1.0 mid-year FTE (Basic Law Enforcement Academy Instructor) in 2020 and eliminated 4.0 FTEs (Traffic Support Specialists) for 2021 Budget. For 2022, Police will add 12.0 FTEs (4 Traffic Support Specialists, Crisis Coordinator, Seaport Patrol Officer, 6 Police Officers).
- 15) Engineering transferred a total of 6.8 College Interns to HR for 2021 Budget. Additionally, 2.0 mid-year FTEs (Project Assistant and Resident Engineer) were added in August 2021. For 2022, Engineering will add 2.0 FTEs (Sr. Construction Manager and Structure Engineer III).
- 16) Port Construction Services added 1.0 mid-year FTE (PCS Cost Estimator) in May 2021 and will add 1.0 FTE (Assistant Manager Field Operations) in 2022.
- 17) Environmental & Sustainability will add 2.0 FTEs (Sustainability Analyst and Environmental Innovation and Performance Communications) for 2022.

The table below outlines FTE changes in Central Services which includes 2021 mid-year approvals, 2022 proposed changes, and frozen positions.

**TABLE VII-8: CENTRAL SERVICES FTE CHANGES AND FROZEN POSITIONS**

<b>Description</b>	<b>FTEs</b>
<b>2021 Budget</b>	<b>845.5</b>
Changes in 2021:	
Mid-Year Approvals <sup>1</sup>	16.0
<b>2021 Baseline</b>	<b>861.5</b>
2022 Budget Changes:	
Eliminated <sup>2</sup>	-8.7
New FTEs Approved <sup>3</sup>	33.0
<b>Net Change</b>	<b>24.3</b>
<b>2022 Budget</b>	<b>885.8</b>
<b>Frozen Positions</b>	<b>FTEs</b>
Frozen as of Jan 2021	43.8
Mid-Yr Exemptions	-5.0
2022 Unfrozen/Funded	-24.8
Frozen eliminated	-4.0
<b>2022 Frozen <sup>4</sup></b>	<b>10.0</b>

Notes:

- 1) Mid-year approvals in CPO (6.0), HR (3.0), Eng (2.0), and 1.0 each in Legal, AFR, ER, HR, and PCS.
- 2) 2022 Eliminations: HR (4.1), ER (2.0 Frozen), OSI (2.0 Frozen), FB (0.6 LD).
- 3) 2022 Approved: Police (12.0), CPO (5.0), OEDI (4.0), Eng (2.0), Env & Sus (2.0), Info Sec (2.0), and 1.0 each in Legal, FB, AFR, HR, ICT, and PCS.
- 4) Frozen FTEs do not have funding but are still included in the FTE total.

\*Details can be found on Table VII-Notes



## F. CAPITAL BUDGET

Central Services has a total capital budget of \$9.2 million for 2022. For more detail refer to the Capital Improvement Plan, Section IX.

TABLE VII-9 provides a summary of the Central Services 2022-2026 capital budget.

**TABLE VII-9: CENTRAL SERVICES CAPITAL BUDGET**

(\$ in 000's)	2022 Budget	2022-2026 CIP	% of 2022 Total Committed
<b>Committed Capital Projects</b>			
ICT Business Services	\$ 5,950	\$ 19,950	92.3%
General and Capital Development	494	1,556	7.7%
<b>Total Committed</b>	<b>\$ 6,444</b>	<b>\$ 21,506</b>	<b>100.0%</b>
<b>Business Plan Prospective Projects</b>	<b>\$ 6,650</b>	<b>\$ 23,092</b>	
<b>CIP Cashflow Adjustment Reserve</b>	<b>\$ (3,900)</b>	<b>\$ -</b>	
<b>Total CIP</b>	<b>\$ 9,194</b>	<b>\$ 44,598</b>	

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## G. FINANCIAL AND FTE SUMMARY

**TABLE VII-10: FINANCIAL AND FTE SUMMARY**

(\$ in 000's)	2019 Actual	2020 Budget	2021 Budget	2021 Forecast	2022 Proposed Budget	Growth 2020 Bud - 2022 Bud
<b>OPERATING BUDGET</b> Notes						
<b>Operating Revenue</b>	<b>\$ 1,282</b>	<b>\$ 40</b>	<b>\$ 181</b>	<b>\$ 2,117</b>	<b>\$ 186</b>	<b>366.0%</b>
Core Central Services	76,059	90,323	85,678	87,093	96,677	7.0%
Police Department	27,793	31,444	28,317	27,793	32,746	4.1%
Engineering	5,696	8,765	5,580	5,721	7,428	-15.3%
Port Construction Services	4,341	3,748	3,619	3,798	4,906	30.9%
<b>Total</b>	<b>113,891</b>	<b>134,279</b>	<b>123,194</b>	<b>124,405</b>	<b>141,756</b>	<b>5.6%</b>
<b>Income from Operations</b>	<b>\$ (112,609)</b>	<b>\$ (134,239)</b>	<b>\$ (123,013)</b>	<b>\$ (122,288)</b>	<b>\$ (141,570)</b>	<b>5.5%</b>
<b>CAPITAL SPENDING</b>	<b>\$ 10,854</b>	<b>\$ 15,048</b>	<b>\$ 6,744</b>	<b>\$ 11,646</b>	<b>\$ 9,194</b>	<b>-38.9%</b>
<b>TOTAL FTEs</b>	<b>808.0</b>	<b>834.3</b>	<b>845.5</b>	<b>861.5</b>	<b>885.8</b>	<b>6.2%</b>

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## VIII. TAX LEVY

## **TAX LEVY**

### **A. TAX AT A GLANCE**

- The preliminary maximum allowable levy for 2022 is \$111.3 million
- For 2022 the preliminary levy is \$81.04 million, a three percent increase over the 2021 levy of \$78.68 million
- The estimated 2022 millage rate is \$0.112
- Planned levy uses in 2022 include:
  - 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

### **B. TAX LEVY SOURCES**

#### **TYPES AND LIMITS OF LEVIES:**

##### **Regular Tax Levy**

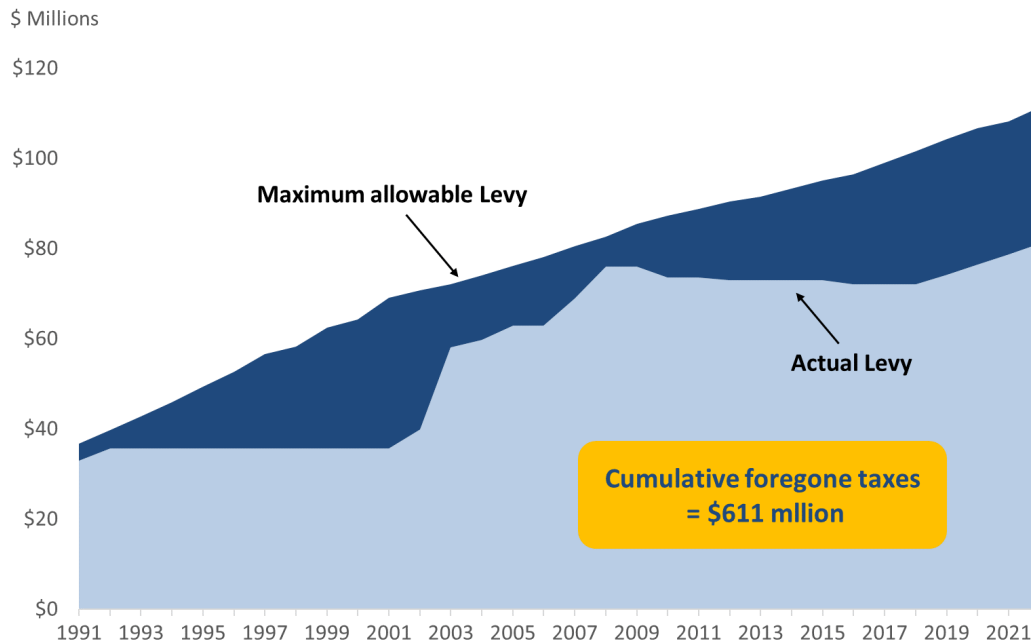
The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation of all properties is required annually.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed to the Port by the County Treasurer.

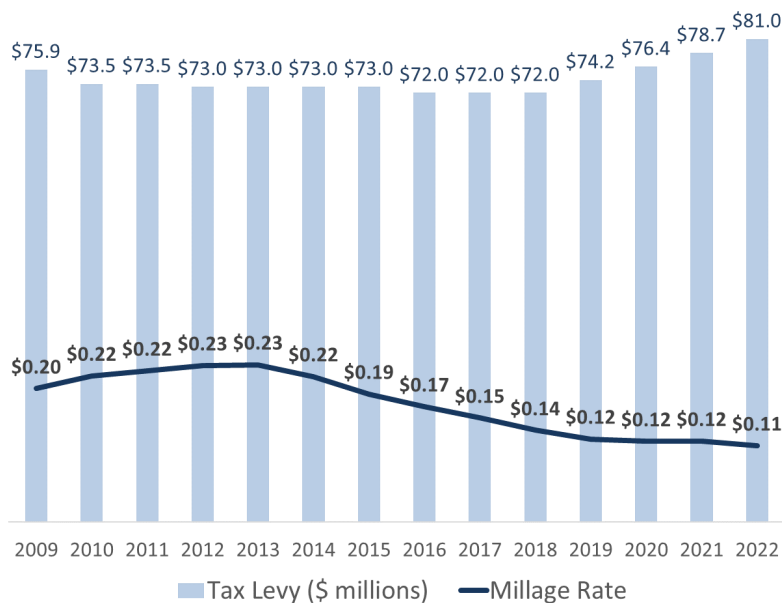
Washington State ports are permitted to levy up to \$0.45 per \$1,000 of Assessed Valuation for general port purposes under Washington State law in Revised Code of Washington (“RCW”) Chapter 53.36. The levy may go beyond the \$0.45 limit to provide for G.O. Bond debt service. However, the rate may be reduced below the \$0.45 limit for the following reason: RCW Chapter 84.55 limits the annual growth of regular property taxes to the lesser of 1% or the inflation rate, where inflation is measured by the percentage change in the implicit price deflator for personal consumption expenditures for the United States, after adjustments for new construction. This 1% limit factor was instituted by Initiative 747 that Washington State voters approved in November 2001 (for levy limit calculation see Section XI Statutory Budget). The Port’s levy is limited by this 1% limit factor.

FIGURE VIII-1 shows the maximum levy permitted by law versus the actual levy levied by the Port from 1991 (the last year the Port levied the maximum) to 2021. In 1989, the law was changed whereby a port could have a levy at less than the maximum while preserving the ability to tax up to the maximum in the future if the need is justified. This allows a port to tax at the lower level in the years when the maximum levy is not required but return to the maximum level in years of need. Since 1991, on a cumulative basis, the Port has levied a total of \$581 million less than it could have if it had levied the maximum allowable levy each year.

**FIGURE VIII-1: ACTUAL TAX LEVY VS. MAXIMUM ALLOWABLE LEVY: 1991-2022**



**FIGURE VIII-2: TAX LEVY VS. MILLAGE RATE 2009-2022**



### **Special Tax Levies**

Special levies approved by the voters are not subject to the same limitations as the regular levy.

The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed \$0.45 per \$1,000 of Assessed Value of taxable property within the Port District.

### **Industrial Development District Tax Levies**

The Port may also levy property taxes for Industrial Development Districts (under a comprehensive scheme of harbor improvements), for two multi-year periods. The Port of Seattle levied the tax for a six-year period between 1963 and 1968 for property acquisition and development of the lower Duwamish River. In 2015, the rules governing the IDD tax levy were modified by the Washington State Legislature. Under the new rules, if the Port intends to levy this tax for a second multi-year period (not to exceed twenty years), the Port must adopt a resolution approving the use of the second levy period and publish notice of intent to impose such a levy no later than April 1 of the year prior to the first collection year. If a petition is filed with signatures of at least eight percent (8%) of the voters, the question of whether or not the levy can be imposed will be decided by voters. The amount of the Industrial Development Levy that could be imposed is now calculated on the Assessed Valuation of taxable property within the Port District in the year prior to the first collection year. This aggregate amount is calculated at \$2.70/\$1,000 of assessed value and represents the total amount that can be levied over the second levy period. The Port has not levied the second multi-year period, but if the Port were to Levy under this law, based on 2022 preliminary assessed value, the Port may levy up to an estimated \$2.0 billion over the twenty-year period, with the collection period beginning no sooner than 2023.

### **C. TAX LEVY USES**

During the annual budget process, the Commission reviews and approves the amount of and use of the tax levy. For 2022 the preliminary levy is \$81.04 million, a 3% increase from the \$78.68 million levy in 2021. This increase will help fund important capital investments in Seattle's working waterfront and maritime industries, as well as support community programs and environmental remediation.

The 2022 levy is expected to fund \$50.3 million in existing G.O. bond debt service including early redemption of \$10.9 million due in 2023. This reflects the current obligations for past investments. See Table VIII-2 for the complete allocation of 2022 G.O. bond debt service by project. Additionally, the Port estimates \$5.4 million in new G.O. bond debt service in 2022 from a planned G.O. bond issuance in 2022.

The tax levy and new G.O. bonds will help fund \$48.2 million in important capital improvements in 2022, including investments in key maritime and economic development projects aimed at maintaining Port assets, advancing maritime industries, supporting Seattle's working waterfront, and investing in local communities and the environment. Such projects include Northwest Seaport Alliance (NWSA) container terminal improvements in the North Harbor (Seattle), redevelopment efforts at Fisherman's Terminal and Terminal 91 (berth and uplands improvements), channel deepening to accommodate larger container vessels, the Maritime Innovation Center aimed at connecting the local maritime community with education and resources, adding shore power at Pier 66, repair and replacement projects at the World Trade Center West and Pier 69, and habitat restoration at Terminal 117.

The levy is also expected to fund an estimated \$9.7 million in environmental remediation expenses in 2022 and \$10.2 million on various community support programs described below.

The levy has not traditionally been used for projects at the Airport; however, the Commission has approved the use of the levy for specific community benefit programs not otherwise eligible for Airport funding due to FAA regulations. These include safety enhancements in the City of SeaTac and noise mitigation improvements at certain Highline School District schools near the Airport. The timing of Highline School District funding is dependent on the Highline School District, with no spending expected in 2022.

In 2019, the Commission approved an additional \$15.0 million in funding for two key airport related programs; spending on these programs is not eligible for airport funding and is funded from the tax levy. The programs are \$5.0 million for the development of sustainable airport fuels and reduction of air emissions at the Airport, and \$10.0 million for the support of Airport area communities in south King County. For 2022 the Port expects to spend \$2.7 million of the South King County fund to support environmental health and sustainability efforts as well as community equity programs and \$200 thousand of the Sustainable Aviation Fuels and Air Emissions Reduction Fund for a study to produce sustainable fuels in partnership with King County.

Additional tax levy uses in 2022 includes support for other community programs, such as: workforce development including support for the Opportunity Youth Initiative, Diversity in Contracting, small business partnership, tourism grants and an eco-tourism conference, economic development partnership grant initiatives, energy and sustainability policy directives, Duwamish Valley Community Equity funding, Airport Community Ecology funding, an investment in the statewide non-profit Maritime Blue strategic alliance, the Quiet Sound Underwater Noise Reduction program to reduce noise from large commercial vessels, a partnership with the Washington Tourism Alliance, and support for a local community advertising program at the Airport which aims to showcase nearby cities and destinations.

Table VIII-1 provides details of both the sources and uses of the tax levy. Some uses may have additional funding sources; the table only provides the amount provided by the tax levy.

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

	Notes	2022 (\$ in 000's)
<b><u>SOURCES</u></b>		
Prior Year Tax Levy Fund Balance		\$ 18,705
Projected Tax Levy Collection		81,037
Grants & Other Reimbursements		8,516
Total Projected Sources		108,258
<b><u>USES</u></b>		
G.O. Bonds Debt Service - Existing	1	50,278
G.O. Debt Service - New		5,427
Capital Expenditures		22,120
<i>Other Expenditures:</i>		
Environmental Remediation Liability (Non-Aviation)	2	9,701
NWSA Bridge Mitigation		2,000
Pier 86 Public Expense		1,000
Quiet Sound Underwater Noise Reduction		20
Environmental Grants (ACE) and Energy and Sustainability		295
Workforce Development & Economic Development Programs		2,626
Diversity in Contracting		10
Economic Development Partnership Programs		1,200
Duwamish Valley Community Equity Program		388
Maritime Blue		150
Sustainable Eco-Tourism Conference		75
Regional Small Business Partnerships		150
Tourism Marketing Support Program		550
Local Community Advertising Program		466
South King County Fund		2,678
Sustainable Aviation Fuels and Air Emissions Programs		200
City of SeaTac Safety Enhancements		1,400
Total Projected Other Expenditures		22,908
Total Projected Uses		100,732
Projected Ending Tax Levy Fund Balance		\$ 7,526

Notes:

- 1) Includes \$10,915,000 early redemption of the 2023 maturity on the 2013A GO Refunding bonds, to be called on November 1, 2022.
- 2) Includes projected cashflows for environmental projects already or expected to be booked as liabilities.



The tax levy, by Washington State statute, may be used broadly for general Port purposes. The Port's policy has been to prioritize the use of the levy to first pay debt service on previously issued G.O. bonds, which most recently funded the Port's contribution to the Alaskan Way Viaduct replacement program. G.O. bonds also helped fund critical capital infrastructure investments in and around the Seattle Harbor, including container terminal upgrades and expansions, Fishermen's Terminal improvements, and dock renewals and upgrades at the Terminal 86 grain facility and Terminal 115. The Port forecasts \$50.3 million in G.O. bond debt service in 2022, which is approximately 62% of total 2022 levy collections.

**TABLE VIII-2: EXISTING G.O. BOND DEBT SERVICE BY PROJECTS AND GROUP**

	Notes	2022 (\$ in 000's)
<b>Containers</b>		
East Waterway Dredging		\$ 6,525
T-5 Expansion & Upgrades		2,374
T-46 Expansion Redevelopment		14
T-18 Expansion & Upgrade		7,691
T-115 Yard Upgrades		1
Total Containers		16,604
<b>Docks and Commercial Properties</b>		
T-91 Apron & Infrastructure Improvements		1,008
<b>Public Expense</b>		
Alaskan Way Viaduct Replacement		15,921
<b>Economic Development Commercial Properties</b>		
World Trade Center		4,821
<b>Fishing</b>		
Fishermen's Terminal Docks & Seawall Renewal		1,008
<b>Sub-Total Scheduled G.O. Bond Debt Service</b>		<b>\$ 39,363</b>
<b>Non-Scheduled G.O. Bond Debt Service</b>		
East Waterway Dredging	1	6,277
World Trade Center	1	4,638
<b>Total G.O. Bond Debt Service</b>		<b>\$ 50,278</b>

Note:

- 1) Allocated portion of \$10,915,000 early redemption of the 2023 maturity on the 2013A G.O. Refunding bonds, to be called on November 1st, 2022.

The Port has also used tax levy funds to support the following:

- **Transportation & Infrastructure Reserve Fund (TIF)**

From time to time, the Port partners with the State and other local governments to invest in mutually beneficial transportation initiatives. The Port currently has an estimated \$67.9 million of tax levy funds set aside in the Commission-designated Transportation & Infrastructure Reserve Fund (TIF), which has been and will be used to fund the Port's contribution and obligations towards multiple regional mobility and transportation efforts. See Table VIII-3 for a summary of project spending.

**TABLE VIII-3: USES OF TRANSPORTATION AND INFRASTRUCTURE FUND**

(\$ in 000's)	2022	Future Obligations
Beginning TIF Balance	\$ 67,858	\$ 58,509
Project Spending:		
Safe and Swift Corridor	3,206	-
Seattle Heavy Haul Network	75	19,625
State Route 509	-	30,000
West Seattle Bridge	6,000	3,000
Other	68	799
Total Project Spending	\$ 9,349	\$ 53,424
Ending TIF Balance	\$ 58,509	\$ 5,085

In 2015, the Port entered into a Memorandum of Understanding (MOU) with the City of Seattle to establish a heavy haul network, which will allow heavier cargo containers to be transported between the Port of Seattle, industrial businesses and rail yards. The MOU provides the framework to repair and build roadways within the network, calls for semi-annual safety inspections of heavy haul trucks, and aligns weight regulations with the state and other municipalities across the country. The heavy haul network will also eliminate citations from the State Patrol to truck drivers for carrying overweight loads. As part of this MOU, the Port agreed to fund between \$10.0 million and \$20.0 million over a 20-year period for existing and future roadway repairs and reconstruction within the network.

As the Puget Sound region continues to experience unprecedented growth, the increased traffic has created mobility and safety challenges within local transportation corridors. In 2017, the Port entered into an MOU for \$20.0 million with the City of Seattle to launch the Safe and Swift Corridor Program to support projects and other efforts to improve transportation flow and safety along key freight transportation corridors, including South Spokane Street, 15th Avenue West/Elliott Avenue West/Mercer Street and Lander Street Bridge (completed in October of 2020). The Port paid \$735 thousand of this funding in 2021.

In 2018, the Port, along with multiple local cities, entered into an MOU with the State of Washington for the Gateway Program. The Port agreed to provide \$30.0 million of funding for Washington State Route 509 improvements near the Airport.

In 2021, the Port entered into an MOU with the City of Seattle to provide \$9 million of funding for repair of the West Seattle Bridge.

The TIF will also help continue funding other public expense items related to regional mobility and transportation such as East Marginal Way grade separation, North Argo Yard Express Access, and the Freight Action Strategy for Seattle-Tacoma (FAST) Corridor Partnership.

- **Harbor Development Fund (HDF)**

The Port established the Harbor Development Fund (HDF) in 2017, which was designated to support NWSA capital projects in the North Harbor, most significantly the modernization of Terminal 5. The Port will have funded approximately \$106.6 million of the Terminal 5 modernization project with HDF's through 2021, and the Port projects that the remaining \$14.0 million in the HDF will be spent on the Terminal 5 modernization project in 2022. Once these funds are depleted, the project will be funded directly from the tax levy or G.O. bonds.

## **D. GENERAL OBLIGATION CAPACITY**

### **Non-Voted and Voted General Obligation Debt Limitations**

Under Washington State law the Port may incur indebtedness payable from ad valorem taxes in an amount not exceeding one-fourth of one percent of the value of the taxable property in the District without a vote of the people. With the assent of three-fifths of the voters voting thereon, the District may incur additional G.O. indebtedness provided the total indebtedness of the Port at any time shall not exceed three-fourths of one percent of the value of the taxable property in the District. For the Port, the following estimates the 2022 debt limit:

<b>Value of Taxable Property <sup>(1)</sup></b>	<b><u>\$ 720,405,420,488</u></b>
Debt Limit, Non-Voted General Obligation Bonds (.25% of Value of Taxable Property)	1,801,013,551
Less: Outstanding Non-Voted General Obligation Bonds as of 12/31/21	287,235,000
Less: Capital leases and other general obligations as of 9/30/2021	-
<b>Remaining Capacity of Non-Voted General Obligation Debt</b>	<b><u>\$ 1,513,778,551</u></b>
Debt Limit, Total General Obligation Debt (.75% of Value of Taxable Property)	5,403,040,654
Less: Total Outstanding General Obligation as of 12/31/21	287,235,000
Less: Capital leases and other general obligations as of 9/30/2021	-
<b>Remaining Capacity of Total General Obligation Debt</b>	<b><u>\$ 5,115,805,654</u></b>

Note:

1) Preliminary assessed valuation as of 10/13/2021

The Port may levy property taxes sufficient for the payment of principal and interest on voted G.O. indebtedness. The existing limitation provides that unless a higher rate is approved by a majority of the voters at an election, the increase in regular total property taxes payable in the following year shall not exceed the lesser of inflation or one percent of the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction and improvements to property by the regular property tax levy rate of that district for the preceding year. With a super majority vote, the Port Commission can increase the levy by 1% if inflation is less than 1%.

### **Interaction between General Purpose Levy and General Obligation Debt Capacity**

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

The Port targets to use no more than 75% of the annual levy collection for debt service and to retain at least 25% for general purposes. In 2022, debt service is projected to comprise 62% of the total levy collected.

**E. TAXPAYER EFFECT**

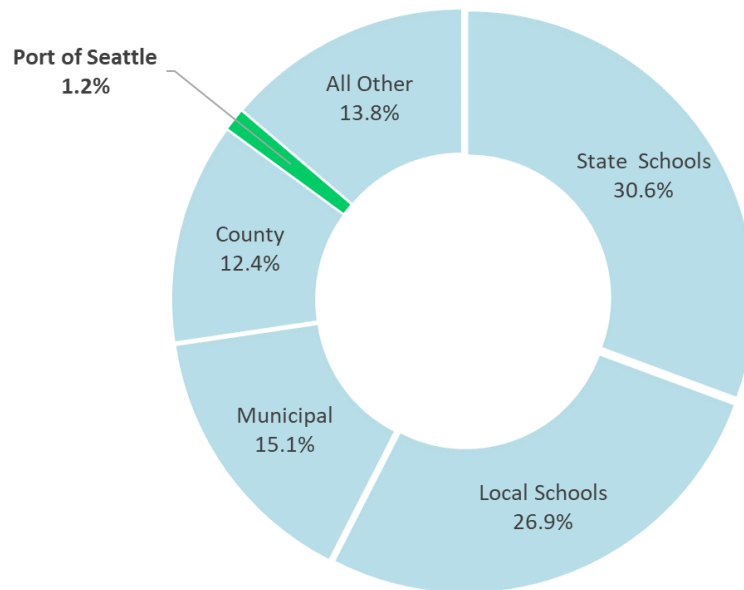
For 2022 the preliminary levy is \$81.04 million, a 3% increase from the \$78.68 million levy in 2021. The median King County homeowner will pay an estimated \$72 in taxes to the Port of Seattle in 2022 based on an estimated median King County home value of \$640,000 in 2022.

Figure VIII-2 above provides the historical millage rate from 2009 to 2022.

**F. COUNTY PROPERTY TAX COMPARISON**

In 2021, the Port accounted for 1.2% of the total property taxes collected by the County.

**FIGURE VIII-3: 2021 PERCENTAGE OF TAX LEVIES BY TAXING DISTRICT**



# **IX. CAPITAL IMPROVEMENT PLAN**

## **CAPITAL IMPROVEMENT PLAN**

The following pages outline the 2022-2026 Capital Improvement Plan (CIP), including both the Port of Seattle CIP as well as the Port's 50% funding obligation in the Northwest Seaport Alliance (NWSA) CIP.

The Port of Seattle CIP is derived primarily from its operating divisions, namely Aviation, Maritime, and Economic Development (EDD). It also includes CIP related to Central Services (formerly Corporate), Stormwater Utility and other NWSA legacy capital projects that are assumed to be 100% funded by the Port of Seattle. Projects in the Port's CIP are divided into two categories. **Committed Projects** are ongoing projects or projects that are ready to move forward and for which a funding commitment will be secured. **Business Plan Prospective Projects** are less certain in timing or scope, but are considered critical for achieving business plan goals, and the business unit or division has approved them.

The Port is also responsible for 50% of the NWSA CIP, which includes investments in both North and South Harbors. Additional detail on the NWSA CIP can be found in Section XII, "The Northwest Seaport Alliance (NWSA)."

In accordance with Generally Accepted Accounting Principles (GAAP) and Port policy, capital expenditures are defined as expenditures that arise from the acquisition or improvement of the Port's fixed assets, such as construction of new facility or renovation of an existing facility; or renewal, replacement or upgrading of existing Port assets. Capital assets cost \$20,000 or more, with a useful life of 3 years or more, of which the Port has ownership.

In conjunction with the development of the CIP, the Port develops a capital funding plan, "The Draft Plan of Finance," which is reviewed with the Port Commission and included in the Port's final Budget.

Historical analysis indicates that on average, the Port actually spends ~80% of its five-year CIP, but less than 60% of the budgeted (first year) CIP. As a result, the Port implemented a CIP Cashflow Adjustment Reserve to adjust each division's CIP cashflows to better reflect expected project spending trends in aggregate.

Table IX-1 summarizes the 2022-2026 Port of Seattle CIP by division and the forecasted payment to the NWSA for capital expenditures. This table includes Committed and Business Plan Prospective projects. The Port of Seattle CIP is \$559.5 million for 2022 and \$4.4 billion for 2022-2026. The forecasted payment to the NWSA for capital expenditures is \$56.3 million for 2022 and \$275.7 million for 2022-2026.

**TABLE IX-1: CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Total</u> <u>2022-2026</u>
Aviation	\$ 610,622	\$ 745,820	\$ 878,242	\$ 953,944	\$ 792,055	\$ 3,980,683
Maritime	33,183	67,583	75,974	59,043	59,003	294,786
Economic Development	14,069	8,692	27,766	26,243	6,872	83,642
Central Services	13,094	12,900	7,470	5,778	5,356	44,598
NWSA Joint Venture <sup>(1)</sup>	619	640	13,274	13,000	0	27,533
Stormwater Utility	1,000	1,000	1,000	800	500	4,300
CIP Cashflow Adjustment Reserve	(113,039)	62,429	45,927	2,342	2,341	0
<b>Subtotal - Port CIP</b>	<b>\$ 559,548</b>	<b>\$ 899,064</b>	<b>\$ 1,049,653</b>	<b>\$ 1,061,150</b>	<b>\$ 866,127</b>	<b>\$ 4,435,542</b>
Payment to the NWSA for Capital Expenditures <sup>(2)</sup>	56,339	50,148	42,734	25,699	100,750	275,668
<b>Total Port and 50% NWSA CIP</b>	<b>\$ 615,887</b>	<b>\$ 949,212</b>	<b>\$ 1,092,387</b>	<b>\$ 1,086,849</b>	<b>\$ 966,877</b>	<b>\$ 4,711,210</b>

CAPSUM

Notes:

- 1) Includes North Harbor channel deepening and other 100% Port legacy costs.
- 2) Represents the Port of Seattle's 50% share of NWSA capital expenditures.

## AVIATION DIVISION CAPITAL IMPROVEMENT PLAN

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

Table IX-2 below summarizes the Aviation Division CIP from 2022-2026. The Aviation Division CIP is \$514.8 million for 2022 and \$4.0 billion for 2022-2026.

**TABLE IX-2: AVIATION DIVISION CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Total</u> <u>2022-2026</u>
<b>Committed Projects</b>						
Terminal and Tenants	\$ 324,891	\$ 384,083	\$ 381,385	\$ 456,330	\$ 299,791	\$ 1,846,480
Infrastructure	58,832	55,604	50,681	42,174	16,628	223,919
Airfield	61,162	41,666	42,167	20,955	3,068	169,018
Noise Program	13,732	25,397	42,777	43,817	31,584	157,307
Landside	34,142	16,828	44,628	17,598	1,241	114,437
Security	36,974	33,497	16,483	3,499	0	90,453
Commercial Management	9,308	5,702	2,691	1,273	517	19,491
Aviation Division-wide	1,413	1,400	1,400	1,736	0	5,949
Sustainable Airport Master Plan <sup>(1)</sup>	2,471	59	95	0	0	2,625
Third Runway	800	0	0	0	0	800
<b>Subtotal - Aviation Committed CIP</b>	<b>\$ 543,725</b>	<b>\$ 564,236</b>	<b>\$ 582,307</b>	<b>\$ 587,382</b>	<b>\$ 352,829</b>	<b>\$ 2,630,479</b>
<b>Business Plan Prospective Projects <sup>(1)</sup></b>	<b>66,897</b>	<b>181,584</b>	<b>295,935</b>	<b>366,562</b>	<b>439,226</b>	<b>1,350,204</b>
<b>CIP Cashflow Adjustment Reserve <sup>(2)</sup></b>	<b>(95,810)</b>	<b>57,486</b>	<b>38,324</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Aviation CIP</b>	<b>\$ 514,812</b>	<b>\$ 803,306</b>	<b>\$ 916,566</b>	<b>\$ 953,944</b>	<b>\$ 792,055</b>	<b>\$ 3,980,683</b>

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Notes:

- 1) \$2.6 million of Sustainable Airport Master Plan (SAMP) near-term planning project costs are included in 2022-2026 Committed Projects; \$200.0 million of other SAMP planning and design costs are included in Business Plan Prospective Projects in 2022-2026.
- 2) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending.

**Committed Capital Projects:**

International Arrivals Facility (IAF): This project constructed a new Federal Inspection Services (FIS) facility on the east side of Concourse A in order to expand capacity to process arriving international passengers. Construction began in 2017 and the Arrivals Hall is nearing substantial completion. After a period of activation testing, the facility is scheduled to open to the public in late 2021.

North Satellite Renovation & Expansion: In collaboration with Alaska Airlines, the Port renovated and expanded the North Satellite to address seismic concerns; upgrade heating, ventilation, air conditioning (HVAC), lighting, and fixtures; and add eight gates. The facility is in-use as of June 2021.

Baggage Recapitalization/Optimization: This project will replace and reconfigure baggage screening equipment and operations to improve operational efficiency and increase capacity. The new outbound baggage system will accommodate 60 million annual passengers. The project will be completed in three phases, with the final phase completed by the end of 2026.

**Other Committed Capital Projects:**

North Main Terminal Redevelopment: Redevelop space at the north end of the Main Terminal Ticketing Level of the Airport to improve passenger processing, security screening throughput, and to elevate the overall passenger experience in these areas. This project is anticipated to be completed by Q2 2025.

South Satellite Renovation and Renewal: The CIP also includes a project to renovate and modernize the South Satellite (SSAT) facility; to include structural, HVAC, plumbing, electrical, fire suppression/life safety, building shell and communications systems replacement or upgrades as required; interior remodeling, and inclusion of passenger amenities.

C1 Building Floor Expansion: Construct three additional floors on top of the airport's C1 building to meet space needs for passenger restrooms, concessions, passenger lounges and other tenant offices.

Airfield Pavement Replacement: Annual replacement of aging airfield pavement and joint seals.

Main Terminal Low Voltage System Upgrade: Renewal and replacement of low voltage (600 volts and below) distribution switchboards, transformers, feeders, panels, motor control centers and tenant metering. The work includes areas in the Main Terminal served by Center and South power centers.

Upgrades to Satellite Transit System (STS) Train Control: Upgrades to the STS automatic train control and communication subsystem. The existing hardware is approaching the end of its useful life.

Restroom Upgrades: This project will modernize restroom facilities in Concourses B, C, and D.

Widen Arrivals Roadway: Widen the approach to the Arrivals curbside area from two to three lanes. The total improvement area could extend from Air Cargo Road to the north Rental Car Bus curb. The existing fourth floor entrance ramp from the Departures curbside to the Main Garage will be demolished.

### Business Plan Prospective CIP:

The Aviation Business Plan Prospective CIP is composed of project spending for Airfield, Landside, Terminal, Infrastructure, and other Aviation needs including \$200.0 million for Sustainable Airport Master Plan (SAMP) planning and design.

Also included is a \$111.0 million reserve for undesignated future spending, which allows for the addition of currently undefined new projects to the plan without increasing the total plan. Prospective projects are, by definition, not yet well scoped, so there is greater uncertainty with regards to timing and costs than with Committed projects. As scoping, design and bidding occurs, each project moves forward in steps to the Commission to request authorization. See Section IV, "Aviation", for a description of major existing and new projects.

### MARITIME DIVISION CAPITAL IMPROVEMENT PLAN

**General:** The Maritime Division's five-year CIP continues investments in waterfront facilities, infrastructure, and the environment.

Table IX-3 below summarizes the Maritime Division CIP from 2022-2026. The Maritime Division CIP is \$23.4 million for 2022 and \$294.8 million for 2022-2026.

**TABLE IX-3: MARITIME DIVISION CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)							Total
	2022	2023	2024	2025	2026		2022-2026
<b>Committed Projects</b>							
Fishing and Operations	\$ 1,363	\$ 23,169	\$ 41,475	\$ 30,826	\$ 25,100	\$	121,933
Cruise Operations	10,370	17,421	1,879	0	0		29,670
Maritime Portfolio Management	5,014	8,909	12,654	0	0		26,577
Maritime General	5,131	4,010	6,279	6,040	2,090		23,550
Recreational Boating	1,098	2,711	2,895	15	0		6,719
Environmental Services	2,502	268	268	268	268		3,574
<b>Subtotal - Maritime Committed CIP</b>	<b>\$ 25,478</b>	<b>\$ 56,488</b>	<b>\$ 65,450</b>	<b>\$ 37,149</b>	<b>\$ 27,458</b>	<b>\$</b>	<b>212,023</b>
<b>Business Plan Prospective Projects</b>	<b>7,705</b>	<b>11,095</b>	<b>10,524</b>	<b>21,894</b>	<b>31,545</b>		<b>82,763</b>
<b>CIP Cashflow Adjustment Reserve <sup>(1)</sup></b>	<b>(9,775)</b>	<b>5,865</b>	<b>3,910</b>	<b>0</b>	<b>0</b>		<b>0</b>
<b>Total Maritime CIP</b>	<b>\$ 23,408</b>	<b>\$ 73,448</b>	<b>\$ 79,884</b>	<b>\$ 59,043</b>	<b>\$ 59,003</b>	<b>\$</b>	<b>294,786</b>

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Note:

- 1) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending.

### Committed Capital Projects:

Terminal 91 Berths 6 and 8 Redevelopment: Redevelopment of vessel pier moorings and adjoining apron areas of Berths 6 and 8 along the northeast side of Pier 90 to accommodate fishing and commercial vessels.

Terminal 46 North Pier Structure Replacement: Replacement of timber and concrete pier structures along the north portion of Terminal 46 to support moorage for larger vessels.

Pier 66 Shore Power/Waterfront Electrification: This project will create a dual voltage 20-megawatt shore power system for the single cruise ship berth at Pier 66.

Duwamish River People's Park/Terminal 117 Restoration: This 13-acre habitat restoration project at Terminal 117 will support Chinook salmon recovery goals and improve public access to the shoreline.

**Other Committed Capital Projects:**

Fishermen's Terminal Maritime Innovation Center: This project will update and convert the existing Seattle Ship Supply building into a new Maritime Innovation Center in support of the Port's small business incubator program.

Jack Block Park Pier Replacement: This project will replace the existing damaged timber pier with a similar concrete pier supported by steel piles.

Terminal 91 New Cruise Gangways: This project will fabricate and install a new gangway to support larger cruise vessels at the Smith Cove Cruise Terminal.

Fishermen's Terminal C14 Building Improvements: Replacement of building envelope, including windows, doors, roofing, and siding. The project will also replace the HVAC system.

Terminal 102 Harbor Island Marina E Dock: This project will replace and upgrade several dock floats and piles to support larger vessel berthing and higher load capacities.

Committed capital projects also includes replacement/preservation of docks and moorage, facility improvements, fleet replacement, and small capital (under \$300,000) projects.

**Business Plan Prospective CIP:**

Significant projects include:

Fishermen's Terminal Northwest Dock Improvements: This project will replace and upgrade piers and fenders on the northwest dock and adjoining finger piers. Several existing timber piers will be replaced with concrete/steel structures.

Fishermen's Terminal Gateway Building: This project will construct a new building in the area of the existing vacant bank building and two net sheds. This project has been delayed due to continued economic and business uncertainty from the COVID-19 pandemic.

Waterfront LED Lighting Upgrades: Will replace and update lighting at several facilities to improve energy efficiency and contribute to the Port's sustainability goals.

Gateway Park North: The project will restore habitat, improve shoreline access, and address erosion issues. The project will contribute to the community-led development of the Gateway Park in the Georgetown neighborhood of Seattle.

Maritime Video Camera Project: Update and extend the surveillance system at the Port's maritime properties.

Also included is a CIP reserve for unknown or undefined future projects. The New Cruise Terminal, included in the 2021-2025 CIP, has been suspended pending reevaluation.

## ECONOMIC DEVELOPMENT DIVISION CAPITAL IMPROVEMENT PLAN

**General:** Projects in the Economic Development Division's five-year CIP are primarily associated with new development of industrial property and preservation of existing assets. Also included is an investment in tenant improvements related to the releasing of space expected to become vacant as existing leases expire.

Table IX-4 below summarizes the Economic Development Division CIP from 2022-2026. The Economic Development Division CIP is \$10.5 million for 2022 and \$83.6 million for 2022-2026.

**TABLE IX-4: ECONOMIC DEVELOPMENT CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	2022	2023	2024	2025	2026	Total 2022-2026
<b>Committed Projects</b>						
Development and Planning	\$ 1,484	\$ 2,081	\$ 23,134	\$ 22,371	\$ 0	\$ 49,070
Portfolio Management	8,115	3,370	300	300	300	12,385
General Economic Development	3,470	1,191	840	780	750	7,031
<b>Subtotal - EDD Committed CIP</b>	<b>\$ 13,069</b>	<b>\$ 6,642</b>	<b>\$ 24,274</b>	<b>\$ 23,451</b>	<b>\$ 1,050</b>	<b>\$ 68,486</b>
<b>Business Plan Prospective Projects</b>	<b>1,000</b>	<b>2,050</b>	<b>3,492</b>	<b>2,792</b>	<b>5,822</b>	<b>15,156</b>
<b>CIP Cashflow Adjustment Reserve <sup>(1)</sup></b>	<b>(3,554)</b>	<b>2,203</b>	<b>1,351</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total EDD CIP</b>	<b>\$ 10,515</b>	<b>\$ 10,895</b>	<b>\$ 29,117</b>	<b>\$ 26,243</b>	<b>\$ 6,872</b>	<b>\$ 83,642</b>
CAPSUM						

Note:

- 1) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending.

### Committed Capital Projects:

Terminal 91 Uplands Development: This initial development will construct two 50,000 square foot buildings and associated site infrastructure improvements. The new facilities will support fishing and maritime industries. Phase II of the development is expected to begin design work in 2026.

Pier 66 HVAC Systems Upgrade: This project replaces the cruise terminal, conference center, and retail building's cooling tower, chiller, variable frequency drives and other HVAC system components that are at the end of their service life.

World Trade Center HVAC Replacement: This project replaces the current HVAC system at the end of its service life with a more energy efficient system.

Other Committed projects include elevator upgrades and roof replacements/enhancements at central waterfront facilities, under-dock utility replacement at Pier 69, capitalized tenant improvements, fleet replacement, technology, and other small projects.

### Business Plan Prospective CIP:

The Economic Development Division Prospective CIP is a combination of revenue/capacity growth, renewal/enhancement, environmental, and safety projects. Renewal/enhancement projects include roof work at Pier 69 and elevator modernization work at central waterfront facilities. Also included is a general CIP reserve to allow for projects that cannot be determined with certainty as to location, timing, and cost.

## **CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN**

The Central Services five-year CIP consists predominately of technology improvements and upgrades. Approximately 55% of the 2022 technology projects are refreshes of critical infrastructure and security enhancements required to maintain compliance with established industry standards and ensure availability of critical business systems. The remaining technology projects consist of new or upgraded business systems driven by business unit demands or are required to maintain system operations and on-going vendor support.

The remainder of the Central Services CIP consists of fleet replacement and small capital acquisition, which largely relate to the replacement of equipment and assets that are at or beyond the end of their useful lives. In 2022, the fleet projects will replace police patrol and other vehicles, and construction-related vehicles and equipment used by the Port Construction Services department. The remaining portion of the CIP is for a police bomb disposal robot acquisition, engineering and surveying equipment, and other small capital projects.

Table IX-5 below summarizes the Central Services CIP from 2022-2026. The Central Services CIP is \$9.2 million for 2022 and \$44.6 million for 2022-2026.

**TABLE IX-5: CENTRAL SERVICES CAPITAL IMPROVEMENT PLAN**

(\$ in 000's)	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Total 2022-2026</u>
<b>Committed Projects</b>						
ICT Business Services	\$ 5,950	\$ 4,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 19,950
General and Capital Development	494	282	225	330	225	1,556
<b>Subtotal - Central Services Committed CIP</b>	<b>\$ 6,444</b>	<b>\$ 4,532</b>	<b>\$ 3,475</b>	<b>\$ 3,580</b>	<b>\$ 3,475</b>	<b>\$ 21,506</b>
<b>Business Plan Prospective Projects</b>	<b>6,650</b>	<b>8,368</b>	<b>3,995</b>	<b>2,198</b>	<b>1,881</b>	<b>23,092</b>
<b>CIP Cashflow Adjustment Reserve <sup>(1)</sup></b>	<b>(3,900)</b>	<b>(3,125)</b>	<b>2,342</b>	<b>2,342</b>	<b>2,341</b>	<b>0</b>
<b>Total Central Services CIP</b>	<b>\$ 9,194</b>	<b>\$ 9,775</b>	<b>\$ 9,812</b>	<b>\$ 8,120</b>	<b>\$ 7,697</b>	<b>\$ 44,598</b>

CAPSUM

Note:

- 1) Adjustment introduced as part of the 2020 Plan of Finance to reflect more achievable levels of capital spending.

## **OTHER PORT OF SEATTLE CIP**

The Port of Seattle CIP also includes North Harbor waterway channel deepening projects and other NWSA legacy projects. These projects are assumed to be 100% funded by the Port of Seattle, and thus are not included in the NWSA CIP to follow. Additionally, the Port CIP includes projects for its Stormwater Utility, such as asset renewal and replacement and small capital acquisitions.

## **NORTHWEST SEAPORT ALLIANCE CAPITAL IMPROVEMENT PLAN**

The five-year NWSA CIP focuses on both strategic and maintenance projects, and invests in projects to increase the capacity, extend the life, or improve the safety or efficiency of NWSA-managed property and equipment.

Strategic investments include modernization of Terminal 5 and the construction of a stormwater treatment system, rehabilitation of the wharf and construction of shore power at Terminal 18, replacement of the Terminal 46 bulkhead, berth dredging at Husky Terminal and at Washington United Terminals (WUT) and South Harbor (Tacoma) terminal expansion projects. Maintenance investments include replacement of fender systems and rehabilitation of assigned assets.

Each homeport assumes funding of 50% of the total NWSA CIP. Although funds for a project are included in the CIP, projects are not automatically authorized to proceed; The NWSA Managing Members review and approve each project individually. To efficiently allocate resources, the NWSA uses a capital project prioritization methodology which includes two categories for internal management; “Open” projects, which are on-going or ready to move forward and have customer commitment or a high degree of certainty, and “Estimate” projects, which are based on an identified business need or opportunity but have not been fully developed in scope and cost. Only Open projects are included in the budget.

The Port of Seattle’s 50% funding total of Open-status NWSA CIP is forecast to be \$56.3 million for 2022 and \$275.7 million for 2022-2026. Further information on the NWSA CIP can be found in Section XII, “The Northwest Seaport Alliance (NWSA).”

### **TABLE IX-6 NWSA CAPITAL IMPROVEMENT PLAN**

The NWSA CIP will be presented to the Managing Members on October 28, 2021 and incorporated into the Port’s final budget.

## PUBLIC EXPENSE

In addition to the Committed and Business Plan Prospective project categories, the Port may also invest in Public Expense projects. These are generally a collaboration with other local governments to provide funding without directly receiving an asset in return. Certain Public Expense costs are related to projects that would otherwise meet the criteria of a Committed or Business Plan Prospective capital project but are expensed (rather than capitalized) per accounting rules. Common examples of Port Public Expense projects include contributions toward improvements on non-Port properties, such as projects in support of regional transportation needs. Public Expense projects are often a required component of other Port Committed projects.

Table IX-7 below shows Public Expense projects by division from 2022-2026, which includes \$12.7 million for 2022 and \$47.0 million for 2022-2026.

**TABLE IX-7: PUBLIC EXPENSE PROJECTS**

(\$ in 000's)		2022	2023	2024	2025	2026	Total 2022 - 2026
Division	CIP Description						
Aviation	Flight Corridor Safety Program	\$ 466	\$ 124	\$ 477	\$ 3,024	\$ 3,508	\$ 7,599
	Air Cargo Road	1,557	356	0	0	0	1,913
	<b>Subtotal - Aviation Public Expense Projects</b>	<b>\$ 2,023</b>	<b>\$ 480</b>	<b>\$ 477</b>	<b>\$ 3,024</b>	<b>\$ 3,508</b>	<b>\$ 9,512</b>
Joint Venture	Gateway SR 509 Program	0	0	15,000	0	0	15,000
	West Seattle Bridge	6,000	3,000	0	0	0	9,000
	Seattle Heavy Haul Network	75	2,050	2,000	2,000	2,000	8,125
	Safe and Swift	3,206	0	0	0	0	3,206
	Fast Corridor II	0	0	0	799	0	799
	Fast Corridor I	68	0	0	0	0	68
	<b>Subtotal - Joint Venture Public Expense Projects</b>	<b>\$ 9,349</b>	<b>\$ 5,050</b>	<b>\$ 17,000</b>	<b>\$ 2,799</b>	<b>\$ 2,000</b>	<b>\$ 36,198</b>
<b>Economic Development</b>							
	Pier 66 Roof Projects	300	0	0	0	0	300
	<b>Subtotal - Economic Development</b>	<b>\$ 300</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 300</b>
Maritime	Pier 86 Dock Improvements	1,000	0	0	0	0	1,000
	<b>Subtotal - Maritime Public Expense Projects</b>	<b>\$ 1,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,000</b>
<b>Total Port Public Expense Projects</b>		<b>\$ 12,672</b>	<b>\$ 5,530</b>	<b>\$ 17,477</b>	<b>\$ 5,823</b>	<b>\$ 5,508</b>	<b>\$ 47,010</b>

The Port may also incur Public Expenses related to certain non-project expenditures, such as the Port's annual \$1.4 million payment to the City of SeaTac for safety enhancements. This payment is made pursuant to an interlocal agreement between the Port and City of SeaTac and is to be used for public safety and enforcement of traffic and parking standards. This payment is not project-related and is excluded from the table above.

## NON-RECURRING CIP IMPACT

Table IX-8 below shows certain non-recurring capital projects and their corresponding impact on the operating budget. At the airport, the C1 Building Floor Expansion, North Main Terminal Redevelopment, and Checked Baggage Optimization project account for \$1.2 billion of capital spending from 2022- 2026 and a \$160.5 million change in operating revenues as a result of additional (recovered) custodial and mechanical costs related to these projects. As the projects develop, the operating cost impact will be better determined. No material operating expenses are anticipated from 2022-2026. The North Satellite Renovation and International Arrivals Facility projects have been excluded from this table, as the facilities are in-use in 2021. The Maritime Division's Terminal 91 Berths 6 & 8 Redevelopment project is expected to generate an additional \$600 thousand in annual revenue with low incremental operating cost increases. For the Economic Development Division, the Terminal 91 Uplands Development (Phase I) of light-industrial buildings is expected to increase net operating income by over \$1.5 million annually, upon full project completion and stabilized occupancy. Other projects did not meet the criteria to be included in this table.

**TABLE IX-8: NON-RECURRING CAPITAL IMPROVEMENT PLAN IMPACT ON THE OPERATING BUDGET**

(\$ in 000's)	Notes	2022	2023	2024	2025	2026	Total 2022 - 2026
<b>Aviation Division:</b>							
<b>C1 Building Floor Expansion</b>							
Capital Spending		\$ 50,155	\$ 31,983	\$ 42,698	\$ 88,512	\$ 62,957	\$ 276,305
Change in Operating Revenues	1	-	-	-	-	-	-
Change in Operating Expenses		-	-	-	-	-	-
<b>N. Main Terminal Redevelopment</b>							
Capital Spending		38,575	93,123	122,403	89,120	167	343,388
Change in Operating Revenues	1	-	-	-	22,776	26,510	49,286
Change in Operating Expenses		-	-	-	-	-	-
<b>Checked Baggage Optimization</b>							
Capital Spending		104,000	112,000	111,800	113,000	115,000	555,800
Change in Operating Revenues	1	-	-	25,275	34,947	51,034	111,257
Change in Operating Expenses		-	-	-	-	-	-
<b>Aviation Subtotal</b>							
Capital Spending		\$ 192,730	\$ 237,106	\$ 276,901	\$ 290,632	\$ 178,124	\$1,175,493
Change in Operating Revenues		\$ 0	\$ 0	\$ 25,275	\$ 57,724	\$ 77,544	\$ 160,543
Change in Operating Expenses		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Maritime Division:</b>							
<b>Terminal 91 Berths 6&amp;8 Redev.</b>							
Capital Spending		\$ 1,334	\$ 20,669	\$ 38,975	\$ 783	\$ 0	\$ 61,761
Change in Operating Revenues		-	-	-	600	630	1,230
Change in Operating Expenses		-	-	-	-	-	-
<b>Economic Development Division:</b>							
<b>Terminal 91 Uplands Dev. Phase I</b>							
Capital Spending		\$ 1,484	\$ 2,081	\$ 23,134	\$ 22,371	\$ 0	\$ 49,070
Change in Operating Revenues		-	-	-	840	1,645	2,485
Change in Operating Expenses		-	-	-	135	139	274
<b>Port-wide Total</b>							
Capital Spending		\$ 195,548	\$ 259,856	\$ 339,010	\$ 313,786	\$ 178,124	\$1,286,324
Change in Operating Revenues		\$ 0	\$ 0	\$ 25,275	\$ 59,164	\$ 79,819	\$ 164,258
Change in Operating Expenses		\$ 0	\$ 0	\$ 0	\$ 135	\$ 139	\$ 274

Table IX-8.xls

Note:

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



**The following reports provide detail of the projects included in the Port’s 2022-2026 Capital Improvement Plan (CIP):**

- The projects are organized by the two categories: *Committed* and *Business Plan Prospective*
- Each project is assigned a number 1 - 6 based on its capital development progress status:
  - Committed
    - 6 = Completed (may have final payment cashflows)
    - 5 = Construction authorized
    - 4 = Design funding authorized
    - 3 = Division level authorized
  - Business Plan Prospective
    - 2 = Business sponsor approved
  - In addition, the Port may have “Other Prospective” projects (Status 1). These projects have been identified as potential future investments but are not included in the CIP

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5 Year Capital Budget by CIP number

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Selection

Start Year:

Business Unit: (ALL)

Project Status: 2-2

Division: (ALL)

Sponsor: (ALL)

CIP Group: (ALL)



5 Year Capital Budget by CIP number

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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
Aviation Division										
Airfield										
2	C801033	Consolidated Deicing Stor	279	175	349	2,297	0	3,100	3,100	0
2	C801134	AvOps Wildlife Storage Bu	68	68	216	329	119	800	800	0
CIP Group: Aeronautical Facilities			347	243	565	2,626	119	3,900	3,900	0
2	C801179	Building 161E Retro Commi	269	2,118	3,813	4,309	47	10,556	10,556	0
2	C801231	Building 161 D Retrofit	717	1,881	3,713	4,394	608	11,313	11,313	0
CIP Group: Air Cargo			986	3,999	7,526	8,703	655	21,869	21,869	0
2	C800772	Fuel Hydrant Pit Program	0	0	229	370	619	1,218	4,001	0
CIP Group: Aircraft Fueling			0	0	229	370	619	1,218	4,001	0
2	C801171	Snow Storage Expansion	3,685	5,566	5,570	2,342	0	17,163	17,500	69
2	C801172	Water Reservoir Rehabilit	205	854	325	0	0	1,384	1,571	7
2	C801173	Tyee Pond Effluent Pipe R	237	472	1,047	945	0	2,701	2,792	3
2	C801185	Keys to Card Readers	139	340	1,078	389	0	1,946	1,946	0
2	C801187	Potable Water Box Replace	92	403	763	944	0	2,202	2,202	0
2	C801226	AFLD Lighting/Auto FOD De	0	593	1,251	5,690	19,211	26,745	35,500	0
2	C801227	Airfield Snow Equipment	4,310	4,310	0	0	0	8,620	8,620	0
2	C801228	AV Maintenance Lift Truck	800	0	0	0	0	800	800	0
CIP Group: Airfield Miscellaneous			9,468	12,538	10,034	10,310	19,211	61,561	70,931	80
Sub Total for: Airfield			10,801	16,780	18,354	22,009	20,604	88,548	100,701	80
Aviation Division Wide										
2	C801120	PCS Yard Trailer	76	278	581	534	0	1,469	1,499	6



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
2	C801232	EV Chargers for AV Fleet	92	128	678	34	0	932	932	0
<b>CIP Group: Facilities</b>			168	406	1,259	568	0	2,401	2,431	6
2	C801045	Common Use System Replace	1,650	2,100	0	0	0	3,750	3,750	0
<b>CIP Group: IT Projects</b>			1,650	2,100	0	0	0	3,750	3,750	0
2	C800753	Aeronautical Reserve	0	10,000	20,000	30,000	40,000	100,000	449,293	0
2	C800754	Non-Aeronautical Reserve	0	2,000	3,000	3,000	3,000	11,000	42,907	0
2	C801141	CIP Cashflow Mgmt Reserve	-95,810	57,486	38,324	0	0	0	0	0
2	C801235	Learning center Re-roof	319	678	1,525	488	0	3,010	3,010	0
2	C801256	2022 Eastside Firestation	5,000	5,000	5,000	5,000	0	20,000	20,000	0
<b>CIP Group: Miscellaneous</b>			-90,491	75,164	67,849	38,488	43,000	134,010	515,210	0
2	C800100	Aviation Small Jobs	100	0	0	0	0	100	10,001	7,022
2	C800751	Aviation Small Capital Jo	1,600	2,100	2,000	2,000	0	7,700	12,000	1,478
2	C800752	AV Small Capital Purchase	1,200	1,300	1,400	1,400	0	5,300	10,001	3,218
<b>CIP Group: Small Projects</b>			2,900	3,400	3,400	3,400	0	13,100	32,002	11,718
<b>Sub Total for: Aviation Division Wide</b>			-85,773	81,070	72,508	42,456	43,000	153,261	553,393	11,724
<b>Business Development</b>										
2	C800949	WSDOT Property Purchase	0	0	0	0	0	0	3,500	25
<b>CIP Group: Properties</b>			0	0	0	0	0	0	3,500	25
<b>Sub Total for: Business Development</b>			0	0	0	0	0	0	3,500	25
<b>Infrastructure</b>										
2	C800935	Access Controls in Comm R	166	1,701	950	0	0	2,817	2,892	39
2	C800937	Fire Suppression Comm Ro	454	159	0	0	0	613	712	38



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
CIP Group: Communication Systems			620	1,860	950	0	0	3,430	3,604	78
2	C800901	Parking Garage Low Volt.	728	4,065	6,931	513	0	12,237	12,545	158
2	C800902	Conc B Low Volt. Sys. Upg	0	0	0	0	0	0	152	155
2	C800905	Conc C Low Volt. Sys. Upg	0	0	0	0	0	0	162	162
2	C800941	Airport-wide & RCF LED li	87	524	558	1,599	775	3,543	3,600	0
2	C801037	C4 Generator Control	238	542	1,817	2,203	418	5,218	6,799	17
2	C801046	Concourse D Electrical Up	0	0	0	0	0	0	115	114
2	C801225	400HZ Replacement Conc C	0	838	2,298	5,301	6,875	15,312	16,500	0
2	C801238	Public Access DAS Upgrade	510	1,717	2,962	411	0	5,600	5,600	0
2	C801240	Utility Meter Networking	1,137	3,274	3,300	12,795	12,972	33,478	35,524	0
2	C801280	Concourse Low Voltage Upg	2,224	10,477	13,345	1,976	0	28,022	28,349	0
CIP Group: Electrical Infrastructure			4,924	21,437	31,211	24,798	21,040	103,410	109,346	605
2	C801030	Compactor Capacity	209	322	960	108	0	1,599	1,698	81
2	C801189	IAF Enhancements Project	99	188	345	492	387	1,511	1,511	0
CIP Group: F&I Miscellaneous Projects			308	510	1,305	600	387	3,110	3,209	81
2	C801234	IWTP Program	6,765	6,883	24,192	31,788	29,740	99,368	100,000	0
2	C801239	Sanitary Pipe Replacement	84	133	201	621	621	1,660	2,000	0
CIP Group: Industrial Waste System			6,849	7,016	24,393	32,409	30,361	101,028	102,000	0
2	C800978	VFD Replacement II	121	461	1,579	2,040	99	4,300	4,300	0
2	C801178	Concourse B HVAC	0	0	0	0	0	0	0	0
2	C801181	Chiller Panel Upgrades -	380	686	182	0	0	1,248	1,287	0



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
2	C801183	Replace Elevators SSB SSC	175	686	872	991	991	3,715	3,878	0
2	C801223	DA and Condensate Sys Upg	0	787	1,588	4,381	3,049	9,805	9,805	0
2	C801230	Boiler Room Upgrades	461	835	1,502	612	0	3,410	3,410	0
<b>CIP Group: Mechanical Infrastructure</b>			1,137	3,455	5,723	8,024	4,139	22,478	22,680	0
2	C801224	1947 Water Main - DBB	764	992	506	1	0	2,263	2,263	0
2	C801271	SSAT Water Tank Replace	600	0	0	0	0	600	1,100	0
<b>CIP Group: Water Infrastructure</b>			1,364	992	506	1	0	2,863	3,363	0
<b>Sub Total for: Infrastructure</b>			15,202	35,270	64,088	65,832	55,927	236,319	244,202	764
<b>Landside</b>										
2	C801128	3rd FL GT Booth Enhanceme	209	447	1,637	484	0	2,777	2,800	0
2	C801229	AVI Readers Refresh	375	0	0	0	0	375	375	0
<b>CIP Group: Ground Transportation</b>			584	447	1,637	484	0	3,152	3,175	0
2	C801042	Landside Pavement Program	658	813	4,021	4,031	447	9,970	10,001	0
2	C801186	S 160th St Lot TNC Improv	1,113	2,921	1,109	1,243	0	6,386	6,586	8
<b>CIP Group: Landside Miscellaneous Project</b>			1,771	3,734	5,130	5,274	447	16,356	16,587	8
2	C801209	RCF CSB Re-demising	988	3,221	5,504	827	0	10,540	10,540	0
<b>CIP Group: Rental Cars</b>			988	3,221	5,504	827	0	10,540	10,540	0
<b>Sub Total for: Landside</b>			3,343	7,402	12,271	6,585	447	30,048	30,302	8
<b>NOISE Program</b>										
2	C200098	Places of Worship Sound I	0	1,032	6,546	9,664	6,521	23,763	25,873	0
<b>CIP Group: Miscellaneous Noise Projects</b>			0	1,032	6,546	9,664	6,521	23,763	25,873	0



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
2	C200097	ATZ Residential Acquisiti	39	2,456	812	6	0	3,313	3,313	0
<b>CIP Group: Residential Insulation</b>			39	2,456	812	6	0	3,313	3,313	0
<b>Sub Total for: NOISE Program</b>			<b>39</b>	<b>3,488</b>	<b>7,358</b>	<b>9,670</b>	<b>6,521</b>	<b>27,076</b>	<b>29,186</b>	<b>0</b>
<b>Security</b>										
2	C801040	Fire Dept Apparatus Repla	2,500	0	0	0	0	2,500	5,000	0
2	C801119	Lock Dock Employee Screen	209	1,201	62	0	0	1,472	1,500	28
2	C801237	Mid Field Checkpoints	247	153	852	540	7	1,799	1,799	0
<b>CIP Group: Security Projects</b>			2,956	1,354	914	540	7	5,771	8,299	28
<b>Sub Total for: Security</b>			<b>2,956</b>	<b>1,354</b>	<b>914</b>	<b>540</b>	<b>7</b>	<b>5,771</b>	<b>8,299</b>	<b>28</b>
<b>Stormwater</b>										
2	C801122	IWTP Controls Conversion	236	1,603	3,680	3,751	0	9,270	10,601	9
2	C801123	IWTP Improvements	637	752	4,159	7,285	9,339	22,172	27,000	9
<b>CIP Group: Stormwater Projects</b>			873	2,355	7,839	11,036	9,339	31,442	37,601	18
<b>Sub Total for: Stormwater</b>			<b>873</b>	<b>2,355</b>	<b>7,839</b>	<b>11,036</b>	<b>9,339</b>	<b>31,442</b>	<b>37,601</b>	<b>18</b>
<b>Sustainable Airport Master PI</b>										
2	C801057	SAMP - Landside	4,000	10,000	14,000	15,000	6,000	49,000	56,250	0
2	C801059	SAMP - Airside	500	5,000	5,000	5,000	8,000	23,500	28,500	0
2	C801060	SAMP - Cargo	0	2,000	0	0	0	2,000	2,000	0
2	C801061	SAMP - 2nd Terminal	500	4,000	20,000	25,000	25,000	74,500	146,750	0
2	C801062	SAMP - Airline/Airport Su	1,000	10,000	15,000	15,000	10,000	51,000	56,500	0
<b>CIP Group: SAMP Near Term Projects</b>			6,000	31,000	54,000	60,000	49,000	200,000	290,000	0
<b>Sub Total for: Sustainable Airport Master PI</b>			<b>6,000</b>	<b>31,000</b>	<b>54,000</b>	<b>60,000</b>	<b>49,000</b>	<b>200,000</b>	<b>290,000</b>	<b>0</b>





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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
Terminal and Tenants										
2	C801127	Baggage Claim 15&16 Repla	1,401	2,840	3,987	2,745	0	10,973	10,999	0
CIP Group: Baggage Systems			1,401	2,840	3,987	2,745	0	10,973	10,999	0
2	C801076	CTE Curtain Wall Setback	547	1,953	1,953	22	0	4,475	4,601	115
CIP Group: Central Terminal			547	1,953	1,953	22	0	4,475	4,601	115
2	C801174	Stair Jet bridge Complian	120	313	1,459	664	0	2,556	2,577	1
CIP Group: Loading Bridges			120	313	1,459	664	0	2,556	2,577	1
2	C801175	Single Piers on Concourse	1,463	2,357	4,528	4,515	1,866	14,729	14,759	0
2	C801176	Out-bound Search Rooms in	66	49	156	82	0	353	353	0
2	C801182	Flow Meter Replacement CM	162	615	1,186	992	0	2,955	2,955	0
2	C801188	PAX Flow Measurements	630	0	0	0	0	630	630	0
2	C801206	Concourse A Duty Free	2,118	8,454	12,245	10,516	0	33,333	33,367	2
2	C801208	SSAT Lounge & ADR Upgrade	1,754	3,246	0	0	0	5,000	5,000	0
2	C801233	Inform RMS Upgrade	975	325	0	0	0	1,300	1,300	0
2	C801236	M.Terminal Exterior wall	560	1,360	2,777	2,790	97	7,584	7,584	0
2	C801265	Conc HVAC renewal & repla	2,537	5,680	17,434	36,258	54,229	116,138	254,984	0
2	C801266	Main Terminal Improvement	4,593	14,159	21,202	28,850	101,189	169,993	800,000	0
2	C801267	Utility Master Plan Allow	0	19,000	30,000	61,000	97,000	207,000	238,392	0
CIP Group: Terminal Facilities			14,858	55,245	89,528	145,003	254,381	559,015	1,359,324	2
2	C801272	SEA Virtual Queue	720	0	0	0	0	720	1,200	0
CIP Group: Ticketing Strategy			720	0	0	0	0	720	1,200	0



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
Sub Total for: Terminal and Tenants			17,646	60,351	96,927	148,434	254,381	577,739	1,378,701	118
SubTotal for: Aviation Division			-28,913	239,070	334,259	366,562	439,226	1,350,204	2,675,885	12,764
Corporate P&TS										
Corporate P&TS Capital Project										
2	C800097	IT Renewal/Replacement	0	0	1,000	1,000	1,000	3,000	18,000	0
2	C801080	STIA Network Redundancy	0	500	1,000	0	0	1,500	1,500	0
2	C801082	Regional Workforce Tracki	0	0	0	0	0	0	0	0
2	C801137	Environmental Remediation	250	0	0	0	0	250	500	0
2	C801138	Learning Management Syste	0	0	0	0	0	0	0	0
2	C801140	Community Communication D	0	0	0	0	0	0	0	0
2	C801201	ID Badge System Upgrade	750	0	0	0	0	750	900	0
2	C801258	Conference Room Communica	510	0	0	0	0	510	510	0
2	C801259	Public Safety Dispatch &	550	3,150	300	0	0	4,000	4,000	0
2	C801261	Contract Management Syste	450	400	0	0	0	850	850	0
2	C801262	Enterprise Network Refres	640	1,360	0	0	0	2,000	2,000	0
2	C801263	Radio Microwave Redund. L	1,040	1,460	0	0	0	2,500	2,500	0
CIP Group: Information Technology			4,190	6,870	2,300	1,000	1,000	15,360	30,760	0
2	C801143	CIP Cashflow Mgmt - Corpo	-3,900	-3,125	2,342	2,342	2,342	1	1	0
2	C801260	2022 Bomb Disposal Robot	350	0	0	0	0	350	350	0
2	C801278	Engineering/PCS Fleet 202	1,465	785	970	450	115	3,785	5,320	0
2	C801279	Corporate Fleet 2022+	645	713	725	748	766	3,597	7,945	0
CIP Group: Other Corporate Capital Projec			-1,440	-1,627	4,037	3,540	3,223	7,733	13,616	0
Sub Total for: Corporate P&TS Capital Project			2,750	5,243	6,337	4,540	4,223	23,093	44,376	0



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
SubTotal for: Corporate P&TS			2,750	5,243	6,337	4,540	4,223	23,093	44,376	0
Economic Development Division										
Development & Planning										
2	C801168	EDD Strategic Opportunity	0	0	0	0	0	0	25,000	0
2	C801169	T91 Uplands Phase 2 Util	0	0	0	0	637	637	9,811	0
2	C801170	T91 Uplands Phase 2 Build	0	0	0	576	1,730	2,306	166,022	0
CIP Group: Real Estate Development			0	0	0	576	2,367	2,943	200,833	0
Sub Total for: Development & Planning			0	0	0	576	2,367	2,943	200,833	0
General Economic Development										
2	C800216	EDD Reserve	1,000	2,000	2,000	2,000	3,000	10,000	10,000	0
2	C801101	P69 Clerestory and Skylig	0	0	0	0	455	455	2,712	0
2	C801145	CIP Cashflow Mgt - EDD	-3,554	2,203	1,351	0	0	0	0	0
CIP Group: General ECON DEV - Other			-2,554	4,203	3,351	2,000	3,455	10,455	12,712	0
Sub Total for: General Economic Development			-2,554	4,203	3,351	2,000	3,455	10,455	12,712	0
Portfolio Management										
2	C801064	WTC Garage Elevator Mods	0	50	1,492	216	0	1,758	1,758	0
CIP Group: Central Waterfront			0	50	1,492	216	0	1,758	1,758	0
Sub Total for: Portfolio Management			0	50	1,492	216	0	1,758	1,758	0
SubTotal for: Economic Development Division			-2,554	4,253	4,843	2,792	5,822	15,156	215,303	0
Maritime Division										
Cruise Operations										
2	C800517	P66 Wave Break Cathodic P	50	375	594	0	0	1,019	1,019	0
CIP Group: Cruise			50	375	594	0	0	1,019	1,019	0



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
Sub Total for: Cruise Operations			50	375	594	0	0	1,019	1,019	0
Environmental Services										
2	C801166	Energy Management System	200	200	0	0	0	400	400	0
2	C801197	T115 Env Improvements	0	0	0	0	0	0	0	0
2	C801246	Shoreline Improvements	500	500	500	500	500	2,500	2,500	0
2	C801247	Waterfront LED Lighting A	200	1,500	1,000	1,000	1,000	4,700	4,700	0
2	C801248	Waterfront EV Infrastruct	100	250	250	250	150	1,000	1,000	0
2	C801270	Gateway Park North	500	1,400	800	0	0	2,700	2,900	0
CIP Group: Environmental			1,500	3,850	2,550	1,750	1,650	11,300	11,500	0
Sub Total for: Environmental Services			1,500	3,850	2,550	1,750	1,650	11,300	11,500	0
Fishing and Operations										
2	C800444	FT NW Dock West Improve	0	500	1,500	10,000	15,000	27,000	52,000	0
2	C800528	FT W Wall N Fender Replac	0	0	0	0	0	0	3,850	0
2	C800529	FT W Wall N Sht Pile Crsn	0	0	0	0	0	0	3,700	0
2	C800530	FT S Wall W End Improve	0	0	0	0	0	0	2,200	0
2	C800533	FT W Wall S Sht Pile Cor	0	0	0	0	0	0	2,800	0
2	C800534	FT S Wall Cl Fndr Rp & Co	0	0	0	0	0	0	16,600	0
2	C800567	FT Net Shed 10 Roof Overl	0	0	0	40	515	555	565	0
2	C800568	FT Net Shed 11 Roof Overl	0	0	0	40	530	570	580	0
CIP Group: Fishermen's Terminal - Water			0	500	1,500	10,080	16,045	28,125	82,295	0
2	C800181	T10 Mooring Dolphins	0	0	0	0	100	100	4,650	0
2	C800741	T106 Mooring Dolphins	0	100	100	2,340	500	3,040	3,040	0



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
CIP Group: Maritime Operations - Other			0	100	100	2,340	600	3,140	7,690	0
2	C801243	T91 Piers Domestic Water	400	250	0	0	0	650	850	0
CIP Group: Maritime Operations - T91			400	250	0	0	0	650	850	0
Sub Total for: Fishing and Operations			400	850	1,600	12,420	16,645	31,915	90,835	0
Maritime General										
2	C800002	MD Reserve	2,000	2,000	3,000	5,000	8,000	20,000	95,000	0
2	C801144	CIP Cashflow Mgt - MD	-9,775	5,865	3,910	0	0	0	0	0
2	C801249	T86 Park Lift Station Rep	500	0	0	0	0	500	610	0
2	C801250	Catch Basin Cleaner	600	0	0	0	0	600	600	0
2	C801251	Commercial Sweeper	325	0	0	0	0	325	325	0
CIP Group: Maritime General Other			-6,350	7,865	6,910	5,000	8,000	21,425	96,535	0
Sub Total for: Maritime General			-6,350	7,865	6,910	5,000	8,000	21,425	96,535	0
Maritime Portfolio Management										
2	C800525	FT Gateway Building	0	0	0	0	1,942	1,942	53,048	1,033
2	C800733	FT C3 Bldg Roof Replace	0	0	0	24	1,038	1,062	1,128	0
2	C801096	FT C15 Bldg Misc Improv	0	0	120	1,400	1,215	2,735	2,822	0
CIP Group: Fishermens Terminal - Land			0	0	120	1,424	4,195	5,739	56,998	1,033
2	C801241	MIC Electrical Replacemen	390	1,170	10	0	0	1,570	1,600	0
CIP Group: Maritime Industrl Cntr - Land			390	1,170	10	0	0	1,570	1,600	0
Sub Total for: Maritime Portfolio Management			390	1,170	130	1,424	4,195	7,309	58,598	1,033
Recreational Boating										
2	C800536	P66 BHM Wavebreak Protect	40	310	1,455	0	0	1,805	1,805	0



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
CIP Group: Bell Harbor Marina			40	310	1,455	0	0	1,805	1,805	0
2	C800679	SBM Lower A Dock Impr.	0	0	0	100	825	925	1,125	0
2	C801000	SBM Fuel Float Rehabilita	0	50	270	1,200	230	1,750	1,750	0
2	C801001	SBM Comporter Pier Rehab	0	90	925	0	0	1,015	1,015	0
CIP Group: Shilshole Bay Marina - Water			0	140	1,195	1,300	1,055	3,690	3,890	0
Sub Total for: Recreational Boating			40	450	2,650	1,300	1,055	5,495	5,695	0
Security										
2	C801020	Maritime Video Camera Pro	1,400	1,800	0	0	0	3,200	3,200	0
2	C801165	MD Access Control Upgrad	500	600	0	0	0	1,100	1,100	0
CIP Group: Maritime Security			1,900	2,400	0	0	0	4,300	4,300	0
Sub Total for: Security			1,900	2,400	0	0	0	4,300	4,300	0
SubTotal for: Maritime Division			-2,070	16,960	14,434	21,894	31,545	82,763	268,482	1,033
NWSA Joint Venture										
Lease & Asset Management										
2	C800618	EWB Deepening (53+2', 100	0	0	0	0	0	0	12,000	0
CIP Group: Dredging			0	0	0	0	0	0	12,000	0
2	C800755	T30 Alaskan Way Street Va	0	0	0	0	0	0	7,500	0
CIP Group: Terminal 30			0	0	0	0	0	0	7,500	0
2	C801210	T5 Approach Overpass	0	0	0	0	0	0	0	0
CIP Group: Terminal 5			0	0	0	0	0	0	0	0
Sub Total for: Lease & Asset Management			0	0	0	0	0	0	19,500	0
SubTotal for: NWSA Joint Venture			0	0	0	0	0	0	19,500	0

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			2022	2023	2024	2025	2026			
Grand Total:			-30,787	265,526	359,873	395,788	480,816	1,471,216	3,223,546	13,797



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Selection

Start Year:

Business Unit: **(ALL)**

Project Status: **3-6**

Division: **(ALL)**

Sponsor: **(ALL)**

CIP Group: **(ALL)**





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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
Aviation Division										
Airfield										
5	C801035	Remote Aircraft Deicing	45	0	0	0	0	45	10,200	8,961
CIP Group: Aeronautical Facilities			45	0	0	0	0	45	10,200	8,961
6	C801051	161D Cargo Bldg Modificat	0	0	0	0	0	0	513	514
6	C801089	Air Cargo 5 Ground Brd Fa	0	0	0	0	0	0	566	566
3	C801126	North Cargo Area Cameras	63	37	152	142	1	395	399	4
CIP Group: Air Cargo			63	37	152	142	1	395	1,478	1,084
5	C800335	GSE Electrical Chrg Stati	9,411	2,583	0	0	0	11,994	37,872	21,682
5	C800585	Wi-Fi Enhancement Project	2,927	2,115	697	0	0	5,739	16,297	9,422
6	C800781	SSAT Narrow Body Configur	0	0	0	0	0	0	5,500	5,500
6	C800838	Hardstand Equipment Purch	0	0	0	0	0	0	9,780	9,781
5	C800842	AOA Perimeter Fence Line	0	0	0	0	0	0	6,932	6,466
6	C800986	Conc C Ramp Space Renovat	0	0	0	0	0	0	1,642	1,641
4	C801157	South188th Tunnel Lightin	3,262	10,791	9,094	806	0	23,953	24,499	268
5	C801218	IAF Maintenance path fenc	746	33	0	0	0	779	1,202	17
CIP Group: Airfield Miscellaneous			16,346	15,522	9,791	806	0	42,465	103,724	54,777
5	C800483	AFLD Pvmnt Program 2016-2	0	0	0	0	0	0	24,631	24,098
5	C800930	2021-25 AFLD Pvmnt&Spprt	41,814	26,107	32,224	20,007	3,067	123,219	152,941	9,169
CIP Group: Airfield Pavement			41,814	26,107	32,224	20,007	3,067	123,219	177,572	33,267
5	C800650	Surface Area Management S	2,894	0	0	0	0	2,894	6,199	1,157



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
CIP Group: Navigational Nav aids			2,894	0	0	0	0	2,894	6,199	1,157
Sub Total for: Airfield			61,162	41,666	42,167	20,955	3,068	169,018	299,173	99,246
Aviation Division Wide										
5	C800066	AV/IT Small Capital Proje	0	0	0	0	0	0	10,333	10,166
5	C801212	AV IT Small Capital 2021-	1,400	1,400	1,400	1,736	0	5,936	7,000	56
CIP Group: IT Projects			1,400	1,400	1,400	1,736	0	5,936	17,333	10,222
5	C800794	Fire Pump Replacement	13	0	0	0	0	13	2,876	1,809
6	C800800	SEA Smartphone App	0	0	0	0	0	0	467	466
5	C801148	Meditation Room Reloc - S	0	0	0	0	0	0	1,000	830
CIP Group: Miscellaneous			13	0	0	0	0	13	4,343	3,106
6	C800017	Aviation Small Jobs	0	0	0	0	0	0	9,968	9,970
6	C800018	Aviation Small Capital	0	0	0	0	0	0	3,924	3,925
6	C800099	Aviation Small Capital	0	0	0	0	0	0	5,863	5,862
CIP Group: Small Projects			0	0	0	0	0	0	19,755	19,758
Sub Total for: Aviation Division Wide			1,413	1,400	1,400	1,736	0	5,949	41,431	33,086
Business Development										
4	C800154	Tenant Reimbursement	592	426	425	525	466	2,434	6,708	4,175
CIP Group: Bus. Development Miscellaneous			592	426	425	525	466	2,434	6,708	4,175
5	C800846	Kiosk Program Expansion	22	0	0	0	0	22	1,236	574
5	C800886	Central Terminal Enhancem	418	0	0	0	0	418	3,789	2,093
4	C801111	Airport Food_Bev Intro Ki	467	3,362	1,385	0	0	5,214	5,500	46
CIP Group: Concessions			907	3,362	1,385	0	0	5,654	10,525	2,712



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
5	C800655	IWS Segregation Meters (C	523	0	0	0	0	523	3,857	644
6	C800832	NERA Street Purchase	0	0	0	0	0	0	751	751
5	C800950	Cargo Buildings Improve	2,796	445	790	748	51	4,830	6,610	1,015
5	C801055	Main Terminal Space Conve	942	543	91	0	0	1,576	3,494	1,229
4	C801146	Delta ACC Relocation	3,548	926	0	0	0	4,474	4,998	8
<b>CIP Group: Properties</b>			7,809	1,914	881	748	51	11,403	19,710	3,647
<b>Sub Total for: Business Development</b>			<b>9,308</b>	<b>5,702</b>	<b>2,691</b>	<b>1,273</b>	<b>517</b>	<b>19,491</b>	<b>36,943</b>	<b>10,535</b>
<b>Infrastructure</b>										
5	C800762	Telecommunication Meet Me	841	2,759	790	0	0	4,390	5,101	707
5	C800805	Duress System Replacement	0	0	0	0	0	0	751	655
4	C801161	Communication Enhancement	532	2,309	3,624	3,806	456	10,727	11,000	110
<b>CIP Group: Communication Systems</b>			1,373	5,068	4,414	3,806	456	15,117	16,852	1,472
4	C800061	MT Low Voltage Sys Upgrad	21,300	18,700	17,700	16,200	5,283	79,183	86,758	5,762
5	C800699	Electric Utility SCADA	3,154	2,830	214	0	0	6,198	11,470	2,438
5	C800724	Concourse C New Power Cen	2,213	0	0	0	0	2,213	10,989	6,438
5	C800784	Emergency Generator Cont	455	0	0	0	0	455	2,500	845
6	C800788	OPS Lan Core Switch Upgra	0	0	0	0	0	0	2,662	2,661
5	C800811	Chiller Panel Upgrade	0	0	0	0	0	0	340	323
5	C800826	Arc Flash Mitigation	1,901	994	0	0	0	2,895	7,503	1,213
5	C800944	Building Controls Upgrade	4,583	4,536	0	0	0	9,119	9,780	470
<b>CIP Group: Electrical Infrastructure</b>			33,606	27,060	17,914	16,200	5,283	100,063	132,002	20,151
4	C102066	Art Pool	3,551	5,454	6,161	6,522	4,769	26,457	27,145	213



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
4	C800945	Terminal Solid Waste Impr	3,561	1,195	103	0	0	4,859	6,202	414
5	C800980	SD Pond Bird Deterrent Im	0	0	0	0	0	0	6,491	6,252
<b>CIP Group: F&amp;I Miscellaneous Projects</b>			7,112	6,649	6,264	6,522	4,769	31,316	39,838	6,879
4	C801177	AF Utility Improvements	4,098	15,629	15,636	9,646	193	45,202	46,201	184
<b>CIP Group: Industrial Waste System</b>			4,098	15,629	15,636	9,646	193	45,202	46,201	184
5	C800924	AC4 Av/Maintenance Upgrad	1,788	211	0	0	0	1,999	2,907	427
<b>CIP Group: Maintenance Facilities</b>			1,788	211	0	0	0	1,999	2,907	427
5	C800658	Mech Energy Conservation	8	0	0	0	0	8	6,803	4,912
5	C800722	CT Infrastructure Upgrade	0	0	0	0	0	0	19,742	18,297
5	C800798	SSAT Infrastructure HVAC	6,077	0	0	0	0	6,077	43,139	32,169
5	C800801	Replace Variable Freq. Dr	0	0	0	0	0	0	3,495	3,273
5	C801027	Building Automation Sys U	0	0	0	0	0	0	812	434
5	C801149	Tempor Air Handler Concou	1,343	117	0	0	0	1,460	1,980	92
<b>CIP Group: Mechanical Infrastructure</b>			7,428	117	0	0	0	7,545	75,971	59,176
5	C800493	Emergency Backup Water Su	1,792	245	0	0	0	2,037	2,740	484
5	C800717	N. Terminals Utilities Up	1,000	0	6,000	6,000	5,927	18,927	38,889	19,074
4	C801036	Departure Drive Drainage	635	625	453	0	0	1,713	1,880	36
<b>CIP Group: Water Infrastructure</b>			3,427	870	6,453	6,000	5,927	22,677	43,509	19,593
<b>Sub Total for: Infrastructure</b>			<b>58,832</b>	<b>55,604</b>	<b>50,681</b>	<b>42,174</b>	<b>16,628</b>	<b>223,919</b>	<b>357,280</b>	<b>107,883</b>
<b>Landside</b>										
5	C800956	Employee Parking Bus Purc	0	0	0	0	0	0	12,435	0



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			2022	2023	2024	2025	2026			
5	C800957	NEPL Improvements	5,060	4,747	3,941	0	0	13,748	15,311	325
<b>CIP Group: Employee Parking</b>			5,060	4,747	3,941	0	0	13,748	27,746	325
5	C800728	Parking System Replacemen	725	0	0	0	0	725	5,499	4,626
5	C800789	Parking Garage Elevators	3,905	3,224	4,453	3,524	0	15,106	20,988	4,203
5	C800870	Parking Revenue Infrastru	7,758	3,551	330	0	0	11,639	20,934	5,499
<b>CIP Group: Public Parking</b>			12,388	6,775	4,783	3,524	0	27,470	47,421	14,327
6	C101110	Consolidate RCF land acq.	0	0	0	0	0	0	10,724	10,724
5	C800810	Rental Car Facility Bus P	3,540	0	0	0	0	3,540	4,403	0
6	C800929	RCF Fleet Tracking & Disp	0	0	0	0	0	0	909	907
5	C800975	RCF Camera Replacement	851	285	0	0	0	1,136	2,230	248
5	C800977	RCF Pavement Remediation	1,125	0	0	0	0	1,125	8,229	4,659
4	C801110	RCF Security Improvements	1,355	4	0	0	0	1,359	4,735	556
<b>CIP Group: Rental Cars</b>			6,871	289	0	0	0	7,160	31,230	17,094
5	C102112	Service Tunnel Renewal/Re	0	0	0	0	0	0	35,399	35,252
5	C102162	Air Cargo Rd Safety Imp	3,659	682	0	0	0	4,341	8,300	2,327
6	C800143	South Access Property Acq	0	0	0	0	0	0	3,336	3,336
4	C800866	Widen Arrivals Roadway	6,164	4,335	35,904	14,074	1,241	61,718	79,000	2,122
<b>CIP Group: Roadways</b>			9,823	5,017	35,904	14,074	1,241	66,059	126,035	43,038
<b>Sub Total for: Landside</b>			<b>34,142</b>	<b>16,828</b>	<b>44,628</b>	<b>17,598</b>	<b>1,241</b>	<b>114,437</b>	<b>232,432</b>	<b>74,784</b>
<b>NOISE Program</b>										
5	C200094	Single Family Home Insula	2,349	3,674	4,910	2,071	300	13,304	16,888	2,829



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			2022	2023	2024	2025	2026			
4	C200095	Condo Sound Insulation	5,269	5,250	1,502	0	0	12,021	22,022	1,176
4	C200096	Apartment Sound Insulatio	4,656	16,473	32,976	41,746	30,307	126,158	133,516	0
<b>CIP Group: Residential Insulation</b>			12,274	25,397	39,388	43,817	30,607	151,483	172,426	4,006
5	C200007	Highline School Insulatio	1,458	0	3,389	0	977	5,824	101,798	70,476
<b>CIP Group: School Insulation</b>			1,458	0	3,389	0	977	5,824	101,798	70,476
<b>Sub Total for: NOISE Program</b>			13,732	25,397	42,777	43,817	31,584	157,307	274,224	74,482
<b>Security</b>										
6	C800642	Video System Improvements	0	0	0	0	0	0	12,653	12,653
5	C800844	Perimeter Intrusion Detec	3,000	10,500	10,000	3,138	0	26,638	28,499	517
5	C800862	Terminal Security Enhance	6,147	8,986	0	0	0	15,133	19,796	3,321
5	C800876	INTERIM WESTSIDE FIRESTAT	823	0	0	0	0	823	10,019	7,001
6	C800878	ARFF Vehicle Replacements	0	0	0	0	0	0	1,813	1,813
5	C800920	ASL Conversion at Checkpo	323	0	0	0	0	323	8,239	4,598
5	C800934	Employee Services Center	2,079	13	0	0	0	2,092	9,301	4,335
5	C800979	Fire Engines & RIV	0	0	0	0	0	0	2,199	1,793
4	C800984	AF Employee Security Scree	587	666	6,262	361	0	7,876	7,900	0
4	C801093	Checkpoint 1 Relocation	20,388	12,970	221	0	0	33,579	40,000	1,248
4	C801150	Biometric Air Exit	0	0	0	0	0	0	1,499	725
5	C801153	FES Relocation - North ST	1,076	0	0	0	0	1,076	1,385	35
5	C801159	Exit Breach Cntrl Replace	2,551	362	0	0	0	2,913	4,111	115
<b>CIP Group: Security Projects</b>			36,974	33,497	16,483	3,499	0	90,453	147,414	38,153
<b>Sub Total for: Security</b>			36,974	33,497	16,483	3,499	0	90,453	147,414	38,153



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
Sustainable Airport Master PI										
5	C801109	SAMP Near Term Planning	2,471	59	95	0	0	2,625	10,000	3,764
CIP Group: SAMP Near Term Projects			2,471	59	95	0	0	2,625	10,000	3,764
Sub Total for: Sustainable Airport Master PI			2,471	59	95	0	0	2,625	10,000	3,764
Terminal and Tenants										
5	C800612	Checked Bag Recap/Optimiz	104,000	112,000	111,800	113,000	115,000	555,800	839,584	175,356
6	C800836	Add'l Baggage Makeup Spac	0	0	0	0	0	0	18,499	18,500
CIP Group: Baggage Systems			104,000	112,000	111,800	113,000	115,000	555,800	858,083	193,856
6	C800790	Passenger Flow Image Anal	0	0	0	0	0	0	1,176	1,174
5	C800841	Tenant Network DMARC Upgr	369	0	0	0	0	369	2,705	1,909
CIP Group: Communication Systems			369	0	0	0	0	369	3,881	3,082
6	C800238	Cent Plant Preconditioned	0	0	0	0	0	0	54,313	54,317
5	C800779	Safedock Upgrade & Expans	4,669	322	0	0	0	4,991	18,471	10,915
CIP Group: Gates			4,669	322	0	0	0	4,991	72,784	65,232
6	C800544	NS NorthSTAR Program	0	0	0	0	0	0	4,239	4,238
5	C800556	NS NSAT Renov NSTS Lobbie	27,347	0	0	0	0	27,347	691,916	625,025
5	C800638	Concessions Infrastructur	0	0	0	0	0	0	14,888	7,009
5	C800697	Restroom Upgrades Conc B,	14,545	9,793	5,621	2,193	0	32,152	61,650	18,371
6	C800743	SSAT Renovation Project	0	0	0	0	0	0	0	0
6	C800766	Conc A, B, C Carpet Repla	0	0	0	0	0	0	1,803	1,803
5	C800898	Airport Signage Phase 1	181	359	157	0	0	697	7,990	1,227
4	C800959	Seating Repl. and Elec. I	5,352	2,448	0	0	0	7,800	9,071	182



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			2022	2023	2024	2025	2026			
CIP Group: Interior Improvements			47,425	12,600	5,778	2,193	0	67,996	791,557	657,856
5	C800793	PLB Renew & Replace Phase	899	0	0	0	0	899	12,424	8,205
6	C801094	Gate S12 PLB Replacement	0	0	0	0	0	0	1,275	1,275
5	C801160	A12A Jet Bridge	7,110	762	0	0	0	7,872	8,653	38
4	C801180	PLB Renew and Replacement	3,867	3,773	2,360	1,336	0	11,336	14,000	248
CIP Group: Loading Bridges			11,876	4,535	2,360	1,336	0	20,107	36,352	9,766
6	C800782	STS Display Upgrade	0	0	0	0	0	0	3,066	3,065
5	C801043	Upgrades STS Train Contro	15,117	27,660	23,260	8,462	0	74,499	76,006	519
CIP Group: STS			15,117	27,660	23,260	8,462	0	74,499	79,072	3,584
5	C800583	International Arrivals Fa	20,509	0	0	0	0	20,509	948,787	900,280
5	C800761	B Concourse Ramp Lvl Hold	0	0	0	0	0	0	5,983	5,808
5	C800769	Concourse D Hardstand Hol	0	0	0	0	0	0	35,500	34,812
5	C800818	SSAT Structural Improveme	0	0	0	0	0	0	2,998	2,753
6	C800833	Holdroom Seatings for Con	0	0	0	0	0	0	6,109	6,111
4	C800845	C1 Building Floor Expansi	50,155	31,983	42,698	88,512	62,957	276,305	340,001	3,588
3	C801118	Zone 2 Common Use Convers	1,033	905	3	0	0	1,941	2,096	37
4	C801158	Post IAF Airline Realignm	7,189	24,792	22,896	13,082	0	67,959	69,003	165
5	C801184	Smart Restrooms	315	460	502	0	0	1,277	1,300	3
3	C801203	SSAT Renovation/Renewal	1,571	26,045	34,154	140,625	121,667	324,062	1,000,000	196
4	C801205	Concourse A Lounge Expans	13,986	42,786	6,788	0	0	63,560	71,400	69
3	C801207	Port Shared-Lounge Conc A	8,102	6,872	8,743	0	0	23,717	23,951	0
CIP Group: Terminal Facilities			102,860	133,843	115,784	242,219	184,624	779,330	2,507,128	953,821





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			2022	2023	2024	2025	2026			
4	C801204	North MT Redevelopment	38,575	93,123	122,403	89,120	167	343,388	350,000	89
<b>CIP Group: Ticketing Strategy</b>			38,575	93,123	122,403	89,120	167	343,388	350,000	89
<b>Sub Total for: Terminal and Tenants</b>			<b>324,891</b>	<b>384,083</b>	<b>381,385</b>	<b>456,330</b>	<b>299,791</b>	<b>1,846,480</b>	<b>4,698,857</b>	<b>1,887,287</b>
<b>Third Runway</b>										
5	C801156	Miller Creek Culvert Repl	800	0	0	0	0	800	800	0
<b>CIP Group: Third Runway</b>			800	0	0	0	0	800	800	0
<b>Sub Total for: Third Runway</b>			<b>800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>800</b>	<b>0</b>
<b>SubTotal for: Aviation Division</b>			<b>543,725</b>	<b>564,236</b>	<b>582,307</b>	<b>587,382</b>	<b>352,829</b>	<b>2,630,479</b>	<b>6,098,554</b>	<b>2,329,220</b>
<b>Corporate P&amp;TS</b>										
<b>Corporate P&amp;TS Capital Project</b>										
5	C800009	Infrastructure - Small Ca	1,500	1,500	1,500	1,500	1,500	7,500	37,800	21,345
5	C800012	Services Technology Small	1,500	1,500	1,500	1,500	1,500	7,500	25,700	10,016
3	C800016	Enterprise GIS - Small Ca	250	250	250	250	250	1,250	4,573	1,872
5	C801012	Radio System Upgrade	0	0	0	0	0	0	12,300	11,907
5	C801015	New Budget System	0	0	0	0	0	0	500	343
4	C801063	Office Wi-Fi Refresh	1,300	1,000	0	0	0	2,300	3,650	3
5	C801078	Maximo Upgrade	0	0	0	0	0	0	342	343
4	C801083	Phone System Upgrade	1,000	0	0	0	0	1,000	1,900	172
5	C801108	Customer Relationship Mgm	0	0	0	0	0	0	1,215	1,136
4	C801136	Environmental Management	400	0	0	0	0	400	750	3
<b>CIP Group: Information Technology</b>			5,950	4,250	3,250	3,250	3,250	19,950	88,730	47,139
3	C800450	CDD Fleet Replacement	0	0	0	0	0	0	3,962	3,331
3	C800453	Engineering Small Cap	394	182	125	230	125	1,056	3,425	1,536



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			2022	2023	2024	2025	2026			
3	C800458	Corporate Fleet Replaceme	0	0	0	0	0	0	3,662	2,978
4	C801147	FEMA Police Boat Acquisit	0	0	0	0	0	0	803	4
<b>CIP Group: Other Corporate Capital Projec</b>			394	182	125	230	125	1,056	11,852	7,849
5	C800051	Small Capital Acquisition	100	100	100	100	100	500	3,400	1,750
<b>CIP Group: Small Capital Acquisition</b>			100	100	100	100	100	500	3,400	1,750
<b>Sub Total for: Corporate P&amp;TS Capital Project</b>			<b>6,444</b>	<b>4,532</b>	<b>3,475</b>	<b>3,580</b>	<b>3,475</b>	<b>21,506</b>	<b>103,982</b>	<b>56,738</b>
<b>SubTotal for: Corporate P&amp;TS</b>			<b>6,444</b>	<b>4,532</b>	<b>3,475</b>	<b>3,580</b>	<b>3,475</b>	<b>21,506</b>	<b>103,982</b>	<b>56,738</b>
<b>Economic Development Division</b>										
<b>Development &amp; Planning</b>										
4	C800158	T91 Uplands Dev Phase I	1,484	2,081	23,134	22,371	0	49,070	50,337	1,084
<b>CIP Group: Real Estate Development</b>			1,484	2,081	23,134	22,371	0	49,070	50,337	1,084
<b>Sub Total for: Development &amp; Planning</b>			<b>1,484</b>	<b>2,081</b>	<b>23,134</b>	<b>22,371</b>	<b>0</b>	<b>49,070</b>	<b>50,337</b>	<b>1,084</b>
<b>General Economic Development</b>										
3	C800562	EDD: 2019 Small Projects	0	0	0	0	0	0	310	311
6	C800831	EDD Fleet 2019	0	0	0	0	0	0	0	0
6	C800891	EDD: 2017 Small Projects	0	0	0	0	0	0	141	142
3	C800990	EDD Fleet 2021	0	0	0	0	0	0	0	0
3	C801085	EDD Fleet 2020	0	0	0	0	0	0	0	0
3	C801087	EDD: 2020 Small Projects	0	0	0	0	0	0	140	115
3	C801151	EDD: 2021 Small Projects	390	0	0	0	0	390	720	0
3	C801214	EDD Fleet 2022 Beyond	0	0	90	30	0	120	350	0
3	C801216	EDD 2022 Small Projects +	230	500	500	500	500	2,230	4,730	0



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			2022	2023	2024	2025	2026			
CIP Group: ED Small Projects			620	500	590	530	500	2,740	6,391	568
3	C800244	EDD Technology Projects	250	250	250	250	250	1,250	2,901	152
6	C800887	P69 Comm Chambers/Lobby R	0	0	0	0	0	0	420	420
6	C800888	P69 Solar Panel System	0	0	0	0	0	0	481	480
4	C801102	P69 Underdock Utility Rpl	2,600	441	0	0	0	3,041	3,303	215
3	C801162	P69 Small Cap (SPMG)	0	0	0	0	0	0	130	80
CIP Group: General ECON DEV - Other			2,850	691	250	250	250	4,291	7,235	1,347
Sub Total for: General Economic Development			3,470	1,191	840	780	750	7,031	13,626	1,915
Portfolio Management										
4	C800199	WTC HVAC Replacement	2,739	0	0	0	0	2,739	4,081	416
5	C801016	CW Bridge Elev Modernizat	2,000	29	0	0	0	2,029	3,118	244
CIP Group: Central Waterfront			4,739	29	0	0	0	4,768	7,199	660
5	C800889	P66 BHICC Interior Modern	4	0	0	0	0	4	10,718	10,135
CIP Group: Conf & Event Centers BHICC			4	0	0	0	0	4	10,718	10,135
5	C801006	P66 HVAC Systems Upgrade	0	0	0	0	0	0	670	670
5	C801103	P66 Roof Upgrades	752	26	0	0	0	778	1,352	121
3	C801104	WTCW Roof Replacement	1,570	86	0	0	0	1,656	1,676	0
3	C801220	P66 Retail HVAC Upgrade	750	2,929	0	0	0	3,679	3,729	0
CIP Group: Portfolio Mgmt Other			3,072	3,041	0	0	0	6,113	7,427	791
3	C800126	Tenant Improvements -Capi	300	300	300	300	300	1,500	5,921	2,864
CIP Group: Tenant Improvements			300	300	300	300	300	1,500	5,921	2,864



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
6	C800196	T102 Bldg Roof HVAC Repla	0	0	0	0	0	0	4,762	4,762
<b>CIP Group: Terminal 102</b>			0	0	0	0	0	0	4,762	4,762
<b>Sub Total for: Portfolio Management</b>			8,115	3,370	300	300	300	12,385	36,027	19,212
<b>SubTotal for: Economic Development Division</b>			13,069	6,642	24,274	23,451	1,050	68,486	99,990	22,211
<b>Maritime Division</b>										
<b>Cruise Operations</b>										
4	C800120	P66 Shore Power	7,500	8,771	17	0	0	16,288	16,954	372
3	C800129	T91 New Cruise Gangways	480	6,450	14	0	0	6,944	7,003	47
5	C800592	P66 Cruise Terminal Tenan	0	0	0	0	0	0	15,069	15,068
3	C800613	Cruise Cap Allow - CTA Le	200	0	0	0	0	200	802	377
4	C800614	Cruise per Passenger Allo	40	0	0	0	0	40	90	0
3	C800674	P66 Fender Overhaul	1,150	2,200	1,848	0	0	5,198	5,364	17
6	C800819	BSCT Imp Staff Oversight	0	0	0	0	0	0	279	279
3	C801190	Cruise Upgrades COVID19	1,000	0	0	0	0	1,000	1,230	7
<b>CIP Group: Cruise</b>			10,370	17,421	1,879	0	0	29,670	46,791	16,167
<b>Sub Total for: Cruise Operations</b>			10,370	17,421	1,879	0	0	29,670	46,791	16,167
<b>Environmental Services</b>										
5	C800995	T117 Restoration	2,502	268	268	268	268	3,574	19,877	8,640
<b>CIP Group: Environmental</b>			2,502	268	268	268	268	3,574	19,877	8,640
<b>Sub Total for: Environmental Services</b>			2,502	268	268	268	268	3,574	19,877	8,640
<b>Fishing and Operations</b>										
5	C800531	FT Docks 3,4,5 Fixed Pier	0	0	0	0	0	0	1,734	1,734
<b>CIP Group: Fishermen's Terminal - Water</b>			0	0	0	0	0	0	1,734	1,734



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
3	C800598	T46 Replace N Pier Struct	0	2,500	2,500	30,000	25,000	60,000	60,198	193
3	C800999	Harbor Mooring Dolphins	0	0	0	43	100	143	6,500	27
<b>CIP Group: Maritime Operations - Other</b>			0	2,500	2,500	30,043	25,100	60,143	66,698	220
4	C102475	T91 Berth 6 & 8 Redev	1,334	20,669	38,975	783	0	61,761	63,000	465
5	C801097	T91 Northwest Fender	29	0	0	0	0	29	6,307	501
<b>CIP Group: Maritime Operations - T91</b>			1,363	20,669	38,975	783	0	61,790	69,307	967
<b>Sub Total for: Fishing and Operations</b>			1,363	23,169	41,475	30,826	25,100	121,933	137,739	2,921
<b>Maritime General</b>										
5	C800729	Marina Mgt Sys Replacemen	0	0	0	0	0	0	760	543
6	C800993	Salmon Bay Marina ACQ	0	0	0	0	0	0	15,929	15,928
3	C801073	MD Tenant Improvements -	250	250	250	250	250	1,250	2,750	0
3	C801074	JBP Pier Replacement	300	700	3,499	3,500	0	7,999	8,270	131
<b>CIP Group: Maritime General Other</b>			550	950	3,749	3,750	250	9,249	27,709	16,603
4	C102395	Maritime Technology Proje	250	250	250	250	250	1,250	5,593	2,839
3	C800561	MD: 2019 Small Projects	0	0	0	0	0	0	756	598
3	C800816	MD: 2016 Small Projects	0	0	0	0	0	0	1,344	1,271
3	C801003	MD: 2018 Small Projects	0	0	0	0	0	0	1,359	1,318
3	C801086	MD Fleet 2020	0	0	0	0	0	0	1,299	263
3	C801088	MD: 2020 Small Projects	186	0	0	0	0	186	1,730	903
3	C801090	MD Fleet 2019	0	0	0	0	0	0	1,597	1,540
3	C801091	MD Fleet 2021	480	0	0	0	0	480	2,530	0
3	C801152	MD: 2021 Small Projects	350	0	0	0	0	350	724	13



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
3	C801215	MD Fleet 2022 Beyond	1,605	2,075	1,780	1,540	1,090	8,090	11,285	0
3	C801217	MD 2022 Small Projects +	1,710	735	500	500	500	3,945	6,465	0
<b>CIP Group: Maritime Small Projects</b>			4,581	3,060	2,530	2,290	1,840	14,301	34,682	8,746
<b>Sub Total for: Maritime General</b>			<b>5,131</b>	<b>4,010</b>	<b>6,279</b>	<b>6,040</b>	<b>2,090</b>	<b>23,550</b>	<b>62,391</b>	<b>25,348</b>
<b>Maritime Portfolio Management</b>										
4	C801084	FT Maritime Innovation Ce	1,317	5,958	11,079	0	0	18,354	19,869	1,047
3	C801164	FT C-14 Downey Bldg Impro	835	2,258	100	0	0	3,193	3,233	1
4	C801198	FT ADA Compliance Project	1,385	4	0	0	0	1,389	1,492	23
4	C801211	FT Site Improvements	434	480	1,475	0	0	2,389	3,282	587
<b>CIP Group: Fishermens Terminal - Land</b>			3,971	8,700	12,654	0	0	25,325	27,876	1,659
3	C801163	P90E Timber Pile Caps	837	3	0	0	0	840	910	17
<b>CIP Group: Maritime Industrial Facilities</b>			837	3	0	0	0	840	910	17
4	C800445	SBM Pad Site Developement	206	206	0	0	0	412	495	82
<b>CIP Group: Shilshole Bay Marina - Land</b>			206	206	0	0	0	412	495	82
<b>Sub Total for: Maritime Portfolio Management</b>			<b>5,014</b>	<b>8,909</b>	<b>12,654</b>	<b>0</b>	<b>0</b>	<b>26,577</b>	<b>29,281</b>	<b>1,758</b>
<b>Recreational Boating</b>										
3	C800539	P66 BHM Pile Wraps	40	570	728	15	0	1,353	1,402	49
<b>CIP Group: Bell Harbor Marina</b>			40	570	728	15	0	1,353	1,402	49
4	C800678	T102 HIM E Dock	225	1,700	2,167	0	0	4,092	4,512	245
4	C801200	HIM E Dock Power Improvem	0	0	0	0	0	0	432	433
<b>CIP Group: Harbor Island Marina</b>			225	1,700	2,167	0	0	4,092	4,944	677



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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
5	C800355	SBM Paving	0	0	0	0	0	0	2,076	2,067
5	C800356	SBM Restrms/Service Bldgs	0	0	0	0	0	0	12,602	12,549
4	C800570	SBM Dock X Pier Replaceme	833	441	0	0	0	1,274	1,573	55
<b>CIP Group: Shilshole Bay Marina - Water</b>			833	441	0	0	0	1,274	16,251	14,671
<b>Sub Total for: Recreational Boating</b>			1,098	2,711	2,895	15	0	6,719	22,597	15,397
<b>SubTotal for: Maritime Division</b>			25,478	56,488	65,450	37,149	27,458	212,023	318,676	70,231
<b>NWSA Joint Venture</b>										
<b>Lease &amp; Asset Management</b>										
3	C800593	West Waterway Deepening	590	590	13,274	13,000	0	27,454	28,000	35
<b>CIP Group: Dredging</b>			590	590	13,274	13,000	0	27,454	28,000	35
4	C801155	T-30 Bulkhead Stabilizati	4	0	0	0	0	4	683	461
<b>CIP Group: Terminal 30</b>			4	0	0	0	0	4	683	461
5	C800563	T46 Viaduct Driven Capita	0	50	0	0	0	50	280	232
4	C800620	T46 Pub Acc Mitigation at	25	0	0	0	0	25	1,994	1,857
6	C800994	T46 JV Stormwater Improve	0	0	0	0	0	0	5,858	5,860
<b>CIP Group: Terminal 46</b>			25	50	0	0	0	75	8,132	7,949
5	C102858	T5 Street Vacation Comple	0	0	0	0	0	0	1,430	1,414
4	C801107	T5 Pile Remove Net Tie-Of	0	0	0	0	0	0	282	280
<b>CIP Group: Terminal 5</b>			0	0	0	0	0	0	1,712	1,694
<b>Sub Total for: Lease &amp; Asset Management</b>			619	640	13,274	13,000	0	27,533	38,527	10,139
<b>SubTotal for: NWSA Joint Venture</b>			619	640	13,274	13,000	0	27,533	38,527	10,139



5 Year Capital Budget by CIP number

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Status	CIP#	Name	Forecast					5-year total (2022 - 2026)	Total EstAct	CIP Actuals to closed qtr
			2022	2023	2024	2025	2026			
Stormwater Utility										
SWU General										
5	C800895	T18 SW outfall upgrade	0	0	0	0	0	0	2,485	2,486
3	C800991	PW Stormwater Sys Renewal	0	0	0	0	0	0	774	241
CIP Group: SWU Large Capital			0	0	0	0	0	0	3,259	2,727
3	C800837	SWU Small Capital	1,000	1,000	1,000	800	500	4,300	8,239	878
CIP Group: SWU Small Projects			1,000	1,000	1,000	800	500	4,300	8,239	878
Sub Total for: SWU General			1,000	1,000	1,000	800	500	4,300	11,498	3,605
SubTotal for: Stormwater Utility			1,000	1,000	1,000	800	500	4,300	11,498	3,605
Grand Total:			590,335	633,538	689,780	665,362	385,312	2,964,327	6,671,227	2,492,144



## **X. PLAN OF FINANCE**

## **2022-2026 DRAFT PLAN OF FINANCE**

The Draft Plan of Finance will be included as part of the 2022 Final Budget.

Thank You

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## **XI. STATUTORY BUDGET**

## **2022 STATUTORY BUDGET**

### **A. INTRODUCTION**

The "statutory" budget, as defined in RCW 53.35.010, is to portray "the estimated expenditures and the anticipated available funds from which all expenditures are to be paid." As a cash budget, the Statutory Budget establishes the need for the tax levy, sets upper limits on expenditures, but is not used as an operating budget. The function of controlling and managing the operations of the Port is accomplished with the operating budget.

The 2022 Statutory Budget will be provided to the Port Commissioners and made available to the general public by October 19 and October 21, respectively, as required by law (RCW 53.35.010 and RCW 53.35.045). Notices of the Public Hearing will be published on October 27 and November 3, 2021 in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The notices will include announcements: that copies of the preliminary budget will be available for distribution to any interested persons on October 21, 2021; that the introduction of the preliminary 2022 Budget and public hearing will be held on November 9, 2021; and that the adoption of the 2022 Budget will be held on November 16, 2021. The final statutory budget will be filed with the King County Council on December 1, 2021, as allowed by RCW 53.35.045. The Port will also adopt a separate resolution for an increase in the tax levy as required by RCW 84.55.120.

### **B. STATUTORY BUDGET HIGHLIGHTS**

#### **1. Tax Levy**

For 2022, the preliminary tax levy is \$81.04 million. The following is a comparison of the tax levy detail between 2021 and 2022:

	<b>Budget 2021</b>		<b>Budget 2022</b>	
	<b>Levy Rate</b>	<b>Levy Amount</b>	<b>Levy Rate</b>	<b>Levy Amount</b>
<b>For General Obligation Bonds</b>	\$ 0.0584	\$ 38,505,531	\$ 0.0546	\$ 39,362,770
<b>For General Purposes</b>	0.0609	40,170,813	0.0578	41,673,864
<b>Total</b>	<b>\$ 0.1193</b>	<b>\$ 78,676,344</b>	<b>\$ 0.1125</b>	<b>\$ 81,036,634</b> <sup>(1)</sup>

<sup>(1)</sup> 2022 Port levy is pending commission approval

#### **2. Tax Levy Rate**

The tax levy rate is a product of dividing the tax levy dollars by the assessed valuation of personal and real properties within the Port District. Therefore, if assessed valuation increases at a greater rate than the increase in the tax levy amount the Port assesses, the tax millage rate would go down even though the Port's levy dollars may have increased. The exact levy rate is determined by the County Assessor after all taxing agencies have requested their levy dollars, and the assessed valuation dollars are certified. The 2021 preliminary assessed valuation as of October 13, 2021 is \$720,405,420,488 after omitted assessments, which are not included in the Port's levy calculation. The 2021 assessed valuation is used for 2022 tax collection. This is an increase from the final assessed valuation per the King County Annual Report for 2021 tax collection, which was \$659,534,881,337 after omitted assessment.

## **RESOLUTION NO. 3793**

**A RESOLUTION** of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2022; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed properties of the Port of Seattle District in the Year 2022.

**WHEREAS**, the Port of Seattle in the Century Agenda commits to create economic opportunity for all, steward our environmental responsibly, partner with surrounding communities, promote social responsibility, conduct ourselves transparently, and hold ourselves accountable; and

**WHEREAS**, the Port of Seattle's Century Agenda outlined goals of meeting current demand as a business gateway and tourism hub for the region, and further expressed the need to anticipate future growth of the region and to prepare for the ensuing demand for cruise, maritime, and aviation all for the economic benefit of the region; and

**WHEREAS**, the Port of Seattle Commission is committed to the responsible stewardship of public tax revenue, financial transparency, and an open budget process; and

**WHEREAS**, the Port of Seattle and its Commission are committed to making strategic investments necessary to promote a thriving maritime and industrial economy and recognize that increasing pressure on industrial lands and freight corridors in the region threatens the viability of this sector; and

**WHEREAS**, the long-term viability of the maritime and industrial sector is dependent on a robust and well-trained workforce and the sector is facing both an aging workforce and a limited influx of trained younger workers to replace those approaching retirement and the need to strengthen training and pathways into the sector; and

**WHEREAS**, the Port of Seattle Commission is committed to reducing our carbon footprint by investing in solutions to become the "greenest" and most efficient port in the nation and we are further committed to assisting and incentivizing those we do business with in order to reach these goals; and

**WHEREAS**, the Port of Seattle Commission has determined that the mission of the Port is to create good jobs in the region by advancing trade and commerce, promoting manufacturing

and maritime growth, and stimulating economic development; and

**WHEREAS**, the Port of Seattle Commission, on the 19<sup>th</sup> day of October, 2021, provided the preliminary 2022 Budget of the Port of Seattle to the public and provided for the publication of Notice of Budget Hearing to consider adoption of a final budget, to be heard on the 9<sup>th</sup> day of November, 2021, when taxpayers might appear and present objections to the preliminary 2022 Budget; and

**WHEREAS**, a public hearing on the preliminary 2022 Budget was held remotely, pursuant to notice duly given, in the City of Seattle, County of King, State of Washington, on the 9<sup>th</sup> of November, 2021, at 12 p.m.; and

**WHEREAS**, all parties present at said hearing were afforded a full opportunity to present objections to the preliminary 2022 Budget, and the Port Commission being duly advised in the premises; and

**WHEREAS**, the King County Assessor notified the Commissioners of the Port of Seattle on the 13th day of October, 2021, that the regular levy assessed value of the property lying within the boundaries of the Port of Seattle district ("Port District") for the year 2021 is \$720,405,420,488 (after omitted assessments); and

**WHEREAS**, the King County Assessor notified the Commissioners of the Port of Seattle on the 13th day of October, 2021, that the maximum allowable levy is \$111,273,604 including \$141,253 levy for prior year refunds, and the Port intends to retain this levy capacity; and

**WHEREAS**, the Port has outstanding General Obligation bonds due in 2022 and has a General Obligation line of credit, for the payment of the principal and interest on such indebtedness in 2022 the entire amount of the levy is required to be available to the Port.

**NOW, THEREFORE, BE IT RESOLVED** by the Port Commission of the Port of Seattle that the preliminary 2022 Budget, as updated and amended at the November 9, 2021, Port Commission hearing, and as may have been further amended by the Port Commission on this 16<sup>th</sup> of November, 2021, is hereby adopted as the final budget of the Port of Seattle for the Year 2022. Said final budget includes the statutory budget required under RCW 53.35.040. A copy of the final budget shall be made available to the public on the Port of Seattle website.

**BE IT FURTHER RESOLVED** that the amount of taxes to be levied by the Port of Seattle on the current assessment rolls to provide for payment of bond redemption and interest on the Port of Seattle General Obligation Bonds and line of credit and, as available, for future expenditures for acquisitions and capital improvements and for such general purposes allowed by law which the Port deems necessary be set and deposited is still pending commission approval.

**BE IT FURTHER RESOLVED** that the King County Council, State of Washington, be notified that the specific sum herein mentioned being a total of \$81,036,634 is necessary to be raised by taxation to meet the payment of bond redemption and interest on Port of Seattle

General Obligation Bonds and line of credit, of future expenditures for acquisitions and capital improvements, and of costs for such general purposes allowed by law which the Port deems necessary, as set forth for the period January 1, 2022, and thereafter; that said King County Council be respectfully requested to make a levy in said amount for the aforesaid purposes.

**BE IT FURTHER RESOLVED** that the above is a true and complete listing of levies for the Port District for collection in the year 2022 and they are within the maximums established by law.

**ADOPTED** by the Port Commission of the Port of Seattle at a duly noticed meeting held this 16<sup>th</sup> day of November, 2021, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

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Port Commission



## RESOLUTION NO. 3794

A **RESOLUTION** of the Port Commission of the Port of Seattle specifying the dollar and percentage change in the regular property levy from the previous year per RCW 84.55.120; providing for an increase of the levy from \$78,676,344 to \$81,036,634.

**WHEREAS**, the Port of Seattle in the Commission has met and considered its budget for the calendar year 2022; and

**WHEREAS**, the Port of Seattle's Commission, after hearing and duly considering all relevant evidence and testimony presented in a public hearing held pursuant to RCW 84.55.120, has determined the Port of Seattle requires a regular levy in the amount of \$81,036,634, which represents the levy rate of approximately \$0.112 per thousand of assessed value; and

**WHEREAS**, the levy amount includes an increase in property tax revenue from the previous year to discharge the expenses and obligations of the district in its best interest.

**NOW, THEREFORE, BE IT RESOLVED** by the Port Commission of the Port of Seattle that a property tax levy is hereby authorized in the amount of \$81,036,634, an increase of \$2,360,290, a 3.0 percent increase from 2021. Excluding the new construction and refund amount, the increase is \$966,907 or 1.2 percent from 2021 for tax filing purposes.

**ADOPTED** by the Port Commission of the Port of Seattle at a duly noticed meeting held this 16<sup>th</sup> day of November, 2021, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

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Port Commission

**D. TAX LEVY CALCULATION SHEET**

**TABLE XI-1: TAX LEVY CALCULATION SHEET**

TAXING DISTRICT:		Port of Seattle
<i>The following determination of your regular levy limit for 2022 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.</i>		
(Note 1)		
Using Limit Factor For District	A. B. Calculation of Limit Factor Levy	Using Implicit Price Deflator
108,792,298	Levy basis for calculation: (2021 Limit Factor) (Note 2)	108,792,298
<b>1.0100</b>	x Limit Factor	<b>1.0386</b>
109,880,221	= Levy	112,991,681
10,448,346,756	Local new construction	10,448,346,756
0	+ Increase in utility value (Note 3)	0
10,448,346,756	= Total new construction	10,448,346,756
0.11984	x Last year's regular levy rate	0.11984
1,252,130	= New construction levy	1,252,130
<b>111,132,351</b>	Total Limit Factor Levy	<b>114,243,811</b>
<b>Annexation Levy</b>		
<b>0</b>	Omitted assessment levy (Note 4)	<b>0</b>
111,132,351	Total Limit Factor Levy + new lid lifts	114,243,811
720,405,420,488	÷ Regular levy assessed value less annexations	720,405,420,488
0.15426	= Annexation rate (cannot exceed statutory maximum rate)	0.15858
0	x Annexation assessed value	0
<b>0</b>	= <b>Annexation Levy</b>	<b>0</b>
<b>Lid lifts, Refunds and Total</b>		
0	+ First year lid lifts	0
111,132,351	+ Limit Factor Levy	114,243,811
<b>111,132,351</b>	= Total RCW 84.55 levy	<b>114,243,811</b>
141,253	+ Relevy for prior year refunds (Note 5)	141,253
111,273,604	= Total RCW 84.55 levy + refunds	114,385,064
	Levy Correction: Year of Error _____ (+or-)	
111,273,604	<b>ALLOWABLE LEVY (Note 6)</b>	114,385,064
<b>Increase Information (Note 7)</b>		
0.15446	Levy rate based on allowable levy	0.15878
40,170,813	Last year's ACTUAL regular levy	40,170,813
69,709,408	Dollar increase over last year other than N/C – Annex	72,820,868
173.53%	Percent increase over last year other than N/C – Annex	181.28%
<b>Calculation of statutory levy</b>		
	Regular levy assessed value (Note 8)	720,405,420,488
	x Maximum statutory rate	0.45000
	= <b>Maximum statutory levy</b>	<b>324,182,439</b>
	+Omitted assessments levy	<b>0</b>
	=Maximum statutory levy	<b>324,182,439</b>
	Limit factor needed for statutory levy	Not usable

ALL YEARS SHOWN ON THIS FORM ARE THE YEARS IN WHICH THE TAX IS PAYABLE. *Please read carefully the notes on the reverse side.*

Notes:

- 1) Rates for fire districts and the library district are estimated at the time this worksheet is produced. Fire district and library district rates affect the maximum allowable rate for cities annexed to them. These rates *will* change, mainly in response to the actual levy requests from the fire and library districts. Hence, affected cities may have a higher or lower allowable levy rate than is shown here when final levy rates are calculated.
- 2) This figure shows the maximum *allowable levy*, which may differ from any actual prior levy if a district has levied less than its maximum in prior years. The maximum allowable levy excludes any allowable refund levy if the maximum was based on a limit factor. The maximum allowable levy excludes omitted assessments if the maximum was determined by your district's statutory rate limit. If your district passed a limit factor ordinance in the year indicated, that limit factor would help determine the highest allowable levy. However, if the statutory rate limit was more restrictive than your stated limit factor, the statutory rate limit is controlling.
- 3) Any increase in value in state-assessed property is considered to be new construction value for purposes of calculating the respective limits. State-assessed property is property belonging to inter-county utility and transportation companies (telephone, railroad, airline companies and the like).
- 4) An omitted assessment is property value that should have been included on a prior year's roll but will be included on the tax roll for which this worksheet has been prepared. Omits are assessed and taxed at the rate in effect for the year omitted (RCW 84.40.080-085). Omitted assessments tax is deducted from the levy maximum before calculating the levy rate for current assessments and added back in as a current year's receivable.
- 5) Administrative refunds under RCW 84.69.020 were removed from the levy lid by the 1981 legislature.
- 6) A district is entitled to the lesser of the maximum levies determined by application of the limit under RCW 84.55 and the statutory rate limit. Levies may be subject to further proration if aggregate rate limits set in Article VII of the state constitution and in RCW 84.52.043 are exceeded.
- 7) This section is provided for your information, and to assist in preparing any Increase Ordinance that may be required by RCW 84.55.120. The increase information compares the allowable levy for the next tax year with your ACTUAL levy being collected this year. The actual levy excludes any refund levy and expired temporary lid lifts, if applicable. New construction, annexation and refund levies, as well as temporary lid lifts in their initial year, are subtracted from this year's *allowable* levy before the comparison is made.
- 8) ***Assessed valuations shown are subject to change from error corrections and appeal board decisions recorded between the date of this worksheet and final levy rate determination.***

**E. FORECASTED CASH FLOW SUMMARY**

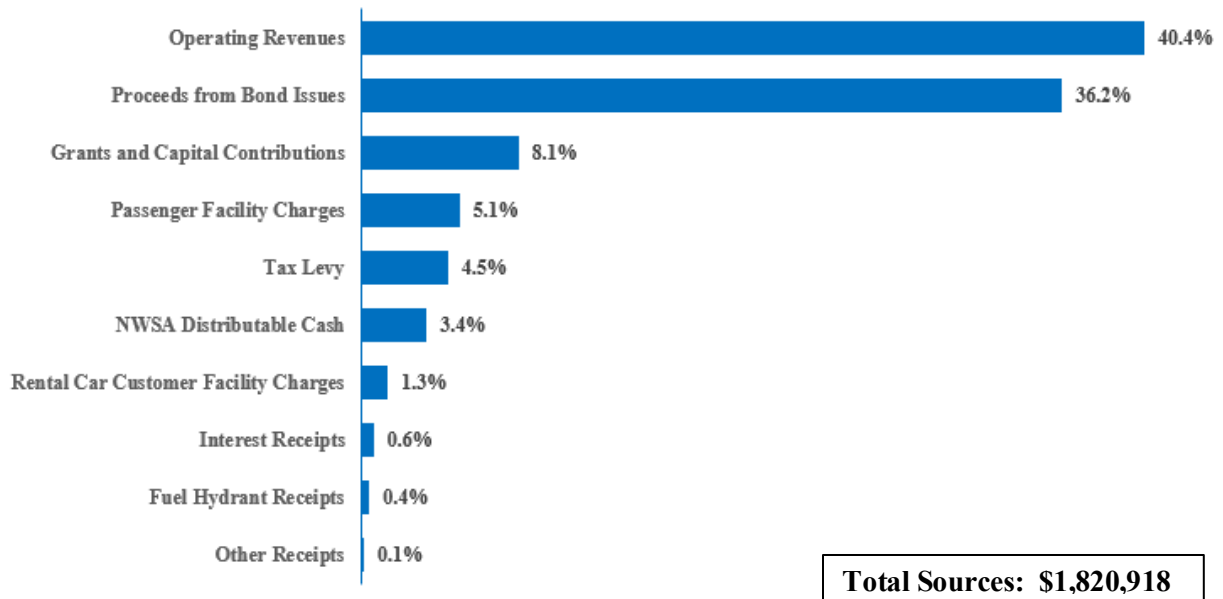
**TABLE XI-2: FORECASTED CASH FLOW SUMMARY**

(\$ in 000's)		2022	Percent of Total
<b>Beginning balance of cash &amp; investments</b>		<b>\$ 1,354,506</b>	
<b><u>SOURCES OF CASH</u></b>			
Operating Revenues without NWSA		736,344	40.4%
NWSA Distributable Cash		61,030	3.4%
Interest Receipts		10,928	0.6%
Proceeds from Bond Issues		659,000	36.2%
Grants and Capital Contributions		147,261	8.1%
Tax Levy		81,037	4.5%
Passenger Facility Charges		91,976	5.1%
Rental Car Customer Facility Charges		24,516	1.3%
Fuel Hydrant Receipts		7,022	0.4%
Other Receipts		1,804	0.1%
<b>Total</b>		<b>1,820,918</b>	<b>100%</b>
<b>Anticipated available funds</b>		<b>3,175,424</b>	
<b><u>USES OF CASH</u></b>			
<b>Expenses from Operations:</b>			
Total Operating Expenses		499,185	31.7%
<b>Debt Service:</b>			
Interest Payments		198,306	12.6%
Bond Redemptions		234,040	14.8%
Total Debt Service		432,346	27.4%
Other Expenses		14,751	0.9%
Public Expense		14,073	0.9%
Payment to NWSA for Capital Expenditures		56,339	3.6%
Capital Expenditures		559,548	35.5%
<b>Total</b>		<b>1,576,242</b>	<b>100%</b>
<b>Ending balance of cash &amp; investments</b>		<b>\$ 1,599,182</b>	
<b>Increase (decrease) of cash during year</b>		<b>\$ 244,676</b>	

cashflow.xlsx

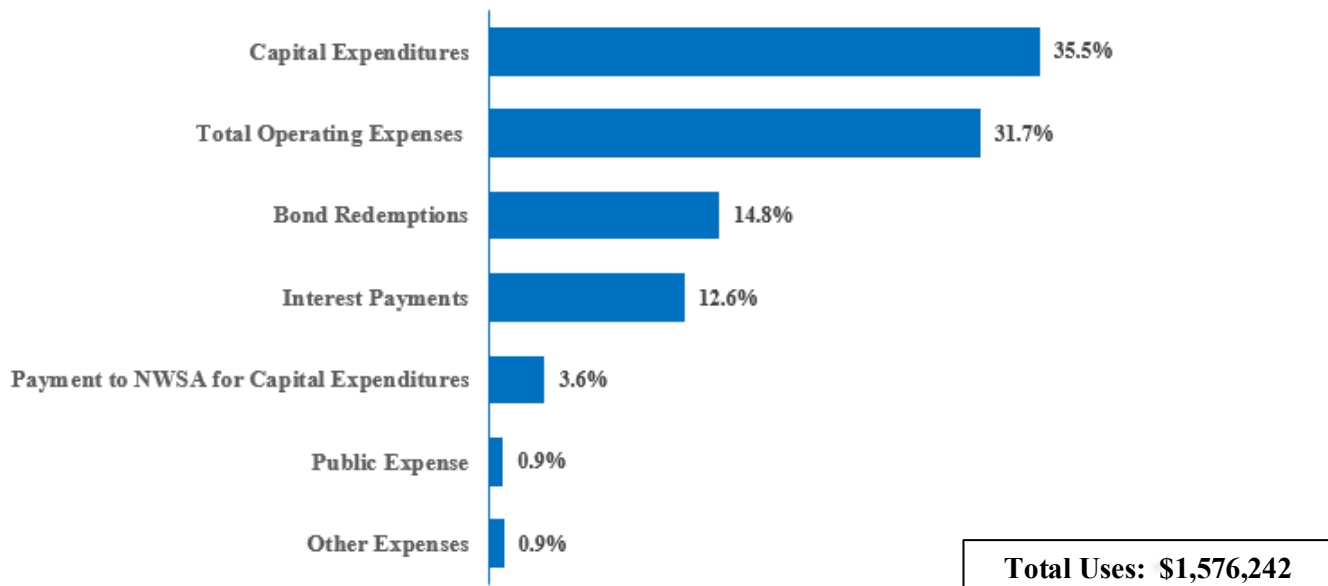
**FIGURE XI-1: SOURCES OF CASH**

(\$ in 000's)



**FIGURE XI-2: USES OF CASH**

(\$ in 000's)



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## **XII. THE NORTHWEST SEAPORT ALLIANCE (NWSA)**

## **NORTHWEST SEAPORT ALLIANCE (NWSA)**

### **Port Interest in NWSA (Joint Venture)**

The NWSA is a joint venture with the Port of Tacoma for the management of certain facilities licensed to the NWSA including the Port's container terminals. Each Port is a 50 percent member – receives 50 percent of distributable revenue and provides 50 percent of funding including funding for capital investments.

Table XII -1 provides information on the Port's operating revenues and expenses related to the NWSA. The NWSA Distributable Revenues are net of NWSA operating expenses (including depreciation of NWSA assets). The Port, through an Interlocal Agreement, pays the NWSA for the use of a portion of Terminal 46 and this is recognized as a Contra Revenue. The Port also has revenues and expenses related to the NWSA and its facilities; the most significant is depreciation expense for the Port owned facilities licensed to the NWSA. The Port's Operating revenues and expenses are included in Table XII-1.

**TABLE XII-1: 2022 OPERATING BUDGET SUMMARY**

	2019	2020	2021	2022	Inc/(Dec) from	
\$ in 000's	Actual	Budget	Budget	Proposed Budget	2020 Approved Budget \$	%
<b>Revenue</b>						
NWSA Distributable Revenue	47,979	41,935	42,273	49,440	7,505	15%
Contra Joint Venture Revenue	-	(1,913)	(1,952)	(1,952)	(38)	2%
<b>Subtotal</b>	<b>47,979</b>	<b>40,022</b>	<b>40,322</b>	<b>47,488</b>	<b>7,467</b>	<b>16%</b>
Other Service Revenue Tenant Reimbursements	3,006	287	503	450	163	36%
Port Revenue from NWSA Facilities	-	-	-	-	-	NA
<b>Total Revenues</b>	<b>50,986</b>	<b>40,309</b>	<b>40,825</b>	<b>47,938</b>	<b>7,629</b>	<b>16%</b>
<b>Expenses</b>						
Maintenance Expenses	1,012	707	587	574	(133)	-23%
JV Direct	3,439	28	180	193	165	85%
Security	-	-	-	179	179	NA
Environmental & Sustainability	127	1	333	262	261	99%
Cost Recovery	30	54	144	260	207	79%
Seaport Project Management	20	29	10	32	3	11%
Central Services / Other	71	18	123	156	138	89%
<b>Total Expenses</b>	<b>4,699</b>	<b>837</b>	<b>1,377</b>	<b>1,656</b>	<b>819</b>	<b>49%</b>
<b>NOI Before Depreciation</b>	<b>46,287</b>	<b>39,472</b>	<b>39,448</b>	<b>46,282</b>	<b>6,810</b>	<b>15%</b>
Legacy Depreciation for NWSA Facilities	16,204	15,227	15,113	14,896	(331)	-2%
<b>NOI After Depreciation</b>	<b>30,083</b>	<b>24,245</b>	<b>24,335</b>	<b>31,387</b>	<b>7,141</b>	<b>23%</b>

JV NOI.xlsx

The Port also makes capital investments. The Port provides 50 percent of the funding for the NWSA capital investments described in the NWSA budget and included in Section IX, "Capital Improvement Plan". In addition, the Port has certain legacy obligations related to Port owned facilities licensed to the NWSA; these are entirely funded by the Port. More information on the NWSA and Port legacy projects can be found in Section IX.



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# The Northwest Seaport Alliance 2022 Budget



Operating Budget and Capital Investment Plan adopted:  
November 8, 2021



In June 2021, Inbound Logistics magazine named The Northwest Seaport Alliance in its annual list of “Green 75” supply chain partners. This is the fourth consecutive year that the NWSA has been recognized for its environmental programs and commitment to sustainability.



In August 2021, Logistics Management Magazine awarded The Northwest Seaport Alliance with a 2021 Quest for Quality award in the West Coast Port category. This is the fifth consecutive year that the NWSA has earned this award. The NWSA ranked second highest among U.S. West Coast ports in the magazine’s annual readership survey of transportation providers. Ports were evaluated on ease of doing business, value, ocean carrier network, intermodal network, and operations. The NWSA was one of only four West Coast ports to earn the honor this year.



In June, 2021 the Northwest Ports Clean Air Strategy was named as Runner-Up in the International Association of Ports and Harbors’ (IAPH) World Ports Sustainability Program Awards in the Climate and Energy category. The IAPH established the World Ports Sustainability Program in 2018. Guided by the 17 United Nations Sustainable Development Goals, it aims to unite sustainability efforts of ports worldwide, encouraging international cooperation between all partners involved in the maritime supply chain.



The Northwest Seaport Alliance joined Green Marine in 2016 and has maintained its continued improvement every year since joining. Green Marine is a voluntary marine industry initiative with the goal of achieving levels of environmental performance that exceed regulatory requirements in areas such as air emissions, greenhouse gases, cargo waste management, community impacts (noise, dust, odors and light), water and land pollution prevention and environmental leadership. There are currently more than 100 ship owners, port authorities, terminals, and shipyards from coast to coast, in Canada and the United States, participating in the program.

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To: Managing Members

Date: November 8, 2021

Subject: The Northwest Seaport Alliance Operating Budget and Five-Year Capital Investment Plan

Staff is pleased to present the 2022 Northwest Seaport Alliance (NWSA) Budget. This document informs the Port of Seattle, the Port of Tacoma, citizens and other interested parties about the NWSA's overall goals and strategies, as well as the business environment in which we operate. It highlights our focus on strategic investments that will deliver competitive financial results, build infrastructure for future growth in an environmentally sustainable manner, and continue to create jobs and economic wealth for the Puget Sound region.

What a difference a year makes. After the pandemic-related decline in business activity in 2020, 2021 was a year of significant business growth with increased consumer demand that has created congestion across the maritime supply chain. Shipping alliances, terminal operators, rail and trucking partners, and ILWU labor are working to process cargo as fast as possible to keep store shelves stocked and businesses running smoothly across Washington and the inland markets our gateway serves.

The NWSA has made and continues to make critical investments to service large ships and increase our gateway capacity. We completed construction of a new wharf and the purchase of eight new cranes at Husky Terminal in the Tacoma Harbor in 2019 and will open the first phase of the redevelopment of the wharfs at Terminal 5 in Seattle in January 2022. These two significant investments alone total over 500 million dollars and provide the NWSA with additional terminals in both harbors capable of handling the largest vessels in the transpacific trade. The opening of Phase 1 of the Terminal 5 modernization project in early 2022 will add much-needed capacity to ease the congestion in our gateway.

The NWSA creates significant economic activity and family wage jobs in the Puget Sound region and across the state. We provide manufacturers and agricultural producers throughout the nation valuable access to foreign markets. NWSA and our customers' business activities generate more than 58,400 direct and indirect jobs and \$12.4 billion of business output based on the most recent study released in 2019 for 2017 data. The NWSA is also an environmental leader in reducing cargo-related air emissions and stormwater pollution.

The current NWSA's Strategic Business Plan includes:

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

The challenges of 2020 and 2021 have positioned our gateway for significant opportunities to grow our market share and increase jobs in the region this upcoming year. The NWSA will continue to invest in the facilities and infrastructure necessary to keep our position as a leading North American port. Our team is focused on promoting responsible financial and environmental stewardship, operational excellence through the gateway, while increasing the business activities and job growth within the region.



John Wolfe

Chief Executive Officer

## Budget Document Overview

The Budget Document consists of these major sections:

**I. Overview:** This section provides information about the NWSA's facilities and customers. It examines the economic context of the NWSA's operating environment, and outlines the NWSA's organizational structure.

**II. Budget Message:** This includes an overview of the budget challenges and opportunities, revenue types and expenditures. The Budget Message outlines the priorities and issues for the budget year and describes changes from the previous year.

**III. Business Outlook:** This section describes the NWSA's overall goals and strategies. It includes assumptions, potential obstacles and trends that staff used to develop the forecast. These serve as the foundation for the Operating Budget.

**IV. Operating Budget:** This section provides a summary of the assumptions that form the basis for the NWSA's operating budget. This section includes the operating budget with revenue and expenses by line of business, and details of expected operating costs. This section also provides a five-year financial forecast for the alliance.

**V. Five-Year Capital Investment Plan (CIP):** The CIP consists of all capitalized and expensed projects that the NWSA plans to complete in the next five years. Capitalized projects affect the NWSA's Profit and Loss statement through depreciation while expensed projects flow directly to the NWSA's net income in the year the expenses are incurred. This section provides details on the CIP including the impact of the capital spending on profitability.

**VI. Environmental Stewardship and Planning:** This section provides a historical context for the environmental challenges facing the two ports and their surrounding communities. This section also discusses the role of the NWSA Planning and Logistics department and its work to integrate all aspects of the alliance.



## I The Northwest Seaport Alliance Overview

### Marine Cargo Operating Partnership

The Northwest Seaport Alliance (NWSA) was formed when the ports of Seattle and Tacoma joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs for the region.

### NWSA Strengths and Advantages

Located in the Pacific Northwest in Washington state, the NWSA offers short transit times between the US and Asia, and the terminal and landside infrastructure necessary to quickly move cargo to the U.S. Midwest. NWSA strengths and advantages include:

- One gateway, two harbors and multiple terminal facilities offering more choices for shippers using the gateway.
- Naturally deep water and marine terminals with big-ship handling capabilities.
- Vessel service from the three international container shipping alliances and all major international container carriers. In all, sixteen international and four domestic container carriers make regular port calls at NWSA facilities.
- Dual service from the two West Coast transcontinental railroads (UP, BNSF) with competitive transit times to Chicago and major Midwest markets.
- Excellent on-dock rail facilities and inland rail service
- Located near the second largest concentration of warehousing on the US West Coast.
- Over 100 transload warehouses supplying logistics services to shippers using the gateway, many rail served.

### International & Domestic Trade

The NWSA ranks among the world's top 60 container gateways and is the fourth-largest gateway for containerized cargo in the United States. Retention and growth of cargo volumes shipped between Asia and major distribution points in the Pacific Northwest, Midwest, Ohio Valley, and

the East Coast is a primary focus for the alliance. The NWSA also has a very active trade with Alaska and Hawaii.

The NWSA is a major center for bulk, breakbulk, and project/heavy-cargoes. The NWSA is the Northwest home port for processing Kia, Mazda, and Mitsubishi automobiles and trucks while The Port of Tacoma has a separate facility that processes Nissan and Volvo vehicles.

The value of NWSA's two-way international trade totaled more than \$65.7 billion in 2020. Imports were \$51.0 billion and exports were \$14.7 billion. Through July 2021, the two ports handled roughly \$43.9 billion of trade. Based on dollar volume, China (including Hong Kong) is the NWSA's largest trading partner. Other major international trading partners include:

- China/Hong Kong
- Japan
- Vietnam
- Republic of Korea
- Taiwan
- Thailand
- Indonesia
- Malaysia
- Philippines

Seattle-Tacoma is recognized as "The Gateway to Alaska"; with more than 80 percent of trade between Alaska and the lower 48 states handled at the two harbors. In 2020, nearly 2.7 million metric tons of domestic cargo were shipped between Alaskan ports and NWSA terminals. Matson, TOTE Maritime Alaska, Northland, and Alaska Marine Lines are the primary shipping lines plying the Alaska trade. Trade with Alaska is estimated at \$5.4 billion, making it NWSA's fourth largest trading partner based on value of trade. The NWSA also provides connections to Hawaii with service from Matson and Aloha Marine Lines.

### Port of Seattle & Port of Tacoma

The Port of Seattle was created September 5, 1911, in an effort by citizens to ensure public ownership of the Seattle harbor. The Port of Seattle was the first autonomous municipal corporation in the United States specifically tasked to develop harbor and port facilities to encourage commerce. The Port opened Fishermen's Terminal in 1914, its first



warehouse in 1915 and began working on the creation of Harbor Island.

The Port of Tacoma was created on November 5, 1918, by the voters of Pierce County to create job opportunities through trade, as well as promote economic development in Pierce County and the state of Washington.

The Port of Seattle and the Port of Tacoma's geographic boundaries lie within King and Pierce counties, respectively. They are situated on Elliott and Commencement bays in Puget Sound. Because of this strategic location, they offer efficient connections to sea, rail, highway, and air transportation networks.

### **King and Pierce Counties**

King and Pierce counties are the first and second most populous metropolitan areas in the state of Washington. The two counties represent a combined population of approximately 3.1 million or 41% of the population of the state of Washington.

Located about halfway between the Oregon and Canadian borders, King and Pierce counties cover 3,916 square miles.

### **Ports Economic Impact**

In 2019, the ports of Tacoma and Seattle announced the results of a joint economic impact study for the NWSA and the two seaports. The ports serve as a major economic engine for Pierce County, King County, and the state of Washington, creating thousands of family-wage jobs and serving as a catalyst for economic development.

According to the study, in 2017 the two ports' marine cargo activities are related to 58,400 jobs in Washington state that contribute \$12.4 billion in total business output. Cargo-handling and leasing activities generated more than \$136 million in local and state taxes in Washington.

### **NWSA Facilities and Services**

The ports have licensed to the NWSA facilities related to maritime commerce, including facilities for containerized cargo, automobiles, logs, breakbulk cargo, heavy-lift cargo and project cargoes, as well as intermodal rail terminal operations. The NWSA's four major waterways – two in Seattle and two in

Tacoma – provide 33 ship berths on waterways that are about 51 feet deep. The NWSA facilities are located near I-5 and I-90, allowing access to the Puget Sound market and beyond.

BNSF Railway and the Union Pacific Railroad serve the NWSA's nine on-dock and near-dock intermodal rail yards. The NWSA's intermodal rail facilities help save shippers and shipping lines both time and money for cargo destined for Midwest locations.

In Tacoma, Tacoma Rail, a division of Tacoma Public Utilities, provides switching and terminal rail service. Arrival and departure tracks help ensure efficient and reliable access to the mainline railroads.

The NWSA is both a landlord and an operating organization. The NWSA's maritime marketing efforts focus on attracting cargo and additional shipping lines to its facilities. The NWSA also works with charter shippers and others to move their cargoes through both NWSA and customer-operated facilities in Puget Sound.

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

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

### **The Northwest Seaport Alliance governance**

The NWSA is a separate governmental entity established as a Port Development Authority (PDA), similar to Public Development Authorities formed by cities and counties. In 2015, the ports successfully sought and received an amendment to Washington law RCW 53 that allows the ports of Tacoma and Seattle to form a PDA for management of maritime activities.

The NWSA is governed by the two ports as equal members, with each port acting through its elected commissioners. Each Port Commission is a Managing Member of the NWSA, with each Managing Member being represented by its Port Commission. Votes by the Managing Members require a simple majority from each commission.

Each port remains a separate legal entity,

independently governed by its own elected commissioners. Each port has granted to the PDA a license for the PDA's exclusive use, operation and management of certain facilities, including the collection of revenues. Ownership of the licensed facilities remains with the ports, not the PDA.

The ports remain responsible for their own debt and debt service; the PDA will not borrow funds.

The ports set up an initial 50/50 investment in the PDA; operating income is reported, and cash is distributed back to the ports on a monthly basis. The PDA has its own annual operating budget and five- year capital investment plan.

The ports contribute to capital construction subject to Managing Members approval; capital funding does not come from working capital generated by the NWSA.

### **NWSA Managing Members**

The Managing Members are the commissions for each of the two ports. The citizens of Pierce and King counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle. Each Commission seat is elected every four years, on a staggered basis.

The Managing Members are the final authority for approval of the NWSA's annual budget, long-term leases, policies, long-range development plans, and all construction projects and spending in amounts exceeding the authority of the Chief Executive Officer.

The members of the commissions at the time of this publication are:

#### **Port of Seattle**

- Stephanie Bowman
- Ryan Calkins
- Sam Cho
- Fred Felleman
- Peter Steinbrueck

#### **Port of Tacoma**

- Kristin Ang
- Deanna Keller
- Dick Marzano
- John McCarthy
- Don Meyer

### **NWSA Managing Members Meetings**

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

For the location and agenda for upcoming Managing Member meeting, as well as minutes for previous Managing Member meetings, you can visit the website at [www.nwseaportalliance.com](http://www.nwseaportalliance.com).

The NWSA streams all Managing Member meetings live on the website and are archived for future viewing.

Citizens may contact the Managing Members by calling 800-657-9808. Correspondence may be mailed to:

The Northwest Seaport Alliance  
P.O. Box 2985  
Tacoma, WA 98401-2985

### **Organizational Structure**

The NWSA's daily operations are led by the Chief Executive Officer and the NWSA Executive Team. See the Organizational Chart (Figure I-3 on page I-8).

### **Executive Team**

The Executive Team is comprised of the following positions:

- Chief Executive Officer (CEO)
- Deputy CEO
- General Counsel
- Chief Commercial and Strategy Officer
- Chief Financial Officer
- Chief Operations Officer
- Director of Engineering
- Director of Environmental Programs
- Senior Manager for Government Affairs
- Senior Manager for Communications

The Executive Team oversees all business activities and departments, and with the Managing Members, provides long-term strategic direction. The Executive Team ensures compliance with all regulations relevant to NWSA and port activities, including public meetings and information, environmental protection, labor

relations, procurement, security, financial management and other issues. The Chief Operations Officer, Director of Engineering and Director of Environmental Programs provide day to day management of some port staff working on both Port and NWSA related items.

### **Commercial Group**

Led by the Chief Commercial and Strategy Officer, the Commercial Group is comprised of the Business Development team, the Marketing & Business Services Team, and the Real Estate team.

**Business Development:** International and domestic container, breakbulk, and bulk cargo are core business segments for the NWSA. The Business Development team is responsible for cargo and terminal business development and management, and customer service for these cargos. The Business Development team plays an important role coordinating efforts with the entire supply chain, including customers, terminal facilities, rail roads, and trucking companies. This team pursues and implements operational improvements to enhance overall efficiency at the NWSA's terminals.

As one of the northernmost gateways on the U.S. West Coast, the Pacific Northwest has long been the primary hub for waterborne trade with Alaska, as well as a major gateway for trans-Pacific trade.

The gateway's on-dock and near-dock intermodal rail yards, along with international and domestic rail services to the U.S. Midwest, are key assets and are an integral part of the NWSA business. Relationship management with Tacoma Rail, BNSF and Union Pacific (UP) and other rail stakeholders are key functions of this team.

While a significant portion of the Business Development team is focused on the container and associated intermodal business, the NWSA has a robust non-container business. Comprised of breakbulk (Roll On and Roll Off also known as RoRo), bulk and auto cargoes, these non-container businesses make a significant contribution to revenue and further diversify the gateway's business portfolio. Additionally, the NWSA's Tacoma Harbor is designated as a strategic military port for transport of military cargoes.

Auto customers of the NWSA include Kia, Mazda, and Mitsubishi. These imports are processed on property leased by Auto Warehousing Company

(AWC), the largest auto processor on the U.S. West Coast. The Port of Tacoma has a separate auto facility with its tenant, Wallenius Wilhelmsen which processes Nissan and Volvo imports.

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

The NWSA offers competitive rates and full service to all customers. To help facilitate and grow business, the NWSA has trade and business development representation in Alaska, New Jersey, Hong Kong, China, Vietnam, and Korea.

**Marketing and Business Services Team:** This team supports the Business Development team and is responsible for research, data analysis, advertising and marketing activities. This team also manages and administers the NWSA tariff. It also supports the goals of the Commercial Group by providing strategic market research and business intelligence, cargo volume tracking and forecasting.

**Real Estate Team:** Non-terminal industrial and commercial properties and facilities in the Seattle and Tacoma harbor are included in the assets assigned to the NWSA. These properties are a significant source of revenue for the NWSA. Real estate personnel are responsible for leasing, divesting and managing the Port's real estate portfolio.

Located in an industrial zone with room for growth, tenants offer a broad range of services for the NWSA's international and domestic customers including warehousing and distribution, manufacturing and marine services.

### **Operations Group**

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

The Operations Group provides coordination with vessel arrivals and departures, and with the associated stevedores. The Operations group orders and manages labor at the North Intermodal Yard and other locations in Tacoma, and is also responsible for customer service. The major focus of this department is to ensure the proper processing of all vessels and freight shipments moving through the Puget Sound gateway.

The Operations Department, in conjunction with Tacoma Rail, is responsible for rail service delivery at the Tacoma Harbor intermodal yards. This department also operates the North Intermodal Yard (NIM). The NIM is the only port on the U.S. West Coast with dedicated rail services personnel. Both harbors offer competitive rail service via BNSF Railway and the UP Railroad, and are a major gateway for handling discretionary cargo destined for the Midwest.

### **Support Services**

Support services such as maintenance, security, government affairs, communications, engineering, environmental programs, planning and financial services are provided by NWSA staff and / or service agreements between the alliance and the two ports. Costs for these services are charged by the ports to the alliance based on agreed upon methodologies including direct charge and purchased services.

### **Commitment to Fiscal Stewardship**

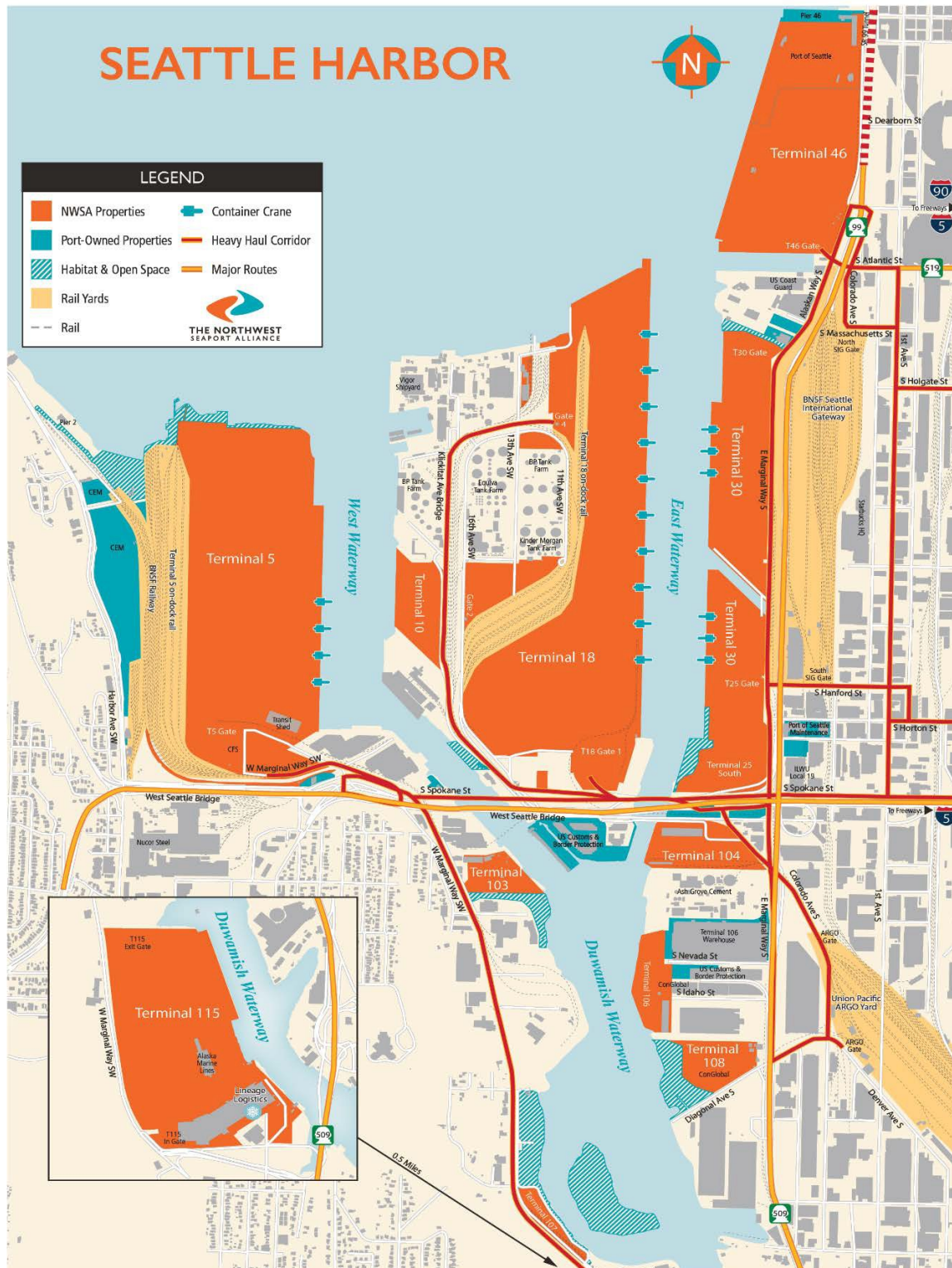
The NWSA is intended to support the credit profiles of both ports, and its financial framework is intended to preserve both ports' commitment to financial strength and fiscal stewardship.

Both ports have a solid track record of prudent financial management and strong financial results, including solid debt service coverage and ample liquidity balances.

The ports are committed to ensuring that existing bond pledges and covenants will not be negatively affected. Outstanding bonds will remain obligations of each individual port.

To maintain the rights of each port's existing bondholders, the charter prohibits the NWSA from issuing debt.

Figure I-1.... Northwest Seaport Alliance Facilities – Seattle Harbor





**TACOMA HARBOR**

Commencement Bay

Payallup River

Sitcum Waterway

Blair Waterway

Hylebos Waterway

Earley Business Center (EBC)

TOTE Maritime Alaska Terminal

Husky Terminal

West Sitcum Terminal

East Sitcum Terminal

Autos

UP Yard

South Intermodal Yard (SIY)

North Intermodal Yard (NIY)

Washington United Terminals (WUT)

Pierce County Terminal (PCT)

Pier 3

Pier 4

Pier 5

Pier 6

Pier 7

Pier 8

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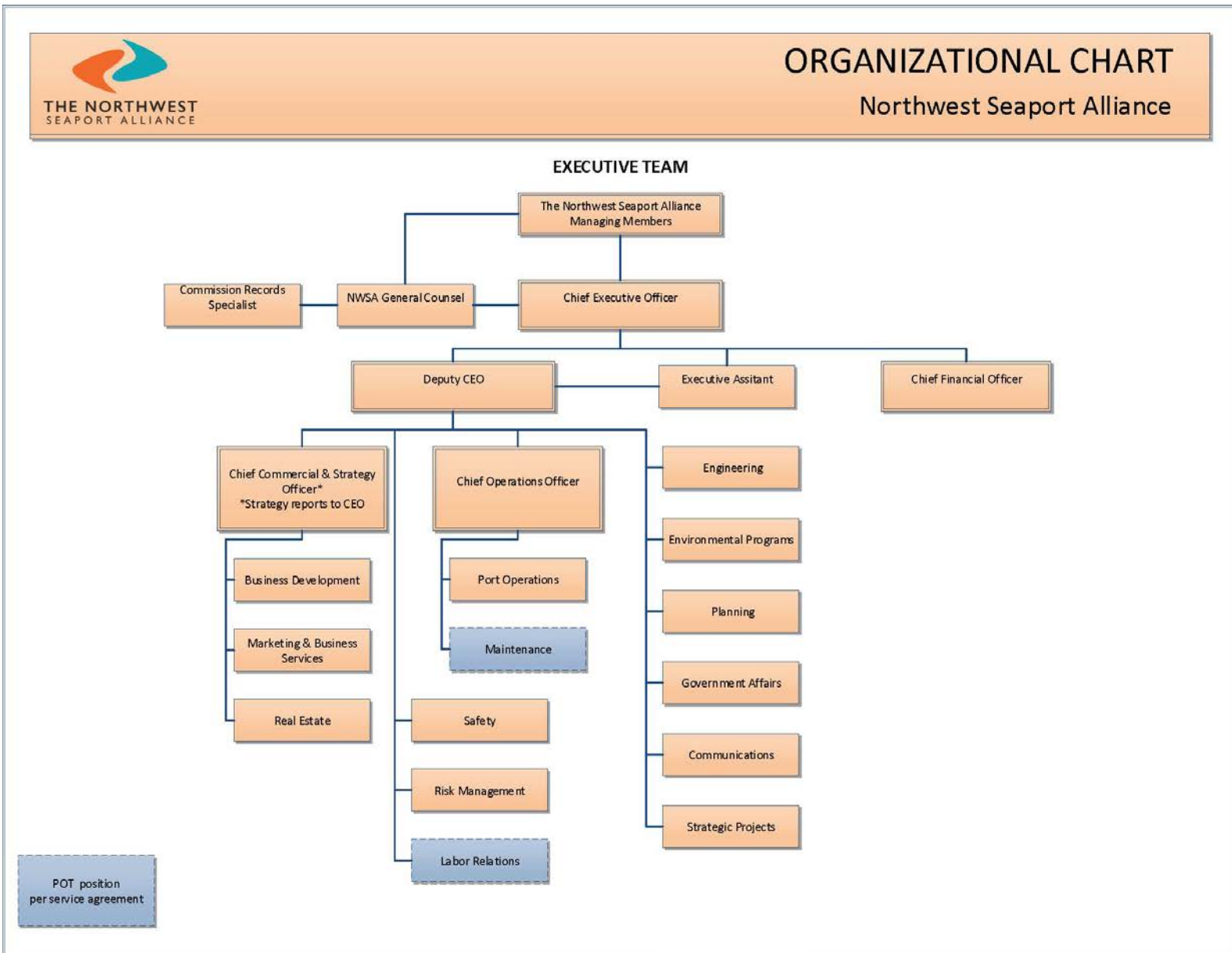
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Legend:

- NWSA Properties
- Port-Owned Properties
- Habitat & Open Space
- Rail Yards
- Rail
- Container Crane
- Heavy Haul Corridor
- Major Routes

THE NORTHWEST SEAPORT ALLIANCE

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



## II 2022 The Northwest Seaport Alliance Budget Message

### NWSA Goals

The NWSA has identified seven strategic initiatives to maintain and grow the maritime business in the Puget Sound. The seven high level strategic initiatives, and supporting priorities are:

#### 1. **Business Development and Commercial Initiatives**

- a. Complete modernization of T5 dock, berth and power infrastructure in the Seattle Harbor to meet future container industry demand, increase throughput, and position The Northwest Seaport Alliance gateway strategically
- b. Maximize gateway cargo potential and diversification and enhance supply chain networks
- c. Complete redevelopment of Husky Terminal and Pier 4 in the Tacoma Harbor to increase container throughput and respond to container industry changes

#### 2. **Gateway Operations**

- a. Enhance cargo and transportation (waterway, roadway and rail) visibility within the gateway to drive improved service delivery
- b. Enhance and improve service delivery key performance indicators (KPIs) with a move toward real-time reporting and analytics
- c. Support Port-area infrastructure investments that support the efficient flow of cargo to and from NWSA facilities
- d. Design and develop appropriate rail support infrastructure in coordination with Tacoma Rail and the Class 1 railroads

#### 3. **Financial Performance**

- a. Effectively Manage Operating Activities to Deliver Expected Financial Results

#### 4. **Environmental Stewardship**

- a. Effectively Manage and monitor the clean truck and clean air strategies and pursue improvements that support the green gateway strategy
- b. Continued focus on water quality at NWSA and tenant run facilities
- c. Develop and implement a green gateway communications strategy

#### 5. **Government Affairs**

- a. Continue to pursue Harbor maintenance tax reform
- b. Support establishment of a Federal West Coast port competitiveness strategy

#### 6. **Planning and Logistics**

- a. Continue engagement in regional transportation and land use planning
- b. Complete a facilities infrastructure plan
- c. Leverage grant opportunities to fund strategic cargo facilities and infrastructure
- d. Support harbor deepening and maintenance dredging in both harbors

#### 7. **Organizational Performance**

- a. Engage and participate in Diversity, Equity and Inclusion (DEI) training
- b. Continue development and implementation of applications that enhance the business and provide a competitive advantage



## **Budget Environment**

The NWSA operates principally in two industries: terminal services and property rentals. Terminal services involve marine-oriented services including dockage, cargo-handling, storage and related activities. Property rentals include facilities and land used for container terminals, industrial activities, and storage.

As described in further detail in Section III, increased competition from Canadian ports as well as ports located on the U.S. West, Gulf and East coasts, have resulted in reduced cargo market share for the Puget Sound gateway. The expansion of the Panama Canal has made the all-water route to the Gulf and East coasts more attractive for cargo owners. While the recent demand for cargo has resulted in high utilization of our terminals, NWSA staff continue to work on future projects to regain and grow our market share.

## **Revenues**

The NWSA has both fixed and variable revenue streams. The majority of NWSA's revenue comes from fixed revenue streams, primarily from leased properties. The leased properties are mainly container terminals, buildings, and industrial and commercial land. The NWSA's container terminal leases with shipping carriers can last 20 years or longer depending on carrier requirements. Building and land leases with more than one-year remaining are considered fixed. Minimum crane hours and minimum intermodal lift requirements specified in certain terminal leases are considered fixed.

The balance of NWSA revenue comes from variable services provided to customers. These services include intermodal lifts for rail car loading above minimums and per unit charges for automobile unloading and breakbulk cargo. Variable revenues also include equipment rental on an hourly basis for crane hours above minimums and straddle carriers used by terminal leaseholders and month to month building or land leases.

GASB 87: The NWSA has adopted the new accounting standard for leases known as GASB 87 for 2021 for audited financial reporting. GASB 87 will move a significant amount of revenue from Lease income in Operating Revenue to Lease Interest

Income which is included in non- operating revenue. For clarity and to avoid confusion, the impact of GASB 87 will not be incorporated into this budget document.

## **2022 Budget**

The NWSA has developed an overall operating budget with projected revenue of \$206.8 million. Operating income is budgeted to be \$28.2 million, resulting in an operating margin of 40.8 percent. The NWSA net distributable revenue of \$98.9 million, which includes grant and interest. Distributable Cash of \$122.1 million will be distributed evenly between the two home ports. Each port's portion of net income will be included as revenue in their financial reports.

NWSA financial performance reflects the investments it is making to successfully complete our customer commitments while meeting the NWSA financial goals. The operating and capital budgets are based on the cargo forecast in Section III.

## **Capital Investment Plan Highlights**

NWSA projects for the next five years reflect a focus on strategic container terminal development in both harbors. With this focus the NWSA has reviewed potential assets for revenue generation to ensure that financial and economic growth goals are met.

Major 2022 – 2026 capital projects include the following:

### **Seattle Harbor**

- Terminal 5 wharf redevelopment, including a rail quiet zone and electrical upgrades in the City of Seattle's substation
- Terminal 18 dock rehabilitation and shore power installment
- Terminal 46 NW bulkhead replacement

### **Tacoma Harbor**

- Husky berth dredge and install shore power
- Tacoma terminal expansion
- WUT berth dredging
- PCT reefer expansion and fender replacement
- Ongoing maintenance of facilities

### **Both Harbors**

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

The NWSA's 2022 Capital Investment Plan of \$131.6 million represents the first year of the NWSA's 2022-2026 CIP – a package totaling \$626.3 million in new projects and investments. See Section V for additional details on the Capital Investment Plan.

### **Financial Measures**

Financial measures for the NWSA have been developed to monitor financial performance. The two measures are (1) Net Distributable Cash and (2) Return on Revenue (operating income divided by revenue). These measures help ensure that the NWSA is providing the necessary financial performance required by each home port.

### **Legislative Impact**

#### Transportation Funding

The NWSA relies on an efficient and well-maintained road and rail network to ensure the smooth movement of cargo to and from its facilities. The Washington Legislature made a significant commitment to infrastructure in 2015, passing a 16-year, \$16 billion statewide transportation package. An estimated \$3.3 billion of those funds will be invested in projects benefiting NWSA terminals.

In 2015 Congress passed the FAST Act, a surface transportation authorization bill that established a new freight funding program. In its Fiscal Year 2019 spending bill, Congress appropriated \$292 million for the new Port Infrastructure Development Program (PIDP), a port-dedicated infrastructure funding program. Prior to these bills, few federal investment tools have been available to ports and other local government when it comes to freight infrastructure.

The FAST Act programs and the PIDP will assist the NWSA in making strategic investments in mission-critical freight infrastructure, such as marine terminals, roads and rail. In 2020 the NWSA received our first award under the PIDP, a \$10.7 million grant for the final phase of the T5 modernization program.

More opportunity is on the horizon: Congress is now negotiating the Infrastructure Investment and Jobs Act and reconciliation legislation currently being referred to as the Build Back Better Act that would drive billions of additional dollars into the PIDP and FAST Act freight infrastructure programs, as well as other programs that support NWSA mission areas.

#### Shorepower Infrastructure Funding

Both the ports of Tacoma and Seattle have provided shorepower at some berths. The NWSA continues to pursue additional opportunities to leverage public and private funding for additional shorepower installations, and ensure terminal designs include shorepower capability. Some of these opportunities include Diesel Emission Reduction Act (DERA), State and Federal Volkswagen Settlement (VW) funding, TransAlta Centralia Coal Transition Grant funds, along with other emerging sources of state funding, and potential federal infrastructure and Build Back Better legislation.

As part of this effort the NWSA has developed a plan for shore power installations throughout the gateway. The NWSA was awarded a \$4.3 million Clean Energy Fund grant from the state to support shore power installation at T-5 as part of the redevelopment project. This funding was directed to the NWSA through a state budget proviso in the 2019 legislative session. The NWSA has also accepted a DERA grant from the EPA that would contribute \$1 million to the installation for shore power at Husky Terminal, with design underway and construction planned for 2022. The NWSA also received \$1 million from the TransAlta Transition grant funds, and \$1.1 million in state Volkswagen settlement funds to support the Husky shorepower project. This would allow vessels at this Tacoma Harbor berth to shut their engines off and plug into the local electrical grid for their energy needs.

The NWSA has also accepted a \$2 million grant from the state, through the federal VW Settlement, to support design and construction of a shore power system at T-18. These funds will allow staff to progress the design, along with design of other needed capital improvements, enabling the NWSA to apply for grants from the large federal programs, such as RAISE and PIDP.

The expansion of shore power capabilities is consistent with the NWSA Strategic Plan and Northwest Ports Clean Air Strategy to reduce particulate emissions and greenhouse gases.

#### Navigation Improvement Projects

The largest container vessels calling West Coast ports today have over two times the capacity of those that called just five years ago. To remain a competitive trade gateway, the NWSA is taking steps to upgrade our infrastructure to handle these ships. One such step

involves the deepening of the navigation channels that serve its facilities. In 2018, the U.S. Army Corps of Engineers completed a Chief's Report recommending deepening in specific areas adjacent to the NWSA's container terminals in the Seattle Harbor. Congress subsequently authorized the project in the 2018 Water Resources Development Act, and design funds were approved in the Corps' FY20 Work Plan. While channels are mostly -51 feet or deeper, some shallower spots present navigational and safety challenges. The recommendation is to deepen the east and west waterway in the Seattle Harbor to -57 feet MLLW.

This will allow the NWSA to handle fully laden ships larger than 18,000 TEUs. Deepening channels to this depth will require a local financial match of federal dollars, which could come from several sources, including the potential for a contribution from the NWSA.

Additionally, the NWSA in 2018 signed a feasibility cost-sharing agreement with the Corps to initiate a feasibility study of navigation improvements to the Blair Waterway at the Port of Tacoma. The study was scheduled to be completed in August 2021, but it now is delayed because the National Marine Fisheries Service (NMFS) has not completed the required environmental consultation. Additional work to resolve the delays at NMFS will take place over the next several months, and it is our goal to see a completed Chief's Report (comparable to the one referenced above in Seattle) in time for design and construction to be authorized by Congress in 2022. The alliance has contributed approximately \$1.5 million over the course of the three-year study, amounting to half of the study's costs.

#### Harbor Maintenance Tax (HMT)

The HMT is assessed on ocean-going international imports that land at U.S. ports to pay for maintenance dredging of waterways through the HMT Trust Fund. It is not, however, assessed on importers who route cargo through non-US ports and afterwards move the cargo into U.S. markets by land. Moreover, the NWSA has received little, if any, benefit from the fund because its facilities are located on natural deep-water harbors that do not require significant maintenance dredging. Since 1986 the ports of Seattle and Tacoma have sought reform of the HMT to provide a greater return to donor ports, such as the NWSA, and to ensure U.S. tax code does not disadvantage

U.S. ports and maritime cargo.

Our ports achieved a major milestone in our decades-long effort in December 2020 when Congress passed comprehensive HMT reform legislation as part of the Water Resources Reform and Development Act (WRDA) of 2020. The bill sets aside 8% of annual HMT collections for donor ports like Seattle and Tacoma. If implemented as drafted, the NWSA estimates that between them the two home ports of Seattle and Tacoma will receive over \$30 million annually for our infrastructure projects beginning in federal fiscal year 2023.

In 2021 the Port of Seattle received \$2.782 million and the Port of Tacoma received 2.744 million from the federal government through the existing WRDA Section 2106 HMT donor port program. These funds will be used by the NWSA to fund eligible infrastructure projects to enhance the competitiveness of our cargo operations

#### **Conclusion**

The realities of the drastic changes in the global economy have led all ports to examine business and operational strategies.

The NWSA is focused on maximizing the use of existing facilities, working with existing customers to keep them competitive and successful, and making strategic infrastructure investments such as the construction of world class terminals in both harbors that position the gateway for long-term growth. Through coordinated investments in maritime assets, the NWSA will help ensure the growth in the flow of cargo throughout the Puget Sound.

The NWSA is placing increased emphasis on the importance of developing and strengthening relationships with labor partners, industry stakeholders, customers, local, state and tribal governments and near-port communities to collaboratively achieve its future vision. This vision includes the road and rail infrastructure that ties the whole supply chain system together.

Despite the challenging realities of today's global economy, NWSA management is confident that the plans outlined in this budget will help the gateway remain financially strong, competitive and successful.

### III Business Outlook

#### U.S. Economy

Real gross domestic product (GDP), defined as the value of the production of goods, increased 6.6 percent in the second quarter of 2021 and 6.3 percent in the first quarter of 2021. The Department of Commerce Bureau of Economic Analysis (BEA) said, "The increase in second quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. In the second quarter, government assistance payments in the form of loans to businesses and grants to state and local governments increased, while social benefits to households, such as the direct economic impact payments, declined."

The U.S. economy is performing strongly. Growth is supported by consumption, business spending, and employment. The re-opening due to vaccinations and consumer demand growth are causing supply congestion and increased prices. Partial second-quarter results show that consumers are spending money on services now. People are returning to public places, traveling, and returning to a more normal lifestyle such as attending sport events. Spending on services has not yet come with a large decline in spending on goods. While consumers still have disposable income, and consumption should continue to grow, TTX expects some durable goods categories like furniture, appliances, and sporting goods to see weaker growth.

The "I" word is in play. Strong consumer demand and supply-chain congestion and shortages have increased prices. While inflation is a sign that the economy is growing, it resulted in a 5.3% growth in the Consumer Price Index in June. Some of the increase is due to comparison against last year. A major part is because the reopening of the economy caused shortages. From new cars, airfares, hotels, car rentals, gas, etc., prices have increased. The Fed expect the bottlenecks to ease by the end of the year and demand will moderate in early 2022. However, inflation is like to stay higher than pre-pandemic levels for some time.

The U.S. unemployment rate was at 5.2 percent in August 2021 with 235,000 jobs added for the month. Most job gains occurred in professional and business services, transportation and warehousing,

private education, manufacturing, and other service

The National Association of Realtors states pending home sales declined 1.8% in July 2021, month over month. According to Lawrence Yun, NAR's chief economist, "The market may be starting to cool slightly, but now there is not enough supply to match the demand from would-be buyers. Homes listed for sale are still garnering great interest, but the multiple, frenzied offers -sometimes double-digit bids on one property -have dissipated in most regions."

The Conference Board reported August Consumer Confidence Index at 113.8, down from 125.1 in July. According to the Conference Board's Senior Director of Economic Indicators Lynn Franco, "Concerns about the Delta variant—and, to a lesser degree, rising gas and food prices—resulted in a less favorable view of current economic conditions and short-term growth prospects. Spending intentions for homes, autos, and major appliances all cooled somewhat; however, the percentage of consumers intending to take a vacation in the next six months continued to climb. While the resurgence of COVID-19 and inflation concerns have dampened confidence, it is too soon to conclude this decline will result in consumers significantly curtailing their spending in the months ahead."

#### Shipping Industry

The global COVID-19 pandemic continues to impact economies around the world as variants like Delta, Lambda, and Mu emerge. Labor shortages, strong consumer demand, and a series of events—inclement weather, to the blockage of the Suez Canal and other terminal delays—have led to unprecedented global port congestion. Around the world, vessels are at anchor waiting to berth. Even though container volumes are comparable to 2019 levels, the constant disruptions have caused supply chains to melt down. Vessel utilization is extremely high, and carriers are deploying every vessel at their disposal – owned or chartered. Carriers are also introducing new services to "secondary" ports to offload more volume. Some Beneficial Cargo Owners (BCOs) have even resorted to chartering their own vessels to secure space for their cargo. With container rates at an all-time high, carriers are

returning containers back to Asia empty to maximize profits. This has negatively impacted U.S. exporters. Terminals and factories in China and Vietnam have experienced closures due to an increase in new COVID-19 cases. Stateside labor has also been impacted.

Inventories are continually being replenished in response to strong consumer demand and e-commerce. Shippers continue to face tight capacity and record slot costs for, despite the introduction of ships and ad-hoc services to handle volumes. Carrier financials are extremely healthy.

Shipping lines, non-operating owners, lessors, and investment banks have ordered over 300 new container vessels in the first half of this year. The new vessels have a 2.88 million TEU combined capacity, 11.75% of the current container fleet capacity of 24.47 million TEUs. These vessels are expected to begin service sometime in early 2023.

The U.S.-China trade war and the pandemic, caused importers to accelerate efforts to shift sourcing and production to countries in SE Asia or use a "China + X" strategy to diversify the risk associated with being solely reliant on China. There has been a corresponding increase in manufactured imports from Vietnam and other SE Asian economies. In many cases, origin and transshipment ports in SE Asia are geographically closer (and transits shorter) to the US East Coast, which may cause a partial shift of Asia import volume away from west coast ports. With that said, it will take some time before these countries can meet the infrastructure and skilled labor China offers.

In 2021, the composition of carriers that make up the various shipping alliances remains the same.

- 2M+Z – Maersk, MSC, ZIM
- Ocean Alliance – CMA CGM, COSCO Shipping, Evergreen, OOCL
- THE Alliance – Hapag Lloyd, Yang Ming, Ocean Network Express (ONE), HMM

Major Independent Carriers – Hamburg Sud, and SM Line.

Alliances have concentrated capacity in fewer hands allowing ocean carriers to exercise greater control over capacity on major trade lanes through coordinated changes to vessel sailings, schedules, and transit times.

## **Northwest Seaport Alliance Activity**

### Containers:

Through September 2021, the NWSA has handled nearly 2.5 million TEUs (twenty-foot equivalent units), a 17.1 percent increase year-to-date. Year-over-year volume has been strong as consumer spending continues to deplete inventories. Ocean carriers have added five new services into the gateway in 2021 to handle growing demand. Alaska volumes were muted by an abbreviated cruise season due to COVID.

Container volume is projected to increase next year with additional volume from new services introduced this year and the opening of Terminal 5 in quarter 1 of 2022. However, another surge of COVID-19 would have negative impacts. Factors that could also impact NWSA international volumes include competition from ports in British Columbia, Canada, and other North American gateways or a possible decline in global trade and adverse impacts to the global economy resulting from U.S. and international tariffs and trade policy.

### Breakbulk:

Breakbulk cargo is comprised of commodities that are either too large or heavy for containerized shipment. In the case of The Northwest Seaport Alliance, this consists largely of building materials, heavy machinery, boats, and agricultural and construction equipment. For 2021, total breakbulk tonnage (both harbors) is estimated to reach approximately 337K metric tons. Volume is forecasted to be 370K metric tons in 2022.

### Autos:

NWSA/POT auto units for 2021 are forecasted to be 189K units, up from the previous year. 2022 volumes are expected to show strong growth of over 9% to 206k units.

### Logs:

The Log business was suspended due to the tariffs and has not been included in the 2021 through 2026 forecast or budget.

### Molasses & Petroleum:

Petroleum volumes are forecasted to be 603K metric tons in 2021 and essentially flat thereafter. Molasses volumes are forecasted to be 30K metric tons in 2021 and 36K thereafter.

Table III-1.... Cargo Activity Five-Year Forecast

THE NORTHWEST SEAPORT ALLIANCE CARGO ACTIVITY 5-YEAR FORECAST												
	Actual	Forecast										
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Non-Container Forecast (Thousands of Metric Tons)												
Breakbulk	181		211	249	246	292	337	370	376	384	394	404
Autos	246		225	228	306	245	292	450	464	478	492	507
Logs	177		278	117	76	0	0	0	0	0	0	0
Petroleum	612		716	666	636	677	603	603	603	603	603	603
Molasses	44		36	46	47	42	30	36	36	36	36	36
Container Forecast (Thousands of TEUs)												
International	2,859		2,995	3,111	3,058	2,636	3,065	3,340	3,449	3,562	3,679	3,800
Domestic	757		707	686	717	685	736	740	751	762	773	785
Total TEUs	3,616		3,702	3,798	3,775	3,320	3,801	4,079	4,200	4,324	4,452	4,585
Year over Year change	2%		2%	3%	-0.6%	-12.1%	14.5%	7.3%	3.0%	3.0%	3.0%	3.0%
Intermodal Yard Lifts*												
Hyundai Intermodal Yard	172,901		115,858	112,731	124,778	85,401	128,899	133,088	137,480	142,017	146,704	151,545
North Intermodal Yard	226,329		194,502	177,380	178,205	147,269	158,126	118,383	122,290	126,325	130,494	134,800
South Intermodal Yard	84,068		87,659	99,954	86,271	89,529	102,482	134,406	137,094	139,836	142,632	145,485
Pierce County Intermodal Yard	92,270		75,581	62,959	71,310	45,684	33,572	35,639	36,815	38,030	39,285	40,582
Total Intermodal Lifts	575,568		473,600	453,024	460,564	367,883	423,079	421,516	433,679	446,208	459,115	472,412
Year over Year change	8%		-18%	-4%	2%	-20%	15%	0%	3%	3%	3%	3%
Log Board Feet	24,921,280		52,706,190	23,161,000	15,192,000	0	0	0	0	0	0	0
Year over Year change	-40%		111%	-56%	-34%	-100%	0%	0%	0%	0%	0%	0%
Vehicle Units (NWSA+POT)	165,687		146,885	146,147	191,822	156,205	188,871	206,264	215,469	225,412	236,183	247,887
Year over Year change	-10%		-11%	-1%	31%	-19%	21%	9%	4%	5%	5%	5%
Intermodal Lifts Reported for South Harbor only												

\* Intermodal Lifts Reported for South Harbor only





Rail Cargo of all types on the Tacoma tideflats

## **IV Operating Budget**

### **Overview**

The NWSA operating budget revenue is based on cargo volume forecasts (see Table III-1, page III-4), existing terminal and property leases and contractual and tariff-generated revenue. Operating budget expenses were projected based on historical information, as well as levels of expenditures required to support the increases in revenue.

From this information, NWSA staff prepared a realistic budget that supports both the strategic priorities and financial goals of the NWSA.

Departmental budgets estimate expenses that will be generated in support of the NWSA and its businesses. Expenses fall into one of five categories:

Administration, Operations, Security, Environmental or Maintenance. Administration expenses are incurred in the day-to-day management of the NWSA. Operations and Maintenance expenses support the day-to-day management of business activities. Security support is provided by each home port. Environmental expenses are a subset of overall environmental spending, and include clean air and clean water activities, and close coordination with each home port on compliance and monitoring activities.

Business budgets are projections of revenues earned and expenses incurred in the operation of a particular business line. In addition, the NWSA expects to receive funds from other sources including user fees, and investment earnings.

Although capital project spending is planned within the capital budget, capital projects will impact operating budgets for future years through new sources of revenues and increased operating expenses and depreciation costs.

### **Nature of Business**

Washington law authorizes ports to provide and charge rents, tariffs and other fees for docks, wharves and similar harbor facilities, including associated storage and traffic-handling facilities for waterborne

commerce. Ports also may provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles. Finally, ports may acquire and improve lands for sale or lease for industrial or commercial purposes and may create industrial development districts.

The NWSA is a joint venture that operates with the two ports as enterprise funds, allowing the NWSA and the ports to operate in much the same manner as a private business. Operating revenues are comprised of charges to its customers to cover costs associated with the service provided and to support investment in future projects.

### **Balanced Budget**

Based on the Government Finance Officers Association (GFOA) Recommended Budget Practices, a balanced budget "is a basic budgetary constraint intended to ensure that a government does not spend beyond its means."

The NWSA defines "balanced budget" in the following way: Total revenues are sufficient to cover operating expenses for the budget year and to offset the cost of capital investments (depreciation) and anticipated debt costs for any planned future capital investments.

The NWSA uses the full-accrual basis for budgeting, consistent with the basis for accounting. This method recognized the financial effect of events that impact the Port during the accounting period, regardless of whether cash was received or spent.

### **Budget Process**

The NWSA budget is a guideline used by management to direct strategic and tactical operations. Typically, more projects and spending are budgeted than may actually occur. This conservative approach ensures that the NWSA's financial goals are still met if business conditions support the full budgeted spending.

The NWSA operates on a calendar year budget cycle that must integrate the budget schedule needs of both home ports. The operating budget and the capital budget are the NWSA's plan for meeting the current needs of its customers, and for implementation of the strategic goals.



The annual budget development begins in June and continues through November. The process begins with the development of strategic objectives and initiatives, which are reviewed by the Managing Members and the Chief Executive Officer. The Managing Members and Chief Executive Officer communicate any strategy changes or policy concerns and gather additional input.

Cargo forecasts, available at the beginning of the budget process, are used to develop the variable portion of the operating budget. During a study session, the Managing Members are presented with a draft budget.

In November, a public hearing is held by each home port to allow for public comment, and to adopt the statutory budget and approve the property tax levy for the home ports. The NWSA's operating income is split evenly between the ports and is shown as revenue to the home ports. After the home port Commission approves and adopts its statutory budget, it is submitted, with the related home port resolutions, to the respective County Councils and Assessor Treasurer offices.

### **Major Assumptions**

Major drivers of the 2022 operating budget are a result of economic and industry trends represented in the cargo forecast.

### **Revenue**

- Existing leases continue per existing lease terms and contracts
- Cargo volumes drive equipment and intermodal revenues and expenses
- Auto and breakbulk imports continue to provide revenue diversity
- Tariff rates are projected to increase between 2.5% and 3.0%
- Property lease rental rates will increase as specified in contracts

### **Direct Expenses**

- The NWSA has direct headcount of 56 positions. Salaries are expected to increase by 3%.
- Major operating expenses include construction of non-NWSA owned infrastructure needed for the development of Terminal 5, and ongoing maintenance of terminal paving, bulkheads and fender systems.

- Depreciation for licensed assets at the time of the formation of the NWSA will remain on the books of the home ports. Depreciation of any new investments that are jointly funded will be charged against the NWSA.

### **Home port services provided**

Each home port is providing services to the alliance, and some NWSA personnel are providing services back to the home ports. These services are provided either by direct charge or purchased services through Inter-local Agreements.

Table IV-4 shows the approximate value of Operating, Maintenance, Environmental, Security and Administrative services purchased by the NWSA from each of the home ports and the services purchased by the Port of Tacoma from the NWSA. This table does not include the value of services provided for capitalized and expensed projects.

### **Estimating Revenues and Expenses**

The NWSA uses several different methods of projecting revenues, depending upon the nature and materiality of the revenue item and the projection period. Specific revenue projection techniques include:

- **Historical Data:** Future revenues are based on historical trends with the assumption that they will continue in the future. When using historical data as a means for projecting revenues, the NWSA analyzes as many as 10 years of data to estimate a rate of growth
- **Business Operations:** Terminal lease/rental agreements, grant agreements, and service contracts provide information for this projection method. These projections may be adjusted to reflect the probable impacts of anticipated changes in the economy, legislation and inflation
- **Judgment Estimates:** This method relies on a person knowledgeable in the field, often a department director, who prepares a revenue projection based on awareness of past and present conditions including fee changes, development plans, marketing campaigns, usage

activity, frequency, volume, weight and similar determinations

- **Current Data:** This method predicts future revenue based on actual or annualized current year revenues and often is used when historical data and trends are not available, or if used, would result in an inaccurate revenue projection
- **Volume:** The NWSA uses the five-year cargo forecast to project volume related revenues

### Financial Practices

The NWSA manages its operations to maximize its financial capacity - to provide the necessary provide adequate home port debt service coverage ratios.

### Financial Tools

- **Cargo Forecasts:** The NWSA maintains a cargo estimate for each of the next five years. (See Table III-1, page III-4)
- **Five-Year Financial Forecast:** A portion of the operating budget is driven by volumes from the cargo forecast while the majority of the revenue comes from major lease contracts. Planned revenue-generating capital projects are aligned with new revenues and expenses in the five-year operating forecast. The operating budget is monitored throughout the year, noting any

variances that may require corrective action. The Managing Members, Chief Executive Officer and Executive Team review these semi-annually

- **Five-Year Capital Investment Plan:** This plan ties directly to the strategy developed during the budget process. Updated semi-annually, it identifies all proposed projects. Some projects are capitalized and impact future year forecasts through depreciation, while others are expensed in the current year
- **Home Port Plan of Finance:** The financial output of the NWSA will be shared evenly between the home ports and is an input into each home port's five-year plan that identifies each port's ability to fund their business objectives
- **Financial Analysis of Investments:** The NWSA reviews significant capital investments and their related assumptions prior to acceptance into the planned capital budget. Revenue-generating projects are expected to earn a return on investment that meets or exceeds the standards
- **Financial Reporting:** The NWSA creates a variety of reports available electronically or in hard copy

For additional information on accounting policies, see each home port's budget and annual financial reports.

Table IV-1...Statement of Revenue, Expenses by Business\*

Company: The Northwest Seaport Alliance

(\$ millions)

	2020 Actual	2021 Budget	2021 Forecast	2022 Budget
<b>Operating Revenues</b>				
NWSA				
Container	152.5	161.6	167.9	172.1
Non Container	20.1	18.3	19.8	20.8
Real Estate	11.7	12.1	12.8	13.9
Other	0.0	0.0	0.0	0.0
<b>Total Operating Revenues</b>	<b>184.3</b>	<b>192.0</b>	<b>200.4</b>	<b>206.8</b>
<b>Direct and Maintenance Expenses</b>				
Container	42.4	38.8	38.4	40.9
Non Container	9.7	10.4	11.3	12.4
Real Estate	0.4	0.8	0.6	0.8
Other	16.5	17.3	15.1	17.7
<b>Total Direct Expenses</b>	<b>69.0</b>	<b>67.2</b>	<b>65.4</b>	<b>71.8</b>
<b>Administration</b>	18.2	21.3	19.5	20.0
<b>Security</b>	5.1	4.0	3.9	4.3
<b>Environmental</b>	1.4	2.1	2.3	3.1
<b>Total Operating Expense before Depreciation</b>	93.8	94.7	91.2	99.2
<i>Operating Income before depreciation</i>	<i>90.5</i>	<i>97.4</i>	<i>109.2</i>	<i>107.6</i>
<b>Depreciation &amp; Amortization</b>	13.8	19.1	15.1	23.2
<b>Total Operating Expense</b>	<b>107.6</b>	<b>113.7</b>	<b>106.3</b>	<b>122.4</b>
<b>Income from Operations</b>	<b>\$76.7</b>	<b>\$78.3</b>	<b>\$94.1</b>	<b>\$84.4</b>
<i>Return on Revenue</i>	<i>41.6%</i>	<i>40.8%</i>	<i>46.9%</i>	<i>40.8%</i>
Non Operating Income (Expense)	0.8	6.2	2.7	14.4
<b>Distributable Income before Special Item</b>	<b>77.6</b>	<b>84.5</b>	<b>96.8</b>	<b>98.9</b>
Special Item				
<b>Distributable Income</b>	<b>\$77.6</b>	<b>\$84.5</b>	<b>\$96.8</b>	<b>\$98.9</b>
<b>Distributable Cash + Lease Interest Cash</b>	<b>\$91.4</b>	<b>\$103.6</b>	<b>\$111.9</b>	<b>\$122.1</b>
<b>Bond Income</b>	<b>\$93.4</b>	<b>\$98.9</b>	<b>\$114.3</b>	<b>\$108.3</b>

\* Amounts may not foot due to rounding.

Table IV-2 Operating Revenue and Expense Detail\*  
Company: The Northwest Seaport Alliance

(\$ millions)	2020 Actual	2021 Budget	2021 Forecast	2022 Budget
Property Rental	\$45.4	\$47.1	\$48.8	\$55.1
Sale of Utilities	1.2	1.2	1.2	1.4
Services Marine Terminals	113.4	120.3	120.6	139.0
Equipment Rentals	13.6	14.4	14.3	11.2
Other Revenue	10.7	9.1	15.4	0.1
<b>Operating Revenue</b>	<b>184.3</b>	<b>192.0</b>	<b>200.4</b>	<b>206.8</b>
Home Port Services Provided	21.6	21.5	19.8	20.6
Port Salaries & Benefits	9.0	10.2	9.7	10.6
Outside Services	11.7	6.2	4.7	3.1
Longshore Labor & Fringe	10.1	9.4	10.1	9.4
Direct Expenses	11.3	10.8	12.5	14.6
Marketing & Global Outreach	0.5	0.7	0.6	0.7
Travel & Hosting	0.1	0.5	0.2	0.7
Maintenance	15.7	26.5	24.6	30.5
Office Equipment & Supplies	0.2	0.2	0.2	0.2
Utilities	5.6	5.5	5.5	5.3
Other Employee Exp	0.0	0.1	0.1	0.1
Other Expenses	6.6	1.1	1.1	0.6
Environmental	1.5	1.9	2.2	2.8
Total Operating Expenses before Dep.	<b>93.8</b>	<b>94.7</b>	<b>91.2</b>	<b>99.2</b>
<i>Operating Income before Depr.</i>	<i>90.5</i>	<i>97.4</i>	<i>109.2</i>	<i>107.6</i>
Depreciation & Amortization	13.8	19.1	15.1	23.2
<b>Total Operating Expenses</b>	<b>\$107.6</b>	<b>\$113.7</b>	<b>\$106.3</b>	<b>\$122.4</b>
<b>Operating Income</b>	<b>\$76.7</b>	<b>\$78.3</b>	<b>\$94.1</b>	<b>\$84.4</b>
<i>Return on Revenue</i>	<i>41.6%</i>	<i>40.8%</i>	<i>46.9%</i>	<i>40.8%</i>
Non Operating Revenue and Expenses	0.8	6.2	2.7	14.4
Net Assets Before Special Items	<b>77.6</b>	<b>84.5</b>	<b>96.8</b>	<b>98.9</b>
Increase in Net Assets	<b>\$77.6</b>	<b>\$84.5</b>	<b>\$96.8</b>	<b>\$98.9</b>
<b>Distributable Cash (calculated)</b>	<b>\$91.4</b>	<b>\$103.6</b>	<b>\$111.9</b>	<b>\$122.1</b>
<b>Bond Income</b>	<b>\$93.4</b>	<b>\$98.9</b>	<b>\$114.3</b>	<b>\$108.3</b>

\* Amounts may not foot due to rounding.

Table IV-3.... Statement of Revenues, Expenses and Changes in Net Position\*

	2020 Actual	2021 Forecast	2022 Budget	Change from Prior Year Forecast
(\$ Millions)				
Operating Revenue	\$184.3	\$200.4	\$206.8	3.2%
Total Operating Expenses before Dep.	(93.8)	(91.2)	(99.2)	8.8%
Depreciation & Amortization	(13.8)	(15.1)	(23.2)	53.4%
<b>Operating Income</b>	<b>76.7</b>	<b>94.1</b>	<b>84.4</b>	<b>-10.2%</b>
<b>Non Operating Revenues (Expenses)</b>				
Interest Income	1.6	0.9	0.4	-59.8%
Premium Discount	(0.2)	(0.0)	(0.1)	547.5%
Market Value Adjustments	0.2	(0.1)	0.0	-100.0%
Non-Capital Grant Income	1.1	0.1	0.4	424.7%
Capital Grant Contributions	1.1	2.3	16.7	613.6%
Other Non Operating Revenue (Expense)	(2.9)	(0.5)	(2.9)	464.5%
<b>Total Non Operating Income (Expense)</b>	<b>0.8</b>	<b>2.7</b>	<b>14.4</b>	<b>434.6%</b>
<b>Net Distributable Revenue (Net Income)</b>	<b>77.6</b>	<b>96.8</b>	<b>98.9</b>	<b>2.2%</b>
<b>Distributable Cash</b>				
Net Distributable Revenue (Net Income)	77.6	96.8	98.9	2.2%
Add Depreciation and Amortization	13.8	15.1	23.2	53.4%
<b>Distributable Cash*</b>	<b>91.4</b>	<b>111.9</b>	<b>122.1</b>	<b>9.1%</b>
<b>Net Position</b>				
Net Position beginning of year	353.4	449.4	542.0	20.6%
Add Contributions and Expected Capital Construction	140.6	107.7	112.7	4.6%
Add Net Distributable Revenue (Net Income)	77.6	96.8	98.9	2.2%
Less Cash Distributions	(122.2)	(111.9)	(122.1)	9.1%
<b>Net Position end of year</b>	<b>\$449.4</b>	<b>\$542.0</b>	<b>\$631.5</b>	<b>16.5%</b>

\* Per charter section 5.3 and charter definition 1.1 (p)

\* Amounts may not foot due to rounding.

**Table IV-4.... Summary of Allocations and Direct Charges\***

(\$ Millions)	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Forecast</b>	<b>2022 Budget</b>
Port of Tacoma to NWSA	\$29.2	\$31.6	\$29.2	\$31.1
Port of Seattle to NWSA	\$9.4	\$9.3	\$9.3	\$9.9
NWSA to Port of Tacoma	\$1.0	\$1.0	\$0.8	\$0.9

**Table IV-5.... Six-year Statement of Revenue, Expenses and Change in Assets\***

(\$ millions)	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Operating Revenue	\$206.8	\$217.0	\$230.9	\$238.2	\$248.7
Total Operating Expenses before Dep.	(99.2)	(114.7)	(94.5)	(95.7)	(98.5)
Depreciation & Amortization	(23.2)	(27.3)	(31.5)	(35.5)	(37.1)
<b>Operating Income</b>	<b>84.4</b>	<b>75.1</b>	<b>104.9</b>	<b>107.0</b>	<b>113.2</b>
Grant Income	17.1	25.6	9.0	4.5	0.0
Other Non Operating Income	(2.7)	(4.9)	0.2	0.2	0.2
<b>Net Distributable Revenue</b>	<b>98.9</b>	<b>95.8</b>	<b>114.1</b>	<b>111.7</b>	<b>113.4</b>
Distributable Cash (calculated)	\$122.1	\$123.1	\$145.6	\$147.2	\$150.5
Bond Income	\$108.3	\$103.1	\$136.6	\$142.7	\$150.5

**Table IV-6.... Six-year Bond Income\***

(\$ Millions)	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Operating Revenue	206.8	217.0	230.9	238.2	248.7
Add Non Operating Revenue	17.3	25.9	9.2	4.8	0.3
Less Capital Grants	(16.7)	(25.2)	(9.0)	(4.5)	0.0
Less Operating Expenses before Depreciation	(99.2)	(114.7)	(94.5)	(95.7)	(98.5)
<b>Bond Income</b>	<b>\$108.3</b>	<b>\$103.1</b>	<b>\$136.6</b>	<b>\$142.7</b>	<b>\$150.5</b>

\* Amounts may not foot due to rounding.



Heavy equipment offloading at EB1  
Breakbulk Terminal

## V NWSA Capital Investment Plan

### Overview

The Northwest Seaport Alliance invests in projects to increase the capacity, extend the life or improve the safety or efficiency of alliance-managed property and equipment.

New projects on the Capital Investment Plan that are \$100,000 or greater have been vetted through the Investment Decision and Development Process (IDDP). The IDDP is a two-stage planning development.

- Stage 1 (Opportunity Assessment) is to document new investment opportunities, identify any conflicts and receive input from all potentially affected departments/teams. The leadership management makes decision to pursue the opportunity to next stage.
- Stage 2 (Alternatives Analysis) is to assess the initial viability of a project, consider and evaluate alternatives, conduct a project screening, and consider long-range capital planning.

The five-year Capital Investment Plan (CIP) identifies all projects planned or underway. The CIP provides a mechanism for tracking and managing project budgets and cash flows for five years into the future. Table V-1 shows planned spending on capitalized projects for the five-year time frame. Projects are associated with a program that fall under one of the businesses or under a category called "Infrastructure."

Although funds for a project are included in the CIP, the project is not automatically authorized to proceed. The alliance Managing Members review and approve each project individually. Projects must have the necessary permitting before proceeding.

To achieve its goals, the alliance continues to invest in revenue-generating capital projects that support its businesses. Although the home ports are responsible for the general infrastructure in each respective county, the alliance may also invest in infrastructure projects that support the NWSA's maritime business, as well as increasing rail and road transit of cargo within boundaries between the ports of Seattle and Tacoma. Often, these infrastructure projects are expensed versus capitalized due to accounting requirements.

In addition, environmental projects are planned for meeting or maintaining regulatory requirements, including the development of mitigation and remediation projects. Projects may be expensed or capitalized according to accounting rules.

### Summary of Major Projects

By the close of 2021, the NWSA will have completed or neared completion of the following capital projects:

- Upgraded stormwater system at Terminal 18
- Replaced fender system at WUT terminal
- Completed phase one berth modernization construction at Terminal 5
- Funded tenant improvement at Husky terminal

The 2022 - 2026 Capital Investment Plan focuses on the following strategic and maintenance projects:

#### Strategic investments:

- Completion of berth modernization at Seattle Terminal 5 and associated infrastructure requirements
- Tacoma Terminal Expansion program
- Construction of the Terminal 5 stormwater treatment system
- Install shore power at Husky terminal in Tacoma

#### Maintenance investments:

- Replace fender system at WUT and PCT terminals
- Rehabilitation of Terminal 18 and Terminal 46-south wharfs
- Rehabilitation of the Terminal 46 bulkhead
- Maintenance berth dredging at Husky and WUT terminals
- Maintenance and rehabilitation of assigned assets

The alliance has a strong commitment to the protection and improvement of the environment. Examples of this commitment include the Clean Truck Program, the Northwest Ports Clean Air Strategy, and significant investment in storm-water improvements.

Strategic development efforts focus on serving existing customers, attracting new customers, and building a diverse, dynamic and resilient business base.



**Table V-1....Planned Capitalized Project Spending**

(\$ Millions)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Historical Capital	66.7	77.8	93.4	134.4						
Planned Capital					107.6	112.7	100.3	85.5	51.4	201.5
<b>Grand Total</b>	<b>\$ 66.7</b>	<b>\$ 77.8</b>	<b>\$ 93.4</b>	<b>\$ 134.4</b>	<b>\$ 107.6</b>	<b>\$ 112.7</b>	<b>\$ 100.3</b>	<b>\$ 85.5</b>	<b>\$ 51.4</b>	<b>\$ 201.5</b>

### Capital Investment Plan Priorities

To efficiently allocate human and financial resources, the alliance uses a capital project prioritization methodology. For internal management, the alliance uses two categories:

- **Open:** These are ongoing projects or projects ready to move forward that have customer commitment or a high degree of certainty. Only open projects are included in the budget.
- **Estimate:** These are projects based on an identified business need or opportunity but have not been fully developed in scope and cost.

- **Revenue-Generating:** Projects developed for a specific customer that will result in a new revenue stream. The NWSA has designated Port-generated operating cash and revenue bonds to fund most of these projects.

Table V-3 shows Open (excludes estimate) project expenditures during the five-year planning horizon as categorized by accounting treatment.

Accounting rules require some spending to be capitalized and depreciated over time, while other spending is expensed as incurred.

The alliance's policy is to capitalize all asset additions greater than \$20,000 and with an estimated life of more than three years. Depreciation is computed on the straight-line method. The economic lives of capitalized assets range from three years to 20 years for machinery and equipment while economic lives of buildings and improvements range from 10 years to 75 years.

Table V-3 shows that the NWSA intends to implement \$626.3 million worth of planned projects (capitalized and expensed) in the next five years, with \$131.6 million of that total earmarked for 2022. Non-operating and operating projects will be expensed as incurred and are included in the operating budget.

Table V-4 shows the five-year CIP by Line of Business.

Table V-5 shows the expected increase in depreciation when planned projects are completed. The CIP is the total expected spending of 112 projects, 55 of which are capitalized and 57 expensed as incurred.

The expensed projects are captured as expenses in the current year budget and four-year operating forecast as incurred. The costs of the capitalized projects are captured as depreciation expense over the estimated life of the projects that may extend beyond three years. The alliance expects depreciation expense will increase when the redevelopment of Terminal 5 is complete.

### Capital Investment Plan Projects by Purpose

The alliance classifies CIP projects into three types, (as shown below in Table V-2):

- **Revenue Renewal:** Projects developed to renovate or replace obsolete or aging revenue-producing assets. These projects serve to extend existing revenue streams or ensure existing streams are not lost and may offer additional revenue if replacements enhance the efficiencies of operations or offer additional capabilities or value. The ports have designated port-generated operating cash or revenue bonds to fund most of these projects and may use capital leasing through equipment suppliers or financial institutions.
- **Infrastructure:** Projects developed to enhance infrastructure, support multiple or future customers or to enhance public infrastructure. Sometimes, other public agencies may participate in funding that otherwise comes from port-generated operating cash, the property tax levy, and general obligation bonds or revenue bonds. They often are complex in nature, with multiple public agencies involved in the planning process and execution.

*Table V-2....Five-Year Planned Capital Investment Plan by Purpose*

(\$ Millions)

	2022	2023	2024	2025	2026	Total
Infrastructure	\$6.2	\$7.2	\$5.4	\$5.1	\$5.7	\$29.5
Renewal	38.8	68.7	79.0	52.6	202.8	441.9
Revenue	86.6	59.7	8.7	0.0	0.0	154.9
<b>Grand Total</b>	<b>\$131.6</b>	<b>\$135.5</b>	<b>\$93.0</b>	<b>\$57.7</b>	<b>\$208.4</b>	<b>\$626.3</b>

Amounts may not foot due to rounding

*Table V-3....Five-Year Planned Capital Investment Plan by Accounting Treatment*

(\$ Millions)

	2022	2023	2024	2025	2026	Total
Capitalized	\$112.7	\$100.3	\$85.5	\$51.4	\$201.5	\$551.3
Operating Expense	16.0	30.1	7.6	6.3	6.9	66.9
Non-Operating Expense	2.9	5.1	0.0	0.0	0.0	8.0
<b>Grand Total</b>	<b>\$131.6</b>	<b>\$135.5</b>	<b>\$93.0</b>	<b>\$57.7</b>	<b>\$208.4</b>	<b>\$626.3</b>

Amounts may not foot due to rounding

*Table V-4....Five-Year Planned Projects by Line of Business*

(\$ Millions)

	2022	2023	2024	2025	2026	Total
Container Business	\$115.4	\$112.7	\$66.9	\$34.3	\$199.7	\$529.0
Non Container Business	3.0	3.0	0.3	0.1	0.1	6.4
Real Estate	0.4	0.1	0.0	0.0	0.0	0.5
Infrastructure	12.7	19.8	25.8	23.4	8.7	90.4
<b>Grand Total</b>	<b>\$131.6</b>	<b>\$135.5</b>	<b>\$93.0</b>	<b>\$57.7</b>	<b>\$208.4</b>	<b>\$626.3</b>

Amounts may not foot due to rounding

*Table V-5....Depreciation Impact Due To Capitalized Projects*

(\$ Millions)

	2022	2023	2024	2025	2026	Total
Container Business	\$ (9.5)	\$ (12.7)	\$ (16.3)	\$ (20.4)	\$ (21.7)	\$ (80.6)
Non Container Business	(0.1)	(0.2)	(0.4)	(0.4)	(0.4)	\$ (1.4)
Real Estate	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	\$ (0.1)
Infrastructure	(9.9)	(13.5)	(17.8)	(21.9)	(23.6)	\$ (86.7)
<b>Grand Total</b>	<b>\$ (19.5)</b>	<b>\$ (26.5)</b>	<b>\$ (34.4)</b>	<b>\$ (42.7)</b>	<b>\$ (45.7)</b>	<b>\$ (168.7)</b>

Amounts may not foot due to rounding

## Capital Investment Plan Project Descriptions

The NWSA's five-year CIP has been categorized on a business basis, as shown in Figure V-1. The following section provides details of major planned improvements within each business and only includes major projects and equipment.

### Container Terminals Business

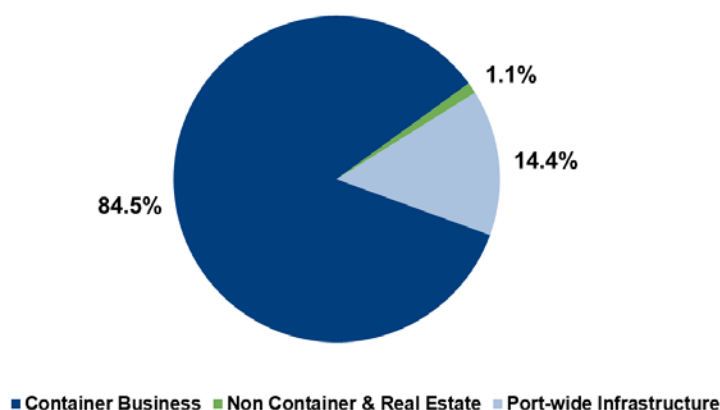
Planned capital expenditures for container terminals will total approximately \$529 million over the next five years. The CIP for this business will provide the

funds necessary for phase 2 construction of major terminal improvements at the North Harbor Terminal 5; dock rehabilitation and shore power construction at Terminal 18; replace bulkhead at Terminal 46; various terminal expansion at the South Harbor; berth dredging and install shore power at Husky terminal; berth dredging at WUT and replace fender at PCT and WUT.

### Non-Container Business & Real Estate

Approximately \$7 million will be spent on facility improvement for terminal operations, auto and real estate businesses.

Figure V-1....Five-Year Capital Investment Plan by Line of Business



### Alliance Infrastructure

This section includes capital expenditures that are not specific to a single business and are in support of the alliance's infrastructure or environmental improvements.

- **Environmental Programs:** These projects include reduction and monitoring of emissions, and ongoing cleanup projects. This also includes the Clean Truck Program, which provides matching funds and incentives to help cover the cost of replacing older trucks with cleaner new trucks.
- **Technology:** The alliance continues to invest in an operations service center that will allow customers and cargo owners to track their cargo as it moves through the gateway.

### Capital Investment Plan Revisions

The CIP is an integral part of the budget planning process and is reviewed and revised semi-annually. Adjustments in amount and timing are made as required to meet changes in customer or infrastructure requirements.

The alliance maintains sufficient cash reserves to meet the CIP requirements, as well as any unexpected capital requirements, without adversely affecting the ongoing operations of either port.

## **VI Environmental Stewardship and NWSA Planning**

Environmental stewardship is a high priority for the NWSA. The NWSA Environmental Stewardship Framework has been put into action. Specifically, working with our stakeholders, the NWSA developed a Best-In-Class approach built on a foundation of the following:

- Environmental, economic and financial business decision planning/making are fully integrated;
- Responsive to market and community; and,
- Drives innovative, cost-effective and sustainable solutions.

Program areas of emphasis include:

- Water Quality
- Air Quality and Sustainable Practices
- Remediation
- Habitat Restoration
- Planning and Logistics
  - Transportation
  - Land Use
  - Facilities

In 2022, the NWSA plans to focus its environmental efforts on water and air quality and greenhouse gas reductions, with the bulk of that work on NWSA licensed properties. The NWSA plans to develop additional sustainability strategies to help shape future leasing strategies.

In addition, the NWSA has partnered with the Ports of Seattle and Tacoma along with other key industry, environmental, state and federal stakeholders to develop a large commercial vessel Quiet Sound program. This program will be managed by Maritime Blue and will study and promote ways to reduce noise impacts to Orca and other marine mammals in Washington State Waters. The Ports of Seattle, Tacoma and the NWSA have committed a total of \$100,000 in 2021 towards this effort to expedite the program's implementation.

### **Water Quality Program**

NWSA's Water Quality (WQ) team is comprised of professionals with experience in site inspection, monitoring, project development and delivery, and policy analysis. The goal of this program is to work with internal and external stakeholders to design highly effective, low cost treatment and compliance solutions that meet or exceed Washington State's high water quality standards.

### **Industrial Stormwater Management Program**

The NWSA partnership is the framework for an industrial stormwater management program that is a collaborative effort engaging customers, agencies and environmental organizations in both the Seattle and Tacoma harbors. The goal of the program is to discuss emerging stormwater issues, common problems and solutions and provide stormwater technical assistance to our customers at their request. Staff engage in extensive stakeholder outreach that includes customers, regulators, and environmental organizations.

### **Research and Develop Cost-Effective Means to Manage Stormwater**

The NWSA continues previous work initiated separately by the two ports. The NWSA implements innovative cost-effective treatment methods in the field in an effort to focus in on practical, effective stormwater Best Management Practices (BMPs). This includes conducting pilot studies of new and existing treatment infrastructure results of which are shared with tenants and stakeholders.

### **Source Control**

Controlling pollutants at or near the source is the most cost-effective way of reducing impacted stormwater runoff, managing the risk of costly corrective actions for treatment, and reducing the cost of operations and maintenance of installed stormwater treatment systems. NWSA WQ staff work with customers (as requested) to identify pollutants close to the source and eliminate the source where possible. Using a stepped approach like this, the WQ

team assists customers with effective, cost-effective solutions.

### Seattle Harbor Focus

Most Seattle Harbor tenants have installed stormwater treatment at their facilities. The challenge going forward is to reduce the cost of operating and maintaining these systems and, if possible, prevent or eliminate the need for stormwater treatment in selected areas. The Water Quality team continues to focus on maintaining relationships with tenants/ customers and working with them to implement at- source and near-source BMPs with these goals in mind. In 2021, WQ staff will spend time with tenants walking their site operations and comparing that to their Storm Water Pollution Prevention Plan's (SWPPP) to help the tenant understand the importance of consistency between operations and plans.

### Tacoma Harbor Focus

Many Tacoma Harbor tenants are coming out of consistent attainment with benchmarks for water quality parameters under the Industrial Stormwater General Permit. The Water Quality team continues to work with tenants/customers to implement at-source and near-source BMPs to facilitate cost-effective and successful solutions, and to focus on tenants/ customers that may face site challenges to meet water quality criteria or regulatory policy issues. In 2021, WQ staff will spend time with tenants walking their site operations and comparing that to their SWPPPs to help the tenant understand the importance of consistency between operations and plans.

### **Stormwater Development/Redevelopment**

Coordination with each home ports' stormwater permit programs ensures site-specific stormwater requirements are met. This includes the design of appropriate treatment systems and/or system selection based on proposed land use and typical discharges associated with site-specific activities. Projects include redevelopment of terminals in both harbors. Both home ports have developed Stormwater Management Guidance Manuals which give specific guidance for development and redevelopment projects to ensure compliance with MS4 requirements.

### **Projects**

Tenant assistance projects in both harbors include installing downspout treatment boxes, infrastructure assessments to identify potential deficiencies, and source control site visits to assist tenants/customers.

### Seattle Harbor Projects

Design for the redevelopment of Terminal 5 is 90% complete. As part of those efforts the NWSA focused on cost-effective stormwater treatment solutions as the facility is updated in partnership with its customer, SSA Marine. The project goal is an effective treatment system that protects the water quality of the west waterway. The project received a \$5M grant from the Department of Ecology's Water Quality program for the phase 1 installation of treatment on 137 acres of the terminal. This is the first grant given to a port and a facility subject to the ISGP. This is the largest grant Ecology has given to support a stormwater facility project.

Terminal 18 is installing its last treatment system. SSA Marine chose a system based on what worked best on the terminal by looking at previously installed projects in four other drainage basins. SSA Marine installed modular wetlands, open media filtration systems and active chemical treatment, Chitosan Enhanced Sand Filtration. The active chemical treatment system was selected for the last drainage basin due to its predictable results in meeting permit benchmarks and O&M costs

### Tacoma Harbor Projects

The NWSA has successfully completed the treatment installation at the West Sitcum Terminal and turned over the operating permit to the customer in January 2020. Additionally, the NWSA installed a membrane filtration device and pipe that treats water from the NIM and Maintenance areas and completely bypasses Husky Terminal. This project will allow Husky to install a lower flow and cost treatment system for their terminal operations.

### **2022 Goals**

In 2021 the NWSA water quality team will assist SSA in completing the construction of the Phase 1 stormwater treatment system at Terminal 5 for 137 acres.

The team continues to assist other tenants as

requested. In 2022 the NWSA WQ team will continue to work with tenants SWPPP updates, pilot additional media blends at the Port of Tacoma Maintenance yard and in the downspout treatment boxes at the Terminal 5 transit shed, and work on the EB1 facility to improve system performance. Additionally, the WQ team will engage with national groups and agencies to advocate for national permit standards for Port Facilities.

## **Air Quality & Sustainable Practices Program**

The Air Quality & Sustainable Practices Program jointly serves the Port of Tacoma and The Northwest Seaport Alliance and focuses on two goals:

- 1) reducing – and, ultimately, phasing out -- air and climate pollution from seaport related activities; and
- 2) promoting environmentally sustainable corporate practices. The program collaborates with a wide range of internal and external partners to develop, find funding for, and implement a suite of initiatives, including the Northwest Ports Clean Air Strategy (NWPCAS), the Clean Truck Program, and the Shore Power Program. In addition, the NWSA works to continuously improve the environmental sustainability of its services and operations. In 2020, the team focused the majority of their efforts on updating the NWPCAS, including significant community engagement, stakeholder input and project planning.

Key 2022 goals for the Air Quality & Sustainable Practices Program include the following:

- Finalize, adopt, and begin execution on both the Northwest Ports Clean Air Strategy (NWPCAS) and a customized implementation plan for the NWSA;
- Continue to manage the Clean Truck Program, including the domestic truck scrapping program, outreach and assistance to truckers and terminal operators, and truck data management;
- In collaboration with the Port of Tacoma, Tacoma Public Utilities, and others, launch the Tacoma Harbor Electrification Roadmap (SHERM) to assess the infrastructure needs associated with transitioning to zero-

emission vehicles, equipment, and operations;

- Support implementation of a project at the South Intermodal Yard to replace six diesel-powered yard tractors with zero-emission, all-electric tractors;
- Support shore power design and installation at Husky Terminal and pursue additional funding for shore power design and installation at Terminal 18;
- Continue to identify, pursue; and secure other grants and other external financial and technical assistance to help advance the NWSA's clean air, climate, and sustainability goals. Continue to partner with the Commercial and Operations teams to highlight and leverage our efforts to position the NWSA as a relatively low-carbon corridor for cargo traveling between the US and Asia;
- Finalize WSU air emissions impact study and integrate findings into NWPCAS implementation; and
- Facilitate the newly formed joint Port of Tacoma/NWSA Clean Air & Climate Action Team (C-CAT), a cross-departmental team to guide implementation of the NWPCAS and the NWSA's associated implementation plan.

## **Planning & Logistics**

Planning and Logistics provides a range of services from strategic to site planning. Some primary services include planning for marine terminals and supporting infrastructure, advocating for multi-modal freight related transportation systems, facilitating port visioning, . Planning also coordinates baseline studies to facilitate decision making about investments and operations.

### **Planning Overview:**

- **Facility Planning:** Services include facility design, facility resilience assessment and planning, assessment of infrastructure needs for operational efficiency, and documentation of current and planned facilities.
- **Transportation Planning and Advocacy:** Support for the Operations Department optimizing gates and terminals, analyzing traffic flow and circulation, and evaluating new communications and data collection

technologies.

- **Project Feasibility Development:** Support Environmental and Engineering Departments by maintaining a general understanding of all focus areas within the group, especially the environmental specialties. With this overall perspective, to the team assists with opportunity assessment reviews and strategic port planning.
- **Strategic Planning and Visioning:** Services include developing land use plans and supporting the development of strategic and business plans. Review and provide comment on new and updated local, state, and federal policy and regulatory documents to protect the interests of the Port. These plans can range from State Freight Master Plans to City Comprehensive Plans.
- **Grant Coordination:** Coordinate grant application efforts to ensure a unified and proactive approach. Grants are sought to help offset the cost of infrastructure, facility, technology, and planning whenever feasible. Coordination efforts encompass tracking priority projects and grant programs. The team also provides staff support to the Grant Steering Committee and communicating with staff involved in grant writing as well as providing commission updates.

## 2022 Planning Goals

The major goals for 2021 include, leading a vulnerability assessment study and advancing related policies, coordination of Seattle Master Use Permit (MUP) operational condition requirements for Terminal 5, coordination and technical support for Sound Transit on ST3 link extensions north and south and Sounder expansion, technical support for the West Seattle Bridge closure, advocacy at Puget Sound Regional Council, Commercial support for new business opportunities, and continued coordination with the NWSA Government Relations, Operations, and Commercial teams, and coordination of grant opportunities. Planning will also lead the homeport of Tacoma's work on the Tideflats Subarea Plan.

## Appendix A Bond Income Calculation

The Northwest Seaport Alliance Charter requires the establishment of a Bond Income Calculation. Section 4.2 (b) states:

**Bond Income Calculation.** Managing Members shall establish and maintain a requirement for the PDA to calculate and establish a minimum level of net income available to pay revenue bond debt service for each Managing Member from the PDA equal to the amount currently required for the Homeports to meet their current bond rate covenants for bond issues outstanding at the time of the formation of the PDA. ("Bond Income Calculation"). In the case of the Port of Seattle, the Bond Income Calculations excludes bonds issued to fund Airport Facilities. The Managing Members shall require the Bond Income Calculation to be reviewed annually as part of the PDA budget process and the Managing Members may adjust the Bond Income Calculation so long as it does not cause any Managing Member to fail to comply with its rate covenant. The PDA may not take any action that reasonably would reduce PDA income below the minimum level established by the Bond Income Calculation unless each Homeport separately votes to approve that action. Such a vote by each Homeport must occur even if the action is within the CEO's authority under the Delegation of Authority Master Policy.

The Northwest Seaport Alliance Charter also specifies required actions associated with each homeports bond rate coverage management. Section 4.2 (c) states:

If net income before depreciation of the PDA is not sufficient for either Homeport to be in compliance with a rate covenant (as currently described in each Homeport's Master Bond Resolutions in effect as of the Effective Date), then:

- (i) Upon that Homeport's request, the PDA shall hire an independent third-party consultant to perform analysis and make recommendations for actions needed to achieve bond covenant compliance.
- (ii) If the consultant recommends an action that the PDA is unwilling, unable or refuses to undertake, either Managing Member can require dissolution of the PDA following the dispute resolution process even if within the Initial Period.
- (iii) The PDA shall have at least four months to respond, act and or dissolve following its receipt of the consultant's recommended action, unless a shorter time is required by the applicable bond covenants.

The Managing Members established the Bond Income Calculation as \$90 million based on the then currently outstanding debt of each Port, the applicable rate covenants and certain other net revenues available for debt service, as appropriate. Due to refunding of bonds outstanding at the time of the formation of the NWSA, the Managing Members approved a reduction of Bond Income to \$21.86 million effective January 1, 2022.



## Appendix B Capital Construction

The Northwest Seaport Alliance Charter requires the funding of Capital Construction. Section 3.12 states:

Separate from Working Capital, the PDA shall provide for the funding of capital expenditures ("Capital Construction") to be funded by a pro rata initial contribution from each Managing Member based on their respective Membership Interests. Managing Members may approve by vote contributions to Capital Construction in amounts other than based on each Managing Members' pro rata respective Membership Interests on a project-specific basis. Requests for funding Capital Construction shall be based either on the CEO's periodic projection of PDA capital project cash flow needs or based on project authorizations to the CEO in accordance with the Managing Member's Delegation of Authority Master Policy Resolution. Managing Members may consider requests for additional contributions to the PDA, the affirmative approval of which will require a vote by each Managing Member. Capital Construction shall be funded by each Managing Member separately and not from Working Capital except to provide short term liquidity per Section 3.7. Distributions of Capital Construction funds will be made expressly subject to either (1) Managing Member approval of capital projects or (2) CEO approval of capital expenditure, where such expenditure is within the levels set in the Delegation of Authority Master Policy.

The Managing Members established the initial Capital Construction as \$27 million based on the proposed 2016 NWSA Capital Improvement Plan. Additions to NWSA Capital Construction have been made as necessary to fund Managing Member approved projects.

## Appendix C NWSA Full Time Personnel

	NWSA			
	2020 Actual	2021 Budget	2021 Actual	2022 Budget
<i>As of September 27th, 2021</i>				
Executive	12	11	11	10
Human Resources	-	-		
External Affairs ( Public Affairs & Communications)	-	2	2	4
Finance And Administration	-	-		
Commercial Business	20	21	17	21
Operations	9	10	10	10
Facilities Development	9	10	9	11
Total	50	54	49	56

### Northwest Seaport Alliance Average Compensation (excluding CEO)

The 2022 staffing budget of \$10,618,867 includes the following:

- \$7,196,831 for salaried employees and \$96,070 for hourly employees which includes;
  - \$147,915 for annual pay increases for salaried employees starting April.
  - \$17,402 for annual recognition program paid to salaried employees in April.
  - \$17,402 for marketplace adjustment for salaried employees during the year.
  - Hourly employees will receive a 3.5% raise in April per contract.
  - Average salary of \$126,091.
- Total benefits of \$3,325,966

### Changes in NWSA Full Time Personnel from prior budget

- Executive: 1 eliminated
- External Affairs: 2 new positions
- Facilities Development: 1 new position

## Appendix D NWSA Memberships

### Overview

The NWSA and alliance staff are members of several organizations. The NWSA believes that participating in these partnership organizations plays a key role in advancing the NWSA's business objectives and ensures NWSA staff is knowledgeable and productive. These memberships are in addition to, or supplement the home port memberships.

### Port Authority Organizations

These memberships assist the NWSA's lobbying efforts on both the state and national levels and keep staff informed about major issues and developments that affect NWSA operations. Membership with the Washington State Public Ports Association remains with the home ports.

### Economic Development Organizations

Economic development is a major part of the NWSA's mission. For that reason, the NWSA maintains memberships and works closely with a variety of economic development groups. These memberships help strengthen the NWSA's visibility throughout the world through trade missions and trade shows.

### Regional Organizations

Memberships in regional organizations demonstrate the NWSA's commitment to trade on a statewide and regional basis.

### Industry Associations and Professional Organizations

These associations and organizations ensure that staff obtains the latest in technical development by taking advantage of meetings, networks and special programs offered by them.

### Trade Promotion Organizations

These memberships give the marketing and sales staff important contacts and current industry trade information that enhances the NWSA's overall marketing efforts.

### Community Service Groups

The NWSA maintains memberships in these groups as part of its effort to build better community relations, to work more effectively with business people and to ensure that the NWSA's interests and concerns are addressed in the community.

### Annual NWSA Memberships & Personnel Memberships (estimated)

Organization	Annual Dues
American Association of Port Authorities	\$78,000
Pacific Northwest Waterways Association	31,670
Washington Council on International Trade	20,000
International Association of Ports and Harbors	14,000
Green Marine	11,000
All Other Memberships	56,155
Total NWSA Memberships	\$210,825

### American Association of Port Authorities

AAPA is an alliance of leading ports in the Western Hemisphere that protects and advances the common interests of its diverse members through advocacy, professional development, relationship-building, and public awareness.

### Pacific Northwest Waterways Association

The Association advocates for funding for navigation projects around the region, including those on the Columbia Snake River System, in the Puget Sound and along the Oregon and Washington coasts.

### Washington Council on International Trade

The Council is dedicated to advocating for public policies that increase Washington State's international competitiveness.

### International Association of Ports and Harbors

A global trade association for seaports worldwide. It is headquartered in Tokyo, Japan.

### Green Marine

Green Marine is an environmental certification program for the North American marine industry.

## Appendix E NWSA Key Strategic Initiative Metrics and Measures

I. BUSINESS DEVELOPMENT / COMMERCIAL INITIATIVES (COMMERCIAL)	
1. Terminal 5 Modernization	PERFORMANCE MEASURE
1. Re-engineer and modernize the North Harbor container terminal footprint to meet future container industry requirements	Obtain substantial completion for Phase I improvements of T-5 lease requirements by December 31, 2021, within the authorization
2. Increase throughput and terminal utilization supported by a commercial deal that if financially viable to support capital investment	Secure additional commitment for T5/early commitment for Phase II term lease and complete commercial negotiations relative to T5 intermodal yard and other open leasehold issues
3. Secure state capital budget funding for Terminal 5 reefer plug infrastructure	The Legislature's work on the capital budget has not in full swing yet, but government affairs staff have identified project sponsors in both the House and Senate and had positive conversations with the chairs and ranking members of the budget committees. Alliance staff are coordinating with committee staff to identify an appropriate account from which to seek the appropriation.
4. Terminal Permit Condition Compliance Monitoring	Operationalize City of Seattle Master Use Permit conditions (transportation and environmental) to support new facility operations Q1/2 2021
2. Maximize Gateway Cargo Potential and Diversification, and Enhance Supply Chain Networks	PERFORMANCE MEASURE
1. Leverage partnership opportunities to retain, attract and grow cargo (container/non-container) & increase cargo diversification by expanding breakbulk, auto, and industrial maritime activity	Retain market share of 7.2% and increase container throughput targeting 1-2% YOY growth
	Retain and grow the auto business
	Increase NWSA market awareness and brand recognition in key emerging SE Asian markets – Vietnam, Indonesia and Thailand
	Recruit 2 new transload businesses to the gateway. We are targeting BCO's

	Ongoing engagement with Target Prospect Accounts to establish transload operations in the PNW.
	Secure 2 service agreements with top importers and form 1 strategic partnership with supply chain stakeholders to drive cargo through NWSA
	Explore offshore wind cargo, assembly and production opportunities for our gateway. Develop a commercial opportunity assessment by Q4 of 2021
	Further enhance NWSA Rail Strategy with a focus on: <ul style="list-style-type: none"> <li>Establish short haul rail service to/from Eastern WA &amp; Idaho</li> <li>Expand our rail incentive program in coordination with the Tier 1 Railroads, targeting 20K incremental rail lifts that are currently moving through Canadian gateways</li> </ul> Secure lease agreement to expand the domestic rail business
	Secure long-term leases for T-10, West Hylebos Terminal (WHT), T-46 that promote maritime activities and supports cargo growth and supply chain networks.
	Use NWSA review of USCG Needs Assessment Report to begin negotiations in Q1 2021
	Increase breakbulk business volume (tonnage) by +5% in 2021 to include all sectors (AG, Mining, Construction and Lo-Lo); Secure a long-term lease with 833 <sup>rd</sup> at East Sitcum Terminal Adm building
<b>3. General Central Peninsula (GCP) Modernization</b>	<b>PERFORMANCE MEASURE</b>
	Secure CBP's approval to relocate Husky's existing Radiation Portal Monitors (RPMs) so that Husky can reconfigure its terminal exit gates for enhanced intra-terminal traffic circulation
	Develop a roadmap for future, phased developments to build upon prior improvements and maximize the GCP's potential.

II. GATEWAY OPERATIONS (OPERATIONS)	
Enhance Gateway Productivity, Efficiency & Operational Performance	PERFORMANCE MEASURE
<p>1. Enhance cargo and transportation network efficiencies by developing close working relationships with local, state, and federal agencies. From these relationships develop new process, procedures, and ITS tools to co-manage the shared transportation infrastructure more effectively.</p> <p>They key outcomes for all stakeholders being:</p> <ol style="list-style-type: none"> <li>1) Identifying chokepoints.</li> <li>2) Effectively mitigate impacts in real time.</li> <li>3) Create shared processes, procedures, and tools around active network management. Utilizing TSMO strategies.</li> <li>4) 4. Through data and analytics develop a shared roadmap and narrative to compete for transportation funding more effectively.</li> </ol>	<p>Continue to participate in the Seattle Area Congestion Management Joint Operations Working Group (SAJOG) and facilitate the creation of the Tacoma Area Joint Operations Group (TAJOG). Through these groups, enhance electronic monitoring of infrastructure and transportation systems outside of the Port complex by expanding real-time drayage and traffic monitoring in and around the Port complex.</p> <p><b>GOALS</b></p> <ul style="list-style-type: none"> <li>• SAJOG to complete the plan for deployment of expanded electronic monitoring system. Called the virtual command center or VCC. Initially this system will be focused on incident command response. Future efforts will incorporate additional operational inputs to include RFID, Bluetooth, and cameras. This is an ongoing project with initial rollout scheduled for Q1/Q2 2021.</li> <li>• Finalize and launch the Tacoma Area Joint Operations Group (TAJOG) in 2021.</li> <li>• Complete a response plan with SDOT and WAsDOT to mitigate impacts to surface street fluidity during times of increased truck traffic. Adoption expected by all parties Q2 2021.</li> </ul>
<p>2. Work with third party vendors and key stakeholders to develop a roadmap to enhanced visibility in a sustainable and fiscally responsible manner.</p>	<p>Our Port Community System (PCS), comprised of the NWSA website and Advent's eModal platform, will continue to be expanded and enhanced based on the needs from the supply chain and new technology developments.</p> <p><b>GOALS</b></p> <p>NWSA Website Enhancements: Additional Dashboards within the operations page to highlight terminal health. To include tools being developed by Advent.</p> <ul style="list-style-type: none"> <li>• Full Turn times are first focus for 2021. Completion Q2.</li> <li>• Take vision document from Advent and turn into a business case presentation aimed at key stakeholders. Targeting Q2.</li> <li>• Clean up currently displayed historical metrics. Q2</li> </ul> <p>Make connections with other third-party vendors as part of a greater supply chain connection effort. Q4</p>

<p>5. Enhance and improve service delivery key performance indicators (KPIs) with a move toward real-time reporting and analytics</p>	<p>6. Facilitate service delivery improvement initiatives with Marine Terminal Operators, Labor and Railroads. Hold regular labor/NWSA/terminal operator meetings discuss how to improve the performance of the gateway.</p> <p>7. GOALS</p> <p>8. Work closely with T5 team to ensure all preoccupancy congestion mitigation requirements are in place and effective. Q2</p> <p>9. With T18 staff identify processes and infrastructure improvements that will mitigate potential truck congestion due to additional cargo increases. First phase document Q1. Roadmap to implementation Q2.</p> <p>10. With PCT staff work to streamline Reefer processing. Q1. Explore options for additional reefer plugs. Q2</p> <p>11. With WUT staff working on yard efficiencies as cargo volume grows and utilization increases. Q2</p> <p>12. With Husky staff streamlining rail handoff data. Ongoing effort.</p>
<p>3. Enhance and improve service delivery key performance indicators (KPIs) with a move toward real-time reporting and analytics</p>	<p>In partnership with the Washington Trucking Association (WTA), facilitate gate service improvements by conducting regular meetings with the drayage community and the Marine Terminal Operators. With information gathered develop an internal roadmap to connect initiatives with reasonable funding sources.</p> <p><u>GOALS</u></p> <ul style="list-style-type: none"> <li>• With WTA develop new strategies to engage terminal operators on service delivery metrics. Q2</li> <li>• Create a menu of options that could be employed to reduced congestion increase efficiencies. Initial document Q2.</li> <li>• Develop a roadmap with commercial to tie efficiency improvements to incentive initiatives. Q4.</li> </ul> <p>Reduce full gate turn times at/below 90-min avg</p>

<p>4. Support Port-area infrastructure investments that support the efficient flow of cargo to and from NWSA facilities</p>	<ul style="list-style-type: none"> <li>• Support the on-time implementation of the Puget Sound Gateway (SR167/509)</li> <li>• Support the City of Fife as it seeks additional funding to complete the second phase of the Interstate 5/Port of Tacoma Road interchange</li> <li>• Secure rapid decision on West Seattle Bridge repair/replace and maximize rapid execution of the solution. Support the City of Seattle with regional/state/national role of this transportation corridor as it seeks local, state and federal funding.</li> </ul> <p>Support increased funding and program flexibility for Port facilities and off-terminal support-infrastructure, through MARAD Port Infrastructure Development Grant Program, INFRA and freight formula funding</p>
<p>5. Customs and Border Protection Office Facility in Seattle</p>	<p>Develop facility to address Customs and Border Protection (CBP)'s request for an upgrade</p> <ul style="list-style-type: none"> <li>• Reach Agreement with an ILA and/or cost share agreement with Port of Seattle for CBP facility which is not a NWSA licensed property</li> <li>• Negotiate and execute a new space use (lease) with CBP subject to resolution of the above (This could become a POS or an NWSA responsibility)</li> <li>• Complete 100% design on reconfigured and consolidated CBP facility at Terminal 106 (Currently CBP occupies 2 Port of Seattle properties at T-106 and T-104)</li> </ul>
<p><b>III. FINANCIAL PERFORMANCE (FINANCE)</b></p>	
<p><b>Effectively Manage 2021 Operating Activities to Deliver Expected Financial Results</b></p>	<p><b>PERFORMANCE MEASURE</b></p>
	<p>Meet or exceed the budgeted 2021 Distributable Cash. Continuously monitor financial performance and make changes to improve Distributable Cash via cost reduction or revenue growth. Continue to monitor value of service agreements and propose modifications as necessary to improve the NWSA cost structure</p>
	<p>Return on Revenue (ROR) defined as Operating Income after Depreciation divided by Revenue (as adjusted for the accounting GASB87) exceeds 35% on a four quarter (4 quarter) moving average basis.</p>
	<p>Continue increased public briefing sessions regarding financial performance and forecasted results</p>



IV. ENVIRONMENTAL STEWARDSHIP (ENVIRONMENTAL)	
1. Manage Clean Truck Program	Manage the existing Clean Truck Program including RFID technology, Trucker database, sticker program and trucker/terminal operator assistance
	Continue 2020 domestic truck scrapping program into 2021, targeting domestic trucks unable to access previous programs, using remaining City of Seattle grant from the Clean Truck Fund and other grant funds as available. Provide Quarterly Domestic Truck Data to Managing Members. If compliance drops below 75%, return to Managing Members with revised recommendation
	With broad external stakeholder support, adopt an updated NWPCAS with the goal of reducing DPM and GHG emissions to zero by 2050; including a NWSA implementation plan that includes a Clean Truck Program, Cargo Handling Equipment Program, Shorepower Program and other sectors
	Pursue grant opportunities to further Cargo Handling Equipment (CHE), Shorepower and fleet modernization initiatives; internal goal of 50% grant match funding on future projects
	Complete strategic energy planning effort in the South Harbor (matching effort in the North Harbor) to support GHG Resolution and NWPCAS
	T-18 shorepower – initiate design in 2021 and seek grant funding to support design and construction
	Complete T-3/T-4 shore power design by Q3 21 and commence project construction (subject to Commission authorization) by Q422
	Support Pacific Rail Services initiative to replace 6 diesel yard trucks with all electric trucks and manage required infrastructure installation and DERA grant and TPU incentives
	Present WSU Air Emissions Dispersion Modeling data on NWSA related air emission impacts to community stakeholders and MMs; based on data and stakeholder input, target NWSA priorities
	Strengthen engagement efforts/partnerships with neighboring communities in both harbors to advance the NWPCAS and Implementation strategy

2. NW Ports Clean Air Strategy	<p>Develop and advocate for international, federal and state engagement strategies to foster a more even playing field across ports on climate and clean air actions.</p> <ul style="list-style-type: none"> <li>• Participate on International Association of Ports and Harbors (IAPH) steering committees</li> <li>• Advocate at the International Marine Organization (IMO) as appropriate</li> </ul>
3. Water Quality	<p>Assist the tenant with the completion of the T-18 and Husky stormwater treatment system construction. Assist the tenant with the design of a cost-effective stormwater treatment system at T-5; complete phase 1 construction in the north 137-acre area.</p>
	<p>Resolve current ISGP appeal with the Washington State Dept. of Ecology and utilize outcome of ISGP appeal to inform and address options for: 1) resolution of current litigation at W. Sitcum Terminal; and 2) ways to reduce tenant stormwater compliance costs while supporting high water quality standards (such as pilot treatment projects, evaluating grants, state and federal policy)</p>
	<p>Assist tenants with stormwater pollution prevention plan (SWPPP) development and ensure all plans are on file and inspect as needed</p>
	<p>Develop and advocate for international, federal and state engagement strategies to foster a more even playing field across ports on water quality actions. Participate on Green Marine technical committee to evaluate and enhance spill response/water quality metrics to better reflect NWSA stewardship efforts.</p>
4. Green Gateway Initiatives	<p>Work alongside the Commercial and Operations Depts and our customers to highlight and leverage our Green Gateway/low carbon corridor initiatives. Develop marketing/industry stakeholder plan with NWSA Commercial to share with BCO's, vessel and community partners by Q421</p>
V. GOVERNMENT AFFAIRS	
Effectively Manage 2021 Operating Activities to Deliver Expected Financial Results (cont.)	PERFORMANCE MEASURE
1. Harbor Maintenance Tax Reform <b>Secure implementation of the HMT reform provisions in the Water Resources Development Act of 2020</b>	<p>Ensure implementation of HMT legislation is consistent with NWSA expectation. Support development of internal processes for the use of the new HMT funds and programs</p>

2. Federal West Coast port competitiveness strategy Establish a formal federal strategy for goods movement and freight that addresses cargo diversion to Canada, including through US national investment and other policies	Seek initiation of a federal study that compares US and Canadian freight infrastructure investment and policy and that recommends actions that should be taken to improve West Coast port competitiveness
	Secure participation of other ports and other supply chain partners in this initiative
<b>VI. PLANNING AND LOGISTICS</b>	
<b>1. Transportation Planning</b>	<b>PERFORMANCE MEASURE</b>
	In 2021, provide technical support for plans and communications designed to protect and improve ingress and egress at: -Terminal 5 and Terminal 18, including engagement in the West Seattle Bridge and Sound Transit working groups. -Interstate 5, SR 167, and Puyallup Avenue connections to the Tideflats.
	In 2021, provide technical support in development of the Tacoma Area Joint Operations Group (TAJOG) and continued technical support as needed with the Seattle Area Joint Operations Group (SAJOG).
2. Land Use Planning	In 2021, provide technical support on the Tideflats Subarea Plan (TSAP) which will continue through 2023 and the completion of the 2021-2026 Port of Tacoma Strategic Plan in support alliance operations and potential growth.
	In 2021, provide technical support and coordinate with Port of Seattle staff to advocate for protection of industrial lands in the Duwamish MIC in support alliance operations and potential growth.
3. Facility Planning	By Q4 21, complete the NWSA Vulnerability Assessment and Response Framework considering potential hazards and best available sea level rise projections, to inform future policy and investment. In 2022 commission will direct project prioritization and potential policies.
	In 2021, work with geographic information staff (GIS) to fine tune NWSA facility mapping, data to unify format of the NWSA Properties Book and future project development.
	Develop a container terminal berth maintenance and dredging program to ensure timely permitting and design by Q4 21

4. Grant Coordination	Coordinate between the various organizational grant programs to maximize 2021 grant opportunities for supporting infrastructure development, operational efficiencies and environmental enhancements. Support management of previously successful grant applications and provide staff support to the Grant Steering Committee. Show year end grant funding results for 2021 by Q122
5. Seattle Harbor Deepening Project	Negotiate and sign design agreement with USACE for the West Waterway portion of the Seattle deepening project; partner with USACE during preconstruction engineering and design to ensure project success. Process is on hold while USACE and NOAA determine their response to the potential litigation that would affect project.
6. Tacoma Harbor Waterway Deepening Project	Support Corps issuance of Final Feasibility Study. Ensure Corps has support of WPPA NMFS liaison to complete environmental documentation Q221. Negotiate cost share agreement with Corps for Pre-construction Design and Engineering Q421. Develop phased investment plan for channel and berth deepening Q321.
7. South Harbor Waterway Maintenance	Obtain all required entitlements to execute maintenance dredge work and restore minimum - 51' MLLW in WUT and Husky berthing areas Q321.
VII. ORGANIZATIONAL PERFORMANCE (HR / IT)	
PERFORMANCE MEASURE	
1. Staffing	
Diversity, Equity & Inclusion (DEI)	Engage and Participate in the DEI programs as led by Home Ports, ensure that DEI training postponed from 2020 (due to COVID) is completed by Q2 2021

## **The Northwest Seaport Alliance**

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***Phone: 800-657-9808***

***Website: [www.nwseaportalliance.com](http://www.nwseaportalliance.com)***

## **PORT OF TACOMA**

### ***Administrative Offices***

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# **XIII. APPENDICES**



## **APPENDIX A: BUDGET POLICY, PROCESS, AND CALENDAR**

### **1. OPERATING BUDGET**

#### **a. Budget Policy:**

The Port established a budget policy to provide systematic planning as part of the management performance and control. The purpose of this policy is to allow the capability to forecast realizable financial results over definite periods of time. This is accomplished through planning and coordination of the various complex operations and functions of the Port, through systematic communication and the use of the Port's financial control and management information system.

The Operating Budget is an essential tool for business planning, resource allocation, and control. It quantifies business groups and departmental plans for future periods in strategic, operational and monetary terms. This facilitates coordination of plans between divisions/departments and provides a basis for control once the plan is in effect.

Various inputs to the budget planning process are required for it to be meaningful, including forecast of economic trends and business activity levels. Above all, goals, objectives, programs, action plans and performance measures are defined and reviewed annually for consistency and support of the Port's overall mission.

The budget plan is based on assumptions about the success of marketing efforts, demand for services, and the cost, availability and need for people and materials. The budget process provides continual feedback which compares not only actual performance to the plan but also the validity of the assumptions on which the plan was based.

The Operating Budget is a management tool for controlling and analyzing each area of responsibility. Budgeting, as well as the recording of actual costs, is done on an Org basis. An Org is a distinct functional and physical unit. Its performance responsibility can be assigned to one person. There are over 200 Orgs at the Port and each Org has a budget.

Allocated and/or indirect expenses are not budgeted for by the recipient Org. These are costs that are allocated to the business groups/units from service providers. Allocated costs are general support costs that cannot be directly attributed to a business unit, but instead support the entire Port. Costs can come from within the division (intra-division allocation) or from outside the division (inter-department allocation).

Department Directors are responsible for preparing the operating budget for their areas of responsibility, subject to review and approval by several levels within the organization. Orgs can be combined to analyze and report on budgets by functional or business units. Port management needs current, timely, and accurate information to make informed decisions. The objective of the budget process is to provide resource allocation, accountabilities, performance, and control to enhance effective management.

In addition to planning for the business needs of the organization, this process results in a method of comparing actual financial results with the approved budget plan. The appropriateness of the pricing structure or the effects of changes in costs or activity can be observed. This approach gives management the flexibility to evaluate the performance of a particular activity. The Budget Report (a comparison of the proposed budget to the current year's budget and last year's actual) and the Responsibility Report (a comparison of actual results to budget) can advise a manager if things are not going as expected, whether

strategies are being accomplished, and also give them clues as to what might be wrong. The function of controlling and managing the operations of the Port is accomplished with the Operating Budget. The annual budget process includes several Commission briefings by the operating divisions and Central Services during the year to update the Commission on key issues facing the business groups and to solicit input into overall strategies and objectives. The divisions update the Commission on each business unit with background information, discuss capital and operating plans, and dialogue on major policy issues.

Divisions fine-tune their business and operating goals based on Commission input and put together their budgets.

Key budget events include the following:

- Conduct budget planning meetings with the Executive Management team
- Publish the budget guidelines/instructions and budget calendar
- Provide financial planning and analysis system training to budget staff
- Division and department budget staff prepare their respective budgets
- Conduct internal budget reviews which include in-depth discussion of revenue and expense assumptions; new programs, initiatives, or other proposed increases in revenue and expenses
- Review and approval of budget by the Executive Management and Commissioners
- Release of the budget to the Port Commission and public stakeholders

The budget staff responds to inquiries of commission and interested stakeholders during commission budget workshops, first and second reading, and adoption of the budget after the public hearings.

In addition to the Operating Budget as stated above, the budget staff prepares the Statutory Budget as defined in RCW 53.35.010 to show “estimated expenditures and the anticipated available funds from which all expenditures are paid.” Being a cash budget, the Statutory Budget establishes the level of the Port’s property tax levy and sets upper limits of expenditures and is not used as an Operating Budget.

**b. Budget Adoption:**

The budget is provided to the Port Commission and must be made available to the general public as required by law - RCW 53.35.010 and RCW 53.35.045. A Public Hearing for the Introduction of the Preliminary Budget is held before the final passage of the Budget, at which time the Port Commission will make final recommendations and Adopt the budget. An announcement of the public hearing is made in the DAILY JOURNAL OF COMMERCE newspaper and copies of the preliminary budget are made available for distribution to any interested persons by a specified date as required by laws - RCW 53.35.020 and RCW 53.35.045.

Subsequent to the public hearing and Commission adoption of a final plan, the Statutory Budget is then filed with the King County Council and King County Assessor as required by law, by a specified date as allowed by RCW 53.35.045.

**c. Monitoring of Budget:**

Once an annual budget is in place, the Responsibility Report (comparing actual results to budget) is generated monthly and variances from the budget are analyzed and reported on a monthly basis, and more extensively each quarter, to determine if corrective action is needed. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into the quarterly Financial Performance Report. The Financial Performance Report is a report in narrative format explaining the reason or causes of variances between actual revenues and expenses versus budgeted amounts on a quarterly basis. A good and accurate monthly and quarterly variance/Financial Performance Report is a very important tool for management.

The Financial Performance Report is presented to Executive Management and the Commission quarterly. This allows Executive Management and the Commission to make timely and well-informed decisions.

**d. Amending the Operating and Capital Budgets:**

The Executive Director of the Port of Seattle is authorized “Within Budget Limits” to transfer budgeted amounts between departments; however, any revisions that alter the total expenses Portwide that are not within the Executive Director Authorized Budget Limits require authorization from the Port Commission.

As per Resolution 3605, as amended, the Port Commission has adopted policy directives delegating administrative authority to the Executive Director for the purpose of day-to-day management and administration of the Port and as stated in sections 20.2.1 and 20.2.2 of said resolution:

20.2.1. "Annually Approved Capital Budget" means the list of capital projects (including small works projects) and the projected total dollar amount of upcoming budget-year spending associated with those projects which is presented to, and reviewed by, the Commission as part of the budget review process (i.e., the first year of the Capital Improvement Plan), or as subsequently amended by the Commission during the budget year.

20.2.2. "Annual Operating Budget" means the budgeted operating and non-operating revenues and expenses reviewed and approved by the Commission as part of the budget process, or as subsequently amended by the Commission during the budget year.

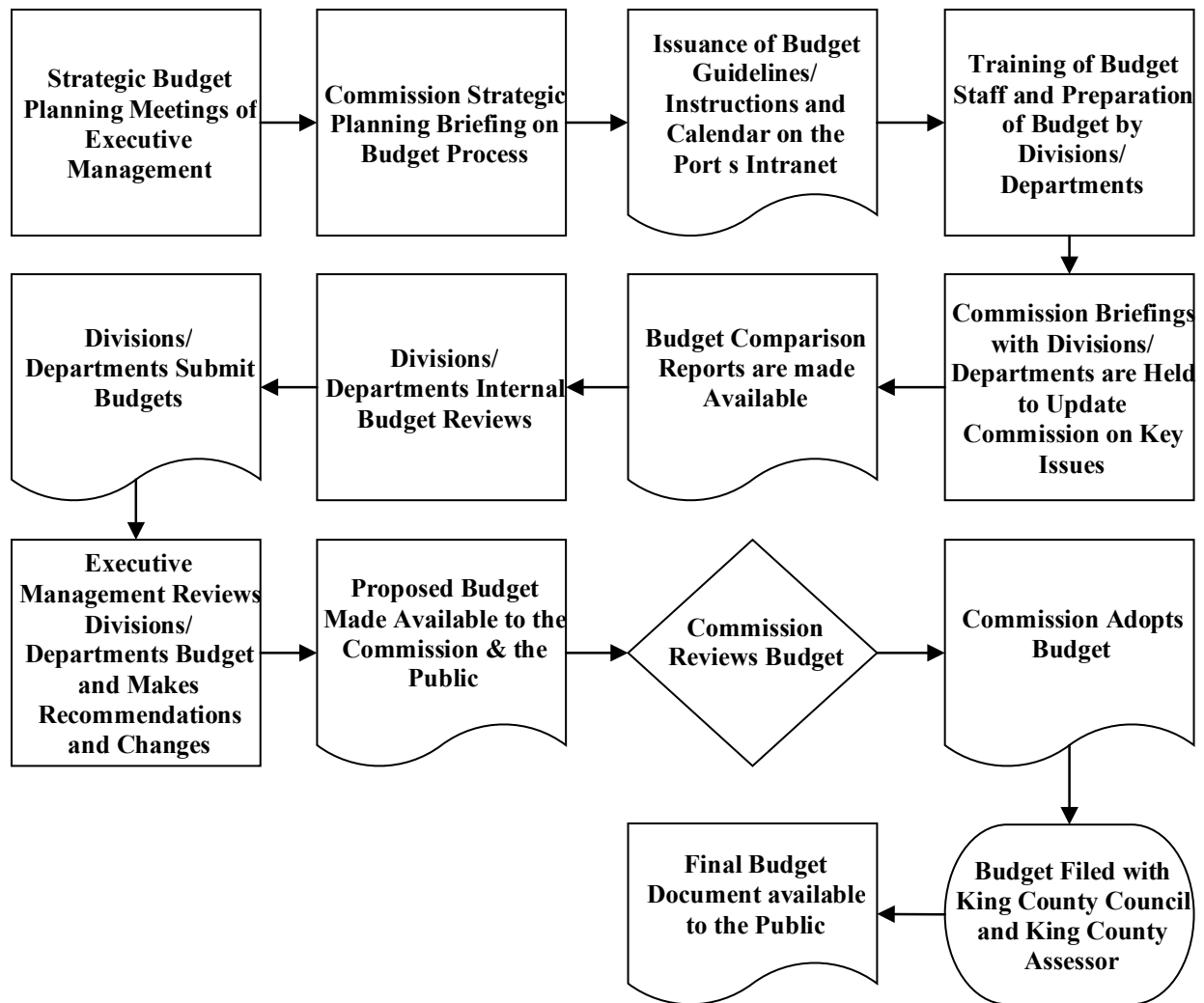
**e. Operating Budget Process:**

The steps in the 2022 operating budget process are as follows:

- Budget planning meetings with the Executive Team to discuss key strategic initiatives and budget process
- Commission strategic and business planning briefing
- Financial planning and analysis system training for budget users from the various divisions
- Commission briefing on budget process and providing key budget assumptions to the Commission
- Issuance of budget guidelines/instructions and budget calendar on the Port’s intranet
- For the operating divisions, targets are developed based on the divisions’ business forecast
- For Central Services, initial targets are based on a bottom-up assessment of needed resources to accomplish Portwide strategy/actions plans
- Several Commission briefings by the operating divisions and Central Services are held during the year to update the Commission on key issues facing the business groups/departments and to solicit input for any changes in strategy
- Financial planning and analysis system is prepared and made available for input
- Actual preparation of the budget by divisions/departments
- Costs of service departments are charged/allocated to the operating divisions and the NWSA according to the policy and the Service Agreements
- Finance and Budget generates a budget comparison report that compares the proposed budget to the current year’s budget and last year’s actual. Finance and Budget also produces the current year’s Forecast Report
- Divisions/departments complete their detailed budgets and are reviewed internally by their senior managers and Finance and Budget staff. These reviews include in-depth discussion of revenue and expense assumptions, new programs, initiatives, or other proposed increases in revenue, expenses as well as operational needs
- Divisions/departments budgets are submitted to Finance and Budget and then reviewed against targets by the Executive Team

- Executive Team makes recommendations and changes, which are incorporated into divisions and departments budgets
- Several Commission budget briefings are held on divisions/departments capital budget, operating budget, and Draft Plan of Finance
- All budget issues are resolved, and changes are entered into the financial planning and analysis system
- Finance and Budget staff generates various reports, ascertains that all approved changes are incorporated into the budget and reports are accurate
- Finance and Budget prepares the preliminary budget document and releases the proposed budget to the Port Commission and to the public approximately three weeks before the Introduction and Public Hearing of the 2022 Budget
- The Introduction and Public Hearing of the budget are held on the second Tuesday of November.
- The Adoption of the budget are held on the third Tuesday of November
- Statutory Budget is filed with King County Council and the King County Assessor as required by law on the first Monday in December
- Finance and Budget staff prepares and releases the final budget document to reflect Commission recommendations
- Finance and Budget staff sets commitment control for Central Services departments and operating divisions

**FIGURE A-1: OPERATING BUDGET PROCESS FLOW CHART**



**f. Operating Budget Planning Calendar:**

<b><u>Date</u></b>	<b><u>Activity</u></b>
5/21/21	2022 Budget Planning
6/03/21	Commission Budget Retreat including 2022 Budget Process
7/13/21	Budget Guidelines/Instructions and Calendar Available
7/13/21	Financial planning and analysis system available for input
7/13 – 7/23/21	Budget User Training
7/13 - 10/13/21	Preparation of budget by divisions/departments
7/27/21	Budget Development Briefing
7/29/21	Commission Budget Retreat
8/06/21	Central Services Departments New Budget Requests Due to Finance & Budget (F&B)
8/9/21	Central Services Allocation forms available for review
8/13 - 8/31/21	Executive Review of Central Services Department's New Budget Requests
9/01/21	Non-Operating Budgets due to F&B
9/3/21	Central Services Departments Final Entries Completed
9/8/21	Central Services Budget Support Documentation due to F&B
9/9/21	Executive Review of Central Services' Operating & Capital Budgets
9/13/21	Executive Review of Maritime's Operating and Capital Budgets
9/15/21	Executive Review of EDD's Operating and Capital Budgets
9/15/21	Executive Review of Aviation's Operating and Capital Budgets
9/28/21	Commission Briefing on Central Services Operating Budget
10/12/21	Commission Budget Study Sessions for Aviation and Maritime Operating and Capital Budgets
10/19/21	2022 Preliminary Budget document is available to the Commission
10/21/21	2022 Preliminary Budget document is released to the Public
10/26/21	Tax Levy and Draft Plan of Finance Commission Briefing
11/16/21	Adoption of the 2022 Budget
12/1/21	Filing of Budget with King County Council & King County Assessor as required by law
12/15/21	Release of 2022 Final Budget

## **2. CAPITAL BUDGET**

### **a. Capital Budget Policy:**

As part of the Strategic Budgeting process, Finance and Budget produces the Capital Budget and the Draft Plan of Finance. The Capital Budget consists of capital plans or the Capital Improvement Plan (CIP), over a five-year period, for all divisions: Aviation, Maritime, Economic Development and Central Services. The Draft Plan of Finance is a funding plan of the CIP that the Port publishes on an annual basis.

The divisions review and revise their CIP in conjunction with the review of their existing business goals and strategies. The CIP is comprised of Committed projects from the 2021 CIP, less any that have been deleted, plus any Prospective projects that may meet the criteria to move forward to Committed status. The CIP may include Business Plan Prospective projects if coverage targets are met. Divisions are encouraged to review CIP cash flows with respect to timing and reasonableness to ensure effective use of capital capacity.

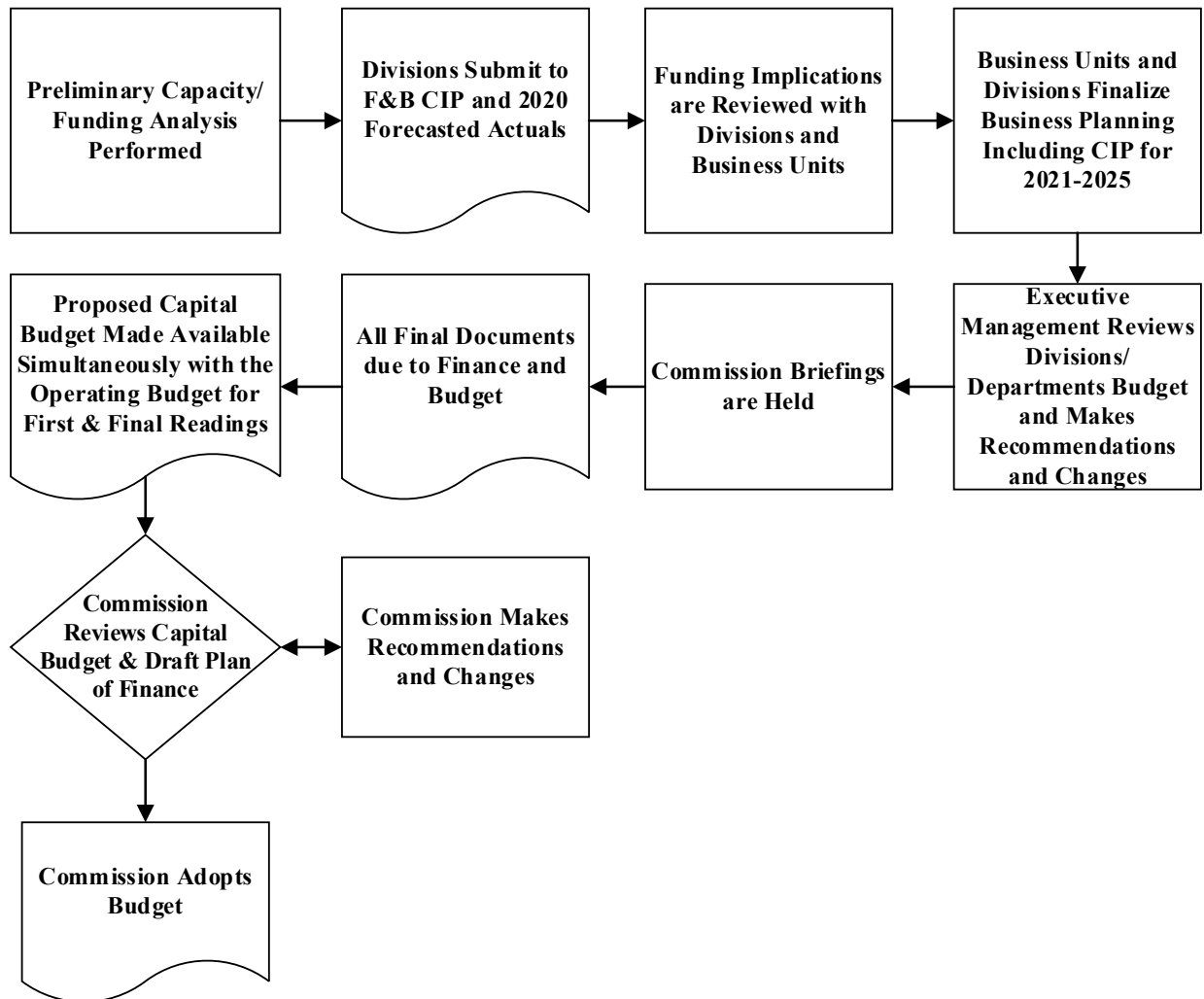
### **b. Capital Budget Process:**

- A preliminary capacity/funding analysis is performed once the 2nd quarter update is completed, but no later than by the end of August
- At the end of September, divisions submit to Finance and Budget the CIP and 2022 forecasted actual (which includes actual through second quarter). The funding implications of these capital plans are then reviewed with the divisions and business units
- Following Finance and Budget funding analysis and Executive review of preliminary plans, business units and divisions finalize their operating and financial goals, including their CIP for 2022-2026
- This information is then reviewed by Executive, presented to the Commission, and included in the 2022 Final Budget document

After the close of the 2021 fourth quarter in January 2022 and based on the 2021 fourth quarter CIP update, the divisions should have more refined capital spending estimates for 2022. Each division may choose to adjust the spending from the original list of projects in the Capital Budget, to establish the 2022 approved funding amount for each project and for the division as a whole. The adjusted Capital Budget will become the “Approved 2022 Capital Budget” and will be used for quarterly variance reporting during the year.

**Note:** Even though the Commission reviews the Capital Budget in November, each individual CIP project, with a total cost in excess of \$300,000, is presented and approved by the Commission in public meeting for spending authority.

**FIGURE A-2: CAPITAL BUDGET PROCESS FLOW CHART**





**c. Capital Budget Planning Calendar:**

Following is the 2022 Capital Budget planning calendar:

<b><u>Date</u></b>	<b><u>Activity</u></b>
6/03/20	Commission Budget Retreat with 2022 Budget Process
7/27/21	Budget Development Briefing
7/29/21	Commission Budget Retreat
8/23/21	2022 Maritime and Economic Development CIP and Funding Briefing
9/03/21	Preliminary Non-Aviation capital capacity analysis by F&B
9/7/21	F&B creates “CAPBUD” database from Projects
9/9 - 9/16/21	Executive Review of Operating and Capital Budgets for all divisions
9/10/21	Preliminary Aviation Forecast Model due to F&B
9/28/21	Commission Briefing on Central Services’ Operating and Capital Budgets
10/4 - 10/8/21	F&B finalizes Capacity/Funding Analysis
10/12/21	Commission Budget Study Sessions for Aviation Operating and Capital Budgets
10/12/21	Commission Briefing on Maritime and EDD Operating and Capital Budgets
10/26/21	Tax Levy and Draft Plan of Finance Commission Briefing
11/9/21	Introduction and Public Hearing of the 2022 Budget
11/16/21	Adoption of the 2022 Budget
12/1/21	Filing of Budget with King County Council & King County Assessor as required by law
12/15/21	Release of 2022 Final Budget

## **APPENDIX B: FINANCIAL MANAGEMENT POLICIES**

The primary purpose of the Port is to broaden and strengthen the economic base of the port district. The Port uses key criteria in various combinations as it pursues its capital and operating programs and projects. Clearly, national and international economic strengths or weaknesses have a direct bearing upon the Port's financial viability and role as an economic engine for the region.

### **1. KEY FINANCIAL TOOLS**

The Port uses several tools to monitor its financial performance and these are described below:

- a. **Long-term Targets**: The Port's long-term targets provide high-level policy guidance. These targets provide guidance to business planning for each division.
- b. **Operating Budget**: The Operating Budget is an essential tool for the Port's management planning, resource allocations, and control. It quantifies line of business and departmental plans for the next year in both operational and monetary terms. Throughout the year, the Responsibility Reports (which compare actual results to budget) are generated monthly and variances from budget are analyzed on a monthly basis, and more extensively each quarter, to determine if corrective action is needed. Divisions and departments prepare a quarterly forecast, which is incorporated into the quarterly Performance Report, which provides explanation of variances from the approved plan and is presented quarterly to Executive Management and Commission in public meetings, as necessary.
- c. **Balanced Budget**: The Port prepares an annual budget and supports, encourages and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port's policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.
- d. **Operating Forecasts**: Included in the budget document are five-year forecasts or projections of the division's operating revenues and expenses. The first year of this forecast is the Operating Performance Budget.
- e. **Capital Budget and Capital Improvement Plan**: A detailed plan of proposed outlays or capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the proposed means of financing them through bond proceeds, grants and operating revenues. This document serves as an operational and planning tool and it is directly tied to the business goals. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.
- f. **Capital Improvement Plan (CIP) Reserve**: The Capital Improvement Plan may include one or more CIP reserves to ensure funding capacity for unspecified projects (e.g. renewal and replacement), new initiatives and unforeseen needs. However, CIP reserves are not intended to anticipate all potential future spending and amounts will be determined by considering the data on historical capital trends, existing asset conditions, the status (level of certainty) of CIP forecasts, and any contingent risks that may require funding. The use of CIP reserves will be reviewed with the Commission annually during the budget process.
- g. **Capital Expenditures**: Expenditures that arise from the acquisition or improvement of the Port's fixed assets such as construction of new facility or renovation of existing facility; renewal, replacement or upgrading of mechanical, electrical, communications, HVAC and plumbing systems; computer and office equipment; furniture and fixtures; vehicles, etc.
- h. **Capital Budget Impact on the Operating Budget**: Its impact on the Operating Budget is through Capitalized Labor or Charges to Capital Projects, which include the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating budget and then budgeted in the capital budget as part of the cost of the project(s). The Operating Budget is also impacted in the form of increased operating, maintenance and depreciation expenses because of the

new assets. Depreciation is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn or depreciated. The capitalized labor or charges to capital projects is displayed in table III-3 and the depreciation is displayed in table III-2. The capitalized labor is also displayed in similar tables in sections IV thru VII.

- i. **Plan of Finance:** The Five-year Capital Budget is the basis of the Plan of Finance. This document provides a funding plan of the capital program developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance, section X of this book.
- j. **Capital Investment Matrix:** The matrix provides an analytical framework for capital projects. The results of the analysis provide financial and non-financial information for the Port Commission as a guide for capital investment decisions.
- k. **Financial and Operational Indicators Report:** The Port uses financial and operating indicators to monitor its financial performance and budget. This report is produced and distributed monthly to the Port Commission and Executive Management.
- l. **Treasury Management:** Using its internal Treasury since July 2002, the Port has experienced increased investment earnings, faster mobilization of funds, on-line banking capabilities, easier accounts and full control of its cash and investments.
- m. **General Coverage Ratios and Cash Flow Margins:** As part of its financial modeling, the Port targets that Airport cash flow equals 1.25x of all Airport related revenue debt and that Non-Airport cash flow equals 1.8x of all Non-Airport related revenue debt. In addition, the Port targets general obligation bond debt service not to exceed any more than seventy-five percent of the annual tax levy.
- n. **Bond Coverage Ratios:** The Port, through financial modeling, runs projections for its revenue bond debt service coverage ratio. Although the Port has an obligation under First Lien Revenue Bond covenants to maintain a ratio of 1.35x, as a matter of practice a ratio of at least 1.8x is maintained. Debt service coverage may fall below this target level during periods of construction borrowing prior to the time that revenue producing assets come on-line.
- o. **Fund Balances:** Working capital fund balances are maintained in the General Fund and the Airport Development Fund. The targeted level for the General Fund is approximately twelve months of operating and maintenance expenses other than Airport related expenses. The targeted level for the Airport Development Fund is eighteen months of Airport related operating and maintenance expenses to be achieved by 2025. \$5 million in the Renewal and Replacement Fund as required by bond documents.
- p. **Performance/Variance Report:** This report is in narrative format explaining the reasons for or causes of variances between actual revenues and expenses versus budgeted amounts on a quarterly basis. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.
- q. **Commitment Control:** The Port has in place a commitment control ledger that monitors department budgets, and which prevents departments from exceeding their total budget without appropriate approval.

## **2. FINANCIAL POLICIES AND DESCRIPTION OF MAJOR FUNDS**

This section, pages XIII-11 through 18, presents a summary of the Port's major financial policies and description of its major funds.

- a. **Organization:** Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, and commerce in an equitable, accountable, and environmentally responsible manner. The Port is considered a special purpose government with a separately elected commission of five members and is legally separate and fiscally independent of other State or local governments.
- b. **Reporting Entity:** The Port reports the following fund: the Enterprise Fund accounts for all activities and operations of the Port.

There are dozens of sub-funds that are summarized into the Enterprise Fund. The Enterprise fund is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its sub-fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions - Aviation, Maritime, and Economic Development.

Within the Enterprise Fund, the Port segregates non-operating expenses made for other public entities which are generally funded by the ad valorem tax levy. This includes expenses for district schools and infrastructure improvements to the state and region in conjunction with other agencies. These projects are controlled by other governmental entities and are not reflected as Port assets.

In 2015, the Port underwent a series of reorganizations to strategically position the Port to achieve future growth, operational excellence and talent development.

Operation of the Port's main cargo business was transferred to the Northwest Seaport Alliance, a joint venture with the Port of Tacoma, which unified the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. The remaining Seaport businesses became a part of the new Maritime Division.

The Northwest Seaport Alliance is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. The Pacific Northwest is a key region for inbound and outbound United States cargo, moving cargo not only for the regional trade, but also cargo headed to destinations throughout the entire U.S. Midwest, and this Alliance will help the region remain competitive into the future. This is truly historic and signals a new era of cooperation between the ports. Combining the strong cargo terminal operations will make the region more competitive in the global economy and create new jobs in Washington.

The two ports have moved from fierce competitors to bold collaborators to form a new business model for the greater good of the region. The ports recognized how critical the maritime industry is to the state's economy and are proud and excited to strengthen it even more.

Together, the ports can more efficiently deploy the significant investments each port has devoted to infrastructure and speak with a stronger voice on pressing regional and industry-related issues. While the ports remain separate organizations that retain ownership of their respective assets, they formed a port development authority (PDA) to manage the container, break-bulk, auto and some bulk terminals in Seattle and Tacoma. The PDA is governed jointly by the two ports through their elected commissions.

Effective January 1, 2016, the Port is comprised of three operating divisions, namely Aviation, Maritime and Economic Development.

The Aviation Division ("Aviation") operates Seattle-International (Sea-Tac) Airport which serves the predominant air travel needs of a five-county area. The Airport is ranked as 8th busiest airport in the U.S. serving 51.8 million passengers and more than 453,549 metric tons of air cargo in 2019. Thirty airlines serve 91 non-stop domestic and 27 international destinations including Canada, Mexico, and seasonal operations.

The Maritime Division manages industrial property connected with maritime businesses, recreational marinas, Fishermen's Terminal, cruise, grain and maritime operations.

The Economic Development Division focuses on managing the Port's industrial and commercial properties including conference and event centers, encouraging tourism, developing small business opportunities, and providing for workforce development in the aviation, maritime and construction industries.

Central Services provides high quality and cost-effective professional and technical services to the divisions and supports the overall goals of the Port; it also delivers projects and provides technical and contracting services in support of the operating and infrastructure needs of the Port through Capital Development. Central Services expenses are allocated and charged to the operating divisions.

- c. **Basis of Accounting and Budgeting:** The Port does not distinguish between the Basis of Accounting and the Basis of Budgeting since the principles set forth as the Basis of Accounting are observed in the budgeting process. The Port is accounted for on a flow of economic resources measurement focus. The financial statements and the budget are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed.

The Government Accounting Standard Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port adopted the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance issued by Financial Accounting Standard Board ("FASB") pronouncements which does not conflict with or contradict GASB pronouncements and eliminates the option to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

- d. **Use of Estimates:** The preparation of the Port's budget in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in reporting of revenues and expenses in certain instances. Thus, actual amounts could differ from those estimates.
- e. **Operating Revenues:** Fees for services, rents and charges for the use of Port Facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment, Property Rentals and other revenues generated from the Port's operations are reported as operating revenue.
- f. **Non-Operating Revenues:** Revenues that do not result from the normal operation of the Port's business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges and other revenues generated from non-operating sources are classified as non-operating.

- g. **Operating & Maintenance Expenses:** Cost or charges that arise from the normal operation of the Port's business. These are costs or services required for a department/division to function. These include Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct Charges, even those from Central Services and from other Divisions.
- h. **Non-Operating Expenses:** Cost or charges that do not arise from the normal operation of the Port's business. An example is interest expense.
- i. **Capital Policy:** The Port's policy is to capitalize all asset additions or **Tangible Assets [Property, Plant, and Equipment]** and **Intangible Assets**, if they exceed \$20,000, whether it is a single payment or an accumulation of related costs and with an estimated useful life of more than three years. Any asset costing less than \$20,000 is expensed. Land, facilities and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment 3 to 20 years, and furniture and fixtures 5 to 10 years.
- j. **Debt Policy:** The Port's debt policy is designed to ensure appropriate use and management of debt including compliance with various laws, regulations and agreements and effective management of risk. The policy requires use of an independent financial advisor and describes the roles of Commission and staff. The policy describes the type and structure of debt and sets forth limitations on new debt. Key limitations include minimum debt service coverage requirements for revenue bond debt of 1.25x for the Airport and 1.8x for the non-aeronautical businesses and that General Obligation bond debt service cannot exceed 75% of the annual tax levy. The policy establishes savings targets for refunding ranging from 3% for a current refunding with a short-term maturity/call date to 9% for a LIBOR based swap refunding with a long-term maturity/call date. The policy also provides guidelines for the sale of bonds.
- k. **Ad Valorem Tax Levy:** Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses. The King County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. The lien date is January 1. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation of all property is required annually. Taxes are due in two equal installments on April 30 and October 31. Collections are distributed to the Port by the County Treasurer.
- l. **Description of Funds:** The Port has a single Enterprise Fund and for management purposes the Port has established multiple sub-funds. The Enterprise Fund accounts for all activities and operations of the Port and for all of its assets and liabilities. The Enterprise fund is connected to the functional units in that it is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties.

Therefore, the Port of Seattle summarizes all of its fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions (Aviation, Maritime, Economic Development), and Central Services.

Included in the Enterprise Fund is the Port's Tax levy sub-fund and related Harbor Development and Transportation and Infrastructure sub-funds; these are the Port's Governmental Funds. The Port's enterprise fund increased primarily due to the bond proceeds from a revenue bond issuance in July 2021. The Tax levy sub-funds declined primarily due to spending from the Harbor Development fund on the construction of terminal 5.

**TABLE B-1: FUND BALANCES**

	<b>General Government</b>	<b>Debt Service</b>	<b>Assets (1) as of September 30, 2020 (\$ million)</b>	<b>Assets (1) as of September 30, 2021 (\$ million)</b>	<b>Change (\$ million)</b>
Enterprise Fund (2)	X	X	1,262.35	1,517.45	\$255.10
Tax levy Sub-funds (3)	X	General Obligation only	156.05	109.2 (4)	(46.85)

Notes:

- 1) Includes, cash, short-term investments and long-term investments.
- 2) Includes Tax levy sub-funds.
- 3) Tax levy sub-funds: Tax Levy, Harbor Development and Transportation and Infrastructure.
- 4) Included in the Enterprise Fund. Estimate based on cash and investment allocated to the sub-funds, not accrued assets.

There is no separate appropriation process to make payments from the Enterprise Fund; funds are deemed appropriated upon spending authorization. Most operating expenditures are authorized with adoption of the budget. Larger contracts, either operating or capital require separate authorization. Sub-funds are used to pay expenditures based on the described uses of the sub-fund.

Descriptions of some of the major sub-funds are:

**TABLE B-2: FUND DESCRIPTIONS**

<b>Types of Sub-Funds</b>	<b>Sub-Fund Name</b>	<b>Sub- Fund #</b>	<b>Sub-Fund Description</b>
1. Operating	Airport Development Fund (ADF)	03040	This is the operating fund for the Seattle-Tacoma International Airport (Aviation division). The fund receives operating revenues derived from all airport sources and funds operating and maintenance expenses related to the Airport. The fund also receives Airport Improvement Program grants reimbursement receipts. Transfers made from this fund include funding for Aviation related revenue bond fund debt service. Capital acquisition expenditures which are not otherwise funded are also made from this fund. Other expenditures include operating and administrative expenses and non-operating expenditures associated with Central Services that are allocated to Aviation.
	General Fund	00010	The general fund is the operating and capital fund for all Port-owned properties with the exception of the Seattle-Tacoma International Airport (Aviation). This includes

Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
			<p>Maritime, Economic Development, and the Port's membership interest in the NWSA (collectively referred to as "non-airport" businesses). Operating revenues derived from these other sources and excluding the Industrial Development Corporation are deposited to this fund. The fund also receives non-operating revenues that are associated with these non-airport businesses or are Central Services in nature. Expenditures from this fund include:</p> <ul style="list-style-type: none"> <li>• Non-airport operating and administrative expenses; capital equipment purchases and construction projects, excluding projects funded with other funding sources (for example, certain expenses may be funded from the tax levy fund, as directed by Port Commission</li> <li>• Operating expenses for Central Services allocated to the non-airport businesses</li> <li>• Central Services capital equipment purchases and capital projects that are ultimately allocated to the operating divisions through allocated depreciation and appropriate portions of capital that is split between the airport and non-airport businesses.</li> <li>• Non-operating expenditures that are directly associated with non-airport businesses.</li> <li>• Port payrolls, purchases of materials, supplies and services, and non-airport capital acquisition expenditures which are not otherwise funded are made from this fund. Periodic reports are generated indicating what general fund monies have been expended for payrolls or accounts payable that properly should have been paid out of the other funds. These amounts will then be transferred from such other funds to the general funds as reimbursements.</li> </ul>
	Tax Levy	00020	<p>The Tax Levy fund was established in 2002 and is used to receive the ad valorem taxes levied on real properties within the Port's District (King County). Prior to 2002, the tax levy proceeds were deposited into the General Fund. Other items deposited to this fund include Receipts in lieu of taxes, Tax sales and refunds, Investment income and expense, Tax adjustments, Tax supplements and cancellations. Proceeds are used for General Obligation (G.O.) bonds debt service, and to fund capital, expense and special item projects that meet criteria established by the Port, or as directed by Port Commission.</p>
	Transportation & Infrastructure Reserve (TIF)	00021	<p>Established in 2010, as per the 2010 Commission approved budget, the TIF can be used for any lawful purpose just the same as Tax Levy Fund. The TIF initial funding source is from the Tax Levy fund, and the fund balance is reviewed at least annually with Port staff and Commission.</p>
	Harbor Development Fund (HDF)	00022	<p>In 2017 the Port set aside funds in the HDF to help fund future development in the North Harbor (NWSA). The HDF was initially funded with a portion of the 2017 G.O. bond proceeds, which were issued to reimburse the Port for prior year cash payments made to the State of Washington on the Alaska Way Viaduct project. The HDF is legally separate</p>



Types of Sub-Funds	Sub-Fund Name	Sub-Fund #	Sub-Fund Description
			from any tax levy collections and is available to pay revenue bond debt service, if the Port chooses.
	Customer Deposits	06010	This fund has been established as a depository of lease deposits and other monies held by the Port as surety but belonging to Port of Seattle customers.
2. Special Facility	Passenger Facilities Charges (PFC) <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Capital</li> </ul>	06054 03060	PFC Revenues are derived from passenger facility charges levied on embarking passengers at Seattle-Tacoma International Airport. The collected revenues are used to pay debt service on PFC Revenue Bonds, debt service on other revenue bonds related to FAA approved projects, and for specifically designated airport facility improvements projects. All PFC's revenues are deposited to the Revenue fund (06054). From the Revenue fund, there is a required monthly transfer to the Debt Service fund (by the 25th of each month) equal to 1/6 <sup>th</sup> of semi-annual PFC debt service payment. The remaining balance in the Revenue fund, which includes interest earnings, is then transferred to Capital fund (03060).
	Customer Facility Charge (CFC)	CFC01	Established in 2006, the CFC Fund holds revenue derived from charges imposed upon customers of rental car companies accessing the Airport, and taxable revenue bond proceeds issued to fund the Consolidated Rental Car Facility (CRCF). Funds are to be used to pay debt service on those bonds, construction costs for the CRCF project, any future capital maintenance projects, and specified CRCF operating expenses.
	Fuel Hydrant Fund <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Debt Service</li> <li>• Project</li> <li>• Reserve</li> </ul>	Held in Trust	The funds accruing to the Fuel Hydrant Revenue Fund are derived from Pledged Lease Revenue and Other Revenue as defined in Resolution No. 3504, as amended. Funds are to be used to pay Fuel Hydrant bonds debt service. All Fuel Hydrant revenues are deposited to the Revenue account. From the Revenue account, there is a required monthly transfer to the Debt Service account equal to 1/6 <sup>th</sup> of the semi-annual interest and 1/12 <sup>th</sup> of the annual principal amounts. The remaining balance of the Reserve account, which is interest earnings, is then transferred to Capital account.
3. Debt Related	Bond Funds	Various	The Port of Seattle issues bonds pursuant to bond resolutions to fund its Capital Improvement Program. Proceeds from bond issues are used to fund construction, capitalized interest and reserves, see below.
	Capitalized Interest Fund (Cap-I)	Various	Established at the time of bond issuance, Cap-I funds are additional bond proceeds to be used to pay interest expense on the bonds before the capital assets funded by the bonds go into use and are able to generate revenue to repay principal.

	Construction Fund (CF)	Various	Proceeds from bond issues are used for the Port's facilities expansions and improvements, land acquisition, and/or pay interest. Separate funds are set up for each bond issue to allow for the tracking and reconciliation of bond proceeds expenditures.
	Debt Service Reserve Fund (DSRF)	Various	Established at the time of bond issuance for the purposes of securing the payment of principal and interest on related outstanding bonds. Terms set forth in the bond covenants dictate how much the Port is required to maintain in the Reserve fund. Not all bond issues have a cash funded Reserve fund; the Port may instead choose to maintain qualified surety and/or a qualified letter of credit.
	Debt Service Fund (DSF)	Various	DSF's serve as pass-through funds. Transfers are made periodically to the DSF, typically on the debt service date, for an amount sufficient to meet the debt service requirements. The source of the funds transfer depends on the related debt and may be made, legally, from any operating fund, but it is the Port's intent to make such transfers from the General Fund, Tax Levy Fund and/or Airport Development Fund.
4. Other Operating	Repair and Renewal Fund	03150	Established pursuant to Master Resolution 3577, Section 4. (b), the proceeds of the fund may be used by the Port to pay extraordinary operating and maintenance expenses, make capital replacements, additions, expansions, repairs and renewals of the facilities of the Port.
	Environmental Settlement	ENVIR	Established 2008, the fund is used for environmental settlement money received for cleanup work the Port is engaged to do. Consequently, there are restrictions on how proceeds are used.
	Industrial Development Corporation (IDC)	IDC01	The IDC of the Port of Seattle is a special purpose government with limited powers. It was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84) for the purpose of facilitating industrial expansion through tax-exempt financing. The IDC fund balance is comprised from compensation from companies that borrow through the IDC, and investment earnings. IDC "surplus" funds may be used for any allowable purposes as provided by state law: allowable under the Port's authorized powers to engage in economic development programs, and for growth management, planning or other economic development purposes.

### **3. REVENUE AND EXPENSE ASSUMPTIONS**

The 2022 Operating Revenues are developed based on the terms of various lease agreements and on forecasted activity levels. Operating Expenses are developed based on historical experience, forecasted activity levels and inflation.

Aviation aeronautical revenues, which are based on cost-recovery, are budgeted at \$413.5 million, an increase of 3.0% compared to the 2020 budget. Non-aeronautical revenues are budgeted at \$241.1 million which is 14.8% lower than the 2020 budget mainly driven by less demand for Parking, Rental Cars, Ground Transportation, and Airport Dining and Retail. The 2022 Aviation expenses are expected at \$397.7 million, an increase of 5.4% from the 2020 budget mainly driven by increases in payroll, airline realignment, and other expenses.

Maritime revenues are budgeted at \$59.1 million, a decrease of 6.0% over the 2020 budget due to the expected revenue decreases in Cruise Operations. Grain revenue is expected to increase based on feedback from Terminal 86. Maritime expenses are budgeted at \$57.9 million, an increase of 6.4% compared to the 2020 budget mainly due to pay increase and new/unfrozen FTEs.

Economic Development revenues are anticipated at \$18.8 million, a reduction of 1.8% compared to the 2020 budget due to lower revenues from the Bell Harbor International Conference and Event Center and Bell Street Garage. The 2022 Economic Development expenses are budgeted at \$28.3 million, a decrease of 3.6% from the 2020 budget driven by variable costs associated with increased Conference and Event Center volumes.

The key business activities forecast for the Airport, Maritime, and Economic Development divisions are as follows:

- Enplaned passengers for 2022 are expected to be 95% of the 2019 level (the most recent “normal” year)
- Cruise forecasts 75% of expected passenger volumes and a risk-adjusted sailing schedule based on tentative berth reservations
- Grain volume is budgeted at 4.5 million metric tons based on forecast from tenant, a 7% increase from 2021 budget
- Recreational Marina occupancy rate of 95%, consistent with 2021 Budget and year end forecast
- Commercial Building Properties target an occupancy of 95% or greater at year-end 2022, consistent with current results

Portwide salaries for non-represented (exempt and non-exempt) employees have been budgeted for annual Pay for Performance increases of 6% beginning in March 2022. Benefit costs for employees in non-union jobs are budgeted in two parts:

- The first part is a flat dollar amount per employee per month and covers costs that are not related to employees’ pay. This includes medical and dental coverage, Wellness Rewards Program costs, 401(a) contributions, and Flexible Spending Account fees. This amount is \$1,292.50 per employee per month
- The second part covers costs that are related to employees’ pay. This includes FICA, PERS, life and disability insurance as well as PTO and Sick Leave amounts together with the new Washington Paid Family and Medical Leave. These items are estimated to total 22.99% of pay in 2022

## **APPENDIX C: BUSINESS ASSESSMENT**

### **1. National and Local Economy and Outlook**

The availability of the vaccine coupled with the increase in vaccination rates, and approval of trillions of dollars in fiscal and monetary support have paved the way for the US economy to reopen and slowly rebound. Despite the uncertainty caused by the Delta variant, GDP growth has since continued to recover on a more sustainable path. Real GDP increased 6.3% (SAAR) in the first quarter of 2021 and increased another 6.7% (SAAR) in the second quarter. Consumer Spending increase of 12.0% (SAAR) in the second quarter (due to stimulus payments to individuals) added 7.9 points to topline GDP growth. However, the decrease of 11.7% (SAAR) in residential construction contributed to the slowdown in fixed investment growth of 3.3% (SAAR) in the second quarter. Economic and Revenue Forecast Council's (ERFC) forecast for GDP growth is 6.2% for 2021 and 4.3% for 2022. The expected growth rates are 2.3%, 2.1%, and 2.0% in 2023 through 2025.

A total of 235,000 net jobs were added in August after an increase of 850,000 jobs in June. The decline in job growth can be attributed to the surge in Delta variant and limited hiring. Retail trade employment decreased by 28,500 jobs mainly due to a loss of 23,220 jobs in food and beverage establishments. In contrast, manufacturing sector added 37,000 jobs due to increase in car sales. The unemployment rate in June was recorded at 5.9% up slightly from the May rate of 5.8%. The unemployment rate fell again in July at 5.4% and 5.2% in August. However, this rate is still higher than the pre-pandemic rate of 3.5% recorded in February 2020. Likewise, the labor participation rate of 61.7% in August was slightly lower compared to the pre-pandemic rate of 63.4% in January 2020. Unemployment rate is expected to average at 5.6% for 2021 and is predicted to drop to 3.7% in 2024.

Washington state's economic recovery has been slowed by Delta variant and lower than expected vaccination rate. Although employment is rising, the rate is still 3.6% lower compared to February 2020 peak. Total nonfarm payroll employment was expected to increase 66,400 in June-August period; however, actual number was 5,700 less than ERFC's original forecast. During the same period, a total of 48,000 jobs were added in private services-providing sectors, 2,100 in manufacturing, 1,900 in construction, and 9,500 in state and local government. In contrast, federal government employment decreased by 800 jobs. Washington state employment growth is expected to reach 4.4% in 2022 and slowly taper off every year until it reaches 1.1% in 2025. Meanwhile, unemployment rate was 5.1% in August slightly lower than the rate of 5.3% in May, and considerably lower than the 16.3% rate recorded in April 2020.

During the first quarter of 2021, Washington state housing construction reached its highest level since 1978. A total of 63,700 units (SAAR) were approved; however, this number decreased to 47,600 (SAAR) in the second quarter, 4,500 units lower than ERFC's June forecast. ERFC expects an average of 44,600 units will be authorized in 2022 through 2025. Seattle-area home prices have been trending up with an increase of 20.2% over the year in April and 25.5% over the year in July, the highest year-over-year recorded since 1990-91. The seasonally adjusted Seattle Consumer price inflation (CPI) increased 5.2% from August 2020-21 (same as the U.S. City Average index) which can be attributed to higher energy prices. Core prices rose 4.0% which is on par with the increase in the U.S. City Average index. Excluding shelter, Seattle inflation of 7.2% was higher compared to the national average of 6.4%. ERFC expects Seattle inflation rates of 2.7%, 1.7%, 1.9%, and 2.0% in 2022, 2023, 2024, 2025, respectively.

Sources: <https://erfc.wa.gov/publications-September> Quarterly Report

**TABLE C-1: SUMMARY FORECAST**

<b>SUMMARY FORECAST (Annual Percent Change)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Washington State Economic Forecast</b>							
Non-farm Payroll Employment (% Ch)	2.0	-5.2	2.4	3.9	2.4	1.3	1.2
Unemployment Rate (%)	4.2	8.4	5.2	4.5	4.2	4.3	4.3
Personal Income (% Ch)	3.8	5.4	2.8	-0.7	3.7	3.2	3.2
Seattle Consumer Price Index (% Ch)	2.5	1.7	4.2	2.7	1.7	1.9	2.0
Housing Permits (% Ch)	1.4	-9.0	21.4	-13.5	-4.3	0.0	-1.3
Total Population (in 000's)	7,546.4	7,656.2	7,714.7	7,776.1	7,839.7	7,904.4	7,969.8
% Change	1.6	1.5	0.8	0.8	0.8	0.8	0.8

Source: Washington State Economic and Revenue Forecast Council, Sept 2021 report. <https://erfc.wa.gov/publications>.

**TABLE C-2: STATE EMPLOYMENT BY INDUSTRY**

<b>Washington State 2020 Average Employment Classified by Industry</b>			
<b>Industry description</b>	<b>Average Firms</b>	<b>Average Annual Employment</b>	<b>Average Annual Wage</b>
Agriculture, forestry, fishing, and hunting	6,717	99,281	\$36,170
Mining	137	2,059	73,480
Utilities	228	5,224	108,826
Construction	27,023	199,845	69,813
Manufacturing	7,602	268,654	81,984
Wholesale trade	12,334	128,791	87,326
Retail trade	14,057	379,946	71,398
Transportation & warehousing	4,800	101,215	65,808
Information	4,786	148,235	241,913
Finance and insurance	6,051	95,043	113,556
Real estate, rental and leasing	7,037	52,642	63,288
Professional, scientific, and technical services	28,164	210,649	111,944
Management of companies and enterprises	653	43,516	129,043
Administrative and waste management services	12,650	160,913	57,081
Educational services	3,575	40,898	44,594
Health care and social assistance	57,811	426,047	56,771
Arts, entertainment, and recreation	3,001	34,968	38,875
Accommodation and food services	14,948	220,795	24,726
Other services (except public administration)	19,380	89,077	46,667
Government	2,127	548,188	71,849
<b>Total *</b>	<b>233,080</b>	<b>3,255,985</b>	<b>76,801</b>
* Total and average of statewide rollup data. Employment and wages are not shown for some subsectors to avoid disclosure of data for ind. employer.			

Source: Washington State Employment Security Department, 2020 annual averages, Statewide 3-digit NAICS <https://esd.wa.gov/labormarketinfo/covered-employment>

**TABLE C-3: TOP 10 PUBLIC COMPANIES IN WASHINGTON**

<b>Top 10 Companies with HQ in Washington State</b> <i>(ranked by Revenues)</i>			
<b>Company</b>	<b>No. of Employees</b>	<b>Revenues (\$M)</b>	<b>Website</b>
Amazon.com	1,298,000	\$386,064	www.amazon.com
Costco Wholesale	214,500	166,761	www.costco.com
Microsoft	163,000	143,015	www.microsoft.com
Starbucks	349,000	23,518	www.starbucks.com
Paccar	26,000	18,729	www.paccar.com
Nordstrom	62,000	10,715	www.nordstrom.com
Expeditors International	17,480	10,117	www.expeditors.com
Weyerhaeuser	9,372	7,532	www.weyerhaeuser.com
Expedia Group	19,100	5,199	www.expedia.com
Fortive	17,000	4,634	www.fortive.com

Source: Fortune 500 list, <https://fortune.com/>

## **2. Economic Impact Study Summary:**

The Port of Seattle retained Community Attributes Inc. (CAI) in 2018 to evaluate the economic impacts generated by Port of Seattle’s aviation and maritime businesses. Cumulatively, the Port’s activities and operations helped generate 121,200 direct jobs and \$19.2 million in business revenue. The combined figures reflect data results for cruise activity included in the 2019 report while airport, cargo, fishing, and other maritime activities were included in the 2018 reports. Moreover, the combined figures include activities at both Seattle and Tacoma cargo terminals managed by the Northwest Seaport Alliance.

### **Sea-Tac Airport:**

Sea-Tac Airport, owned and operated by the Port of Seattle, is an important economic engine for the Pacific Northwest connecting businesses, trade and leisure travelers. Business activity data collected for the 2018 study demonstrated Sea-Tac’s role as a major driving force for regional prosperity generating the following impacts to the local and regional economy:

- A total of 151,400 jobs was generated including 87,300 direct jobs
- Total personal income was \$7.1 billion
- Business revenue was \$22.5 billion
- State taxes of \$415 million reflected both direct and secondary activities

### **Commercial Fishing and Recreational Boating Industries:**

Port of Seattle’s marinas (Shilshole Bay, Salmon Bay, Bell Harbor and Harbor Island) and other properties serve as critical assets to the region’s recreational boating industry. The Port’s marinas support various economic activities which include Washington’s largest liveaboard community, onsite restaurants, and fuel and vessel maintenance and repairs. The Port also offers moorage for tugboats, barges and research vessels. Furthermore, the Port’s industrial lands are leased by non-maritime tenants such as operators of warehouses for non-containerized cargo, local manufacturers and retailers. Likewise, the Port’s commercial properties (i.e. Fishermen’s Terminal, Maritime Industrial Center, Terminal 91, etc.) play a major role in supporting the regional fishing industry. These facilities are used by a large majority of the North Pacific Fisheries Fleet as well as other fishing vessels that operate in the Puget Sound and the

West Coast of the Olympic Peninsula. The results of the 2019 study underscore the importance of Port facilities in the region; highlights include:

- \$671.3 million of Direct Business Output from Commercial Fishing including 7,000 direct jobs
- Fishing vessels moored at Port facilities generated gross earnings of more than \$455.0 million in 2017
- \$729 million of Direct Business Output from Recreational boating including 3,620 jobs
- Recreational boating generated more than \$357 million in labor compensation

**Maritime Cargo:**

In 2015, the ports of Seattle and Tacoma formed the Northwest Seaport Alliance (NWSA) to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs for the region. The Northwest Seaport Alliance represents one of the largest cargo-loading centers in the United States. In 2018, the NWSA commissioned a report on the economic impact of marine cargo. Key points of the 2018 study are as follows:

- NWSA directly supported 20,100 jobs with \$1.9 billion in labor income in 2017
- Average annual wage including benefits for direct jobs supported by Marine Cargo was approximately \$95,000
- NWSA marine cargo directly supported \$5.9 billion in business output in 2017
- Direct and secondary economic activities generated nearly \$136 million in taxes

**Cruise Industry:**

Cruise ships utilizing the Port of Seattle facilities support economic activities by procuring supplies from local suppliers and vendors, offering shore services to cruise passengers, and commissioning service companies to repair or service equipment. Furthermore, cruise passengers and crew support the economy through their spending on local goods and services. The 2019 economic impacts of the Port of Seattle's cruise business include:

- Cruise activities create nearly \$900 million a year in total local business revenue
- Each homeport ship call contributes an average \$4.2 million to the state's economy and supports over 5,500 jobs
- Estimated \$260.1 million in labor income and business output of \$893.6 million in 2019

The Full Economic Reports for the Airport, Commercial Fishing and Recreational Boating, Marine Cargo and Cruise are available on the Port's website: <https://www.portseattle.org/page/economic-impact-and-tax-levy>.

## APPENDIX D: BOND AMORTIZATION SCHEDULES

**TABLE D-1: BOND AMORTIZATION SCHEDULE FOR 2021**

Bond Type	Original Issue	Issue	Outstanding	2021 Principal Payments	Outstanding	Interest Payments [1]		
Series	Amount	Date	Jan. 1, 2021	Due Date	Amount	Dec. 31, 2021	Due Date	Amount
<b><u>GENERAL OBLIGATION BONDS</u></b>								
Limited Tax G.O., Series 2011 Ref	\$74,000,000 [3]	02/23/11	29,965,000	12/01/21	5,590,000	24,375,000	06/01, 12/01	1,664,813
Limited Tax G.O., Series 2013A ref	\$27,630,000 [3]	03/26/13	27,630,000		6,325,000	21,305,000	05/01, 11/01	1,272,350
Limited Tax G.O., Series 2013B Taxable	\$75,165,000 [3]	03/26/13	4,055,000	11/01/21	2,830,000	1,225,000	05/01, 11/01	95,344
Limited Tax G.O., Series 2015	\$156,990,000 [4]	04/28/15	130,450,000	06/01/21	6,150,000	124,300,000	06/01, 12/01	5,655,400
Limited Tax G.O., Series 2017	\$127,345,000	03/07/17	119,075,000	01/01/21	3,045,000	116,030,000	01/01, 07/01	5,877,625
TOTAL GENERAL OBLIGATION BONDS			311,175,000		23,940,000	287,235,000		14,565,531
<b><u>REVENUE BONDS</u></b>								
<u>First Lien Bonds</u>								
Series 2003A	\$190,470,000 [5]	07/30/03	12,830,000	07/01/21	12,830,000	-	01/01, 07/01	673,575
Series 2009B-2	\$22,000,326 [6]	07/16/09	50,594,112		-	54,407,339 [6]		-
Series 2011B Refunding	\$97,190,000 [7]	11/30/11	57,790,000	09/01/21	8,405,000	49,385,000	03/01, 09/01	2,889,500
Series 2016B - Ref. 2007B	\$124,380,000 [8]	08/02/16	115,885,000	10/01/21	7,280,000	108,605,000	04/01, 10/01	5,794,250
Series 2016C - Ref. Taxable	\$6,180,000 [8]	08/02/16	5,475,000	10/01/21	400,000	5,075,000	04/01, 10/01	146,381
Total First Lien Bonds			242,574,112		28,915,000	217,472,339		9,503,706
<u>Intermediate Lien Bonds</u>								
Series 2010B New Money	\$157,880,000	07/15/10	134,535,000	06/01/21	4,025,000	130,510,000	6/01,12/01	6,610,938
Series 2010B - Ref. 2005D	\$63,435,000 [9]	07/15/10	56,165,000	06/01/21	1,680,000	54,485,000	6/01,12/01	2,759,913
Series 2010C - Ref. 2000B	\$128,140,000 [10]	07/15/10	63,125,000	02/01/21	14,725,000	48,400,000	02/01,08/01	2,788,125
Series 2012A Refunding	\$342,555,000 [5]	03/14/12	302,555,000		13,850,000	288,705,000	02/01,08/01	14,993,200
Series 2012B - Ref. 2001B	\$189,315,000 [11]	03/14/12	68,215,000	08/01/21	15,840,000	52,375,000	02/01,08/01	3,410,750
Series 2013 Revenue Refunding	\$139,105,000 [12]	12/17/13	127,155,000		-	127,155,000	01/01, 07/01	6,332,750
Series 2015A New Money	\$72,010,000	08/06/15	66,420,000	04/01/21	2,040,000	64,380,000	04/01, 10/01	3,200,525
Series 2015B Refunding	\$284,440,000 [13]	08/06/15	188,650,000	03/01/21	24,495,000	164,155,000	03/01, 09/01	8,820,125
Series 2015C New Money	\$226,275,000	08/06/15	205,810,000	04/01/21	7,225,000	198,585,000	04/01, 10/01	10,109,875
Series 2016 Refunding	\$99,095,000 [14]	08/02/16	99,095,000		-	99,095,000	02/01,08/01	4,915,900
Series 2017A Revenue Refunding	\$16,705,000 [15]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	\$264,925,000 [15]	08/22/17	233,270,000	05/01/21	15,865,000	217,405,000	05/01, 11/01	7,558,221
Series 2017C New Money	\$313,305,000	08/22/17	304,835,000	05/01/21	7,790,000	297,045,000	05/01, 11/01	15,172,000
Series 2017D New Money	\$93,230,000	08/22/17	73,935,000	05/01/21	9,035,000	64,900,000	05/01, 11/01	3,470,875
Series 2018A New Money	\$470,495,000	06/21/18	466,520,000	05/01/21	11,110,000	455,410,000	05/01, 11/01	22,560,750
Series 2018B New Money	\$85,145,000	06/21/18	76,295,000	05/01/21	7,955,000	68,340,000	05/01, 11/01	3,615,875
Series 2019 New Money	\$457,390,000	08/07/19	457,390,000	04/01/21	4,615,000	452,775,000	04/01, 10/01	22,354,125
Total Intermediate Lien Bonds			2,940,675,000		140,250,000	2,800,425,000		139,509,196
<u>Subordinate Lien Bonds</u>								
Series 1997	\$108,830,000	03/26/97	19,235,000	2021	9,470,000 [2]	9,765,000	Various [2]	109,640
Series 2008	\$200,715,000 [16]	06/11/08	158,300,000	2021	- [2]	158,300,000	Various [2]	902,310
Total Subordinate Lien Bonds			177,535,000		9,470,000	168,065,000		1,011,950
TOTAL REVENUE BONDS			3,360,784,112		178,635,000	3,185,962,339		150,024,852



**SPECIAL REVENUE BONDS**

PFC Ref. Bonds Series 2010A	\$79,770,000	[17]	12/01/10	<u>51,110,000</u>	12/01/21	<u>16,210,000</u>	<u>34,900,000</u>	06/01, 12/01	<u>2,555,500</u>
TOTAL SPECIAL REVENUE BONDS				<u>51,110,000</u>		<u>16,210,000</u>	<u>34,900,000</u>		<u>2,555,500</u>

**SPECIAL FACILITY REVENUE BONDS**

Fuel Facilities Series 2013 ref	\$88,660,000	[18]	06/13/13	<u>65,135,000</u>	06/01/21	<u>4,040,000</u>	<u>61,095,000</u>	06/01, 12/01	<u>2,882,133</u>
TOTAL SPECIAL FACILITY REVENUE BONDS				<u>65,135,000</u>		<u>4,040,000</u>	<u>61,095,000</u>		<u>2,882,133</u>

**Notes:**

- [1] - Interest Payments shown in this schedule are gross amounts before use of any Capitalized Interest.
- [2] - Estimated annual total. Interest paid monthly. Interest paid annually or at maturity. Annual principal payments are voluntary and not expected for 2020 or 2021.
- [3] - Series 2013AB G.O. bonds fully refunded the Series 2004A G.O. bonds and partially refunded the Series 2004B G.O. bonds, the Series 2004C G.O. bonds and the Series 2011 G.O bonds on 3/26/2013. The Series 2004C G.O. Ref. bonds refunded a portion of the Port's 1994B Revenue bonds and a portion of the 1994 G.O. bonds. The Series 2011 G.O. bonds refunded the outstanding 2000B G.O. Bonds.
- [4] - Series 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. Bonds. The Series 2006 G.O bonds refunded a portion of the Port's 1999A Special Facility bonds and a portion of the 2000A G.O. bonds.
- [5] - Series 2012A Intermediate lien bonds fully refunded the Series 2001A First Lien Revenue bonds and partially refunded the Series 1999A Sub Lien bonds and 2003A First Lien bonds.
- [6] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The outstanding principal balance at 12/31/2021 includes \$32,407,013.39 of accumulated accreted interest.
- [7] - Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate Lien series bonds.
- [8] - Series 2016 ABC First Lien bonds refunded a portion of the outstanding Series 2007A First Lien bonds and all of the Series 2007B First Lien bonds.
- [9] - Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lien series bonds.
- [10] - Series 2010C Intermediate lien bonds refunded a portion of the Port's 2000B First Lien Bonds.
- [11] - Series 2012B Intermediate Lien bonds refunded a portion of the Series 2001B First Lien bonds and fully refunded the Series 2001C First Lien bonds.
- [12] - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
- [13] - Series 2015B Intermediate Lien bonds refunded the outstanding Series 2005A Intermediate Lien bonds. The Series 2005A Intermediate Lien bonds refunded a portion of the Port's 1996A First Lien bonds and a portion of the Port's 1997A First Lien bonds.
- [14] - Series 2016 Int Lien Refunding bonds refunded the outstanding Series 2006A bonds. The Series 2006A Intermediate Lien bonds refunded the outstanding 2000A First Lien series bonds.
- [15] - Series 2017A Int. Lien Revenue Refunding bonds fully refunded the Series 2009A First Lien Revenue Bonds. The 2017B bonds refunded a portion of the 2009B-1 First Lien Revenue bonds.
- [16] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
- [17] - Series 2010A PFC Ref. bonds refunded a portion of the 1998A PFC series bonds. Debt service for PFC Ref. bonds will be paid directly out of receipts from PFCs, not out of operating cash flows.
- [18] - Series 2013 Special Facility Fuel Hydrant bonds fully refunded the 2003 Special Facility Fuel Hydrant bonds. Debt service for Fuel Facilities is paid directly from Fuel Hydrant Facility income, not out of operating cash flows.
- The Port has authority to issue up to \$400 million in Commercial Paper, as of 10/31/2020 the Port had \$27.665 million outstanding.

bondam.xls

**TABLE D-2: BOND AMORTIZATION SCHEDULE FOR 2022**

Bond Type	Original Issue	Issue	Outstanding	2022 Principal Payments	Outstanding	Interest Payments [1]		
Series	Amount	Date	Jan. 1, 2022	Due Date	Amount	Dec. 31, 2022	Due Date	Amount
GENERAL OBLIGATION BONDS								
Limited Tax G.O., Series 2011 Ref	\$74,000,000 [3]	02/23/11	24,375,000	12/01/22	5,880,000	18,495,000	06/01, 12/01	1,371,338
Limited Tax G.O., Series 2013A ref	\$27,630,000 [3]	03/26/13	21,305,000	11/01/22	10,390,000	10,915,000	05/01, 11/01	956,100
Limited Tax G.O., Series 2013B Taxable	\$75,165,000 [3]	03/26/13	1,225,000		-	1,225,000	05/01, 11/01	33,936
Limited Tax G.O., Series 2015	\$156,990,000 [4]	04/28/15	124,300,000	06/01/22	6,470,000	117,830,000	06/01, 12/01	5,339,900
Limited Tax G.O., Series 2017	\$127,345,000	03/07/17	116,030,000	01/01/22	3,200,000	112,830,000	01/01, 07/01	5,721,500
TOTAL GENERAL OBLIGATION BONDS			287,235,000		25,940,000	261,295,000		13,422,773
REVENUE BONDS								
First Lien Bonds								
Series 2009B-2	\$22,000,326 [5]	07/16/09	54,407,339		-	58,507,966 [5]		-
Series 2016B - Ref. 2007B	\$124,380,000 [6]	08/02/16	108,605,000	10/01/22	7,645,000	100,960,000	04/01, 10/01	5,430,250
Series 2016C - Ref. Taxable	\$6,180,000 [6]	08/02/16	5,075,000	10/01/22	405,000	4,670,000	04/01, 10/01	139,781
Series 2021 Refunding	\$43,015,000 [7]	06/30/21	43,015,000	09/01/22	7,495,000	35,520,000	03/01, 09/01	2,515,183
Total First Lien Bonds			211,102,339		15,545,000	199,657,966		8,085,213
Intermediate Lien Bonds								
Series 2012A Refunding	\$342,555,000 [8]	03/14/12	288,705,000	08/01/22	14,505,000	274,200,000	02/01,08/01	14,339,200
Series 2012B - Ref. 2001B	\$189,315,000 [9]	03/14/12	52,375,000	08/01/22	16,630,000	35,745,000	02/01,08/01	2,618,750
Series 2013 Revenue Refunding	\$139,105,000 [10]	12/17/13	127,155,000	07/01/22	13,350,000	113,805,000	01/01, 07/01	6,332,750
Series 2015A New Money	\$72,010,000	08/06/15	64,380,000	04/01/22	2,120,000	62,260,000	04/01, 10/01	3,119,100
Series 2015B Refunding	\$284,440,000 [11]	08/06/15	164,155,000	03/01/22	17,805,000	146,350,000	03/01, 09/01	7,762,625
Series 2015C New Money	\$226,275,000	08/06/15	198,585,000	04/01/22	7,615,000	190,970,000	04/01, 10/01	9,738,875
Series 2016 Refunding	\$99,095,000 [12]	08/02/16	99,095,000		-	99,095,000	02/01,08/01	4,915,900
Series 2017A Revenue Refunding	\$16,705,000 [13]	08/22/17	16,705,000		-	16,705,000	05/01, 11/01	835,250
Series 2017B Revenue Refunding	\$264,925,000 [13]	08/22/17	217,405,000	05/01/22	16,485,000	200,920,000	05/01, 11/01	7,181,034
Series 2017C New Money	\$313,305,000	08/22/17	297,045,000	05/01/22	8,190,000	288,855,000	05/01, 11/01	14,772,500
Series 2017D New Money	\$93,230,000	08/22/17	64,900,000	05/01/22	9,515,000	55,385,000	05/01, 11/01	3,007,125
Series 2018A New Money	\$470,495,000	06/21/18	455,410,000	05/01/22	11,675,000	443,735,000	05/01, 11/01	21,991,125
Series 2018B New Money	\$85,145,000	06/21/18	68,340,000	05/01/22	8,365,000	59,975,000	05/01, 11/01	3,207,875
Series 2019 New Money	\$457,390,000	08/07/19	452,775,000	04/01/22	10,780,000	441,995,000	04/01, 10/01	21,969,250
Series 2021A Revenue Refunding	\$34,415,000 [14]	06/30/21	23,685,000	12/01/22	11,555,000	12,130,000	06/01, 12/01	1,184,250
Series 2021A New Money	\$12,610,000	06/30/21	12,610,000		-	12,610,000	06/01, 12/01	630,500
Series 2021B Revenue Refunding	\$148,765,000 [15]	06/30/21	148,765,000	12/01/22	4,855,000	143,910,000	06/01, 12/01	6,789,175
Series 2021C Revenue Refunding	\$44,325,000 [16]	06/30/21	44,325,000	08/01/22	14,205,000	30,120,000	02/01, 08/01	2,216,250
Series 2010C New Money	\$470,065,000	06/30/21	470,065,000	08/01/22	1,075,000	468,990,000	02/01, 08/01	22,602,650
Series 2021D New Money	\$41,395,000	06/30/21	41,395,000		-	41,395,000	02/01, 08/01	670,534
Total Intermediate Lien Bonds			3,307,875,000		168,725,000	3,139,150,000		155,884,717
Subordinate Lien Bonds								
Series 1997	\$108,830,000	03/26/97	9,765,000	2022	9,765,000 [2]	-	Various [2]	53,680
Series 2008	\$200,715,000 [17]	06/11/08	158,300,000	2022	9,825,000 [2]	148,475,000	Various [2]	870,650
Total Subordinate Lien Bonds			168,065,000		19,590,000	148,475,000		924,330
TOTAL REVENUE BONDS			3,687,042,339		203,860,000	3,487,282,966		164,894,261

**SPECIAL FACILITY REVENUE BONDS**

Fuel Facilities Series 2013 ref	\$88,660,000	[18]	06/13/13	<u>61,095,000</u>	06/01/22	<u>4,240,000</u>	<u>56,855,000</u>	06/01, 12/01	<u>2,675,133</u>
TOTAL SPECIAL FACILITY REVENUE BONDS				<u>61,095,000</u>		<u>4,240,000</u>	<u>56,855,000</u>		<u>2,675,133</u>

**Notes:**

- [1] - Interest Payments shown in this schedule are gross amounts before use of any Capitalized Interest.
- [2] - Estimated annual total. Interest paid monthly. Interest paid annually or at maturity. Annual principal payments are voluntary.
- [3] - Series 2013AB G.O. bonds fully refunded the Series 2004A G.O. bonds and partially refunded the Series 2004B G.O. bonds, the Series 2004C G.O. bonds and the Series 2011 G.O bonds on 3/26/2013. The Series 2004C G.O. Ref. bonds refunded a portion of the Port's 1994B Revenue bonds and a portion of the 1994 G.O. bonds. The Series 2011 G.O. bonds refunded the outstanding 2000B G.O. Bonds.
- [4] - Series 2015 G.O. fully refunded the outstanding Series 2006 G.O. Ref. Bonds. The Series 2006 G.O bonds refunded a portion of the Port's 1999A Special Facility bonds and a portion of the 2000A G.O. bonds.
- [5] - Series 2009B-2 First Lien Capital Appreciation Bonds were issued at \$22,000,326 par. The outstanding principal balance at 12/31/2022 includes \$36,507,640.14 of accumulated accreted interest.
- [6] - Series 2016 ABC First Lien bonds refunded a portion of the outstanding Series 2007A First Lien bonds and all of the Series 2007B First Lien bonds.
- [7] - Series 2021 First Lien bonds refunded a portion of the Series 2011B First Lien bonds. The Series 2011AB First Lien bonds fully refunded the 1999B and 1999C Special Facility bonds and the 1998 Subordinate I
- [8] - Series 2012A Intermediate lien bonds fully refunded the Series 2001A First Lien Revenue bonds and partially refunded the Series 1999A Sub Lien bonds and 2003A First Lien bonds.
- [9] - Series 2012B Intermediate Lien bonds refunded a portion of the Series 2001B First Lien bonds and fully refunded the Series 2001C First Lien bonds.
- [10] - Series 2013 Revenue Refunding Intermediate Lien bonds refunded the outstanding 2003B First Lien series bonds.
- [11] - Series 2015B Intermediate Lien bonds refunded the outstanding Series 2005A Intermediate Lien bonds. The Series 2005A Intermediate Lien bonds refunded a portion of the Port's 1996A First Lien bonds and a portion of the Port's 1997A First Lien bonds.
- [12] - Series 2016 Int Lien Refunding bonds refunded the outstanding Series 2006A bonds. The Series 2006A Intermediate Lien bonds refunded the outstanding 2000A First Lien series bonds.
- [13] - Series 2017A Int. Lien Revenue Refunding bonds fully refunded the Series 2009A First Lien Revenue Bonds. The 2017B bonds refunded a portion of the 2009B-1 First Lien Revenue bonds.
- [14] - Series 2021A Revenue Refunding Intermediate Lien bonds fully refunded the outstanding 2010A PFC Ref. bonds. The Series 2010A PFC Ref. bonds refunded a portion of the 1998A PFC series bonds.
- [15] - Series 2021B Ref. Intermediate Lien bonds fully refunded the outstanding 2010B Ref. Intermediate Lien bonds. The Series 2010B-Ref. 2005D Intermediate Lien bonds fully refunded the 2005D Subordinate Lie
- [16] - Series 2021C Ref. Intermediate Lien bonds fully refunded the outstanding Series 2010C Intermediate Lien bonds. The Series 2010C Intermediate Lien bonds refunded a portion of the Port's 2000B First Lien Bx
- [17] - Series 2008 Subordinate Lien bonds refunded the 2003C Subordinate Lien bonds.
- [18] - Series 2013 Special Facility Fuel Hydrant bonds fully refunded the 2003 Special Facility Fuel Hydrant bonds. Debt service for Fuel Facilities is paid directly from Fuel Hydrant Facility income, not out of operating cash flows.

The Port has authority to issue up to \$400 million in Commercial Paper, as of 10/31/2021 the Port had \$48.470 million outstanding.

bondam.xls

**TABLE D-3: 30 YEAR BOND AMORTIZATION SCHEDULE**

<p style="text-align: center;"><b>Port of Seattle</b>  Statement of 30 Years - Calendar Year Mode  Outstanding and Closed Debt Service  As of 1/1/2022  Primary Sort Issue Group  (in thousands)  [*Selected Issues]</p>											
	2022	2023	2024	2025	2026	2027 2031	2032 2036	2037 2041	2042 2046	2047 2051	Total
<b>GO Bonds</b>											
INTEREST	13,423	12,084	10,784	9,860	8,918	35,690	23,334	9,180	218	0	123,491
PRINCIPAL	25,940	27,290	17,240	18,190	11,900	58,245	56,290	63,435	8,705	0	287,235
<b>Rev Int Lien</b>											
INTEREST	155,885	148,076	140,022	131,460	123,913	497,777	305,949	151,221	33,008	0	1,687,312
PRINCIPAL	168,725	167,865	178,280	154,310	162,125	841,870	718,625	591,095	324,980	0	3,307,875
<b>Rev Sr. Lien</b>											
INTEREST	8,085	6,956	6,134	15,167	14,582	53,262	640	0	0	0	104,826
PRINCIPAL	15,545	16,685	17,505	22,968	23,560	69,452	12,980	0	0	0	178,695
<b>Rev Sub Lien<sup>12</sup></b>											
INTEREST	173	158	158	158	158	792	249	0	0	0	1,846
PRINCIPAL	19,235	0	0	0	0	0	158,300	0	0	0	177,535
<b>Special Facility Rev Bonds-FH</b>											
INTEREST	2,675	2,458	2,230	2,029	1,854	5,896	373	0	0	0	17,514
PRINCIPAL	4,240	4,455	4,675	4,865	5,045	28,480	9,335	0	0	0	61,095
<b>Interest Total</b>	180,240	169,732	159,328	158,674	149,425	593,417	330,545	160,401	33,226	0	1,934,989
<b>Principal Total</b>	233,685	216,295	217,700	200,333	202,630	998,047	955,530	654,530	333,685	0	4,012,435
<b>Grand Total</b>	413,925	386,027	377,028	359,007	352,055	1,591,464	1,286,075	814,931	366,911	0	5,947,425

1. Assumes an interest rate of 0.10% per annum for all outstanding Subordinate Lien variable rate bonds.
2. Excludes the Port's Subordinate Lien Commercial Paper program, which is authorized in the amount of \$400 million, and as of October 31, 2021 was outstanding in the amount of \$48,470,000.

The Port maintains credit ratings with three rating agencies: Moody's Investor Services, S&P Global Ratings and Fitch Ratings. Ratings are maintained on The Port's general obligation credit and on three liens of revenue bond credit.

**TABLE D-4: Bond Ratings Summary**

	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
General Obligation Bonds	Aaa	AAA	AA-
First Lien Revenue Bonds	Aa2	AA-	AA-
Intermediate Lien Revenue Bonds	A1	A+	AA-
Subordinate Lien Revenue Bonds	A2	A+	AA-
Fuel Hydrant Special Facility Bonds	A1	A-	

## **APPENDIX E: OTHER DETAILED EXPENDITURES**

### **a. Promotional Hosting**

Promotional hosting consists of expenses incurred by officials and employees of the Port in connection with hosting others for the purpose of promoting the increased use of Port facilities and services.

**TABLE E-1: PROMOTIONAL HOSTING BY DIVISION**

<b>DIVISION</b>	<b>2019 Actuals</b>	<b>2020 Budget</b>	<b>2021 Budget</b>	<b>2022 Budget</b>
Aviation	\$ 141,214	\$ 348,525	\$ 168,825	\$ 92,325
Maritime	70,890	114,020	49,300	83,800
Economic Development	86,506	148,140	50,850	59,850
Central Services	161,272	176,785	41,710	118,555
<b>Total</b>	<b>\$ 459,882</b>	<b>\$ 787,470</b>	<b>\$ 310,685</b>	<b>\$ 354,530</b>

Promo.xls

### **b. Memberships**

The 2022 Budget for the Port of Seattle is \$ 1,356,480. The Executive Director may approve additional memberships and increases in dues which could not be foreseen during 2021 budget preparation, provided that the increases do not exceed 10% of the total membership budget.

Memberships are for: (1) associations for the purpose of participating on a cooperative basis with other port districts, airports and with operators of terminal and transportation facilities; (2) associations providing specialized information and services; (3) associations to better qualify certain employees in the performance of specified duties which are assigned to such employees; and (4) associations which are considered to be of particular and special value in connection with the carrying out of the Port's promotion and advertising activities. Membership is an effective way to leverage scarce resources to accomplish objectives that might otherwise be omitted.

**TABLE E-2: MEMBERSHIPS**

<b>Memberships</b>	<b>2022 Budget</b>
1. Airport Council International	\$ 188,500
2. Greater Seattle Partners	150,000
3. Washington Public Ports Association - AV	140,162
4. Washington Public Ports Association - Maritime	140,162
5. Puget Sound Regional Council & Economic Development	85,200
6. American Association of Airport Executives	51,025
7. American Association of Airport Executives & Airport legislative Alliance Federal Affairs	48,000
8. Greater Seattle Metropolitan Chamber	41,500
9. American Association of Port Authorities	35,000
10. Aviation Information Sharing and Analysis Center	30,388
11. Airports Council International - North America	27,816
12. Washington Health Alliance	14,750
13. Washington Council on International Trade	10,000
14. Global Biorisk Advisory Council (GBAC) Accreditation	10,000
15. Green Marine	10,000
16. International Air Transport Association	10,000
17. Other	363,978
<b>TOTAL</b>	<b>\$ 1,356,480</b>

## **APPENDIX F: GLOSSARY OF TERMS USED**

**Account:** A record of an activity as revenue or expense, such as fees for services, rents, or as salaries, equipment, supplies, travel, etc.

**Accrual:** Represents an outstanding obligation for goods and services received or performed but for which payment has not been made.

**Accrual Basis of Accounting:** It is the basis of accounting under which revenue transactions are recognized when earned and expenses are recognized when incurred, regardless of the time the cash is received or disbursed, or the recording of revenue or expense in the absence of a cash transaction.

**Actual:** Earned revenue or incurred expense during the stated fiscal year.

**Actions:** The specific tactics, actions and projects an organization will undertake in an effort to meet the objectives. These statements should reflect how objectives will be achieved.

**Ad Valorem Tax Levy:** Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvements, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax levy revenues and interest expense on GO bonds as non-operating income in the Statement of Revenues and Expenses.

**Allocated Expense:** These are costs allocated to business groups from service providers. Allocated costs are general support costs that cannot be directly attributed to a business unit, but instead support the entire Port and all its Business Groups. Costs can come from within the division (intra-division) or from outside the division (inter-division).

**Amortization:** The gradual reduction in the book value of Fixed or Intangible Assets having a limited life by allocating the original cost over the life of the asset. (See Depreciation).

**Annual Financial Report:** This document is produced by the Port of Seattle annually detailing financial, statistical, budgetary and demographic data and it is distributed to the public.

**Appropriation:** Authorization granted by a legislative body to make expenditures and to incur obligations for a specific use and contains specific limitations as to the amount, purpose, and time when it may be expended.

**Assessed Valuation:** Is an official government valuation set upon real estate and personal property by the King County Assessor, as a basis for levying property taxes.

**Audit:** A formal examination of an organization accounts or financial situation.

**Balanced Budget:** The Port prepares an annual budget and supports, encourages and commits to a balanced budget in which revenues exceed expenses. In so doing, the practice is to pay for all current operating expenses with current revenues and not postpone current year operating expenses to future years or accrue future year's revenues to the current year. The Port policy further requires that budgeted operating expenses do not exceed budgeted revenues, and on-going expenses do not exceed on-going revenues.

**Bonds:** Is an interest-bearing written instrument promising to pay a specified sum of money (the face value or principal amount) on a specified date (the maturity date) at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond resolution or ordinance.

**Budget:** A financial plan, forecast or projection of the Port's revenues and expenses expected during the stated budget year.

**Budget Calendar:** A schedule of key dates that the Port follows in the preparation, review and adoption of its annual budget.

**Budget Document:** The Port's official written approved budget in document format, prepared by the Port's Finance and Budget teams.

**Budget Message:** A general discussion of the proposed budget presented in written format by the Executive Director of the Port to the Port Commission and Public.

**Business & Occupation (B&O) Tax:** It is a gross receipt tax levied on businesses. Washington State does not have a corporate or personal income tax. Washington's B&O Tax is calculated on the gross income from activities.

**Capital Improvement Plan and Draft Plan of Finance:** A detailed five-year plan of proposed capital expenditures arising from the acquisition or improvement of the Port's fixed assets and the means of financing them through bond proceeds, grants and operating revenues. This document serves as an operational and planning tool. The document identifies proposed capital projects at the airport and on the waterfront and prioritizes those projects.

**Capital Capacity:** An estimated calculation of the maximum amount available to spend on capital projects, given assumptions about future revenues and expenses and the ability to cover future interest payments per bond covenants and Port policies. See further discussion in the Draft Plan of Finance, section X.

**Capital Expenditures:** In accordance with Generally Accepted Accounting Principles (GAAP) and Port policy, capital expenditures are defined as expenditures that arise from the acquisition or improvement of the Port's fixed assets, such as construction of new facility or renovation of an existing facility; or renewal, replacement or upgrading of existing Port assets. Capital assets cost \$20,000 or more, with a useful life of 3 years or more, of which the Port has ownership.

**Capitalized Labor or Charges to Capital Projects:** Includes the salaries and benefits costs associated with capital projects. These costs are subtracted out of the operating expense and then input into the capital budget as part of the cost of the project(s).

**CARES Act:** The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act.

**Cash Disbursements:** Is the disbursement or payment of cash for cost incurred in the operation of the Port's business.

**Cash Flow:** Illustrates the flow of funds over a period of time incorporating both the operating budget and the capital budget and determines the financial needs.

**Cash Receipts:** The collection of cash from services and from Port facilities and equipment leased or operated.



**Chartfield:** A field that contains information that defines a transaction in terms of account number, department code, subclass, fund or program.

**Chart of Accounts:** It is a long list (“index”) of account numbers and their descriptions.

**Contingency:** A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Continuous Process Improvement Program (CPI):** CPI is the port’s official program to establish a continuous and enduring culture of improvement by utilizing a disciplined and time-tested improvement methodology called “LEAN.” A culture of CPI will expand and improve the Port’s capabilities, making the Port a stronger, more competitive organization. The CPI program focuses on four key elements:

- Organizational strategies, objectives, and metrics
- Employee empowerment and engagement
- Efficiency
- Innovation

**Cost Per Enplanement (CPE):** Airline cost per enplanement reflects the overall cost to the airlines for each passenger enplaned. The CPE measures the total costs borne by the passenger airlines operating at the airport divided by the number of enplaned passengers (roughly half of the total passengers). CPE is a key indicator used by the airlines to measure the relative costs of airports.

**Customer Facility Charges (CFC):** As determined by applicable State legislation, customer facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds.

**Department/Org:** An organizational unit within the Port which is part of a division.

**Depreciation:** This is a non-cash item that represents the use of long-term assets. Port assets are given a useful life of more than three years when they become active and each year some of that useful life is used up, worn or depreciated (See Amortization.)

**Direct Charge:** The ability to direct charged for services instead of allocating them, which is charging against another division’s/department’s subclass to represent where resources were used and dollars spent for the work that was actually done.

**Draft Plan of Finance:** The Five-year Capital Budget is the basis of the Plan of Finance. A funding plan for the Capital Budget that identifies the types and amounts of funding sources that are expected to be available in the five-year planning period, developed within the financial targets and forecasts described within the Draft Plan of Finance section. The Draft Plan of Finance is prepared and presented to the Port Commission concurrently with the Operating Budget. See further discussion in the Draft Plan of Finance section.

**Enterprise Fund:** There are dozens of funds that are summarized into the Enterprise Fund. The Enterprise Fund accounts for all activities and operations of the Port. The Enterprise fund is connected to the functional units in that it is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its fund activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions (Aviation, Maritime, Economic Development), and Central Services.

**Environmental Remediation Liability:** The Port’s policy requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: imminent endangerment to the public; permit violation; named as party responsible for sharing costs; named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port’s pollution remediation obligation. Costs incurred for pollution remediation obligation are recorded as environmental expenses unless the expenditures meet specific criteria that allow them to be capitalized. Capitalization criteria include: preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

**Equity:** The excess of assets over liabilities.

**Estimates:** Prediction of revenues and expenditures.

**Fiscal Year:** The Port’s annual accounting period for recording financial transactions begins January 1 and ends December 31, which is the same as the calendar year. It is also called the budget year.

**Forecast:** An estimate, projection or prediction of revenues and expenses.

**Full Time Equivalent:** Full Time Equivalent (FTE) employee, where “full-time” equals 100% of a full-time schedule. A full-time employee is represented as a “1.0 FTE” where 1.0 = 100% of a full-time schedule. FTEs represented by less than 1.0, such as 0.8, represent less than a full-time schedule. For example, “0.8 FTE” represents 80% of a full-time schedule.

**Fund:** Enterprise Fund. The establishment of a sub-fund is to account for money set aside for some specific purpose.

**Fund Balance:** The Net Position of the Enterprise Fund.

**Generally Accepted Accounting Principles (GAAP):** Standards and guidelines by which Accounting and Financial Reporting are governed.

**General Obligation (G.O.) Bonds and Interest:** The Port can borrow money which is intended to be paid back through its taxing authority. The tax levy (See Section VIII) funds the repayment of the principal and interest of these bonds. Port financial policies dictate that G.O. bonds be used for projects that have a long lag between project costs and revenues or are insufficient to support revenue bond financing, the project generates significant economic benefits for taxpayers, and the project is critical to the Port’s core business.

**Goals:** Written statements that declare what the port/division/department plan to achieve to fulfill its mission.

**Governmental Accounting Standards Board (GASB):** It is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government Finance Officers Association (of USA and Canada) (GFOA):** The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and practices and promoting them through education, training and leadership.

**Investment in Joint Venture:** The Port adopted Joint Venture Accounting beginning January 1, 2016 to account for its 50% share in the Northwest Seaport Alliance (NWSA).

**Inter-Division Allocation (Charges):** Allocation or Charges from one division to another.

**Intra-Division Allocation (Charges):** Allocation or Charges from within the division.

**Landing Fee:** The landing fee rate and resulting landing fee revenues are based on the contractual agreement between the Port's Aviation Division and the airlines. This contractual agreement permits the airlines to land and operate at Sea-Tac Airport. See the discussion of landing fees in Appendix E.

**LEAN:** Is a management philosophy, a process improvement approach, and a set of methods that seek to identify, eliminate, and reduce non-value added activities or waste within a process. Lean is time tested and is used by several companies, industries, and agencies around the world. Key principles of LEAN are:

- Guiding team members through the steps in process improvement with a trained facilitator
- Measuring the current state of a process
- Analyzing problem areas within a process
- Brainstorming improvement ideas, implementing improvements, and putting in place controls to sustain improvements

**Major Funds:** There are dozens of funds that are summarized into the Enterprise Fund, which is used to account for operations and activities that are financed at least in part by fees or charges to external users of Airport Facilities, Maritime and Economic Development properties. Therefore, the Port of Seattle summarizes all of its activities in the Enterprise Fund. This includes the Port's major business activities, which are comprised of three operating divisions – Aviation, Maritime and Economic Development, and Central Services.

**Majority in Interest (MII):** Under the terms of the current agreement between the airlines and the airport, the airlines are entitled to vote their approval for particular capital projects that affect the airline rate base.

**Millage:** A tax rate on property, expressed in mills per dollar of value of the property.

**Mission:** A brief statement that describes the purpose of an organization's existence. It defines the core purpose of the organization: What your organization does and for whom.

**Net Assets:** As required by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, net assets (equity) have been classified on the statement of net assets into the following categories:

- Invested in capital assets – net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets
- Restricted: Net Assets subject to externally imposed stipulations on their use
- Unrestricted: All remaining net assets that do not meet the definition of "invested in capital assets – net of related debt" or "restricted"

When both restricted and unrestricted resources are available for the same purpose, restricted assets are considered to be used first over unrestricted assets.

**Net Operating Income before Depreciation (NOI):** Income from operations after all direct and allocated expenses, but before depreciation, non-operating revenues and expenses has been included.

**Non-Airline Revenues:** Include concession, parking and other fees not charged directly to the airlines. These revenues help offset the residual landing fee requirement.

**Non-Operating Expenses:** Cost or charges that do not arise from the normal operation of the Port's business. An example is interest expense.

**Non-Operating Revenues:** Revenues that do not result from the normal operation of the Port's business such as: Ad Valorem Tax Levy, Interest Income, Non-operating Grants, Passenger Facilities Charges, Customer Facilities Charges and other revenues generated from non-operating sources.

**Northwest Seaport Alliance (NWSA):** A Joint Venture between the Port of Seattle and the Port of Tacoma formed the Northwest Seaport Alliance, which unifies the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region. It is the fourth-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, the Port of New York/New Jersey, and the Port of Savannah. It is a separate governmental entity established as a Port Development Authority, similar to Public Development Authorities formed by cities and counties. It is governed equally by the Managing Members who are acting through its home port's elected commissioners. The citizens of Pierce and King Counties each elect a five-member Port Commission to govern the ports of Tacoma and Seattle every four years, on a staggered basis. Each home port will remain a separate legal entity, independently governed by its own elected commissioners.

**Objectives:** Are statements of specific outcomes that are related to achieving the desired goals/strategies.

**Operating Income before Allocations & Depreciation:** Direct operating revenues minus direct operating expenses. This does not include any allocated expenses.

**Operating & Maintenance Expenses:** Cost or charges that arise from the normal operation of Port's business. These are cost or services required for a department/division to function. These include Salaries and Benefits, Equipment expense, Supplies and Stock, Travel and Other Employee expenses and all Direct and allocated charges, from Central Services and from other Divisions.

**Operating Revenues:** Fees for services, rents, and charges for the use of Port facilities such as: Dockage, Wharfage, Berthage and Moorage, Airport Transportation Fees, Airport Landing Fees, Equipment Rentals, Property Rentals and other revenues generated from port's operations are reported as operating revenue.

**ORG:** Is an abbreviated term for "Organization" and is the number that identifies departments. It shows where cost originates.

**Other Post-Employment Benefits (OPEB):** According to the Governmental Accounting Standard Board (GASB) statement 45, government agencies are required to record post-employment benefit costs other than pensions as a liability based on actuarial costs.

**Passenger Facilities Charges (PFCs):** As determined by applicable federal legislation, passenger facility charges generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds. PFC revenues received from the airlines are recorded as non-operating income in the statements of revenues, expenses, and changes in net assets upon passenger enplanement.

**Passenger Facilities Charges (PFCs) Bonds:** Bonds backed by Passenger Facility Charges.

**Passenger Traffic:** Enplanements, deplanements and connecting passenger activity.

**Performance Indicators or Measures:** Metrics used by Port management to determine whether a program is achieving or accomplishing its mission efficiently and effectively.

**Performance or Operating Budget:** A financial plan that incorporates an estimate of proposed revenues and expenses for a given period. A department's budget includes only those revenues and expenditures for which it has control.

**Performance or Variance Report:** A report in narrative format explaining the reason or causes of variances between actual revenues and expenses versus budgeted amounts for a given period. A good and accurate monthly and quarterly performance/variance report is a very important tool for management. Divisions and departments prepare a quarterly year-end forecast, which is incorporated into this report and it is presented quarterly to Executive Management and the Commission in public meetings.

**Port Commission:** It is the governing body of the Port of Seattle, which is comprised of five commissioners elected by the voters of King County to serve four-year term and to establish Port policy.

**Program:** Represents costs that are tracked and tend to enhance account information.

**Repairs and Maintenance:** Expenditures for routine maintenance and repairs to structure and minor improvements to property, which do not increase the value of the capital assets.

**Resolution:** A formal expression of opinion or determination adopted by the Port Commission.

**Revenue Bonds:** A type of borrowing that is repaid through the dedication of revenues intended to be generated by the investment being funded by the bonds.

**Revenue over Expense:** The excess or deficit of revenues (operating and non-operating) over expenses (operating and non-operating). The excess of revenues over expenses increases equity, whereas the deficit, expenses over revenues, decrease equity.

**Seasonally Adjusted:** Monthly figures are seasonally adjusted to account for typical seasonal variations which allows for month-to-month comparison.

**Seasonally Adjusted Annual Rate:** An calculated rate to reflect the full year, and adjusted to account for the seasonal variations.

**Strategies:** The broad, overall priorities adopted by the organization in recognition of its operating environment and in pursuit of its mission and vision. Strategies set the stage for decisions on budget, resources, and timeframes.

**Statutory Budget:** A plan that depicts the cash flows of the Port. It shows the beginning balance, cash receipts and cash disbursements and the balance at the end of the year. This budget must be filed with the King County Council and the King County Assessor as required by law by a specific date. See Section XI.

**Subclass:** Shows where resources were used and spending occurred. It shows who benefited from the work.

**Tax Levy:** The amount of money to be raised by the imposition of property taxes. See Section VIII.

**Transfers:** The movement of money from one fund to another.

**Transportation Worker Identification Credential (TWIC):** The Transportation Worker Identification Credential, also known as TWIC®, is required by the Maritime Transportation Security Act for workers who need access to secure areas of the nation’s maritime facilities and vessels. It is a tamper-resistant biometric identification card system established through the U.S. Congress Maritime Transportation Security Act (MTSA) and administered by the Transportation Security Administration (TSA) and U.S. Coast Guard. TSA conducts a security threat assessment (background check) to determine a person’s eligibility and issues the credential. U.S. citizens and immigrants in certain immigration categories may apply for the credential. Most mariners licensed by the U.S. Coast Guard also require a credential.

**Twenty-foot Equivalent Unit (TEU):** The international standard of measurement for the container volume that moves through the Port. One forty-foot container is equivalent to two TEUs.

**Vacancy Factor:** A percentage applied to total payroll to account for potential turnover and delays in hiring to depict a more accurate estimated payroll budget.

**Values:** Principles, standards, characteristics or qualities held in high positive regard by an individual or group. They are often used to guide day-to-day actions.

**Variances:** The difference between “actual” and “budget” amounts for revenues and for expenses, which could be either favorable or unfavorable.

Favorable Variance: This is a positive variance, and it exists when, in a given period:

- Revenues: Actual revenues are higher than budgeted revenues
- Expenses: Actual expenses are lower than budgeted expenses

Unfavorable Variance: This is a negative variance, and it exists when, in a given period:

- Revenues: Actual revenues are lower than budgeted revenues
- Expenses: Actual expenses are higher than budgeted expenses

**Vision:** A word picture or brief statement of what the organization intends to become or how it sees itself at some point in the future.

## **APPENDIX G: ACRONYMS AND ABBREVIATIONS**

<b>AAPA</b>	American Association of Port Authorities
<b>AAAE</b>	American Association of Airport Executives
<b>AAG</b>	Alaska Airlines Group
<b>ACI</b>	Airports Council International
<b>AEC</b>	Airport Employment Center
<b>AIR 21</b>	Aviation Investment & Reform Act for the 21st Century
<b>APM</b>	Automated People Mover
<b>ARFF</b>	Aviation Regional Fire Fighting
<b>ATC</b>	Air Traffic Control
<b>B&amp;OT</b>	Business and Occupation Tax
<b>BHICC</b>	Bell Harbor International Conference Center
<b>BHM</b>	Bell Harbor Marina
<b>BHS</b>	Baggage Handling System
<b>BLS</b>	Bureau of Labor Statistics
<b>BMP</b>	Best Management Practices
<b>CBP</b>	Customs and Border Patrol
<b>CDD</b>	Capital Development Division
<b>CERT</b>	Community Emergency Response Team
<b>CFC</b>	Customer Facility Charges
<b>CFO</b>	Chief Financial Officer
<b>CIP</b>	Capital Improvement Plan
<b>CMMS</b>	Computerized Maintenance Management System
<b>COO</b>	Chief Operating Officer
<b>CPE</b>	Cost Per Enplanement
<b>CPI</b>	Consumer Price Index / Continuous Process Improvement
<b>CPO</b>	Central Procurement Office, a Port department
<b>CTE</b>	Central Terminal Expansion
<b>CY</b>	Calendar Year / Container Yard
<b>DBE</b>	Disadvantaged Business Enterprise
<b>DHS</b>	Department of Homeland Security
<b>DNR</b>	Department of Natural Resources
<b>DOT</b>	Department of Transportation
<b>ED</b>	Executive Director
<b>EDD</b>	Economic Development Division
<b>EDI</b>	Equity, Diversity, and Inclusion, a Port Department
<b>EIS</b>	Environmental Impact Statement
<b>EPA</b>	Environmental Protection Agency
<b>ESGR</b>	Employer Support of the Guard Reserve
<b>FAA</b>	Federal Aviation Administration
<b>FAR</b>	Federal Aviation Regulations
<b>FASB</b>	Financial Accounting Standard Board
<b>FAST</b>	Freight Action Strategy Corridor
<b>F&amp;B</b>	Finance and Budget, a Port Department
<b>FEMA</b>	Federal Emergency Management Agency
<b>FIMS</b>	Flight Information Management System
<b>FIS</b>	Federal Inspection Area
<b>FMC</b>	Federal Maritime Commission
<b>FOD</b>	Foreign Object Debris

<b>FTE</b>	Full-time Equivalent Employee
<b>FY</b>	Fiscal Year
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GASB</b>	Governmental Accounting Standards Board
<b>GFOA</b>	Government Finance Officers Association (of USA and Canada)
<b>GIS</b>	Geographical Information System
<b>G.O.</b>	General Obligation (Bond)
<b>GT</b>	Ground Transportation
<b>HCM</b>	Human Capital Management
<b>HDS</b>	Harbor Development Strategy
<b>HR</b>	Human Resources, a Port department
<b>HVAC</b>	Heating, Ventilation and Air Conditioning
<b>IAF</b>	International Arrivals Facility
<b>IDC</b>	Industrial Development Corporation
<b>IDIQ</b>	Indefinite Delivery Indefinite Quantity
<b>ILA</b>	Interlocal Agreement
<b>IMC</b>	Intermodal Center
<b>ICT</b>	Information and Communications Technology, a Port Department
<b>JV</b>	Joint Venture
<b>KPI</b>	Key Performance Indicators
<b>LEOFF</b>	Law Enforcement Officers' and Fire Fighters' Retirement System
<b>LOI</b>	Letter of Intent
<b>LOC</b>	Letter of Credit
<b>LR</b>	Labor Relations, a Port Department
<b>LRP</b>	Long Range Plan
<b>MAP</b>	Million Annual Passengers
<b>WMBE</b>	Women & Minority Owned Business Enterprise
<b>MD</b>	Managing Director
<b>MIC</b>	Marine Industrial Center
<b>MIS</b>	Management Information System
<b>MOBI</b>	Marina Operation Boating Inventory System
<b>MOU</b>	Memorandum of Understanding
<b>NAMF</b>	North Area Maintenance Facility
<b>NAC</b>	Neighborhood Advisory Committee
<b>NEPA</b>	National Environmental Policy Act
<b>NMA</b>	National Management Association
<b>NOI</b>	Net Operating Income
<b>NREL</b>	National Renewable Energy Laboratory
<b>NSAT</b>	North Satellite Terminal
<b>NTSB</b>	National Transportation Safety Board
<b>NWMTA</b>	Northwest Marine Terminal Association
<b>NWSA</b>	Northwest Seaport Alliance
<b>OEDI</b>	Equity, Diversity, and Inclusion, a Port Department
<b>O&amp;D</b>	Origin and Destination
<b>O&amp;M</b>	Operating and Maintenance Expense
<b>OPEB</b>	Other Post-Employment Benefits
<b>ORG</b>	Organization
<b>PCS</b>	Port Construction Services, a Port department
<b>PDA</b>	Port Development Authority
<b>PERS</b>	Public Employees' Retirement System
<b>PFC</b>	Passenger Facility Charges



<b>PLA</b>	Project Labor Agreement
<b>PM</b>	Project Manager
<b>PMA</b>	Pacific Maritime Association
<b>PMG</b>	Project Management Group, a Port department
<b>PNWA</b>	Pacific North West Waterways Association
<b>POS</b>	Port of Seattle
<b>PPE</b>	Personal Protective Equipment
<b>PPM</b>	Post Panamax
<b>PREP</b>	Performance Review, Evaluation & Planning
<b>PSA</b>	Professional Service Agreement
<b>PSCAA</b>	Puget Sound Clean Air Agency
<b>PSRC</b>	Puget Sound Regional Council
<b>RCF</b>	Rental Car Facility
<b>RCW</b>	Revised Code of Washington
<b>RFP</b>	Request for Proposal
<b>RMM</b>	Regulated Materials Management
<b>SAF</b>	Sustainable Aviation Fuels
<b>SBM</b>	Shilshole Bay Marina
<b>SDS</b>	Storm water Drainage System
<b>SEPA</b>	State Environmental Policy Act
<b>SKC</b>	South King County
<b>SLOA</b>	Signatory Airline Lease and Operating Agreements
<b>SSA</b>	Stevedoring Services of America
<b>STEP</b>	South Terminal Expansion Project
<b>STIA</b>	Seattle-Tacoma International Airport
<b>STS</b>	Satellite Transit System
<b>SWU</b>	Storm Water Utility
<b>USCG</b>	United States Coast Guard
<b>USDA</b>	United States Department of Agriculture
<b>TEU</b>	Twenty-foot Equivalent Unit
<b>TSA</b>	Transportation Security Administration
<b>TWIC</b>	Transportation Worker Identification Credential
<b>UBC</b>	Uniform Building Code
<b>WASPC</b>	Washington Association of Sheriffs and Police Chiefs
<b>WSDOE</b>	Washington State Department of Ecology
<b>WSDOT</b>	Washington State Department of Transportation
<b>WTC</b>	World Trade Center
<b>WPPA</b>	Washington Public Ports Association

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*\* 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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