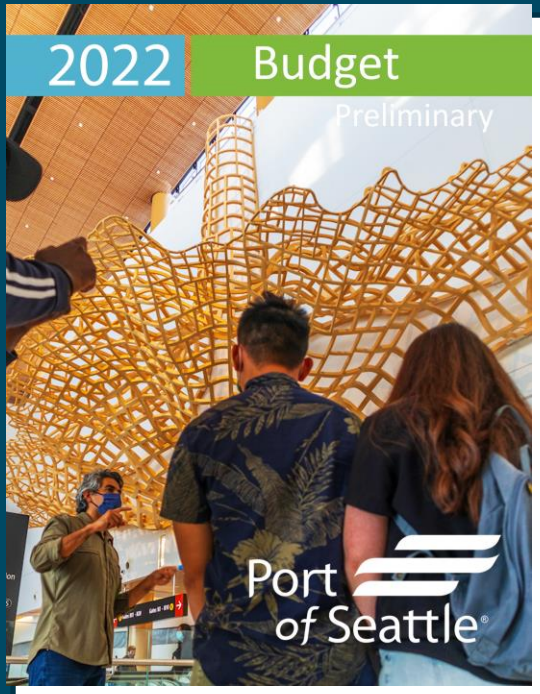


The 2022 Maritime, Economic Development, and NWSA budget briefing is about to begin.

This presentation will be recorded and made available.

OPEN HOUSE AGENDA



2021: Leading the Recovery.....	Executive Director Stephen P. Metruck Commission President Fred Felleman
2022: A Time for Transformation: Maritime and Economic Development Divisions, Northwest Seaport Alliance	Managing Director Stephanie Jones Stebbins Managing Director Dave McFadden Senior Manager Lindsay Wolpa (NWSA)
Public Port, Community Benefit	Executive Director Stephen P. Metruck
Your Questions	



Maritime, Economic Development, and NWSA Budget Community Briefing

October 2021



Stephen P. Metruck

Executive Director



Fred Felleman

Commission President

2021 Leading the Recovery



Economic Impact of the Port of Seattle



Capital Project Plan
\$3.7 Billion
2021-2025



All Port Activities
121,200
Area Jobs



SEA Airport
\$22.5 B



Commercial Fishing
\$1.4 B

Total Economic Activity

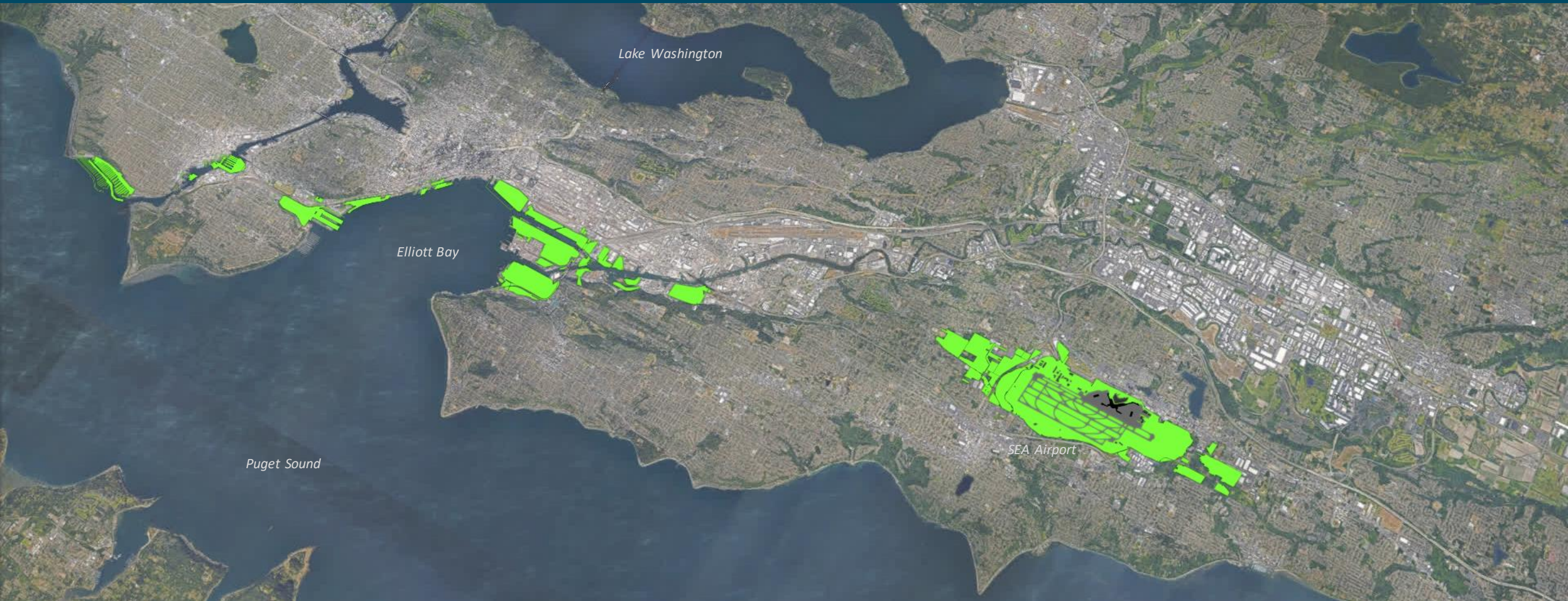


Maritime Int'l Trade*
\$16.3 B



Cruise
\$900 M

** In partnership with the Northwest Seaport Alliance*



2021 Restoring Operations*

SEA AIRPORT

Passengers
-26%



CRUISE SEATTLE

Passengers
-82%



Return to Long-Term Priorities



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

Innovative Projects

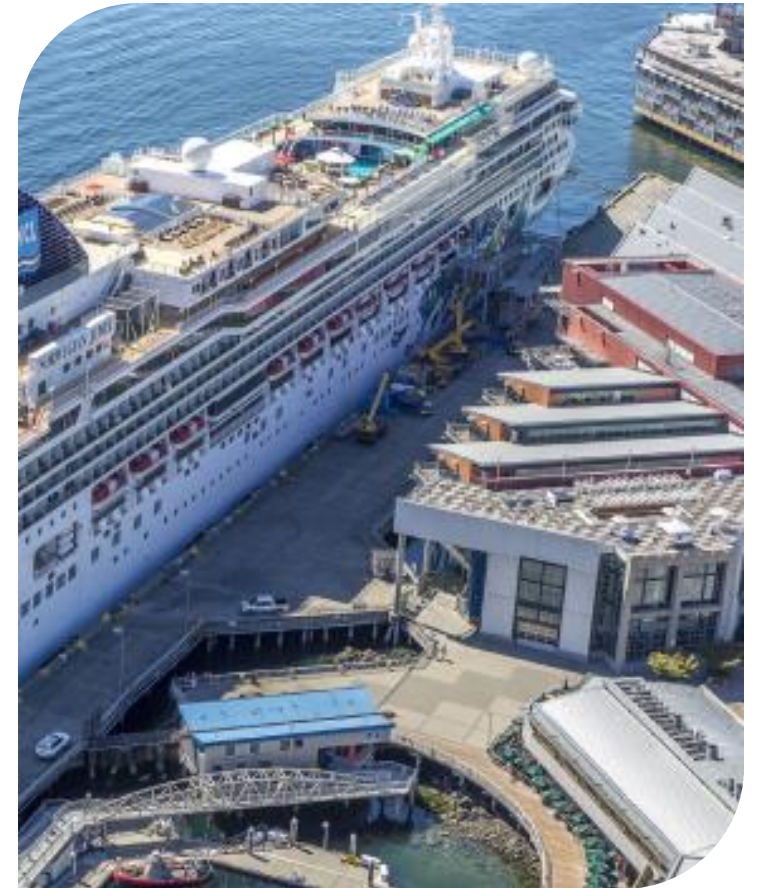
NW Ports Clean Air Strategy



Terminal 5 Modernization



Waterfront Clean Energy



Innovative Programs

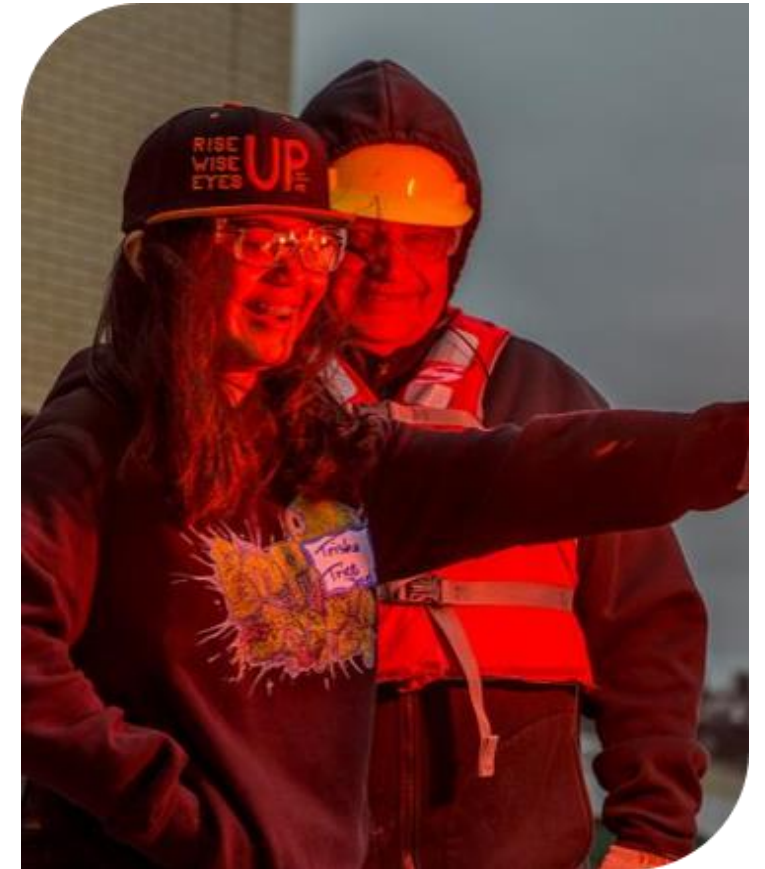
Maritime Innovation Center



Maritime Accelerator



Maritime High School



2022

A Time for
Transformation:
Maritime and
Economic Development
Divisions

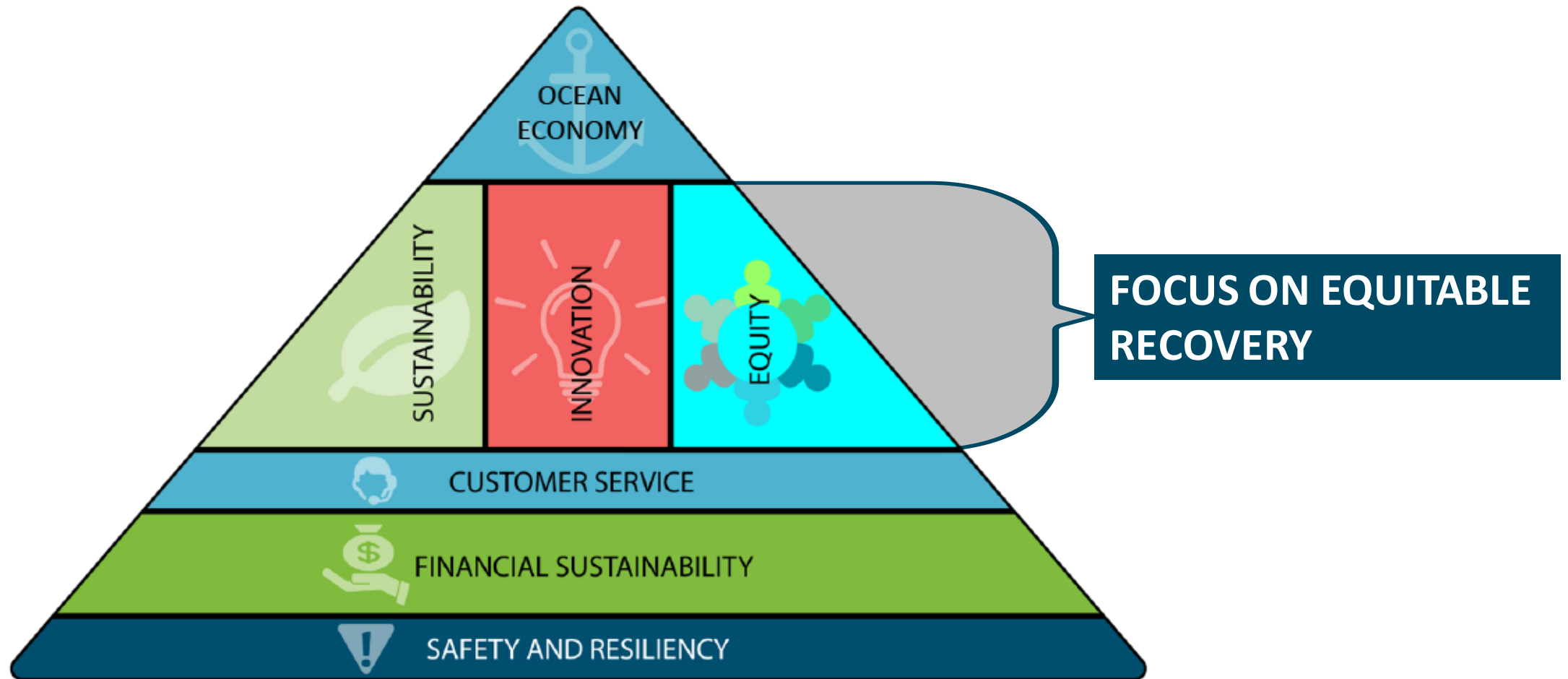




Stephanie Jones Stebbins

Managing Director, Maritime Division

Maritime Priorities 2022



Maritime SWOT Analysis

Strengths



- Strong delivery of **cruise operation at premium rate** (moorage/passenger fees).
- **Competitive advantage of physical assets.**
- Diverse, full life cycle in house maintenance services with **favorable customer satisfaction.**

Weaknesses



- Insufficient **planning resources.**
- Expense and capital budgets limited until **cruise revenue rebounds.**
- **Aging infrastructure.**

Opportunities



- Cruise opportunity to move forward **Equity and Sustainability priorities.**
- Take advantage of **grants to fund capital projects.**
- Opportunity to realize ROI from **sustainability and innovation initiatives.**

Threats



- In **recovery, but not recovered.**
- High variability in **construction pricing and supply chain disruption** impacting projects.
- **Climate change** is impacting fisheries.

Maritime Budget: Bottom Line Up Front

Budget Drivers

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

Top and Bottom Line

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

Maritime Revenues

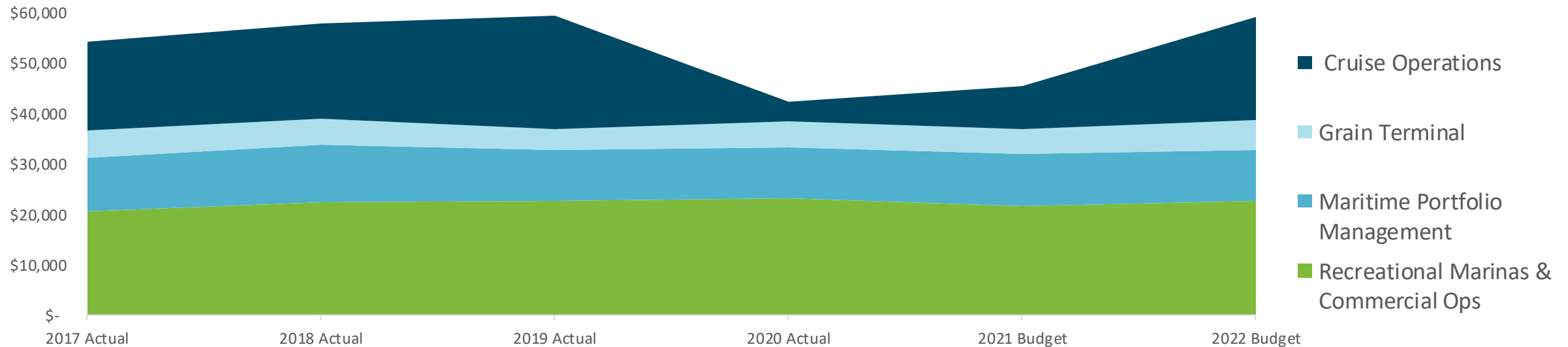
- Overall planning a \$13.9M annual increase, \$3.8M below 2020 budget.
- Cruise budgeted at 75% occupancy and risk-adjusted sailings.
- Promising year at the grain terminal. Increases from Louis Dreyfuss rates taking effect.

Recreational Marinas & Commercial Operations.

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

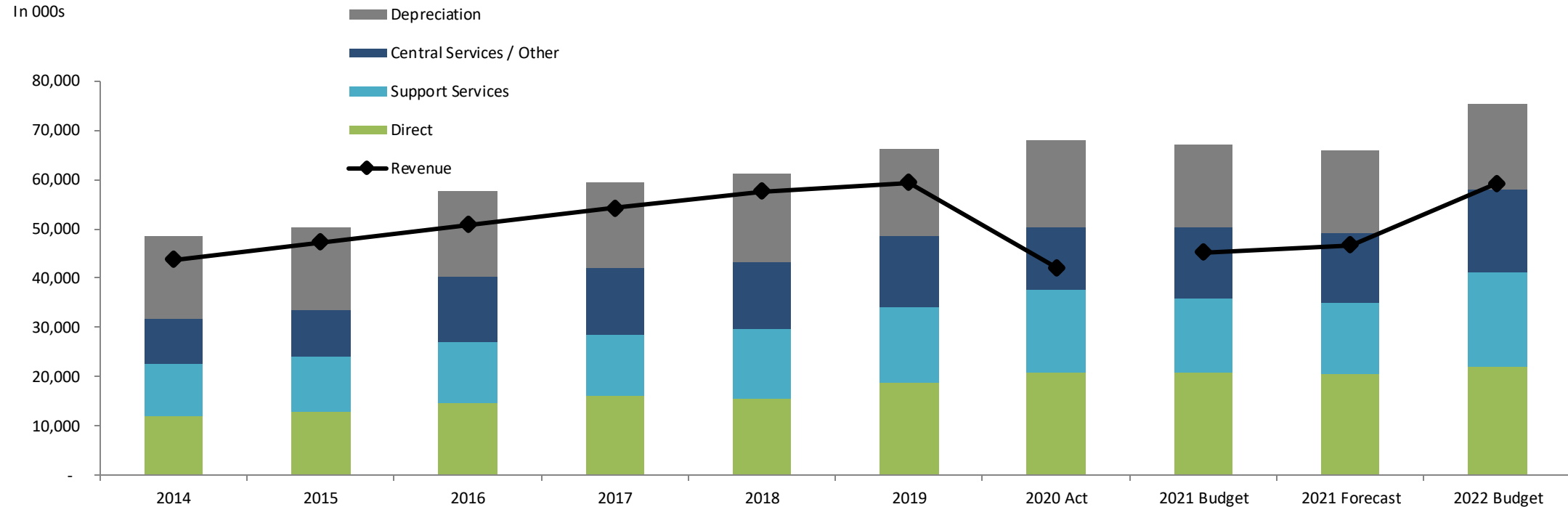
In \$000s

Maritime Revenue by Business Group



Revenue returning to pre-pandemic levels

Maritime Division Financial Trends



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

Expect revenue to fully return to trend following pandemic

2022 Maritime Budget Summary

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

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

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

Net Operating Income:

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

Net Operating Income Target

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

Capital Projects



Capital Improvement Plan Benefits

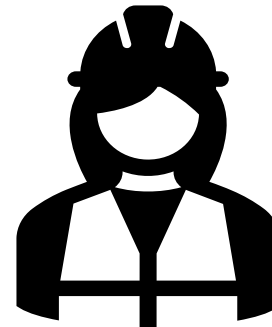
**Asset
Stewardship**



**Financial
Sustainability**



**Economic
Development**



**Environmental
Sustainability**



Draft 2022 to 2026 CIP: \$378M

Project Group/Name	Status	\$ millions						Total Project Cost		
		2022	2023	2024	2025	2026	5Y Total	Current	Previous ³	Change
<i>Large</i>		14.9	47.9	81.0	67.5	44.6	255.9	528.6	452.7	75.8
Duamish River People's Park (T117 Restoration)	5 In Construction	2.5	0.3	0.3	0.3	0.3	3.6	19.8	23.6	(3.7)
Terminal 91 Berth 6 & 8 Redevelopment	4 In Design	1.3	20.7	39.0	0.8	-	61.8	65.2	40.0	25.2
Terminal 91 Uplands Development Phase I	4 In Design	1.5	2.1	23.1	22.4	-	49.1	50.3	48.5	1.8
Maritime Innovation Center	4 In Design	1.3	6.0	11.1	-	-	18.4	19.9	16.0	3.9
Pier 66 Shore Power	4 In Design	7.5	8.8	0.0	-	-	16.3	17.0	16.7	0.2
Terminal 46 Replace North Pier Structure	3 Pre-design	-	2.5	2.5	30.0	25.0	60.0	60.2	49.5	10.7
Jack Block Park Pier Replacement	3 Pre-design	0.3	0.7	3.5	3.5	-	8.0	8.3	4.0	4.3
Terminal 91 New Cruise Gangways	3 Pre-design	0.5	6.5	0.0	-	-	6.9	7.0	6.9	0.1
Terminal 91 Uplands Phase 2 Buildings	2 Bus Plan Prospective	-	-	-	0.6	1.7	2.3	166.0	144.0	22.0
Fishermen's Terminal Gateway Building	2 Bus Plan Prospective	-	-	-	-	1.9	1.9	53.1	53.4	(0.3)
Fishermen's Terminal Northwest Dock Improvements ²	2 Bus Plan Prospective	-	0.5	1.5	10.0	15.0	27.0	52.0	42.5	9.5
Terminal 91 Uplands Phase 2 Utility Infrastructure	2 Bus Plan Prospective	-	-	-	-	0.6	0.6	9.8	7.7	2.1
<i>Mid-Cap¹</i>		20.8	19.1	13.6	6.8	6.0	66.3			
<i>Small</i>		5.1	1.9	1.0	1.1	2.0	11.1			
<i>Fleet/Technology</i>		2.7	2.8	2.6	2.3	1.7	12.2			
<i>Tenant Improvements</i>		0.8	0.6	0.6	0.6	0.6	3.0			
<i>Management Reserve Cash Flow Adjustment</i>		(10.3)	12.1	10.3	7.0	11.0	30.0			
Total		\$33.9	\$84.3	\$109.0	\$85.3	\$65.9	\$378.4			

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

²Moved into capital plan this year - condition assessment to be completed in 2022

³Total estimated project cost as of 2021 Capital Plan (Q3 2020)

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

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

Capital Projects

Maritime Division



Pier 66 Shorepower

PIER 66 BELL STREET
CRUISE TERMINAL

SUBMARINE CABLE
TERMINAL 46 / PIER 66

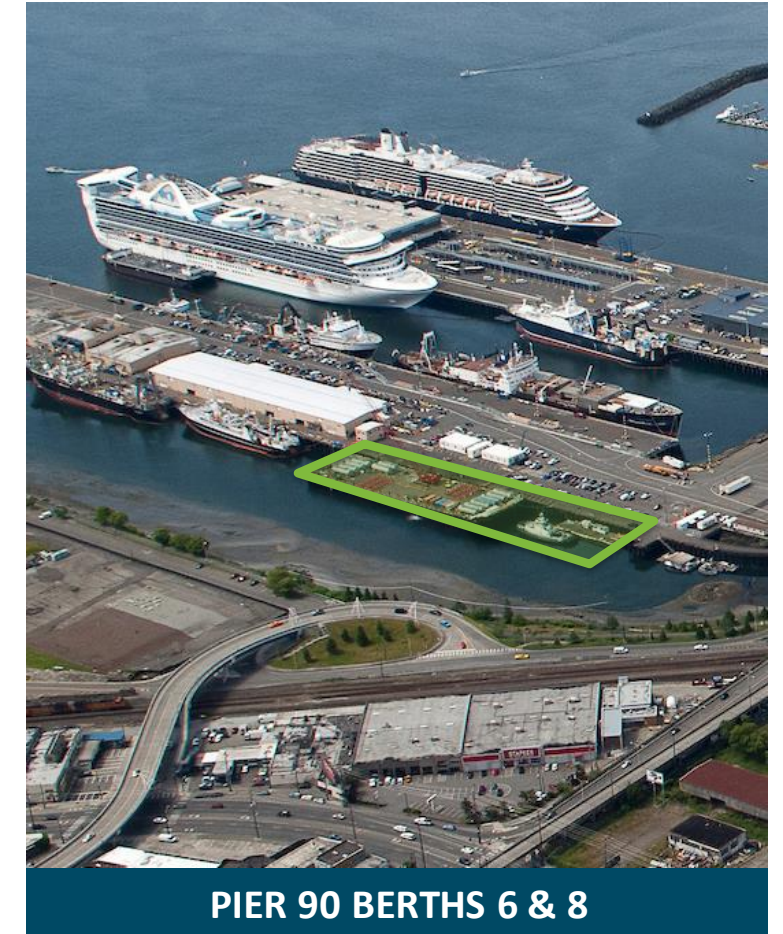
TERMINAL 46



Duwamish River People's Park and Shoreline Habitat



Large Projects Moving Forward





Dave McFadden

Managing Director, Economic Development Division

Century Agenda Goal		Department & Initiatives		Key Metrics
Advance this Region as a Leading Tourism Destination and Business Gateway		EDD Tourism Department <ul style="list-style-type: none"> Tourism Recovery Initiative Promote Air Travel and Cruise/Stay Tourism grant programs 		<ul style="list-style-type: none"> Passenger enplanement increases
Become a Model for Equity, Diversity and Inclusion		EDD Diversity in Contracting <ul style="list-style-type: none"> Diversity in Contracting WMBE/DBE Outreach WBE/DBE Technical Assistance 		<ul style="list-style-type: none"> WMBE/DBE % Utilization # WMBE/DBE firms utilized
Be a Highly Effective Public Agency		EDD Real Estate <ul style="list-style-type: none"> Maritime/EDD property and lease management Real Estate Development Pier 69 HQ Management 		<ul style="list-style-type: none"> Property acquired/redeveloped Exceed energy efficiency goals
Responsibly Invest in the Economic Growth of the Region and all its Communities		EDD Partnerships & Innovation <ul style="list-style-type: none"> City ED Partnership Grants Duwamish partnership Innovation Initiatives 		<ul style="list-style-type: none"> # small biz receiving recovery support through partners # of emerging maritime companies assisted

EDD SWOT Analysis

Strengths



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

Weaknesses



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

Opportunities



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

Threats



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

Relief and Recovery



Real Estate



Diversity in
Contracting
(small business)



Tourism



Economic
Development/
Innovation

2022 Budget Advances Equitable Recovery

Real Estate

- ☐ Support tenants through pandemic
- ☐ Strong market favors Port property development
 - ✓ Advances workforce development
 - ✓ Supports small business

Diversity in Contracting

- ☐ Provide opportunity to disadvantaged businesses
- ☐ Port will invest \$ billions in capital facilities over next decade

Tourism

- ☐ Help hospitality and travel industries rebound from pandemic challenges
- ☐ Support Alaska Cruise industry
- ☐ Advance sustainable and equitable tourism

Innovation

- ☐ Fund regional business navigators to help impacted small businesses
- ☐ Support maritime and aviation innovation

EDD Financial Summary

• Budget Drivers:

- Economic Recovery
- Conference & Event Centers at about 75% historic volumes
- Increasing Equity, Diversity, and Inclusion
- Targeted funding to help restart Regional Tourism
- Moving forward Maritime Innovation

• Top and Bottom Line

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

	*2019	2020	2021	2021	2022	Incr (Decr)	
\$ in 000's	Actual	Budget	Budget	Forecast	Proposed Budget	Change from 2020	
						\$	%
Total Revenue	21,151	19,110	13,348	12,048	18,769	(341)	-2%
Expenses							
EDD & Maritime Expenses	18,630	19,417	13,128	12,843	19,719	302	2%
EDD Initiatives	2,274	2,843	3,683	3,363	3,418	575	20%
Central Services & Aviation	6,251	7,108	4,603	4,400	5,164	(1,944)	-27%
Total Expense	27,156	29,368	21,413	20,605	28,301	(1,066)	-4%
NOI Before Depreciation	(6,005)	(10,258)	(8,065)	(8,557)	(9,532)	726	7%
Depreciation	3,647	3,389	3,216	3,216	3,741	352	10%
NOI After Depreciation	(9,651)	(13,647)	(11,281)	(11,773)	(13,273)	374	3%

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

Capital Projects

Economic
Development
Division



Terminal 91 Uplands



- **T91 Uplands: \$225M**
 - Phase I: \$50M – 10% design
 - Phase II: \$175M
 - Pre-planning beginning 2025
 - Utility infrastructure + Building Development

Maritime Innovation Center @ Fishermen's Terminal





Lindsay Wolpa

The Northwest Seaport Alliance (NWSA)
Senior Manager, Strategic Projects

Organizational Structure

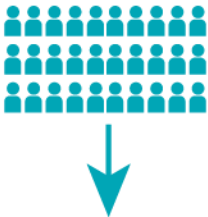
King County
Voters



Port of Seattle
Commission



Pierce County
Voters

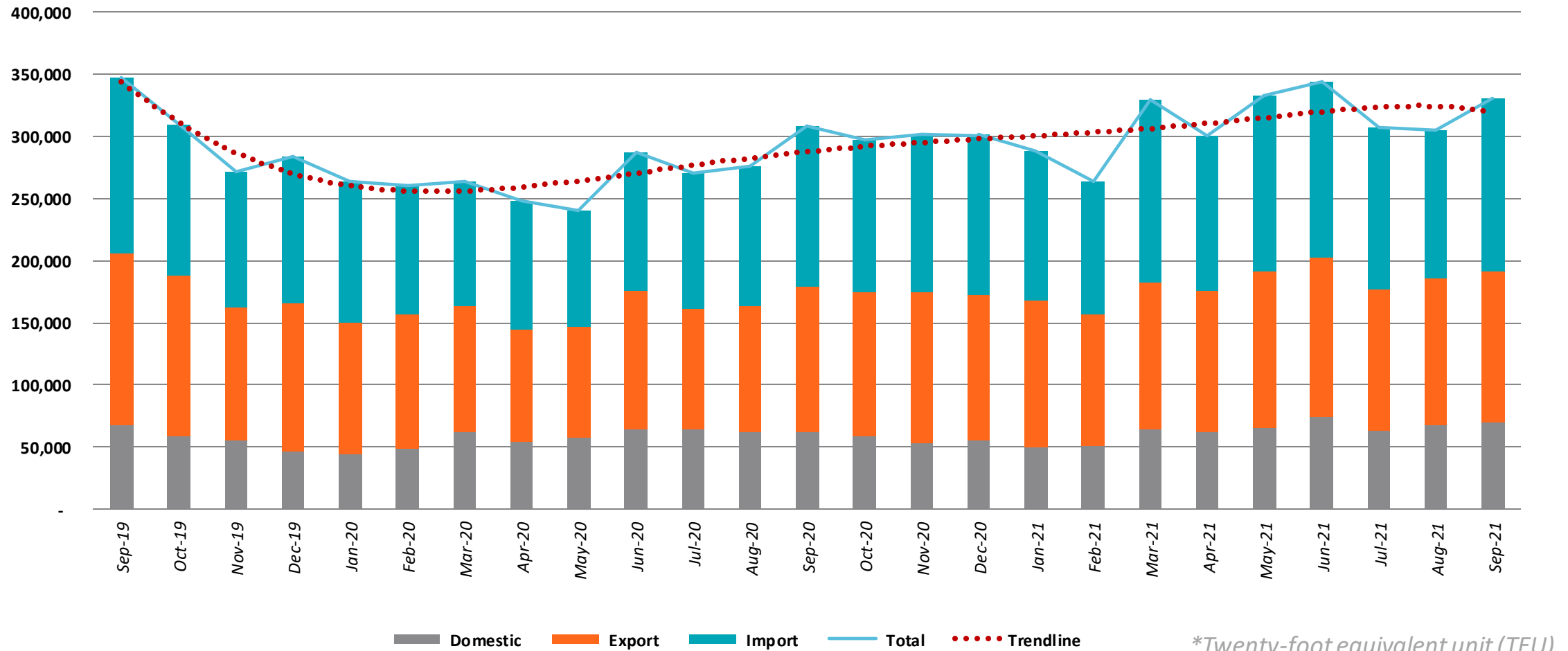


Port of Tacoma
Commission



Multiple Global Issues Impact Volume

The Northwest Seaport Alliance TEU Volumes



*Twenty-foot equivalent unit (TEU)

North Harbor Projects Moving Forward



- T-5 Modernization
- T-18 Upgrades



Public Port, Community Benefit



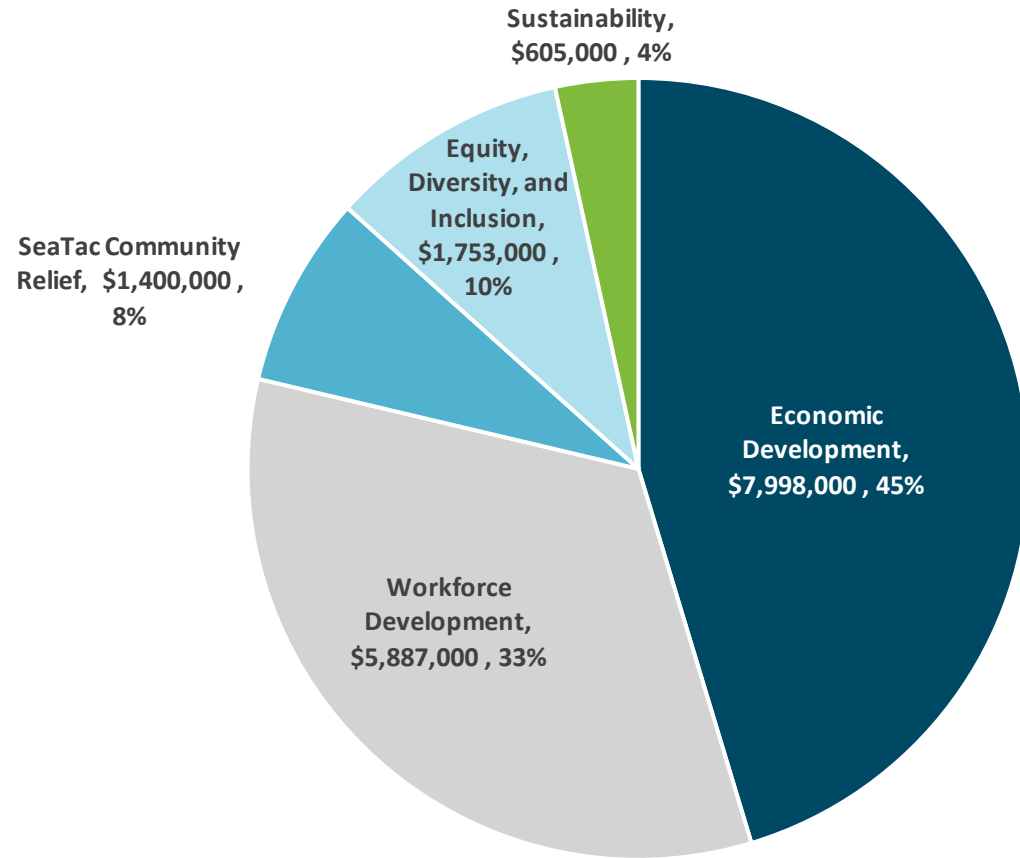
2022 Community Programs

Program (in \$000)	2021 Budget	2022 Proposed Budget	2022 Proposed Budget Funded by the levy	% of the 2022 Proposed Budget Funded by the levy
Energy & Sustainability Fund	373	160	160	100%
Airport Community Ecology (ACE) Fund	212	135	135	100%
South King County Support Program	2,000	2,195	2,195	100%
Duwamish Valley Community Equity Program	275	387	387	100%
EDD Partnership Grants	910	1,200	1,200	100%
Tourism Marketing Support Program	2,481	1,675	550	33%
Airport Spotlight Ad Program	382	466	466	100%
City of SeaTac Community Relief	1,400	1,400	1,400	100%
Maritime Blue (formerly Maritime Innovation Center)	150	150	150	100%
Workforce Development	2,682	4,390	2,626	60%
• Opportunity Youth Initiative (OYI) ¹	-	1,000	1,000	100%
High School Internship Program	500	496	-	0%
Diversity in Contracting	1,510	1,836	260	14%
• Small Bus. Accelerator under SKCF ²	180	250	250	100%
Equity, Diversity & Inclusion	1,062	1,366	-	0%
Sustainable Aviation Fuels & Air Emissions Program	250	200	200	100%
Low Carbon Fuel Standard/GHG Reduction Effort Support	75	110	-	0%
Sustainable Eco-Tourism Conference	-	75	75	100%
Regional Small Business Partnerships	-	150	150	100%
TOTAL	14,081	16,142	9,704	60%

¹ \$2.0M budget for OYI was added in May 2021 (not shown on the table). OYI budget rolls up to Workforce Development total (item 10).

² \$250 Small Business Accelerator under DC is included in DC total and South King County Support Program (Item 3).

Port Community Program Funding by Activity



2022 Proposed Budget

Economic Development

- Tourism Dept.,
- Spotlight Advertising,
- City Economic grants
- Diversity in Contracting Dept.
- Maritime Innovation
- South King County Fund

Workforce Development

- High School Interns
- Workforce Development Department

Equity, Diversity & Inclusion

- EDI Department
- Duwamish Community Equity program

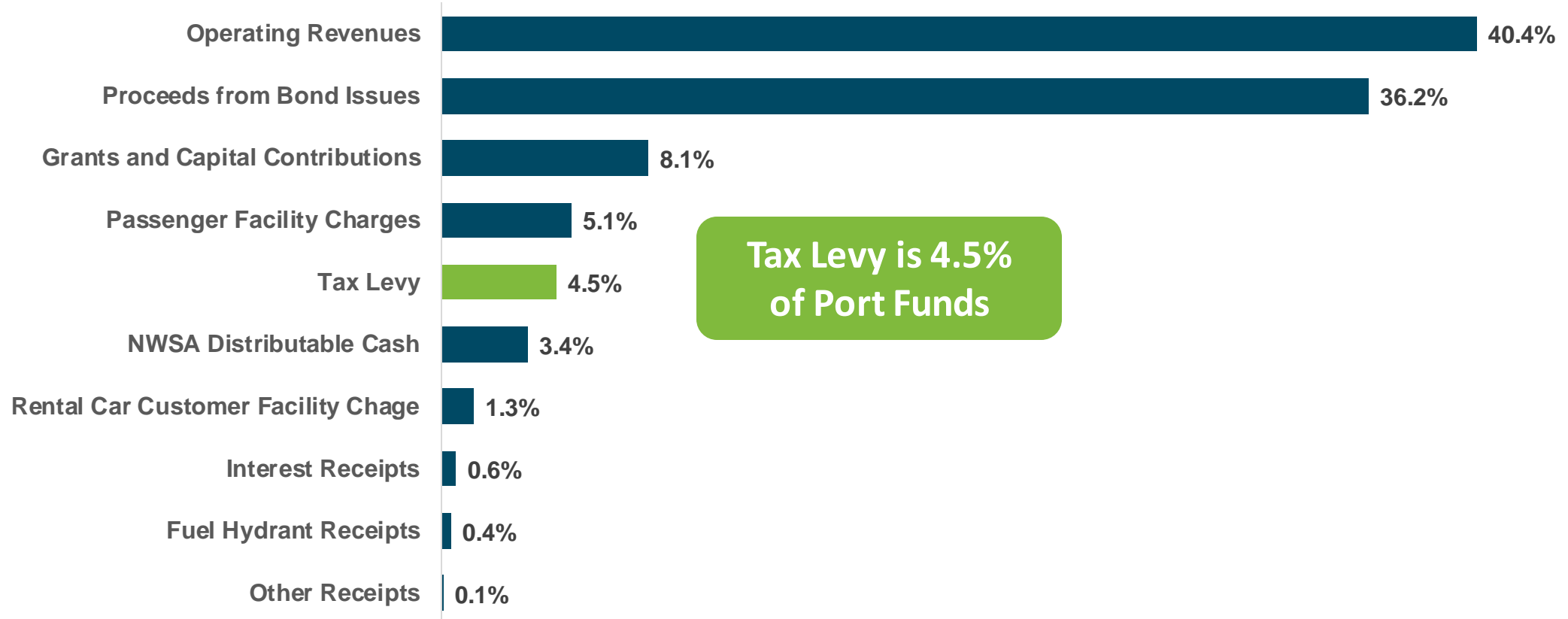
SeaTac Community Relief

Sustainability

- South King County Fund (continuing ACE Fund)
- E&S Committee
- Low Carbon Fuel Standard
- Sustainable Aviation Fuels

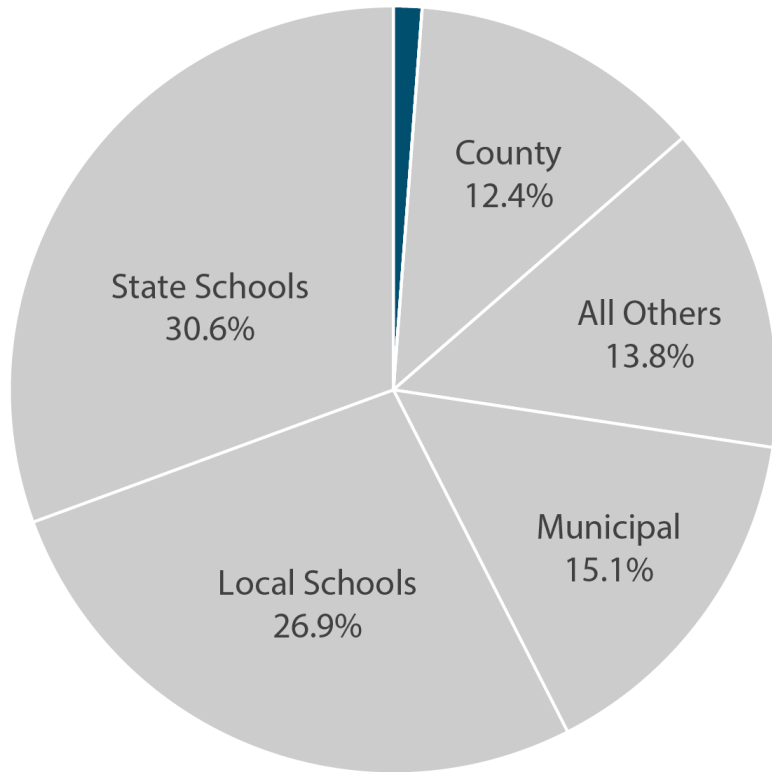
Port-Wide Sources of Funds \$1.8 Billion

Sources of Cash



About the Levy

Port of Seattle 1.2%



King County Property Taxes by Jurisdiction, 2021

TAX LEVY USES

- General Obligation Bond debt service
- Investments in maritime infrastructure
- Environmental sustainability
- Regional transportation mobility
- Community:
 - Workforce development, partnerships,
 - Grants
 - Near-Port communities
 - Tourism

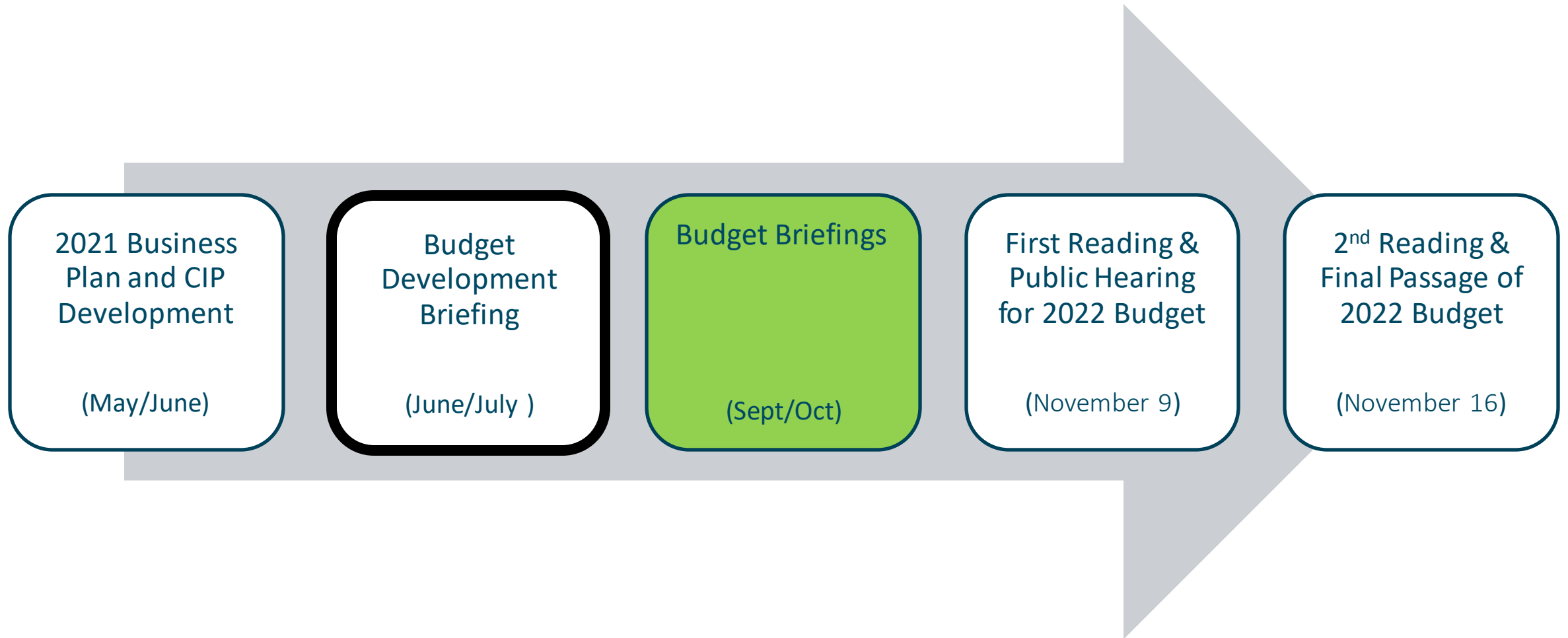
Tax Levy

In 2022, the median homeowner payment stays at **\$72.00**.

Port of Seattle Tax Levy	2021	2022 Preliminary	Change
Tax Levy Amount (\$ mil)	\$78.68	\$81.04	3%
Median homeowner payments (\$)	\$72.00	\$72.00	0%

Based on an estimated median King County home value of \$640,000 per King County Assessor in 2022

2022 Budget Commission Timeline



More about the budget:

<https://www.portseattle.org/2022Budget>

Join us for an Aviation Division briefing on
October 21 from 4-5pm.



Dan Thomas

Chief Financial Officer

Your Questions





Port of Seattle®

Thank you