

Item No.: 11b supp
Meeting Date: Sept. 27, 2022



2023 Central Services Commission Briefing

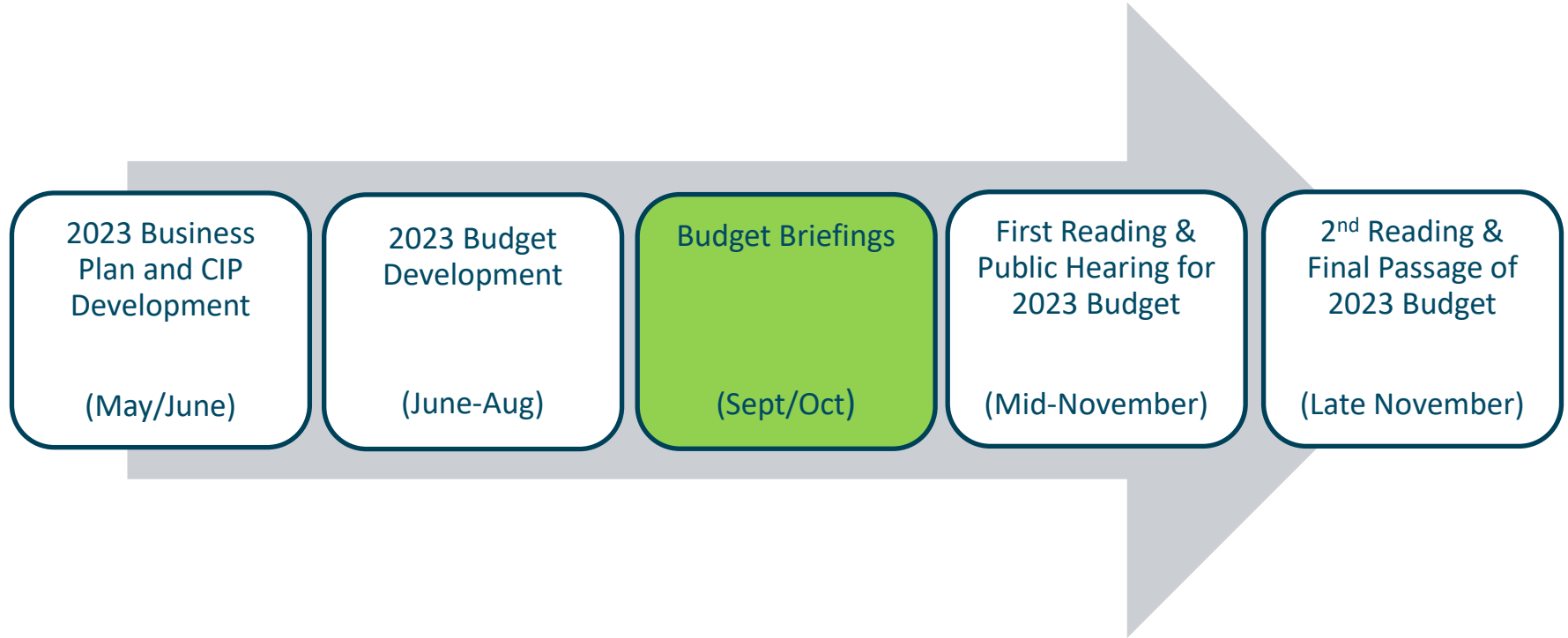
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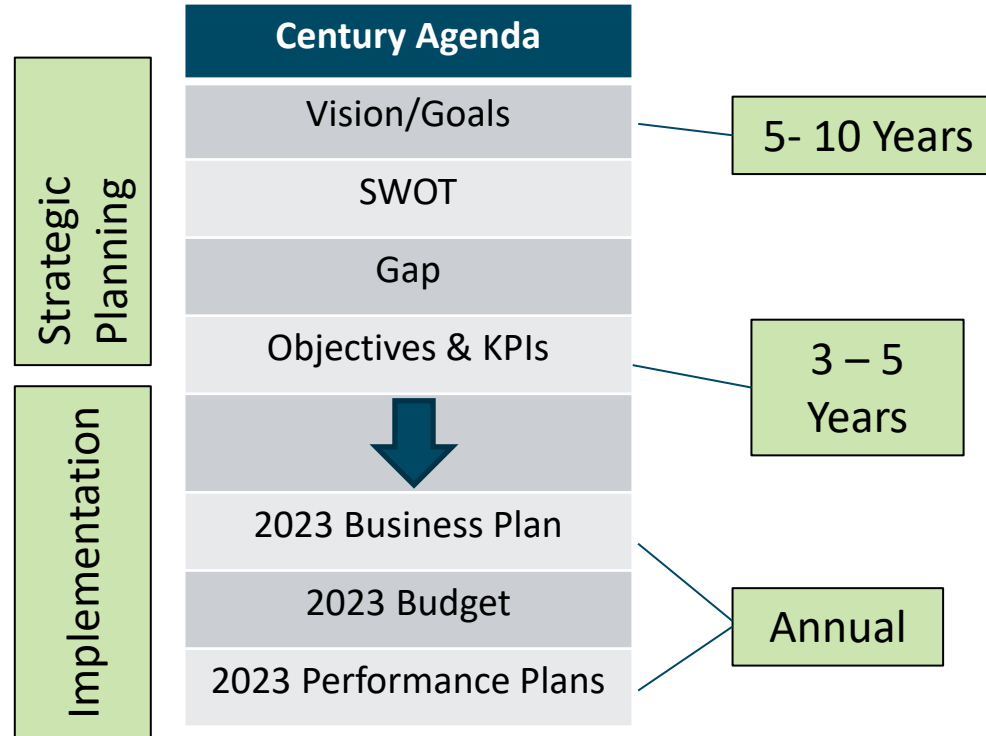
Overview

- Budget Timeline
- Strategy to Budget Process
- Key 2023 Budget Drivers
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2023 Budget Timeline



Strategy to Budget Process



Century Agenda Drives Port Priorities and Budgets



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

Key 2023 Budget Drivers/Considerations

- Economic and pandemic uncertainties
- Strong business recovery
- Investment in workforce
- Balancing expenses with projected revenues
- General and construction cost inflation
- Investment in Environmental Sustainability, Workforce Development & Community Programs
- Ability to fill vacant/new FTEs
- Incorporating resiliency initiatives

2023 Portwide Budget Summary

- Strong growth in Operating Revenues
 - Operating Revenues up \$192.7M or 25.1% from 2022 budget
 - Excluding Aeronautical Revenues, which are based on cost recovery, other Portwide operating revenues up \$82.9M or 22.3%
 - Strong growth in Airport Parking, Ground Transportation, Dining and Retail, and Maritime Cruise revenues
 - NWSA revenues not available yet
- Operating Expenses up \$74.0M or 14.8% from 2022 budget
- Net Operating Income before Depreciation up \$118.7M or 44.3% from 2022 budget

2023 Portwide Budget Summary

	2020	2021	2022	2023	Inc/(Dec) from 2022	
				Proposed	Approved Budget	
Operating Revenues (Sub)	Actual	Actual	Budget	Budget	\$ Change	% Change
Aeronautical	297,909	317,513	394,963	504,817	109,854	27.8%
Non-Aeronautical Rev	116,473	183,819	240,820	302,603	61,783	25.7%
Aviation	414,382	501,332	635,783	807,420	171,638	27.0%
Maritime	42,111	48,331	59,137	76,262	17,125	29.0%
EDD	9,470	9,294	18,769	22,201	3,432	18.3%
Joint Venture	37,563	54,842	47,899	48,144	245	0.5%
Stormwater Utility	4,593	4,821	5,079	5,392	313	6.2%
Central Services	2,709	3,401	186	155	-31	-16.8%
Portwide Total	510,828	622,020	766,854	959,575	192,721	25.1%
Operating Expenses (Sub)						
Aviation	343,787	341,679	397,622	460,377	62,754	15.8%
Maritime	52,357	47,784	57,865	66,042	8,177	14.1%
EDD	21,382	20,560	28,301	30,128	1,826	6.5%
Joint Venture	1,268	2,390	1,727	2,138	411	23.8%
Stormwater Utility	2,961	3,105	4,577	4,625	49	1.1%
Central Services	4,149	6,854	9,053	9,839	786	8.7%
Total (w/o Pension Credit)	425,904	422,372	499,146	573,149	74,003	14.8%
Net Operating Income (w/o Pension Credit)	84,923	199,648	267,708	386,426	118,718	44.3%
DRS Pension Credit	(17,223)	(57,716)	-	-	-	0.0%
Net Operating Income (with Pension Credit)	102,147	257,364	267,708	386,426	118,718	44.3%

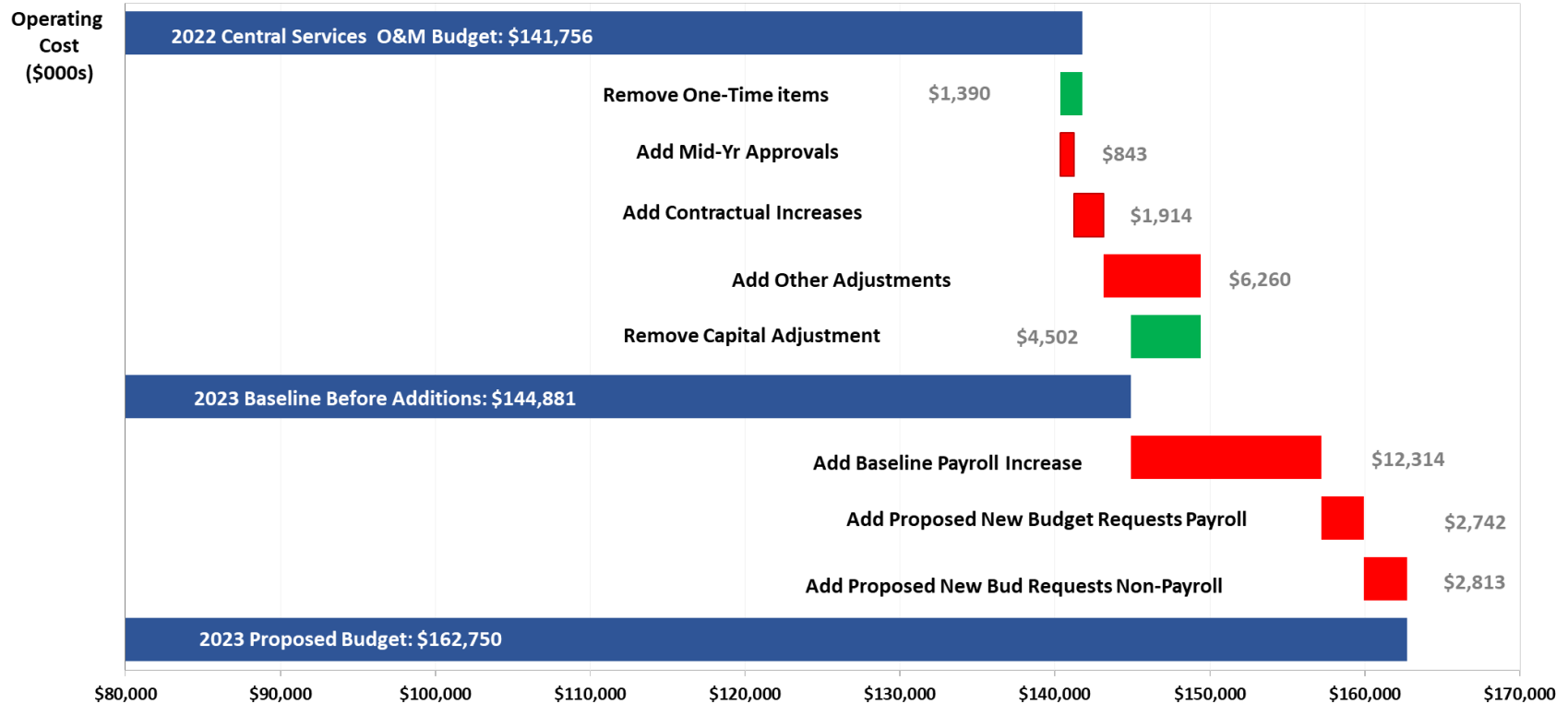
Central Services Preliminary 2023 Budget

- Central Services provides a number of essential services to the three operating divisions of the Port and to the Northwest Seaport Alliance (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 include 20 departments, such as Accounting, Human Resources, External Relations, Legal, Police, Engineering, Port Construction Services, etc.
- Central Services expenses are allocated to the operating divisions and the NWSA, or in some cases funded by the Tax Levy

Baseline Budget Development

- Start with 2022 Approved Budget
- Remove 2022 One-Time Items
- Adjust for 2022 mid-year approvals
- Adjust for known contractual and other increases
- Add payroll increase assumptions

Central Services Operating Expense Budget Changes



Baseline Budget Increase Drivers

- Investment in Workforce
 - 6.0% COLA and 3.0% Average Pay for Performance Increase
 - Invest in Employee development by fully restoring Travel & Other Employee Budget to pre-Covid levels
- Other payroll increases:
 - Annualized payroll for 2022 new FTEs
 - Annualized payroll for 14.0 mid-year approved new FTEs
- Contractual increases:
 - Property Insurance
 - ICT's Software License & Maintenance Agreement
 - Other Contractual Increases (Sea-Tac Court, STOC lease, etc.)

2023 Baseline Budget Summary

Description (in \$000s)	Amount	%	Notes
2022 Approved Budget for Central Services	141,756		2022 Approved Budget for Central Services
Minus: 2022 One-Time Items	(1,390)	-1.0%	Exclude the one-time items
Add: Mid-Year Approvals	843	0.6%	Include 2022 mid-year approvals
Add: Contractual Increase	1,914	1.4%	Include 2023 planned contractual increases
Add: Other Adjustments	6,260	4.4%	Include other budget adjustments
Adjusted 2022 Baseline Budget	149,383	5.4%	Increase from 2022 approved budget
Mid-Year Approvals	843	0.6%	Include payroll & non-payroll O&M
Mid-Year Approvals (Payroll)	(805)	-0.6%	Exclude payroll for mid-year approved new FTEs
Contractual Increase	1,914	1.4%	
Other Adjustments	6,260	4.4%	Include charge to capital
Other Adjustments (Charged to Capital)	(4,502)	-3.2%	Exclude the estimated amount to capital
Non-Payroll Increase	3,710	2.6%	
Payroll Increase	12,435	8.8%	
2023 Baseline Budget	157,902	11.4%	As a percentage of the 2022 approved budget

2023 New Budget Requests Summary

Description	Requested	Approved
Total # of Requests	83	49
Total Amount (incl. Charge to Capital)	\$11,240K	\$6,282K
Total O&M Amount	\$10,301K	\$5,555K
Payroll	\$5,329K	\$2,742K
Non-Payroll	\$4,972K	\$2,813K
No. of New FTEs	50.1	28.1
No. of Unfrozen FTEs	3.0	2.0

2023 Key Initiatives/Budget Drivers

Category	Purpose/Outcome	2023 Requests
Implement and support Century Agenda Goals	Port's partnership with the Seattle Aquarium	1,000,000
	New staff to support the alignment of Port investments in workforce development	239,797
	New staff to assist with clean energy technology research, development and deployment	144,094
	New staff to assist in addressing equity and environmental justice in Port operations	138,423
	Community outreach and training program for potential Bus Drivers and Taxi Drivers at SEA	100,000
	Duwamish Valley Port Community Action Team (PCAT) and the Port's green jobs	100,000
	Subtotal	1,722,314
Safety & Security	Police funding for recruitment, Equity, Diversity & Inclusion (EDI) training, smart parking enforcement platform, K9 Vet Insurance, and South Correctional Entity (SCORE) partnership	845,283
	Cyber Defense Strategy and Technology Infrastructure Resiliency	258,000
	Resources to address resiliency issues for the Seattle Waterfront	60,000
	Subtotal	1,163,283

2023 Key Initiatives/Budget Drivers

Category	Purpose/Outcome	2023 Requests
Advance work on regional economic priorities and enhance engagement with surrounding communities	Resources to enhance the Port's engagement on tribal affairs	163,619
	Regional Transportation Advisory Services to address changes for decarbonization, equity and safety of the surface transportation system	100,000
	Industry coordination and engagement to support existing and new maritime operations at Port of Seattle properties	100,000
	Facilitation services to strengthen engagement with impacted communities	80,000
	Support public engagement of Fishermen's Terminal and other Seaport major capital projects	70,000
	Subtotal	513,619
Organizational Needs and Division Priorities	New FTEs to support hiring needs and address equity, organizational capacity, and necessary support for capital program	1,784,678
	New positions in Engineering and PCS to support capital programs	271,245
	Research State and Federal grants to potentially supplement existing funding for both programs and capital investments	50,000
	Funding for Insurance Certificate Tracking Platform for agreements and leases	50,000
	Subtotal	2,155,923
Grand Total		5,555,139

Tax Levy Funding

Dept	New Approved Items funded by Tax Levy	Amount
Executive	Seattle Aquarium Partnership	1,000,000
Office of Equity, Diversity, & Inclusion	Senior Environmental Justice Program Manager	138,423
	Senior Manager Workforce Development Strategies	138,423
	WFD Contract Admin	101,373
	NEW SEA Bus Drivers Program	50,000
	SEA Taxi Drivers Retraining	50,000
Extenal Relations	Duwamish Valley Community Equity Program	100,000
Grand Total		1,578,220

Dept	Conversion of Existing Baseline Items to Tax Levy	Amount
Workforce Development *	Dept initiatives except for portion of Airport Employment Center benefitting the Airport	686,386
Human Resources	High School Intern program (excluding some staff costs)	252,375
Grand Total		938,761

*These represent new baseline items to be funded by the levy. Excludes added one-time Maritime High School.

Central Services Preliminary Budget Highlights

- Total operating expense is \$162.8M, \$21.0M or 14.8% higher compared to the 2022 Budget
 - Total Payroll budget increased by \$14.5M or 13.2% due to:
 - 6% COLA and 3% average Pay for Performance increases
 - 14.0 mid-year approvals
 - 28.1 new and 2.0 unfrozen FTEs
 - Non-payroll increased by \$6.5M or 20.2% mainly due to:
 - Higher on-site consultant costs, Insurance Expense, Worker's Comp, and Travel and other employee expenses
 - Seattle Aquarium Partnership and increased funding for Community Programs

2023 Preliminary Budget Summary

(in \$000's)	2020 Actual	2021 Actual	2022 Budget	2023 Proposed Budget	Inc/(Dec) from 2022 Approved Budget \$ Change % Change	
Total Payroll Costs (w/o Pension Credit, with Capital)	117,380	116,320	130,102	147,387	17,285	13.3%
Total Non-Payroll Costs (with Capital)	41,609	39,337	46,852	57,156	10,304	22.0%
Total Costs (with Capital)	158,989	155,657	176,954	204,543	27,589	15.6%
Sal/Wage-Cap/Govt/Envrs Proj	(17,325)	(16,737)	(20,532)	(23,338)	2,807	-13.7%
Cap/Govt/Envrs Projects OH	(6,628)	(6,366)	(7,818)	(7,515)	(303)	3.9%
OnsiteConsult-Cap/Govt/Env Proj	(9,215)	(6,809)	(6,848)	(10,939)	4,092	-59.7%
Total Charges to Capital	(33,167)	(29,912)	(35,198)	(41,793)	6,595	-18.7%
Total Payroll Expenses (w/o Pension Credit)	100,056	99,583	109,570	124,048	14,478	13.2%
Non-Payroll O&M Expense	26,008	25,938	32,186	38,702	6,515	20.2%
Total O&M Expenses (w/o Pension Credit)	126,063	125,521	141,756	162,750	20,993	14.8%
DRS Pension Credit	(8,588)	(29,768)	-	-	-	0.0%
Total O&M Expenses (with Pension Credit)	117,476	95,753	141,756	162,750	20,993	14.8%

2023 Central Services Proposed FTEs Summary

Description	FTEs	Notes
2022 Approved Budget	885.8	
Changes in 2022:		
Mid-Year Approvals	14.0	HR (2), Env & Sus (1), Police (1), PCS (10-1Non-rep, 9rep)
Eliminated	0.0	
Transfer	0.0	
2022 Baseline	899.8	
2023 Budget Changes:		
Transfer	0.0	
Eliminated	-10.1	HR (2.1), Police (1), Frozen Positions (7.0)
New FTEs Approved	28.1	
Net Change	18.0	
2023 Proposed FTEs	917.8	

2023 Community Programs

Program (in \$000)	2021 Budget	2022 Budget	2023 Proposed Budget	Inc/(Dec) from 2022 Approved Budget \$ Change % Change		2023 Budget Funded by the levy	2023 Budget Funded by the levy
1) Energy & Sustainability Fund	373	160	120	(40)	(33%)	120	100%
2) Airport Community Ecology (ACE) Fund	212	135	40	(95)	(238%)	40	100%
3) South King County Community Impact Fund (SKCCIF)	2,000	2,195	2,214	19	1%	2,214	100%
4) Duwamish Valley Community Equity Program	275	387	462	75	16%	462	100%
5) EDD Partnership Grants	910	1,200	850	(350)	(41%)	850	100%
6) Tourism Marketing Support Program	2,481	1,750	1,830	80	4%	282	15%
7) Airport Spotlight Ad Program	382	466	466	-	-	466	100%
8) City of SeaTac Community Relief	1,400	1,400	1,400	-	-	1,400	100%
9) Maritime Blue (formerly Maritime Innovation Center)	150	150	150	-	-	150	100%
10) Workforce Development	2,682	4,390	5,186	796	15%	3,785	73%
a. Youth Career Launch Program (formerly OYI ¹)	-	1,000	1,000	-	-	1,000	100%
b. Airport Employment Center	926	1,096	1,517	421	28%	303	20%
11) High School Internship Program	500	496	457	(40)	(9%)	252	55%
12) Diversity in Contracting	1,510	1,836	2,299	463	20%	300	13%
a. Small Bus. Accelerator under SKCCIF ²	180	250	250	-	-	250	100%
b. DBE/ACDBE/WMBE Training Consultants & Outreach	-	-	50	50	100%	50	100%
13) Equity, Diversity & Inclusion	1,062	1,366	1,717	352	20%	138	8%
14) Sustainable Aviation Fuels & Air Emissions Program	250	200	100	(100)	(100%)	100	100%
15) Low Carbon Fuel Standard Initiative	75	110	150	40	27%	-	-
16) Community Biz Connector (Regional Small Biz Partnerships)	-	150	350	200	57%	350	100%
17) Public Market Study	-	-	100	100	100%	100	
18) Seattle Aquarium Partnership	-	-	1,000	1,000	100%	1,000	100%
Sub Total	14,081	16,142	18,641	2,499	13%	11,760	63%
Payroll charged to the Levy ³	-	483	433	(49)	(11%)	433	100%
Grand Total	14,081	16,625	19,074	2,449	13%	12,193	64%

Notes:

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

2 \$250K Small Business Accelerator under Diversity In Contracting (DIC) is included in DIC total (Item 12) and SKCCIF (item 3).

3 2023 Payroll only for CPO (4.0 FTEs). Other payroll from HS Interns (11.5 FTEs), WFD (5.0 FTEs), & EDI (1.0 FTE) are included in the individual items above.

Uncertainties/Budget Risks

- Economic uncertainty
- Future inflation
- Potential Inflation Reduction Act Grant Revenues
- Equity Pay adjustments
- Ability to execute on a growing number of programs and initiatives
- Ability to hire large number of new staff in addition to normal turnover—5% vacancy rate assumed in budget

Equity in Budgeting

September 27, 2022

Summary of Equity in Budgeting Responses

1. Describe how you have applied equity, diversity, and inclusion principles in planning your 2023 strategies, objectives and initiatives.
 - Continuing to look for opportunities for WMBE/DBE contracting and eliminate disparity of access to opportunity.
 - Actively applying an equity lens when hiring, foster staff engagement in EDI-related development and training.
 - Advancing regional workforce development in port-related industries to provide equitable access to quality careers.
 - Allowing time for staff participation in EDI moments in department/team meetings.
 - Asking for staff's input on EDI and other training and development opportunities.
 - Emphasis on access to Port information through language and platform accessibility.

Summary of Equity in Budgeting Responses

2. Are there specific areas or programs your department has added to or redirected funding from existing baseline budget that would advance equity considerations? If yes, describe the specific area(s) and how much funding was redirected.
 - Multi-Cultural Community Capacity Building to support SKCF Environmental and Economic Recovery Grants.
 - New SKCCIF community capacity building contract with WMBE firm.
 - Increasing support for Environmental Engagement and Duwamish Valley Community Equity Program.
 - Increasing equitable engagement and supporting customer experience.
 - Supporting the Port's growing engagement with tribal governments and indigenous communities through a workshop and facilitated training for Commissioners and staff.
 - Supporting business division initiatives with communications and outreach for SAMP, Cruise, OEDI on SKCCIF economic recovery grants, etc.

Summary of Equity in Budgeting Responses

3. What steps have you taken to ensure that your 2023 strategies, objectives and initiatives do not cause disproportionate harm to any groups in our community, or perpetuate existing inequities?
 - Many of the Community Programs supported by Central Services are addressing equity issues.
 - Strengthening relationships and partnerships with community liaisons in near-port communities to foster direct input from impacted stakeholders (SKCCIF, DVCEP, StART).
 - Making communications available and accessible by lowering technology barriers to entry and designing materials for mobile platforms.
 - Making Port programs and opportunities more inclusive.
 - Taking meaningful steps to eliminate inequities and advance a culture of belonging and inclusion.
 - Lowering barriers that keep disadvantaged communities from attaining skills that will place them in quality port or port-related jobs.

Summary of Equity in Budgeting Responses

4. What has your engagement with the staff in your team told you about the factors that advance equity in your 2023 strategies, objectives and initiatives?
- Equitable Engagement practices require relationship building, involvement of those most impacted in pre-planning, and additional time to engage stakeholders in ways most meaningful to them.
 - Importance of full leadership engagement and leading by example.
 - Staff have been directly involved in shaping the 2023 OEDI budget. The budget reflects the team's input and views on how OEDI can advance equity port-wide to the best of its ability.
 - Staff has also been vigilant about using the 2021 Equity Assessment, Women of Color Assessment, and overlapping work with other departments (such as Human Resources and External Relations) to guide and inform our 2023 budget.

Summary of Equity in Budgeting Responses

5. For departments interfacing with the community, describe how you have engaged with the overburdened communities and vulnerable populations in your planning process.
 - Managing interactions with overburdened and vulnerable communities on an on-going basis for a number of Community Programs, such as Duwamish Valley, SKCCIF, High School Interns, WFD, etc.
 - Prioritizing community input into Port engagement approach by addressing bureaucratic barriers and undue contracting burdens on community-based organizations.
 - Creating and implementing workforce development programs and investments based on two main principles:
 - (1) Support in-demand jobs in port sectors.
 - (2) Ensure that women and BIPOC communities are fully represented in the outcomes of our programs.

Central Services CIP

September 27, 2022

Central Services Capital Projects Summary

Five Year Capital Plan (\$000's) *	2023	2024	2025	2026	2027	2023-2027 Total
Commission Authorized Projects	1,598	1,000	-	-	-	2,598
Projects Pending Authorization	9,558	10,410	6,293	2,500	2,500	31,261
Small Capital	6,411	5,095	4,858	4,716	4,953	26,033
CIP Cashflow Management Reserve	(5,600)	(2,700)	300	4,000	4,000	-
Total	11,967	13,805	11,451	11,216	11,453	59,892

* Excludes ICT projects budgeted within operating divisions as well as ICT portions of PMG led projects.

Commission Authorized Projects

Five Year Capital Plan (\$000's)	*	2023	2024	2025	2026	2027	2023-2027 Total
Commission Authorized Projects							
Office Wi-Fi Refresh	U	1,077	1,000	-	-	-	2,077
Energy Management System	N	340	-	-	-	-	340
Phone System Upgrade	U	120	-	-	-	-	120
New Budget System	U	61	-	-	-	-	61
Total		1,598	1,000	-	-	-	2,598

* N = New System or Function U = System Upgrades or Replacements

Projects Pending Authorization

Five Year Capital Plan (\$000's)	*	2023	2024	2025	2026	2027	2023-2027 Total
Projects Pending Authorization							
IT Renewal/Replacement	U	-	-	2,500	2,500	2,500	7,500
Enterprise Network Refresh	U	2,004	2,000	1,500			5,504
ID Badge System Upgrade	U	1,000	2,000	1,993			4,993
Public Safety Dispatch System	U	2,004	1,900				3,904
Enterprise Firewall Refresh	U	640	1,360				2,000
Physical Access Control System Refresh	U	600	1,100	300			2,000
Microwave Radio Tower Loop	U	1,000	960				1,960
Fleet Management Software	N	400	450				850
Storage Area Network Refresh	U	750	-				750
Specification Document Management Software	N	210	390				600
Fire Alarm Monitoring System	N	250	250				500
Contract Management System Replacement	U	400					400
Conference Room Communications	U	300					300
Total		9,558	10,410	6,293	2,500	2,500	31,261

Small Capital Projects

Five Year Capital Plan (\$000's)	2023	2024	2025	2026	2027	2023-2027 Total
Small Capital						
Technology Infrastructure	1,500	1,500	1,500	1,500	1,500	7,500
Technology Business Applications	1,500	1,500	1,500	1,500	1,500	7,500
Engineering/PCS Fleet Replacement	1,600	970	450	550	565	4,135
Corporate Fleet Replacement	1,274	725	748	766	748	4,261
Enterprise GIS Small Capital	250	250	250	250	250	1,250
Engineering Small Capital	187	50	310	50	190	787
Corporate Small Capital	100	100	100	100	200	600
Total - Small Capital	6,411	5,095	4,858	4,716	4,953	26,033
CIP Cashflow Management Reserve						
CIP Reserve - Central Services	(5,600)	(2,700)	300	4,000	4,000	-

Remaining 2023 Budget Schedule

- Operating division budgets briefing (10/11)
- 2023 Preliminary Budget Document Available to the Commission (10/18)
- 2023 Preliminary Budget Document Available to the Public (10/20)
- 2023 Tax Levy & Draft Plan of Finance Commission Briefing (10/25)
- Introduction and Public Hearing of the 2023 Budget (11/8)
- Commission Approval of the 2023 ILA between POS and the NWSA (11/8)
- NWSA Budget Adoption by Managing Members (11/8)
- Adoption of the 2023 Budget (11/29)
- Filing of 2023 Statutory Budget with King County Council & Assessor (12/1)
- Release of 2023 Budget to the Public (12/15)

Appendix

Port-wide SWOT Summary

Strengths

Port has an adaptable knowledgeable workforce

- Knowledgeable, highly-trained, specialized staff

Our diverse portfolio of assets and essential businesses

- SEA hub airlines are recovering well post-COVID; diverse valuable facilities

Relationships, Reputation & Community Support

- Positive reputation, partnerships, relationships

Adaptability

- Internal processes adapted quickly and effectively to pandemic

Weaknesses

Inefficient processes/Need to streamline

- Staffing shortages and shifting priorities divert resources

Decreased/Uncertain Capital Capacity persists

- POS is experiencing fluctuating debt service coverage and cash balances likely exacerbated by inflation

Training and development opportunities are lacking

- Training is needed to maintain productivity and capacity

Staffing challenges

- Current operational demands are exceeding staff capacity
- Multiple vacancies, inability to hire is causing burnout

Opportunities

Innovation and technological advancements

- Digital transformation could improve productivity

Growth and Revenue Opportunities

- Diversify revenue streams, capitalize on pentup travel

Multiple contracts and agreements will be renegotiated

- Renegotiated leases and CBAs in 2023 may address staffing challenges, wages, equity and sustainability.

Grant Funding

- Broad interest in taking advantage of federal COVID recovery and infrastructure grants

Threats

Great Resignation/Shifting workforce landscape

- Aging workforce, unexpected attrition, overburdened H.R. department and candidate expectations

Financial uncertainty; Resource challenges and constraints

- Inflation; fluctuating cost and revenues, supply chain

Increased regulation/ external policy changes

- Compliance with new and changing regulations on the federal, state and local levels is increasingly difficult

Cyber Security threats persist and must be a priority

- Cyber attacks are increasing; the port is still vulnerable

2023 Budget Guiding Principles

- Maintain continued vigilance on the **health and safety** of employees, customers and the public as pandemic uncertainties continue
- Ensure the **efficient operation** of Port business gateways with the potential for nearly full recovery in Port business volumes
- Support regional **equitable economic recovery** through advancing the Port's capital improvement plan and continued investment in community programs
- Continue to **invest in employee** recruitment, retention and development

2023 New Budget Request by Dept

Approved New Budget Requests (in \$000s)	Request Amount	O&M Amount
Commission Office	151	143
Executive Office	1,600	1,000
Legal	458	88
Risk	55	50
External Relations	1,227	761
OEDI	673	478
BI	179	-
HR	1,814	993
ICT	418	270
Info Sec	266	100
AFR	185	145
Internal Audit	122	116
F&B	47	-
OSI	484	-
ENV Admin	592	204
CPO	237	90
Core Central Services	8,507	4,439
Police	1,182	845
ENG	434	140
PCS	179	131
TOTAL	10,302	5,555

2023 Budget Strategies

- Maintain expense growth in line with projected revenue growth
- Carefully evaluate the need for additional FTEs as current recruiting resources are stretched thin with a large backlog of new and replacement FTEs
- Incorporate expectations for continued high inflation into operating and capital plans
- Utilize realistic assumptions regarding the ability to execute our five-year CIP when estimating project completion dates and the timing of projected cash flows
- Continue to refine opportunities to incorporate an equity lens in developing and reviewing budgets and operational plans
- Strengthen the focus on sustainability and resiliency in spending and business plans

Approved New Items Summary

- 49 new items added for a total of \$5.6M (O&M)
 - 30.1 New/Unfrozen FTEs: \$2.5M payroll and \$204K non-payroll expenses
 - \$1.0M Seattle Aquarium partnership
 - \$600K King County jail contract cost (Division Driven)
 - \$258K Technology Infrastructure Resiliency & Cyber Security Advisory Service
 - \$100K Duwamish Valley Community Equity Program
 - \$100K Regional Transportation Advisory Service \$100K Waterfront Strategy and Outreach (Division Driven)
 - \$100K Facilitation services for impacted community and Cruise Community Connection (Division Driven)
 - \$100K Fishermen's Terminal Capital Programs outreach and State and Federal Grant Consultation (Division Driven)
 - \$100K SEA Bus Drivers Program and SEA Taxi Drivers Retraining (Division Driven)
 - \$91K Smart Parking Enforcement Platform (Division Driven)
 - \$90K Police Recruitment and hiring
 - \$64K Police EDI training and K9 vet insurance
 - \$60K Resiliency Support Services for Seattle Waterfront (Division Driven)
 - \$50K Insurance Certificate Tracking Platform

Approved New FTEs Summary

- **Human Resources (6.0 FTEs):** Talent Acquisition Coordinators (2.0), Talent Acquisition Representative, Learning Management System Technology Analyst, Sr. Administrative Staff Assistant, Health & Safety Program Manager
- **Port-wide Internship Program (5.1 FTEs):** College Interns (5.1)
- **Engineering (5.0 FTEs):** Construction Mgr. - Airfield/Noise (1.0), Resident Engineer II–Baggage, Civil Engineering Technician, Utility Locating Technician, Construction Safety Manager I
- **Office of Equity, Diversity, & Inclusion (3.0 FTEs):** Sr. Environmental Justice Program Manager, Sr. Manager Workforce Development Strategies, Workforce Development Contract Administrator
- **PCS (2.0 FTEs):** Construction Manager I; and Administrative Assistant,
- **External Relations (2.0 FTEs: 1 New/1 unfrozen):** Sr. Administrative Assistant, Sr. Manager, Tribal Relations
- **Commission (1.0 FTE):** Strategic Aide
- **Legal (1.0 FTE):** Public Disclosure Specialist
- **Accounting & Financial Reporting (1.0 FTE):** Accounting Supervisor, Capital Services
- **Central Procurement Office (1.0 FTE):** Contract Administrator III
- **Environment & Sustainability (1.0 FTE):** Clean Energy Planner/Coordinator
- **Information & Communication Tech. (1.0 FTE):** Enterprise Resource Planning Administrator
- **Internal Audit (1.0 FTE: unfrozen):** Staff Auditor (Concession Audits)

Central Services Preliminary Budget by Account

DESCRIPTION (in \$000's)	2020 Actual	2021 Actual	2022 Budget	2023 Proposed Budget	Inc/(Dec) from 2022 Approved Budget \$ Change % Change		Notes
TOTAL OPERATING REVENUE	2,505	(247)	186	155	(31)	(16.8%)	
OPERATING EXPENSE							
Salaries & Benefits	71,672	71,603	79,169	90,244	11,075	14.0%	6% COLA and 3% PFP increase and new FTEs
Wages & Benefits	19,796	(1,787)	30,401	33,804	3,404	11.2%	COLA increase and new FTEs
Payroll to Cap/Govt/Envrs Proj	17,325	16,737	20,532	23,338	2,807	13.7%	
TOTAL SALARIES & BENEFITS	108,793	86,552	130,102	147,387	17,285	13.3%	DRS pension credit: \$8.6M in 2020 and \$29.8M in 2021
Equipment Expense	2,219	1,627	3,159	2,804	(355)	(11.2%)	
Utilities	27	32	29	38	9	30.5%	
Supplies & Stock	888	812	1,037	973	(63)	(6.1%)	
Outside Services	30,687	29,301	33,029	40,813	7,784	23.6%	Contractual increase and more systems support
Travel & Other Employee Exps	1,437	1,038	2,767	3,422	655	23.7%	Restore to 2020 budget level
Promotional Expenses	456	222	617	765	149	24.1%	
Telecommunications	577	576	709	750	42	5.9%	
Property Rentals	1,124	1,055	1,293	1,353	59	4.6%	Increase rent in STOC lease
Worker's Compensation Expense	859	698	793	933	141	17.7%	Increase in Worker's Compensation
General Expenses	3,336	3,977	3,420	5,305	1,885	55.1%	Seattle Aquarium and increase in Property Insurance
Overhead Allocations	-	-	()	()		(81.5%)	
TOTAL NON-PAYROLL EXPENSES	41,609	39,337	46,852	57,156	10,304	22.0%	
TOTAL COSTS BEFORE CAPITAL CHARGES	150,402	125,890	176,954	204,543	27,589	15.6%	
Charges to Cap/Govt/Envrs Projects	(32,926)	(30,136)	(35,198)	(41,793)	(6,595)	18.7%	More charges to capital
TOTAL OPERATING EXPENSE	117,476	95,753	141,756	162,750	20,993	14.8%	

Central Services Preliminary Budget by Dept

Departments (in \$000's)	2020	2021	2022	2023	Inc/(Dec) from 2022		Notes
	Actual	Actual	Budget	Proposed Budget	Approved Budget \$ Change	% Change	
O1100-Executive	2,263	2,051	2,738	3,678	941	34.4%	Seattle Aquarium Partnership
O1200-Commission Office	1,755	1,773	2,486	2,905	419	16.8%	
O1310-Legal	6,290	7,054	5,105	5,079	(26)	(0.5%)	
O1330-Risk Services	3,349	4,047	4,688	5,749	1,062	22.6%	Transferred Workplace Responsibility to HR
O1400-External Relations	7,481	6,827	10,874	12,333	1,459	13.4%	Increase in property insurance
O1460-Equity, Diversity and Inclusion	4,676	4,937	5,756	6,903	1,147	19.9%	2.0 new FTEs and more support for operating divisions
O1500-Business Intelligence	1,181	904	1,953	2,072	118	6.0%	3.0 new FTEs for 2023 and contractual increase
O1600-Engineering	4,959	1,626	7,428	9,498	2,070	27.9%	5.0 new FTEs and more projects support
O1700-Port Construction Services	4,138	3,321	4,906	6,980	2,074	42.3%	More FTEs and small projects
O1800-Human Resources	8,380	8,675	13,126	16,049	2,924	22.3%	6.0 new FTEs and 5.1 college/graduate interns for 2023
O1810-Labor Relations	1,286	1,110	1,444	1,600	156	10.8%	More system support and contractual increase
O1900-Information & Comm. Technology	24,732	19,944	27,597	30,419	2,823	10.2%	
O1980-Information Security	1,656	1,328	2,449	2,794	345	14.1%	
O2100-Finance & Budget	2,177	1,801	2,525	2,765	241	9.5%	
O2200-Accounting/Financial Reporting	8,165	6,967	9,418	10,344	925	9.8%	
O2280-Internal Audit	1,540	1,296	1,868	2,047	180	9.6%	
O2400-Office of Strategic Initiatives	934	713	1,231	1,471	240	19.5%	
O2700-Environment & Sustainability	692	676	1,741	2,050	309	17.7%	
O2900-Corporate Contingencies	(190)	(123)	(5,000)	(6,579)	(1,579)	31.6%	
O4300-Police Department	27,538	17,194	32,746	36,570	3,825	11.7%	
O9200-Central Procurement Office	4,280	3,633	6,678	8,021	1,342	20.1%	Assume 5% of vacancy factor
							Increase in payroll and jail costs
							New FTEs and contractual increase
TOTAL OPERATING EXPENSE	117,476	95,753	141,756	162,750	20,993	14.8%	

2022 One-Time Items

Department	Description	2022
1100-Executive	Innovations Implementation Fund Pilot	50,000
	Rational Decision Analysis Modeling Consultant	20,000
	Seattle Aquarium Design Work	100,000
	Travel/Training	5,000
1200-Commission Office	Shore Wind Study	50,000
1310-Attorney Services	New FTE Non-payroll costs	1,900
1420-External Relations	Accessibility Updates to Website and Social Media	15,000
	Domestic Ports Sustainability Mission	30,000
	New FTE Non-payroll costs	2,000
	Tribal Government and Indigenous Community Consultation Workshop	7,500
1510-Business Intelligence	J.D. Power North American Airport Survey	52,000
	New FTE Non-payroll costs	3,300
1605-Engineering General Services	New FTE Non-payroll costs	57,600
1610-Design Services	Travel/Training	10,405
1700-Port Construction Services	New FTE Non-payroll costs	3,600
1850-Human Resources	New FTE Non-payroll costs	12,940
1854-Total Rewards	PeopleSoft Consulting Services	44,000
1910-Technology Delivery	P69 Surface Hubs	82,000
2100-Finance & Budget	New FTE Non-payroll costs	3,700
2210-AFR Core Services	New FTE Non-payroll costs	3,560
2280-Internal Audit	Capital Audit Expert Consultant (IAF)	100,000
	External Peer Review ALGA	15,000
	GCCM Independent Audit per RCW	180,000
	GCCM Independent Audit per RCW	(180,000)
2350-Workforce Development	Maritime High School	250,000
2710-Envr & Sustainability Admin	Kelp Restoration (Graduate Intern)	70,000
	New FTE Non-payroll costs	11,400
4300-Police Department	New FTE Non-payroll costs	239,520
	Implementation of 21CP Recommendations	150,000
Grand Total		1,390,425

2022 Mid-Year Approvals

Dept	Position Title	Salary/ Benefits	Non-Pay expenses	Total Cost	Charge to Capital	Total O&M
HR	LR Compensation Analyst	60,242	4,465	64,707	0	64,707
HR	HR Communication Specialist	51,135	4,465	55,600	0	55,600
Env & Sus	Executive Assistant	54,015	0	54,015	0	54,015
Police	Police Records Manager	80,000	10,000	90,000		90,000
PCS	Field Crew (representative)	1,141,080	\$6,720	1,147,800	660,800	487,000
PCS	Construction Coordinator	70,000	4,000	74,000	20,000	54,000
Legal	Office 365 Premium eDiscovery		37,500	37,500		37,500
	Total	1,456,471	67,150	1,523,621	680,800	842,821

2023 Contractual Increases Summary

Dept	Account	Amount	Description
Risk	64150-Personal Services	30,000	\$30K Increase in Broker's Fee
Risk	67100-Insurance Expense	646,359	\$646K increase in Liability & Property Insurance Premium
Risk	67100-Insurance Expense	226,000	Increase in RFC & NWSA Reimbursements
Risk	64740-Software Lics & Maint. Agreemt	23,079	\$23K increase in Origami Annual Licensing
WFD	64150-Personal Services	412,476	Port Jobs increases in 2023 from flattening 5 year contract that was escalating
ICT	64150-Personal Services	(37,000)	Gartner Group Inc - Gartner Advisory
ICT	64370-Other Contracted Services	(6,500)	Data destruction/hardware recycling
ICT	64740-Software Lics & Maint. Agreemt	99,058	Multiple software increases/decreases with a net increase
ICT	64770-Contract Other Equip Maint	437,419	Multiple hardware increases/decreases with a net increase
ICT	64780-Network & Internet Connectivit	30,872	Lumen Network bandwidth and Dark Fiber
ICT	64790-Contr Telephone Equip Maint.	(66,000)	Cerium Monthly Telephone Maint Voice Over IP
Police	61750-Software Acquisitions	23,000	Body Worn Cameras
Police	64370-Other Contracted Services	95,000	Sea-Tac Court contract
	Total	<u>1,913,763</u>	

2023 Other Budget Adjustments

Dept	Account	Amount	Description
Exec	64740-Software Lics & Maint. Agreemt	8,000	Software license changed form one-time to limited term 2.
EDI	64150-Personal Services	90,000	Adjusted target for SKCF Assessment rollover from 2022
Engineering	64140-On-site Consultants	5,791,663	Increase due to projects. Will mostly be offset to Capital
Engineering	61600-Furn & Equip Acquisition Exp	10,000	Rollover from 2022
Engineering	61750-Software Acquisitions	30,000	Rollover from 2022
Engineering	61760-Computer & Telephone Acquisitn	34,000	Rollover from 2022
HR	65890-Teleworking Equipment Reimb	50,000	Restore to 2022 level instead of 2020 which was zero.
HR	67200-Advertising	10,000	Increased costs for competitive job market.
F&B	64740-Software Lics & Maint. Agreemt	21,760	Alteryx licenses for preapproved project
Police	61600-Furn & Equip Acquisition Exp	40,000	Carryover from prior year new budget request due to delay in hiring
Police	65600-Registration/Seminar Fees	75,000	Delays in implementation of the CP21 recommendations
CPO	64150-Personal Services	100,000	Approved SKCF related work not previously budgeted in 2022
	Total	<u>6,260,423</u>	

Eliminated Frozen FTEs Details

Frozen FTEs Summary

Frozen FTEs as of Jan 2022	10.0
Mid-Yr changes	-1.0
2023 Apprv'd to Unfreeze	-2.0
TTL remaining Fzn FTEs	<u>7.0</u>

Eliminated 7 Frozen FTEs:

- **Commission (1.0)**
- **Human Resources (1.0)**
- **Office of Equity, Diversity and Inclusion (1.0)**
- **Business Intelligence (1.0)**
- **Information & Communication Tech. (3.0)**