



2023

Budget in Brief

Preliminary

Port
of Seattle



A Message from Port Leadership



Ryan Calkins
Commission President

Dear community,

We introduce our 2023 budget and 2023-2027 capital improvement plan during a tumultuous time. For the second half of this year, severe inflation, international conflict, supply chain issues, employee vacancies, surging passenger demand, and climate change impacts brought new challenges to our community, workforce, Port lines of business, and our partners.



Sam Cho
Commissioner

In response, we have developed a balanced budget and five-year capital plan to ensure that the Port can deliver results for local businesses and industries, our people, our community, and the planet.

Passenger volume at Seattle-Tacoma International Airport (SEA) is now just 10 percent shy of record 2019 levels, while cruise ship passenger volume in 2022 exceeded record breaking volumes in 2019. The successful rebound of our key business activities allows us to maximize our reinvestment in the Port's mission and vision.



Fred Felleman
Commissioner

Yet, new challenges and rising demand forecasts make it clear that that you need us to deliver essential services, economic opportunity, and sustainable results at a new level.

That is why investing in our workforce and our facilities are among our top priorities for 2023.

The success of our Port and region depends on our people being safe, trained, resourced, and ready for the work ahead. To that end, the 2023 budget makes a larger investment in people and programs than any budget in recent years. We will add full-time employees and contractors to improve customer services and advance initiatives in all Port divisions.



Toshiko Grace Hasegawa
Commissioner

We propose the largest five-year capital plan in our history, intending to spend \$5.3 billion across Aviation, Maritime and Economic Development, to ensure that our facilities meet the operational and sustainability demands of today and for the next generation. The airport's \$4.6 billion in capital investments meet safety, regulatory, accessibility, and sustainability goals while making our airport less congested and more efficient. Featured projects in 2023 include the C Concourse Expansion, SEA Gateway and ticketing area improvements, S Concourse Evolution, as well as ground transportation access improvements.



Hamdi Mohamed
Commissioner

Maritime and EDD projects worth \$522.3 million over the next five years improve safety and sustainability, support good-paying construction and maritime industrial jobs, and anchor our region as a maritime leader. Featured projects in 2023 include vessel berth replacements and uplands development at Terminal 91, cruise ship shore power at Pier 66, and the final steps towards construction of the Maritime Innovation Center at Fishermen's Terminal – one of the greenest buildings ever in our region.



Stephen P. Metruck
Executive Director



Our community investments will increase. In 2023, the Port adds \$2.5 million to its spending on community-led programs for environmental justice and economic equity, for a total of \$19.1 million. Featured initiatives include workforce development; the South King County Community Impact Fund; Diversity in Contracting programs; major initiatives from our Office of Equity, Diversity & Inclusion; and tourism marketing support for Washington state's smaller destinations.

Finally, this year we further expand sustainability investments to create new environmental habitat, further decrease emissions, and cleanup contamination. Featured projects include advancing decarbonization through energy conservation; adopting carbon-free fuels via waterfront electrification; continuing to explore adoption of sustainable maritime and aviation fuels; restoration of both the Duwamish River shoreline and the underwater habitat in Elliott Bay; and planning to accelerate the removal of per- and polyfluoroalkyl substances, known as "PFAS", from Port fire-fighting foam.

In 2022, Congress and the Biden-Harris Administration made the single largest national investment in clean air, clean energy, and environmental justice in history. New grants and tax incentives through the Infrastructure Reduction Act will accelerate our push to eliminate all carbon emissions from Port-owned and-controlled sources by 2040, and for all entities operating at our facilities to be carbon neutral or better by 2050.

Our 2023 budget and five-year capital plan seizes new opportunities and manages negative impacts that may lie ahead. In challenging times, those who can adapt quickly fare best. The past few years proved that strategic planning, prudent fiscal stewardship, and a clear sense of mission make it possible to deliver under rapidly changing circumstances.

In the last year alone, the Port, our partners and community demonstrated our ability to deliver on these goals despite many challenges. We opened new and modernized facilities like SEA's International Arrivals Facility and N Concourse, as well as Terminal 5, one of the West Coast's premier ocean shipping terminals, completed in partnership with the Port of Tacoma and the Northwest Seaport Alliance. We also opened the new Duwamish River People's Park, which creates community space with river access and marks one of the largest habitat restoration projects in a generation.

We innovated new programs that will sustain into the year ahead. We hosted Washington's first export conference for small businesses hoping to reach South Korean markets, launched a new Community Business Connector program to support small diverse businesses, sponsored job fairs to increase employment in Port-related fields, and hosted the first ever responsible outdoor tourism summit with a focus on equity in Washington state tourism.

Significantly, we announced a group of "first movers" committed to exploring a new cruise-led Green Corridor between Washington, British Columbia, and Alaska. The first initiative of its kind in the world, major ports, cities, cruise lines, nonprofits and trade associations joined this effort to explore creating a maritime route where zero greenhouse gas emission solutions are demonstrated and supported.

With these substantial accomplishments and a strong motivated workforce as a foundation, we approach next year with optimism and resolve. Although there remains economic uncertainty about what 2023 will hold, these expenditures advance our most impactful work while exercising fiscal responsibility and ensuring financial sustainability.

As we all know, the budget is expression of our values. We would like to recognize the role all Port Commissioners played in the development of this budget. Together they bring diverse policy development, entrepreneurship, and advocacy experience to ensure that this budget and five-year capital plan delivers opportunities.

Sincerely,


Ryan Calkins
Commission President


Stephen P. Metruck
Executive Director



About the Port



Brief History

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

OUR MISSION

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

OUR VISION

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

OUR COMMITMENT

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

Century Agenda

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

- **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**

2022 Review and Highlights



OUR BUSINESSES

- SEA was named as the 2022 Best Airport in North America. The SkyTrax World Airport Awards are the most prestigious accolades for airports by assessing customer service and facilities from more than 550 global airports
- SEA's new and expanded International Arrivals Facility (IAF) officially opened in May 2022
- SEA's 2022 airport passenger volume is expected to be 10.1 percent lower than 2019 pre-COVID level
- The 2022 cruise season had the highest number of sailings in our history with 293 vessels and 1.3 million revenue passengers
- Site improvements at Fishermen's Terminal will convey the history and impact of the fishing industry as well as enhance site safety for visitors and fishers
- Through our partnership with the Northwest Seaport Alliance, the largest maritime shipping cranes on the west coast were installed as part of our investment in the modernization of Terminal 5 which reopened in January 2022
- The Port Commission authorized the Memorandum of Understanding (MOU) with the City of Seattle to contribute \$5.5 million to the East Marginal Way Corridor Improvement

OUR COMMUNITY

- Increased funding for the Duwamish Valley Community Equity Program to support the Community Hub located in South Park, capacity building efforts of the Port Community Action Team (PCAT), and the Green Jobs startup effort
- Expanded the investment in the Youth Career Launch Program (formerly the Opportunity Youth Initiative). This pilot program will explore how to develop this initiative into a permanent program aligned with core Port priorities and best practices
- Announced the twenty-five grant applicants that will receive a total of \$200,000 Port funds under the 2022 Tourism Marketing Support Program
- Selected twelve South King County Organizations that receive up to \$250,000 to fund projects to stimulate economic recovery
- Partnered with the school district and Bike Works to provide Rainier Beach high school students with excess Port of Seattle Police Patrol Unit bikes

OUR ENVIRONMENT

- Partnered with the Seattle Aquarium on a project to study and map the presence of kelp forests along the urban waterfront of Elliott Bay as well as East and West Waterways of Seattle Harbor
- Awarded 18 organizations with environmental grants totaling \$687,000 for the second cycle of the South King County Community Impact Fund (SKCCIF). The grants will allow organizations to invest in long-term planning and implementation of projects geared in addressing noise mitigation, environmental health, and sustainability
- Partnered with other agencies to explore the feasibility of a 'green corridor' that could accelerate the deployment of zero greenhouse gas emission cruise ships and operations between Alaska, British Columbia, and Washington
- Invested in underwater noise research to better understand and reduce acoustic impacts to Southern Resident killer whales and other imperiled mammalian species
- Released the annual greenhouse gas emissions inventory showing a 46 percent reduction in carbon emissions for Port Owned and Controlled Facilities and Operations
- The Port Commission approved the investment of \$40 million for the first phase of sound insulation construction for more than 215 apartment units in five apartment complexes located within SEA's noise remedy boundary



2023 Program Highlights



- Increase access to port-related career pathways through initiatives including: the Maritime High School; Youth Career Launch Program; Airport Career Pathways; Construction Trades Pre-Apprenticeship Training, and internships
- Continued investment in the South King Community Impact Fund
- Additional funding for Duwamish Valley Community Equity Program (DVCEP) to support capacity building and the green jobs startup effort
- Restore habitat along the Lower Duwamish River and underwater habitat in Elliott Bay
- Enhance engagement on tribal affairs and communities impacted by current operations
- Conduct baseline analysis, feasibility assessment, and emissions accounting to support green corridor planning
- Implement partnership with Seattle Aquarium on kelp research and the development of a permanent exhibit of Port-related environmental initiatives in the New Ocean Pavilion
- Allot funds to improve T91 Bike Trail, waterfront signage, and parks management plan
- Advance the Sustainable Aviation Fuels & Air Emissions Reduction Program
- Identify and evaluate strategies to improve Pre-Conditioned Air system and temperatures in aircraft cabins
- Initiate Child Care/Early Learning Feasibility Study to support airport workers and employees
- Support clean energy technology research, development, and deployment
- Advance local economic development through partnership grants available for cities in King County
- Advance sustainable and equitable tourism events and destinations
- Support small regional businesses and WMBE firms through outreach and training

2023 Program Highlights



2023 Operating Budget Summary

- Total operating revenues: **\$960.2 million; \$193.4 million** or **25.2 percent** above the 2022 budget
- Total operating expenses: **\$573.5 million; \$74.4 million** or **14.9 percent** above the 2022 budget
- Net operating income before depreciation: **\$386.7 million; \$119.0 million** or **44.5 percent** above the 2022 budget



The 2023 budget advances Port of Seattle and community priorities by enhancing customer service, making travel and trade related services safe and more efficient, expanding economic opportunity across the region and benefiting community and environmental health.

	2023 Proposed Budget	
Revenues (\$ in 000's)	Budget	%
1. Operating Revenues	960,241	74.2%
2. Passenger Facilities Charges	94,122	7.3%
3. Tax Levy	82,657	6.4%
4. Interest Income	45,342	3.5%
5. Capital Contributions	44,377	3.4%
6. Non-Capital Grants and Donations	35,701	2.8%
4. Customer Facilities Charges	24,658	1.9%
5. Fuel Hydrant	7,023	0.5%
Total	1,294,120	100%

	2023 Proposed Budget	
Expenses (\$ in 000's)	Budget	%
1. Operating Expenses	573,510	58.0%
2. Depreciation	207,951	21.0%
3. Revenue Bond Interest Expense	171,294	17.3%
4. GO Bond Interest Expense	10,562	1.1%
5. Non-Op Environmental Expense	10,500	1.1%
6. Public Expense	11,309	1.1%
7. Other Non-Op Rev/Expenses	3,684	0.4%
Total	988,810	100%

The 2023 Budget also includes:

- \$19.1 million in expenditures on 18 community programs
- \$17.7 million in expenditures for environmental stewardship
- \$11.9 million to improve customer experience at SEA
- \$1.8 million to promote and support statewide tourism initiatives



Aviation Division

About the Division

- Seattle-Tacoma International Airport (SEA) is a top-ten U.S. airport serving 36.2 million passengers and 498,741 metric tons of air cargo in 2021
- Thirty-one airlines serve 91 non-stop domestic and 29 international destinations

Community Benefits

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

2023 Budget Overview

- Operating Revenues: \$807.4 million
- Operating Expenses: \$460.7 million
- 2023 Capital Spending: \$663.9 million
- Five-Year Capital Spending: \$4.6 billion



Aviation Revenue

Revenues (\$ in 000's)	2023 Proposed Budget	%
Aeronautical Revenues	504,817	62.5%
Public Parking	100,384	12.4%
ADR & Terminal Leased Space	75,628	9.4%
Rental Cars - Operations	39,241	4.9%
Rental Cars - Operating CFC	14,503	1.8%
Ground Transportation	24,583	3.0%
Airport Commercial Properties	17,289	2.1%
Employee Parking	10,462	1.3%
Clubs and Lounges	9,859	1.2%
Airport Utilities	8,541	1.1%
Other Revenues	2,113	0.3%
Total	807,420	100.0%

2023 Major Budget Initiatives

- Retain the Skytrax Best Airport (North America) designation
- Reduce the SEA's carbon footprint through the Sustainable Aviation fuels pilot project
- Complete the Sustainable Airport Master Plan (SAMP) environmental review
- Operate and maintain the newly opened International Arrivals Facility (IAF)
- Complete 15% of the 2014 Part 150 Noise Remedy program
- Continue with mega capital projects: Baggage Optimization, Main Terminal Renovation, C Concourse Expansion
- Raise awareness through training to combat Human Trafficking and Initiate child-care study
- Continue with the Art Program to provide economic opportunities for the diverse art community



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

Maritime Division

About the Division

- Operates Fisherman's Terminal, which is the home of the North Pacific Fishing Fleet
- Operates two cruise ship terminals
- Operates a deep water, multi-use facility and one grain terminal
- Operates four Public Marinas with over 1,500 slips
- Manages 65 acres of waterfront Parks

Community Benefits

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

2023 Budget Overview

- Operating Revenues: \$76.3 million
- Operating Expenses: \$66.1 million
- 2023 Capital Spending: \$40.8 million
- Five-Year Capital Spending: \$352.6 million



2023 Major Budget Initiatives

- Advance Sustainability and Equity in Maritime industries through major investments in Habitat and Clean Air initiatives
- Implement Capital projects that modernize waterfront facilities
- Deliver operational excellence on safe operations and maintain port assets
- Allot funding for parks to serve communities and engage tribes to develop culturally focused park improvements



Maritime Revenue

Revenues (\$ in 000's)	2023 Proposed Budget	%
Cruise	34,832	45.7%
Recreational Boating	15,591	20.4%
Maritime Portfolio Management	10,192	13.4%
Fishing & Operations	9,809	12.9%
Grain	5,814	7.6%
Other Revenues	24	0.0%
Total	76,262	100.0%



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

Economic Development Division

About the Division

- Manages and develops real estate portfolio and projects
- Redevelops Port properties and further evaluates strategic acquisitions and partnerships
- Advances Women/Minority Business Enterprises (WMBE) across the Port of Seattle and support their pursuit of Port opportunities
- Supports maritime and cross Port innovation initiatives



Community Benefits

- Provides Economic Development Partnership Grants to communities throughout the state
- Promotes tourism and economic development for the region and state
- Supports WMBE and Disadvantaged Business Enterprise (DBE) through outreach and training

2023 Budget Overview

- Operating Revenues: \$22.2 million
- Operating Expenses: \$30.1 million
- 2023 Capital Spending: \$6.7 million
- Five-Year Capital Spending: \$169.7 million



2023 Major Budget Initiatives

- Complete the Disparity Study to evaluate how well Diversity in Contracting policy and program are eliminating disparities in the Port's supply chain
- Launch New Community Business Connectors initiative to provide outreach/technical assistance to BIPOC businesses and underserved rural businesses
- Support Duwamish Community Equity Partners' economic development initiatives
- Utilize Tourism Grants to advance sustainable and cultural tourism events and destinations
- Advance the Maritime Innovation Center at Fishermen's Terminal

Economic Development Revenue

Revenues (\$ in 000's)	2023 Proposed Budget	%
Conference & Event Centers	12,479	56.2%
Central Harbor Management	9,699	43.7%
Other Revenues	23	0.1%
Total	22,201	100.0%



The Economic Development Division is comprised of five business and service groups: Real Estate Development and Planning, Portfolio and Asset Management, Diversity in Contracting, Tourism, and Pier 69 Facilities Management.

Environment and Sustainability



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

Environment and Sustainability Programs

Leadership + Innovation + Community + Partnership



Climate and Air



Remediation



Habitat and Land Stewardship



Noise Management



Environmental Compliance



Solid Waste and Waste Diversion



Stormwater Management



Planning and Permitting

Key Environmental and Sustainability initiatives for 2023 include:

- Green House Gas Reduction Initiatives
- Sustainable Aviation Fuels & Air Emissions Reduction Program
- Completion of the Seattle Waterfront Clean Energy Strategy for maritime decarbonization
- Quiet Sound Underwater Noise Reduction Program
- Innovative stormwater solutions
- Habitat restoration along the Lower Duwamish River and underwater habitat in Elliott Bay



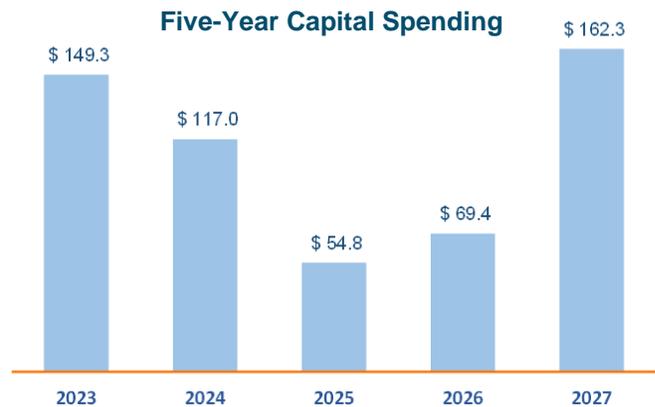
NORTHWEST SEAPORT ALLIANCE (NWSA)



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

The net income from the NWSA is distributed evenly between the two home ports and the Port of Seattle's 2023 distributable revenue is forecast to be \$50.1 million, which is the largest source of Non-Airport revenue and is included as operating revenue in the Port-wide financial statements.

The ports also share equally in NWSA capital investments; the Port of Seattle's share is expected to be \$74.6 million for 2023 and \$276.4 million for the next five years.



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

- Phase One of Terminal 5 Completed and Phase Two already underway
- Dock Rehabilitation and Shore Power Construction at Terminal 18
- Replacement of Terminal 46 bulkhead
- Berth dredging at Husky Terminal and at Washington United Terminals (WUT)
- South Harbor (Tacoma) terminal expansion projects



Capital Spending 2023-2027

Major Capital Projects

The total capital budget for 2023 is \$725.8 million and the five-year Capital Improvement Program is \$5.3 billion, which reflects the Port's continuing commitment to promoting regional economic vitality through the investment in the development, expansion, and renewal of Port facilities in support of the strategies and objectives outlined in the Port's Century Agenda and five-year plan for each division.



- SEA Baggage Optimization
- SEA C Concourse Expansion and S Concourse Evolution
- SEA Gateway
- SEA North Main Terminal Improvement
- SAMP Preliminary Planning/Design
- Terminal 91 Berths 6 and 8 Redevelopment
- Terminal 91 Uplands Development
- Pier 90/91 Rehabilitation
- CEM/T5 Access
- Centennial Park Shoreline Stabilization
- Fishermen's Terminal Northwest Dock Improvements
- Maritime Innovation Center
- Pier 66 Shore Power
- Office Wi-Fi Refresh

Five-Year Capital Spending



Sources and Uses of Funds



Sources of Funds

	(\$ in 000's)	
Operating Revenues	\$ 972,217	48.3%
Proceeds from Bond Issues	\$ 705,000	35.0%
Passenger Facility Charges	\$ 94,122	4.7%
Tax Levy	\$ 82,657	4.1%
Grants and Capital Contributions	\$ 80,078	4.0%
Interest Receipts	\$ 45,342	2.3%
Rental Car Customer Facility Charges	\$ 24,658	1.2%
Fuel Hydrant Receipts	\$ 7,023	0.3%
Other Receipts	\$ 1,657	0.1%
Total	\$ 2,012,753	100%

Uses of Funds

	(\$ in 000's)	
Capital Expenditures	\$ 725,843	39.4%
Total Operating Expenses	\$ 573,510	31.1%
Bond Redemptions	\$ 222,098	12.1%
Interest Payments	\$ 219,620	11.9%
Payment to NWSA for Capital Expenditures	\$ 74,634	4.0%
Other Expenses	\$ 15,840	0.9%
Public Expense	\$ 11,309	0.6%
Total	\$ 1,842,854	100%

Tax Levy at a Glance



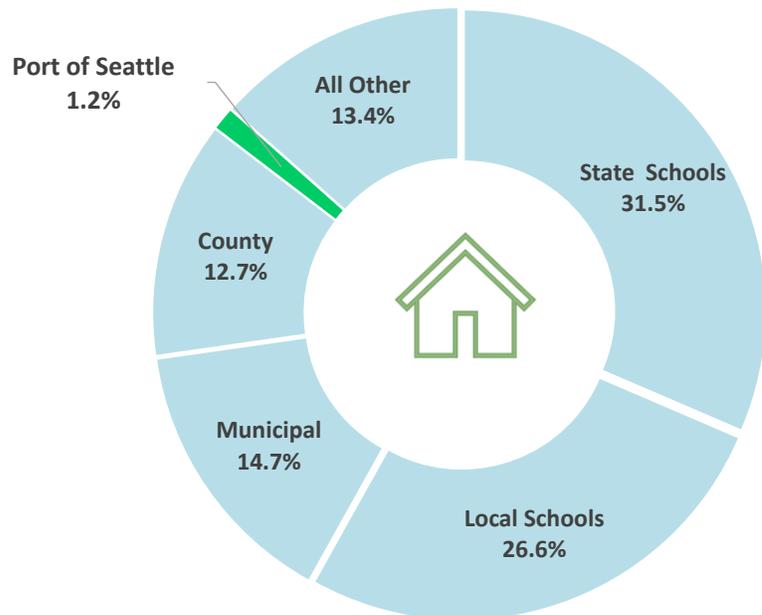
The 2023 levy will be used for:

- General Obligation (G.O.) Bond debt service
- Capital projects reviewed by the Commission
- Environmental remediation
- Environmental and climate change initiatives
- Airport Community Support
- Workforce development initiatives and Diversity in Contracting
- Economic development partnership grants
- Support for local and regional Tourism
- City of SeaTac safety enhancements
- Local community advertising at Sea-Tac Airport
- South King County Community Impact Fund and Sustainable Aviation Fuels and Air Emissions Program
- Duwamish Valley Community Equity Program
- Support for the Equity, Diversity and Inclusion department and high school internship program

Facts about the Port property tax levy:

- The preliminary maximum allowable levy for 2023 is \$113.2 million
- The 2023 preliminary levy is \$82.7 million, a two percent increase over the 2022 levy of \$81.0 million.
- The estimated 2023 millage is \$0.095 per \$1,000 assessed value
- In 2023, the median King County homeowner will pay an estimated \$78 to the Port
- Just 1.2 percent of all the property taxes collected in King County went to the Port in 2022

2022 King County Property Taxes by Jurisdiction





Port of Seattle

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