

STAY TUNED

The 2023 Maritime, Economic Development, and NWSA budget briefing is about to begin.

This presentation will be recorded and made available.

OPEN HOUSE AGENDA

Leading the Recovery.....

Executive Director Stephen P. Metruck
Chief Financial Officer Dan Thomas

2023: A Time for Transformation: Maritime and Economic Development Divisions, Northwest Seaport Alliance

Managing Director Stephanie Jones Stebbins
Managing Director Dave McFadden
Melanie Stambaugh (NWSA)

Public Port, Community Benefit

Chief Financial Officer Dan Thomas

Your Questions





2023 Budget Public Open House

October 2022



Stephen P. Metruck

Executive Director



Dan Thomas

Chief Financial Officer

2022

An update on our
recovery



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

Economic Impact of the Port of Seattle



Capital Project Plan
\$4.4 Billion
2022-2026



All Port Activities
121,200
Area Jobs



SEA Airport
\$22.5 B



Commercial Fishing
\$1.4 B

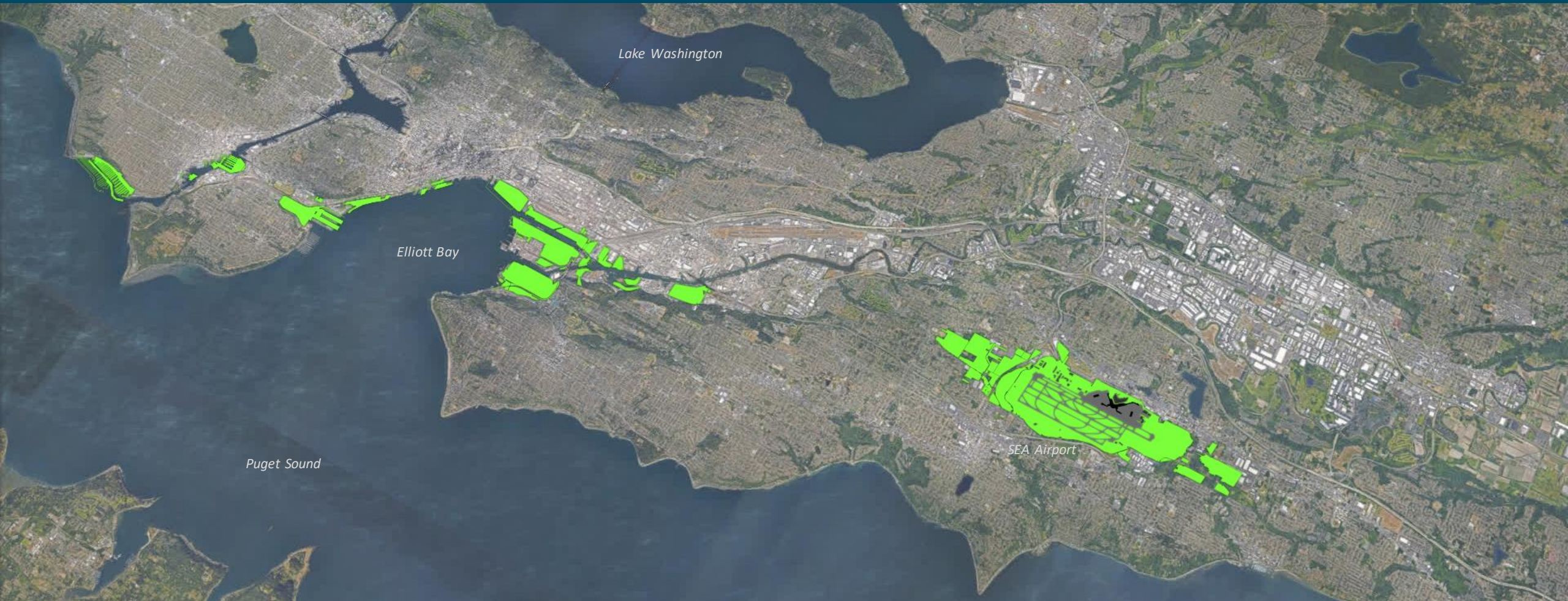


Maritime Int'l Trade*
\$16.3 B



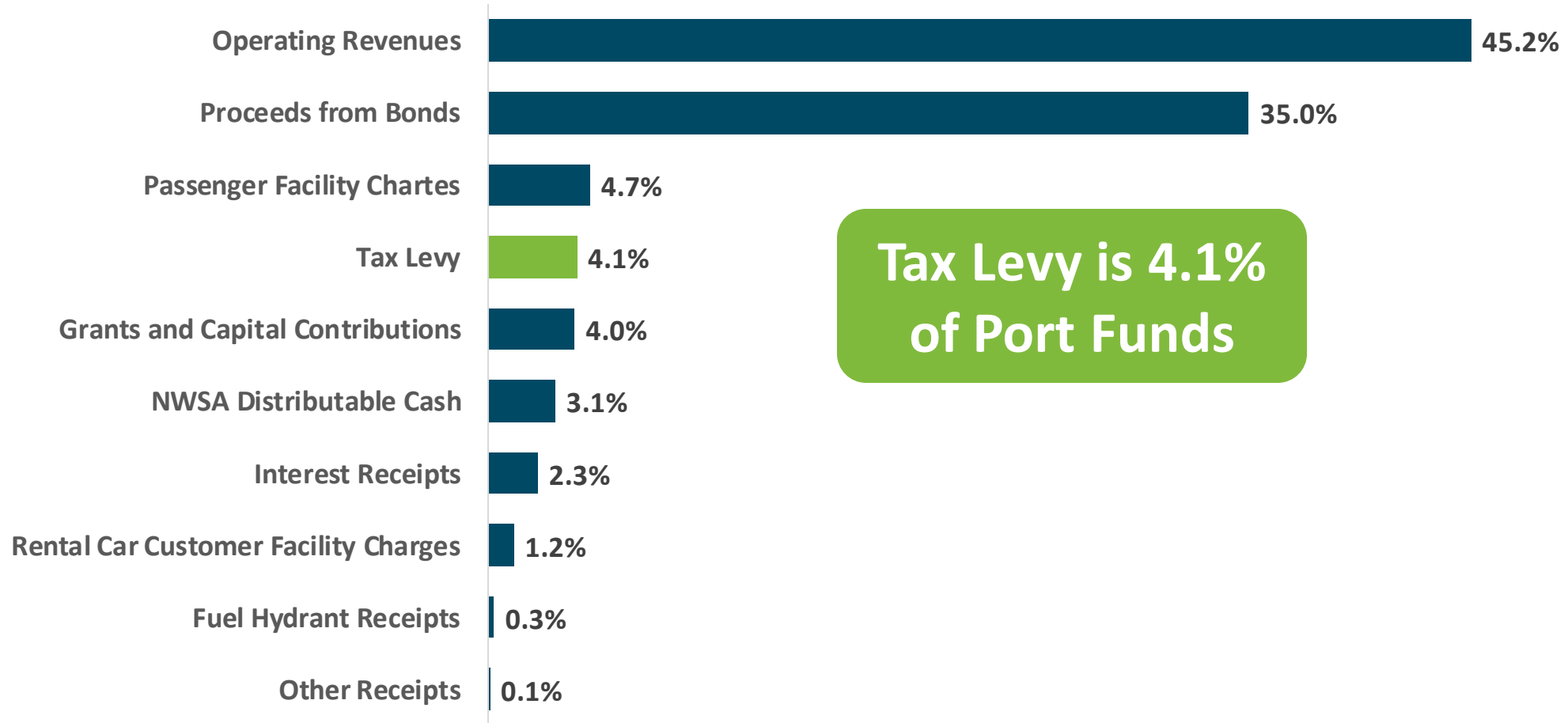
Cruise
\$900 M

** In partnership with the Northwest Seaport Alliance*



Port-Wide Sources of Funds \$2.0 Billion

Sources of Cash



2022 Restoring Operations



SEA AIRPORT

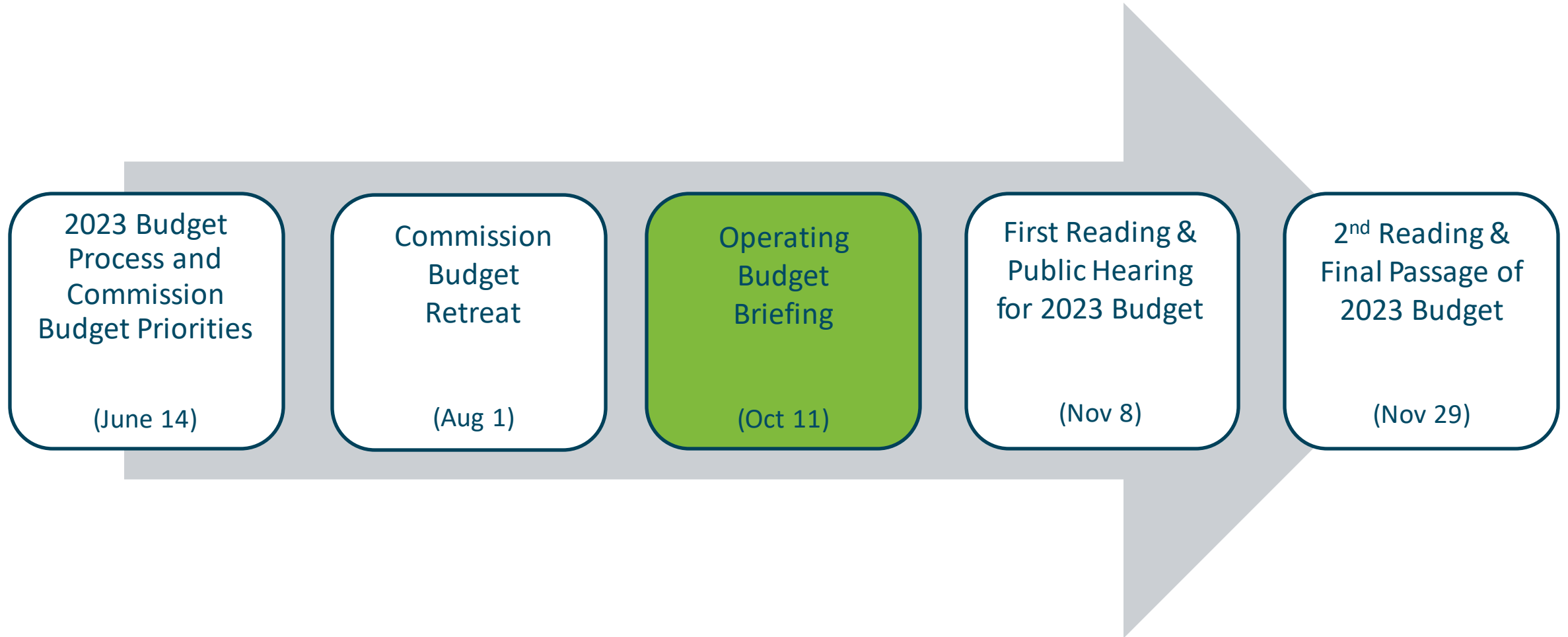
Passengers
2019 vs. 2022* **-10%**



CRUISE SEATTLE

Passengers
2019 vs. 2022* **+7%**

2023 Port Budget Timeline





Stephanie Jones Stebbins

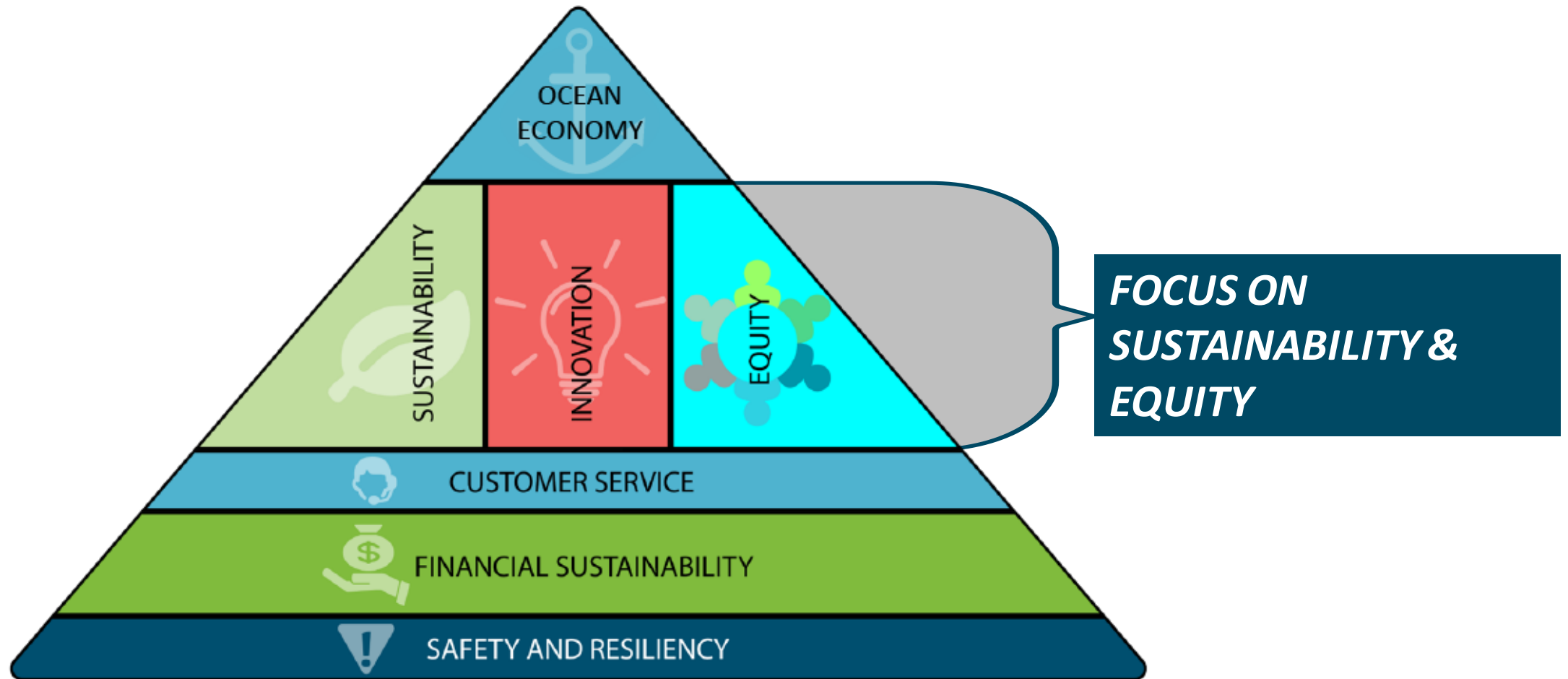
Managing Director, Maritime Division

2023

Delivering for People
and Planet



Maritime Priorities 2023



Bottom Line Up Front: Catching up to 2019



11%

REVENUE

**\$76.2M Up \$7.7M / 11%
from 2022 Forecast**

- Up 29% from 2022 Budget

Drivers:

- Cruise Occupancy
- Recreational Boating



14%

EXPENSES

**at \$66M, up 14% or
\$8.2M from 2022
Budget/Forecast**

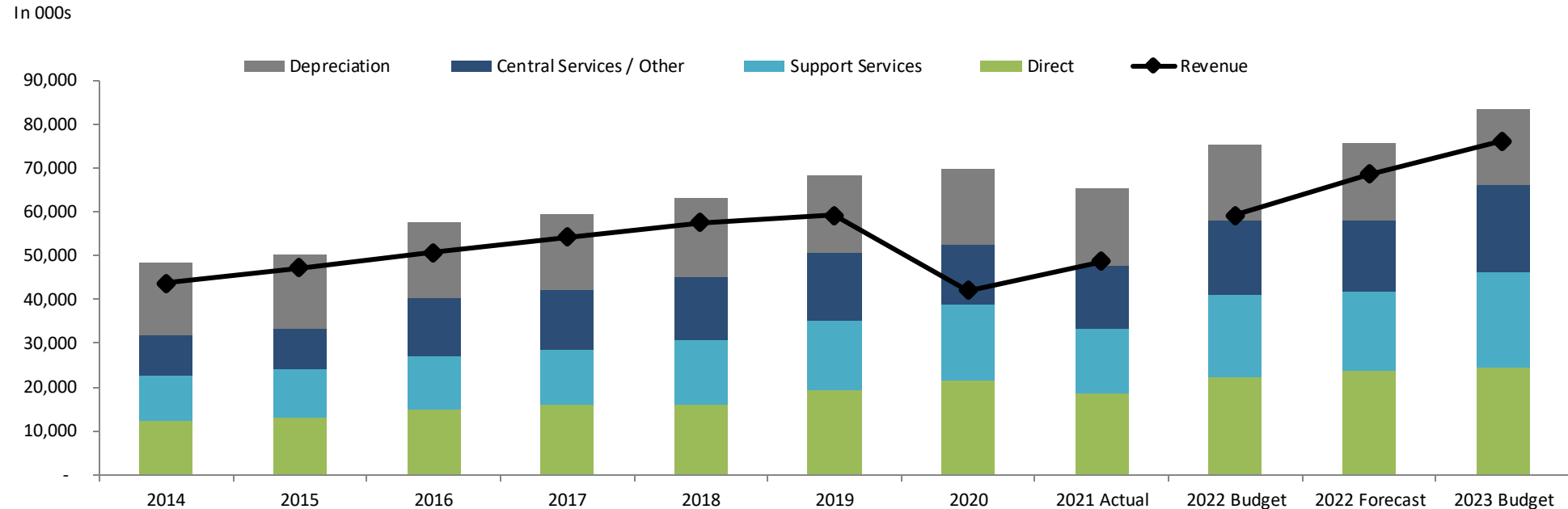
Drivers:

- Environmental Programs
- Port workforce
- Planning Department
- Equity Initiatives
- Inflation

Equity in Budgeting Highlights

- Outside services contracts and service directives have a **15-20% WMBE Goal**.
- **Funds for parks** to better serving communities while engaging Tribes in developing culturally-focused park improvements. This is based on previous community outreach events.
- **Cruise Net Operating Income supporting** targeted outreach to WMBE businesses and Workforce Development Initiatives.
- Budget time for **Represented workers to participate** in training and equity initiatives

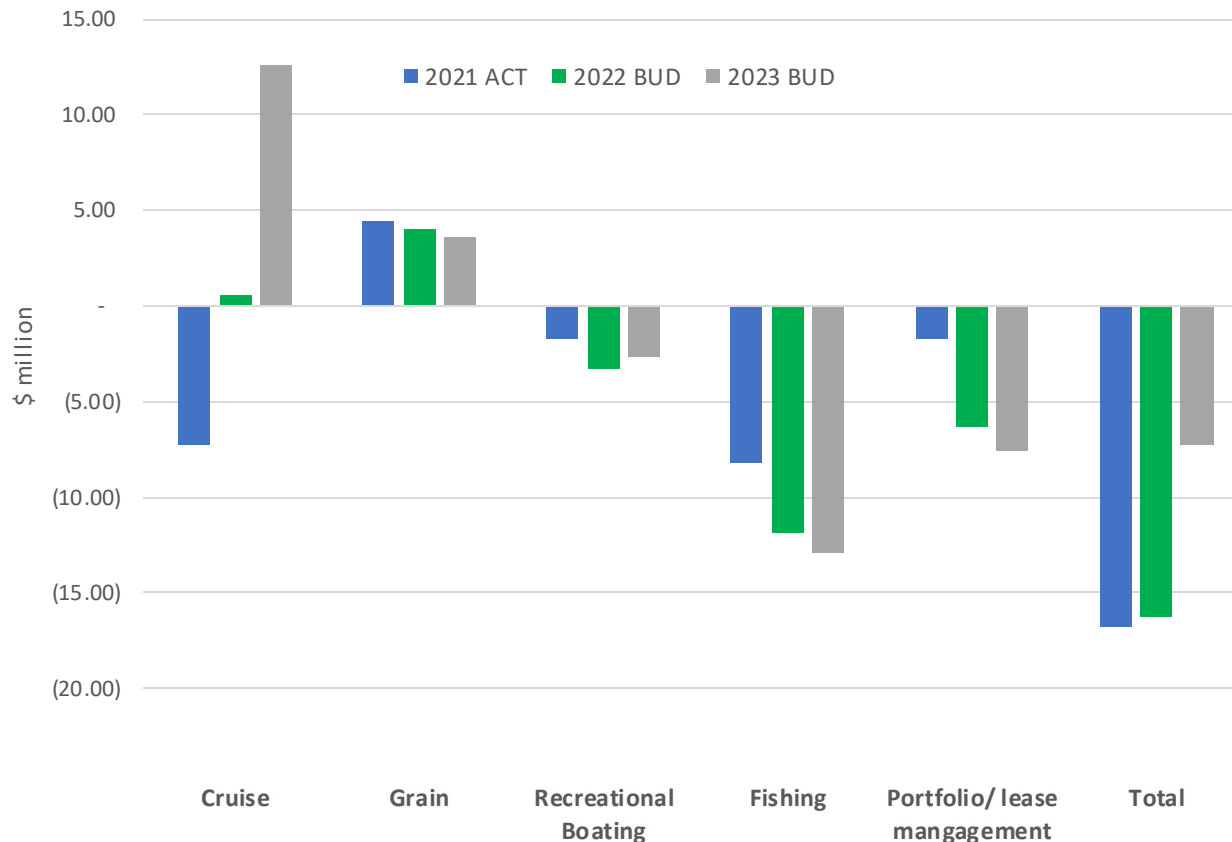
Maritime Division Financial Trends



- Revenues and expenses back to historical trends.
- Revenues cover operating costs, but not capital investments

Maritime Net Operating Income (NOI) Summary

NOI Including Depreciation



Net Operating Income:

- Up \$8.9M from 2022 Budget.
- Flat to 2022 Forecast.
- Cruise and the Grain Terminal income funds the other businesses and environmental initiatives.
- We are evaluating appropriate long term funding target to align with post-pandemic realities.

Maritime Revenues

- Overall planning a \$17.1M annual increase, or 29% above 2022 budget.
- Cruise budgeted at 85% occupancy on 287 sailings with 1.43M passengers.
- Grain Terminal volumes planned to be flat.
- Maritime Real Estate up 2%.

Recreational Marinas & Commercial Operations.

- Moorage, Service, Equipment, Storage rate increases:
 - Commercial Fishing: 5%
 - Recreational Boating: 10%
 - Commercial Maritime: 7%
 - Services: 10%

	2019	2020	2021	2022	2022	2023	Incr (Decr)	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	Change from 2022	
\$ in 000's							\$	%
Ship Canal Fishing & Operations	3,929	4,704	4,240	4,211	4,361	4,555	344	8%
Elliott Bay Fishing & Commercial Operations	6,095	5,752	5,618	4,717	5,017	5,253	536	11%
Recreational Boating	12,484	12,611	12,851	13,731	13,831	15,591	1,861	14%
Cruise	22,410	3,824	9,517	20,574	29,074	34,832	14,258	69%
Grain	4,266	5,142	6,112	5,900	6,050	5,814	(86)	-1%
Maritime Portfolio Management	10,108	10,074	10,392	9,986	10,186	10,192	207	2%
Other	(3)	4	7	19	19	24	5	27%
Total Revenue	59,289	42,111	48,738	59,137	68,537	76,262	17,125	29%

Maritime Expenses

- Up 14% Compared to 2022 Approved Budget
- FTE's – Fourteen New; Supporting Environmental Maintenance, Capital Development, and Grant/Cost Recovery.
- Payroll Increases are primary driver.
- Direct Expenses up \$2.4M: Planning Dept & Park Strategy.
- Support Services up \$2.9M from increases: 1.) Planned expense projects, 2.) Environmental Initiatives, and 3.) Grant management and processing.
- Central services up \$2.9M from increased police deployment, External Affairs spend, Human Resources, and Office of Strategic Initiatives.

	2019	2020	2021	2022	2022	2023	Incr (Decr)	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	Change from 2022	
\$ in 000's							\$	%
Expenses								
Total Direct	19,318	21,329	18,621	22,199	23,849	24,617	2,418	11%
Total Support Services	15,978	17,414	14,738	18,863	17,963	21,719	2,856	15%
Total Central Services / Other	15,309	13,614	14,426	16,804	16,300	19,733	2,929	17%
Total Expense	50,605	52,357	47,784	57,865	58,111	66,068	8,203	14%

Maritime Environment and Sustainability: up 50%

Total Department Expenses Before charges and allocations \$ in 000's	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2023 Proposed Budget	Incr (Decr) Change from 2022 \$ %	
Payroll	2,646	2,825	2,278	3,862	4,557	695	18%
Outside Services	1,357	1,575	926	1,205	2,101	896	74%
Other	345	248	86	92	200	108	117%
Capital / Non Operational	(1,228)	(1,394)	(1,343)	(1,685)	(1,643)	42	-3%
Total Expenses	3,120	3,254	1,947	3,474	5,215	1,741	50%

Overall increased \$1.7M/50% compared to 2022 original budget

Salary & Benefits

- Increased \$695K/18% from 2022 budget
 - Four New Positions + Stormwater Utility Administrator

Outside Services

- Increased \$896K/74% from 2022 budget

Other

- Increased \$108K/117% from 2022 budget
 - Increases in Travel/Training

Capital/ Non-Operational

- Decreased \$(42K)/3% from 2022 budget
 - Higher percentage of project work

Consultant Support for Environmental: Up 74%

Air - \$754K

- Green Corridor
- Maritime Energy Efficiency & Compliance
- Sustainable Maritime Fuels Program
- Climate and Air Program
- Cruise Environmental Programs
- Sustainable Evaluation Framework
- Seattle Waterfront Clean Energy Strategy

Hazardous Waste – 249K

Other Sustainability - \$323K

- Software
- Design Spec/Standard Support
- Data Management Support

Habitat - \$615K

- Performance Monitoring for Natural Resource Damage Credits at DRPP (10yr program)
- Sustainable Shorelines - Bankline Programmatic Permit
- Multi-Site Mitigation Bank Support
- Octopus Habitat Enhancement to reduce kelp predation
- Smith Cove Blue Carbon Monitoring (yr-2)
- Duwamish Valley Stewardship
- Duwamish Basin Steward
- Sea Grant Keystone Fellow
- Underwater Noise Reduction Program
- On-call Habitat Planning Services
- On-call Habitat Site Maintenance

Permitting - \$160K



Dave McFadden

Managing Director, Economic Development Division

Economic Development Division Advances Century Agenda

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 Out of state visitor \$ spend
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

Equity in Budgeting Highlights

- **New Community Business Connectors initiative** with Chamber of Commerce to provide outreach/technical assistance to BIPOC businesses and underserved rural businesses
- Added funding to **support growth of Duwamish Community Partnership** including more active use of Community Hub
- Adding an FTE Staff position to advance DBE/WMBE Compliance and Monitoring initiatives
- Added **funding to complete Disparity Study** which will evaluate how well Diversity in Contracting policy and program are eliminating disparities in the Port's supply chain
- Put **greater priority on “cultural tourism”** projects within Tourism Grant program

EDD Up-Front Summary

- **Top and Bottom Line**

- Net Operating Loss \$7.9M; 1.6M favorable to 2022 budget
- Revenue \$22.2M; up \$3.4M or 18% from 2022 Budget
- Expenses \$30.1M; up \$1.8M or 7% from 2022 budget

- **Budget Drivers:**

- Conference & Event Centers at Pre-Pandemic Levels
- Increasing Equity, Diversity, and Inclusion
- Tourism Focus – Shifting to International
- Moving forward Maritime Innovation

Economic Development Revenues

Overall, up \$3.4M or 18% compared to 2022 budget.

- **Conference & Event Centers** anticipating return close to pre-COVID revenue level in 2023. Predicting full recovery by 2024.
- **Bell Street Garage** return of concession revenue with Cruise and Conferences returning. Some risk with Office customers.
- **Leasing portfolio** experiencing some return of concession revenue, but soft demand on office space.

	2019	2020	2021	2022	2022	2023	Incr (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	Change from 2022	
							\$	%
Bell Street Garage	1,899	1,180	996	1,463	1,463	2,171	708	48%
Conf & Event Centers	12,239	1,662	1,910	10,299	6,500	12,479	2,180	21%
Leasing Revenue	7,035	6,641	6,590	6,998	6,998	7,548	550	8%
Other Revenue	(21)	(14)	(202)	9	9	3	(6)	-67%
Total Revenue	21,151	9,470	9,294	18,769	14,970	22,201	3,432	18%

Economic Development Expenses

	2021	2022	2022	2023	Incr (Decr)	
\$ in 000's	Actual	Budget	Forecast	Proposed Budget	Change from 2022 \$	%
Expenses						
Portfolio Management	3,737	3,905	3,905	3,905	(0)	0%
Conf & Event Centers	3,124	9,018	6,318	10,769	1,752	19%
P69 Facilities Expenses	268	228	228	221	(8)	-3%
RE Dev & Planning	231	246	246	294	48	19%
EconDev Expenses Other	736	842	1,142	900	58	7%
Maintenance Expenses	3,769	4,201	4,101	3,293	(908)	-22%
Maritime Expenses (Excl Maint)	862	1,279	1,279	1,813	535	42%
Total EDD & Maritime Expenses	12,727	19,719	17,219	21,195	1,476	7%
Diversity in Contracting	253	168	168	250	82	49%
Tourism	1,877	1,750	1,750	1,830	80	5%
EDD Grants & Innovation	889	1,500	1,200	1,450	(50)	-3%
Total EDD Initiatives	3,019	3,418	3,118	3,530	112	3%
Total Central Services & Aviation	4,814	5,165	4,984	5,417	252	5%
Total Expense before Pension Adj.	20,560	28,301	25,320	30,142	1,840	7%
Pension Expense Adjustment	(2,396)				0	NA
Total Expense	18,164	28,301	25,320	30,142	1,840	7%

Compared to 2022 Budget

EDD & Maritime Expenses up \$1.5M or 7%

- Increased volumes at Conference & Event Centers.
- Increased Salary & Wage rates.

EDD Development Initiatives up \$112K or 3%

- Payroll increases driving cost.
- Continuation of Innovation, Tourism Grants, and Economic Development Grants.
- Additional resources tied to Diversity in Contracting.

Central services Up \$244K 5%

- Historically low 2020/2021 Conference & Event volumes driving lower allocation rate than other divisions.

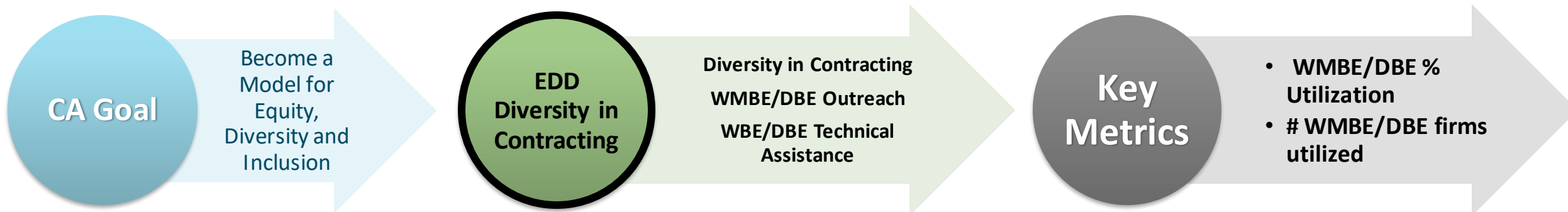
FTE – Net Increase 2

Diversity in Contracting

- ❑ Increase WMBE utilization results to reduce disparities in Port contracting processes
- ❑ Complete disparity study and implement key findings from 2022 WMBE study.
- ❑ Provide PortGen workshops/trainings
- ❑ Implement communication and education programs to support Diversity in Contracting
- ❑ Work with Public Sector partners to advance WMBE and DBE utilization

In \$000s	2022 Budget	2023 Budget	difference
Personnel	1,045	1,262	217
Outside Service	563	703	140
Promo Expenses	98	97	(-1)
General Expenses	83	83	0

Note: Outside services and promotions on following page.



Tourism

- ❑ Implement International (and domestic) Tourism Recovery initiative in partnership with WA State Tourism and Visit Seattle
- ❑ Utilize Tourism Grants to advance sustainable and cultural tourism events and destinations
- ❑ Advance responsible tourism initiatives identified by key stakeholders at 2022 Summit

In \$000s	2022 Budget	2023 Budget	difference
Personnel	546	591	45
Outside Service	938	939	1
Promo Expenses	130	157	27
General Expenses	48	47	(1)

Includes \$400K International Tourism Recovery Initiative, Responsible Outdoor Travel Summit \$75K, and Tourism grants \$207k, and \$381K in Tourism contracts.



Real Estate Development & Management

- ❑ Redevelop Port properties (ex. T106, Terminal 91)
- ❑ Move Maritime Innovation Center forward
- ❑ Maintain 95% Occupancy within Port RE portfolio
- ❑ Complete Aviation RE Strategic Plan
- ❑ Evaluate Acquisition/Partnership development opportunities to support the Northwest Seaport Alliance
- ❑ Manage, Operate & Maintain Pier 69 Headquarters

Total Real Estate Development & Management Expenses

In \$000s	2022 Budget	2023 Budget	difference
RE Development	755	959	204
P69 Facilities	1,733	1,760	27
Portfolio Leasing	18,279	20,090	1,811

RE Development and P69, service Seaport and Airport.
Portfolio Leasing services entire Seaport.



Economic Development and Innovation Partnerships

- ❑ **Advance new Community Business Connector initiative**
- ❑ **Support Regional Economic Recovery** via financial partnerships with cities, Chambers, Small Business Development Centers, Greater Seattle Partners and other stakeholder
- ❑ Support **Small Business Export initiative** in partnership with SBA and Greater Seattle Partners
- ❑ Support **Duwamish Community Equity Partners'** economic development initiatives
- ❑ Support **maritime innovation initiatives** to discover, promote and help advance promising maritime ventures and startups

In \$000s	2022 Budget	2023 Budget	difference
Personnel	789	829	40
Outside Service	1,500	1,550	50
Promo Expenses	31	31	0
General Expenses	150	150	0

Includes funding for:

- **Public Market Study \$100K**
- City ED grants and Community Business Connector initiative \$1.2M
- Maritime Blue \$150k
- **Future MD/EDD Economic Opportunity Analysis** \$100K (Addl. \$100K in Maritime)

CA Goal

Responsibly Invest in
the Economic Growth of
the Region and all its
Communities

**EDD
Real Estate
& Admin**

City ED Partnership Grants
Duwamish partnership
Innovation Initiatives

**Key
Metrics**

- **Green buildings**
- **Property
redeveloped or
acquired**

Capital Projects



Capital Improvement Plan Priorities



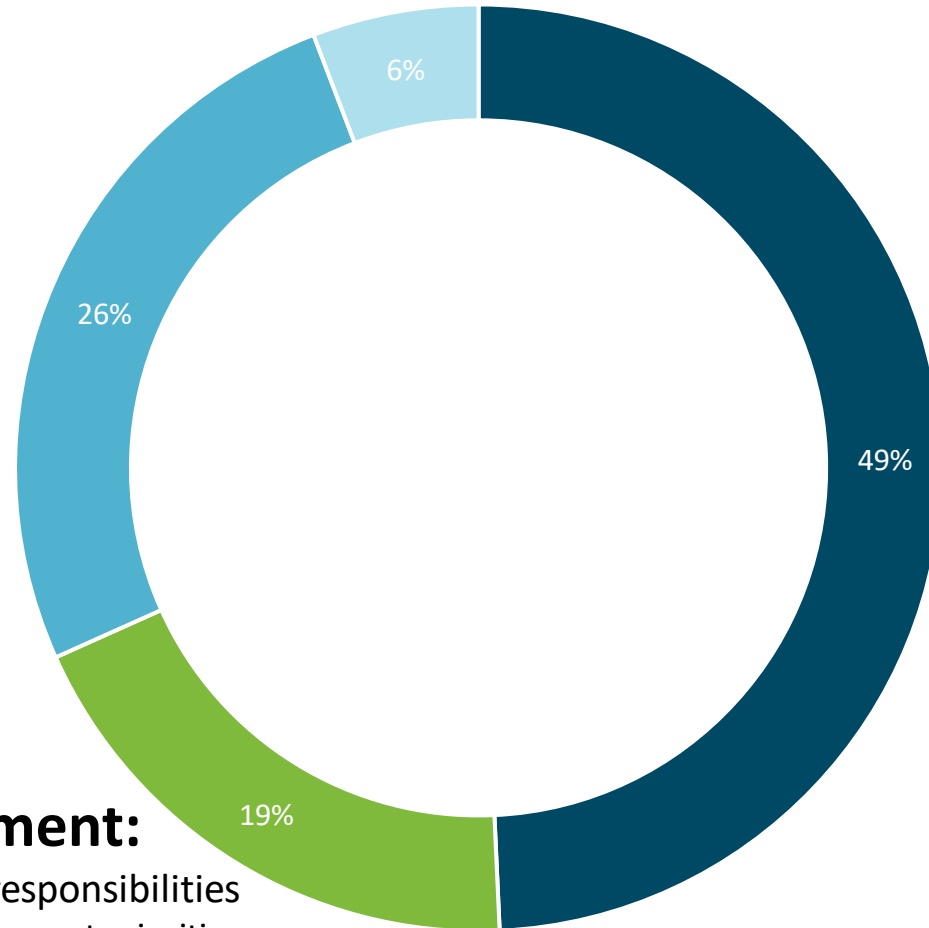
Financial Sustainability:

Making investments that support maritime industries and the Port's long term funding capacity



Community & Environment:

Stewarding our environment and social responsibilities
*All projects incorporate Community & Environment priorities when possible



Asset Stewardship:

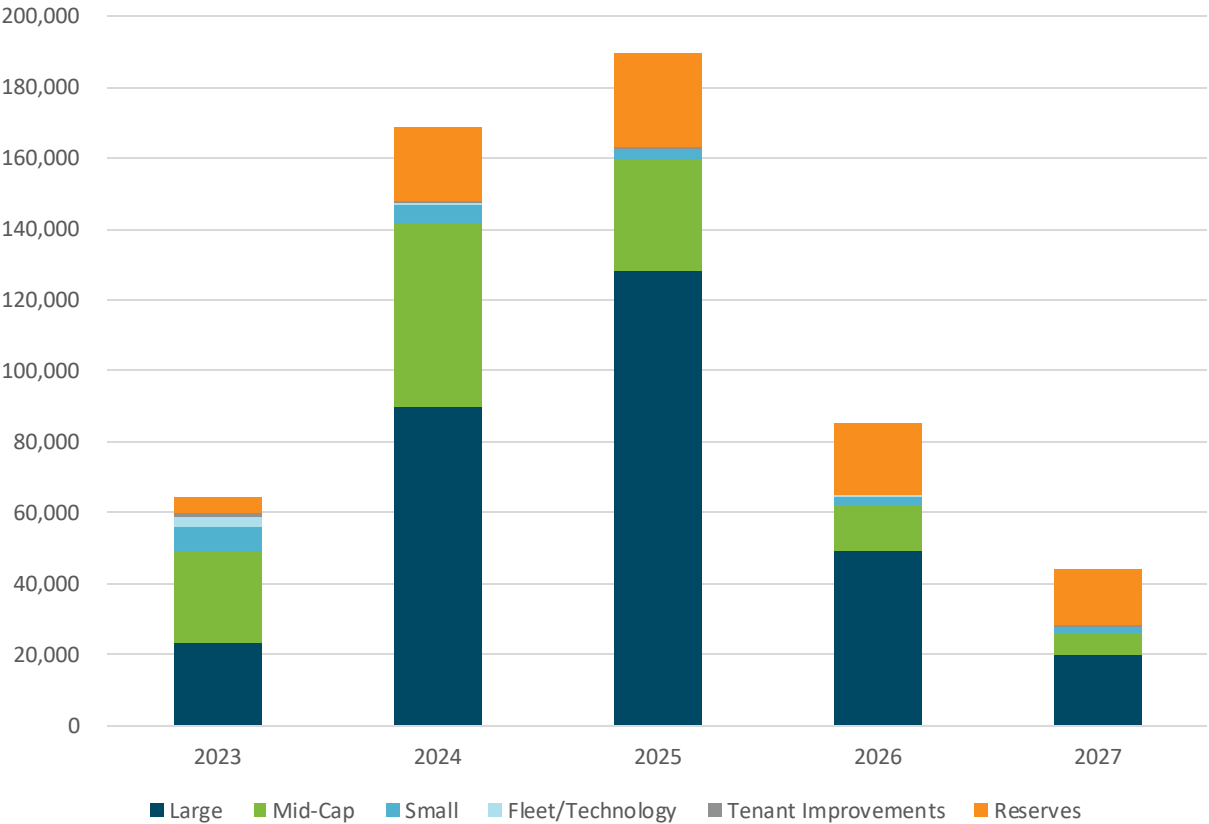
Maintaining the Port's capital assets and preserving Seattle's iconic working waterfront

■ Reserves

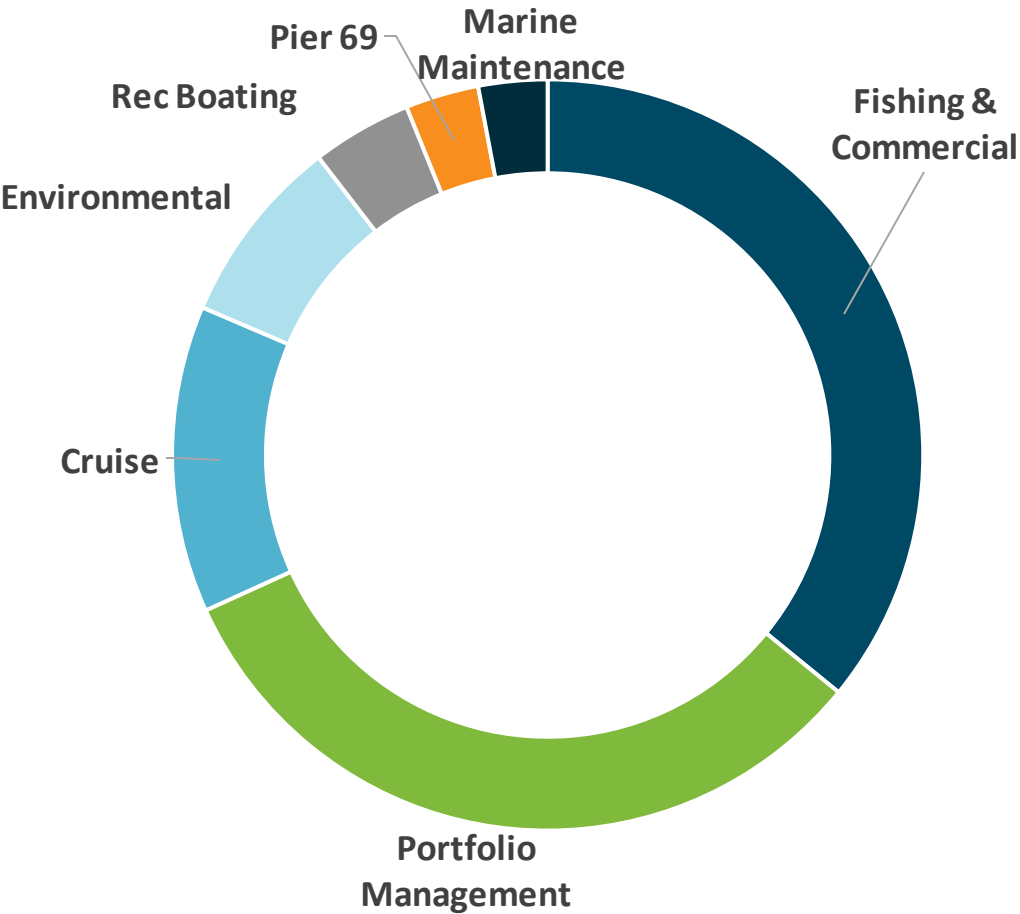
Nearly half of the CIP is dedicated to preservation of existing assets

Draft 2023 to 2027 CIP: \$522M

Forecasted 5-Year Spend



5-Year Capital Spend by Business Group



Update on Major Project in Design



T91 Berths 6 & 8 Redevelopment



Scope:

- **Berth Reconstruction**

- Removal of existing creosote piles from water column
- Overall reduction of overwater coverage
- Slope rehabilitation & stabilization
- Concrete pile supported replacement pier
- Boathouse and float reconfiguration
- Upgraded Electrical Power Supply/ Distribution

- **Uplands Improvements**

- Replacement of support office buildings (Port & Tenant)
- Stormwater upgrades

Estimated Cost: \$66 million

Schedule:

Q1 2023: Design Complete

Q2 2023: Permits Issued, Advertise

Q4 2023: Construction Begin

Q2 2025: Construction Complete

P66 Shore Power



Scope: Provide shore power connection for cruise ships while at berth at Pier 66's Bell Street Pier Cruise Terminal. Power to be provided across Terminal 46 via duct bank and then submarine cable in Elliott bay between terminals. Electrical equipment installed at the south end of Pier 66 will distribute the power to the cruise ship connection.

Estimated Cost: \$32.5 million

Schedule:

Q4 2022: Long lead cable and equipment purchases

Q1 2023: Design Completion

Q2 2023: Major Works Contract Advertised

Q3 2023: Construction Begins

Terminal 91 Uplands Development



Scope:

Phase I: Design and documentation will be developed for a Major Phased Development (MPD) permit and to full building permit/construction documents to be executed through construction of approximately 120,000 square feet (SF) of industrial building space with minimal facility infrastructure improvements over approximately six (6) acres of the site.

Estimated Cost:

\$77 million for Phase I Building

\$14 million for utility infrastructure

Schedule for Phase I:

Q3 2023: Design Complete

Q3 2024: Construction Begin

Q4 2025: Construction Complete

Maritime Innovation Center



Scope: restoration and modernization of the Port's historic Ship Supply Building into a Living Building Challenge-certified facility with advanced sustainability and resiliency features. The project will create 15,000 square feet of space offering an incubator and accelerator environment in support of maritime innovation. A related project will provide site improvements designed to enhance the experience of users and visitors of the Fishermen's Terminal facility.

Estimated Cost: \$25 million

Schedule:

Q3 2023: Design Complete

Q3 2023: Permits Issued, Advertise

Q2 2024: Construction Begin

Q3 2025: Construction Complete



Melanie Stambaugh

The Northwest Seaport Alliance (NWSA)
Director of Communications

Organizational Structure

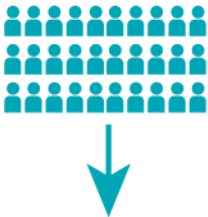
King County
Voters



Port of Seattle
Commission



Pierce County
Voters



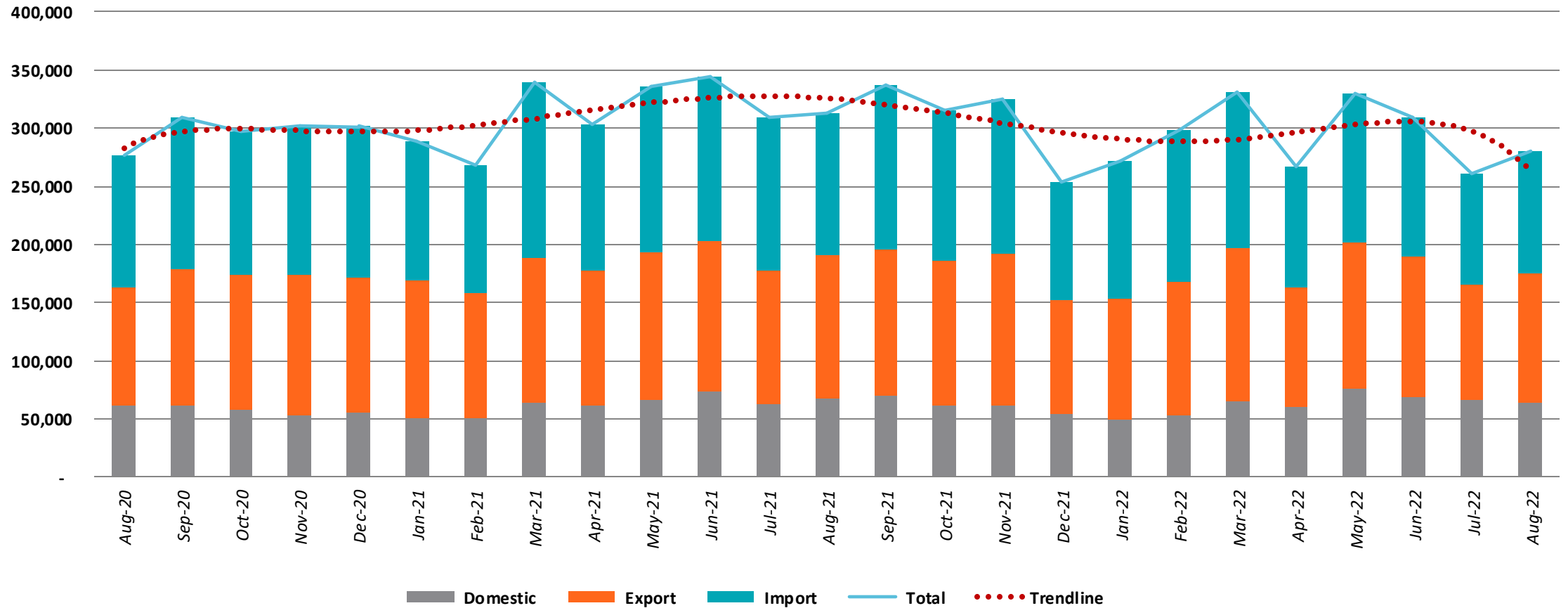
Port of Tacoma
Commission



THE NORTHWEST
SEAPORT ALLIANCE
SEATTLE + TACOMA

Multiple Global Issues Impact Volume

The Northwest Seaport Alliance TEU Volumes



*Twenty-foot equivalent unit (TEU)

North Harbor Projects Moving Forward



- T-5 Phase 2
- T-18 Upgrades





Dan Thomas

Chief Financial Officer

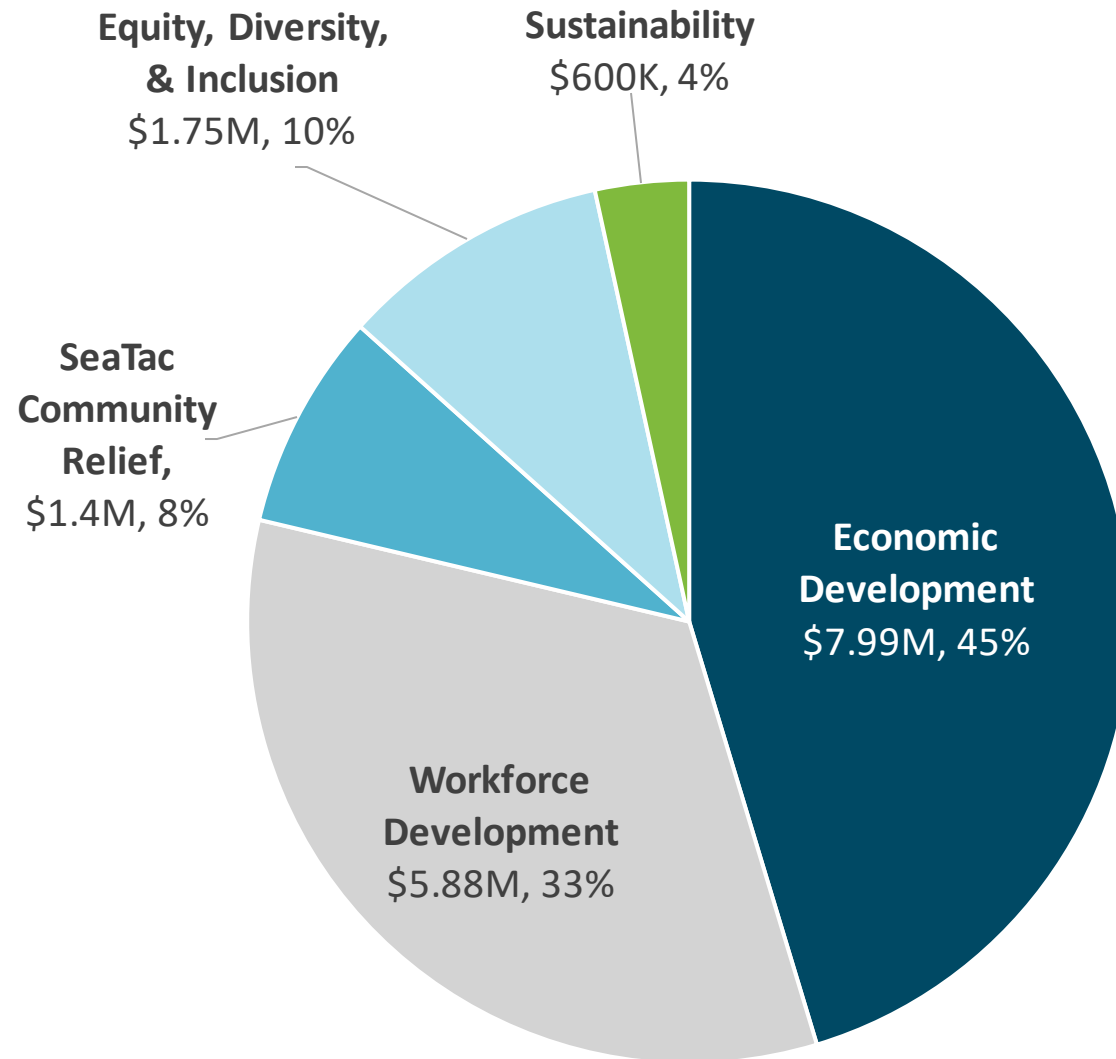
Public Port, Community Benefit



2023 Community Programs

Program (in \$000)	2022 Budget	2023 Proposed Budget	2023 Budget Funded by the levy	% of the 2023 Budget Funded by the levy
1) Energy & Sustainability Fund	160	120	120	100%
2) Airport Community Ecology (ACE) Fund	135	40	40	100%
3) South King County Community Impact Fund (SKCCIF)	2,195	2,214	2,214	100%
4) Duwamish Valley Community Equity Program	387	462	462	100%
5) EDD Partnership Grants	1,200	850	850	100%
6) Tourism Marketing Support Program	1,750	1,830	282	15%
7) Airport Spotlight Ad Program	466	466	466	100%
8) City of SeaTac Community Relief	1,400	1,400	1,400	100%
9) Maritime Blue (formerly Maritime Innovation Center)	150	150	150	100%
10) Workforce Development	4,390	5,186	3,785	73%
a. Youth Career Launch Program (formerly OYI)	1,000	1,000	1,000	100%
b. Airport Employment Center	1,096	1,517	303	20%
11) High School Internship Program	496	457	252	55%
12) Diversity in Contracting	1,836	2,299	300	13%
a. Small Bus. Accelerator under SKCCIF	250	250	250	100%
b. DBE/ACDBE/WMBE Training Consultants & Outreach	-	50	50	100%
13) Equity, Diversity & Inclusion	1,366	1,767	138	8%
14) Sustainable Aviation Fuels & Air Emissions Program	200	100	100	100%
15) Low Carbon Fuel Standard Initiative	110	150	-	-
16) Community Biz Connector (Regional Small Biz Partnerships)	150	350	350	100%
17) Public Market Study	-	100	100	
18) Seattle Aquarium Partnership	-	1,000	1,000	100%
Sub Total	16,142	18,691	11,760	63%
Payroll charged to the Levy	483	433	433	100%
Grand Total	16,625	19,124	12,193	64%

Port Community Program Funding by Activity



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

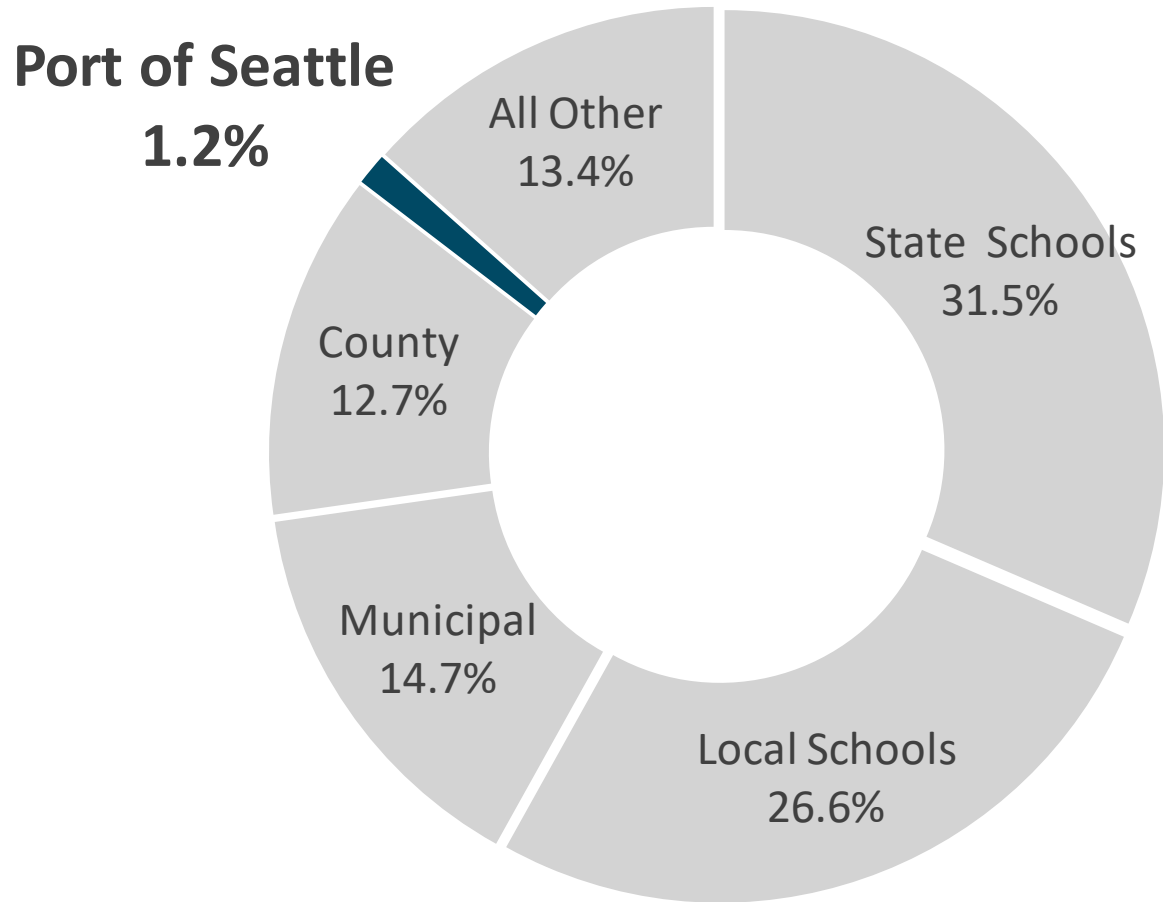
- EDI Department
- Duwamish Community Equity program

SeaTac Community Relief

Sustainability

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

About the Levy



King County Property Taxes by Jurisdiction, 2022

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

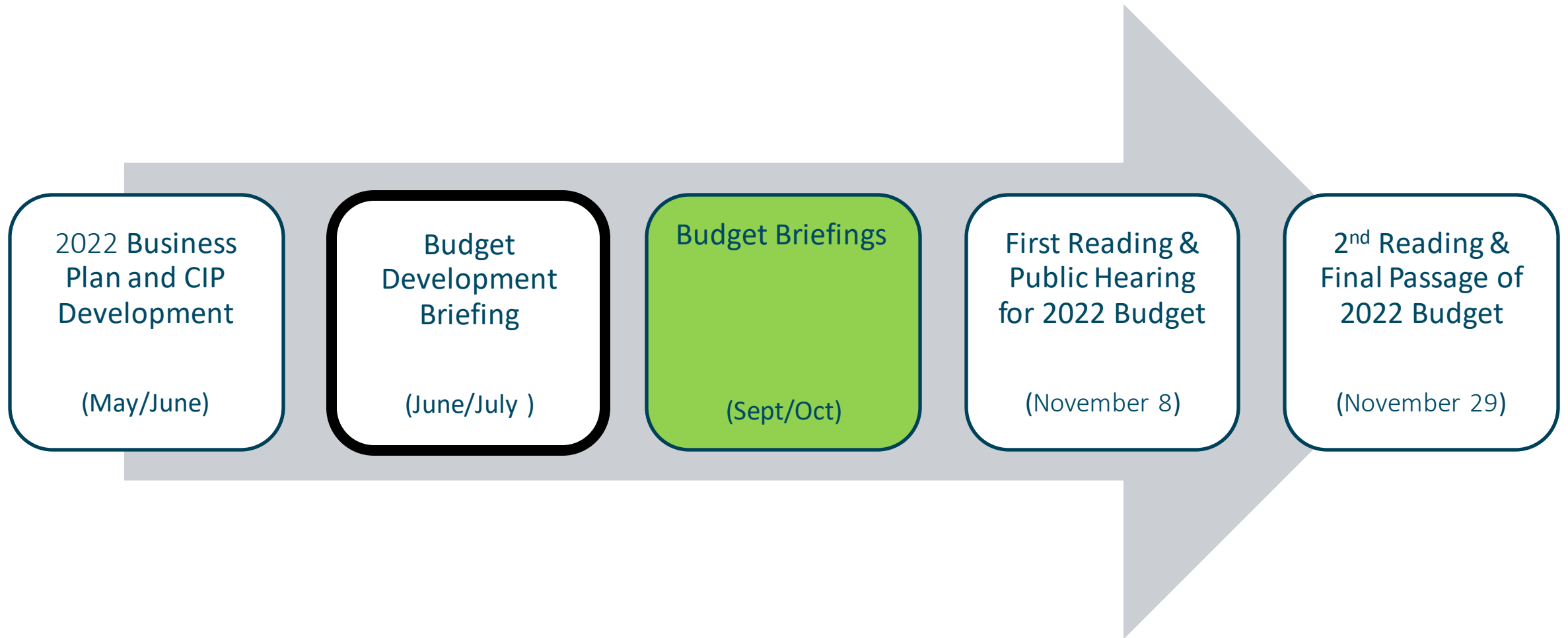
Tax Levy

In 2023, the median homeowner payment is estimated at **\$78.0**

Port of Seattle Tax Levy	2022 Estimate	2022 Actual	2023 Estimate	Change from 2022 Actual
Tax Levy Amount (\$ mil)	\$81.0	\$81.0	\$82.7	2.0%
Median homeowner payments (\$)	\$72.0	\$78.0	\$78.0	0.0%

Based on an estimated median King County home value of \$830,000 per King County Assessor in 2023.

2023 Budget Commission Timeline



More about the budget:

<https://www.portseattle.org/2023budget>

Join us for an Aviation Division briefing on
October 13 from 4-5pm.

Your Questions





Port 
of Seattle®

Thank you
