



# **PORT OF SEATTLE**

## **Q3 2022 FINANCIAL PERFORMANCE REPORT**

**AS OF SEPTEMBER 30, 2022**

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**I. PORTWIDE****EXECUTIVE SUMMARY**

The Port's third quarter results still reflect the effects of COVID-19 with lines of businesses showing different rates of recovery. Overall, the financial performance results for the first three quarters are very strong. Airport passenger volume continue to rebound and is expected to be 11% lower than 2019 but 28% higher than 2021. Federal relief funds improve the airport's bottom line and allow the airport to provide relief grants to tenants as well as maintain debt service coverage level above target.

The Port concluded the 2022 cruise season with a record number of 294 sailings and an estimated 1.3 million passengers. Fishing, and Commercial and Recreational Marinas' revenues are expected to exceed budget targets while Conference and Event Center is experiencing a slower than expected rate of recovery due to lower volumes.

The Port continues to implement planned initiatives and programs that align with Port goals and mission. This includes the launch of the third cycle of the South King County Community Impact Fund that will allow organizations to apply for multi-year funding, up to \$60,000 in Environmental Grants or up to \$250,000 for Economic Recovery. The Environmental Grants Program drives the Port's investment in support of projects in cities around the airport to enhance livability, improve green spaces, and restore forests. Similarly, the Economic Recovery Program provides economic opportunities to communities with the greatest need as the Port continue to recruit a new generation of workers to Port-related industries.

**PORTWIDE FINANCIAL SUMMARY**

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	220,058	219,378	286,217	296,879	(10,661)	-3.6%	66,839	30.5%
Airport Non-Aero Revenues	90,106	137,516	197,006	173,829	23,177	13.3%	59,490	43.3%
Non-Airport Revenues	74,173	90,018	114,128	101,596	12,532	12.3%	24,110	26.8%
<b>Total Operating Revenues</b>	<b>384,337</b>	<b>446,912</b>	<b>597,351</b>	<b>572,303</b>	<b>25,048</b>	<b>4.4%</b>	<b>150,439</b>	<b>33.7%</b>
Total Operating Expenses	299,766	301,273	342,531	374,103	31,572	8.4%	41,258	13.7%
<b>NOI before Depreciation</b>	<b>84,571</b>	<b>145,639</b>	<b>254,819</b>	<b>198,200</b>	<b>56,620</b>	<b>28.6%</b>	<b>109,181</b>	<b>75.0%</b>
Depreciation	131,955	137,678	164,385	139,119	(25,266)	-18.2%	26,707	19.4%
<b>NOI after Depreciation</b>	<b>(47,383)</b>	<b>7,961</b>	<b>90,434</b>	<b>59,081</b>	<b>31,354</b>	<b>53.1%</b>	<b>82,473</b>	<b>1036.0%</b>

**2022 YTD Actuals vs. 2022 YTD Budget**

- Airport Non-Aero Revenues were up \$23.2M compared to budget mainly due to the timing of a \$21.4M Federal Operating Grant Revenue offset and higher Public Parking revenue.
- Non-Airport Revenues were \$12.5M above budget mainly due to higher Cruise, Fishing & Operations, Maritime Portfolio Management, and NWSA Distributable Revenue; partially offset by lower revenues from Conference & Event Center.
- Total Operating Expenses are \$31.6M lower than budget due to delays in hiring and implementing projects/initiatives, lower Equipment Expense, Third Party Management Expense, and Travel & Other Employee Expenses; partially offset by higher Utilities, General Expenses, and less Charges to Capital Projects.

**2022 YTD Actuals vs. 2021 YTD Actuals**

- Total Operating Revenues were up \$150.4M due to higher passenger volumes compared to 2021; higher revenues in non-aeronautical lines of businesses (Public Parking, ADR & Terminal Leased Space, Rental Cars, Ground Transportation, Clubs & Lounges, Airport Commercial Properties), Cruise, Conference & Event Centers, Central Harbor Management, and Recreational Boating; partially offset by lower NWSA Distributable Revenue.
- Total Operating Expenses were \$41.3M higher compared to 2021 due to higher Payroll, Utilities, Outside Services, Travel, Equipment Expense, and General Expenses.

**NON-AIRPORT FINANCIAL SUMMARY**

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
NWSA Distributable Revenue	30,545	43,840	38,532	37,080	1,452	3.9%	(5,308)	-12.1%
Maritime Revenues	31,284	33,836	59,814	48,906	10,908	22.3%	25,978	76.8%
EDD Revenues	7,678	6,849	11,216	12,816	(1,600)	-12.5%	4,367	63.8%
SWU & Other	4,665	5,492	4,565	2,794	1,771	63.4%	(928)	-16.9%
<b>Total Operating Revenues</b>	<b>74,173</b>	<b>90,018</b>	<b>114,128</b>	<b>101,596</b>	<b>12,532</b>	<b>12.3%</b>	<b>24,110</b>	<b>26.8%</b>
Total Operating Expenses	54,895	54,631	67,126	75,280	8,154	10.8%	12,495	22.9%
<b>NOI before Depreciation</b>	<b>19,278</b>	<b>35,387</b>	<b>47,001</b>	<b>26,316</b>	<b>20,686</b>	<b>78.6%</b>	<b>11,614</b>	<b>32.8%</b>
Depreciation	28,105	28,375	28,399	27,304	(1,096)	-4.0%	24	0.1%
<b>NOI after Depreciation</b>	<b>(8,827)</b>	<b>7,012</b>	<b>18,602</b>	<b>(988)</b>	<b>19,590</b>	<b>-1982.4%</b>	<b>11,590</b>	<b>165.3%</b>

**2022 YTD Actuals vs. 2022 YTD Budget**

- Non-Airport Revenues were \$12.5M above budget mainly due to higher Cruise, Fishing & Operations, Maritime Portfolio Management, and NWSA Distributable Revenue; partially offset by lower revenues from Conference & Event Center.
- Non-Airport Operating Expenses were \$8.2M lower than budget because of delays in hiring, project spending delays, lower Third-Party Management Op Expenses, and lower Travel; partially offset by higher Utilities.

**2022 YTD Actuals vs. 2021 YTD Actuals**

- Non-Airport Operating Revenues were \$24.1M higher compared to 2021 because of higher revenues from Cruise, Conference and Event Centers, Central Harbor Management, and Recreational Boating; partially offset by lower revenues from NWSA Distributable Revenues and Grain.
- Non-Airport Operating Expenses were \$12.5M higher than 2021 due to higher Payroll, Outside Services, Equipment Expense, and other General Expenses.

# I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 09/30/22

## MAJOR OPERATING REVENUES SUMMARY

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	220,058	219,378	286,217	296,879	(10,661)	-3.6%	66,839	30.5%
Public Parking	26,591	45,034	64,775	60,682	4,093	6.7%	19,740	43.8%
Rental Cars - Operations	12,318	26,346	34,301	27,107	7,194	26.5%	7,955	30.2%
Rental Cars - Operating CFC	-	653	4,605	12,197	(7,592)	-62.2%	3,952	605.7%
ADR & Terminal Leased Space	24,487	33,561	44,943	27,460	17,483	63.7%	11,382	33.9%
Ground Transportation	5,426	8,171	15,406	13,445	1,960	14.6%	7,235	88.6%
Employee Parking	6,751	6,750	6,817	7,851	(1,033)	-13.2%	68	1.0%
Airport Commercial Properties	8,195	9,012	12,101	11,464	637	5.6%	3,089	34.3%
Airport Utilities	4,043	4,633	5,864	5,824	40	0.7%	1,232	26.6%
Clubs and Lounges	1,866	2,187	6,055	6,559	(504)	-7.7%	3,868	176.9%
Cruise	4,028	5,660	30,181	20,522	9,660	47.1%	24,522	433.3%
Recreational Boating	9,449	9,639	10,549	10,351	198	1.9%	909	9.4%
Fishing & Operations	7,246	6,612	7,145	6,645	500	7.5%	533	8.1%
Grain	3,101	4,235	3,987	3,953	34	0.9%	(248)	-5.9%
Maritime Portfolio Management	7,434	7,689	7,945	7,422	523	7.0%	256	3.3%
Central Harbor Management	6,054	5,577	6,517	6,305	212	3.4%	940	16.9%
Conference & Event Centers	1,599	1,252	4,681	6,479	(1,798)	-27.8%	3,429	273.9%
NWSA Distributable Revenue	30,545	43,840	38,532	37,080	1,452	3.9%	(5,308)	-12.1%
Other	5,145	6,686	6,730	4,080	2,651	65.0%	44	0.7%
<b>Total Operating Revenues (w/o Aero)</b>	<b>164,279</b>	<b>227,534</b>	<b>311,133</b>	<b>275,424</b>	<b>35,709</b>	<b>13.0%</b>	<b>83,599</b>	<b>36.7%</b>
<b>TOTAL</b>	<b>384,337</b>	<b>446,912</b>	<b>597,351</b>	<b>572,303</b>	<b>25,048</b>	<b>4.4%</b>	<b>150,439</b>	<b>33.7%</b>

## MAJOR OPERATING EXPENSES SUMMARY

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	108,303	108,770	117,525	119,429	1,903	1.6%	8,756	8.0%
Wages & Benefits	100,407	98,801	105,358	106,955	1,597	1.5%	6,557	6.6%
Payroll to Capital Projects	21,408	21,353	20,489	28,290	7,801	27.6%	(864)	-4.0%
Outside Services	68,660	64,373	75,791	109,955	34,164	31.1%	11,417	17.7%
Utilities	16,297	20,166	23,622	22,953	(669)	-2.9%	3,456	17.1%
Equipment Expense	6,925	4,620	6,906	8,797	1,891	21.5%	2,286	49.5%
Supplies & Stock	7,093	6,153	7,197	7,258	61	0.8%	1,044	17.0%
Travel & Other Employee Expenses	2,053	1,315	2,624	4,782	2,158	45.1%	1,309	99.5%
Third Party Mgmt Op Exp	4,343	3,564	5,956	8,666	2,709	31.3%	2,392	67.1%
B&O Taxes	2,448	2,992	3,833	3,975	142	3.6%	840	28.1%
Other Expenses	5,258	9,648	13,375	11,789	(1,586)	-13.5%	3,727	38.6%
Charges to Capital Projects/Overhead Alloc	(43,429)	(40,481)	(40,145)	(58,744)	(18,599)	31.7%	336	-0.8%
<b>TOTAL</b>	<b>299,766</b>	<b>301,273</b>	<b>342,531</b>	<b>374,103</b>	<b>31,572</b>	<b>8.4%</b>	<b>41,258</b>	<b>13.7%</b>

**PORTWIDE FINANCIAL YEAR-END FORECAST SUMMARY**

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	220,058	219,378	286,217	296,879	(10,661)	-3.6%	66,839	30.5%
Airport Non-Aero Revenues	90,106	137,516	197,006	173,829	23,177	13.3%	59,490	43.3%
Non-Airport Revenues	74,173	90,018	114,128	101,596	12,532	12.3%	24,110	26.8%
<b>Total Operating Revenues</b>	<b>384,337</b>	<b>446,912</b>	<b>597,351</b>	<b>572,303</b>	<b>25,048</b>	<b>4.4%</b>	<b>150,439</b>	<b>33.7%</b>
Total Operating Expenses	299,766	301,273	342,531	374,103	31,572	8.4%	41,258	13.7%
<b>NOI before Depreciation</b>	<b>84,571</b>	<b>145,639</b>	<b>254,819</b>	<b>198,200</b>	<b>56,620</b>	<b>28.6%</b>	<b>109,181</b>	<b>75.0%</b>
Depreciation	131,955	137,678	164,385	139,119	(25,266)	-18.2%	26,707	19.4%
<b>NOI after Depreciation</b>	<b>(47,383)</b>	<b>7,961</b>	<b>90,434</b>	<b>59,081</b>	<b>31,354</b>	<b>53.1%</b>	<b>82,473</b>	<b>1036.0%</b>

**Year-End Forecast**

- Total Operating Revenues are expected to be \$25.0M above budget due to higher forecasted revenues in Cruise and Landside businesses driven by high demand from returning passengers.
- Total Operating Expenses are expected to be \$31.6M favorable to the budget and \$41.3M higher than 2021.
- NOI before depreciation forecast is \$56.6M favorable to the budget and \$109.2M higher than 2021.

**KEY PERFORMANCE METRICS**

	2021 YTD	2022 YTD	2021	2022	2022	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Actual	Forecast	Budget	Chg.	%	Chg.	%
Total Passengers (in 000's)	26,108	34,317	36,146	46,649	48,517	(1,868)	-3.9%	10,503	29.1%
Landed Weight (lbs. in millions)	19,666	21,727	26,584	29,265	29,448	(184)	-0.6%	2,680	10.1%
Passenger CPE (in \$)	N/A	N/A	15.93	15.21	14.82	(0.39)	-2.6%	(0.72)	-4.5%
Grain Volume (metric tons in 000's)	3,237	3,004	4,720	4,542	4,500	42	0.9%	(178)	-3.8%
Cruise Passenger (in 000's)	195	1,249	229	1,309	907	402	44.4%	1,080	471.6%
Shilshole Bay Marina Occupancy	94.1%	98.1%	94.5%	97.0%	96.3%	0.7%	0.8%	2.5%	2.6%

**KEY BUSINESS EVENTS**

The Port has announced 12 organizations to receive \$2.5 million in grants as part of the South King County Community Impact Fund Economic Recovery Program. In 2019, the Port established the South King County Community Impact Fund (SKCCIF) to increase opportunities in historically underserved, ethnically, and culturally diverse communities. To date, more than 54 projects have received SKCCIF funding since 2019 that focus on increasing job application assistance, recruiting for pre-apprenticeship programs and maritime careers, building gardens, cleaning public spaces, and expanding environmental education.

The Port, along with the Duwamish Valley community partners, celebrated the grand opening of the Duwamish River People's Park which embodied a 20-year vision to transform a piece of contaminated shoreline area into a safe greenspace for the local community and a salmon habitat refuge mimicking the environment that was here before the past 100 years of industrialization. The grand opening also featured the diversity of the Duwamish Valley and the South Park neighborhoods.

The Port recently renewed an interlocal agreement with the University of Washington to continue the Sea Grant Fellowship program. Under this program, the Port hosts one fellow a year to assist with priority environmental work such as support for habitat and stewardship initiatives through community engagement, research and writing, data analysis, and project coordination.

The Port hosted an in-person Public University for the first time since the pandemic to provide the public a behind-the-scenes look at airport and other port operations. The highlight for the Airport 101 event was a guided tour of the airfield by the team that manages airport flow every day while participants of the Duwamish 101 learned about the Superfund cleanup efforts, habitat restoration project, and Duwamish River People's Park. For the Ship Canal 101, participants learned about the many diverse maritime industry businesses and support services that make Seattle a thriving hub for commercial fishing, boat repair and maintenance, and transportation between Alaska and the Lower 48 states. Meanwhile, Cargo 101 participants enjoyed a tour of Terminal 18 while learning how import and export cargoes move through Seattle's harbor.

The Port, in partnership with the Northwest Mountain MSDC, kicked-off the two-month Business Accelerator Program for minority and women owned small businesses. The second annual Business Accelerator Program's curriculum centers on Business Plan Builder workshop, sales training, marketing and collateral development, leveraging cash flow, access to capital, and topics of the cohort's choosing. Additionally, the Port authorized \$650,000 in funding for the Community Business Connectors, an innovative two-year pilot program with the Seattle Metropolitan Chamber of Commerce. The goal of this program is to provide direct service to underserved small businesses across King County. The Community Business Connectors program will function like a help desk for small businesses, providing referral options to business experts like advisors, lenders, and advocates.

The Port of Seattle recently released its annual greenhouse gas emissions inventory showing that it cut emissions from port operations by 46% in 2021 over 2005 baseline. The goal is to eliminate all carbon emissions from Port-owned-and-controlled sources by 2040 and for all entities operating at its facilities to be carbon neutral or better by 2050. Plans for the next decade include electrification/decarbonization of the airport's central boiler system, more seaport shore-power solutions and a clean energy strategy for the entire Seattle waterfront, electrification of the Port's fleet vehicles, and a ground transportation plan for the airport to incentivize low carbon modes of travel to SEA.

Additionally, the Port authorized \$40 million to begin the first phase of sound insulation construction for more than 215 apartment units in 5 apartment complexes located within SEA's noise remedy boundary. Sound insulation program is typically funded with approximately 80% in grants from the Federal Aviation Administration (FAA) and 20% funding from SEA Airport revenues. The Port offers sound insulation for eligible properties including single-family homes, condos, apartments, and places of worship to minimize the noise impact and improve quality of life for airport neighbors.

**CAPITAL SPENDING SUMMARY**

\$ in 000's	2022	2022	2022	2022	Budget Variance	
	YTD Actual	Forecast	Budget	POF	\$	%
Aviation	218,765	335,507	527,917	514,812	192,410	36.4%
Maritime	7,805	13,536	23,521	23,408	9,985	42.5%
Economic Development	5,568	9,370	10,483	10,515	1,113	10.6%
Central Services & Other (note 1)	5,052	8,349	12,889	11,013	4,540	35.2%
<b>TOTAL</b>	<b>237,190</b>	<b>366,762</b>	<b>574,810</b>	<b>559,748</b>	<b>208,048</b>	<b>36.2%</b>

Note:

(1) "Other" includes 100% Port legacy projects in the North Harbor and Storm Water Utility Small Capital projects.

Total capital spending forecast for 2022 is \$366.8M, 63.8% of the budget due to a delay in many projects, some of the larger variances include: P66 Shore Power, North MT Redevelopment, C Concourse Expansion, Checkpoint 1 Relocation, and Engineering Replacement.

**PORTWIDE INVESTMENT PORTFOLIO**

During the second quarter of 2022, the investment portfolio earned 1.88% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 4.3%. Over the last twelve months, the portfolio and the benchmark have earned 1.13% and 2.54%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.29% and 1.71%, respectively.



## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### II. AVIATION DIVISION

#### FINANCIAL SUMMARY

Financial Summary (\$ in 000's)	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
<b>Operating Revenue</b>								
Aeronautical Revenues	297,909	317,513	390,316	394,963	(4,647)	-1.2%	72,803	22.9%
Non-Aeronautical Revenues	116,473	183,819	248,961	240,820	8,141	3.4%	65,142	35.4%
<b>Total Operating Revenues</b>	<b>414,382</b>	<b>501,332</b>	<b>639,277</b>	<b>635,783</b>	<b>3,494</b>	<b>0.5%</b>	<b>137,945</b>	<b>27.5%</b>
<b>Operating Expenses</b>								
Airport Direct Charges	235,854	218,644	278,613	285,197	6,584	2.3%	59,969	27.4%
Environmental Remediation Liability	(2,361)	1,583	(1,709)	985	2,694	273.5%	(3,292)	-208.0%
Capital to Expense	2,588	1,254	-	-	-		(1,254)	-100.0%
Charges from Other Divisions	93,599	72,736	109,748	111,440	1,692	1.5%	37,012	50.9%
<b>Total Operating Expenses</b>	<b>329,680</b>	<b>294,217</b>	<b>386,653</b>	<b>397,622</b>	<b>10,970</b>	<b>2.8%</b>	<b>92,435</b>	<b>31.4%</b>
<b>Net Operating Income</b>	<b>84,702</b>	<b>207,114</b>	<b>252,624</b>	<b>238,160</b>	<b>14,464</b>	<b>6.1%</b>	<b>45,510</b>	<b>22.0%</b>
<b>CPE</b>	26.50	15.93	15.21	14.82	(0.39)	-2.6%	(0.72)	-4.5%
<b>Non-Aero NOI (\$ in 000s)</b>	93,175	95,446	118,801	106,940	11,861	11.1%	23,355	24.5%
<b>Enplaned passengers (in 000s)</b>	10,044	18,073	23,324	24,259	(934)	-3.9%	5,251	29.1%
<b>Capital Expenditures (in 000s)</b>	<b>504,073</b>	<b>389,051</b>	<b>335,507</b>	<b>527,917</b>	<b>192,410</b>	<b>36.4%</b>	<b>(53,544)</b>	<b>-13.8%</b>

#### 2022 Forecast vs. 2022 Budget

- Net Operating Income (NOI) for 2022 which includes Federal Relief grants is forecasted to be (\$10.9M or 6.1%) favorable to the budget, driven primarily by:
  - Lower Aeronautical revenue (-\$4.6M or -1.2%) is primarily due to savings in cost from the delays in the Airline Realignment timing and timing of IAF opening. See the Airline Rate Base Cost Drivers table for more details.
  - Non-Aeronautical revenue is (8.1M or 3.4%) favorable primarily due to the shortage of labor and impact of slower recovery in international passenger volumes, along with the delay of opening the new Salty's Restaurant, delay of the AMEX Lounge opening and lower lounge visits so far this year, partially offset by strong performances in In-Flight Kitchens and AIClear.
  - Total Operating Expenses are projected to be closely aligned to budget at (\$11M or 2.8%) favorable.

#### 2022 Forecasts vs. 2021 Actuals

- Net Operating Income for 2022 is projected to be (\$45.5M or 22.0%) higher than prior year primarily driven by:
  - Higher Operating Revenue (\$138M or 27.5%) compared to prior year is due to passenger levels improving with a forecast of being down only 10.9% compared to 2019 vs. 29.6% down in 2021 when compared to 2019.
  - Higher Operating Expenses (\$92M or 31.4%) compared to prior year were primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions compared to 2021. 2021 was the first year of recovery, but spending was still lower than normal due to directives to spend less due to the business environment related to the pandemic.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### A. BUSINESS EVENTS

- Passenger forecast reduction of 1.0% in 2022: 10.9% lower than 2019
- Completed construction on Employee Service Center
- Completed sound insulation on ten homes
- Received \$8.8M AIP grant for Apartments Noise Mitigation (\$21.3M total for Apartments since 2021)
- TSA wait times:
  - 66% under 20 minutes (target is 70%)
  - 90% under 30 minutes (target is 90%)
- Q3 Airport Service Quality score of 3.90 vs. target of 3.97 (2018 benchmark)
- 6/11 North Concourse airport dining and retail units opened as of Q3
- SLOA IV amendment to extend Signatory Lease and Operating Agreement (SLOA IV) with airlines for two years approved by Commission
- Federal relief grants used to support growth of ADF balance and maintain debt service coverage level above target

### B. KEY PERFORMANCE METRICS

	YTD 2020	YTD 2021	YTD 2022	% YTD Change from 2021
<b>Total Passengers (000's)</b>				
Domestic	14,465	25,063	31,085	24.0%
International	1,174	1,045	3,232	209.2%
Total	15,640	26,108	34,317	31.4%
<b>Operations</b>	218,147	280,435	266,336	-5.0%
<b>Landed Weight (In Millions of lbs.)</b>				
Cargo	1,967	2,146	2,031	-5.4%
All other	12,885	17,520	19,696	12.4%
Total	14,852	19,666	21,727	10.5%
<b>Cargo - Metric Tons</b>				
Domestic freight	253,738	268,816	253,336	-5.8%
International & Mail freight	77,833	98,108	93,538	-4.7%
Total	331,571	366,924	346,874	-5.5%

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### Key Performance Measures

	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Forecast	Approved Budget				
					\$	%	\$	%
<b>Key Performance Metrics</b>								
Cost per Enplanement (CPE)	26.50	15.93	15.21	14.82	(0.39)	-2.6%	(0.72)	-4.5%
Non-Aeronautical NOI (in 000's) <sup>1</sup>	6,671	93,175	118,801	106,940	11,861	11.1%	25,626	27.5%
<b>Other Performance Metrics</b>								
O&M Cost per Enplanement	32.82	16.28	16.58	16.39	(0.19)	-1.1%	0.30	1.8%
Non-Aero Revenue per Enplanement	11.60	10.17	10.67	9.93	0.75	7.5%	0.50	4.9%
Debt per Enplanement (in \$)	326	198	146	140	(6)	-4.0%	(52)	-26.4%
Debt Service Coverage	1.40	1.69	2.72	2.03	0.69	34.0%	1.03	60.9%
Days cash on hand (10 months = 304 days)	327	423	450	426	24	5.6%	27	6.4%
Aeronautical Revenue Sharing (\$ in 000's)	1	-	-	-	-	0.0%	-	0.0%
<b>Activity (in 000's)</b>								
Enplanements	10,044	18,073	23,324	24,259	(934)	-3.9%	5,251	29.1%
Total Passengers	20,087	36,146	46,649	48,517	(1,868)	-3.9%	10,503	29.1%

(1) Assumes Federal Relief for Concessions applied in the 2022 Forecast

### Key Performance Metrics

#### 2022 Forecast vs. 2022 Budget

- Cost per Enplanement (CPE):
  - CPE is (-\$0.39 or -2.6%) unfavorable driven primarily by less Federal Relief to help lower the Aeronautical costs to recover.
  - Non-Aero NOI is (\$11.9M or 11.1%) favorable to budget primarily due to Landside revenue continuing to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers.

#### 2022 Forecast vs. 2021 Actuals

- CPE is \$0.72 lower compared to prior year due to more Federal Relief offsetting the costs compared to prior year.
- Non-Aero NOI is \$25.6M higher than prior year due to continued recovery in passenger volumes and the projection of improved revenues compared to prior year across the Non-Aeronautical businesses.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### C. OPERATING RESULTS

#### Division Summary – YTD Actuals

Total Airport Expense Summary (\$ in 000's)	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Operating Expenses</b>								
Payroll	117,090	116,344	123,589	124,072	482	0.4%	7,245	6.2%
Outside Services	43,872	42,255	50,041	76,448	26,406	34.5%	7,786	18.4%
Utilities	11,692	15,832	17,553	16,660	(893)	-5.4%	1,722	10.9%
Other Expenses	1,904	50	8,784	(2,475)	(11,259)	454.9%	8,734	17386.3%
<b>Total Airport Direct Charges</b>	<b>174,559</b>	<b>174,481</b>	<b>199,968</b>	<b>214,704</b>	<b>14,736</b>	<b>6.9%</b>	<b>25,487</b>	<b>14.6%</b>
Environmental Remediation Liability	(2,776)	801	(2,312)	420	2,732	650.5%	(3,113)	-388.6%
Capital to Expense	32	319	46	-	(46)		(272)	-85.5%
<b>Total Exceptions</b>	<b>(2,743)</b>	<b>1,120</b>	<b>(2,266)</b>	<b>420</b>	<b>2,686</b>	<b>639.5%</b>	<b>(3,385)</b>	<b>-302.4%</b>
<b>Total Airport Expenses</b>	<b>171,815</b>	<b>175,601</b>	<b>197,702</b>	<b>215,124</b>	<b>17,422</b>	<b>8.1%</b>	<b>22,101</b>	<b>12.6%</b>
Corporate	52,791	51,642	57,550	58,585	1,035	1.8%	5,908	11.4%
Police	17,807	17,336	17,731	21,145	3,414	16.1%	396	2.3%
Maritime/Economic Development/Other	2,457	2,064	2,421	3,968	1,546	39.0%	357	17.3%
<b>Total Charges from Other Divisions</b>	<b>73,056</b>	<b>71,042</b>	<b>77,703</b>	<b>83,699</b>	<b>5,996</b>	<b>7.2%</b>	<b>6,661</b>	<b>9.4%</b>
<b>Total Operating Expenses</b>	<b>244,871</b>	<b>246,642</b>	<b>275,405</b>	<b>298,823</b>	<b>23,418</b>	<b>7.8%</b>	<b>28,762</b>	<b>11.7%</b>

#### Expenses – 2022 YTD Actuals vs. 2022 YTD Budget

- Operating Expenses were (\$23.4M or 7.8%) favorable driven primarily by underspending in Charges from other Divisions of \$6M, and in Outside Services of \$26.4M across multiple business areas. The bulk of the under-run is in the Aviation Project Management Group with delays in the Airline Realignment work and Custodial Contract in Maintenance due to late invoices, and under-runs in Facilities and Infrastructure due to timing of when service directives are executed.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### Division Summary – YE Forecast

Total Airport Expense Summary (\$ in 000's)	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
<b>Operating Expenses</b>								
Payroll	152,895	134,567	167,077	167,505	428	0.3%	32,509	24.2%
Outside Services	63,922	62,382	89,652	101,757	12,105	11.9%	27,270	43.7%
Utilities	15,695	20,175	22,566	21,008	(1,557)	-7.4%	2,390	11.8%
Other Expenses	3,341	1,519	(681)	(5,074)	(4,392)	86.6%	(2,200)	-144.9%
<b>Total Airport Direct Charges</b>	<b>235,854</b>	<b>218,644</b>	<b>278,613</b>	<b>285,197</b>	<b>6,584</b>	<b>2.3%</b>	<b>59,969</b>	<b>27.4%</b>
Environmental Remediation Liability	(2,361)	1,583	(1,709)	985	2,694	273.5%	(3,292)	-208.0%
Capital to Expense	2,588	1,254	-	-	-		(1,254)	-100.0%
<b>Total Exceptions</b>	<b>227</b>	<b>2,837</b>	<b>(1,709)</b>	<b>985</b>	<b>2,694</b>	<b>273.5%</b>	<b>(4,546)</b>	<b>-160.3%</b>
<b>Total Airport Expenses</b>	<b>236,081</b>	<b>221,481</b>	<b>276,904</b>	<b>286,182</b>	<b>9,278</b>	<b>3.2%</b>	<b>55,424</b>	<b>25.0%</b>
Corporate	68,316	56,711	79,668	78,940	(728)	-0.9%	22,958	40.5%
Police	22,150	13,916	25,221	27,658	2,437	8.8%	11,305	81.2%
Maritime/Economic Development/Other	3,134	2,110	4,858	4,842	(16)	-0.3%	2,749	130.3%
<b>Total Charges from Other Divisions</b>	<b>93,599</b>	<b>72,736</b>	<b>109,748</b>	<b>111,440</b>	<b>1,692</b>	<b>1.5%</b>	<b>37,012</b>	<b>50.9%</b>
<b>Total Operating Expenses</b>	<b>329,680</b>	<b>294,217</b>	<b>386,653</b>	<b>397,622</b>	<b>10,970</b>	<b>2.8%</b>	<b>92,435</b>	<b>31.4%</b>

### Operating Expenses – 2022 YE Forecast vs. 2022 YE Budget

- Total Operating Expenses is forecasted to be under-run to budget by \$11M or 2.8% driven by projected savings at year-end primarily due to the delays in the Airline Realignment work within the Aviation Project Management Group and delays in the opening of IAF in Q1, partially offset overruns due to less charges to capital versus expenses, vacancy savings target that has not been fully met, and more allocations from Central Services.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### Aeronautical Business Unit Summary – YTD Actuals

Aeronautical NOI (\$ in 000's)	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Base Revenues</b>								
Airfield Movement Area	58,087	63,808	81,929	89,165	(7,236)	-8.1%	18,121	28.4%
Airfield Apron Area	13,546	13,028	12,714	12,267	447	3.6%	(314)	-2.4%
Terminal Rents	132,237	122,406	159,848	165,327	(5,479)	-3.3%	37,442	30.6%
Federal Inspection Services (FIS)	3,374	7,928	19,144	17,676	1,467	8.3%	11,215	141.5%
<b>Total Rate Base Revenues</b>	<b>207,245</b>	<b>207,170</b>	<b>273,635</b>	<b>284,436</b>	<b>(10,801)</b>	<b>-3.8%</b>	<b>66,465</b>	<b>32.1%</b>
Airfield Commercial Area	12,812	12,208	12,583	12,443	140	1.1%	375	3.1%
<b>Subtotal before Revenue Sharing</b>	<b>220,057</b>	<b>219,378</b>	<b>286,217</b>	<b>296,879</b>	<b>(10,661)</b>	<b>-3.6%</b>	<b>66,839</b>	<b>30.5%</b>
Revenue Sharing	1	-	-	-	-	-	-	-
<b>Total Aeronautical Revenues</b>	<b>220,058</b>	<b>219,378</b>	<b>286,217</b>	<b>296,879</b>	<b>(10,661)</b>	<b>-3.6%</b>	<b>66,839</b>	<b>30.5%</b>
<b>Total Aeronautical Expenses</b>	<b>163,655</b>	<b>168,909</b>	<b>187,128</b>	<b>203,032</b>	<b>15,905</b>	<b>7.8%</b>	<b>18,218</b>	<b>10.8%</b>
<b>Aeronautical NOI</b>	<b>56,403</b>	<b>50,469</b>	<b>99,090</b>	<b>93,846</b>	<b>5,243</b>	<b>5.6%</b>	<b>48,621</b>	<b>96.3%</b>

### Aeronautical – 2022 YTD Actuals vs. 2022 YTD Budget

- Net Operating Income was (\$5.2M or 5.6%) favorable to budget driven by delay in Airline Realignment costs.

### Aeronautical – 2022 YTD Actuals vs. 2021 YTD Actuals

- Net Operating Income was (\$48.6M or 96.3%) higher than 2021 Q3 because aeronautical revenues in 2022 were based on increased passenger activity compared to the same last year when it was only the first year of recovery where activity levels were still low.

### Aeronautical Business Unit Summary - YE Forecast

Aeronautical NOI (\$ in 000's)	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
<b>Rate Base Revenues</b>								
Airfield Movement Area	84,906	88,061	119,408	118,291	1,116	0.9%	31,347	35.6%
Airfield Apron Area	22,016	17,146	14,904	16,439	(1,535)	-9.3%	(2,243)	-13.1%
Terminal Rents	205,283	184,625	212,168	220,174	(8,006)	-3.6%	27,544	14.9%
Federal Inspection Services (FIS)	8,616	10,978	27,110	23,468	3,642	15.5%	16,132	146.9%
<b>Total Rate Base Revenues</b>	<b>320,821</b>	<b>300,810</b>	<b>373,590</b>	<b>378,373</b>	<b>(4,783)</b>	<b>-1.3%</b>	<b>72,779</b>	<b>24.2%</b>
Airfield Commercial Area	17,633	16,702	16,726	16,590	136	0.8%	24	0.1%
<b>Subtotal before Revenue Sharing</b>	<b>338,454</b>	<b>317,513</b>	<b>390,316</b>	<b>394,963</b>	<b>(4,647)</b>	<b>-1.2%</b>	<b>72,803</b>	<b>22.9%</b>
Revenue Sharing	1	-	-	-	-	-	-	-
<b>Total Aeronautical Revenues</b>	<b>338,455</b>	<b>317,513</b>	<b>390,316</b>	<b>394,963</b>	<b>(4,647)</b>	<b>-1.2%</b>	<b>72,803</b>	<b>22.9%</b>
<b>Total Aeronautical Expenses</b>	<b>219,878</b>	<b>203,573</b>	<b>261,313</b>	<b>270,850</b>	<b>9,536</b>	<b>3.5%</b>	<b>57,740</b>	<b>28.4%</b>
<b>Aeronautical NOI</b>	<b>118,577</b>	<b>113,940</b>	<b>129,002</b>	<b>124,113</b>	<b>4,889</b>	<b>3.9%</b>	<b>15,063</b>	<b>13.2%</b>
Debt Service	(62,607)	(80,554)	(87,946)	(99,789)	11,843	-11.9%	(7,392)	9.2%
<b>Net Cash Flow</b>	<b>55,970</b>	<b>33,385</b>	<b>41,057</b>	<b>24,324</b>	<b>16,733</b>	<b>68.8%</b>	<b>7,671</b>	<b>23.0%</b>

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### Airline Rate Base Cost Drivers

\$ in 000's	2021 Actual	2022 Budget	2022 Forecast	Impact on Aero Revenues Budget vs Forecast	
				\$	%
O&M <sup>(1)</sup>	198,065	263,372	254,913	(8,459)	-3.2%
Federal Relief Grants O&M	(2,571)	(12,700)	-	12,700	-100.0%
Net O&M	195,494	250,672	254,913	4,241	1.7%
Debt Service Before Offsets	187,134	235,151	235,864	714	0.3%
Debt Service PFC Offset	(54,076)	(79,803)	(79,855)	(52)	0.1%
Federal Relief Grants Debt Service	(58,878)	(58,975)	(69,180)	(10,205)	17.3%
Net Debt Service	74,180	96,373	86,829	(9,544)	-9.9%
Amortization	32,511	33,699	33,681	(18)	-0.1%
Space Vacancy	(1,102)	(1,613)	(1,075)	538	-33.3%
TSA Operating Grant and Other	(687)	(758)	(758)	0	0.0%
<b>Rate Base Revenues</b>	<b>300,397</b>	<b>378,373</b>	<b>373,590</b>	<b>(4,783)</b>	<b>-1%</b>
Commercial area	16,702	16,590	16,726	136	1%
<b>Total Aero Revenues</b>	<b>317,099</b>	<b>394,963</b>	<b>390,316</b>	<b>(4,647)</b>	<b>-1%</b>

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

### 2022 Forecast to 2022 Budget

- O&M – \$8.4M lower due primarily to delays in Airline Realignment work and IAF opening later, partially offset by small increases in Airfield Movement and Terminal cost centers.
- Federal Relief Grants Aero Portion:
  - Debt Service Impact – Reducing \$9.5M from Rate Base

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### Non-Aero Business Unit Summary – YTD Actuals

Non-Aeronautical NOI (\$ in 000's)	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Non-Aeronautical Revenues</b>								
Public Parking	26,591	45,034	64,775	60,682	4,093	6.7%	19,740	43.8%
Rental Cars	12,318	26,998	38,906	39,304	(398)	-1.0%	11,907	44.1%
Ground Transportation	5,426	8,171	15,406	13,445	1,960	14.6%	7,235	88.6%
Airport Dining & Retail	20,348	29,670	41,026	23,174	17,852	77.0%	11,356	38.3%
Other	25,423	27,643	36,893	37,223	(330)	-0.9%	9,250	33.5%
<b>Total Non-Aeronautical Revenues</b>	<b>90,106</b>	<b>137,516</b>	<b>197,006</b>	<b>173,829</b>	<b>23,177</b>	<b>13.3%</b>	<b>59,490</b>	<b>43.3%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>49,857</b>	<b>77,733</b>	<b>88,277</b>	<b>95,791</b>	<b>7,514</b>	<b>7.8%</b>	<b>10,544</b>	<b>13.6%</b>
<b>Non-Aeronautical NOI</b>	<b>40,250</b>	<b>59,783</b>	<b>108,728</b>	<b>78,038</b>	<b>30,691</b>	<b>39.3%</b>	<b>48,945</b>	<b>81.9%</b>
Less: CFC Surplus	-	-	-	-	-	-	-	-
<b>Adjusted Non-Aeronautical NOI</b>	<b>40,250</b>	<b>59,783</b>	<b>108,728</b>	<b>78,038</b>	<b>30,691</b>	<b>39.3%</b>	<b>48,945</b>	<b>81.9%</b>
Debt Service	-	-	-	-	-	-	-	-
<b>Net Cash Flow</b>	<b>40,250</b>	<b>59,783</b>	<b>108,728</b>	<b>78,038</b>	<b>30,691</b>	<b>39.3%</b>	<b>48,945</b>	<b>81.9%</b>

### Non-Aeronautical – 2022 YTD Actuals vs. 2022 YTD Budget

- Net Operating Income is favorable to budget (\$30.7M or 39.3%)
- Operating Revenue is favorable to budget (\$23.1M or 13.3%)
  - Timing of \$21M of Concessionaire Relief Grant assumed in the Airport, Dining, and Retail (ADR) budget in first half of the year resulting in lower budgeted revenues, while the timing for Federal Grant Concession Relief rent credits will mostly occur in the 2<sup>nd</sup> half of 2022. Without the Concessionaire Relief Grant in the budget, the ADR actuals would be closer aligned to budget in total Non-Aeronautical revenues.
  - Public Parking and Ground Transportation revenues are outperforming budget due to strong demand from returning passengers.
  - Many Non-Aeronautical businesses, especially Airport Dining & Retail, are still experiencing labor shortages, which impacts business recovery.
  - Construction delays impacted a number of tenant projects and lowered YTD revenue, including the planned opening of Salty's restaurant (ADR) and the new larger AMEX Lounge (Other Revenue).
- Non-Aeronautical operating expenses were favorable (\$7.5M or 7.8%).

### Non-Aeronautical – 2022 YTD Actuals vs. 2021 YTD Actuals

- Net Operating Income was (\$48.9M or 81.9%) higher than 2021 driven by:
  - Increasing passenger levels and activity when compared to Q3 2021 when it was still early in the first year of recovery from the pandemic.



## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### Non-Aero Business Unit Summary - YE Forecast

Non-Aeronautical NOI (\$ in 000's)	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
<b>Non-Aeronautical Revenues</b>								
Public Parking	34,502	64,104	88,821	81,028	7,793	9.6%	24,717	38.6%
Rental Cars	16,637	34,740	55,681	52,138	3,543	6.8%	20,941	60.3%
Ground Transportation	6,557	11,947	20,928	18,242	2,686	14.7%	8,981	75.2%
Airport Dining & Retail	25,703	36,510	34,689	39,244	(4,556)	-11.6%	(1,821)	-5.0%
Other	33,074	36,518	48,843	50,167	(1,324)	-2.6%	12,325	33.8%
<b>Total Non-Aeronautical Revenues</b>	<b>116,473</b>	<b>183,819</b>	<b>248,961</b>	<b>240,820</b>	<b>8,141</b>	<b>3.4%</b>	<b>65,142</b>	<b>35.4%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>109,802</b>	<b>90,644</b>	<b>125,339</b>	<b>126,773</b>	<b>1,434</b>	<b>1.1%</b>	<b>34,695</b>	<b>38.3%</b>
<b>Non-Aeronautical NOI<sup>1</sup></b>	<b>6,671</b>	<b>93,175</b>	<b>123,622</b>	<b>114,047</b>	<b>9,575</b>	<b>8.4%</b>	<b>30,447</b>	<b>32.7%</b>
Less: CFC Surplus	(6,834)	-	(4,821)	(7,107)	2,286	-32.2%	(4,821)	
<b>Adjusted Non-Aeronautical NOI</b>	<b>(163)</b>	<b>93,175</b>	<b>118,801</b>	<b>106,940</b>	<b>11,861</b>	<b>11.1%</b>	<b>25,626</b>	<b>27.5%</b>
Debt Service	(33,065)	(27,096)	(19,413)	(33,372)	13,958	-41.8%	7,683	-28.4%
<b>Net Cash Flow</b>	<b>(33,229)</b>	<b>66,079</b>	<b>99,388</b>	<b>73,568</b>	<b>25,819</b>	<b>35.1%</b>	<b>33,309</b>	<b>50.4%</b>

### Non-Aeronautical – 2022 Forecast vs. 2022 Budget

- Non-Aeronautical net operating income is forecasted to be favorable (\$8.1M or 3.4%)
  - Non-Aeronautical revenue is forecasted to be \$8.1M favorable primarily driven by strong performance in Parking and Ground Transportation, partially offset by lower revenue in Airport Dining & Retail due to the delayed opening of Salty's restaurant and continued labor shortages for ADR tenants.
  - Non-Aeronautical expenses are expected to align closely with the 2022 Budget.

### Non-Aeronautical – 2022 Forecast vs. 2021 Actuals

- Net Operating Income for 2022 is forecasted to be (\$30.4M or 32.7%) higher compared to prior year due to passenger levels improving with a forecast of being down 10.91% compared to 2019 vs. 29.6% down in 2021 compared to 2019.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### D. CAPITAL RESULTS

#### Capital Variance

\$ in 000's	2022 YTD Actual	2022 Year-End Forecast	2022 Budget	2022 POF	Bud vs. Fcst	
					\$	%
North MT Redevelopment <sup>(1)</sup>	21,606	27,028	97,849	38,575	70,821	72.4%
Baggage Optimization <sup>(2)</sup>	77,487	106,117	130,600	104,000	24,483	18.7%
Checkpoint 1 Relocation <sup>(3)</sup>	1,172	1,327	14,122	20,388	12,795	90.6%
C Concourse Expansion <sup>(4)</sup>	10,301	19,568	31,576	50,155	12,008	38.0%
NS NSAT Renov NSTS Lobbies <sup>(5)</sup>	5,809	8,270	19,270	27,347	11,000	57.1%
Concourse A Expansion <sup>(6)</sup>	3,702	8,519	17,138	13,986	8,619	50.3%
Upgrades STS Train Control <sup>(7)</sup>	3,779	9,372	17,278	15,117	7,906	45.8%
SSAT Infrastructure HVAC <sup>(8)</sup>	672	1,299	7,719	6,077	6,420	83.2%
Airfield Snow Equipment <sup>(9)</sup>	2,144	6,344	-	4,310	(6,344)	
Apartment Sound Insulation <sup>(10)</sup>	441	1,402	6,270	4,656	4,867	77.6%
All Other	91,646	164,373	253,519	326,011	89,146	35.2%
Subtotal	218,759	353,619	595,341	610,622	241,722	40.6%
CIP Cashflow Mgmt Reserve	-	(18,112)	(67,424)	(95,810)	(49,312)	73.1%
<b>Total Spending</b>	<b>218,759</b>	<b>335,507</b>	<b>527,917</b>	<b>514,812</b>	<b>192,410</b>	<b>36.4%</b>

(1) Start of Phase A construction has been delayed approximately 6 months pending design evaluations and final decisions for revising key elements of the Program scope requested by Alaska Airlines that deviates from the original PDD.

(2) Work has been delayed by approximately 6 months due to material/supply delays & delays in IAF opening.

(3) Design contract modifications took longer to complete than expected resulting in delayed spending.

(4) Underspensing because the baseline was overloaded due to the incorrect cost loading of the schedule. Cash flow has been updated to reflect GCCM design and construction phasing sequencing.

(5) Actuals came less than forecasted due to Hensel Phelps "credit" for Asbestos Abatement invoices after the final audit, and underruns in Port Staff and Jacobs level of effort (LOE).

(6) 2022 Plan based off an estimate of receiving & payment of TRA submittals from inception to current efforts. Submittals for current efforts are now consistently coming in. Delta began construction in September 2022.

(7) NTP delayed 7 months due to negotiation delays experienced while manufacturer was in the middle of a merger.

(8) Returned savings this year and final contractor payments have caused delays to original spending plan.

(9) Snow equipment was able to be procured year ahead of schedule as the manufacturer's lead time was shorter than expected.

(10) Cheaper design cost and updated project sequencing resulted in lower cash flow than originally anticipated.

### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

#### III. MARITIME DIVISION

##### FINANCIAL SUMMARY (Excludes Pension Adjustments)

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Total Revenues	42,111	48,738	69,137	59,137	10,000	17%	20,399	42%
Total Operating Expenses	52,357	47,784	57,113	57,865	752	1%	9,329	20%
Net Operating Income	(10,246)	954	12,024	1,272	10,752	845%	11,070	1160%
<i>NOI Including Pension Adj</i>	(8,117)	7,616	12,024	1,272	11,504	904%	4,408	58%
Capital Expenditures	19,698	18,923	13,536	23,521	9,985	42%	(5,387)	-28%

##### 2022 Forecast vs. 2022 Budget

- Operating Revenues forecasted \$10M higher than budget driven by occupancy rates and the return of a full cruise season.
- Operating Expenses forecasted \$0.8M favorable to budget from underspend in represented and non-represented payroll, offset by capital to expense of the Gateway Building at Fishermen's Terminal.
- Net Operating Income forecasted \$10.8M favorable to budget.
- Capital Spending forecasted at 58% of \$23.5M budget.

##### 2022 Forecast vs. 2021 Actuals

- Operating Revenues expected \$20.4M higher than 2021 due to full season of cruise business.
- Operating Expenses forecasted \$9.3M higher than 2021 actual driven by higher payroll cost and elimination of pandemic austerity measures.
- Net Operating Income forecasted \$11.1M above 2021 actual (\$4.4M when factoring in pension adjustment).

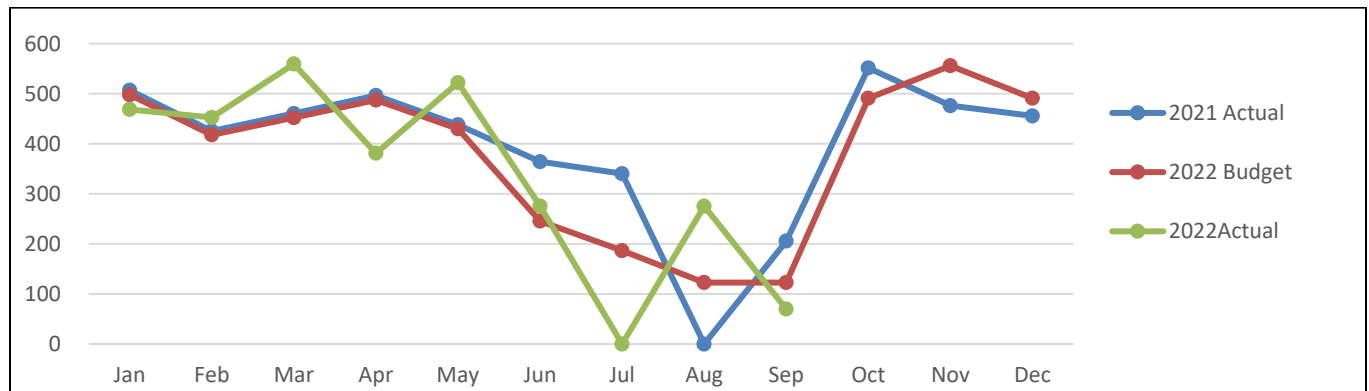
##### Net Operating Income before Depreciation by Business

	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	(1,451)	(2,262)	(2,752)	491	18%	(811)	-56%
Elliott Bay Fishing & Commercial Operations	(940)	(1,177)	(2,278)	1,100	48%	(237)	-25%
Recreational Boating	1,133	322	(73)	395	539%	(811)	-72%
Cruise	(2,316)	20,217	9,897	10,320	104%	22,533	973%
Grain	3,213	2,945	2,805	140	5%	(268)	-8%
Maritime Portfolio	541	(2,695)	(3,130)	435	14%	(3,236)	-598%
All Other	(238)	(341)	356	(696)	-196%	(103)	-43%
<b>Total Maritime</b>	<b>(57)</b>	<b>17,010</b>	<b>4,825</b>	<b>12,185</b>	<b>253%</b>	<b>17,067</b>	<b>29907%</b>

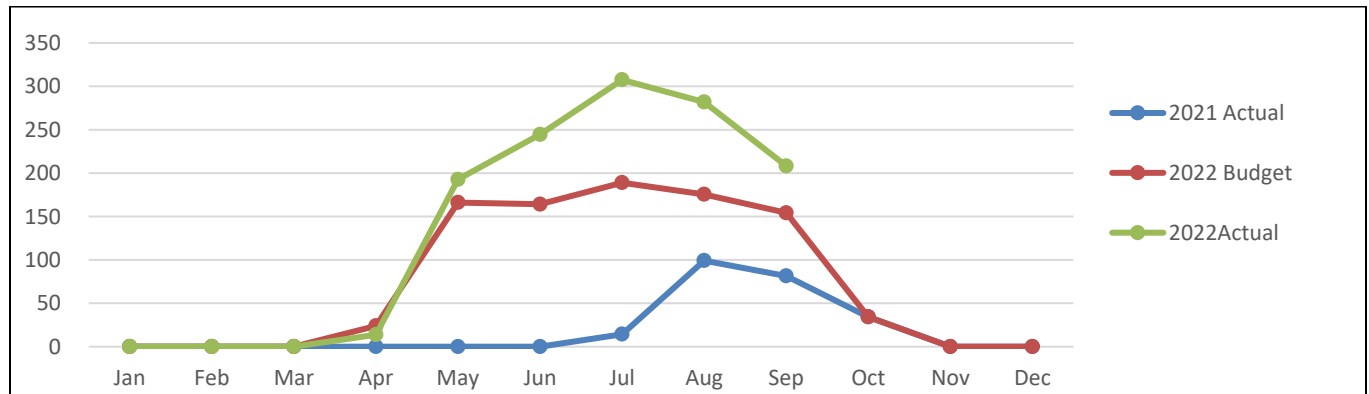
### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

#### A. KEY PERFORMANCE METRICS

##### Grain Volume – Metric Tons in 000's



##### Cruise Passengers in 000's



### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

#### B. OPERATING RESULTS

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	3,516	3,186	3,394	3,148	246	8%	208	7%
Elliott Bay Fishing & Commercial Operation	3,729	3,427	3,751	3,498	254	7%	325	9%
Recreational Boating	9,449	9,639	10,549	10,351	198	2%	909	9%
Cruise	4,028	5,660	30,181	20,522	9,660	47%	24,522	433%
Grain	3,101	4,235	3,987	3,953	34	1%	(248)	-6%
Maritime Portfolio Management	7,434	7,689	7,945	7,422	523	7%	256	3%
Other	26	2	8	14	(7)	NA	6	383%
<b>Total Revenue</b>	<b>31,284</b>	<b>33,836</b>	<b>59,814</b>	<b>48,906</b>	<b>10,908</b>	<b>22%</b>	<b>25,978</b>	<b>77%</b>
<b>Expenses</b>								
Maritime (Excl. Maint)	10,903	10,259	13,700	12,450	(1,250)	-10%	3,441	34%
Economic Development	3,409	3,067	4,141	4,629	488	11%	1,074	35%
<b>Total Direct</b>	<b>14,312</b>	<b>13,326</b>	<b>17,841</b>	<b>17,079</b>	<b>(762)</b>	<b>-4%</b>	<b>4,515</b>	<b>34%</b>
Maintenance Expenses	8,638	7,958	9,575	11,201	1,627	15%	1,616	20%
Envir Services & Planning	1,760	1,053	1,510	1,829	318	17%	457	43%
Seaport Finance & Cost Recovery	704	747	724	818	95	12%	(23)	-3%
Waterfront Project Management	280	279	662	534	(128)	-24%	383	138%
<b>Total Support Services</b>	<b>11,382</b>	<b>10,037</b>	<b>12,470</b>	<b>14,382</b>	<b>1,912</b>	<b>13%</b>	<b>2,433</b>	<b>24%</b>
IT	2,099	1,997	2,320	2,493	173	7%	323	16%
Police Expenses	2,298	2,260	2,387	2,677	290	11%	127	6%
External Relations	906	891	1,124	1,259	136	11%	232	26%
Other Central Services	4,145	5,137	6,385	5,981	(404)	-7%	1,248	24%
Aviation Division / Other	221	246	277	210	(68)	-32%	31	13%
<b>Total Central Services / Other</b>	<b>9,669</b>	<b>10,531</b>	<b>12,493</b>	<b>12,620</b>	<b>127</b>	<b>1%</b>	<b>1,963</b>	<b>19%</b>
<b>Total Expense</b>	<b>35,363</b>	<b>33,893</b>	<b>42,805</b>	<b>44,082</b>	<b>1,277</b>	<b>3%</b>	<b>8,911</b>	<b>26%</b>
<b>NOI Before Depreciation</b>	<b>(4,078)</b>	<b>(57)</b>	<b>17,010</b>	<b>4,825</b>	<b>12,185</b>	<b>253%</b>	<b>17,067</b>	<b>29907%</b>
Depreciation	13,131	13,281	13,403	12,665	(738)	-6%	121	1%
<b>NOI After Depreciation</b>	<b>(17,209)</b>	<b>(13,338)</b>	<b>3,607</b>	<b>(7,840)</b>	<b>11,447</b>	<b>146%</b>	<b>16,946</b>	<b>127%</b>

#### 2022 YTD Actuals vs. 2022 YTD Budget

- Operating Revenues were \$10.9M higher than budget driven by:
  - Ship Canal favorable \$264K from higher occupancy and favorable utility sales.
  - Elliott Bay Fishing higher by \$254K due to favorable moorage and heavy lift truck rental.
  - Recreational Boating \$198K favorable from occupancy and electrical sales.
  - Cruise \$9.7M higher due to more sailings than budgeted.
  - Grain \$34K favorable from higher rates.
  - Maritime Portfolio Management \$523K higher from favorable temporary leases.
- Operating Expenses were \$1.3M lower than budget:
  - Direct Expenses were \$762K higher than budget
    - Rec Boating \$112K under due to open positions.
    - Ship Canal Fishing and Operations \$113K higher due to utilities expenses.
    - Cruise \$263K under from timing of outside services and open FTE.
    - Maritime Security \$92K lower than budget.
    - Maritime Marketing \$216K below budget due to timing of spend.
    - Maritime Portfolio Management \$534K below budget due to timing tenant improvements.
    - Division Admin below budget by \$253K from open FTE and outside services.
    - Capital to expense unfavorable by \$1.3M at Fishermen's Terminal.
    - Divisional contingency open headcount vacancy factor created a \$942K unfavorable variance.
    - All other Direct Expenses net to \$107K under budget.

### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

- Total Support Services were \$1.9M favorable to budget due to significant open FTEs in both Maintenance and Environmental along with saving from project deferrals.
- Total Central Services / Other were \$127K favorable to budget.
- Net Operating Income was \$12.2M favorable to budget.

#### 2022 YTD Actuals vs. 2021 YTD Actuals

- Operating Revenues were \$26M higher than 2021 due to increased rates at marinas and commercial properties along with full resumption of Cruise.
- Operating Expenses were \$8.9M higher than 2021 actual driven by higher utilities, increased wage rates, and removal of austerity measures.
- Net Operating Income was \$17.1M higher than 2021 actual.

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	4,704	4,240	4,461	4,211	250	6%	221	5%
Elliott Bay Fishing & Commercial Operation	5,752	5,618	5,017	4,717	300	6%	(601)	-11%
Recreational Boating	12,611	12,851	13,831	13,731	100	1%	980	8%
Cruise	3,824	9,517	29,574	20,574	9,000	44%	20,057	211%
Grain	5,142	6,112	6,050	5,900	150	3%	(62)	-1%
Maritime Portfolio Management	10,074	10,392	10,186	9,986	200	2%	(207)	-2%
Other	4	7	19	19	0	NA	12	164%
<i>Pension Revenue Adjustment</i>	0	(408)	0	0	0	NA	408	NA
<b>Total Revenue</b>	<b>42,111</b>	<b>48,331</b>	<b>69,137</b>	<b>59,137</b>	<b>10,000</b>	<b>17%</b>	<b>20,807</b>	<b>43%</b>
<b>Expenses</b>								
Maritime (Excl. Maint)	16,676	13,951	17,222	16,022	(1,200)	-7%	3,271	23%
Economic Development	4,549	4,559	5,565	6,065	500	8%	1,006	22%
<b>Total Direct</b>	<b>21,225</b>	<b>18,510</b>	<b>22,787</b>	<b>22,087</b>	<b>(700)</b>	<b>-3%</b>	<b>4,277</b>	<b>23%</b>
Maintenance Expenses	12,353	11,326	13,624	14,624	1,000	7%	2,298	20%
Envir Services & Planning	2,947	2,018	2,392	2,542	150	6%	375	19%
Seaport Finance & Cost Recovery	1,072	1,163	1,046	1,096	50	5%	(117)	-10%
Waterfront Project Management	1,144	342	812	712	(100)	-14%	470	138%
<b>Total Support Services</b>	<b>17,518</b>	<b>14,849</b>	<b>17,875</b>	<b>18,975</b>	<b>1,100</b>	<b>6%</b>	<b>3,026</b>	<b>20%</b>
IT	2,888	2,695	3,276	3,349	73	2%	582	22%
Police Expenses	3,131	3,064	3,185	3,495	310	9%	121	4%
External Relations	1,242	1,222	1,288	1,654	366	22%	66	5%
Other Central Services	6,035	7,109	8,418	8,021	(397)	-5%	1,309	18%
Aviation Division / Other	318	336	285	285	0	0%	(51)	-15%
<b>Total Central Services / Other</b>	<b>13,614</b>	<b>14,426</b>	<b>16,452</b>	<b>16,804</b>	<b>352</b>	<b>2%</b>	<b>2,026</b>	<b>14%</b>
<b>Total Expense before Pension Adjustment</b>	<b>52,357</b>	<b>47,784</b>	<b>57,113</b>	<b>57,865</b>	<b>752</b>	<b>1%</b>	<b>9,329</b>	<b>20%</b>
<i>Pension Expense Adjustment</i>	(2,129)	(7,070)	0	0	0	NA	7,070	100%
<b>Total Expense</b>	<b>50,228</b>	<b>40,714</b>	<b>57,113</b>	<b>57,865</b>	<b>752</b>	<b>1%</b>	<b>16,399</b>	<b>40%</b>
<i>NOI excluding Pension Adjustments</i>	(10,246)	954	12,024	1,272	10,752	845%	11,070	1160%
<b>NOI Before Depreciation</b>	<b>(8,117)</b>	<b>7,616</b>	<b>12,024</b>	<b>1,272</b>	<b>10,752</b>	<b>845%</b>	<b>4,408</b>	<b>58%</b>
Depreciation	17,624	17,718	17,510	17,510	0	0%	(208)	-1%
<b>NOI After Depreciation</b>	<b>(25,741)</b>	<b>(10,101)</b>	<b>(5,486)</b>	<b>(16,238)</b>	<b>10,752</b>	<b>66%</b>	<b>4,616</b>	<b>46%</b>

#### 2022 Forecast vs. 2022 Budget

- Operating Revenues are forecasted \$10M higher than budget:
  - Cruise \$9M higher based on more sailings than budgeted with the reduction of COVID-19 issues.
  - Fishing, Commercial, and Boating Marinas are \$650K higher due to better pier utilization and occupancy.
- Operating Expenses forecasted \$0.8M favorable to budget with lower Maintenance and Payroll expenses, offset by a capital to expense classification of the discontinued Fishermen's Terminal Gateway building.

### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

- Net Operating Income Planned \$10.8M favorable to budget.

#### **2022 Forecast vs. 2021 Actuals (Excludes Pension Adjustment)**

- Operating Revenues expected \$20.4M higher than 2021 with resumption of Cruise, higher occupancy, and rate increases.
- Operating Expenses forecasted \$9.3M higher than 2021 actual driven primarily by increased represented and non-represented wage rates.
- Net Operating Income forecasted \$11.1M better than 2021 actual.

#### **C. CAPITAL RESULTS**

	2022 YTD Actual	2022 Year- End Forecast	2022 Budget	2022 POF	Budget vs Forecast	
\$ in 000's					\$	%
P66 Shore Power	363	860	7,582	7,500	6,722	89%
T117 Restoration	2,798	4,371	5,346	2,502	975	18%
MD Video Camera Pro	0	0	1,400	1,400	1,400	100%
T91 Berth 6&8 Redev	549	1,023	1,235	1,334	212	17%
FT Maritime Innovation Center	856	1,271	1,222	1,317	(49)	-4%
FT ADA Compliance	605	985	1,138	1,385	153	13%
SBM Dock X Pier Replacement	146	166	1,000	833	834	83%
P90E Timber Pile Caps	37	65	909	837	844	93%
MD Fleet	724	998	2,670	2,085	1,672	63%
MD Small Projects	457	1,377	2,445	2,246	1,068	44%
All Other Project	1,270	4,345	7,371	11,744	3,026	41%
Subtotal	7,805	15,461	32,318	33,183	16,857	52%
CIP Cashflow Mgmt Reserve	0	(1,925)	(8,797)	(9,775)	(6,872)	78.1%
<b>Total Maritime</b>	<b>7,805</b>	<b>13,536</b>	<b>23,521</b>	<b>23,408</b>	<b>9,985</b>	<b>42.5%</b>

Note: POF (Plan of Finance) is the total estimated during the budget process.

#### **Comments on Key Projects**

- **P66 Shore Power**– Significant project schedule and budget reset to account for permitting concerns, continuing supply chain delays, and construction cost escalations.
- **P90E Timber Pile Caps**– Construction delayed for one year due to Construction Management resource constraint.
- **SBM Dock X Pier Replacement**- Construction delayed due to SDCI permitting.
- **MD Video Camera**- Project on hold while scope refined to account for removal of Port Security Grant project.
- **FT Gateway (All other projects)**- Actuals do date expensed (\$1.6M).

#### IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

#### IV. ECONOMIC DEVELOPMENT DIVISION

##### FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Total Revenues	9,470	9,294	14,970	18,769	(3,799)	-20%	5,676	61%
Total Operating Expenses	21,382	20,560	24,723	28,301	3,578	13%	4,164	20%
Net Operating Income	(11,912)	(11,266)	(9,753)	(9,532)	(221)	-2%	1,513	13%
NOI Including Pension Adj	(11,141)	(8,870)	(9,753)	(9,532)	3,357	35%	(883)	-10%
Capital Expenditures	9,314	4,311	9,370	10,483	1,113	11%	5,059	117%

##### 2022 Forecast vs. 2022 Budget

- Operating Revenues forecasted to \$3.8M unfavorable to budget due to lower volumes at the Conference & Event Center.
- Operating Expenses \$3.6M favorable to budget due to variable cost impact of lower Conference Center volumes (\$2.7M), delayed hiring, lower Maintenance Expenses, and move of EDD Grants to a 2-year cycle.
- Net Operating Income forecasted at \$0.2M below budget.
- Capital Spending forecasted at 89% of \$10.5M budget.

##### 2022 Forecast vs. 2021 Actuals

- Operating Revenues forecasted \$5.7M higher than 2021 with \$4.6M increase in Conference & Event Center along with increased concession revenue at the Bell Street garage.
- Operating Expenses \$4.2M higher than 2021 due to payroll increases and Conference & Event Center volumes.
- Net Operating Income forecasted \$1.5M better than 2021 actual, but \$0.9M worse when factoring in the pension adjustments.

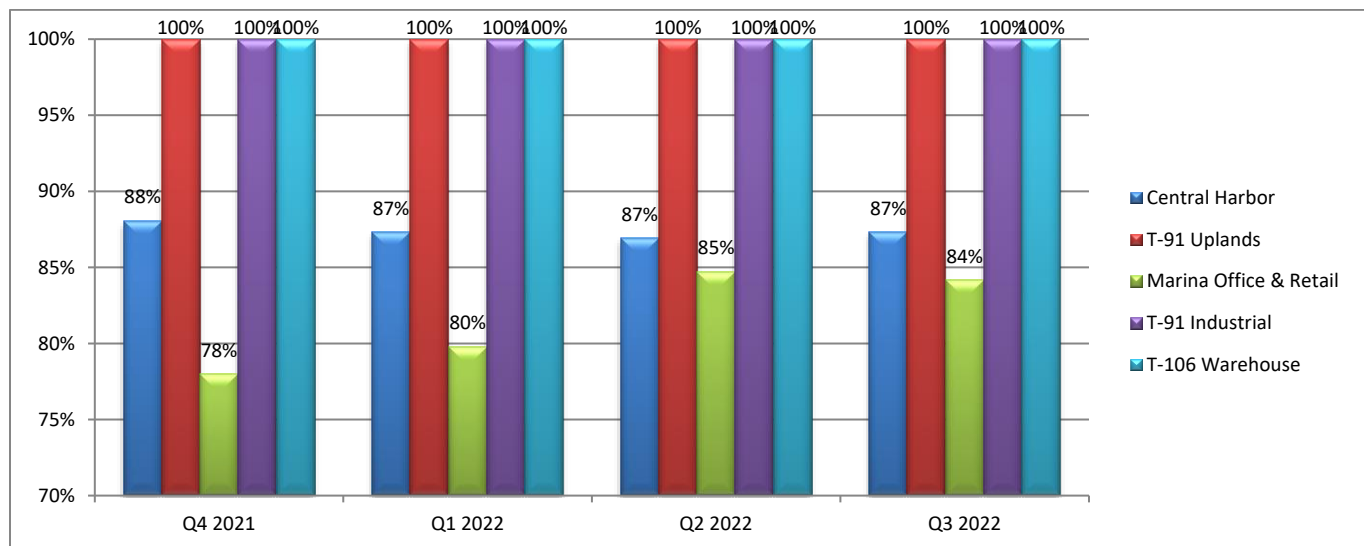
##### Net Operating Income before Depreciation by Business

	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Budget	\$	%	\$	%
Portfolio Management	(2,663)	(2,720)	(3,670)	950	26%	(58)	-2%
Conference & Event Centers	(2,948)	(1,401)	(1,785)	384	22%	1,548	52%
Tourism	(635)	(541)	(889)	347	39%	93	15%
EDD Grants	(109)	(2)	(273)	270	99%	107	-98%
Env Grants/Remed Liab/ERC	(24)	(850)	(211)	(639)	-304%	(826)	-3432%
<b>Total Econ Dev</b>	<b>(6,379)</b>	<b>(5,515)</b>	<b>(6,827)</b>	<b>1,313</b>	<b>19%</b>	<b>864</b>	<b>14%</b>



**A. KEY PERFORMANCE METRICS**

**Building Occupancy by Location:**



**Key Building Vacancies**

**Central Harbor**

- T-102 Corporate Center mainly Suite A-205 (9,061 sf), Suite A-105 (4,191 sf), Suite A-203 (3,745 sf), and Suite A-104 (2,212 sf)
- World Trade Center West Suite 130 (11,388 sf) and Suite 230 (5,777 sf)

**Marina Office & Retail**

- Maritime Industrial Center mainly Building A1 Suite 202 (1,484 sf)
- Fishermen's Terminal mainly Building C-2 Suite D (4,967 sf) and Building C-15 Suite 315 (4,811 sf)

#### IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

##### B. OPERATING RESULTS

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Revenue	6,079	5,597	6,535	6,336	198	3%	937	17%
Conf & Event Centers	1,599	1,252	4,681	6,479	(1,798)	-28%	3,429	274%
<b>Total Revenue</b>	<b>7,678</b>	<b>6,849</b>	<b>11,216</b>	<b>12,816</b>	<b>(1,600)</b>	<b>-12%</b>	<b>4,367</b>	<b>64%</b>
<b>Expenses</b>								
Portfolio Management	2,291	2,408	2,879	2,866	(12)	0%	471	20%
Conf & Event Centers	3,632	2,246	4,000	6,178	2,178	35%	1,754	78%
P69 Facilities Expenses	176	135	142	174	32	18%	7	5%
RE Dev & Planning	157	133	196	152	(45)	-29%	63	48%
EconDev Expenses Other	704	465	675	519	(156)	-30%	210	45%
Maintenance Expenses	2,042	2,784	2,712	3,205	494	15%	(72)	-3%
Maritime Expenses (Excl Maint)	354	721	868	958	90	9%	147	20%
<b>Total EDD &amp; Maritime Expenses</b>	<b>9,357</b>	<b>8,893</b>	<b>11,472</b>	<b>14,053</b>	<b>2,581</b>	<b>18%</b>	<b>2,579</b>	<b>29%</b>
Diversity in Contracting	75	69	87	137	50	36%	18	26%
Tourism	600	652	1,343	1,325	(18)	-1%	690	106%
EDD Grants	(26)	109	2	263	260	99%	(107)	-98%
<b>Total EDD Initiatives</b>	<b>649</b>	<b>830</b>	<b>1,432</b>	<b>1,724</b>	<b>292</b>	<b>17%</b>	<b>602</b>	<b>72%</b>
Environmental & Sustainability	145	16	16	39	24	60%	(1)	-6%
Police Expenses	158	151	156	175	19	11%	5	3%
Other Central Services	4,464	3,204	3,545	3,553	8	0%	341	11%
Aviation Division	115	133	110	99	(11)	-11%	(23)	-17%
<b>Total Central Services &amp; Aviation</b>	<b>4,882</b>	<b>3,505</b>	<b>3,827</b>	<b>3,866</b>	<b>39</b>	<b>1%</b>	<b>322</b>	<b>9%</b>
Envir Remed Liability	0	0	0	0	0	NA	0	NA
<b>Total Expense</b>	<b>14,889</b>	<b>13,228</b>	<b>16,731</b>	<b>19,643</b>	<b>2,912</b>	<b>15%</b>	<b>3,503</b>	<b>26%</b>
<b>NOI Before Depreciation</b>	<b>(7,211)</b>	<b>(6,379)</b>	<b>(5,515)</b>	<b>(6,827)</b>	<b>1,313</b>	<b>19%</b>	<b>864</b>	<b>14%</b>
Depreciation	2,631	2,879	2,932	2,673	(259)	-10%	54	2%
<b>NOI After Depreciation</b>	<b>(9,842)</b>	<b>(9,258)</b>	<b>(8,447)</b>	<b>(9,501)</b>	<b>1,054</b>	<b>11%</b>	<b>811</b>	<b>9%</b>

##### 2022 YTD Actuals vs. 2022 YTD Budget

- Operating Revenue were \$1,600K unfavorable to budget due primarily to lower than anticipated Conference and Event Center from a slow 2022 recovery from COVID-19 variants in Q1.
- Operating Expenses were \$2,912K favorable to budget:
  - Conference and Event Center \$2,178K favorable from lower activity.
  - Maintenance Expenses \$494K favorable due to open positions.
  - EDD Other and Initiatives / EDD Grants variances are from misclassification of Maritime Bule (\$225K).
  - All other expenses net to \$240K below budget.
- Net Operating Income was \$1.3M above budget.

##### 2022 YTD Actuals vs. 2021 YTD Actuals

- Operating Revenues were \$4.4M higher than 2021 actual.
- Operating Expenses were \$3.5M higher than 2021 actual:
  - Portfolio Management higher by \$471K due to 2021 open positions.
  - Conference and Event Centers \$1,754K higher than 2021 due to variable costs associated with higher Conference and Event Center volumes.
  - Maintenance Expenses \$72K lower than 2021 due to open positions.
  - Tourism \$690K higher due to timing of final Washington Tourism Alliance invoice.
  - Central Services \$341K higher than 2021.
  - All other Expenses net to \$328K higher than 2021.
- Net Operating Income was \$864K higher than 2021 actual.

#### IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Revenue	7,808	7,384	8,470	8,470	0	0%	1,086	15%
Conf & Event Centers	1,662	1,910	6,500	10,299	(3,799)	-37%	4,590	240%
<b>Total Revenue</b>	<b>9,470</b>	<b>9,294</b>	<b>14,970</b>	<b>18,769</b>	<b>(3,799)</b>	<b>-20%</b>	<b>5,676</b>	<b>61%</b>
<b>Expenses</b>								
Portfolio Management	3,143	3,737	3,905	3,905	0	0%	168	5%
Conf & Event Centers	4,440	3,124	6,318	9,018	2,700	30%	3,194	102%
P69 Facilities Expenses	268	268	228	228	0	0%	(39)	-15%
RE Dev & Planning	230	231	246	246	0	0%	15	7%
EconDev Expenses Other	974	736	1,142	842	(300)	-36%	406	55%
Maintenance Expenses	3,055	3,769	4,101	4,201	100	2%	332	9%
Maritime Expenses (Excl Maint)	1,117	862	1,279	1,279	0	0%	417	48%
<b>Total EDD &amp; Maritime Expenses</b>	<b>13,227</b>	<b>12,727</b>	<b>17,219</b>	<b>19,719</b>	<b>2,500</b>	<b>13%</b>	<b>4,493</b>	<b>35%</b>
Diversity in Contracting	162	253	168	168	0	0%	(85)	-34%
Tourism	991	1,877	1,750	1,750	0	0%	(127)	-7%
EDD Grants	778	889	600	1,500	900	60%	(289)	-33%
<b>Total EDD Initiatives</b>	<b>1,931</b>	<b>3,019</b>	<b>2,518</b>	<b>3,418</b>	<b>900</b>	<b>26%</b>	<b>(501)</b>	<b>-17%</b>
Environmental & Sustainability	33	24	36	59	23	39%	12	49%
Police Expenses	215	205	209	229	20	9%	4	2%
Other Central Services	5,815	4,408	4,614	4,749	135	3%	206	5%
Aviation Division	161	177	128	128	0	0%	(49)	-28%
<b>Total Central Services &amp; Aviation</b>	<b>6,225</b>	<b>4,814</b>	<b>4,987</b>	<b>5,165</b>	<b>178</b>	<b>3%</b>	<b>172</b>	<b>4%</b>
<b>Total Expense before Pension Adjustment</b>	<b>21,382</b>	<b>20,560</b>	<b>24,723</b>	<b>28,301</b>	<b>3,578</b>	<b>13%</b>	<b>4,164</b>	<b>20%</b>
Pension Expense Adjustment	(771)	(2,396)	0	0	0	NA	2,396	-100%
<b>Total Expense</b>	<b>20,611</b>	<b>18,164</b>	<b>24,723</b>	<b>28,301</b>	<b>3,578</b>	<b>13%</b>	<b>6,559</b>	<b>36%</b>
<b>NOI Before Depreciation</b>	<b>(11,141)</b>	<b>(8,870)</b>	<b>(9,753)</b>	<b>(9,532)</b>	<b>(221)</b>	<b>-2%</b>	<b>(883)</b>	<b>-10%</b>
Depreciation	3,611	3,841	3,741	3,741	0	0%	(100)	-3%
<b>NOI After Depreciation</b>	<b>(14,752)</b>	<b>(12,711)</b>	<b>(13,494)</b>	<b>(13,273)</b>	<b>(221)</b>	<b>-2%</b>	<b>(783)</b>	<b>-6%</b>

#### 2022 Forecast vs. 2022 Budget

- Operating Revenues forecasted to \$3.8M unfavorable to budget due to lower volumes at the Conference & Event Center.
- Operating Expenses \$3.6M favorable to budget due to variable cost impact of lower Conference Center volumes (\$2.7M), delayed hiring, deferred EDD grant matching and Maintenance Expenses.
- Net Operating Income forecasted at \$0.2M below budget.

#### 2022 Forecast vs. 2021 Actuals (Excludes Pension Adjustments)

- Operating Revenues forecasted \$5.7M higher than 2021 with \$4.6M increase in Conference & Event Center along with increased concession revenue at the Bell Street garage.
- Operating Expenses \$4.1M higher than 2021 due to payroll increases and Conference & Event Center volumes.
- Net Operating Income forecasted \$1.5M better than 2021 actual absent pension adjustment.

#### IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

##### C. CAPITAL RESULTS

	2022 YTD Actual	2022 Year- End Forecast	2022 Budget	2022 POF	Budget vs Forecast	
\$ in 000's					\$	%
P69 Underdock Utility Rpl	765	2,037	2,678	2,600	641	24%
CW Bridge Elev Modernization	1,713	2,030	2,352	2,000	322	14%
P66 Roof Upgrades	1,241	1,519	1,559	752	40	3%
T91 Uplands Dev Phase 1	237	976	1,404	1,484	428	30%
WTCW Roof Replacement	113	819	1,099	1,570	280	25%
WTC HVAC Replacement	1,267	1,482	1,020	2,739	(462)	-45%
Tenant Improvements -Capital	0	0	501	300	501	100%
BHICC Interior Modernization	152	155	310	4	155	50%
EDD Technology Projects	0	0	250	250	250	100%
EDD Small Projects	56	279	669	620	390	58%
All Other Projects	24	1,028	1,046	1,750	18	2%
Subtotal	5,568	10,325	12,888	14,069	2,563	20%
CIP Cashflow Mgmt Reserve	0	(955)	(2,405)	(3,554)	(1,450)	60%
<b>Total Economic Development</b>	<b>5,568</b>	<b>9,370</b>	<b>10,483</b>	<b>10,515</b>	<b>1,113</b>	<b>11%</b>

Note: POF (Plan of Finance) is the total estimated during the budget process.

##### Comments on Key Projects

- **P69 Under dock Utility**- project delayed due to material and purchase delays, including preconstruction submittals.
- **WTC HVAC Replacement**- project acceleration completed.
- **T91 Uplands Phase 1** – Escalation, infrastructure upgrades moved to a different CIP (T91 Uplands Infrastructure).

## V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### V. CENTRAL SERVICES DIVISION

#### FINANCIAL SUMMARY

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Total Operating Revenues</b>	<b>2,105</b>	<b>2,685</b>	<b>780</b>	<b>140</b>	<b>641</b>	<b>458.2%</b>	<b>(1,905)</b>	<b>-70.9%</b>
Core Central Support Services	60,727	61,963	69,244	71,863	2,619	3.6%	7,281	11.8%
Police	21,967	21,097	21,697	25,040	3,343	13.4%	600	2.8%
Engineering/PCS	7,284	6,580	7,085	9,200	2,116	23.0%	504	7.7%
<b>Total Operating Expenses</b>	<b>89,978</b>	<b>89,640</b>	<b>98,026</b>	<b>106,103</b>	<b>8,078</b>	<b>7.6%</b>	<b>8,386</b>	<b>9.4%</b>

#### 2022 YTD Actuals vs. 2022 YTD Budget

- Operating Revenues favorable by \$641K due primarily to Police forfeiture.
- Operating Expenses \$8.1M favorable to budget mainly due delay in contract spending and delays in hiring vacant positions and lower charges to Capital Projects.

#### 2022 YTD Actuals vs. 2021 YTD Actuals

- Operating Revenues \$1.9M below 2021 mainly due to higher Police forfeiture seizures in 2021.
- Operating Expenses \$8.4M higher than 2021 mainly due to higher Payroll, General Expense, Equipment Expense, Outside Services, Travel, and lower charges to Capital Projects.

#### A. BUSINESS EVENTS

- Opened the Duwamish River People's Park with an opening ceremony, community festival and site tours.
- Port participated in Seafair Fleetweek.
- Provided an environmental mitigation tour of Port properties to the new Regulatory Chief of the US Army Corps of Engineers – Seattle District.
- Presented two researchers from the Maritime Institute of Malaysia for a Port overview of our maritime activities, with a focus on environmental, tourism, and our cruise business, including a tour of the Pier 66 cruise terminal.
- Executive Director Metruck virtually participated and presented the Port's environmental programs and Green Corridor efforts in an International Ocean Forum hosted by the Port of Incheon, South Korea.
- Provided a boat tour of Terminal 5 and discussed Port workforce development and training programs for members of the US House of Representatives' Select Committee on Economic Fairness and Disparity in Growth.
- Sponsored a Working Waterfront Boat Tour for Elected Officials throughout King County in partnership with the WA Maritime Federation.
- Hosted the Port U Adult Education Series including Airport 101 featuring IAF with FAA, Duwamish River 101 with DRCC, EPA, and Industry, Ship Canal 101 with Commercial Fishing and Maritime Industry Partner, and Cargo 101 with NWSA and SSA.
- Provided a seaport tour and met with US Representative Rick Larsen at Terminal 46 to discuss key freight, supply chain and other maritime issues.
- Port Police staff and Cyber Security staff provided a briefing for an European delegation studying security, intelligence-sharing, threat responses, the Puget Sound Joint Terrorism Task Force, and Cyber Security.
- Briefed the Association of General Contractor and the Regional Pre-Apprenticeship Collaboration on the regional workforce shortages in construction.
- Completed the summer youth internship program for 43 high school interns; hired 46 college and graduate interns and three Veteran Fellows in 2022.
- Port of Seattle Police hosted a successful National Night Out at Shilshole Bay Marina in August.

## V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### B. KEY PERFORMANCE METRICS

Century Agenda Strategic Objectives	YTD 2020	YTD 2021	YTD 2022
<b>Responsibly Invest in the Economic Growth of the Region and all its Communities</b>			
A. Job seekers placed in jobs at SEA Airport through the Employment Center	681	969	918
B. Number of SEA Airport tenants supported in finding employees	70	75	87
C. Employment Center training completions	160	166	385
D. K-12 Career Connected Learning: WFD engagement with teachers/faculty	5,050	1,600	TBD
E. Community members entering employment in construction, maritime and environmental sustainability	10	42	53
F. Number of Job Openings created	265	354	285
G. Job applications received	6,018	8,623	11,368
H. Number of job interviews conducted	593	1,128	1,967
I. Number of new employees hired	195	249	419
J. Number of interns	44	114	89
K. Number of Veteran Fellows	0	2	3
L. Number of employees participating in Tuition Reimbursement	27	36	45
<b>Become a Model for Equity, Diversity and Inclusion</b>			
A. Employee participation in OEDI programming (Caucuses, Book Clubs, Town Halls, etc.)	N/A	869	548
<b>Be a Highly Effective Public Agency</b>			
A. Central Services costs as a % of Total Operating Expenses	29.4%	29.0%	28.0%
B. Investment portfolio earnings versus the benchmark (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index)	1.93%/0.14%	0.76%/0.28%	1.88%/4.3%
C. Comply with Public Disclosure Act and respond in a timely manner	426	494	622
D. Percent of annual audit work plan completed each year	100%	100%	100%
E. Employee Development Class Attendees/Structured Learning	3,809	1,970	1,898
F. Total Recordable Incident Rate (previous Occupational Injury Rate)	3.57	5.52	3.75
G. Lost Work Day Rate (previously Days Away Severity Rate)	65.76	62.5	45.18
H. Customer Survey for Police Service Excellent or Above Average	84%	100%	TBD

## V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### C. OPERATING RESULTS

#### Financial Summary (Year-End Forecast)

	2020 YTD	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
<b>Total Revenues</b>	<b>2,512</b>	<b>(233)</b>	<b>864</b>	<b>186</b>	<b>678</b>	<b>363.7%</b>	<b>1,098</b>	<b>-470.4%</b>
Executive	2,263	2,051	2,451	2,738	286	10.5%	401	19.5%
Commission	1,755	1,773	2,373	2,486	114	4.6%	600	33.8%
Legal	6,290	7,054	7,763	5,105	(2,658)	-52.1%	710	10.1%
External Relations	7,481	6,827	9,102	10,874	1,772	16.3%	2,275	33.3%
Equity Diversity and Inclusion	4,676	4,937	4,097	5,756	1,659	28.8%	(839)	-17.0%
Human Resources	8,380	8,675	12,393	13,126	733	5.6%	3,718	42.9%
Labor Relations	1,286	1,110	1,175	1,444	269	18.6%	65	5.9%
Internal Audit	1,540	1,296	2,578	1,868	(711)	-38.1%	1,283	99.0%
Accounting & Financial Reporting Services	8,165	6,967	8,733	9,418	685	7.3%	1,766	25.3%
Information & Communication Technology	24,732	19,944	27,593	27,597	4	0.0%	7,649	38.4%
Information Security	1,656	1,328	1,854	2,449	596	24.3%	525	39.5%
Finance & Budget	2,177	1,801	2,495	2,525	30	1.2%	694	38.5%
Business Intelligence	1,181	904	1,583	1,953	370	19.0%	680	75.2%
Risk Services	3,349	4,047	5,193	4,688	(505)	-10.8%	1,145	28.3%
Office of Strategic Initiatives	934	713	1,056	1,231	175	14.2%	343	48.1%
Central Procurement Office	4,280	3,633	6,776	6,678	(97)	-1.5%	3,143	86.5%
Contingency	(190)	(123)	(1,288)	(5,000)	(3,713)	74.3%	(1,165)	947.0%
<b>Core Central Support Services</b>	<b>79,956</b>	<b>72,936</b>	<b>95,928</b>	<b>94,936</b>	<b>(992)</b>	<b>-1.0%</b>	<b>22,992</b>	<b>31.5%</b>
Police	27,538	17,194	29,882	32,746	2,864	8.7%	12,688	73.8%
<b>Total Before Cap Dev &amp; Environment</b>	<b>107,494</b>	<b>90,130</b>	<b>125,810</b>	<b>127,682</b>	<b>1,872</b>	<b>1.5%</b>	<b>35,680</b>	<b>39.6%</b>
Capital Development								
Engineering	4,959	1,626	6,616	7,428	812	10.9%	4,989	306.8%
Port Construction Services	4,138	3,321	4,075	4,906	832	16.9%	753	22.7%
Sub-Total	9,096	4,948	10,690	12,334	1,644	13.3%	5,742	116.1%
Environment & Sustainability								
Environment & Sustainability	692	676	1,247	1,741	494	28.4%	571	84.5%
Sub-Total	692	676	1,247	1,741	494	28.4%	571	84.5%
Capital to Expense	193	-	6	-	(6)	0.0%	6	0.0%
<b>Total Expenses</b>	<b>117,476</b>	<b>95,753</b>	<b>137,753</b>	<b>141,756</b>	<b>4,003</b>	<b>2.8%</b>	<b>42,000</b>	<b>43.9%</b>

**2022 Forecast vs. 2022 Budget**

Operating Expenses for 2022 are forecasted to be \$4.0M below Budget due primarily to:

- **Executive** – favorable variance of \$286K primarily due to lower Payroll of \$124K, Equipment Expense of \$63K and Outside Services of \$105K.
- **Commission** – favorable variance of \$114K primarily due to lower Payroll of \$127K and Outside Services of \$38K offset by higher Travel of (\$26K) and General Expenses of (\$27K).
- **Legal** – unfavorable variance of (\$2.7M) due to higher Outside Services (\$1.8M) and General Expenses (\$1.0M) offset by lower Payroll of \$166K.
- **External Relations** – favorable variance of \$1.8M primarily due to reduced Outside Services of \$1.4M, Promotional Expenses of \$145K, General Expenses of \$71K, Travel of \$77K, and Payroll of \$57K offset by higher Equipment Expense (\$23K).
- **Equity, Diversity, and Inclusion** – favorable variance of \$1.7M primarily due to lower Outside Services of \$1.5M, Payroll of \$102K, Property Rental of \$31K, Travel \$20K, and Equipment Expense of \$14K.
- **Human Resources** – favorable variance of \$733K primarily due to lower Payroll of \$495K, Equipment Expense \$113K, Outside Services \$31K, Travel \$139K, and higher charges to Capital Projects of \$117K offset by higher General Expenses (\$167K).
- **Labor Relations** – favorable variance of \$269K primarily due to lower Payroll.
- **Internal Audit** – unfavorable variance of (\$711K) primarily due to unplanned General Expense of (\$739K) and lower charges to Capital Projects (\$131K) offset by lower Outside Services of \$167K.
- **Accounting and Financial Reporting Services** – favorable variance of \$685K primarily due to lower Payroll of \$632K, Travel \$50K, and higher charges to Capital Projects \$22K offset by higher Telecommunications of (\$9K).
- **Information & Communication Technology** – plans to be on target.
- **Information Security** – favorable variance of \$596K primarily due to lower Outside Services of \$235K, Payroll of \$313K, and Travel of \$34K.
- **Corporate Finance & Budget** – favorable variance of \$30K primarily due to lower Payroll of \$6K Travel \$23K and Worker's Comp \$16K offset by higher Outside Services of (\$18K).
- **Business Intelligence** – favorable variance of \$370K primarily due to lower Payroll \$176K and Outside Services of \$177K.
- **Risk Services** – unfavorable variance of (\$505K) due to higher Insurance Expenses of (\$546K) offset by lower Payroll \$45K.
- **Office of Strategic Initiative** – favorable variance of \$175K primarily due to lower Payroll \$162K, and Outside Services \$64K offset by higher Travel (\$31K) Equipment of (\$6K), Supplies of (\$10K) and General Expenses of (\$4K).
- **Central Procurement Office** – unfavorable variance of (\$97K) primarily due to higher charges to Outside Services of (\$130K) and lower charges to Capital Projects (\$333K) offset by lower Payroll of \$268K, Supplies & Stock \$68K, and Travel \$29K.
- **Police** – favorable variance of \$2.9M primarily due to lower Payroll of \$3.2M, Equipment Expense \$214K, Supplies & Stock \$120K, and Travel \$233K offset by higher General Expenses of (\$632K) and Outside Services (\$363K).
- **Engineering** – favorable variance of \$812K primarily due to lower Payroll of \$2.4M, Equipment of \$48K, and Travel of \$89K offset by higher Outside Services of (\$585K) and Lower charges to Capital Projects of (\$1.2M).
- **PCS** – favorable variance of \$832K primarily due to lower Payroll of \$675K and Outside Services of \$272K offset by lower charges to Capital Projects of (\$176K).
- **Environment & Sustainability Admin** – favorable variance of \$494K due to lower Payroll of \$207K and lower Outside Services \$276K.
- **Contingency** – unfavorable variance of (\$3.7M). Adjusted forecast for Vacancy Factor actuals.
- **Capital to Expense** – unfavorable variance of (\$6K).



## V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/22

### 2022 Forecast vs. 2021 Actuals

- Operating Expenses for 2022 are forecasted to be \$12.0M higher than 2021, after adjusting for \$29.8M state pension credit in 2021 actuals, mainly due to:
  - **Core Central Support Services** – \$9.2M higher than 2021 primarily due to: higher payroll for current employees and new and unfrozen positions as well as full year salaries for mid-year 2021 positions; contractual increases; addition of new initiatives to support growing needs of the organization.
  - **Police** – \$1.2M above 2021 due to: increase in salary and benefits for represented groups based on contracts; new and unfrozen positions; addition of new initiatives to enhance the safety and security of the public.
  - **Capital Development** – \$489K higher than 2021 primarily due to higher payroll and addition of new and unfrozen positions as well as contractual increases to support the capital program.

### D. CAPITAL RESULTS

\$ in 000's	2022 YTD Actual	2022 Year-End Forecast	2022 Budget	2022 Plan of Finance	Budget Variance	
					\$	%
Engineering Fleet Replacement	562	912	2,065	1,465	1,153	55.8%
Services Tech - Small Cap	1,238	1,928	1,500	1,500	(428)	-28.5%
Infrastructure - Small Cap	819	1,129	1,500	1,500	371	24.7%
Phone System Upgrade	430	1,170	1,414	1,000	244	17.3%
Radio Microwave Redund. Loop	0	540	1,040	1,040	500	48.1%
Office Wi-Fi Refresh	406	456	1,039	1,300	583	56.1%
Corporate Fleet Replacement	396	694	901	645	207	23.0%
Other (note 1)	645	3,069	5,830	4,844	2,761	47.4%
Subtotal	4,496	9,898	15,289	13,294	5,391	35.3%
CIP Cashflow Adjustment	0	(2,400)	(4,400)	(3,900)	(2,000)	45.5%
<b>TOTAL</b>	<b>4,496</b>	<b>7,498</b>	<b>10,889</b>	<b>9,394</b>	<b>3,391</b>	<b>31.1%</b>

#### Note:

(1) "Other" includes remaining ICT projects and small capital projects/acquisitions.