



PORT OF SEATTLE

Q3 2023 FINANCIAL PERFORMANCE REPORT

AS OF SEPTEMBER 30, 2023

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I. PORTWIDE

EXECUTIVE SUMMARY

Airport passenger volume continues to rebound and is expected to be 10.7% higher than 2022 and 1.4% lower than pre-pandemic volumes in 2019. Non-Aeronautical revenues are anticipated to exceed the budget due to higher revenues in most lines of business. The remaining federal relief funds of \$13.8M, which includes \$1.9M for Airport Dining and Retail (ADR) tenants, will be applied in 2023.

The 2023 cruise season is winding down with a projected total of 291 cruise sailings and over 1.7 million revenue passengers. Each homeported vessel brings in over \$4 million to the local economy each time it provisions at the dock. The Port will provide shore power connections to vessels allowing them to turn off diesel engines while at the dock, which reduces air pollution and greenhouse gas emissions. The Port joined other organizations in creating the world’s first cruise-focused Green Corridor to explore decarbonization strategies last year.

Cruise, Fishing, Commercial Marinas, and Maritime Portfolio Management are expected to exceed revenue targets while grain volume is projected to be down 35% due to lower demand from China. Conference center volume is estimated to be down by 28% due to events and conference cancellations this year.

Overall, operating revenues were \$31.5M or 4.4% above budget while expenses were \$14.6M or 3.5% lower than budget in the third quarter of 2023. For the full year, we are projecting operating revenues to be \$17.7M to exceed budget mainly due to higher-than-expected Airport Non-Aero Revenues. Operating expenses are expected to be \$4.2M lower than budget due to lower Outside Services, Travel & Other Employee Expenses, and Third-Party Management Expenses.

PORTWIDE FINANCIAL SUMMARY

\$ in 000's	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
					\$	%	\$	%
Aeronautical Revenues	219,378	286,217	378,927	379,730	(803)	-0.2%	92,710	32.4%
Airport Non-Aero Revenues	137,516	197,006	243,637	223,596	20,041	9.0%	46,631	23.7%
Non-Airport Revenues	90,018	114,128	132,229	119,951	12,278	10.2%	18,101	15.9%
Total Operating Revenues	446,912	597,351	754,793	723,277	31,516	4.4%	157,442	26.4%
Total Operating Expenses	301,273	342,531	409,890	424,539	14,649	3.5%	67,359	19.7%
NOI before Depreciation	145,639	254,819	344,903	298,737	46,165	15.5%	90,083	35.4%
Depreciation	137,678	164,385	183,842	148,270	(35,571)	-24.0%	19,457	11.8%
NOI after Depreciation	7,961	90,434	161,061	150,467	10,594	7.0%	70,627	78.1%

2023 YTD Actuals vs. 2023 YTD Budget:

- Airport Non-Aero Revenues were up \$20.0M compared to budget mainly due to higher Public Parking, Rental Car, and Airport Commercial Properties revenues; partially offset by lower revenue from Airport Dining and Retail & Terminal Lease Space revenue.
- Non-Airport Revenues were \$12.3M above budget mainly due to higher Cruise and NWSA Distributable revenue; partially offset by lower Grain and Conference & Event Centers.
- Total Operating Expenses are \$14.6M lower than budget due to delays in implementing projects/initiatives.

2023 YTD Actuals vs. 2022 YTD Actuals:

- Total Operating Revenues were up \$157.4M due higher passenger volumes compared to 2022; higher revenues in non-aeronautical lines of businesses (Public Parking, Rental Cars, ADR & Terminal Leased Space, Ground Transportation, Airport Commercial Properties, and Clubs & Lounges), Cruise, and NWSA Distributable Revenue.
- Total Operating Expenses was \$67.4M higher compared to 2022 due to higher Payroll, Outside Services, Equipment Expense, Supplies & Stock, and Third-Party Management Expense.

NON-AIRPORT FINANCIAL SUMMARY

	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
\$ in 000's					\$	%	\$	%
NWSA Distributable Revenue	43,840	38,532	45,317	37,729	7,588	20.1%	6,785	17.6%
Maritime Revenues	33,836	59,814	69,947	63,209	6,738	10.7%	10,132	16.9%
EDD Revenues	6,849	11,216	12,513	15,855	(3,342)	-21.1%	1,297	11.6%
SWU & Other	5,492	4,565	4,452	3,158	1,294	41.0%	(113)	-2.5%
Total Operating Revenues	90,018	114,128	132,229	119,951	12,278	10.2%	18,101	15.9%
Total Operating Expenses	54,631	67,126	75,640	82,242	6,602	8.0%	8,514	12.7%
NOI before Depreciation	35,387	47,001	56,589	37,709	18,880	50.1%	9,588	20.4%
Depreciation	28,375	28,399	28,697	27,229	(1,468)	-5.4%	298	1.0%
NOI after Depreciation	7,012	18,602	27,892	10,480	17,412	166.2%	9,290	49.9%

2023 YTD Actuals vs. 2023 YTD Budget

- Non-Airport Operating Revenues were up \$12.3M compared to budget mainly due to higher NWSA Distributable revenue and Cruise; partially offset by lower Grain and Conference & Event Centers.
- Non-Airport Operating Expenses were \$6.6M lower than budget because of project spending delays and timing of tenant improvements and maintenance.

2023YTD Actuals vs. 2022 YTD Actuals

- Non-Airport Operating Revenues were \$18.1M higher compared to 2022 because of higher revenues from Cruise, NWSA Distributable Revenue, Recreational Boating, and Central Harbor Management; partially offset by lower Grain, and Maritime Portfolio Management revenues.
- Non-Airport Operating Expenses were \$8.5M higher than 2022 due to higher Payroll and Outside Services.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 09/30/23

MAJOR OPERATING REVENUES SUMMARY

	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
\$ in 000's					\$	%	\$	%
Aeronautical Revenues	219,378	286,217	378,927	379,730	(803)	-0.2%	92,710	32.4%
Public Parking	45,034	64,775	81,649	71,747	9,902	13.8%	16,874	26.1%
Rental Cars - Operations	26,346	34,301	35,960	31,505	4,455	14.1%	1,659	4.8%
Rental Cars - Operating CFC	653	4,605	13,985	12,190	1,795	14.7%	9,380	203.7%
ADR & Terminal Leased Space	33,561	44,943	53,386	54,318	(932)	-1.7%	8,443	18.8%
Ground Transportation	8,171	15,406	18,781	18,150	631	3.5%	3,376	21.9%
Employee Parking	6,750	6,817	8,111	7,851	260	3.3%	1,293	19.0%
Airport Commercial Properties	9,012	12,101	14,904	12,682	2,222	17.5%	2,803	23.2%
Airport Utilities	4,633	5,864	6,438	6,406	32	0.5%	574	9.8%
Clubs and Lounges	2,187	6,055	8,704	7,252	1,452	20.0%	2,649	43.7%
Cruise	5,660	30,181	39,950	33,052	6,898	20.9%	9,769	32.4%
Recreational Boating	9,639	10,549	11,700	11,718	(18)	-0.2%	1,152	10.9%
Fishing & Operations	6,612	7,145	7,942	7,322	620	8.5%	797	11.2%
Grain	4,235	3,987	2,628	3,740	(1,112)	-29.7%	(1,359)	-34.1%
Maritime Portfolio Management	7,689	7,945	7,717	7,358	359	4.9%	(227)	-2.9%
Central Harbor Management	5,577	6,517	7,571	7,373	198	2.7%	1,054	16.2%
Conference & Event Centers	1,252	4,681	4,916	8,465	(3,549)	-41.9%	235	5.0%
NWSA Distributable Revenue	43,840	38,532	45,317	37,729	7,588	20.1%	6,785	17.6%
Other	6,686	6,730	6,207	4,689	1,518	32.4%	(523)	-7.8%
Total Operating Revenues (w/o Aero)	227,534	311,133	375,866	343,547	32,319	9.4%	64,732	20.8%
TOTAL	446,912	597,351	754,793	723,277	31,516	4.4%	157,442	26.4%

MAJOR OPERATING EXPENSES SUMMARY

	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
\$ in 000's					\$	%	\$	%
Salaries & Benefits	108,770	117,525	138,077	137,555	(522)	-0.4%	20,551	17.5%
Wages & Benefits	98,801	105,358	122,627	117,165	(5,462)	-4.7%	17,269	16.4%
Payroll to Capital Projects	21,353	20,489	24,360	33,081	8,721	26.4%	3,871	18.9%
Outside Services	64,373	75,791	94,212	120,000	25,787	21.5%	18,422	24.3%
Utilities	20,166	23,622	24,001	23,547	(454)	-1.9%	379	1.6%
Equipment Expense	4,620	6,906	8,833	8,128	(705)	-8.7%	1,927	27.9%
Supplies & Stock	6,153	7,197	8,694	6,785	(1,909)	-28.1%	1,496	20.8%
Travel & Other Employee Expenses	1,315	2,624	3,562	6,140	2,577	42.0%	938	35.8%
Third Party Mgmt Op Exp	3,564	5,956	8,231	10,261	2,030	19.8%	2,275	38.2%
B&O Taxes	2,992	3,833	4,930	5,193	263	5.1%	1,097	28.6%
Other Expenses	9,648	13,375	20,172	16,714	(3,458)	-20.7%	6,797	50.8%
Charges to Capital Projects/Overhead Alloc	(40,481)	(40,145)	(47,809)	(60,028)	(12,220)	20.4%	(7,664)	19.1%
TOTAL	301,273	342,531	409,890	424,539	14,649	3.5%	67,359	19.7%

PORTWIDE FINANCIAL YEAR-END FORECAST SUMMARY

	2021	2022	2023	2023	Fcst vs. Budget Variance		Change from 2022 Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Aeronautical Revenues	317,513	402,540	494,916	504,948	(10,032)	-2.0%	92,376	22.9%
Airport Non-Aero Revenues	183,819	256,613	321,614	296,102	25,511	8.6%	65,001	25.3%
Non-Airport Revenues	120,689	150,977	154,839	152,634	2,205	1.4%	3,862	2.6%
Total Operating Revenues	622,020	810,130	971,369	953,684	17,685	1.9%	161,239	19.9%
Total Operating Expenses	364,656	475,739	569,259	573,431	4,173	0.7%	93,519	19.7%
NOI before Depreciation	257,364	334,390	402,110	380,253	21,858	5.7%	67,720	20.3%
Depreciation	190,683	232,236	207,951	207,951	-	0.0%	(24,285)	-10.5%
NOI after Depreciation	66,681	102,155	194,160	172,302	21,858	12.7%	92,005	90.1%

Year-End Forecast

- Total Operating Revenues are expected to be \$17.7M higher than budget and \$161.2M higher than 2022; the \$13.8M federal relief grants help offset the \$10.0M lower Aeronautical revenues and provide \$1.9M for Airport Dining and Retail (ADR) tenants in 2023.
- Total Operating Expenses are expected to be \$4.2M favorable to budget and \$93.5M higher than 2022. It would have only been \$77.9M higher than 2022 after adjusting for \$15.6M state pension credit in 2022.
- NOI before depreciation forecast to be \$21.9M favorable to budget and \$67.7M higher than 2022.

KEY PERFORMANCE METRICS

	2022 YTD	2023 YTD	2022	2023	2023	Fav (UnFav) Fcst vs. Budget Variance		Incr (Decr) Change from 2022	
	Actual	Actual	Actual	Forecast	Budget	Chg.	%	Chg.	%
Total Passengers (in 000's)	34,317	38,655	45,964	50,940	48,887	2,053	4.2%	4,976	10.8%
Landed Weight (lbs. in millions)	21,727	26,099	29,079	31,903	30,226	1,677	5.5%	2,824	9.7%
Passenger CPE (in \$)	N/A	N/A	16.09	18.18	19.29	1.11	5.7%	2.09	13.0%
Cruise Passenger (in 000's)	1,249	1,670	1,309	1,780	1,430	350	24.5%	471	35.9%
Shilshole Bay Marina Occupancy	97.6%	98.2%	97.6%	97.5%	97.5%	0.0%	0.0%	-0.1%	-0.1%

KEY BUSINESS EVENTS

The Port collaborated with Dirt Corps and Duwamish Valley Youth Corps for the Duwamish River Green Jobs Program. Funding provided by the Port and other partners allow Dirt Corps professionals to train participants in skills related to ecosystem restoration within the Duwamish Valley. The program aims to provide access to green jobs (focused on environmental improvements and stewardship) to underrepresented groups as well as promote empowerment and financial liberty. The youth program is for six-weeks offered during summer while the adult program last for ten-weeks available during the fall.

Port staff, consultants, and researchers conducted the first of 10 years of monitoring at Duwamish River People's Park. The team found over 7,300 juvenile salmon, 243 juvenile natural origin Chinook salmon, 922 non-salmonid fish as well as healthy marsh vegetation due to the largest restoration project completed in 2022. The project restored 14 acres of habitat, including riparian shrub buffer, emergent marsh, mudflat, and subtidal areas along nearly half a mile of Duwamish River shoreline.

The Port will collaborate with City of Seattle and private entities on a new pedestrian and bicycle gateway connecting the new Waterfront Park to the Olympic Sculpture Park and to restore and revitalize Myrtle Edwards, Centennial Parks, and public fishing area at Pier 86. Community engagement will be conducted providing opportunities to give input on the proposed green gateway. Additionally, representatives of the tribes and Urban Native community will be consulted on the design and implementation to ensure inclusion of Native perspective, knowledge, practices, and language.

The Port, in partnership with Business Impact NW, launched the third annual Business Accelerator Program. The 10-week program will provide access to a dynamic network of resources, funding, personalized guidance tailored to each participant's goals, and access to trainings through a vibrant network of industry leaders and seasoned mentors—all while building community partnerships with like-minded entrepreneurs.

The Commission adopted principles to guide the development of the Port's environmental land stewardship efforts for trees, forests, and other habitat. The Order builds on the Port's existing regional and industry leadership on these topics with new principles and strategies for land stewardship across all Port facilities and properties. In addition, Commission authorized \$33 million to build the Maritime Innovation Center (MInC). The MInC will serve as headquarters for incubator and accelerator programs that help startups establish their businesses as well as support workforce development programs aimed at ensuring that job opportunities in maritime industries are equitably accessible to all communities. The MInC will be designed to meet the Living Building Challenge (the most progressive sustainability standard in the country) to help advance the Port's sustainability goals.

Commission also authorized the latest phase of its Sound Insulation Program (SIP) focusing on eligible apartments within the current noise remedy boundary around Seattle-Tacoma International Airport (SEA). Project total is estimated at \$133 million. The Port is applying for grant funding from the FAA Airport Improvement Program (AIP). The Port also continues to partner with the community through the SEA Stakeholder Advisory Round Table (StART). This program is one of the ways the Port is addressing community concerns about aviation noise.

SEA celebrated the one-millionth user of its SEA Spot Saver program, the popular free tool for travelers to reserve their space in TSA screening lines. SEA was the first airport in the country to implement a free program like Spot Saver. Today many airports around the country offer a similar service. Originally launched in 2021 as a pilot program with Alaska Airlines and Delta Air Lines, Spot Saver was the first-of-its-kind virtual queuing program piloted and refined at SEA. In September 2021, the program became permanent and has expanded to all general screening checkpoints. Spot Saver now allows travelers to make reservations anytime between five days to three hours before their flight.

CAPITAL SPENDING SUMMARY

\$ in 000's	2023	2023	2023	2023	Budget Variance	
	YTD Actual	Year-End Forecast	Budget	POF	\$	%
Aviation	298,362	435,807	485,572	663,877	49,765	10.2%
Maritime	9,928	25,617	32,313	40,805	6,696	20.7%
Economic Development	3,521	7,001	8,086	6,737	1,085	13.4%
Central Services & Other (note 1)	5,498	8,468	15,371	14,424	6,903	44.9%
TOTAL	317,309	476,893	541,342	725,843	64,449	11.9%

Note:

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

Total capital spending is forecast to be \$541.3M for 2023, 88.1% of the budget due to delay in projects: C Concourse Expansion, Checked Bag Recap/Optimization, MT Low Voltage Sys Upgrade, International Arrivals Facility, Concourse A Building Expansion, and Engineering Fleet Replacement.

PORTWIDE INVESTMENT PORTFOLIO

During the third quarter of 2023, the investment portfolio earned 3.52% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 5.13%. Over the last twelve months, the portfolio and the benchmark have earned 3.05% and 4.7%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.34% and 1.87%, respectively.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

II. AVIATION DIVISION

FINANCIAL SUMMARY

Financial Summary (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Operating Revenue								
Aeronautical Revenues	317,513	402,540	494,916	504,948	(10,032)	-2.0%	92,376	22.9%
Non-Aeronautical Revenues	183,819	256,613	321,614	296,102	25,511	8.6%	65,001	25.3%
Total Operating Revenues	501,332	659,153	816,530	801,051	15,480	1.9%	157,377	23.9%
Total Operating Expenses	341,679	394,990	460,511	460,535	24	0.0%	65,522	16.6%
Net Operating Income	159,652	264,163	356,019	340,515	15,504	4.6%	91,856	34.8%
CPE	15.93	16.09	18.18	19.29	1.11	5.7%	2.09	13.0%
Non-Aero NOI (\$ in 000s)	135,483	142,165	175,109	150,386	(24,723)	-16.4%	32,944	23.2%
Enplaned passengers (in 000s)	18,073	22,966	25,031	24,444	(588)	-2.4%	2,065	9.0%
Capital Expenditures (in 000s)	389,051	311,631	435,807	485,572	49,765	10.2%	124,176	39.8%

2023 Forecast vs. 2023 Budget

- Net Operating Income (NOI) for 2023 which includes Federal Relief grants is forecasted to be (\$15.5M or 4.6%) favorable to the budget, driven primarily by:
 - Non-Aeronautical revenue is (25.5M or 8.6%) favorable primarily due to Landside revenue continues to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers. Concessions still required Federal Relief of \$1.9M.
 - Total Operating Expenses are projected to underspend by (\$24K).

2023 Forecasts vs. 2022 Actuals

- Net Operating Income for 2023 is projected to be (\$91.9M or 34.8%) higher than prior year primarily driven by:
 - Higher Operating Revenue (\$157M or 23.9%) compared to prior year is due to passenger levels improving with a forecast of being down only 1.4% compared to 2019.
 - Higher forecasted Operating Expenses (\$65.5M or 16.6%) compared to prior year is primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions compared to 2022. 2022 was the second 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 09/30/23

A. BUSINESS EVENTS

- Expected passenger levels is projected to be 1.4% lower than 2019.
- Federal relief continues to improve bottom line, and helps customers:
 - \$11.8 million for ARPA
 - \$1.9 million for tenant concessions relief (CRRSAA)

B. KEY PERFORMANCE METRICS

	YTD 2021	YTD 2022	YTD 2023	% YTD Change from 2022
Total Passengers (000's)				
Domestic	25,063	31,085	34,240	10.1%
International	1,045	3,232	4,415	36.6%
Total	26,108	34,317	38,655	12.6%
Operations	280,435	303,020	318,331	5.1%
Landed Weight (In Millions of lbs.)				
Cargo	2,146	2,031	1,978	-2.6%
All other	17,520	19,696	24,121	22.5%
Total	19,666	21,727	26,099	20.1%
Cargo - Metric Tons				
Domestic freight	268,816	253,744	222,196	-12.4%
International & Mail freight	98,108	93,538	86,569	-7.5%
Total	366,924	347,282	308,765	-11.1%

*Mail weight for 2021 forward is incorporated in freight

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

Key Performance Measures

	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Forecast	Approved Budget	\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	15.93	16.09	18.18	19.29	1.11	5.7%	2.09	13.0%
Non-Aeronautical NOI (in 000's) ¹	93,175	30,256	175,103	150,386	24,716	16.4%	144,846	478.7%
Other Performance Metrics								
O&M Cost per Enplanement	16.28	3.86	18.08	18.84	0.76	4.0%	14.22	368.6%
Non-Aero Revenue per Enplanement	10.17	2.36	12.63	12.11	0.51	4.2%	10.27	434.7%
Debt per Enplanement (in \$)	198	-	148	154	6	4.0%	148	0.0%
Debt Service Coverage	1.69	2.64	1.96	1.87	0.09	4.8%	(0.68)	-25.8%
Days cash on hand (10 months = 304 days)	423	0	461	457	5	1.1%	461	0.0%
Aeronautical Revenue Sharing (\$ in 000's)	-	-	-	-	-	0.0%	-	0.0%
Activity (in 000's)								
Enplanements	18,073	22,966	25,470	24,444	1,026	4.2%	2,504	10.9%
Total Passengers	36,154	45,964	50,940	48,887	2,053	4.2%	4,976	10.8%

Key Performance Metrics

2023 Forecast vs. 2023 Budget

- Cost per Enplanement (CPE):
 - CPE is forecasted to be (\$1.11 or 5.7%) lower than budget.
 - Non-Aero NOI is (\$24.7M or 16.4%) favorable due to Landside revenues continuing to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers.

2023 Forecast vs. 2022 Actuals

- CPE is \$2.09 higher compared to prior year due to Increases due to higher divisional allocations, changes in ERL & Capital to Expense adjustments, IAF Smarte Carte, IAF CBP Expenses, and rebalancing of VIP Hospitality focus areas.
- Non-Aero NOI is \$144.9M higher than prior year due to projection of improved revenues compared to prior year across the Non-Aeronautical businesses.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

C. OPERATING RESULTS

Division Summary – YTD Actuals

Total Airport Expense Summary (\$ in 000's)	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Expenses								
Payroll	116,344	123,589	142,534	141,319	(1,214)	-0.9%	18,944	15.3%
Outside Services	42,255	50,041	61,610	80,993	19,383	23.9%	11,569	23.1%
Utilities	15,832	17,553	17,948	17,537	(411)	-2.3%	395	2.2%
Other Expenses	50	8,784	10,893	3,956	(6,937)	-175.3%	2,110	24.0%
Total Airport Direct Charges	174,481	199,968	232,985	243,806	10,821	4.4%	33,017	16.5%
Environmental Remediation Liability	801	(2,312)	6,377	2,680	(3,697)	-138.0%	8,689	-375.8%
Capital to Expense	319	46	359	-	(359)		313	676.2%
Total Exceptions	1,120	(2,266)	6,737	2,680	(4,057)	-151.4%	9,002	-397.3%
Airport Expenses	175,601	197,702	239,722	246,486	6,765	2.7%	42,019	21.3%
Corporate	51,642	57,550	68,136	68,749	613	0.9%	10,585	18.4%
Police	17,336	17,731	22,662	23,011	348	1.5%	4,931	27.8%
Maritime/Economic Development/Other	2,064	2,421	3,730	4,051	321	7.9%	1,309	54.1%
Total Charges from Other Divisions	71,042	77,703	94,528	95,811	1,282	1.3%	16,826	21.7%
Total Operating Expenses	246,642	275,405	334,250	342,297	8,047	2.4%	58,845	21.4%

Expenses – 2023 YTD Actuals vs. 2023 YTD Budget

- Operating Expenses were (\$8M or 2.4%) underspent to Budget driven primarily by the underspend in Charges from other Divisions of \$1.3M, and in Outside Services of \$19.4M - driven by \$10M in savings from the Capital Development Program – driven by Airline Realignment costs has been classified as capital instead of expense, \$2M in savings from Maintenance custodial contracts and other saving due to project delays across various business orgs.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

Division Summary – YE Forecast

Total Airport Expense Summary (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Operating Expenses								
Payroll	157,207	168,389	191,843	189,477	(2,366)	-1.2%	23,455	13.9%
Outside Services	62,382	75,700	93,081	109,249	16,168	14.8%	17,380	23.0%
Utilities	20,175	22,880	22,693	22,321	(373)	-1.7%	(186)	-0.8%
Other Expenses	1,519	15,141	12,025	4,296	(7,729)	-179.9%	(3,116)	-20.6%
Total Airport Direct Charges	241,284	282,110	319,642	325,342	5,700	1.8%	37,532	13.3%
Environmental Remediation Liability	1,583	(1,274)	11,027	7,120	(3,907)	-54.9%	12,302	-965.2%
Capital to Expense	1,254	2,356	470	-	(470)		(1,886)	-80.0%
Total Exceptions	2,837	1,081	11,497	7,120	(4,377)	-61.5%	10,416	963.3%
Total Airport Expenses	244,121	283,191	331,140	332,462	1,322	0.4%	47,948	16.9%
Corporate	71,550	80,452	93,191	92,679	(513)	-0.6%	12,739	15.8%
Police	23,473	27,660	31,041	30,264	(777)	-2.6%	3,381	12.2%
Maritime/Economic Development/Other	2,536	3,687	5,139	5,131	(8)	-0.2%	1,453	39.4%
Total Charges from Other Divisions	97,558	111,799	129,372	128,074	(1,298)	-1.0%	17,573	15.7%
Total Operating Expenses	294,217	382,704	460,511	460,535	24	0.0%	77,808	20.3%

Operating Expenses – 2023 YE Forecast compared to 2023 YE Budget

- Total Operating Expenses is forecasted to be aligned with Budget with an underspend of only \$24K driven by a combination of savings and overspends; large under-spends in Outside Services are offset by over-runs in payroll – savings from vacancies are offset by increased overtime in Fire and Maintenance. Non-Payroll overruns are driven by increased forecasted charges from Central Services and ERL. Vacancies in the capital programs contributed to less charges to capital.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

Aeronautical Business Unit Summary – YTD Actuals

Aeronautical NOI (\$ in 000's)	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Base Revenues								
Airfield Movement Area	63,808	81,929	110,726	107,185	3,541	3.3%	28,797	35.1%
Airfield Apron Area	13,028	12,714	22,808	21,817	991	4.5%	10,094	79.4%
Terminal Rents	122,406	159,848	198,944	203,275	(4,331)	-2.1%	39,097	24.5%
Federal Inspection Services (FIS)	7,928	19,144	32,985	34,957	(1,972)	-5.6%	13,841	72.3%
Total Rate Base Revenues	207,170	273,635	365,463	367,235	(1,771)	-0.5%	91,829	33.6%
Airfield Commercial Area	12,208	12,583	13,464	12,495	968	7.7%	881	7.0%
Subtotal before Revenue Sharing	219,378	286,217	378,927	379,730	(803)	-0.2%	92,710	32.4%
Revenue Sharing	-	-	-	-	-	-	-	-
Total Aeronautical Revenues	219,378	286,217	378,927	379,730	(803)	-0.2%	92,710	32.4%
Total Aeronautical Expenses	168,909	187,128	234,388	237,663	3,275	1.4%	47,260	25.3%
Aeronautical NOI	50,469	99,090	144,540	142,067	2,473	1.7%	45,450	45.9%

Aeronautical – 2023 YTD Actuals vs. 2023 YTD Budget

- Net Operating Income was (\$2.5M or 1.7%) favorable to budget driven by lower operating expenses in Outside Services and Charges from Other Divisions.

Aeronautical – 2023 YTD Actuals vs. 2022 YTD Actuals

- Net Operating Income was (\$45.5M or 45.9%) higher than 2022 Q3 because aeronautical revenues in 2022 were based on increased passenger activity compared to the same last year when it was only the second year of recovery where activity levels were still relatively lower.

Aeronautical Business Unit Summary - YE Forecast

Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	88,061	118,240	146,769	141,938	4,831	3.4%	28,529	24.1%
Airfield Apron Area	22,016	17,211	26,696	29,330	(2,634)	-9.0%	9,485	55.1%
Terminal Rents	205,283	220,399	260,926	270,513	(9,587)	-3.5%	40,527	18.4%
Federal Inspection Services (FIS)	10,978	29,347	42,581	46,317	(3,736)	-8.1%	13,233	45.1%
Total Rate Base Revenues	326,339	385,197	476,972	488,098	(11,126)	-2.3%	91,774	23.8%
Airfield Commercial Area	16,702	17,343	17,945	16,850	1,095	6.5%	602	3.5%
Subtotal before Revenue Sharing	343,041	402,541	494,916	504,948	(10,032)	-2.0%	92,376	22.9%
Revenue Sharing	-	-	-	-	-	-	-	-
Total Aeronautical Revenues	343,041	402,541	494,916	504,948	(10,032)	-2.0%	92,376	22.9%
Total Aeronautical Expenses	203,573	261,574	320,610	320,649	39	0.0%	59,036	22.6%
Aeronautical NOI	139,468	140,967	174,306	184,300	(9,993)	-5.4%	33,340	23.7%

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

Airline Rate Base Cost Drivers

\$ in 000's	2023 Budget	2023 Forecast	Impact on Aero Revenues Budget vs Budget	
			\$	%
O&M ⁽¹⁾	310,618	315,836	5,218	1.7%
Debt Service Before Offsets	234,463	225,839	(8,623)	-3.7%
Debt Service PFC Offset	(89,720)	(85,506)	4,213	-4.7%
Federal Relief Grants Debt Service	-	(5,857)	(5,857)	0.0%
Net Debt Service	144,743	134,476	(10,267)	-7.1%
Amortization	35,561	35,289	(272)	-0.8%
Space Vacancy	(2,066)	(1,401)	665	-32.2%
TSA Operating Grant and Other	(758)	(3,993)	(3,235)	426.6%
Rate Base Revenues	488,098	480,206	(7,892)	-2%
Commercial area	16,850	17,945	1,095	6%
Total Aero Revenues	504,948	498,151	(6,797)	-1%

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

2023 Forecast to 2023 Budget

- O&M – \$5.2M higher due primarily to increase in Aero allocated O&M, Gates, Airfield Movement Area and Terminal, partially offset by savings in FIS and Airline Realignment (changed from expense to capital).

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

Non-Aero Business Unit Summary – YTD Actuals

Non-Aeronautical NOI (\$ in 000's)	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
	Non-Aeronautical Revenues							
Public Parking	45,034	64,775	81,649	71,747	9,902	13.8%	16,874	26.1%
Rental Cars	26,998	38,906	49,945	43,695	6,250	14.3%	11,039	28.4%
Ground Transportation	8,171	15,406	18,781	18,150	631	3.5%	3,376	21.9%
Airport Dining & Retail	29,082	39,880	46,968	47,510	(541)	-1.1%	7,088	17.8%
Other	28,231	38,039	46,293	42,494	3,800	8.9%	8,254	21.7%
Total Non-Aeronautical Revenues	137,516	197,006	243,637	223,596	20,041	9.0%	46,631	23.7%
Total Non-Aeronautical Expenses	49,108	88,277	99,862	104,634	4,772	4.6%	11,585	13.1%
Non-Aeronautical NOI	88,408	108,728	143,774	118,962	24,813	20.9%	35,046	32.2%

Non-Aeronautical – 2023 YTD Actuals vs. 2023 YTD Budget

- Net Operating Income is (\$24.8M or 20.9%) favorable to budget driven by:
 - Parking revenue YTD reflects strong performance due to higher tariff rates than prior year. Most recent Parking rate increase was implemented in April 2022.
 - Rental Car strong revenue performance reflects higher rental rates due to continued shortage in rental vehicle availability.

Non-Aeronautical – 2023 YTD Actuals vs. 2022 YTD Actuals

- Net Operating Income was (\$35M or 32.2%) higher than 2022 driven by:
 - Increasing passenger levels and activity when compared to Q2 2022 when it was still early in the second year of recovery from the pandemic.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

Non-Aero Business Unit Summary - YE Forecast

Non-Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	64,104	88,899	109,149	96,768	12,381	12.8%	20,250	22.8%
Rental Cars	34,740	56,473	62,194	53,830	8,364	15.5%	5,721	10.1%
Ground Transportation	11,947	20,804	24,850	24,324	526	2.2%	4,045	19.4%
Airport Dining & Retail	35,565	36,581	64,547	64,270	277	0.4%	27,966	76.4%
Other	37,463	53,856	60,874	56,910	3,963	7.0%	7,018	13.0%
Total Non-Aeronautical Revenues	183,819	256,613	321,614	296,102	25,511	8.6%	65,001	25.3%
Total Non-Aeronautical Expenses	90,644	121,130	139,901	139,887	(15)	0.0%	18,772	15.5%
Non-Aeronautical NOI¹	93,175	135,483	181,712	156,216	25,497	16.3%	46,229	34.1%
Less: CFC Surplus	(6,834)	-	(6,603)	(5,829)	(774)	13.3%	(6,603)	
Adjusted Non-Aeronautical NOI	86,341	135,483	175,109	150,386	24,723	16.4%	39,626	29.2%
Debt Service	(33,065)	(27,096)	(39,997)	(34,094)	(5,903)	17.3%	(12,901)	47.6%
Net Cash Flow	53,276	108,387	135,112	116,293	18,819	16.2%	26,725	24.7%

(1) Includes Federal Relief for Concessions

Non-Aeronautical – 2023 Forecast vs. 2022 Budget

- Non-Aeronautical net operating income (before reduction of CFC Surplus) is forecasted to be (\$25.5M or 16.3%) favorable primarily in the Landside business areas, particularly in Parking with strong performance due to higher tariff rates than prior year. Rental Car strong revenue performance reflects higher rental rates due to continued shortage in rental vehicle availability.

Non-Aeronautical – 2023 Forecast vs. 2022 Actuals

- Non-Aeronautical net operating income (before reduction of CFC Surplus) is forecasted to be (\$46.2M or 34.1%) higher compared to prior year due to passenger levels improving with a forecast of being only down 3.4% compared to 2019.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

D. CAPITAL RESULTS

Capital Variance

\$ in 000's	2023	2023	2023	2023	Bud vs. Fcst	
	YTD Actual	Year-End Forecast	Budget	POF	\$	%
C concourse Expansion ⁽¹⁾	24,737	38,631	49,625	31,996	10,994	22.2%
Checked Bag Recap/Optimization ⁽²⁾	68,905	92,550	102,855	131,600	10,305	10.0%
MT Low Voltage Sys Upgrade ⁽³⁾	9,272	14,772	24,000	24,425	9,228	38.5%
SEA Gateway ⁽⁴⁾	36,985	62,495	53,747	152,567	(8,748)	-16.3%
International Arrivals Fac-IAF ⁽⁵⁾	2,354	3,156	10,700	11,479	7,544	70.5%
Concourse A Building Expansion ⁽⁶⁾	17,653	25,803	32,455	46,110	6,652	20.5%
Fire Dept Apparatus Replace ⁽⁷⁾	-	-	5,000	2,500	5,000	100.0%
Telecommunication Meet Me Room ⁽⁸⁾	1,182	2,302	6,902	7,045	4,600	66.6%
Surface Area Management ⁽⁹⁾	763	1,147	5,565	6,890	4,418	79.4%
Art Pool ⁽¹⁰⁾	376	1,126	5,250	5,250	4,124	78.6%
Airfield Utility Improvements ⁽¹¹⁾	430	756	4,209	7,131	3,452	82.0%
All Other	135,705	210,810	263,123	357,643	52,314	19.9%
Subtotal	298,362	453,549	563,432	784,636	109,883	19.5%
CIP Cashflow Mgmt Reserve	-	(17,741)	(77,860)	(120,759)	(60,119)	77.2%
Total Spending	298,362	435,807	485,572	663,877	49,764	10.2%

- Cash flow has been updated to reflect GCCM design and construction phasing sequencing.
- SSAT work has been delayed. Delays resulted in lower spending.
- Electrical Equipment manufacturing delays, resulting in Contractor payment delays; Contractor not able to perform work in the Central Power Center and adjacent spaces due to the delay in Lumen scope.
- Alaska has caught up on invoice review/submission. Result is multiple invoices will be paid in 2023 that were assumed for 2024, therefore NMTRP is projected to overspend in 2023.
- Contractor isn't billing. Still reconciling contract. No additional payments to the design builder and writing deductive change orders.
- Negotiation delays. And TRA submittals are less than anticipation.
- Fire apparatus procurement has been pushed out to future year. Other options are being reviewed.
- Bldg. Delivery and invoice delayed ~7Mo. Due to supply chain issue, construction started late. Fiber adv and construction delayed along with building as well.
- Design changes and delays along with change to construction method have contributed to reduced spending in 2023 and increased cost forecast for 2024.
- Delays in contract execution with artists.
- Scope & budget have been transferred to C800930. 2023 AIP and AUI (C800930/C801177) were combined in July '23 due to construction scope similarity. Variance for combined CIPs is \$190k.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

III. MARITIME DIVISION

FINANCIAL SUMMARY (Excludes Pension Adjustments)

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	48,738	71,365	80,745	75,875	4,870	6%	9,381	13%
Total Operating Expenses	47,784	59,556	65,565	66,121	556	1%	6,009	10%
Net Operating Income	954	11,808	15,181	9,755	5,426	56%	3,372	29%
<i>NOI Including Pension Adj</i>	<i>7,616</i>	<i>14,375</i>	<i>15,181</i>	<i>9,755</i>	<i>5,426</i>	<i>56%</i>	<i>806</i>	<i>6%</i>
Capital Expenditures	18,923	21,949	25,617	32,313	6,696	21%	3,668	17%

2023 Forecast vs. 2023 Budget

- Operating Revenues are forecasted \$4.9M higher than budget:
 - Grain \$2.0M lower from reduction in volumes. Cruise \$6M and Marinas \$0.5M higher from increased occupancy.
- Operating Expenses forecasted \$0.6M lower than budget from payroll savings and some project deferrals.
- Net Operating Income Planned \$2.8M favorable to budget.
- Capital Spending forecasted at 79% of \$32.3M budget.

2023 Forecast vs. 2022 Actuals

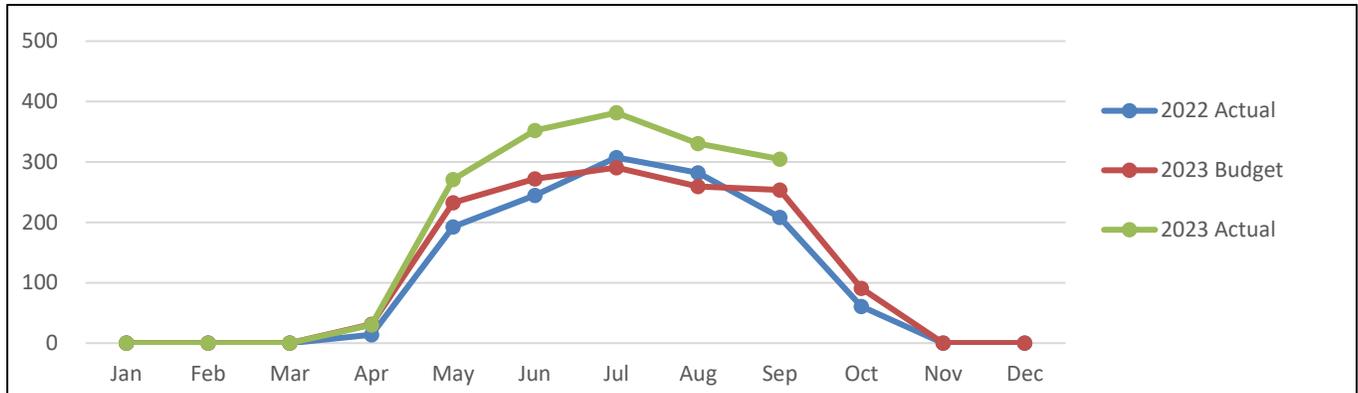
- Operating Revenues expected \$9.4M higher than 2022 with higher Cruise occupancy & rates offset by lower grain volumes.
- Operating Expenses forecasted \$6M higher than 2022 actual driven primarily by increased represented and non-represented wage rates.
- Net Operating Income forecasted \$3.4M higher than 2022 actual.

Net Operating Income before Depreciation by Business

	2022 YTD	2023 YTD	2023 YTD	Actual vs. Budget		Change from 2022	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Ship Canal Fishing & Operations	(2,262)	(2,434)	(3,280)	846	26%	(173)	-8%
Elliott Bay Fishing & Commercial Operations	(1,177)	(1,261)	(2,084)	823	39%	(84)	NA
Recreational Boating	322	68	363	(295)	-81%	(254)	-79%
Cruise	20,217	28,146	20,722	7,424	36%	7,929	39%
Grain	2,945	1,015	2,336	(1,321)	-57%	(1,930)	-66%
Maritime Portfolio	(2,695)	(2,669)	(3,966)	1,297	33%	27	1%
All Other	(341)	(737)	118	(855)	-727%	(396)	-116%
Total Maritime	17,010	22,128	14,208	7,920	-56%	5,118	30%

A. KEY PERFORMANCE METRICS

Cruise Passengers in 000's



III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

B. OPERATING RESULTS

	2021 YTD	2022 YTD	2023 YTD		Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Ship Canal Fishing & Operations	3,186	3,394	3,779	3,457	322	9%	386	11%
Elliott Bay Fishing & Commercial Operation	3,427	3,751	4,163	3,865	298	8%	411	11%
Recreational Boating	9,639	10,549	11,700	11,718	(18)	0%	1,152	11%
Cruise	5,660	30,181	39,950	33,052	6,898	21%	9,769	32%
Grain	4,235	3,987	2,628	3,740	(1,112)	-30%	(1,359)	-34%
Maritime Portfolio Management	7,689	7,945	7,717	7,358	359	5%	(227)	-3%
Other	2	8	9	18	(9)	NA	1	13%
Total Revenue	33,836	59,814	69,947	63,209	6,738	11%	10,132	17%
Expenses								
Maritime (Excl. Maint)	10,259	13,700	13,514	13,683	170	1%	(186)	-1%
Economic Development	3,067	4,141	3,828	4,551	724	16%	(313)	-8%
Total Direct	13,326	17,841	17,341	18,235	894	5%	(500)	-3%
Maintenance Expenses	7,958	9,575	11,254	10,566	(688)	-7%	1,680	18%
Envir Services & Planning	1,053	1,510	2,195	2,471	276	11%	685	45%
Seaport Finance & Cost Recovery	747	724	962	1,004	42	4%	238	33%
Seaport Project Management	279	662	1,231	1,874	643	34%	569	86%
Total Support Services	10,037	12,470	15,642	15,915	273	2%	3,171	25%
IT	1,997	2,320	2,745	2,781	36	1%	425	18%
Police Expenses	2,260	2,387	3,542	3,645	103	3%	1,154	48%
External Relations	891	1,124	1,243	1,557	314	20%	120	11%
Other Central Services	5,137	6,385	7,064	6,600	(464)	-7%	678	11%
Aviation Division / Other	246	277	242	267	25	9%	(35)	-13%
Total Central Services / Other	10,531	12,493	14,836	14,851	15	0%	2,343	19%
Total Expense	33,893	42,805	47,819	49,000	1,181	2%	5,014	12%
NOI Before Depreciation	(57)	17,010	22,128	14,208	7,920	56%	5,118	30%
Depreciation	13,281	13,403	13,639	12,638	(1,001)	-8%	236	2%
NOI After Depreciation	(13,338)	3,607	8,489	1,570	6,919	441%	4,882	135%

2023 YTD Actuals vs. 2023 YTD Budget

- Operating Revenues were \$6,738K higher than budget driven by:
 - Ship Canal favorable \$322K from higher occupancy related to the cancellation of Alaskan Crab Season.
 - Elliott Bay Fishing higher by \$298K due to favorable moorage.
 - Recreational Boating \$18K unfavorable.
 - Cruise \$6,898K higher from increased occupancy.
 - Grain \$1,112K unfavorable from lower volumes flowing to China.
 - Maritime Portfolio Management \$359K higher from new tenants at the Maritime Industrial Center.
- Operating Expenses were \$1,181 lower than budget:
 - Direct Expenses were \$894K lower than budget
 - Elliot Bay Fishing and Commercial \$124K lower from utility accrual.
 - Cruise \$169K under from timing of outside services & equipment.
 - Maritime Security is \$338K lower than budget from staff shortages at T91.
 - Maritime Marketing \$231K below budget due to timing and unspent Sea-trade booth.
 - Maritime Portfolio Management \$713K below budget due to timing of tenant improvements.
 - Division Administration is under budget by \$356K from open FTEs and timing of travel.
 - Divisional contingency open headcount vacancy factor created a \$973K unfavorable variance.
 - All other Direct Expenses net to \$64K over budget.
 - Total Support Services were \$273K lower than budget due to significant open FTEs in both Maintenance and Environmental, savings from project deferrals, offset by a lower capital charge rate.
 - Total Central Services / Other were \$15K favorable to budget.
- Net Operating Income was \$7.9M favorable to budget.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

2023 YTD Actuals vs. 2022YTD Actuals

- Operating Revenues were \$10.1M higher than 2022 due large increase in Cruise occupancy and increased rates at marinas, offset by to lower Grain volumes & a change in Cruise P66 lease from expense to contra revenue.
- Operating Expenses were \$5M higher than 2022 actual driven primarily by payroll increases and offset by \$1.2M capital to expense in 2022 for Gateway Building in Fishermen’s Terminal.
- Net Operating Income was \$5.1M higher than 2022 actual.

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Forecast	Budget	Variance		\$	%
\$ in 000's					\$	%	\$	%
Ship Canal Fishing & Operations	4,240	4,592	4,855	4,555	300	7%	263	6%
Elliott Bay Fishing & Commercial Operation	5,618	5,975	5,453	5,253	200	4%	(521)	-9%
Recreational Boating	12,851	13,978	15,591	15,591	0	0%	1,613	12%
Cruise	9,517	30,469	40,445	34,445	6,000	17%	9,977	33%
Grain	6,112	5,792	3,814	5,814	(2,000)	-34%	(1,978)	-34%
Maritime Portfolio Management	10,392	10,550	10,562	10,192	370	4%	12	0%
Other	7	10	24	24	0	NA	14	152%
<i>Pension Revenue Adjustment</i>	<i>(408)</i>	<i>170</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>NA</i>	<i>(170)</i>	<i>NA</i>
Total Revenue	48,331	71,534	80,745	75,875	4,870	6%	9,211	13%
Expenses								
Maritime (Excl. Maint)	13,951	17,706	18,200	18,200	0	0%	494	3%
Economic Development	4,559	5,710	5,866	6,366	500	8%	156	3%
Total Direct	18,510	23,416	24,066	24,566	500	2%	650	3%
Maintenance Expenses	11,326	13,213	14,737	14,087	(650)	-5%	1,524	12%
Envir Services & Planning	2,018	3,120	3,703	3,853	150	4%	583	19%
Seaport Finance & Cost Recovery	1,163	1,087	1,342	1,342	0	0%	256	24%
Seaport Project Management	342	1,007	1,939	2,489	550	22%	933	93%
Total Support Services	14,849	18,426	21,721	21,771	50	0%	3,295	18%
IT	2,695	3,223	3,703	3,725	22	1%	480	15%
Police Expenses	3,064	3,662	4,905	4,781	(124)	-3%	1,244	34%
External Relations	1,222	1,552	1,642	2,045	403	20%	90	6%
Other Central Services	7,109	8,908	9,164	8,869	(295)	-3%	255	3%
Aviation Division / Other	336	368	363	363	0	0%	(6)	-2%
Total Central Services / Other	14,426	17,714	19,777	19,783	6	0%	2,063	12%
Total Expense before Pension Adjustment	47,784	59,556	65,565	66,121	556	1%	6,009	10%
<i>Pension Expense Adjustment</i>	<i>(7,070)</i>	<i>(2,396)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>NA</i>	<i>2,396</i>	<i>100%</i>
Total Expense	40,714	57,160	65,565	66,121	556	1%	8,405	15%
<i>NOI excluding Pension Adjustments</i>	<i>954</i>	<i>11,808</i>	<i>15,181</i>	<i>9,755</i>	<i>5,426</i>	<i>56%</i>	<i>3,372</i>	<i>29%</i>
NOI Before Depreciation	7,616	14,375	15,181	9,755	5,426	56%	806	6%
Depreciation	17,718	17,980	17,456	17,456	0	0%	(525)	-3%
NOI After Depreciation	(10,101)	(3,606)	(2,275)	(7,701)	5,426	70%	1,330	37%

2023 Forecast vs. 2023 Budget

- Operating Revenues are forecasted \$4.9M higher than budget:
 - Cruise \$6M above from higher occupancy than planned.
 - Grain \$2.0M below from lower in volumes and lower rates based on tiered pricing agreement.
 - Fishing, Commercial, and Boating Marinas are \$500K higher from added moorage at T91 and from closure of Alaskan Crabbing season at Fishermen’s Terminal.
- Operating Expenses forecasted \$556K favorable to budget from payroll savings and some project deferrals.
- Net Operating Income Planned \$5.4M favorable to budget.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

2023 Forecast vs. 2022 Actuals (Excludes Pension Adjustment)

- Operating Revenues expected \$9.2M higher than 2022 with higher Cruise occupancy & rates offset by lower grain volumes.
- Operating Expenses forecasted \$8.4M higher than 2022 actual driven primarily by increased represented and non-represented wage rates.
- Net Operating Income forecasted \$0.8M higher than 2022 actual.

C. CAPITAL RESULTS

	2023 YTD Actual	2023 Year- End Forecast	2023 Budget	2023 POF	Budget vs Forecast	
					\$	%
\$ in 000's						
P66 Shore Power	4,749	10,782	8,817	15,390	(1,965)	-22%
P66 Fender Overhaul	86	1,580	3,227	3,939	1,647	51%
MD Reserve	0	2,000	2,000	2,000	0	0%
Maritime Video Camera Pro	153	253	1,800	1,800	1,547	86%
T117 Restoration	449	2,759	1,263	30	(1,496)	-118%
T91 Berth 6 & 8 Redev	633	840	1,193	734	353	30%
FT Maritime Innovation Center	463	1,287	1,103	3,297	(184)	-17%
Cruise Upgrades COVID19	0	0	1,000	0	1,000	100%
MD Fleet	1,138	2,785	6,555	4,790	3,770	58%
MD Small Projects	695	1,370	3,368	1,443	1,998	59%
All Other Project	1,562	4,309	8,983	20,668	4,674	52%
Subtotal	9,928	27,965	39,309	54,091	11,344	29%
CIP Cashflow Mgmt Reserve	0	(2,348)	(6,996)	(13,286)	(4,648)	66.4%
Total Maritime	9,928	25,617	32,313	40,805	6,696	20.7%

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

Comments on Key Projects with Significant Variances

- **P66 Fender Overhaul** – Waiting on completion of NTP for construction to begin.
- **MD Video Camera** – Design delayed to 2024 to continue investigation of Port's camera ecosystem to determine best path forward
- **P90E Timber Pile Caps (All other projects)** – Construction delayed to 2024/2025 due to delay in Pile Programmatic permitting process.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	9,294	17,734	18,951	22,201	(3,250)	-15%	1,217	7%
Total Operating Expenses	20,560	24,200	26,900	30,149	3,249	11%	2,700	11%
Net Operating Income	(11,266)	(6,466)	(7,949)	(7,948)	(1)	0%	(1,483)	23%
<i>NOI Including Pension Adj</i>	<i>(8,870)</i>	<i>(5,771)</i>	<i>(7,949)</i>	<i>(7,948)</i>	<i>3,248</i>	<i>41%</i>	<i>(2,178)</i>	<i>38%</i>
Capital Expenditures	9,314	4,311	7,001	8,086	1,085	13%	2,690	62%

2023 Forecast vs. 2023 Budget

- Operating Revenues forecasted to \$3.3M unfavorable to budget due to lower volumes at the Conference & Event Center.
- Operating Expenses \$3.2M below budget due to variable cost impact of lower Conference Center volumes, delayed hiring, and timing of tourism & grant spending.
- Net Operating Income forecasted at budget.
- Capital Spending forecasted at 87% of \$8.1M budget.

2023 Forecast vs. 2022 Actuals

- Operating Revenues forecasted \$1.2M higher than 2022 with increases in Conference & Event Center along with increased concession revenue at the Bell Street garage.
- Operating Expenses \$2.7M higher than 2022 due to payroll increases and Conference & Event Center volumes and change in the EDD Grants from 1yr to 2yr cycle.
- Net Operating Income forecasted \$1.5M lower than 2022 actual.

Net Operating Income before Depreciation by Business

	2021 YTD	2022 YTD	2022 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2022	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Portfolio Management	(2,720)	(934)	(1,823)	888	49%	1,786	66%
Conference & Event Centers	(1,401)	(2,867)	(1,672)	(1,195)	-71%	(1,466)	-105%
Tourism	(541)	(741)	(1,207)	466	39%	(200)	-37%
EDD Grants	(2)	(301)	(500)	199	40%	(298)	14166%
Env Grants/Remed Liab/ERC	(850)	(59)	108	(167)	-154%	791	93%
Total Econ Dev	(5,515)	(4,902)	(5,093)	192	4%	613	11%

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

A. OPERATING RESULTS

	2021 YTD	2022 YTD	2023 YTD	2023 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Actual vs. Budget Variance		Change from 2022	
\$ in 000's					\$	%	\$	%
Revenue	5,597	6,535	7,597	7,390	207	3%	1,062	16%
Conf & Event Centers	1,252	4,681	4,916	8,465	(3,549)	-42%	235	5%
Total Revenue	6,849	11,216	12,513	15,855	(3,342)	-21%	1,297	12%
Expenses								
Portfolio Management	2,408	2,879	2,406	2,692	285	11%	(472)	-16%
Conf & Event Centers	2,246	4,000	5,058	7,508	2,450	33%	1,058	26%
P69 Facilities Expenses	135	142	152	164	12	8%	10	7%
RE Dev & Planning	133	196	226	217	(9)	-4%	29	15%
EconDev Expenses Other	465	675	865	481	(384)	-80%	189	28%
Maintenance Expenses	2,784	2,712	2,518	2,477	(41)	-2%	(194)	-7%
Maritime Expenses (Excl Maint)	721	868	977	1,333	356	27%	108	12%
Total EDD & Maritime Expenses	8,893	11,472	12,201	14,871	2,670	18%	729	6%
Diversity in Contracting	69	87	125	203	78	38%	38	44%
Tourism	652	1,343	733	1,373	640	47%	(610)	-45%
EDD Grants	109	2	301	450	149	33%	298	14166%
Total EDD Initiatives	830	1,432	1,159	2,026	868	43%	(273)	-19%
Environmental & Sustainability	16	16	34	57	23	40%	19	120%
Police Expenses	151	156	191	197	6	3%	35	22%
Other Central Services	3,204	3,545	3,722	3,701	(21)	-1%	177	5%
Aviation Division	133	110	109	97	(11)	-12%	(1)	-1%
Total Central Services & Aviation	3,505	3,827	4,055	4,051	(4)	0%	229	6%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	13,228	16,731	17,415	20,948	3,534	17%	684	4%
NOI Before Depreciation	(6,379)	(5,515)	(4,902)	(5,093)	192	4%	613	11%
Depreciation	2,879	2,932	3,092	2,874	(219)	-8%	160	5%
NOI After Depreciation	(9,258)	(8,447)	(7,994)	(7,967)	(27)	0%	453	5%

2023 YTD Actuals vs. 2023 YTD Budget

- Operating Revenues were \$3,342K unfavorable to budget due primarily to unexpected cancellations at the Conference and Event Center, partially offset by favorable concession revenue at Bell Street Garage.
- Operating Expenses were \$3,534K below budget:
 - Portfolio Management \$285K lower from bad debt recovery.
 - Conference and Event Center \$2,450K lower from lower activity.
 - Economic Dev. Other over budget \$384K from \$225K Maritime Blue budgeted in EDD grants and the headcount vacancy factor.
 - Maritime \$356K lower from project deferrals.
 - EDD Initiatives \$868K below budget due to timing of Tourism and EDD Grant spending along with \$225K budgeted in EDD Grants but booked in Economic Dev. Other
 - All other expenses net to \$41K under budget.
- Net Operating Income was \$192K favorable to budget.

2023 YTD Actuals vs. 2022 YTD Actuals

- Operating Revenues were \$1,297K higher than 2022 actual from increased conferences, parking revenues, and leases.
- Operating Expenses were \$684K higher than 2022 actual:
 - Portfolio management lower \$472K from bad debt booked in 2022 and recovered in 2023.
 - Conference and Event Centers \$1,058K higher than 2022 due to variable costs associated with higher Conference and Event Center volumes.
 - Tourism \$610K lower than 2022 due to prior year payment for Washington Tourism Alliance program.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

- EDD Grants up \$298K from second year of two-year cycle change.
- Econ Division other up \$189K from increased vacancy factor and payroll increases.
- Central services up \$229K from increased payroll
- All other Expenses net to \$8K higher than 2022.
- Net Operating Income was \$613K higher than 2022 actual.

\$ in 000's	2021	2022	2023	2023	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Revenue	7,384	8,886	9,972	9,722	250	3%	1,087	12%
Conf & Event Centers	1,910	8,848	8,979	12,479	(3,500)	-28%	130	1%
Total Revenue	9,294	17,734	18,951	22,201	(3,250)	-15%	1,217	7%
Expenses								
Portfolio Management	3,737	3,653	3,620	3,905	285	7%	(33)	-1%
Conf & Event Centers	3,124	6,563	8,074	10,769	2,695	25%	1,512	23%
P69 Facilities Expenses	268	230	221	221	0	0%	(10)	-4%
RE Dev & Planning	231	299	294	294	0	0%	(5)	-2%
EconDev Expenses Other	736	1,058	900	900	0	0%	(158)	-15%
Maintenance Expenses	3,769	3,836	3,253	3,303	50	2%	(583)	-15%
Maritime Expenses (Excl Maint)	862	1,263	1,736	1,811	75	4%	472	37%
Total EDD & Maritime Expenses	12,727	16,902	18,098	21,203	3,105	15%	1,196	7%
Diversity in Contracting	253	186	250	250	0	0%	64	34%
Tourism	1,877	1,737	1,730	1,830	100	5%	(7)	0%
EDD Grants	889	105	1,450	1,450	0	0%	1,345	1287%
Total EDD Initiatives	3,019	2,028	3,430	3,530	100	3%	1,402	69%
Environmental & Sustainability	24	35	60	83	23	28%	25	72%
Police Expenses	205	240	265	258	(7)	-3%	25	10%
Other Central Services	4,408	4,848	4,910	4,938	28	1%	61	1%
Aviation Division	177	147	138	138	0	0%	(9)	-6%
Total Central Services & Aviation	4,814	5,270	5,373	5,417	44	1%	103	2%
				0				
Total Expense before Pension Adjustment	20,560	24,200	26,900	30,149	3,249	11%	2,700	11%
Pension Expense Adjustment	(2,396)	(695)	0	0	0	NA	695	100%
Total Expense	18,164	23,505	26,900	30,149	3,249	11%	3,395	14%
NOI Before Depreciation	(8,870)	(5,771)	(7,949)	(7,948)	(1)	0%	(2,178)	-38%
Depreciation	3,841	3,954	3,741	3,741	0	0%	(213)	-5%
NOI After Depreciation	(12,711)	(9,725)	(11,690)	(11,689)	(1)	0%	(1,965)	-20%

2023 Forecast vs. 2023 Budget

- Operating Revenues forecasted to \$3.3M unfavorable to budget due to lower volumes at the Conference & Event Center offset by improving performance at Bell St. Garage.
- Operating Expenses \$3.2M lower than budget due to variable cost impact of lower Conference Center volumes (\$2.7M), delayed hiring, and timing of tenant improvements.
- Net Operating Income forecasted at budget.

2023 Forecast vs. 2022 Actuals (Excludes Pension Adjustments)

- Operating Revenues forecasted \$1.2M higher than 2022 with increases in Conference & Event Center along with increased concession revenue at the Bell Street garage.
- Operating Expenses \$3.4M higher than 2022 due to payroll increases, Conference & Event Center volumes and change in the EDD Grants from 1yr to 2yr cycle.
- Net Operating Income forecasted \$2.2M lower than 2022 actual excluding pension adjustments.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

B. CAPITAL RESULTS

	2023 YTD Actual	2023 YE Forecast	2023 Budget	2023 POF	Budget vs Forecast	
					\$	%
\$ in 000's						
T91 Uplands Dev Phase I	751	2,037	2,204	1,682	167	8%
WTCW Roof Replacement	1,104	1,470	1,841	1,003	371	20%
P69 Underdock Utility Rpl	893	1,153	999	547	(154)	-15%
CW Bridge Elev Modernizat	251	502	480	7	(22)	-5%
P66 Roof Upgrades	70	140	341	556	201	59%
P66 BHICC Interior Modern	0	0	276	0	276	100%
P69 3rd Floor Terrace Rep	0	0	262	262	262	100%
P69 and P66 Public Video	24	74	250	250	176	70%
Tenant Improvements - Capi	0	202	202	300	0	0%
T91 Ped Path and Bike Bri	24	139	150	300	11	7%
All Other Projects	404	2,524	3,274	3,780	750	23%
Subtotal	3,521	8,241	10,279	8,687	2,038	20%
CIP Cashflow Mgmt Reserve	0	(1,240)	(2,193)	(1,950)	(953)	43%
Total Economic Development	3,521	7,001	8,086	6,737	1,085	13%

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

Comments on Key Projects

- **P66 BHICC** - \$276k for pending claim resolution no longer needed.
- **WTCW Roof** – Delay in water line connection is pushing the schedule out to Q1 2024.
- **Other Projects** - \$Mostly small cap projects pushed out to 2024 (PM constraints, LED projects).

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

	2021 YTD	2022 YTD	2023 YTD		Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
\$ in 000's					\$	%	\$	%
Total Operating Revenues	2,685	780	409	85	324	381.1%	(371)	-47.6%
Core Central Support Services	61,963	69,244	81,139	81,524	385	0.5%	11,895	17.2%
Police	21,097	21,697	27,633	27,895	263	0.9%	5,936	27.4%
Engineering/PCS	6,580	7,085	9,953	12,223	2,271	18.6%	2,868	40.5%
Total Operating Expenses	89,640	98,026	118,724	121,642	2,918	2.4%	20,698	21.1%

2023 YTD Actuals vs. 2023 YTD Budget

- Operating Revenues favorable by \$324K due primarily to Police forfeiture.
- Operating Expenses \$2.9M favorable to budget mainly due to project spending delays and lower Travel & Other Employee Expenses.

2023 YTD Actuals vs. 2022 YTD Actuals

- Operating Revenues \$371K below 2022 mainly due to higher Police forfeiture seizures and recycling revenues in 2023.
- Operating Expenses \$20.7M higher than 2022 mainly due to higher Payroll and Outside Services; offset by lower General Expenses and higher charges to Capital Projects.

A. BUSINESS EVENTS

- Produced annual Port community engagement events including Port Unplugged on the Eastside (130 attendees), four-part Port U Series: 101s on Duwamish River, Cargo, Ship Canal, and Airport (~600 attendees), and Fishermen’s Fall Festival with ship canal boat tours and outreach centered on the Maritime Innovation Center.
- Sponsored and organized Port presence for the following community events: Great SeaTac Scrubdown, Burien Block Party, Chinatown-International District, Seafair Fleet Week, Duwamish River Festival, Seattle Southside Chamber State of SEA, West Seattle Chamber State of the Port, Woodinville Wine Country FAM Tours, B-Town Fiesta, Bothell Summerfest, Kent Chamber Gala, Mercer Island Chamber Coffee and Conversations.
- Hosted celebratory signing ceremony of the Industrial Lands and Maritime Strategy by Seattle Mayor Bruce Harrell.
- Kicked off Round 3 of the South King County Community Impact Fund Environmental Grants Program with information sessions and technical support offerings.
- Hosted a series of environmentally focused tours aboard cruise ships for community, business and industry partners.
- Hosted Congressman Smith for a tour of our cruise and maritime operations. Provided congressional staff from U.S. Senator Murray and Cantwell’s offices at the airport regarding PFAS and IAF.
- Hosted the Asia Pacific Economic Cooperation (APEC) Ministerial meetings from July 29 to August 22.
- Hosted and provided a tour for the MARAD Administrator – Rear Admiral Ann Philips with NWSA on environmental & sustainability initiatives, and the Green Corridor.
- Supported the Muckleshoot Indian Tribe for their Paddle to Muckleshoot Event.
- Co-Hosted the arrival of the Hōkūle’a with the Polynesian Voyaging Society, City of Seattle, Friends of the Waterfront, and the Suquamish and Muckleshoot Indian tribes.
- Hosted annual SEA Charity Golf Tournament resulting in scholarships for Highline School District students.
- Received Commission authorization and released RFP for \$7.5 million financial advisory services contract.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

B. KEY PERFORMANCE METRICS

Century Agenda Strategic Objectives	YTD 2021	YTD 2022	YTD 2023
Responsibly Invest in the Economic Growth of the Region and all its Communities			
A. Job seekers placed in jobs at SEA Airport through the Employment Center	969	1,102	1,570
B. Number of SEA Airport tenants supported in finding employees	74	87	102
C. Employment Center training completions	166	385	712
D. K-12 Career Connected Learning: WFD engagement with teachers/faculty	1,600	0	12
E. Community members entering employment in construction, maritime and environmental sustainability	42	53	55
F. Number of Job Openings Posted	345	285	271
G. Job applications received	8,623	11,368	15,819
H. Number of job interviews conducted	1,128	1,967	1,893
I. Number of new employees hired	249	419	406
J. Number of interns	114	89	109
K. Number of Veteran Fellows	2	3	3
L. Number of employees participating in Tuition Reimbursement	36	45	25
Become a Model for Equity, Diversity and Inclusion			
A. Employee participation in OEDI programming (Caucuses, Book Clubs, Town Halls, etc.)	1,279	985	1,413
Be a Highly Effective Public Agency			
A. Central Services costs as a % of Total Operating Expenses	29.0%	28.0%	28.3%
B. Investment portfolio earnings versus the benchmark (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index)	0.76%/0.28%	1.89%/4.3%	3.52%/5.13%
C. Comply with Public Disclosure Act and respond in a timely manner	494	622	1,003
D. Percent of annual audit work plan completed each year	100%	100%	100%
E. Employee Development Class Attendees/Structured Learning	1,970	1,898	2,531
F. Total Recordable Incident Rate (previous Occupational Injury Rate)	5.52	3.75	4.21
G. Lost Work Day Rate (previously Days Away Severity Rate)	62.50	45.18	64.79
H. Customer Survey for Police Service Excellent or Above Average	100%	90%	TBD

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

C. OPERATING RESULTS

Financial Summary (Year-End Forecast)

	2021	2022	2023	2023	Fest vs. Budget		Change from 2022	
	Actual	Actual	Forecast	Budget	Variance	%	Incr (Decr)	%
\$ in 000's					\$	%	\$	%
Total Revenues	(233)	2,538	490	155	335	216.4%	(2,048)	-80.7%
Executive	2,051	2,029	3,262	3,678	416	11.3%	1,233	60.8%
Commission	1,773	2,206	2,622	2,905	283	9.7%	416	18.9%
Legal	7,054	8,213	8,558	5,079	(3,479)	-68.5%	345	4.2%
External Relations	6,827	8,651	10,438	12,333	1,894	15.4%	1,787	20.7%
Equity Diversity and Inclusion	4,937	4,283	5,815	6,953	1,138	16.4%	1,532	35.8%
Human Resources	8,675	11,087	14,644	16,049	1,405	8.8%	3,557	32.1%
Labor Relations	1,110	1,085	1,421	1,600	179	11.2%	336	30.9%
Internal Audit	1,296	2,406	2,190	2,047	(143)	-7.0%	(215)	-9.0%
Accounting & Financial Reporting Services	6,967	7,914	9,911	10,344	433	4.2%	1,997	25.2%
Information & Communication Technology	19,944	25,693	30,629	30,419	(210)	-0.7%	4,937	19.2%
Information Security	1,328	1,571	2,423	2,794	372	13.3%	851	54.2%
Finance & Budget	1,801	2,279	2,866	2,765	(100)	-3.6%	587	25.7%
Business Intelligence	904	1,395	1,749	2,072	322	15.6%	354	25.4%
Risk Services	4,047	5,078	5,946	5,749	(197)	-3.4%	868	17.1%
Office of Strategic Initiatives	713	893	1,412	1,471	59	4.0%	519	58.1%
Central Procurement Office	3,633	5,816	7,830	8,021	191	2.4%	2,014	34.6%
Contingency	(123)	(268)	(1,816)	(6,579)	(4,762)	72.4%	(1,548)	577.7%
Core Central Support Services	72,936	90,330	109,901	107,702	(2,199)	-2.0%	19,570	21.7%
Police	17,194	35,064	37,611	36,673	(938)	-2.6%	2,547	7.3%
Total Before Cap Dev & Environment	90,130	125,395	147,512	144,375	(3,137)	-2.2%	22,117	17.6%
Capital Development								
Engineering	1,626	5,053	8,644	9,497	854	9.0%	3,591	71.1%
Port Construction Services	3,321	3,651	5,765	6,980	1,215	17.4%	2,113	57.9%
Sub-Total	4,948	8,704	14,409	16,478	2,069	12.6%	5,704	65.5%
Environment & Sustainability								
Environment & Sustainability	676	763	1,549	2,050	501	24.5%	786	103.1%
Sub-Total	676	763	1,549	2,050	501	24.5%	786	103.1%
Capital to Expense	-	56	-	-	-	0.0%	(56)	-100.0%
Total Expenses	95,753	134,917	163,470	162,903	(567)	-0.3%	28,553	21.2%

2023 Forecast vs. 2023 Budget

Operating Expenses for 2023 are forecasted to be \$567K over Budget due primarily to:

- **Executive** – favorable variance of \$416K primarily due to lower Payroll of \$490K and Travel \$42K; offset by higher Promotional Expenses of (\$137K).
- **Commission** – favorable variance of \$283K primarily due to lower Payroll.
- **Legal** – unfavorable variance of (\$3.5M) due to higher Outside Services (\$2.4M), Payroll (\$290K), General Expenses (\$663K), and less charges to Capital Projects (\$150K).
- **External Relations** – favorable variance of \$1.9M primarily due to lower Outside Services of \$1.2M, Payroll \$324K, Travel \$135K, General Expenses \$79K, and Promotional Expenses \$188K.
- **Equity, Diversity, and Inclusion** – favorable variance of \$1.1M primarily due to lower Outside Services of \$699K, Payroll of \$457K, and General Expenses of \$30K; partially offset by higher Promotional Expenses of (\$55K).
- **Human Resources** – favorable variance of \$1.4M primarily due to lower Payroll of \$1.2M, Outside Services \$160K, and Travel \$125K; offset by higher General Expenses (\$81K).
- **Labor Relations** – favorable variance of \$179K primarily due to lower Payroll \$159K and Travel \$15K.
- **Internal Audit** – unfavorable variance of (\$143K) primarily due to higher General Expenses of (\$239K) and lower charges to Capital Projects (\$95K); partially offset by lower Payroll of \$133K and Outside Services \$53K.
- **Accounting and Financial Reporting Services** – favorable variance of \$433K primarily due to lower Payroll of \$453K; partially offset by higher Outside Services (\$46K).
- **Information & Communication Technology** – unfavorable (\$210K) due to lower charges to Capital Projects (\$765K) and higher Outside Services (\$100K); offset by lower Payroll \$446K, Equipment \$128K, and Travel \$89K.
- **Information Security** – favorable variance of \$372K primarily due to lower Payroll of \$102K, Outside Services of \$226K, and Travel of \$36K.
- **Corporate Finance & Budget** – unfavorable variance of (\$100K) primarily due to higher Payroll of (\$80K) and Travel (\$29K).
- **Business Intelligence** – favorable variance of \$322K primarily due to lower Payroll \$59K, Outside Services of \$206K, and Travel \$58K.
- **Risk Services** – unfavorable variance of (\$197K) due to higher Insurance Expense (\$248K); partially offset by lower Outside Services of \$41K.
- **Office of Strategic Initiative** – favorable variance of \$59K primarily due to lower Payroll of \$38K and Outside Services \$54K; partially offset by higher Travel (\$33K).
- **Central Procurement Office** – favorable variance of \$191K primarily due to lower Payroll of \$54K, Outside Services \$27K, Supplies \$26K, Travel \$69K, and General Expenses \$69K; partially offset by higher Equipment Expense (\$63K).
- **Police** – unfavorable variance of (\$938K) primarily due to higher Outside Services (\$866K), Equipment (\$347K), Supplies (\$231K), and General Expenses (\$141K); partially offset by lower Payroll of \$197K, Travel \$236K, and Worker’s Comp \$209K.
- **Engineering** – favorable variance of \$854K primarily due to lower Payroll of \$1.4M, Property Rentals \$753K, and Travel \$61K; partially offset by higher General Expenses (\$656K), Outside Services (\$118K), and Lower charges to Capital Projects of (\$562K).
- **PCS** – favorable variance of \$1.2M primarily due to lower Payroll of \$1.6M, Equipment Expense \$90K, and General Expenses \$46K; partially offset by lower charges to Capital Projects (\$43K), Outside Services (\$288K), and Supplies (\$219K).
- **Environment & Sustainability Admin** – favorable variance of \$501K primarily due to lower Outside Services \$400K and Payroll \$134K; partially offset by higher General Expenses (\$17K), and Travel (\$28K).
- **Contingency** – unfavorable variance of (\$4.8M) due to Vacancy Factor actuals in departments.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/23

2023 Forecast vs. 2022 Actuals

- Operating Expenses for 2023 are forecasted to be \$21.8M higher than 2022, after adjusting for \$6.7M state pension credit in 2022 actuals, mainly due to:
 - **Core Central Support Services** – \$13.9M higher than 2022 primarily due to: higher payroll for current employees and new positions as well as full year salaries for mid-year 2022 positions; contractual increases; addition of new initiatives to support growing needs of the organization.
 - **Police** – \$4.1M above 2022 due to: increase in salary and benefits for represented groups based on new contracts, new positions, vacant positions in 2022, and addition of new initiatives to enhance the safety and security of the public.
 - **Capital Development** – \$3.7M higher than 2022 primarily due to higher payroll and addition of new positions as well as contractual increases to support the capital program.

D. CAPITAL RESULTS

\$ in 000's	2023	2023	2023	2023	Budget Variance	
	YTD Actual	Year-End Forecast	Budget	POF	\$	%
Engineering Fleet Replacement	477	627	3,065	1,600	2,438	79.5%
Corporate Fleet Replacement	890	1,567	1,836	1,274	269	14.7%
Infrastructure - Small Cap	270	420	1,865	1,500	1,445	77.5%
Services Tech - Small Cap	1,075	1,489	1,500	1,500	11	0.7%
Enterprise Network Refresh	39	1,472	1,603	2,000	131	8.2%
Office Wi-Fi Refresh	265	400	964	1,077	564	58.5%
Phone System Upgrade	520	862	862	120	0	0.0%
Radio Microwave Redund. Loop	222	524	760	1,000	236	31.1%
Storage Area Network Refresh	480	481	750	750	269	35.9%
Other (note 1)	850	1,779	5,573	6,738	3,794	68.1%
Subtotal	5,088	9,621	18,778	17,559	9,157	48.8%
CIP Cashflow Adjustment	-	(2,000)	(5,600)	(5,600)	(3,600)	64.3%
TOTAL	5,088	7,621	13,178	11,959	5,557	42.2%

Note:

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