



PORT OF SEATTLE

2021 FINANCIAL PERFORMANCE REPORT

AS OF DECEMBER 31, 2021

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/21

I. PORTWIDE

EXECUTIVE SUMMARY

Prudent budgeting and careful cost management has positioned the Port well for 2021 despite the major disruption caused by the pandemic. Federal relief funds have improved the financial outlook of the airport and allowed the Port to reduce concessions billings and airlines rates and charges. While the revenue from most lines of businesses came in below budget, both Public Parking and Rental Cars performed well above budget.

Through collaboration with the cruise lines, health officials, and timely congressional action, the Port successfully and safely hosted 82 cruise ship calls with approximately 229,000 revenue passengers between July and October which was higher than expected. Grain volumes also exceeded budget due to increased demand for corn, soybeans, and sorghum. Resumption of activity in fishing and commercial operations increased revenue which was offset by lower revenues in Conference & Event Centers due to event cancellations.

The Port received a \$57.7M state Pension Credit, which drives the operating expenses significantly under budget. Without the Pension Credit, which is non-cash, operating expenses were just \$1.0M under budget.

PORTWIDE FINANCIAL SUMMARY

	2019	2020	2021		Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Aeronautical Revenues	357,598	297,909	317,513	386,668	(69,155)	-17.9%	19,604	6.6%
Airport Non-Aero Revenues	269,037	116,473	183,819	189,548	(5,729)	-3.0%	67,346	57.8%
Non-Airport Revenues	137,538	96,446	120,423	104,645	15,778	15.1%	23,978	24.9%
Total Operating Revenues	764,174	510,828	621,755	680,861	(59,106)	-8.7%	110,927	21.7%
Total Operating Expenses	458,112	425,904	422,372	423,412	1,040	0.2%	(3,532)	-0.8%
NOI before Depreciation	306,062	84,923	199,383	257,448	(58,065)	-22.6%	114,459	134.8%
Depreciation	174,903	180,086	190,683	176,509	(14,173)	-8.0%	10,597	5.9%
NOI before Depreciation w/o DRS Pension True-up	131,159	(95,163)	8,700	80,939	72,239	89.3%	103,863	-109.1%
DRS Pension True-up Credit	(16,412)	(17,223)	(57,716)	-	57,716	0.0%	(40,493)	235.1%
NOI after Depreciation w/ DRS Pension True-up	147,571	(77,939)	66,416	80,939	(14,523)	-17.9%	144,355	-185.2%

2021 Actuals vs. 2021 Budget

- Total Operating Revenues: \$59.1M lower than budget mainly due to applying Federal Relief grants to offset Aero revenue requirements.
- Airport Non-Aero Revenues: \$5.7M lower than budget due to lower revenues from ADR & Terminal Leased Space, Ground Transportation, Clubs and Lounges; partially offset by higher Rental Cars and Public Parking revenues.
- Total Operating Expenses: \$1.0M favorable to the budget mainly due to delay in Outside Services spending, vacant positions, and lower Utilities and Third-Party Management Operating Expense.

2021 Actuals vs. 2020 Actuals

- Total operating revenues were up \$110.9M due to higher revenues in Non-Aeronautical lines of businesses (Public Parking, Rental Cars, ADR & Terminal Leased Space, and Ground Transportation), Cruise, Grain, and NWSA Distributable Revenue.
- Total operating expenses were \$3.5M lower compared to 2020 because of lower payroll, less contract spending, and lower Equipment expense.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/21

NON-AIRPORT FINANCIAL SUMMARY

	2019	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
NWSA Distributable Revenue	47,979	38,782	55,732	42,273	13,459	31.8%	16,951	43.7%
Maritime Revenues	59,289	42,111	48,331	45,280	3,051	6.7%	6,219	14.8%
EDD Revenues	21,151	9,470	9,294	13,348	(4,054)	-30.4%	(176)	-1.9%
SWU & Other	9,119	6,083	7,066	3,744	3,322	88.7%	983	16.2%
Total Operating Revenues	137,538	96,446	120,423	104,645	15,778	15.1%	23,978	24.9%
Total Operating Expenses	89,266	82,117	80,693	83,505	2,812	3.4%	(1,424)	-1.7%
NOI before Depreciation	48,272	14,328	39,730	21,140	18,590	87.9%	25,402	177.3%
Depreciation	38,737	37,674	37,841	36,496	(1,345)	-3.7%	166	0.4%
NOI before Depreciation w/o DRS Pension True-up	9,536	(23,346)	1,890	(15,355)	(17,245)	112.3%	25,236	-108.1%
DRS Pension True-up Credit	(2,811)	(3,116)	(10,254)	-	10,254	0.0%	(7,137)	229.0%
NOI after Depreciation w/ DRS Pension True-up	12,347	(20,230)	12,143	(15,355)	27,499	-179.1%	32,373	-160.0%

2021 Actuals vs. 2021 Budget

- Total non-airport operating revenues were up \$15.8M compared to budget due to higher NWSA Distributable Revenue, Fishing & Operations, Grain, Cruise, and unbudgeted police forfeitures; partially offset by lower revenues from Conference and Event Center.
- Total non-airport operating expenses were \$2.8M lower than budget because of delays in hiring, project spending delays, timing of tenant improvements, and lower utility expenses.

2021 Actuals vs. 2020 Actuals

- Non-airport operating revenues were \$24.0M higher compared to 2020 because of higher revenues from Cruise, Grain, NWSA Distributable Revenue, and unbudgeted police forfeitures offset by lower Fishing & Operations and Central Harbor Management.
- Non-airport expenses were \$1.4M lower than 2020 due to lower charges to Capital Projects offset by less contract spending, lower payroll, Equipment Expense, and Travel & Other Employee Expenses.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/21

MAJOR OPERATING REVENUES SUMMARY

\$ in 000's	2019	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	357,598	297,909	317,513	386,668	(69,155)	-17.9%	19,604	6.6%
Public Parking	82,125	34,502	64,104	59,597	4,507	7.6%	29,602	85.8%
Rental Cars - Operations	36,793	16,637	32,722	24,379	8,343	34.2%	16,086	96.7%
Rental Cars - Operating CFC	15,773	-	2,018	2,501	(483)	-19.3%	2,018	0.0%
ADR & Terminal Leased Space	68,013	31,234	41,607	51,184	(9,576)	-18.7%	10,373	33.2%
Ground Transportation	20,765	6,557	11,947	13,628	(1,681)	-12.3%	5,389	82.2%
Employee Parking	10,438	8,848	9,006	9,688	(682)	-7.0%	158	1.8%
Airport Commercial Properties	15,773	10,766	12,520	13,713	(1,193)	-8.7%	1,754	16.3%
Airport Utilities	7,431	5,672	6,350	7,568	(1,218)	-16.1%	678	12.0%
Clubs and Lounges	10,274	2,043	3,478	6,221	(2,743)	-44.1%	1,435	70.2%
Cruise	22,410	3,824	9,517	8,558	959	11.2%	5,693	148.9%
Recreational Boating	12,484	12,611	12,851	12,915	(64)	-0.5%	240	1.9%
Fishing & Operations	10,024	10,456	9,859	8,644	1,215	14.1%	(597)	-5.7%
Grain	4,266	5,142	6,112	4,903	1,209	24.7%	970	18.9%
Maritime Portfolio Management	10,108	10,074	10,392	10,259	133	1.3%	318	3.2%
Central Harbor Management	8,899	7,791	7,561	8,278	(717)	-8.7%	(230)	-3.0%
Conference & Event Centers	12,239	1,662	1,910	5,035	(3,125)	-62.1%	248	14.9%
NWSA Distributable Revenue	47,979	38,782	55,732	42,273	13,459	31.8%	16,951	43.7%
Other	10,783	6,318	6,555	4,848	1,706	35.2%	237	3.8%
Total Operating Revenues (w/o Aero)	406,576	212,919	304,242	294,193	10,049	3.4%	91,323	42.9%
TOTAL	764,174	510,828	621,755	680,861	(59,106)	-8.7%	110,927	21.7%

MAJOR OPERATING EXPENSES SUMMARY

\$ in 000's	2019	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	135,913	147,623	144,953	147,358	2,405	1.6%	(2,671)	-1.8%
Wages & Benefits	136,451	137,054	134,738	130,225	(4,513)	-3.5%	(2,316)	-1.7%
Payroll to Capital Projects	25,832	29,759	28,979	33,110	4,131	12.5%	(780)	-2.6%
Outside Services	106,463	103,637	99,482	103,959	4,477	4.3%	(4,154)	-4.0%
Utilities	25,838	22,017	26,236	28,000	1,765	6.3%	4,218	19.2%
Equipment Expense	11,865	10,331	6,863	6,758	(105)	-1.6%	(3,468)	-33.6%
Supplies & Stock	11,197	9,894	9,368	8,591	(777)	-9.0%	(526)	-5.3%
Travel & Other Employee Expenses	5,449	2,764	2,031	2,409	378	15.7%	(733)	-26.5%
Third Party Mgmt Op Exp	13,329	5,201	4,994	7,709	2,715	35.2%	(207)	-4.0%
B&O Taxes	4,859	3,332	4,120	4,509	389	8.6%	788	23.6%
Other Expenses	33,553	11,806	15,640	13,618	(2,022)	-14.8%	3,834	32.5%
Charges to Capital Projects/Overhead Alloc	(52,636)	(57,515)	(55,031)	(62,834)	(7,803)	12.4%	2,483	-4.3%
TOTAL w/o DRS Pension True-up Credit	458,112	425,904	422,372	423,412	1,040	0.2%	(3,532)	-0.8%
DRS Pension True-up Credit	(16,412)	(17,223)	(57,716)	-	57,716	0.0%	(40,493)	235.1%
TOTAL w/ DRS Pension True-up Credit	441,700	408,681	364,656	423,412	58,756	13.9%	(44,025)	-10.8%

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/21

PORTWIDE COMPREHENSIVE FINANCIAL SUMMARY

(\$ in 000's)	2019	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Explanation
	Actual	Actual	Actual	Budget	\$	%	
Revenues							
1. Operating Revenues	764,174	510,828	621,755	680,861	(59,106)	-8.7%	Lower Aero revenues due to federal relief grants
2. Tax Levy	73,801	76,196	78,311	78,676	(365)	-0.5%	In line with budget
3. PFCs	100,004	34,637	72,845	67,990	4,855	7.1%	Actual included true-up from 2020
4. CFCs	22,355	15,429	24,271	24,168	103	0.4%	In line with budget
5. Fuel Hydrant	6,742	6,886	7,010	7,022	(12)	-0.2%	In line with budget
6. Non-Capital Grants & Donations	2,880	149,913	105,988	40,908	65,080	159.1%	More federal relief grants
7. Capital Contributions	17,736	20,909	47,632	74,911	(27,278)	-36.4%	Less TSA OTA grants
8. Interest Income	54,078	41,406	(5,386)	13,158	(18,544)	-140.9%	Unrealized loss on investments
Total	1,041,771	856,203	952,428	987,694	(35,266)	-3.6%	
Expenses							
1. O&M Expense (w/o Pension Credit)	458,112	425,904	422,372	423,412	1,040	0.2%	In line with budget
2. DRS Pension True-up Credit	(16,412)	(17,223)	(57,716)	-	57,716	0.0%	Unbudgeted DRS pension credit
3. Depreciation	174,903	180,086	190,683	176,509	(14,173)	-8.0%	More new assets came into service
4. Revenue Bond Interest Expense	105,601	133,149	132,925	155,990	23,066	14.8%	Lower rates and issuance costs than budgeted
5. GO Bond Interest Expense	12,493	11,850	11,004	11,268	264	2.3%	In line with budget
6. PFC Bond Interest Expense	3,547	2,670	1,041	2,539	1,498	59.0%	Lower rates than budgeted
7. Public Expense	12,986	6,658	9,769	10,144	375	3.7%	In line with budget
8. Non-Op Environmental Expense	118	5,971	7,495	10,200	2,705	26.5%	Due to project delay
9. Other Non-Op Rev/Expense	19,536	22,033	19,469	2,413	(17,056)	-707.0%	Retired C1 Baggage System & Water Systems
Total	1,212,585	1,179,779	1,101,699	1,215,887	114,189	9.4%	
Special Item	-	-	34,907	-	(34,907)	0.0%	Env Reserve for T-25 Clean-up & Habitat Restoration
Change In Net Assets	(170,814)	(323,576)	(184,178)	(228,193)	44,016	-19.3%	

KEY PERFORMANCE METRICS

	2020	2021	2021	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2020	
	Actual	Actual	Budget	Chg.	%	Chg.	%
Total Passengers (in 000's)	20,045	36,154	36,432	(278)	-0.8%	16,109	80.4%
Landed Weight (lbs. in millions)	20,198	26,584	26,233	351	1.3%	6,386	31.6%
Passenger CPE (in \$)	26.50	15.93	19.62	3.68	18.8%	(10.57)	-39.9%
Grain Volume (metric tons in 000's)	4,240	4,720	4,219	501	11.9%	480	11.3%
Cruise Passenger (in 000's) *	-	229	N/A	-	0.0%	-	0.0%
Shilshole Bay Marina Occupancy	94.1%	94.3%	96.1%	-1.9%	-1.9%	0.2%	0.2%

* Note: Due to CDC COVID-19 Cruise restrictions, we were unable to Budget for Cruise Passengers for 2021.

KEY BUSINESS EVENTS

The Port of Seattle presented the Fly Quiet Awards to Frontier Airlines, SkyWest Airlines, and British Airways for making significant contribution to reducing noise at Seattle-Tacoma International Airport (SEA) in 2020. Airlines are judged based on four criteria: the sound levels of their operations; success at flying within the noise abatement flight procedures; limiting late-night noise; and adhering to the airport's ground maintenance engine run-up regulations. To add to travelers' experience, the airport continues to feature rotating exhibits of museum-quality artwork and artifacts that reflect the history, culture, or trade of the Pacific Northwest. The most recent temporary art exhibit featured six glass artworks and a vinyl that chronicles Pilchuck Glass School's milestones over the last half century and the evolution of the Studio Glass Movement in the Pacific Northwest.

The Commission authorized \$149M for construction to fund the first phase of the terminal modernization project. The Port will partner with Alaska Airlines to manage this phase of the project which include plans to reconfigure the 40-year-old main terminal north end ticketing area, expand the security checkpoint and upgrade facility systems to meet new technology and building standards. Alaska Airlines is the main tenant for the area, and their design expertise will help mitigate impacts to employees and flyers during the three-year construction project. The Port will reimburse Alaska Airlines for project cost. This partnership will allow the Port to focus on more than 150 other construction projects.

The Port, along with Forterra, hosted tree planting events in SeaTac, Burien, and Des Moines. This is part of the multi-year collaborative project to establish and support long-term community-based forest stewardship programs. The Port also adopted the Maritime Climate and Air Action Plan to implement the 2020 Northwest Ports Clean Air Strategy vision to phase out emissions from seaport-related sources as well as meet Century Agenda greenhouse gas (GHG) reduction targets. Feedback from the community as well as key industry, government, and non-government stakeholders were incorporated into the final draft.

As part of the long-term waterfront clean energy strategy, the Port will procure a proprietary shore power system and collaborate with Seattle City Light to supply shore power to cruise ships berthed at Pier 66. A submarine cable will be installed from Terminal 46 to Pier 66 instead of bringing power through the congested City right-of-way which will significantly reduce costs and avoid construction-related impacts to the waterfront. Two of the Port's three cruise berths are already equipped with shore power.

Over the next five years, the Port will contribute \$5M to the Seattle Aquarium Ocean Pavilion project and expansion of the current facility. This partnership will pave the way for current and future collaboration in maritime environmental programs, tourism promotion, as well as maritime innovation and career opportunities. Additionally, the Port will execute a Memorandum of Understanding with the City of Seattle contributing \$9M to fund the West Seattle Bridge Program. This will allow the West Seattle Bridge to reopen in mid-2022 and provide for improvements to the Spokane Street Swing Bridge. This program will support freight mobility, ensure good access to Port of Seattle terminals, and mitigate traffic impacts to West Seattle and drayage effects on Duwamish Valley neighborhoods.

The launch of the Port's Equity Index tool will help the Port achieve the goal of becoming an equitable and anti-racist organization. This tool is an interactive and data-driven map that displays a visual representation of social and environmental disparities in King County. This will illustrate the degree to which different communities experience pollution burdens and social inequities which will help the Port focus resources to those in need.

The annual State of the Port event was held virtually in December. The Port accomplished several initiatives in 2021 despite the pandemic which include completing major construction on the airport's North Satellite and International Arrivals Facility, adding resources to the South King County Community Impact Fund to mitigate the impacts of the pandemic on the community and support regional economic recovery, funding of the Youth Opportunity Initiative, achieving greenhouse gas emission reduction goals ten years early through the purchase of renewable natural gas, and launching a new study with King County to examine the feasibility of converting municipal solid waste to renewable fuels, including sustainable aviation fuel.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/21**CAPITAL SPENDING SUMMARY**

\$ in 000's	2021	2021	Budget Variance	
	Actual	Budget	\$	%
Aviation	389,051	491,202	102,151	20.8%
Maritime	18,924	26,195	7,271	27.8%
Economic Development	4,311	5,647	1,336	23.7%
Central Services & Other (note 1)	8,019	13,605	5,586	41.1%
TOTAL	420,305	536,649	116,344	21.7%

Note:

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

PORTWIDE INVESTMENT PORTFOLIO

During the fourth quarter of 2021, the investment portfolio earned 0.67% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 0.69%. Over the last twelve months, the portfolio and the benchmark have earned 0.94% and 0.35%, 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 1.68%, respectively.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

II. AVIATION DIVISION

FINANCIAL SUMMARY

Financial Summary (S in 000's)	2019	2020	2021	2021	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change erom 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Revenue								
Aeronautical Revenues	357,598	297,909	317,513	386,668	(69,155)	-17.9%	19,604	6.6%
Non-Aeronautical Revenues	269,037	116,473	183,819	189,548	(5,729)	-3.0%	67,346	57.8%
Total Operating Revenues	626,636	414,382	501,332	576,215	(74,884)	-13.0%	86,950	21.0%
Total Operating Expenses	355,245	329,680	294,217	339,908	45,691	13.4%	(35,463)	-10.8%
Net Operating Income	271,390	84,702	207,114	236,308	(29,193)	-12.4%	122,412	144.5%
Federal Relief		147,148	95,065	37,899	57,166	150.8%	(52,083)	-35.4%
Federal Relief (Concessions)			5,355		5,355		5,355	
NOI (After Federal Relief)	271,390	231,850	307,534	274,207	33,327	12.2%	75,684	32.6%
CPE	12.86	26.50	15.94	19.62	3.67	0.19	(10.56)	-39.8%
Non-Aero NOI (\$ in 000s)	6,671	93,175	92,132	82,742	9,390	11.3%	(1,043)	-1.1%
Enplaned passengers (in 000s)	25,874	10,044	18,073	18,216	(143)	-0.8%	8,029	79.9%
Capital Expenditures (in 000s)	573,598	573,598	389,051	491,202	102,151	20.8%	(184,547)	-32.2%

2021 Actual vs. 2021 Budget

- Net Operating Income (NOI) is (\$33.3M or 12.2%) favorable to the budget, driven by:
 - Lower Aeronautical revenue (-\$69.2M or -17.9%) due to grants of \$59M and a pension credit of approximately \$28M which offset Aeronautical costs in 2021.
 - Non-Aeronautical revenue is (-\$5.7M or -3.0%) unfavorable. Although improvement is seen in Landside operations, Concessions still required Federal Relief of \$5.4M.
 - Total Operating Expenses are (\$45.7M or 13.4%) favorable driven primarily by the pension credit of \$47.5M to Aviation. Without the pension credit, an over-run of approximately \$1.8M is primarily due to snow removal costs and payroll over-runs within the Fire and Maintenance departments.

2021 Actuals vs. 2020 Actuals

- Net Operating Income for 2021 is (\$75.7M or 32.6%) higher than prior year before Federal Relief – primarily driven by:
 - Higher Operating Revenue (\$86.9M or 21%) compared to prior year due to passenger levels improving with enplanements down 29.6% compared to 2019 vs. 61% down in 2020 compared to 2019.
 - Lower Operating Expenses (-\$35.5M or -18.8%) compared to prior year were primarily driven by higher pension credit received in 2021 compared to 2020.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

A. BUSINESS EVENTS

- Q4 passenger growth reduced due to delta variant: 30% lower than 2019
- Achieved primary financial goals
- Two factors greatly impacted 2021:
 - Additional federal relief
 - Pension net credit of \$42.7 million:
 - Expense credit of \$47.5 million
 - Contra revenue (subsidy) of -\$4.8 million
- Due to pension credit, shifted some federal relief grants to 2022 (or 2023)
- ARPA concession pass through grant will be claimed in 2022
- Achieved Skytrax 4-star rating for customer service

B. KEY PERFORMANCE METRICS

	2019	2020	2021	% Change from 2020
Total Passengers (000's)				
Domestic	46,101	18,689	34,485	84.5%
International	5,728	1,357	1,669	23.0%
Total	51,829	20,045	36,154	80.4%
Operations	450,487	296,048	374,510	26.5%
Landed Weight (In Millions of lbs.)				
Cargo	2,485	2,713	2,920	7.6%
All other	29,078	17,485	23,664	35.3%
Total	31,562	20,198	26,584	31.6%
Cargo - Metric Tons				
Domestic freight	306,669	351,339	366,312	4.3%
International & Mail freight	146,879	101,157	132,428	30.9%
Total	453,548	452,496	498,740	10.2%

*Mail weight for 2021 forward is incorporated in freight

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

Key Performance Measures

	2019	2020	2021	2021	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	12.86	26.50	15.93	19.62	3.68	18.8%	(10.57)	-39.9%
Non-Aeronautical NOI (in 000's) ¹	143,917	6,671	93,175	82,742	10,433	12.6%	86,504	1296.8%
Other Performance Metrics								
O&M Cost per Enplanement	13.73	32.82	16.28	18.66	2.38	12.8%	(16.55)	-50.4%
Non-Aero Revenue per Enplanement	10.40	11.60	10.17	10.41	(0.23)	-2.3%	(1.43)	-12.3%
Debt per Enplanement (in \$)	133	326	198	171	(27)	-16.1%	(128)	-39.3%
Debt Service Coverage	1.68	1.40	1.69	1.36	0.33	24.7%	0.29	20.7%
Days cash on hand (10 months = 304 days)	314	327	423	369	54	14.7%	96	29.5%
Aeronautical Revenue Sharing (\$ in 000's)	(17,146)	1	-	-	-	0.0%	(1)	100.0%
Activity (in 000's)								
Enplanements	25,874	10,044	18,073	18,216	(143)	-0.8%	8,029	79.9%
Total Passengers	51,748	20,087	36,146	36,432	(286)	-0.8%	16,058	79.9%

Key Performance Metrics

2021 Actual vs. 2021 Budget

- Cost per Enplanement (CPE):
 - CPE is (\$3.68 or 18.8%) favorable driven primarily by the Federal Relief to help lower the Aeronautical costs to recover.
 - Non-Aero NOI is (\$10.4M or 12.6%) favorable to budget due to the improved revenues in the Landside operations and due to the Federal Relief grant of \$5.4M.

2021 Actual vs. 2020 Actuals

- CPE is \$10.57 lower compared to prior year due to a combination of Federal Relief grants and Pension Credit offsetting the costs to recover for Aeronautical Revenues compared to prior year.
- Non-Aero NOI is \$86.5M higher than prior year due to improved revenues in the Landside operations and due to Federal Relief.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

C. OPERATING RESULTS

Division Summary – Actuals

Total Airport Expense Summary (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Expenses								
Payroll	144,051	152,895	134,567	153,293	18,726	12.2%	(18,328)	-12.0%
Outside Services	68,162	63,922	62,382	65,174	2,792	4.3%	(1,540)	-2.4%
Utilities	18,180	15,695	20,175	20,244	69	0.3%	4,480	28.5%
Other Expenses	14,721	3,341	1,519	1,359	(160)	-11.7%	(1,822)	-54.5%
Total Airport Direct Charges	245,114	235,854	218,644	240,071	21,427	8.9%	(17,210)	-7.3%
Environmental Remediation Liability	15,900	(2,361)	1,583	2,001	418	20.9%	3,943	-167.0%
Capital to Expense	2,089	2,588	1,254	-	(1,254)		(1,334)	-51.5%
Total Exceptions	17,989	227	2,837	2,001	(836)	-41.8%	2,610	1150.9%
Total Airport Expenses	263,104	236,081	221,481	242,072	20,591	8.5%	(14,600)	-6.2%
Corporate	65,729	68,316	56,711	69,767	13,057	18.7%	(11,605)	-17.0%
Police	22,290	22,150	13,916	23,964	10,047	41.9%	(8,233)	-37.2%
Maritime/Economic Development/Other	4,123	3,134	2,110	4,105	1,995	48.6%	(1,024)	-32.7%
Total Charges from Other Divisions	92,141	93,599	72,736	97,836	25,099	25.7%	(20,863)	-22.3%
Total Operating Expenses	355,245	329,680	294,217	339,908	45,691	13.4%	(35,463)	-10.8%

Operating Expenses – 2021 Actuals vs. 2021 Budget (\$45.7M or 13.4% favorable)

- Total Operating Expenses are (\$45.7M or 13.4%) favorable driven primarily by the pension credit of \$47.5M to Aviation. Without the pension credit, an over-run of approximately \$1.8M is primarily due to snow removal costs and payroll over-runs within the Fire and Maintenance departments.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

Aeronautical Business Unit Summary – Actuals

Aeronautical NOI (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020		
	Actual	Actual	Actual	Budget	\$	%	\$	%	
Rate Base Revenues									
Airfield Movement Area	123,436	84,906	88,061	115,037	(26,976)	-23.4%	3,155	3.7%	
Airfield Apron Area	22,016	15,146	17,146	21,418	(4,272)	-19.9%	2,000	13.2%	
Terminal Rents	205,283	171,607	184,625	213,147	(28,522)	-13.4%	13,018	7.6%	
Federal Inspection Services (FIS)	12,321	8,616	10,978	21,454	(10,475)	-48.8%	2,362	27.4%	
Total Rate Base Revenues	363,057	280,275	300,810	371,056	(70,245)	-18.9%	20,536	7.3%	
Airfield Commercial Area	11,687	17,633	16,702	15,612	1,090	7.0%	(931)	-5.3%	
Subtotal before Revenue Sharing	374,744	297,908	317,513	386,668	(69,155)	-17.9%	19,605	6.6%	
Revenue Sharing	(17,146)	1	-	-	-		(1)	-100.0%	
Total Aeronautical Revenues	357,598	297,909	317,513	386,668	(69,155)	-17.9%	19,604	6.6%	
Total Aeronautical Expenses	236,959	219,878	203,573	233,102	29,528	12.7%	(16,304)	-7.4%	
Aeronautical NOI	120,639	78,031	113,940	153,566	(39,626)	-25.8%	35,908	46.0%	
Debt Service	(110,945)	(62,607)	(80,554)	(125,747)	45,193	-35.9%	(17,947)	28.7%	
Net Cash Flow	9,694	15,424	33,385	27,819	5,567	20.0%	17,962	116.5%	

Aeronautical – 2021 Actuals vs. 2021 Budget

- Net Operating Income is (-\$39.6M or -25.8%) unfavorable to budget due to \$70M in lower Aeronautical revenues driven by a combination of Federal Relief grants of \$59M and the pension credit of approximately \$28M allocated to the Aeronautical business lowering the costs for recovery.

Aeronautical – 2021 Actuals vs. 2020 Actuals

- Net Operating Income is (35.9M or 46%) higher than 2020 due to a combination of improved enplanement levels at the airport compared to the first year of the pandemic and lower expenses in 2021 due to a larger pension credit than in prior years.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

Airline Rate Base Cost Drivers

\$ in 000's	2020 Actual	2021 Budget	2021 Actual	Impact on Aero Revenues Budget vs Actual	
				\$	%
O&M ⁽¹⁾	213,775	227,420	198,065	(29,356)	-12.9%
Federal Relief Grants O&M	(22,507)	(3,500)	(2,571)	929	-26.6%
Net O&M	191,268	223,920	195,494	(28,426)	-12.7%
Debt Service Before Offsets	166,848	193,302	187,134	(6,168)	-3.2%
Debt Service PFC Offset	(36,390)	(47,549)	(54,076)	(6,527)	13.7%
Federal Relief Grants Debt Service	(71,763)	(29,399)	(58,878)	(29,478)	100.3%
Net Debt Service	58,694	116,354	74,180	(42,173)	-36.2%
Amortization	32,359	32,681	32,511	(170)	-0.5%
Space Vacancy	(1,083)	(1,141)	(1,102)	40	-3.5%
TSA Operating Grant and Other	(960)	(758)	(687)	71	-9.4%
Rate Base Revenues	280,279	371,056	300,397	(70,659)	-19%
Commercial area	17,633	15,612	16,702	1,090	7%
Total Aero Revenues	297,912	386,668	317,099	(69,569)	-18%

2021 Actuals vs. 2021 Budget

- O&M – \$29M lower due to Aero portion of pension credit (Movement, Terminal, Apron, Baggage & FIS) plus additional FIS savings due IAF opening delay offset by small variances in other areas. If not for Pension Credit, O&M amount would be very close to budget.
- Debt Service before Offsets: 3rd runway PFC debt was refunded with revenue bond which increased debt service and offset with refunding savings.
- PFC Offset \$7M higher due to refunding of PFC debt with revenue bond which allows more capacity to use PFC collections for debt service offset.
- Federal Relief Grants Aero Portion:
 - O&M Impact - Reducing \$2.6M from Rate Base
 - Debt Service Impact – Reducing \$59M from Rate Base

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

Non-Aero Business Unit Summary – Actuals

Non-Aeronautical NOI (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	82,125	34,502	64,104	59,597	4,507	7.6%	29,602	85.8%
Rental Cars	52,567	16,637	34,740	26,880	7,860	29.2%	18,104	108.8%
Ground Transportation	20,765	6,557	11,947	13,628	(1,681)	-12.3%	5,389	82.2%
Airport Dining & Retail	61,615	25,418	35,565	45,936	(10,371)	-22.6%	10,147	39.9%
Other	51,966	33,359	37,463	43,506	(6,043)	-13.9%	4,104	12.3%
Total Non-Aeronautical Revenues	269,037	116,473	183,819	189,548	(5,729)	-3.0%	67,346	57.8%
Total Non-Aeronautical Expenses	118,286	109,802	90,644	106,806	16,162	15.1%	(19,159)	-17.4%
Non-Aeronautical NOI	150,752	6,671	93,175	82,742	10,433	12.6%	86,504	1296.8%
Less: CFC Surplus	(6,834)	-	-	-	-		-	
Adjusted Non-Aeronautical NOI	143,917	6,671	93,175	82,742	10,433	12.6%	86,504	1296.8%

Non-Aeronautical – 2021 Actuals vs. 2021 Budget

- Net Operating Income was (\$10.4M or 12.6%) favorable to budget driven by:
 - Slower recovery in passenger demand for services in Airport Dining & Retail and Clubs & Lounges. These businesses brought in \$13M in lower revenues.
 - The slower recovery in the Commercial Management operations is partially offset by the improving recovery of passenger levels that result in more demand for services in the Public Parking and Rental Cars businesses. The Landside operations have brought in approximately \$10.7M in higher revenues compared to budget.
 - Non-Aeronautical operating expenses were (\$16.2M or 15.1%) favorable driven primarily by the pension credit of approximately \$19M.

Non-Aeronautical – 2021 Actuals vs. 2020 Actuals

- Net Operating Income was (\$86.5M or 1,296.8%) higher than 2020 driven by:
 - Increasing passenger levels and activity reflected in the non-aeronautical revenues in the first recovering year of 2021 compared to 2020 when the COVID-19 impact began.
 - Lower expenses driven by the pension credit in 2021 of approximately \$19M allocated to non-aeronautical expenses.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

D. CAPITAL RESULTS

Capital Variance

\$ in 000's	2021	2021	Budget Variance	
	Actual	Budget	\$	%
International Arrivals Facility ⁽¹⁾	57,017	86,500	29,483	34.1%
NSAT Renovation ⁽²⁾	72,452	96,408	23,956	24.8%
Checked Baggage ⁽³⁾	97,633	86,100	(11,533)	-13.4%
Restroom Upgrades Conc B,C,D ⁽⁴⁾	2,210	9,899	7,689	77.7%
North MT Redevelopment ⁽⁵⁾	576	6,744	6,168	91.5%
2021-25 AFLD Pvmnt ⁽⁶⁾	24,271	29,560	5,289	17.9%
Concourse A Expansion ⁽⁷⁾	392	5,215	4,823	92.5%
RCF Security Improvements ⁽⁸⁾	976	4,934	3,958	80.2%
SSAT Infrastructure HVAC ⁽⁹⁾	8,086	11,505	3,419	29.7%
C Concourse Expansion ⁽¹⁰⁾	5,634	8,763	3,129	35.7%
Terminal Security Enhancements Phase 2 ⁽¹¹⁾	469	3,479	3,010	86.5%
Electric Utility SCADA ⁽¹²⁾	727	3,441	2,714	78.9%
All Other	118,608	180,632	62,024	34.3%
Subtotal	389,051	533,180	144,129	27.0%
CIP Cashflow Mgmt Reserve	-	(41,978)	(41,978)	100.0%
Total Spending	389,051	491,202	102,151	20.8%

(1) IAF was expected to hit substantial completion in Q3 2021 with a summer opening. Challenges on the pedestrian walkway, issues with low voltage systems, smoke control, commissioning, and general issues with the design builder have yielded ongoing delays.

(2) Variance due to construction costs that were pulled forward in 2020 that would have been performed in 2021 (Operation Silver Cloud) and project savings.

(3) Accelerated schedule for SSAT Temp Maintenance Shop

(4) Underspent due to close-out of earlier phases and the money remaining will be spent in later phases.

(5) Underspent due to the delay in executing TRA 1, which was not fully executed until December 2021

(6) Bid result for 2021 pavement project came lower than Engineer's estimates by \$4.7M.

(7) 2021 baseline was set previous to Notebook approval (03/05/21), whereas the project budget went from \$60M to 71.4M

(8) The Construction Bid came in lower than Engineer's estimate

(9) Returned \$5M savings in Q1 and design delays have caused underspending

(10) Commission Authorization delays, due to re-evaluating financial impacts with COVID-19.

(11) Cash flow based upon previous procurement that was cancelled, revised cash flow was based on DB procurement and did not being include 3-month delay to request Best and Final Offers (BAFO) from DB teams and execute contract.

(12) SCADA Bid Opening Delayed and additional delay in NTP; Bids significantly under Engineers Estimate, returned savings last quarter

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

III. MARITIME DIVISION

FINANCIAL SUMMARY

	2019	2020	2021	2021	Incr (Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%
\$ in 000's						
Total Revenues	59,289	42,111	48,331	45,280	6,219	15%
Total Operating Expenses	48,644	50,228	40,714	50,243	(9,514)	-19%
Net Operating Income	10,644	(8,117)	7,616	(4,963)	15,733	194%
Capital Expenditures	7,887	19,698	18,923	26,195	(775)	-4%

2021 Actuals vs. 2021 Budget

- Operating Revenues are \$3.1M above budget driven by higher volumes at the Grain Terminal, better than anticipated Cruise passengers, and unplanned moorage at T91.
- Operating Expenses \$9.5M lower than budget from a change in maintenance allocation method, open FTEs, and a \$7.1M pension credit.
- Net Operating Income \$12.6M favorable to budget.
- Capital Spending at 72% of \$26M budget.

2021 Actuals vs. 2020 Actuals

- Operating Revenues \$6.2M higher than 2020 due to higher grain volumes and resumption of cruise business.
- Operating Expenses forecasted \$9.5M lower than 2020 actual driven by lower support service costs, higher pension credit, partially offset by increased central services from allocation changes.
- Net Operating Income forecasted \$15.7M above 2020 actual.

Net Operating Income before Depreciation by Business

	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Ship Canal Fishing & Operations	(1,886)	(2,144)	(2,112)	(32)	-2%	(258)	-14%
Elliott Bay Fishing & Commercial Operations	(47)	26	(1,797)	1,823	101%	72	NA
Recreational Boating	1,458	2,050	1,106	944	85%	592	41%
Cruise	(10,575)	(1,153)	(3,668)	2,515	69%	9,422	89%
Grain	3,700	4,789	3,143	1,646	52%	1,089	29%
Maritime Portfolio	(1,294)	927	(1,103)	2,030	184%	2,221	172%
All Other	526	3,121	(531)	3,652	688%	2,595	493%
Total Maritime	(8,117)	7,616	(4,963)	12,580	253%	15,733	194%

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

A. BUSINESS EVENTS

Recreational Boating – Bell Harbor Marina hosted the return of Classic Weekend, an annual public event sponsored by the Classic Yacht Association with a full marina buyout as evidence of Guest moorage rebounding from pandemic. Moorage deferral program ended after helping 33 customers maintain their monthly moorage.

Elliott Bay Fishing and Commercial Operations – Welcomed the newly built 261’ fishing vessel North Star to Terminal 91.

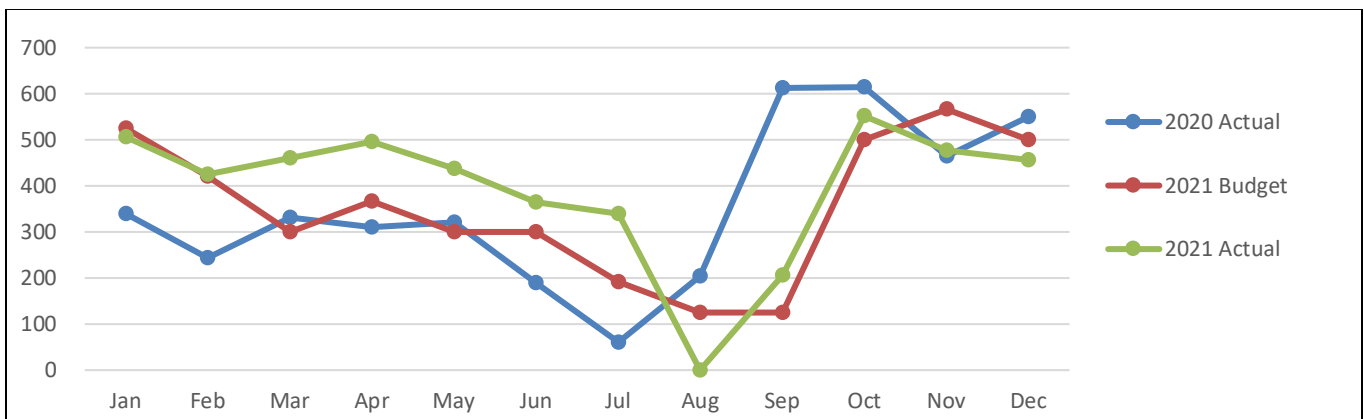
Cruise – Re-started the cruise business after a year off. Cruise lines agreed not to discharge wash water from their exhaust gas cleaning systems un the Puget Sound.

Ship Canal – Successful summer boating program bought in 88 monthly recreational customers to Fishermen’s Terminal to use docks while fishing customers are out working

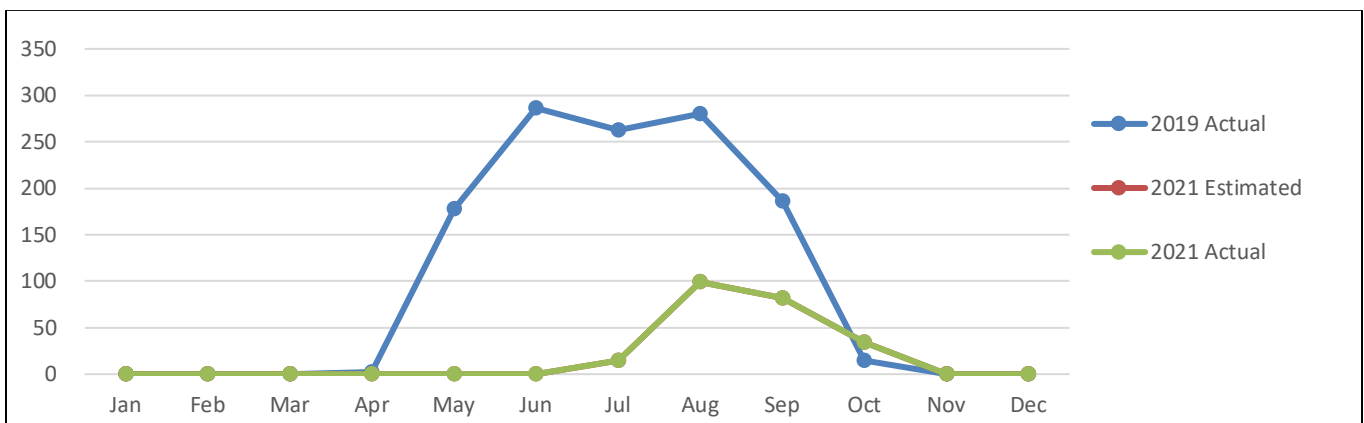
Grain Terminal– Demand for corn, soybeans, and sorghum generated decade high volumes of over 4.7M metric tons.

B. KEY PERFORMANCE METRICS

Grain Volume – Metric Tons in 000’s



Cruise Passengers in 000’s



III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

C. OPERATING RESULTS

	2019	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Actual vs. Budget Variance		Change from 2020	
\$ in 000's					\$	%	\$	%
Ship Canal Fishing & Operations	3,929	4,704	4,240	4,135	105	3%	(464)	-10%
Elliott Bay Fishing & Commercial Operations	6,095	5,752	5,618	4,509	1,110	25%	(133)	-2%
Recreational Boating	12,484	12,611	12,851	12,915	(64)	0%	240	2%
Cruise	22,410	3,824	9,517	8,558	959	11%	5,693	149%
Grain	4,266	5,142	6,112	4,903	1,209	25%	970	19%
Maritime Portfolio Management	10,108	10,074	10,392	10,259	133	1%	318	3%
Other	(3)	4	7	0	7	NA	3	65%
<i>Pension Revenue Adjustment</i>	0	0	(408)	0	(408)	NA	(408)	NA
Total Revenue	59,289	42,111	48,331	45,280	3,051	7%	6,219	15%
Expenses								
Maritime (Excl. Maint)	14,179	16,676	13,951	15,539	1,588	10%	(2,725)	-16%
Economic Development	5,032	4,549	4,559	5,365	806	15%	10	0%
Total Direct	19,211	21,225	18,510	20,904	2,394	11%	(2,715)	-13%
Maintenance Expenses	12,458	12,353	11,326	11,595	268	2%	(1,027)	-8%
Envir Services & Planning	2,443	2,947	2,018	2,140	123	6%	(930)	-32%
Seaport Finance & Cost Recovery	953	1,072	1,163	977	(186)	-19%	91	8%
Seaport Project Management	236	1,144	342	316	(26)	-8%	(803)	-70%
Total Support Services	16,090	17,518	14,849	15,028	180	1%	(2,669)	-15%
IT	2,850	2,888	2,695	2,853	159	6%	(193)	-7%
Police Expenses	4,387	3,131	3,064	3,118	54	2%	(68)	-2%
External Relations	1,604	1,242	1,222	1,347	125	9%	(20)	-2%
Other Central Services	6,189	6,035	7,109	6,749	(360)	-5%	1,074	18%
Aviation Division / Other	279	318	336	243	(93)	-38%	19	6%
Total Central Services / Other	15,309	13,614	14,426	14,311	(115)	-1%	811	6%
Total Expense before Pension Adjustment	50,609	52,357	47,784	50,243	2,458	5%	(4,573)	-9%
<i>Pension Expense Adjustment</i>	<i>(1,965)</i>	<i>(2,129)</i>	<i>(7,070)</i>	<i>0</i>	<i>7,070</i>	<i>NA</i>	<i>(4,941)</i>	<i>232%</i>
Total Expense	48,644	50,228	40,714	50,243	9,529	19%	(9,514)	-19%
<i>NOI excluding Pension Adjustments</i>	<i>8,680</i>	<i>(10,246)</i>	<i>954</i>	<i>(4,963)</i>	<i>5,917</i>	<i>119%</i>	<i>11,200</i>	<i>109%</i>
NOI Before Depreciation	10,644	(8,117)	7,616	(4,963)	12,580	253%	15,733	194%
Depreciation	17,627	17,624	17,718	16,899	(819)	-5%	94	1%
NOI After Depreciation	(6,982)	(25,741)	(10,101)	(21,862)	11,761	54%	15,639	61%

2021 Actuals vs. 2021 Budget

- Operating Revenues were \$3,051K higher than budget driven by:
 - Elliott Bay Fishing & Operations higher by \$1,110K from small cruise, research vessels restarting in 2021, new customer North Star in 2021, as well as utility sales.
 - Cruise \$959K higher from high passenger volumes than budgeted.
 - Grain \$1,209K higher from increase in annual volumes.
 - Received an unfavorable pension adjustment related to Police for \$408K
 - All other variances add up to \$181K higher.
- Operating Expenses were \$9,529K lower than budget:
 - Direct Expenses were \$2,394K lower than budget
 - Rec Boating \$78K lower than budget due to open FTEs.
 - Ship Canal Fishing \$253K higher from litigation costs
 - Elliot Bay Fishing and Commercial \$487K under from lower Utilities.
 - Cruise \$1,085K under from timing of Port Valet costs and Consulting.
 - Maritime Security \$91K lower than budget due to less cruise sailings.
 - Maritime Marketing \$252K below budget from event cancellations.
 - Portfolio Management \$861K favorable from lower utility expense and tenant improvements.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

- Environmental remediation was \$21K unfavorable to budget.
- All other Direct Expenses net to \$139K over budget.
- 2) Total Support Services were \$180K favorable to budget.
 - Maintenance \$268K favorable due to reduced wage expenses and favorable allocation change.
 - Environmental Services and Planning were \$123K lower than budget due to open position.
 - Seaport Finance \$186K unfavorable from higher operating/non-operating mix than budget.
- 3) Total Central Services / Other were \$115K unfavorable to budget.
- 4) Pension Adjustment \$7,070 favorable to budget.
- Net Operating Income was \$12,580K favorable to budget.

2021 Actuals vs. 2020 Actuals

- Operating Revenues were \$6.2M higher than 2020 due to increased volumes at the Grain terminal and resumption of the Cruise business.
- Operating Expenses were \$9.5M lower than 2020 actual driven by favorable maintenance allocation, pension adjustment, and open FTEs.
- Net Operating Income was \$15.7M better than 2020 actual.

D. CAPITAL RESULTS

\$ in 000's	2021 YTD	2021	Budget Variance	
	Actual	Budget	\$	%
T117 Restoration	7,959	8,809	850	10%
T91 Northwest Fender	5,402	7,761	2,359	30%
MD Small Projects	668	3,383	2,715	80%
MD Fleet	484	3,201	2,717	85%
FT Maritime Innovation Center	464	1,475	1,011	69%
T91 Berth 6&8 Redev	1,139	1,025	(114)	-11%
P91 Pass Term Upgrade COV	0	1,000	1,000	100%
P66 Shore Power	483	765	282	37%
SBM Restrms/Service Bldgs Rep	380	665	285	43%
FT Gateway Building	316	600	284	47%
All Other Projects	1,628	(2,489)	(4,117)	165%
Total Maritime	18,923	26,195	7,272	28%

Comments on Key Projects

- **T91 Northwest Fender** – Construction bid well under Engineer's Estimate. Have reduced forecast accordingly.
- **FT Maritime Innovation Center** – Budget increase due to unexpected increased design costs, risk mitigation measures, and recent wage inflation. Spending has been delayed due to limited availability of geothermal drilling for site testing.
- **MD Fleet** - Supply chain issues related to materials, electronics, and manufacturing have delayed nearly all new purchases.
- **MD Small Projects** – Projects moved to large capital (T91 Lighting, EV charging stations, T91 waterline, Energy Smart Metering).
- **Cruise COVID Updates** – Implemented signage in 2020, other modifications were completed under expense budget.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

	2019	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Actual vs. Budget Variance		Change from 2020	
					\$	%	\$	%
\$ in 000's								
Total Revenues	21,151	9,470	9,294	13,348	(4,054)	-30%	(176)	-2%
Total Operating Expenses	27,137	20,611	18,164	21,413	3,249	15%	(2,447)	-12%
Net Operating Income	(5,986)	(11,141)	(8,870)	(8,065)	(805)	-10%	2,271	20%
Capital Expenditures	3,121	9,314	4,311	5,647	1,336	24%	(5,003)	-54%

2021 Actuals vs. 2021 Budget

- Operating Revenues are \$4.1M unfavorable to budget due to lower volumes at the Conference & Event Center related COVID-19 cancellations and variable revenue at parking facilities.
- Operating Expenses \$3.2M favorable to budget due to variable cost impact of conference cancellations, delayed hiring, pension credit, and Washington Tourism Alliance expenses moving to 2022, offset by change in Maintenance allocation.
- Net Operating Income is \$0.8M below budget.
- Capital spending at 76% of \$5.6M budget.

2021 Actuals vs. 2020 Actuals

- Operating Revenues \$0.2M lower than 2020.
- Operating Expenses \$2.4M lower than 2020 with higher Maintenance and Washington Tourism Alliance expenses, offset by favorable Central Services costs and increased pension credit.
- Net Operating Income \$2.3M better than 2020 actual.

Net Operating Income before Depreciation by Business

	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Actual vs. Budget Variance		Change from 2020	
				\$	%	\$	%
\$ in 000's							
Portfolio Management	(3,212)	(3,460)	(2,116)	(1,344)	-64%	(248)	-8%
Conference & Event Centers	(5,497)	(4,061)	(2,476)	(1,586)	-64%	1,435	26%
Tourism	(873)	(826)	(1,111)	285	26%	47	5%
EDD Grants	(778)	(889)	(1,060)	171	16%	(112)	-14%
*Env Grants/Remed Liab/ERC	(782)	366	(1,303)	1,669	128%	1,148	147%
Total Econ Dev	(11,141)	(8,870)	(8,065)	(805)	-10%	2,271	20%

*Includes Pension Credit Adjustment

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

A. BUSINESS EVENTS

Diversity in Contracting – Invested 11.2 percent of total Port spend in WMBE businesses and utilized 285 WMBE enterprises (through Q3 2022).

Economic Development and Innovation – City grant partners helped over 1000 pandemic impacted businesses. Worked with Maritime Blue to support 2nd and 3rd Innovation Accelerator cohorts.

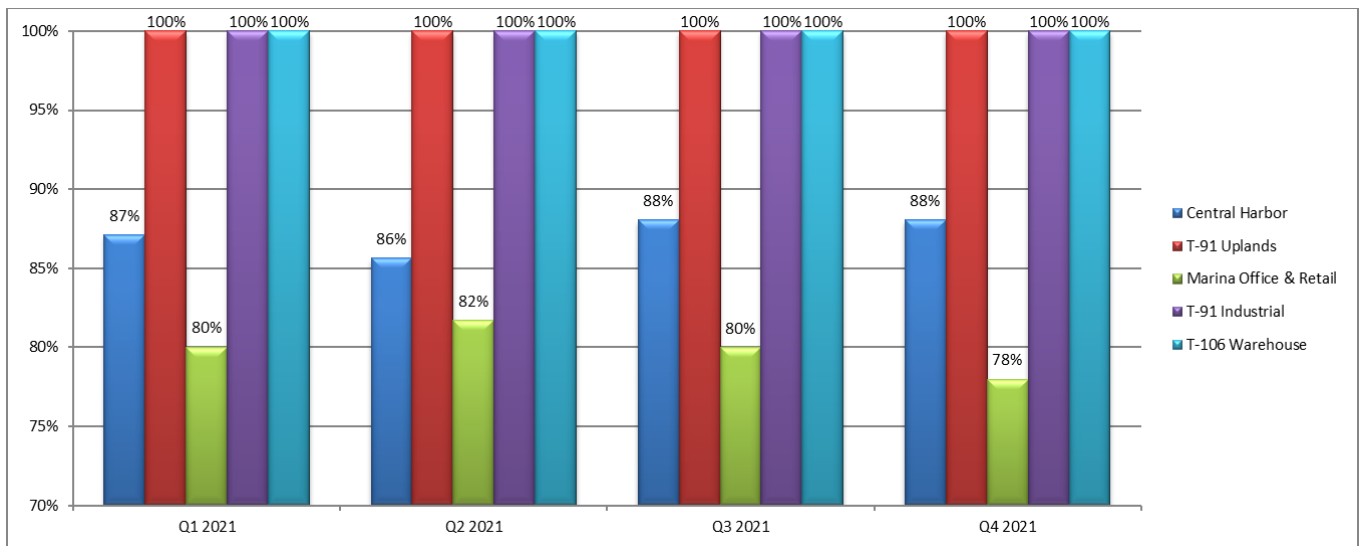
Portfolio Management – Maintained 95 percent occupancy across portfolio of economic development and maritime properties.

Real Estate Development – Executed ground lease for T-106 redevelopment.

Tourism – International marketing efforts generated \$1.9+ million in earned media. Created webinars in collaboration with U.S. Commercial Service, Visit USA Committees, CLIA, tour operators and travel trade publications to broadcast Washington tourism opportunities.

B. KEY PERFORMANCE METRICS

Building Occupancy by Location:



IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

C. OPERATING RESULTS

	2019	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020		
	Actual	Actual	Actual	Budget	\$	%	\$	%	
\$ in 000's									
Revenue	8,912	7,808	7,384	8,313	(929)	-11%	(424)	-5%	
Conf & Event Centers	12,239	1,662	1,910	5,035	(3,125)	-62%	248	15%	
Total Revenue	21,151	9,470	9,294	13,348	(4,054)	-30%	(176)	-2%	
Expenses									
Portfolio Management	3,806	3,143	3,737	3,401	(336)	-10%	594	19%	
Conf & Event Centers	10,218	4,440	3,124	4,920	1,796	37%	(1,316)	-30%	
P69 Facilities Expenses	249	268	268	222	(46)	-21%	(0)	0%	
RE Dev & Planning	152	230	231	154	(77)	-50%	1	1%	
EconDev Expenses Other	963	974	736	835	99	12%	(238)	-24%	
Maintenance Expenses	3,155	3,055	3,769	2,537	(1,232)	-49%	714	23%	
Maritime Expenses (Excl Maint)	1,088	1,117	862	1,060	198	19%	(255)	-23%	
Total EDD & Maritime Expenses	19,631	13,227	12,727	13,128	401	3%	(500)	-4%	
Diversity in Contracting	198	162	253	142	(111)	-78%	91	56%	
Tourism	1,374	991	1,877	2,481	603	24%	886	89%	
EDD Grants	785	778	889	1,060	171	16%	112	14%	
Total EDD Initiatives	2,357	1,931	3,019	3,683	663	18%	1,089	56%	
Environmental & Sustainability	29	33	24	31	7	23%	(9)	-26%	
Police Expenses	224	215	205	209	4	2%	(10)	-5%	
Other Central Services	5,486	5,815	4,408	4,242	(166)	-4%	(1,408)	-24%	
Aviation Division	114	161	177	120	(57)	-47%	16	10%	
Total Central Services & Aviation	5,853	6,225	4,814	4,603	(211)	-5%	(1,411)	-23%	
Total Expense before Pension Adjustment	27,841	21,382	20,560	21,413	853	4%	(822)	-4%	
Pension Expense Adjustment	(703)	(771)	(2,396)	0	2,396	NA	(1,625)	211%	
Total Expense	27,137	20,611	18,164	21,413	3,249	15%	(2,447)	-12%	
NOI Before Depreciation	(5,986)	(11,141)	(8,870)	(8,065)	(805)	-10%	2,271	20%	
Depreciation	3,647	3,611	3,841	3,216	(625)	-19%	229	6%	
NOI After Depreciation	(9,633)	(14,752)	(12,711)	(11,281)	(1,430)	-13%	2,041	14%	

2021 Actuals vs. 2021 Budget

- Operating revenue were \$4,054K unfavorable to budget due primarily to lower than anticipated Conference and Event Center volumes from on-going COVID-19 restrictions on meetings and events.
- Operating Expenses were \$3,249K favorable to budget:
 - 1) Conference and Event Center \$1,796K favorable from lower activity due to the on-going COVID-19 restrictions on meetings and events.
 - 2) Maintenance Expenses \$1,232K unfavorable due to change in Maintenance allocation methodology.
 - 3) EDD Initiatives \$663K favorable due to timing of spending (\$350K of Washington Tourism Alliance costs to be spent in 2022).
 - 4) Pension Expense Adjustment \$2,396 favorable to budget.
- Net Operating Income was \$805K below budget.

2021 Actuals vs. 2020 Actuals

- Operating Revenues were \$176K lower than 2020 actual
- Operating Expenses were \$2,447K lower than 2020 actual:
 - 1) Conference and Event Centers \$1,316K lower than 2020 due to variable costs associated with lower Conference and Event Center volumes due to the on-going COVID-19 restrictions on meetings and events.
 - 2) Maintenance Expenses \$714K higher than 2020 due to change in Maintenance allocation methodology.
 - 3) Central Services \$1,411K lower than 2020.
 - 4) All other Expenses net to \$434K lower than 2020.
- Net Operating Income was \$2,271K above 2020 actual.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

D. CAPITAL RESULTS

	2021 Actual	2021 Budget	Budget Variance	
			\$	%
\$ in 000's				
BHICC Interior Modernization	514	1,990	1,476	74%
P69 Underdock Utility Rpl	205	1,028	823	80%
CW Bridge Elev Modernization	539	943	404	43%
WTC HVAC Replacement	2,200	848	(1,352)	-159%
T91 Uplands Dev Phase 1	438	800	362	45%
P66 Roof Upgrades	213	544	331	61%
EDD Small Projects	45	522	477	91%
Tenant Improvements -Capital	0	289	289	100%
EDD Technology Projects	0	250	250	100%
P66 HVAC Systems Upgrade	0	185	185	100%
All Other Projects	157	(1,752)	(1,909)	109%
Total Economic Development	4,311	5,647	1,336	24%

Comments on Key Projects

- **BHICC Modernization** – Approved annual 2021 budget is erroneously showing expense portion and is showing it twice.
- **P69 Under Dock Utility Replacement** – City of Seattle permitting approval process is taking a lot longer and the Corps permit is expected to take longer.
- **T -91 Upland Development** – Lower 2021 spending due to the need to procure new Service Agreement for Professional Design Services, after terminating contract with former design consultant.
- **WTC HVAC Replacement**– Work accelerated work to compensate for future weather delays.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

	2019	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Actual vs. Budget		Change from 2020	
					\$	%	\$	%
\$ in 000's								
Operating Revenues	1,282	2,512	3,432	181	3,251	1797.1%	920	36.6%
Pension Contra Revenue	-	-	(3,665)	-	(3,665)	0.0%	(3,665)	0.0%
Total Revenues	1,282	2,512	(233)	181	(414)	-229.0%	(2,745)	-109.3%
Core Central Support Services	80,217	85,386	87,451	85,678	(1,773)	-2.1%	2,065	2.4%
Police	30,555	30,071	28,678	28,317	(361)	-1.3%	(1,393)	-4.6%
Engineering/PCS	11,408	10,606	9,391	9,199	(192)	-2.1%	(1,215)	-11.5%
TOTAL w/o DRS Pension True-up Credit	122,181	126,063	125,521	123,194	(2,327)	-1.9%	(542)	-0.4%
DRS Pension True-up Credit	(8,290)	(8,588)	(29,768)	-	29,768	0.0%	(21,180)	246.6%
TOTAL w/ DRS Pension True-up Credit	113,891	117,476	95,753	123,194	27,441	22.3%	(21,722)	-18.5%

2021 Actuals vs. 2021 Budget

- Operating Revenues unfavorable due primarily to the (\$3.7M) Pension Contra Revenue for the Law Enforcement Officers' pension, partially offset by Police forfeiture seizures of \$3.3M.
- Without the \$29.8M Pension Credit, Operating Expenses (\$2.3M) unfavorable to budget mainly due to savings staffing vacancies, project spending delays, and delayed Outside Services costs were offset by mid-year approval of additional funds for Opportunity Youth Initiative.

2021 Actuals vs. 2020 Actuals

- Operating Revenues (\$2.7M) below 2020 mainly due to the (\$3.7M) state's reduced contribution to the Law Enforcement Officers' pension in 2021 offsetting \$850K higher Police forfeiture seizures.
- Operating Expenses \$542K lower than 2020 mainly due to lower Payroll, Outside Services, Equipment, and Travel offset by lower charges to Capital Projects and higher Insurance Expense.

A. BUSINESS EVENTS

- Announced new partnership with the Seattle Aquarium, committing \$5M over five years for the development of the Aquarium's Ocean Pavilion project. This partnership will support marine conservation efforts and promote tourism.
- Held tree planting events in SeaTac, Burien, and Des Moines as part of the Green City Partnerships and began contract negotiations with eighteen firms selected to receive South King County Fund Environmental Grants.
- Acquired a new cybersecurity awareness platform and defense solution by transitioning to artificial intelligence integrated anti-phishing, spam filtering, and cybersecurity training tool.
- Conducted two sessions of the Supervisors' Racial Equity Orientation.
- Held a Police Assessment Town Hall with staff from the Task Force on Port Policing and Civil Rights presented the findings of the assessment and its recommendations.
- Hosted Eastside Business SEA Access Workshop with the Bellevue Downtown Association and gathered input from the Kirkland Chamber Transportation Committee and Eastside Transportation Forum as part of the Ground Transportation Access Plan goals.
- Implemented the GASB No. 87, Lease Accounting. Accounting and Financial Reporting (AFR) reviewed and vetted over 180 leases against this new accounting standard. Presented the Port's implementation process at the Airport Council International North America webinar.
- Amended to HR-8, Talent Acquisition to allow employees who resigned due to the vaccine requirement to be rehired without a competitive hiring process if they are fully vaccinated.
- Held the Q4 Disruption event "Making Waves in Innovation" presenting an AI assisted camera system that can track the movement of boats at the inner harbor.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

B. KEY PERFORMANCE METRICS

Century Agenda Strategic Objectives	2019	2020	2021
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	2239	857	1211
B. Number of SEA Airport tenants supported in finding employees	102	79	80
C. Employment Center training completions	441	211	254
D. K-12 Career Connected Learning: WFD engagement with teachers/faculty	450	9,070	1600
E. Community members entering employment in construction, maritime and environmental sustainability	190	72	84
F. Number of Job Openings created	578	360	441
G. Job applications received	12,959	7,024	10,355
H. Number of job interviews conducted	1,718	813	1,533
I. Number of new employees hired	498	202	317
J. Number of interns	155	84	114
K. Number of Veteran Fellows	6	0	5
L. Number of employees participating in Tuition Reimbursement	34	27	37
Become a Model for Equity, Diversity, and Inclusion			
A. Employee participation in OEDI programming (Caucuses, Book Clubs, Town Halls, etc.)	N/A	496	1,279
B. Port employees and supervisors completing required racial equity orientations/trainings.	N/A	N/A	882
Be a Highly Effective Public Agency			
A. Central Services costs as a % of Total Operating Expenses	25.2%	28.1%	25.5%
B. Investment portfolio earnings versus the benchmark (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index)	2.12%/1.60%	1.44%/0.13%	0.67%/0.69%
C. Comply with Public Disclosure Act and respond in a timely manner	608	503	637
D. Litigation and Claim Reserves	\$2.9M	\$1.3M	\$501K
E. Claims/Injury Damages Reserves	\$494K	\$304K	\$600K
F. Percent of annual audit work plan completed each year	100%	100%	100%
G. Employee Development Class Attendees/Structured Learning	2,201	7,457	2,423
H. Total Recordable Incident Rate (previous Occupational Injury Rate)	5.01	4.04	4.80
I. Lost Workday Rate (previously Days Away Severity Rate)	18.81	66.81	62.5
J. Customer Survey for Police Service Excellent or Above Average	83%	84%	92%

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

C. OPERATING RESULTS

Financial Summary

	Notes	2019	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
		Actual	Actual	Actual	Budget	\$	%	\$	%
Total Revenues		1,282	2,512	(233)	181	(414)	-229.0%	(2,745)	-109.3%
Executive		2,152	2,404	2,472	2,285	(188)	-8.2%	68	2.8%
Commission		2,121	1,851	2,093	2,169	76	3.5%	242	13.1%
Legal		5,184	6,522	7,718	3,919	(3,799)	-96.9%	1,196	18.3%
External Relations		8,123	7,882	8,037	9,878	1,841	18.6%	155	2.0%
Equity Diversity and Inclusion		2,362	4,740	5,180	3,743	(1,436)	-38.4%	440	9.3%
Human Resources		9,664	8,916	10,335	11,385	1,050	9.2%	1,419	15.9%
Labor Relations		1,323	1,380	1,373	1,346	(27)	-2.0%	(7)	-0.5%
Internal Audit		1,547	1,652	1,646	1,637	(9)	-0.5%	(6)	-0.4%
Accounting & Financial Reporting Services		7,867	8,698	8,699	8,724	25	0.3%	1	0.0%
Information & Communication Technology		24,356	26,173	24,162	24,427	265	1.1%	(2,011)	-7.7%
Information Security		1,270	1,745	1,636	1,913	278	14.5%	(109)	-6.3%
Finance & Budget		2,181	2,337	2,292	2,292	()	0.0%	(44)	-1.9%
Business Intelligence		1,368	1,264	1,130	1,523	392	25.8%	(134)	-10.6%
Risk Services		3,194	3,394	4,165	3,939	(225)	-5.7%	771	22.7%
Office of Strategic Initiatives		1,512	1,001	893	1,059	166	15.7%	(108)	-10.8%
Central Procurement Office		4,837	4,708	4,986	5,532	546	9.9%	278	5.9%
Contingency		39	(190)	(123)	(1,502)	(1,379)	91.8%	67	-35.3%
Core Central Support Services		79,101	84,476	86,694	84,270	(2,424)	-2.9%	2,217	2.6%
Police		30,555	30,071	28,678	28,317	(361)	-1.3%	(1,393)	-4.6%
Total Before Cap Dev & Environment		109,657	114,547	115,372	112,587	(2,785)	-2.5%	824	0.7%
Capital Development									
Engineering		6,866	6,237	5,403	5,580	177	3.2%	(834)	-13.4%
Port Construction Services		4,543	4,369	3,988	3,619	(369)	-10.2%	(381)	-8.7%
Sub-Total		11,408	10,606	9,391	9,199	(192)	-2.1%	(1,215)	-11.5%
Environment & Sustainability									
Environment & Sustainability		999	717	758	1,408	650	46.2%	41	5.7%
Sub-Total		999	717	758	1,408	732	52.0%	41	5.7%
Industrial Development Corporation		1	-	-	-	-	0.0%	-	0.0%
Capital to Expense		117	193	-	-	-	0.0%	(193)	-100.0%
TOTAL w/o DRS Pension True-up Credit		122,181	126,063	125,521	123,194	(2,327)	-1.9%	(542)	-0.4%
DRS Pension True-up Credit		(8,290)	(8,588)	(29,768)	-	29,768	0.0%	(21,180)	246.6%
TOTAL w/ DRS Pension True-up Credit		113,891	117,476	95,753	123,194	27,441	22.3%	(21,722)	-18.5%

2021 Actuals vs. 2021 Budget

- Excluding the DRS Pension Credit, Operating Expenses for 2021 are (\$2.3M) above Approved Budget due primarily to:
 - **Executive** – unfavorable variance of (\$188K) due to higher Payroll of (\$160K) and Outside Services (\$41K).
 - **Commission** – favorable variance of \$76K due to lower Payroll of \$15K, Travel of \$52K, and Promo Expenses of \$14K offset by higher Outside Services of (\$7K) and Equipment of (\$5K).
 - **Legal** – unfavorable variance of (\$3.8M) is due to higher than budgeted Outside Services (\$3.7M), higher Payroll due to mid-year approval of new FTE (\$69K), and lower charges to Capital Projects of (\$55K).
 - **External Relations** – favorable variance of \$1.8M primarily due to reduced Outside Services of \$1.5M, Payroll of \$187K, Travel of \$66K, Promo Expenses of \$97K, and General Expenses of \$34K.
 - **Equity, Diversity, and Inclusion** – unfavorable variance of (\$1.4M) primarily due to the increase of Outside Services of (\$1.6M) from \$2M increase for Opportunity Youth Initiative offset by lower Payroll of \$116K and Property Rentals of \$58K.
 - **Human Resources** – favorable variance of \$1.1M primarily due to lower Payroll of \$821K and General Expenses (primarily Employee Commuter Benefits) of \$289K.
 - **Labor Relations** – unfavorable variance of (\$27K) due to higher Payroll of (\$28K) and Telecommunications of (\$3K) offset by lower Travel of \$4K and Promotional Expenses of \$1K.
 - **Internal Audit** – unfavorable variance of (\$9K) primarily due to higher Payroll from job refresh of (\$12K) offset by lower Travel of \$3K and Telecommunications of \$1K.
 - **Accounting and Financial Reporting Services** – favorable variance of \$25K primarily due to lower Outside Services of \$24K, Travel of \$7K, Supplies & Stock of \$6K, and Equipment of \$2K offset by higher General Expenses of (\$46K).
 - **Information & Communication Technology** – favorable variance of \$265K primarily due to lower Payroll of \$428K, Equipment of \$257K, and Outside Services of \$96K offset by lower charges to Capital Projects of (\$525K).
 - **Information Security** – favorable variance of \$278K primarily due to lower Outside Services of \$302K offset by higher Payroll of (\$18K) and lower charges to Capital Projects (\$11K).
 - **Corporate Finance & Budget** – was on target.
 - **Business Intelligence** – favorable variance of \$392K due to lower Payroll of \$190K and Outside Services of \$198K.
 - **Risk Services** – unfavorable variance of (\$225K) due to higher Insurance Expenses of (\$322K) offset by lower Payroll of \$66K and Outside Services of \$36K.
 - **Office of Strategic Initiative** – favorable variance of \$166K due to lower Payroll of \$186K offset by higher Outside Services of (\$16K) and Travel of (\$5K).
 - **Central Procurement Office** – favorable variance of \$546K primarily due to lower Payroll of \$414K, higher General Expenses of \$60K, Supplies & Stock of \$58K and charges to Capital Projects of \$81K offset by higher Equipment of (\$62K).
 - **Police** – unfavorable variance of (\$361K) primarily due to higher Forfeitures Expenses of (\$544K) and Supplies & Stock of (\$58K) offset by lower Payroll of \$88K, Travel of \$81K, Worker’s Comp of \$49K, and Equipment of \$21K.
 - **Engineering** – favorable variance of \$177K primarily due to lower Outside Services of \$1.5M, Payroll of \$805K, and Property Rentals of \$361K offset by less charges to Capital Projects of (\$2.3M), higher General Expenses of (\$296K) and Equipment of (\$46K).
 - **PCS** – unfavorable variance of (\$369K) primarily due to lower charges to Capital Projects of (\$834K) and unplanned Worker’s Compensation of (\$80K) offset by lower Outside Services of \$170K, Payroll of \$228K, Supplies & Stock of \$33K, Equipment of \$75K, and General Expenses of \$40K.
 - **Environment & Sustainability Admin** – favorable variance of \$650K due to delayed Outside Services of \$668K offset by higher Payroll of (\$16K) and Travel of (\$4K).

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/21

2021 Actuals vs. 2020 Actuals

- Operating Expenses without DRS Pension True-up for 2021 are \$542K lower than 2020 actuals mainly due to:
 - **Core Central Support Services** – \$2.1M higher than 2020 primarily due to higher payroll in 2021 due to planned new hires, full year salaries of people hired in 2020, higher Outside Services from mid-year approvals, and higher Insurance Expenses
 - **Police** – \$1.4M less than 2020 due to vacancies in 2021, lower Worker’s Comp in 2021, and higher General Expenses in 2020.
 - **Capital Development** – \$1.2M lower than 2020 primarily due to lower payroll due to vacancies in 2021, lower than planned Outside Services offset by lower charges to Capital Projects.
 - **Environment & Sustainability** – \$41K higher than 2020 due to increases to Outside Services to support key initiatives.

D. CAPITAL RESULTS

	2021	2021	Budget Variance	
	Actual	Budget	\$	%
\$ in 000's				
Infrastructure - Small Cap	805	1,911	1,106	57.9%
Services Tech - Small Cap	1,242	1,226	(16)	-1.3%
Radio System Upgrade	2,062	2,955	893	30.2%
Office Wi-Fi Refresh	32	1,350	1,318	97.6%
Phone System Upgrade	426	840	414	49.3%
Environmental MIS projects	4	600	596	99.3%
CDD Fleet Replacement	230	1,123	893	79.5%
Corporate Fleet Replacement	247	685	438	63.9%
Other (note 1)	388	1,968	1,580	80.3%
Subtotal	5,436	12,658	7,222	57.1%
CIP Cashflow Adjustment	-	(3,000)	(3,000)	100.0%
TOTAL	5,436	9,658	4,222	43.7%

Note:

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