

2017 Budget Briefing

September 13, 2016

Agenda

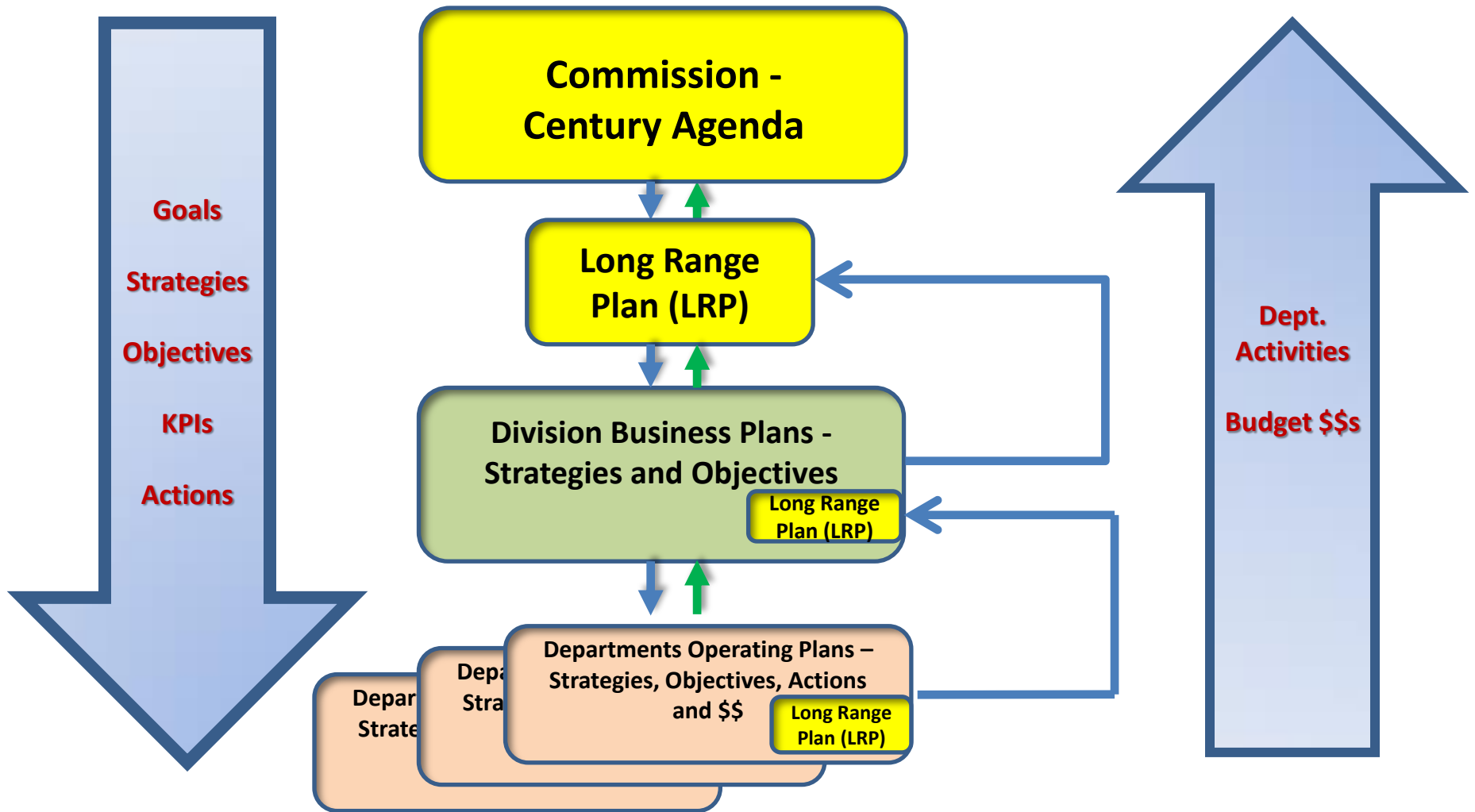
- 2017 Budget Process Overview
- Strategic Positioning for Growth (SPG)
- Key Budget Assumptions for 2017
- 2017 Key Budget Initiatives
- 2017 Key Budget Dates
- Q&A's

2017 Budget Process Overview

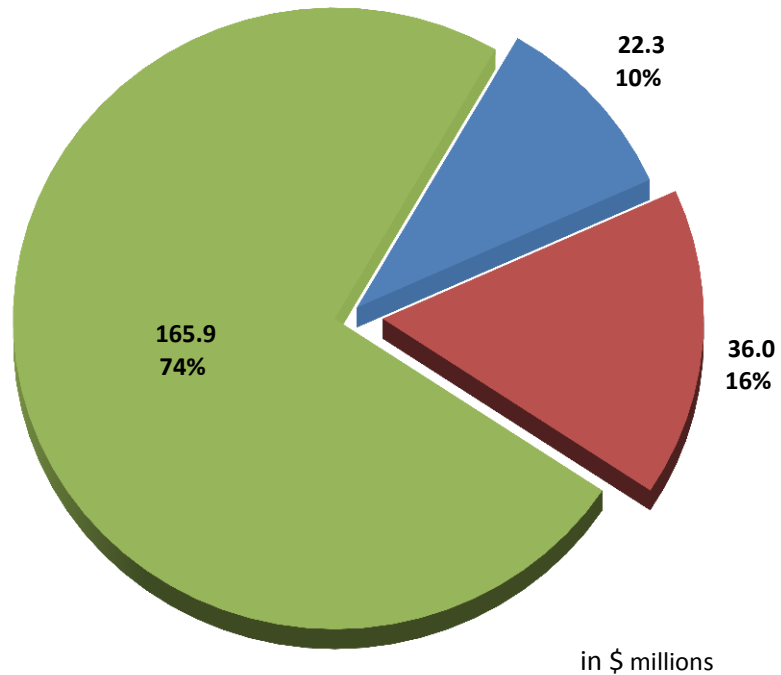
- Commission review and approval of Long Range Plan (LRP)
- Conduct Strategic Positioning for Growth (SPG) Initiative for operating divisions to fully align department activities with strategic and operational plans
- Commission review of business environment and industry conditions, key budget drivers
- Update division business plans
- Develop key assumptions and targets
- Issue budget calendar and guidelines
- Prepare operating and capital budgets
- Develop funding plans
- Review and approve budgets/funding plans
- File Statutory Budget

Operating divisions implemented SPG budgeting Initiative

Strategic Positioning for Growth Overview



2017 Operating Alignment

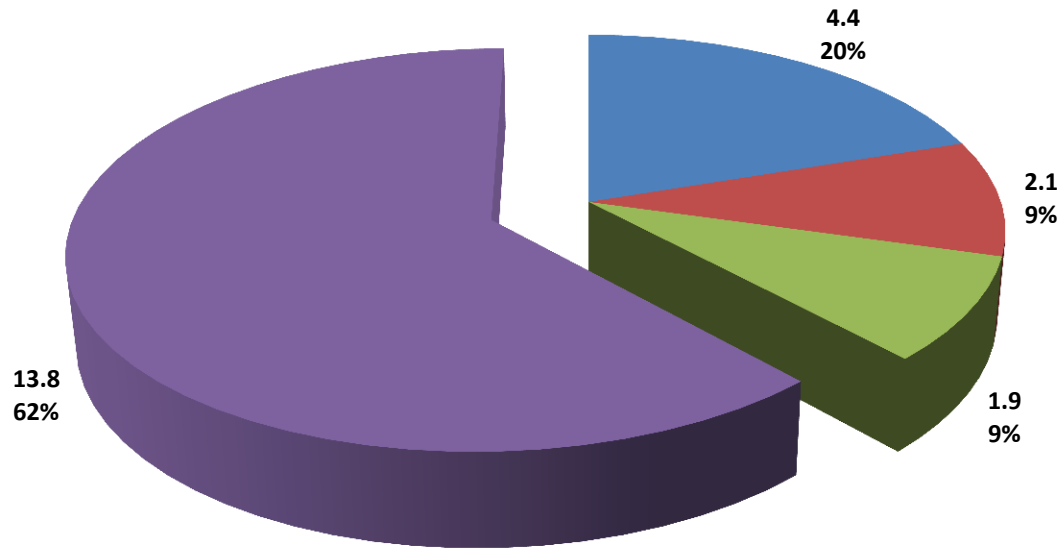


\$58.3 million, or 26%, of Division Activities tied to the Century Agenda/High Performance Organization

■ Century Agenda ■ HPO ■ Division Only Strategies

\$224.2 million 2017 Baseline Budget reviewed in SPG

Century Agenda Initiatives



in \$ millions

■ Green Initiatives
 ■ Logistics Hub
 ■ Small business and Workforce
 ■ Tourism and Business Gateway

Century Agenda Initiative	Aviation Division	Maritime Division	Econ Dev Division	Grand Total	%
Century Agenda - Green Initiatives	2.1	2.3	0.1	4.4	19.8%
Century Agenda - Logistics Hub	0.5	0.6	1.1	2.1	9.6%
Century Agenda - Small business and Workforce	0.2	0.3	1.5	1.9	8.6%
Century Agenda - Tourism and Business Gateway	11.9	0.7	1.2	13.8	62.0%
TOTAL	14.6	3.8	3.8	22.3	100.0%

\$22.3 million directly tied to achieving Century Agenda objectives

Key Budget Assumptions

- Average Pay for Performance increase of 3.5% projected in 2017 for non-represented employees
- Represented pay increases based on individual contracts, including CPI increases (0-6%) and/or STEP increases
- 1% Port-sponsored medical benefit cost increase
- Blended PERS rate increase from 11.2% to 12%
- High school intern pay rate of \$15 per hour
- Enplanement growth of 4% in 2017
- Cruise passenger growth of 9.2% to over 1 million

Key assumptions in line with previous years

Aviation: 2017 Budget Preview

2017 operating and capital budgets will reflect resource needs to implement long range plans and to meet near-term operational and facility needs

Operating Budget Needs	Capital Budget Needs
Improve customer service	Shortage of gates: Concourse D Ramp Operations terminal; Concourse B gate reconfiguration
Improve facility cleanliness	Baggage system capacity: C-61
Enhance security	Terminal space shortage: C-1 building expansion
Complete SAMP & environmental review	Roadway congestion: widen arrivals approach
Next phase of flight corridor safety program	Aging infrastructure: renewal & replacement

2017 budget will reflect strategic and operational priorities

Maritime: 2017 Budget Preview

Operating Budget Needs	Capital Budget Needs
On-going Maintenance Activities	Replace Net Shed Roofs
Customer Service Surveys	Pier 91 South Fender System
FT Strategic Plan Implementation	FT Strategic Plan Capital Construction
Energy Conservation Projects	Rehabilitation at Harbor Island Marina Docks
Cruise Passenger Experience Improvements	Cruise Terminal Tenant Upgrades
Stormwater Utility Implementation	Stormwater System Expenditures

Organizational Growth and Century Agenda Demands Fueling Need for Resources

Economic Development: 2017 Budget Preview

Budget based on managing Port real estate needs and supporting regional economic growth

Operating Budget Needs	Capital Budget Needs
Implementation support for RE Strategic Plan	RE Strategic Plan pre-development work at T91 , FT, and/or other locations
Oversight and maintenance of aging facilities	Improvements at Bell Harbor International Conf. Center
Expansion of Workforce Development programs	P69 lobby updates
Small business programs such as Incubators and PortGen	Tenant improvements of which many are expensive
Tourism expansion programs	Structural building/facility work such as T102 roof replacement P66 elevators

2017 budget will reflect strategic and operational priorities

2017 Budget Calendar

September

- Staff prepares operating and capital plans
- **09/27 – Commission briefing: Corporate budget**

October

- **10/11 – Commission briefing: Operating division's budgets**
- **10/18 – 2017 Preliminary Budget document available to the Commission**
- **10/20 – Public release of 2016 Preliminary Budget document**
- **10/24 – Publish public notice on budget**
- **10/25 – Commission briefing: Tax levy & Draft Plan of Finance**

2017 preliminary budget will be available to the public on 10/20

2017 Budget Calendar - Con't.

November

- 11/8 – First reading of budget resolution and public hearing
- 11/8 – Approval of the ILA/Service Directives (POS & NWSA)
- 11/22 – Second reading and final passage

December

- 12/02 – File statutory budget with King county
- 12/15 – Publish the 2017 Final Budget document

First and second budget readings in November

2017 Budget Briefing

Q&A's