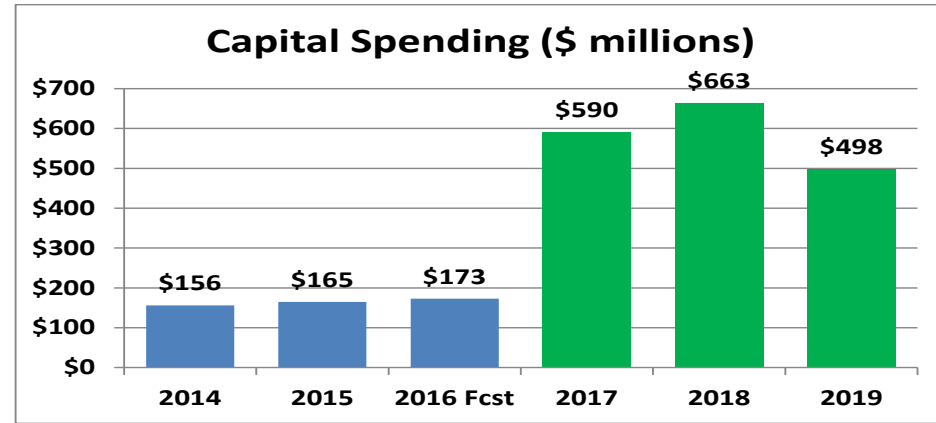
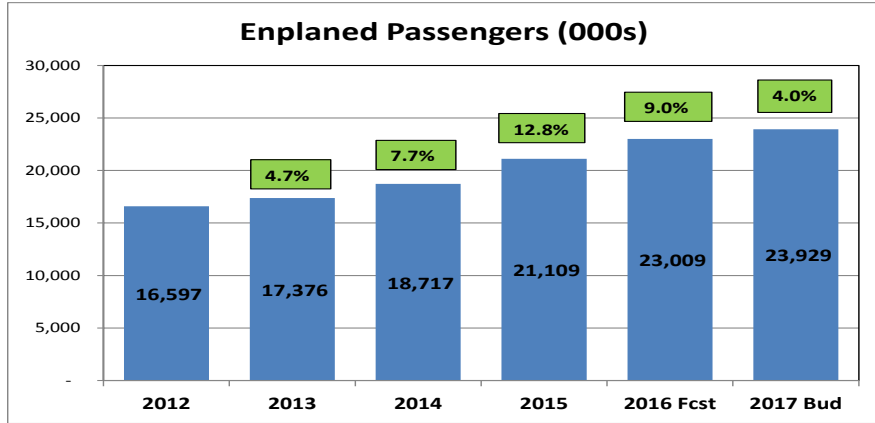


Aviation Division 2017 Budget Review

Commission Briefing
October 10, 2016

Growth Drives 2017 Budget



- Enplaned passengers:
 - 44.2% growth since 2012
 - CAGR of 7.6%
- Anticipate 48 million annual passengers (MAP) in 2017 vs. 33 MAP in 2012

- Entering phase of major increase in capital spending
 - Will continue for many years
- Organization must prepare to succeed

Growth drives budget

2017 Budget Drivers

- **Achieve Century Agenda objectives:**
 - **Airport capacity/accommodate growth: Operational challenges:**
 - Gates full at peak times, necessitating hardstand operations
 - Ground transportation – growing trips and complexity of operations
 - **Airport capacity: Long-term facility planning/development:**
 - Finalize master plan, including environmental review
 - Advance planning for master plan projects
 - **Cost effective expansion: Grow non-aero revenues:**
 - ADR program
 - Property development
 - Parking
 - **Gateway of Choice: Improve customer service:**
 - Facility cleanliness and appearance
 - Wayfinding and passenger processing
- **Enhance security - Full employee screening**
- **Improve safety – Flight corridor safety program**
- **IATA Level of Service**

Century Agenda drives budget

Aviation Division Expense Summary: Baseline & Non-recurring Costs

in 000's	Approved 2016 Budget	Proposed 2017 Budget	Change vs. Restated Baseline	
Baseline Budget	161,389	170,111	\$	%
Baseline transferred to Corporate		(2,346)		
Adjusted Baseline Budget	161,389	167,765		
Baseline Cost Reductions/Savings	(2,205)	(4,486)		
Baseline Cost Increases	6,606	6,770		
Baseline Budget before proposed additions	165,789	170,049	2,284	1.4%
Proposed additions to Baseline	4,322	6,607		3.9%
Add 100% Employee Screening		7,905		4.7%
Revised Baseline Budget	170,111	184,560	16,795	10.0%
			Change vs. 2016 Bud	
Non-recurring Expenses	10,158	14,507	4,349	
Budget before Exceptions	180,269	199,067	18,799	10.4%
Exceptions: Regulated Materials	3,246	3,775	529	16.3%
Aviation O&MBudget	\$ 183,515	\$ 202,842	\$ 19,328	10.5%

Majority of budget requests: non-recurring (\$14.5M) and 100% employee screening (\$7.9M)

FTE Summary

	<u>FTEs</u>	<u>%</u>
2016 Approved budet	892.81	
Transfers & Changes in 2016	(12.15)	
2016 adjusted baseline	880.66	
2017 budget cuts	(5.00)	-0.6%
2017 Additions	33.50	3.8%
Net change	28.50	3.2%
Employee screening function	85.00	9.7%
Total increase	113.50	12.9%
2017 Proposed budget	<u>994.16</u>	

Driver - 2017 Additions	
Safety	3.0
Security	3.0
Growth - Operational Challenges	16.0
Capital Program Delivery	7.0
Century Agenda/Business Needs	<u>4.5</u>
Total	33.5

- BI, Community Relations and Emergency Preparedness transferred to Corporate in 2016 (11.9 FTE's)
- Phase II re-org Corporate FTE's 100% assigned to Aviation are included in 2017 Proposed Budget count (39.25 FTE's)

FTEs driven by budget priorities

Budget Addition Requests

Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Safety				
Prepare for emergency/disaster	2017 Tri-Annual Disaster Exercise			100
Need to implement systematic airfield safety management program - Required	Airport Ops Manager - Safety Management	1.0	110	2
Increased airfield operations requires additional staff to provide adequate oversight	Airport Operations Specialist	2.0	194	2
Code requires annual inspection	Annual Smoke Control Consultant		50	
Electrical danger for staff	Arc Flash study - next phase			150
Unsafe lighting conditions at BMF	BMF Lighting Design and Improvement			50
FAA requires live fire training for Fire Dept.	Training at DFW (North Bend closed)		100	
Protect staff and contractors	Fall Protection Inspection		25	
Improve safety conditions for passengers	RCF Bus Camera (software) upgrade			100
Safety - 2017 Budget Requests		3.0	479	404
Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Security				
Opportunity to enhance security	Hire staff to do full employee screening	85.0	7,905	
Increased compliance and audit requirements	Audit and Compliance Manager	1.0	99	2
Increased compliance and audit requirements	Security Compliance Coordinator	1.0	89	2
Develop and manage video analytics	Security Systems Process Manager	1.0	105	2
Security - 2017 Budget Requests		88.0	8,198	5

Safety & Security Enhancement Opportunities

Budget Addition Requests

Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Passenger Growth: Operational Challenges				
Ground Transportation Trip Activity Growth & Complexity				
Effective mgmt oversight & compliance monitoring limited by resource capacity	Landside Supervisors	2.0	190	
	Ground Transportation Controllers	6.0	397	
	Contract management support	1.0	137	
Hardstand Operations				
Complex hardstand scheduling/ coordination driven by volume growth	Airline Scheduling Systems Specialist	1.0	95	3
Additional buses and increased trip activity driven by volume growth	Automotive Bus Mechanic	1.0	87	
	Field Crew Laborer - Bus Washer/Cleaner	1.0	54	
New hardstand equipment	Automotive/equipment Mechanic	1.0	87	
Maintain Facilities				
Passenger volumes increase wear on facilities	Carpenter	1.0	85	
	Laborer - Parking Garage	1.0	55	
Volume Driven Resource Needs				
Scheduling delays for mandatory training (badging process) due to testing stations at full capacity	Additional AAAE IET Training Stations (AV Training Ctr)			15
Increase in Badge volume growth	Background Compliance Specialist	1.0	73	2
Passenger Growth: Operational Challenges - 2017 Budget Requests		16.0	1,259	20

Passenger Growth: Operational Challenges

Budget Addition Requests

Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Passenger Growth: Long-term Facility Needs				
Complete SAMP and Related Planning				
Identify facility needs	SAMP & Transition to Environmental Review			500
Identify specific projects	Post-SAMP Advanced Planning			3,500
Validate Plan	SAMP Environmental Review			2,300
	SAMP Utilities Evaluation			500
	IWS/Storm Water Evaluation			150
Other Facility Planning				
	Architectural Standards Update Consultant			200
	Ground Transportation Operators Relocation Design			100
	Terminal Space Masterplan			80
Build Capacity for Capital Program Delivery				
	Capital Program Development (project definition, sequencing, coordination)			500
	Capital Development Program FTE	1.0	137	2
	Sr. Engineer, Conveyance	1.0	113	3
	Sr. Engineer, Mechanical Systems	1.0	113	3
	Program Management Coordinator	1.0	82	2
	Ltd. Duration - Admin Assistant for F&I/Utilities	1.0		75
	Permit Management Tracking System			60
	Building Inspector/Plans Examiner	1.0	96	3
	Permit Technician - Building Department	1.0	59	2
Passenger Growth: Long-term Facility Needs - 2017 Budget Requests		7.0	600	7,980

Passenger Growth: Long-term Facility Needs

Budget Addition Requests

Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Customer Service				
Facility Cleanliness / Appearance / ASQ metrics				
	Janitorial contract scope increase		1,000	
	Parking garage improvements (one floor refresh)			375
	Terminal to Ground Transportation transition - pilot project			75
	Music Initiative Programming & Development (airport share)			175
	Stanchions and sign holders for common use gates			35
	Curbside Refresh - Arrivals level			30
Wayfinding / Processing Passengers				
	Airport Signage Master Plan			950
	CISS contract scope increase		879	
	Annual fees for additional Automated Passport Control kiosks		96	
	IER Mobile Phone Scanners - for passport control			24
	Equipment Upgrades			10
Train Staff on Customer Service				
	Airport-wide Customer Service Training		260	
	Customer Service Recognition program		55	
Other				
	North Employee Parking Lot Attendant contract		196	
	Salesforce Licensing - employee portals & data processing		40	
Customer Service - 2017 Budget Requests			2,526	1,674

Customer Service

Budget Addition Requests

Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Air Service Development				
	New Air Service Incentive- Xiamen Air			250
	New Air Service Incentive- Volaris			150
	New Air Service Incentive- Condor			50
	New Air Service Incentive- Alaska-			25
	New Air Service Incentive- Alaska -San Luis			25
	New Air Service Incentive- Alaska -Wichita			25
	New Air Service Incentive- Unnamed Airline			200
Air Service Development - 2017 Budget Requests				725

Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Grow Non-Aeronautical Revenues				
Develop land to generate revenues	NERA FAA Pilot Program - grant			1,800
	Owner's Liaison - new property development			150
	Support Services (surveys, appraisals, title			50
Reserved parking can generate new revenue	Parking Pre-booking System Consultant			200
ADR releasing program	ADR Leasing Consultant			500
Monitor quality of ADR program to improve customer satisfaction and grow revenue	ADR Quality Assurance Consulting			53
Grow Non-Aeronautical Revenues - 2017 Budget Requests				2,753

Air Service Development & Grow Non-Aero Revenue

Budget Addition Requests

Problem/Need/Opportunit	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Asset Management				
Strategic Asset Management				
	Asset Condition Assessment Support		100	
	Facility Master Record Drawing Consultant			150
	Asset Management Estimating Consultant			50
	UHF/VHF Radio Antenna mapping and			50
Maintaining Existing				
	Fire Dept Apparatus Maintenance Contract		300	
	Maintenance Materials Increase (Elec. &		200	
	Terminal Test and Balance Consultant		100	
	Water Reservoir Cleaning			100
	Airport Office Bldg - Increase		10	
	Storage Tank(s) 10-Year Inspection			20
Asset Management - 2017 Budget Requests			710	370
Problem/Need/Opportunit	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Environmental				
	Centralized Management of Deicing			50
	Water Conservation Plan			50
Environmental - 2017 Budget Requests				100

Asset Management & Environmental

Budget Addition Requests

Problem/Need/Opportunity	Solution	2017 Budget Request \$000		
		FTEs	Baseline	One-time
Other Business Needs				
Determine optimal staffing levels	Staffing Plan Consultant			150
Increase grant utilization, to further MWBE goals	Senior Financial Analyst - Grants and PFC mgmt	1.0	131	2
Cargo facility development	Cargo Facilities Manager	1.0	104	2
	Cargo Business Development & Marketing Mgr	1.0	104	2
	Cargo Consulting Services			140
Critical high value lease	Financial consulting - primarily for airline agreement			100
Enhance utility billing customer service	Utility Business Analyst	1.0	108	3
Enhance systems utilization & training	Ground Transportation Software System Upgrade			30
	Maximo system upgrade training			12
	Post-Maximo upgrade implementation			25
Grow internship opportunities	Airport Training dept - College Intern	0.25	16	
	Airport Dining & Retail dept - Graduate Intern	0.25	14	
Tomorrow at Sea-Tac coalition	Seattle Chamber Membership Dues		100	
Airport legislative alliance	ACI/AAAE Membership Dues		48	
Reduced for 2016, need to augment	Additional Travel/Training		25	
	Professional development & software acquisition		69	
	Employee Recognition		10	
	General supplies/PPE		11	
Backup system for emergency responders	Generator & Infrastructure for Fort Lawton site			10
Other - 2017 Budget Requests		4.5	739	476

Other 2017 Budget Requests

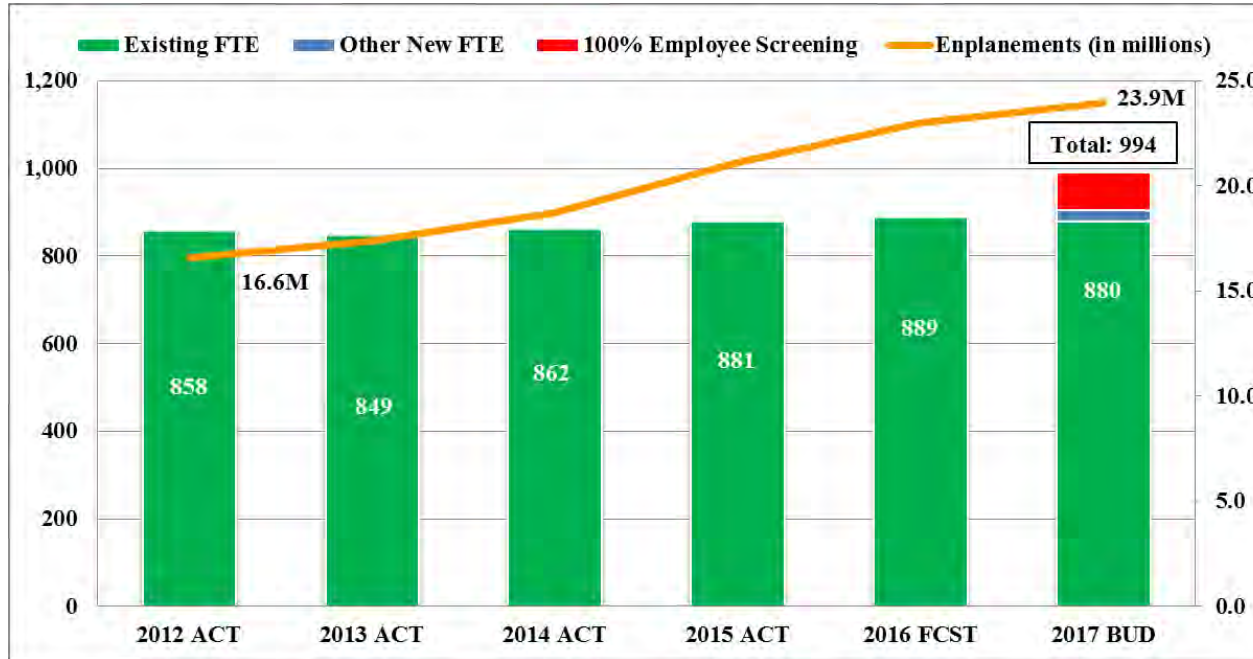
Expense Summary

\$ in 000's	2015	2016	2016	2017	Budget Change		Budget vs Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Operating Expenses								
Payroll	99,327	107,800	102,733	120,430	12,629	11.7%	17,697	17.2%
Outside Services	31,801	40,138	40,769	45,392	5,253	13.1%	4,622	11.3%
Utilities	13,682	14,686	14,858	15,187	501	3.4%	329	2.2%
Other Airport Expenses	21,737	20,251	28,943	21,834	1,583	7.8%	(7,109)	-24.6%
Total Aviation Expenses	166,548	182,876	187,304	202,842	19,967	10.9%	15,539	8.3%
Corporate	44,065	50,961	51,209	54,428	3,468	6.8%	3,220	6.3%
Police Costs	15,815	18,728	18,712	19,173	446	2.4%	461	2.5%
Capital Development	7,828	11,746	8,029	22,378	10,633	90.5%	14,350	178.7%
Maritime/Economic Development	3,885	3,907	3,488	3,393	(514)	-13.2%	(96)	-2.7%
Costs from other Divisions	71,592	85,341	81,438	99,372	14,032	16.4%	17,934	22.0%
Total Operating Expense	238,140	268,216	268,742	302,215	33,999	12.7%	33,473	12.5%

- Payroll costs include new FTEs, including employee screening function(\$7.9 million)
- Outside services include SAMP completion and advance planning costs
- Capital development cost include: flight corridor safety program (\$3.3 million), terminal security enhancements (\$4.3 million) and tenant support for ADR buildout (\$4.0 million)

Expenses here include costs from other divisions

5 Year Comparison of FTE to Enplanement Growth



Enplaned passengers:

- 44.2% growth since 2012
- CAGR of 7.6%

Aviation Division FTE's:

- 15.7% growth since 2012
- CAGR of 3.0%

Enplanement growth rate much higher than FTE growth rate

Non-Aeronautical NOI

\$ in 000's	2015	2016	2016	2017	Budget Change		Budget vs Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Non-Aero Revenues								
Rental Cars	46,515	48,166	50,013	50,746	2,580	5.4%	733	1.5%
Public Parking	63,059	66,847	69,767	73,568	6,721	10.1%	3,801	5.4%
Ground Transportation	8,809	8,327	12,618	14,443	6,116	73.5%	1,825	14.5%
Airport Dining & Retail/Terminal leases	52,391	55,554	55,799	56,738	1,184	2.1%	938	1.7%
Commercial Properties	8,007	10,251	15,708	12,141	1,891	18.4%	(3,567)	-22.7%
Other	18,064	19,177	19,708	18,968	(209)	-1.1%	(740)	-3.8%
Total Non-Aero Revenues	196,844	208,321	223,613	226,604	18,283	8.8%	2,991	1.3%
Total Non-Aero Expenses	84,226	97,657	96,180	107,391	9,734	10.0%	11,211	11.7%
Net Operating Income	112,618	110,664	127,433	119,213	8,550	7.7%	(8,219)	-6.4%
Less: CFC Surplus	(5,159)	(5,146)	(6,219)	(5,223)	77	-1.5%	996	-16.0%
Adjusted Non-Aero NOI	107,459	105,518	121,214	113,991	8,473	8.0%	(7,223)	-6.0%
Debt Service	(42,812)	(43,494)	(44,372)	(45,136)	1,642	-3.6%	(764)	1.7%
Net Cash Flow	64,647	62,024	76,842	68,855	6,831	11.0%	(7,987)	-10.4%

- Passenger growth: 9% growth driving 2016 forecast increase, compared to 4% growth for 2017 Budget
- Ground Transportation: 2017 Budget reflects full year of new taxi contract and TNC operations
- Commercial Properties: 2016 Revenues included one-time \$5 million for DMCBP advance payment
- Expenses: 2017 Budget reflects \$4 million for project support for ADR tenant buildouts

2017 NOI impacted by one-time costs

Aeronautical NOI

\$ in 000's	2015	2016	2016	2017	Budget Change		Budget vs Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Revenues:								
Movement Area	78,326	95,220	100,462	110,281	15,061	15.8%	9,819	9.8%
Apron Area	10,840	14,144	14,291	15,921	1,778	12.6%	1,630	11.4%
Terminal Rents	150,449	159,569	155,101	163,425	3,856	2.4%	8,323	5.4%
Federal Inspection Services (FIS)	9,979	10,836	10,839	12,418	1,583	14.6%	1,579	14.6%
Total Rate Base Revenues	249,594	279,768	280,694	302,046	22,277	8.0%	21,351	7.6%
Commercial Area	9,519	9,306	9,197	9,665	359	3.9%	468	5.1%
Subtotal before Revenue Sharing	259,113	289,074	289,891	311,711	22,637	7.8%	21,820	7.5%
Revenue Sharing	(29,453)	(28,055)	(35,676)	(33,612)	(5,557)	19.8%	2,065	-5.8%
Other Prior Year Revenues	(35)	-	-	-	-	0.0%	-	0.0%
Total Aeronautical Revenues	229,624	261,019	254,215	278,099	17,080	6.5%	23,884	9.4%
Total Aeronautical Expenses	153,914	170,559	172,562	194,824	24,265	14.2%	22,262	12.9%
Net Operating Income	75,710	90,460	81,653	83,275	(7,185)	-7.9%	1,622	2.0%
Debt Service	(82,341)	(91,723)	(91,351)	(88,740)	2,983	-3.3%	2,610	-2.9%
Net Cash Flow	(6,631)	(1,263)	(9,697)	(5,465)	(4,202)	332.7%	4,232	-43.6%

Rate Based Revenue growth driven by increased rate base costs

Operating Budget Summary

\$ in 000's	2015	2016	2016	2017	Budget Change		Budget vs Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Operating Revenues:								
Aeronautical Revenues	229,624	261,019	254,215	278,099	17,080	6.5%	23,884	9.4%
SLOA III Incentive Straight Line Adj	(3,576)	(3,576)	(3,576)	(3,576)	-	0.0%	-	0.0%
Non-Aeronautical Revenues	196,844	208,321	223,613	226,604	18,283	8.8%	2,991	1.3%
Total Operating Revenues	422,892	465,764	474,252	501,127	35,363	7.6%	26,876	5.7%
Operating Expenses:								
Aviation Budget before Exceptions	162,265	179,630	180,920	199,067	19,438	10.8%	18,147	10.0%
Exceptions	4,283	3,246	6,383	3,775	529	16.3%	(2,608)	-40.9%
Aviation O&M Budget	166,548	182,876	187,304	202,842	19,967	10.9%	15,539	8.3%
Costs from Other Divisions	71,592	85,341	81,438	99,372	14,032	16.4%	17,934	22.0%
Total Operating Expense	238,140	268,216	268,742	302,215	33,999	12.7%	33,473	12.5%
Net Operating Income	184,752	197,548	205,510	198,913	1,365	0.7%	(6,597)	-3.2%
CFC Surplus	(5,159)	(5,146)	(6,219)	(5,223)	(77)	1.5%	996	-16.0%
Net Non-Operating items paid from ADF	2,690	1,099	2,462	3,691	2,592	236.0%	1,229	49.9%
SLOA III Incentive Straight Line Adj	3,576	3,576	3,576	3,576	-	0.0%	-	-
Debt Service	(125,153)	(135,217)	(135,723)	(133,876)	1,341	-1.0%	1,846	-1.4%
Adjusted Net Cash Flow	60,706	61,859	69,607	67,081	5,221	8.4%	(2,526)	-3.6%
Key Measures								
CPE	10.12	11.00	10.31	10.87	(0.13)	-1.2%	0.55	5.4%
O&M per Enplanement	11.28	12.07	11.68	12.63	0.56	4.6%	0.95	8.1%
Debt Service Coverage	1.49	1.46	1.50	1.50	0.04	3.0%	(0.00)	-0.2%

Increased bottom line and debt service coverage

Capital Budget Summary

	Cash Flows (Figures in \$000s)						2017-21
	2016	2017	2018	2019	2020	2021	Total
Four Major Projects							
NorthSTAR	29,128	73,799	112,316	117,001	113,988	82,778	499,882
International Arrivals Facility	41,527	197,366	227,339	143,128	27,597	-	595,430
Baggage Optimization	5,421	45,000	45,600	64,500	47,000	57,000	259,100
South Satellite Renovation	30	970	9,000	20,000	30,000	50,000	109,970
Subtotal	76,106	317,135	394,255	344,629	218,585	189,778	1,464,382
Other existing projects	103,381	209,135	162,595	67,438	50,018	19,519	508,705
Proposed New Projects	1,386	59,666	91,501	56,249	41,175	24,896	273,487
Allowance CIPs	-	4,562	15,000	30,000	45,000	60,000	154,562
Total Proposed CIP	180,873	590,498	663,351	498,316	354,778	294,193	2,401,136

- Four major projects account for \$1.46 billion
- Proposing 33 projects totaling \$273M spending through 2021
- Budget includes place-holder spending for as yet undefined future projects (called “Allowance CIPs”): \$154M
- Budget does not include potential projects to be identified by Sustainable Airport Master Plan (SAMP)

Undertaking major program before SAMP projects

Proposed New Projects

Next Slide	# of Projects	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2017-21 Total
				2017	2018	2019	2020	2021	
I	8	Safety and Security	41,777	5,152	19,697	8,500	6,044	2,296	41,689
II	10	Asset Management	54,072	12,644	21,471	15,220	4,736	-	54,071
III	6	Response to Growth: Capacity	115,039	25,614	22,340	21,055	22,400	22,600	114,009
IV	3	Response to Growth: Customer Service	17,000	1,947	10,878	2,170	-	-	14,995
V	6	Other	48,836	14,309	17,115	9,304	7,995	-	48,723
	33	TOTAL	276,724	59,666	91,501	56,249	41,175	24,896	273,487

- Proposing 33 projects for approval to meet critical business needs
- The largest projects include:
 - C1 Building Floor Expansion
 - Garage Plaza and Elevators Update
- The proposed projects do not include projects that will come out of SAMP

Responding to growth is primary driver for new projects

Proposed New Projects

Safety & Security

I	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2017-21 Total
				2017	2018	2019	2020	2021	
1	C800650	Surface Area Management System	5,000	700	4,300	-	-	-	5,000
2	C800779	Safedock - A5, D10, D11 & GOS	3,872	770	3,102	-	-	-	3,872
3	C800834	GBAS Upgrade	3,158	220	2,938	-	-	-	3,158
4	C800876	Fire Station - Westside	2,400	2,020	380	-	-	-	2,400
5	C800842	AOS Perimeter Fence Line	3,993	346	1,944	1,703	-	-	3,993
6	C800844	Perimeter Intrusion Detect Sys	10,000	285	378	997	6,044	2,296	10,000
7	C800862	Terminal Security Enhancements	9,854	300	4,285	5,269	-	-	9,854
8	C800880	Employee Security Screening	3,500	511	2,370	531	-	-	3,412
TOTAL			41,777	5,152	19,697	8,500	6,044	2,296	41,689

1. Detect and display the location of aircraft and vehicles throughout the ramp areas using multiple cameras, sensors, and existing data feeds.
2. Install Safedock units at gates A5, D10 and D11, and connect all 22 existing Safedock units to communications. Install the Safedock Gate Operating System (GOS) and connect it to Inform.
3. Upgrade Ground Based Augmentation System (GBAS), from a beta system to a fully functioning navigational aid.
4. Provide 2 connected modular facilities and an additional ARFF vehicle structure to properly house the Fire Department personnel and equipment.

Providing safety and security

Proposed New Projects

Asset Management

II	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2017-21 Total
				2017	2018	2019	2020	2021	
1	C800789	Garage Plaza & Elevators Update	23,276	3,672	6,182	8,686	4,736	-	23,276
2	C800801	Replace Variable Freq. Drive	5,000	2,450	2,550	-	-	-	5,000
3	C800865	Trenchless Pipe Replace Ph 2	5,623	390	1,293	3,940	-	-	5,623
4	C800878	ARFF Vehicle Replacements	2,200	2,200	-	-	-	-	2,200
5	C800900	Garage Ancillary Renew/Replace	1,936	483	1,130	322	-	-	1,935
6	C800901	Parking Garage - Elec. Panels	3,267	815	1,907	545	-	-	3,267
7	C800902	Conc B - Electrical Panels	2,675	645	2,030	-	-	-	2,675
8	C800903	Conc B - Mechanical Equipment	1,328	330	998	-	-	-	1,328
9	C800904	Conc B - Water/Sewer Lines	2,636	636	2,000	-	-	-	2,636
10	C800905	Conc C - Electrical Panels	6,131	1,023	3,381	1,727	-	-	6,131
TOTAL			54,072	12,644	21,471	15,220	4,736	-	54,071

1. Modernize Parking Garage elevator banks PGB and PGC (10 elevators total).
2. Replace VFDs that have outlived their useful lives
3. Replace the oldest water main at STIA, a main artery for the water distribution that supply water to the main terminals. Both satellite terminals has reported several water supply incidents.
4. Purchase (2) 3,000 gallon ARFF Units. As part of our purchasing plan we are in need of replacing (1) aging ARFF Vehicles and acquiring another ARFF Unit so that we can move a 2006 ARFF Unit into reserve status.

Maintain assets

Response to Growth Capacity

III	CIP	Description	Cost	Cash Flows (Figures in \$000s)					2017-21
			Estimate	2017	2018	2019	2020	2021	Total
1	C800845	C1 Building Floor Expansion	50,000	1,100	2,000	2,500	21,800	22,600	50,000
2	C800850	C61 Upgrades and Add'l Makeup	16,300	7,889	8,381	-	-	-	16,270
3	C800866	Widen Arrivals Approach	15,600	200	1,000	14,400	-	-	15,600
4	C800873	Concourse B Gate Reconfigure	10,400	9,400	-	-	-	-	9,400
5	C800875	Additional STS Cars	17,450	6,525	8,175	2,150	600	-	17,450
6	C800883	Central Term Mezzanine Offices	5,289	500	2,784	2,005	-	-	5,289
TOTAL			115,039	25,614	22,340	21,055	22,400	22,600	114,009

1. C1 Building expansion will add needed office space, lounge space and additional ADR space
2. C61 will add needed interim baggage system capacity
3. The Widening of the arrivals approach drive will add roadway capacity and relieve congestion
4. Concourse B Gate Reconfiguration will add narrow body aircraft parking positions

Accommodate growth at the airport

Response to Growth Customer Service

IV	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2017-21 Total
				2017	2018	2019	2020	2021	
1	C800833	Holdroom Seatings for Conc B&C	6,000	367	5,628	-	-	-	5,995
2	C800886	Central Terminal Enhancements	3,000	750	250	-	-	-	1,000
3	C800898	Airport Signage Phase 1	8,000	830	5,000	2,170	-	-	8,000
TOTAL			17,000	1,947	10,878	2,170	-	-	14,995

1. Purchase holdroom seating to furnish all holdrooms on Concourses B and C. These seats will replace a mixture of Port and airline-owned seats currently in the holdrooms on these concourses. Defining a new holdroom seating standard is currently underway.
2. By spring 2018, we will have new and shining restaurants on the South Side of the Central Terminal and by 2019 on the North Side as well.

Improve customer service

Other

V	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2017-21 Total
				2017	2018	2019	2020	2021	
Regulatory & Community									
1	C200095	Condo Sound Insulation	24,681	700	7,993	7,993	7,995	-	24,681
Grow Non-Aero Revenue									
2	C800870	Parking Revenue Infrastructure	14,611	8,550	6,061	-	-	-	14,611
Small Business									
3	C800846	Kiosk Program Expansion	3,139	1,012	2,014	-	-	-	3,026
Business Need									
4	C800762	Telecommunication Meet Me Room	905	47	47	811	-	-	905
5	C800841	Tenant Network Demarc Upgrade	2,500	1,000	1,000	500	-	-	2,500
6	C800864	Water System Alternate Source	3,000	3,000	-	-	-	-	3,000
TOTAL			48,836	14,309	17,115	9,304	7,995	-	48,723

1. Sound insulation for condominiums was an outcome of the 2014 Part 150 study.
2. Support the design, installation, and maintenance of revenue-enhancing infrastructure for the Sea-Tac Airport parking garage.
3. Increase small, local and/or disadvantaged business opportunities in the Airport Dining and Retail (ADR) Program.
4. Repurpose vacant space on the fourth floor of the parking garage, collocated with the “Backup ACC”, creating a production environment, where telecommunications equipment can be expected to run on 24/7 basis with minimal risk of interruption.
5. Standardize our tenant network “demarc packages” for many existing legacy installations and important vacant properties.
6. Provide a reliable alternate source to the current high cost source thus saving taxpayer and rate payer expenses.

Other primary drivers for new projects

Financial Forecast

In \$000's	2016 Bud	2017 Bud	2018	2019	2020	2021
Airline Revenue	261,019	278,099	297,979	344,552	365,435	406,706
Non-Airline Revenue	208,321	226,604	235,466	238,013	251,150	257,000
Total Revenue	469,340	504,703	533,444	582,566	616,585	663,706
Operating Expense	268,216	302,215	313,221	324,705	337,579	352,134
Net Operating Income	201,124	202,489	220,223	257,861	279,006	311,572
Net Non-Operating Income/Expense	1,099	3,691	4,170	4,307	4,451	4,612
CFC Excess*	(5,146)	(5,223)	(7,438)	(6,003)	(13,768)	(13,966)
Available for Debt Service	197,077	200,957	216,955	256,165	269,688	302,218
Net Debt Service	135,217	133,876	149,346	188,517	201,072	234,011
Net Cash Flow	61,859	67,081	67,609	67,648	68,616	68,207
Key Measures						
Debt Service Coverage	1.46	1.50	1.45	1.36	1.34	1.29
Revenue Sharing	28,055	33,612	30,272	20,519	18,348	9,704
Passenger Airline CPE	11.00	10.86	11.54	13.28	13.95	15.41
Debt per Enplaned Passenger	111.3	110.3	126.6	137.4	142.9	146.4
* CFC collection in excess of CFC debt service/O&M is restricted and cannot be used for other revenue bond debt service						

CPE will rise as major projects are completed and costs hit rate base

2017 Budget – Open Items, Risks

- Open Items:
 - Employee screening – refine plan?
 - Potential need for additional fire fighters (12) to staff second station under review
 - Improvements to Weyerhaeuser building for Fire Dept. could replace proposed capital project
 - Central Terminal Enhancements – proposed capital project has significant elements that would be expense
 - Enplanement forecast for 2017 – will continue to review and refine
- Not in 2017 Budget:
 - Employee screening phase 2
 - Security checkpoint queue management (TSA to provide)
 - Bus drivers for hardstand operations (airlines to staff)
 - Capital projects to support/implement master plan (SAMP)

Need to resolve open items

Maritime Division 2017 Budget Review

Commission Briefing
October 10, 2016

Business Lines Included

Org

Fishing & Operations
Cruise
Recreational Boating
Grain
Habitat and Parks
Maritime Marketing
Maritime Division Mgmt
Marine Maintenance

Orgs moved in Phase II Re-org

Maritime Environmental
Maritime Finance
Maritime Security
Maritime Portfolio Mgmt

Subclass

Fishing & Operations
Cruise
Recreational Boating
Grain
Habitat and Parks
Maritime Portfolio Mgmt
Maritime Security
Maritime Environmental

Note: Stormwater Utility in separate deck

Maritime Division evolving into a matrixed organization

Key Assumptions

- Cruise forecasts 1,043,530 passengers a 8.8% increase from 2016 Budget due to 14 additional calls.
- Grain volume at 3.72 million metric tons per forecast from tenant, a decrease of 7% from 2016 forecast and budget.
- Recreational Marina occupancy rate average of 95% consistent with 2016 Budget and year end forecast.
- Fishing & Commercial occupancy rates average of 83%, above 2016 Budget of 82%.
- Commercial Building Properties target 95% occupancy at year-end 2017 consistent with current results.

Growth in Cruise passengers, lower grain volumes

Org Revenues By Group

Maritime Division Only

\$ in 000's	2015	2016	2016	2017	Budget Change		Budget to Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Bulk	4,678	5,000	4,866	4,506	(494)	-10%	(360)	-8%
Cruise and Maritime Operations	14,324	15,333	15,500	16,507	1,174	8%	1,007	6%
Fishing & Operations	8,333	8,477	9,100	9,068	591	7%	(32)	0%
Maint	1,150	384	805	383	(1)	0%	(422)	-110%
Rec Boating	9,734	10,439	10,193	11,077	638	6%	884	8%
Total Maritime	38,218	39,633	40,464	41,541	1,909	5%	1,078	3%

- Bulk (Grain Terminal) 2017 budget based on preliminary guidance from Louis Dreyfus.
- Cruise Operations increase due to 14 additional calls and estimated 8.8% passenger increase.
- Fishing and Operations increase driven by better utilization of Maritime Operations assets.
- Maintenance revenue generated from direct reimbursement of existing tenants.
- Recreational boating includes a 6% preliminary tariff increase.

Steady Growth in Maritime tariff based revenues, risk added to Bulk

Org Expenses by Group

Baseline

\$ in 000's	2016		2017	Budget Change		Budget to Forecast	
	Budget	Forecast	Budget	\$	%	\$	%
Bulk	72	74	64	(9)	-12%	(11)	-14%
Cruise Operations	1,118	998	1,428	310	28%	430	43%
Fishing & Operations	4,117	4,341	4,557	440	11%	216	5%
Maintenance	16,798	15,833	17,586	788	5%	1,753	11%
Rec Boating	2,833	2,860	3,065	232	8%	205	7%
Maritime Admin	513	463	469	(44)	-9%	6	1%
Maritime Marketing	495	336	332	(163)	-33%	(4)	-1%
Parks, Env. Remediation, Other	343	205	180	(163)	-47%	(25)	-12%
Maritime Baseline	26,289	25,109	27,680	1,391	5%	2,571	10%

Initiatives and One-Time Items

Cruise Operations	2,066	2,066	2,231	165	165
Fishing & Operations	14	14	119	105	105
Maintenance	2,912	2,745	3,802	890	1,057
Rec Boating	37	37	281	243	243
Maritime Admin	50	50	65	15	15
Maritime Marketing	0	0	152	152	152
Maritime Initiatives	5,079	4,912	6,650	1,570	1,738

Total

\$ in 000's	2015	2016		2017	Budget Change		Budget to Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Bulk	60	72	74	64	(9)	-12%	(11)	-14%
Cruise Operations	2,305	3,184	3,064	3,659	475	15%	595	19%
Fishing & Operations	4,026	4,131	4,355	4,676	545	13%	321	7%
Maintenance	17,124	19,710	18,577	21,388	1,678	9%	2,811	15%
Rec Boating	2,832	2,870	2,897	3,346	475	17%	448	15%
Maritime Admin	440	563	513	534	(29)	-5%	21	4%
Maritime Marketing	498	495	336	484	(11)	-2%	148	44%
Parks, Env. Remediation, Other	114	343	205	180	(163)	-47%	(25)	-12%
Total Maritime	27,398	31,368	30,021	34,330	2,962	9%	4,309	14%

Expense growth primarily in initiatives and one-time items

Cruise 2017 Initiatives & One-Time Expenses

Cruise

\$ in 000's

	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>'17-'16 Change</u>
New Requests			
Best in Class Initiative	0	300	300
Destination Awareness Initiative	0	157	157
Marketing Study - Feasibility of new Cruise Berth	0	100	100
Cruise facility concept/feasibility design	0	300	300
1.0 FTE - Pier 66 Facility Manager beg 2/1	0	114	114
.5 FTE - Seasonal Facility Maintenance Manager beg 2/1	0	69	69
*T91 Resurfacing Lobby and Baggage Hall Floors	0	405	405
P66 Cruise Terminal Expansion One-Time Expenses			
CTA Allowance	160	180	20
CHI Guaranteed Income	231	378	147
CHI Relocation Costs	25	0	(25)
Mitigation Funds for CEC	250	125	(125)
Leaseback of P66 from NCLH	0	104	104
CTA Lease Buyout	1,000	0	(1,000)
Not Funded in 2017			
T91 Maintenance dredging	400	0	(400)
Total	<u>2,066</u>	<u>2,231</u>	<u>165</u>

*Planned in prior years, but prioritized in 2017

Focus on Pier 66 expansion and Century Agenda

Recreational Boating 2017 Initiatives & One-Time Expenses

Recreational Boating

\$ in 000's

	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>'17-'16 Change</u>
New Requests			
Replace dock carts and needed equipment on dock	0	27	27
Benchmarking Study	0	2	2
2 new Harbor Specialists	0	116	116
Provide more amenities to enhance customer experience at Shilshole	0	19	19
Work process and Workstation improvement	0	22	22
Purchase of tools required to implement guest paid parking	0	5	5
Additional overnight security contract service	0	65	65
Safety & team training for staff	0	6	6
Develop a Shilshole information booklet	0	5	5
National Marina Day event	0	5	5
Market the Clean Captain's Club	0	3	3
Staff uniforms	0	7	7
Not Funded in 2017			
Replacement Equipment / Furniture	37	0	(37)
Total	<u>37</u>	<u>281</u>	<u>243</u>

Focus on improved security and customer service

Marine Maintenance 2017 One-Time Expenses

Maintenance

\$ in 000's

	<u>2017 Budget</u>	<u>%</u>
New Requests - One-Time or Phased Work		
Stormwater Utility Assessments and Needed Repairs	338	9%
RE Development and Planning	54	1%
Facilities P69	245	6%
Portfolio Management	699	18%
Cruise Operations	195	5%
Fishing and Operations	219	6%
Maintenance	291	8%
Maritime Portfolio Management	725	19%
Parks	78	2%
Recreational Boating	804	21%
NH Lease and Asset Management	145	4%
Aviation	9	0%
Total	<u>3,802</u>	

Efforts geared toward Stormwater and aging port infrastructure

Other 2017 Initiatives & One-Time Expenses

Other Maritime

\$ in 000's

2017 Budget

New Requests

Fishing and Operations

Leadership Development Program	9
Maritime Ops Uniforms	2
Be the Change Workshop	1
Maritime Ops Additional FTE	73
T91 Kitchen	15
College Intern	14

Maritime Marketing

College Intern	10
FT Strategic Plan Advertising	75
Rec Boating Branding & Promotion	30
Marina special event branding	25
Video Production	12

Maritime Admin

College Intern	10
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Total

275

Other Maritime Division items

Maritime Org Expense Budget

Maritime Division Expenses Only

\$ in 000's	2015	2016	2016	2017	Budget Change		Budget to Forecast		Explanation
	Actual	Budget	Forecast	Budget	\$	%	\$	%	
Salaries	5,950	6,094	5,827	6,484	390	6%	657	11%	5.3 (3%) new FTE's + merit
Benefits	2,437	2,502	2,361	2,732	230	9%	370	16%	
*Wages & Benefits	9,804	12,151	10,886	13,289	1,138	9%	2,402	22%	Increase in Maintenance
OPEB	46	28	40	44	16	56%	4	10%	
Salaries & Wages to Cap, Non-op, ERL	(475)	(479)	(381)	(407)	71	-15%	(26)	7%	
Total Payroll Costs	17,763	20,296	18,734	22,141	1,845	9%	3,407	18%	
Net Payroll Exp (net of to capital, Non-op)	18,238	20,775	19,115	22,548	1,773	9%	3,433	18%	
Utilities	2,803	3,103	3,400	3,527	423	14%	126	4%	Electricity, Water, and Stormwater
Equipment Expense	1,017	825	1,158	1,320	494	60%	162	14%	Furniture at P66
Maint Materials and Vehicle Parts	1,521	1,693	1,693	1,594	(99)	-6%	(99)	-6%	
Outside Services	2,235	2,519	3,155	3,613	1,094	43%	458	15%	Support for Cruise and Marketing initiatives
Travel & Other Employee Exp	286	395	277	353	(42)	-11%	76	28%	Reduction in Admin Travel
Promotional Expenses	68	117	113	336	219	188%	223	198%	Cruise - Best in Class and Destination Awareness Initiatives
Workers Comp	319	271	243	269	(3)	-1%	26	11%	
*Other O&M	1,385	2,112	866	1,203	(910)	-43%	336	39%	CTA Payment in 2016 Budget
Total Budget	27,398	31,368	30,021	34,330	2,962	9%	4,309	14%	

*Note: Wages & Benefits and Other O&M (Supplies) forecast is below budget due to project delays and challenges procuring craft labor at the Marine Maintenance shop. We anticipate the labor pool to improve in 2017.

Increased expense for cruise, utilities, and maintenance work for 2017

Full-Time Equivalents (FTEs)

<u>2016 Budget</u>	184.3
<u>2016 Changes</u>	
Staff Transfers from Reorg and COE to Corporate:	
Maritime / EDD Finance Transfers to Corporate	-6.0
Environmental Finance and Cost Recovery	-4.0
Environmental & Planning Transfer to Corporate	-17.3
Staff Transfers from Reorg and COE to Economic Development:	
Industrial Property Manager to EDD	-1.0
Sr. Real Estate Property Manager to EDD	-1.0
Real Estate Property Manager to EDD	-1.0
Adjusted 2016	154.0
<u>2017 Budget</u>	
Staff Addition:	
Pier 66 Cruise Facility Manager	1.0
Seasonal Cruise Facility Maintenance Manager	0.5
Billing & Admin - Fishing & Operations (formerly .5 FTE)	1.0
Intern Fishing and Operations	0.3
Intern Maritime Marketing	0.3
Intern Maritime Administration	0.3
Harbor Facilities Specialist - SBM	1.0
Harbor Facilities Specialist	1.0
Net Change	5.3
Proposed 2017 Budget	159.3

Net increase of 5.3 FTE

Maritime Budget Summary

Inclusive of Direct Charges & Allocations from Corporate, CDD, & Other Divisions

\$ in 000's	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	Incr (Decr)		Incr (Decr)	
					Budget Change \$	%	Budget to Forecast \$	%
Revenues								
Operating Revenues	47,268	49,314	49,801	51,877	2,564	5.2%	2,077	4.2%
Total Revenues	47,268	49,314	49,801	51,877	2,564	5.2%	2,077	4.2%
Expenses								
Maritime Expenses (excl env srvs)	9,561	11,584	11,121	12,790	1,205	10.4%	1,669	15.0%
Envir Services & Planning	1,278	1,430	1,540	1,701	270	18.9%	160	10.4%
Maintenance Expenses	9,031	10,576	10,153	11,439	864	8.2%	1,287	12.7%
Econ Dev Expenses	3,343	4,113	3,692	4,617	504	12.3%	925	25.0%
CDD Expenses	1,544	1,029	1,029	1,177	147	14.3%	147	14.3%
Police Expenses	2,611	4,023	3,983	3,867	(157)	-3.9%	(116)	-2.9%
IT	2,046	2,466	2,466	2,894	428	17.3%	428	17.3%
Public Affairs	316	1,194	1,175	1,449	256	21.4%	275	23.4%
Other Corporate Expenses	3,594	6,053	5,893	6,608	555	9.2%	716	12.1%
NWSA	120	0	0	0	0	NA	0	NA
Operating Expenses	33,443	42,469	41,052	46,541	4,072	9.6%	5,490	13.4%
Net Operating Income	13,825	6,845	8,749	5,336	(1,509)	-22.0%	(3,413)	-39.0%

Maritime absorbing more corporate allocations in lieu of NWSA

Maritime Division Capital Budget 2017-2021



Maritime 2017 Capital Budget

Capital Budget Summary By Status

\$'s in 000's

Commission Authorized/Underway

Pending 2016/2017 Authorization

Pending Future Authorization

Small Capital and Other

Total

	2017	2018	2019	2020	2021	2017-2021
Commission Authorized/Underway	23,895	4,609	243	-	-	28,747
Pending 2016/2017 Authorization	4,206	19,152	22,705	1,380	8,700	56,143
Pending Future Authorization	3,589	17,386	22,750	10,580	11,150	65,455
Small Capital and Other	3,330	3,193	3,077	2,902	1,788	14,290
Total	35,020	44,340	48,775	14,862	21,638	164,635

Overall 2017-2021 dollar amount of projects at ~\$164M, funding capacity for future projects not yet determined

Maritime

2017 Capital Budget

Commission Authorized/Underway

\$'s in 000's	2017	2018	2019	2020	2021	2017-2021
FT C15 HVAC Improvements	8	-	-	-	-	8
T91 Substation Upgrades	17	-	-	-	-	17
Cruise Terminal Tenant Improvements	12,800	200	-	-	-	13,000
Cruise Cap Allow - CTA Lease	100	200	200	-	-	500
Cruise per Passenger Allowance	60	60	43	-	-	163
P91 South End Fender	2,278	-	-	-	-	2,278
Marina Mgt Sys Replacement	100	-	-	-	-	100
FT Net Shed 3,4,5 &6 Roof Replacement	3,928	179	-	-	-	4,107
T91 Building C-173 Roof Overlay	1,397	54	-	-	-	1,451
SBM Restrms/Service Bldgs Replacement	3,207	3,916	-	-	-	7,123
	23,895	4,609	243	-	-	28,747

Note: Includes projects where some portion of the budget is authorized by Commission

Approved projects focused on P66 Cruise Terminal, FT, and SBM buildings

Maritime 2017 Capital Budget

Pending 2016/2017 Authorization

\$'s in 000's

Bell Street Cruise Terminal Implementation Staff Oversight

T91 Cruise Terminal Improvements

T91 P91W Slope Stabilization

P66 Exterior Modernization

FT Paving/Storm Upgrades

C15 Building Tunnel Improvement

SBM Paving

HIM E Dock

Shilshole Bay Marina Pad Site Development

FT Strategic Plan

	2017	2018	2019	2020	2021	2017-2021
Bell Street Cruise Terminal Implementation Staff Oversight	121	-	-	-	-	121
T91 Cruise Terminal Improvements	540	635	-	-	-	1,175
T91 P91W Slope Stabilization	650	600	-	-	-	1,250
P66 Exterior Modernization	700	5,370	6,850	30	-	12,950
FT Paving/Storm Upgrades	90	800	55	-	-	945
C15 Building Tunnel Improvement	400	300	-	-	-	700
SBM Paving	55	1,047	-	-	-	1,102
HIM E Dock	200	3,550	150	-	-	3,900
Shilshole Bay Marina Pad Site Development	250	250	-	-	-	500
FT Strategic Plan	1,200	6,600	15,650	1,350	8,700	33,500
	4,206	19,152	22,705	1,380	8,700	56,143

Pending projects tied to existing facility improvements

Maritime

2017 Capital Budget

Pending Future Authorization

\$'s in 000's	2017	2018	2019	2020	2021	2017-2021
Second Gangway per Berth @ T91	475	7,500	25	-	-	8,000
HIM A, B, & D Dock	200	2,525	1,675	200	-	4,600
Maintenance North Office Site Improvement	200	300	-	-	-	500
HIM C Dock	200	100	4,000	600	-	4,900
FT South Wall West End Improvements	169	970	530	-	-	1,669
FT Dock 4 Fixed Pier Corr Protection	150	1,540	1,800	-	-	3,490
FT Dock 3 Fixed Pier Improvement	150	840	2,000	-	-	2,990
P66 Cruise Terminal Roof Fall Protection	25	251	-	-	-	276
FT West Wall North Fender Replacement	10	190	2,750	-	-	2,950
FT West Wall North Sht Pile Crsn Protection	10	190	2,575	-	-	2,775
T91 Camel Replacements	-	930	-	-	-	930
P66 Cruise Terminal StandOffs	-	50	550	-	-	600
SBM Lower A Dock Improvement	-	-	825	-	-	825
FT West Wall South Sht Pile Cor Protection	-	-	10	190	1,000	1,200
FT South Wall Central Fender Replacement & Cor Protection	-	-	10	190	4,150	4,350
BHM Pile Wraps	-	-	-	3,400	-	3,400
Contingency Renewal & Replace	2,000	2,000	6,000	6,000	6,000	22,000
	3,589	17,386	22,750	10,580	11,150	65,455

Capital pending future authorization

Maritime 2017 Capital Budget

Small Projects

\$'s in 000's

Maritime Technology Projects

Maritime Fleet Replacement

Small Projects

	2017	2018	2019	2020	2021	2017-2021
Maritime Technology Projects	250	250	250	250	250	1,250
Maritime Fleet Replacement	1,203	1,213	1,177	1,187	1,038	5,818
Small Projects	1,877	1,730	1,650	1,465	500	7,222
	3,330	3,193	3,077	2,902	1,788	14,290

Includes projects under \$300K

Stormwater Utility 2017 Budget Review

Commission Briefing
October 10, 2016

Stormwater Utility Org Budget Summary

\$ in 000's	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	<i>Incr (Decr)</i> Budget Change		<i>Incr (Decr)</i> Budget to Forecast	
					\$	%	\$	%
Revenue	4,403	4,317	4,742	4,955	638	15%	213	4%
Expenses								
Administrative Expenses (1 FTE)	0	142	50	142	(0)	-0.1%	92	64.9%
City Utility and B&O Taxes	42	540	616	644	104	19.3%	28	4.3%
Consultant Services	0	0	0	269	269	NA	269	100.0%
One-Time Payment to City of Seattle	3,993	0	0	0	0	NA	0	NA
Total Operating Expenses	4,035	682	666	1,056	373	54.7%	389	36.9%
Income From Operation	368	3,635	4,076	3,900	265	7.3%	(176)	-4.5%

2017 Revenue Budget includes:

- \$3M from Tenant areas of NWSA, Maritime, Economic Development Divisions
- \$2M from Non-Tenant areas of NWSA, Maritime, Economic Development Divisions

Y/Y rate increase of 4%

Stormwater Utility Budget Summary

Inclusive of Direct Charges & Allocations from Corporate, Maritime and EDD Divisions

\$ in 000's	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	<i>Incr (Decr)</i> Budget Change		<i>Incr (Decr)</i> Budget to Forecast	
					\$	%	\$	%
Revenue	4,403	4,317	4,742	4,955	638	15%	213	4%
Operating Expenses								
Stormwater Utility Expenses	4,035	682	666	1,056	373	54.7%	390	36.9%
Maintenance Expenses	0	1,518	1,080	2,260	742	48.9%	1,180	52.2%
Environmental & Sustainability	0	293	293	168	(125)	-42.6%	(125)	-74.3%
EDD Expenses	0	0	0	32	32	NA	32	100.0%
CDD Expenses	0	2	20	59	57	2839.2%	39	66.0%
Corporate Expenses	0	0	0	430	430	NA	430	100.0%
Total Operating Expenses	4,035	2,495	2,059	4,005	1,509	60.5%	1,946	48.6%
Net Operating Income	368	1,822	2,683	951	(871)	-47.8%	(1,732)	-182.2%

- Overall 2017 operating expense budget is higher than 2016 budget mainly due to administrative support / allocation costs matching hours spent

Robust improvements planned for 2017

Stormwater Utility 2017 Capital Budget

Capital Budget Summary By Status

\$'s in 000's

Commission Authorized/Underway

Pending 2016/2017 Authorization

T18 Stormwater outfalls renew/replace

Portwide Stormwater Sys Renewal

Pending Future Authorization

Vactor Truck

Stormwater Utility Contingency

Small Capital Projects

	2017	2018	2019	2020	2021	2017-2021
Commission Authorized/Underway	-	-	-	-	-	-
Pending 2016/2017 Authorization	1,500	1,500	1,500	1,500	500	6,500
<i>T18 Stormwater outfalls renew/replace</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>-</i>	<i>4,000</i>
<i>Portwide Stormwater Sys Renewal</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>2,500</i>
Pending Future Authorization	490	-	-	500	1,500	2,490
<i>Vactor Truck</i>	<i>490</i>	-	-	-	-	<i>490</i>
<i>Stormwater Utility Contingency</i>	-	-	-	<i>500</i>	<i>1,500</i>	<i>2,000</i>
Small Capital Projects	150	150	150	150	150	750
	2,140	1,650	1,650	2,150	2,150	9,740

Overall 2017 – 2021 dollar amount of projects at ~\$9.7M

Economic Development Division 2017 Budget Review

Commission Briefing
October 10, 2016

Business Lines Included

Business Lines Included in Org and Division

- Portfolio Management
- Tourism
- Workforce Development
- Small Business
- RE Development

Business Lines in Org / Not Subclass

- Maritime Portfolio Management

Business Lines Managed, but showing in Airport

- Airport Dining and Retail
- Airport Business Development

Economic Development Division engaged across the entire organization

Key Assumptions

- Commercial Properties target 95% occupancy at year-end 2017. 2016 Budget target was 95%
- Bell Harbor International Conference Center revenue up 26% from 2016 Budget
- ED Partnership Grants continued
- Tourism Grants increased to \$150K
- Continued funding of Workforce Development

Strong metrics and increased initiatives

Org Revenues By Group

Non-Aviation Economic Development Division

\$ in 000's	2015	2016	2016	2017	Budget Change		Budget to Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Revenue								
Portfolio & Asset Management*	27,683	23,583	25,439	26,536	2,953	12.5%	1,097	4.3%
<i>Central Harbor Mgmt Group</i>	7,687	7,377	7,691	8,015	638	8.7%	324	4.2%
<i>Conference & Event Centers</i>	10,091	6,263	7,735	7,917	1,654	26.4%	182	2.3%
<i>Foreign Trade Zone Program</i>	0	25	17	30	5	20.0%	13	73.1%
<i>Maritime Portfolio Management**</i>	9,906	9,918	9,995	10,574	656	6.6%	579	5.8%
Eastside Rail	7	1	1	0	(1)	-100%	(1)	-100%
Total Revenue	27,690	23,584	25,440	26,536	2,952	12.5%	1,096	4.3%

* Increase from 2016 budget due to greater activity and less disruptions than expected for 2016

** Subclass under Maritime Division

Continued focus on maximizing revenue for Port properties

Org Expenses By Group

Non-Aviation Economic Development Division

\$ in 000's	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	Incr (Decr)		Incr (Decr)	
					Budget Change \$	%	Budget to Forecast \$	%
Operating Expenses								
Portfolio Management	15,235	14,037	14,475	15,859	1,822	13.0%	1,384	9.6%
<i>Central Harbor Mgmt Group</i>	3,230	3,314	3,457	3,666	352	10.6%	208	6.0%
<i>Conference & Event Centers</i>	8,550	6,439	7,234	7,935	1,496	23.2%	702	9.7%
<i>Foreign Trade Zone Program</i>	-	8	8	9	1	13.4%	1	12.3%
<i>Portfolio Mgmt Admin</i>	1,009	976	938	996	20	2.0%	58	6.2%
<i>Maritime Portfolio Management*</i>	2,446	3,299	2,838	3,253	(47)	-1.4%	415	14.6%
Development & Planning	345	1,853	1,189	1,277	(576)	-31.1%	88	7.4%
Eastside Rail Corridor	(1,263)	144	8	-	(144)	-100.0%	(8)	-100.0%
Small Business	2,145	471	443	708	236	50.1%	264	59.7%
Workforce Development	-	2,644	2,604	2,862	218	8.3%	258	9.9%
Tourism	920	1,174	1,116	1,285	111	9.5%	169	15.1%
Facilities	1,394	1,538	1,568	1,775	237	15.4%	207	13.2%
Division Admin	533	405	1,445	2,534	2,129	525.4%	1,089	75.4%
Envir Remed Exp/Other	0	-	56	-	0	NA	(56)	-100.0%
Total Operating Expenses	19,308	22,267	22,904	26,300	4,034	18.1%	3,396	14.8%

- Portfolio Management expense increase result of higher Conference & Event Center activity and costs.
- Increases in Division Admin due to 2 new FTE's and new/expanded initiatives. Details are provided on upcoming slide.

* Subclass under Maritime Division

Expense growth focused on expediting Century Agenda

Economic Dev Division Org Expense Budget

Non Aviation Economic Development Division Expenses

\$ in 000's	2016 Budget	2017 Budget	Incr (Decr) Change	%	Explanation
Baseline Budget					
Salaries	3,056	3,547	491	16.1%	Add: RE Specialist(LTD)
Benefits	1,208	1,408	200	16.5%	Director Business Development
OPEB	22	21	(1)	-4.6%	Administrative Assistant
Salaries & Wages to Cap, Non-op, ERL	0	0	0	NA	Transfer: 5 High School Interns
Total Payroll Costs	4,286	4,976	690	16.1%	
Net Payroll Exp (Nnet of to Capital, Non-op, ERL)	4,286	4,976	690	16.1%	
Conf & Event Activity Op Expense	6,022	6,957	935	15.5%	Related to higher Revenue
Conf & Event Activity Management Fee	219	320	101	46.1%	Related to higher Revenue
Conf & Event Activity - Furn & Equip Acq	36	157	121	336.1%	Expensed "capital" reserve
Travel & Other Employee Expense	153	179	26	17.2%	
Other O&M	6,711	6,711	(1)	0.0%	
Total Baseline Budget	17,427	19,299	1,873	10.7%	
Initiatives					
Tenant Improve, Broker Fees, Space Plan	588	625	37	6.3%	
WTC Seattle Interior Refresh	0	400	400	NA	
P69 Lobby Refresh	0	200	200	NA	
Small Business Generator Program	100	175	75	75.0%	Port Gen Training
Workforce Development	2,287	2,520	233	10.2%	Detail on following slide
Tourism	590	721	131	22.2%	Detail on following slide
RE Development & Planning	525	600	75	14.3%	Detail on following slide
EDD Division Admin	750	1,760	1,010	134.7%	Detail on following slide
Total	4,840	7,001	2,161	44.6%	
Total Operating Expenses	22,267	26,300	4,034	18.1%	
Envir Remediation Liability	0	0	0	NA	
Total Expenses	22,267	26,300	4,034	18.1%	

Conference and Event Center driving baseline expense growth

Workforce Development 2017 Initiatives

\$ in 000's	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>'17-'16 Change</u>
New Requests			
High School Career Exploration and Intern Program Development	0	150	150
Burning Glass cost share-Seattle Office ED	0	10	10
Continuity Pool contract	0	150	150
Continuing			
Airport Career Pathways	175	250	75
Maritime Industrial Workforce Development	150	250	100
Core Plus	200	200	0
Workforce Development - Trades - Regional Partnership/Pre-Apprenticeship	710	710	0
Airport Sector Workforce Development (Port Jobs)	450	450	0
Airport Employment Center Rent (Port Jobs)	302	350	48
Not Funded in 2017			
Manufacturing Industry / Truck Driving	150	0	(150)
Workforce Development Program evaluation	100	0	(100)
Port Jobs Contract Extension (6 mo)	50	0	(50)
Total	<u>2,287</u>	<u>2,520</u>	<u>233</u>

Increased efforts in Workforce Development

Tourism 2017 Initiatives

\$ in 000's

	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>'17-'16 Change</u>
New Requests			
Inaugural Virgin Atl. & Holiday	0	15	15
Prog Marketing Cruise & Stay	0	35	35
Continuing			
Advertising	45	22	(23)
UK Marketing Core Communication	250	245	(5)
Other International/Visit Seattle	157	165	8
Tourism Grant	50	150	100
CP Communications	38	39	1
World Trade Market & Familiarization Trips	50	50	0
Total	<u><u>590</u></u>	<u><u>721</u></u>	<u><u>132</u></u>

Expansion of tourism grant program

Real Estate Development 2017 Initiatives

\$ in 000's	<u>2016 Budget</u>	<u>2017 Budget</u>
New Requests		
Consulting - Property Acquisitions	0	100
Consulting - Finance	0	150
Consulting - Infrastructure	0	150
Consulting - Property Development	0	100
Ongoing/Reductions		
Appraisals	25	100
Consulting - RE Strategic Plan - Airport Properties	75	0
Consulting - RE Strategic Plan - Downtown Properties	225	0
Consulting - RE Strategic Plan - New Planning Projects	200	0
Total	<u>525</u>	<u>600</u>

Initiatives centered on executing RE Strategic Plan

EDD Admin 2017 Initiatives

\$ in 000's	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>'17-'16 Change</u>
New Requests			
ED Partnership Grants	0	960	960
Ongoing			
Membership: Economic Dev Council	100	100	0
RE Plan Outreach	0	50	50
Business Development:	150		0
Consulting Services	0	100	
Trade Shows & Sponsorships	0	28	
Travel	0	22	
Opportunity Fund	500	500	0
Total	<u>750</u>	<u>1,760</u>	<u>1,010</u>

Continuation of ED Partnership Grants & additional public outreach

Full-Time Equivalents (FTEs)

<u>2016 Budget</u>	33.8
<u>2016 Changes</u>	
OSR Trf to Corporate	(2.3)
Maritime Portfolio Mgmt Trf from Maritime	3.0
Add FTE: Director Small Business	1.0
Delete FTE: RE Dev Admin	(1.0)
Adjusted 2016	34.5
<u>2017 Budget</u>	
Staff Additions:	
<i>RE Dev: RE Specialist (LTD)</i>	1.0
<i>Division Admin Changes</i>	
<i>Director Business Development</i>	1.0
<i>Administrative Assistant</i>	1.0
High School Interns Trf to HRD	(1.5)
Net Change	1.5
Proposed 2017 Budget	36.0

Net increase of 1.5 FTE

Economic Development Budget Summary

Inclusive of Direct Charges & Allocations from Corporate, CDD, & Other Divisions

\$ in 000's	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	<i>Incr (Decr)</i> Budget Change		<i>Incr (Decr)</i> Budget to Forecast	
					\$	%	\$	%
Revenues								
Operating Revenues	7,767	7,449	7,710	8,114	664	9%	404	5%
Conf & Event Ctr Revenue	10,396	6,296	7,735	7,917	1,621	26%	182	2%
Total Revenues	18,164	13,745	15,445	16,030	2,285	17%	585	4%
Expenses								
Econ Dev Exp (excl P69, Conf, SB, WFD, T)	2,757	5,690	6,035	6,534	843	15%	499	8%
Conf & Event Ctr Expense	8,549	6,439	7,234	7,935	1,496	23%	702	10%
Small Business	330	120	113	161	41	34%	48	42%
Workforce Development	0	1,558	1,518	2,862	1,304	84%	1,344	89%
Tourism	919	1,174	1,116	1,285	111	9%	169	15%
Maintenance Expenses	3,332	3,153	2,901	3,592	439	14%	691	24%
P69 Facilities	40	177	180	234	57	32%	54	30%
Maritime Expenses	11	28	28	64	36	127%	36	127%
Enviromental & Sustainability	243	126	126	451	325	258%	325	258%
CDD Expenses	374	248	248	439	192	77%	191	77%
Police Expenses	413	169	167	173	5	3%	6	4%
Corporate Expenses	2,238	4,565	4,496	5,890	1,325	29%	1,394	31%
Envir Remediation Liability	0	0	0	0	0	NA	0	NA
Operating Expenses	19,206	23,447	24,162	29,621	6,174	26%	5,458	23%
Net Operating Income	(1,043)	(9,702)	(8,718)	(13,591)	(3,889)	-40%	(4,873)	56%

Increase in corporate standard allocation (4.8% to 5.5%)

Economic Development Division Capital Budget 2017 - 2021



Economic Development 2017 Capital Budget

Capital Budget Summary By Status

\$'s in 000's

Commission Authorized/Underway

Pending 2016/2017 Authorization

Pending Future Authorization

Small Capital and Other

2017	2018	2019	2020	2021	2017-2021
6,124	463	-	-	-	6,587
6,851	20,760	30,620	10	-	58,241
1,625	1,489	1,000	3,000	3,000	10,114
1,350	1,240	1,845	1,110	1,130	6,675
15,950	23,952	33,465	4,120	4,130	81,617

Overall 2017 – 2021 dollar amount of projects at ~\$82M

Economic Development 2017 Capital Budget

Commission Authorized/Underway

\$'s in 000's

P69 Roof Beam Rehabilitation

BHICC Fit & Finish Improvement

T102 Bldg Roof HVAC Replacemt

P66 Elevator 2,3,4 Upgrades

	2017	2018	2019	2020	2021	2017-2021
P69 Roof Beam Rehabilitation	877	-	-	-	-	877
BHICC Fit & Finish Improvement	400	-	-	-	-	400
T102 Bldg Roof HVAC Replacemt	3,963	-	-	-	-	3,963
P66 Elevator 2,3,4 Upgrades	884	463	-	-	-	1,347
	6,124	463	-	-	-	6,587

Projects approved by commission and in progress

Economic Development 2017 Capital Budget

Pending 2016/2017 Authorization

\$'s in 000's

Bell St Garage AI Elevator Upgrade
P69 Lobby Improvements
BHICC Interior Modernization
T91 Uplands Pre-Development

	2017	2018	2019	2020	2021	2017-2021
Bell St Garage AI Elevator Upgrade	291	-	-	-	-	291
P69 Lobby Improvements	1,000	-	-	-	-	1,000
BHICC Interior Modernization	560	5,760	620	10	-	6,950
T91 Uplands Pre-Development	5,000	15,000	30,000	-	-	50,000
	6,851	20,760	30,620	10	-	58,241

Focus on Bell Harbor and T-91 development

Economic Development 2017 Capital Budget

Pending Future Authorization

\$'s in 000's

P69 Solar Panels

ED BHICC Roof Fall Protection

ED: Contingency Renew.&Replace

2017	2018	2019	2020	2021	2017-2021
1,100	100	-	-	-	1,200
25	389	-	-	-	414
500	1,000	1,000	3,000	3,000	8,500
1,625	1,489	1,000	3,000	3,000	10,114

Held to cover future unknown capital needs

Economic Development 2017 Capital Budget

Small Projects

\$'s in 000's

Small Capital Projects
ED Technology Projects
ED Fleet Replacement
Tenant Improvements -Capital

2017	2018	2019	2020	2021	2017-2021
770	690	1,235	500	500	3,695
250	250	250	250	250	1,250
30	-	60	60	80	230
300	300	300	300	300	1,500
1,350	1,240	1,845	1,110	1,130	6,675

EDD small capital projects centered on tenant improvements and building upkeep

Portwide 2017 Budget Review

Commission Briefing
October 10, 2016

2017 Operating Budget

(\$ in '000s)	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	Budget Change \$	Budget Change %	Budget vs Forecast \$	Budget vs Forecast %
Operating Revenues								
Aeronautical	229,624	261,019	254,215	278,099	17,080	6.5%	23,884	9.4%
SLOA III Incentive Adj.	-3,576	-3,576	-3,576	-3,576	-	0.0%	-	0.0%
Non-Aeronautical	196,844	208,321	223,613	226,604	18,283	8.8%	2,991	1.3%
Aviation	422,892	465,764	474,252	501,127	35,363	7.6%	26,875	5.7%
Maritime	47,268	49,314	49,714	51,877	2,564	5.2%	2,163	4.4%
Economic Development	18,164	13,745	14,991	16,030	2,285	16.6%	1,039	6.9%
Licensed NWSA Assets	61,401	51,829	55,136	46,906	-4,923	-9.5%	-8,230	-14.9%
Stormwater Utility	2,808	3,581	4,002	3,845	264	7.4%	-157	-3.9%
Other	491	345	345	367	22	6.5%	22	6.5%
Total	553,023	584,578	598,440	620,153	35,576	6.1%	21,713	3.6%
Operating Expenses								
Aviation	238,140	268,216	268,742	302,215	33,999	12.7%	33,473	12.5%
Maritime	33,443	42,261	42,361	46,541	4,280	10.1%	4,180	9.9%
Economic Development	19,206	23,309	23,319	29,621	6,312	27.1%	6,302	27.0%
Licensed NWSA Assets	18,077	121	121	1,100	980	810.9%	980	810.9%
Stormwater Utility	2,440	1,759	1,323	3,022	1,264	71.8%	1,700	128.5%
Corporate	543	345	345	367	22	6.5%	22	6.5%
Total	311,850	336,010	336,210	382,867	46,857	13.9%	46,657	13.9%
Net Operating Income	241,173	248,568	262,230	237,286	-11,281	-4.5%	-24,944	-9.5%

A record \$620M of operating revenues for 2017

Comprehensive Budget

(\$ in '000s)	2015	2016	2016	2017	Budget Change		Budget vs Forecast		
	Actual	Budget	Forecast	Budget	\$	%	\$	%	
Revenues									
1. Aeronautical Revenues	229,624	261,019	254,215	278,099	17,080	6.5%	23,884	9.4%	
2. SLOA III Incentive	(3,576)	(3,576)	(3,576)	(3,576)	-	0.0%	-	0.0%	
3. Other Operating Revenues	326,975	327,135	347,801	345,630	18,495	5.7%	(2,171)	-0.6%	
4. Tax Levy	72,819	72,000	72,000	72,000	-	0.0%	-	0.0%	
5. PFCs	79,209	84,650	85,586	89,087	4,437	5.2%	3,501	4.1%	
6. CFCs	23,540	24,963	24,963	26,300	1,337	5.4%	1,337	5.4%	
7. Fuel Hydrant	6,957	7,098	7,098	7,024	(74)	-1.0%	(74)	-1.0%	
8. Non-Capital Grants and Donations	5,358	3,566	3,566	12,816	9,250	259.4%	9,250	259.4%	
9. Capital Contributions	22,804	23,406	18,531	15,000	(8,406)	-35.9%	(3,531)	-19.1%	
10. Interest Income	9,091	8,537	12,535	10,822	2,285	26.8%	(1,712)	-13.7%	
Total Revenues	772,801	808,799	822,719	853,203	44,404	5.5%	30,484	3.7%	
Expenses									
1. O&M Expense	311,850	335,943	336,210	382,867	46,924	14.0%	46,657	13.9%	
2. Depreciation	163,338	162,451	164,451	166,300	3,849	2.4%	1,849	1.1%	
3. Revenue Bond Interest Expense	110,128	121,423	116,476	122,026	603	0.5%	5,550	4.8%	
4. GO Bond Interest Expense	10,490	14,726	9,808	17,714	2,988	20.3%	7,906	80.6%	
5. PFC Bond Interest Expense	5,584	5,302	5,302	4,985	(317)	-6.0%	(317)	-6.0%	
6. Non-Op Environmental Expense	2,888	5,000	5,000	5,441	441	8.8%	441	8.8%	
7. Public Expense	5,023	8,898	8,898	2,488	(6,410)	-72.0%	(6,410)	-72.0%	
8. Other Non-Op Rev/Expense	23,498	3,319	10,335	(257)	(3,577)	-107.7%	(10,592)	-102.5%	
Sub-Total	632,800	657,064	656,480	701,565	44,501	6.8%	45,084	6.9%	
Revenues over Expenses	140,001	151,736	166,239	151,638	(97)	-0.1%	(14,601)	-8.8%	
9. Special Item	120,000	147,700	147,700	-	(147,700)	-100.0%	(147,700)	-100.0%	
10. Retro Adj to Net Position	77,342	-	-	-	-	n/a	-	n/a	
Total Expenses	830,142	804,764	804,180	701,565	(103,199)	-12.8%	(102,616)	-12.8%	
Change In Net Assets	(57,341)	4,036	18,539	151,638	147,603	3657.5%	133,099	717.9%	

A strong financial position for the Port in 2017

Portwide FTEs Summary

	Aviation	Maritime	Econ Dev	Corporate	Total
2016 Approved FTE's	892.8	184.3	33.8	745.4	1,856.3
Mid Year Approval	-	-	1.0	9.0	10.0
Eliminated	-	-	(1.0)	(2.0)	(3.0)
Net Transfers <i>(note 1)</i>	(50.2)	(30.3)	0.7	79.8	-
Adjusted 2016 FTE's	842.6	154.0	34.5	832.2	1,863.3
2017 Budget					
Eliminated	(5.5)	-	-	(1.3)	(6.8)
Transfer	-	-	(1.5)	-	(1.5)
New FTE's <i>(note 2)</i>	118.5	5.3	3.0	21.5	148.3
Total 2017 Changes	113.0	5.3	1.5	20.2	140.0
Proposed 2017 FTE's	955.6	159.3	36.0	852.4	2,003.3

Notes:

- 1) Net transfers include all the FTE transfers resulted from Phase II re-org.
- 2) Includes 85 new FTEs for the Screening Function in Aviation; but does not include 82 new High School Interns positions in HR.

FTEs driven by budget priorities and strong growth

Capital Budget

\$'s in 000's	2017	2018	2019	2020	2021	2017-2021
Aviation	590,498	663,351	498,316	354,778	294,193	2,401,136
Maritime	35,020	44,340	48,775	14,862	21,638	164,635
Economic Development	15,950	23,952	33,465	4,120	4,130	81,617
Stormwater Utility	2,140	1,650	1,650	2,150	2,150	9,740
Corporate and Other	7,969	9,152	9,002	9,511	9,692	45,326
Total	651,577	742,445	591,208	385,421	331,803	2,702,454

The Port continues to invest in the region









APPENDIX

Additional 2017 Budget Materials

Appendix Table of Contents

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- Page 87-89 Aero and Non-aero drivers and indicators
- Page 90 Major capital projects

IATA Level of Service

Level of Service		Space	Time	Area / Pax.	
ADRM 9th Ed.	ADRM 10th Ed.	ADRM 10th Ed.	ADRM 10th Ed.	ADRM 9th Ed.	
A	Overdesign	Excessive or empty space.	Overprovision of resources.	1.4 m ² /pax	
B				1.2 m ² /pax	
C	Optimum	Sufficient space to accommodate the necessary functions in a comfortable	Acceptable processing and waiting times	1.0 m ² /pax	
D	Suboptimum	Crowded and uncomfortable	Unacceptable processing and waiting times	0.8 m ² /pax	
E				0.6 m ² /pax	
F	Failure			0.4 m ² /pax	

- Century Agenda goal of being the gateway of choice will require achievement of at least “optimum” level of service.

Desired level of service drives facility planning

Enplanement Growth Assumptions

- Inputs:
 - SAMP long-term activity forecast
 - OAG advance airline schedules
 - Conversations with Alaska and Delta
 - Economic forecast data
- Issues:
 - Recent growth has been predominately connecting traffic
 - At gate capacity at peak in 2016, will lose gates in 2017 due to construction. Need for increased hardstand operations may limit growth.

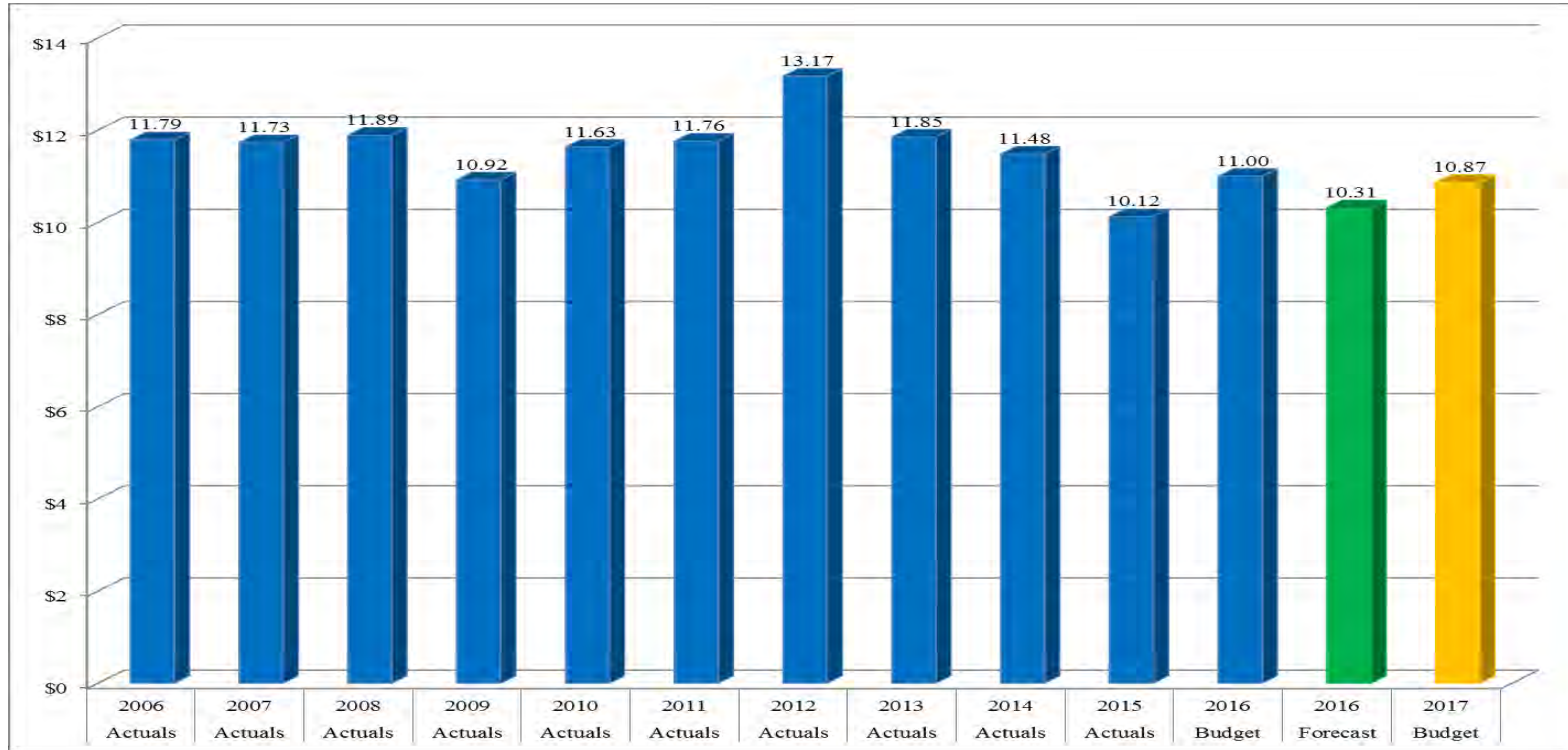
Will continue to review and refine forecast

Cost Trends and Peer Airport Comparisons

- CPE
 - Rising in 2016 but remains near 12 year low for SEA
 - For 2015, SEA CPE ranks 12th lowest of 30 large hub airports
- O&M per enplanement
 - Rising in 2016, but remains below SEA 2013 level
 - Very competitive compared to peer airports – 9th lowest out of 30 large hubs

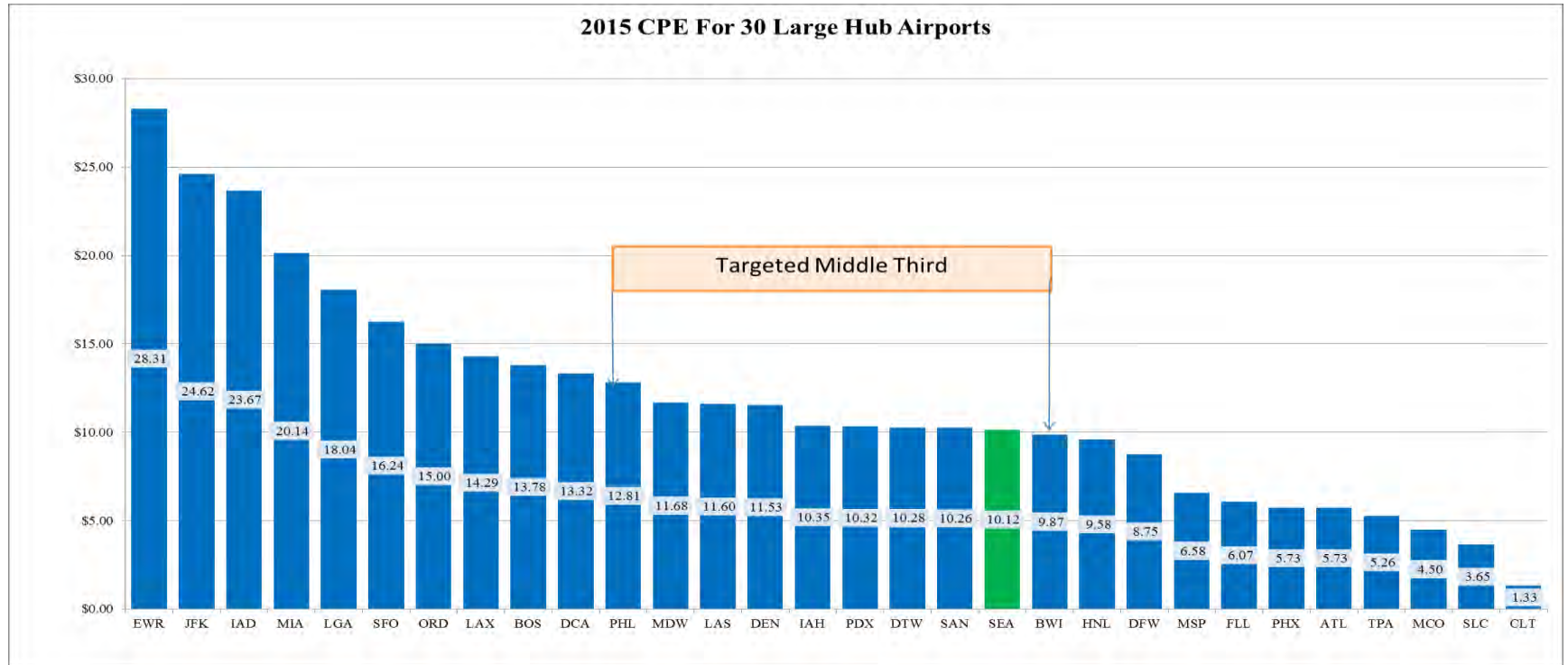
Costs are rising but SEA costs remain competitive

Cost Per Enplanement - Trend



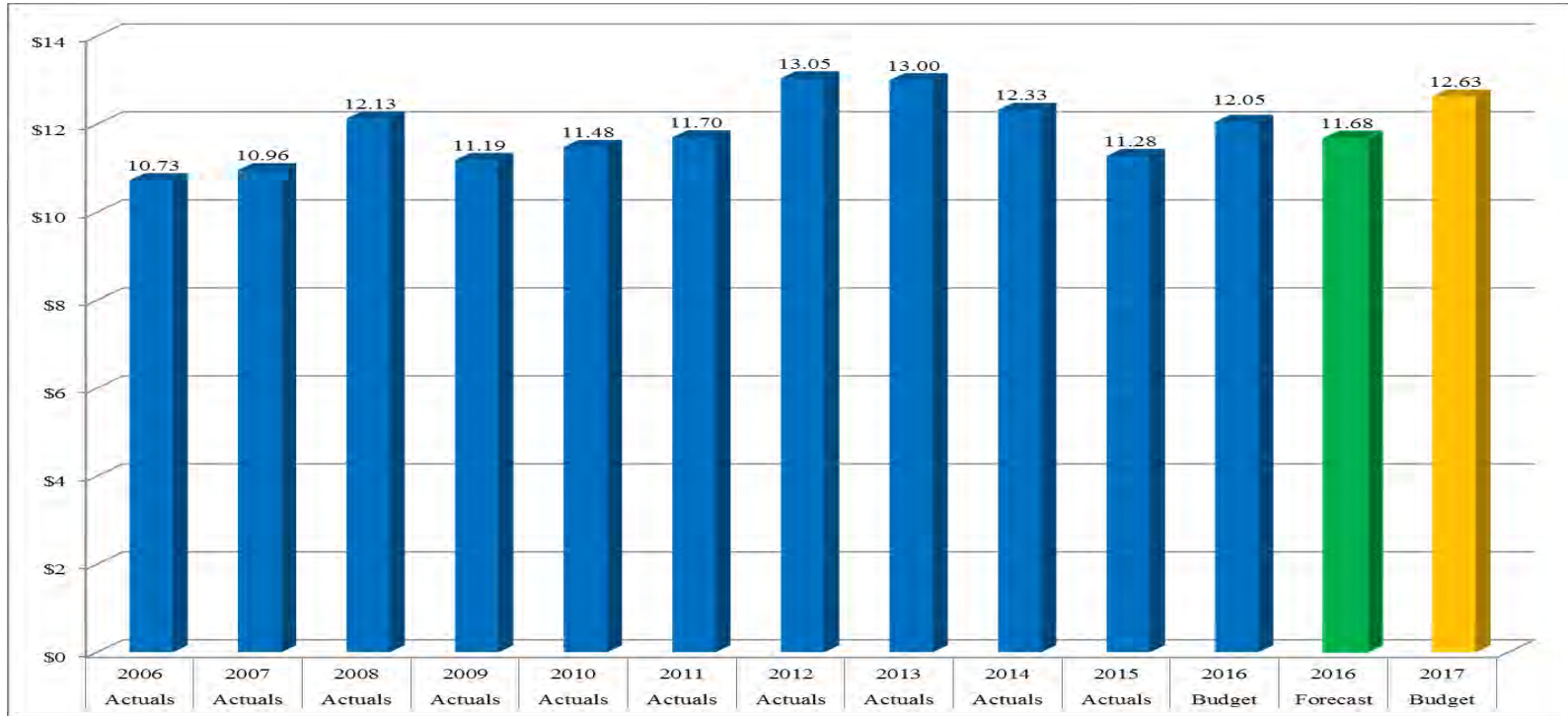
CPE trending down due to cost management and increased enplanements

Current CPE Comparison



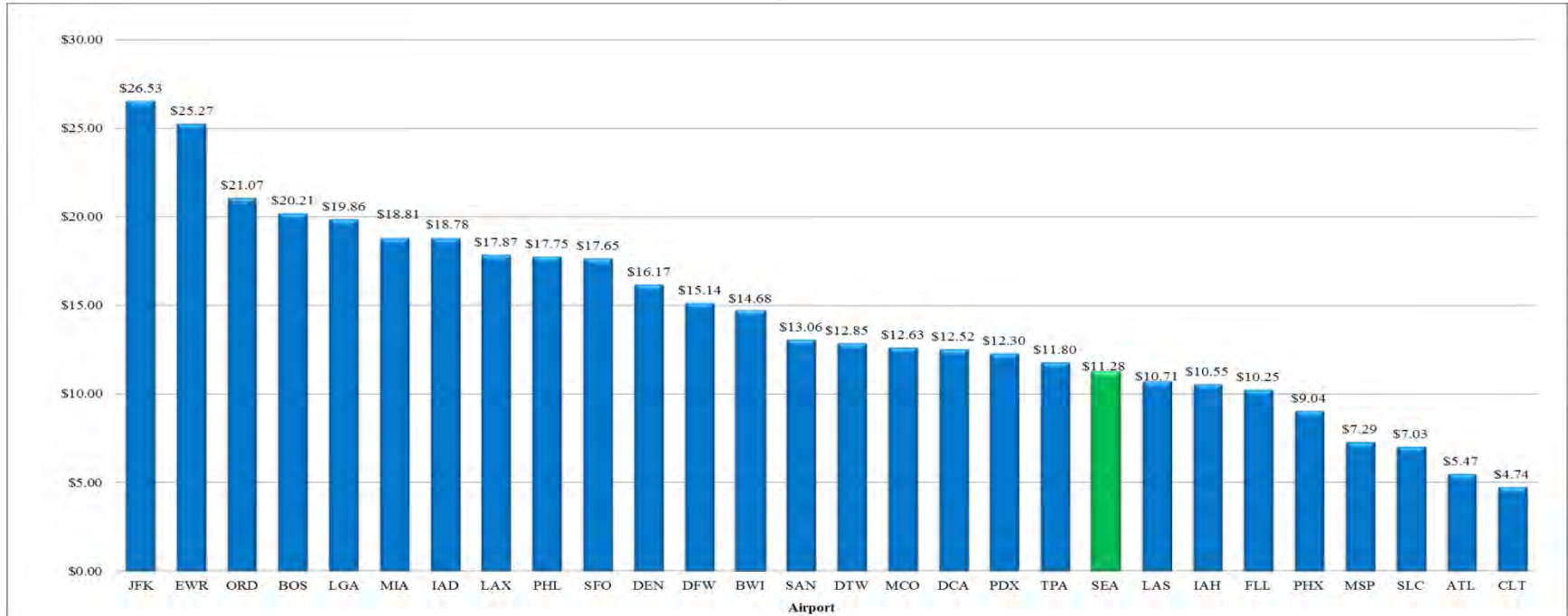
Current CPE Ranks 12 out of 30 Large Hub Airports

O&M Per Enplanement - Trend



Increasing, but lower than 2013

O&M Per Enplanement vs. Peer Airports - 2015



O&M costs per enplanement compares favorably to peer airports

Baseline Cost Reductions

2017 Baseline Cost Reductions/Savings:		\$000's
<u>Payroll Savings from eliminated FTEs</u>		355
Eliminate (1) FTE - Apprentice, Operating Maint Engineer	130	
Eliminate (1) FTE - Lead RCF Bus Driver	80	
Eliminate (1) FTE - RCF Relief Bus Driver	65	
Eliminate (0.5) FTE - Bus Driver in Employee Parking	41	
Eliminate (0.5) FTE - Cashier in Public Parking	40	
<u>Other Payroll Savings (before new FTE requests)</u>		
Lower Worker's Comp & OPEB		381
Other payroll savings (zero based budgeting)		81
Total Payroll Decrease (before new FTE's)		816
<u>Non-Payroll Savings (zero based budgeting)</u>		
Eliminate Aviation Contingencies		1,600
RCF Curbside/Wheelchair contract (RCF operator to perform)		420
Amortization - prepaid frontage fees (DMCBP Phase II paid in full)		414
Cargo building maintenance (AVM will perform)		264
AVM elevator/escalator contracts adjusted to trend		150
Other non-payroll savings (zero based budgeting)		822
Total Non-Payroll Savings		3,670
Total 2017 Baseline Cost Reductions		4,486

Savings due to eliminated FTEs, review of baseline

Baseline Cost Increases

2017 Baseline Cost Increases:		\$000's
<u>Payroll Increases (before new FTE requests)</u>		
Average payroll increase (3.5%) & benefits adj		3,303
<u>Contractual & Formulaic Cost Increases</u>		
Lower estimated Charges to Capital	814	
Utility commodity cost increase	626	
Aeronautical B&O tax increase	246	
Janitorial contract increase	196	
Other Non-Payroll Increases (zero based budgeting)	673	
Total Contractual Increases		2,556
<u>Non-Aero costs related to revenue growth</u>		
Amortization - prepaid frontage fees (DMCBP Phase III)	167	
Owner's liaison costs DMCBP Phase II & III (100% reimb)	200	
Clubs & Lounges - increased operating costs	80	
Advertising increase (100% paid by Tenant Mktg fund)	120	
B&O tax increase	127	
Increase in credit card fees	217	
Total Non-Aero Cost Increases		912
Total 2017 Baseline Cost Increases		6,770

Payroll for existing staff is primary driver of increase

Proposed Additions to Baseline

2017 Baseline Budget Requests:	\$000's
New FTE's for 100% employee screening	7,905
All other New FTE's	2,913
Janitorial contract scope increase	1,000
CISS contract scope increase	879
Fire Dept apparatus maintenance contract	300
Fire Dept FAA required Live Fire training	100
Airport-wide Customer Service training	260
Maintenance materials increase - higher usage	200
NEPL parking lot attendant contract	196
Asset Condition Assessment support	100
Terminal Test & Balance consultant	100
Seattle Chamber dues/membership	100
All other Baseline budget requests	459
Total 2017 Baseline Budget Requests	14,511

Other Baseline Requests

- Annual fees for additional automated passport control kiosks (\$96K)
- Annual Smoke Control consultant (\$50K)
- Fall Protection systems inspection (\$25K)
- Increase Airport Office building renewal & replacement budget (\$10K)
- Other training, licensing, employee development & recognition (\$278K)

Details for proposed additions to baseline budget

2017 Non-Recurring Expenses

2017 Non-recurring Budget Requests:	\$000's
Sustainable Master Plan	
Complete SAMP and transition to next phase	500
Adv Planning IDIQ for Master Plan projects	3,500
SAMP Environmental Review (NEPA/SEPA)	2,300
SAMP Utilities Evaluation	500
Non-Airline Revenue Development	
Burien NERA 3 - FAA pilot program (90% reimb)	1,800
ADR leasing consultant	500
Parking pre-booking consultant	200
Music Initiative Program (airport share)	175
Airport Signage Master Plan	950
Capital Program Development	
Project definition, sequencing, coordination	500
Architectural Standards Update	200
Parking garage improvements (one floor refresh)	450
Cargo Consulting Services	140
Air Incentive Program - new int'l service	725
All other Non-recurring budget requests (next slide)	2,067
Total 2017 Non-recurring Budget Requests	14,507

Details for proposed non-recurring items

Continued - 2017 Non-Recurring Expenses

	\$000's		\$000's
Non-Airline Revenue Development		Other Aeronautical Business	
Owner's Liaison - new property develop	150	Stanchions & sign holders -common use gates	35
Support svcs (surveys, appraisals, title reports)	50	IER Mobile Phone Scanners -passport control	24
Other Non-Aero Business		Maintenance	
GT Operators Relocation Design	100	Arc Flash Consultant - ADR/Terminal/Baggage	150
RCF Bus Camera (software) upgrade	100	Water Reservoir Cleaning	100
ADR quality assurance consulting	53	Centralized Mgmt Deicing Equip Consulting	50
GT Software System Upgrade	30	Curbside Refresh - Arrivals level	30
Facilities Management		Post-Maximo upgrade implementation	25
IWS/Storm Water Evaluation	150	Storage Tanks 10-Year Inspection	20
Facility Master Record Drawing Consultant	150	Maximo system upgrade training	12
BMF Lighting Design and Improvement	50	Equipment Upgrades	10
Asset Management Estimating Consultant	50	Generator & Infrastructure for Fort Lawton Site	10
Terminal Space Masterplan	80	Other non-recurring	
Ltd. Duration - Admin Asst for F&I/Utilities	73	Staffing Plan consultant	150
Permit Management Tracking System	60	Financial consulting for airline agreement	100
Water Conservation Plan	50	Tri-Annual Disaster costs - 2017 Exercise	100
UHF/VHF Radio Antenna mapping and doc	50	Non-recurring new FTE costs (equipment)	40
		Add'l AAAE IET Training Stations (AV training ctr)	15
All Other 2017 Non-recurring Budget Requests			2,067

Details for other proposed non-recurring items

FTE Changes

2017 Proposed Budget FTEs	FTEs	%
2016 Approved Budget	892.81	
Business Intelligence Analyst positions added	2.00	
Business Intelligence staff transferred to Corp	(7.25)	
Community Relations staff transferred to Corp	(4.32)	
Emergency Mgmt staff transferred to Corp	(2.33)	
High School Intern positions added (28 @ 0.25)	7.00	
Transfer all High School Intern positions to HR (30 @ 0.25)	(7.50)	
College Intern - Fire department	0.25	
2016 Adjusted Baseline	880.66	
2017 FTE Reductions & Transfers:		
Positions Eliminated in 2017 Budget	(4.00)	
Apprentice, Operating Maint Engineer	(1.00)	
Lead RCF Bus Driver	(1.00)	
RCF Relief Bus Driver	(1.00)	
Bus Driver in Employee Parking	(0.50)	
Cashier in Public Parking	(0.50)	
Graduate Fellowship (limited duration)	(1.00)	
Net 2017 FTE Reductions & Transfers:	(5.00)	-0.6%
2017 Budget FTEs BEFORE Proposed New FTEs	875.66	-0.6%

2017 Proposed Budget FTEs	FTEs	%
2017 Budget FTEs BEFORE Proposed New FTEs	875.66	-0.6%
Proposed New FTEs:		
FTE for New function: 100% Employee Screening	85.00	9.7%
New FTEs for Existing functions:	33.50	3.8%
Strong passenger growth, compliance requirements, and capital program		
Airport Security FTEs	4.25	
Cargo FTEs	2.00	
Landside FTEs	8.00	
Building Dept. FTEs	2.00	
Business Development FTEs	1.25	
Airport Operations FTEs	4.00	
Capital Development/Facilities & Infrastructure FTEs	6.00	
Finance & Budget - Grants and PFC Management	1.00	
Maintenance FTEs	5.00	
Proposed New 2017 Budget FTEs	118.50	13.3%
2017 Budget Proposed FTEs	994.16	11.4%

Excluding new screening function, FTE growth much lower than passenger growth

New FTE – Position List

2017 Proposed Budget FTEs	FTEs	2017 Proposed Budget FTEs	FTEs
New FTEs for 100% Employee Screening	85.00	Airport Operations FTE's	6.00
Airport Security FTE's	4.25	Airport Operations Mgr - Safety Mgmt	1.00
Audit and Compliance Manager	1.00	Airport Operations Specialist	2.00
Security Compliance Coordinator	1.00	Airline Scheduling Systems Specialist	1.00
Security Systems Process Manager	1.00	Cargo Facilities/Bus. Development	2.00
Background Compliance Specialist	1.00	Capital Development/Facilities & Infrastructure FTE's	6.00
College Intern in Airport Training	0.25	Utility Business Analyst	1.00
Landside FTE's	8.00	Program Management Coordinator	1.00
Landside Supervisors	2.00	Capital Development Program	1.00
Ground Transportation Controllers	6.00	Sr. Engineer, Mechanical Systems	1.00
Building Dept. FTE's	2.00	Sr. Engineer, Conveyance	1.00
Permit Technician	1.00	Sr. Admin Staff Assistant (limited duration)	1.00
Building Inspector/Plans Examiner	1.00	Finance & Budget - Grants and PFC Management	1.00
Business Development FTE's	1.25	Senior Financial Analyst	1.00
Aviation Property Manager 2	1.00	Maintenance FTE's	5.00
Graduate Intern in ADR	0.25	Carpenter	1.00
		Laborer - Parking Garage	1.00
		Automotive Bus Mechanic	1.00
		Automotive Mechanic	1.00
		Field Crew Laborer - Bus Washer/Cleaner	1.00
		2017 Proposed New FTEs:	118.50

New FTEs driven by budget priorities

Aeronautical Cost Drivers

	2015	2016	2016	2017	Impact on Aero Revenues Budget Change		Impact on Aero Revenues Budget vs Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
\$ in 000's								
O&M ⁽¹⁾	150,286	166,776	168,648	190,886	24,110	14.5%	22,238	13.2%
Debt Service Gross	111,477	120,668	120,311	117,336	(3,332)	-2.8%	(2,975)	-2.5%
Debt Service PFC Offset	(32,454)	(32,583)	(32,859)	(33,099)	(516)	1.6%	(240)	0.7%
Amortization	24,853	28,338	28,217	29,637	1,298	4.6%	1,420	5.0%
Space Vacancy	(3,469)	(2,431)	(2,785)	(1,485)	946	-38.9%	1,300	-46.7%
TSA Operating Grant and Other	(1,099)	(1,000)	(838)	(1,230)	(230)	23.0%	(392)	46.7%
Rate Base Revenues	249,594	279,768	280,694	302,046	22,277	8.0%	21,351	7.6%
Commercial area	9,519	9,306	9,197	9,665	359	3.9%	468	5.1%
Total Aero Revenues	259,113	289,074	289,891	311,711	22,637	7.8%	21,820	7.5%

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

- O&M costs driven by:
 - Full employee screening
 - Flight corridor safety program
 - Terminal safety enhancements

O&M cost increases, many non-recurring, driving up airline costs

Non-Aero Key Indicators

	2015	2016	2016	2017	Budget Change		Budget vs Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Non Aero Revenues per Enplanement								
Parking	2.99	3.01	3.03	3.07	0.07	2.2%	0.04	1.4%
Rental Cars (includes Operating CFC)	2.20	2.17	2.17	2.12	(0.05)	-2.2%	(0.05)	-2.4%
Ground Transportation	0.42	0.37	0.55	0.60	0.23	61.0%	0.06	10.1%
Airport Dining and Retail	2.44	2.45	2.37	2.19	(0.26)	-10.5%	(0.18)	-7.6%
Commercial Properties	0.38	0.46	0.68	0.51	0.05	10.0%	(0.18)	-25.7%
Non-Airline Terminal Leased Space	0.04	0.05	0.05	0.18	0.13	253.8%	0.13	243.3%
Utilities	0.33	0.34	0.32	0.30	(0.04)	-12.9%	(0.02)	-6.4%
Employee Parking	0.37	0.37	0.39	0.35	(0.02)	-5.7%	(0.04)	-9.7%
Clubs and Lounges	0.11	0.12	0.11	0.11	(0.00)	-1.7%	0.00	1.8%
Other	0.04	0.03	0.04	0.03	(0.00)	-9.5%	(0.01)	-21.3%
Total Revenue per Enplanement	9.33	9.38	9.72	9.47	0.09	1.0%	(0.25)	-2.6%
Primary Concessions Sales / Enpl	11.40	11.85	11.55	11.61	(0.25)	-2.1%	0.05	0.5%

Revenue growth not keeping pace with enplaned passenger growth

2017 Budget: Aero & Non-Aero

\$ in 000's	Aero	Non-Aero	Other	Total
Operating Revenues	278,099	226,604	-	504,703
SLOA III Incentive	(3,576)	-	-	(3,576)
Total Revenues	274,523	226,604	-	501,127
Operating Expenses	194,824	107,391	-	302,215
Net Operating Income	79,699	119,213	-	198,913
CFC Surplus	-	(5,223)	-	(5,223)
Net non-op paid with ADF	-	-	3,691	3,691
SLOA III Incentive	3,576	-	-	3,576
Available for Debt Service	83,275	113,991	3,691	200,957
Debt Service - net of PFCs	(88,740)	(45,136)	-	(133,876)
Adjusted Net Cash Flow	(5,465)	68,855	3,691	67,081

Non-aero businesses generate cash flow

Major Projects

Major Projects	CIP	2016	Cash Flows (Figures in \$000s)					2017 - 2021
			2017	2018	2019	2020	2021	Total
NorthSTAR program	5 CIPs	29,128	73,799	112,316	117,001	113,988	82,778	499,882
International Arrivals Facility	C800583	41,527	197,366	227,339	143,128	27,597	-	595,430
Baggage Recapitalization/Optimization	C800612	5,421	45,000	45,600	64,500	47,000	57,000	259,100
South Satellite Renovation	C800743	30	970	9,000	20,000	30,000	50,000	109,970
Concourse D Hardstand Terminal	C800769	278	15,000	22,722	-	-	-	37,722
Alternate Utility Facility	C800538	601	10,000	20,000	5,596	-	-	35,596
Airfield Pavement Program	C800483	38	6,500	6,500	6,500	6,500	6,394	32,394
Restroom Upgrades Conc B, C, D	C800697	86	3,000	5,000	7,500	7,500	5,000	28,000
Highline School Insulation	C200007	-	7,251	-	-	15,675	-	22,926
N. Terminals Utilities Upgrade	C800717	898	8,000	8,000	3,328	-	-	19,328
MT Low Voltage Sys Upgrade	C800061	1,170	5,000	5,000	5,000	3,039	-	18,039
Add'l Baggage Makeup Space IAF	C800836	167	400	15,584	2,349	-	-	18,333
Concessions Infrastructure	C800638	1,694	5,000	5,000	5,000	3,581	-	18,581
SSAT Make-Up Feed Line	C800780	176	-	-	8,000	5,823	-	13,823
Video System Improvements Proj	C800642	1,035	5,000	4,000	2,696	-	-	11,696
GSE Electrical Chrg Stations	C800335	4,199	5,000	5,066	-	-	-	10,066
New Projects	Multiple	1,386	59,666	91,501	56,249	41,175	24,896	273,487
Allowance CIPs		-	4,562	15,000	30,000	45,000	60,000	154,562
Other (123)		93,039	138,984	65,723	21,469	7,900	8,125	242,201
Total		180,873	590,498	663,351	498,316	354,778	294,193	2,401,136

Much of 2017- 2021 spending for projects already authorized