



Item Number: 11a\_attach 1  
Meeting Date: \_March 26, 2024

# **PORT OF SEATTLE**

## **Q4 2023 FINANCIAL PERFORMANCE REPORT**

**AS OF DECEMBER 31, 2023**

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# I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23

## I. PORTWIDE

### EXECUTIVE SUMMARY

The Port's overall 2023 financial performance was strong and continues reflect economic recovery from the pandemic. Airport passenger volume grew 10.7% higher than 2022 and was only 1.8% lower than pre-pandemic volumes in 2019. Non-Aeronautical revenues were \$30.5M over budget due to higher revenues in most lines of business.

The 2023 cruise season culminated on October 30<sup>th</sup> with a record 1,777,984 revenue passengers and 291 sailings. Each homeported vessel brings in over \$4 million to the local economy each time it provisions at the dock. The Port continues provide shore power connections to vessels allowing them to turn off diesel engines while at the dock, which reduces air pollution and greenhouse gas emissions.

Cruise, Fishing, and Maritime Portfolio Management were above budget while grain volume was below budget due to lower demand from China. Additionally, conference center volume was below budget due to events and conference cancellations this year.

Overall, operating revenues were \$15.6M or 1.6% above budget while expenses were \$16.3M or 2.8% below budget due to non-cash expense credit related to the Port's public pension plans. Excluding the credit, the operating expenses were \$12.4M over budget.

### PORTWIDE FINANCIAL SUMMARY

	2021	2022	2023	Actual vs. Budget Variance		Change from 2022 Incr (Decr)	
	Actual	Actual	Actual	\$	%	\$	%
\$ in 000's							
Aeronautical Revenues	317,513	402,540	479,697	(25,251)	-5.0%	77,157	19.2%
Airport Non-Aero Revenues	183,819	256,613	326,592	30,490	10.3%	69,980	27.3%
Non-Airport Revenues	120,689	150,977	162,991	10,358	6.8%	12,014	8.0%
<b>Total Operating Revenues</b>	<b>622,020</b>	<b>810,130</b>	<b>969,281</b>	<b>15,597</b>	<b>1.6%</b>	<b>159,151</b>	<b>19.6%</b>
<b>Total O&amp;M Expenses w/o Pension True-up</b>	<b>422,372</b>	<b>491,377</b>	<b>585,858</b>	<b>(12,427)</b>	<b>-2.2%</b>	<b>94,481</b>	<b>19.2%</b>
DRS Pension True-up Exp	(57,716)	(15,638)	(28,709)	28,709	0.0%	(13,071)	83.6%
<b>Total O&amp;M Expenses with Pension True-up</b>	<b>364,656</b>	<b>475,739</b>	<b>557,149</b>	<b>16,282</b>	<b>2.8%</b>	<b>81,410</b>	<b>17.1%</b>
Depreciation	190,683	232,236	250,644	(42,694)	-20.5%	18,408	7.9%
<b>NOI After Depreciation w/o Pension True-up</b>	<b>8,965</b>	<b>86,517</b>	<b>132,778</b>	<b>(39,524)</b>	<b>-22.9%</b>	<b>46,261</b>	<b>53.5%</b>
<b>NOI After Depreciation with Pension True-up</b>	<b>66,681</b>	<b>102,155</b>	<b>161,487</b>	<b>(10,815)</b>	<b>-6.3%</b>	<b>59,332</b>	<b>58.1%</b>

### 2023 Actuals vs. 2023 Budget:

- Airport Non-Aero Revenues were up \$30.0M compared to budget mainly due to higher Public Parking, Rental Car, and Airport Commercial Properties revenues.
- Non-Airport Operating Revenues were up \$10.4M compared to budget mainly due to higher NWSA Distributable revenue and Cruise; partially offset by lower Grain and Conference & Event Centers.
- Total Operating Expenses were \$12.4M higher than budget due to higher Payroll, Equipment Expense, Supplies & Stock, Other Expenses, and lower charges to Capital Projects; offset by lower Outside Services, Travel & Other Employee Expenses, and Third-Party Management Operating Expenses.

### 2023 Actuals vs. 2022 Actuals:

- Total Operating Revenues were up \$159.2M due to higher passenger volumes compared to 2022; higher revenues in non-aero lines of businesses (Public Parking, Rental Cars, ADR & Terminal Leased Space, Ground Transportation, Airport Commercial Properties, and Clubs & Lounges), Cruise, and NWSA Distributable Revenue.
- Total Operating Expenses was \$94.5M higher compared to 2022 due to higher Payroll, Outside Services, Supplies & Stock, and Other Expenses.

# I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23

## NON-AIRPORT FINANCIAL SUMMARY

	2021	2022	2023	Actual vs. Budget Variance		Change from 2022 Incr (Decr)	
	Actual	Actual	Actual	\$	%	\$	%
\$ in 000's							
Aeronautical Revenues	317,513	402,540	479,697	(25,251)	-5.0%	77,157	19.2%
Airport Non-Aero Revenues	183,819	256,613	326,592	30,490	10.3%	69,980	27.3%
Non-Airport Revenues	120,689	150,977	162,991	10,358	6.8%	12,014	8.0%
<b>Total Operating Revenues</b>	<b>622,020</b>	<b>810,130</b>	<b>969,281</b>	<b>15,597</b>	<b>1.6%</b>	<b>159,151</b>	<b>19.6%</b>
<b>Total O&amp;M Expenses w/o Pension True-up</b>	<b>422,372</b>	<b>491,377</b>	<b>585,858</b>	<b>(12,427)</b>	<b>-2.2%</b>	<b>94,481</b>	<b>19.2%</b>
DRS Pension True-up Exp	(57,716)	(15,638)	(28,709)	28,709	0.0%	(13,071)	83.6%
<b>Total O&amp;M Expenses with Pension True-up</b>	<b>364,656</b>	<b>475,739</b>	<b>557,149</b>	<b>16,282</b>	<b>2.8%</b>	<b>81,410</b>	<b>17.1%</b>
Depreciation	190,683	232,236	250,644	(42,694)	-20.5%	18,408	7.9%
<b>NOI After Depreciation w/o Pension True-up</b>	<b>8,965</b>	<b>86,517</b>	<b>132,778</b>	<b>(39,524)</b>	<b>-22.9%</b>	<b>46,261</b>	<b>53.5%</b>
<b>NOI After Depreciation with Pension True-up</b>	<b>66,681</b>	<b>102,155</b>	<b>161,487</b>	<b>(10,815)</b>	<b>-6.3%</b>	<b>59,332</b>	<b>58.1%</b>

### 2023 Actuals vs. 2023 Budget

- Non-Airport Operating Revenues were up \$10.4M compared to budget mainly due to higher NWSA Distributable revenue and Cruise; partially offset by lower Grain and Conference & Event Centers.
- Non-Airport Operating Expenses were \$1.0M higher than budget because of higher Payroll, Supplies & Stock, Equipment, and lower charges to Capital Projects; offset by project spending delays and timing of tenant improvements and maintenance.

### Actuals vs. 2022 Actuals

- Non-Airport Operating Revenues were \$12.0M higher compared to 2022 because of higher revenues from Cruise, NWSA Distributable Revenue, Recreational Boating, Fishing Operations, and Central Harbor Management; partially offset by lower Grain, and Maritime Portfolio Management revenues.
- Non-Airport Operating Expenses were \$17.5M higher than 2022 due to higher Payroll and Outside Services; offset by lower General Expenses and higher charges to Capital Projects.

**I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23**

**MAJOR OPERATING REVENUES SUMMARY**

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
					\$	%	\$	%
Aeronautical Revenues	317,513	402,540	479,697	504,948	(25,251)	-5.0%	77,157	19.2%
Public Parking	64,104	88,899	110,990	96,768	14,222	14.7%	22,091	24.8%
Rental Cars - Operations	32,722	44,302	46,506	39,353	7,153	18.2%	2,204	5.0%
Rental Cars - Operating CFC	2,018	12,171	16,954	14,477	2,478	17.1%	4,784	39.3%
ADR & Terminal Leased Space	41,607	43,126	74,246	73,360	886	1.2%	31,120	72.2%
Ground Transportation	11,947	20,804	24,878	24,324	554	2.3%	4,074	19.6%
Employee Parking	9,006	10,645	10,574	10,462	112	1.1%	(71)	-0.7%
Airport Commercial Properties	12,520	16,747	20,370	16,959	3,411	20.1%	3,623	21.6%
Airport Utilities	6,350	7,943	8,666	8,541	125	1.5%	723	9.1%
Clubs and Lounges	3,478	8,688	11,710	9,859	1,851	18.8%	3,022	34.8%
Cruise	9,517	30,469	41,726	34,445	7,281	21.1%	11,258	36.9%
Recreational Boating	12,851	13,978	15,505	15,591	(86)	-0.6%	1,527	10.9%
Fishing & Operations	9,859	10,566	11,640	9,809	1,831	18.7%	1,073	10.2%
Grain	6,112	5,792	3,356	5,814	(2,458)	-42.3%	(2,436)	-42.1%
Maritime Portfolio Management	10,392	10,550	10,263	10,192	71	0.7%	(287)	-2.7%
Central Harbor Management	7,561	8,791	10,465	9,699	766	7.9%	1,674	19.0%
Conference & Event Centers	1,910	8,914	6,738	12,479	(5,741)	-46.0%	(2,176)	-24.4%
NWSA Distributable Revenue	55,998	55,353	57,685	50,305	7,380	14.7%	2,333	4.2%
Other	6,555	9,851	7,311	6,297	1,013	16.1%	(2,540)	-25.8%
<b>Total Operating Revenues (w/o Aero)</b>	<b>304,507</b>	<b>407,590</b>	<b>489,584</b>	<b>448,736</b>	<b>40,848</b>	<b>9.1%</b>	<b>81,994</b>	<b>20.1%</b>
<b>TOTAL</b>	<b>622,020</b>	<b>810,130</b>	<b>969,281</b>	<b>953,684</b>	<b>15,597</b>	<b>1.6%</b>	<b>159,151</b>	<b>19.6%</b>

**MAJOR OPERATING EXPENSES SUMMARY**

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
					\$	%	\$	%
Salaries & Benefits	144,953	159,305	187,197	184,979	(2,219)	-1.2%	27,893	17.5%
Wages & Benefits	134,738	146,887	167,928	156,181	(11,748)	-7.5%	21,041	14.3%
Payroll to Capital Projects	28,979	27,020	32,448	44,563	12,115	27.2%	5,428	20.1%
Outside Services	99,482	116,790	145,095	165,506	20,411	12.3%	28,305	24.2%
Utilities	26,236	31,202	31,226	30,529	(698)	-2.3%	24	0.1%
Equipment Expense	6,863	12,477	13,046	10,487	(2,559)	-24.4%	568	4.6%
Supplies & Stock	9,368	11,549	12,956	8,994	(3,963)	-44.1%	1,407	12.2%
Travel & Other Employee Expenses	2,031	4,400	5,511	7,344	1,833	25.0%	1,111	25.3%
Third Party Mgmt Op Exp	4,994	8,985	10,930	14,144	3,214	22.7%	1,945	21.6%
B&O Taxes	4,120	5,406	6,431	6,874	443	6.4%	1,025	19.0%
Other Expenses	15,640	21,475	39,947	26,525	(13,422)	-50.6%	18,472	86.0%
Charges to Capital Projects/Overhead Alloc	(55,031)	(54,120)	(66,857)	(82,692)	(15,835)	19.1%	(12,737)	23.5%
<b>TOTAL w/o DRS Pension True-up</b>	<b>422,372</b>	<b>491,377</b>	<b>585,858</b>	<b>573,431</b>	<b>(12,427)</b>	<b>-2.2%</b>	<b>94,481</b>	<b>19.2%</b>
DRS Pension True-up Credit	(57,716)	(15,638)	(28,709)	-	28,709	0.0%	(13,071)	83.6%
<b>TOTAL w/ DRS Pension True-up</b>	<b>364,656</b>	<b>475,739</b>	<b>557,149</b>	<b>573,431</b>	<b>16,282</b>	<b>2.8%</b>	<b>81,410</b>	<b>17.1%</b>

# I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23

## PORTWIDE COMPREHENSIVE FINANCIAL SUMMARY

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Explanation
	Actual	Actual	Actual	Budget	Variance		
					\$	%	
<b>Revenues</b>							
1. Operating Revenues	622,020	810,130	969,281	953,684	15,597	1.6%	
2. Tax Levy	78,311	80,785	82,313	82,657	(344)	-0.4%	In line with budget
3. PFCs	72,845	88,284	95,681	94,122	1,559	1.7%	higher enplanements than budget
4. CFCs	24,271	24,461	24,657	24,658	( )	0.0%	
5. Fuel Hydrant	7,010	7,451	6,681	7,023	(342)	-4.9%	In line with budget
6. Non-Capital Grants & Donations	103,206	153,764	19,192	17,101	2,092	12.2%	More Non-capital federal grants than budgeted
7. Capital Contributions	47,632	38,116	36,309	44,377	(8,069)	-18.2%	Less Capital federal grants than budgeted
8. Interest Income	(5,386)	(50,735)	94,541	64,128	30,413	47.4%	Mainly from Unrealized Gain on Investments
Total	<b>949,911</b>	<b>1,152,256</b>	<b>1,328,655</b>	<b>1,287,749</b>	<b>40,906</b>	<b>3.2%</b>	
<b>Expenses</b>							
1. O&M Expense	422,372	491,377	585,858	573,431	(12,427)	-2.2%	Mainly due to higher Env Remediation Exp.
2. DRS Pension True-up Credit	(57,716)	(15,638)	(28,709)	-	28,709	0.0%	Unbudgeted DRS pension credit
3. Depreciation	190,683	232,236	250,644	207,951	(42,694)	-20.5%	More new assets came into service
4. Revenue Bond Interest Expense	132,925	140,838	146,686	171,294	24,608	14.4%	Did not issue new bonds as budgeted
5. GO Bond Interest Expense	11,004	11,877	10,162	10,562	400	3.8%	In line with budget
6. Public Expense	9,769	8,282	20,869	11,309	(9,560)	-84.5%	Mainly due to higher Non-Construction Contri.
7. Non-Op Environmental Expense	7,495	1,296	10,056	10,500	444	4.2%	In line with budget
8. Other Non-Op Rev/Expense	18,419	58,489	268	(14,916)	(15,184)	101.8%	Less Harbor Maintenance Tax than budgeted
Total	<b>734,952</b>	<b>928,756</b>	<b>995,834</b>	<b>970,131</b>	<b>(25,704)</b>	<b>-2.6%</b>	
Special Item	34,907	-	-	-	-	0.0%	
Change In Net Assets	<b>180,053</b>	<b>223,500</b>	<b>332,820</b>	<b>317,619</b>	<b>15,202</b>	<b>4.8%</b>	

\* Operating revenues & expenses include certain GASB 87 (Leases) accounting adjustments that will be accounted for as non-operating in the Port's audited financial statements. The Port implemented GASB 87 in 2022.

## KEY PERFORMANCE METRICS

	2022	2023	2023	Fav (UnFav)		Incr (Decr)	
				Act vs. Budget		Change from 2022	
	Actual	Actual	Budget	Chg.	%	Chg.	%
Total Passengers (in 000's)	45,964	50,885	48,887	1,998	4.1%	4,921	10.7%
Landed Weight (lbs. in millions)	29,079	32,064	30,226	1,838	6.1%	2,986	10.3%
Passenger CPE (in \$)	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
Cruise Passenger (in 000's)	1,309	1,778	1,430	348	24.3%	469	35.8%
Shilshole Bay Marina Occupancy	97.6%	98.1%	97.5%	0.6%	0.6%	0.5%	0.5%

**I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23**

**COMMUNITY PROGRAMS**

Program (\$ in \$000)	2021 Actual	2022 Actual	2023 Actual	2023 Budget	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2022	
					\$	%	\$	%
1) Energy & Sustainability Fund	160	35	34	120	86	72.0%	(2)	-4.6%
2) Airport Community Ecology (ACE) Fund	154	89	27	40	13	31.5%	(61)	-69.2%
3) South King County Community Impact Fund (SKCCIF) <sup>1</sup>	848	1,111	1,758	2,214	456	20.6%	647	58.2%
4) Duwamish Valley Community Equity Program	304	545	492	462	(30)	-6.5%	(53)	-9.7%
5) EDD Partnership Grants	771	102	1,283	850	(433)	-50.9%	1,181	1155.3%
6) Tourism Marketing Support Program <sup>2</sup>	1,917	1,743	1,540	1,830	290	15.8%	(202)	-11.6%
7) Airport Spotlight Ad Program <sup>3&amp;4</sup>	269	322	362	466	105	22.4%	40	12.5%
8) City of SeaTac Community Relief <sup>3</sup>	1,400	1,400	1,400	1,400	-	0.0%	-	0.0%
9) Maritime Blue (formerly Maritime Innovation Center)	118	145	120	150	30	20.0%	(25)	-17.2%
10) Workforce Development <sup>2</sup>	4,031	3,122	4,242	5,186	944	18.2%	1,120	35.9%
a. Youth Career Launch Program (formerly OYI)	1,721	3	689	1,000	311	31.1%	686	26521.3%
11) High School Internship Program	317	317	277	457	180	39.4%	(40)	-12.6%
12) Diversity in Contracting <sup>2</sup>	1,092	1,382	1,906	2,299	393	17.1%	523	37.9%
a. Small Bus. Accelerator (DIC) <sup>5</sup>	243	188	212	250	38	15.3%	24	12.9%
13) Equity, Diversity & Inclusion <sup>2</sup>	1,149	1,284	1,319	1,767	449	25.4%	35	2.7%
14) Sustainable Aviation Fuels & Air Emissions Program	-	116	103	100	(3)	-3.4%	(13)	-11.0%
15) Low Carbon Fuel Standard Support	87	29	40	150	110	73.3%	11	37.3%
16) Community Biz Connector (Regional Small Biz Partnerships)	-	-	25	350	325	92.9%	25	0.0%
17) Public Market Study	-	-	175	100	(75)	-75.0%	175	0.0%
18) Seattle Aquarium Partnership	-	-	1,100	1,000	(100)	-10.0%	1,100	0.0%
<b>TOTAL w/o DRS Pension True-up Credit</b>	<b>12,375</b>	<b>11,554</b>	<b>15,991</b>	<b>18,691</b>	<b>2,700</b>	<b>14.4%</b>	<b>4,437</b>	<b>38.4%</b>
DRS Pension Credit True Up	(532)	(218)	(331)	-	331	0%	(113)	51.8%
<b>TOTAL w/ DRS Pension True-up Credit</b>	<b>11,843</b>	<b>11,336</b>	<b>15,660</b>	<b>18,691</b>	<b>3,031</b>	<b>16.2%</b>	<b>4,324</b>	<b>38.1%</b>

Notes:

- 1) Budget shows grants only, excludes payroll.
- 2) DRS Pension credit excluded from dept totals.
- 3) Budgeted as Non-ops Expenses.
- 4) Free advertising space provided at the Airport. FAA requires that lost revenue be reimbursed to the Airport.
- 5) A portion of the SKCCIF budget is in Diversity in Contracting; adjusted to avoid double counting.

**KEY BUSINESS EVENTS**

The 2023 cruise season ended with the departure of the Norwegian Cruise Line’s Norwegian Sun from Bell Street Pier Cruise Terminal at Pier 66 on October 30. The 2023 cruise season welcomed a record 1,778,193 revenue passengers and 291 sailings. Each homeported cruise ship at berth is estimated to bring \$4 million in economic impact to the region and nearly \$900 million during a cruise season. More than one-third of cruise ships utilized shore power at Smith Cove Cruise Terminal, setting a record number of plug-ins for a Seattle cruise season. The Port was one of the first ports to provide shore power plug-in capability for two vessels at once and the first homeport to offer shore power. Work is currently underway to make Pier 66 capable of supplying electrical power for the 2024 cruise season.

The Port established a new Environmental Legacy Fund, a dedicated account into which the Port will deposit property tax dollars for use in addressing historical industrial pollution on its properties. This new fund will start with a \$30 million investment of already collected tax levy dollars. The fund will be used to invest in research, investigation, design, and cleanup actions. Eventually, some of the expenses may be covered responsible parties, state grants, and insurance. To date, the Port has completed a substantial amount of cleanup and has also gained national and international recognition for its innovative and community-centered approaches. Currently, the Port is actively working on 18 environmental remediation projects to improve water quality, support salmon and marine mammal recovery, and restore habitat. Many of these projects are collaborations with other governments and organizations.

The Port and Busan Port Authority reaffirmed their sister port agreement at the 11th Annual Busan International Port Conference on November 28. In 1981, the Port and Port of Busan entered into the original sister port agreement and in 2003, the Port of Busan was reformed to become the Busan Port Authority. The two entities share a commitment to sustainability and to increase efficiency through technology, equipment, and process improvement.

Six new Oscars, AI waste-sorting technology, will help visitors sort their waste items into compost, recycling, or trash bins. Four has been installed at SEA, one at Bell Harbor Conference Center, and one at Pier 66 in the Norwegian Cruise Lines Terminal. When users walk up to the machine, they place an item in front of a camera for the system to analyze. Oscar then tells the user which bin to use to dispose of the item. Oscars are designed so their cameras do not capture or store identifying information about users, just the waste items they present for sorting. The installation of these new AI units is one of the ways the Port is fulfilling its goal to be the greenest and most energy-efficient port in North America.

The airport launched SEA Access, the new name for its accessibility program. The goal of the program is to create a safe, welcoming, and easy travel experience for all. This is an interdepartmental collaboration that supports the accessibility needs of customers and workers at SEA Airport through accessible facilities, customer service resources, and community engagement.

SEA will welcome Delta Air Lines for new international daily service to Taipei (TPE) in June 2024. This continues SEA’s increase of international services since the pandemic and the rapid success of the new International Arrivals Facility (IAF) to welcome the world to the Puget Sound region.

SEA’s Central Terminal's dining and retail partners Salty’s and BrewTop Social have achieved the United States Green Building Council’s Leadership in Energy and Environmental Design (LEED) Certification. The locations are the first tenant project at SEA Airport to achieve LEED Certification. Additionally, these locations were part of the \$21.8 million renovation of the Central Terminal to elevate the customer experience with more dining options, seating, charging stations, and ADA accessibility improvements.



**CAPITAL SPENDING SUMMARY**

\$ in 000's	2023	2023	2023	Budget Variance	
	Actual	Budget	POF	\$	%
Aviation	444,072	485,572	663,877	41,500	8.5%
Maritime	21,935	32,313	40,805	10,378	32.1%
Economic Development	6,136	8,086	6,737	1,950	24.1%
Central Services & Other (note 1)	8,925	15,371	14,424	6,446	41.9%
<b>TOTAL</b>	<b>481,068</b>	<b>541,342</b>	<b>725,843</b>	<b>60,274</b>	<b>11.1%</b>

Note:

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

Total capital spending was \$481.1M for 2023, 88.9% of the budget due to delay in projects: C Concourse Expansion, Perimeter Intrusion Detection, Checked Bag Recap/Optimization, MT Low Voltage Sys Upgrade, International Arrivals Facility, Concourse A Building Expansion, and Engineering Fleet Replacement.

**PORTWIDE INVESTMENT PORTFOLIO**

During the fourth quarter of 2023, the investment portfolio earned 3.70% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 4.34%. Over the last twelve months, the portfolio and the benchmark have earned 3.31% and 4.66%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.35% and 1.89%, respectively.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### II. AVIATION DIVISION

#### FINANCIAL SUMMARY

Financial Summary ( \$ in 000's )	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Operating Revenue</b>								
Aeronautical Revenues	317,513	402,540	479,697	504,948	(25,251)	-5.0%	77,157	19.2%
Non-Aeronautical Revenues	183,819	256,613	326,592	296,102	30,490	10.3%	69,980	27.3%
<b>Total Operating Revenues</b>	<b>501,332</b>	<b>659,153</b>	<b>806,289</b>	<b>801,051</b>	<b>5,239</b>	<b>0.7%</b>	<b>147,136</b>	<b>22.3%</b>
<b>Total Operating Expenses w/o Pension True-Up</b>	<b>341,679</b>	<b>394,990</b>	<b>471,946</b>	<b>460,535</b>	<b>(11,410)</b>	<b>-2.5%</b>	<b>76,956</b>	<b>19.5%</b>
DRS Pension True-Up Expense	(47,462)	(12,286)	(23,572)		23,572		(11,286)	91.9%
<b>Total Operating Expenses w/ Pension True-Up</b>	<b>294,217</b>	<b>382,704</b>	<b>448,374</b>	<b>460,535</b>	<b>12,162</b>	<b>2.6%</b>	<b>65,670</b>	<b>17.2%</b>
<b>Net Operating Income w/ Pension True-Up</b>	<b>207,114</b>	<b>276,449</b>	<b>357,916</b>	<b>340,515</b>	<b>17,400</b>	<b>5.1%</b>	<b>81,466</b>	<b>29.5%</b>
CPE	15.93	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
<b>Non-Aero NOI (\$ in 000s)</b>	<b>135,483</b>	<b>180,983</b>	<b>180,983</b>	<b>150,386</b>	<b>(30,597)</b>	<b>-20.3%</b>	<b>-</b>	<b>0.0%</b>
<b>Enplaned passengers (in 000s)</b>	<b>18,073</b>	<b>22,966</b>	<b>25,371</b>	<b>24,444</b>	<b>(928)</b>	<b>-3.8%</b>	<b>2,405</b>	<b>10.5%</b>
<b>Capital Expenditures (in 000s)</b>	<b>389,051</b>	<b>311,631</b>	<b>444,072</b>	<b>485,572</b>	<b>41,500</b>	<b>8.5%</b>	<b>132,441</b>	<b>42.5%</b>

#### 2023 Actuals vs. 2023 Budget

- Net Operating Income (NOI) was \$17.4M or 5.1% higher compared to the budget, driven by:
  - Non-Aeronautical revenues were \$30.5M or 10.3% higher. Landside revenues recovered strongly throughout the year, especially in Parking, Rental Car, and GT due to high demand from returning passengers. Concessions still required Federal Relief of \$1.9M.
  - Aeronautical revenues were (\$25.3M or 5%) lower due primarily to a large under spend in Outside Services due to delays in capital programs, and due to receiving a pension credit of approximately \$3M which offset Aeronautical costs in 2023.
  - Total Operating Expenses were \$12.2M or 2.6% lower than budget driven primarily by the total pension credit of approximately \$24M to Aviation. Without the pension credit, operating expenses were (\$11.4M or 2.5%) over-run.

#### 2023 Actuals vs. 2022 Actuals

- Net Operating Income for 2023 was \$81.5M or 29.5% higher than prior year primarily driven by:
  - Operating Revenues \$147M or 22.3% higher compared to prior year was due to passenger levels improving with only being down by 1.8% compared to 2019.
  - Operating Expenses \$65.7M or 17.2% higher compared to prior year was primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions compared to 2023.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### A. BUSINESS EVENTS

- 2023 passenger levels were 1.8% lower than 2019.
- Aero Revenue \$479.7M
  - Lower than budget by \$25.3M primarily driven by Aero share of pension credit and lower debt service charged to Aero rates due to capital project schedule delays.
- Non-Aero Revenue \$326.6M
  - Exceeded budget by \$30.5M primarily driven by strong performance in Landside lines of businesses.

### B. KEY PERFORMANCE METRICS

	2021 YE	2022 YE	2023 YE	% Change from 2022
<b>Total Passengers (000's)</b>				
Domestic	34,483	41,582	45,090	8.4%
International	1,669	4,382	5,796	32.3%
Total	36,152	45,964	50,885	10.7%
<b>Operations</b>	374,510	401,351	422,508	5.3%
<b>Landed Weight (In Millions of lbs.)</b>				
Cargo	2,920	2,745	2,748	0.1%
All other	26,333	26,333	29,317	11.3%
Total	29,253	29,079	32,064	10.3%
<b>Cargo - Metric Tons</b>				
Domestic freight	366,312	335,512	305,141	-9.1%
International & Mail freight	132,428	120,777	111,983	-7.3%
Total	498,740	456,289	417,124	-8.6%

\*Mail weight for 2021 forward is incorporated in freight

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### Key Performance Measures

	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Key Performance Metrics</b>								
Cost per Enplanement (CPE)	15.93	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
Non-Aeronautical NOI (in 000's) <sup>1</sup>	93,175	131,145	180,983	150,386	30,597	20.3%	49,838	38.0%
<b>Other Performance Metrics</b>								
O&M Cost per Enplanement	16.28	17.20	18.60	18.84	0.24	1.3%	1.40	8.2%
Non-Aero Revenue per Enplanement	10.17	11.17	12.87	12.11	0.76	6.3%	1.70	15.2%
Debt per Enplanement (in \$)	198	193	166	154	(12)	-7.6%	(27)	-13.9%
Debt Service Coverage	1.69	2.64	2.02	1.87	0.15	8.0%	(0.62)	-23.5%
Days cash on hand (10 months = 304 days)	423	457	507	457	50	11.0%	50	11.0%
<b>Activity (in 000's)</b>								
Enplanements	18,073	22,966	25,371	24,444	928	3.8%	2,405	10.5%
Total Passengers	36,154	45,964	50,885	48,887	1,998	4.1%	4,921	10.7%

### Key Performance Metrics

#### 2023 Actuals vs. 2023 Budget

- Cost per Enplanement (CPE):
  - CPE was \$1.77 or 9.2% favorable than budget.
  - Non-Aero NOI was \$30.6M or 20.3% favorable due to Landside revenues continuing to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers.

#### 2023 Actuals vs. 2022 Actuals

- CPE was \$1.43 higher compared to prior year due to Increases due to higher divisional allocations, changes in ERL & Capital to Expense adjustments, IAF Smarte Carte, IAF CBP Expenses, and rebalancing of VIP Hospitality focus areas.
- Non-Aero NOI was \$49.8M higher than prior year due to projection of improved revenues compared to prior year across the Non-Aeronautical businesses.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### C. OPERATING RESULTS

#### Division Summary – Actuals

Total Airport Expense Summary (\$ in 000's)	2021	2022	2023		Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Operating Expenses</b>								
Payroll	157,207	168,389	193,130	189,477	(3,653)	-1.9%	24,741	14.7%
Outside Services	62,382	75,700	89,551	109,249	19,698	18.0%	13,850	18.3%
Utilities	20,175	22,880	23,285	22,321	(965)	-4.3%	406	1.8%
Other Expenses	1,519	15,141	17,679	4,296	(13,383)	-311.5%	2,537	16.8%
<b>Total Airport Direct Charges</b>	<b>241,284</b>	<b>282,110</b>	<b>323,645</b>	<b>325,342</b>	<b>1,697</b>	<b>0.5%</b>	<b>41,535</b>	<b>14.7%</b>
Environmental Remediation Liability	1,583	(1,274)	13,017	7,120	(5,897)	-82.8%	14,291	-1121.3%
Capital to Expense	1,254	2,356	480	-	(480)		(1,876)	-79.6%
<b>Total Exceptions</b>	<b>2,837</b>	<b>1,081</b>	<b>13,497</b>	<b>7,120</b>	<b>(6,377)</b>	<b>-89.6%</b>	<b>12,415</b>	<b>1148.2%</b>
<b>Total Airport Expenses</b>	<b>244,121</b>	<b>283,191</b>	<b>337,142</b>	<b>332,462</b>	<b>(4,680)</b>	<b>-1.4%</b>	<b>53,950</b>	<b>19.1%</b>
Corporate	71,550	80,452	96,213	92,679	(3,534)	-3.8%	15,761	19.6%
Police	23,473	27,660	33,750	30,264	(3,487)	-11.5%	6,090	22.0%
Maritime/Economic Development/Other	2,536	3,687	4,840	5,131	291	5.7%	1,154	31.3%
<b>Total Charges from Other Divisions</b>	<b>97,558</b>	<b>111,799</b>	<b>134,804</b>	<b>128,074</b>	<b>(6,730)</b>	<b>-5.3%</b>	<b>23,005</b>	<b>20.6%</b>
<b>Total Operating Expenses w/o Pension True-Up</b>	<b>341,679</b>	<b>394,990</b>	<b>471,946</b>	<b>460,535</b>	<b>(11,410)</b>	<b>-2.5%</b>	<b>76,956</b>	<b>19.5%</b>
DRS Pension True-up Exp	(47,462)	(12,286)	(23,572)	-	23,572		(11,286)	91.9%
<b>Total Operating Expenses w/ Pension True-Up</b>	<b>294,217</b>	<b>382,704</b>	<b>448,374</b>	<b>460,535</b>	<b>12,162</b>	<b>2.6%</b>	<b>65,670</b>	<b>17.2%</b>

#### Operating Expenses – 2023 Actuals compared to 2023 Budget

- Full Year 2023 operating expenses were closely aligned to the Budget, ending the year 2.8% lower than budget primarily due to the \$24M pension credit.
- Operating expenses were 2.3% higher than budget before the pension credit, driven primarily by:
  - Payroll over spent by \$3.7M driven by increased overtime in the Fire and Maintenance Departments.
  - Non-Payroll net over-ran by 7.7M with the major drivers that included: \$6M higher spending in Environmental Remediation Liability reserve adjustments, \$6.7M higher spending from other Divisions allocated to Aviation, lower Charges to Capital resulting in higher operating expenses by \$8.5M due to position vacancies (staffing capacity) and schedule changes in capital program work, and \$6M higher spending in other expenses. These over-runs were offset by under spending in Outside Services of approx. \$19.7M.

#### Operating Expenses – 2023 Actuals compared to 2022 Actuals

- Total Operating Expenses were \$65.7M or 17.2% higher than prior year primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### Aeronautical Business Unit Summary – Actuals

Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Rate Base Revenues</b>								
Airfield Movement Area	88,061	118,240	142,797	141,938	859	0.6%	24,557	20.8%
Airfield Apron Area	17,146	17,211	26,118	29,330	(3,212)	-11.0%	8,907	51.8%
Terminal Rents	184,625	220,399	251,892	270,513	(18,622)	-6.9%	31,493	14.3%
Federal Inspection Services (FIS)	10,978	29,347	41,214	46,317	(5,103)	-11.0%	11,866	40.4%
<b>Total Rate Base Revenues</b>	<b>300,810</b>	<b>385,197</b>	<b>462,020</b>	<b>488,098</b>	<b>(26,078)</b>	<b>-5.3%</b>	<b>76,823</b>	<b>19.9%</b>
Airfield Commercial Area	16,702	17,343	17,677	16,850	826	4.9%	333	1.9%
<b>Total Aeronautical Revenues</b>	<b>317,513</b>	<b>402,541</b>	<b>479,697</b>	<b>504,948</b>	<b>(25,251)</b>	<b>-5.0%</b>	<b>77,156</b>	<b>19.2%</b>
<b>Total Aeronautical Expenses</b>	<b>203,573</b>	<b>261,574</b>	<b>310,451</b>	<b>320,649</b>	<b>10,198</b>	<b>3.2%</b>	<b>48,877</b>	<b>18.7%</b>
<b>Aeronautical NOI</b>	<b>113,940</b>	<b>140,967</b>	<b>169,246</b>	<b>184,300</b>	<b>(15,053)</b>	<b>-8.2%</b>	<b>28,280</b>	<b>20.1%</b>
Debt Service	(80,554)	(101,159)	(146,807)	(152,649)	5,842	-3.8%	(45,648)	45.1%
<b>Net Cash Flow</b>	<b>33,385</b>	<b>39,808</b>	<b>22,439</b>	<b>31,650</b>	<b>(9,211)</b>	<b>-29.1%</b>	<b>(17,369)</b>	<b>-43.6%</b>

Note: Aeronautical Expenses includes the DRS Pension Credit

### Aeronautical – 2023 Actuals vs. 2023 Budget

- Net Operating Income was \$15.1M or 8.2% lower than budget driven by under spending in Outside Services and receiving a sizeable pension credit.

### Aeronautical – 2023 Actuals vs. 2022 Actuals

- Net Operating Income was \$28.3M or 20.1% higher than prior year's primarily due to increased passenger activity.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### Airline Rate Base Cost Drivers

\$ in 000's	2023 Budget	2023 Actual	Impact on Aero Revenues Budget vs Budget	
			\$	%
O&M <sup>(1)</sup>	310,618	303,919	(6,699)	-2.2%
Debt Service Before Offsets	234,463	221,864	(12,599)	-5.4%
Debt Service PFC Offset	(89,720)	(85,598)	4,121	-4.6%
Federal Relief Grants Debt Service	-	(5,930)	(5,930)	0.0%
Net Debt Service	144,743	130,336	(14,407)	-10.0%
Amortization	35,561	35,353	(208)	-0.6%
Space Vacancy	(2,066)	(1,512)	554	-26.8%
TSA Operating Grant and Other	(758)	(6,076)	(5,317)	701.3%
<b>Rate Base Revenues</b>	<b>488,098</b>	<b>462,020</b>	<b>(26,078)</b>	<b>-5%</b>
Commercial area	16,850	17,677	826	5%
<b>Total Aero Revenues</b>	<b>504,948</b>	<b>479,697</b>	<b>(25,251)</b>	<b>-5%</b>

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

### 2023 Actuals to 2023 Budget

- Rate Based Revenue \$26.1M lower than budget:
  - O&M – \$6.7M lower primarily due to lower payroll costs including the Aero rate-based share of the 2023 pension credit as well as lower Outside Services spending, partially offset by higher Environmental Remediation Liability expense related to Aero rate-based capital projects.
  - Net Debt Service – \$14.4M lower than budget in 2023 due to changes in capital project schedules (which meant that certain new rate-based assets have not yet been placed into service), as well as the benefit of the remaining available Federal Relief grants. These reductions in debt service were partially offset by slightly lower than planned PFC offset.
  - TSA Operating Grant and Other – \$5.3M lower reflects higher offset to Aero revenue from insurance reimbursement for property damage claims.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### Non-Aero Business Unit Summary - Actuals

Non-Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Non-Aeronautical Revenues</b>								
Public Parking	64,104	88,899	110,990	96,768	14,222	14.7%	22,091	24.8%
Rental Cars	34,740	56,473	63,460	53,830	9,631	17.9%	6,988	12.4%
Ground Transportation	11,947	20,804	24,878	24,324	554	2.3%	4,074	19.6%
Airport Dining & Retail	35,565	36,581	65,952	64,270	1,682	2.6%	29,371	80.3%
Other	37,463	53,856	61,312	56,910	4,402	7.7%	7,456	13.8%
<b>Total Non-Aeronautical Revenues</b>	<b>183,819</b>	<b>256,613</b>	<b>326,592</b>	<b>296,102</b>	<b>30,490</b>	<b>10.3%</b>	<b>69,980</b>	<b>27.3%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>90,644</b>	<b>121,130</b>	<b>137,923</b>	<b>139,887</b>	<b>1,964</b>	<b>1.4%</b>	<b>16,793</b>	<b>13.9%</b>
<b>Non-Aeronautical NOI<sup>1</sup></b>	<b>93,175</b>	<b>135,483</b>	<b>188,669</b>	<b>156,216</b>	<b>32,454</b>	<b>20.8%</b>	<b>53,186</b>	<b>39.3%</b>
Less: CFC Surplus	(6,834)	-	(7,686)	(5,829)	(1,857)	31.9%	(7,686)	
<b>Adjusted Non-Aeronautical NOI</b>	<b>86,341</b>	<b>135,483</b>	<b>180,983</b>	<b>150,386</b>	<b>30,597</b>	<b>20.3%</b>	<b>45,500</b>	<b>33.6%</b>
Debt Service	(33,065)	(27,096)	(39,997)	(34,094)	(5,903)	17.3%	(12,901)	47.6%
<b>Net Cash Flow</b>	<b>53,276</b>	<b>108,387</b>	<b>140,986</b>	<b>116,293</b>	<b>24,693</b>	<b>21.2%</b>	<b>32,599</b>	<b>30.1%</b>

Note: Non-Aeronautical Expenses includes the DRS Pension Credit

### Non-Aeronautical – 2023 Actuals vs. 2022 Budget

- Non-Aeronautical net operating income (before reduction of CFC Surplus) was \$32.5M or 20.8% higher than budget primarily due to the improved performance in the Landside business areas, particularly in Parking with strong performance due to higher tariff rates than prior year. Rental Car strong revenue performance reflects higher rental rates due to continued shortage in rental vehicle availability.

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

- Non-Aeronautical net operating income (before reduction of CFC Surplus) was \$53.2M or 39.3% higher compared to prior year due to passenger levels improving to only down by 1.8% compared to 2019.



## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### D. CAPITAL RESULTS

#### Capital Variance

\$ in 000's	2023	2023	2023	Bud vs. Actual	
	Actual	Budget	POF	\$	%
C concourse Expansion <sup>(1)</sup>	33,654	49,625	31,996	15,971	32.2%
Perimeter Intrusion Detection <sup>(2)</sup>	11,093	22,312	20,978	11,219	50.3%
SEA Gateway <sup>(3)</sup>	64,070	53,747	152,567	(10,323)	-19.2%
Checked Bag Recap/Optimization <sup>(4)</sup>	92,878	102,855	131,600	9,977	9.7%
MT Low Voltage Sys Upgrade <sup>(5)</sup>	15,907	24,000	24,425	8,093	33.7%
International Arrivals Fac-IAF <sup>(6)</sup>	3,288	10,700	11,479	7,412	69.3%
Concourse A Expansion <sup>(7)</sup>	25,576	32,455	46,110	6,879	21.2%
Fire Dept Apparatus Replace <sup>(8)</sup>	-	5,000	2,500	5,000	100.0%
Airline Realignment <sup>(9)</sup>	8,923	4,272	18,948	(4,651)	-108.8%
Art Pool <sup>(10)</sup>	601	5,250	5,250	4,649	88.6%
Upgrades STS Train Control <sup>(11)</sup>	15,735	20,342	28,422	4,607	22.6%
All Other	172,347	232,873	310,361	60,526	26.0%
Subtotal	444,072	563,432	784,636	119,360	21.2%
CIP Cashflow Mgmt Reserve	-	(77,860)	(120,759)	(77,860)	100.0%
<b>Total Spending</b>	<b>444,072</b>	<b>485,572</b>	<b>663,877</b>	<b>41,500</b>	<b>8.5%</b>

- Cash flow has been updated to reflect GCCM design and construction phasing sequencing.
- Delayed due to long lead items. Savings on bid quantities.
- Alaska has caught up on invoice review/submission. Invoices that were assumed for 2024 were paid in 2023. Therefore, NMTRP spent more in 2023 than budget.
- SSAT work was delayed, reducing payments; Baseline assumed completion in Feb 2024, now Jun 202.
- Electrical Equipment manufacturing delays, resulting in Contractor payment delays; Contractor not able to perform work in the Central Power Center and adjacent spaces due to the delay in Lumen scope.
- Projected Clark 2023 billing not realized, significant scope deductions and billing delays.
- Negotiation delays. And TRA submittals are less than anticipation.
- Fire apparatus procurement has been pushed out to future year. Other options are being reviewed.
- Additional Design costs are anticipated due to additional design scope than planned at time of yearly budget development, this caused a higher than anticipated cost for 2023.
- Delays in contract execution with artists.
- U00638-STIS Fiber Project Delay due to Surety takeover of Fiber Contract due to Fiber Proj Contractor Insolvency, also impacting U00535-STIS ATC Contractor, thus 2023 spent was lower than 2023 baseline cashflow.

### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

#### III. MARITIME DIVISION

##### FINANCIAL SUMMARY

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
<b>Total Revenues</b>	<b>48,331</b>	<b>71,534</b>	<b>82,410</b>	<b>75,875</b>	<b>6,534</b>	<b>9%</b>	<b>10,875</b>	<b>15%</b>
<b>Total Operating Expenses</b>	<b>47,784</b>	<b>59,556</b>	<b>70,402</b>	<b>66,121</b>	<b>(4,281)</b>	<b>-6%</b>	<b>10,846</b>	<b>18%</b>
<b>Net Operating Income</b>	<b>546</b>	<b>11,978</b>	<b>12,008</b>	<b>9,755</b>	<b>2,253</b>	<b>23%</b>	<b>29</b>	<b>0%</b>
<i>NOI Including Pension Adj</i>	<i>7,616</i>	<i>14,375</i>	<i>15,657</i>	<i>9,755</i>	<i>5,902</i>	<i>61%</i>	<i>1,282</i>	<i>9%</i>
<b>Capital Expenditures</b>	<b>18,923</b>	<b>21,949</b>	<b>21,935</b>	<b>32,313</b>	<b>10,378</b>	<b>32%</b>	<b>(14)</b>	<b>0%</b>

##### 2023 Actuals vs. 2023 Budget

- Operating Revenues were \$6.5M higher than budget:
  - Grain \$2.5M lower from reduction in volumes. Cruise \$7.2M and Marinas \$1.7M higher from increased occupancy.
- Operating Expenses \$4.3M higher than budget from \$3.3M in unbudgeted one-time expense and higher legal, equipment, and supplies expenses than budgeted.
- Net Operating Income \$2.3M favorable to budget or \$5.9M including favorable pension adjustment.
- Capital Spending were at 68% of \$32.3M budget.

##### 2023 Actuals vs. 2022 Actuals

- Operating Revenues were \$10.9M higher than 2022 with higher Cruise occupancy & rates, partially offset by lower grain volumes.
- Operating Expenses were \$10.8M higher than 2022 actual driven primarily by increased represented and non-represented wage rates and a net \$2.1M increase in one-time expenses.
- Net Operating Income was \$29K higher than 2022 actual.

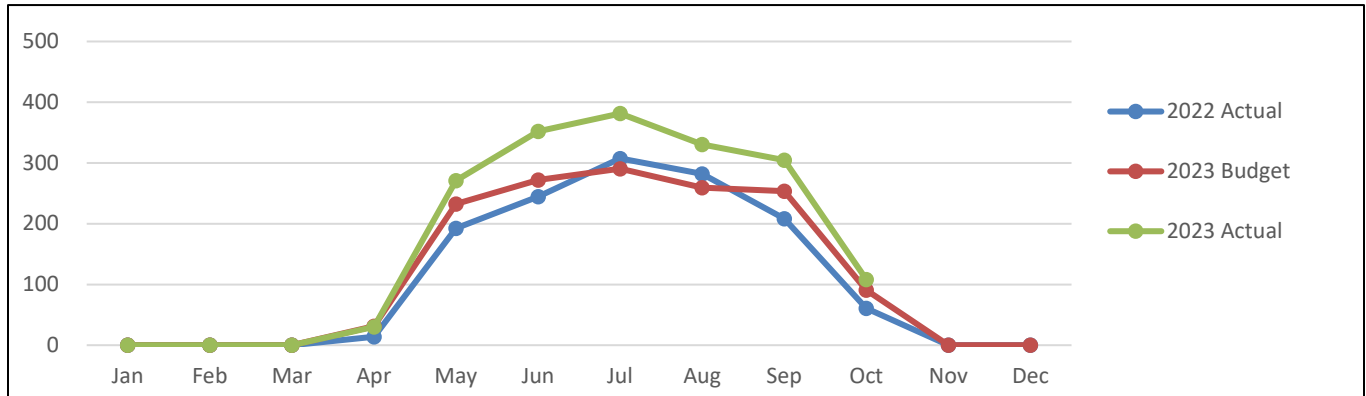
##### Net Operating Income before Depreciation by Business

	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Ship Canal Fishing & Operations	(3,271)	(3,771)	(4,550)	778	17%	(501)	-15%
Elliott Bay Fishing & Commercial Operations	(1,038)	(2,827)	(2,749)	(79)	-3%	(1,790)	NA
Recreational Boating	(82)	(507)	294	(801)	-272%	(424)	516%
Cruise	17,408	25,601	18,094	7,507	41%	8,193	47%
Grain	4,344	1,235	3,863	(2,628)	-68%	(3,109)	-72%
Maritime Portfolio	(3,954)	(5,408)	(5,143)	(264)	-5%	(1,454)	-37%
All Other	(1,600)	(2,226)	(1,354)	(872)	64%	(626)	-39%
<b>Total Maritime</b>	<b>11,808</b>	<b>12,097</b>	<b>8,457</b>	<b>3,641</b>	<b>-43%</b>	<b>289</b>	<b>2%</b>

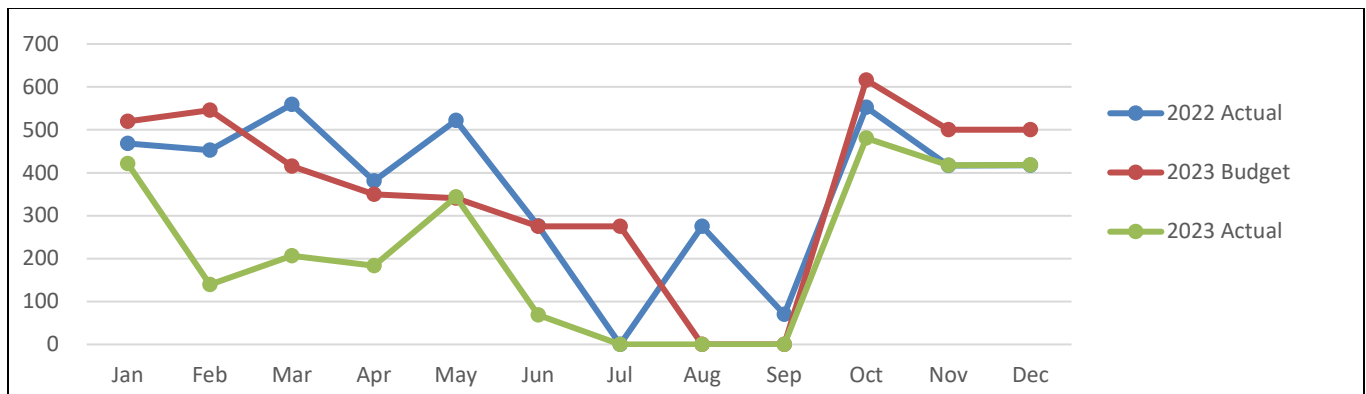
**III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23**

**A. KEY PERFORMANCE METRICS**

**Cruise Passengers in 000's**



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



### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

#### B. OPERATING RESULTS

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		\$	%
\$ in 000's					\$	%	\$	%
Ship Canal Fishing & Operations	4,240	4,592	5,076	4,555	521	11%	484	11%
Elliott Bay Fishing & Commercial Operation	5,618	5,975	6,564	5,253	1,310	25%	589	10%
Recreational Boating	12,851	13,978	15,505	15,591	(86)	-1%	1,527	11%
Cruise	9,517	30,469	41,726	34,445	7,281	21%	11,258	37%
Grain	6,112	5,792	3,356	5,814	(2,458)	-42%	(2,436)	-42%
Maritime Portfolio Management	10,392	10,550	10,263	10,192	71	1%	(287)	-3%
Other	7	10	9	24	(15)	NA	(0)	-5%
<i>Pension Revenue Adjustment</i>	<i>(408)</i>	<i>170</i>	<i>(90)</i>	<i>0</i>	<i>(90)</i>	<i>NA</i>	<i>(260)</i>	<i>NA</i>
<b>Total Revenue</b>	<b>48,331</b>	<b>71,534</b>	<b>82,410</b>	<b>75,875</b>	<b>6,534</b>	<b>9%</b>	<b>10,875</b>	<b>15%</b>
<b>Expenses</b>								
Maritime (Excl. Maint)	13,951	17,669	18,691	18,200	(491)	-3%	1,023	6%
<i>Environmental Remediation</i>	<i>0</i>	<i>79</i>	<i>2,975</i>	<i>0</i>	<i>(2,975)</i>		<i>2,897</i>	<i>3678%</i>
Economic Development	4,559	5,710	4,971	6,366	1,395	22%	(739)	-13%
<b>Total Direct</b>	<b>18,510</b>	<b>23,458</b>	<b>26,638</b>	<b>24,566</b>	<b>(2,071)</b>	<b>-8%</b>	<b>3,180</b>	<b>14%</b>
Maintenance Expenses	11,326	13,213	15,830	14,087	(1,742)	-12%	2,617	20%
Envir Services & Planning	2,018	3,078	3,814	3,853	39	1%	735	24%
Seaport Finance & Cost Recovery	1,163	1,087	1,291	1,342	52	4%	204	19%
Seaport Project Management	342	1,007	1,819	2,489	670	27%	812	81%
<b>Total Support Services</b>	<b>14,849</b>	<b>18,385</b>	<b>22,753</b>	<b>21,771</b>	<b>(981)</b>	<b>-5%</b>	<b>4,368</b>	<b>24%</b>
IT	2,695	3,223	3,705	3,725	21	1%	481	15%
Police Expenses	3,064	3,662	5,348	4,781	(567)	-12%	1,686	46%
External Relations	1,222	1,552	1,731	2,045	314	15%	179	12%
Other Central Services	7,109	8,908	10,019	8,869	(1,150)	-13%	1,110	12%
Aviation Division / Other	336	368	209	363	153	42%	(159)	-43%
<b>Total Central Services / Other</b>	<b>14,426</b>	<b>17,714</b>	<b>21,012</b>	<b>19,783</b>	<b>(1,228)</b>	<b>-6%</b>	<b>3,298</b>	<b>19%</b>
<b>Total Expense before Pension Adjustment</b>	<b>47,784</b>	<b>59,556</b>	<b>70,402</b>	<b>66,121</b>	<b>(4,281)</b>	<b>-6%</b>	<b>10,846</b>	<b>18%</b>
<i>Pension Expense Adjustment</i>	<i>(7,070)</i>	<i>(2,396)</i>	<i>(3,649)</i>	<i>0</i>	<i>3,649</i>	<i>NA</i>	<i>(1,253)</i>	<i>-52%</i>
<b>Total Expense</b>	<b>40,714</b>	<b>57,160</b>	<b>66,753</b>	<b>66,121</b>	<b>(632)</b>	<b>-1%</b>	<b>9,593</b>	<b>17%</b>
<i>NOI excluding Pension Adjustments</i>	<i>546</i>	<i>11,978</i>	<i>12,008</i>	<i>9,755</i>	<i>2,253</i>	<i>23%</i>	<i>29</i>	<i>0%</i>
<b>NOI Before Depreciation</b>	<b>7,616</b>	<b>14,375</b>	<b>15,657</b>	<b>9,755</b>	<b>5,902</b>	<b>61%</b>	<b>1,282</b>	<b>9%</b>
Depreciation	17,718	17,980	18,193	17,456	(737)	-4%	213	1%
<b>NOI After Depreciation</b>	<b>(10,101)</b>	<b>(3,606)</b>	<b>(2,536)</b>	<b>(7,701)</b>	<b>5,165</b>	<b>67%</b>	<b>1,070</b>	<b>30%</b>

#### 2023 Actuals vs. 2023 Budget

- Operating Revenues were \$6,534K higher than budget driven by:
  - Ship Canal favorable \$521K from higher occupancy related to the cancellation of Alaskan Crab Season.
  - Elliott Bay Fishing higher by \$1,310K due to favorable unplanned moorage.
  - Recreational Boating \$186K unfavorable.
  - Cruise \$7,281K higher from increased occupancy.
  - Grain \$2,458K unfavorable from lower volumes flowing to China.
  - Maritime Portfolio Management \$15K lower.
- Operating Expenses were \$4,281 higher than budget:
  - Direct Expenses were \$2,071K higher than budget
    - Unbudgeted remediation costs of \$2,975K related to construction at T91 berths 6&8 and the Maritime Innovation Center.
    - Portfolio Management under budget by \$1,270K from unspent tenant improvement and broker fees.
    - Cruise \$190K over related to higher passenger counts driving up Port Valet expense.
    - Maritime Security was \$423K lower from over-budgeted cruise-related activities and lack of special events at T-91.
    - Maritime Marketing \$438K below budget due to timing of spending and unspent Sea-trade booth.

### III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

- Elliott Bay Fishing and Commercial \$227K under budget due to lower utility costs.
- Divisional contingency open headcount vacancy factor created a \$1,298K unfavorable variance.
- Unbudgeted Capital to Expense of \$327K
- All other Direct Expenses net to \$361K under budget.
- Total Support Services were \$981K higher than budget due to significant increases in Marine Maintenance equipment and materials cost as well as some unplanned apprenticeships.
- Total Central Services / Other were \$1,228K higher than budget.
- Net Operating Income was \$2.3M higher to budget or \$5.9M higher when factoring in the pension credit.

#### **2023 Actuals vs. 2022 Actuals**

- Operating Revenues were \$10.9M higher than 2022 due large increase in Cruise occupancy and increased rates at marinas, offset by to lower Grain volumes & a change in Cruise P66 lease from expense to contra revenue.
- Operating Expenses were \$10.8M higher than 2022 actual driven primarily by payroll increases at the support and central services level and a net \$2.1M increase in one-time expenses.
- Net Operating Income excluding pension impact was flat to 2022 actual.

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

	2023 YTD Actual	2023 Budget	2023 POF	Budget vs Forecast	
				\$	%
\$ in 000's					
P66 Shore Power	10,770	8,817	15,390	(1,953)	-22%
P66 Fender Overhaul	1,942	3,227	3,939	1,285	40%
MD Reserve	0	2,000	2,000	2,000	100%
Maritime Video Camera Pro	209	1,800	1,800	1,591	88%
T117 Restoration	988	1,263	30	275	22%
T91 Berth 6 & 8 Redev	945	1,193	734	248	21%
FT Maritime Innovation Center	778	1,103	3,297	325	29%
Cruise Upgrades COVID19	0	1,000	0	1,000	100%
MD Fleet	1,645	6,555	4,790	4,910	75%
MD Small Projects	834	3,368	1,443	2,534	75%
All Other Project	3,824	8,983	20,668	6,040	67%
Subtotal	21,935	39,309	54,091	18,255	46%
CIP Cashflow Mgmt Reserve	0	(6,996)	(13,286)	(6,996)	100.0%
<b>Total Maritime</b>	<b>21,935</b>	<b>32,313</b>	<b>40,805</b>	<b>11,259</b>	<b>34.8%</b>
<b>% of Capital Budget</b>	<b>68%</b>	<b>100%</b>			

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

#### **Comments on Key Projects with Significant Variances**

- **P66 Fender Overhaul** – Completion of NTP for construction took longer than expected, pushed cash flows to 2024.
- **MD Video Camera** – Design delayed to 2024 to continue investigation of Port's camera ecosystem to determine best path forward.
- **P66 Shore Power**– Accelerated civil duct work and mobilization have shifted cash flows from 2024 into current year. Overall project cost has not increased.

**IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23**

**IV. ECONOMIC DEVELOPMENT DIVISION**

**FINANCIAL SUMMARY**

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
<b>Total Revenues</b>	9,294	17,799	17,215	22,201	(4,986)	-22%	(584)	-3%
<b>Total Operating Expenses</b>	20,560	24,213	26,661	30,149	3,488	12%	2,449	10%
<b>Net Operating Income</b>	(11,266)	(6,414)	(9,446)	(7,948)	(1,498)	-19%	(3,033)	47%
<i>NOI Including Pension Adj</i>	(8,870)	(5,784)	(8,279)	(7,948)	(330)	-4%	(2,494)	-43%
<b>Capital Expenditures</b>	9,314	4,311	6,136	8,086	1,950	24%	1,825	42%

**2023 Actual vs. 2023 Budget**

- Operating Revenues \$5M unfavorable to budget due to lower volumes at the Conference & Event Center.
- Operating Expenses \$3.5M below budget due to variable cost impact of lower Conference Center volumes, delayed hiring, and timing of tourism, offset by grant spending.
- Net Operating Income \$1.5M below budget or \$330K when including pension adjustment.
- Capital Spending was 76% of \$8.1M budget.

**2023 Actuals vs. 2022 Actuals**

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

**Net Operating Income before Depreciation by Business**

	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Budget	\$	%	\$	%
Portfolio Management	(3,701)	(2,173)	(2,991)	817	27%	1,528	41%
Conference & Event Centers	(501)	(3,697)	(1,994)	(1,703)	-85%	(3,196)	-637%
Tourism	(769)	(1,026)	(1,580)	554	35%	(257)	-33%
EDD Grants	(105)	(1,491)	(1,500)	9	1%	(1,387)	1326%
Env Grants/Remed Liab/ERC	(708)	109	116	(7)	-6%	817	115%
<b>Total Econ Dev</b>	<b>(5,784)</b>	<b>(8,279)</b>	<b>(7,948)</b>	<b>(330)</b>	<b>-4%</b>	<b>(2,494)</b>	<b>-43%</b>

## IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### A. OPERATING RESULTS

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Revenue	7,384	8,886	10,477	9,722	755	8%	1,592	18%
Conf & Event Centers	1,910	8,914	6,738	12,479	(5,741)	-46%	(2,176)	-24%
<b>Total Revenue</b>	<b>9,294</b>	<b>17,799</b>	<b>17,215</b>	<b>22,201</b>	<b>(4,986)</b>	<b>-22%</b>	<b>(584)</b>	<b>-3%</b>
<b>Expenses</b>								
Portfolio Management	3,737	3,653	3,713	3,905	192	5%	59	2%
Conf & Event Centers	3,124	6,563	6,632	10,769	4,137	38%	69	1%
P69 Facilities Expenses	268	230	254	221	(33)	-15%	24	10%
RE Dev & Planning	231	299	340	294	(46)	-16%	41	14%
EconDev Expenses Other	736	1,058	1,736	1,200	(536)	-45%	678	64%
Maintenance Expenses	3,769	3,836	3,498	3,303	(195)	-6%	(338)	-9%
Maritime Expenses (Excl Maint)	862	1,223	1,501	1,811	310	17%	278	23%
<b>Total EDD &amp; Maritime Expenses</b>	<b>12,727</b>	<b>16,862</b>	<b>17,674</b>	<b>21,503</b>	<b>3,829</b>	<b>18%</b>	<b>811</b>	<b>5%</b>
Diversity in Contracting	253	186	268	250	(18)	-7%	82	44%
Tourism	1,877	1,737	1,540	1,830	290	16%	(197)	-11%
EDD Grants	889	105	1,491	1,150	(341)	-30%	1,387	1326%
<b>Total EDD Initiatives</b>	<b>3,019</b>	<b>2,028</b>	<b>3,300</b>	<b>3,230</b>	<b>(70)</b>	<b>-2%</b>	<b>1,272</b>	<b>63%</b>
Environmental & Sustainability	24	30	53	83	30	36%	23	76%
Police Expenses	205	240	288	258	(30)	-12%	48	20%
Other Central Services	4,408	4,906	5,206	4,938	(268)	-5%	300	6%
Aviation Division	177	147	141	138	(3)	-2%	(5)	-4%
<b>Total Central Services &amp; Aviation</b>	<b>4,814</b>	<b>5,323</b>	<b>5,688</b>	<b>5,417</b>	<b>(271)</b>	<b>-5%</b>	<b>365</b>	<b>7%</b>
				0				
<b>Total Expense before Pension Adjustment</b>	<b>20,560</b>	<b>24,213</b>	<b>26,661</b>	<b>30,149</b>	<b>3,488</b>	<b>12%</b>	<b>2,449</b>	<b>10%</b>
Pension Expense Adjustment	(2,396)	(629)	(1,168)	0	1,168	NA	(538)	-86%
<b>Total Expense</b>	<b>18,164</b>	<b>23,584</b>	<b>25,494</b>	<b>30,149</b>	<b>4,655</b>	<b>15%</b>	<b>1,910</b>	<b>8%</b>
<b>NOI Before Depreciation</b>	<b>(8,870)</b>	<b>(5,784)</b>	<b>(8,279)</b>	<b>(7,948)</b>	<b>(330)</b>	<b>-4%</b>	<b>(2,494)</b>	<b>-43%</b>
Depreciation	3,841	3,954	4,132	3,982	(150)	-4%	179	5%
<b>NOI After Depreciation</b>	<b>(12,711)</b>	<b>(9,738)</b>	<b>(12,411)</b>	<b>(11,930)</b>	<b>(481)</b>	<b>-4%</b>	<b>(2,673)</b>	<b>-27%</b>

#### 2023 Actuals vs. 2023 Budget

- Operating Revenues were \$4,986K unfavorable to budget due primarily to unexpected cancellations at the Conference and Event Center, partially offset by favorable concession revenue at Bell Street Garage.
- Operating Expenses were \$3,488 below budget:
  - Portfolio Management \$192K lower from open positions.
  - Conference and Event Center \$4,137K below from lower activity.
  - Economic Dev. Other over budget \$536K from \$225K Maritime Blue budgeted in EDD grants and the headcount vacancy factor.
  - Maintenance expenses \$195K higher due to higher cost of equipment and supplies.
  - Maritime \$310K lower from project deferrals.
  - EDD Initiatives \$70K above budget due to timing of Tourism and EDD Grant spending along with \$225K budgeted in EDD Grants but booked in Economic Dev. Other
  - Other Central Services \$268K above budget due to legal and corporate contingencies.
  - All other expenses net to \$82K over budget.
- Net Operating Income was \$1,498K below budget excluding pension adjustment.

#### 2023 Actuals vs. 2022 Actuals

- Operating Revenues were \$584K lower than 2022 actual from increased competition in the conference and event centers.
- Operating Expenses were \$2,449K higher than 2022 actual:
  - EDD Other expenses up \$678K from studies, full staff, and Maritime Blue.
  - EDD Grants up \$1,387K from second year of two-year cycle change.

#### IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

- Tourism \$197K lower than 2022 due to prior year payment for Washington Tourism Alliance program.
- Central services up \$365K from increased payroll
- All other Expenses net to \$216K higher than 2022.
- Net Operating Income was \$3,033K lower than 2022 actual when adjusting for pension credit.

#### B. CAPITAL RESULTS

	2023 Actual	2023 Budget	2023 POF	Budget vs. Actual	
				\$	%
\$ in 000's					
T91 Uplands Dev Phase I	1,631	2,204	1,682	573	26%
WTCW Roof Replacement	1,659	1,841	1,003	182	10%
P69 Underdock Utility Rpl	1,787	999	547	(788)	-79%
CW Bridge Elev Modernizat	261	480	7	219	46%
P66 Roof Upgrades	157	341	556	184	54%
P66 BHICC Interior Modern	0	276	0	276	100%
P69 3rd Floor Terrace Rep	0	262	262	262	100%
P69 and P66 Public Video	33	250	250	217	87%
Tenant Improvements - Capi	0	202	300	202	100%
T91 Ped Path and Bike Bri	38	150	300	112	75%
All Other Projects	570	3,274	3,780	2,709	83%
Subtotal	6,136	10,279	8,687	4,148	40%
CIP Cashflow Mgmt Reserve	0	(2,193)	(1,950)	(2,193)	100%
<b>Total Economic Development</b>	<b>6,136</b>	<b>8,086</b>	<b>6,737</b>	<b>1,955</b>	<b>24%</b>
<b>% of Capital Budget</b>	<b>76%</b>	<b>100%</b>			

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

#### Comments on Key Projects

- **T91 Uplands** - Cash flows pushed out to 2024 due to design contract delays.
- **P69 BHICC** - \$276k for pending claim resolution no longer needed.
- **All Other Projects** - Mostly small cap projects pushed out to 2024 (PM constraints, LED projects).



**V. CENTRAL SERVICES DIVISION**

**FINANCIAL SUMMARY**

\$ in 000's	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>Revenues</b>	<b>(216)</b>	<b>155</b>	<b>(371)</b>
Core Central Services	115,169	109,752	(5,417)
Police	41,164	36,673	(4,490)
Engineering/PCS	14,241	16,478	2,237
<b>Total O&amp;M Expenses w/o Pension True-up</b>	<b>170,574</b>	<b>162,903</b>	<b>(7,671)</b>
DRS Pension True-up Credit	(14,479)	-	14,479
<b>Total O&amp;M Expenses with Pension True-up</b>	<b>156,094</b>	<b>162,903</b>	<b>6,809</b>
<b>Capital Spending</b>	<b>8,250</b>	<b>13,178</b>	<b>4,928</b>

**2023 Actuals vs. 2023 Budget**

- Operating Revenues unfavorable by \$324K primarily due to L2 Pension Contra Revenue.
- Operating Expenses \$7.7M unfavorable to budget mainly due to higher Outside Legal Expense, unanticipated Litigated Injuries & Damages, and less Charges to Capital Projects.

**2023 Actuals vs. 2022 Actuals**

- Operating Revenues \$2.8M below 2022 primarily due to L2 Pension Contra Revenue.
- Operating Expenses \$29.0M higher than 2022 mainly due to higher Payroll, Outside Services, Promotional Expenses; offset by and higher charges to Capital Projects.

**A. BUSINESS EVENTS**

- Sponsored key community and business events including Eastside Leadership Conference, Sports Commission Women in Leadership Breakfast, Eastside Economic Forecast Summit, Pacific Marine Expo Economic Forecast Breakfast, Kirkland Chamber Awards, Visit Seattle Holiday Brunch, and Propeller Club Holiday Luncheon.
- Hosted community engagement events to further Port objectives including South Seattle Community/Multi-Agency Roundtable, End of Cruise Season Celebration with CLIA, Land Stewardship/Tree Replacement Webinar, Green Corridor First Movers in-person meeting, and a Community Tree Planting work party near SEA.
- Held numerous Career Awareness Programs including RAHS Career Panel and Airfield Tour, Aeronautical Science Pathways Build Your Own Airport, Young Entrepreneur Challenge with HSD, Lake WA Adventure School Airport Tour.
- Launched an escalator safety campaign via owned and earned media to promote safe escalator use at SEA.
- Hosted a South Seattle Multi-Agency Community Roundtable in Beacon Hill.
- Attended and delivered remarks at the Seattle Chamber Regional Leadership Conference.
- Attended AWB Trade Mission to Mexico with Lt. Governor
- Convened a government-to-government meeting with the Muckleshoot Indian Tribal Council.
- Supported Commissioners at NW Offshore Wind Supply Chain Summit
- Hosted graduation event for the inaugural Youth Maritime Career Launch class of 37 youth.
- Police Department successfully completed the Y2 CALEA assessment review. The Port of Seattle Police Department is one of eight police departments to be accredited through CALEA.
- Held several workshops, including Addressing Anti-Semitism in the Workplace, Understanding Transgender Equity, Implicit Bias & Microaggressions, A Conversation about the Impacts of Gaza, Parts 1 and 2.

**V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23**

**KEY PERFORMANCE METRICS**

Century Agenda Strategic Objectives	2021	2022	2023
<b>Responsibly Invest in the Economic Growth of the Region and all its Communities</b>			
A. Job seekers placed in jobs at SEA Airport through the Employment Center	1,211	1,479	1,594
B. Number of SEA Airport tenants supported in finding employees	80	94	93
C. Employment Center training completions	166	573	1,012
D. K-12 Career Connected Learning: WFD engagement with teachers/faculty	1,600	0	12
E. Community members entering employment in construction, maritime and environmental sustainability	42	53	70
F. Number of Job Openings Posted	441	355	336
G. Job applications received	10,355	13,990	18,830
H. Number of job interviews conducted	1,533	2,461	2,333
I. Number of new employees hired	317	557	495
J. Number of interns	114	104	133
K. Number of Veteran Fellows	5	6	5
L. Number of employees participating in Tuition Reimbursement	37	25	15
<b>Become a Model for Equity, Diversity and Inclusion</b>			
A. Employee participation in OEDI programming (Caucuses, Book Clubs, Town Halls, etc.)	1879	2229	2,907
<b>Be a Highly Effective Public Agency</b>			
A. Central Services costs as a % of Total Operating Expenses	25.5%	27.8%	27.4%
B. Investment portfolio earnings versus the benchmark (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index)	0.67%/0.69%	2.62%/4.5%	3.70%/4.34%
C. Comply with Public Disclosure Act and respond in a timely manner	637	803	1,204
D. Percent of annual audit work plan completed each year	100%	100%	100%
E. Employee Development Class Attendees/Structured Learning	2,423	2,868	3,289
F. Total Recordable Incident Rate (previous Occupational Injury Rate)	4.8	3.72	4.16
G. Lost Work Day Rate (previously Days Away Severity Rate)	62.50	79.47	72.41
H. Customer Survey for Police Service Excellent or Above Average	100%	90%	TBD

## V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### B. OPERATING RESULTS

#### Financial Summary

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
<b>Total Revenues</b>	<b>(233)</b>	<b>2,538</b>	<b>(216)</b>	<b>155</b>	<b>(371)</b>	<b>-239.3%</b>	<b>(2,754)</b>	<b>-108.5%</b>
Executive	2,472	2,218	3,307	3,678	371	10.1%	1,089	49.1%
Commission	2,093	2,360	2,623	2,905	282	9.7%	263	11.1%
Legal	7,718	8,540	10,887	5,079	(5,808)	-114.3%	2,347	27.5%
External Relations	8,037	9,215	10,781	12,333	1,552	12.6%	1,566	17.0%
Equity Diversity and Inclusion	5,180	4,406	5,641	6,953	1,312	18.9%	1,235	28.0%
Human Resources	10,335	11,921	14,914	16,049	1,135	7.1%	2,993	25.1%
Labor Relations	1,373	1,177	1,417	1,600	183	11.4%	240	20.4%
Internal Audit	1,646	2,565	2,120	2,047	(72)	-3.5%	(445)	-17.4%
Accounting & Financial Reporting Services	8,699	8,672	9,891	10,344	453	4.4%	1,219	14.1%
Information & Communication Technology	24,162	27,535	30,682	30,419	(263)	-0.9%	3,147	11.4%
Information Security	1,636	1,703	2,312	2,794	483	17.3%	608	35.7%
Finance & Budget	2,292	2,499	2,868	2,765	(103)	-3.7%	370	14.8%
Business Intelligence	1,130	1,496	1,773	2,072	298	14.4%	277	18.5%
Risk Services	4,165	5,144	5,890	5,749	(141)	-2.5%	746	14.5%
Office of Strategic Initiatives	893	974	1,396	1,471	75	5.1%	421	43.3%
Central Procurement Office	4,986	6,494	7,728	8,021	293	3.6%	1,235	19.0%
Contingency	(123)	(268)	(251)	(6,579)	(6,328)	96.2%	17	-6.4%
<b>Core Central Support Services</b>	<b>86,694</b>	<b>96,652</b>	<b>113,979</b>	<b>107,702</b>	<b>(6,278)</b>	<b>-5.8%</b>	<b>17,327</b>	<b>17.9%</b>
Police	28,678	33,487	41,164	36,673	(4,490)	-12.2%	7,676	22.9%
<b>Total Before Cap Dev &amp; Environment</b>	<b>115,372</b>	<b>130,140</b>	<b>155,143</b>	<b>144,375</b>	<b>(10,768)</b>	<b>-7.5%</b>	<b>25,003</b>	<b>19.2%</b>
Capital Development								
Engineering	5,403	6,654	8,254	9,497	1,244	13.1%	1,600	24.0%
Port Construction Services	3,988	3,939	5,987	6,980	993	14.2%	2,048	52.0%
Sub-Total	9,391	10,593	14,241	16,478	2,237	13.6%	3,649	34.4%
Environment & Sustainability								
Environment & Sustainability	758	795	1,189	2,050	861	42.0%	394	49.5%
Sub-Total	758	795	1,189	2,050	913	44.5%	394	49.5%
Industrial Development Corporation	-	-	1	-	(1)	0.0%	1	0.0%
Capital to Expense	-	56	-	-	-	0.0%	(56)	-100.0%
<b>TOTAL w/o DRS Pension True-up</b>	<b>125,521</b>	<b>141,583</b>	<b>170,574</b>	<b>162,903</b>	<b>(7,671)</b>	<b>-4.7%</b>	<b>28,991</b>	<b>20.5%</b>
DRS Pension True-up Credit	(29,768)	(6,666)	(14,479)	-	14,479	0.0%	(7,814)	117.2%
<b>TOTAL w/ DRS Pension True-up</b>	<b>95,753</b>	<b>134,917</b>	<b>156,094</b>	<b>162,903</b>	<b>6,809</b>	<b>4.2%</b>	<b>21,177</b>	<b>15.7%</b>

**2023 Actuals vs. 2023 Budget**

Excluding the DRS Pension Credit, Operating Expenses for 2023 were \$7.7M above Budget due primarily to:

- **Executive** – favorable variance of \$371K primarily due to lower Payroll of \$457K and Outside Services of \$23K; partially offset by higher Promotional Expenses of \$138K.
- **Commission** – favorable variance of \$282K primarily due to lower Payroll of \$331K; offset by higher Outside Services of \$35K and Travel of \$21K.
- **Legal** – unfavorable variance of \$5.8M due to higher Outside Services of \$3.9M, Payroll of \$188K, General Expenses of \$1.8M, and less charges to Capital Projects of \$150K.
- **External Relations** – favorable variance of \$1.6M primarily due to lower Outside Services of \$766K, Payroll of \$392K, Travel of \$135K, General Expenses of \$158K, and Promotional Expenses of \$137K.
- **Equity, Diversity, and Inclusion** – favorable variance of \$1.3M primarily due to lower Outside Services of \$785K, Payroll of \$513K, and General Expenses of \$53K; partially offset by higher Promotional Expenses of \$39K.
- **Human Resources** – favorable variance of \$1.1M primarily due to lower Payroll of \$1.5M, Outside Services of \$106K and Travel of \$213K; offset by higher General Expenses of \$1.0M.
- **Labor Relations** – favorable variance of \$183K primarily due to lower Payroll of \$158K and Travel of \$17K.
- **Internal Audit** – unfavorable variance of \$72K primarily due to higher General Expenses of \$237K and lower charges to Capital Projects of \$139K; partially offset by lower Payroll of \$215K and Outside Services of \$79K.
- **Accounting and Financial Reporting Services** – favorable variance of \$453K primarily due to lower Payroll of \$447K.
- **Information & Communication Technology** – unfavorable variance of \$263K due to lower charges to Capital Projects of \$909K and higher Outside Services of \$77K; offset by lower Payroll of \$470K, Equipment of \$222K, and Travel of \$79K.
- **Information Security** – favorable variance of \$483K primarily due to lower Payroll of \$100K, Outside Services of \$331K, and Travel of \$32K.
- **Corporate Finance & Budget** – unfavorable variance of \$103K primarily due to higher Payroll of \$82K and Travel of \$33K.
- **Business Intelligence** – favorable variance of \$298K primarily due to lower Payroll of \$55K, Outside Services of \$175K, and Travel of \$67K.
- **Risk Services** – unfavorable variance of \$141K due to higher Insurance Expense of \$234K; partially offset by lower Outside Services of \$83K.
- **Office of Strategic Initiative** – favorable variance of \$75K primarily due to lower Payroll of \$33K, Outside Services of \$22K, and Travel of \$16K.
- **Central Procurement Office** – favorable variance of \$293K primarily due to lower Payroll of \$112K, Supplies of \$39K, Travel of \$95K, and General Expenses of \$94K; partially offset by higher Equipment Expense of \$60K.
- **Police** – unfavorable variance of \$4.5M primarily due to higher Payroll of \$2M, Outside Services of \$1.6M, Equipment of \$389K, Supplies of \$357K, and General Expenses of \$658K; partially offset by lower Travel of \$184K, and Worker’s Comp of \$189K.
- **Engineering** – favorable variance of \$1.2M primarily due to lower Payroll of \$1.2M, Outside Services of \$1.4M, Property Rentals of \$758K, and Travel of \$142K; partially offset by higher General Expenses of \$673K, and Lower charges to Capital Projects of \$1.8M.
- **PCS** – favorable variance of \$993K primarily due to lower Payroll of \$2.0M, Equipment Expense of \$58K, and General Expenses of \$51K; partially offset by higher Outside Services of \$807K and Supplies of \$284K.
- **Environment & Sustainability Admin** – favorable variance of \$861K primarily due to lower Outside Services of \$703K and Payroll of \$159K; partially offset by higher Travel of \$40K.
- **Contingency** – unfavorable variance of \$6.3M due to Vacancy Factor actuals in departments.

## V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

### 2023 Actuals vs. 2022 Actuals

- Operating Expenses without DRS Pension True-up for 2023 were \$29.0M higher than 2022 actuals mainly due to:
  - **Core Central Support Services** – \$17.7M higher than 2022 primarily due to: higher payroll for current employees and new positions as well as full year salaries for mid-year 2022 positions; contractual increases; addition of new initiatives to support growing needs of the organization.
  - **Police** – \$7.7M above 2022 due to: increase in salary and benefits for represented groups based on new contracts, new positions, vacant positions in 2022, and addition of new initiatives to enhance the safety and security of the public.
  - **Capital Development** – \$3.6M higher than 2022 primarily due to higher payroll and addition of new positions as well as contractual increases to support the capital program.

### C. CAPITAL RESULTS

\$ in 000's	2023	2023	2023	Budget Variance	
	Actual	Budget	POF	\$	%
Engineering Fleet Replacement	585	3,065	1,600	2,480	80.9%
Corporate Fleet Replacement	1,063	1,836	1,274	773	42.1%
Infrastructure - Small Cap	726	1,865	1,500	1,139	61.1%
Services Tech - Small Cap	1,377	1,500	1,500	123	8.2%
Enterprise Network Refresh	1,190	1,603	2,000	413	25.8%
Office Wi-Fi Refresh	361	964	1,077	603	62.6%
Phone System Upgrade	710	862	120	152	17.6%
Radio Microwave Redund. Loop	227	760	1,000	533	70.1%
Storage Area Network Refresh	481	750	750	269	35.9%
Other (note 1)	1,530	5,573	6,738	4,043	72.5%
Subtotal	8,250	18,778	17,559	10,528	56.1%
CIP Cashflow Adjustment	-	(5,600)	(5,600)	(5,600)	100.0%
<b>TOTAL</b>	<b>8,250</b>	<b>13,178</b>	<b>11,959</b>	<b>4,928</b>	<b>37.4%</b>

Note:

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