

Item No. 9d\_supp .  
Meeting Date: March 13, 2018

# Port of Seattle 2017 Financial Performance Report



# Portwide Financial Highlights

- Total Operating Revenues were \$630.4M, \$10.1M above budget and \$31.9M higher than 2016.
- Excluding Aeronautical Revenues, which are based on cost recovery, other operating revenues were \$367.9M, \$22.5M above budget and \$13.7M higher than 2016.
- NWSA Distributable Revenue was \$54.9M, \$8.2M over budget but \$6.7M lower than 2016.
- Total Operating Expenses were \$371.3M, \$13.3M under budget but \$46.0M over 2016.
- Net Operating Income before Depreciation was \$259.1M, \$23.5M above budget but \$14.1M lower than 2016.
- Total capital spending was \$324.5M, \$283.2M or 46.6% below budget.

**Strong financial performance results for the Port**

# Aviation Business Highlights

- Passenger growth slowed in 2017, still up 2.7% over prior year, international passenger growth of 5.9%
- New air service:
  - Aeromexico started service to Mexico City in November 2017
  - Air France announced new service to Paris, France beginning March 25, 2018
- Cargo metric tons up 16% for year
- Customer Service: achieved Airport Service Quality (ASQ) targets for 2017
- Airport dining and retail program awarded lease group 3 in June 2017 and awarded lease group 4 in February 2018
- Sustainable Airport Master Plan - progressing towards preferred alternative
- Capital program: proceeding with construction on major projects: IAF, NSAT, Baggage Optimization, Concourse D Hardstand Terminal and Alternative Utility Facility.
- Inter-local agreement executed with City of SeaTac
- Airline lease agreement (SLOA) negotiations continued into early 2018, with agreement on key terms reached in February 2018.

Major accomplishments on Aviation Division priorities

# Aviation Financial Highlights

- **Cost per Enplanement (CPE) Forecast – \$0.43 favorable to budget**
  - Due to lower airline rate base costs and higher revenue sharing (driven by Non-Aero NOI growth)
- **Non-Aeronautical NOI - \$14.6M higher than budget**
  - \$1.8M incremental NOI - DMCBP phase II lump sum pre-paid frontage fee
  - \$4.8M – all other incremental Non-Aero Revenue growth
  - \$8.0M – all other incremental Non-Aero Expense savings
- **Spent \$294 million, or 53% of capital budget**
  - Primarily due to delays in start of construction on major projects such as International Arrivals Facility and the Concourse D Hardstand Terminal.
  - Eight projects with largest variances accounted for 65% of underspending

**Strong operating results; capital spending short of budget**

# Maritime Business Highlights

- **Cruise** – Broke the million passenger mark for the first time in 2017. Grand reopening of Pier 66 Cruise Terminal with NCL. Successful launch of Port Valet Service.
- **Grain** – Volumes 17% higher than expected.
- **Fishing & Commercial Operations** – Continued to advance work on FT redevelopment. USCGC Munro held its commissioning Ceremony at T91. Event was well attended by high ranking officers and senators.
- **Recreational Boating** - New liveaboard authorization agreement finalized with Shilshole Liveaboard Association. Vessel Management System selected and contract signed.
- **MD Portfolio Management** - Negotiated long-term ground lease for Duke’s restaurant at Shilshole Bay Marina. Maintained 97% occupancy.
- **Marine Maintenance** - Leading the organization in small business utilization with 38.92% of goods, services, and small works conducted by small businesses.
- **Storm Water Utility** – Exceeded assessment goal by 11% and achieved 88% of rehabilitation goal.

Maritime businesses setting milestones

# Maritime Financial Highlights

## **Maritime – 2017 NOI \$6.7M favorable to budget and \$1.5M better than 2016**

- Revenue favorable to budget by \$2.4M and \$3.4M higher than 2016. Higher grain volumes, low vacancy rates, increased cruise passengers, and increased tariffs are key drivers.
- Expenses favorable to budget by \$4.3M from port-wide open headcount along with delays in cruise initiatives and maintenance projects . Y/Y expenses up \$1.9M related to cruise port valet program, increased maintenance work, and central services.
- Maritime spent 59% or \$20.5M of capital budget.

## **Stormwater Utility –NOI \$105K unfavorable to budget**

- Revenue \$30K favorable, expenses \$134K unfavorable to budget.

First Y/Y NOI growth in Maritime Division history

# EDD Business Highlights

**Real Estate Development** Finalized ground lease with Trammel Crow for development of Des Moines Creek North property in Seatac. Broke ground on NERA development in Burien. Leased Tsubota to support Tent Camp 5. Completed Salmon Bay Marina acquisition. Began design work for the Fishermen's Terminal redevelopment.

**Workforce Development** – Supported development and passage of Priority Hire resolution. Placed 1500+ jobseekers into employment through Airport Jobs office. Implemented Maritime Youth Collaborative initiative providing career exploration and learning opportunities for 400+ students.

**Small Business** Facilitated community engagement and supported development of new Diversity in Contracting policy (passed 1/9/18). Conducted 35 training sessions on doing business with the Port (797 attendees). Doubled pool of available MWBE businesses in our Port database

**Portfolio Management** properties at 98% occupancy at end of 2017, above target of 95%.

**Tourism** Developed new spotlight advertising program at airport. Administered tourism grant program. Implemented marketing efforts that tout cruise and WA State tourism options.

2017 Initiatives Accomplished

# EDD Financial Highlights

## **EDD – NOI \$5.4M (42%) favorable to budget and \$2.4M lower than 2016**

- Revenue favorable to budget by \$1,761K and \$1,888K greater than 2016. Conference and Event Center \$1,190K favorable to budget, and \$1,111K up from 2016 due to timing of construction at P66. Real Estate properties higher than budget from low vacancy rates.
- Expenses favorable to budget by \$3.7M from Workforce Development, Central Services, and other initiatives. Y/Y expenses up \$4.3M primarily due to increased Corporate allocations, Maintenance, EDD Grants, and Conference and Event Center.
- EDD spent 59% of capital budget.

**Strong Occupancy & P66 Construction Dynamics**



# Central Services Business Highlights

- The Port Commission took action on Climate Change and Sustainability.
- The Port became the first U.S. port with 10-year goal to transition to sustainable aviation fuels.
- The Port continued working with TSA on Enhanced Accessible Screening Program (EAPS) to improve passenger throughput .
- Discussed comprehensive data analytics strategy for WMBE program focusing on division level goal setting and tracking, department spending reports, and roles and responsibilities.
- Conducted events and tours to help build community awareness and support for the Port including near-Port communities and throughout King County.
- Continued working with stakeholders on Fishing Fleet Modernization priority and tourism.
- Conducted outreach and signage program to support Alaskan Way/Pier 66 transportation construction project.
- 27 projects were substantially completed or placed into closeout, including Bag Claim Wall Panels, Central Terminal Wi-Fi Expansion, Air Cargo 4 Fence, Variable Frequency Drive Motor Replacement.

Achieved a number of accomplishment in 2017

# Central Services Financial Highlights

- Operating expenses were \$117.5M, \$20.4M or 14.8% favorable to budget mainly due to:
  - \$10.0M in Payroll savings was largely due to delayed hiring, vacant positions, and project delays.
  - \$14.4M in Outside Services savings was mainly due to delayed spending on advanced planning for SAMP, environmental review for SAMP, Environmental Grant Program, other projects delay, and a large expense project being capitalized.
    - Capital Development was \$10.4M below budget.
    - Environment & Sustainability was \$4.9M below budget.
- All departments were under budget, except:
  - Legal and Labor Relations - due to unanticipated legal expenses.
  - Portwide Contingency - mainly due to unbudgeted radio systems consultant contract.

Cost savings and project spending delays resulted in positive variance

# Appendix

## 2017 Financial Performance Report



# Portwide Financial Summary

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2016	
				\$	%	\$	%
Aeronautical Revenues	244,235	262,451	274,799	(12,348)	-4.5%	18,216	7.5%
Other Operating Revenues	354,232	367,917	345,446	22,471	6.5%	13,685	3.9%
Total Operating Revenues	598,467	630,368	620,245	10,123	1.6%	31,901	5.3%
Total Operating Expenses	325,285	371,317	384,660	13,343	3.5%	46,032	14.2%
NOI before Depreciation	273,182	259,051	235,585	23,466	10.0%	(14,131)	-5.2%
Depreciation	164,336	165,021	166,300	1,279	0.8%	685	0.4%
NOI after Depreciation	108,846	94,030	69,285	24,744	35.7%	(14,817)	-13.6%

- Total Operating Revenues were \$630.4M, \$10.1M or 1.6% above budget.
- Total Operating Expenses were \$371.3M, \$13.3M or 3.5% below budget.
- NOI before Depreciation was \$259.1M, \$23.5M or 10.0% above budget.

**Strong financial performance for 2017**

# Portwide Operating Revenues Summary

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Budget Variance	Change from 2016
Aeronautical Revenues	244,235	262,451	274,799	(12,348)	18,216
Public Parking	69,540	75,106	73,568	1,538	5,566
Rental Cars - Operations	37,082	35,051	37,815	(2,764)	(2,031)
Rental Cars - Operating CFC	12,122	10,641	12,931	(2,290)	(1,481)
Airport Dining and Retail	55,196	54,611	51,348	3,264	(584)
Employee Parking	9,329	9,617	8,482	1,134	288
Ground Transportation	12,803	15,684	14,417	1,267	2,881
Non-Aero Commercial Properties	9,992	18,042	12,141	5,901	8,050
Airport Utilities	7,233	7,018	7,118	(101)	(215)
Fishing & Commercial Vessels	2,927	2,854	3,052	(198)	(73)
Maritime Operations	6,181	6,443	6,069	374	262
Recreational Boating	10,255	11,086	11,081	5	831
Cruise	15,422	17,596	16,502	1,093	2,174
Grain	5,382	5,427	4,508	919	45
Maritime Industrial	6,306	6,799	6,605	193	493
Marina Office & Retail	3,949	3,988	4,012	(24)	39
Central Harbor Management	7,827	8,634	8,055	579	807
Conference & Event Centers	8,022	9,133	7,943	1,190	1,111
NWSA Distributable Revenue	61,584	54,925	46,708	8,217	(6,659)
Other	13,080	15,263	13,089	2,174	2,183
<b>Total Operating Revenues (w/o Aero)</b>	<b>354,232</b>	<b>367,917</b>	<b>345,446</b>	<b>22,471</b>	<b>13,685</b>
<b>TOTAL</b>	<b>598,467</b>	<b>630,368</b>	<b>620,245</b>	<b>10,123</b>	<b>31,901</b>

Record operating revenues in 2017

# Portwide Operating Expense Summary

\$ in 000's	2016	2017	2017	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget Variance		Change from 2016	
				\$	%	\$	%
Salaries & Benefits	102,873	112,837	125,263	12,426	9.9%	9,964	9.7%
Wages & Benefits	99,917	108,041	112,647	4,606	4.1%	8,124	8.1%
Payroll to Capital Projects	21,744	25,708	27,327	1,618	5.9%	3,965	18.2%
Equipment Expense	7,106	11,118	7,438	(3,679)	-49.5%	4,012	56.5%
Supplies & Stock	8,792	10,238	8,040	(2,199)	-27.3%	1,447	16.5%
Outside Services	70,116	83,603	101,106	17,503	17.3%	13,487	19.2%
Utilities	21,123	23,529	21,752	(1,777)	-8.2%	2,406	11.4%
Travel & Other Employee Expenses	4,200	4,767	6,203	1,436	23.1%	567	13.5%
Promotional Expenses	1,178	1,408	1,997	589	29.5%	230	19.5%
Other Expenses	25,118	34,818	24,419	(10,399)	-42.6%	9,700	38.6%
Charges to Capital Projects	(36,880)	(44,750)	(51,532)	(6,781)	13.2%	(7,870)	21.3%
<b>TOTAL</b>	<b>325,285</b>	<b>371,317</b>	<b>384,660</b>	<b>13,343</b>	<b>3.5%</b>	<b>46,032</b>	<b>14.2%</b>

- Payroll expenses: \$17.0M below budget due to vacant positions and delay in hiring.
- Outside Services: \$17.5M favorable to budget due to project delays, and cost savings.
- Other Expenses: \$10.4M over budget mainly due to a \$3.6M unbudgeted DBCBP Phase II frontage fees and \$3.9M unbudgeted Environmental Remediation costs.
- Charge to Capital: \$6.8M less than budget due to delay in some capital projects.

Operating expenses were \$13.3M or 3.5% below budget

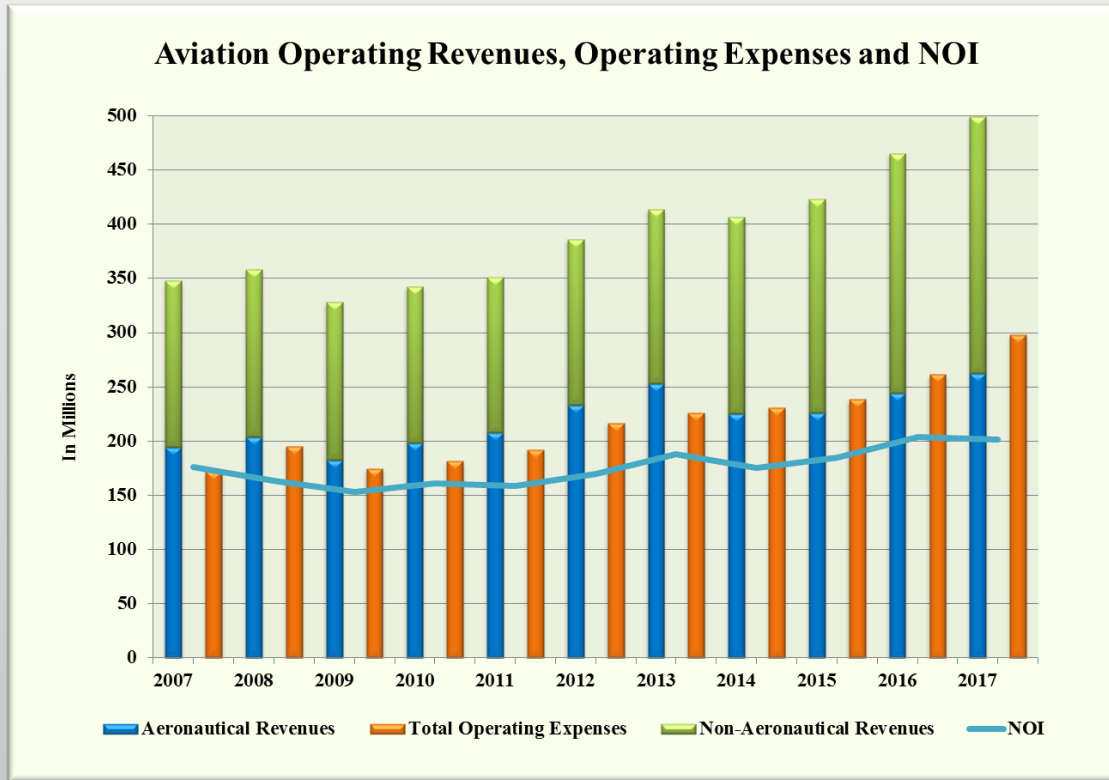
# Portwide Comprehensive Financial Summary

(\$ in 000's)	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav) Budget Variance	
				\$	%
<b>Revenues</b>					
1. Operating Revenues	598,467	630,368	620,245	10,123	1.6%
2. Tax Levy	71,678	71,702	72,000	(298)	-0.4%
3. PFCs	85,570	88,389	89,087	(698)	-0.8%
4. CFCs	24,715	25,790	26,300	(511)	-1.9%
5. Fuel Hydrant	6,992	7,000	7,024	(24)	-0.3%
6. Non-Capital Grants & Donations	6,284	7,647	8,595	(947)	-11.0%
7. Capital Contributions	18,108	29,983	15,000	14,983	99.9%
8. Interest Income	8,448	12,174	10,822	1,351	12.5%
Total	<b>820,262</b>	<b>873,053</b>	<b>849,073</b>	<b>23,979</b>	<b>2.8%</b>
<b>Expenses</b>					
1. O&M Expense	325,285	371,317	384,660	13,343	3.5%
2. Depreciation	164,336	165,021	166,300	1,279	0.8%
3. Revenue Bond Interest Expense	105,567	97,748	122,026	24,278	19.9%
4. GO Bond Interest Expense	9,765	13,891	17,714	3,823	21.6%
5. PFC Bond Interest Expense	5,251	4,931	4,985	55	1.1%
6. Public Expense	8,560	4,588	2,488	(2,100)	-84.4%
7. Non-Op Environmental Expense	280	4,464	5,441	977	18.0%
8. Other Non-Op Rev/Expense	12,087	12,732	(257)	(12,990)	5050.8%
Total	<b>631,131</b>	<b>674,693</b>	<b>703,357</b>	<b>28,665</b>	<b>4.1%</b>
Special Item	147,700	-	-	-	0.0%
Retro Adjustment to Net Position	-	-	-	-	0.0%
Increase In Net Position	<b>41,431</b>	<b>198,360</b>	<b>145,716</b>	<b>52,644</b>	<b>36.1%</b>

- Capital Contributions: \$14.9M above budget mainly due to contribution from NCL for the Pier 66 Cruise Terminal Improvement.
- Interest Income: \$1.4M higher than budget mainly due to higher funds balance.
- Revenue Bond Interest Expense: \$24.3M favorable to budget mainly due to savings from revenue bond re-financing.
- Other Non-Op Expense: \$13.0M higher than budget mainly due to earlier assets retirement resulted from new project constructions at the airport.

**\$198.4M increase in net position in 2017**

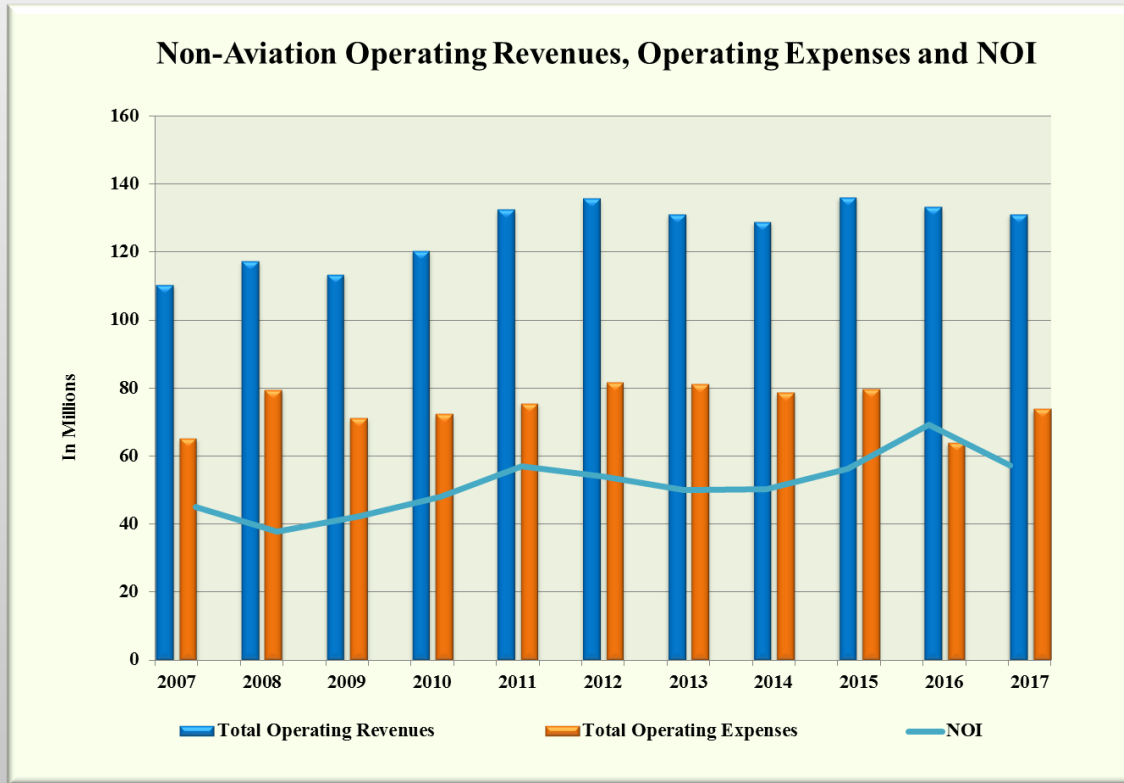
# Aviation Net Operating Income Comparison



Steady NOI growth for Aviation



# Non-Aviation Net Operating Income Comparison



Declining operating revenues over the past 5 years

# Capital Spending by Division

\$ in 000's	2016	2017	2017	Budget Variance	
	Actual	Actual	Budget	\$	%
Aviation	153,889	294,497	554,717	260,220	46.9%
Maritime	5,744	20,489	34,518	14,029	40.6%
Economic Development	4,731	3,739	6,304	2,565	40.7%
Central Services & Other (note 1)	5,097	5,798	12,147	6,349	52.3%
<b>TOTAL</b>	<b>169,461</b>	<b>324,523</b>	<b>607,686</b>	<b>283,163</b>	<b>46.6%</b>

Note:

(1) "Other" includes Street Vacation projects and Storm Water Utility (SWU) capital projects.

Capital spending was below budget due to project delays

# Aviation Division 2017 Financial Performance Report



# Airport Activity

	2016	2017	% Change
<b>Enplaned Passengers (000's)</b>			
Domestic	20,385	20,862	2.3%
International	2,411	2,554	5.9%
<b>Total</b>	<b>22,796</b>	<b>23,416</b>	<b>2.7%</b>
<b>Operations</b>	412,170	416,124	1.0%
<b>Landed Weight (In Millions of lbs.)</b>			
Cargo	1,888	2,323	23.0%
All other	25,387	26,107	2.8%
<b>Total</b>	<b>27,276</b>	<b>28,431</b>	<b>4.2%</b>
<b>Cargo - Metric Tons</b>			
Domestic freight	194,754	242,470	24.5%
International freight	114,350	123,735	8.2%
Mail	57,326	59,651	4.1%
<b>Total</b>	<b>366,430</b>	<b>425,856</b>	<b>16.2%</b>

<b>Passenger Activity</b>		
<b>Airline</b>	<b>Change 2016 v. 2017</b>	<b>2017 Market Share</b>
Alaska + Virgin	-0.1%	49.6%
Delta	11.1%	22.2%
Southwest	-9.4%	6.6%
United	5.3%	6.5%
American	-3.3%	5.6%

## 2017 Cargo – metric tons:

- Strong growth in cargo volume from existing domestic and international carriers.
- 2017 reflects first full year of activity for new air services that commenced mid-2016:
  - New Domestic Freight services - Prime Air/Amazon and DHL
  - New International Freight services - AeroLogic and AirBridge.

**2017 enplaned passenger growth of 2.7%**

# Aviation Financial Summary

\$ in 000's	2016	2017	2017	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget Variance		Change from 2016	
				\$	%	\$	%
<b>Operating Revenues:</b>							
Gross Aeronautical Revenues	247,811	266,027	278,375	(12,348)	-4.4%	18,216	7.4%
SLOA III Incentive Straight Line Adj	(3,576)	(3,576)	(3,576)	(0)	0.0%	(0)	0.0%
Aeronautical Revenues	244,235	262,451	274,799	(12,348)	-4.5%	18,216	7.5%
Non-Aeronautical Revenues	221,021	236,803	226,645	10,157	4.5%	15,781	7.1%
<b>Total Operating Revenues</b>	<b>465,256</b>	<b>499,254</b>	<b>501,444</b>	<b>(2,191)</b>	<b>-0.4%</b>	<b>33,997</b>	<b>7.3%</b>
Total Operating Expense	261,226	297,449	302,711	5,262	1.7%	36,223	13.9%
<b>Net Operating Income</b>	<b>204,030</b>	<b>201,804</b>	<b>198,733</b>	<b>3,071</b>	<b>1.5%</b>	<b>(2,226)</b>	<b>-1.1%</b>

2017 NOI \$3.1M favorable to budget

# Key Performance Measures

	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav) Budget Vairance		Incr (Decr) Change from 2016	
				\$	%	\$	%
<b>Key Performance Metrics</b>							
Cost per Enplanement (CPE)	10.10	10.45	10.88	0.43	4.0%	0.35	3.4%
Non-Aeronautical NOI (in 000's)	128,833	133,108	118,521	14,587	12.3%	4,275	3.3%
<b>Other Performance Metrics</b>							
O&M Cost per Enplanement	11.46	12.70	12.65	(0.05)	-0.4%	1.24	10.9%
Non-Aero Revenue per Enplanement	9.70	10.11	9.47	0.64	6.8%	0.42	4.3%
Debt per Enplanement (in \$)	104	114	110	(4)	-3.5%	10	9.4%
Debt Service Coverage (After Rev Sharing)	1.53	1.57	1.50	0.08	5.1%	0.04	2.9%
Days cash on hand (10 months = 304 days)	416	381	304	77	25.4%	(35)	-8.4%
Aeronautical Revenue Sharing (\$ in 000's)	(37,395)	(42,313)	(33,093)	(9,219)	-27.9%	4,917	13.2%
<b>Activity (in 000's)</b>							
Enplanements	22,796	23,416	23,929	(513)	-2.1%	619	2.7%

## 2017 Results

### Key Performance Metrics

- Reduced CPE due to lower airline rate base costs and higher revenue sharing (driven by Non-Aero NOI growth)
- Non-Aero NOI growth due to DMCBP Phase II lump sum (\$1.8M NOI impact), combined with other Non-Aero revenue growth and significant Non-Aero expense savings.

Both key measures positive: CPE below budget; Non-aero NOI above budget

# Aviation Expense Summary

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2016	
				\$	%	\$	%
<b>Operating Expenses:</b>							
Payroll	101,879	114,463	119,886	5,423	4.5%	12,585	12.4%
Outside Services	37,863	41,055	45,279	4,224	9.3%	3,192	8.4%
Utilities	14,690	16,374	15,187	(1,187)	-7.8%	1,684	11.5%
Other Airport Expenses	20,655	28,292	18,004	(10,289)	-57.1%	7,637	37.0%
<b>Total Airport Direct Charges</b>	<b>175,087</b>	<b>200,184</b>	<b>198,355</b>	<b>(1,829)</b>	<b>-0.9%</b>	<b>25,098</b>	<b>14.3%</b>
Environmental Remediation Liability	4,463	7,147	3,775	(3,372)	-89.3%	2,684	60.1%
Capital to Expense	129	2,856	-	(2,856)	N/A	2,727	2114.7%
<b>Total Exceptions</b>	<b>4,592</b>	<b>10,003</b>	<b>3,775</b>	<b>(6,228)</b>	<b>-165.0%</b>	<b>5,411</b>	<b>117.8%</b>
<b>Total Airport Expenses</b>	<b>179,679</b>	<b>210,187</b>	<b>202,130</b>	<b>(8,056)</b>	<b>-4.0%</b>	<b>30,508</b>	<b>17.0%</b>
Police Costs	18,183	17,652	19,173	1,521	7.9%	(531)	-2.9%
Capital Development	9,319	14,701	22,378	7,677	34.3%	5,382	57.8%
Other Central Services	50,099	51,004	54,673	3,669	6.7%	905	1.8%
Maritime/Economic Development	3,946	3,904	4,356	452	10.4%	(41)	-1.1%
<b>Total Charges from Other Divisions</b>	<b>81,547</b>	<b>87,262</b>	<b>100,581</b>	<b>13,318</b>	<b>13.2%</b>	<b>5,715</b>	<b>7.0%</b>
<b>Total Operating Expense</b>	<b>261,226</b>	<b>297,449</b>	<b>302,711</b>	<b>5,262</b>	<b>1.7%</b>	<b>36,223</b>	<b>13.9%</b>

## 2017 Actuals to Budget

### Unplanned expenses:

- DMCBP Phase II pre-paid frontage fee expense (\$3.6M)
- Snow removal (\$1.4M)
- Additional kiosks for FIS processing (\$0.6M)
- Environmental Remediation Liability (\$3.4M) primarily IAF soils
- Capital to expense (\$2.9M) – primarily exit lane equipment write-off

### Offset by cost savings:

- AVPMG savings due to Terminal project delays partially offset by lower charges to capital.
- SAMP-related spending delays (\$3.9)
- Payroll savings – primarily due to vacancies and hiring delays (\$3.0M)
- Year-end pension savings adjustment (\$2.4M)

Unplanned expenses absorbed by cost savings

# Aeronautical Business

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2016	
				\$	%	\$	%
<b>Revenues:</b>							
Movement Area	94,725	108,638	109,845	(1,206)	-1.1%	13,913	14.7%
Apron Area	14,028	16,771	15,957	814	5.1%	2,743	19.6%
Terminal Rents	155,852	155,431	163,565	(8,134)	-5.0%	(421)	-0.3%
Federal Inspection Services (FIS)	11,227	16,951	12,437	4,514	36.3%	5,724	51.0%
<b>Total Rate Base Revenues</b>	<b>275,832</b>	<b>297,791</b>	<b>301,803</b>	<b>(4,012)</b>	<b>-1.3%</b>	<b>21,958</b>	<b>8.0%</b>
Commercial Area	9,379	10,574	9,665	909	9.4%	1,195	12.7%
<b>Subtotal before Revenue Sharing</b>	<b>285,211</b>	<b>308,365</b>	<b>311,468</b>	<b>(3,103)</b>	<b>-1.0%</b>	<b>23,154</b>	<b>8.1%</b>
Revenue Sharing	(37,395)	(42,313)	(33,093)	(9,219)	27.9%	(4,917)	13.2%
Other Prior Year Revenues	(5)	(26)	-	(26)	N/A	(20)	384.0%
<b>Gross Aeronautical Revenues</b>	<b>247,811</b>	<b>266,027</b>	<b>278,375</b>	<b>(12,348)</b>	<b>-4.4%</b>	<b>18,216</b>	<b>7.4%</b>
<b>Total Aeronautical Expenses</b>	<b>169,037</b>	<b>193,755</b>	<b>194,385</b>	<b>630</b>	<b>0.3%</b>	<b>24,717</b>	<b>14.6%</b>
<b>Net Operating Income</b>	<b>78,774</b>	<b>72,272</b>	<b>83,990</b>	<b>(11,718)</b>	<b>-14.0%</b>	<b>(6,501)</b>	<b>-8.3%</b>
Debt Service	(89,997)	(86,564)	(88,740)	2,176	2.5%	3,433	3.8%
<b>Net Cash Flow</b>	<b>(11,224)</b>	<b>(14,292)</b>	<b>(4,750)</b>	<b>(9,542)</b>	<b>-200.9%</b>	<b>(3,068)</b>	<b>-27.3%</b>

## 2017 Actuals to Budget

### Revenue - \$12.3M unfavorable

- Rate based revenue \$4.0M lower - due to savings from project delays and lower debt service, partially offset by higher environmental remediation costs associated with new IAF project.
- Commercial Area revenue \$0.9 higher - due to higher RON parking activity.
- Revenue sharing \$9.2M higher due to Non-Aero NOI growth

### Expenses - \$0.6M favorable

- AVPMG terminal projects delayed
- Payroll savings - due to vacancies & hiring delays
- SAMP related spending delayed
- Partially offset by unplanned cost for additional kiosks for FIS processing (\$0.8M), IAF project contaminated soils (\$3.0M), and exit lane equipment write-off (\$1.9M).

Lower rate based costs and higher revenue sharing



# Aero Cost Drivers

	2016	2017	2017	Fav (UnFav) Budget Variance		Incr (Decr) 'Change from 2016	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
O&M <sup>(1)</sup>	165,427	190,523	190,645	(123)	-0.1%	25,096	15.2%
Debt Service Gross	118,641	113,832	117,336	(3,504)	-3.0%	(4,809)	-4.1%
Debt Service PFC Offset	(32,831)	(33,057)	(33,099)	42	-0.1%	(226)	0.7%
Amortization	28,215	29,654	29,637	18	0.1%	1,439	5.1%
Space Vacancy	(2,638)	(2,264)	(1,486)	(778)	52.4%	374	-14.2%
TSA Operating Grant and Other	(982)	(897)	(1,230)	334	-27.1%	85	-8.7%
<b>Rate Base Revenues</b>	<b>275,832</b>	<b>297,791</b>	<b>301,803</b>	<b>(4,012)</b>	<b>-1.3%</b>	<b>21,958</b>	<b>8.0%</b>
Commercial area	9,379	10,574	9,665	909	9.4%	1,195	12.7%
<b>Total Aero Revenues</b>	<b>285,211</b>	<b>308,365</b>	<b>311,468</b>	<b>(3,103)</b>	<b>-1.0%</b>	<b>23,154</b>	<b>8.1%</b>

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

## 2017 Actuals to Budget

O&M Expenses – \$351K lower

- AVPMG terminal projects delayed
- Payroll savings – due to vacancies & hiring delays
- SAMP related spending delayed
- These savings are largely offset by unplanned cost for additional kiosks for FIS processing (\$0.8M), IAF project contaminated soils (\$3.0M), and exit lane equipment write-off (\$1.9M)

Debt Service – \$3.5M lower due to increased application of capitalized interest, savings from Variable Rate Bond interest, higher debt service exclusion, and savings from commercial paper interest.

**Aero rate base revenues based on cost recovery formulas**

# Aero Revenue Sharing

	2016	2017	2017	Fav (UnFav) Budget Variance		Incr (Decr) 'Change from 2016	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Aero Revenues (incl' commercial)	285,211	308,365	311,468	(3,103)	-1.0%	23,154	8.1%
Non-Aeronautical Revenues	221,021	236,803	226,645	10,157	4.5%	15,781	7.1%
Total O&M Expenses	(261,226)	(297,449)	(302,711)	5,262	-1.7%	(36,223)	13.9%
<b>Net Operating Income</b>	<b>245,006</b>	<b>247,718</b>	<b>235,403</b>	<b>12,316</b>	<b>5.2%</b>	<b>2,712</b>	<b>1.1%</b>
ADF Interest Income	3,725	4,242	3,299	943	28.6%	516	13.9%
Security Checkpoint TSA Grant	916	1,039	1,230	(192)	-15.6%	123	13.4%
Misc. Non-Operating Expenses	(2,481)	(1,799)	(838)	(961)	114.7%	682	-27.5%
CFC Excess	(4,899)	(2,750)	(5,561)	2,812	-50.6%	2,149	-43.9%
<b>Available for Debt Service [a]</b>	<b>242,267</b>	<b>248,450</b>	<b>233,532</b>	<b>14,918</b>	<b>6.4%</b>	<b>6,183</b>	<b>2.6%</b>
Debt Service	133,982	131,060	133,876	(2,817)	-2.1%	(2,922)	-2.2%
<b>Debt Service x 1.25 [b]</b>	<b>167,477</b>	<b>163,825</b>	<b>167,345</b>	<b>(3,521)</b>	<b>-2.1%</b>	<b>(3,652)</b>	<b>-2.2%</b>
<b>Available for revenue sharing [c]=[a]-[b]</b>	<b>74,790</b>	<b>84,625</b>	<b>66,187</b>	<b>18,438</b>	<b>27.9%</b>	<b>9,835</b>	<b>13.2%</b>
<b>Revenue Sharing [d]=[c]*0.5</b>	<b>37,395</b>	<b>42,313</b>	<b>33,093</b>	<b>9,219</b>	<b>27.9%</b>	<b>4,917</b>	<b>13.2%</b>

Increased revenue sharing drives reduction in CPE

# Non-Aeronautical Business

	2016	2017	2017	Fav (UnFav)		Incr (Decr)	
				Actual	Actual	Budget	Budget Variance
\$ in 000's				\$	%	\$	%
<b>Non-Aero Revenues</b>							
Rental Cars - Operations	37,082	35,051	37,815	(2,764)	-7.3%	(2,031)	-5.5%
Rental Cars - Operating CFC	12,122	10,641	12,931	(2,290)	-17.7%	(1,481)	-12.2%
Public Parking	69,540	75,106	73,568	1,538	2.1%	5,566	8.0%
Ground Transportation	12,803	15,684	14,417	1,267	8.8%	2,881	22.5%
Airport Dining & Retail/Terminal Leased Space	56,348	58,980	55,635	3,345	6.0%	2,633	4.7%
Commercial Properties	9,992	18,042	12,141	5,901	48.6%	8,050	80.6%
Utilities	7,233	7,018	7,118	(101)	-1.4%	(215)	-3.0%
Employee Parking	9,329	9,617	8,482	1,134	13.4%	288	3.1%
Clubs and Lounges	3,028	5,041	2,729	2,311	84.7%	2,013	66.5%
Other	3,545	1,624	1,807	(184)	-10.2%	(1,921)	-54.2%
<b>Total Non-Aero Revenues</b>	<b>221,021</b>	<b>236,803</b>	<b>226,645</b>	<b>10,157</b>	<b>4.5%</b>	<b>15,781</b>	<b>7.1%</b>
<b>Total Non-Aero Expenses</b>	<b>92,189</b>	<b>103,695</b>	<b>108,124</b>	<b>4,429</b>	<b>4.1%</b>	<b>11,506</b>	<b>12.5%</b>
<b>Net Operating Income</b>	<b>128,833</b>	<b>133,108</b>	<b>118,521</b>	<b>14,587</b>	<b>12.3%</b>	<b>4,275</b>	<b>3.3%</b>
Less: CFC (Surplus) / Deficit	(4,899)	(2,750)	(5,561)	2,812	50.6%	2,149	43.9%
<b>Adjusted Non-Aero NOI</b>	<b>123,934</b>	<b>130,358</b>	<b>112,960</b>	<b>17,398</b>	<b>15.4%</b>	<b>6,425</b>	<b>5.2%</b>
Debt Service	(43,984)	(44,495)	(45,136)	641	1.4%	(511)	-1.2%
<b>Net Cash Flow</b>	<b>79,949</b>	<b>85,863</b>	<b>67,824</b>	<b>18,039</b>	<b>26.6%</b>	<b>5,914</b>	<b>7.4%</b>

## 2017 Actuals to Budget

Revenue - \$10.2M favorable

- **Rental Car** – continues to be challenged, both concession fee and CFC collections declined in 2017.
- **Parking** – 2017 tariff rate increase, partially offset by City of SeaTac parking tax increase.
- **Ground Transportation** – overall growth, despite major shifts between GT operator categories
- **Airport Dining & Retail** performance is steady despite impact of transitions to new leases.
- **Commercial Properties** - DMCBP Phase II lump sum payment (\$5.4M)
- **Employee Parking** – demand driven growth
- **Clubs & Lounges** – demand driven growth

Expenses - \$4.4M favorable

- Savings from other Divisions include delays for ADR tenant buildouts and other Terminal projects.
- Unplanned Aviation expenses absorbed in 2017:
  - DMCBP – Phase II frontage fee (\$3.6M)
  - Light rail electric cart service (\$0.2M).
  - RCF curbside assistance (\$0.3M)
  - Honey bucket service increased (\$0.3M)

**Non-Aero NOI \$14.6M higher than budget**

# Public Parking Performance

Public Parking - Revenue Detail \$ in 000's	2016	2017	2017	2018	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Budget	Budget	2017 Budget Variance		Change from 2016	
					\$	%	\$	%
<b><u>Parking Garage Revenue to Port</u></b>								
Gross Sales - Parking Garage	74,301	82,362	n/a	n/a	n/a	n/a	8,061	10.8%
less - WA Sales Tax	(6,081)	(6,818)	n/a	n/a	n/a	n/a	(737)	12.1%
less - SeaTac Parking Tax	(4,212)	(6,563)	n/a	n/a	n/a	n/a	(2,350)	55.8%
<b>Revenue to Port - General Parking</b>	<b>64,008</b>	<b>68,981</b>	<b>67,996</b>	<b>71,997</b>	<b>986</b>	<b>1.4%</b>	<b>4,973</b>	<b>7.8%</b>
<b><u>Other Garage Revenue</u></b>								
Passport Parking Program	2,749	2,990	2,837	3,356	153	5.4%	240	8.7%
<b>Total Parking Garage Revenue</b>	<b>66,758</b>	<b>71,971</b>	<b>70,833</b>	<b>75,353</b>	<b>1,139</b>	<b>1.6%</b>	<b>5,213</b>	<b>7.8%</b>
<b><u>Other Parking Revenue</u></b>								
Concession Rent - Doug Fox off-site parking	2,751	3,109	2,716	3,200	393	14.5%	358	13.0%
All Other Parking Revenue	32	25	19	19	6	33.6%	(6)	-20.0%
<b>Total Parking Revenue</b>	<b>69,540</b>	<b>75,106</b>	<b>73,568</b>	<b>78,572</b>	<b>1,538</b>	<b>2.1%</b>	<b>5,566</b>	<b>8.0%</b>

Parking Transactions by duration in 000's	2016	2017	2017	2018	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Budget	Budget	2017 Budget Variance		Change from 2016	
					#	%	#	%
Parking < 1 day	1,646	1,540	n/a	n/a	n/a	n/a	(105)	-6.4%
Parking 1-4 days	496	499	n/a	n/a	n/a	n/a	3	0.7%
Parking 4+ days	181	184	n/a	n/a	n/a	n/a	3	1.5%
<b>Total Parking Transactions</b>	<b>2,323</b>	<b>2,224</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>(99)</b>	<b>-4.3%</b>

## Key message:

Parking - strong performance outpaces growth in enplanements. 2017 increase to the parking tariff rate, partially offset by City of SeaTac parking tax increase.

## 2017 Actuals vs. 2016 Actuals

Revenue - \$5.6M favorable

- General Parking revenue - \$5.0M favorable:
  - \$7.3M favorable due net impact of rate increase in parking tariff and growth in parking transactions longer than 1 day, partially offset by decrease in parking transactions less than 1 day and incremental sales tax.
  - (\$2.4M) unfavorable due to increase in SeaTac Parking Tax.
- Passport Parking Program - \$0.2M favorable due to growth in card sales.
- Concession Rent (Doug Fox off-site parking) - \$0.4M favorable due to increased activity.

Parking tariff rate increase more than offsets SeaTac parking tax increase

# Rental Car Performance

Rental Car - Revenue Detail					Fav / (UnFav)		Incr / (Decr)	
	2016	2017	2017	2018	2017 Budget Variance		Change from 2016	
\$ in 000's	Actual	Actual	Budget	Budget	\$	%	\$	%
<b>RCF Concession Revenue to Port</b>	<b>33,465</b>	<b>31,352</b>	<b>34,106</b>	<b>31,508</b>	<b>(2,754)</b>	<b>-8.1%</b>	<b>(2,113)</b>	<b>-6.3%</b>
Gross Sales by Operators (in 000's)	310,877	313,630	331,476	328,124	(17,846)	-5.4%	2,753	0.9%
Total Transactions	1,410,122	1,387,593	1,513,532	1,443,335	(125,939)	-8.3%	(22,529) ↓	-1.6%
O&D Enplanements	15,820,506	16,226,998	16,678,433	17,060,569	(451,435)	-2.7%	406,492	2.6%
Average Ticket	\$220.46	\$226.02	\$219.01	\$227.34	\$7.02	3.2%	\$5.56 ↑	2.5%
Average Length of Stay	4.35	4.33	4.32	4.36	0.01	0.1%	(0.02) ↓	-0.5%
Transactions/O&D Enplanements	8.91%	8.55%	9.07%	8.46%	-0.52%	-5.8%	-0.36% ↓	-4.1%
<b>CFC Revenue Summary</b>								
Total Transaction Days	6,128,538	6,002,520	6,538,457	6,287,242	(535,937)	-8.2%	(126,018) ↓	-2.1%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$0.00	0.0%	\$0.00	0.0%
<b>Total CFC Revenue Earned</b>	<b>36,837</b>	<b>36,430</b>	<b>39,231</b>	<b>37,723</b>	<b>(2,800)</b>	<b>-7.1%</b>	<b>(407)</b>	<b>-1.1%</b>
Reserve for debt service and CP interest:	(21,715)	(22,790)	(23,300)	(22,161)	511	-2.2%	(1,074)	-4.9%
Reserve for CP principal payment:	(3,000)	(3,000)	(3,000)	-	-	0.0%	-	0.0%
<b>Debt Service Reserve Requirement</b>	<b>(24,715)</b>	<b>(25,790)</b>	<b>(26,300)</b>	<b>(22,161)</b>	<b>511</b>	<b>4.3%</b>	<b>(1,074)</b>	<b>-4.3%</b>
<b>Residual - CFC Operating Revenue:</b>	<b>12,122</b>	<b>10,641</b>	<b>12,931</b>	<b>15,563</b>	<b>(2,290)</b>	<b>-17.7%</b>	<b>(1,481)</b>	<b>-12.2%</b>
<b>Rental Car - Revenue Summary</b>								
\$ in 000's	Actual	Actual	Budget	Budget	\$	%	\$	%
RCF Concession Revenue to Port	33,465	31,352	34,106	31,508	(2,754)	-8.1%	(2,113)	-6.3%
Residual - CFC Operating Revenue:	12,122	10,641	12,931	15,563	(2,290)	-17.7%	(1,481)	-12.2%
Land Rent/Space Rent/Other	3,617	3,699	3,709	3,786	(10)	-0.3%	82	2.3%
<b>Total Rental Cars Oper Revenue</b>	<b>49,203</b>	<b>45,691</b>	<b>50,746</b>	<b>50,857</b>	<b>(5,054)</b>	<b>-10.0%</b>	<b>(3,512)</b>	<b>-7.1%</b>
<b>Total Enplanements</b>	<b>22,796,118</b>	<b>23,415,582</b>	<b>23,928,886</b>	<b>24,654,002</b>	<b>(513,304)</b>	<b>-2.1%</b>	<b>619,464</b>	<b>2.7%</b>

## Key message:

Rental Car revenue continues to be impacted by availability of transportation alternatives (light rail , TNCs, car-sharing, etc.)

## 2017 Actuals vs. 2016 Actuals

- Concession revenue decreased by 6.3% in 2017, due to decline in (2) out of (3) key indicators.
  - 4.1% decline in Transactions per O&D enplanement demonstrates passenger preference shifting to other modes of transportation.
  - 1.6% decline in Total Transactions due to decline in Transactions per O&D enplanement percentage, which exceeded year-over-year growth in O&D enplanements.
  - Partially offset by 2.5% increase in Average Ticket price.
- CFC Operating Revenue decreased by 12.2% in 2017.
  - \$0.4M decrease due to lower Transaction Days in 2017 is driven by declines in both Total Transactions and Average Length of Stay.
  - Since CFC Operating Revenue is a residual of Total CFC Revenue Earned less debt service costs, \$1.1M of the decrease is due to higher debt service costs in 2017. Commercial Paper balance related to the Rental Car Facility construction was paid in full in 2017.

Rental Car activity has slowed due to transportation alternatives

# Ground Transportation

Revenue to Port \$ in 000's	2016		2017		Fav / (UnFav) 2017 Budget Variance		Incr / (Decr) Change from 2016	
	Actual	Actual	Budget	Budget	\$	%	\$	%
<b>Ground Transportation Revenues</b>								
Transportation Network Companies	3,222	6,940	3,929	8,122	3,011	76.6%	3,718	115.4%
On Demand Taxis	5,045	5,199	6,399	4,591	(1,200)	-18.7%	154	3.1%
On Demand Limos	869	858	884	855	(26)	-3.0%	(11)	-1.3%
Belled In Taxis (Annual Permit)	159	45	376	108	(331)	-88.0%	(114)	-71.7%
Pre-Arranged Limos (Annual Permit)	496	626	919	603	(293)	-31.8%	130	26.2%
All other Operators (cost recovery)	2,735	1,713	1,698	2,392	15	0.9%	(1,022)	-37.4%
Other Misc Revenues	275	306	214	214	92	42.8%	30	11.0%
<b>Total GT Revenue</b>	<b>12,801</b>	<b>15,686</b>	<b>14,417</b>	<b>16,884</b>	<b>1,269</b>	<b>8.8%</b>	<b>2,885</b>	<b>22.5%</b>

Trip Activity in 000's	2016		2017		Fav / (UnFav) 2017 Budget Variance		Incr / (Decr) Change from 2016	
	Actual	Actual	Budget	Budget	\$	%	\$	%
<b>Ground Transportation Trips</b>								
Transportation Network Companies	602	1,277	786	1,354	491	62.5%	674	111.9%
On Demand Taxis	827	759	903	771	(144)	-15.9%	(68)	-8.2%
On Demand Limos	74	72	78	71	(7)	-8.4%	(3)	-3.8%
Belled In Taxis (Annual Permit)	195	56	243	52	(187)	-76.9%	(139)	-71.3%
Pre-Arranged Limos (Annual Permit)	369	337	382	325	(45)	-11.8%	(31)	-8.5%
All other Operators (cost recovery)	1,315	1,279	1,297	1,289	(18)	-1.4%	(36)	-2.8%
<b>Total GT Trip Activity</b>	<b>3,383</b>	<b>3,780</b>	<b>3,689</b>	<b>3,861</b>	<b>90</b>	<b>2.5%</b>	<b>397</b>	<b>11.7%</b>

## Key message:

Significant changes in customer preferred ground transportation alternatives are reflected in both revenue and trip activity between GT operator categories.

## GT Revenue compared to prior year:

- TNC revenue in 2017 reflects full year of operations, dramatic increase in trip volume, and rate increase (to \$6/trip) effective Nov 1, 2017. TNC operations commenced on March 31, 2016, and revenue in 2016 included activation fees (\$210K).
- Taxi revenue relatively flat compared to 2016 is the net result of very different operating conditions. Per trip fee significantly higher in 2017 (\$7/trip through Sept 2017, then reduced to \$6/trip effective Oct 1, 2017), partially offset by 8.2% decline in taxi trip volume.
- Significant decline in Belled-in permit sales was a known risk factor in the 2017 Budget. Significant number of flat rate vehicles previously in this category migrated to ESFH fleet.
- Lower revenue from all other cost recovery operators primarily due to reduced 2017 rates which incorporated 2015 overpayment by certain operator categories.

## GT Trip Activity compared to prior year:

- TNC volume continued to build in 2017, driven by strong customer demand.
- On Demand Taxis trips and On Demand Limo trips reflects the different operating conditions in 2017 which include a full year of TNC activity.
- Dramatic decline in annual permit sales and associated trips from Belled-in Taxis partially due to migration of some flat rate vehicles to ESFH fleet in late 2016, and changing GT operating environment.
- Moderate decline in Pre-arranged Limousines sales was a known risk factor in the 2017 Budget, reflects changing GT operating environment.

**TNC growth drives 2017 Trip Activity up 11.7% over 2016**

# Airport Dining & Retail and Leased Space

Airport Dining & Retail and Non-Airline Terminal Leased Space <i>(in 000's)</i>	2016 Actual	2017 Actual	2017 Budget	Fav / (UnFav)		Incr / (Decr)	
				Budget Variance \$	%	change from 2016 \$	%
<b>Revenue</b>							
Food & Beverage	21,314	21,579	21,240	340	1.6%	265	1.2%
Retail	13,496	13,989	13,195	793	6.0%	493	3.7%
Duty Free	6,265	6,912	6,080	832	13.7%	646	10.3%
Advertising	6,725	6,662	5,572	1,090	19.6%	(63)	-0.9%
Space Rental - ADR tenant storage/office	1,143	1,292	909	384	42.2%	149	13.0%
Space Rental - Non-Airline Terminal Leased Space	4,092	4,364	4,287	76	1.8%	272	6.6%
All Other Revenue	4,216	4,182	4,352	(169)	-3.9%	(34)	-0.8%
<b>Total ADR &amp; Terminal Leased Space Revenue</b>	<b>57,252</b>	<b>58,980</b>	<b>55,635</b>	<b>3,345</b>	<b>6.0%</b>	<b>1,728</b>	<b>3.0%</b>

## Key message:

Steady performance in Airport Dining & Retail despite impact of transitions to new leases. Revenue and demand for Non-Airline Terminal Lease Space continues to be stable .

## 2017 Actuals vs. Budget

### Revenue - \$3.3M favorable

- **Food & Beverage - \$0.3M favorable** steady growth during year with significant units transitioning to new leases.
- **Retail - \$0.8M favorable** growth outpaces enplanements, as new retail operators come online.
- **Duty Free - \$0.8M favorable** strong growth despite ongoing challenge of mismatch between international departure gates and Duty Free store locations. Negative impact of China restrictions on Duty Free purchases is trending less than previously expected.
- **Advertising - \$1.1M favorable** reflects strong sales under new lease agreement.
- **Space Rent - \$0.4M favorable** primarily due to rate adjustment for ADR tenant office/storage to align with current terminal lease rates.

Steady growth in ADR during lease transitions

# Commercial Properties

Non-Aero Commercial Properties <i>Org Basis (in 000's)</i>	2016 YTD	2017 YTD	2017 YTD	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Budget	Budget	Variance	change from 2016	
				\$	%	\$	%
<b>DMCBP Revenue</b>							
Option Area Rent	29	-	-	-		(29)	-100.0%
Phase I - Base Rent & In-lieu Fees	143	913	832	81	9.7%	770	539.7%
Phase II - Base Rent	17	29	29	(0)	0.0%	12	70.6%
Phase II - In-lieu Fees	-	5,434	-	5,434		5,434	n/a
Phase III - Base Rent & In-lieu Fees	99	555	522	33	6.3%	456	460.9%
DMCBP Owner's Liaison Reimb	-	-	200	(200)	-100.0%		
<b>Subtotal - DMCBP Revenue</b>	<b>288</b>	<b>6,931</b>	<b>1,583</b>	<b>5,348</b>	<b>337.9%</b>	<b>6,643</b>	<b>2309.7%</b>
<b>Other Commercial Properties Revenue</b>							
In-flight Kitchen Revenue	7,025	7,827	7,255	572	7.9%	802	11.4%
NERA 3 Grant Revenue	908	1,402	1,620	(218)	-13.4%	495	54.5%
All other Commercial Properties revenue	1,773	1,882	1,683	199	11.8%	110	6.2%
<b>Subtotal - Other Commercial Properties Revenue</b>	<b>9,705</b>	<b>11,112</b>	<b>10,558</b>	<b>553</b>	<b>5.2%</b>	<b>1,407</b>	<b>14.5%</b>
<b>Total Commercial Properties Revenue</b>	<b>9,992</b>	<b>18,042</b>	<b>12,141</b>	<b>5,901</b>	<b>48.6%</b>	<b>8,050</b>	<b>80.6%</b>
<b>DMCBP Expenses</b>							
Phase II prepaid frontage fee amort.	-	3,578	-	(3,578)		3,578	n/a
All other DMCBP expenses	270	454	546	92		184	68.0%
<b>Subtotal - DMCBP Expenses</b>	<b>270</b>	<b>4,032</b>	<b>546</b>	<b>(3,486)</b>	<b>-638.6%</b>	<b>3,762</b>	<b>1392.2%</b>
<b>Other Commercial Properties Expenses</b>							
NERA 3 Grant expenses	987	1,598	1,800	202	11.2%	611	61.9%
All other Non-Aero Commercial Properties expenses	435	298	340	42	12.4%	(137)	-31.6%
<b>Subtotal - Other Commercial Properties Expenses</b>	<b>1,422</b>	<b>1,896</b>	<b>2,140</b>	<b>(244)</b>	<b>-11.4%</b>	<b>474</b>	<b>33.3%</b>
<b>Total Commercial Properties Expense</b>	<b>1,692</b>	<b>5,928</b>	<b>2,686</b>	<b>(3,242)</b>	<b>-120.7%</b>	<b>4,236</b>	<b>250.3%</b>
<b>NOI before Allocations</b>	<b>8,300</b>	<b>12,114</b>	<b>9,455</b>	<b>2,659</b>	<b>28.1%</b>	<b>3,814</b>	<b>46.0%</b>

## Key message:

Strong growth in land rent from new development. NERA 3 FAA grant nearing completion. In-flight Kitchen revenue growth outpaces enplanement growth.

## 2017 Actuals to 2016 Actuals

Revenue - \$8.1M increase

- DMCBP Phase II - \$5.4M increase due to lump sum in-lieu revenue earned in Q1 2017 (budget expected payment in 2016)
- New leases executed in 2017 for NERA 2 & NERA 3 sites, under construction during 2017.
- In-flight Kitchen - \$0.8M increase primarily due to increased demand from Alaska and Delta
- NERA 3 Grant Reimbursement revenue - \$0.5M increase driven by increase in project spending. Grant project will be completed in mid-2018.

Expenses - \$3.8M increase

- DMCBP Phase II - \$3.6M increase due to lump sum expense for amortization of pre-paid frontage fees
- NERA 3 Grant project spending - \$0.6M increase in grant project spending, as the project nears completion. Grant project will be completed in mid-2018.

## NOI Impact from DMCBP Phase II

- \$5.4M lump sum in-lieu revenue earned in Q1 2017 (expected in 2016)
- (\$3.6M) lump sum expense for pre-paid frontage fees
- **\$1.8M incremental NOI**

**\$1.8M NOI impact from DMCBP Phase II lump sum in-lieu of fee**



# 2017 Capital Expenditures

\$ in 000's Description	2017	2017	Budget Variance	
	Actual	Budget	\$	%
International Arrivals Fac-IAF <sup>(1)</sup>	100,198	202,598	102,400	50.5%
Concourse D Hardstand Holdroom <sup>(2)</sup>	7,149	22,163	15,014	67.7%
Add'l Baggage Makeup Space IAF <sup>(3)</sup>	1,938	13,475	11,537	85.6%
Checked Bag Recap/Optimization <sup>(4)</sup>	14,444	24,256	9,812	40.5%
Alternate Utility Facility <sup>(5)</sup>	14,635	23,998	9,364	39.0%
NS NSAT Renov NSTS Lobbies <sup>(6)</sup>	57,149	64,285	7,136	11.1%
N. Terminals Utilities Upgrade <sup>(7)</sup>	1,218	7,996	6,779	84.8%
Additional STS Cars <sup>(8)</sup>	-	6,525	6,525	100.0%
GSE Electrical Chrg Stations <sup>(9)</sup>	635	5,390	4,755	88.2%
Service Tunnel Renewal/Replace <sup>(10)</sup>	3,359	8,000	4,641	58.0%
Concourse B Roof Replacement <sup>(11)</sup>	1,716	5,995	4,279	71.4%
Fuel System Modifications <sup>(12)</sup>	7,456	11,600	4,144	35.7%
SSAT Infrastructure HVAC <sup>(13)</sup>	613	4,748	4,134	87.1%
Concessions Infrastructure	2,183	4,800	2,617	54.5%
Concourse B Gate Reconfigure	7,215	9,819	2,604	26.5%
All Other	74,589	139,069	64,480	46.4%
<b>Total Spending</b>	<b>294,497</b>	<b>554,717</b>	<b>260,220</b>	<b>46.9%</b>

- (1) Design-Build contractor delayed start of major construction due to lag in obtaining permits and subsequent delay in starting foundation work.
- (2) Phasing plan from Design-Build contractor was different than what was originally forecasted by the project team.
- (3) See Note 1.
- (4) Delays in contracting efforts and issuance of notice to proceed (NTP).
- (5) Contractor has been submitting invoices slower than anticipated.
- (6) Delays to the start of construction due to negotiation of maximum allowance construction cost (MACC) agreement, market conditions, and scope changes.
- (7) Half of the Early Works portion of the project was cancelled due to operational concerns from airlines.
- (8) Spending deferred to 2018 to evaluate the impact of passenger growth and capacity loads on existing STS trains.
- (9) Delays in design due to coordination efforts with airlines, IAF, SSAT Renovation, and Concourse B Gate Additions projects.
- (10) Irregular bid (higher than engineer's estimate) caused a delay in the start of the project.
- (11) Labor market conditions and subsequent weather changes delayed the construction work into 2018.
- (12) Returned approximately \$4M in savings in 2017 due to favorable bids and unused construction contingency.
- (13) Design related to HVAC structural support was delayed.

2017 spending was 53% of budget

# SAMP Overview

Description	2016 Actual	2017 Actual	2017 Budget	Fav (Unfav)		Inc (Decr)	
				2017 Budget Variance		Change from 2016	
\$ in 000's				\$	%	\$	%
SAMP Completion & Transition to Env Review	1,591	1,335	500	(835)	-167.0%	(256)	-16.1%
Adv Planning IDIQ - Master Plan	0	1,141	3,500	2,359	67.4%	1,141	n/a
Environmental Review - Master Plan	208	169	2,300	2,131	92.7%	(39)	-18.8%
SAMP Utilities Master Plan	0	276	500	224	44.8%	276	n/a
<b>Total SAMP-related Spending</b>	<b>1,799</b>	<b>2,921</b>	<b>6,800</b>	<b>3,879</b>	<b>57.0%</b>	<b>1,122</b>	<b>62.4%</b>

- The budget assumed the Sustainable Aviation Master Plan would transition to environmental review in early 2017.
- Delays in completing SAMP delayed the intended spending on environmental review and advance planning on the SAMP projects
- Environmental review is now anticipated to start in Q2 2018.

Positive variance reflects deferred spending rather than savings

# Maritime Division 2017 Financial Performance Report



# Maritime 2017 Financial Summary

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2016	
				\$	%	\$	%
Operating Revenue	50,810	54,183	51,830	2,354	5%	3,374	7%
Security Grants	0	0	0	0	NA	0	NA
<b>Total Revenues</b>	<b>50,810</b>	<b>54,183</b>	<b>51,830</b>	<b>2,354</b>	<b>5%</b>	<b>3,374</b>	<b>7%</b>
Maritime Expenses (excl Maint)	10,722	11,548	12,791	1,243	10%	825	8%
Maintenance Expenses	9,900	10,420	11,439	1,019	9%	520	5%
P69 Facilities Expenses	299	301	343	42	12%	2	1%
Other ED Expenses	3,488	3,871	4,262	391	9%	383	11%
Environmental & Sustainability	1,358	1,125	1,701	576	34%	(233)	-17%
Police Expenses	3,921	3,756	3,867	111	3%	(165)	-4%
Capitla Development Expenses	1,010	748	1,177	429	36%	(263)	-26%
Other Central Service Expenses	9,454	10,007	10,924	917	8%	553	6%
Envir Remed Liability	115	389	0	(389)	NA	273	237%
<b>Total Expenses</b>	<b>40,268</b>	<b>42,164</b>	<b>46,502</b>	<b>4,339</b>	<b>9%</b>	<b>1,896</b>	<b>5%</b>
<b>NOI Before Depreciation</b>	<b>10,542</b>	<b>12,020</b>	<b>5,327</b>	<b>6,692</b>	<b>126%</b>	<b>1,478</b>	<b>14%</b>
Depreciation	17,351	17,410	16,672	(737)	-4%	59	0%
<b>NOI After Depreciation</b>	<b>(6,809)</b>	<b>(5,390)</b>	<b>(11,345)</b>	<b>5,955</b>	<b>52%</b>	<b>1,419</b>	<b>21%</b>

## Budget Variance

- Grain and Cruise driving favorable to budget revenue.
- Operating expenses below budget driven by maintenance & payroll savings.

## Variance from 2016

- Revenue growth seen in Cruise (14%), Rec Boating (8%), Maritime Portfolio Management (5%), and Fishing & Operations (2%).
- Expense growth driven by Central Services, EDD, Maintenance, and Cruise.

Unfilled positions and project delays driving lower costs

# Maritime Capital 2017

\$ in 000's	2017	2017	Budget Variance	
	Actual	Budget	\$	%
Cruise Terminal Tenant Improv	13,545	15,228	1,683	11%
P91 South End Fender	153	3,347	3,194	95%
FT Net Shed 3,4,5 &6 Roof Rpl	1,711	2,837	1,126	40%
Small Projects	1,392	2,685	1,293	48%
Contingency Renewal & Replace.	0	2,000	2,000	100%
SBM Restrms/Service Bldgs Rep	663	1,694	1,031	61%
Maritime Fleet Replacement	584	1,586	1,002	63%
T91 Building C-173 Roof Overl	969	1,321	352	27%
T91 P91W Slope Stabilization	152	650	498	78%
FT Re Development Phase I	640	580	(60)	90%
T91 Camel Replacements	30	0	(30)	100%
All Other	650	2,590	1,940	75%
<b>Total Maritime</b>	<b>20,489</b>	<b>34,518</b>	<b>14,029</b>	<b>41%</b>

**Cruise Tenant Improvement:**  
Gangway design and fabrication delayed until 2018.

**Shilshole Bay Marina Restroom and Services Building Replacement:** Construction delayed to summer 2018.

**P91 South Fender:** Permitting and other delays. Work to begin Jan 2018.

**Maritime Division spent 59% of Capital Budget**

# Maritime Business Financials Part 1

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav)		Incr (Decr)	
				2017 Bud Var		Change from 2016	
				\$	%	\$	%
<b><u>Cruise</u></b>							
Revenue	15,422	17,596	16,502	1,094	7%	2,174	14%
Expense	7,096	8,997	10,784	1,787	17%	1,901	27%
<b>NOI Before Depreciation</b>	<b>8,326</b>	<b>8,599</b>	<b>5,718</b>	<b>2,881</b>	<b>50%</b>	<b>273</b>	<b>3%</b>
Depreciation Expense	5,244	5,924	5,214	(710)	-14%	680	13%
<b>NOI After Depreciation</b>	<b>3,082</b>	<b>2,675</b>	<b>504</b>	<b>2,171</b>	<b>431%</b>	<b>(407)</b>	<b>-13%</b>
<b><u>Rec Boating</u></b>							
Revenue	10,255	11,086	11,081	5	0%	831	8%
Expense	9,239	9,780	10,439	659	6%	541	6%
<b>NOI Before Depreciation</b>	<b>1,016</b>	<b>1,306</b>	<b>642</b>	<b>664</b>	<b>103%</b>	<b>290</b>	<b>29%</b>
Depreciation Expense	3,401	3,122	3,097	(25)	-1%	(279)	-8%
<b>NOI After Depreciation</b>	<b>(2,385)</b>	<b>(1,816)</b>	<b>(2,455)</b>	<b>639</b>	<b>26%</b>	<b>569</b>	<b>24%</b>
<b><u>Maritime Portfolio</u></b>							
Revenue	10,255	10,787	10,618	169	2%	532	5%
Expense	10,006	10,620	11,768	1,148	10%	614	6%
<b>NOI Before Depreciation</b>	<b>249</b>	<b>167</b>	<b>(1,150)</b>	<b>1,317</b>	<b>115%</b>	<b>(82)</b>	<b>-33%</b>
Depreciation Expense	2,653	2,681	2,645	(36)	-1%	28	1%
<b>NOI After Depreciation</b>	<b>(2,404)</b>	<b>(2,514)</b>	<b>(3,795)</b>	<b>1,281</b>	<b>34%</b>	<b>(110)</b>	<b>-5%</b>
<b><u>Fishing &amp; Operations</u></b>							
Revenue	9,108	9,297	9,121	176	2%	189	2%
Expense	12,257	10,748	11,455	707	6%	(1,509)	-12%
<b>NOI Before Depreciation</b>	<b>(3,149)</b>	<b>(1,451)</b>	<b>(2,334)</b>	<b>883</b>	<b>38%</b>	<b>1,698</b>	<b>54%</b>
Depreciation Expense	5,518	5,119	5,149	30	1%	(399)	-7%
<b>NOI After Depreciation</b>	<b>(8,667)</b>	<b>(6,570)</b>	<b>(7,483)</b>	<b>913</b>	<b>12%</b>	<b>2,097</b>	<b>24%</b>

NOI Growth in Recreational Boating and Fishing & Operations

# Maritime Business Financials Part 2

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav)		Incr (Decr)	
				2017 Bud Var \$	%	Change from 2016 \$	%
<b><u>Bulk/Grain Terminal</u></b>							
Revenue	5,382	5,427	4,508	919	20%	45	1%
Expense	1,167	1,397	1,573	176	11%	230	20%
<b>NOI Before Depreciation</b>	<b>4,215</b>	<b>4,030</b>	<b>2,935</b>	<b>1,095</b>	<b>37%</b>	<b>(185)</b>	<b>-4%</b>
Depreciation Expense	535	558	561	3	1%	23	4%
<b>NOI After Depreciation</b>	<b>3,680</b>	<b>3,472</b>	<b>2,374</b>	<b>1,098</b>	<b>46%</b>	<b>(208)</b>	<b>-6%</b>
<b><u>Other</u></b>							
Revenue	388	(9)	0	(9)	NA	(397)	-102%
Expense	503	621	483	(138)	-29%	118	23%
<b>NOI Before Depreciation</b>	<b>(115)</b>	<b>(630)</b>	<b>(483)</b>	<b>(147)</b>	<b>-30%</b>	<b>(515)</b>	<b>-448%</b>
Depreciation Expense	0	6	6	0	0%	6	
<b>NOI After Depreciation</b>	<b>(115)</b>	<b>(636)</b>	<b>(489)</b>	<b>(147)</b>	<b>-30%</b>	<b>(521)</b>	<b>-453%</b>
<b><u>Total Maritime</u></b>							
Revenue	50,810	54,183	51,830	2,353	5%	3,373	7%
Expense	40,268	42,164	46,502	4,338	9%	1,896	5%
<b>NOI Before Depreciation</b>	<b>10,542</b>	<b>12,019</b>	<b>5,328</b>	<b>6,691</b>	<b>126%</b>	<b>1,477</b>	<b>14%</b>
Depreciation Expense	17,351	17,410	16,672	(738)	-4%	59	0%
<b>NOI After Depreciation</b>	<b>(6,809)</b>	<b>(5,391)</b>	<b>(11,344)</b>	<b>5,953</b>	<b>52%</b>	<b>1,418</b>	<b>21%</b>

NOI increase while absorbing Habitat line of business

# Stormwater Utility 2017 Financial Summary

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav)		Incr (Decr)	
				Budget Variance		Change from 2016	
				\$	%	\$	%
<b>StormWater Utility</b>							
NWSA	3,401	3,421	3,426	(5)	0%	20	1%
Tenants Revenue	276	470	419	51	12%	194	70%
Non-tenants Revenue	1,074	1,094	1,110	(16)	-1%	21	2%
<b>Total Revenues</b>	<b>4,751</b>	<b>4,985</b>	<b>4,955</b>	<b>30</b>	<b>1%</b>	<b>234</b>	<b>5%</b>
SWU Direct	540	912	1,056	144	14%	372	69%
Maintenance Expenses	1,032	2,380	2,260	(120)	-5%	1,348	131%
Other Maritime Expenses	-	6	-	(6)	NA	6	NA
EDD Expenses	0	20	32	12	37%	20	8516%
Environmental & Sustainability	99	375	168	(207)	-123%	276	279%
Police Expenses	-	0	-	(0)	NA	0	NA
Capital Development Expenses	28	41	59	18	31%	12	44%
Other Central Service Expenses	10	393	418	25	6%	383	3692%
<b>Total Expenses</b>	<b>1,710</b>	<b>4,127</b>	<b>3,993</b>	<b>(134)</b>	<b>-3%</b>	<b>2,417</b>	<b>141%</b>
<b>NOI Before Depreciation</b>	<b>3,041</b>	<b>858</b>	<b>963</b>	<b>(105)</b>	<b>-11%</b>	<b>(2,183)</b>	<b>-72%</b>
Depreciation	879	1,008	967	(41)	-4%	129	15%
<b>NOI After Depreciation</b>	<b>2,161</b>	<b>(151)</b>	<b>(4)</b>	<b>(146)</b>	<b>3385%</b>	<b>(2,312)</b>	<b>-107%</b>

- **Revenue:** \$30K favorable
- **Expenses:** (\$134K) unfavorable

➤ The original budget for consultant services was split between the SWU and municipal stormwater work (MS4 Tenant work) at 48.20% SWU and 51.8% municipal stormwater permit. However, the actual costs were all charged to the SWU.

Stormwater infrastructure work ahead of schedule



# Economic Development Division 2017 Financial Performance Report



# EDD 2017 Financial Summary

\$ in 000's	2016	2017	2017	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget Variance		Change from 2016	
				\$	%	\$	%
Central Harbor Properties	7,881	8,658	8,088	571	7%	777	10%
Conf & Events Centers	8,022	9,133	7,943	1,190	15%	1,111	14%
<b>Total Revenue</b>	<b>15,903</b>	<b>17,791</b>	<b>16,030</b>	<b>1,761</b>	<b>11%</b>	<b>1,888</b>	<b>12%</b>
Central Harbor Properties	3,526	3,879	4,220	341	8%	353	10%
Conf & Event Centers	6,932	7,639	7,935	296	4%	707	10%
P69 Facilities Expenses	180	206	234	29	12%	26	14%
Small Business	21	64	161	96	60%	43	204%
Workforce Development	522	850	1,999	1,148	57%	329	63%
Tourism	1,093	1,234	1,285	51	4%	141	13%
RE Dev & Planning	595	214	303	89	29%	(381)	-64%
EDD Grants	20	751	960	209	22%	731	3703%
EconDev Expenses Other	628	773	1,354	581	43%	145	23%
Maintenance Expenses	2,787	3,666	3,592	(74)	-2%	879	32%
Maritime Expenses (Excl Maint)	31	52	64	11	18%	21	66%
Environmental & Sustainability	62	260	451	191	42%	198	323%
CDD Expenses	250	387	439	52	12%	137	55%
Police Expenses	157	51	173	122	70%	(106)	-67%
Central Services	4,331	5,370	5,899	529	9%	1,039	24%
Envir Remed Liability	0	0	0	(0)	NA	0	NA
<b>Total Expense</b>	<b>21,135</b>	<b>25,397</b>	<b>29,069</b>	<b>3,672</b>	<b>13%</b>	<b>4,262</b>	<b>20%</b>
<b>NOI Before Depreciation</b>	<b>(5,232)</b>	<b>(7,606)</b>	<b>(13,039)</b>	<b>5,433</b>	<b>42%</b>	<b>(2,374)</b>	<b>45%</b>
Depreciation	3,682	3,863	3,854	(9)	0%	181	5%
<b>NOI After Depreciation</b>	<b>(8,914)</b>	<b>(11,469)</b>	<b>(16,893)</b>	<b>5,424</b>	<b>32%</b>	<b>(2,555)</b>	<b>29%</b>

**Strong Occupancy and Management of Expenses**

# Contribution to Maritime Division

\$ in 000's	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav)		Incr (Decr)	
				2017 Bud Var		Change from 2016	
				\$	%	\$	%
Portfolio Management	(3,925)	(5,236)	(7,551)	2,316	31%	(1,310)	-33%
Conference & Event Centers	538	762	(848)	1,609	190%	224	-42%
Tourism	(1,117)	(1,265)	(1,312)	47	4%	(148)	-13%
Workforce Development	(517)	(1,113)	(2,269)	1,156	51%	(596)	-115%
Small Business	(2)	(2)	(100)	98	98%	1	NA
EDD Grants	(20)	(751)	(960)	209	22%	(731)	NA
Env Grants/Remed Liab/ERC	(188)	(1)	0	(1)		187	-99%
<b>Total Econ Dev</b>	<b>(5,232)</b>	<b>(7,606)</b>	<b>(13,039)</b>	<b>5,433</b>	<b>42%</b>	<b>(2,374)</b>	<b>-45%</b>

**EDD makes significant contribution to Maritime Division**

# EDD Capital 2017

\$ in 000's	2017	2017	Budget Variance	
	Actual	Budget	\$	%
<b>Econ Dev</b>	3,739	6,304	2,565	41%

Planned Capital Projects Moved Forward

# Central Services 2017 Financial Performance Report



# Central Services Expense by Category

\$ in 000's	2016	2017	2017	Fav (UnFav)		Incr (DeCr)	
	Actual	Actual	Budget	Budget Variance		Change from 2016	
				\$	%	\$	%
Salaries & Benefits	64,454	69,448	77,349	7,901	10.2%	4,994	7.7%
Wages & Benefits	21,943	20,517	22,649	2,132	9.4%	(1,426)	-6.5%
Payroll to Capital Projects	19,060	21,859	22,786	927	4.1%	2,798	14.7%
Equipment Expense	1,918	3,109	2,572	(537)	-20.9%	1,191	62.1%
Supplies & Stock	1,276	1,446	1,375	(71)	-5.2%	170	13.3%
Outside Services	28,565	34,053	48,418	14,365	29.7%	5,489	19.2%
Travel & Other Employee Exps	2,491	2,568	3,816	1,247	32.7%	78	3.1%
Insurance Expense	2,349	2,223	2,500	277	11.1%	(125)	-5.3%
Litigated Injuries & Damages	279	435	-	(435)	0.0%	156	55.7%
Other	2,545	2,152	2,834	683	24.1%	(394)	-15.5%
Charge to Capital	(33,708)	(40,299)	(46,357)	(6,057)	13.1%	6,591	19.6%
<b>Total</b>	<b>111,172</b>	<b>117,511</b>	<b>137,942</b>	<b>20,431</b>	<b>14.8%</b>	<b>6,339</b>	<b>5.7%</b>

- Payroll: \$10.0M below budget due to delay hiring, vacant positions, and project delays.
- Outside Services: \$14.4M favorable to budget mainly due to delay in environmental review for SAMP, ACE Fund and Energy & Sustainability Fund spending, and other project delays.
- Charge to Capital: \$6.1M less than budget due to delay of some capital projects.

Expenses were lower than budget due to project delays and hiring delays

# Financial Summary by Dept.

	Notes	2016	2017	2017	Fav (UnFav)		Incr (Decr)	
		Actual	Actual	Budget	Budget	Variance	Change from 2016	
\$ in 000's					\$	%	\$	%
<b>Total Revenues</b>		<b>1,186</b>	<b>68</b>	<b>367</b>	<b>(299)</b>	<b>-81.4%</b>	<b>(1,118)</b>	<b>-94.2%</b>
Executive		2,185	1,287	1,944	657	33.8%	(898)	-41.1%
Commission		1,569	1,685	1,830	145	7.9%	116	7.4%
Legal		3,365	3,741	3,288	(453)	-13.8%	376	11.2%
Public Affairs		6,033	7,112	7,847	735	9.4%	1,079	17.9%
Human Resources		7,001	8,418	9,035	618	6.8%	1,417	20.2%
Labor Relations		1,268	1,678	1,313	(365)	-27.8%	410	32.3%
Internal Audit		1,455	1,603	1,770	167	9.4%	148	10.2%
Office of Strategic Initiatives		8,356	5,743	6,264	521	8.3%	(2,614)	-31.3%
Security and Preparedness		1,420	1,754	2,065	310	15.0%	335	23.6%
Contingency		369	381	250	(131)	-52.4%	12	3.3%
Finance								
Accounting & Financial Reporting Services		6,550	6,751	7,763	1,013	13.0%	201	3.1%
Information & Communication Technology		20,158	21,633	22,420	787	3.5%	1,475	7.3%
Finance & Budget		4,810	4,998	5,873	875	14.9%	188	3.9%
Finance & Budget		1,647	1,871	2,181	309	14.2%	224	13.6%
Aviation Finance & Budget		1,950	1,897	2,184	287	13.1%	(53)	-2.7%
Maritime Finance & Budget		1,212	1,229	1,508	279	18.5%	17	1.4%
Business Intelligence		1,004	1,211	1,458	247	17.0%	207	20.6%
Risk Services		3,202	3,077	3,470	393	11.3%	(125)	-3.9%
Sub-Total		35,725	37,670	40,985	3,315	8.1%	1,945	5.4%
<b>Core Support Services</b>		<b>68,745</b>	<b>71,071</b>	<b>76,591</b>	<b>5,519</b>	<b>7.2%</b>	<b>2,326</b>	<b>3.4%</b>
Police		23,045	22,095	23,884	1,789	7.5%	(950)	-4.1%
<b>Total Before Cap Dev &amp; Environment</b>		<b>91,790</b>	<b>93,166</b>	<b>100,475</b>	<b>7,309</b>	<b>7.3%</b>	<b>1,376</b>	<b>1.5%</b>

- Legal: \$453K unfavorable to budget due to unanticipated legal expenses.
- Labor Relations: \$365K unfavorable to budget due to unanticipated legal expenses.
- Contingency: \$131K unfavorable mainly due to the unbudgeted radio systems consultant contract.

Most departments had favorable variances

# Financial Summary by Dept. – Cont.

\$ in 000's	Notes	2016 Actual	2017 Actual	2017 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2016	
					\$	%	\$	%
Capital Development								
Engineering		4,493	5,284	7,092	1,808	25.5%	791	17.6%
Port Construction Services		3,488	3,709	4,079	370	9.1%	221	6.3%
Aviation PMG		2,823	6,942	13,005	6,063	46.6%	4,119	145.9%
Seaport PMG		999	1,007	912	(95)	-10.4%	9	0.9%
Capital Development Admin		416	428	447	19	4.3%	12	2.9%
Sub-Total		12,218	17,370	25,535	8,165	32.0%	5,152	42.2%
Environment & Sustainability								
Aviation Environmental Program Group		3,745	3,779	6,301	2,522	40.0%	34	0.9%
Maritime Environmental & Planning		2,098	2,157	2,385	228	9.6%	59	2.8%
Noise Programs		722	670	723	53	7.4%	(52)	-7.2%
Environment & Sustainability Admin		148	368	2,523	2,154	85.4%	221	149.7%
Sub-Total		6,712	6,975	11,932	4,958	41.5%	262	3.9%
<b>Total Expenses</b>		<b>111,172</b>	<b>117,511</b>	<b>137,942</b>	<b>20,431</b>	<b>14.8%</b>	<b>6,339</b>	<b>5.7%</b>

Operating expenses were \$20.4M favorable to budget



# Central Services Capital Spending

\$ in 000's	2017	2017	Budget Variance	
	Actual	Budget	\$	%
Infrastructure - Small Cap	966	1,581	615	38.9%
Services Tech - Small Cap	577	1,150	573	49.8%
Enterprise GIS - Small Cap	32	400	368	92.0%
Constr Doc Mgmt Sys Repl.	403	427	24	5.6%
Maximo Upgrade	186	371	185	49.9%
Project Cost Mgmt System	220	900	680	75.6%
Remote Data Business Continuity	171	480	309	64.4%
POS Website Redevelopment	717	796	79	9.9%
Supplier Database System	41	700	659	94.1%
Corporate Firewall	578	800	222	27.8%
Cap Dev Fleet Replacement	282	589	307	52.1%
Cap Dev Small Cap	168	340	172	50.6%
Other (note 1)	447	789	342	43.3%
<b>TOTAL</b>	<b>4,788</b>	<b>9,323</b>	<b>4,535</b>	<b>48.6%</b>

Note:

(1) "Other" includes remaining ICT projects, Central Services fleet replacement and small capital acquisition.

**Capital Spending was 4.8M or 51.4% of budget**