

Port of Seattle

Q2 2018 Financial Performance Report



Portwide Financial Highlights

- **Q2 YTD Actual:**

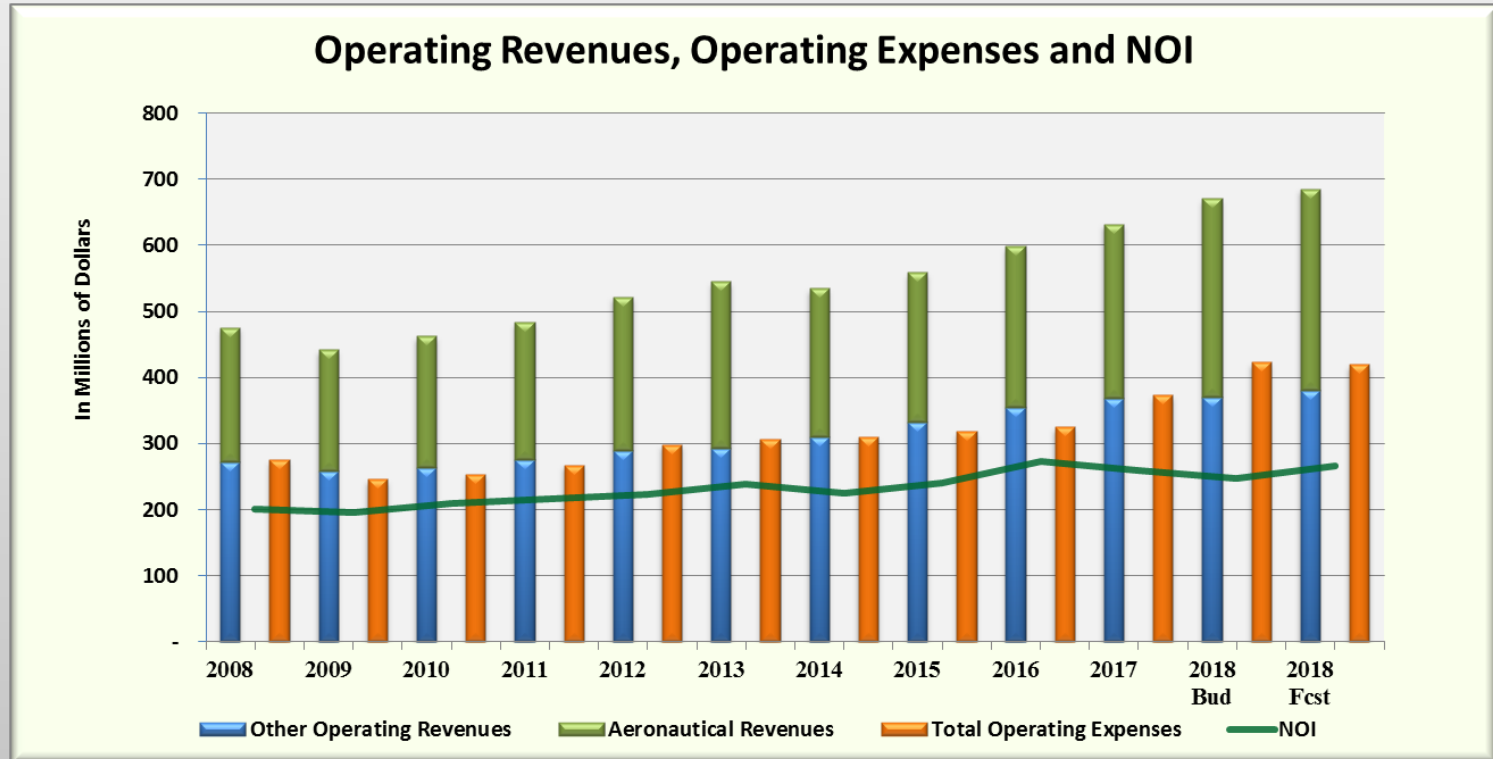
- Operating Revenues \$12.7M favorable to budget and \$28.4M over 2017.
- The Non-Aviation Revenues \$4.3M favorable to budget and \$2.5M over 2017.
- Operating Expenses \$17.3M favorable to budget and \$17.5M above 2017 mainly due to more payroll and project-related expenses.
- Net Operating Income before depreciation \$30.1M favorable to budget and \$10.9M over 2017.

- **Year-End Forecast:**

- Revenues \$14.6M favorable, Expenses \$3.2M favorable, and NOI \$17.8M favorable to budget.
- Total capital spending forecast to be \$652.6M or 74.5% of the budget for 2018.

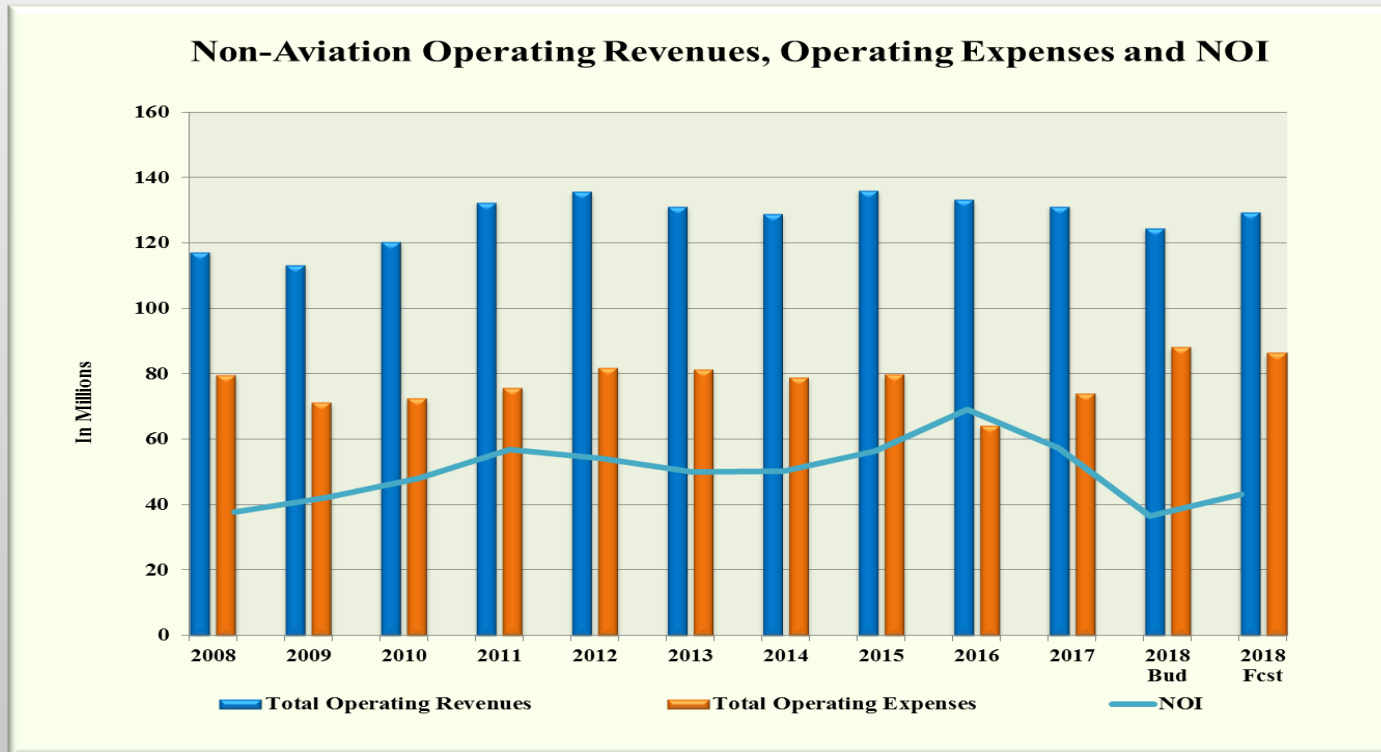
Expect strong financial performance results for 2018

Portwide Net Operating Income Performance



Both operating revenues and expenses growing gradually since 2008

Non-Aviation Net Operating Income Performance



NOI for 2018 is forecasted to be relatively flat compared to 2008

Aviation Division Highlights

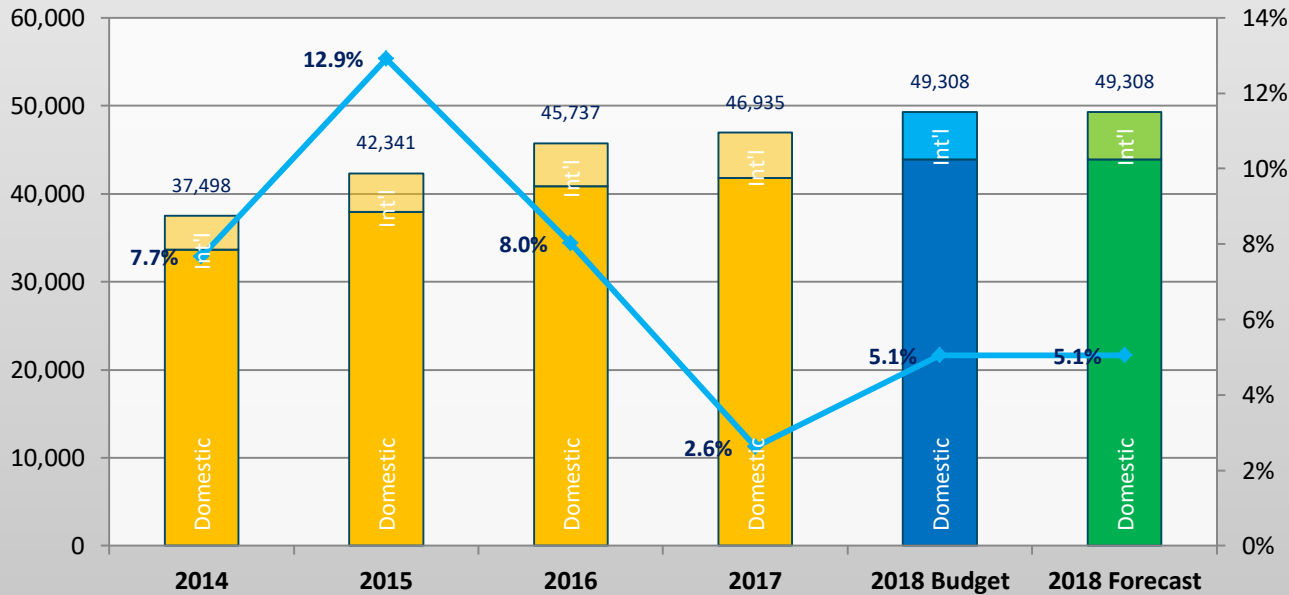
- **Activity:** Passenger growth in Q2 tracking slightly higher than budgeted growth of 5%
- **Customer Service:** below target through Q2 - Airport Service Quality scores below 2017 in all 6 categories. Improved Security checkpoint times.
- **Planning for future:** Sustainable Airport Master Plan initiated environmental review in July
- **2018 Financial Forecast:**
 - Non-Aeronautical NOI \$7.3 million above budget
 - Total Operating and Maintenance Expenses \$1.4 million under budget
 - Passenger Airline Cost per Enplaned Passenger (CPE) \$0.11 below revised budget (revised for change in revenue sharing under SLOA IV)
 - Capital spending of \$594 million, below budget of \$796 million

Passenger growth driving financial result, creating customer service challenges

Airport Activity

Passengers (in 000s)

— Growth rate

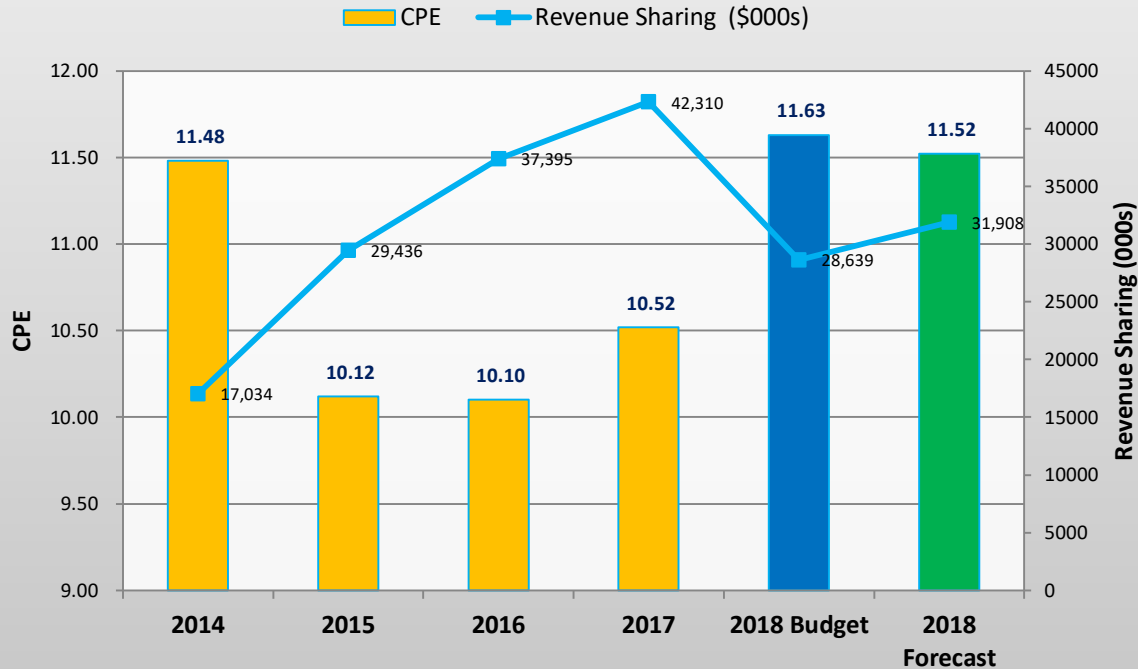


Year-to-date Q2:

- Passengers +6.1%
- Operations +5.0%
- Landed weight +7.7%
- Cargo metric tons +5.3%

Passenger growth ahead of plan YTD, still anticipate 5% growth for year

Airline Cost Management (CPE)



2018 Budget:

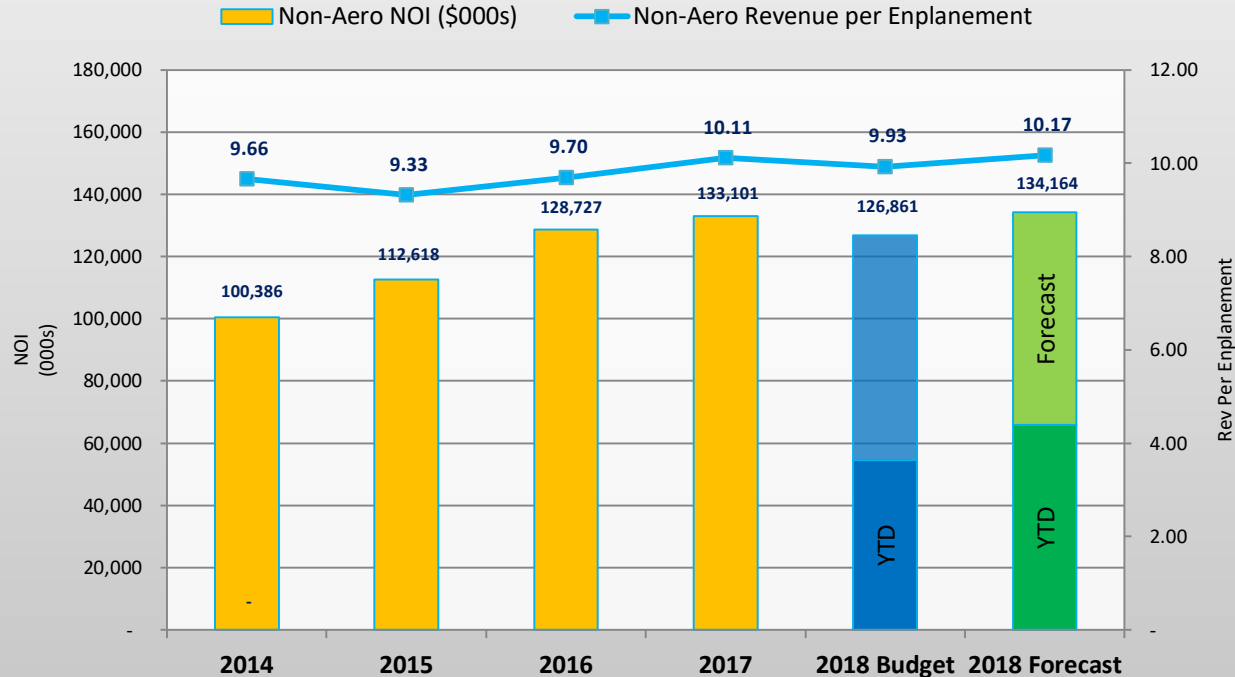
- Adjusted for SLOA IV 40% revenue sharing

2018 CPE Forecast:

- Below budget due to increased non-airline revenues generating more revenue sharing

2018 revenue sharing \$3.3 million higher than budget anticipated with SLOA IV provision

Non-Aeronautical Performance



YTD 2018 vs. 2017:

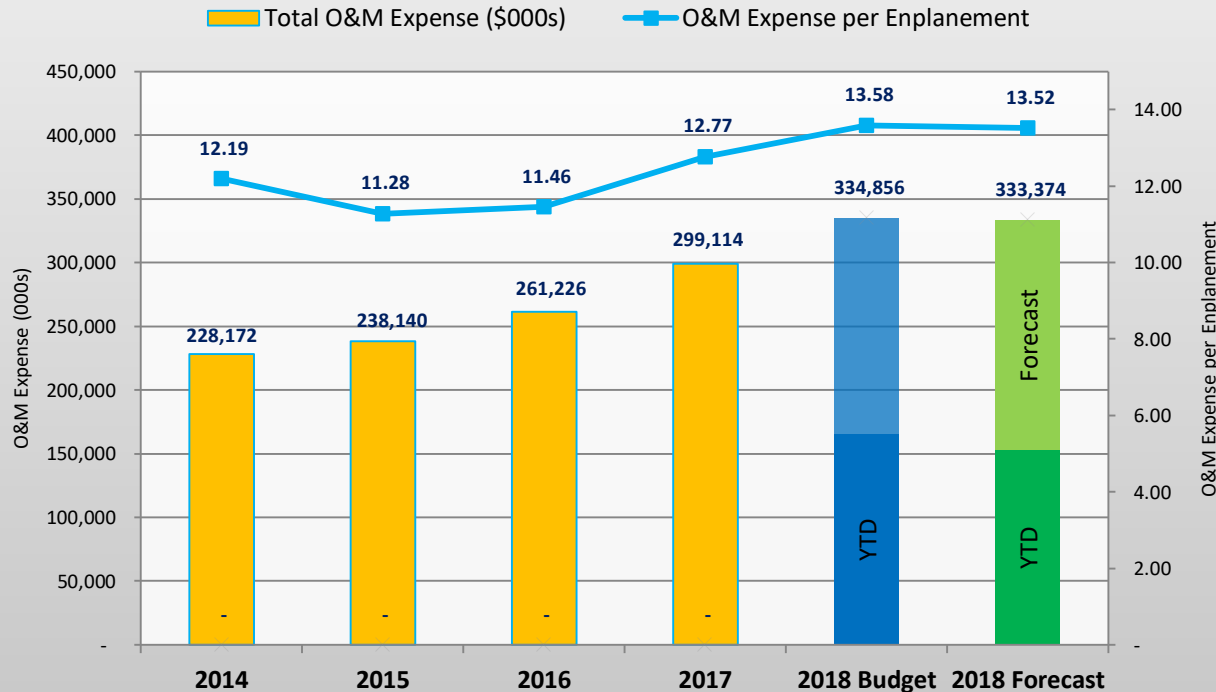
- Revenues +5.4%
- Expenses +7.8%
- NOI +3.6%

Revenue growth:

- Rental car CFC
- Public parking
- ADR
- GT

ADR, parking and TNCs driving positive revenue variance in 2018 forecast

Total Operating Expense Performance



Q2 YTD:

- \$11.6M favorable

2018 Forecast:

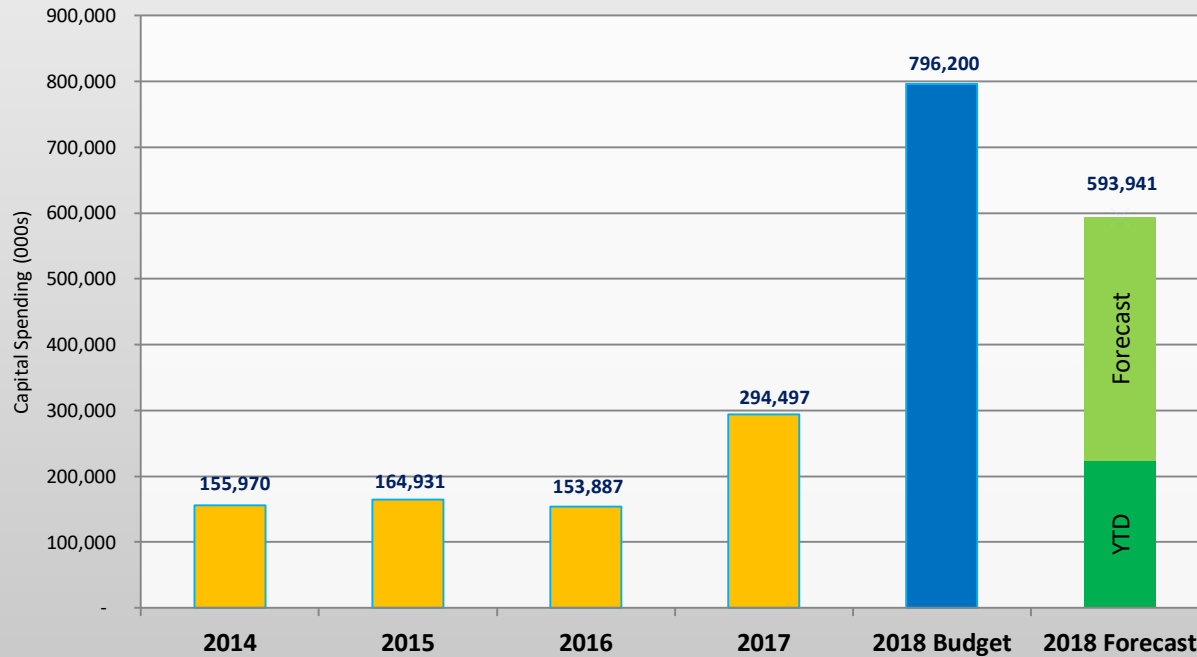
- \$1.4M favorable (0.4%)

2018 unplanned costs absorbed:

- Planning studies
- Bag system testing
- Pest management
- Peak staffing support
- Fire Dept. OT

2018 savings/deferrals covering unplanned expenditures

Capital Spending



2018 Forecast:

- IAF = \$215M
- NSAT = \$132 M
- Other = \$249 M

Major 2018 Variances:

- IAF = - \$109M
- Automated Security Lane = -\$15.6M
- NSAT = -\$9.0M

2018 spending variances primarily due to delayed spending, not project savings

Maritime Business Highlights

Cruise – Commissioners, Executive, Cruise, and Public Affairs staff participated in the successful inaugural event and first turnaround call of the Norwegian Bliss, May 30-June 02. The event garnered significant media attention.

Recreational Boating – Successfully hosted the Clipper Around the World at Bell Harbor Marina in June.

Fishing and Commercial Operations – Transitioned management of Salmon Bay Marina in June.

Maritime Portfolio Management – Finalized a license with Ecco Wireless that will bring a new Wi-Fi network to Shilshole Bay Marina with faster speeds and better coverage over the whole site for all customers.

Stormwater Utility – Obtained permit from US Army Corp of Engineers to proceed with T18 Outfall Renewal and Replacement project. Tracking to exceed the 75% assessment target.

Fine tuning the businesses and advancing the Century Agenda

Maritime Financial Highlights

Maritime – YTD Q2 2018 NOI is \$4,145K favorable to budget and (\$77K) lower than 2017

- YTD Q2 Revenue favorable to budget by \$1,234K and \$1,732K greater than 2017 driven by Recreational Boating and Fishing & Operations.

Net Operating Income \$ in 000's	2016 YTD Actual	2017 YTD Actual	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
			Actual	Budget	\$	%	\$	%
Fishing & Operations	(1,563)	(910)	(1,139)	(1,643)	504	31%	(230)	-25%
Recreational Boating	748	799	987	34	953	2840%	187	23%
Cruise	2,223	2,697	2,093	956	1,137	119%	(604)	-22%
Bulk	1,442	2,388	2,249	1,672	577	35%	(139)	-6%
Maritime Portfolio	450	121	391	(314)	705	224%	270	223%
All Other	(15)	(478)	(39)	(308)	269	87%	438	92%
Total Maritime	3,285	4,618	4,541	396	4,145	1046%	(77)	-2%

- YTD Q2 Expenses favorable to budget by \$2,911K and \$1,809K higher than 2017.
- 2018 Operating profit forecast to exceed budget by \$1.3M.
- 2018 Capital forecast to 70% of budget driven by restroom and paving projects at Shilshole Bay moving spend to 2019.
- Stormwater Utility forecast is tracking to budget.

Maritime NOI forecast to exceed budget in 2018

EDD Business Highlights

Real Estate Development In April Trammell Crow started construction at Des Moines Creek North property in SeaTac. Salmon Bay Marina acquisition closed in June. Design work at FT suspended pending final CIP resolution.

Workforce Development Airport Career Pathways Convening - Discussion co-facilitated with airport employers convened by Airport Director Lance Lyttle to identify potential opportunities for developing career pathways training to drive opportunities for low-wage workers to increase skills and wages.

Small Business Presented the Diversity in Contracting implementation plan to Commission on June 12th to address port wide goal setting, outreach, contracting, tracking, evaluation, and accountability.

Portfolio Management Elevator modernization project for two passenger elevators and the service elevator at Pier 66 completed May 3, which was 3.5 weeks ahead of schedule.

Tourism Port Commissioners authorized the Executive Director to execute all related contract agreements for the 26 awardees of the 2018 Tourism Marketing Support Program. Additionally launched the Spotlight Advertising Program application process at Sea-Tac Int'l Airport in June.

Moving ahead on initiatives and navigating changing real estate market

EDD Financial Highlights

EDD – YTD 2018 NOI \$1,951K favorable to budget and \$1,216K greater than 2017

- Revenue favorable to budget by \$524K and \$2,039K greater than 2017 driven by favorable volumes at the Conference and Event Centers.
- Expenses favorable to budget by \$1,428K, of which \$1.3M is related to underspend on EDD initiatives such as Workforce Development and EDD Grants. Y/Y expenses up \$823K primarily due to increased Conference and Event Center volumes and Maintenance, offset by timing of EDD Grants.
- Full year NOI forecast to exceed budget by \$1.2M.
- EDD projects to spend 98% of capital budget.

Growth in Conference and Event Center volumes

Central Services Business Highlights

- The Port Commission approved \$200,000 in **grants for 26 tourism-related projects** across the state of Washington.
- The Port Commission has appointed a panel of four experts to independently review costs and schedules associated with the new **International Arrivals Facility (IAF)** now under construction.
- Received U.S. Army Corps of Engineers leadership approval of the **Seattle Harbor Deepening Project**.
- Issued **Intermediate Lien Revenue Bonds** of \$555,564,000 to finance or refinance capital improvements to aviation facilities.
- Replaced the **Port of Seattle website** that is more focus on engaging our customers and provides infrastructure for organizational content updates.

Achieved a number of accomplishments in Q2 2018

Central Services Financial Highlights

- **Q2 Actual:**
 - Operating expenses \$9.9M favorable to budget mainly due to some vacant positions and lower Outside Services expenses.
 - Operating expenses \$3.4M higher than 2017 mainly due to higher payroll and more project-related expenses.
- **Year-End Forecast:**
 - Operating expenses forecast to be \$8.0M favorable to budget due primarily to savings from Payroll and Outside Services.
 - Operating expenses forecast to be \$19.7M higher than 2017 due to higher payroll and more project-related expenses. Departments that have the most increase include:
 - Police: \$4.9M
 - Capital Development: \$3.7M
 - Environment & Sustainability: \$3.5M

Vacancies & delayed expenses led to favorable budget variances

Appendix

Q2 2018 Financial Performance Report



Portwide Financial Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
	Actual	Actual	Actual	Budget		%	\$	%
Aeronautical Revenues	117,765	127,780	147,570	144,761	2,809	1.9%	19,791	15.5%
Airport Non-Aero Revenues	100,336	112,761	118,864	113,264	5,601	4.9%	6,104	5.4%
Other Port Operating Revenues	61,322	61,548	64,054	59,748	4,306	7.2%	2,506	4.1%
Total Operating Revenues	279,422	302,088	330,489	317,773	12,716	4.0%	28,400	9.4%
Total Operating Expenses	147,874	174,104	191,577	208,920	17,343	8.3%	17,473	10.0%
NOI before Depreciation	131,549	127,984	138,912	108,853	30,059	27.6%	10,927	8.5%
Depreciation	82,277	81,860	81,949	81,614	(335)	-0.4%	89	0.1%
NOI after Depreciation	49,271	46,124	56,963	27,238	29,724	109.1%	10,838	23.5%

- Operating Revenues \$12.7M favorable to budget and \$28.4M higher than 2017.
- Operating Expenses \$17.3M favorable to budget but \$17.5M higher than 2017.
- NOI before Depreciation \$30.1M favorable to budget and \$10.9M higher than 2017.

Strong financial performance for the Port

Non-Aviation Financial Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	\$	%	\$	%
NWSA Distributable Revenue	28,990	27,283	25,844	23,323	2,521	10.8%	(1,439)	-5.3%
Maritime Revenues	22,027	24,525	26,257	25,023	1,234	4.9%	1,732	7.1%
EDD Revenues	8,338	7,727	9,765	9,242	524	5.7%	2,038	26.4%
SWU & Other	1,968	2,012	2,187	2,160	27	1.3%	175	8.7%
Total Operating Revenues	61,322	61,548	64,054	59,748	4,306	7.2%	2,506	4.1%
Total Operating Expenses	29,057	33,783	38,141	43,868	5,727	13.1%	4,358	12.9%
NOI before Depreciation	32,265	27,765	25,913	15,880	10,032	63.2%	(1,852)	-6.7%
Depreciation	21,046	20,272	19,988	20,176	187	0.9%	(283)	-1.4%
NOI after Depreciation	11,219	7,493	5,925	(4,295)	10,220	-237.9%	(1,569)	-20.9%

Strong financial performance for the Port

Portwide Operating Revenues Summary

\$ in 000's	2016 YTD Actual	2017 YTD Actual	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
			Actual	Budget	\$	%	\$	%
Aeronautical Revenues	117,765	127,780	147,570	144,761	2,809	1.9%	19,791	15.5%
Public Parking	34,166	36,958	39,402	38,080	1,322	3.5%	2,444	6.6%
Rental Cars - Operations	15,271	14,514	14,922	14,579	343	2.4%	408	2.8%
Rental Cars - Operating CFC	3,872	3,284	5,497	5,434	63	1.2%	2,213	67.4%
ADR & Terminal Leased Space	26,617	28,420	30,179	28,017	2,162	7.7%	1,759	6.2%
Ground Transportation	5,668	7,633	8,885	8,060	825	10.2%	1,252	16.4%
Employee Parking	4,563	4,674	5,191	4,608	584	12.7%	517	11.1%
Airport Commercial Properties	4,286	10,708	7,593	7,082	511	7.2%	(3,115)	-29.1%
Airport Utilities	3,571	3,423	3,438	3,778	(340)	-9.0%	14	0.4%
Cruise	5,410	6,325	6,806	6,944	(139)	-2.0%	481	7.6%
Recreational Boating	5,083	5,438	6,125	5,839	286	4.9%	687	12.6%
Fishing & Operations	4,419	4,440	4,565	4,201	364	8.7%	125	2.8%
Grain	2,010	3,042	3,123	2,572	551	21.4%	81	2.7%
Maritime Portfolio Management	5,100	5,267	5,628	5,459	169	3.1%	361	6.9%
Central Harbor Management	3,393	4,161	4,557	4,448	109	2.4%	396	9.5%
Conference & Event Centers	4,518	3,545	5,188	4,776	412	8.6%	1,644	46.4%
NWSA Distributable Revenue	28,990	27,283	25,844	23,323	2,521	10.8%	(1,439)	-5.3%
Other	4,721	5,194	5,974	13,871	(7,898)	-56.9%	780	15.0%
Total Operating Revenues (w/o Aero)	161,658	174,309	182,918	173,012	9,906	5.7%	8,610	4.9%
TOTAL	279,422	302,088	330,489	317,773	12,716	4.0%	28,400	9.4%

Operating revenues exceeded budget

Portwide Operating Expense Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Salaries & Benefits	51,795	56,338	62,772	66,506	3,734	5.6%	6,434	11.4%
Wages & Benefits	48,261	52,948	60,075	60,199	124	0.2%	7,127	13.5%
Payroll to Capital Projects	10,040	12,873	13,602	14,311	710	5.0%	728	5.7%
Equipment Expense	2,923	4,311	3,866	4,373	507	11.6%	(445)	-10.3%
Supplies & Stock	3,454	4,616	4,633	4,336	(297)	-6.9%	17	0.4%
Outside Services	25,663	32,969	38,460	53,117	14,657	27.6%	5,491	16.7%
Utilities	10,510	11,911	13,453	12,844	(608)	-4.7%	1,542	12.9%
Travel & Other Employee Expenses	1,879	2,338	2,303	3,482	1,179	33.9%	(35)	-1.5%
Promotional Expenses	362	460	964	1,198	234	19.5%	504	109.4%
Other Expenses	8,450	16,566	15,361	14,831	(530)	-3.6%	(1,205)	-7.3%
Charges to Capital Projects	(15,463)	(21,226)	(23,911)	(26,278)	(2,366)	9.0%	(2,685)	12.7%
TOTAL	147,874	174,104	191,577	208,920	17,343	8.3%	17,473	10.0%

- Payroll expenses were \$3.7M below budget due to vacant positions and hiring delay.
- Outside Services were \$14.7M favorable to budget due to timing of spending, project delays, and some actual savings.
- Utilities Expense was \$608K over budget mainly due to higher Surface Water Utility cost.

Operating expenses were \$17.3M below budget

Portwide Financial Summary – YE Forecast

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Aeronautical Revenues	244,235	264,114	305,005	301,082	3,923	1.3%	40,891	15.5%
Airport Non-Aero Revenues	221,021	236,803	250,728	244,786	5,942	2.4%	13,925	5.9%
Other Port Operating Revenues	133,211	131,114	129,376	124,612	4,764	3.8%	(1,739)	-1.3%
Total Operating Revenues	598,467	632,031	685,109	670,479	14,630	2.2%	53,078	8.4%
Total Operating Expenses	325,285	372,982	419,666	422,885	3,219	0.8%	46,684	12.5%
NOI before Depreciation	273,182	259,049	265,443	247,594	17,849	7.2%	6,394	2.5%
Depreciation	164,336	165,021	163,309	163,309	-	0.0%	(1,712)	-1.0%
NOI after Depreciation	108,846	94,028	102,133	84,285	17,849	21.2%	8,106	8.6%

- Operating Revenues forecast to be \$14.6M favorable to budget in 2018.
- Operating Expenses forecast to be \$3.2M favorable to budget in 2018.
- NOI before Depreciation forecast to be \$17.8M above budget in 2018.

Expect strong financial performance results in 2018

Capital Spending by Division

\$ in 000's	2018 YTD Actual	2018 Forecast	2018 Budget	Budget Variance	
				\$	%
Aviation	224,817	593,941	796,200	202,259	25.4%
Maritime	21,702	32,800	46,749	13,949	29.8%
Economic Development	1,363	6,028	6,149	121	2.0%
Corporate & Other (note 1)	1,887	19,826	26,779	6,953	26.0%
TOTAL	249,769	652,595	875,877	223,282	25.5%

Note:

(1) "Other" includes Street Vacation projects and Storm Water Utility Small Capital projects.

2018 capital spending forecast to be \$652.6M

Aviation Division Appendix



Airport Activity

	YTD 2016	YTD 2017	YTD 2018	% Change from 2017
Total Passengers (000's)				
Domestic	19,249	19,666	20,897	6.3%
International	2,257	2,484	2,611	5.1%
Total	21,506	22,150	23,508	6.1%
Operations	197,152	199,610	210,722	5.6%
Landed Weight (In Millions of lbs.)				
Cargo	843	1,025	1,147	12.0%
All other	12,044	12,416	13,328	7.3%
Total	12,886	13,441	14,475	7.7%
Cargo - Metric Tons				
Domestic freight	83,079	111,015	122,259	10.1%
International freight	55,287	57,534	57,279	-0.4%
Mail	27,562	28,882	28,326	-1.9%
Total	165,928	197,431	207,864	5.3%

Passenger Activity

Airline	Change 2017 v. 2018	2018 Market Share
Alaska	2.7%	50.4%
Delta	13.2%	22.4%
United	12.1%	6.3%
Southwest	4.8%	6.1%
American	0.4%	5.0%

Q2 2018:

Passengers - YTD passenger growth of 6.1% tracking well ahead of 2018 budget based on 5.0% growth.

•**Cargo** - YOY strong growth in cargo driven by domestic e-commerce and express shipments.

2018 total passenger growth of 6.1%

Aviation Financial Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Operating Revenues:								
Gross Aeronautical Revenues	247,811	267,690	305,005	301,082	3,923	1.3%	37,315	13.9%
SLOA III Incentive Straight Line Adj ⁽¹⁾	(3,576)	(3,576)	-	-	-	0.0%	3,576	-100.0%
Aeronautical Revenues	244,235	264,114	305,005	301,082	3,923	1.3%	40,891	15.5%
Non-Aeronautical Revenues	221,021	236,803	250,728	244,786	5,942	2.4%	13,925	5.9%
Total Operating Revenues	465,256	500,916	555,733	545,867	9,865	1.8%	54,816	10.9%
Total Operating Expense	261,226	299,114	333,374	334,856	1,482	0.4%	34,259	11.5%
Net Operating Income	204,030	201,802	222,359	211,011	11,348	5.4%	20,557	10.2%
Capital Expenditures	153,887	293,785	593,941	796,200	202,259	25.4%	300,156	102.2%
Debt Service ⁽²⁾	133,982	131,060	138,177	136,075	(2,102)	-1.5%	7,117	5%

(1) Annual non-cash amortization of \$17.9M lease incentive related to the 5 year SLOA III agreement which ended in 2017.

(2) 2018 Budget debt service amount inadvertently understated by the \$2.1M debt service exclusion adjustment which impacts Aero Rate Based Revenues only. Total 2018 Aeronautical debt service obligation is reflected in the 2018 Forecast column.

2018 Forecasted NOI \$11.3M favorable to budget

Key Performance Measures

	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Fav (UnFav) Budget Vairance		Incr (Decr) Change from 2017	
					\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	10.10	10.52	11.52	11.35	(0.17)	-1.5%	0.99	9.4%
Non-Aeronautical NOI (in 000's)	128,727	133,101	134,164	126,861	7,303	5.8%	1,063	0.8%
Other Performance Metrics								
O&M Cost per Enplanement	11.46	12.77	13.52	13.58	0.06	0.4%	0.75	5.9%
Non-Aero Revenue per Enplanement	9.70	10.11	10.17	9.93	0.24	2.4%	0.06	0.6%
Debt per Enplanement (in \$)	104	114	126	116	(10)	-8.9%	12	10.4%
Debt Service Coverage	1.53	1.57	1.60	1.51	0.09	5.8%	0.02	1.5%
Days cash on hand (10 months = 304 days)	416	379	307	304	3	1.0%	(72)	-19.0%
Aeronautical Revenue Sharing (\$ in 000's)	(37,395)	(42,311)	(31,908)	(35,799)	3,891	10.9%	10,403	24.6%
Activity (in 000's)								
Enplanements	22,796	23,416	24,654	24,654	-	0.0%	1,238	5.3%

2018 Forecast vs. 2018 Budget

Key Performance Metrics

CPE:

- CPE - Impacted by SLOA IV reduction in Revenue Sharing to 40%. 2018 Budget assumed 50% Revenue Sharing
- 2018 Forecast CPE is favorable to Adjusted Budget CPE of \$11.63

•Non-Aero NOI:

- Non-Aero NOI growth due to both higher Non-Aero Revenue and lower Operating Expenses primarily due to schedule delays

Other Performance Metrics:

- Aero Revenue Sharing - Forecast reflects 40% Revenue Sharing per SLOA IV, Budget assumed 50% Revenue Sharing

Positive: Non-aero NOI above budget. CPE below adjusted budget.

Aviation Expense YTD Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Operating Expenses:								
Payroll	49,708	55,798	63,139	64,511	1,372	2.1%	7,341	13.2%
Outside Services	15,736	17,203	21,015	24,978	3,963	15.9%	3,812	22.2%
Utilities	7,358	8,389	9,589	9,072	(516)	-5.7%	1,200	14.3%
Other Airport Expenses	9,132	13,680	9,788	9,920	132	1.3%	(3,892)	-28.5%
Total Airport Direct Charges	81,934	95,070	103,530	108,481	4,951	4.6%	8,460	8.9%
Environmental Remediation Liability	33	2,714	4,484	2,980	(1,504)	-50.5%	1,770	65.2%
Capital to Expense	-	24	8	-	(8)	N/A	(16)	-66.8%
Total Exceptions	33	2,738	4,492	2,980	(1,512)	-50.7%	1,753	64.0%
Total Airport Expenses	81,968	97,809	108,021	111,461	3,439	3.1%	10,212	10.4%
Police Costs	8,943	9,146	10,659	11,070	411	3.7%	1,513	16.5%
Capital Development	3,358	6,486	6,072	11,422	5,351	46.8%	(415)	-6.4%
Other Central Services	22,723	25,000	26,714	28,414	1,700	6.0%	1,714	6.9%
Maritime/Economic Development	1,826	1,879	1,970	2,685	715	26.6%	91	4.8%
Total Charges from Other Divisions	36,849	42,512	45,414	53,591	8,177	15.3%	2,902	6.8%
Total Operating Expense	118,817	140,321	153,436	165,052	11,617	7.0%	13,115	9.3%
Net Operating Income	99,283	100,219	112,999	92,972	20,026	21.5%	12,780	12.8%

2018 YTD Actuals to YTD 2018 Budget

Cost Savings (Favorable):

- Payroll – Vacancies and hiring delays
- Outside Services – planning project and program delays
- Charges from other divisions –
 - CDD savings - delays in AVPMG projects for terminal and ADR

Unplanned Expenses (Unfavorable):

- Utilities – Higher Surface water costs, including IWTP Overflow Event
- ERL – IAF soil contamination & NSAT Asbestos

Unplanned expenses absorbed by cost savings

Aviation Expense YE Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Operating Expenses:								
Payroll	94,559	114,463	130,809	132,156	1,347	1.0%	16,346	14.3%
Outside Services	31,636	41,055	55,002	52,532	(2,469)	-4.7%	13,947	34.0%
Utilities	14,667	16,374	17,927	17,320	(607)	-3.5%	1,553	9.5%
Other Airport Expenses	21,934	28,292	21,940	19,776	(2,165)	-10.9%	(6,352)	-22.5%
Total Airport Direct Charges	162,797	200,184	225,677	221,784	(3,893)	-1.8%	25,493	12.7%
Environmental Remediation Liability	-	8,812	4,851	4,030	(821)	-20.4%	(3,961)	-44.9%
Capital to Expense	-	2,856	367	-	(367)	0.0%	(2,489)	-87.1%
Total Exceptions	-	11,668	5,218	4,030	(1,188)	-29.5%	(6,450)	-55.3%
Total Airport Expenses	162,797	211,852	230,896	225,814	(5,082)	-2.3%	19,044	9.0%
Police Costs	18,183	17,652	22,174	22,174	-	0.0%	4,522	25.6%
Capital Development	9,319	14,701	17,936	23,092	5,156	22.3%	3,235	22.0%
Other Central Services	58,617	51,004	57,032	58,265	1,233	2.1%	6,028	11.8%
Maritime/Economic Development	12,310	3,904	5,336	5,511	175	3.2%	1,431	36.7%
Total Charges from Other Divisions	98,429	87,262	102,478	109,042	6,564	6.0%	15,216	17.4%
Total Operating Expense	261,226	299,114	333,374	334,856	1,482	0.4%	34,259	11.5%
Net Operating Income	204,030	201,802	222,359	211,011	11,348	5.4%	20,557	10.2%

2018 Forecast to 2018 Budget

- Unfavorable in Outside Services and other Airport Expenses offset by cost savings from other divisions - Capital Development and other Central Services

Unplanned expenses absorbed by cost savings

Aeronautical Business YTD

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Revenues:								
Movement Area	45,551	50,849	59,656	59,421	235	0.4%	8,806	17.3%
Apron Area	6,088	7,636	8,209	7,654	555	7.2%	573	7.5%
Terminal Rents	75,640	78,051	83,956	84,140	(183)	-0.2%	5,906	7.6%
Federal Inspection Services (FIS)	5,174	6,708	6,641	6,470	171	2.6%	(67)	-1.0%
Total Rate Base Revenues	132,453	143,243	158,462	157,684	778	0.5%	15,219	10.6%
Commercial Area	4,479	4,959	5,072	4,976	97	1.9%	114	2.3%
Subtotal before Revenue Sharing	136,932	148,202	163,534	162,660	874	0.5%	15,332	10.3%
Revenue Sharing	(17,379)	(18,635)	(15,964)	(17,899)	1,935	10.8%	2,671	14.3%
Total Aeronautical Revenues	119,553	129,567	147,570	144,761	2,809	1.9%	18,003	13.9%
Total Aeronautical Expenses	76,280	91,209	100,511	106,450	5,939	5.6%	9,302	10.2%
Net Operating Income	43,272	38,358	47,059	38,311	8,749	22.8%	8,701	22.7%

2018 YTD Actuals to YTD 2018 Budget

Revenue - \$2.8M favorable

- Rate based revenue \$0.8M higher- Due to unplanned costs of customer service peak staffing initiative , partially offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change)
- Commercial Area revenue \$0.1 higher - Due to higher RON parking activity.
- Revenue sharing \$1.9M lower - Due to reduction of revenue sharing percentage from 50% to 40%, based on SLOA IV provisions

Expenses - \$5.9M favorable

- Payroll savings - Primarily due to vacancies and hiring delays
- AVPMG savings due to Terminal project delays partially offset by lower charges to capital

Higher Aeronautical revenues due to lower revenue sharing percentage

Aeronautical Business YE

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Revenues:								
Movement Area	94,725	108,638	125,275	125,422	(147)	-0.1%	16,637	15.3%
Apron Area	14,028	16,771	16,023	15,979	44	0.3%	(748)	-4.5%
Terminal Rents	155,852	155,431	171,260	171,854	(594)	-0.3%	15,830	10.2%
Federal Inspection Services (FIS)	11,227	18,612	14,143	13,413	730	5.4%	(4,469)	-24.0%
Total Rate Base Revenues	275,832	299,452	326,701	326,668	33	0.0%	27,249	9.1%
Commercial Area	9,379	10,574	10,212	10,212	-	0.0%	(362)	-3.4%
Subtotal before Revenue Sharing	285,211	310,026	336,913	336,880	33	0.0%	26,887	8.7%
Revenue Sharing	(37,395)	(42,311)	(31,908)	(35,799)	3,891	10.9%	10,403	24.6%
Other Prior Year Revenues	(5)	(26)	-	-	-	0.0%	26	100.0%
Total Aeronautical Revenues	247,811	267,690	305,005	301,082	3,923	1.3%	37,315	13.9%
Total Aeronautical Expenses	168,932	195,414	216,810	216,931	121	0.1%	21,397	10.9%
Net Operating Income	78,879	72,276	88,195	84,151	4,044	4.8%	15,919	22.0%
Debt Service ⁽¹⁾	(89,130)	(86,564)	(92,425)	(90,323)	(2,102)	-2.3%	(5,861)	-6.8%
Net Cash Flow	(10,251)	(14,288)	(4,230)	(6,173)	1,943	31.5%	10,058	70.4%

(1) Debt service is forecasted/budgeted on an annual basis only. Thus, quarterly data is not available.

2018 Forecast to Budget

Revenue - \$3.9M favorable

- Rate based revenue \$33K higher- Due to unplanned cost of customer service peak staffing initiative , partially offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change)
- Revenue sharing \$3.9M - Lower due to reduction of revenue sharing percentage from 50% to 40%, based on SLOA IV provisions

Expenses – \$0.1M favorable

- Unplanned costs of customer service peak staffing initiative, are largely offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change) and payroll savings due to vacancies and hiring delays

Higher Aeronautical revenues due to lower revenue sharing percentage

Aero Cost Drivers

	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
					\$	%	\$	%
\$ in 000's								
O&M	165,427	192,188	210,685	210,433	252	0.1%	18,498	9.6%
Debt Service Gross	118,641	113,832	120,555	120,555	-	0.0%	6,723	5.9%
Debt Service PFC Offset	(32,831)	(33,057)	(33,015)	(33,015)	-	0.0%	42	-0.1%
Amortization	28,215	29,654	32,373	32,373	-	0.0%	2,719	9.2%
Space Vacancy	(2,638)	(2,264)	(2,638)	(2,650)	12	-0.4%	(374)	16.5%
TSA Operating Grant and Other	(982)	(901)	(1,259)	(1,028)	(231)	22.4%	(358)	39.8%
Rate Base Revenues	275,832	299,452	326,701	326,668	33	0.0%	27,249	9.1%
Commercial area	9,379	10,574	10,212	10,212	-	0.0%	(362)	-3.4%
Total Aero Revenues	285,211	310,026	336,913	336,880	33	0.0%	26,887	8.7%

2018 Forecast to 2018 Budget

- O&M –Unplanned cost of customer service peak staffing initiative, partially offset by lower than budgeted AVPMG terminal projects costs (flight corridor delays & SSAT scope change) and payroll savings – due to vacancies & hiring delays

Aero rate base revenues based on cost recovery formulas

Aero Revenue Sharing

	2016	2017	2018	2018	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
\$ in 000's								
Aero Revenues (incl' commercial)	285,211	310,026	336,913	336,880	33	0.0%	26,887	8.7%
Non-Aeronautical Revenues	221,021	236,803	250,728	244,786	5,942	2.4%	13,925	5.9%
Total O&M Expenses	(261,226)	(299,114)	(333,374)	(334,612)	1,238	-0.4%	(34,259)	11.5%
Net Operating Income	245,006	247,714	254,267	247,054	7,213	2.9%	6,553	2.6%
ADF Interest Income	3,725	4,242	4,127	4,127	-	0.0%	(115)	-2.7%
Security Checkpoint TSA Grant	916	1,039	1,028	1,028	-	0.0%	(10)	-1.0%
Misc. Non-Operating Expenses	(2,481)	(1,799)	(750)	(750)	-	0.0%	1,050	-58.3%
CFC Excess	(4,899)	(2,750)	(6,182)	(7,142)	960	-13.4%	(3,432)	124.8%
Available for Debt Service	242,267	248,446	252,491	244,318	8,173	3.3%	4,046	1.6%
Debt Service	133,982	131,060	138,177	138,177	-	0.0%	7,117	5.4%
Debt Service x 1.25	167,477	163,825	172,721	172,721	-	0.0%	8,896	5.4%
Available for revenue sharing	74,790	84,621	79,770	71,597	8,173	11.4%	(4,851)	-5.7%
Revenue Sharing	37,395	42,310	31,908	35,799	(3,891)	-10.9%	(10,402)	-24.6%

Lower revenue sharing % drives increase in CPE

Non-Aeronautical Business YTD

\$ in 000's	2016 YTD Actual	2017 YTD Actual	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
			Actual	Budget	\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	15,271	14,514	14,922	14,579	343	2.4%	408	2.8%
Rental Cars - Operating CFC	3,872	3,284	5,497	5,434	63	1.2%	2,213	67.4%
Public Parking	34,166	36,958	39,402	38,080	1,322	3.5%	2,444	6.6%
Ground Transportation	5,668	7,633	8,885	8,060	825	10.2%	1,252	16.4%
Airport Dining & Retail & Leased Space	27,118	28,420	30,179	28,017	2,162	7.7%	1,759	6.2%
Commercial Properties	4,286	10,708	7,593	7,082	511	7.2%	(3,115)	-29.1%
Utilities	3,571	3,423	3,438	3,778	(340)	-9.0%	14	0.4%
Employee Parking	4,563	4,674	5,191	4,608	584	12.7%	517	11.1%
Clubs and Lounges	1,378	2,173	2,773	2,694	79	2.9%	599	27.6%
Other	443	973	983	932	51	5.5%	10	1.1%
Total Non-Aero Revenues	100,336	112,761	118,864	113,264	5,601	4.9%	6,104	5.4%
Total Non-Aero Expenses	42,537	49,111	52,925	58,602	5,677	9.7%	3,813	7.8%
Net Operating Income	57,799	63,649	65,940	54,662	11,278	20.6%	2,290	3.6%

2018 YTD Actuals to YTD 2018 Budget

Revenue -

- Airport Dining & Retail – Convenience retail capturing sales during Central Terminal closure
- Public Parking – driven by higher transactions
- Employee Parking – demand driven growth

Expenses -

- Savings from other Divisions - delays for ADR tenant build-outs and other Terminal projects.
- Payroll savings – vacancies and hiring delays

YTD NOI growth due to both higher revenues and deferred expenses

Non-Aeronautical Business YE

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	37,082	35,051	35,084	35,294	(210)	-0.6%	33	0.1%
Rental Cars - Operating CFC	12,122	10,641	14,653	15,563	(910)	-5.8%	4,012	37.7%
Public Parking	69,540	75,106	80,046	78,572	1,474	1.9%	4,940	6.6%
Ground Transportation	12,803	15,684	18,401	16,884	1,517	9.0%	2,717	17.3%
Airport Dining & Retail & Leased Space	58,405	58,980	61,980	59,087	2,893	4.9%	3,000	5.1%
Commercial Properties	9,992	18,042	15,236	14,706	529	3.6%	(2,807)	-15.6%
Utilities	7,233	7,018	7,317	7,556	(239)	-3.2%	300	4.3%
Employee Parking	9,329	9,617	10,214	9,457	757	8.0%	597	6.2%
Clubs and Lounges	3,028	5,041	5,830	5,630	200	3.6%	790	15.7%
Other	1,487	1,624	1,966	2,036	(70)	-3.4%	343	21.1%
Total Non-Aero Revenues	221,021	236,803	250,728	244,786	5,942	2.4%	13,925	5.9%
Total Non-Aero Expenses	92,294	103,702	116,564	117,925	1,362	1.2%	12,861	12.4%
Net Operating Income	128,727	133,101	134,164	126,861	7,303	5.8%	1,063	0.8%
Less: CFC (Surplus) / Deficit ⁽¹⁾	(4,899)	(2,750)	(6,182)	(7,142)	960	13.4%	(3,432)	-124.8%
Adjusted Non-Aero NOI	123,828	130,351	127,982	119,719	8,263	6.9%	(2,369)	-1.8%
Debt Service ⁽¹⁾	(43,984)	(44,495)	(45,752)	(45,752)	-	0.0%	(1,257)	-2.8%
Net Cash Flow	79,844	85,856	82,230	73,967	8,263	11.2%	(3,625)	-4.2%

2018 Forecast to 2018 Budget

Revenue -

- Airport Dining & Retail – Strong performance in both food & beverage and retail sales despite transitions to new leases, and increased revenue from Advertising
- Ground Transportation – Increased TNC activity
- Public Parking – Driven by higher transactions

Expenses -

- Savings from other Divisions - Delays for ADR tenant buildouts and other Terminal projects
- Payroll savings – Vacancies and hiring delays
- Unplanned expenses absorbed by above savings include peak staffing support, Landside honey bucket service, and lower payroll charges to capital

(1) CFC excess and Debt service are forecasted/budgeted on an annual basis only. Thus, quarterly data is not available.

\$7.3M NOI growth due to both higher revenues and deferred expenses

Public Parking Performance YTD

Public Parking - Revenue Detail \$ in 000's	2016 YTD Actual	2017 YTD Actual	2018 YTD		Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
			Actual	Budget	\$	%	\$	%
<u>Parking Garage Revenue to Port</u>								
Gross Sales - Parking Garage	36,497	40,214	43,276	40,931	2,345	6%	3,062	7.6%
less - WA Sales Tax	(2,991)	(3,317)	(3,624)	(3,476)	(148)	4%	(307)	9.3%
less - SeaTac Parking Tax	(2,018)	(2,927)	(3,411)	(2,691)	(720)	27%	(484)	16.5%
Revenue to Port - General Parking	31,487	33,970	36,241	34,764	1,477	4%	2,271	6.7%
<u>Other Garage Revenue</u>								
Passport Parking Program	1,349	1,459	1,532	1,654	(122)	-7%	73	5.0%
Total Parking Garage Revenue	32,836	35,429	37,773	36,418	1,354	4%	2,344	6.6%
<u>Other Parking Revenue</u>								
Concession Rent - Doug Fox off-site parking	1,315	1,518	1,613	1,652	(39)	-2%	95	6.3%
All Other Parking Revenue	16	11	16	9	6	67%	5	44.2%
Total Parking Revenue	34,166	36,958	39,402	38,080	1,322	3.5%	2,444	6.6%
<u>Parking Transactions by duration</u>								
in 000's								
Parking < 1 day	746	747	736	768	(32)	-4.1%	(11)	-1.4%
Parking 1-4 days	252	257	268	236	32	13.4%	11	4.1%
Parking 4+ days	90	93	99	87	12	14.2%	6	6.9%
Total Parking Transactions	1,087	1,098	1,104	871	233	26.8%	6	0.6%

Key message:

•Parking revenue growth primarily driven by rate increase. Overall growth in parking transactions is slower than growth in O&D enplanements.

Slower growth in parking transactions reflects increasing transportation alternatives

Public Parking Performance YE

Public Parking - Revenue Detail \$ in 000's	2016	2017	2018	2018	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
<u>Parking Garage Revenue to Port</u>								
Gross Sales - Parking Garage	74,301	82,362	88,226	87,112	1,114	1%	5,864	7.1%
less - WA Sales Tax	(6,081)	(6,818)	(7,359)	(7,200)	(160)	2%	(541)	7.9%
less - SeaTac Parking Tax	(4,212)	(6,563)	(7,274)	(7,196)	(78)	1%	(711)	10.8%
Revenue to Port - General Parking	64,008	68,981	73,593	71,997	1,596	2%	4,612	6.7%
<u>Other Garage Revenue</u>								
Passport Parking Program	2,749	2,990	3,233	3,356	(122)	-4%	244	8.1%
Total Parking Garage Revenue	66,758	71,971	76,827	75,353	1,474	2%	4,855	6.7%
<u>Other Parking Revenue</u>								
Concession Rent - Doug Fox off-site parking	2,751	3,109	3,200	3,200	-	0%	91	2.9%
All Other Parking Revenue	32	25	19	19	-	0%	(6)	-25.1%
Total Parking Revenue	69,540	75,106	80,046	78,572	1,474	1.9%	4,940	6.6%
Parking Transactions by duration in 000's					Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	#	%	#	%
Parking < 1 day	1,646	1,623	1,625	1,639	(14)	-0.8%	2	0.1%
Parking 1-4 days	496	499	528	504	24	4.7%	29	5.7%
Parking 4+ days	181	184	201	186	15	8.2%	17	9.3%
Total Parking Transactions	2,323	2,307	2,354	2,329	25	1.1%	47	2.0%

Key message:

Parking revenue growth primarily driven by rate increase. Overall growth in parking transactions is slower than growth in O&D enplanements.

2018 Forecast vs. 2017 Actuals

- Revenue - Forecasted increase compared to prior year, primarily due to tariff rate increase in effect full year 2018 (rate increase effective April 2017).
- Transactions - Increase in expected total parking transactions reflects slower growth than the growth in O&D enplanements, and reflects impact of increasing number of transportation alternatives available to passengers.

Slower growth in parking transactions reflects increasing transportation alternatives

Rental Car Performance YTD

Rental Car - Revenue Detail	2014 YTD				2015 YTD		2016 YTD		2017 YTD		2018 YTD		2018 YTD		Fav / (UnFav)		Incr / (Decr)	
	Actual				Actual		Actual		Actual		Actual		Budget		Budget Variance		Change from 2017	
	\$ in 000's														\$		%	
RCF Concession Revenue to Port	11,441	11,985	13,474	12,673	13,025	12,681	344	2.7%	352	2.8%								
Total Enplanements	8,589	9,731	10,668	11,008	11,688	11,564	123	1.1%	680	6.2%								
O&D %	73.8%	69.8%	69.4%	70.3%	70.3%	69.2%	0.01	1.6%	0.00	0.0%								
O&D Enplanements	6,339	6,792	7,404	7,739	8,217	8,003	214	2.7%	478	6.2%								
Gross Sales by Operators	114,211	124,690	129,324	127,258	134,430	126,808	7,622	6.0%	7,172	5.6%								
Total Transactions	587	631	655	648	657	629	28	4.5%	9	1.4%								
Average Ticket	\$194.64	\$197.45	\$197.52	\$196.27	\$204.47	\$201.53	\$2.94	1.5%	\$8.21	4.2%								
Average Length of Stay	4.08	4.10	4.10	4.13	4.16	4.37	(0.22)	-4.9%	0.03	0.01								
Transactions/O&D Enplanements	9.26%	9.30%	8.84%	8.38%	8.00%	7.86%	0.14%	1.8%	-0.38%	-4.5%								
CFC Revenue Summary																		
Total Transaction Days	2,395	2,589	2,683	2,677	2,734	2,752	(18)	-0.7%	57	2.1%								
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$0.00	0.0%	\$0.00	0.0%								
Total CFC Revenue Earned	14,228	15,373	16,276	16,436	16,499	16,514	(16)	-0.1%	63	0.4%								
Reserve for debt service and CP interest	(9,058)	(10,547)	(11,154)	(11,902)	(11,001)	(11,080)	79	-0.7%	900	-7.6%								
Reserve for CP principal payment:	(1,250)	(1,250)	(1,250)	(1,250)	-	-	-	0.0%	1,250	-100.0%								
Debt Service Reserve Requirement	(10,308)	(11,797)	(12,404)	(13,152)	(11,001)	(11,080)	79	-0.7%	2,150	-16.4%								
Residual - CFC Operating Revenue	3,921	3,576	3,872	3,284	5,497	5,434	63	1.2%	2,213	67.4%								

Rental Car - Revenue Summary	2014 YTD				2015 YTD		2016 YTD		2017 YTD		2018 YTD		2018 YTD		Fav / (UnFav)		Incr / (Decr)	
	Actual				Actual		Actual		Actual		Actual		Budget		Budget Variance		Change from 2017	
	\$ in 000's														\$		%	
RCF Concession Revenue to Port	11,441	11,985	13,474	12,673	13,025	12,681	344	2.7%	352	2.8%								
Residual - CFC Operating Revenue:	3,921	3,576	3,872	3,284	5,497	5,434	63	1.2%	2,213	67.4%								
Land Rent/Space Rent/Other	1,749	1,771	1,797	1,841	1,898	1,898	(1)	0.0%	57	3.1%								
Total Rental Cars Operating Revenue	17,111	17,332	19,143	17,798	20,420	20,013	407	2.0%	2,622	14.7%								

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

Rental Car activity impacted by increasing transportation alternatives

Rental Car Performance YE

Rental Car - Revenue Detail							Fav / (UnFav)		Incr / (Decr)	
	2014	2015	2016	2017	2018	2018	Budget Variance		Change from 2017	
# and \$ in 000's	Actual	Actual	Actual	Actual	Forecast	Budget	\$	%	\$	%
RCF Concession Revenue to Port	30,662	33,465	33,465	31,352	31,299	31,508	(210)	-0.7%	(53)	-0.2%
Total Enplanements	18,717	21,109	22,796	23,416	24,654	24,654	-	0.0%	1,238	5.3%
O&D %	73.8%	69.8%	69.4%	70.3%	70.3%	69.2%	1.1%	1.6%	-	0.0%
O&D Enplanements	13,813	14,734	15,821	16,461	17,332	17,061	271	1.6%	871	↑ 5.3%
Gross Sales by Operators	281,884	302,372	310,987	313,654	312,987	315,083	(2,097)	-0.7%	(667)	↓ -0.2%
Total Transactions	1,289	1,390	1,411	1,388	1,395	1,437	(42)	-2.9%	8	0.5%
Average Ticket	\$218.64	\$217.51	\$220.42	\$226.03	\$224.33	\$219.22	0	2.3%	(\$1.70)	↓ -0.8%
Average Length of Stay	4.31	4.34	4.34	4.37	4.38	4.37	0	0.1%	0.01	0.1%
Transactions/O&D Enplanements	8.15%	9.44%	8.92%	8.43%	8.05%	8.42%	(0)	-4.4%	-0.38%	↓ -4.5%
CFC Revenue Summary										
Total Transaction Days	5,554	6,039	6,129	6,067	6,109	6,287	(178)	-2.8%	42	0.7%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	-	0.0%	\$0.00	0.0%
Total CFC Revenue Earned	33,554	36,206	36,830	36,261	36,655	37,723	(1,068)	-2.8%	394	↑ 1.1%
Reserve for debt service and CP interest:	(19,946)	(20,543)	(21,708)	(22,621)	(22,003)	(22,161)	(158)	-0.7%	(618)	-2.7%
Reserve for CP principal payment:	-	(3,000)	(3,000)	(3,000)	-	-	-	0.0%	(3,000)	-100.0%
Debt Service Reserve Requirement	(19,946)	(23,543)	(24,708)	(25,621)	(22,003)	(22,161)	158	-0.7%	(3,618)	-14.1%
Residual - CFC Operating Revenue:	13,608	12,663	12,122	10,641	14,653	15,563	(910)	-5.8%	4,012	37.7%
Rental Car - Revenue Summary										
# and \$ in 000's	2016	2016	2016	2017	2018	2018	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Actual	Actual	Forecast	Budget	\$	%	\$	%
RCF Concession Revenue to Port	30,662	33,465	33,465	31,352	31,299	31,508	(210)	-0.7%	(53)	-0.2%
Residual - CFC Operating Revenue:	13,608	12,663	12,122	10,641	14,653	15,563	(910)	-5.8%	4,012	37.7%
Land Rent/Space Rent/Other	3,541	3,189	3,617	3,699	3,786	3,786	-	0.0%	86	2.3%
Total Rental Cars Oper Revenue	47,812	49,317	49,203	45,691	49,737	50,857	(1,120)	-2.2%	4,046	8.9%

Key message:

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

2018 Forecast vs. 2017 Actuals

Rental Car Concession revenue - Forecast relatively flat to prior year. Concession Revenue is impacted by (3) key indicators:

- Expected decline in Transactions per O&D Enplanement reflects trend in passenger preference shifting to other transportation options
- Total Transactions expected to grow at a slower rate than the growth in enplanements
- Average ticket price is a function of rental car pricing and customer demand, and can vary significantly. The 2018 Budget and the 2018 Forecast assumes an average ticket price slightly below 2017 actuals. This metric will be monitored and adjusted in the 2018 forecast, as needed
- **CFC Operating Revenue** - Forecasted to increase due to increase in Transaction Days forecasted for 2018 and lower debt service in 2018, primarily driven by final payment on outstanding Commercial Paper balance (\$3.0M) paid last year

Rental Car activity impacted by increasing transportation alternatives

Ground Transportation YTD

Revenue to Port \$ in 000's	2016 YTD		2017 YTD		2018 YTD		Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	\$	%	\$	%		
Ground Transportation Revenues										
Transportation Network Companies	907	3,181	4,749	3,676	1,073	29.2%	1,568	49.3%		
On Demand Taxis	2,449	2,631	2,160	2,294	(134)	-5.8%	(471)	-17.9%		
On Demand Limos	414	405	403	438	(35)	-8.0%	(2)	-0.5%		
Belled In Taxis (Annual Permit)	159	43	33	69	(36)	-52.0%	(10)	-23.0%		
Pre-Arranged Limos (Annual Permit)	276	360	361	300	61	20.4%	1	0.3%		
Courtesy Cars (cost recovery)	995	687	798	945	(146)	-15.5%	111	16.1%		
All other Operators (cost recovery)	323	203	172	232	(60)	-25.9%	(32)	-15.5%		
Other Misc Revenues	145	123	210	107	103	96.4%	87	70.5%		
Total GT Revenue	5,668	7,633	8,885	8,060	825	10.2%	1,252	16.4%		

Key message:

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

Trip Activity in 000's	2016 YTD		2017 YTD		2018 YTD		Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	#	%	#	%		
Ground Transportation Trips										
Transportation Network Companies	149	573	784	613	171	27.9%	210	36.6%		
On Demand Taxis	438	379	363	382	(19)	-5.0%	(16)	-4.3%		
On Demand Limos	39	36	35	36	(1)	-2.9%	(1)	-2.9%		
Belled In Taxis (Annual Permit)	120	37	9	33	(24)	-72.3%	(28)	-75.0%		
Pre-Arranged Limos (Annual Permit)	186	165	168	161	7	4.1%	3	2.1%		
Courtesy Cars (cost recovery)	590	587	580	597	(17)	-2.8%	(7)	-1.2%		
All other Operators (cost recovery)	47	40	30	31	(1)	-4.3%	(10)	-25.1%		
Total GT Trip Activity	1,569	1,818	1,969	1,854	115	6.2%	151	8.3%		

TNC growth expected to continue to outpace enplanement growth

Ground Transportation YE

Revenue to Port \$ in 000's	2016	2017	2018	2018	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Ground Transportation Revenues								
Transportation Network Companies	3,222	6,940	10,080	8,122	1,958	24.1%	3,140	45.3%
On Demand Taxis	5,045	5,199	4,307	4,591	(283)	-6.2%	(892)	-17.2%
On Demand Limos	869	858	849	855	(5)	-0.6%	(8)	-1.0%
Belled In Taxis (Annual Permit)	159	45	35	108	(73)	-67.9%	(10)	-23.0%
Pre-Arranged Limos (Annual Permit)	496	626	628	603	25	4.1%	2	0.3%
Courtesy Cars (cost recovery)	2,039	1,319	1,763	1,909	(146)	-7.6%	444	33.6%
All other Operators (cost recovery)	696	394	411	483	(72)	-14.9%	17	4.4%
Other Misc Revenues	278	303	328	214	114	53.3%	25	8.1%
Total GT Revenue	12,803	15,684	18,401	16,884	1,517	9.0%	2,717	17.3%
Trip Activity in 000's			2018		Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Forecast	Budget	#	%	#	%
Ground Transportation Trips								
Transportation Network Companies	602	1,277	1,680	1,354	326	24.1%	403	31.5%
On Demand Taxis	827	750	718	765	(47)	-6.2%	(33)	-4.3%
On Demand Limos	74	72	69	71	(1)	-1.9%	(2)	-2.9%
Belled In Taxis (Annual Permit)	195	56	14	52	(38)	-73.1%	(42)	-75.0%
Pre-Arranged Limos (Annual Permit)	369	337	344	325	19	5.9%	7	2.1%
Courtesy Cars (cost recovery)	1,197	1,175	1,118	1,211	(93)	-7.6%	(57)	-4.8%
All other Operators (cost recovery)	95	79	59	78	(20)	-25.0%	(20)	-25.4%
Total GT Trip Activity	3,360	3,746	4,002	3,856	147	3.8%	256	6.8%

Key message:

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

2018 Forecast vs. 2017 Actuals

GT Revenue forecast compared to prior year:

- TNC revenue forecast in 2018 reflects continued shift in customer preference and the impact of the rate increase (to \$6/trip) effective for the full year
- Taxi revenue forecasted to decline partially due to rate decrease (to \$6/trip) effective all year in 2018, compared to \$7/trip in effect for the first 9 months of 2017
- Courtesy car revenue increase reflects rate correction in 2018 Budget

GT Trip Activity forecast compared to prior year:

- TNC trip volume expected to continue to grow at a rate faster than the growth in enplaned passengers, driven by strong customer demand
- Taxi trips expected to grow at a slower rate than the growth in enplaned passengers
- Declines in other operator categories reflects the changing GT operating environment

TNC growth expected to continue to outpace enplanement growth

Airport Dining & Retail and Leased Space YTD

Airport Dining & Retail and Terminal Leased Space <i>Org Basis (in 000's)</i>	2014 YTD Actual	2015 YTD Actual	2016 YTD Actual	2017 YTD Actual	2018 YTD Actual	2018 YTD Budget	Fav / (Unfav) Budget Variance		Incr / (Decr) from 2017	
							\$	%	\$	%
ADR Revenue										
Food & Beverage ¹	6,941	7,906	9,367	10,453	10,626	10,219	407	4.0%	172	1.6%
Retail ¹	4,874	5,605	6,050	6,213	7,819	6,520	1,300	19.9%	1,606	25.8%
Duty Free ¹	3,412	3,651	3,382	3,518	3,742	3,702	39	1.1%	224	6.4%
Personal Services ¹	1,470	1,619	1,919	1,869	1,830	1,813	17	0.9%	(40)	-2.1%
Advertising	2,735	2,788	3,296	3,412	2,920	2,782	138	5.0%	(492)	-14.4%
Space Rental - Terminal	1,646	2,021	2,254	2,735	3,046	2,832	214	7.6%	311	11.4%
All other revenue	237	237	263	219	196	150	46	30.9%	(22)	-10.2%
Total ADR Revenue	21,315	23,827	26,529	28,420	30,179	28,017	2,162	7.7%	1,759	6.2%
Expenses										
ADR & Terminal Leased Space	1,862	2,569	2,241	1,962	2,768	2,423	(345)	-14.2%	806	41.1%
Income from Operations	19,453	21,258	24,288	26,458	27,411	25,594	1,817	7.1%	953	3.6%
Sales per Enplanement										
SPE - Food & Beverage	\$6.46	\$6.53	\$7.17	\$7.36	\$7.17	\$6.96	\$0.21	3.0%	(\$0.20)	-2.7%
SPE - Retail Sales	\$4.03	\$3.96	\$3.70	\$3.99	\$4.36	\$3.91	\$0.45	11.4%	\$0.37	9.3%
SPE - Duty Free	\$1.13	\$1.04	\$0.88	\$0.92	\$0.89	\$0.98	(\$0.09)	-8.9%	(\$0.03)	-2.8%
SPE - Personal Services	\$1.20	\$1.12	\$1.01	\$0.99	\$0.95	\$0.94	\$0.01	1.0%	(\$0.04)	-3.8%
SPE - Total ADR	\$12.82	\$12.65	\$12.76	\$13.25	\$13.37	\$12.79	\$0.58	4.5%	\$0.11	0.8%
Concession Revenue ¹ per Enplanement	\$1.94	\$1.93	\$1.94	\$2.00	\$2.05	\$1.92	\$0.13	6.8%	\$0.05	2.6%

(1) Concession Revenue is composed of revenue from concession agreements for the sales of Food & Beverage, Retail, Duty Free, and Personal Services only.

Revenue -

- **Food & Beverage** – slightly stronger than prior year despite significant unit closures for lease transition. Newly opened units outperforming Year 1 projections. Increased volume in most existing units to respond to passenger demands.
- **Retail** – increase reflects strong sales include increased grab'n'go (food) offerings. Retail units not impacted by lease transitions in 2018.
- **Duty Free** - steady growth from growth in international enplanements.
- **Advertising** – strong demand continues, offset by lower percentage rent in new agreement.
- **Space Rent** – primarily due to increased concession fees from Alclear sales growth.

Sales lost from Food & Beverage being picked up in convenience retail

Airport Dining & Retail and Leased Space YE

Airport Dining & Retail and Terminal Leased Space <i>Org Basis (in 000's)</i>	2014	2015	2016	2017	2018	2018	Fav / (Unfav) Budget Variance		Incr / (Decr) from 2017		
	Actual	Actual	Actual	Actual	Forecast	Budget	\$	%	\$	%	
ADR Revenue											
Food & Beverage ¹	15,223	17,427	21,314	21,579	21,700	21,700	-	0.0%	120	0.6%	
Retail ¹	11,213	12,127	13,496	13,989	16,044	14,344	1,700	11.9%	2,055	14.7%	
Duty Free ¹	6,664	6,769	6,265	6,912	7,251	7,251	-	0.0%	339	4.9%	
Personal Services ¹	3,201	3,548	3,657	3,728	3,809	3,809	-	0.0%	81	2.2%	
Advertising	5,815	6,460	6,725	6,662	6,680	6,021	658	10.9%	17	0.3%	
Space Rental - Terminal	3,483	4,629	5,190	5,641	6,121	5,664	457	8.1%	480	8.5%	
All other revenue	476	477	605	469	377	300	77	25.7%	(92)	-19.6%	
Total ADR Revenue	46,076	51,437	57,252	58,980	61,980	59,087	2,893	4.9%	3,000	5.1%	
Expenses											
ADR & Terminal Leased Space	1,862	2,569	2,241	1,962	2,768	2,423	(345)	-14.2%	806	41.1%	
Income from Operations	44,214	48,868	55,010	57,018	59,212	56,664	2,548	4.5%	2,194	3.8%	
Sales per Enplanement											
SPE - Food & Beverage	\$6.46	\$6.48	\$7.23	\$7.18	\$6.93	\$6.93	\$0.00	0.0%	(\$0.25)	-3.5%	
SPE - Retail Sales	\$4.10	\$3.92	\$3.86	\$4.04	\$4.16	\$4.03	\$0.13	3.2%	\$0.13	3.1%	
SPE - Duty Free	\$1.12	\$0.96	\$0.89	\$0.91	\$0.90	\$0.90	\$0.00	0.0%	(\$0.01)	-1.0%	
SPE - Personal Services	\$1.16	\$1.08	\$1.00	\$0.95	\$0.93	\$0.93	\$0.00	0.0%	(\$0.03)	-3.0%	
SPE - Total ADR	\$12.84	\$12.45	\$12.98	\$13.08	\$12.92	\$12.79	\$0.13	1.0%	(\$0.16)	-1.3%	
Concession Revenue ¹ per Enplanement	\$1.94	\$1.89	\$1.96	\$1.97	\$1.98	\$1.91	\$0.07	3.6%	\$0.01	0.3%	

(1) Concession Revenue is composed of revenue from concession agreements for the sales of Food & Beverage, Retail, Duty Free, and Personal Services only.

2018 Forecast vs. 2017 Actuals

Revenue –

- **Food & Beverage** – holding steady to prior year despite significant unit closures for lease transition. Newly opened units outperforming Year 1 projections. Increased volume in most existing units to respond to passenger demands.
- **Retail** – increase reflects strong sales include increased grab'n'go (food) offerings. Retail units not impacted by lease transitions in 2018.
- **Duty Free** – steady growth from growth in international enplanements
- **Advertising** – holding steady to prior year, reflects strong demand offset by lower percentage rent in new agreement.
- **Other Revenue** – decrease due to temporary reduction in janitorial reimbursement revenue related to food & beverage unit closures for lease transition.

Sales lost from Food & Beverage being picked up in convenience retail

2018 Capital Expenditures

\$ in 000's Description	2018	2018	2018	Budget Variance	
	YTD Actual	Forecast	Budget	\$	%
International Arrivals Facility ⁽¹⁾	75,176	215,298	324,221	108,923	33.6%
ASL Conversion at Checkpoints ⁽²⁾	725	1,175	16,800	15,625	93.0%
NS NSAT Renov NSTS Lobbies ⁽³⁾	58,656	131,716	140,738	9,022	6.4%
N. Terminals Utilities Upgrade ⁽⁴⁾	213	413	8,200	7,787	95.0%
Add'l Baggage Makeup Space IAF ⁽⁵⁾	1,234	10,520	15,998	5,478	34.2%
Terminal Security Enhancements ⁽⁶⁾	189	2,189	5,925	3,736	63.1%
SSAT Infrastructure HVAC ⁽⁷⁾	128	1,218	4,910	3,692	75.2%
2018 Taxiway Improvement Proj	8,988	37,378	36,250	(1,128)	-3.1%
Concourse D Hardstand Holdroom	15,159	28,433	27,986	(447)	-1.6%
Alternate Utility Facility	17,169	18,263	18,350	87	0.5%
Checked Bag Recap/Optimization	16,009	38,009	38,000	(9)	0.0%
All Other	31,171	109,330	158,822	49,492	31.2%
Total Spending	224,817	593,941	796,200	202,259	25.4%

- (1) Delays in design-build progress, consultant billings/purchases for construction and project/construction management services.
- (2) \$8.7M of capital budget deemed to be public expense as the equipment will be transferred to TSA. 1 of 3 lanes have been installed; remaining lanes pushed out to Q4 2018 - Q2 2019.
- (3) Actual projected billings as provided by contractor have been less than anticipated.
- (4) Early works construction cancelled and combined with main construction phase due to better coordination with adjacent projects.
- (5) Delays in construction due to changes in sequencing of work by contractor.
- (6) Favorable bids for Phase I (shatter proof windows) will result in less spending in 2018.
- (7) Bid bust has resulted in one year delay of project. Project was re-scoped and design is currently in progress.

Forecasting to spend 74.6% of budget

SAMP Overview

YTD Summary	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (Unfav)		Inc (Decr)	
					2018 Budget Variance		Change from 2017	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
SAMP Completion & Transition to Env Review	105	100	161	250	89	35.7%	61	57.8%
Adv Planning IDIQ - Master Plan	-	-	1,296	1,250	(46)	-3.7%	1,296	N/A
Environmental Review - Master Plan	-	47	-	-	-	N/A	(47)	N/A
SAMP Utilities Master Plan	-	-	-	125	125	100.0%	-	N/A
Total SAMP-Related Spending	105	147	1,457	1,625	168	10.4%	1,310	1247.4%

Annual Forecast	2016	2017	Year-End Projection		Fav (Unfav)		Inc (Decr)	
			2018	2018	2018 Budget Variance		Change from 2017	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
SAMP Completion & Transition to Env Review	1,591	1,335	500	500	-	0.0%	(835)	-52.5%
Adv Planning IDIQ - Master Plan	-	1,141	3,250	2,500	(750)	-30.0%	2,109	N/A
Environmental Review - Master Plan	208	169	1,000	1,700	700	41.2%	831	399.5%
SAMP Utilities Master Plan	-	276	500	500	-	0.0%	224	N/A
Total SAMP-Related Spending	1,799	2,921	5,250	5,200	(50)	-1.0%	2,329	129.5%

Accelerated pace in advance planning offsets timing delay in Environmental Review

Maritime Division Appendix



Maritime 2018 Financial Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Fishing & Operations	4,419	4,440	4,565	4,201	364	9%	125	3%
Recreational Boating	5,083	5,438	6,125	5,839	286	5%	687	13%
Cruise	5,410	6,325	6,806	6,944	(139)	-2%	481	8%
Bulk	2,010	3,042	3,123	2,572	551	21%	81	3%
Maritime Portfolio Management	5,100	5,267	5,628	5,459	169	3%	361	7%
Other	5	14	11	9	2	28%	(3)	-23%
Total Revenue	22,027	24,525	26,257	25,023	1,234	5%	1,732	7%
Expenses								
Fishing & Operations	2,206	2,305	2,461	2,399	(63)	-3%	156	7%
Rec Boating	1,524	1,852	1,989	2,285	297	13%	137	7%
Cruise	954	558	1,135	1,987	851	43%	577	103%
Other Maritime	373	585	266	655	388	59%	(318)	-54%
Maintenance Expenses	4,716	4,740	5,576	5,642	66	1%	836	18%
Portfolio Management	1,679	1,770	2,031	2,191	160	7%	261	15%
Other ED Expenses	166	353	320	460	141	31%	(33)	-9%
Total Maritime & EDD expenses	11,617	12,162	13,778	15,618	1,840	12%	1,616	13%
Enviromental & Sustainability	303	598	519	998	479	48%	(79)	-13%
CDD Expenses	522	419	437	630	193	31%	18	4%
Police Expenses	1,925	1,889	2,169	2,101	(68)	-3%	280	15%
Other Central Services	4,309	4,401	4,842	5,219	377	7%	441	10%
Aviation Division	66	67	70	61	(9)	-15%	2	3%
Total Central Services & Aviation	7,124	7,374	8,037	9,009	972	11%	662	9%
Envir Remed Liability	48	371	(99)	0	99	NA	(469)	-127%
Total Expense	18,789	19,907	21,716	24,627	2,911	12%	1,809	9%
NOI Before Depreciation	3,237	4,618	4,541	396	4,145	1046%	(77)	-2%
Depreciation	8,655	8,442	8,823	8,868	45	1%	381	5%
NOI After Depreciation	(5,418)	(3,824)	(4,281)	(8,471)	4,190	-49%	(458)	12%

Focus on revenue growth and expense management.

Maritime 2018 Financial Forecast

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Fishing & Operations	9,108	9,297	8,748	8,388	360	4%	(550)	-6%
Recreational Boating	10,255	11,086	12,446	12,166	280	2%	1,361	12%
Cruise	15,422	17,596	18,150	18,150	0	0%	554	3%
Bulk	5,382	5,427	5,163	5,163	0	0%	(263)	-5%
Maritime Portfolio Management	10,255	10,787	10,769	11,169	(400)	-4%	(18)	0%
Other	388	(9)	17	17	0	0%	26	-297%
Total Revenue	50,810	54,183	55,293	55,053	240	0%	1,109	2%
Expenses								
Fishing & Operations	4,308	4,599	4,641	4,641	0	0%	42	1%
Rec Boating	3,164	3,813	4,595	4,595	0	0%	782	20%
Cruise	2,600	2,674	4,448	4,748	300	6%	1,774	66%
Other Maritime	666	462	1,399	1,399	0	0%	937	203%
Maintenance Expenses	9,900	10,420	11,261	11,261	0	0%	840	8%
Portfolio Management	3,367	3,507	3,550	3,750	200	5%	43	1%
Other ED Expenses	420	665	833	833	0	0%	168	25%
Total Maritime & EDD expenses	24,425	26,140	30,726	31,226	500	2%	4,586	18%
Environmental & Sustainability	1,358	1,125	1,994	2,168	173	8%	869	77%
CDD Expenses	1,010	748	1,030	1,212	182	15%	282	38%
Police Expenses	3,921	3,756	4,209	4,209	0	0%	453	12%
Other Central Services	9,315	9,869	10,428	10,641	213	2%	559	6%
Aviation Division	139	138	123	123	0	0%	(15)	-11%
Total Central Services & Aviation	15,743	15,635	17,784	18,352	568	3%	2,149	14%
Envir Remed Liability	115	389	0	0	0	NA	(389)	-100%
Total Expense	40,283	42,164	48,510	49,578	1,068	2%	6,347	15%
NOI Before Depreciation	10,526	12,020	6,783	5,475	1,308	24%	(5,237)	-44%
Depreciation	17,351	17,410	17,868	17,868	0	0%	459	3%
NOI After Depreciation	(6,824)	(5,390)	(11,086)	(12,394)	1,308	-11%	(5,696)	106%

Uncertainty in 2nd half grain volumes and WSDOT lease at Terminal 106

Maritime 2018 YTD by Business Part 1

\$ in 000's	YTD	YTD	YTD	YTD	Bud Var		Chg fr Prior Year		Total Year Budget 2018
	Actual 2016	Actual 2017	Actual 2018	Budget 2018	Fav(UnFav) \$	%	Incr/(Decr) \$	%	
<u>Cruise</u>									
Revenue	5,410	6,325	6,806	6,944	(138)	-2.0%	481	7.6%	18,150
Expense	3,187	3,628	4,712	5,988	1,276	21.3%	1,084	29.9%	12,817
NOI Before Depreciation	2,223	2,697	2,094	956	1,138	119.0%	(603)	-22.4%	5,333
Depreciation Expense	2,619	2,627	3,201	3,234	33	1.0%	574	21.9%	6,498
NOI After Depreciation	(396)	70	(1,107)	(2,278)	1,171	51.4%	(1,177)	-1681.4%	(1,165)
<u>Rec Boating</u>									
Revenue	5,083	5,438	6,125	5,839	286	4.9%	687	12.6%	12,166
Expense	4,335	4,639	5,139	5,805	666	11.5%	500	10.8%	11,661
NOI Before Depreciation	748	799	986	34	952	2800.0%	187	23.4%	505
Depreciation Expense	1,710	1,592	1,459	1,462	3	0.2%	(133)	-8.4%	2,957
NOI After Depreciation	(962)	(793)	(473)	(1,428)	955	66.9%	320	40.4%	(2,452)
<u>Maritime Portfolio</u>									
Revenue	5,100	5,267	5,628	5,459	169	3.1%	361	6.9%	11,169
Expense	4,650	5,146	5,237	5,773	536	9.3%	91	1.8%	10,891
NOI Before Depreciation	450	121	391	(314)	705	224.5%	270	223.1%	278
Depreciation Expense	1,316	1,335	1,361	1,306	(55)	-4.2%	26	1.9%	2,610
NOI After Depreciation	(866)	(1,214)	(970)	(1,620)	650	40.1%	244	20.1%	(2,332)
<u>Fishing & Operations</u>									
Revenue	4,419	4,440	4,565	4,201	364	8.7%	125	2.8%	8,388
Expense	5,983	5,350	5,704	5,844	140	2.4%	354	6.6%	11,687
NOI Before Depreciation	(1,564)	(910)	(1,139)	(1,643)	504	30.7%	(229)	-25.2%	(3,299)
Depreciation Expense	2,743	2,606	2,497	2,562	65	2.5%	(109)	-4.2%	5,195
NOI After Depreciation	(4,307)	(3,516)	(3,636)	(4,205)	569	13.5%	(120)	-3.4%	(8,494)

Major Maritime Businesses tracking favorable to budget

Maritime 2018 YTD by Business Part 2

\$ in 000's	YTD	YTD	YTD	YTD	Bud Var		Chg fr Prior Year		Total Year
	Actual	Actual	Actual	Budget	Fav(UnFav)		Incr/(Decr)		Budget
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>	\$	%	\$	%	<u>2018</u>
<u>Bulk/Grain Terminal</u>									
Revenue	2,010	3,042	3,123	2,572	551	21%	81	2.7%	5,163
Expense	568	653	874	900	26	3%	221	33.8%	1,839
NOI Before Depreciation	1,442	2,389	2,249	1,672	577	35%	(140)	-5.9%	3,324
Depreciation Expense	269	279	298	304	6	2%	19	6.8%	608
NOI After Depreciation	1,173	2,110	1,951	1,368	583	43%	(159)	-7.5%	2,716
<u>Other</u>									
Revenue	5	14	11	9	2	22%	(3)	-21.4%	17
Expense	53	492	50	317	267	84%	(442)	-89.8%	683
NOI Before Depreciation	(48)	(478)	(39)	(308)	269	87%	439	91.8%	(666)
Depreciation Expense	0	3	7	0	(7)	NA	4	133.3%	0
NOI After Depreciation	(48)	(481)	(46)	(308)	262	85%	435	90.4%	(666)
<u>Total Maritime</u>									
Revenue	22,027	24,525	26,257	25,023	1,234	5%	1,732	7.1%	55,053
Expense	18,775	19,907	21,716	24,627	2,911	12%	1,809	9.1%	49,578
NOI Before Depreciation	3,252	4,618	4,541	396	4,145	1047%	(77)	-1.7%	5,475
Depreciation Expense	8,655	8,442	8,823	8,868	45	1%	381	4.5%	17,868
NOI After Depreciation	(5,403)	(3,824)	(4,282)	(8,472)	4,190	49%	(458)	-12.0%	(12,393)

Grain Revenue ahead of budget and 2017

Stormwater Utility YTD Results

	2017 YTD Actual	2018 YTD		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2016	
		Actual	Budget	\$	%	\$	%
\$ in 000's							
StormWater Utility							
NWSA	1,706	1,862	1,846	16	1%	156	9%
Tenants Revenue	213	235	251	(16)	-6%	22	11%
Non-tenants Revenue	564	609	570	39	7%	45	8%
Total Revenues	2,483	2,707	2,667	40	2%	223	9%
SWU Direct	267	394	713	319	45%	128	48%
Maintenance Expenses	1,129	1,672	1,711	39	2%	542	48%
Other Maritime Expenses	-	-	-	-	NA	-	NA
EDD Expenses	10	4	9	5	55%	(6)	-58%
Environmental & Sustainability	261	103	112	9	8%	(158)	-61%
Police Expenses	-	-	-	-	NA	-	NA
Capital Development Expenses	31	16	27	11	40%	(15)	-47%
Other Central Service Expenses	184	334	352	18	5%	149	81%
Total Expenses	1,881	2,523	2,924	401	14%	641	34%
NOI Before Depreciation	602	184	(257)	441	-172%	(418)	-69%
Depreciation	498	548	603	55	9%	51	10%
NOI After Depreciation	104	(364)	(860)	496	-58%	(468)	-449%

Stormwater Utility tracking to budget for 2018

Maritime Capital 2018

\$ in 000's	2018 YTD	2018	2018	Budget Variance	
	Actual	Forecast	Budget	\$	%
Salmon Bay Marina ACQ	15,703	15,728	15,804	76	0%
SBM Restrms/Service Bldgs Rep	131	1,553	7,162	5,609	78%
FT Re Development Phase I	813	1,363	2,700	1,337	50%
P91 South End Fender	1,981	2,055	2,202	147	7%
Maritime Fleet Replacement	238	2,158	2,158	0	0%
Contingency Renewal & Replace.	0	1,150	2,000	850	43%
SBM Paving	83	399	1,673	1,274	76%
Cruise Terminal Tenant Improv	323	1,531	1,531	0	0%
Salmon Bay Marina Uplands	13	13	1,505	1,492	99%
FT Docs 3,4,5 Fixed Pie	74	274	1,424	1,150	81%
Restoration	56	66	1,140	1,074	94%
All Other Projects	2,287	6,510	7,450	940	13%
Total Maritime	21,702	32,800	46,749	13,949	30%

SBM restrooms and paving delayed due to bidding and permit schedule

Economic Development Division Appendix

EDD 2018 Financial Summary

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Revenue	1,777	2,020	2,167	2,147	20	1%	147	7%
Conf & Event Centers	1,895	1,107	2,330	2,177	153	7%	1,223	110%
Total Revenue	3,672	3,127	4,497	4,324	173	4%	1,370	44%
Expenses								
Portfolio Management	636	899	1,016	1,030	14	1%	117	13%
Conf & Event Centers	1,721	1,653	2,033	2,109	76	4%	380	23%
P69 Facilities Expenses	41	50	53	60	7	12%	3	6%
RE Dev & Planning	173	57	38	48	10	20%	(18)	-32%
EconDev Expenses Other	148	208	163	289	126	43%	(45)	-21%
Maintenance Expenses	573	666	850	765	(85)	-11%	185	28%
Maritime Expenses (Excl Maint)	8	9	34	70	36	52%	25	260%
Total EDD & Maritime Expenses	3,300	3,542	4,188	4,372	183	4%	647	18%
Small Business	4	12	20	38	18	48%	8	67%
Workforce Development	(9)	95	86	403	317	79%	(10)	-10%
Tourism	193	232	239	315	76	24%	8	3%
EDD Grants	0	12	6	0	(6)	NA	(6)	-51%
Total EDD Initiatives	188	351	351	756	406	54%	(0)	0%
Environmental & Sustainability	11	53	46	83	37	45%	(7)	-14%
CDD Expenses	88	91	57	84	28	33%	(34)	-37%
Police Expenses	39	39	41	39	(2)	-6%	2	4%
Other Central Services	922	1,244	1,273	1,419	146	10%	29	2%
Aviation Division	24	27	28	31	4	11%	1	2%
Total Central Services & Aviation	1,084	1,455	1,445	1,657	212	13%	(10)	-1%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	4,572	5,347	5,984	6,785	801	12%	637	12%
NOI Before Depreciation	(900)	(2,220)	(1,487)	(2,461)	974	-40%	733	-33%
Depreciation	934	927	998	1,038	40	4%	71	8%
NOI After Depreciation	(1,835)	(3,147)	(2,485)	(3,499)	1,014	-29%	662	-21%

Strong Occupancy and Management of Expenses

EDD 2018 Financial Summary

	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
\$ in 000's					\$	%	\$	%
Revenue	3,818	4,182	4,577	4,465	112	3%	395	9%
Conf & Event Centers	4,518	3,545	5,188	4,776	412	9%	1,644	46%
Total Revenue	8,337	7,727	9,765	9,242	524	6%	2,039	26%
Expenses								
Portfolio Management	1,536	2,050	1,952	1,901	(51)	-3%	(98)	-5%
Conf & Event Centers	3,665	3,660	4,306	4,258	(48)	-1%	646	18%
P69 Facilities Expenses	81	96	114	171	57	33%	18	19%
RE Dev & Planning	211	120	74	107	32	30%	(46)	-38%
EconDev Expenses Other	321	383	473	584	111	19%	90	23%
Maintenance Expenses	1,248	1,483	1,996	1,528	(468)	-31%	513	35%
Maritime Expenses (Excl Maint)	14	25	76	161	85	53%	52	210%
Total EDD & Maritime Expenses	7,076	7,817	8,992	8,710	(282)	-3%	1,175	15%
Small Business	9	26	37	74	37	50%	10	39%
Workforce Development	150	228	228	941	713	76%	(1)	0%
Tourism	420	514	620	750	130	17%	106	21%
EDD Grants	0	427	28	480	452	94%	(399)	-93%
Total EDD Initiatives	579	1,195	912	2,244	1,332	59%	(283)	-24%
Environmental & Sustainability	9	130	121	188	67	36%	(8)	-7%
CDD Expenses	113	200	139	172	33	19%	(61)	-31%
Police Expenses	81	85	81	79	(2)	-3%	(3)	-4%
Other Central Services	1,907	2,576	2,576	2,852	276	10%	(0)	0%
Aviation Division	51	56	59	63	4	7%	3	6%
Total Central Services & Aviation	2,161	3,046	2,976	3,354	378	11%	(70)	-2%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	9,816	12,058	12,880	14,308	1,428	10%	823	7%
NOI Before Depreciation	(1,479)	(4,331)	(3,115)	(5,067)	1,951	-39%	1,216	-28%
Depreciation	1,881	1,860	1,999	2,084	84	4%	139	7%
NOI After Depreciation	(3,360)	(6,191)	(5,114)	(7,150)	2,036	-28%	1,077	-17%

Strong Occupancy and Management of Expenses

EDD 2018 Financial Forecast

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Revenue	7,881	8,658	9,097	8,985	112	1%	439	5%
Conf & Event Centers	8,022	9,133	9,949	9,537	412	4%	816	9%
Total Revenue	15,903	17,791	19,046	18,522	524	3%	1,255	7%
Expenses								
Portfolio Management	3,084	3,879	3,778	3,778	0	0%	(101)	-3%
Conf & Event Centers	6,932	7,639	8,465	8,465	0	0%	827	11%
P69 Facilities Expenses	180	206	289	289	0	0%	84	41%
RE Dev & Planning	1,037	214	211	211	0	0%	(3)	-1%
EconDev Expenses Other	628	773	1,227	1,227	0	0%	454	59%
Maintenance Expenses	2,787	3,666	3,276	3,055	(221)	-7%	(390)	-11%
Maritime Expenses (Excl Maint)	31	52	344	344	0	0%	292	557%
Total EDD & Maritime Expenses	14,679	16,429	17,591	17,370	(221)	-1%	1,163	7%
Small Business	21	64	140	140	0	0%	76	118%
Workforce Development	522	850	1,292	1,992	700	35%	442	52%
Tourism	1,093	1,234	1,460	1,460	0	0%	225	18%
EDD Grants	20	751	960	960	0	0%	209	28%
Total EDD Initiatives	1,656	2,900	3,852	4,552	700	15%	952	33%
Environmental & Sustainability	62	260	363	398	35	9%	103	40%
CDD Expenses	250	387	264	329	65	20%	(123)	-32%
Police Expenses	157	51	156	158	2	1%	105	205%
Other Central Services	4,223	5,257	5,700	5,816	116	2%	443	8%
Aviation Division	107	113	127	127	0	0%	15	13%
Total Central Services & Aviation	4,800	6,068	6,611	6,829	218	3%	542	9%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	21,135	25,397	28,055	28,751	697	2%	2,657	10%
NOI Before Depreciation	(5,232)	(7,606)	(9,008)	(10,229)	1,221	-12%	(1,402)	18%
Depreciation	3,682	3,863	4,156	4,156	0	0%	293	8%
NOI After Depreciation	(8,914)	(11,469)	(13,164)	(14,385)	1,221	-8%	(1,695)	15%

Higher conference center volumes and tight expense management

EDD Capital 2018

	2018 YTD Actual	2018 Forecast	2018 Budget	Budget Variance	
				\$	%
\$ in 000's					
P66 Elevator 2,3,4 Upgrades	956	1,229	1,175	(54)	-5%
RE: Contingency Renew.&Replace	0	1,000	1,000	0	0%
BHICC Interior Modernization	100	900	710	(190)	-27%
Small Projects	59	525	516	(9)	-2%
Tenant Improvements -Capital	23	897	532	(365)	-69%
P69 Solar Panel System	39	482	502	20	4%
T-102 Outdoor Lighting	19	209	437	228	52%
T91 Upland PreDevelopment	11	150	425	275	65%
CW Elevator Modernization	0	100	325	225	69%
All Other projects	156	536	527	(9)	-2%
Total Economic Development	1,363	6,028	6,149	121	2%

Tenant improvement capital offset by project delays

Central Services Appendix



Central Services Expense by Category

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Salaries & Benefits	32,923	34,654	38,558	40,526	1,968	4.9%	3,904	11.3%
Wages & Benefits	10,695	10,679	12,360	13,170	810	6.1%	1,682	15.7%
Payroll to Capital Projects	8,610	11,207	10,897	11,455	558	4.9%	(311)	-2.8%
Equipment Expense	750	1,230	1,193	1,548	356	23.0%	(38)	-3.1%
Supplies & Stock	429	493	589	689	100	14.5%	97	19.6%
Outside Services	8,650	13,311	14,340	21,393	7,053	33.0%	1,029	7.7%
Travel & Other Employee Exps	1,106	1,188	1,199	1,962	763	38.9%	11	1.0%
Insurance Expense	1,192	1,167	1,079	1,160	81	7.0%	(88)	-7.5%
Litigated Injuries & Damages	223	838	(82)	-	82	0.0%	(920)	-109.8%
Other	90	1,633	1,160	1,564	404	25.9%	(473)	-29.0%
Charge to Capital	(13,712)	(19,219)	(20,757)	(23,027)	(2,271)	9.9%	1,537	8.0%
Total	50,956	57,181	60,536	70,441	9,904	14.1%	3,356	5.9%

- Payroll savings due to delay hiring and vacancies.
- Outside Services favorable budget variance mainly came from lower spending and project delays.
- Charge to Capital was lower than budget due to delay of some capital projects.

Most of the budget savings came from payroll and outside services

Financial Summary for Central Services

Year-to-Date Actual

\$ in 000's	2016 YTD	2017 YTD	2018 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Operating Revenues	75	82	81	56	25	45.0%	(1)	-1.2%
Core Central Support Services	31,594	34,692	36,661	39,178	2,517	6.4%	1,969	5.7%
Police	11,312	11,378	13,188	13,511	323	2.4%	1,810	15.9%
Capital Development	4,747	7,763	7,733	13,075	5,342	40.9%	(30)	-0.4%
Environment & Sustainability	3,303	3,347	2,954	4,676	1,722	36.8%	(393)	-11.8%
Total Operating Expenses	50,956	57,181	60,536	70,441	9,904	14.1%	3,356	5.9%

Operating expenses \$9.9M favorable to budget through Q2

Financial Summary for Central Services

Year-End Forecast

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Total Operating Revenues	1,330	68	182	182	-	0.0%	113	166.0%
Core Central Support Services	69,196	71,071	78,720	80,367	1,647	2.0%	7,648	10.8%
Police	23,045	22,095	26,955	27,065	110	0.4%	4,860	22.0%
Capital Development	12,218	17,370	21,058	26,289	5,231	19.9%	3,688	21.2%
Environment & Sustainability	8,824	6,975	10,486	11,504	1,019	8.9%	3,511	50.3%
Total Operating Expenses	113,284	117,511	137,218	145,225	8,008	5.5%	19,707	16.8%

Operating expenses forecast to be \$8.0M favorable to budget for the year

Central Services Capital Spending

\$ in 000's	2018 YTD	2018	2018	Budget Variance	
	Actual	Forecast	Budget	\$	%
Infrastructure - Small Cap	210	1,500	1,500	0	0.0%
Services Tech - Small Cap	110	1,150	1,150	0	0.0%
Project Cost Mgmt System	221	600	600	0	0.0%
Supplier Database System	137	487	450	(37)	-8.2%
Corporate Firewall	26	922	922	0	0.0%
PeopleSoft Financials Upgrade	566	1,866	3,100	1,234	39.8%
Radio System Upgrade	7	7,800	12,000	4,200	35.0%
Police Records Mgmt System	0	200	700	500	71.4%
CDD Fleet Replacement	172	1,040	1,210	170	14.0%
Corporate Fleet Replacement	45	1,180	1,180	0	0.0%
Other (note 1)	129	929	1,526	597	39.1%
TOTAL	1,623	17,674	24,338	6,664	27.4%

Note:

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

2018 capital spending forecast to be 72.6% of budget