



Item No. 11a attach
Meeting Date: November 10, 2020

PORT OF SEATTLE

Q3 2020 FINANCIAL PERFORMANCE REPORT

AS OF SEPTEMBER 30, 2020

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I. PORTWIDE

EXECUTIVE SUMMARY

The COVID-19 pandemic continues to have a significant impact on the Port operations. The passenger levels at the Airport dropped 60.2% in the first three quarters of 2020 compared to the same period last year and the 2020 cruise season has been cancelled due to the COVID-19. Operating revenues were lower than 2020 across the board, except Fishing and Operations. The Port reacted proactively and responsibly by cutting \$30M in operating expenses through hiring freeze and other cost saving measures, in addition to deferring about \$40M in capital spending.

While the Port is reducing operating expenses to preserve cash in the short term, we are taking a strategic long-term view for capital and other community investments. We reviewed and re-prioritized our capital projects and are accelerating some of them this year. As a result, we expect our 2020 capital spending will exceed our revised budget for the first time in many years. We also added \$1.5M to support Youth Opportunity Initiative and another \$1.5M to promote tourism for the region and state this year.

The Port expects to receive \$192M in CARES Act funding that will be used for Airport debt service and operating costs. Additionally, the Port is applying for FEMA Reimbursement for all eligible costs related to COVID-19 response. Finally, the Port also secured a \$150M letter of credit to ensure we have adequate cash to meet our business needs.

PORTWIDE FINANCIAL SUMMARY

	2018 YTD	2019 YTD	2020 YTD	2020 YTD	2020 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Revised Budget	Approved Budget	Actual vs. Revised Budget	Variance	Change from 2019	
\$ in 000's						\$	%	\$	%
Aeronautical Revenues	232,689	274,002	220,058	303,958	303,958	(83,900)	-27.6%	(53,944)	-19.7%
Airport Non-Aero Revenues	196,338	205,283	90,106	91,901	215,596	(1,794)	-2.0%	(115,177)	-56.1%
Non-Airport Revenues	99,439	109,261	74,173	79,142	99,611	(4,970)	-6.3%	(35,088)	-32.1%
Total Operating Revenues	528,466	588,546	384,337	475,001	619,165	(90,664)	-19.1%	(204,208)	-34.7%
Total Operating Expenses	293,158	322,948	299,766	326,788	350,702	27,022	8.3%	(23,182)	-7.2%
NOI before Depreciation	235,308	265,597	84,571	148,213	268,462	(63,642)	-42.9%	(181,026)	-68.2%
Depreciation	122,757	130,820	131,955	134,716	134,716	2,762	2.0%	1,135	0.9%
NOI after Depreciation	112,551	134,777	(47,383)	13,497	133,746	(60,880)	-451.1%	(182,161)	-135.2%

2020 YTD Actuals vs. 2020 YTD Revised Budget:

Total Operating Revenues for Q3 were down \$90.7M compared to the revised budget due to reduced operations and lower airline passenger traffic. To mitigate the financial impacts of COVID-19, the Port instituted Portwide cost reduction measures which included cutting initiatives and discretionary spending and implementing a hiring freeze. The combination of delay in project/initiative spending and cost savings resulted in a lower total operating expense of \$27M compared to the revised budget.

2020 YTD Actuals vs. 2019 YTD Actuals:

Compared to the same period in 2019, the Port's Total Operating Revenues for Q3 2020 were down \$204.2M primarily due to lower revenues in Public Parking, ADR & Terminal Leased Space, Ground Transportation, Rental Cars, Cruise, Conference & Event Centers, Grain, and NWSA Distributable Revenues. Total operating expenses for Q3 2020 was \$23.2M lower due to cost reduction measures implemented in response to the COVID-19 pandemic.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 09/30/20

NON-AIRPORT FINANCIAL SUMMARY

\$ in 000's	2018 YTD	2019 YTD	2020 YTD	2020 YTD	2020 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Revised Budget	Approved Budget	Actual vs. Revised Budget Variance		Change from 2019	
						\$	%	\$	%
NWSA Distributable Revenue	34,007	37,678	30,545	31,451	31,451	(906)	-2.9%	(7,133)	-18.9%
Maritime Revenues	47,446	49,843	31,284	35,482	53,051	(4,198)	-11.8%	(18,559)	-37.2%
EDD Revenues	14,590	14,815	7,678	9,866	12,766	(2,188)	-22.2%	(7,137)	-48.2%
SWU & Other	3,395	6,925	4,665	2,342	2,342	2,323	99.2%	(2,259)	-32.6%
Total Operating Revenues	99,439	109,261	74,173	79,142	99,611	(4,970)	-6.3%	(35,088)	-32.1%
Total Operating Expenses	57,028	61,896	54,895	65,376	69,153	10,481	16.0%	(7,000)	-11.3%
NOI before Depreciation	42,411	47,365	19,278	13,766	30,458	5,511	40.0%	(28,088)	-59.3%
Depreciation	30,011	29,242	28,105	27,840	27,865	(264)	-1.0%	(1,138)	-3.9%
NOI after Depreciation	12,399	18,123	(8,827)	(14,074)	2,592	5,247	-37.3%	(26,950)	-148.7%

2020 YTD Actuals vs. 2020 YTD Revised Budget:

Non-Airport Operating Revenues were below the revised budget by \$5.0M mainly due to lower revenues from Cruise, Conference & Event Centers, and NWSA Distributable Income; partially offset by unbudgeted Forfeitures Revenue from Police. Total operating expenses were \$10.5M lower than the revised budget because of spending delays and COVID-19 cost reduction measures.

2020 YTD Actuals vs. 2019 YTD Actuals:

Non-Airport Operating Revenues were \$35.1M less compared to the same period in 2019 because of the cancellation of the cruise season, lower Conference and Event Center revenue, and NWSA Distributable revenue. The decline in NWSA Distributable Revenue was driven by lower container volumes and breakbulk tonnage as a result of tariff issues and COVID-19 disruptions.

MAJOR OPERATING REVENUES SUMMARY

\$ in 000's	2018 YTD	2019 YTD	2020 Year-to-Date			Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Rvsd Bud	Appr. Bud	Act/Rvsd Bud Var		Change from 2019	
						\$	%	\$	%
Aeronautical Revenues	232,689	274,002	220,058	303,958	303,958	(83,900)	-27.6%	(53,944)	-19.7%
Public Parking	59,245	60,839	26,591	28,001	66,524	(1,409)	-5.0%	(34,248)	-56.3%
Rental Cars - Operations	30,025	29,982	12,318	12,125	30,185	193	1.6%	(17,664)	-58.9%
Rental Cars - Operating CFC	13,407	12,295	-	-	11,793	-	0.0%	(12,295)	-100.0%
ADR & Terminal Leased Space	48,196	52,283	24,487	21,841	53,678	2,646	12.1%	(27,795)	-53.2%
Ground Transportation	13,910	15,685	5,426	7,326	16,907	(1,900)	-25.9%	(10,259)	-65.4%
Employee Parking	7,744	7,803	6,751	4,198	7,601	2,554	60.8%	(1,051)	-13.5%
Airport Commercial Properties	11,804	11,444	8,195	8,523	12,586	(328)	-3.8%	(3,249)	-28.4%
Airport Utilities	5,464	5,518	4,043	6,623	6,623	(2,580)	-39.0%	(1,474)	-26.7%
Clubs and Lounges	4,801	7,598	1,866	2,597	8,012	(731)	-28.1%	(5,732)	-75.4%
Cruise	19,025	22,666	4,028	8,170	25,738	(4,142)	-50.7%	(18,638)	-82.2%
Recreational Boating	9,075	9,445	9,449	10,085	10,085	(636)	-6.3%	4	0.0%
Fishing & Operations	6,735	7,021	7,246	6,962	6,962	284	4.1%	225	3.2%
Grain	4,043	3,187	3,101	2,451	2,451	651	26.5%	(85)	-2.7%
Maritime Portfolio Management	8,551	7,500	7,434	7,806	7,806	(372)	-4.8%	(66)	-0.9%
Central Harbor Management	6,924	6,643	6,054	6,563	6,863	(509)	-7.8%	(589)	-8.9%
Conference & Event Centers	7,636	8,147	1,599	3,277	5,877	(1,678)	-51.2%	(6,548)	-80.4%
NWSA Distributable Revenue	34,007	37,678	30,545	31,451	31,451	(906)	-2.9%	(7,133)	-18.9%
Other	5,184	8,811	5,145	3,044	4,063	2,100	69.0%	(3,667)	-41.6%
Total Operating Revenues (w/o Aero)	295,776	314,544	164,279	171,043	315,207	(6,764)	-4.0%	(150,265)	-47.8%
TOTAL	528,466	588,546	384,337	475,001	619,165	(90,664)	-19.1%	(204,208)	-34.7%

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 09/30/20

MAJOR OPERATING EXPENSES SUMMARY

	2018 YTD	2019 YTD	2020 Year-to-Date			Fav (UnFav) Act/Rvsd Bud		Incr (Decr) Change from 2019	
	Actual	Actual	Actual	Rvsd Bud	Appr. Bud	\$	%	\$	%
\$ in 000's									
Salaries & Benefits	95,520	101,403	108,303	110,702	113,789	2,399	2.2%	6,900	6.8%
Wages & Benefits	91,655	97,838	100,407	100,121	100,021	(286)	-0.3%	2,570	2.6%
Payroll to Capital Projects	20,049	19,991	21,408	26,214	27,786	4,805	18.3%	1,418	7.1%
Outside Services	62,048	66,743	68,660	84,969	93,185	16,309	19.2%	1,917	2.9%
Utilities	19,805	19,955	16,297	22,488	22,853	6,191	27.5%	(3,657)	-18.3%
Equipment Expense	5,882	7,520	6,925	6,159	7,790	(765)	-12.4%	(596)	-7.9%
Supplies & Stock	7,178	7,763	7,093	7,473	6,896	380	5.1%	(670)	-8.6%
Travel & Other Employee Expenses	3,377	3,860	2,053	3,031	5,557	978	32.3%	(1,807)	-46.8%
Third Party Mgmt Op Exp	8,061	9,569	4,343	5,238	8,851	895	17.1%	(5,226)	-54.6%
B&O Taxes	3,629	3,805	2,448	2,916	3,823	468	16.1%	(1,358)	-35.7%
Other Expenses	13,515	23,042	5,258	8,267	12,399	3,009	36.4%	(17,783)	-77.2%
Charges to Capital Projects/Overhead Alloc	(37,561)	(38,541)	(43,429)	(50,790)	(52,248)	(7,361)	14.5%	(4,888)	12.7%
TOTAL	293,158	322,948	299,766	326,788	350,702	27,022	8.3%	(23,182)	-7.2%

PORTWIDE FINANCIAL YEAR-END FORECAST SUMMARY

	2018	2019	2020	2020	2020	Fav (UnFav) Fest vs. Revised Budget Variance		Incr (Decr) Change from 2019	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	\$	%	\$	%
\$ in 000's									
Aeronautical Revenues	291,268	357,598	293,683	401,342	401,342	(107,660)	-26.8%	(63,915)	-17.9%
Airport Non-Aero Revenues	257,707	269,037	118,060	135,074	283,167	(17,014)	-12.6%	(150,978)	-56.1%
Non-Airport Revenues	140,415	137,538	96,935	103,302	127,106	(6,367)	-6.2%	(40,603)	-29.5%
Total Operating Revenues	689,390	764,174	508,677	639,717	811,616	(131,040)	-20.5%	(255,497)	-33.4%
Total Operating Expenses	397,638	443,089	418,870	438,081	469,769	19,210	4.4%	(24,219)	-5.5%
NOI before Depreciation	291,752	321,085	89,807	201,637	341,847	(111,830)	-55.5%	(231,278)	-72.0%
Depreciation	164,362	174,971	179,054	179,056	179,056	2	0.0%	4,083	2.3%
NOI after Depreciation	127,390	146,114	(89,247)	22,581	162,791	(111,828)	-495.2%	(235,361)	-161.1%

Year-End Forecast:

- Operating Revenues are forecasted to be \$131.0M lower than the revised budget mainly due reduced airline activity, cancellation of the cruise season, and lower volumes in Recreational Boating and Conference & Events Center.
- Operating Expenses are expected to be \$19.2M lower than the revised budget due to project delays, less program spending and hiring freeze due to COVID-19 pandemic.
- NOI before Depreciation is forecasted to be \$111.8M below the revised budget due to significant reduction in revenues, partially offset by lower operating costs.

KEY PERFORMANCE METRICS

	2019 YTD	2020 YTD	2019	2020	2020	2020	Fav (UnFav) Fest vs. Revised Budget Variance		Incr (Decr) Change from 2019	
	Actual	Actual	Actual	Forecast	Revised Budget	Approved Budget	Chg.	%	Chg.	%
Total Passengers (in 000's)	39,323	15,640	51,829	20,345	25,554	53,334	(5,209)	-20.4%	(31,484)	-60.7%
Landed Weight (lbs. in 000's)	23,772	14,852	31,562	18,185	23,630	31,413	(5,445)	-23.0%	(13,377)	-42.4%
Passenger CPE (in \$)	n/a	n/a	12.86	25.81	13.92	13.92	11.89	85.5%	12.95	100.6%
Grain Volume (metric tons in 000's)	2,449	2,612	3,404	3,537	3,004	3,004	533	17.7%	133	3.9%
Cruise Passenger (in 000's)	1,196	-	1,211	-	264	1,309	(264)	-100.0%	(1,211)	-100.0%
Shilshole Bay Marina Occupancy	95.0%	93.9%	94.7%	94.0%	95.8%	95.8%	-1.8%	-1.8%	-0.7%	-0.7%

KEY BUSINESS EVENTS

The Port of Seattle presented Environmental Excellence Awards and Fly Quiet Awards to twelve commercial and non-profit partners for their key initiatives that help the Port achieve its environmental goals. Award recipients implemented programs that include support for local food banks, shoreline restoration, waste reduction, efforts to reduce energy consumption and greenhouse gas emission, and research and coalition building to better understand underwater stresses of our Puget Sound orcas. Moreover, the sixth and final round of funding under the Port of Seattle's Airport Community Ecology (ACE) Fund will be awarded to nine organizations (with eight contracts already signed), serving the near-airport communities of Burien, Des Moines and SeaTac.

The Port Commission also approved the interlocal agreement to restore a segment of Miller Creek in Burien and SeaTac. Miller Creek supports Coho Salmon hatchery and the restoration project will contribute to regional efforts to recover resident orcas. The Port's contribution of \$800,000 out of the \$3.5 million joint project will help fund the replacement of a deteriorating culvert with a new and larger culvert to create a continuous stream that will help restore the natural channel, improve stormwater infrastructure, and create 450 feet of new salmon habitat.

Building on the goal to create a healthy environment, the Port also broke ground on T117 which is expected to be completed in the fall of 2021. Upon project completion, the park will include a 185 feet long viewpoint pier, 1000 linear feet of barrier-free shoreline pathways, elevated viewpoints, and a pathway opportunity to enter restored habitat in the north portion of the site.

One of the ways the Port is helping jumpstart economic recovery is by investing in organizations that support the creation of local jobs. The Port Commission has recently authorized another two years of funding for Washington Maritime Blue which will help advance maritime innovation initiatives. The Port has collaborated with Maritime Blue on the launch of the successful Accelerator program and development of greenhouse gas reduction strategies.

The Port has launched the first grant cycle of the South King County Fund to mitigate the impacts of the pandemic on the community and support regional recovery. In addition to these grants, the South King County fund will also be used to fund the three-year agreement with Highline College Small Business Development Center (SBDC) to provide small, woman and minority business enterprises (WMBE) with training and assistance for those interested in doing business with the Port.

The Port is also partnering with four local non-profit organizations that include Seattle Goodwill, Seattle Parks Foundation, Partner in Employment (PIE), and Urban League of Metropolitan Seattle to provide valuable training and earning opportunities for youths in underserved communities under the Youth Opportunity Program. This program delivered nearly 200 jobs during the summer and will continue through the fall.

The pandemic may have caused the cancellation of the Airport's Charity Golf Tournament to benefit Highline Public Schools, however, this did not stop volunteer employees from the Port, HMS Host, and the Hudson group in finding other ways to support to hard-working students who would never be able to attend college without financial help. Local Highline families were provided with funding to purchase groceries and four scholarships were awarded to students pursuing a STEM (science, technology, engineering, and mathematics) education.

To ensure that the Port of Seattle's Police Department is aligned with the highest national standards and best practices related to policing and civil rights, the Port Commission launched an agency-wide task force to lead a comprehensive assessment of department practices. It is important to note that this action is not in any way related to an incident or complaint. Areas of focus will include diversity in recruitment, training, use of force, oversight, accountability, racial equity and civil rights, union participation, budget, mutual aid, and advocacy. The task force will be comprised of internal and external participants and will be supported by a national consulting firm formed as an offshoot of President Obama's Task Force on 21st Century Policing committed to helping communities and organizations address public safety challenges. The task force will provide the Commission with sound policy recommendations to be delivered in three phases starting in February and continuing through July 2021.

CAPITAL SPENDING SUMMARY

\$ in 000's	2020	2020	2020	Fcst/Rvsd Budget	
	YTD Actual	Year-End Forecast	Revised Budget	\$	%
Aviation	375,286	501,720	489,182	(12,538)	-2.6%
Maritime	13,817	21,875	19,712	(2,163)	-11.0%
Economic Development	8,645	10,167	10,699	532	5.0%
Central Services & Other (note 1)	5,456	9,925	15,991	6,066	37.9%
TOTAL	403,204	543,687	535,584	(8,103)	-1.5%

Note:

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

Total capital spending forecast is \$543.7M, \$8.1M above the revised budget mainly due to the acceleration of North Satellite projects and Baggage Optimization projects and the T117 Restoration project.

PORTWIDE INVESTMENT PORTFOLIO

During the third quarter of 2020, the investment portfolio earned 1.93% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 0.14%. Over the last twelve months, the portfolio and the benchmark have earned 2.04% and 0.53%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.43% and 1.77%, respectively.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

II. AVIATION DIVISION

FINANCIAL SUMMARY

Financial Summary (S in 000's)	2018	2019	2020	2020	2020	Fav(UnFav) Rev. Budget Variance		Incr/(Decr) Change from 2019	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	\$	%	\$	%
	Operating Revenue								
Aeronautical Revenues	291,268	357,598	293,683	401,342	401,342	(107,660)	-26.8%	(63,915)	-17.9%
Non-Aeronautical Revenues	257,707	269,037	118,060	135,074	283,167	(17,014)	-12.6%	(150,978)	-56.1%
Total Operating Revenues	548,975	626,636	411,742	536,416	684,510	(124,673)	-23.2%	(214,893)	-34.3%
Total Operating Expenses	318,849	356,635	337,502	348,826	377,306	11,325	3.2%	(19,133)	-5.4%
Net Operating Income	230,126	270,001	74,241	187,589	307,203	(113,349)	-60.4%	(195,760)	-72.5%
CPE	10.79	12.85	25.81	13.92	13.92	(11.89)	(0.85)	12.95	100.8%
Non-Aero NOI (\$ in 000s)	149,959	150,752	8,658	21,443	154,660	(12,785)	-59.6%	(142,093)	-94.3%
Enplaned passengers (in 000s)	24,894	25,874	10,172	26,667	26,667	(16,495)	-61.9%	(15,702)	-60.7%
Capital Expenditures (in 000s)	579,135	573,598	501,720	489,182	513,131	(12,538)	-2.6%	(71,878)	-12.5%

2020 Forecast vs. 2020 Revised Budget

- Net Operating Income (NOI) for 2020 is forecasted to be (-\$113.3M or -60.4%) unfavorable to revised budget, driven by:
 - Aeronautical revenue is (-\$107.6M or -26.8%) unfavorable. Due to timing issues, there was not an official revised budget for Aeronautical revenue to compare against. Therefore, the variance is against the original Approved Budget which did not account for revisions to the budget to account for cost recovery with COVID-19 impact based on 61% decline in passengers. Nevertheless, Aeronautical revenues are down due to cost reductions across all the Aeronautical business units in response to the COVID-19 impact. See the Aeronautical tables for more details.
 - Non-Aeronautical revenue (-\$17M or -12.6%) is unfavorable due to the COVID-19 impact affecting all Non-Aeronautical business lines, increased downturn in passenger expectations since revised budget. The revenue year-end forecast is based on a 61% decline in passengers. See the Non-Aeronautical tables for more details.
 - Total Operating Expenses are forecasted to be (\$11.3M or 3.2%) favorable to revised budget driven by forecasted cost savings of \$1.8M in Payroll, \$4.0M in Utilities, \$3.3M ERL, and \$1.7M in allocations from other divisions. These cost savings are partially offset by increases in Other Airport Expenses (\$4.3M). The additional cost savings are primarily a direct result of the COVID-19 impact that prompted the airport to adjust operational expenses based on the changing environment and latest assumptions – current forecast passenger assumptions are lower than original revised budget assumptions.

2020 Forecast vs. 2019 Actuals

- Net Operating Income for 2020 is forecasted to be (-\$196M or -72.5%) lower than prior year – primarily driven by:
 - Lower Operating Revenue (-\$214.8M or -34.3%) compared to prior year due to:
 - Lower Aeronautical revenue (-\$63.9M lower) due to decreased rate-based costs associated with COVID-19 and the elimination of revenue sharing for the remainder of SLOA IV.
 - Drastically lower projection of Non-Aeronautical revenue performance (\$150.9M lower) for all non-airline business such as Port Clubs and Lounges, Ground Transportation, Non-Airline Terminal Lease Spaces, Public Parking, Commercial Properties, and Airport Dining & Retail.
 - Lower Operating Expenses (-\$19.1M or -5.4%) compared to prior year is primarily driven by \$18.3M in lower Environmental Remediation Liability costs in 2020, \$6.5M lower Airport Direct Charges, partially offset by higher projection of charges from other divisions of \$7.7M.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

A. BUSINESS EVENTS

- Covid-19 pandemic has dramatically reduced operations and passenger traffic, impacting all businesses at the airport.
- Currently projecting a 61% reduction in passengers in 2020 compared to 2019, although forecasts are periodically updated.
- Forecast reflects receipt of \$192 million in CARES grant (non-operating).
- CPE and Non-aeronautical NOI goals for 2020 will likely not be met.

B. KEY PERFORMANCE METRICS

	YTD 2018	YTD 2019	YTD 2020	% Change from 2019
Total Passengers (000's)				
Domestic	33,835	34,951	14,465	-58.6%
International	4,215	4,372	1,174	-73.1%
Total	38,050	39,323	15,640	-60.2%
Landed Weight (In Millions of lbs.)				
Cargo	1,821	1,838	1,967	7.0%
All other	21,233	21,934	12,885	-41.3%
Total	23,054	23,772	14,852	-37.5%
Cargo - Metric Tons				
Domestic freight	179,806	184,782	253,738	37.3%
International freight	104,423	110,461	77,833	-29.5%
Mail	42,011	41,309	-	-100.0%
Total	326,240	336,552	331,571	-1.5%

*Mail weight for 2020 forward is incorporated in freight

Key Performance Measures

	2018	2019	2020	2020	2020	Fav (UnFav) Rev. Budget Vairance		Incr (Decr) Change from 2019	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	\$	%	\$	%
Key Performance Metrics									
Cost per Enplanement (CPE)	10.79	12.86	25.81	13.92	13.92	(11.89)	-85.5%	12.95	100.7%
Non-Aeronautical NOI (in 000's)	149,959	150,752	8,658	21,443	154,660	(12,785)	-59.6%	(142,093)	-94.3%
Other Performance Metrics									
O&M Cost per Enplanement	12.81	13.78	16.59	13.08	14.15	(3.51)	-26.8%	2.81	20.4%
Non-Aero Revenue per Enplanement	10.35	10.40	5.80	5.07	10.62	0.74	14.6%	(4.60)	-44.2%
Debt per Enplanement (in \$)	133	133	161	123	123	(38)	-31.1%	28	21.2%
Debt Service Coverage	1.66	1.68	1.35	1.80	1.80	(0.45)	-24.9%	(0.33)	-19.6%
Days cash on hand (10 months = 304 days)	235	314	302	332	332	-29	-8.8%	(12)	-3.8%
Aeronautical Revenue Sharing (\$ in 000's)	(36,863)	(17,146)	-	-	-	-	0.0%	17,146	100.0%
Activity (in 000's)									
Enplanements	24,894	25,874	10,172	26,667	26,667	(16,495)	-61.9%	(15,702)	-60.7%
Total Passengers	49,789	51,748	20,345	53,334	53,334	(32,989)	-61.9%	(31,403)	-60.7%

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

Key Performance Metrics

2020 Forecast vs. 2020 Budget:

- Cost per Enplanement (CPE) Forecast:
 - Forecasted CPE is (\$-11.89, or -85.5%) unfavorable driven primarily by lower airline activity that started in March impacted by COVID-19, and 61% lower passenger activity assumptions for the year.
 - Non-Aero NOI forecast is expected to be (\$-146M or -94.4%) unfavorable to original approved budget due to lower revenues across all Non-Aeronautical business lines based on current enplanement forecast of -61% decline in passenger volumes compared to prior year. See the Non-Aeronautical tables for more details.

2020 Forecast vs. 2019 Actuals:

- Forecasted CPE is \$12.95 higher compared to prior year due to lower airline activity due to COVID-19 impact and the elimination of revenue sharing under SLOA IV.
- Non-Aero NOI forecast is expected to be \$142.1M lower than prior year due to drastically lower non-airline revenues as a result of the COVID-19 impact.

C. OPERATING RESULTS

Division Summary – YTD

Total Airport Expense Summary (\$ in 000's)	2018	2019	2020	2020 YTD Revised Budget	2020 YTD Approved Budget	Fav(UnFav) Rev. Budget Variance		Incr/(Decr) Change from 2019	
	YTD Actual	YTD Actual	YTD Actual			\$	%	\$	%
Operating Revenue									
Aeronautical Revenues	232,689	274,002	220,058	303,958	303,958	(83,900)	-27.6%	(83,900)	-27.6%
Non-Aeronautical Revenues	196,338	205,283	90,106	91,901	215,596	(1,794)	-2.0%	(125,490)	-58.2%
Total Operating Revenues	429,027	479,285	310,165	395,858	519,554	(85,694)	-21.6%	(209,389)	-40.3%
Operating Expenses									
Payroll	101,351	108,751	117,090	116,610	119,153	(481)	-0.4%	8,339	7.7%
Outside Services	42,124	42,394	43,872	52,128	58,735	8,256	15.8%	1,479	3.5%
Utilities	14,330	14,212	11,692	16,349	16,708	4,657	28.5%	(2,520)	-17.7%
Other Expenses	6,453	12,547	1,904	(1,205)	4,795	(3,109)	258.0%	(10,644)	-84.8%
Total Airport Direct Charges	164,257	177,904	174,559	183,882	199,391	9,324	5.1%	(3,346)	-1.9%
Environmental Remediation Liability	4,484	12,543	(2,776)	286	1,581	3,062	1070.8%	(15,319)	-122.1%
Capital to Expense	8	113	32	-	-	(32)		(81)	-71.5%
Total Exceptions	4,492	12,656	(2,743)	286	1,581	3,029	1059.6%	(15,400)	-121.7%
Total Airport Expenses	168,748	190,561	171,815	184,168	200,972	12,353	6.7%	(18,745)	-9.8%
Corporate	46,653	49,716	52,791	54,804	57,752	2,012	3.7%	3,075	6.2%
Police	16,161	16,535	17,807	19,342	19,435	1,535	7.9%	1,272	7.7%
Maritime/Economic Development/Other	2,618	2,956	2,457	3,098	3,391	641	20.7%	(499)	-16.9%
Total Charges from Other Divisions	65,432	69,207	73,056	77,244	80,578	4,188	5.4%	3,849	5.6%
Total Operating Expenses	234,181	259,767	244,871	261,412	281,549	16,541	6.3%	(14,897)	-5.7%
Net Operating Income	194,846	219,517	65,294	134,447	238,004	(69,153)	-51.4%	(172,711)	-72.6%

Operating Expenses – 2020 YTD Actuals vs. 2020 YTD Revised Budget (\$16.5M or 6.3% favorable):

- YTD Airport Expenses under-run (\$12.3M or 6.7%) favorable was driven by cost reductions and underspending in Outside Services on consultants and other contracted services, Utilities, and Environmental Remediation expenses.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

Division Summary – YE Forecast

Total Airport Expense Summary (\$ in 000's)	2018	2019	2020	2020	2020	Fav(UnFav) Rev. Budget Variance		Incr/(Decr) Change from 2019	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	\$	%	\$	%
Operating Revenue									
Aeronautical Revenues	291,268	357,598	293,683	401,342	401,342	(107,660)	-26.8%	(63,915)	-17.9%
Non-Aeronautical Revenues	257,707	269,037	118,060	135,074	283,167	(17,014)	-12.6%	(150,978)	-56.1%
Total Operating Revenues	548,975	626,636	411,742	536,416	684,510	(124,673)	-23.2%	(214,893)	-34.3%
Operating Expenses									
Payroll	133,999	147,076	155,016	156,826	160,340	1,810	1.2%	7,940	5.4%
Outside Services	65,475	68,801	65,538	70,401	79,889	4,863	6.9%	(3,263)	-4.7%
Utilities	18,306	18,180	16,627	20,642	21,180	4,016	19.5%	(1,554)	-8.5%
Other Expenses	3,966	12,272	2,644	(1,682)	5,224	(4,325)	257.2%	(9,629)	-78.5%
Total Airport Direct Charges	221,746	246,329	239,824	246,187	266,634	6,364	2.6%	(6,505)	-2.6%
Environmental Remediation Liability	6,233	15,900	(2,406)	878	2,648	3,284	374.0%	(18,306)	-115.1%
Capital to Expense	6,891	2,089	62	-	-	(62)		(2,028)	-97.1%
Total Exceptions	13,124	17,989	(2,344)	878	2,648	3,222	367.0%	(20,333)	-113.0%
Total Airport Expenses	234,870	264,318	237,480	247,065	269,282	9,586	3.9%	(26,838)	-10.2%
Corporate	60,659	65,671	70,915	71,646	77,460	731	1.0%	5,244	8.0%
Police	19,231	22,290	25,114	26,122	26,233	1,008	3.9%	2,824	12.7%
Maritime/Economic Development/Other	4,088	4,355	3,994	3,994	4,332	(0)	0.0%	(362)	-8.3%
Total Charges from Other Divisions	83,979	92,316	100,022	101,761	108,025	1,739	1.7%	7,706	8.3%
Total Operating Expenses	318,849	356,635	337,502	348,826	377,306	11,325	3.2%	(19,133)	-5.4%
Net Operating Income	230,126	270,001	74,241	187,589	307,203	(113,349)	-60.4%	(195,760)	-72.5%

Operating Expenses – 2020 Forecast vs. 2020 Revised Budget (\$11.3M or 3.2% favorable):

- Total Operating Expenses are forecasted to under-run Revised Budget by \$11.3M, which reflects additional cost savings due to the COVID-19 impact based on enplanement decrease assumptions since revised budget impacting the business environment. The majority of the savings come from underspending in Utility commodities that are tied to usage and demand from the business areas in the Terminal, lowered forecast in Environmental Remediation Liability expenses, and from less charges coming through to the Aviation division from other divisions. The areas forecasted for cost savings are: \$1.8M in Payroll, \$4.8M in Utilities, \$3.2M ERL, and \$1.7M in allocations from other divisions. These cost savings are partially offset by increases in Other Airport Expenses \$4.3M.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

Aeronautical Business Unit Summary - YTD

Aeronautical NOI (S in 000's)	2018	2019	2020	2020	2020	Fav(UnFav) Rev. Budget		Incr/(Decr) Change from	
	YTD Actual	YTD Actual	YTD Actual	YTD Revised Budget	YTD Approved Budget	Variance		2019	
						\$	%	\$	%
Rate Base Revenues									
Airfield Movement Area	95,501	97,759	58,087	100,415	100,415	(42,328)	-42.2%	(39,672)	-40.6%
Airfield Apron Area	13,055	15,458	13,546	16,638	16,638	(3,091)	-18.6%	(1,912)	-12.4%
Terminal Rents	129,248	153,616	132,237	160,580	160,580	(28,343)	-17.7%	(21,378)	-13.9%
Federal Inspection Services (FIS)	11,143	11,325	3,374	14,252	14,252	(10,878)	-76.3%	(7,950)	-70.2%
Total Rate Base Revenues	248,947	278,157	207,245	291,885	291,885	(84,640)	-29.0%	(70,912)	-25.5%
Airfield Commercial Area	7,549	8,405	12,812	12,073	12,073	739	6.1%	4,407	52.4%
Subtotal before Revenue Sharing	256,496	286,563	220,057	303,958	303,958	(83,901)	-27.6%	(66,505)	-23.2%
Revenue Sharing	(23,806)	(12,561)	1	-	-	1		12,562	-100.0%
Total Aeronautical Revenues	232,689	274,002	220,058	303,958	303,958	(83,900)	-27.6%	(53,944)	-19.7%
Total Aeronautical Expenses	169,735	173,836	163,655	175,286	184,360	11,631	6.6%	(10,181)	-5.9%
Aeronautical NOI	62,955	100,166	56,403	128,672	119,598	(72,269)	-56.2%	(43,763)	-43.7%

Aeronautical – 2020 YTD Actuals vs. 2020 YTD Revised Budget

- Net Operating Income for Q3 2020 was (-\$72.3M or -56.2%) unfavorable to revised budget primarily due to lower aeronautical costs to recover driven by a large drop in airline activity starting in March due to the COVID-19 impact. All areas were lower than revised budget, with the exception of increases in FIS driven primarily by reduction in PFC offset hitting this cost center.

Aeronautical – 2020 YTD Actuals vs. 2019 YTD Actuals

- Net Operating Income for Q3 2020 was (\$43.7 or 43.7%) lower than Q3 2019 due to lower aeronautical costs to recover driven by cost reductions in response to the COVID-19 impact.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

Aeronautical Business Unit Summary - YE Forecast

Aeronautical NOI (S in 000's)	2018	2019	2020	2020	2020	Fav(UnFav) Rev. Budget Variance		Incr/(Decr) Change from 2019	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	\$	%	\$	%
Rate Base Revenues									
Airfield Movement Area	116,703	123,436	83,775	132,128	132,128	(48,354)	-36.6%	(39,661)	-32.1%
Airfield Apron Area	15,627	22,016	12,910	22,011	22,011	(9,101)	-41.3%	(9,106)	-41.4%
Terminal Rents	169,318	205,283	175,540	212,943	212,943	(37,403)	-17.6%	(29,744)	-14.5%
Federal Inspection Services (FIS)	16,226	12,321	4,799	18,162	18,162	(13,364)	-73.6%	(7,523)	-61.1%
Total Rate Base Revenues	317,874	363,057	277,024	385,245	385,245	(108,222)	-28.1%	(86,033)	-23.7%
Airfield Commercial Area	10,257	11,687	16,659	16,097	16,097	562	3.5%	4,972	42.5%
Subtotal before Revenue Sharing	328,131	374,744	293,683	401,342	401,342	(107,660)	-26.8%	(81,061)	-21.6%
Revenue Sharing	(36,863)	(17,146)	-	-	-	-	-	17,146	-100.0%
Total Aeronautical Revenues	291,268	357,598	293,683	401,342	401,342	(107,660)	-26.8%	(63,915)	-17.9%
Total Aeronautical Expenses	236,630	238,349	228,100	235,196	248,799	7,095	3.0%	(10,248)	-4.3%
Aeronautical NOI	54,638	119,249	65,582	166,147	152,544	(100,564)	-60.5%	(53,667)	-45.0%

Airline Rate Base Cost Drivers

\$ in 000's	2020	2020	2020
	Aero Revenue Requirements Budget	Aero Revenue Requirements Forecast	Budget Vs Forecast
O&M	\$ 242,981	\$ 220,487	\$ 22,494
Debt Service Gross	\$ 174,455	\$ 167,564	\$ 6,891
Debt Service PFC Offset	\$ (62,998)	\$ (38,363)	\$ (24,635)
Debt Service Coverage			\$ -
CARES Grant Payroll		\$ (33,000)	\$ 33,000
CARES Grant Debt Service		\$ (69,294)	\$ 69,294
Amortization	\$ 32,326	\$ 32,493	\$ (167)
Space Vacancy	\$ (490)	\$ (1,039)	\$ 549
TSA Operating Grant and Other	\$ (1,028)	\$ (1,824)	\$ 796
Rate Base Revenues	\$ 385,246	\$ 277,024	\$ 108,222
Commercial area	\$ 16,097	\$ 16,659	\$ (562)
Total Aero Revenues	\$ 401,343	\$ 293,683	\$ 107,660

Aeronautical – 2020 Forecast vs. 2020 Budget

- Aeronautical net operating income is forecasted to be (-\$100.1M or -60.5%) unfavorable to budget driven by lower Aeronautical revenues to be collected based on lower airline activity due to the COVID-19 impact coupled with projected cost savings in O&M and debt service that will be potentially lowered due to the CARES grant.

Aeronautical – 2020 Forecast vs. 2019 Actuals

- Net Operating Income for 2020 is forecasted to be (-\$53.6M or -45.0%) lower than prior year due to:
 - \$86M lower revenue from rate-based costs to recover decreased airline activity.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

Non-Aero Business Unit Summary – YTD

Non-Aeronautical NOI (S in 000's)	2018	2019	2020	2020	2020	Fav(UnFav) Rev. Budget Variance		Incr/(Decr) Change from 2019	
	YTD Actual	YTD Actual	YTD Actual	YTD Revised Budget	Approved Budget	\$	%	\$	%
Non-Aeronautical Revenues									
Public Parking	59,245	60,839	26,591	28,001	66,524	(1,409)	-5.0%	(34,248)	-56.3%
Rental Cars	43,433	42,277	12,318	12,125	41,978	193	1.6%	(29,960)	-70.9%
Ground Transportation	13,910	15,685	5,426	7,326	16,907	(1,900)	-25.9%	(10,259)	-65.4%
Airport Dining & Retail	44,353	47,541	20,063	17,931	49,382	2,132	11.9%	(27,478)	-57.8%
Other	35,397	38,941	25,708	26,518	40,804	(810)	-3.1%	(13,232)	-34.0%
Total Non-Aeronautical Revenues	196,338	205,283	90,106	91,901	215,596	(1,794)	-2.0%	(115,177)	-56.1%
Total Non-Aeronautical Expenses	38,545	85,923	81,216	86,126	97,190	4,910	5.7%	(4,707)	-5.5%
Non-Aeronautical NOI	157,793	119,360	8,890	5,775	118,406	3,116	54.0%	(110,470)	-92.6%
Less: CFC Surplus	-	-	-	-	-	-	-	-	-
Adjusted Non-Aeronautical NOI	157,793	119,360	8,890	5,775	118,406	3,116	54.0%	(110,470)	-92.6%

Non-Aeronautical – 2020 YTD Actuals vs. 2020 YTD Revised Budget

- Net Operating Income for Q3 2020 was (\$3.1M or 54%) favorable to revised budget driven by:
 - COVID-19 impact to Non-Aero Revenue, slightly improved performance in ADR.
 - Non-Aeronautical operating expenses was (\$4.9M or 5.7%) favorable due to overall underspending in Outside Services on consultants and other contracted services, utilities, and charges from other divisions.

Non-Aeronautical – 2020 YTD Actuals vs. 2019 YTD Actuals

- Net Operating Income for Q3 2020 was (-\$110M or -92.6%) lower than Q3 2019 driven by:
 - A dramatic impact to Non-Aero Revenue from COVID-19 evident starting in March and continuing through September with a 61% forecasted decline in enplanements for the remainder of the year compared to the same time in the prior year. Many Non-Aero tenants have closed operations until passenger volume begins to recover. Although ADR and Parking businesses have started to open back up in May and June on a limited basis, tenants continue to report drastic decline in activity compared to last year.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

Non-Aero Business Unit Summary - YE Forecast

Non-Aeronautical NOI (S in 000's)	2018	2019	2020	2020	2020	Fav(UnFav) Rev. Budget Variance		Incr/(Decr) Change from 2019	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	\$	%	\$	%
Non-Aeronautical Revenues									
Public Parking	80,212	82,125	35,728	40,813	89,485	(5,085)	-12.5%	(46,397)	-56.5%
Rental Cars	53,569	52,567	15,363	19,209	51,149	(3,846)	-20.0%	(37,204)	-70.8%
Ground Transportation	18,772	20,765	7,701	11,092	22,299	(3,391)	-30.6%	(13,064)	-62.9%
Airport Dining & Retail	59,021	61,615	25,545	27,753	66,145	(2,208)	-8.0%	(36,070)	-58.5%
Other	46,132	51,966	33,723	36,207	54,089	(2,485)	-6.9%	(18,244)	-35.1%
Total Non-Aeronautical Revenues	257,707	269,037	118,060	135,074	283,167	(17,014)	-12.6%	(150,978)	-56.1%
Total Non-Aeronautical Expenses	82,219	118,286	109,401	113,631	128,508	4,229	3.7%	(8,884)	-7.5%
Non-Aeronautical NOI	175,488	150,752	8,658	21,443	154,660	(12,785)	-59.6%	(142,093)	-94.3%
Less: CFC Surplus	(7,724)	(6,834)	-	-	-	-	-	6,834	-100.0%
Adjusted Non-Aeronautical NOI	167,764	143,917	8,658	21,443	154,660	(12,785)	-59.6%	(135,259)	-94.0%

Non-Aeronautical – 2020 Forecast vs. 2020 Revised Budget

- Non-Aeronautical net operating income is forecasted to be (-\$12.8M or -59.6%) unfavorable to revised budget. All non-airlines businesses are impacted by COVID-19. There is force majeure language in many non-aeronautical concession agreements (tied to reduction in passenger volume) that provides contractual relief of a minimum annual guaranteed rent. Revenue forecast is based on 61% decline in passenger volume scenario compared to prior year. Lower planned spending (\$4.2M or 3.7%) favorable reflects additional cost cutting measures in response to COVID-19.

Non-Aeronautical – 2020 Forecast vs. 2019 Actuals

- Net Operating Income for 2020 is forecasted to be (\$142M or 94.3%) lower compared to prior year for the reasons mentioned above.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

D. CAPITAL RESULTS

Capital Variance

\$ in 000's	2020	2020	2020	Fest/Rvsvd Budget	
	YTD Actual	Year-End Forecast	Revised Budget	\$	%
International Arrivals Facility ⁽¹⁾	141,103	171,403	215,000	43,597	20.3%
NS NSAT Renov NSTS Lobbies ⁽²⁾	117,594	158,956	134,528	(24,428)	-18.2%
Checked Bag Recap/Optimization ⁽³⁾	25,419	33,184	14,500	(18,684)	-128.9%
Terminal Security Enhancements Ph 2 ⁽⁴⁾	344	383	6,916	6,533	94.5%
AFLD Pvmnt Program 2016-2020 ⁽⁵⁾	13,766	18,872	13,133	(5,739)	-43.7%
Remote Aircraft Deicing ⁽⁶⁾	2,680	10,778	15,058	4,280	28.4%
Restroom Upgrades Conc B, C, D ⁽⁷⁾	8,254	8,978	5,400	(3,578)	-66.3%
ARC Flash Hazard Mitigation ⁽⁸⁾	90	181	3,405	3,223	94.7%
PLB Renew & Replace Phase 2 ⁽⁹⁾	635	2,536	5,654	3,118	55.1%
RCF Pavement Remediation ⁽¹⁰⁾	2,995	3,330	6,198	2,868	46.3%
Main Terminal Low Voltage Upgrade ⁽¹¹⁾	935	1,185	3,961	2,776	70.1%
Central Terminal Infrastructure & HVAC ⁽¹²⁾	3,968	4,968	7,250	2,282	31.5%
Safedock Upgrade & Expansion ⁽¹³⁾	1,495	4,008	6,209	2,201	35.5%
Highline School Insulation ⁽¹⁴⁾	-	6,273	13,734	7,461	54.3%
All Other	56,008	88,001	110,237	22,236	20.2%
Subtotal	375,286	513,037	561,182	48,145	8.6%
CIP Cashflow Mgmt Reserve ⁽¹⁵⁾	-	(11,317)	(72,000)	(60,683)	84.3%
Total Spending	375,286	501,720	489,182	(12,538)	-2.6%

- Substantial completion delayed from May 2020 to Feb 2021 for IAF Apr 21 for ped bridge/POD D. Primarily related to pedestrian walkway scope
- \$24.4M Increase due to added construction costs associated with work pulled forward (Operation Silver Cloud) that would have been performed in 2021, plus processing a significant amount of construction change orders for work already executed.
- MII Rejection at the beginning of the year led to uncertainty whether the project would be rebid, so the spending was pushed out of the baseline. The contract has been executed and spending was accelerated.
- Cancellation of bollard purchase and major works contract have deferred work.
- Construction is expedited to take advantage of downturn in air traffic operation, and transfer of scope from 2025 Pavement Improvement program.
- New estimate has significant reduction as a result of value engineering and bid came in lower than engineering estimate.
- Bid overage for Phase 3 construction, increased construction costs for phase 2 with impacts from COVID-19 as a factor contributed to higher than anticipated costs for 2020.
- Constructability reviews caused design delays, which pushed construction into next year.
- New estimate has significant reduction as a result of value engineering and bid came in lower than engineering estimate.
- Construction suspended and delayed one year due to Covid-19.
- 1 year behind schedule due to delays in getting designer and general contractor onboard.
- Project is coming in under budget.
- The variance is mostly due to a favorable bid.
- Commission directed acceleration of the sound insulation projects in Q1 2020. Highline insulation is funded by 67% AIP grants, 16% tax levy, and 17% airport funds.
- Reduced the negative amount to \$11,317(original was \$72,000) as some projects were accelerated in YTD spending and there is greater certainty in Q4 spending forecast.

II. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

III. MARITIME DIVISION

FINANCIAL SUMMARY

	2018	2019	2020	2020	2020	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	Fest vs. Revised Budget Variance		Change from 2019	
\$ in 000's						\$	%	\$	%
Total Revenues	57,575	59,289	40,629	42,585	62,938	(1,956)	-5%	(18,660)	-31%
Total Operating Expenses	43,252	48,644	50,210	52,191	54,396	1,981	4%	1,566	3%
Net Operating Income	14,323	10,644	(9,582)	(9,606)	8,541	25	0%	(20,226)	-190%
Capital Expenditures	20,489	7,887	21,875	19,712		(2,163)	-11%	13,988	177%

2020 Forecast vs. 2020 Revised Budget

- Operating Revenues are \$2M lower than revised budget driven by Cruise moving from delay to cancellation for the 2020 season.
- Operating Expenses forecasted \$2M lower than budget from additional reductions in Port Valet (cruise bag handling service) expenses.
- Net Operating Income planned flat to budget.
- Capital Spending forecasted at 111% of \$19.7M revised budget driven by expedited schedule of T117 habitat restoration project.

2020 Forecast vs. 2019 Actuals

- Operating Revenues expected \$18.7M lower than 2019 due to COVID-19 impacts in Cruise. Increases in Recreational boating moorage both at Shilshole Marina and Fishermen's Terminal is offset by reductions in Maritime Portfolio Management and Elliott Bay Fishing and Commercial.
- Operating Expenses forecasted \$1.6M higher than 2019 actual driven primarily by \$1.9M ILA payment NWSA, \$1.9M favorable one-time pension adjustment in 2019, offset by favorable police allocations and COVID-19 related cost cutting initiatives.
- Net Operating Income forecasted \$20.2M below 2019 actual.

Net Operating Income before Depreciation by Business

	2019 YTD	2020 YTD	2020 YTD	2020 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Revised Budget	Approved Budget	Actual vs. Revised Budget Variance		Change from 2019	
\$ in 000's					\$	%	\$	%
Ship Canal Fishing & Operations	(1,493)	(1,086)	(1,924)	(2,114)	837	44%	407	27%
Elliott Bay Fishing & Commercial Operations	134	(865)	(1,298)	(1,478)	433	33%	(998)	NA
Recreational Boating	1,443	1,223	1,632	1,245	(409)	25%	(220)	-15%
Cruise	14,225	(4,762)	(2,174)	14,621	(2,587)	-119%	(18,987)	-133%
Grain	1,913	2,049	1,100	1,053	949	-86%	136	7%
Maritime Portfolio	(667)	(332)	(1,135)	(1,442)	802	71%	334	-50%
All Other	(342)	(305)	(424)	(33)	119	28%	37	11%
Total Maritime	15,213	(4,078)	(4,222)	11,852	144	3%	(19,292)	-127%

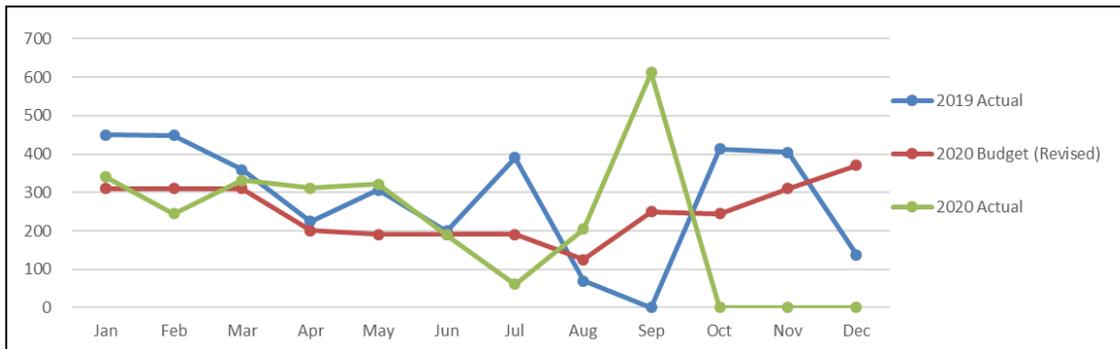
II. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

A. BUSINESS EVENTS

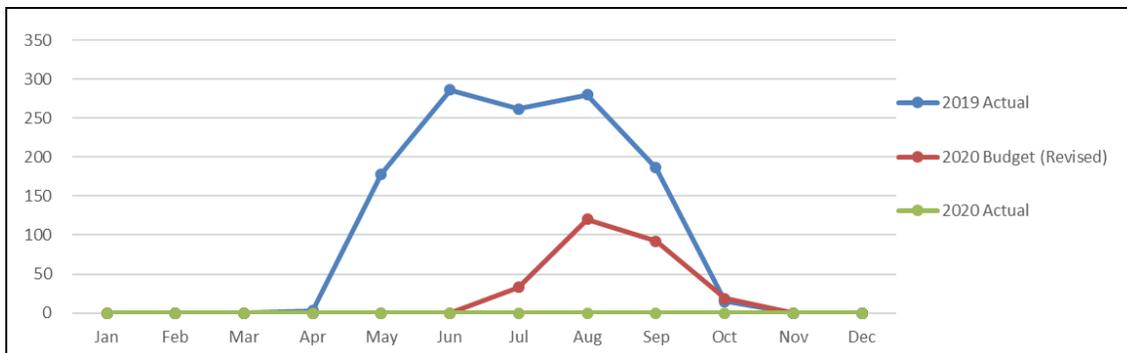
- **Recreational Boating**– First of 3 customer facilities opened at Shilshole Bay Marina. The two larger facilities scheduled to open in November.
- **Elliott Bay Fishing and Commercial Operations** - Executed Agreement with Arrow Launch to provide moorage space north of West Seattle Bridge as failure back up plan. Continue to add process improvements to ensure safe operations upon return of fleet in Q4.
- **Ship Canal Fishing & Operations** – Summer Recreational Boating exceeded expectations, generating a 21% annual revenue increase.
- **Cruise** – The Cruise team is working with cruise lines, CLIA, AAPA, CDC, and other stakeholders to plan for and implement new health protocols at T91 and P66, as well as developing a strategy and community communication plan in preparation of recommencing cruise operations for the 2021 cruise season.\
- **Stormwater Utility** – T46 pipe replacement complete and five-year rate plan vetted with advisory committee.

B. KEY PERFORMANCE METRICS

Grain Volume – Metric Tons in 000's



Cruise Passengers in 000's



II. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

C. OPERATING RESULTS

\$ in 000's	2018 YTD	2019 YTD	2020 YTD	2020 YTD	2020 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Revised Budget	Approved Budget	Actual vs. Revised Budget Variance	%	Change from 2019	%
						\$		\$	
Ship Canal Fishing & Operations	2,504	2,913	3,516	3,127	3,127	389	12%	604	21%
Elliott Bay Fishing & Commercial Operations	4,231	4,108	3,729	3,831	3,835	(102)	-3%	(379)	-9%
Recreational Boating	9,075	9,445	9,449	10,085	10,085	(636)	-6%	4	0%
Cruise	19,025	22,666	4,028	8,170	25,738	(4,142)	-51%	(18,638)	-82%
Grain	4,043	3,187	3,101	2,451	2,451	651	27%	(85)	-3%
Maritime Portfolio Management	8,551	7,500	7,434	7,806	7,806	(372)	-5%	(66)	-1%
Other	17	25	26	8	8	18	231%	2	7%
Total Revenue	47,446	49,843	31,284	35,478	53,051	(4,194)	-12%	(18,559)	-37%
Expenses									
Maritime (Excl. Maint)	9,184	9,474	10,903	12,625	12,941	1,722	14%	1,429	15%
Economic Development	3,357	3,552	3,409	4,290	4,386	881	21%	(143)	-4%
Total Direct	12,542	13,026	14,312	16,914	17,327	2,603	15%	1,286	10%
Maintenance Expenses	8,362	8,350	8,638	9,506	9,928	868	9%	288	3%
Envir Services & Planning	856	1,666	1,760	1,725	1,991	(35)	-2%	94	6%
Seaport Project Management	233	180	280	246	268	(34)	-14%	100	55%
Total Support Services	9,452	10,196	10,677	11,477	12,187	800	7%	482	5%
IT	1,984	2,027	2,099	2,141	2,149	42	2%	72	4%
Police Expenses	3,252	2,953	2,298	2,494	2,506	196	8%	(655)	-22%
External Relations	964	1,145	906	1,117	1,240	212	19%	(239)	-21%
Other Central Services	4,704	5,075	4,849	5,292	5,607	443	8%	(226)	-4%
Aviation Division / Other	159	209	221	264	183	42	16%	13	6%
Total Central Services / Other	11,062	11,409	10,374	11,309	11,685	935	8%	(1,035)	-9%
Total Expense	33,055	34,630	35,363	39,700	41,198	4,338	11%	732	2%
NOI Before Depreciation	14,391	15,213	(4,078)	(4,222)	11,852	144	3%	(19,292)	-127%
Depreciation	13,313	13,267	13,131	12,963	12,959	(168)	-1%	(136)	-1%
NOI After Depreciation	1,078	1,946	(17,209)	(17,185)	(1,107)	(25)	0%	(19,156)	984%

2020 Actuals vs. 2020 Revised Budget

- Operating Revenues were \$4,194K lower than budget:
 - 1) Ship Canal Fishing & Operations were \$389K favorable due to higher summer recreational moorage at Fishermen's terminal.
 - 2) Elliott Bay Fishing & Commercial Operations \$102K below from COVID-19 driven elimination of event staging at T91, offset by benefits of the closure to the Ballard Locks.
 - 3) Recreational Boating lower \$636K due to COVID-19 guest moorage transition delays and event cancellations.
 - 4) Cruise \$4,142K unfavorable due to full cancellation of cruise season instead of late July start.
 - 5) Grain \$651K higher driven by September volumes (second highest month in past 12 years).
 - 6) Maritime Portfolio Management \$372K lower due to vacancy at Maritime Industrial Center.
- Operating Expenses were \$4,338K lower than budget:
 - 1) Direct Expenses were \$2,603K lower than budget
 - Recreational Marinas and Commercial Operations \$849K under from lower utilities and outside security services.
 - Maritime Marketing \$381K below budget from event cancellations.
 - Cruise Operations \$727K under from Port Valet Savings.
 - Division Management was \$146K under budget due to open planning positions.
 - Portfolio Management \$1,012K favorable from salaries, open headcount, tenant improvements.
 - Capital to expense unbudgeted \$644K related to Fishermen's terminal.
 - Received \$186K benefit in Environmental Remediation liability
 - All other Direct Expenses net to \$54K over budget.

II. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

- 2) Total Support Services were \$800K favorable to budget.
 - Maintenance \$868K favorable due to project spend.
 - Environmental Services and Planning were \$35K higher than budget due to unplanned derelict vessel.
 - Seaport Project management \$34K unfavorable to budget.
- 3) Total Central Services / Other were \$935K favorable to budget.
- Net Operating Income was \$144K favorable to budget.

2020 Actuals vs. 2019 Actuals

- Operating Revenues were \$18.6M lower than 2019 due to cancellation of the Cruise season.
- Operating Expenses were up \$732K or 2% to 2019:
 - 1) First year of ILA Payments to NWSA at T46, \$1,434K higher.
 - 2) Changing in Maintenance Allocation, \$288K higher.
 - 3) Central services were lower by \$1,035K.
- Net Operating Income was \$19.3M below 2019 actual.

	2018	2019	2020	2020	2020	Fav(UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	Fest vs. Revised Budget Variance		Change from 2019	
\$ in 000's						\$	%	\$	%
Ship Canal Fishing & Operations	3,502	3,929	4,653	4,264	4,264	389	9%	724	18%
Elliott Bay Fishing & Commercial Operations	6,755	6,095	5,021	5,123	5,123	(102)	-2%	(1,075)	-18%
Recreational Boating	12,035	12,484	12,725	13,361	13,361	(636)	-5%	241	2%
Cruise	18,880	22,410	4,150	5,909	26,261	(1,758)	-30%	(18,259)	-81%
Grain	5,167	4,266	4,141	3,490	3,490	651	19%	(125)	-3%
Maritime Portfolio Management	11,305	10,108	9,928	10,428	10,428	(500)	-5%	(179)	-2%
Other	(69)	(3)	11	11	11	(0)	0%	14	-462%
Total Revenue	57,575	59,289	40,629	42,585	62,938	(1,956)	-5%	(18,660)	-31%
Expenses									
Maritime (Excl. Maint)	11,326	13,789	15,408	16,408	16,881	1,000	6%	1,620	12%
Economic Development	4,347	4,987	5,186	5,626	5,756	440	8%	199	4%
Total Direct	15,673	18,776	20,595	22,035	22,637	1,440	7%	1,819	10%
Maintenance Expenses	11,416	12,186	12,076	12,426	13,073	350	3%	(110)	-1%
Envir Services & Planning	1,553	2,250	2,537	2,295	2,681	(242)	-11%	287	13%
Seaport Project Management	295	175	390	330	356	(60)	-18%	215	123%
Total Support Services	13,265	14,611	15,003	15,051	16,110	48	0%	392	3%
IT	2,558	2,685	2,875	2,895	2,906	20	1%	189	7%
Police Expenses	4,041	4,086	3,238	3,368	3,382	130	4%	(848)	-21%
External Relations	1,379	1,564	1,032	1,501	1,635	469	31%	(532)	-34%
Other Central Services	6,117	6,645	7,100	6,974	7,481	(126)	-2%	455	7%
Aviation Division / Other	220	278	368	368	245	0	0%	90	32%
Total Central Services / Other	14,315	15,258	14,613	15,106	15,650	493	3%	(645)	-4%
Total Expense	43,252	48,644	50,210	52,191	54,396	1,981	4%	1,566	3%
NOI Before Depreciation	14,323	10,644	(9,582)	(9,606)	8,541	25	0%	(20,226)	-190%
Depreciation	18,022	17,627	17,249	17,249	17,244	0	0%	(378)	-2%
NOI After Depreciation	(3,699)	(6,982)	(26,830)	(26,855)	(8,703)	25	0%	(19,848)	-284%

2020 Forecast vs. 2020 Revised Budget

- Operating Revenues are \$2M lower than revised budget driven by Cruise moving from delay to cancellation for the 2020 season.
- Operating Expenses forecasted \$2M lower than budget from additional reductions in Port Valet (cruise bag handling service) expenses.
- Net Operating Income Planned flat to budget.

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2020 Forecast vs. 2019 Actuals

- Operating Revenues expected \$18.7M lower than 2019 due COVID-19 impacts in Cruise. Cruise is forecasted down \$18.3 M and all other groups are forecasted down \$400K.
- Operating Expenses forecasted \$1.5M higher than 2019 actual driven primarily by \$1.9M ILA payment NWSA, \$1.9M favorable one-time pension adjustment in 2019, offset by favorable police allocations and COVID-19 related cost cutting initiatives.
- Net Operating Income forecasted \$20.2M below 2019 actual.

D. CAPITAL RESULTS

	2020 YTD Actual	2020 Forecast	2020 Revised Budget	Budget Variance	
				\$	%
\$ in 000's					
New Cruise Terminal	1,472	1,472	1,259	(213)	-17%
FT Gateway Building	(44)	520	700	180	26%
T91 Berth 6&8 Redevelop	50	95	460	365	79%
FT Maritime Innovation Center	204	330	700	370	53%
T117 Restoration	1,339	6,339	5,000	(1,339)	-27%
SBM Restrooms/Service Bldgs Rep	7,432	8,310	9,400	1,090	12%
T91 New Cruise Gangway	1	16	30	14	47%
T91 Northwest Fender	59	85	785	700	89%
T102 HIM E Dock	19	39	110	71	65%
SBM Paving	1,010	1,580	1,810	230	13%
FT Docs 3,4,5 Fixed Pier	528	528	510	(18)	-4%
All Other	1,747	4,459	6,448	1,989	31%
Subtotal	13,817	23,773	27,212	3,439	13%
CIP Cashflow Mgmt Reserve	0	(1,898)	(7,500)	5,602	75%
Total Maritime	13,817	21,875	19,712	(2,163)	-11%

Comments on Key Projects:

- **T117 Restoration**– costs moved forward with expedited schedule from contractor.
- **SBM Restrooms/Bldgs**– Foundation work completed, reducing amount of project contingency.
- **T91 Northwest Fender** – construction spending delayed to Q1 2021.
- **FT MD Innovation Center** – Project delays due to COVID 19.
- **T91 Berth 6&8** – Updated CPO estimate that design contract will be executed by end of Oct instead of Jun.
- **New Cruise Terminal** – project placed on hold. Will be evaluating post-COVID-19 effects on cruise.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

	2018	2019	2020	2020	2020	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	Fest vs. Revised Budget Variance		Change from 2019	
\$ in 000's						\$	%	\$	%
Total Revenues	20,705	21,151	10,024	15,658	19,110	(5,633)	-36%	(11,127)	-53%
Total Operating Expenses	27,028	27,156	21,890	27,222	29,368	5,332	20%	(5,265)	-19%
Net Operating Income	(6,323)	(6,005)	(11,866)	(11,564)	(10,258)	(302)	-3%	(5,861)	-98%
Capital Expenditures	2,066	3,121	10,167	10,699		532	5%	7,046	226%

2020 Forecast vs. 2020 Revised Budget

- Operating Revenues forecasted to \$5.6M unfavorable to revised budget due to deeper cuts in volumes at the Conference & Event Center related to COVID-19 cancellations and variable revenue at restaurants and parking facilities.
- Operating Expenses \$5.3M favorable to budget due to cost impact of conference cancellations and port-wide cost cutting initiatives.
- Net Operating Income forecasted at \$302K below budget.
- Capital spending forecasted to 95% of \$10.7M revised budget.

2020 Forecast vs. 2019 Actuals

- Operating Revenues forecasted to \$11.1M below 2019 due to lower volumes at the Conference & Event Center related to both Bell Harbor Modernization construction and COVID-19 cancellations.
- Operating Expenses \$5.3M lower than 2019 with lower variable conference and event center costs and the port-wide cost cutting initiatives offset by a 2019 favorable pension adjustment.
- Net Operating Income forecasted \$5.9M below 2019 actual.

Net Operating Income before Depreciation by Business

	2019 YTD	2020 YTD	2020 YTD	2020 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Revised Budget	Approved Budget	Actual vs. Revised Budget Variance		Change from 2019	
\$ in 000's					\$	%	\$	%
Portfolio Management	(1,862)	(1,901)	(2,738)	(2,950)	837	31%	(39)	-2%
Conference & Event Centers	(719)	(4,003)	(3,117)	(2,574)	(886)	-28%	(3,284)	-456%
Tourism	(837)	(602)	(903)	(1,057)	301	33%	235	28%
EDD Grants	12	26	(1,093)	(1,110)	1,119	102%	14	NA
Env Grants/Remed Liab/ERC	(432)	(730)	(1,646)	(1,109)	916	56%	(298)	69%
Total Econ Dev	(3,838)	(7,211)	(9,497)	(8,800)	2,286	24%	(3,373)	-88%

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

A. BUSINESS EVENTS

Portfolio Management is managing rent relief efforts. Forty-seven tenants are receiving relief, and most began repayment plans on Oct 1st. With few exceptions, tenants are on track and paying rent again.

Real Estate Development is midway through updating the Port's Real Estate Strategic Plan. Recommendations on development of Port properties are being shared with Commission at an October Study session. Staff is also advancing design work on the Maritime Innovation Center, the FT Gateway building and T91 Uplands light industrial facilities.

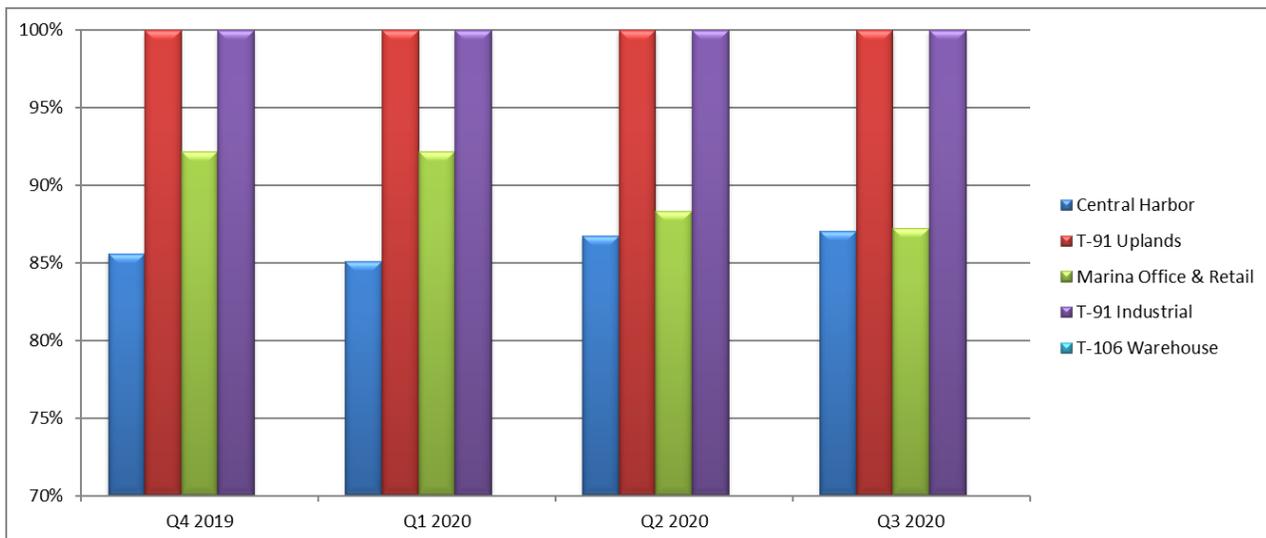
Diversity in Contracting executed a contract with Highline College's Small Business Development Center (and related Startzone program) to provide small businesses resources to recover and pivot operations in the face of pandemic challenges.

Tourism staff is working to execute contract with WA Tourism Alliance to support tourism recovery. Implementation of recovery initiative will start in Q4.

Economic Development and Innovation Staff is supporting Greater Seattle Partners' Economic Recovery plan development. We also executed a contract with WA Maritime Blue to support the 2nd Maritime Blue innovation accelerator.

B. KEY PERFORMANCE METRICS

Building Occupancy by Location:



IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

C. OPERATING RESULTS

\$ in 000's	2018 YTD	2019 YTD	2020 YTD	2020 YTD	2020 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Revised Budget	Approved Budget	Fcst vs. Revised Budget Variance	%	Change from 2019	%
						\$	%	\$	%
Revenue	6,954	6,668	6,079	6,589	6,889	(510)	-8%	(589)	-9%
Conf & Event Centers	7,636	8,147	1,599	3,277	5,877	(1,678)	-51%	(6,548)	-80%
Total Revenue	14,590	14,815	7,678	9,866	12,766	(2,188)	-22%	(7,137)	-48%
Expenses									
Portfolio Management	2,856	2,791	2,291	3,144	3,159	853	27%	(499)	-18%
Conf & Event Centers	6,479	6,867	3,632	4,002	5,815	369	9%	(3,234)	-47%
P69 Facilities Expenses	173	153	176	171	175	(5)	-3%	24	16%
RE Dev & Planning	110	79	157	100	148	(57)	-57%	78	100%
EconDev Expenses Other	648	584	704	484	709	(220)	-46%	120	21%
Maintenance Expenses	2,948	2,264	2,042	2,645	2,866	603	23%	(222)	-10%
Maritime Expenses (Excl Maint)	188	193	354	384	393	30	8%	161	83%
Total EDD & Maritime Expenses	13,402	12,930	9,357	10,930	13,265	1,573	14%	(3,573)	-28%
Diversity in Contracting	84	130	75	120	148	45	37%	(55)	-42%
Tourism	942	868	600	1,597	1,150	997	62%	(268)	-31%
EDD Grants	65	(12)	(26)	1,073	1,073	1,099	102%	(14)	111%
Total EDD Initiatives	1,091	986	649	2,789	2,371	2,140	77%	(337)	-34%
Environmental & Sustainability	178	268	145	193	239	48	25%	(123)	-46%
Police Expenses	122	150	158	172	173	14	8%	7	5%
Other Central Services	3,944	4,248	4,464	5,142	5,428	678	13%	216	5%
Aviation Division	118	83	115	138	91	22	16%	33	40%
Total Central Services & Aviation	4,361	4,749	4,882	5,644	5,931	761	13%	133	3%
Envir Remed Liability	0	0	0	0	0	0	NA	0	NA
Total Expense	18,854	18,665	14,889	19,363	21,566	4,474	23%	(3,776)	-20%
NOI Before Depreciation	(4,264)	(3,850)	(7,211)	(9,497)	(8,800)	2,286	24%	(3,361)	-87%
Depreciation	2,977	2,747	2,631	2,553	2,551	(78)	-3%	(116)	-4%
NOI After Depreciation	(7,241)	(6,597)	(9,842)	(12,050)	(11,351)	2,209	18%	(3,244)	-49%

2020 Actuals vs. 2020 Revised Budget

- Operating revenue were \$2,188K unfavorable to budget due primarily to additional event cancellations at the Conference and Event Centers as a result of government mandates caused by COVID-19 pandemic.
- Operating Expenses were \$4,474K favorable to budget:
 - 1) Portfolio Management \$853K favorable from open FTE and deferral of fire, electrical, and signage upgrades and enhancements.
 - 2) Conference and Event Center \$369K favorable from lower activity related to cancelled events.
 - 3) Maintenance Expenses \$603K favorable due to either cancelled or delayed expense projects.
 - 4) EDD Initiatives \$2,140K favorable due to timing of spending related to COVID-19.
 - 5) Central Services \$761K below budget.
 - 6) All other expenses net to \$252K above budget.
- Net Operating Income was \$2,286K above budget.

2020 Actuals vs. 2019 Actuals

- Operating Revenues were \$7,137K lower than 2019 actual due to reduced volumes at the Conference and Event Centers as well as Bell Street Garage
- Operating Expenses were \$3,776K lower than 2019 actual:
 - 1) Portfolio Management \$499K lower due to hiring freeze on open headcounts
 - 2) Conference and Event Centers \$3,234K lower than 2019 due to variable costs associated with lower Conference and Event Center volumes as a result of government mandates caused by COVID-19 pandemic.
 - 3) Maintenance Expenses \$222K lower than 2019.
 - 4) All other Expenses net to \$179K above 2019.
- Net Operating Income was \$3,361K below 2019 actual.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

	2018	2019	2020	2020	2020	Fav (UnFav) Fest vs. Revised Budget Variance		Incr (Decr) Change from 2019	
	Actual	Actual	Forecast	Revised Budget	Approved Budget	\$	%	\$	%
\$ in 000's									
Revenue	9,002	8,912	8,324	8,824	9,124	(500)	-6%	(588)	-7%
Conf & Event Centers	11,703	12,239	1,700	6,833	9,985	(5,133)	-75%	(10,539)	-86%
Total Revenue	20,705	21,151	10,024	15,658	19,110	(5,633)	-36%	(11,127)	-53%
Expenses									
Portfolio Management	3,571	3,732	3,608	3,988	4,008	380	10%	(123)	-3%
Conf & Event Centers	9,889	10,218	3,750	6,703	8,902	2,953	44%	(6,468)	-63%
P69 Facilities Expenses	235	215	226	226	230	0	0%	11	5%
RE Dev & Planning	149	136	145	145	208	0	0%	9	6%
EconDev Expenses Other	785	930	632	632	932	0	0%	(298)	-32%
Maintenance Expenses	3,914	3,145	3,276	3,476	3,819	200	6%	130	4%
Maritime Expenses (Excl Maint)	281	253	512	512	524	0	0%	259	103%
Total EDD & Maritime Expenses	18,824	18,630	12,149	15,682	18,624	3,533	23%	(6,481)	-35%
Diversity in Contracting	132	152	151	151	197	0	0%	(1)	-1%
Tourism	1,408	1,337	1,642	2,842	1,536	1,200	42%	305	23%
EDD Grants	838	785	810	1,110	1,110	300	27%	25	3%
Total EDD Initiatives	2,378	2,274	2,603	4,103	2,843	1,500	37%	329	14%
Environmental & Sustainability	281	344	297	260	323	(37)	-14%	(47)	-14%
Police Expenses	(76)	61	223	232	233	9	4%	162	267%
Other Central Services	5,466	5,732	6,425	6,752	7,223	327	5%	693	12%
Aviation Division	155	114	193	193	123	0	0%	78	69%
Total Central Services & Aviation	5,825	6,251	7,138	7,437	7,901	299	4%	886	14%
Envir Remed Liability	0	0	0	0	0	0	NA	0	NA
Total Expense	27,028	27,156	21,890	27,222	29,368	5,332	20%	(5,265)	-19%
NOI Before Depreciation	(6,323)	(6,005)	(11,866)	(11,564)	(10,258)	(302)	-3%	(5,861)	-98%
Depreciation	3,948	3,647	3,389	3,392	3,389	2	0%	(258)	-7%
NOI After Depreciation	(10,271)	(9,651)	(15,255)	(14,956)	(13,647)	(299)	-2%	(5,604)	-58%

2020 Forecast vs. 2020 Revised Budget

- Operating Revenues forecasted to \$5.6M unfavorable to revised budget due to deeper cuts in volumes at the Conference & Event Center related to COVID-19 cancellations and variable revenue at restaurants and parking facilities.
- Operating Expenses \$5.3M favorable to budget due to cost impact of conference cancellations and port-wide cost cutting initiatives.
- Net Operating Income forecasted at \$302K below budget.

2020 Forecast vs. 2019 Actuals

- Operating Revenues forecasted to \$11.1M below 2019 due to lower volumes at the Conference & Event Center related to both Bell Harbor Modernization construction and COVID-19 cancellations.
- Operating Expenses \$5.9M lower than 2019 with lower variable conference and event center costs and the port-wide cost cutting initiatives offset by a 2019 favorable pension adjustment and increased central services allocation.
- Net Operating Income forecasted \$5.9M below 2019 actual.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

D. CAPITAL RESULTS

\$ in 000's	2020 YTD Actual	2020 Year- End Forecast	2020 Revised Budget	Budget Variance	
				\$	%
T91 Upland Development	122	226	1,000	774	77%
BHICC Interior Modernization	7,301	8,401	8,358	(43)	-1%
WTC HVAC Replacement	226	251	260	9	3%
P66 HVAC Systems Upgrade	380	385	912	527	58%
P66 Roof Upgrades	24	54	50	(4)	-8%
CW Bridge Elev Modernization	96	121	350	229	65%
All Other Projects	496	1,152	1,769	617	35%
Subtotal	8,645	10,590	12,699	2,109	17%
Cash Flow Mgt	0	(423)	(2,000)	1,577	79%
Total Economic Development	8,645	10,167	10,699	532	5%

Comments on Key Projects:

- T-91 Upland Industrial – Unanticipated delays in the finalization of the design contract.
- BHICC Modernization – Project complete.
- P66 HVAC– Costs shifted to future due to delay in projected hand over from MM to PMG.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

	2018 YTD	2019 YTD	2020 YTD	2020 YTD	2020 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Revised Budget	Approved Budget	Actual vs. Revised Budget Variance		Change from 2019	
						\$	%	\$	%
\$ in 000's									
Total Operating Revenues	237	1,045	2,445	30	30	2,415	8050.0%	1,400	134.0%
Core Central Support Services	56,535	59,741	63,871	67,398	69,796	3,527	5.2%	4,130	6.9%
Police	20,023	21,882	21,967	23,188	23,298	1,222	5.3%	85	0.4%
Capital Development	6,736	7,547	7,284	8,175	9,357	891	10.9%	(263)	-3.5%
Environment & Sustainability	4,932	7,064	7,244	7,741	9,419	496	6.4%	181	2.6%
Total Operating Expenses	88,225	96,234	100,366	106,502	111,870	6,136	5.8%	4,132	4.3%

2020 YTD Actuals vs. 2020 YTD Budget

- Operating Revenues favorable due primarily to Police forfeiture seizures of \$2M.
- Operating Expenses \$6.1M favorable to budget mainly due to delays in contract spending, cutting/reducing discretionary spending, and implementing hiring freeze for all new and backfill vacant positions as part of the COVID-19 cost reduction measures.

2020 YTD Actuals vs. 2019 YTD Actuals

- Operating Revenues \$1.4M above 2019 mainly due to higher Police forfeiture seizures in 2020 of \$1.1M.
- Operating Expenses \$4.1M higher than 2019 mainly due to higher payroll and increases to Outside Services.

A. BUSINESS EVENTS

- Replaced the Port's primary employee communication tool, Compass, to match the technology and flexibility recently adopted for the Port's public-facing website.
- Upgraded the Law Enforcement Records Management System (LERMS) to enable continued Port police access to FBI-managed sensitive criminal justice information databases (CJIS).
- Implemented security changes to achieve full compliance with payment card industry (PCI) guidance for transmitting credit card data, fully meeting audit requirements while reducing risk for related fines. Applications which handle credit card data, including eBilling, Marina Management, Taxi, Port Parking, and Parking Revenue Control, are now fully PCI compliant.
- Established a new partnership with the African Chamber of Commerce and local partners (Youth Maritime Collaborative, Airport Jobs and ANEW), to promote port-related careers with immigrant and refugee youth.
- Established a new partnership with the El Centro de la Raza and the Youth Maritime Collaborative to promote maritime careers with Latinx youth.
- Held teacher curriculum workshops to support the Port's connections with Washington Association for Better Schools
- Held Groundbreaking Ceremony for Terminal 117 Habitat Restoration/Shoreline Public Access and Park.
- Delivered POS 38 Cities presentation to Mercer Island Rotary, Renton Rotary, Kent Chamber of Commerce, Redmond Rotary, Snoqualmie Valley Chamber of Commerce, Kirkland Chamber, Bellevue Rotary, Sound Cities Association.
- POS High School Internship Program included students from the Duwamish Valley and the Muckleshoot and Suquamish Tribes.
- Awarded ACE Fund grants to nine non-profit organizations. The program shifted to be a part of the South King County Fund Environmental Grants Program and expanded to the six Highline Cities.
- Launched Incredible Parks want Incredible Names Campaign to rename six Port public access sites/parks through community voting and review panels.
- Executed Contracts for Community Capacity Building, the Green Jobs Initiative and Racial Equity as part of the Duwamish Valley Community Equity Program.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

B. KEY PERFORMANCE METRICS

Key Performance Indicators/Measures	2018	2019	2020
A. Century Agenda Strategies			
1. Prepare and negotiate the agreements for the Port's 22 bargaining units	293	329	123
2. Oversee Implementation/Administration of CBAs agreements	122	98	182
B. High Performance Organization - Customer Satisfaction			
1. Respond to Public Disclosure Requests	492	480	426
2. Information Communication Technology Network Availability	N/A	99.8	99.7%
3. Customer Survey for Police Service Excellent or Above Average	90%	83%	84%
4. Number of Job Openings Created	458	488	265
5. Percent of annual audit work plan completed each year	100%	100%	N/A
C. High Performance Organization - Talent Development & Safety			
1. MIS and Clarity Training Classes	6	6	7
2. MIS and Clarity Training Attendees	52	46	140
3. Employee Development Class Attendees/Structured Learning	1278	1714	3809
4. Total Recordable Incident Rate - TRIR (prev Occupational Injury Rate)	5.50	4.97	3.57
5. Lost Work Day Rate (previously Days Away Severity Rate)	58.03	34.56	65.76
D. Financial Performance			
1. Corporate costs as a % of Total Operating Expenses	29.6%	29.3%	32.7%
2. Clean independent CPA audits involving AFR	Yes	Yes	Yes
3. Timely process disbursement payment requests	4 days	3 days	3 days
4. Keep receivables collections current (within 30 days)	96%	80%	26%
5. Investment Portfolio Yield	1.95%	2.18%	1.93
6. Litigation and Claim Reserves	\$1.38M	\$2.17M	\$2.89M
7. Claims/Injury Damages Reserves	\$707K	\$957K	\$494K

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

C. OPERATING RESULTS

Financial Summary (Year-End Forecast)

\$ in 000's	2018	2019	2020			Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Rvsd Bud	Appr. Bud	Budget	Variance	Change from 2019	
						\$	%	\$	%
Total Revenues	(500)	1,282	2,462	40	40	2,422	6056.1%	1,181	92.1%
Executive	2,136	2,018	2,309	2,253	2,355	(56)	-2.5%	291	14.4%
Commission	1,848	2,022	1,929	2,014	2,292	85	4.2%	(93)	-4.6%
Legal	3,948	4,987	6,441	3,948	4,001	(2,492)	-63.1%	1,454	29.1%
External Relations	7,362	7,760	7,674	10,274	11,070	2,600	25.3%	(86)	-1.1%
Equity Diversity and Inclusion	1,561	2,337	5,003	5,328	4,465	325	6.1%	2,666	114.1%
Human Resources	8,430	9,187	8,959	10,191	11,690	1,232	12.1%	(228)	-2.5%
Labor Relations	1,079	1,230	1,359	1,336	1,386	(23)	-1.7%	129	10.4%
Internal Audit	1,521	1,450	1,637	1,589	1,749	(47)	-3.0%	186	12.9%
Accounting & Financial Reporting Services	6,842	7,341	8,660	8,810	9,024	150	1.7%	1,319	18.0%
Information & Communication Technology	21,961	23,014	25,645	25,695	26,013	50	0.2%	2,631	11.4%
Information Security	934	1,203	1,787	1,915	1,968	128	6.7%	583	48.5%
Finance & Budget	5,593	6,230	7,143	6,959	7,039	(184)	-2.6%	913	14.7%
Maritime Finance	1,445	1,605	1,871	1,870	1,942	(2)	-0.1%	266	16.6%
Finance & Budget	1,843	2,037	2,266	2,211	2,219	(55)	-2.5%	229	11.3%
Aviation Finance & Budget	2,305	2,587	3,005	2,878	2,878	(127)	-4.4%	418	16.1%
Business Intelligence	1,323	1,302	1,458	1,516	2,209	58	3.8%	156	12.0%
Risk Services	3,095	3,137	3,425	3,380	3,438	(45)	-1.3%	288	9.2%
Office of Strategic Initiatives	1,596	1,448	1,064	1,197	1,619	133	11.2%	(385)	-26.6%
Central Procurement Office	4,630	4,453	5,369	5,289	5,988	(80)	-1.5%	916	20.6%
Contingency	185	39	(100)	(100)	(2,702)	-	0.0%	(139)	-354.7%
Core Central Support Services	74,419	79,159	89,761	91,594	93,604	1,833	2.0%	10,602	13.4%
Police	23,908	27,793	30,118	31,312	31,444	1,194	3.8%	2,325	8.4%
Total Before Cap Dev & Environment	98,327	106,952	119,879	122,906	125,048	3,027	2.5%	12,927	12.1%
Capital Development									
Engineering	5,478	5,696	5,203	5,143	8,765	(61)	-1.2%	(493)	-8.7%
Port Construction Services	3,522	4,341	3,601	3,468	3,748	(133)	-3.8%	(740)	-17.0%
Sub-Total	8,999	10,038	8,804	8,611	12,513	(194)	-2.2%	(1,233)	-12.3%
Environment & Sustainability									
Aviation Environmental	5,006	5,680	5,683	5,465	6,895	(218)	-4.0%	3	0.1%
Maritime Environmental & Planning	2,418	3,275	3,310	2,908	3,420	(403)	-13.8%	35	1.1%
Noise Programs	722	817	694	813	1,012	119	14.6%	(123)	-15.1%
Environment & Sustainability	624	976	786	1,214	1,538	428	35.3%	(191)	-19.5%
Sub-Total	8,770	10,748	10,473	10,399	12,866	(74)	-0.7%	(275)	-2.6%
Industrial Development Corporation	-	1	-	-	-	-	0.0%	(1)	-100.0%
Capital to Expense	-	117	185	-	-	(185)	0.0%	68	58.1%
Total Expenses	116,097	127,855	139,341	141,916	150,427	2,575	1.8%	11,486	9.0%

2020 Forecast vs. 2020 Revised Budget

Operating Expenses for 2020 are \$2.6M under the revised budget due primarily to:

- **Executive** – unfavorable variance of (\$56K) mainly due to extension of Outside Services contracts.
- **Commission** – favorable variance of \$85K is mainly due to \$60K Payroll savings from vacant positions and lower planned Travel of \$25K.
- **Legal** – unfavorable variance of (\$2.5M) is primarily due to unpredictable Legal Expenses.
- **External Relations** – favorable variance of \$2.6M due to reduced Outside Services of \$2.2M, lower Payroll from vacant positions of \$300K, Promotional Expenses of \$160K, and reduced Travel of \$55K offset by unplanned Property Rentals of (\$26K) and lower charges to Capital Projects of (\$104K).
- **Equity, Diversity and Inclusion** – favorable variance of \$325K primarily due to lower Payroll of \$180K due to delayed hiring, lower Property Rental of \$100K, and Promo Expenses reduction of \$39K.
- **Human Resources** – favorable variance of \$1.2M primarily due to vacancies, lower High School interns and Veteran Fellows of \$800K, reduced Travel of \$150K, Outside Services of \$120K, and General Expenses of \$150K from reduced Advertising and planned credits from King County Metro.
- **Labor Relations** – unfavorable variance of (\$23K) due to unplanned job refresh and retroactive pay adjustment.
- **Internal Audit** – unfavorable variance of (\$47K) from higher Payroll for unplanned job refresh in 2020.
- **Accounting and Financial Reporting Services** – favorable variance of \$150K from lower Outside Services of \$135K, \$3K in lower Telecommunications, \$5K lower Supplies & Stock, and \$7K unplanned charges to Capital Projects.
- **Information & Communication Technology** – favorable variance of \$50K primarily due to lower Payroll of \$140K, lower Travel of \$35K, Telecommunications of \$35K, and higher charges to Capital Projects of \$230K which are offset by higher Outside Services of (\$400K).
- **Information Security** favorable variance of \$128K due to lower Outside Services of \$173K and lower Travel of \$14K offset by higher Payroll from job refresh and retroactive pay of (\$57K) and unplanned spending in General Expenses of (\$7K).
- **Finance & Budget** – unfavorable variance of (\$184K) is primarily from AV F&B's unbudgeted consultants in Outside Services of (\$153K), and Corp F&B's unplanned FTE causing an increase of (\$54K) in Payroll.
- **Business Intelligence** – favorable variance of \$58K primarily due to savings in Outside Services.
- **Risk Services** – unfavorable variance of (\$45K) due to (\$140K) expected increase on Property Insurance renewal and unexpected temporary Outside Services of (\$33K) offset by Payroll savings from vacancies of \$128K.
- **Office of Strategic Initiative** – favorable variance of \$133K is due to delay in hiring two vacant positions of \$119K and reductions in Outside services of \$15K.
- **Central Procurement Office** – unfavorable variance of (\$80K) due to lower planned Charges to Capital Projects (\$420K) and increase of Equipment Rental rate of (\$65K) offset by lower Payroll of \$393K and Travel of \$14K.
- **Police** – \$1.2M favorable variance primarily due to lower Payroll of \$1.5M Travel of \$120K offset by unbudgeted higher Worker's Compensation of (\$300K) and higher costs for Forfeiture Expenditures of (\$161K).
- **Engineering** – unfavorable variance of (\$61K) is primarily due to (\$681K) lower than planned charges to Capital Projects and lower Intra-department Allocations of (\$65K) offset by lower Payroll of \$314K, Equipment of \$81K, Supplies & Stock of \$58K, Travel of \$30K, and Outside Services of \$178K.
- **PCS** – unfavorable variance of (\$133K) primarily due to lower than planned charges to Capital Projects of (\$900K), higher Equipment of (\$100K) for unbudgeted AV Capital to Expense project, and higher Workers Compensation Claims of (\$90K) which were offset by overall cuts to Payroll of \$550K, Supplies and Stock of \$70K, Outside Services of \$225K, General Expenses of \$60K, and lower Overhead Allocations of \$50K.
- **Environment & Sustainability** – unfavorable variance of (\$74K):
 - AV Environmental: Increase of Outside Services of (\$188K) mainly due to acceleration of the SAMP EA, unplanned Permitting, Ultrafine Particles Study, NPDES and Living Wall.
 - Maritime Environmental: Unplanned Outside Services of (\$430K) due to salvage costs at Fisherman's Terminal and lower Payroll of \$27K.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 09/30/20

- Noise: Outside Services lower by \$92K due to reduced operations.
- Environment & Sustainability: Outside Services lower by \$491K due to project/program delays.
- **Contingency** – plans to be on target.
- **Capital to Expense** –unfavorable variance of (\$185K) due to Surface Hubs Expansion project being changed to an expense project.

2020 Forecast vs. 2019 Actuals

- Operating Expenses for 2020 are forecasted to be \$11.5M higher than 2019 actuals mainly due to:
 - **Core Central Support Services** – \$10.6M higher than 2019 primarily due to a DRS Pension Plan True-up credit of \$9.9M in 2019 and higher Legal expenses.
 - **Police** – \$2.3M above 2019 due to the following:
 - Received a DRS Pension Plan True-up credit of \$2.8M in 2019.
 - Holiday payout of \$304K in January 2020 that were expected in December 2019.
 - Higher than expected Worker's comp in 2020 of \$290K.
 - **Capital Development** – \$1.2M lower than 2019 primarily due to planned reductions in hiring in 2020 and multiple delays to Capital projects.
 - **Environment & Sustainability** – \$275K below 2019 due to planned reductions in hiring in 2020 and multiple delays in projects in Outside Services.

D. CAPITAL RESULTS

\$ in 000's	2020	2020	2020	Fcst/Rvsd Budget	
	YTD Actual	Year-End Forecast	Revised Budget	\$	%
Infrastructure - Small Cap	937	1,590	2,100	510	24.3%
Services Tech - Small Cap	1,446	1,947	1,350	(597)	-44.2%
Radio System Upgrade	430	3,018	3,687	669	18.1%
New Budget System	223	293	583	290	49.7%
Regional Workforce Tracking	-	-	500	500	100.0%
Learning Management System	-	-	400	400	100.0%
Maximo Upgrade	283	283	462	179	38.7%
Phone System Upgrade	43	63	900	837	93.0%
Customer Relationship Mgmt	833	1,098	1,400	302	21.6%
CDD Fleet Replacement	211	721	1,644	923	56.1%
Corporate Fleet Replacement	239	259	1,065	806	75.7%
CIP Cashflow Adjustment	-	(1,000)	(3,000)	(2,000)	66.7%
Other (note 1)	418	704	1,600	896	56.0%
TOTAL	5,063	8,976	12,691	3,715	29.3%

Note:

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