

Item No. 9b supp .

Meeting Date: March 10, 2020



Port of Seattle 2019 Financial Performance Report

Commission Meeting
March 10th, 2020

Portwide Financial Highlights

- **2019 Actual vs. 2019 Budget:**
 - Operating Revenues \$10.9M favorable to budget.
 - Airport Non-Aeronautical Revenues \$9.5M above budget.
 - Non-Airport Revenues \$9.4M favorable to budget.
 - Operating Expenses \$11.9M below budget.
 - Net Operating Income before Depreciation \$22.8M favorable to budget.
 - Total capital spending for 2019 was \$596.6M, 73% of the budget.
- **2019 Actual vs 2018 Actual:**
 - Operating Revenues \$74.8M higher than 2018.
 - Operating Expenses \$45.5M higher than 2018.
 - NOI before depreciation \$29.3M higher than 2018.

Portwide Financial Summary

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Aeronautical Revenues	264,114	291,268	357,598	365,604	(8,006)	-2.2%	66,330	22.8%
Airport Non-Aero Revenues	236,803	257,707	269,037	259,537	9,501	3.7%	11,331	4.4%
Non-Airport Revenues	131,114	140,415	137,538	128,115	9,424	7.4%	(2,876)	-2.0%
Total Operating Revenues	632,031	689,390	764,174	753,255	10,919	1.4%	74,784	10.8%
Total Operating Expenses	372,982	397,638	443,089	454,986	11,896	2.6%	45,452	11.4%
NOI before Depreciation	259,049	291,752	321,085	298,269	22,815	7.6%	29,333	10.1%
Depreciation	165,021	164,362	174,971	168,676	(6,294)	-3.7%	10,608	6.5%
NOI after Depreciation	94,028	127,390	146,114	129,593	16,521	12.7%	18,725	14.7%

Aviation Division

2019 Financial Performance Report

Aviation Division

Financial Summary

<i>Figures in \$000s</i>	Actual	Budget	Variance
Revenues			
Aeronautical	357,598	365,604	(8,006)
Non-aeronautical	269,037	259,537	9,501
Total	626,636	625,140	1,495
O&M expense	356,635	366,105	9,470
NOI	270,001	259,036	10,965
Key Measures			
Non-Aero NOI	150,752	136,534	14,218
CPE (\$)	12.85	13.39	0.53
Capital Spending	573,598	767,732	194,134

Business Highlights

- Year End passenger growth of 4%, consistent with 4% forecast
- Achieved both primary financial goals: Non-aero NOI and CPE
 - Aero revenue decline reflects reduced costs
 - Non-aero revenue growth driven by Clubs & Lounges, ADR, Non-Airline Space, and TNCs
 - Pension credit of \$13.4 million offset cost increases due to snow event, environmental reserves
- Capital spending at 75% of annual budget

Aviation Business Events

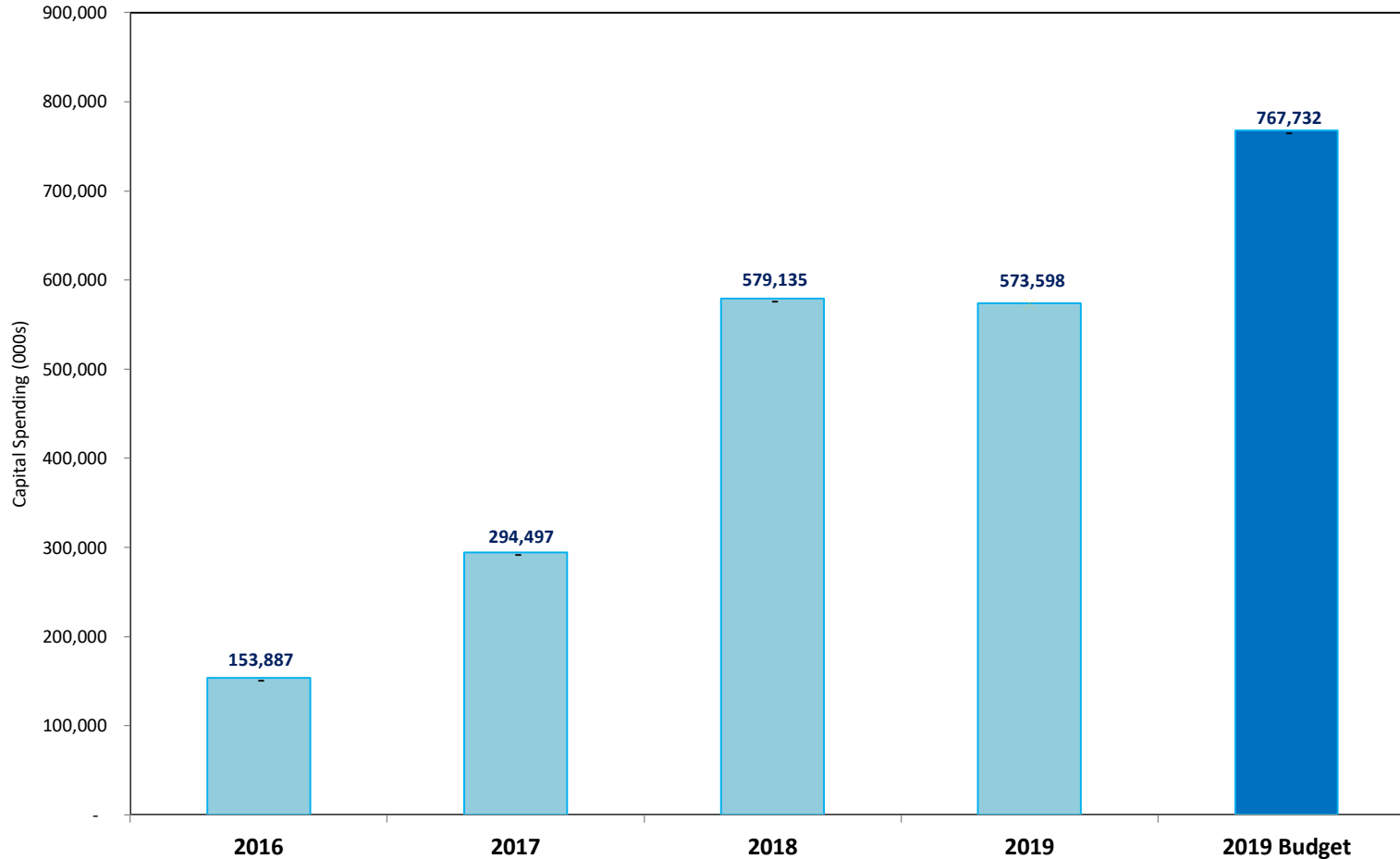
Activity:

- Total passengers: +4.0%
- International passengers: + 5.5%
- Cargo metric tons: + 4.9%

Accomplishments:

- Customer Service: exceeded five-year average for 3 of 6 key ASQ measures (goal was 2):
 - Exceeded: Waiting time at Security Check Points; Internet Access/Wi-Fi; Airport staff courtesy/helpfulness
 - Missed: Washroom cleanliness; Ease of wayfinding; Comfort of waiting/gate areas
- 100% of front-line staff completed WE ARE SEA training
- Launched SEA Visitor Pass program
- Launched on-line parking pre-booking/reservation system
- Launched on-demand taxi system
- Completed ADR (Master Plan) tenant selection process (Lease Groups 1-5)

Capital Spending



2019 Actual vs 2019 Budget:

- 194M or 25.3% under

Major 2019 Variances:

- IAF = \$64.9M under
- NSAT= \$7.8M under
- Checked Bag Opt = \$3.9M under
- AFLD Program = \$5.8M under
- Svc Tunnel Renewal = \$3.3M under
- SD Pond Bird Deterrent = \$6.1M under
- ARC Flash Mitigation = \$3.6M under
- Fire Station Westside= \$3.1M under
- SSAT Renov. Project = (\$2.8M) over

Maritime Division

2019 Financial Performance Report

Maritime Division

Financial

<i>Figure in \$000s</i>	Actual	Budget	Variance
Revenues			
Fishing, Commercial, & Recreational Marinas	22,508	22,742	(234)
Cruise	22,410	22,406	4
Maritime Portfolio Mgmt.	10,108	10,328	(220)
Grain / Other	4,263	4,254	9
Total	59,289	59,729	(441)
O&M Expense			
Direct	18,352	18,953	601
Support Services	14,611	14,761	151
Central Services and Other	15,682	17,108	1,425
Total	48,644	50,822	2,177
NOI	10,644	8,908	1,737
Capital Spending	7,887	17,838	(9,951)

Business Highlights

- **Net Operating Income Exceeding Budget.**
 - Revenue less than 1% below budget
 - Expenses 4% below budget – Pension credit of \$1.9M offset by \$1.5M in one-time costs and increase in Maintenance
- **Cruise Passengers increased 9%**
- **Grain Volumes decreased 22%**
- **Capital Spending 44% of annual budget.**
- **Stormwater Utility on budget.**

Maritime Business Events

Cruise:

- Ended the 2019 cruise season with record number of passengers, over \$1.2M.
- Over 20% annual increase in passenger participation of Cruise Port Valet Program.
- Launched RFP for new Cruise terminal.
- Completed CTA Lease Extension at T91.
- Signed preferential berthing agreement with Carnival Cruise Lines guaranteeing 500K passengers over next three seasons.

Fishing and Commercial Marinas:

- Absorbed the loss of the 680' Ocean Phoenix with the 367' MV Excellence and the 276' Phoenix.
- Design funding approved for the NW Fender and redevelopment of Berths 6&8 at Terminal 91.

Recreational Boating:

- Implemented Racial Equity Pilot Program.
- Awarded construction contract for the new Shilshole Customer Service Facility Building.

Maritime Business Events

Environmental & Sustainability:

- Completed remediation system construction at T30.
- Signed credits agreement with NOAA, enabling the port to build and sell habitat.
- Recovered nearly \$6M in insurance, grants, and other cost recovery mechanisms.

Stormwater Utility:

- Installed and Completed:
 - Five tide gates
 - Rain Garden at T86
 - Drainage repair at T91
 - 22 system repairs
- Received the AAPA Award of Excellence in environmental enhancements for stormwater innovations.

Northwest Seaport Alliance Summary

	2018		2019		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget	Variance		Change from 2018	
\$ in 000's					\$	%	\$	%
Revenue	192,574	195,022	199,449		(4,427)	-2%	2,448	1%
Operating expense	89,132	100,501	113,946		13,445	12%	11,369	13%
Operating Income	103,442	94,521	85,503		9,018	11%	(8,921)	-9%
Interest Income	1,254	1,608	1,462		146	10%	354	28%
Market Value Adjustment	23	405	0		405	NA	382	1661%
Net Interest Income	1,277	2,013	1,462		551	38%	736	58%
Non Operating Income (Expense)	3,361	(4,444)	(3,438)		1,006	-29%	(7,805)	-232%
Grant Income	3,905	3,868	4,294		426	10%	(37)	-1%
Net Income	111,985	95,958	87,821		8,137	9%	(16,027)	-14%
Cargo TEUs	3,797,625	3,775,625					(22,000)	-1%
Cargo Volume (Metric Tons)	30,173,621	29,982,608					(191,013)	-1%

Note: Unaudited financial results may differ slightly from NWSA site due to rounding differences

Revenue – Container Revenue
\$7.8M below budget split between north and south harbor. Non-Container Revenue \$3.4M favorable to budget.

Expenses – Below budget due to favorable crane maintenance, infrastructure and administrative expenses.

NWSA TEU Data

Full-year 2019 volumes and month of January 2020 are down due to shippers moving cargo ahead of tariffs. Q1 2020 volumes are expected to be negatively impacted by the Coronavirus. Tariffs and the Coronavirus show the dangers of single-country sourcing. Many shippers are looking to diversify manufacturing and sourcing activities to SE Asia or other countries, which may be better served by east coast ports due to shorter transits.

Exports:

- Japan was the largest containerized trading partner for NWSA in 2019, followed by Korea, China, Taiwan and Philippines (by TEUS).
- China's ranking in 2018 was #2.
- Volumes to China declined 23% for 2019 vs. 2018.
- India was another country impacted by tariffs. Volumes fell 26%.

Imports

- Imports from China are down 17% for 2019 vs 2018, -153,488 TEUs.
- Imports from other trading partners are up (Japan 7%, Vietnam 40% and Taiwan 6%).
- Those increases could not offset the drop in volume from China. Total containerized imports were down 7%.

Economic Development Division

2019 Financial Performance Report



Economic Development Division

Financial Summary

<i>Figure in \$000s</i>	Actual	Budget	Variance
Revenues	21,151	19,725	1,426
O&M Expense			
EDD & Maritime	15,285	15,593	308
Maintenance	3,146	4,071	924
Diversity in Contracting	152	199	47
Workforce Development	952	2,010	1,058
Tourism	1,337	1,521	183
EDD Grants	785	1,160	375
Central Services and Other	6,005	6,561	556
Total	27,663	31,114	3,451
NOI	(6,512)	(11,389)	4,877
Capital Spending	3,121	5,713	(2,592)

Business Highlights

- **Net Operating Income exceeding budget by \$4.8M.**
 - Revenue \$1.4M favorable from Conference & Event Center including winter event at Smith Cove.
 - Expenses \$3.5 favorable from pension adjustment (\$.7M), Maintenance, and Initiative Programs.
- **Conference and Event Center Modernization will be delivered ahead of schedule.**
- **Diversity in Contracting met the 2019 goal.**
- **Capital Spending 55% of annual budget.**

Economic Development Business Events

Diversity in Contracting:

- A 54% increase to the number of firms that participated in PortGen events in 2018.

Real Estate:

- Closed sale of small property on Harbor Avenue.
- Contractor started Bell Harbor International Conference Center renovation.
- IAC Commerce center building on Port property in SeaTac completed and leased.

Innovation:

- Signed contract with Maritime Blue to advance maritime accelerator program.
- Made field trip to Iceland to see and learn about their Ocean Cluster maritime innovation center.

Economic Development Business Events

P69 Facilities:

- Completed Solar Panel Installation; 66% cost recovered through Dept. of Commerce grant.
- Fund Authorization for lobby renovation.

Tourism:

- Port co-sponsored opening event of the 2019 US – China Tourism Summit.
- European and Australian marketing representation generating over \$1.2M+ in editorial coverage about Washington and Seattle-Alaska Cruises.

Workforce Development:

- Awarded contract to sustain Youth Maritime Collaborative career connected learning initiatives to Maritime Blue and Goodwill Industries.
- Launched Aviation Career Pathways Airport Maintenance Technician Training pilot project.

Central Services

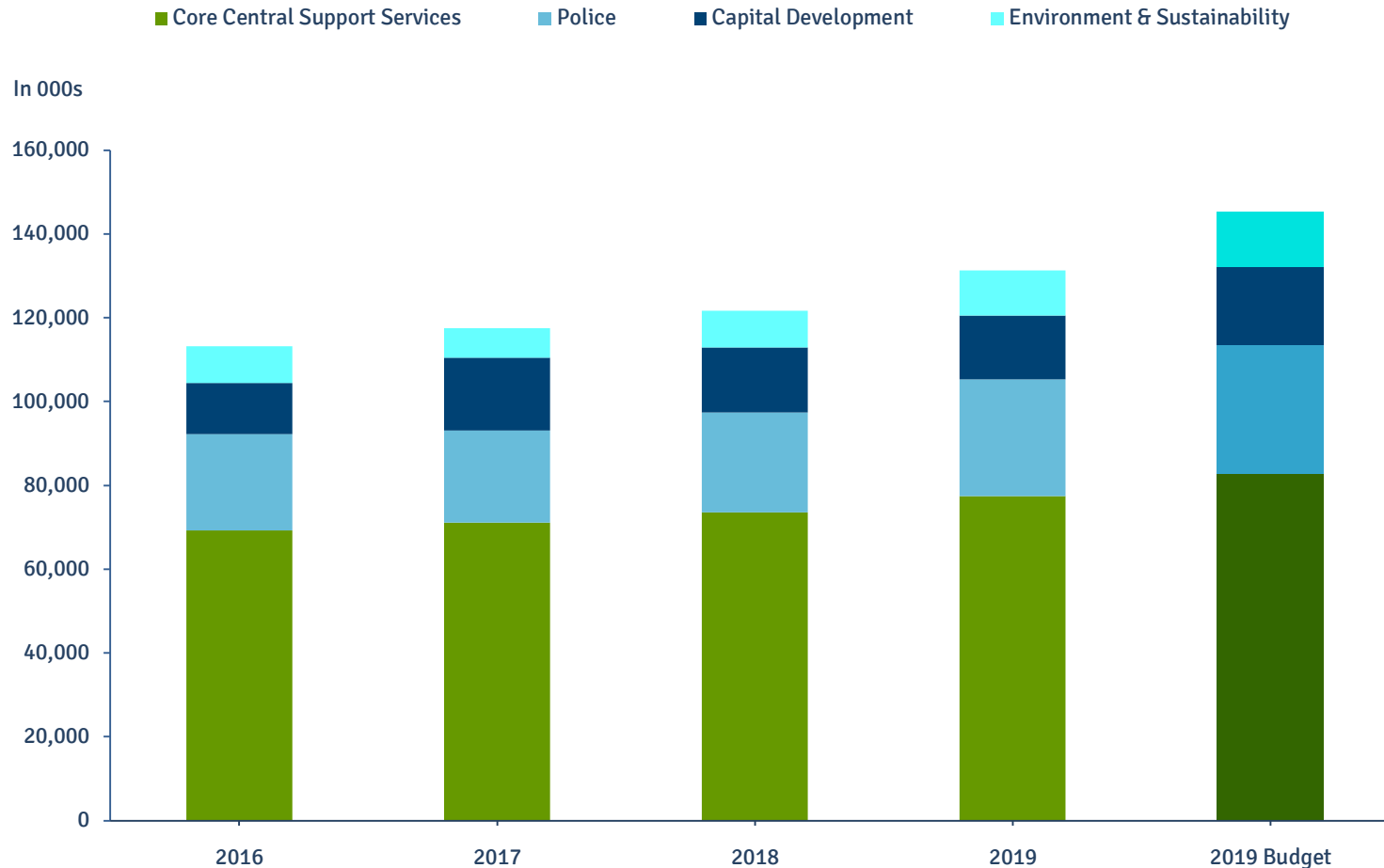
2019 Financial Performance Report



Central Services Business Highlights

- Completed **ICT projects** in 2019 include: Project Delivery system, Automated Checkpoint Wait Time, Sea-Tac Visitor Pass, and Taxi System.
- Sponsored **Green City Days** in near-airport communities as part of the multi-year collaborative project to foster **urban forest stewardship**.
- Announced **collective partnership** with sustainability leaders to develop the **Embodied Carbon in Construction Calculator (EC3) tool**.
- Hosted **Safety and Preparedness Fairs** to increase employee readiness with topics ranging from worksite safety to being vigilant against email spam and phishing attempts.
- Hosted 200 guests on the **Port's first-ever multilingual boat tour** of Elliott Bay and the Duwamish River.
- Adopted the **Duwamish Valley Community Benefits Commitment Policy**.
- Hosted several **EDI workshops**: Equity 101, Islamophobia 101, Transgender Inclusion 101.
- CPI team assisted the AVM field crew garage clean team improve their **garbage transportation process**; AVM field crew garage clean team received the **Q3 Innovation Award** for their process improvement effort.
- Police Marine Patrol Unit provided a **waterside tour** to our Federal partners participating in a Maritime Security class. The tour **highlighted security vulnerabilities** impacting a seaport.
- Hosted **Career Awareness events** in Mt. Rainier High School, Foster High School, and Highline High School.
- Supported the **Environmental Challenge** with Raisbeck Aviation High attended by 110 sophomore students.

Central Services Financial Highlights



2019 Expenses are \$14.0M favorable to budget due to:

- DRS pension true-up credit of \$9.9M
- Staff vacancies
- Delays in implementing program initiatives and less contract spending.

2019 Total Operating expenses are higher compared to 2018 due to:

- Higher payroll costs due to merit increase and new FTEs.
- Additional funding to support Portwide goals and initiatives.

Portwide

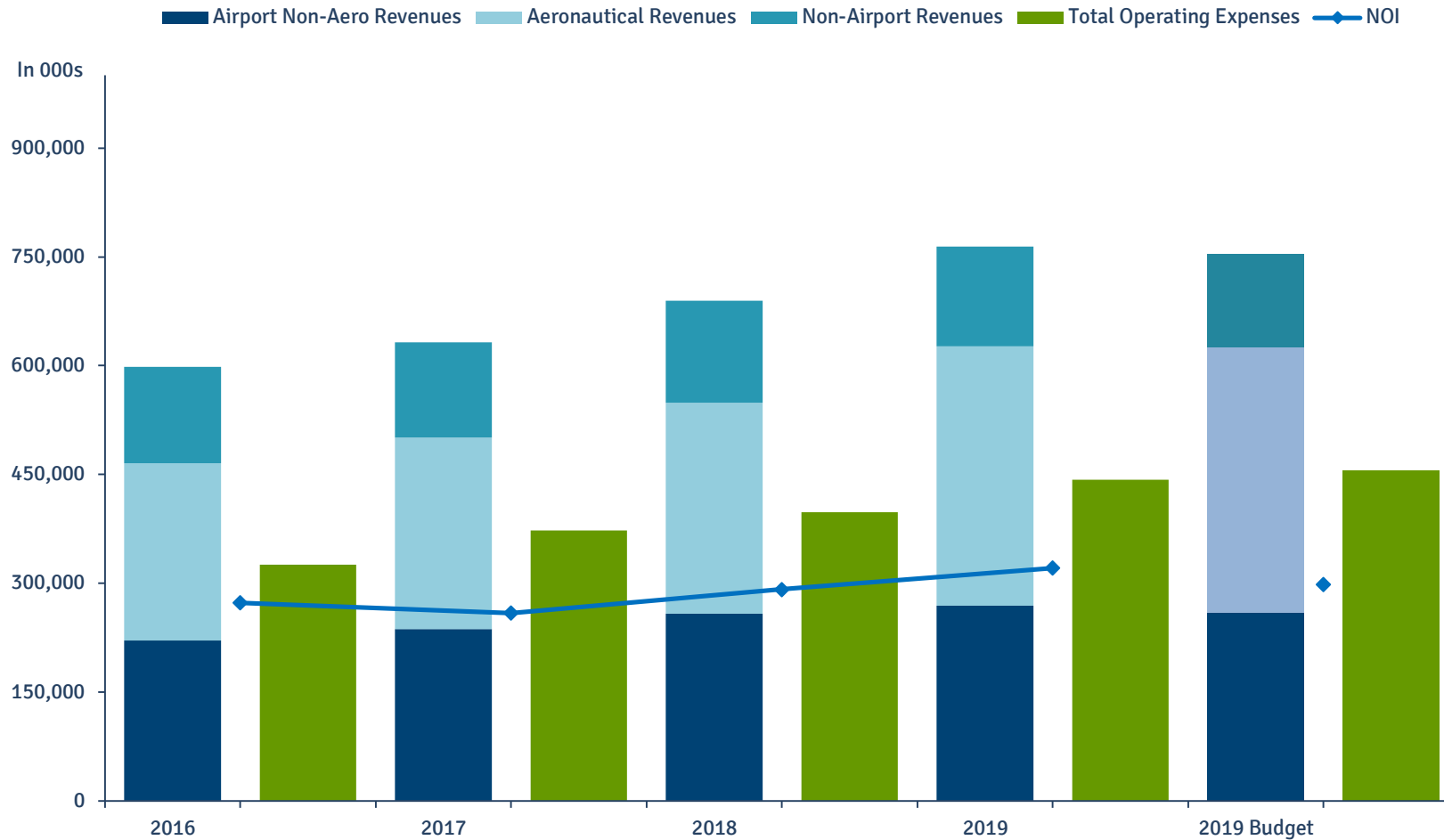
2019 Financial Performance Report



Portwide Financial Highlights

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 - Net Operating Income before Depreciation \$22.8M favorable to budget.
 - Total capital spending for 2019 was \$596.6M, 73% of the budget.
- **2019 Actual vs 2018 Actual:**
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Portwide Net Operating Income Performance



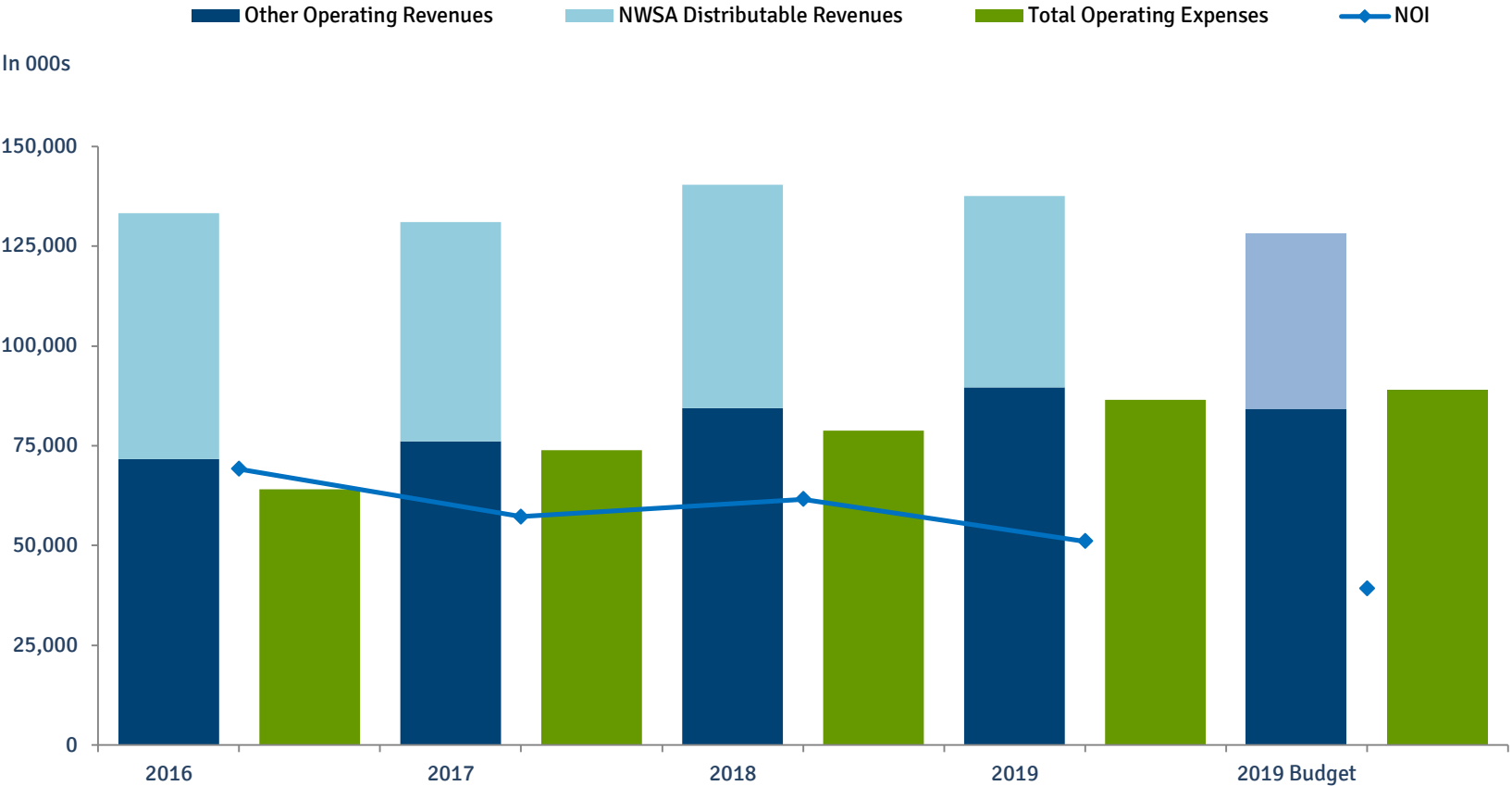
Operating Revenues are \$10.9M higher than budget due to higher revenues in:

- ADR & Terminal Leased Space
- Ground Transportation
- Rental Cars
- Clubs and Lounges
- Airport Commercial Properties
- Conference & Event Centers
- NWSA Distributable Revenue

Total Operating expenses are \$11.9M below budget due to:

- DRS Pension Plan True-up credit of \$16.5M
- Spending delays on Outside Services, utilities and travel accounts
- Partially offset by higher costs related to snow removals.

Non-Airport Net Operating Income Performance



Non-Airport Operating Revenue exceeded budget by \$9.4M due to:

- Higher revenue from Conference & Event Centers
- Higher NWSA Distributable Revenues

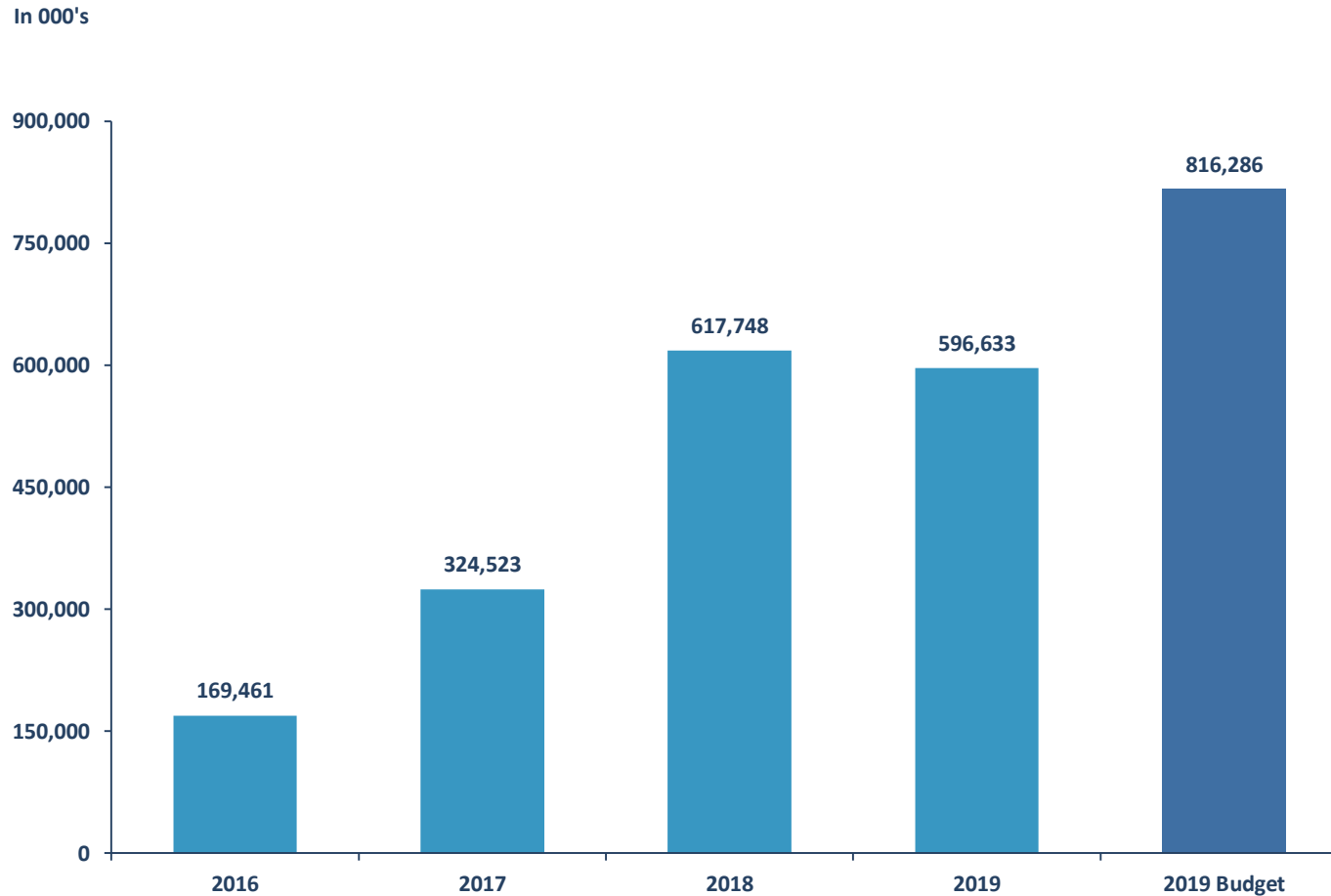
Expenses are \$2.4M lower than budget due to:

- DRS Pension Plan True-up credit
- Staff vacancies
- Lower Outside Services and Travel and Other Employee expenses

Comprehensive Financial Summary

(\$ in 000's)	2017	2018	2019	2019	Fav (UnFav)		Explanation
	Actual	Actual	Actual	Budget	Budget	Variance	
					\$	%	
Revenues							
1. Operating Revenues	632,031	689,390	764,174	753,255	10,919	1.4%	See details in the operating revenue slides
2. Tax Levy	71,702	71,771	73,801	74,160	(359)	-0.5%	In line with budget
3. PFCs	88,389	94,070	100,004	95,185	4,819	5.1%	Commiserate to enplanement growth
4. CFCs	25,790	21,802	22,355	23,482	(1,126)	-4.8%	Release of matured bond reserve fund
5. Fuel Hydrant	7,000	6,942	6,742	7,022	(279)	-4.0%	In line with budget
6. Non-Capital Grants & Donations	6,705	1,573	2,880	2,655	225	8.5%	Reimbursement from LEO and K9
7. Capital Contributions	30,112	43,650	17,736	49,345	(31,609)	-64.1%	Lower TSA OTA and FAA grants
8. Interest Income	12,174	26,287	54,078	30,903	23,175	75.0%	Larger fund balance & unrealized gain on investments
Total	873,902	955,484	1,041,771	1,036,007	5,764	0.6%	
Expenses							
1. O&M Expense	372,982	397,638	443,089	454,986	11,896	2.6%	See details in the operating expense slides
2. Depreciation	165,021	164,362	174,971	168,676	(6,294)	-3.7%	More new assets came into service
3. Revenue Bond Interest Expense	97,748	100,432	105,601	129,429	23,828	18.4%	Less new bond issuance and Cap-I than budgeted
4. GO Bond Interest Expense	13,891	13,414	12,493	12,689	197	1.6%	In line with budget
5. PFC Bond Interest Expense	4,931	4,368	3,547	3,606	58	1.6%	In line with budget
6. Public Expense	4,588	5,269	12,986	21,009	8,023	38.2%	Safe & Swift/Heavy Haul delay
7. Non-Op Environmental Expense	4,464	10,600	118	5,000	4,882	97.6%	T30 Chev Cleanup complete
8. Other Non-Op Rev/Expense	10,441	3,217	21,959	1,415	(20,544)	-1451.8%	Assets retirements from NSAT, baggage system and T-5
Total	674,066	699,299	774,765	796,810	22,046	2.8%	
Special Item	-	34,923	-	-	-	0.0%	T117 Habitat Restoration Project
Retro Adjustment to Net Position	-	2,736	-	-	-	0.0%	
Change In Net Assets	199,836	218,526	267,007	239,197	27,810	11.6%	

Portwide Capital Spending



- Significant increase in capital spending in the last two years.
- 2019 capital spending of \$597M was 73% of the budget.
- Major projects in 2019 include IAF, NSAT, and Checked Baggage Recap Optimization.

2020 Capital Budget Update

Division (in \$000's)	Draft Plan of Finance	Budget (year-end update)
Airport	656,204	585,131
Maritime	42,566	35,244
Economic Development	15,801	14,429
Central Services	20,048	19,171
Subtotal - Capital Projects	<u>734,619</u>	<u>653,975</u>
CIP Cash Adjustment	(99,066)	(87,000)
Total Proposed CIP	635,553	566,975

- Capital Budget presented during the 2020 budget and plan of finance briefings is updated each quarter.
- The 2019 Q4 update establishes the approved capital budget for 2020 – incorporating the final capital spending in 2019 into the forecast for 2020.

Key Takeaways

- 2019 saw continued growth in business activity across most segments except NWSA cargo and grain volumes, which were affected by Chinese tariffs
- While NOI for all divisions exceeded budget in 2019, actual performance was enhanced by expense offset of \$16.5 million from State pension credit
- Expense trends being monitored to ensure alignment with future revenue growth
- 2020 impacts of Coronavirus are being assessed but too early to predict—spending caution is warranted

Aviation Division Appendix

2019 Financial Performance Report

Business Highlights: 2019 Goals

SAFETY:

- Airfield composite safety score of 19 exceeds annual target of 18
- Safety evaluation score of 105% vs. objective of 90%
- Individual not going home: 63 vs. 2019 goal < 52

SECURITY:

- Modified approach to Phase 2 employee screening for airfield – will initiate mobile random screening team in Q1 2020.
- Perimeter Intrusion Detection system – delayed, but on track for 2020.
- Annual TSA regulatory compliance audit completed. No significant findings.

Business Highlights: 2019 Goals

EMPLOYEE ENGAGEMENT:

- Goal was to increase employee engagement in the Aviation Division as evidenced by a 3% increase over the 2018 survey results by Q4 2019; however, decision was made to conduct survey in 2020 rather than Q4 2019.
- Each department implemented action plans to address opportunities.

INNOVATIONS & EFFICIENCIES:

- Conducted three Shark Tank innovation forums in 2019
- Implement two efficiencies or innovations in each department – completed 18 vs. target of 22

ASSET MANAGEMENT:

- Completed inventories of 50% of airport assets (on plan)
- Completed parking garage structural assessment by Q4 (on plan)

Business Highlights: 2019 Goals

SOCIAL RESPONSIBILITY:

- Airport Concessions Disadvantaged Business Enterprise (ACDBE) share of sales = 26.8% vs. goal of 22%
- Disadvantaged Business Enterprise (DBE) share of FAA grant contract spending of 11.08% vs. goal of 8%
- Women and Minority Business Enterprise share of spending on non-construction contracts = 14.5% vs. goal of 12%

CUSTOMER SERVICE:

- Exceeded five-year average for 3 of 6 key ASQ measures (goal was 2):
 - Exceeded: Waiting time at Security Check Points; Internet Access/Wi-Fi; Airport staff courtesy/helpfulness
 - Missed: Washroom cleanliness; Ease of wayfinding; Comfort of waiting/gate areas

Business Highlights: 2019 Goals

ENVIRONMENT AND SUSTAINABILITY:

- Substantial progress on renewable natural gas contract
- Noise: substantial progress on sound insulation bid package for first condominium; insulated 17 single family homes
- Stormwater: Received King County approval on plan to meet effluent limits

FINANCIAL PERFORMANCE:

- Achieved both 2019 goals:
 - Non-aeronautical NOI of \$150.8M vs. budget of \$136.6M
 - Airline costs (CPE) of \$12.85 vs. budget of \$13.39

Business Highlights: 2019 Goals

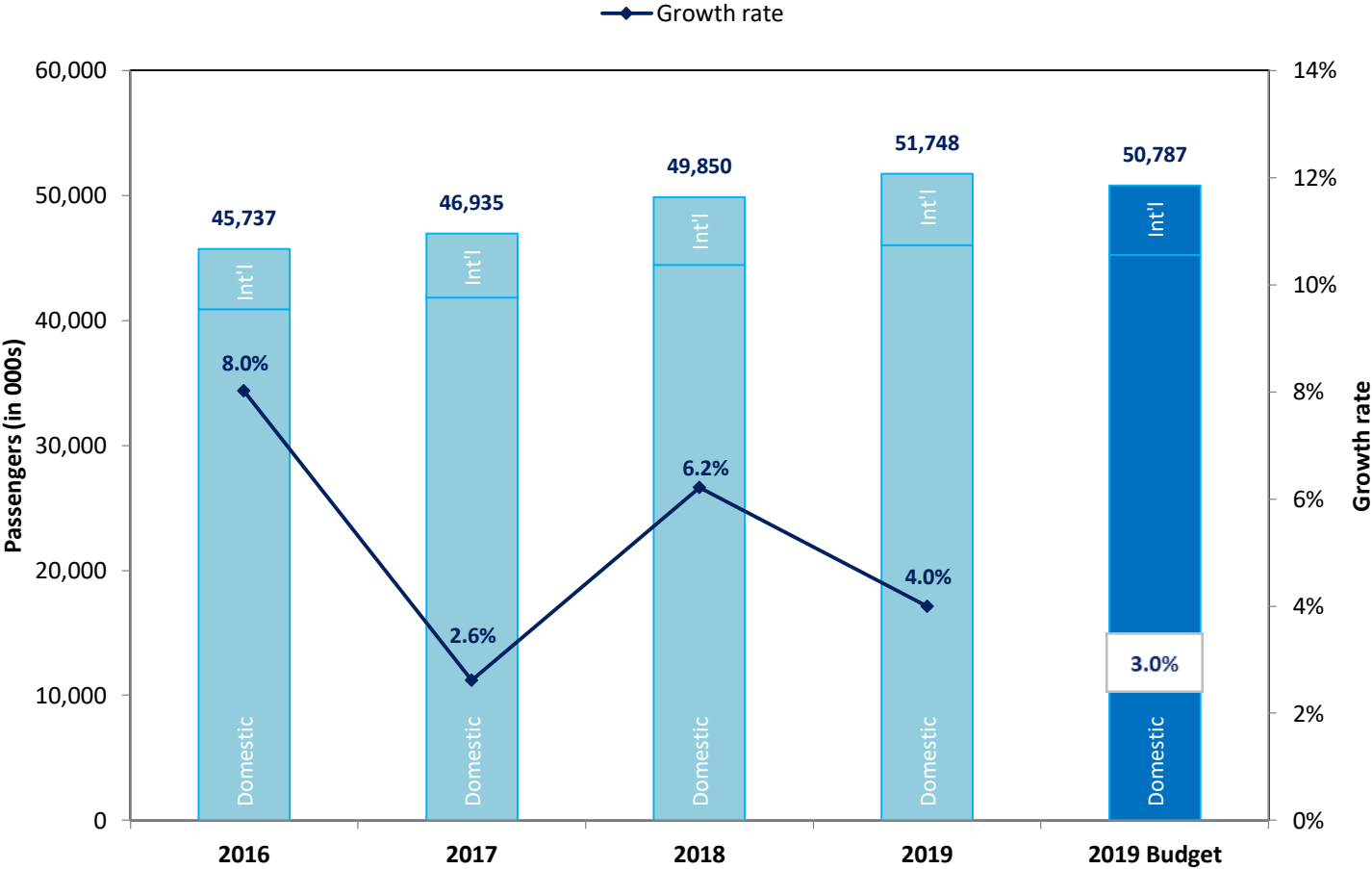
Major Capital Projects:

- North Satellite:
 - Completed Phase 1
 - Started construction on Phase 2
- International Arrivals Facility:
 - Erection of center span and transport delayed (completed in January 2020)
 - Pod C on track
- Baggage Optimization:
 - Phase 1 90% complete
 - Phase 2 design complete
 - Phase 2 bids exceeded engineers estimate – likely delay

Sustainable Airport Master Plan (SAMP)

- Finalized NEPA scope of work; submitted updated forecast; progress on purpose and need, alternatives, existing conditions

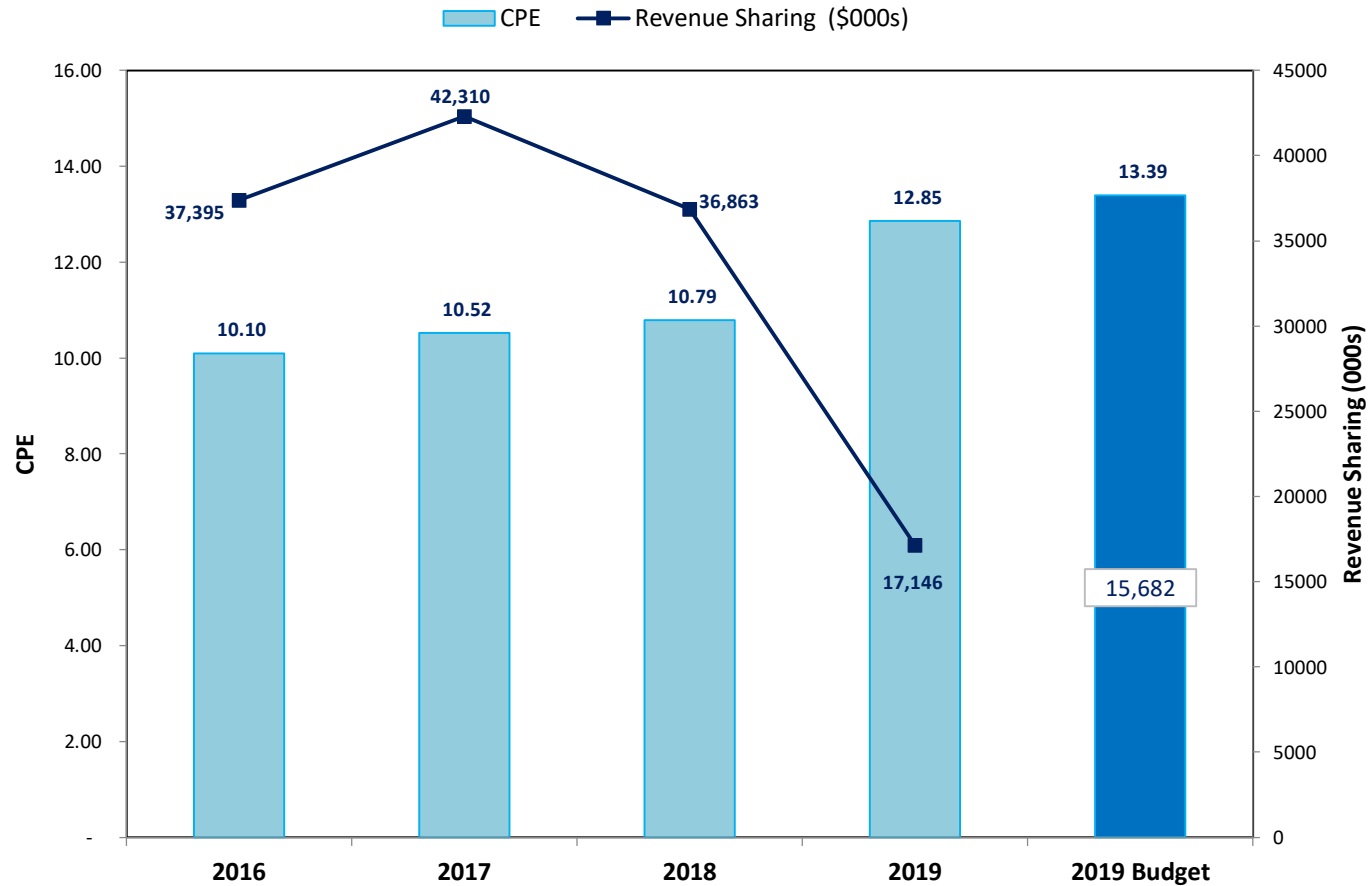
Airport Activity



2019 Actual
 Passengers +4.0%
 Landed weight +4.0%
 Cargo metric tons +4.9%

Total passenger growth ended with 4% growth for 2019

Airline Cost Management (CPE)



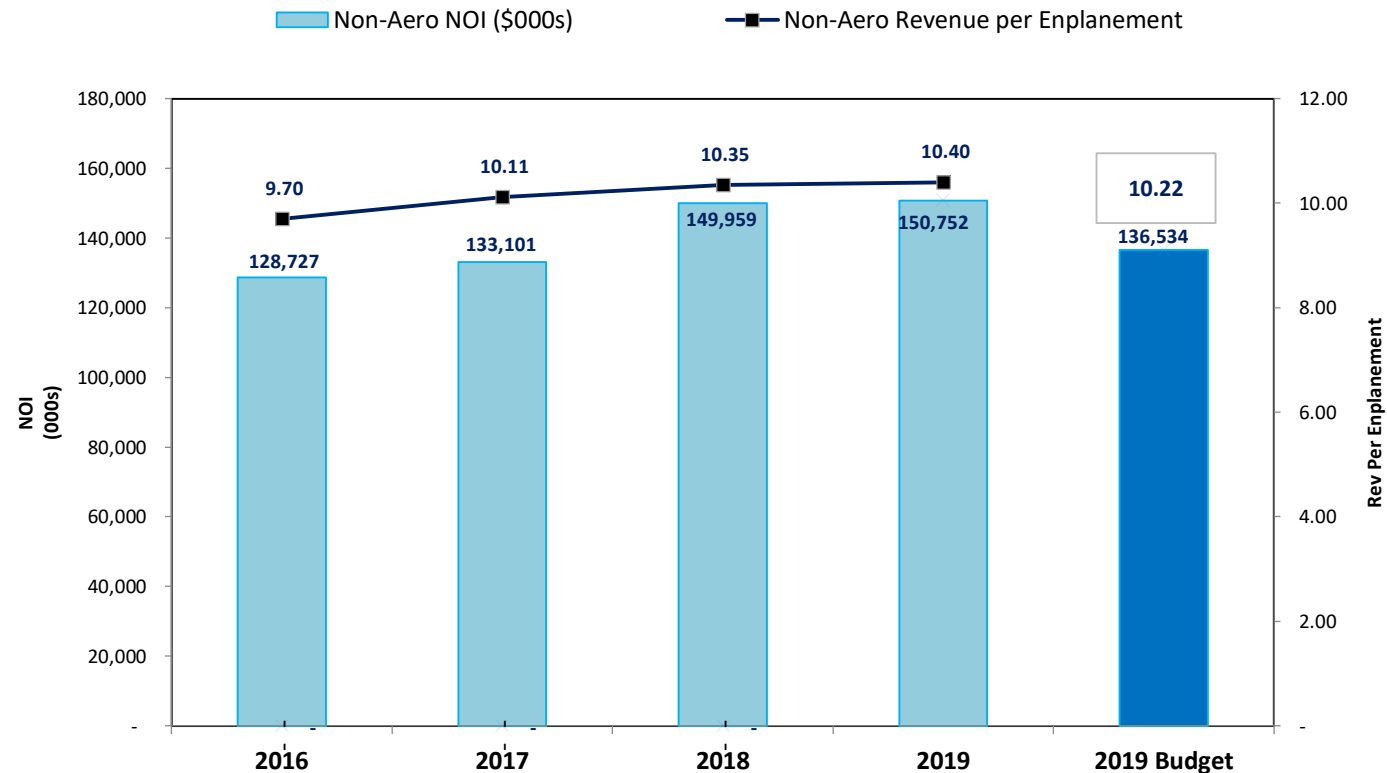
2019 Budget:

- Adjusted revenue sharing per SLOA IV to 20% from 40% in 2018

2019 CPE Actual:

- Higher than 2018 due to higher revenue requirements in 2019, but came in lower than 2019 Budget due to increase in forecasted non-airline revenues and lower expenses driven by pension credit and lower charges from other divisions

Non-Aeronautical Performance



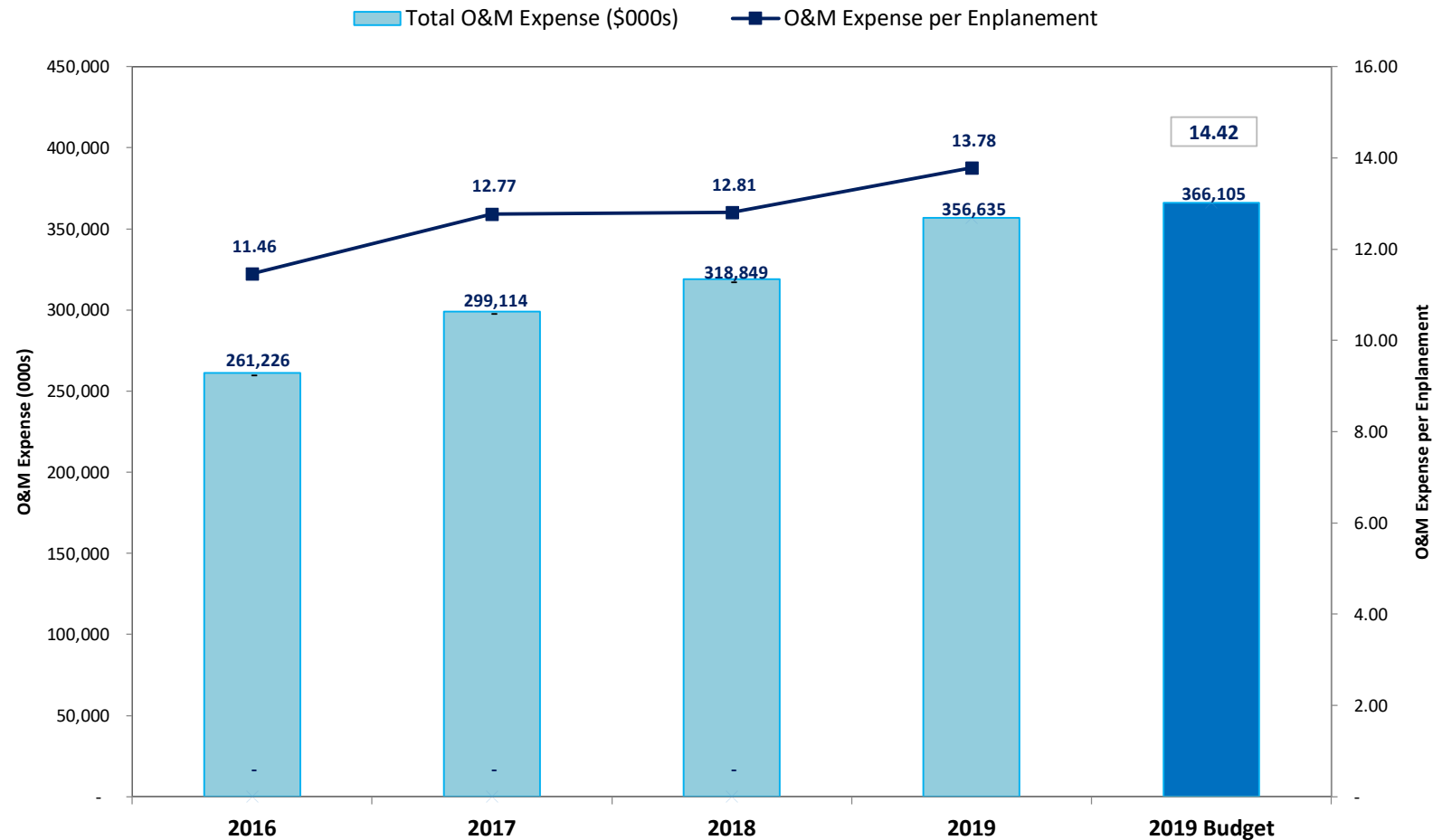
2019 vs. 2018 Actual:

- **Revenues 4.4% Increase**, primarily in Clubs & Lounges, Ground Transportation, ADR, Non-Airline Terminal Space, & Public Parking
- **Expenses 9.8% Increase**
- **NOI 0.5% Increase**

2019 Actual vs. Budget of 3.7% Revenue growth:

- Continued strong performance in Clubs & Lounges, ADR, Non-Airline Terminal Space, and Commercial Properties.
- Public parking came within Budget

Total Operating Expense Performance



2019 Actual vs 2018 Actual:

- \$37.8M or 11.9% higher due to 2019 budget initiatives

2019 Actual vs 2019 Budget:

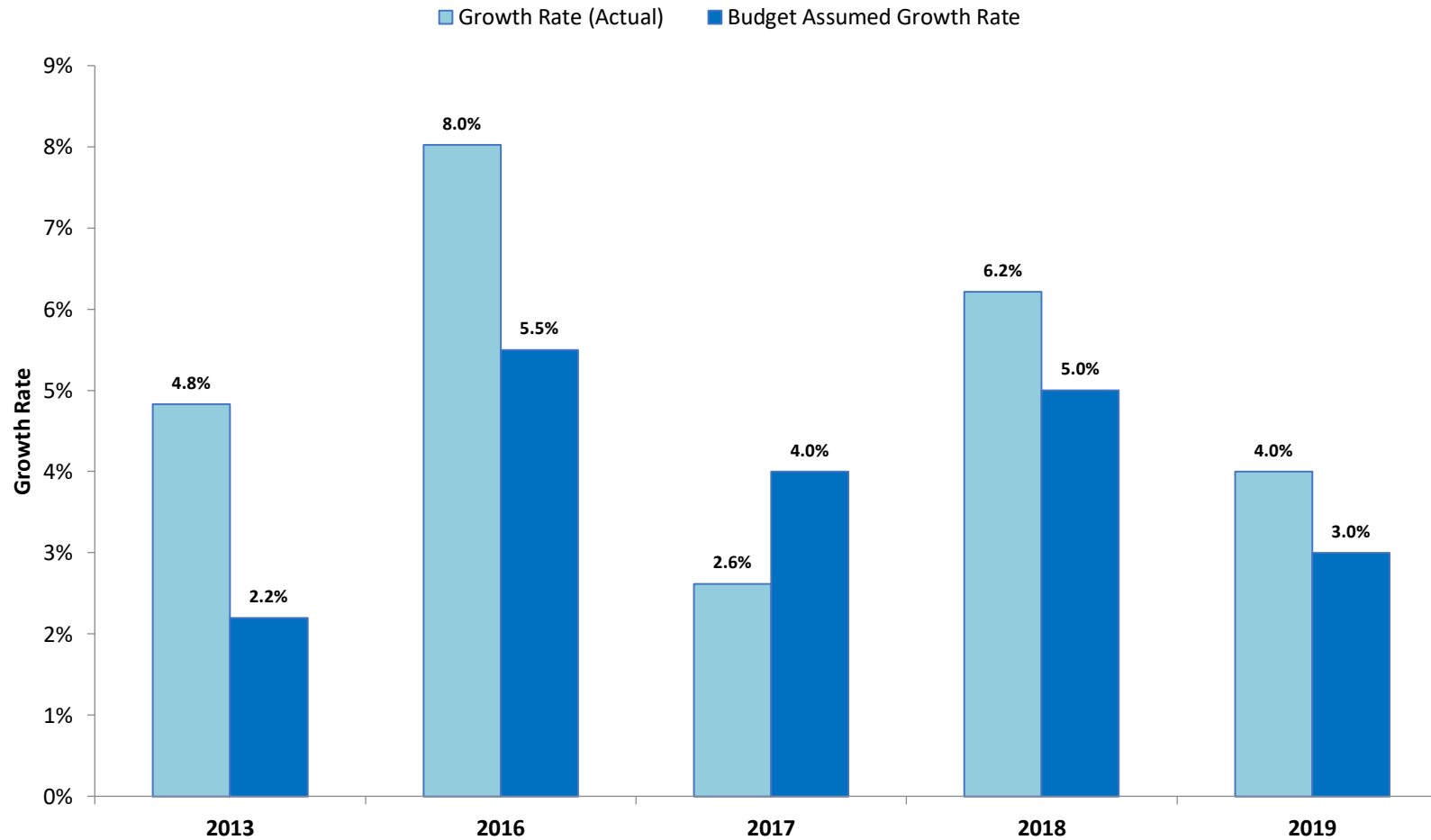
- \$9.5M favorable, 2.6%

Under-run driven primarily by:

- Pension Credit Adjustment to Payroll Expenses of 13.4M (6M Airport, 7.4M Allocated from Other Divisions)

The above Pension Credit adjustment of 13.4M and spending deferrals of 3M from other divisions absorbed 6.9M of the over-runs in Direct Airport Expenses

Passengers (Growth Comparison)



Passenger updated growth forecast is 4% vs. initial 3%

Airport Activity

	2017	2018	2019	% Change from 2018
Total Passengers (000's)				
Domestic	41,804	44,422	46,101	3.8%
International	5,130	5,428	5,728	5.5%
Total	46,935	49,850	51,829	4.0%
Operations	416,124	438,391	450,487	2.8%
Landed Weight (In Millions of lbs.)				
Cargo	2,323	2,471	2,485	0.6%
All other	26,107	27,879	29,078	4.3%
Total	28,431	30,350	31,562	4.0%
Cargo - Metric Tons				
Domestic freight	242,271	241,397	252,671	4.7%
International freight	123,934	133,274	143,647	7.8%
Mail	59,651	57,644	57,231	-0.7%
Total	425,856	432,315	453,549	4.9%

Passenger Activity		
Airline	Change 2018 v. 2019	2019 Market Share
Alaska	4.7%	49.4%
Delta	9.9%	24.4%
United	-7.0%	5.7%
Southwest	-8.8%	5.6%
American	-6.5%	4.7%

- 2019 Year End:**
- Passenger growth of 4% over 2018 Actuals, consistent with forecasted growth of 4% for 2019, and surpassed original budget of 3% growth

Aviation Financial Summary

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
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					\$	%	\$	%
Operating Revenues:								
Aeronautical Revenues	264,114	291,268	357,598	365,604	(8,006)	-2.2%	66,330	22.8%
Non-Aeronautical Revenues	236,803	257,707	269,037	259,537	9,501	3.7%	11,331	4.4%
Total Operating Revenues	500,916	548,975	626,636	625,140	1,495	0.2%	77,661	14.1%
Total Operating Expense	299,114	318,849	356,635	366,105	9,470	2.6%	37,786	11.9%
Net Operating Income	201,802	230,126	270,001	259,036	10,965	4.2%	39,875	17.3%
Capital Expenditures	293,785	579,135	573,598	767,732	194,134	25.3%	(5,537)	-1.0%

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

2019 Actual NOI \$10.9M favorable to budget

Key Performance Measures

	2017 Actual	2018 Actual	2019 Actual	2019 Budget	Fav (UnFav) Budget Vairance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	10.52	10.79	12.85	13.39	0.53	4.0%	2.07	19.1%
Non-Aeronautical NOI (in 000's)	133,101	149,959	150,752	136,534	14,218	10.4%	793	0.5%
Other Performance Metrics								
O&M Cost per Enplanement	12.77	12.81	13.78	14.42	0.63	4.4%	0.98	7.6%
Non-Aero Revenue per Enplanement	10.11	10.35	10.40	10.22	0.18	1.7%	0.05	0.4%
Debt per Enplanement (in \$)	114	133	133	123	(9)	-7.7%	(0)	-0.3%
Debt Service Coverage	1.57	1.66	1.68	1.65	0.03	2.1%	0.02	1.4%
Days cash on hand (10 months = 304 days)	379	235	314	278	36	13.0%	79	33.5%
Aeronautical Revenue Sharing (\$ in 000's)	(42,311)	(36,863)	(17,146)	(15,682)	(1,464)	-9.3%	19,717	53.5%
Activity (in 000's)								
Enplanements	23,416	24,894	25,874	25,394	480	1.9%	980	3.9%

CPE 2019 Actual vs 2018 Actuals:

CPE increase – Impacted by SLOA IV reduction in Revenue Sharing to 20% in 2019 from 40% in 2018

Non-Aero NOI 2019 Forecast vs 2019 Budget:

Non-Aero NOI growth due to higher forecasted Non-Aero Revenue

Other Performance Metrics:

Aero Revenue Sharing – Forecast reflects 20% Revenue Sharing per SLOA IV.

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

Aviation Expense YE Summary

\$ in 000's	2017 Actual	2018 Actual	2019 Actual	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Operating Expenses:								
Payroll	114,463	125,341	132,688	135,611	2,923	2.2%	7,347	5.9%
Outside Services	41,055	47,638	54,774	60,950	6,175	10.1%	7,137	15.0%
Utilities	16,374	18,237	18,115	20,235	2,120	10.5%	(122)	-0.7%
Other Airport Expenses	28,292	25,125	36,804	28,397	(8,407)	-29.6%	11,680	46.5%
Total Airport Direct Charges	200,184	216,341	242,382	245,192	2,810	1.1%	26,041	12.0%
Environmental Remediation Liability	8,812	6,233	15,900	14,259	(1,641)	-11.5%	9,667	155.1%
Capital to Expense	2,856	6,891	2,089	-	(2,089)	0.0%	(4,802)	-69.7%
Total Exceptions	11,668	13,124	17,989	14,259	(3,730)	-26.2%	4,865	37.1%
Total Airport Expenses	211,852	229,465	260,371	259,451	(920)	-0.4%	30,906	13.5%
Police Costs	17,652	19,231	22,290	25,137	2,848	11.3%	3,059	15.9%
Capital Development	14,701	12,607	12,906	16,242	3,336	20.5%	299	2.4%
Other Central Services	51,004	53,121	56,135	60,129	3,994	6.6%	3,014	5.7%
Maritime/Economic Development	3,904	4,425	4,933	5,145	212	4.1%	509	11.5%
Total Charges from Other Divisions	87,262	89,384	96,264	106,654	10,389	9.7%	6,880	7.7%
Total Operating Expense	299,114	318,849	356,635	366,105	9,470	2.6%	37,786	11.9%

2019 Actual to 2019 Budget
Total Operating Expenses = \$9.5M
favorable with 13.4M in Pension Credit
(6M Airport, 7.4M Allocated from Other
Divisions)

Without the Pension Credit, Total
Operating Expenses would be = \$3.9M
unfavorable

Airport Expenses Only would have been
unfavorable by 6.9M primarily due to
the following:

- **3.1M over in Payroll**
- **3.8M over in Non-Payroll**
 - **1.6M over in ERL expense**
 - **7.5M over in Other expenses** (1.6M in litigated expenses, 3.3M maintenance exp mostly due to snow impact, 2.6M in other)
 - **Partially offset by Savings from 3.2M in Outside Services and 2.1M in Utilities**

Over-run in Airport Expenses (without the Pension Credit) was partially absorbed by savings due to schedule and spending delays from other divisions of 3M

Aeronautical Business YE

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
\$ in 000's					\$	%	\$	%
Revenues:								
Movement Area	108,638	116,703	123,436	130,873	(7,437)	-5.7%	6,733	5.8%
Apron Area	16,771	15,627	22,016	19,714	2,302	11.7%	6,389	40.9%
Terminal Rents	155,431	169,318	205,283	203,319	1,965	1.0%	35,965	21.2%
Federal Inspection Services (FIS)	18,612	16,226	12,321	14,521	(2,199)	-15.1%	(3,905)	-24.1%
Total Rate Base Revenues	299,452	317,874	363,057	368,426	(5,370)	-1.5%	45,183	14.2%
Commercial Area	10,574	10,257	11,687	12,859	(1,172)	-9.1%	1,430	13.9%
Subtotal before Revenue Sharing	310,026	328,131	374,744	381,286	(6,542)	-1.7%	46,613	14.2%
Revenue Sharing	(42,311)	(36,863)	(17,146)	(15,682)	(1,464)	-9.3%	19,717	53.5%
Other Prior Year Revenues	(26)	-	-	-	-	0.0%	-	
Total Aeronautical Revenues	267,690	291,268	357,598	365,604	(8,006)	-2.2%	66,330	22.8%
Total Aeronautical Expenses	195,414	211,101	238,349	243,102	4,753	2.0%	27,248	12.9%
Net Operating Income	72,276	80,167	119,249	122,502	(3,253)	-2.7%	39,083	48.8%
Debt Service ⁽¹⁾	(86,564)	(91,673)	(110,945)	(109,343)	(1,601)	-1.5%	(19,272)	-21.0%
Net Cash Flow	(14,288)	(11,506)	8,305	13,159	(4,854)	36.9%	19,811	172.2%

2019 Actual to Budget

Aero Revenue - \$8.1M unfavorable

- **Rate based revenue \$6.5 M lower** – driven primarily by savings in Payroll (see Aero Expenses explanation below)
- **Revenue sharing \$1.6M – higher** to Signatory Airlines primarily driven by lower revenue requirement as a result of pension credit, and to a lesser degree – higher non-aero revenue

Aero Expenses – \$4.8M favorable

- Driven primarily by savings in Payroll: Approx. 2.1M in Pension Year End credit adjustment to Aero, and 1.4M Sal/Wages charged to Capital

Lower Aeronautical Revenues primarily driven by spending delays in outside services, projects, and program spending

Aero Cost Drivers

	2017 Actual	2018 Actual	2019 Actual	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
\$ in 000's								
O&M	192,188	206,076	231,927	237,387	(5,460)	-2.3%	25,851	12.5%
Debt Service Gross	113,832	115,419	135,902	136,513	(611)	-0.4%	20,483	17.7%
Debt Service PFC Offset	(33,057)	(32,987)	(33,036)	(33,045)	10	0.0%	(48)	0.1%
Amortization	29,654	32,371	30,599	30,121	478	1.6%	(1,772)	-5.5%
Space Vacancy	(2,264)	(2,132)	(1,516)	(1,521)	5	-0.4%	616	-28.9%
TSA Operating Grant and Other	(901)	(873)	(820)	(1,028)	208	-20.3%	53	-6.1%
Rate Base Revenues	299,452	317,874	363,057	368,426	(5,370)	-1.5%	45,183	14.2%
Commercial area	10,574	10,257	11,687	12,859	(1,172)	-9.1%	1,430	13.9%
Total Aero Revenues	310,026	328,131	374,744	381,286	(6,542)	-1.7%	46,613	14.2%

2019 Actual to 2019 Budget

- (\$5.4M) lower in Rate Based Revenues from O&M costs is driven primarily by savings in Payroll - approx. 2.1M in Pension Year End credit adjustment, and from more charges to Capital projects
- Debt Service and Amortization is in-line with budget

Aero Revenue Sharing

\$ in 000's	2017	2018	2019	2019	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aero Revenues (incl' commercial)	310,026	328,131	374,744	381,286	(6,542)	-1.7%	46,613	14.2%
Non-Aeronautical Revenues	236,803	257,707	269,037	259,537	9,501	3.7%	11,331	4.4%
Total O&M Expenses	(299,114)	(318,849)	(356,635)	(366,119)	9,485	-2.6%	(37,786)	11.9%
Net Operating Income	247,714	266,989	287,147	274,703	12,444	4.5%	20,158	7.6%
ADF Interest Income	4,242	3,752	5,356	6,352	(996)	-15.7%	1,604	42.7%
Security Checkpoint TSA Grant	1,039	1,001	1,049	1,028	21	2.0%	48	4.8%
Misc. Non-Operating Expenses	(1,799)	(1,586)	(800)	(1,311)	511	-39.0%	787	-49.6%
CFC Excess	(2,750)	(7,724)	(6,889)	(3,993)	(2,896)	72.5%	834	-10.8%
Available for Debt Service	248,446	262,433	285,863	276,780	9,083	3.3%	23,430	8.9%
Debt Service	131,060	136,218	160,243	158,696	1,548	1.0%	24,025	17.6%
Debt Service x 1.25	163,825	170,273	200,304	198,369	1,935	1.0%	30,031	17.6%
Available for revenue sharing	84,621	92,159	85,559	78,410	7,148	9.1%	(6,601)	-7.2%
Revenue Sharing	42,310	36,864	17,146	15,682	1,464	9.3%	(19,718)	-53.5%

Higher revenue sharing percentage due to higher non-aero NOI and lower expenses

Non-Aeronautical Business YE

\$ in 000's	2017 Actual	2018 Actual	2019 Actual	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	35,051	37,306	36,793	36,455	339	0.9%	(513)	-1.4%
Rental Cars - Operating CFC	10,641	16,263	15,773	13,624	2,149	15.8%	(490)	-3.0%
Public Parking	75,106	80,212	82,125	82,350	(226)	-0.3%	1,913	2.4%
Ground Transportation	15,684	18,772	20,765	19,734	1,031	5.2%	1,993	10.6%
Airport Dining & Retail	54,611	59,021	61,615	59,484	2,131	3.6%	2,593	4.4%
Non-Airline Terminal Leased Space	4,369	5,302	6,398	4,909	1,489	30.3%	1,096	20.7%
Commercial Properties	18,042	15,434	15,773	14,219	1,554	10.9%	339	2.2%
Utilities	7,018	7,206	7,431	8,058	(627)	-7.8%	225	3.1%
Employee Parking	9,617	10,269	10,438	10,134	304	3.0%	168	1.6%
Clubs and Lounges	5,041	6,802	10,274	8,520	1,753	20.6%	3,472	51.0%
Other	1,624	1,119	1,653	2,049	(395)	-19.3%	534	47.7%
Total Non-Aero Revenues	236,803	257,707	269,037	259,537	9,501	3.7%	11,331	4.4%
Total Non-Aero Expenses	103,702	107,748	118,286	123,003	4,717	3.8%	10,538	9.8%
Net Operating Income	133,101	149,959	150,752	136,534	14,218	10.4%	793	0.5%
Less: CFC (Surplus) / Deficit ⁽¹⁾	(2,750)	(7,724)	(6,889)	(3,993)	(2,896)	-72.5%	834	10.8%
Adjusted Non-Aero NOI	130,351	142,235	143,862	132,540	11,322	8.5%	1,627	1.1%
Debt Service ⁽¹⁾	(44,495)	(44,545)	(49,299)	(49,352)	54	0.1%	(4,753)	-10.7%
Net Cash Flow	85,856	97,690	94,564	83,188	11,376	13.7%	(3,126)	-3.2%

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

2019 Actuals to 2018 Actuals

Non-Aero Revenue -

- **Rental Car** – concession revenue flat to PY, CFC operating revenue decline due to higher debt service in 2019.
- **Parking** – revenue growth due to higher enplanements and net impact of parking rate increase to General Parking beginning in July 2019.
- **GT** – driven by TNC revenue growth, partially offset by decline in demand for taxis
- **Airport Dining & Retail** – strong performance in Food & Beverage sales and Advertising revenue is partially offset by decline in Duty Free sales. Retail revenue includes \$1.5M prior year adjustment recognized in 2019.
- **Clubs** – demand driven growth continues.
- All other Non-Aero revenue showing steady growth

Expenses - planned spending in line with 2019 Budget initiatives

NOI 10.4% favorable to Budget, 0.5% higher than 2018

Public Parking Performance YE

Public Parking - Revenue Detail					Fav (UnFav)		Incr (Decr)	
\$ in 000's	2017	2018	2019	2019	Budget Variance		Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Parking Garage Revenue to Port								
Revenue to Port - General Parking	68,024	72,473	73,779	74,554	(775)	-1.0%	1,306	1.8%
Other Garage Revenue								
Premier Corporate Parking	958	1,225	1,415	1,247	168	13.4%	189	15.4%
Passport Parking Program	2,990	3,219	3,582	3,330	252	7.6%	363	11.3%
Revenue to Port - Parking Programs	3,947	4,444	4,997	4,578	419	9.2%	552	12.4%
Total Parking Garage Revenue	71,971	76,917	78,776	79,132	(356)	-0.4%	1,859	2.4%
Other Parking Revenue								
Concession Rent - Doug Fox off-site parking	3,109	3,238	3,292	3,200	92	2.9%	54	1.7%
All Other Parking Revenue	25	56	56	19	37	197.7%	0	0.7%
Total Parking Revenue	75,106	80,212	82,125	82,350	(226)	-0.3%	1,913	2.4%
Parking Transactions by duration					Fav / (UnFav)		Incr / (Decr)	
in 000's	2017	2018	2019		Budget Variance		Change from 2018	
	Actual	Actual	Actual	Budget	#	%	#	%
Total Enplanements	23,416	24,894	25,874	25,394	480	1.9%	980	3.9%
O&D %	70.4%	71.2%	71.2%	70.3%	0.9%	1.3%	0.0%	0.0%
O&D Enplanements	16,485	17,725	18,422	17,852	570	3.2%	697	3.9%
Revenue per O&D Enplanement Metrics								
Public Parking	\$ 4.13	\$ 4.09	\$ 4.00	\$ 4.18	\$ (0.17)	-4.1%	\$ (0.08)	-2.1%
Premier Corporate Parking	\$ 0.06	\$ 0.07	\$ 0.08	\$ 0.07	\$ 0.01	9.9%	\$ 0.01	11.1%
Passport Parking Program	\$ 0.18	\$ 0.18	\$ 0.19	\$ 0.19	\$ 0.01	4.2%	\$ 0.01	7.1%
Total Garage Revenue per O&D Enplanement	\$ 4.37	\$ 4.34	\$ 4.28	\$ 4.43	\$ (0.16)	-3.5%	\$ (0.06)	-1.5%
Concession Rent - Doug Fox off-site parking	\$ 0.19	\$ 0.18	\$ 0.18	\$ 0.18	\$ (0.00)	-0.3%	\$ (0.00)	-2.2%
All Other Parking Revenue	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	188.5%	\$ (0.00)	-3.1%
Total Parking per O&D Enplanement	\$ 4.56	\$ 4.53	\$ 4.46	\$ 4.61	\$ (0.16)	-3.4%	\$ (0.07)	-1.5%

2019 Actual vs. 2018 Actual

Garage General Parking revenue growth YOY primarily driven by higher enplanements and a price increase to General Parking beginning in July 2019.

Parking programs - demand driven growth continues .

2019 Actual vs. 2019 Budget

Garage General Parking customer preference for other modes of transportation and 3rd party parking lots more than offset the mid-year price increase.

Rental Car Performance YE

Rental Car - Revenue Detail	2017		2018		2019		2019		Fav / (UnFav)		Incr / (Decr)	
	\$ in 000's	Actual	Actual	Actual	Budget	Actual	Budget	\$	%	\$	%	
Total Enplanements		23,416	24,894	25,874	25,394			480	1.9%	980	3.9%	
O&D %		70.4%	71.2%	71.1%	70.3%			0.8%	1.1%	-0.1%	-0.1%	
O&D Enplanements		16,485	17,725	18,396	17,852			545	3.1%	672	3.8%	
Gross Sales by Operators		313,654	334,355	328,156	326,665			1,491	0.5%	(6,199)	-1.9%	
Total Transactions		1,388	1,416	1,414	1,396			18	1.3%	(2)	-0.2%	
Average Ticket		\$226.03	\$236.08	\$232.06	\$234.00			(\$1.94)	-0.8%	(\$4.02)	-1.7%	
Average Length of Stay		4.37	4.44	4.49	4.43			0.06	1.5%	0.06	1.3%	
Transactions/O&D Enplanements		8.42%	7.99%	7.69%	7.82%			-0.13%	-1.7%	-0.30%	-3.8%	
CFC Revenue Summary												
Total Transaction Days		6,067	6,286	6,356	6,184			172	2.8%	70	1.1%	
CFC Rate per Transaction Day		\$6.00	\$6.00	\$6.00	\$6.00			\$0.00	0.0%	\$0.00	0.0%	
CFC Revenue Earned		36,404	37,716	38,137	37,106			1,032	2.8%	421	1.1%	
Other CFC Collections		27	349	(9)	0			(9)	N/A	(358)	-102.5%	
Total CFC Revenue		36,430	38,065	38,128	37,106			1,023	2.8%	64	0.2%	
Debt Service Reserve Requirement		(25,790)	(21,802)	(23,655)	(23,482)			(174)	0.7%	(1,854)	8.5%	
Reserve Fund Release (bond maturations)		-	-	1,300	-			1,300	N/A	1,300	N/A	
Net Debt Service		(25,790)	(21,802)	(22,355)	(23,482)			1,126	-4.8%	(554)	2.5%	
Residual - CFC Operating Revenue		10,641	16,263	15,773	13,624			2,149	15.8%	(490)	-3.0%	
Rental Car - Revenue Summary												
\$ in 000's		2017 Actual	2018 Actual	2019 Actual	2019 Budget			Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2018		
								\$	%	\$	%	
RCF Concession Revenue to Port		31,352	33,474	32,870	32,666			203	0.6%	(604)	-1.8%	
Residual - CFC Operating Revenue:		10,641	16,263	15,773	13,624			2,149	15.8%	(490)	-3.0%	
Land Rent/Space Rent/Other		3,699	3,833	3,924	3,788			136	3.6%	91	2.4%	
Total Rental Cars Operating Revenue		45,691	53,569	52,567	50,079			2,488	5.0%	(1,003)	-1.9%	

Key message:

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

2019 Actual vs. 2018 Actual

Rental Car Concession revenue - Declining faster than enplanements. Concession Revenue is impacted by (3) key indicators:

- Expected continuation of decline in **Transactions per O&D Enplanement** reflects trend in passenger preference shifting to other transportation options, most notable in short-term (1-day) rentals
- **Average length of stay** is increasing as 1-day rentals have declined significantly, due to shift in customer preference to other transportation alternatives.
- **Average ticket price** is a function of rental car pricing and customer demand, and can vary significantly. The average ticket price has fallen due to pricing competition, partially offset by erosion of short-term rentals to other transportation modes.

CFC Operating Revenue – YOY decline primarily due to increase in debt service compared to prior year

Ground Transportation YE

Ground Transportation - Revenue Detail	2017		2018		2019		2019		Fav (UnFav)		Incr (Decr)	
	\$ in 000's	Actual	Actual	Actual	Budget	Actual	Budget	Budget Variance	%	\$	%	Change from 2018
Ground Transportation Revenues												
Transportation Network Companies		6,940	10,349	12,982	11,574	1,408	12.2%	2,633	25.4%			
On Demand Taxis		5,199	4,475	3,578	4,176	(598)	-14.3%	(898)	-20.1%			
On Demand Limos		858	853	837	842	(5)	-0.6%	(16)	-1.8%			
Belled In Taxis (Annual Permit)		45	35	27	33	(6)	-16.8%	(8)	-21.5%			
Pre-Arranged Limos (Annual Permit)		626	635	611	588	23	3.9%	(24)	-3.8%			
Courtesy Cars (cost recovery)		1,319	1,660	2,019	1,919	100	5.2%	358	21.6%			
All other Operators (cost recovery)		394	340	418	388	30	7.8%	78	22.8%			
Other Misc Revenues		303	424	293	214	79	37.0%	(131)	-30.9%			
Total GT Revenue		15,684	18,772	20,765	19,734	1,031	5.2%	1,993	10.6%			
Trip Activity												
in 000's		Actual	Actual	Actual	Budget	Fav / (UnFav)	Budget Variance	%	%	Incr / (Decr)	Change from 2018	%
Ground Transportation Trips												
Transportation Network Companies		1,277	1,715	2,172	1,929	243	12.6%	457	26.6%			
On Demand Taxis		750	723	616	696	(80)	-11.5%	(108)	-14.9%			
On Demand Limos		72	69	65	67	(2)	-3.4%	(4)	-6.1%			
Belled In Taxis (Annual Permit)		56	18	13	18	(5)	-26.3%	(5)	-28.6%			
Pre-Arranged Limos (Annual Permit)		337	347	65	344	(279)	-81.1%	(282)	-81.3%			
Courtesy Cars (cost recovery)		1,175	1,209	1,236	1,160	76	6.5%	27	2.2%			
All other Operators (cost recovery)		79	63	74	57	17	30.1%	11	17.7%			
Total GT Trip Activity		3,746	4,145	4,240	4,271	(31)	-0.7%	95	2.3%			

Key message:

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

2019 Actual vs. 2018 Actual

GT Revenue forecast compared to prior year:

- TNC revenue in 2019 reflects continued shift in customer preference, from all other landside modes of transportation.
- Taxi revenue continues to erode in comparison to TNCs.
- Revenue from all other GT operator categories continues to reflect changes in market demand.
- Overall GT revenue growing more than 10% compared to prior year due to TNCs paying a higher trip fee, on average.

GT Trip Activity forecast compared to prior year:

- Trip volume for all other GT operator categories continues to adjust to market demand.
- Overall trip volume grew 2.3% compared to prior year.

Airport Dining & Retail YE

YTD Airport Dining & Retail <i>Org Basis (in 000's)</i>	2017 YTD Actual	2018YTD Actual	2019 Year-to-Date		Fav / (Unfav) Budget Variance		Incr / (Decr) from 2018	
			Actual	Budget	\$	%	\$	%
ADR Revenue								
Food & Beverage	21,579	23,132	26,436	23,780	2,656	11.2%	3,304	14.3%
Retail	13,989	17,005	16,313	15,445	868	5.6%	(692)	-4.1%
Duty Free	6,912	7,026	6,189	7,497	(1,308)	-17.4%	(837)	-11.9%
Personal Services	3,728	3,951	3,847	3,785	62	1.6%	(104)	-2.6%
Advertising	6,662	6,432	7,326	6,896	430	6.2%	894	13.9%
Space Rental - Terminal	1,292	1,351	1,298	1,385	(87)	-6.3%	(53)	-4.0%
All other revenue	449	125	328	697	(369)	-53.0%	203	163.2%
Total ADR Revenue	54,611	59,022	61,737	59,484	2,253	3.8%	2,715	4.6%

Sales per Enplanement								
SPE - Food & Beverage	\$ 7.18	\$ 7.34	\$ 7.55	\$ 7.30	\$ 0.25	3.4%	\$ 0.21	2.8%
SPE - Retail Sales	\$ 4.07	\$ 4.38	\$ 3.99	\$ 3.88	\$ 0.11	2.8%	\$ (0.38)	-8.8%
SPE - Duty Free	\$ 0.91	\$ 0.83	\$ 0.77	\$ 0.90	\$ (0.13)	-14.3%	\$ (0.06)	-7.7%
SPE - Personal Services	\$ 0.95	\$ 0.94	\$ 0.83	\$ 0.92	\$ (0.08)	-9.1%	\$ (0.11)	-11.6%
SPE - Airport Dining & Retail	\$ 13.12	\$ 13.50	\$ 13.15	\$ 13.00	\$ 0.15	1.1%	\$ (0.35)	-2.6%

2019 vs. 2018 Actuals

- **Food & Beverage** – Strong sales growth on concourse D and Central terminal offset a decline on North Satellite.
- **Retail Sales** – 2019 Forecast includes a favorable \$0.8M prior period adjustment from reconciliation of 3 leases. Convenience Retail ‘grab’n’go” food sales declined as expected in 2019 after strong growth in 2018 as new restaurants opened after leases transitioned in 2019/2018.
- **Duty Free** - Sales continue to lag, likely due to stricter Chinese enforcement of existing tariffs. Expect further reductions due to decline in Asian passengers.
- **Advertising** - continued to grow with Clear Channel relationship

Commercial Properties YE

YTD Non-Aero Commercial Properties (3630) <i>Subclass Basis (in 000's)</i>	2017 YTD Actual	2018 YTD Actual	2019 Year to Date		Fav / (Unfav) Bdgt Variance		Incr / (Decr) from 2018	
			Actuals	Budget	\$	%	\$	%
Revenue								
In-Flight Kitchen Revenue	7,827	8,705	10,053	8,634	1,419	16.4%	1,349	15.5%
Land Rental	2,562	4,009	4,658	4,605	54	1.2%	650	16.2%
DMCP In Lieu Revenue	5,879	483	547	547	1	0.1%	65	13.4%
Burien NERA 3 FAA Pilot Program grant	1,402	1,807	49	-	49	100%	(1,758)	-97.3%
All Other Commercial Properties Revenue	372	430	465	434	31	7.1%	34	8.0%
Non-Aero Commercial Properties Revenue:	18,042	15,433	15,773	14,219	1,554	10.9%	340	2.2%
Expenses								
DMCBP pre paid frontage fee amortization	3,924	346	346	371	25	6.7%	-	0.0%
NERA Grant Expenses	1,589	2,105	-	-	-	n/a	(2,105)	-100%
Outside Services	223	48	87	81				
All Other Commercial Properties Expenses	192	161	198	227	29	12.6%	37	22.8%
Non-Aero Commercial Properties Expenses:	5,928	2,661	631	679	54	7.9%	(2,029)	-76.3%
NOI before Allocations	12,114	12,773	15,141	13,541	1,607	11.9%	2,369	18.5%

2019 Forecast vs. 2018 Actuals

- **In-Flight Meal Revenue** growth continues to outpace the growth in enplanements.
- **Non-Aero commercial real estate portfolio** now stable, as construction on new development properties is complete and properties have all transitioned to full land rental rates. Occupancy is stable on existing properties.
- **NERA grant program** ended in mid-2018

2019 Capital Expenditures

\$ in 000's Description	2019	2019	Budget Variance	
	YTD Actual	Budget	\$	%
International Arrivals Fac-IAF ⁽¹⁾	311,613	376,548	64,935	17.2%
NS NSAT Renov NSTS Lobbies ⁽²⁾	133,219	141,054	7,835	5.6%
SD Pond Bird Deterrent Improv ⁽³⁾	3,489	9,620	6,131	63.7%
AFLD Pvmnt Program 2016-2020 ⁽⁴⁾	4,593	10,350	5,757	55.6%
Terminal Security Enhancements ⁽⁵⁾	1,796	6,700	4,904	73.2%
RCF Pavement Remediation ⁽⁶⁾	810	5,200	4,390	84.4%
Checked Bag Recap/Optimization ⁽⁷⁾	21,973	25,865	3,892	15.0%
Arc Flash Mitigation ⁽⁸⁾	80	3,636	3,556	97.8%
Service Tunnel Renewal/Replace ⁽⁹⁾	11,694	15,000	3,306	22.0%
Highline School Insulation ⁽¹⁰⁾	6	3,300	3,295	99.8%
Parking Garage Elevators Modernization ⁽¹¹⁾	483	3,590	3,107	86.6%
Fire Station - Westside ⁽¹²⁾	949	4,000	3,051	76.3%
SSAT Infrastructure HVAC ⁽¹³⁾	9,072	6,250	(2,822)	-45.1%
All Other	73,822	156,618	82,796	52.9%
Total Spending	573,598	767,732	194,134	25.3%

- (1) Steel fabrication and trade staffing challenges have caused significant delays to the project.
- (2) Delay with mechanical air handling equipment purchase, construction labor leveling efforts both contributed to annual cashflow variance.
- (3) Originally, the construction was to be done in one year, but construction timing has now shifted into year two.
- (4) WP U00495 (2019AIP) had bid much lower than engineer's estimate. WP U00503 (2020 AIP) scope originally was to be in four key locations on the Airfield. AVOPs indicated that the original scope locations were too disruptive. The 2020 project scope was adjusted to align with operations request.
- (5) 2019 Baseline cashflow prepared prior to scope revision (sidewalk surfacing). Scope revision contributed to a four month construction delay. Subsequently, bids were cancelled and construction did not start in 2019.
- (6) 2019 Baseline cashflow prepared prior to scope revision (security fencing). Scope revision delayed construction by two months. Subsequent to scope revision, construction delayed by an additional month due to a bid protest.
- (7) Contractor is six months behind schedule, spending is behind original estimate.
- (8) Design delays have postponed the start of construction until 2020.
- (9) 2019 Baseline cashflow assumed traffic management change order was implemented, ultimately, this did not occur. Furthermore, reduced spending on work in the main garage also contributed to the variance.
- (10) Awaiting grant issuance for project to commence.
- (11) Work project U00434 - elevator shafts and vestibules is being delayed until 2020 construction season due to design delays and weather windows.
- (12) A change in delivery method (from two major works contracts to one contract) has resulted in a delay in the construction start date until Q2 2020.
- (13) Adjusted the work areas to allow the contractor more efficiencies with larger spaces to complete the work, accelerating spending this year.

YTD spending variances primarily due to delayed Capex spending

SAMP Overview

YTD Summary	2017 Actual	2018 Actual	2019		Fav (Unfav) 2019 Budget Variance		Inc (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
\$ in 000's								
SAMP Completion & Transition to Env Review	1,335	462	148	300	152	50.7%	(314)	-68.0%
Adv Planning IDIQ - Master Plan	1,141	3,905	2,448	4,000	1,552	38.8%	(1,457)	-37.3%
Environmental Review - Master Plan	169	521	866	1,600	734	45.9%	345	66.2%
SAMP Utilities Master Plan	276	459	1,358	2,000	642	32.1%	899	195.9%
Total SAMP-Related Spending	2,921	5,347	4,820	7,900	3,080	39.0%	(527)	-9.9%

Maritime Division Appendix

2019 Financial Performance Report

Maritime Financial Highlights

Maritime – Net Income is \$1,723K favorable to budget and \$3,283K below 2018

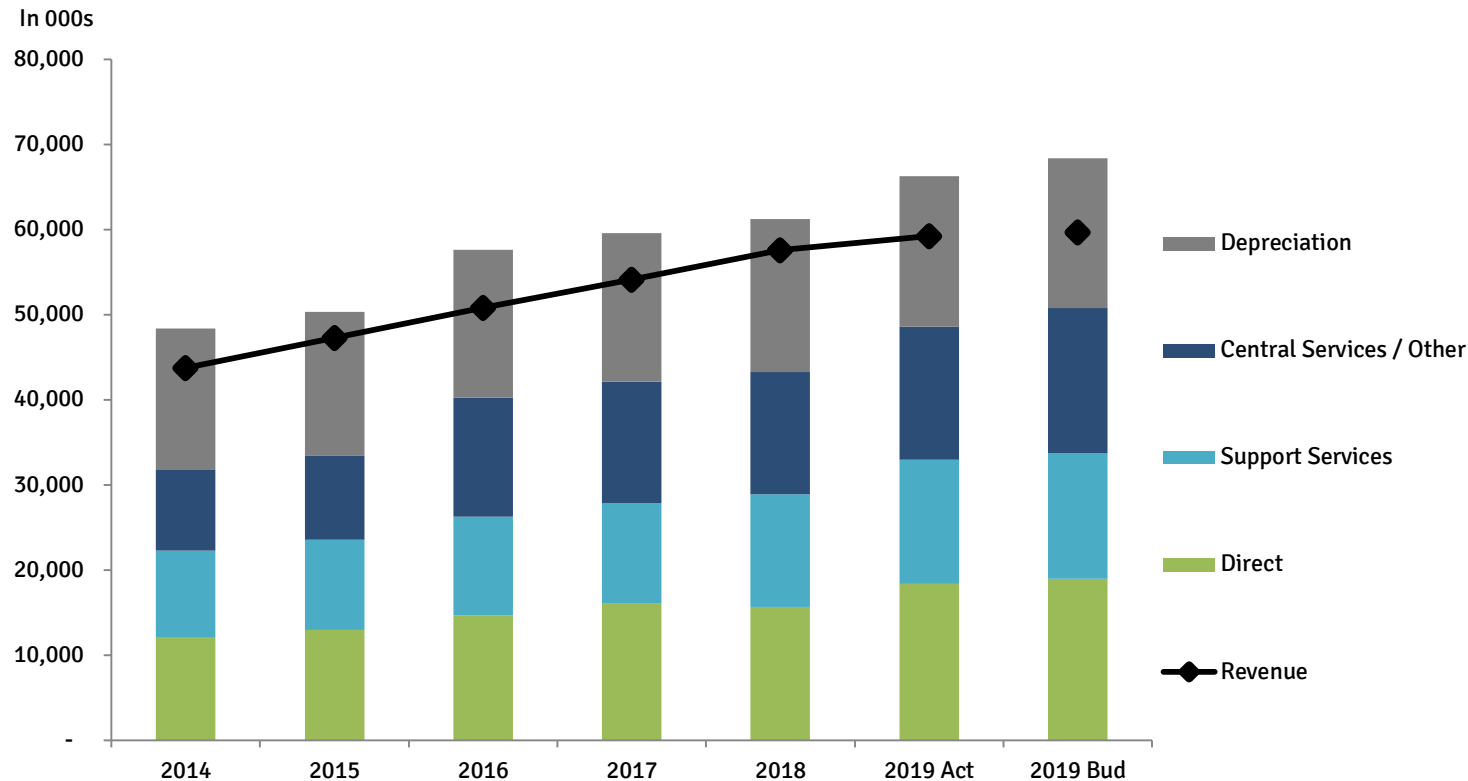
- Revenue unfavorable to budget by \$441K (-1%) due to utility revenues and lower recreational boating occupancy for non-liveboards. Revenue \$1.7M or 3% higher than 2018 driven by Cruise rate and passenger increases, offset by reduction in Grain volumes and leases from WSDOT.
- Expenses \$2.2M favorable to budget driven by favorable pension adjustment. Expense are up \$5.4M or 12% Y/Y. Growth seen in one time direct expenses, maintenance allocations, environmental, and central services.
- Capital budget \$10M or 56% below budget.
- Stormwater Utility revenue and expenses were each 1% above budget.

	2017 Actual	2018 Actual	2019		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	54,183	57,575	59,289	59,729	(441)	-1%	1,714	3%
Total Operating Expenses	42,164	43,252	48,644	50,822	2,177	4%	5,392	12%
Net Operating Income	12,020	14,323	10,644	8,908	1,737	19%	(3,678)	-26%
Depreciation	17,410	18,022	17,627	17,613	(14)	0%	(395)	-2%
Net Income	(5,390)	(3,699)	(6,982)	(8,705)	1,723	20%	(3,283)	-89%

Maritime 2019 Financial Summary

	2017 Actual	2018 Actual	2019		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
\$ in 000's								
Ship Canal Fishing & Operations	2,854	3,502	3,929	4,021	(92)	-2%	427	12%
Elliott Bay Fishing & Commercial Operations	6,443	6,755	6,095	5,927	169	3%	(659)	-10%
Recreational Boating	11,086	12,035	12,484	12,794	(311)	-2%	449	4%
Cruise	17,596	18,880	22,410	22,406	4	0%	3,530	19%
Grain	5,427	5,167	4,266	4,254	12	0%	(901)	-17%
Maritime Portfolio Management	10,787	11,305	10,108	10,328	(220)	-2%	(1,198)	-11%
Other	(9)	(69)	(3)	0	(3)	NA	66	-96%
Total Revenue	54,183	57,575	59,289	59,729	(441)	-1%	1,714	3%
Expenses								
Maritime (Excl. Maint)	11,937	11,326	13,364	13,957	592	4%	2,039	18%
Economic Development	4,172	4,347	4,987	4,996	9	0%	640	15%
Total Direct	16,109	15,673	18,352	18,953	601	3%	2,679	17%
Maintenance Expenses	10,420	11,416	12,186	11,980	(206)	-2%	770	7%
Envir Services & Planning	1,078	1,553	2,250	2,559	309	12%	697	45%
Seaport Project Management	240	295	175	222	48	21%	(120)	-41%
Total Support Services	11,739	13,265	14,611	14,761	151	1%	1,346	10%
IT	2,711	2,558	2,685	2,788	103	4%	127	5%
Police Expenses	3,756	4,041	4,086	4,473	387	9%	45	1%
External Relations	1,346	1,379	1,564	1,646	82	5%	185	13%
Other Central Services	6,302	6,117	7,069	7,995	925	12%	952	16%
Aviation Division / Other	202	220	278	206	(72)	-35%	58	26%
Total Central Services / Other	14,316	14,315	15,682	17,108	1,425	8%	1,367	10%
Total Expense	42,164	43,252	48,644	50,822	2,177	4%	5,392	12%
NOI Before Depreciation	12,020	14,323	10,644	8,908	1,737	19%	(3,678)	-26%
Depreciation	17,410	18,022	17,627	17,613	(14)	0%	(395)	-2%
NOI After Depreciation	(5,390)	(3,699)	(6,982)	(8,705)	1,723	20%	(3,283)	-89%

Maritime Division Financial Trends



Variance from 2018

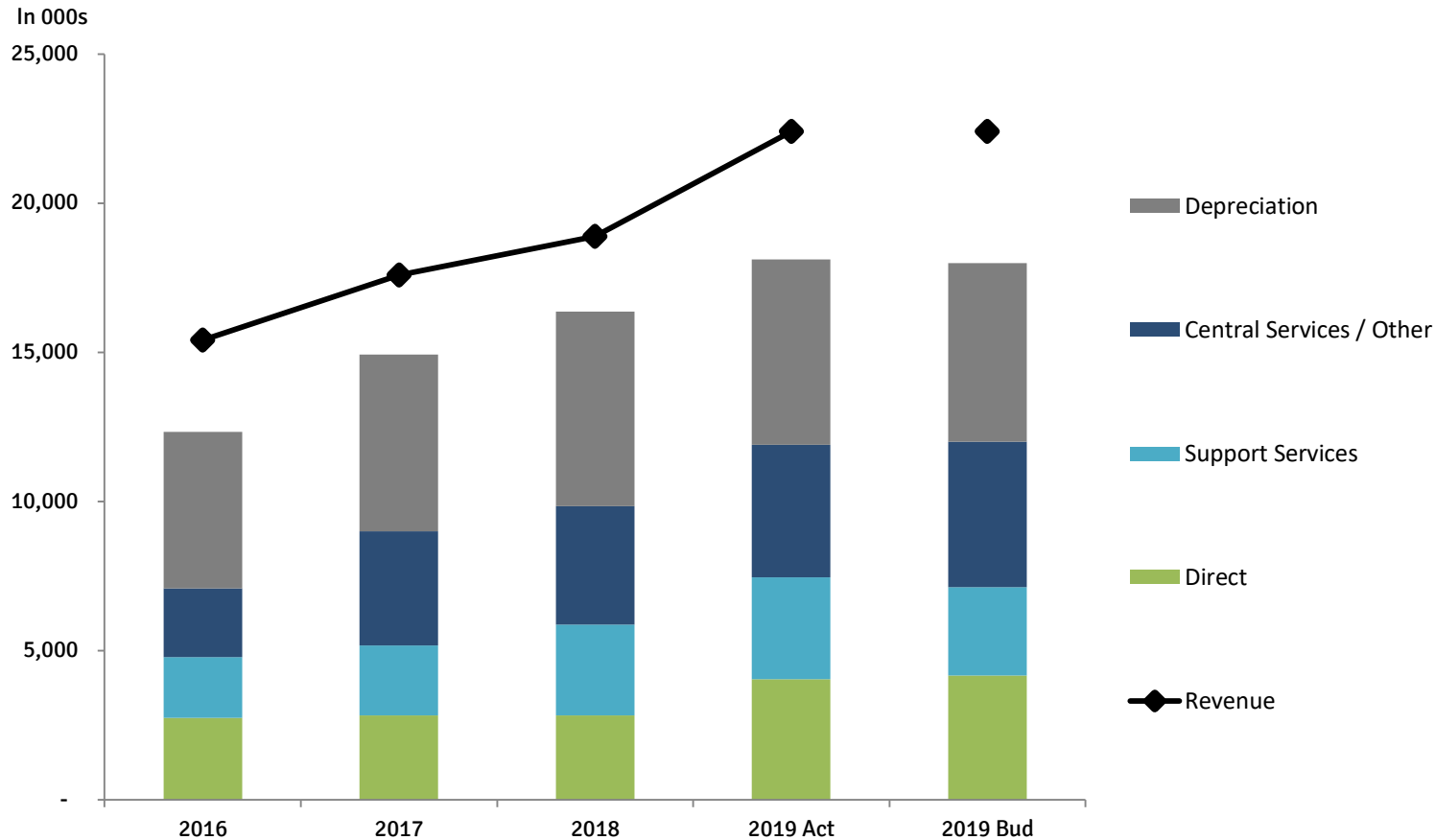
Revenue Up \$1.7M/3%

- Cruise up \$3.5M.
- Grain and Portfolio Management down \$2.1M

Expense up \$5M/8%

- Direct up \$2.7M/17%
 - \$1.1M in Capital Expense
 - \$.9M in Environmental Remediation
- Support Services up \$1.3M/10% from Maintenance and Environmental
- Central Services up \$1.4M/10%
- Depreciation down \$.4M/-2%

Cruise Financial Trends



Variance from 2018

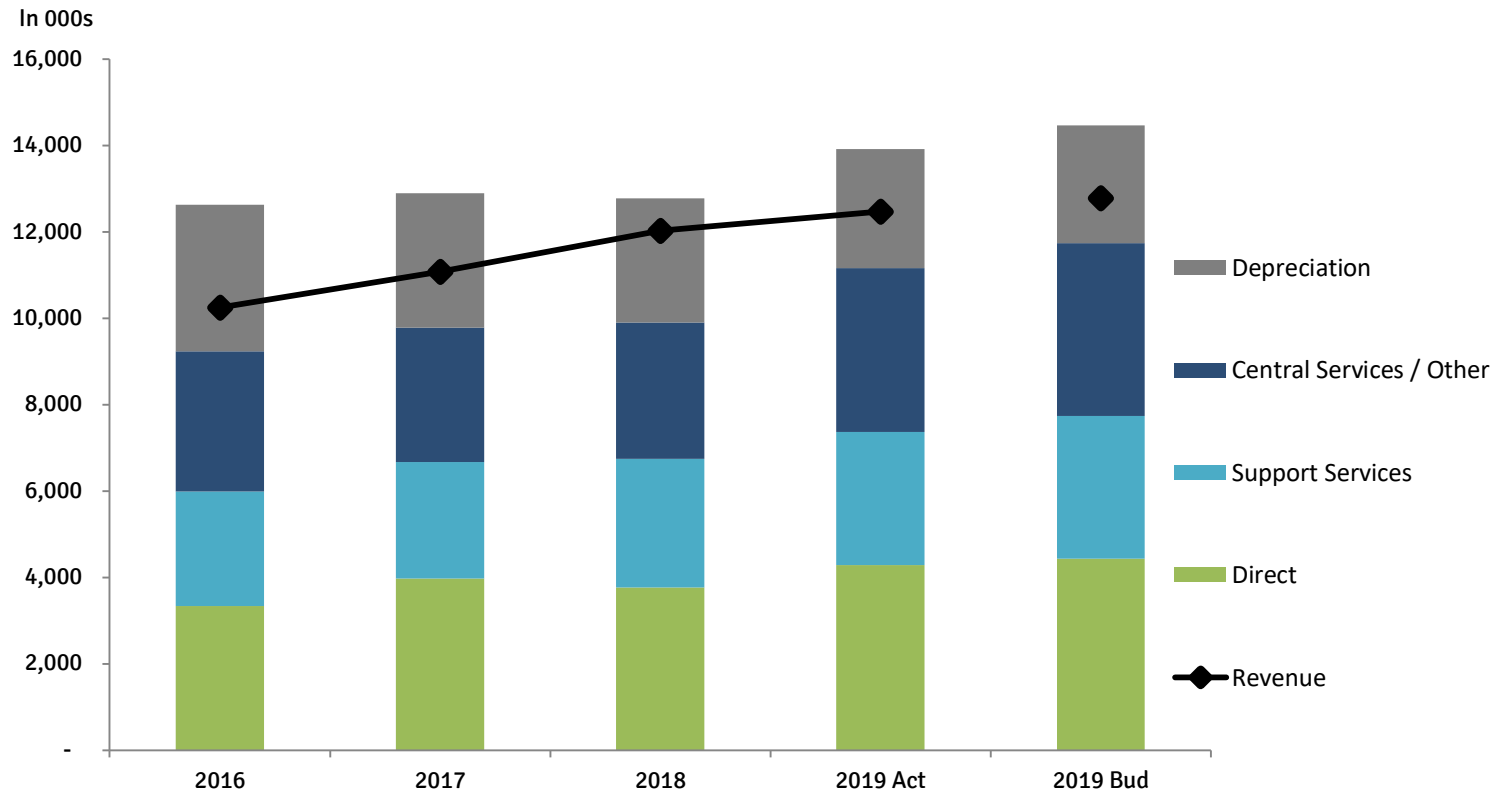
Revenue Up \$3.5M/19%

- Tariff increase
- Passenger growth

Expense up \$1.7M/11%

- Direct up \$1.2M/42%
 - Other Contracted Services up \$0.5M due to Port Valet program
 - Expenses from on hold capital projects up \$0.5M
- Central Services up \$0.5M/12%
- Depreciation down \$0.3M/-5%

Recreational Boating Financial Trends



Variance from 2018

Revenue Up \$449K/4%

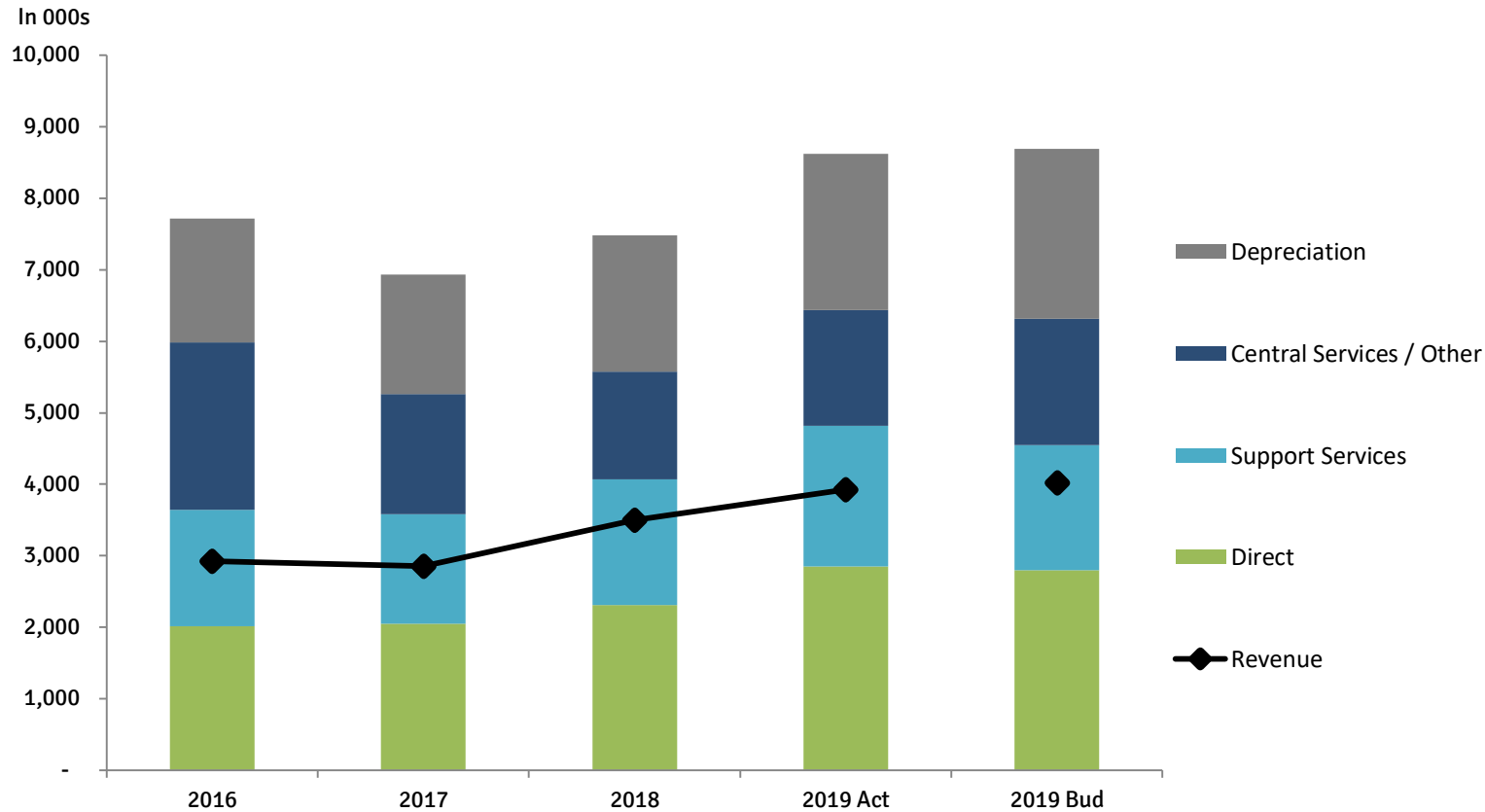
- Rate increase offset partially by occupancy.

Expense up \$1.1M/9%

- Direct up \$523K/14%
 - Payroll, Utility, Bad Debt
- Support Services up \$94K/3%
- Central Services up \$632K/20%
- Depreciation down \$109K/-4%

- Includes Shilshole Bay Marina, Bell Harbor Marina, and Harbor Island Marina.

Ship Canal Fishing & Ops Trends



Variance from 2018

Revenue Up \$427K/12%

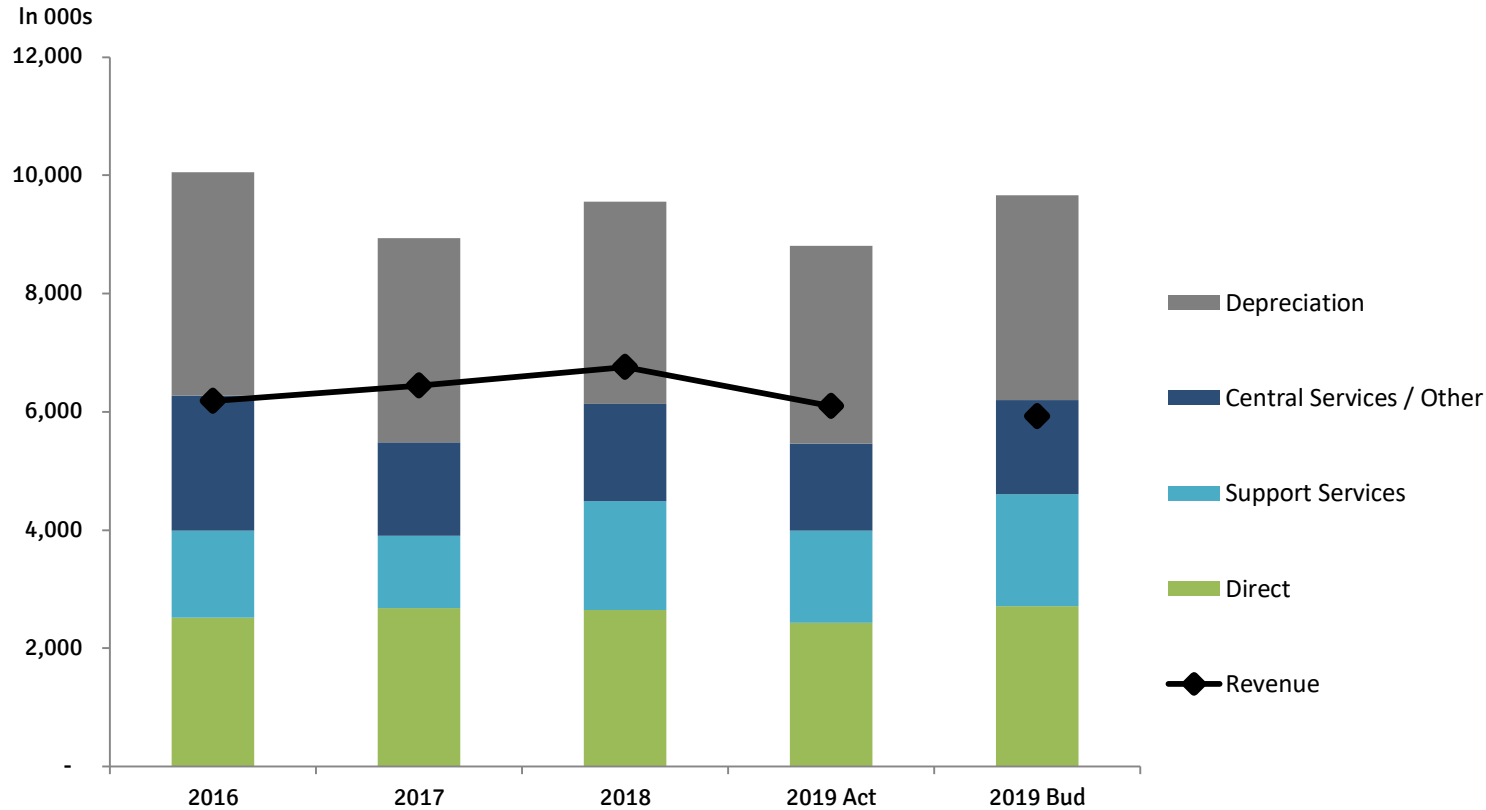
- Full year of Salmon Bay Marina in 2019 vs ½ year in 2018

Expense up \$1.1M/15%

- Direct up \$541K/23%
 - Salmon Bay Marina and Asset Retirement Obligation
- Support Services up \$203K/12% from Maintenance and Environmental
- Central Services up \$121K/8%
- Depreciation up \$277K/15%

- Includes Fishermen's Terminal, Maritime Industrial Center, and Salmon Bay Marina.

Elliott Bay Fishing & Commercial Ops Trends



Variance from 2018

Revenue Down \$659K/-10%

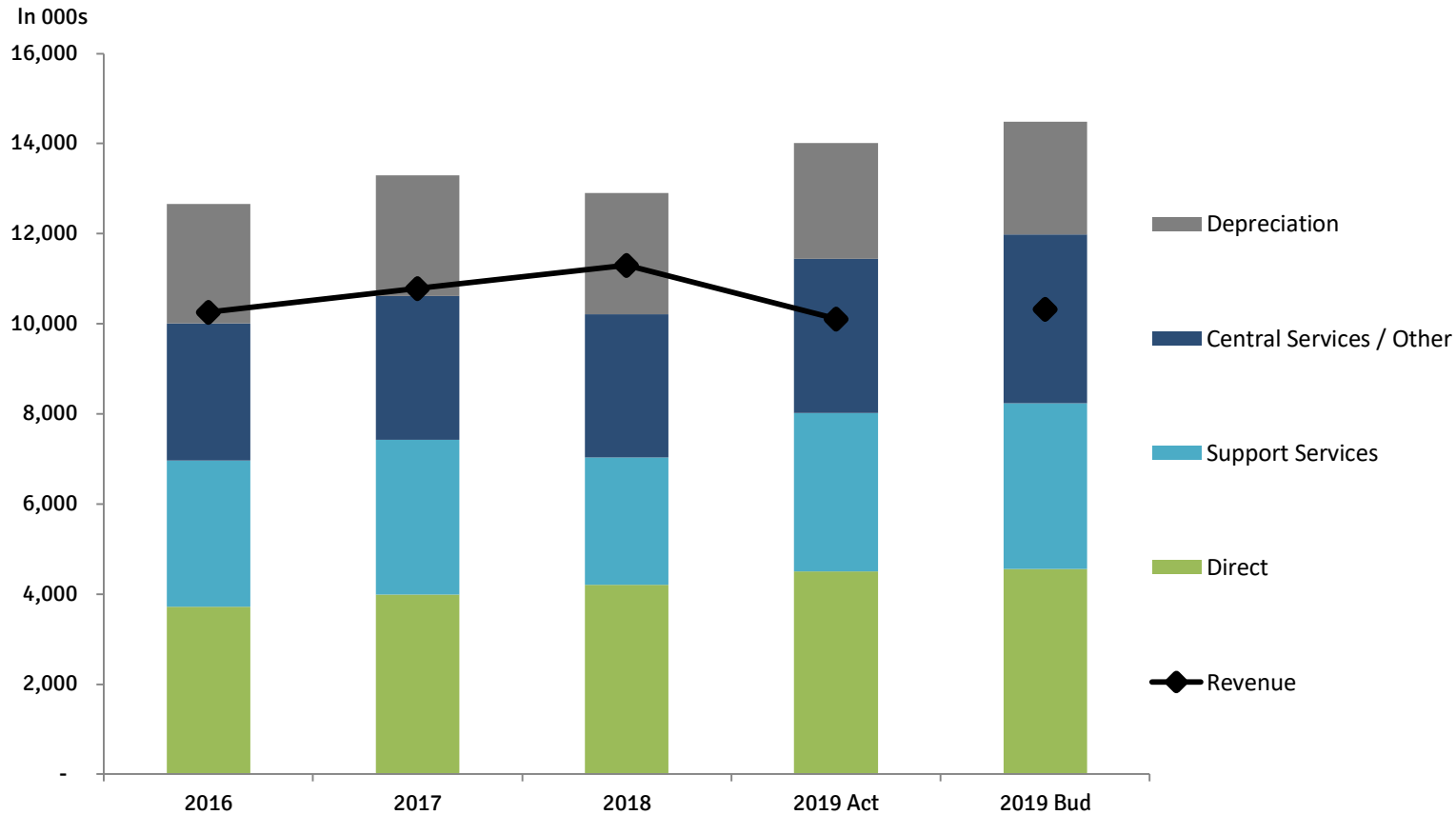
- T46 North berth down \$850K from WSDOT following tunnel project

Expense down \$744K/-8%

- Direct down \$221K/-8%
- Support Services down \$273K/-15% from Maintenance
- Central Services down \$170K/-10%
- Depreciation down \$80K/-2%

- Includes Terminal 91 (waterside non-Cruise), Terminal 46 Docks, Kellogg Island, Terminal 25, Terminal 18 Dolphins, Pier 69 Vessels, Pier 28 Docks, Pier 34 Dolphins, Pier 2 Docks, and Terminal 108 Moorage.

Maritime Portfolio Management Trends



Variance from 2018

Revenue down \$1.2M/-11%

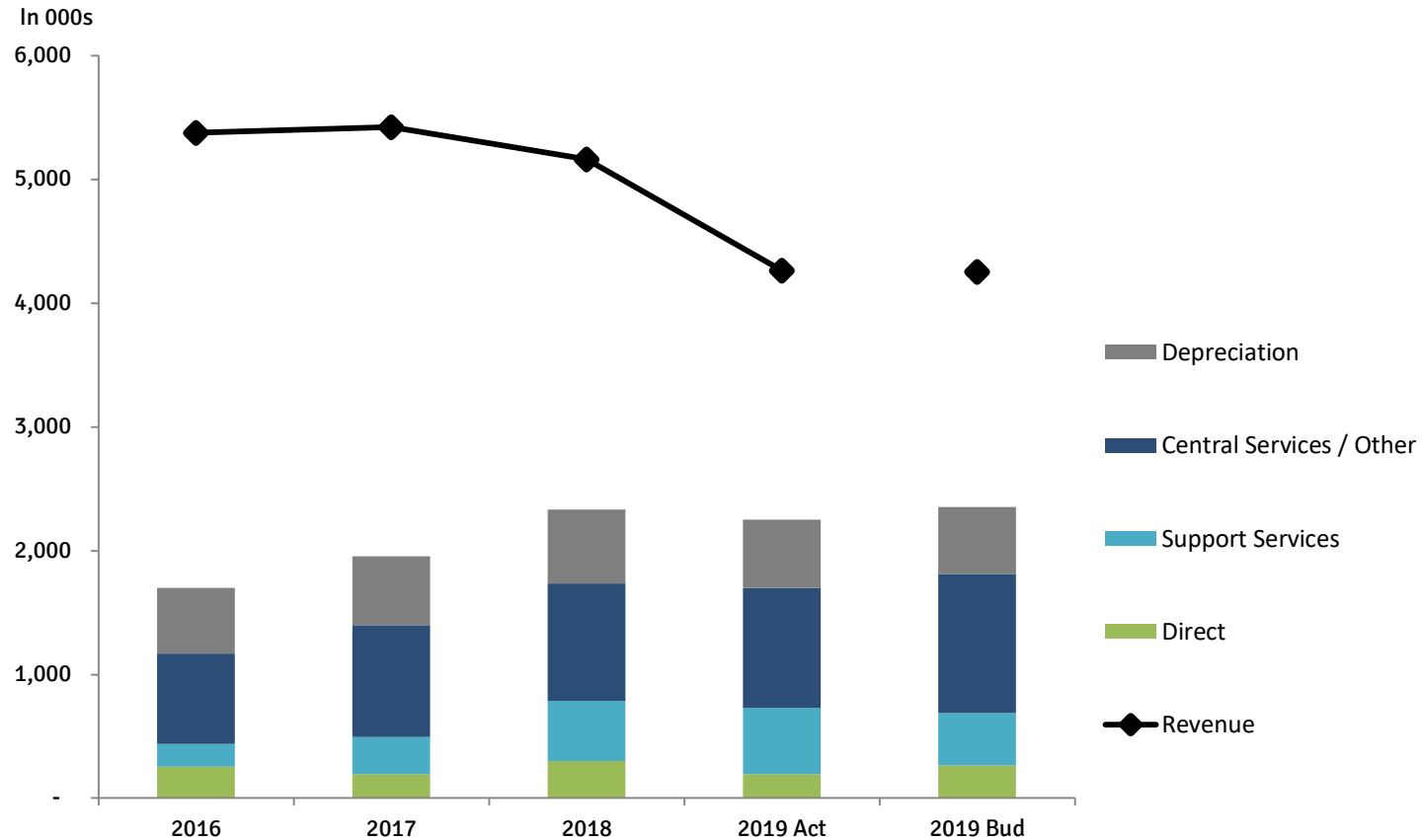
- T106 mainly WSDOT down \$1.1M

Expense up \$1.1M/9%

- Direct up \$299K/7%
 - FT Gear Storage Improvements and FT West wall
- Support Services up \$687K/24% from Maintenance and Environmental
- Central Services up \$252K/6%
- Depreciation down \$133K/-5%

- Includes uplands of Shilshole Bay Marina, Terminal 91 (Industrial), Fishermen's Terminal, Maritime Industrial Center, Salmon Bay Marina, T-115, T-108, and T-106.

Grain Terminal Goal: Net Income Maximized



Variance from 2018

Revenue down \$.9M/-17%

- Reduction in grain volumes due in part to tariff considerations.

Expense down \$82K/-4%

- Direct down \$106K/-36%
- Support Services up \$51K/10%
- Central Services up \$19K/2%
- Depreciation down \$45K/-8%

Maritime 2019 Business Line Financials

Page 1

\$ in 000's	Actual 2017	Actual 2018	Actual 2019	Budget 2019	Fav(UnFav) Bud Var		Incr/(Decr) Chg fr Prior Year	
					\$	%	\$	%
<u>Cruise</u>								
Revenue	17,596	18,880	22,410	22,406	4	0%	3,530	19%
Expense	8,997	9,850	11,896	12,017	121	1%	2,046	21%
NOI Before Depreciation	8,599	9,030	10,514	10,389	125	1%	1,484	16%
Depreciation Expense	5,924	6,517	6,212	5,986	(226)	-4%	(305)	-5%
NOI After Depreciation	2,675	2,513	4,302	4,403	(101)	-2%	1,789	71%
<u>Rec Boating</u>								
Revenue	11,086	12,035	12,484	12,794	(310)	-2%	449	4%
Expense	9,780	9,910	11,159	11,750	591	5%	1,249	13%
NOI Before Depreciation	1,306	2,125	1,325	1,044	281	27%	(800)	-38%
Depreciation Expense	3,122	2,872	2,763	2,727	(36)	-1%	(109)	-4%
NOI After Depreciation	(1,816)	(747)	(1,438)	(1,683)	245	15%	(691)	-93%
<u>Maritime Portfolio</u>								
Revenue	10,787	11,305	10,108	10,328	(220)	-2%	(1,197)	-11%
Expense	10,620	10,208	11,446	11,982	536	4%	1,238	12%
NOI Before Depreciation	167	1,097	(1,338)	(1,654)	316	19%	(2,435)	-222%
Depreciation Expense	2,681	2,693	2,560	2,502	(58)	-2%	(133)	-5%
NOI After Depreciation	(2,514)	(1,596)	(3,898)	(4,156)	258	6%	(2,302)	-144%
<u>Ship Canal Fishing & Operations</u>								
Revenue	2,854	3,502	3,929	4,021	(92)	-2%	427	12%
Expense	5,265	5,575	6,440	6,319	(121)	-2%	865	16%
NOI Before Depreciation	(2,411)	(2,073)	(2,511)	(2,298)	(213)	-8%	(438)	-21%
Depreciation Expense	1,665	1,908	2,185	2,370	185	8%	277	15%
NOI After Depreciation	(4,076)	(3,981)	(4,696)	(4,668)	(28)	-1%	(715)	-18%

Maritime 2019 Business Line Financials

Page 2

\$ in 000's	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>	Budget <u>2019</u>	Fav(UnFav) Bud Var		Incr/(Decr) Chg fr Prior Year	
					\$	%	\$	%
<u>Elliott Bay Fishing & Commercial Operations</u>								
Revenue	6,443	6,755	6,095	5,927	168	3%	(660)	-10%
Expense	5,484	6,130	5,466	6,195	729	13%	(664)	-11%
NOI Before Depreciation	959	625	629	(268)	897	NA	4	1%
Depreciation Expense	3,454	3,421	3,341	3,471	130	4%	(80)	-2%
NOI After Depreciation	(2,495)	(2,796)	(2,712)	(3,739)	1,027	38%	84	-3%
<u>Bulk/Grain Terminal</u>								
Revenue	5,427	5,167	4,266	4,254	12	0%	(901)	-17%
Expense	1,397	1,737	1,700	1,810	110	6%	(37)	-2%
NOI Before Depreciation	4,030	3,430	2,566	2,444	122	5%	(864)	-25%
Depreciation Expense	558	597	552	543	(9)	-2%	(45)	-8%
NOI After Depreciation	3,472	2,833	2,014	1,901	113	6%	(819)	-29%
<u>Other</u>								
Revenue	(9)	(69)	(3)	0	(3)	NA	66	96%
Expense	621	(159)	537	748	211	28%	696	438%
NOI Before Depreciation	(630)	90	(540)	(748)	208	28%	(630)	-700%
Depreciation Expense	6	14	14	14	0	0%	0	NA
NOI After Depreciation	(636)	76	(554)	(762)	208	27%	(630)	-829%
<u>Total Maritime</u>								
Revenue	54,183	57,575	59,289	59,729	(440)	-1%	1,714	3%
Expense	42,164	43,252	48,644	50,822	2,178	4%	5,392	12%
NOI Before Depreciation	12,019	14,323	10,645	8,907	1,738	20%	(3,678)	-26%
Depreciation Expense	17,410	18,022	17,627	17,613	(14)	0%	(395)	-2%
NOI After Depreciation	(5,391)	(3,699)	(6,982)	(8,706)	1,724	20%	(3,283)	-89%

Maritime Capital 2019

\$ in 000's	2019	2019	Budget Variance	
	Actual	Budget	\$	%
Small Projects	1,469	3,954	2,485	63%
SBM Restrms/Service Bldgs Rep	1,957	2,920	963	33%
Contingency Renewal & Replace.	0	2,000	2,000	100%
MD Fleet 2019	655	1,818	1,163	64%
Cruise Terminal Tenant Improv	1,189	1,370	181	13%
T117 Restoration	316	1,040	724	70%
FT Docs 3,4,5 Fixed Pier	986	600	(386)	-64%
New Cruise Terminal	1,107	600	(507)	-85%
SBM Paving	67	596	529	89%
Maritime Technology Projects	59	450	391	87%
Marina Mgt Sys Replacement	(113)	426	539	127%
All Other Projects	195	2,064	1,869	91%
Total Maritime	7,887	17,838	9,951	56%

Small Projects – Numerous projects within CIP are under feasibility discussions to either cancel or defer spending into 2020.

T117 Restoration – Schedule delayed due to delay in Trustee negotiation.

New Cruise Terminal - A site for the new cruise terminal became available sooner than expected. Design development proceeding earlier than anticipated.

SBM Paving/Restrooms – Construction delayed due to re-evaluation of project scope after bids received 33% over Engineer's estimate.

Marina Management System – Project on hold as Vendor unable to meet security requirements. Costs expensed until further analysis.

Environmental Highlights

Maritime Environmental –

Completed the remediation system construction at T30.

Signed the Credits Agreement with NOAA, enabling the Port to build and sell habitat at T117.

Completed installation of solar at P69, meeting our anticipated production goals.

Finalized the East Waterway Feasibility Study making significant progress on cleanup negotiations.

Smith Cove Blue Carbon Pilot Project completed restoration element and first year of monitoring.

Salmon Safe renewed the Port's Certification through audit and compliance.

Foster employee talent and development through high school internships. 6 Interns in E&S and 7 in Env Finance.

Recovered \$5,915,000 from energy grants/rebates, insurance, agreements, and derelict vessel earmark.

Stormwater Utility -

Received the AAPA Award of Excellence in environmental enhancement for stormwater innovations.

Installed 5 tide gates; rain garden at T86; drainage repair at T91; completed 22 system repairs.

Stormwater Utility

\$ in 000's	2017 Actual	2018 Actual	2019		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018		Total Year Budget
			Actual	Budget	\$	%	\$	%	
Revenue									
NWSA	3,891	4,195	4,499	4,564	(65)	-1%	304	7%	3,995
Tenants Revenue	957	1,001	1,235	1,125	110	10%	234	23%	507
Non-tenants Revenue	112	89	105	105	(0)	0%	17	19%	1,293
Total Revenues	4,959	5,285	5,839	5,795	45	1%	554	10%	5,795
Expenses									
SWU Direct	905	841	994	1,052	(58)	-5%	153	18%	1,052
Maintenance Expenses	2,380	3,317	3,039	2,933	106	4%	(278)	-8%	2,933
EDD Expenses	20	7	33	50	(16)	-33%	26	346%	50
Environmental & Sustainability	372	327	310	249	61	25%	(17)	-5%	268
Capital Development Division	43	35	61	78	(17)	-22%	26	73%	70
Other Central Services	402	687	796	802	(6)	-1%	109	16%	-
Total Expenses	4,122	5,214	5,234	5,163	71	1%	20	0%	4,373
NOI Before Depreciation	837	241	500	357	143	40%	259	107%	
Depreciation	1,008	1,117	1,209	1,108	101	9%	91	8%	1,108
NOI After Depreciation	(171)	(876)	(709)	(751)	42	-6%	168	-19%	(1,108)

Crews have completed a full assessment of the stormwater system, rehabilitated 24%, completed 22 repairs, and installed 5 tide gates in 2019.

Economic Development Division Appendix

2019 Performance Report



Economic Development Financial Highlights

2019 Net Income \$5M favorable to budget and \$729K greater than 2018

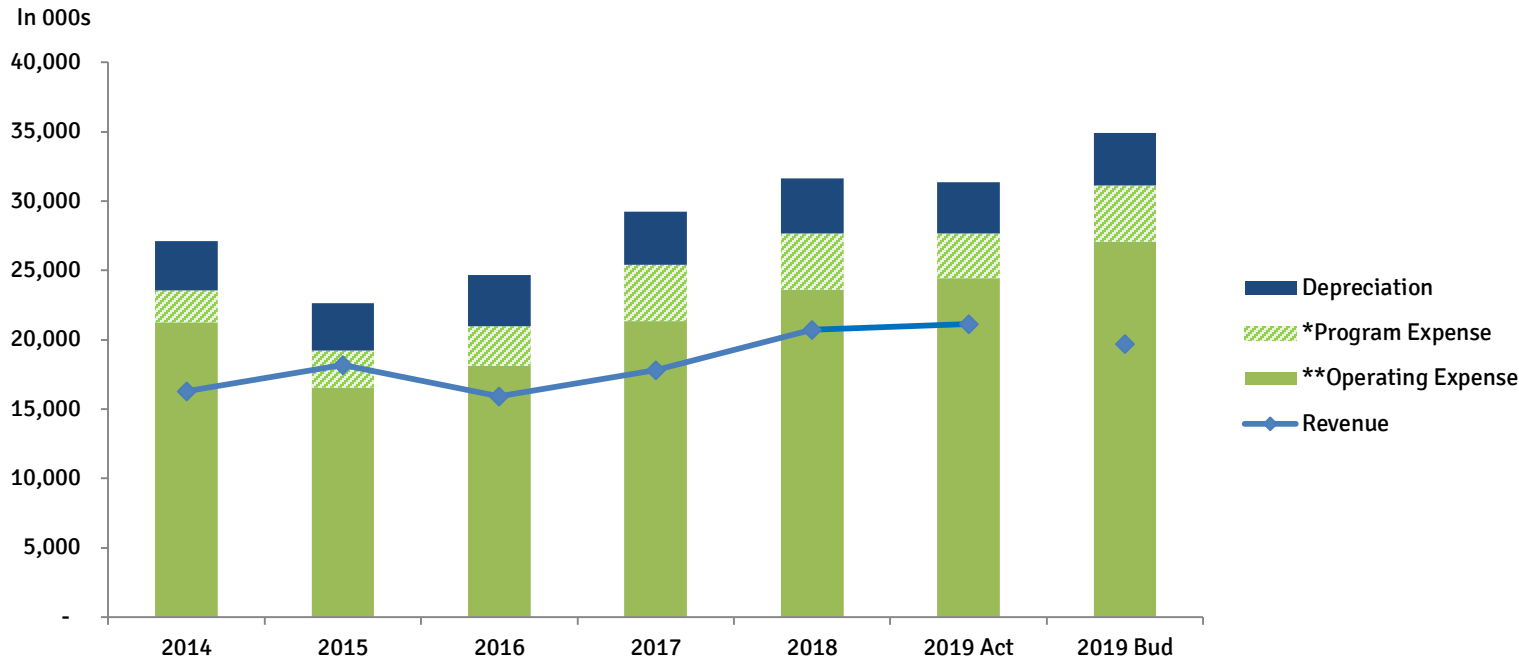
- Revenue favorable to budget by \$1,426K and \$446K greater than 2018 driven by favorable volumes at the Conference and Event Centers..
- Expenses favorable to budget by \$3,451K driven by timing of Economic Development grant matching funds timing, initiative programs, favorable P66 allocation methodology change, and underspend in central services. Expenses are flat on a Y/Y basis.
- EDD spent 55 % of Capital budget with underspend in Small Projects and Tenant Improvements offset by earlier delivery of Bell Harbor Conference Center Modernization.

	2017 Actual	2018 Actual	2019		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	17,791	20,705	21,151	19,725	1,426	7%	446	2%
Total Operating Expenses	25,396	27,651	27,663	31,114	3,451	11%	12	0%
Net Operating Income	(7,605)	(6,946)	(6,512)	(11,389)	4,877	43%	434	6%
Depreciation	3,863	3,992	3,698	3,819	121	3%	(295)	-7%
Net Income	(11,469)	(10,938)	(10,210)	(15,208)	4,998	33%	729	7%

EDD 2019 Financial Detail

	2017	2018	2019		Fav(UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Revenue	8,658	9,002	8,912	8,930	(18)	0%	(90)	-1%
Conf & Event Centers	9,133	11,703	12,239	10,795	1,444	13%	536	5%
Total Revenue	17,791	20,705	21,151	19,725	1,426	7%	446	2%
Expenses								
Portfolio Management	3,875	3,571	3,732	4,128	396	10%	161	4%
Conf & Event Centers	7,639	9,889	10,218	9,374	(845)	-9%	329	3%
P69 Facilities Expenses	206	235	215	225	9	4%	(20)	-8%
RE Dev & Planning	214	149	136	216	80	37%	(13)	-9%
EconDev Expenses Other	776	785	930	1,262	332	26%	145	19%
Maintenance Expenses	3,666	3,915	3,146	4,071	924	23%	(769)	-20%
Maritime Expenses (Excl Maint)	52	166	54	0	(54)	NA	(112)	-68%
Total EDD & Maritime Expenses	16,427	18,711	18,432	19,275	843	4%	(279)	-1%
Diversity in Contracting	64	132	152	199	47	24%	20	15%
Workforce Development	850	702	952	2,010	1,058	53%	250	36%
Tourism	1,234	1,408	1,337	1,521	183	12%	(71)	-5%
EDD Grants	751	838	785	1,160	375	32%	(53)	-6%
Total EDD Initiatives	2,900	3,080	3,226	4,890	1,663	34%	146	5%
Environmental & Sustainability	260	281	344	395	51	13%	64	23%
CDD Expenses	387	283	234	235	1	0%	(49)	-17%
Police Expenses	51	(76)	61	228	168	73%	137	-180%
Other Central Services	5,257	5,259	5,251	5,936	685	12%	(8)	0%
Aviation Division	113	113	114	155	41	26%	1	1%
Total Central Services & Aviation	6,068	5,860	6,005	6,950	945	14%	145	2%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	25,396	27,651	27,663	31,114	3,451	11%	12	0%
NOI Before Depreciation	(7,605)	(6,946)	(6,512)	(11,389)	4,877	43%	434	6%
Depreciation	3,863	3,992	3,698	3,819	121	3%	(295)	-7%
NOI After Depreciation	(11,469)	(10,938)	(10,210)	(15,208)	4,998	33%	729	7%

Economic Development Division Financial Trends



Variance from 2018

Revenue up \$446K/2%

- Conference & Event Revenue up
- Bell St Garage Revenue up
- T102 Revenue down from due to two large tenants vacating from corporate consolidations

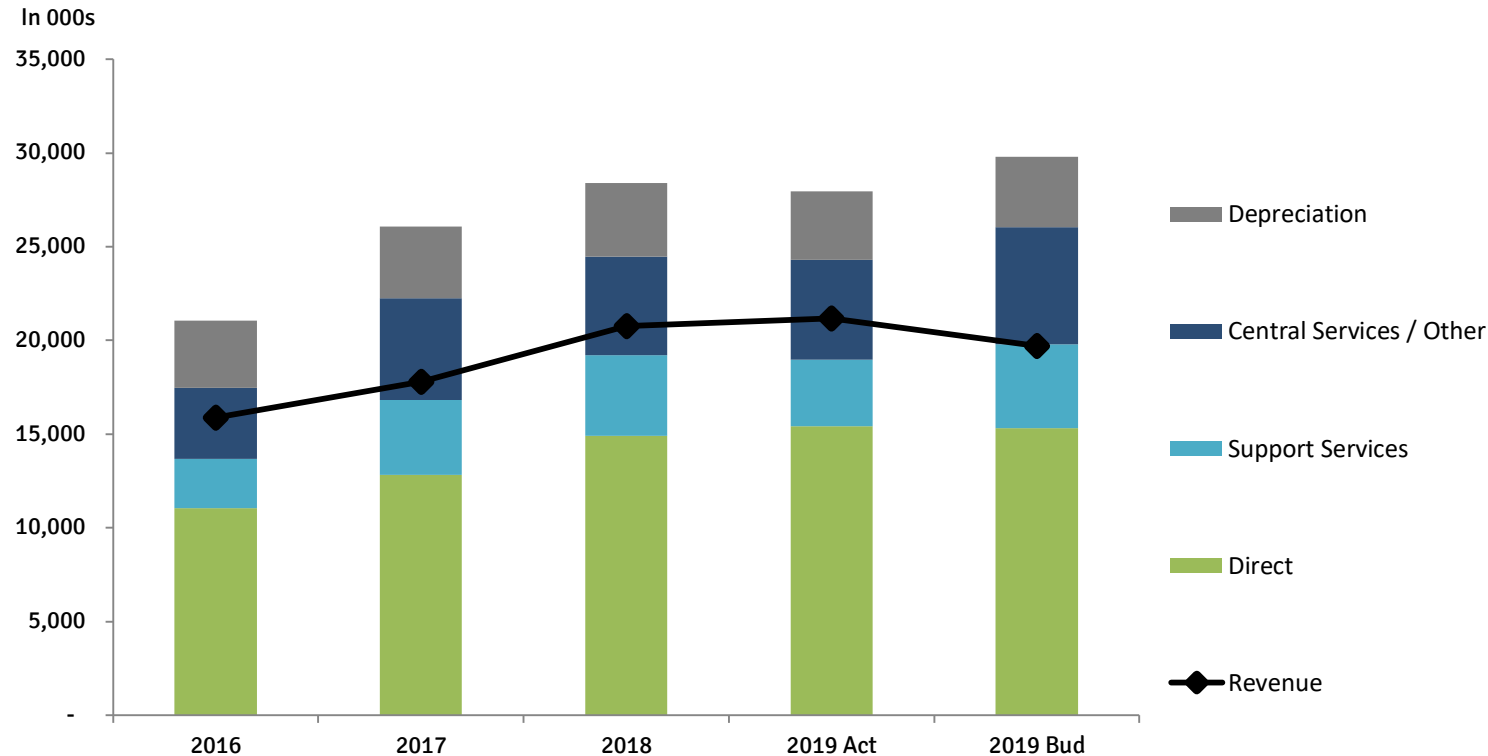
Expense down \$282K/-1%

- Operating Expenses down \$134K
- Program Expenses up \$146K
- Depreciation down \$295K

* Includes Small Business, Tourism, Workforce Development, Real Estate Development, and Economic Development Grants.

** Includes all other Direct, Indirect, and Allocation Expenses.

Portfolio Management Trends



Variance from 2018

Revenue up \$411K/2%

- Conference and Event Center volumes up due to Lumaze holiday light event at Smith Cove Cruise Terminal.

Expense down \$444K/-2%

- Direct up \$511K/3% from Conference & Event volumes.
- Support Services down \$747K/-17% from Maintenance allocation change
- Central Services up \$94K/2%
- Depreciation down \$302K/-8%

- Includes non-alliance & upland real-estate at Tsubota, T-91 (General), T-86, P-69, Bell Street Garage, Smith Cove Conference Center, Bell Harbor Conference Center, World Trade Center, Foreign Trade Zone, Pier 2, T-34, and T-102.

EDD Capital 2019

\$ in 000's	2019	2019	Budget Variance	
	Actual	Budget	\$	%
Tenant Improvements -Capital	0	1,012	1,012	100%
RE: Contingency Renew.&Replace	0	1,000	1,000	100%
Small Projects	157	750	593	79%
BHICC Interior Modernization	1,930	750	(1,180)	-157%
P66 HVAC Systems Upgrade	277	690	413	60%
T91 Upland PreDevelopment	176	625	449	72%
P69 Commission Chamber Refresh	298	301	3	1%
P69 Solar Panel System	266	300	34	11%
EDD Technology Projects	0	250	250	100%
Fleet Replacement	0	30	30	100%
Other Projects	17	5	(12)	-240%
Total Economic Development	3,121	5,713	2,592	45%

Tenant Improvements - Capital – Vacancies and delays in leasing/approval process have impacted cash flow timeline.

Small Projects – Upland Garage EV Charging Station project was cancelled by project sponsor for 2019. Project feasibility for 2020 under discussion.

T-91 Upland Industrial – Spending less in 2019 with more spending to occur in 2020 and 2021. Design delayed until 2020 at the request of EDD.

Central Services Appendix

2019 Financial Performance Report

Central Services Financial Summary

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Total Operating Revenues	68	(500)	1,282	185	1,097	593.0%	1,783	-356.2%
Core Central Support Services	71,071	73,576	77,505	82,710	5,205	6.3%	3,929	5.3%
Police	22,095	23,908	27,793	30,778	2,985	9.7%	3,885	16.3%
Capital Development	17,370	15,501	15,244	18,628	3,384	18.2%	(257)	-1.7%
Environment & Sustainability	6,975	8,770	10,748	13,224	2,476	18.7%	1,978	22.6%
Total Operating Expenses	117,511	121,755	131,290	145,339	14,049	9.7%	9,535	7.8%

Central Services Expense by Category

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Salaries & Benefits	69,448	78,529	83,238	84,640	1,403	1.7%	4,708	6.0%
Wages & Benefits	20,517	15,858	18,788	28,479	9,690	34.0%	2,930	18.5%
Payroll to Capital Projects	21,859	22,781	22,948	27,558	4,610	16.7%	167	0.7%
Equipment Expense	3,109	4,107	3,177	2,355	(822)	-34.9%	(930)	-22.7%
Supplies & Stock	1,446	1,399	1,508	1,219	(289)	-23.7%	110	7.8%
Outside Services	34,053	39,009	39,896	44,905	5,009	11.2%	886	2.3%
Travel & Other Employee Exps	2,568	2,574	2,910	3,689	780	21.1%	336	13.1%
Insurance Expense	2,223	2,145	2,276	2,300	24	1.0%	131	6.1%
Litigated Injuries & Damages	435	(82)	-	-	-	0.0%	82	-100.0%
Other	2,153	2,896	4,240	3,788	(452)	-11.9%	1,344	46.4%
Charge to Capital/Overhead Alloc	(40,301)	(47,461)	(47,690)	(53,595)	(5,904)	11.0%	229	0.5%
Total	117,511	121,755	131,290	145,339	14,049	9.7%	9,535	7.8%

- Payroll savings due to Staff vacancies and DRS pension true-up credit of \$9.9M.
- Outside Services favorable to budget due to delay in implementing program initiatives and lower contract spending.
- Equipment Expense unfavorable to the budget due to more Computer & Telephone Acquisitions.
- Charge to Capital unfavorable to budget due to delay of some capital projects.

Central Services Capital Spending

\$ in 000's	2018	2019	2019	Budget Variance	
	Actual	Actual	Budget	\$	%
Infrastructure - Small Cap	786	1,156	1,500	344	22.9%
Services Tech - Small Cap	225	631	1,000	369	36.9%
Enterprise GIS - Small Cap	34	215	250	35	14.0%
Project Cost Management S	430	321	350	29	8.3%
Supplier Database System	349	408	410	2	0.5%
PeopleSoft Financials Upgrade	2,025	1,407	1,575	168	10.7%
Radio System Upgrade	3,866	5,447	9,140	3,693	40.4%
Police Records Mgmt System	0	0	800	800	100.0%
New Budget System	0	17	600	583	97.2%
Office Wi-Fi Refresh	0	0	500	500	100.0%
Maximo Upgrade	0	38	500	462	92.4%
Fiber Channel	0	0	600	600	100.0%
Phone System Upgrade	0	0	1,400	1,400	100.0%
STIA Network Redundancy	0	0	900	900	100.0%
CDD Fleet Replacement	768	317	1,439	1,122	78.0%
CDD Small Cap	252	202	351	149	42.5%
Corporate Fleet Replacement	726	397	1,328	931	70.1%
Other (note 1)	246	299	725	426	58.8%
TOTAL	9,707	10,855	23,368	12,513	53.5%

Note:

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

Portwide Appendix

2019 Financial Performance Report

Portwide Financial Summary

\$ in 000's	2017	2018	2019	2019	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	264,114	291,268	357,598	365,604	(8,006)	-2.2%	66,330	22.8%
Airport Non-Aero Revenues	236,803	257,707	269,037	259,537	9,501	3.7%	11,331	4.4%
Non-Airport Revenues	131,114	140,415	137,538	128,115	9,424	7.4%	(2,876)	-2.0%
Total Operating Revenues	632,031	689,390	764,174	753,255	10,919	1.4%	74,784	10.8%
Total Operating Expenses	372,982	397,638	443,089	454,986	11,896	2.6%	45,452	11.4%
NOI before Depreciation	259,049	291,752	321,085	298,269	22,815	7.6%	29,333	10.1%
Depreciation	165,021	164,362	174,971	168,676	(6,294)	-3.7%	10,608	6.5%
NOI after Depreciation	94,028	127,390	146,114	129,593	16,521	12.7%	18,725	14.7%

Non-Airport Financial Summary

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
NWSA Distributable Revenue	54,925	55,992	47,979	43,911	4,069	9.3%	(8,013)	-14.3%
Maritime Revenues	54,183	57,575	59,289	59,729	(440)	-0.7%	1,714	3.0%
EDD Revenues	17,791	20,705	21,151	19,725	1,426	7.2%	446	2.2%
SWU & Other	4,214	6,143	9,119	4,749	4,370	92.0%	2,976	48.4%
Total Operating Revenues	131,114	140,415	137,538	128,115	9,424	7.4%	(2,876)	-2.0%
Total Operating Expenses	73,868	78,789	86,455	88,881	2,426	2.7%	7,666	9.7%
NOI before Depreciation	57,246	61,626	51,084	39,234	11,850	30.2%	(10,542)	-17.1%
Depreciation	40,619	40,159	38,737	37,832	(905)	-2.4%	(1,422)	-3.5%
NOI after Depreciation	16,628	21,467	12,347	1,402	10,944	780.5%	(9,120)	-42.5%

Portwide Operating Revenues Summary

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Aeronautical Revenues	264,114	291,268	357,598	365,604	(8,006)	-2.2%	66,330	22.8%
Public Parking	75,106	80,212	82,125	82,350	(226)	-0.3%	1,913	2.4%
Rental Cars - Operations	35,051	37,306	36,793	36,455	339	0.9%	(513)	-1.4%
Rental Cars - Operating CFC	10,641	16,263	15,773	13,624	2,149	15.8%	(490)	-3.0%
ADR & Terminal Leased Space	58,980	64,323	68,013	64,393	3,620	5.6%	3,690	5.7%
Ground Transportation	15,684	18,772	20,765	19,734	1,031	5.2%	1,993	10.6%
Employee Parking	9,617	10,269	10,438	10,134	304	3.0%	168	1.6%
Airport Commercial Properties	18,042	15,434	15,773	14,219	1,554	10.9%	339	2.2%
Airport Utilities	7,018	7,206	7,431	8,058	(627)	-7.8%	225	3.1%
Clubs and Lounges	5,041	6,802	10,274	8,520	1,753	20.6%	3,472	51.0%
Cruise	17,596	18,880	22,410	22,406	4	0.0%	3,530	18.7%
Recreational Boating	11,086	12,529	12,484	12,794	(311)	-2.4%	(45)	-0.4%
Fishing & Operations	9,297	9,763	10,024	9,947	77	0.8%	261	2.7%
Grain	5,427	5,167	4,266	4,254	12	0.3%	(901)	-17.4%
Maritime Portfolio Management	10,787	11,305	10,108	10,328	(220)	-2.1%	(1,198)	-10.6%
Central Harbor Management	8,634	9,018	8,898	8,895	3	0.0%	(119)	-1.3%
Conference & Event Centers	9,133	11,703	12,239	10,795	1,444	13.4%	536	4.6%
NWSA Distributable Revenue	54,925	55,992	47,979	43,911	4,069	9.3%	(8,013)	-14.3%
Other	5,854	7,177	10,783	6,833	3,950	57.8%	3,606	50.2%
Total Operating Revenues (w/o Aero)	367,917	398,122	406,576	387,651	18,924	4.9%	8,454	2.1%
TOTAL	632,031	689,390	764,174	753,255	10,919	1.4%	74,784	10.8%

Portwide Operating Expense Summary

\$ in 000's	2017 Actual	2018 Actual	2019 Actual	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Salaries & Benefits	112,837	127,575	137,399	142,611	5,212	3.7%	9,824	7.7%
Wages & Benefits	108,041	108,381	119,944	129,319	9,375	7.2%	11,562	10.7%
Payroll to Capital Projects	25,708	28,329	27,844	33,899	6,055	17.9%	(485)	-1.7%
Equipment Expense	11,118	10,622	11,871	8,035	(3,836)	-47.7%	1,249	11.8%
Supplies & Stock	10,238	10,781	11,200	8,755	(2,445)	-27.9%	420	3.9%
Outside Services	83,603	99,885	107,207	115,243	8,036	7.0%	7,322	7.3%
Utilities	23,529	25,552	25,838	28,169	2,330	8.3%	286	1.1%
Travel & Other Employee Expenses	4,767	4,848	5,467	6,936	1,468	21.2%	620	12.8%
Promotional Expenses	1,408	1,956	3,022	2,650	(372)	-14.0%	1,067	54.5%
Other Expenses	37,134	32,789	47,931	41,912	(6,019)	-14.4%	15,141	46.2%
Charges to Capital Projects/Overhead Alloc	(45,401)	(53,081)	(54,634)	(62,542)	(7,908)	12.6%	(1,553)	2.9%
TOTAL	372,982	397,638	443,089	454,986	11,896	2.6%	45,452	11.4%

- Payroll expenses were \$14.6M below budget primarily due to the DRS Pension Plan True-up credit of \$16.5M.
- Outside Services were \$8.0M favorable to budget due to project delays.
- Utilities were \$2.3M below budget due to less spending in Surface Water and Sewer Utilities, Electricity and Recycling.
- Equipment Expense and Supplies & Stock were \$6.3M over budget mainly due to snow removals.
- Other Expenses were \$6.0M above budget mainly due to Environmental Remediation Liability Expense.