

Budget Guiding Principles

- Maintain solvency
- Prioritize spending on investments with long-term, sustainable community and economic benefits
- Commitment to continuity of POS workforce
- Focus investments in achieving excellence in aviation and maritime gateways
- Prioritize programs and projects that generate revenue
- Continue to assess short- and long-term effects of COVID-19 on Port industries and markets
- Maintain a long-term strategic view of capital improvements
- Continued commitment to equity and diversity
- Continued commitment to environment and sustainability, prioritizing spending on mitigating direct Port impacts for 2020-21

2020 Operating Budget Reductions - by Division

<i>(in thousands)</i>	Payroll (Operating) <i>(a)</i>	Payroll to Capital <i>(b)</i>	Total Payroll Reduction* <i>(c)=(a)+(b)</i>	Non- Payroll Reduction <i>(d)</i>	Total O&M Reduction** <i>(e)=(a)+(d)</i>
Aviation	2,109	795	2,904	18,271	20,380
Maritime	126	-	126	1,808	1,934
EDD	-	-	-	3,106	3,106
Central Services	1,697	2,006	3,703	8,313	10,010
TOTAL	3,932	2,801	6,733	31,498	35,430

Note:

* Total Payroll Reduction includes another \$7.4M net reduction for the 3% vacancy factor.

** Total O&M Reduction includes \$741K allocated to the NWSA.

2020 Operating Budget Reductions – by Account

Expenses by Category (in \$000)	2019 Actual	2020 Approved Budget	2020 Revised Budget	Cost Reductions	
				\$	%
Salaries & Benefits	138,000	152,684	148,694	3,990	2.6%
Wage & Benefits	121,000	135,368	135,426	(58)	0.0%
Payroll to Capital Projects	29,570	37,410	34,609	2,801	7.5%
Outside Services	108,000	126,827	112,155	14,673	11.6%
Utilities	25,855	29,066	28,521	545	1.9%
Equipment Expense	11,343	9,158	10,066	(908)	-9.9%
Supplies & Stock	11,909	9,989	7,963	2,026	20.3%
Travel & Other Employee Expense	5,462	7,029	3,752	3,277	46.6%
Third Party Mgmt Op Exp	13,329	12,699	8,494	4,205	33.1%
B&O Taxes	4,856	5,007	3,949	1,058	21.1%
Other Expenses	38,581	24,199	18,316	5,883	24.3%
Charges to Capital Projects	(56,000)	(70,296)	(68,233)	(2,063)	2.9%
TOTAL	451,000	479,142	443,712	35,430	7.4%

2020 CIP Deferrals Summary

<i>(in thousands)</i>	2020 CIP Deferrals
Aviation	23,902
Maritime & EDD	12,300
Central Services	4,422
TOTAL	40,624

Workforce Development Programs Summary

Workforce Development Program (in \$000)	2019 Budget	2019 Actual	2020 Budget	2020 Cost Reduction	Revised Budget	2020 YTD Spending
Maritime Secondary Education	-	-	100	-	100	-
Youth Maritime Initiative/Transportation/Bus Charters	252	102	152	50	102	50
Engagement and Strategic Plan	-	-	200	100	100	-
Airport Career Pathways Implementation	251	43	101	-	101	10
Career Advancement Center (formerly Fair Work Center)	-	-	300	-	300	-
Construction Trades - Regional Partnership Services, Pre-App	710	548	650	-	650	114
Airport Employment Center/Employment Cont. Pool	910	819	979	-	979	252
Workforce Dev. General Services/Other expenses	88	17	97	66	31	-
Salary & Benefits, & Worker's Compensation	298	205	540	-	540	146
K-12 Career Connected Learning	401	13	-	-	-	31
Events/Other	10	25	-	-	-	5
TOTAL	2,920	1,771	3,119	216	2,903	608

Diversity in Contracting Programs Summary

Diversity in Contracting Programs (in \$000)	2019 Budget	2019 Actual	2020 Budget	2020 Cost Reduction	Revised Budget	2020 YTD Spending
Construction Incubator/Contracting Resource Center	60	29	50	10	40	-
Mentor Protégé	-	-	80	80	-	-
Marketing/Communications/Design Services	5	-	10	10	-	-
Port Gen	75	49	50	40	10	-
Tabor 100 (Hub/A&E)	-	-	-	(30)	30	-
Linda Kennedy (CPS Technical Writing)	-	-	-	(13)	13	4
WMBE Best Practice & Implementation	50	-	-	-	-	-
Miscellaneous expenses	18	-	6	-	6	11
TOTAL	208	78	196	97	100	16

2020 Enhancements Recommendation

Uncertainty and Affordability:

- Overriding principle is caution given continued uncertainty around our key lines of business.
- Continue with 2020 capital improvements but revisit longer-term projects as part of 2021 budget.
- Continue existing programs and target short-term additional investments in tourism and workforce development based on priority needs, financial capability
- Continue discussion on longer-range stimulus efforts.

Two-phase approach:

Phase #1:

- \$1.5 million for Workforce Development
- \$1.5 million for Tourism
- Funded through the Port tax levy.
- If possible, utilize existing contracts to accelerate implementation

Phase #2: Re-evaluate expenditures in fall budget process and consider revisions based on outcome with workforce and tourism programs

Community Programs Enhancements

Program (\$000)	2020 Budget	2020 Cost Reduction	2020 Revised Budget	2020 YTD Spending	Enhanced 2020	Total
Airport Community Ecology (ACE) Fund	522	-	522	47	-	522
Duwamish Valley Community Equity Program	292	-	292	9	-	292
South King County (SKC) Fund	1,500	-	1,500	-	-	1,500
EDD Partnership Grants	960	-	960	(27)	-	960
Tourism Program	1,536	194	1,342	256	1,500	2,842
Workforce Development	3,119	216	2,903	608	1,500	4,403
TOTAL	7,930	410	7,520	892	3,000	10,520