

Item No. 11c supp
Meeting Date: May 24, 2022

Port of Seattle Q1 2022 Financial Performance Report

Commission Meeting

Key Highlights

- Port lines of businesses are still recovering from the disruption caused by the pandemic
- SEA passenger growth is rebounding; forecasting 7.6% fewer passengers than 2019
- Federal Relief grants continue to improve SEA's bottom line
- Projecting a record 295 sailings and 1.26 million passengers in the 2022 cruise season
- Projecting operating expenses to be \$4.7M favorable to the budget on a full-year basis
- Continuing to support investments aimed at regional economic recovery

Port Wide Financial Summary (YE Forecast)

	2020	2021	2022	2022	Fav (UnFav) Fcst vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
\$ in 000's								
Aeronautical Revenues	297,909	317,513	385,706	394,963	(9,257)	-2.3%	68,193	21.5%
Airport Non-Aero Revenues	116,473	183,819	239,404	240,820	(1,415)	-0.6%	55,586	30.2%
Non-Airport Revenues	96,446	120,689	137,373	131,072	6,302	4.8%	16,685	13.8%
Total Operating Revenues	510,828	622,020	762,484	766,854	(4,370)	-0.6%	140,464	22.6%
Total Operating Expenses	408,681	364,656	494,450	499,146	4,696	0.9%	129,794	35.6%
NOI before Depreciation	102,147	257,364	268,033	267,708	325	0.1%	10,670	4.1%
Depreciation	180,086	190,683	196,757	196,757	-	0.0%	6,074	3.2%
NOI after Depreciation	(77,939)	66,681	71,277	70,952	325	0.5%	4,596	6.9%

- Operating Revenues are expected to be \$4.4M below budget due to \$77M in Federal Relief grants applied to offset Aeronautical revenue requirements
- Total Operating expenses are expected to be \$4.7M below budget mainly due to delayed hiring and project spending, offset by higher utility costs and capital to expense writeoff related to the Gateway Building project at Fishermen's Terminal
- Net Operating Income before Depreciation is forecasted to be \$325K above budget

Aviation Division Financial Performance Summary

Business Highlights

<i>Figures in \$000s</i>	Forecast YE 2022	Budget YE 2022	Variance
Revenues			
Aeronautical	385,706	394,963	(9,257)
Non-Aeronautical	239,404	240,820	
Total Revenues	625,110	635,783	(10,672)
O&M expense	396,831	397,622	791
NOI	228,279	238,160	(9,881)
Federal Relief	118,794	98,000	20,794
Concessions Relief	21,419	21,419	-
NOI (after Federal Relief Grants)	368,492	357,579	10,913
<u>Key Measures</u>			
Non-Aero NOI (in \$000s)	110,779	114,047	(3,268)
CPE (\$)	14.44	14.82	0.38
Debt Service Coverage	2.29	2.03	0.26
<u>Other Information</u>			
ADF Balance (in \$000s)	446,426	464,000	(17,574)
Capital Spending (in \$000s)	449,817	527,917	78,100

- Passenger level forecast slightly below budget, 7.6% below 2019
- Aeronautical revenues below budget due to planned higher grant use
- Delay in Salty's and AMEX lounge openings impacting non-aero revenues
- Risks to O&M budget include payroll vacancy, garage fire repairs, and unplanned project costs to be expensed.
- ADF target shortfall will be addressed by modifying funding plan and/or grant use plan

Seaport Performance Summary

	2021 YTD	2022 YTD		Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021		2022	2022	Fav (UnFav) Fcst vs. Budget Variance	
	Actual	Actual	Budget	\$	%	\$	%	Forecast	Budget	\$	%
\$ in 000's											
Revenues											
Maritime	9,539	10,511	9,969	542	5%	972	10%	67,920	59,137	8,783	15%
Economic Development Division	2,002	2,580	3,338	(758)	-23%	578	29%	14,470	18,769	(4,299)	-23%
Joint Venture*	10,988	13,982	11,975	2,007	17%	2,994	27%	47,899	47,899	0	0%
Total Revenue	22,529	27,074	25,283	1,791	7%	4,545	20%	130,290	125,806	4,484	4%
Expenses											
Maritime	10,937	12,729	14,013	1,283	9%	1,792	16%	58,862	57,865	(997)	-2%
Economic Development Division	4,049	5,049	5,775	726	13%	1,000	25%	25,332	28,301	2,969	10%
Joint Venture	382	322	355	33	9%	(60)	-16%	1,727	1,727	0	0%
Total Expense	15,368	18,100	20,142	2,043	10%	2,732	18%	85,922	87,894	1,972	2%
NOI Before Stormwater Utility	7,161	8,974	5,140	3,834	75%	1,813	25%	44,368	37,912	6,456	17%
Stormwater Utility Revenues	1,545	1,680	1,692	(12)	-1%	135	9%	6,768	6,768	0	0%
Stormwater Utility Expenses	1,123	1,199	1,530	331	22%	76	7%	6,266	6,266	0	0%
Stormwater Utility NOI	422	481	162	319	197%	59	14%	502	502	0	0%
Total Non-Aviation Business NOI	7,583	9,455	5,302	4,153	78%	1,872	25%	44,871	38,415	6,456	17%

Year-to-Date

- Favorable timing of NWSA/Joint Venture income.
- Better than expected waterside occupancy at Maritime terminals, piers and marinas.
- Slow return of conferences and events.
- Employee vacancies driving lower expenses.

Forecast

- Cruise expected to exceed revenue and passenger budgets.
- Expected in Q2: \$1.2M remaining Capital to Expense for Gateway Building at Fishermen's Terminal.
- Conference & Event Centers at 58% of budget.
- Joint Venture and Stormwater utility on budget.

Central Services

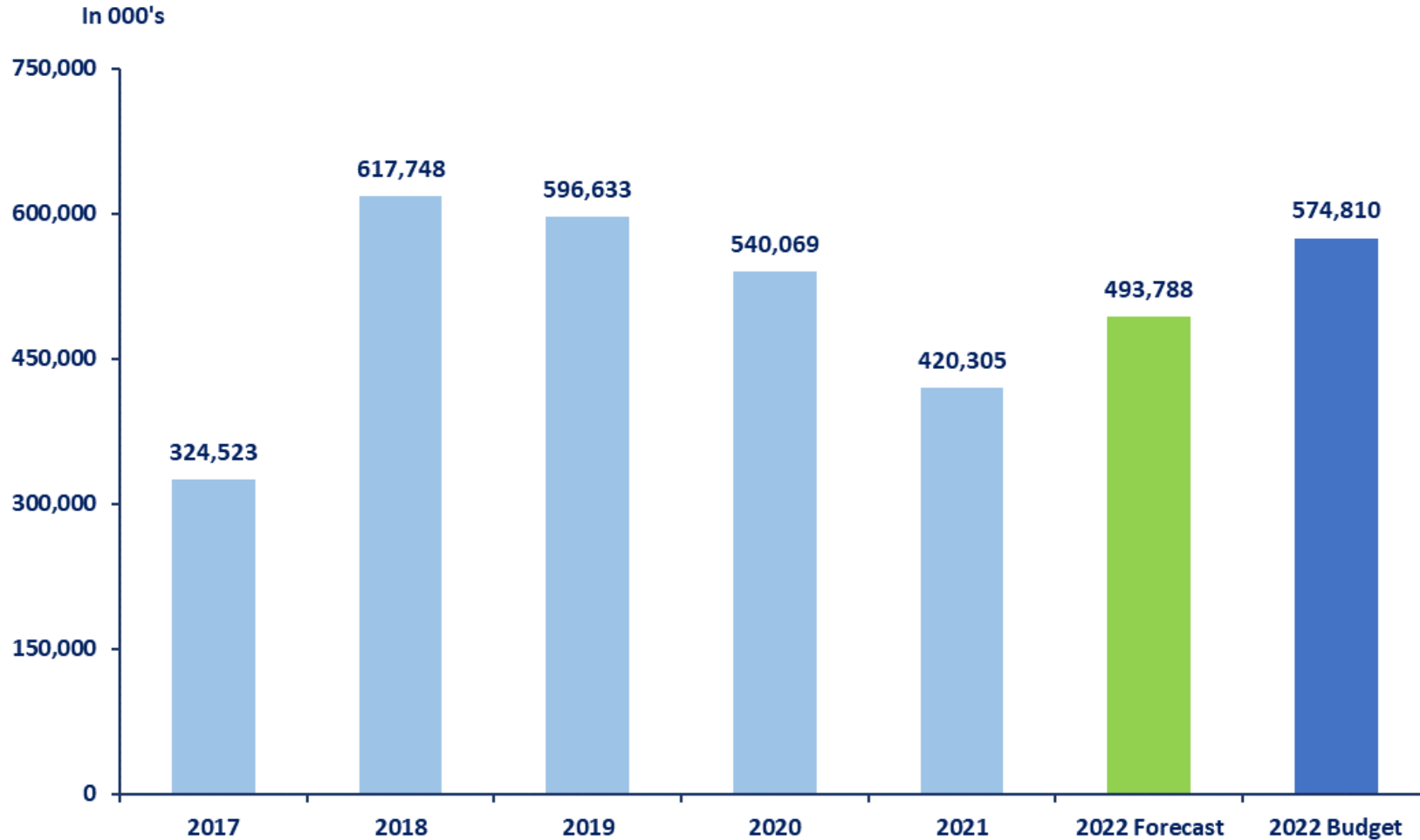
Financial Summary

<i>Figures in \$000s</i>	2022 Forecast	2022 Budget	Variance
Revenues	334	186	148
Core Central Services	97,419	96,677	(742)
Police	31,686	32,746	1,060
Engineering/PCS	11,434	12,334	900
O&M Expenses	140,538	141,756	1,218
Capital Spending	9,778	10,889	1,111

Business Highlights

- Port partnered with WorkSource to host the **Job and Resource Fair** for newly arrived Afghan refugees; 250 people attended
- Shared the results of the port-wide **Equity Assessment and Women of Color Assessment**, the **equity performance goal** requirements, and the **new hiring process** requirements
- Police Assessment Implementation Team (PAIT) reviewed the **52 recommendations** highlighted by the consultant (21 CP)

Port Wide Capital Spending



- Total Q1 YTD capital spending was \$63M
- For the full year, total capital spending is expected to be \$494M, 85.9% of the budget