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Item No.: 11b\_SUPP  
Meeting Date: July 26, 2022  
Port of Seattle  
2023 Budget Development Briefing  
July 26, 2022

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#### Agenda

- Environmental Scan
- Business Forecast
- 2023 Budget Principles/Strategies
- 2023 Budget Considerations
- 2023 Budget Calendar

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#### Environmental Scan

- Continued recovery in the Airport and Cruise businesses
- Economic & pandemic uncertainties (recession, supply chain disruptions)
- Inflation at a 40-year high
- Great Resignation and competitive job market
- Increased regulation/external policy changes
- Increased focus on community related issues
- More staff needs for operations and capital projects delivery

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#### Passenger Recovery Forecast

Annual

Change Vs. 2019

2020 -61.2% -61.2%

2021 79.1% -30.5%

2022 29.4% -10.1%

2023 8.2% -2.8%

2024 2.6% -0.2%

2025 2.5% 2.3%

2026 2.5% 4.8%

2027 2.0% 6.9%

- Achieve 2019 passenger level by 2024

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#### Cruise Operations 1999-2022 2022 Estimate

1.3M Passengers

296 Ship Calls

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#### 2023 Budget Guiding Principles

- Maintain continued vigilance on the health and safety of employees, customers and the public as pandemic uncertainties continue
- Ensure the efficient operation of Port business gateways with the potential for nearly full recovery in Port business volumes
- Support regional equitable economic recovery through advancing the Port's capital improvement plan and continued investment in community programs
- Continue to invest in employee recruitment, retention and development

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#### 2023 Budget Strategies

- Maintain expense growth in line with projected revenue growth
- Carefully evaluate the need for additional FTEs as current recruiting resources are stretched thin with a large backlog of new and replacement FTEs
- Incorporate expectations for continued high inflation into operating and capital plans
- Utilize realistic assumptions regarding the ability to execute our five-year CIP when estimating project completion dates and the timing of projected cash flows
- Continue to refine opportunities to incorporate an equity lens in developing and reviewing budgets and operational plans
- Strengthen the focus on sustainability and resiliency in spending and business plans

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#### Key 2023 Budget Considerations

- Economic and pandemic uncertainties
- Balancing expenses with projected revenues, approach to expense targets
- Pay increase assumptions
- General and construction cost inflation
- Ability to fill vacant/new FTEs
- Incorporating resiliency initiatives
- Advancing Equity in Budgeting

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#### 2023 Budget Calendar

(Commission Items in Blue)

5/20 – 2023 Budget Planning Discussion with ELT

6/14 – Commission Retreat: Budget and Organizational

7/12 – 2023 Budget Guidelines available

7/26 – 2023 Budget Process and Schedule Commission Briefing

8/01 – Commission Budget Retreat

8/05 – Central Services Department new budget requests due to F&B; Commission Priorities due to ED

8/15 – 08/23: Executive review of Central Services Department Budgets/New Requests

9/12 – Executive review of combined Central Services Budget

9/14 – Executive review of Maritime and EDD Operating & Capital Budgets

9/15 – 2023 North Harbor Budget to the NWSA

9/15 – Executive review of Aviation Operating & Capital Budgets

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#### 2023 Budget Calendar

(Commission Items in Blue)

09/27 – Central Services Budget and Port wide Budget Overview Commission briefing

10/11 – Operating Divisions Commission Budget Study Session  
10/14 – POS/NWSA ILA Service Directives due to the NWSA  
10/18 – 2023 Preliminary Budget Document available to Commission  
10/20 – 2023 Preliminary Budget Document available to the public  
10/25 – Tax Levy & Draft Plan of Finance Commission briefing  
10/27 – NWSA Budget study session with Managing Members  
11/07 – NWSA Budget adoption by Managing Members  
11/08 – Introduction of preliminary 2023 Budget and public hearing  
11/15 – Adoption of 2023 Budget  
12/01 – File the 2023 Statutory Budget with King county  
12/15 – Publish the 2023 Final Budget to the public

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Port of Seattle  
2023 Budget Development Briefing  
Q&A's

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