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Date of Meeting: August 8, 2023

PORT OF SEATTLE

Q2 2023 FINANCIAL PERFORMANCE REPORT

AS OF JUNE 30, 2023

Q2 2023 FINANCIAL & PERFORMANCE REPORT 06/30/23

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/23

I. PORTWIDE

EXECUTIVE SUMMARY

Airport passenger volume continues to rebound and is expected to be 8.8% higher than 2022 and 3.4% lower than pre-pandemic volumes in 2019. Non-Aeronautical revenues are anticipated to exceed the budget due to higher revenues in most lines of business. The remaining federal relief funds of \$13.8M, which includes \$1.9M for Airport Dining and Retail (ADR) tenants, will be applied in 2023.

The 2023 cruise season is under way with a projected total of 287 cruise sailings and 1.4 million revenue passengers. Each homeported vessel brings in over \$4 million to the local economy each time it provisions at the dock. The Port will provide shore power connections to vessels allowing them to turn off diesel engines while at the dock, which reduces air pollution and greenhouse gas emissions. The Port joined other organizations in creating the world's first cruise-focused Green Corridor to explore decarbonization strategies last year.

Fishing, Commercial and Recreational Marinas, Cruise, and Maritime Portfolio Management are expected to exceed revenue targets while grain volume is projected to be down 35% due to lower demand from China. Conference center volume is estimated to be down by 13% due to events and conference cancellations earlier this year.

Overall, operating revenues were 8.3M or 1.8% above budget while expenses were \$15.7M or 5.6% lower than budget in the second quarter of 2023. For the full year, we are projecting operating revenues to be \$18.3M to exceed budget mainly due to higher-than-expected Airport Non-Aero Revenues. Operating expenses are expected to be \$5.0M lower than budget due to vacant positions, lower Utilities and Third-Party Management Expenses.

PORTWIDE FINANCIAL SUMMARY

2021 YTD 2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Variance Incr (Decr)

\$ in 000's Actual Actual Actual Budget t \$ % \$ %

Aeronautical Revenues 143,188 181,846 240,218 244,692 (4,474) -1.8% 58,372 32.1%
Airport Non-Aero Revenues 73,219 114,802 145,446 137,662 7,785 5.7% 30,644 26.7%
Non-Airport Revenues 49,475 65,638 76,356 71,411 4,945 6.9% 10,718 16.3%
Total Operating Revenues 265,883 362,286 462,020 453,765 8,255 1.8% 99,734 27.5%
Total Operating Expenses 195,776 220,822 264,713 280,383 15,670 5.6% 43,890 19.9%
NOI before Depreciation 70,107 141,464 197,307 173,382 23,925 13.8% 55,844 39.5%
Depreciation 91,246 104,114 123,656 98,780 (24,876) -25.2% 19,542 18.8%
NOI after Depreciation (21,139) 37,350 73,651 74,603 (951) -1.3% 36,302 97.2%

2023 YTD Actuals vs. 2023 YTD Budget:

- Airport Non-Aero Revenues were up \$7.8M compared to budget mainly due to higher Public Parking, Airport Commercial Properties, and Rental Car revenue; partially offset by lower revenue from Airport Dining and Retail & Terminal Lease Space revenue.
- Non-Airport Revenues were \$4.9M above budget mainly due to higher Cruise and NWSA Distributable revenue; partially offset by lower Grain and Conference & Event Centers.
- Total Operating Expenses are \$15.7M lower than budget due to delays in hiring and implementing projects/initiatives.

2023 YTD Actuals vs. 2022 YTD Actuals:

- Total Operating Revenues were up \$99.7M due higher passenger volumes compared to 2022; higher revenues in non-aeronautical lines of businesses (Public Parking, ADR & Terminal Leased Space, Rental Cars, Ground Transportation, Clubs & Lounges, and Airport Commercial Properties), Cruise, and NWSA Distributable Revenue.
- Total Operating Expenses was \$43.9 M higher compared to 2022 due to higher Payroll, Outside Services, Equipment, Supplies & Stock, and Third-Party Management Expense.

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/23

NON-AIRPORT FINANCIAL SUMMARY

2021 YTD 2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Variance Incr (Decr)

\$ in 000's Actual Actual Budget % % %

NWSA Distributable Revenue 22,166 24,527 28,949 25,153 3,796 15.1% 4,422 18.0%
Maritime Revenues 19,507 31,788 35,856 34,040 1,816 5.3% 4,068 12.8%
EDD Revenues 4,089 6,680 8,361 10,123 (1,761) -17.4% 1,681 25.2%
SWU & Other 3,713 2,643 3,189 2,095 1,094 52.2% 546 20.7%
Total Operating Revenues 49,475 65,638 76,356 71,411 4,945 6.9% 10,718 16.3%
Total Operating Expenses 35,658 43,508 49,171 54,420 5,249 9.6% 5,662 13.0%
NOI before Depreciation 13,817 22,129 27,185 16,991 10,194 60.0% 5,056 22.8%
Depreciation 18,949 18,918 19,138 18,141 (997) -5.5% 220 1.2%
NOI after Depreciation (5,132) 3,211 8,047 (1,150) 9,198 -799.7% 4,836 150.6%

2023 YTD Actuals vs. 2023 YTD Budget

- Non-Airport Operating Revenues were up \$4.9M compared to budget mainly due to higher NWSA Distributable revenue and Cruise; partially offset by lower Grain and Conference & Event Centers.
- Non-Airport Operating Expenses were \$5.2M lower than budget because of delays in hiring, project spending delays, and timing of tenant improvements and maintenance.

2023 YTD Actuals vs. 2022 YTD Actuals

- Non-Airport Operating Revenues were \$10.7M higher compared to 2022 because of higher revenues from NWSA Distributable Revenue, Cruise, Conference and Event Centers, Recreational Boating, Fishing and Operations, Central Harbor Management, and unbudgeted police forfeitures; partially offset by lower Grain, and Maritime Portfolio Management revenues.
- Non-Airport Operating Expenses were \$5.7M higher than 2022 due to higher Payroll and Outside Services; partially offset by lower Property Rentals and Utilities.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/23

MAJOR OPERATING REVENUES SUMMARY

2021 YTD 2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Variance Incr (Decr)

\$ in 000's Actual Actual Actual Budget t \$ % \$ %

Aeronautical Revenues 143,188 181,846 240,218 244,692 (4,474) -1.8% 58,372 32.1%
Public Parking 25,537 41,842 52,391 48,001 4,390 9.1% 10,549 25.2%
Rental Cars - Operations 11,497 16,803 18,021 16,626 1,395 8.4% 1,218 7.2%
Rental Cars - Operating CFC - - 5,495 4,819 676 14.0% 5,495 0.0%
ADR & Terminal Leased Space 17,764 26,131 31,985 33,930 (1,946) -5.7% 5,854 22.4%
Ground Transportation 4,208 9,226 11,750 11,420 330 2.9% 2,524 27.4%
Employee Parking 4,457 5,062 5,460 5,234 226 4.3% 398 7.9%
Airport Commercial Properties 5,541 7,520 9,618 8,014 1,604 20.0% 2,098 27.9%
Airport Utilities 3,010 3,845 4,194 4,271 (77) -1.8% 348 9.1%
Clubs and Lounges 709 3,048 5,436 4,396 1,040 23.7% 2,388 78.3%
Cruise 61 11,258 15,437 13,100 2,337 17.8% 4,179 37.1%
Recreational Boating 6,330 6,914 7,751 7,776 (24) -0.3% 837 12.1%
Fishing & Operations 4,768 4,967 5,481 4,927 554 11.2% 514 10.3%
Gra in 3,433 3,405 1,964 3,231 (1,268) -39.2% (1,441) -42.3%
Maritime Portfolio Management 4,914 5,237 5,205 4,994 210 4.2% (33) -0.6%
Central Harbor Management 3,654 4,131 4,960 4,672 288 6.2% 829 20.1%
Conference & Event Centers 420 2,538 3,377 5,439 (2,061) -37.9% 839 33.1%
NWSA Distributable Revenue 22,166 24,527 28,949 25,153 3,796 15.1% 4,422 18.0%
Other 4,225 3,986 4,329 3,069 1,260 41.1% 343 8.6%
Total Operating Revenues (w/o Aero) 122,695 180,440 221,802 209,073 12,729 6.1% 41,362 22.9%
TOTAL 265,883 362,286 462,020 453,765 8,255 1.8% 99,734 27.5%

MAJOR OPERATING EXPENSES SUMMARY

2021 YTD 2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Variance Incr (Decr)

\$ in 000's Actual Actual Actual Budget t \$ % \$ %

Salaries & Benefits 71,476 76,063 90,131 89,742 (389) -0.4% 14,068 18.5%
Wages & Benefits 64,484 67,884 79,333 77,916 (1,417) -1.8% 11,449 16.9%
Payroll to Capital Projects 14,733 12,936 15,420 21,826 6,405 29.3% 2,484 19.2%
Outside Services 40,724 48,370 57,354 77,604 20,250 26.1% 8,984 18.6%
Utilities 12,860 16,626 15,541 15,779 238 1.5% (1,085) -6.5%
Equipment Expense 2,960 4,532 5,683 5,432 (251) -4.6% 1,151 25.4%
Supplies & Stock 4,030 4,227 5,617 4,613 (1,004) -21.8% 1,390 32.9%
Travel & Other Employee Expenses 864 1,675 2,208 4,329 2,122 49.0% 533 31.8%
Third Party Mgmt Op Exp 2,010 3,498 5,485 6,669 1,183 17.7% 1,987 56.8%
B&O Taxes 1,682 2,246 2,895 3,207 312 9.7% 649 28.9%
Other Expenses 6,392 7,578 14,991 12,362 (2,629) -21.3% 7,412 97.8%
Charges to Capital Projects/Overhead Alloc (26,440) (24,814) (29,947) (39,096) (9,150) 23.4% (5,133) 20.7%
TOTAL 195,776 220,822 264,713 280,383 15,670 5.6% 43,890 19.9%

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/23

PORTWIDE FINANCIAL YEAR-END FORECAST SUMMARY

2021 2022 2023 2023 Fcst vs. Budget Change from 2022

Variance Incr (Decr)

\$ in 000's Actual Actual Fore cas t Budget t \$ % \$ %

Aeronautical Revenues 317,513 402,540 501,441 504,948 (3,507) -0.7% 98,901 24.6%
Airport Non-Aero Revenues 183,819 256,613 317,218 296,102 21,116 7.1% 60,605 23.6%
Non-Airport Revenues 120,689 150,977 153,278 152,634 644 0.4% 2,301 1.5%
Total Operating Revenues 622,020 810,130 971,937 953,684 18,253 1.9% 161,807 20.0%
Total Operating Expenses 364,656 475,739 568,461 573,431 4,970 0.9% 92,721 19.5%
NOI before Depreciation 257,364 334,390 403,476 380,253 23,224 6.1% 69,086 20.7%

Depreciation 190,683 232,236 207,951 207,951 - 0.0% (24,285) -10.5%
NOI after Depreciation 66,681 102,155 195,526 172,302 23,224 13.5% 93,371 91.4%
Year-End Forecast

- Total Operating Revenues are expected to be \$18.3M higher than budget and \$161.8M higher than 2022; the \$13.8M federal relief grants help offset the \$11.8M Aeronautical revenues and provide \$1.9M for Airport Dining and Retail (ADR) tenants in 2023.
- Total Operating Expenses are expected to be \$5.0M favorable to budget and \$92.7M higher than 2022. It would have only been \$77.1M higher than 2022 after adjusting for \$15.6M state pension credit in 2022.
- NOI before depreciation forecast to be \$23.2M favorable to budget and \$69.1M higher than 2022.

KEY PERFORMANCE METRICS

Fav (UnFav) Incr (Decr)

2022 YTD 2023 YTD 2022 2023 2023 Fcst vs. Budget Change from 2022

Variance

Actual Actual Actual Forecast Budget Change % Chg. %

Total Passengers (in 000's) 20,889 23,740 45,964 50,063 48,887 1,176 2.4% 4,099 8.9%
Landed Weight (lbs. in millions) 13,617 15,103 29,079 31,603 30,226 1,377 4.6% 2,524 8.7%
Passenger CPE (in \$) N/A N/A 16.09 18.66 19.29 0.63 3.2% 2.57 16.0%
Grain Volume (metric tons in 000's) 2,659 1,362 4,391 3,253 4,338 (1,085) -25.0% (1,137) -25.9%
Cruise Passenger (in 000's) 451 653 1,309 1,548 1,430 118 8.2% 238 18.2%
Shilshole Bay Marina Occupancy 97.2% 97.8% 97.6% 97.5% 97.5% 0.0% 0.0% -0.1% -0.1%

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/23

KEY BUSINESS EVENTS

The Port of Seattle signed a Memorandum of Agreement (MOA) with the Muckleshoot Indian Tribal Government. This MOA will allow for greater collaboration on mutually agreed interests in major transportation, infrastructure, economic development, and conservation projects. Areas already identified of greatest interest for the shared focus include Elliott Bay, the Duwamish Estuary, Lake Washington Ship Canal, Salmon Bay, Puget Sound, and the broader Salish Sea. Both entities will develop a work plan that identifies projects and initiatives intended to make progress towards sustainable co-existence on the land and waters of the region.

The Port launched the fourth cycle of the South King County Community Impact Fund (SKCCIF) Economic Recovery Program. Community-led groups and nonprofits can apply for up to \$100,000 for a single year or \$250,000 in multiyear funding. The SKCCIF was established in 2019 to increase opportunities in historically underserved, ethnically and culturally diverse communities and more than 60 projects have received SKCCIF funding since 2019. Majority of the projects funded were geared towards providing job application assistance in underserved and non-English speaking communities as well as improving public spaces and increasing environmental awareness. In addition, the Port held the 3rd Annual Pathways to Opportunities – An Environment and Jobs Symposium. Participants heard from local and regional leaders in the environmental and workforce space, and learned about funding sources, including the Port of Seattle's South King County Community Impact Fund. Similarly, the Port joined other Seattle-based maritime organizations in a "Maritime Works" campaign to increase awareness to local opportunities for young adults looking for a high-wage career based in Puget Sound.

The Port Commission authorized a new Language Access Policy that sets into motion an assessment of current practices (including a review of publicly facing documents, resources, signage, websites, social media sites, and forms); the development of a guidance manual for divisions to create language access plans; and a proposal for budgeting resources necessary to implement this policy. This policy aims to identify and systemically eliminate disparities as well as ensure that all audiences have access to critical Port information, despite language or accessibility barriers.

Additionally, the Port commission adopted the Equity Policy Directive which will serve as a guide in the integration of equity, diversity, and inclusion into the Port's policies, practices, and programs for years to come. This directive represents more than a year of work among the Commission Office, Office of Equity Diversity and Inclusion, Human Resources, External Relations, Legal, the Port's Executive Leadership Team, external and community-based partners, and input from many Port employees. The Port will report continuous process improvement opportunities annually regarding contracting with community-based organizations, informed by at least one listening session with these community-based organizations.

The Port, in partnership with Schmidt Ocean Institute (SOI), hosted an event to announce the discovery of three

new hydrothermal vents from SOI's inaugural expedition and to celebrate SOI's Artist-at-Sea program. The deepsea inspired art was displayed at the Port from October 2022 until April 2023. Both the event and art program highlight the importance of increasing awareness of deep-sea diversity for the planet.

The Port celebrated the newly signed legislation to create policy and per-gallon price incentives for the production and use of Sustainable Aviation Fuel (SAF) in Washington. The Port advocated for the new law as part of its multi-year push to accelerate the deployment of locally produced SAF at Seattle-Tacoma International Airport. The per gallon incentive can be claimed as a tax credit by fuel producers or consumers like airlines. The bill also requires Washington State University and University of Washington to calculate the emission benefits near Seattle-Tacoma International Airport (SEA) from the increased use of SAF.

SEA welcomed the latest new international service on Tahiti Nui from Seattle to France. This service is offered year-round, twice weekly. Air Tahiti Nui, in partnership with Alaska Airlines, is the first and only carrier offering nonstop flights connecting the South Pacific, Pacific Northwest, and now Paris. The codeshare partnership between Air Tahiti Nui and Alaska Airlines allows passengers to travel via SEA to and from almost 100 cities in North America. Likewise, SEA welcomed Alaska Airlines' new international service to Nassau, Bahamas (NAS). Seasonal service will begin on December 15 and operate through April 10.

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/23

CAPITAL SPENDING SUMMARY

2023 2023 2023 2023 Budget Variance

\$ in 000's YTD Actual Forecast Budget Plan of Finance \$ %

Aviation 184,564 458,345 485,572 663,877 27,227 5.6%

Maritime 4,421 27,967 32,313 40,805 4,346 13.4%

Economic Development 2,574 7,670 8,086 6,737 416 5.1%

Central Services & Other (note 1) 2,959 12,270 15,371 14,424 3,101 20.2%

TOTAL 194,518 506,252 541,342 725,843 35,090 6.5%

Note:

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

Total capital spending is forecast to be \$506.3M for 2023, 93.5% of the budget due to delay in projects: MT Low

Voltage Sys Upgrade, Checked Bag Recap/Optimization, Surface Area Management System, C Concourse

Expansion, SEA Gateway, and Engineering Fleet Replacement.

PORTWIDE INVESTMENT PORTFOLIO

During the second quarter of 2023, the investment portfolio earned 3.11% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 4.98%. Over the last twelve months, the portfolio and the benchmark have earned 2.64% and 4.49%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.33% and 1.83%, respectively.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

II. AVIATION DIVISION

FINANCIAL SUMMARY

Actual vs. Budget Incr/(Decr)

Financial Summary 2021 2022 2023 2023 Variance Change from 2022

(\$ in 000's)

Actual Actual Fo recast Budget \$ % \$ %

Operating Revenue

Aeronautical Revenues 317,513 402,540 501,441 504,948 (3,507) -0.7% 98,901 24.6%

Non-Aeronautical Revenues 183,819 256,613 317,218 296,102 21,116 7.1% 60,605 23.6%

Total Operating Revenues 501,332 659,153 818,659 801,051 17,609 2.2% 159,506 24.2%

Total Operating Expenses 341,679 394,990 458,703 460,535 1,832 0.4% 63,714 16.1%

Net Operating Income 159,652 264,163 359,956 340,515 19,441 5.7% 95,793 36.3%

CPE 15.93 16.09 18.66 19.29 0.63 3.2% 2.57 16.0%

Non-Aero NOI (\$ in 000s) 135,483 72,611 174,118 150,386 (23,732) -15.8% 101,507 139.8%

Enplaned passengers (in 000s) 18,073 22,966 25,031 24,444 (588) -2.4% 2,065 9.0%

-

Capital Expenditures (in 000s) 389,051 311,631 458,345 485,572 27,226 5.6% 146,714 47.1%

2023 Forecast vs. 2023 Budget

- Net Operating Income (NOI) for 2023 which includes Federal Relief grants is forecasted to be (\$19.4M or 5.7%) favorable to the budget, driven primarily by:
 - o Non-Aeronautical revenue is (21.1M or 7.1%) favorable primarily due to Landside revenue continues to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers. Concessions still required Federal Relief of \$1.9M.
 - o Total Operating Expenses are projected to underspend by (\$1.8M or 0.4%).

2023 Forecasts vs. 2022 Actuals

- Net Operating Income for 2023 is projected to be (\$95.8M or 36.3%) higher than prior year primarily driven by:
 - o Higher Operating Revenue (\$160M or 24.2%) compared to prior year is due to passenger levels improving with a forecast of being down only 3.4% compared to 2019.
 - o Higher forecasted Operating Expenses (\$63.7M or 16.1%) compared to prior year is primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions compared to 2022. 2022 was the second year of recovery, but spending was still lower than normal due to directives to spend less due to the business environment related to the pandemic.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

A. BUSINESS EVENTS

- Expected passenger levels is projected to be 3.4% lower than 2019.
- Federal relief continues to improve bottom line, and helps customers:
 - o \$11.8 million for ARPA
 - o \$1.9 million for tenant concessions relief (CRRSAA)

B. KEY PERFORMANCE METRICS

% YTD Change

YTD 2021 YTD 2022 YTD 2023 from 2022

Total Passengers (000's)

Domestic 13,770 19,075 21,046 10.3%

International 528 1,814 2,694 48.5%

Total 14,298 20,889 23,740 13.6%

Operations 171,873 190,202 162,365 -14.6%

Landed Weight (In Millions of lbs.)

Cargo 1,409 1,357 1,319 -2.8%

All other 10,584 12,260 13,784 12.4%

Total 11,993 13,617 15,103 10.9%

Cargo - Metric Tons

Domestic freight 174,449 165,169 147,095 -10.9%

International & Mail freight 60,738 61,487 52,588 -14.5%

Total 235,187 226,656 199,683 -11.9%

*Mail weight for 2021 forward is incorporated in freight

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23
Key Performance Measures

2021 2022 2023 2023 Actual vs. Budget Incr/(Decr)

Variance Change from 2022

Approved

Actual Actual Fo recast

Budget

\$ % \$ %

Key Performance Metrics

Cost per Enplanement (CPE) 15.93 16.09 18.66 19.29 0.63 3.2% 2.57 16.0%

Non-Aeronautical NOI (in 000's) 1 93,175 30,256 174,118 150,386 23,732 15.8% 143,862 475.5%

Other Performance Metrics

O&M Cost per Enplanement 16.28 3.86 18.33 18.84 0.52 2.7% 14.47 375.0%

Non-Aero Revenue per Enplanement 10.17 2.36 12.67 12.11 0.56 4.6% 10.31 436.6%

Debt per Enplanement (in \$) 198 - 151 154 4 2.3% 151 0.0%

Debt Service Coverage 1.69 2.64 2.03 1.87 0.16 8.5% (0.61) -23.1%

Days cash on hand (10 months = 304 days) 423 0 467 457 11 2.3% 467 0.0%

Aeronautical Revenue Sharing (\$ in 000's) - - - - - 0.0% - 0.0%

Activity (in 000's)

Enplanements 18,073 22,966 25,031 24,444 588 2.4% 2,065 9.0%

Total Passengers 36,154 45,964 50,063 48,887 1,176 2.4% 4,099 8.9%

Key Performance Metrics
2023 Forecast vs. 2023 Budget
• Cost per Enplanement (CPE):

o CPE is forecasted to be (\$0.63 or 3.2%) within alignment to budget.

o Non-Aero NOI is (\$23.7M or 15.8%) favorable due to Landside revenues continuing to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers.

2023 Forecast vs. 2022 Actuals

• CPE is \$2.57 higher compared to prior year due to Increases due to higher divisional allocations, changes in ERL & Capital to Expense adjustments, IAF Smarte Carte, IAF CBP Expenses, and rebalancing of VIP Hospitality focus areas.

• Non-Aero NOI is \$143.9M higher than prior year due to projection of improved revenues compared to prior year across the Non-Aeronautical businesses.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23
C. OPERATING RESULTS
Division Summary – YTD Actuals
Actual vs. Budget Incr/(Decr)

Total Airport Expense Summary 2021 YTD 2022 YTD 2023 YTD 2023 YTD Variance Change from 2022

(\$ in 000's)

Actual Actual Actual Budget \$ % \$ %

Operating Expenses

Payroll 76,202 79,627 92,502 92,928 426 0.5% 12,876 16.2%

Outside Services 26,770 32,518 38,888 52,850 13,962 26.4% 6,370 19.6%

Utilities 9,750 12,207 11,437 11,488 51 0.4% (770) -6.3%

Other Expenses (461) 5,128 7,102 2,939 (4,163) -141.6% 1,974 38.5%

Total Airport Direct Charges 112,261 129,480 149,929 160,205 10,277 6.4% 20,449 15.8%

Environmental Remediation Liability 801 (2,312) 6,377 2,680 (3,697) -138.0% 8,689 -375.8%

Capital to Expense 288 26 359 - (359) 333 1286.2%

Total Exceptions 1,090 (2,286) 6,737 2,680 (4,057) -151.4% 9,023 -394.7%

Total Airport Expenses 113,351 127,193 156,665 162,885 6,220 3.8% 29,472 23.2%

Corporate 34,011 36,831 42,814 45,023 2,209 4.9% 5,982 16.2%
Police 11,336 11,677 14,123 15,591 1,469 9.4% 2,446 20.9%
Maritime/Economic Development/Other 1,420 1,613 1,940 2,463 523 21.2% 328 20.3%
Total Charges from Other Divisions 46,767 50,121 58,877 63,077 4,201 6.7% 8,756 17.5%
Total Operating Expenses 160,118 177,314 215,542 225,963 10,421 4.6% 38,228 21.6%
Expenses – 2023 YTD Actuals vs. 2023 YTD Budget

- Operating Expenses were (\$10.4M or 4.6%) underspent to Budget driven primarily by the underspend in Charges from other Divisions of \$4.2M, and in Outside Services of \$14M across multiple business areas. The bulk of the under-run is in the Aviation Project Management Group with delays in the Airline Realignment work and savings from Custodial Contracts related to vendors not earning incentive pay, and under-runs in Facilities and Infrastructure due to timing of when service directives are executed.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

Division Summary – YE Forecast

Actual vs. Budget Incr/(Decr)

Total Airport Expense Summary 2021 2022 2023 2023 Variance Change from 2022
(\$ in 000's)

Actual Actual Forecast Budget \$ % \$ %

Operating Expenses

Payroll 157,207 168,389 184,224 189,477 5,253 2.8% 15,835 9.4%
Outside Services 62,382 75,700 107,667 109,249 1,582 1.4% 31,966 42.2%
Utilities 20,175 22,880 21,344 22,321 977 4.4% (1,536) -6.7%
Other Expenses 1,519 15,141 7,734 4,296 (3,438) -80.0% (7,407) -48.9%
Total Airport Direct Charges 241,284 282,110 320,968 325,342 4,374 1.3% 38,858 13.8%
Environmental Remediation Liability 1,583 (1,274) 11,027 7,120 (3,907) -54.9% 12,302 -965.2%
Capital to Expense 1,254 2,356 400 - (400) (1,956) -83.0%
Total Exceptions 2,837 1,081 11,427 7,120 (4,307) -60.5% 10,346 956.8%

-
Total Airport Expenses 244,121 283,191 332,396 332,462 66 0.0% 49,204 17.4%

-
Corporate 71,550 80,452 91,521 92,679 1,157 1.2% 11,070 13.8%
Police 23,473 27,660 29,647 30,264 617 2.0% 1,987 7.2%
Maritime/Economic Development/Other 2,536 3,687 5,139 5,131 (8) -0.2% 1,453 39.4%
Total Charges from Other Divisions 97,558 111,799 126,308 128,074 1,766 1.4% 14,509 13.0%

-
Total Operating Expenses 294,217 382,704 458,703 460,535 1,832 0.4% 76,000 19.9%

Operating Expenses – 2023 YE Forecast compared to 2023 YE Budget

- Total Operating Expenses is forecasted to underspend by \$1.8M driven by under-runs in Payroll due to vacancies and \$1.8M Charges from Other Divisions, offset by projected over-runs in Outside Services due to mid-year requests approved with largest impact due to Baggage Handling Equipment software and other midyear requests.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

Aeronautical Business Unit Summary – YTD Actuals

Actual vs. Budget Incr/(Decr)

Aeronautical NOI 2021 YTD 2022 YTD 2023 YTD 2023 YTD Variance Change from 2022
(\$ in 000's)

Actual Actual Actual Budget \$ % \$ %

Rate Base Revenues

Airfield Movement Area 37,192 47,737 66,779 67,008 (230) -0.3% 19,042 39.9%

Airfield Apron Area 10,932 8,290 14,321 14,671 (350) -2.4% 6,030 72.7%

Terminal Rents 83,321 105,972 133,174 132,787 387 0.3% 27,202 25.7%

Federal Inspection Services (FIS) 3,560 11,527 17,345 21,801 (4,457) -20.4% 5,817 50.5%

Total Rate Base Revenues 135,005 173,527 231,618 236,268 (4,650) -2.0% 58,091 33.5%

-

Airfield Commercial Area 8,177 8,320 8,600 8,425 176 2.1% 281 3.4%

Subtotal before Revenue Sharing 143,182 181,846 240,218 244,692 (4,474) -1.8% 58,372 32.1%

Revenue Sharing - - - - -

Total Aeronautical Revenues 143,182 181,846 240,218 244,692 (4,474) -1.8% 58,372 32.1%

-

Total Aeronautical Expenses 111,036 120,393 151,356 157,242 5,886 3.7% 30,963 25.7%

Aeronautical NOI 32,146 61,453 88,862 87,451 1,411 1.6% 27,409 44.6%

Aeronautical – 2023 YTD Actuals vs. 2023 YTD Budget

- Net Operating Income was (\$1.4M or 1.6%) favorable to budget driven by lower operating expenses in Outside Services and Charges from Other Divisions.

Aeronautical – 2023 YTD Actuals vs. 2022 YTD Actuals

- Net Operating Income was (\$27.4M or 44.6%) higher than 2022 Q2 because aeronautical revenues in 2022 were based on increased passenger activity compared to the same last year when it was only the second year of recovery where activity levels were still relatively lower.

Aeronautical Business Unit Summary - YE Forecast

Actual vs. Budget Incr/(Decr)

Aeronautical NOI 2021 2022 2023 2023 Variance Change from 2022

(\$ in 000's)

Actual Actual Forecast Budget \$ % \$ %

Rate Base Revenues

Airfield Movement Area 88,061 118,240 145,819 141,938 3,881 2.7% 27,579 23.3%

Airfield Apron Area 22,016 17,211 27,195 29,330 (2,135) -7.3% 9,983 58.0%

Terminal Rents 205,283 220,399 269,231 270,513 (1,282) -0.5% 48,832 22.2%

Federal Inspection Services (FIS) 10,978 29,347 41,982 46,317 (4,334) -9.4% 12,635 43.1%

Total Rate Base Revenues 326,339 385,197 484,227 488,098 (3,871) -0.8% 99,030 25.7%

Airfield Commercial Area 16,702 17,343 17,214 16,850 364 2.2% (129) -0.7%

Subtotal before Revenue Sharing 343,041 402,541 501,441 504,948 (3,507) -0.7% 98,901 24.6%

Revenue Sharing - - - - -

Total Aeronautical Revenues 343,041 402,541 501,441 504,948 (3,507) -0.7% 98,901 24.6%

Total Aeronautical Expenses 203,573 261,574 322,207 320,649 (1,558) -0.5% 60,633 23.2%

Aeronautical NOI 139,468 140,967 179,234 184,300 (5,065) -2.7% 38,268 27.1%

Debt Service (62,607) (80,554) (147,510) (152,649) 5,139 -3.4% (66,956) 83.1%

Net Cash Flow 76,860 60,413 31,724 31,650 74 0.2% (28,689) -47.5%

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

Airline Rate Base Cost Drivers

Impact on Aero

Revenues

2023 2023 Budget vs Budget

\$ in 000's Budget Fo recast \$ %

O&M (1) 310,618 313,932 3,314 1.1%

Federal Relief Grants O&M - - - 0.0%

Net O&M 310,618 313,932 3,314 1.1%

Debt Service Before Offsets 234,463 227,395 (7,068) -3.0%

Debt Service PFC Offset (89,720) (88,557) 1,162 -1.3%

Federal Relief Grants Debt Service - (1,673) (1,673) 0.0%

Net Debt Service 144,743 137,165 (7,578) -5.2%

Amortization 35,561 35,289 (272) -0.8%

Space Vacancy (2,066) (1,400) 666 -32.2%
TSA Operating Grant and Other (758) (758) - 0.0%
Rate Base Revenues 488,098 484,227 (3,871) -1%
Commercial area 16,850 17,214 364 2%
Total Aero Revenues 504,948 501,441 (3,507) -1%
(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

2023 Forecast to 2023 Budget

• O&M – \$3.3M higher due primarily to increase in Aero allocated O&M. Increases primarily in Gates, Mvmt Area and Terminal, partially offset by savings in FIS. Increases due to higher divisional allocations, changes in ERL & Capital to Expense adjustments, IAF Smarte Carte, IAF CBP Expenses, and rebalancing of VIP Hospitality focus areas.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23
Non-Aero Business Unit Summary – YTD Actuals

Actual vs. Budget Incr/(Decr)

Non-Aeronautical NOI 2021 YTD 2022 YTD 2023 YTD 2023 YTD 2023 YTD Variance Change from 2022 Revised

(\$ in 000's)

Actual Actual Actual Budget Budget \$ % \$ %

Non-Aeronautical Revenues

Public Parking 25,537 41,842 52,391 48,001 48,001 4,390 9.1% 10,549 25.2%

Rental Cars 11,497 16,803 23,516 21,445 21,445 2,070 9.7% 6,712 39.9%

Ground Transportation 4,208 9,226 11,750 11,420 11,420 330 2.9% 2,524 27.4%

Airport Dining & Retail 14,871 22,835 27,200 29,432 29,432 (2,232) -7.6% 4,365 19.1%

Other 17,106 24,096 30,589 27,363 27,363 3,226 11.8% 6,493 26.9%

Total Non-Aeronautical Revenues 73,219 114,802 145,446 137,662 137,662 7,785 5.7% 30,644 26.7%

Total Non-Aeronautical Expenses 30,353 56,921 64,186 68,721 68,721 4,535 6.6% 7,265 12.8%

Non-Aeronautical NOI 42,867 57,881 81,260 68,941 68,941 12,320 17.9% 23,379 40.4%

Non-Aeronautical – 2023 YTD Actuals vs. 2023 YTD Budget

• Net Operating Income is (\$12.3M or 17.9%) favorable to budget driven by:

o Parking revenue YTD reflects strong performance due to higher tariff rates than prior year. Most recent Parking rate increase was implemented in April 2022.

o Rental Car strong revenue performance reflects higher rental rates due to continued shortage in rental vehicle availability.

Non-Aeronautical – 2023 YTD Actuals vs. 2022 YTD Actuals

• Net Operating Income was (\$23.4M or 40.4%) higher than 2022 driven by:

o Increasing passenger levels and activity when compared to Q2 2022 when it was still early in the second year of recovery from the pandemic.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23
Non-Aero Business Unit Summary - YE Forecast

Actual vs. Budget Incr/(Decr)

Non-Aeronautical NOI 2021 2022 2023 2023 Variance Change from 2022
(\$ in 000's)

Actual Actual Fo recast Budget \$ % \$ %

Non-Aeronautical Revenues

Public Parking 64,104 88,899 108,539 96,768 11,771 12.2% 19,640 22.1%

Rental Cars 34,740 56,473 59,918 53,830 6,088 11.3% 3,445 6.1%

Ground Transportation 11,947 20,804 25,074 24,324 750 3.1% 4,270 20.5%

Airport Dining & Retail 35,565 36,581 61,383 64,270 (2,887) -4.5% 24,802 67.8%

Other 37,463 53,856 62,304 56,910 5,393 9.5% 8,448 15.7%

Total Non-Aeronautical Revenues 183,819 256,613 317,218 296,102 21,116 7.1% 60,605 23.6%

Total Non-Aeronautical Expenses 90,644 121,130 136,496 139,887 3,390 2.4% 15,367 12.7%

Non-Aeronautical NOI 1 93,175 135,483 180,721 156,216 24,506 15.7% 45,239 33.4%

Less: CFC Surplus (6,834) - (6,603) (5,829) (774) 13.3% (6,603)

Adjusted Non-Aeronautical NOI 86,341 135,483 174,118 150,386 23,732 15.8% 38,635 28.5%

Debt Service (33,065) (27,096) (33,562) (34,094) 532 -1.6% (6,466) 23.9%

Net Cash Flow 53,276 108,387 140,556 116,293 24,264 20.9% 32,169 29.7%

(1) Includes Federal Relief for Concessions

Non-Aeronautical – 2023 Forecast vs. 2022 Budget

• Non-Aeronautical net operating income (before reduction of CFC Surplus) is forecasted to be (\$24.5M or 15.7%) favorable primarily in the Landside business areas, particularly in Parking with strong performance due to higher tariff rates than prior year. Rental Car strong revenue performance reflects higher rental rates due to continued shortage in rental vehicle availability.

Non-Aeronautical – 2023 Forecast vs. 2022 Actuals

• Non-Aeronautical net operating income (before reduction of CFC Surplus) is forecasted to be (\$45.2M or 33.4%) higher compared to prior year due to passenger levels improving with a forecast of being only down 3.4% compared to 2019.

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II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23
D. CAPITAL RESULTS

Capital Variance

2023 2023 2023 2023 Bud vs. Fcst

YTD Year-End Budget POF

\$ %

\$ in 000's Actual F or ecast

MT Low Voltage Sys Upgrade (1) 5,050 17,050 24,000 24,425 6,950 29.0%

Checked Bag Recap/Optimization (2) 46,428 98,033 102,855 131,600 4,822 4.7%

Surface Area Management System (3) 442 1,052 5,565 6,890 4,513 81.1%

C Concourse Expansion (4) 17,097 45,413 49,625 31,996 4,211 8.5%

Telecommunication Meet Me Room (5) 965 3,030 6,902 7,045 3,872 56.1%

AF Utility Improvements (6) 320 727 4,209 7,131 3,481 82.7%

Art Pool (7) 308 1,808 5,250 5,250 3,442 65.6%

Checkpoint 1 Relocation (8) 401 2,794 5,744 11,479 2,950 51.4%

International Arrivals Fac-IAF (9) 1,781 7,756 10,700 18,781 2,944 27.5%

NEPL Improvements (10) 1,290 2,527 4,930 5,300 2,403 48.7%

Cargo Buildings Improvements (11) 83 300 2,124 2,292 1,824 85.9%

All Other 110,399 322,053 341,528 532,447 19,475 5.7%

Subtotal 184,564 502,543 563,432 784,636 60,888 10.8%

CIP Cashflow Mgmt Reserve - (44,198) (77,860) (120,759) (33,662) 43.2%

Total Spending 184,564 458,345 485,572 663,877 27,226 5.6%

1. Equipment Purchase Delays; New cashflow forecast provided by Contractor.

2. SSAT work has been delayed. Designer is behind in billing.

3. Schedule delays due to complexities of Airfield/JOC/DBB and SAAB Contractor work.
4. Cash flow has been updated to reflect GCCM design and construction phasing sequencing.
5. MMR Bldg Mob delayed due to Conc A project in the space. Equip Lead time delivery/invoice timing. Design review comments delayed permitting 2 months. Fiber design on track but behind on invoices.
6. Cascade Rd Ductbank project delayed due to Contractors work re-sequencing.
7. Delays in contract executions with artists.
8. Scope decrease. Schedule delays for NTP, therefore further delaying 2023 costs to 2024.
9. Design delays.
10. Phase 2 estimate is under budget. And Phase 3 is behind schedule pending EV discussions.
11. Pre-Construction submittals delay, Permit delay, and Contract negotiations extension.

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III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

III. MARITIME DIVISION

FINANCIAL SUMMARY (Excludes Pension Adjustments)

2021 2022 2023 2023 Actual vs. Budget Change from 2022

Variance

\$ in 000's Actual Actual Forecast Budget \$ % \$ %

Total Revenues 48,738 71,365 77,962 76,262 1,700 2% 6,598 9%

Total Operating Expenses 47,784 59,556 64,921 66,068 1,147 2% 5,365 9%

Net Operating Income 954 11,808 13,041 10,194 2,847 -28% 1,233 -10%

NOI Including Pension Adj 7,616 14,375 13,041 10,194 2,847 -28% (1,333) -9%

Capital Expenditures 18,923 21,949 27,967 32,313 4,346 13% 6,018 27%

2023 Forecast vs. 2023 Budget

- Operating Revenues are forecasted \$1.7M higher than budget:
 - o Grain \$2.0M lower from reduction in volumes. Cruise \$3M and Marinas \$6M higher from increased occupancy.
- Operating Expenses forecasted \$1.1M lower than budget from payroll savings and some project deferrals.
- Net Operating Income Planned \$2.8M favorable to budget.
- Capital Spending forecasted at 87% of \$32.3M budget.

2023 Forecast vs. 2022 Actuals

- Operating Revenues expected \$6.6M higher than 2022 with higher Cruise occupancy & rates offset by lower grain volumes.
- Operating Expenses forecasted \$5.4M higher than 2022 actual driven primarily by increased represented and non-represented wage rates.
- Net Operating Income forecasted \$1.2M higher than 2022 actual.

Net Operating Income before Depreciation by Business

2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Variance

\$ in 000's Actual Actual Budget \$ % \$ %

Ship Canal Fishing & Operations (1,405) (1,422) (2,202) 780 35% (18) -1%

Elliott Bay Fishing & Commercial Operations (673) (676) (1,397) 722 52% (3) NA

Recreational Boating 166 259 181 78 43% 94 57%

Cruise 5,312 8,349 5,215 3,135 -60% 3,037 -57%

Grain 2,731 868 2,288 (1,420) -62% (1,863) -68%

Maritime Portfolio (2,193) (1,683) (2,750) 1,066 39% 510 23%

All Other (200) (550) 73 (624) 849% (350) 175%

Total Maritime 3,738 5,145 1,408 3,736 -265% 1,407 -38%

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III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

A. KEY PERFORMANCE METRICS

Grain Volume – Metric Tons in 000's

700
600
2022 Actual
500
400 2023 Budget
300
2023 Actual
200
100
0
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Cruise Passengers in 000's
400

300 2022 Actual
2023 Budget
200
2023 Actual
100

0
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

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III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

B. OPERATING RESULTS

2021 YTD 2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Vari ance

\$ in 000's Ac tual Ac tual Ac tual Budget \$ % \$ %

Ship Canal Fishing & Operations 2,134 2,328 2,651 2,313 338 15% 323 14%

Elliott Bay Fishing & Commercial Operations 2,635 2,638 2,829 2,614 216 8% 191 7%

Recreational Boating 6,330 6,914 7,751 7,776 (24) 0% 837 12%

Cruise 61 11,258 15,437 13,100 2,337 18% 4,179 37%

Grain 3,433 3,405 1,964 3,231 (1,268) -39% (1,441) -42%

Maritime Portfolio Management 4,914 5,237 5,205 4,994 210 4% (33) -1%

Other 1 7 18 12 6 NA 11 161%

Total Revenue 19,507 31,788 35,856 34,040 1,816 5% 4,068 13%

Expenses

Maritime (Excl. Maint) 7,031 9,021 8,399 8,958 559 6% (622) -7%

Economic Development 2,135 2,864 2,718 3,253 535 16% (145) -5%

Total Direct 9,166 11,884 11,117 12,211 1,093 9% (767) -6%

Maintenance Expenses 5,093 6,387 7,148 7,032 (116) -2% 761 12%

Envir Services & Planning 785 755 1,480 1,629 149 9% 725 96%

Seaport Finance & Cost Recovery 513 473 622 663 41 6% 148 31%

Seaport Project Management 193 445 849 1,241 393 32% 403 91%

Total Support Services 6,584 8,060 10,098 10,565 467 4% 2,038 25%

IT 1,335 1,526 1,794 1,832 38 2% 268 18%

Police Expenses 1,477 1,577 2,244 2,480 236 10% 667 42%

External Relations 571 743 824 1,029 205 20% 81 11%

Other Central Services 3,277 4,080 4,473 4,311 (162) -4% 392 10%

Aviation Division / Other 170 179 162 205 43 21% (17) -10%

Total Central Services / Other 6,830 8,105 9,496 9,856 360 4% 1,391 17%

Total Expense 22,581 28,050 30,711 32,632 1,921 6% 2,662 9%

NOI Before Depreciation (3,074) 3,738 5,145 1,408 3,736 265% 1,407 38%

Depreciation 8,881 8,952 9,100 8,418 (681) -8% 148 2%
NOI After Depreciation (11,955) (5,214) (3,955) (7,010) 3,055 44% 1,259 24%
2023 YTD Actuals vs. 2023 YTD Budget

- Operating Revenues were \$1,816K higher than budget driven by:
 - o Ship Canal favorable \$338K from higher occupancy related to the cancellation of Alaskan Crab Season.
 - o Elliott Bay Fishing higher by \$216K due to favorable moorage.
 - o Recreational Boating \$24K unfavorable.
 - o Cruise \$2,337K higher from increased occupancy.
 - o Grain \$1,268K unfavorable from lower volumes flowing to China.
 - o Maritime Portfolio Management \$210K higher from new tenants at the Maritime Industrial Center.
- Operating Expenses were \$1,921K lower than budget:
 - o Direct Expenses were \$1,093K lower than budget
 - ? Elliot Bay Fishing and Commercial \$170K lower from utility accrual.
 - ? Cruise \$362K under from timing of outside services & equipment.
 - ? Maritime Security is \$237K lower than budget from staff shortages at T91.
 - ? Maritime Marketing \$207K below budget due to timing of spend.
 - ? Maritime Portfolio Management \$545K below budget due to timing of tenant improvements.
 - ? Division Administration is under by budget by \$257K from open FTEs and timing of travel.
 - ? Divisional contingency open headcount vacancy factor created a \$649K unfavorable variance.
 - ? All other Direct Expenses net to \$36K over budget.
 - o Total Support Services were \$467K favorable to budget due to significant open FTEs in both Maintenance and Environmental along with saving from project deferrals.
 - o Total Central Services / Other were \$360K favorable to budget.
- Net Operating Income was \$3.7M favorable to budget.

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III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

2023 YTD Actuals vs. 2022YTD Actuals

- Operating Revenues were \$6.4M higher than 2022 due large increase in Cruise occupancy and increased rates at marinas, offset by to lower Grain volumes & a change in Cruise P66 lease from expense to contra revenue.
- Operating Expenses were \$2.7M higher than 2022 actual driven primarily by payroll increases and offset by \$1.2M capital to expense in 2022 for Gateway Building in Fishermen's Terminal.
- Net Operating Income was \$1.4M higher than 2022 actual.

2021 2022 2023 2023 Actual vs. Budget Change from 2022

Vari ance

\$ in 000's Ac tual Ac tual Forecast Budget \$ % \$ %

Ship Canal Fishing & Operations 4,240 4,592 4,855 4,555 330 7% 263 6%

Elliott Bay Fishing & Commercial Operations 5,618 5,975 5,453 5,253 220 4% (521) -9%

Recreational Boating 12,851 13,978 15,591 15,591 0 0% 1,613 12%

Cruise 9,517 30,469 37,832 34,832 3,000 9% 7,364 24%

Grain 6,112 5,792 3,814 5,814 (2,000) -34% (1,978) -34%

Maritime Portfolio Management 10,392 10,550 10,392 10,192 200 2% (158) -1%

Other 7 10 24 24 0 NA 14 152%

Pension Revenue Adjustment (408) 170 0 0 0 NA (170) NA

Total Revenue 48,331 71,534 77,962 76,262 1,700 2% 6,428 9%

Expenses

Maritime (Excl. Maint) 13,951 17,706 18,051 18,251 200 1% 345 2%

Economic Development 4,559 5,710 6,066 6,366 300 5% 356 6%

Total Direct 18,510 23,416 24,117 24,617 500 2% 701 3%

Maintenance Expenses 11,326 13,213 14,040 14,040 0 0% 827 6%

Envir Services & Planning 2,018 3,120 3,841 3,841 0 0% 721 23%

Seaport Finance & Cost Recovery 1,163 1,087 1,359 1,359 0 0% 272 25%

Seaport Project Management 342 1,007 2,279 2,479 200 8% 1,272 126%

Total Support Services 14,849 18,426 21,519 21,719 200 1% 3,092 17%

IT 2,695 3,223 3,714 3,725 11 0% 491 15%

Police Expenses 3,064 3,662 4,683 4,781 98 2% 1,022 28%

External Relations 1,222 1,552 1,690 2,045 355 17% 138 9%

Other Central Services 7,109 8,908 8,886 8,869 (17) 0% (23) 0%

Aviation Division / Other 336 368 312 312 0 0% (56) -15%

Total Central Services / Other 14,426 17,714 19,286 19,733 447 2% 1,572 9%

Total Expense before Pension Adjustment 47,784 59,556 64,921 66,068 1,147 2% 5,365 9%

Pension Expense Adjustment (7,070) (2,396) 0 0 0 NA 2,396 100%

Total Expense 40,714 57,160 64,921 66,068 1,147 2% 7,761 14%
 NOI excluding Pension Adjustments 954 11,808 13,041 10,194 2,847 28% 1,233 10%
 NOI Before Depreciation 7,616 14,375 13,041 10,194 2,847 28% (1,333) 9%
 Depreciation 17,718 17,980 17,456 17,456 0 0% (525) -3%
 NOI After Depreciation (10,101) (3,606) (4,414) (7,261) 2,847 39% (809) -22%
 2023 Forecast vs. 2023 Budget

- Operating Revenues are forecasted \$1.7M higher than budget:
 - o Cruise \$3.0M lower from higher occupancy than planned.
 - o Grain \$2.0M lower based on a 35% reduction in volumes.
 - o Fishing, Commercial, and Boating Marinas are \$220K higher from added moorage at T91 and from closure of Alaskan Crabbing season at Fishermen's Terminal.
- Operating Expenses forecasted \$1.1M favorable to budget from payroll savings and some project deferrals.
- Net Operating Income Planned \$2.8M favorable to budget.

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III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

2023 Forecast vs. 2022 Actuals (Excludes Pension Adjustment)

- Operating Revenues expected \$6.4M higher than 2022 with higher Cruise occupancy & rates offset by lower grain volumes.
- Operating Expenses forecasted \$7.8M higher than 2022 actual driven primarily by increased represented and non-represented wage rates.
- Net Operating Income forecasted \$1.2M higher than 2022 actual.

C. CAPITAL RESULTS

2023 Year-

2023 YTD 2023 Budget vs Forecast

End 2023 POF

Actual Budget

Forecast %

\$ in 000's

P66 Shore Power 790 8,620 8,817 15,390 197 2%
 P66 Fender Overhaul 65 3,048 3,227 3,939 179 6%
 MD Reserve 0 2,000 2,000 0 0%
 Maritime Video Camera Pro 109 1,809 1,800 1,800 (9) -1%
 T117 Restoration 295 2,498 1,263 30 (1,235) -98%
 T91 Berth 6 & 8 Redev 512 883 1,193 734 310 26%
 FT Maritime Innovation Center 225 1,241 1,103 3,297 (138) -13%
 Cruise Upgrades COVID19 0 0 1,000 0 1,000 100%
 MD Fleet 940 5,113 6,555 4,790 1,442 22%
 MD Small Projects 468 1,561 3,368 1,443 1,807 54%
 All Other Project 1,017 6,304 8,983 20,668 2,679 30%
 Subtotal 4,421 33,077 39,309 54,091 6,232 16%
 CIP Cashflow Mgmt Reserve 0 (5,110) (6,996) (13,286) (1,886) 27.0%
 Total Maritime 4,421 27,967 32,313 40,805 4,346 13.4%

Note: POF (Plan of Finance) is the total estimated during the budget process.

Comments on Key Projects with Significant Variances

- T117– Funds previously encumbered under consulting contracts added back to forecast.
- Cruise COVID Upgrades - Placeholder to mitigate COVID upgrade requirements no longer needed.
- T91 Berth 6/8 & All Other Projects - Additional time needed for federal permitting (2 months). LED Upgrade small cap projects moved to Large CIP.

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IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

2021 2022 2023 2023 Actual vs. Budget Change from 2022

Variance

\$ in 000's Ac tual Ac tual Forecast Budget \$ % \$ %

Total Revenues 9,294 17,734 20,901 22,201 (1,300) -6% 3,167 18%
Total Operating Expenses 20,560 24,200 28,418 30,149 1,731 6% 4,218 17%
Net Operating Income (11,266) (6,466) (7,517) (7,948) 431 5% (1,051) 16%
NOI Including Pension Adj (8,870) (5,771) (7,517) (7,948) 431 5% (1,746) 30%
Capital Expenditures 9,314 4,311 7,670 8,086 416 5% 3,359 78%

2023 Forecast vs. 2023 Budget

- Operating Revenues forecasted to \$1.3M unfavorable to budget due to lower volumes at the Conference & Event Center.
- Operating Expenses \$1.7M below budget due to variable cost impact of lower Conference Center volumes, delayed hiring, and timing of tourism & grant spending.
- Net Operating Income forecasted at \$4M above budget.
- Capital Spending forecasted at 95% of \$8.1M budget.

2023 Forecast vs. 2022 Actuals

- Operating Revenues forecasted \$3.2M higher than 2022 with increases in Conference & Event Center along with increased concession revenue at the Bell Street garage.
- Operating Expenses \$4.2M higher than 2022 due to payroll increases and Conference & Event Center volumes and change in the EDD Grants from 1yr to 2yr cycle.
- Net Operating Income forecasted \$1.1M lower than 2022 actual.

Net Operating Income before Depreciation by Business

2021 YTD 2022 YTD 2022 YTD Actual vs. Budget Change from 2022

Vari ance

\$ in 000's Ac tual Ac tual Budget \$ % \$ %

Portfolio Management (1,875) (412) (1,428) 1,016 71% 1,463 78%
Conference & Event Centers (1,195) (1,895) (1,235) (661) -54% (701) -59%
To ur is m (312) (534) (801) 268 33% (222) -71%
EDD Grants 1 (143) (350) 207 59% (144) -12456%
Env Grants/Remed Liab/ERC (812) (46) 61 (107) -176% 766 94%
Total Econ Dev (4,192) (3,031) (3,753) 723 19% 1,162 28%

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IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

A. OPERATING RESULTS

2021 YTD 2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Vari ance

\$ in 000's Ac tual Ac tual Ac tual Budget \$ % \$ %

Revenue 3,669 4,142 4,984 4,684 300 6% 842 20%
Conf & Event Centers 420 2,538 3,377 5,439 (2,061) -38% 839 33%
Total Revenue 4,089 6,680 8,361 10,123 (1,761) -17% 1,681 25%
Expenses
Portfolio Management 1,643 1,898 1,534 1,807 273 15% (364) -19%
Conf & Event Centers 1,271 2,333 3,509 4,936 1,427 29% 1,176 50%
P69 Facilities Expenses 90 98 103 116 13 11% 5 6%
RE Dev & Planning 94 132 145 139 (7) -5% 14 11%
EconDev Expenses Other 298 492 503 310 (192) -62% 11 2%
Maintenance Expenses 1,792 1,718 1,577 1,648 71 4% (141) -8%
Maritime Expenses (Excl Maint) 490 535 661 883 221 25% 126 24%
Total EDD & Maritime Expenses 5,678 7,205 8,032 9,839 1,807 18% 828 11%
Diversity in Contracting 48 57 83 145 61 42% 26 47%
To ur is m 380 1,099 524 923 400 43% (576) -52%
EDD Grants 87 (1) 143 300 157 52% 144 -12456%
Total EDD Initiatives 515 1,155 750 1,368 618 45% (405) -35%
Environmental & Sustainability 13 10 21 30 9 31% 11 111%
Police Expenses 99 103 121 134 13 10% 18 17%
Other Central Services 2,093 2,319 2,402 2,435 34 1% 82 4%
Aviation Division 95 80 66 70 4 6% (14) -18%
Total Central Services & Aviatio 2,300 2,513 2,609 2,669 59 2% 97 4%
Envir Remed Liability 0 0 0 0 NA 0 NA
Total Expense 8,493 10,872 11,392 13,876 2,484 18% 520 5%

NOI Before Depreciation (4,403) (4,192) (3,031) (3,753) 723 19% 1,162 28%

Depreciation 1,919 1,906 2,064 1,914 (150) -8% 157 8%

NOI After Depreciation (6,322) (6,099) (5,094) (5,667) 573 10% 1,004 16%

2023 YTD Actuals vs. 2023 YTD Budget

- Operating Revenue were \$1.8M unfavorable to budget due primarily to unexpected cancellations at the Conference and Event Center, partially offset by favorable concession revenue at Bell Street Garage.

- Operating Expenses were \$1,307K favorable to budget:

- o Portfolio Management \$273K lower from bad debt recovery.

- o Conference and Event Center \$1,427K lower from lower activity.

- o Maintenance \$71K lower due to open positions.

- o Maritime \$221K lower from project deferrals.

- o EDD Initiatives \$618K below budget due to timing of Tourism and EDD Grant spending along with \$150K budgeted in EDD Grants but booked in Economic Dev. Other

- o All other expenses net to \$23K under budget.

- Net Operating Income was \$723K favorable to budget.

2023 YTD Actuals vs. 2022 YTD Actuals

- Operating Revenues were \$1,681K higher than 2022 actual from increased conferences, parking revenues, and leases.

- Operating Expenses were \$520K higher than 2022 actual:

- o Portfolio management lower \$364K from bad debt booked in 2022 and recovered in 2023.

- o Conference and Event Centers \$1,176K higher than 2022 due to variable costs associated with higher Conference and Event Center volumes.

- o Tourism \$576K lower than 2022 due to prior year payment for Washington Tourism Alliance program.

- o All other Expenses net to \$284K higher than 2022.

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IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

- Net Operating Income was \$751K higher than 2022 actual.

2021 2022 2023 2023 Actual vs. Budget Change from 2022

Variance

\$ in 000's Actual Actual Forecast Budget \$ % \$ %

Revenue 7,384 8,886 10,022 9,722 300 3% 1,137 13%

Conf & Event Centers 1,910 8,848 10,879 12,479 (1,600) -13% 2,030 23%

Total Revenue 9,294 17,734 20,901 22,201 (1,300) -6% 3,167 18%

Expenses

Portfolio Management 3,737 3,653 3,680 3,905 225 6% 27 1%

Conf & Event Centers 3,124 6,563 9,537 10,769 1,232 11% 2,975 45%

P69 Facilities Expenses 268 230 221 221 0 0% (10) -4%

RE Dev & Planning 231 299 294 294 0 0% (5) -2%

EconDev Expenses Other 736 1,058 900 900 0 0% (158) -15%

Maintenance Expenses 3,769 3,836 3,253 3,303 50 2% (583) -15%

Maritime Expenses (Excl Maint) 862 1,263 1,736 1,811 75 4% 472 37%

Total EDD & Maritime Expenses 12,727 16,902 19,621 21,203 1,582 7% 2,719 16%

Diversity in Contracting 253 186 250 250 0 0% 64 34%

Tourism 1,877 1,737 1,830 1,830 0 0% 93 5%

EDD Grants 889 105 1,450 1,450 0 0% 1,345 1287%

Total EDD Initiatives 3,019 2,028 3,530 3,530 0 0% 1,502 74%

Environmental & Sustainability 24 35 67 83 16 19% 32 92%

Police Expenses 205 240 250 258 8 3% 10 4%

Other Central Services 4,408 4,848 4,813 4,938 125 3% (36) -1%

Aviation Division 177 147 138 138 0 0% (9) -6%

Total Central Services & Aviation 4,814 5,270 5,268 5,417 149 3% (2) 0%

0

Total Expense before Pension Adjustment 20,560 24,200 28,418 30,149 1,731 6% 4,218 17%

Pension Expense Adjustment (2,396) (695) 0 0 0 NA 695 100%

Total Expense 18,164 23,505 28,418 30,149 1,731 6% 4,913 21%

NOI Before Depreciation (8,870) (5,771) (7,517) (7,948) 431 5% (1,746) -30%

Depreciation 3,841 3,954 3,741 3,741 0 0% (213) -5%

NOI After Depreciation (12,711) (9,725) (11,258) (11,689) 431 4% (1,533) -16%

2023 Forecast vs. 2023 Budget

- Operating Revenues forecasted to \$1.3M unfavorable to budget due to lower volumes at the Conference & Event Center offset by improving performance at Bell St. Garage.

- Operating Expenses \$1.7M favorable to budget due to variable cost impact of lower Conference Center

volumes (\$1.2M), delayed hiring, and timing of tenant improvements.

- Net Operating Income forecasted at \$.4M above budget.

2023 Forecast vs. 2022 Actuals (Excludes Pension Adjustments)

- Operating Revenues forecasted \$3.2M higher than 2022 with increases in Conference & Event Center along with increased concession revenue at the Bell Street garage.
- Operating Expenses \$4.2M higher than 2022 due to payroll increases, Conference & Event Center volumes and change in the EDD Grants from 1yr to 2yr cycle.
- Net Operating Income forecasted \$1.1M lower than 2022 actual excluding pension adjustments.

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IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

B. CAPITAL RESULTS

2023 YTD 2023 YE 2023

2023 POF Budget vs Forecast

Actual Forecast Budget

\$ in 000's \$ %

T91 Uplands Dev Phase I 573 2,190 2,204 1,682 14 1%
WTCW Roof Replacement 1,002 2,032 1,841 1,003 (191) -10%
P69 Underdock Utility Rpl 555 1,065 999 547 (66) -7%
CW Bridge Elev Modernizat 224 479 480 7 1 0%
P66 Roof Upgrades 66 286 341 556 55 16%
P66 BHICC Interior Modern 0 0 276 0 276 100%
P69 3rd Floor Terrace Rep 0 25 262 262 237 90%
P69 and P66 Public Video 3 103 250 250 147 59%
Tenant Improvements - Capi 0 202 202 300 0 0%
T91 Ped Path and Bike Bri 9 144 150 300 6 4%
All Other Projects 142 2,792 3,274 3,780 482 15%
Subtotal 2,574 9,318 10,279 8,687 961 9%
CIP Cashflow Mgmt Reserve 0 (1,648) (2,193) (1,950) (545) 25%
Total Economic Development 2,574 7,670 8,086 6,737 416 5%

Note: POF (Plan of Finance) is the total estimated during the budget process.

Comments on Key Projects

- P66 BHICC - \$276k for pending claim resolution no longer needed.
- P69 3rd Floor Terrace & Public Video – Delay due to resource constraints.
- Other Projects - Number of small projects related to LED upgrades removed moved to Large Cap CIP.

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V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

2021 YTD 2022 YTD 2023 YTD 2023 YTD Actual vs. Budget Change from 2022

Variance Incr (Decr)

\$ in 000's Actual Actual Actual Budget \$ % \$ %

Total Operating Revenues 1,982 271 290 46 243 526.4% 19 7.1%
Core Central Support Services 39,964 44,434 51,528 53,234 1,705 3.2% 7,094 16.0%
Police 13,769 14,211 17,323 18,916 1,593 8.4% 3,112 21.9%
Engineering/PCS 4,575 4,418 6,383 7,993 1,609 20.1% 1,965 44.5%
Total Operating Expenses 58,309 63,064 75,235 80,142 4,907 6.1% 12,171 19.3%

2023 YTD Actuals vs. 2023 YTD Budget

- Operating Revenues favorable by \$243K due primarily to Police forfeiture.
- Operating Expenses \$4.9M favorable to budget mainly due to staffing vacancies, and project spending delays.

2023 YTD Actuals vs. 2022 YTD Actuals

- Operating Revenues \$19K above 2022 mainly due to higher Police forfeiture seizures and recycling revenues in 2023.

- Operating Expenses \$12.2M higher than 2022 mainly due to higher Payroll and Outside Services; offset by lower General Expenses and higher charges to Capital Projects.

A. BUSINESS EVENTS

- Reached an agreement with the Police represented group on the Body Worn Camera (BWC) Policy. This accomplishment will now allow for the implementation of the BWC program with the goal of implementation department wide by 3rd quarter 2023.
- Hosted Green Corridor update webinar.
- Secured final passage of 2:1 Match Bill in State Legislature.
- Secured final passage of SAF Incentivization Bill in State Legislature.
- Hosted celebration officially opening Central Terminal at SEA.
- Convened ceremonial signing ceremony of the Port's MOA with the Muckleshoot Indian Tribe and inaugural government to government meeting.
- Hosted annual Duwamish Alive! community habitat restoration work party.
- Commissioner Cho and Executive Director Metruck presented the Maritime Industry Breakfast with Mayor Harrell.
- Hosted a multi-cultural Working Waterfront boat tour for 250 community members with Commissioner Mohamed and partners PCAT, DRCC, EPA, and Community Health Advocates.
- Partnered with NWSA on a Bike Truck Safety Fair promoting freight mobility and safe corridors/practices for pedestrians and bicycles.
- Hosted the annual SKCCIF Environment and Jobs Symposium with 150 attendees.
- Hosted 100 students for the annual Raisbeck Aviation High School Environmental Challenge with site tours, presentations and business proposal competitions.
- Hosted the South King County Symposium with 150 attendees in partnership with Community Engagement.
- Completed the Equitable Spending and Accountability Project (ESAP) framework for the equity spending pilot program.
- Received a clean independent Certified Public Accountant (CPA) audit opinion on the Port's 2022 financial statements.
- Received the GFOA Distinguished Budget Presentation Award for the 2023 Budget Document.

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V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

B. KEY PERFORMANCE METRICS

YTD YTD YTD

Century Agenda Strategic Objectives

2021 2022 2023

Responsibly Invest in the Economic Growth of the Region and all its Communities

A. Job seekers placed in jobs at SEA Airport through the Employment Center 417 660 1,118

B. Number of SEA Airport tenants supported in finding employees 0 82 95

C. Employment Center training completions 0 270 554

D. K-12 Career Connected Learning: WFD engagement with teachers/faculty 450 0 13

E. Community members entering employment in construction, maritime and

9 37 26

environmental sustainability

F. Number of Job Openings created 124 187 199

G. Job applications received 5,825 7,662 6,477

H. Number of job interviews conducted 640 1,314 968

I. Number of new employees hired 140 276 284

J. Number of interns 109 48 100

K. Number of Veteran Fellows 2 1 0

L. Number of employees participating in Tuition Reimbursement 36 36 25

Become a Model for Equity, Diversity and Inclusion

A. Employee participation in OEDI programming (Caucuses, Book Clubs,

548 850 878

Town Halls, etc.)

Be a Highly Effective Public Agency

A. Central Services costs as a % of Total Operating Expenses 29.1% 28.0% 27.7%

B. Investment portfolio earnings versus the benchmark (the Bank of America 1.23%/ 1.17%/ 3.11%/

Merrill Lynch 1-3 Year US Treasury & Agency Index) 0.25% 2.95% 4.98%

C. Comply with Public Disclosure Act and respond in a timely manner 305 418 671

D. Percent of annual audit work plan completed each year 100% 100% 100%
E. Employee Development Class Attendees/Structured Learning 1637 1097 1490
F. Total Recordable Incident Rate (previous Occupational Injury Rate) 5.84 3.32 5.72
G. Lost Work Day Rate (previously Days Away Severity Rate) 57.47 18.41 73.69
H. Customer Survey for Police Service Excellent or Above Average 100% 90% TBD

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V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

C. OPERATING RESULTS

Financial Summary (Year-End Forecast)

2021 2022 2023 2023 Fcst vs. Budget Change from 2022

Variance Incr (Decr)

\$ in 000's Actual Actual Forecast Budget \$ % \$ %

Total Revenues (233) 2,538 399 155 244 157.7% (2,139) -84.3%
Executive 2,051 2,029 3,494 3,678 185 5.0% 1,465 72.2%
Commission 1,773 2,206 2,717 2,905 188 6.5% 511 23.2%
Legal 7,054 8,213 6,563 5,079 (1,484) -29.2% (1,650) -20.1%
External Relations 6,827 8,651 10,664 12,333 1,669 13.5% 2,013 23.3%
Equity Diversity and Inclusion 4,937 4,283 6,121 6,953 832 12.0% 1,838 42.9%
Human Resources 8,675 11,087 14,307 16,049 1,743 10.9% 3,220 29.0%
Labor Relations 1,110 1,085 1,452 1,600 147 9.2% 368 33.9%
Internal Audit 1,296 2,406 2,259 2,047 (211) -10.3% (147) -6.1%
Accounting & Financial Reporting Services 6,967 7,914 10,000 10,344 344 3.3% 2,086 26.4%
Information & Communication Technology 19,944 25,693 30,629 30,419 (210) -0.7% 4,937 19.2%
Information Security 1,328 1,571 2,513 2,794 282 10.1% 941 59.9%
Finance & Budget 1,801 2,279 2,872 2,765 (106) -3.8% 593 26.0%
Business Intelligence 904 1,395 1,914 2,072 158 7.6% 519 37.2%
Risk Services 4,047 5,078 5,965 5,749 (216) -3.7% 887 17.5%
Office of Strategic Initiatives 713 893 1,423 1,471 48 3.2% 530 59.4%
Central Procurement Office 3,633 5,816 7,899 8,021 121 1.5% 2,083 35.8%
Contingency (123) (268) (3,314) (6,579) (3,264) 49.6% (3,046) 1136.6%
Core Central Support Services 72,936 90,330 107,476 107,702 225 0.2% 17,146 19.0%
Police 17,194 35,064 35,929 36,673 744 2.0% 865 2.5%
Total Before Cap Dev & Environment 90,130 125,395 143,405 144,375 970 0.7% 18,011 14.4%
Capital Development
Engineering 1,626 5,053 8,832 9,497 666 7.0% 3,779 74.8%
Port Construction Services 3,321 3,651 5,982 6,980 998 14.3% 2,330 63.8%
Sub-Total 4,948 8,704 14,814 16,478 1,664 10.1% 6,110 70.2%
Environment & Sustainability
Environment & Sustainability 676 763 1,708 2,050 342 16.7% 946 124.0%
Sub-Total 676 763 1,708 2,050 342 16.7% 946 124.0%
Capital to Expense - 56 - - 0.0% (56) -100.0%
Total Expenses 95,753 134,917 159,928 162,903 2,974 1.8% 25,011 18.5%

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V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

2023 Forecast vs. 2023 Budget

Operating Expenses for 2023 are forecasted to be \$3.0M below Budget due primarily to:

- Executive – favorable variance of \$185K primarily due to lower Payroll of \$316K; offset by higher Promotional Expenses of (\$134K).

- Commission – favorable variance of \$183K primarily due to lower Payroll.
- Legal – unfavorable variance of (\$1.5M) due to higher Outside Services (\$1M), Payroll (\$321K), and less charges to Capital Projects (\$150K).
- External Relations – favorable variance of \$1.7M primarily due to lower Outside Services of \$1.2M, Payroll \$200K, Travel \$91K, General Expenses \$79K, Equipment \$35K, and Promotional Expenses \$68K.
- Equity, Diversity, and Inclusion – favorable variance of \$832K primarily due to lower Outside Services of \$605K, Payroll of \$221K, and General Expenses of \$26K; partially offset by higher Promotional Expenses of (\$31K).
- Human Resources – favorable variance of 1.7M primarily due to lower Payroll of \$1.4M, Outside Services \$196K, General Expenses \$87K, and Travel \$37K.
- Labor Relations – favorable variance of \$147K primarily due to lower Payroll.
- Internal Audit – unfavorable variance of (\$211K) primarily due to higher General Expenses of (\$238K) and lower charges to Capital Projects (\$31K); partially offset by lower Payroll of \$57K.
- Accounting and Financial Reporting Services – favorable variance of \$344K primarily due to lower Payroll of \$308K and Travel \$64K; partially offset by higher Outside Services (\$29K).
- Information & Communication Technology – unfavorable (\$210K) due to lower charges to Capital Projects (\$752K); offset by lower Payroll \$508K and Travel \$86K.
- Information Security – favorable variance of \$282K primarily due to lower Payroll of \$83K, Outside Services of \$168K, and Travel of \$26K.
- Corporate Finance & Budget – unfavorable variance of (\$106K) primarily due to higher Payroll of (\$88K) and Travel (\$26K).
- Business Intelligence – favorable variance of \$158K primarily due to lower Payroll \$62K, Outside Services of \$80K, and Travel \$15K.
- Risk Services – unfavorable variance of (\$216K) due to higher Insurance Expense (\$255K); partially offset by lower Outside Services of \$34K and Travel \$7K.
- Office of Strategic Initiative – favorable variance of \$48K primarily due to lower Payroll of \$36K and Outside Services \$38K; partially offset by higher Travel (\$23K).
- Central Procurement Office – favorable variance of \$121K primarily due to lower Payroll of \$52K, Supplies \$41K, Travel \$46K, and General Expenses \$38K; partially offset by higher Equipment Expense (\$66K).
- Police – favorable variance of \$744K primarily due to lower Payroll of \$1.2M, Travel \$186K, and Worker's Comp \$148K; partially offset by higher Outside Services (\$569K), Equipment (\$70K) and General Expenses (\$140K).
- Engineering – favorable variance of \$666K primarily due to lower Payroll of \$1.7M, Property Rentals \$660K, Travel \$84K, and Equipment Expense \$36K; partially offset by higher General Expenses (\$638K), Outside Services (\$66K), and Lower charges to Capital Projects of (\$1.1M).
- PCS – favorable variance of \$998K primarily due to lower Payroll of \$1.2M, Outside Services of \$105K, and Equipment Expense \$118K; partially offset by lower charges to Capital Projects (\$310K) and Supplies (\$187K).
- Environment & Sustainability Admin – favorable variance of \$342K primarily due to lower Outside Services \$319K and Payroll \$40K; partially offset by higher General Expenses (\$6K), and Travel (\$12K).
- Contingency – unfavorable variance of (\$3.3M) due to Vacancy Factor actuals in departments.

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V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/23

2023 Forecast vs. 2022 Actuals

- Operating Expenses for 2023 are forecasted to be \$18.2M higher than 2022, after adjusting for \$6.7M state pension credit in 2022 actuals, mainly due to:
 - o Core Central Support Services – \$11.7M higher than 2022 primarily due to: higher payroll for current employees and new positions as well as full year salaries for mid-year 2022 positions; contractual increases; addition of new initiatives to support growing needs of the organization.
 - o Police – \$2.4M above 2022 due to: increase in salary and benefits for represented groups based on new contracts, new positions, vacant positions in 2022, and addition of new initiatives to enhance the safety and security of the public.
 - o Capital Development – \$4.1M higher than 2022 primarily due to higher payroll and addition of new positions as well as contractual increases to support the capital program.

D. CAPITAL RESULTS

2023 2023 2023 2023 Budget Variance

Year-End

YTD Actual Budget POF \$ %

\$ in 000's Forecast

Engineering Fleet Replacement 52 1,662 3,065 1,600 1,403 45.8%
Corporate Fleet Replacement 136 1,769 1,836 1,274 67 3.6%
Infrastructure - Small Cap 204 1,500 1,865 1,500 365 19.6%
Services Tech - Small Cap 621 1,864 1,500 1,500 (364) -24.3%
Enterprise Network Refresh 17 1,472 1,603 2,000 131 8.2%
Office Wi-Fi Refresh 204 964 964 1,077 0 0.0%
Phone System Upgrade 467 862 862 120 0 0.0%
Radio Microwave Redund. Loop 6 526 760 1,000 234 30.8%
Storage Area Network Refresh 480 751 750 750 (1) -0.1%
Other (note 1) 604 4,045 5,573 6,738 1,528 27.4%
Subtotal 2,791 15,415 18,778 17,559 3,363 17.9%
CIP Cashflow Adjustment - (4,400) (5,600) (5,600) (1,200) 21.4%
TOTAL 2,791 11,015 13,178 11,959 2,163 16.4%

Note:

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