

This document is a text-only reovery of the original PDF file. Any graphics that were in the original PDF are not included here. If you need the original document, please contact the Commission Clerk at the Port of Seattle.

Item No. __11a_attach
Date of Meeting: March 14, 2023

PORT OF SEATTLE

2022 FINANCIAL PERFORMANCE REPORT

AS OF DECEMBER 31, 2022

2022 FINANCIAL & PERFORMANCE REPORT 12/31/22

TABLE OF CONTENTS

PAGE

- I. Portwide Performance Report 3-9
- II. Aviation Division Report 10-17
- III. Maritime Division Report 18-21
- IV. Economic Development Division Report 22-25
- V. Central Services Division Report 26-30

2

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/22

I. PORTWIDE

EXECUTIVE SUMMARY

Prudent budgeting and careful cost management has positioned the Port well for 2022. Federal relief funds have improved the financial outlook of the airport and allowed the Port to provide relief grants to tenants as well as exceed objectives for debt service coverage. The 2022 air passenger levels were 45.9 million which was 11.4% below 2019 but 27.1% higher than 2021.

The 2022 cruise season ended with 295 sailings and 1.3M revenue passengers between July and October, which was higher than anticipated. While revenues from Airport Dining & Retails and Conference & Event Centers came in below budget, most lines of businesses performed better than budget. Resumption of activity in fishing and commercial operations increased revenue.

The Port received a \$15.6M state Pension Credit, which drives the operating expenses significantly under budget. Without the Pension Credit, which is non-cash, operating expenses were just \$7.8M under budget.

PORTWIDE FINANCIAL SUMMARY

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget Change from 2021

Variance

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

Aeronautical Revenues 297,909 317,513 402,540 394,963 7,578 1.9% 85,028 26.8%

Airport Non-Aero Revenues 116,473 183,819 256,613 240,820 15,793 6.6% 72,794 39.6%

Non-Airport Revenues 96,446 120,689 150,977 131,072 19,905 15.2% 30,288 25.1%

Total Operating Revenues 510,828 622,020 810,130 766,854 43,276 5.6% 188,110 30.2%

Total O&M Expenses w/o Pension True-up 425,904 422,372 491,377 499,146 7,769 1.6% 69,005 16.3%

DRS Pension True-up Exp (17,223) (57,716) (15,638) - 15,638 0.0% 42,078 -72.9%
 Total O&M Expenses with Pension True-up 408,681 364,656 475,739 499,146 23,407 4.7% 111,083 30.5%
 Depreciation 180,086 190,683 232,236 196,757 (35,479) -18.0% 41,553 21.8%
 NOI After Depreciation w/o Pension True-up (95,163) 8,965 86,517 70,952 15,565 21.9% 77,552 865.0%
 NOI After Depreciation with Pension True-up (77,939) 66,681 102,155 70,952 31,203 44.0% 35,474 53.2%

2022 Actuals vs. 2022 Budget

- Total Operating Revenues: \$43.3M above budget mainly due to higher revenues from Public Parking, Rental Cars, and NWSA Distributable Revenue.
- Airport Non-Aero Revenues: \$15.8M above budget due to higher revenues from Public Parking, Rental Cars, and Ground Transportation; partially offset by lower revenue from ADR & Terminal Leased Space.
- Total Operating Expenses w/o Pension Credit: \$7.8M favorable to the budget mainly due to lower Outside Services spending and Third-Party Management Operating Expense, partially offset by less Charges to Capital.

2022 Actuals vs. 2021 Actuals

- Total operating revenues were up \$188.1M due to higher revenues in all lines of businesses, except Grain and NWSA Distributable Revenue.
- Total operating expenses w/o Pension Credit were \$69.0M higher compared to 2021 because of higher payroll, contract spending, Equipment Expense, and Utilities.

3

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/22

NON-AIRPORT FINANCIAL SUMMARY

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget Change from 2021

Variance

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

NWSA Distributable Revenue 38,782 55,998 55,353 49,440 5,913 12.0% (645) -1.2%

Maritime Revenues 42,111 48,331 71,534 59,137 12,397 21.0% 23,204 48.0%

EDD Revenues 9,470 9,294 17,799 18,769 (970) -5.2% 8,505 91.5%

SWU & Other 6,083 7,066 6,291 3,725 2,566 68.9% (776) -11.0%

Total Operating Revenues 96,446 120,689 150,977 131,072 19,905 15.2% 30,288 25.1%

Total O&M Expenses w/o Pension True-up 82,117 80,693 96,387 101,524 5,137 5.1% 15,694 19.4%

DRS Pension True-up Exp (3,116) (10,254) (3,351) - 3,351 0.0% 6,902 -67.3%

Total O&M Expenses with Pension True-up 79,001 70,439 93,036 101,524 8,488 8.4% 22,596 32.1%

Depreciation 37,674 37,841 37,994 37,485 (509) -1.4% 153 0.4%

NOI After Depreciation w/o Pension True-up (23,346) 2,155 16,596 (7,937) 24,533 -309.1% 14,441 670.1%

NOI After Depreciation with Pension True-up (20,230) 12,409 19,948 (7,937) 27,884 -351.3% 7,539 60.8%

2022 Actuals vs. 2022 Budget

- Total non-airport operating revenues were up \$19.9M compared to budget due to higher Cruise, NWSA Distributable Revenue, Fishing & Operations, and unbudgeted police forfeitures; partially offset by lower revenues from Conference & Event Centers.
- Total non-airport operating expenses w/o Pension Credit were \$5.1M lower than budget mainly because of project spending delays and less Third Party Management Expense.

2022 Actuals vs. 2021 Actuals

- Non-airport operating revenues were \$30.3M higher compared to 2021 because of higher revenues from Cruise, Conference & Event Centers, and unbudgeted police forfeitures; partially offset by lower Grain and NWSA Distributable Revenue.

- Non-airport expenses w/o Pension Credit were \$15.7M higher than 2021 due to higher payroll, contract spending, and Utilities.

4

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/22

MAJOR OPERATING REVENUES SUMMARY

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget

Variance Change from 2021

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

Aeronautical Revenues	297,909	317,513	402,540	394,963	7,578	1.9%	85,028	26.8%
Public Parking	34,502	64,104	88,899	81,028	7,871	9.7%	24,795	38.7%
Rental Cars - Operations	16,637	32,722	44,302	36,026	8,276	23.0%	11,580	35.4%
Rental Cars - Operating CFC	-2,018	12,171	16,112	(3,942)	10,153	503.1%		
ADR & Terminal Leased Space	31,234	41,607	43,126	45,164	(2,037)	-4.5%	1,519	3.7%
Ground Transportation	6,557	11,947	20,804	18,242	2,562	14.0%	8,858	74.1%
Employee Parking	8,848	9,006	10,645	10,472	173	1.7%	1,639	18.2%
Airport Commercial Properties	10,766	12,520	16,747	15,371	1,376	9.0%	4,227	33.8%
Airport Utilities	5,672	6,350	7,943	7,765	178	2.3%	1,593	25.1%
Clubs and Lounges	2,043	3,478	8,688	8,972	(284)	-3.2%	5,210	149.8%
Cruise	3,824	9,517	30,469	20,574	9,895	48.1%	20,952	220.1%
Recreational Boating	12,611	12,851	13,978	13,731	247	1.8%	1,127	8.8%
Fishing & Operations	10,456	9,859	10,566	8,928	1,638	18.3%	708	7.2%
Gra in	5,142	6,112	5,792	5,900	(108)	-1.8%	(321)	-5.2%
Maritime Portfolio Management	10,074	10,392	10,550	9,986	565	5.7%	158	1.5%
Central Harbor Management	7,791	7,561	8,791	8,431	360	4.3%	1,231	16.3%
Conference & Event Centers	1,662	1,910	8,914	10,299	(1,385)	-13.5%	7,004	366.7%
NWSA Distributable Revenue	38,782	55,998	55,353	49,440	5,913	12.0%	(645)	-1.2%
Other	6,318	6,555	9,851	5,451	4,400	80.7%	3,296	50.3%
Total Operating Revenues (w/o Aero)	212,919	304,507	407,590	371,892	35,698	9.6%	103,082	33.9%
TOTAL	510,828	622,020	810,130	766,854	43,276	5.6%	188,110	30.2%

MAJOR OPERATING EXPENSES SUMMARY

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget

Variance Change from 2021

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

Salaries & Benefits	147,623	144,953	159,305	161,106	1,801	1.1%	14,352	9.9%
Wages & Benefits	137,054	134,738	146,887	142,787	(4,100)	-2.9%	12,149	9.0%
Payroll to Capital Projects	29,759	28,979	27,020	38,797	11,777	30.4%	(1,959)	-6.8%
Outside Services	103,637	99,482	116,790	147,647	30,857	20.9%	17,308	17.4%
Utilities	22,017	26,236	31,202	29,024	(2,178)	-7.5%	4,967	18.9%
Equipment Expense	10,331	6,863	12,477	10,914	(1,563)	-14.3%	5,614	81.8%
Supplies & Stock	9,894	9,368	11,549	9,403	(2,147)	-22.8%	2,181	23.3%
Travel & Other Employee Expenses	2,764	2,031	4,400	5,673	1,273	22.4%	2,369	116.6%
Third Party Mgmt Op Exp	5,201	4,994	8,985	12,300	3,316	27.0%	3,991	79.9%
B&O Taxes	3,332	4,120	5,406	5,295	(111)	-2.1%	1,286	31.2%
Other Expenses	11,806	15,640	21,475	16,750	(4,725)	-28.2%	5,836	37.3%
Charges to Capital Projects/Overhead Alloc	(57,515)	(55,031)	(54,120)	(80,550)	(26,430)	32.8%	912	-1.7%
TOTAL w/o DRS Pension True-up	425,904	422,372	491,377	499,146	7,769	1.6%	69,005	16.3%
DRS Pension True-up Credit	(17,223)	(57,716)	(15,638)	-	15,638	0.0%	42,078	-72.9%
TOTAL w/ DRS Pension True-up	408,681	364,656	475,739	499,146	23,407	4.7%	111,083	30.5%

5

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/22

PORTWIDE COMPREHENSIVE FINANCIAL SUMMARY

Fav (UnFav)

2020 2021 2022 2022 Actual vs. Budget

Variance

(\$ in 000's) Actual Actual Actual Budget t \$ % Explanation

Revenues

1. Operating Revenues 510,828 622,020 810,130 766,854 43,276 5.6%

2. Tax Levy 76,196 78,311 80,785 81,037 (251) -0.3% In line with budget
 3. PFCs 34,637 72,845 88,284 90,521 (2,237) -2.5% Lower enplanements than budget
 4. CFCs 15,429 24,271 24,461 24,411 51 0.2% In line with budget
 5. Fuel Hydrant 6,886 7,010 7,451 7,022 429 6.1% Due to higher assessed land value
 6. Non-Capital Grants & Donations 149,913 105,988 156,546 130,345 26,200 20.1% More federal grants than budgeted
 7. Capital Contributions 20,909 47,632 38,116 39,121 (1,005) -2.6% In line with budget
 8. Interest Income 41,406 (5,386) (50,735) 10,928 (61,663) -564.3% Due to unrealized loss on investments
 Total 856,203 952,693 1,155,038 1,150,239 4,799 0.4%

Expenses

1. O&M Expense 425,904 422,372 491,377 499,146 7,769 1.6%
 2. DRS Pension True-up Credit (17,223) (57,716) (15,638) - 15,638 0.0% Unbudgeted DRS pension credit
 3. Depreciation 180,086 190,683 232,236 196,757 (35,479) -18.0% More new assets came into service
 4. Revenue Bond Interest Expense 133,149 132,925 140,838 154,036 13,198 8.6% Lower rates and issuance costs than budgeted
 5. GO Bond Interest Expense 11,850 11,004 11,877 14,701 2,824 19.2% Lower rates and issuance costs than budgeted
 6. Public Expense 6,658 9,769 8,282 14,073 5,791 41.1% Due to delay of West Seattle Bridge payment
 7. Non-Op Environmental Expense 5,971 7,495 1,296 10,700 9,404 87.9% Due to project delays
 8. Other Non-Op Rev/Expense 24,704 21,201 60,159 2,247 (57,911) -2577.1% Due to retirement & loss of sale of assets
 Total 771,098 737,734 930,426 891,660 (38,766) -4.3%

Special Item - 34,907 - - - 0.0%

Change In Net Assets 85,105 180,053 224,612 258,579 (33,967) -13.1%

KEY PERFORMANCE METRICS

Fav (UnFav) Incr (Decr)

2021 2022 2022 Fcst vs. Budget Change from 2021

Variance

Actual Actual Budget t Chg. % Chg. %

Total Passengers (in 000's) 36,154 45,964 48,517 (2,553) -5.3% 9,810 27.1%
 Landed Weight (lbs. in millions) 26,584 29,079 29,448 (370) -1.3% 2,495 9.4%
 Passenger CPE (in \$) 15.93 16.09 14.82 (1.27) -8.5% 0.16 1.0%
 Grain Volume (metric tons in 000's) 4,720 4,391 4,500 (109) -2.4% (330) -7.0%
 Cruise Passenger (in 000's) 229 1,249 907 342 37.7% 1,019 445.1%
 Shilshole Bay Marina Occupancy 94.5% 98.1% 96.3% 1.8% 1.9% 3.6% 3.8%

6

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/22

COMMUNITY PROGRAMS

Fav (UnFav) Incr (Decr)

Actual vs. Budget Change from 2021

2021 2022 2022 Variance

Program (\$ in \$000) Actual Actual Budget \$ % \$ %

- 1) Energy & Sustainability Fund * 160 35 160 125 78.0% (125) -78.1%
- 2) Airport Community Ecology (ACE) Fund * 154 89 135 46 34.1% (65) -42.2%
- 3) South King County Community Impact Fund (SKCCIF)* 1 848 1,111 2,195 1,084 49.4% 262 30.9%
- 4) Duwamish Valley Community Equity Program 2 304 545 387 (158) -40.7% 241 79.4%
- 5) EDD Partnership Grants 771 102 1,200 1,098 91.5% (669) -86.7%
- 6) Tourism Marketing Support Program 1,917 1,743 1,750 8 0.4% (175) -9.1%
- 7) Airport Spotlight Ad Program 3&4 269 322 466 145 31.0% 52 19.4%
- 8) City of SeaTac Community Relief *3 1,400 1,400 1,400 - 0.0% - 0.0%
- 9) Maritime Blue (formerly Maritime Innovation Center) 118 145 150 5 3.3% 27 22.5%
- 10) Workforce Development 5 4,031 3,122 4,390 1,268 28.9% (908) -22.5%
 - a. Youth Career Launch Program (formerly OYI) 1,721 3 1,000 997 99.7% (1,719) -99.8%
- 11) High School Internship Program 317 317 496 179 36.1% 0.1%
- 12) Diversity in Contracting 5 1,092 1,382 1,836 454 24.7% 290 26.5%
 - a. Small Bus. Accelerator (DIC) 6 243 188 250 63 25.0% (55) -22.7%
- 13) Equity, Diversity & Inclusion 5 1,149 1,284 1,366 82 6.0% 135 11.7%
- 14) Sustainable Aviation Fuels & Air Emissions Program - 116 200 84 41.9% 116 n/a
- 15) Low Carbon Fuel Standard Support 87 29 110 81 73.5% (58) -66.4%

16) Sustainable Eco-Tourism Conference 7 - 75 75 - 0.0% 75 n/a
17) Regional Small Business Partnerships - - 150 150 100.0% - n/a
TOTAL w/o DRS Pension True-up Credit 12,375 11,554 16,142 4,589 28.4% (821) -6.6%
DRS Pension Credit True Up (532) (218) - 218 n/a 314 -59.0%
TOTAL w/ DRS Pension True-up Credit 11,843 11,336 16,142 4,806 29.8% (507) -4.3%

Notes:

- (1) Budget shows grants only, excludes payroll.
 - (2) Shows levy charges, excludes portion for Maritime Habitat T117
 - (3) Budgeted as Non-ops Expenses.
 - (4) Free advertising space provided at the Airport. FAA requires that lost revenue be reimbursed to the Airport.
 - (5) DRS Pension credit excluded from dept totals.
 - (6) A portion of the SKCCIF budget is in Diversity in Contracting for 2022. Budget/Actual adjusted to avoid double counting.
 - (7) Also included in Tourism Marketing Support Program dept total, item 6.
- * Program with total designated funding limit.

7

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/22 KEY BUSINESS EVENTS

The Port continues to work with public entities to provide family wage jobs to qualified construction workers living in economically distressed communities to further economic growth and job creation across Puget Sound. However, skilled labor shortages and retention remain a challenge. The Port commission has approved an investment of \$4.75 million over the next seven years to address the shortage and increase equitable access and retention. The funding will allow the Port to partner with school districts to support career and technical education programs; sponsor Project Management and Basic Foreman Training and Leadership Development Training for BIPOC and women; conduct targeted outreach and assessment events; continue training, placement, and retention to fill regional workforce gaps with an equity focus; and much more. Aside from creating opportunities and providing access to living wage jobs, the Port is committed to upholding construction jobsite cultures where all workers feel respected, supported, and safe. To celebrate the Construction Inclusion Week and highlight the Association of General Contractors' Culture of Care Initiative, the Port created a video that sets expectations for a safe and inclusive worksite.

The Port launched the third cycle of the South King County Community Impact Fund (SKCCIF) Environmental Grants and Economic Recovery Programs. A total of up to \$2.5 million was available for economic recovery projects to develop and help participants acquire the skills, experience, and education to acquire living wage jobs at the Port and in Port-related industries. Additionally, a total of 500K was available for environmental projects that promote environmental stewardship, increase access to green spaces, improve air and water quality in near-airport communities.

Along with the Duwamish River Community Coalition and City of Seattle agencies, the Port joined in the effort to aid South Park residents affected by the Duwamish River flooding. The Port opened the Duwamish River Community Hub to accommodate community access to food, water, restrooms, free Wi-Fi, laptops, office supplies, and desks. The Hub also served as the location to organize volunteers and drop off and receive donated items for displaced residents. This community assistance was the latest effort in an equity-oriented partnership created to address disproportionate access to opportunity and environmental justice issues in the Duwamish Valley community.

The Port of Seattle Police department celebrated 50 years of serving the public. The department was formed in 1972 as the Sea-Tac Airport Municipal Police Department. A port resolution in 1974 expanded the jurisdiction of the department to all Port properties. Over the years, the department function grew to include an explosive detection K9 unit, a regional Bomb Detection Unit, Dive Team, Marine Patrol, Traffic Support Specialists, Investigations, participation on the Joint Terrorism Task Force, Regional SWAT, Civil Disturbance Unit, Hostage Negotiations, and the department's own Fire and Police Dispatch Center. The core values of the department lay the foundation to adapt and overcome challenges while ensuring the safety of travelers and community members for many more years to come.

The Port celebrated the Native American Heritage month by highlighting the most recent art installations at Seattle-Tacoma International Airport's (SEA) International Arrivals Facility. The goal was to acknowledge the ancestral homelands of the Duwamish, Suquamish, Snoqualmie, Puyallup, Muckleshoot, Tulalip, other Coast Salish peoples and their descendants. The featured artworks were created by Native American artists. The art initiative was first introduced in the Fall of 2020 with a group of 10 Port high school interns who presented the

concept of incorporating indigenous art and culture at SEA.

SEA is one of the first international airports to install a Little Free Library. Little Free Library is a non-profit organization with over 120,000 Little Free Libraries in 108 countries with a mission to build community, inspire readers, and expand book access for all. A children's focused Little Free Library is in Concourse A near Gate A1 while general Little Free Library is above the A train across from Gate A3

8

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/22

CAPITAL SPENDING SUMMARY

2022 2022 2022 Budget Variance

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

Aviation 311,631 527,917 514,812 216,286 41.0%

Maritime 12,097 23,521 23,408 11,424 48.6%

Economic Development 8,987 10,483 10,515 1,496 14.3%

Central Services & Other (note 1) 6,998 12,889 11,013 5,891 45.7%

TOTAL 339,713 574,810 559,748 235,097 40.9%

Note:

(1) "Other" includes 100% Port legacy projects in the North Harbor and Storm Water Utility Small Capital projects. Total capital spending was \$339.7M for 2022, \$235.1M lower than the budget mainly due to spending delays due to IAF opening delay, SEA Gateway, and Baggage Optimization projects.

PORTWIDE INVESTMENT PORTFOLIO

During the fourth quarter of 2022, the investment portfolio earned 2.62% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 4.5%. Over the last twelve months, the portfolio and the benchmark have earned 1.56% and 3.49%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.29% and 1.76%, respectively.

9

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

II. AVIATION DIVISION

FINANCIAL SUMMARY

Fav(UnFav)

Actual vs. Budget Incr/(Decr)

Financial Summary 2020 2021 2022 2022 Variance Change from 2021

(\$ in 000's)

Actual Actual Actual Budget \$ % \$ %

Operating Revenue

Aeronautical Revenues 297,909 317,513 402,540 394,963 7,578 1.9% 85,028 26.8%

Non-Aeronautical Revenues 116,473 183,819 256,613 240,820 15,793 6.6% 72,794 39.6%

Total Operating Revenues 414,382 501,332 659,153 635,783 23,370 3.7% 157,822 31.5%

Total O&M Expenses w/o Pension True-up 343,787 341,679 394,990 397,622 2,632 0.7% 53,311 15.6%

DRS Pension True-up Exp (14,107) (47,462) (12,286) 12,286 35,176 -74.1%

Total O&M Expenses with Pension True-up 329,680 294,217 382,704 397,622 14,919 3.8% 88,487 30.1%

Net Operating Income with Pension True-up 84,702 207,114 276,449 238,160 38,289 16.1% 69,335 33.5%

CPE 26.50 15.93 16.09 14.82 (1.27) -8.5% 0.15 1.0%

Non-Aero NOI (\$ in 000s) 93,175 131,145 131,145 106,940 24,205 22.6% - 0.0%

Enplaned passengers (in 000s) 10,037 18,073 22,966 24,259 (1,292) -5.3% 4,893 27.1%

-

Capital Expenditures (in 000s) 504,073 389,051 311,631 527,917 216,286 41.0% (77,420) -19.9%

2022 Actual vs. 2022 Budget

- Net Operating Income (NOI) is (\$38.3M or 16.1%) favorable to the budget, driven by:
 - o Higher Aeronautical revenue (\$7.6M or 1.9%) due to grants of \$68M and a pension credit of approximately \$2.8M which offset Aeronautical costs in 2022.
 - o Non-Aeronautical revenue is (\$15.8M or 6.6%) favorable. Landside revenues continues to recover strongly. 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 \$19.5M.
 - o Total Operating Expenses are (\$15M or 3.8%) favorable driven primarily by the pension credit of \$12.3M to Aviation. Without the pension credit, operating expenses are (\$2.6M or .7%) favorable.
- 2022 Actuals vs. 2021 Actuals
 - Net Operating Income for 2022 is (\$69.3M or 33.5%) higher than prior year before Federal Relief – primarily driven by:
 - o Higher Operating Revenue (\$85M or 28.8%) compared to prior year due to passenger levels improving with enplanements down 11% compared to 2019 vs. 29.6% down in 2021 compared to 2019.
 - o Higher Operating Expenses (\$88.5M or 30.1%) compared to prior year were primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions compared to 2021. 2021 was the first 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.

10

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

A. BUSINESS EVENTS

- Passenger levels: 11.4% lower than 2019
- Non-aero revenues recovering and exceeded budget.
- SLOA IV amendment to extend Signatory Lease and Operating Agreement (SLOA IV) with airlines for two years approved by Commission.
- Federal relief grants used to support growth of ADF balance and maintain debt service coverage level above target.

B. KEY PERFORMANCE METRICS

% Change

2020 YE 2021 YE 2022 YE from 2021

Total Passengers (000's)

Domestic 18,689 34,485 41,582 20.6%

International 1,357 1,669 4,382 162.5%

Total 20,045 36,154 45,964 27.1%

Operations 296,048 374,510 401,351 7.2%

Landed Weight (In Millions of lbs.)

Cargo 2,713 2,920 2,745 -6.0%

All other 23,664 23,664 26,333 11.3%

Total 26,378 26,584 29,079 9.4%

Cargo - Metric Tons

Domestic freight 351,339 366,312 335,512 -8.4%

International & Mail freight 101,157 132,428 120,777 -8.8%

Total 452,496 498,740 456,289 -8.5%

*Mail weight for 2021 forward is incorporated in freight

11

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

Key Performance Measures

Fav(UnFav)

2020 2021 2022 2022 Actual vs. Budget Incr/(De cr)
 Variance Change from 2021
 Approved
 Actual Actual Actual
 Budget
 \$ % \$ %
 Key Performance Metrics

Cost per Enplanement (CPE) 26.50 15.93 16.09 14.82 (1.27) -8.5% 0.15 1.0%
 Non-Aeronautical NOI (in 000's) 1 6,671 93,175 131,145 106,940 24,205 22.6% 37,970 40.8%
 Other Performance Metrics
 O&M Cost per Enplanement 32.82 16.28 17.20 16.39 (0.81) -4.9% 0.92 5.6%
 Non-Aero Revenue per Enplanement 11.60 10.17 11.17 9.93 1.25 12.6% 1.00 9.9%
 Debt per Enplanement (in \$) 326 198 193 140 (53) -37.6% (5) -2.6%
 Debt Service Coverage 1.40 1.69 2.64 2.03 0.61 30.0% 0.95 56.2%
 Days cash on hand (10 months = 304 days) 327 423 457 426 31 7.2% 34 7.9%
 Aeronautical Revenue Sharing (\$ in 000's) 1 - - - 0.0% - 0.0%
 Activity (in 000's)
 Enplanements 10,037 18,073 22,966 24,259 (1,292) -5.3% 4,893 27.1%
 Total Passengers 20,045 36,154 45,964 48,517 (2,553) -5.3% 9,810 27.1%
 (1) Assumes Federal Relief for Concessions applied in the 2022 Forecast

Key Performance Metrics

2022 Actual vs. 2022 Budget

- Cost per Enplanement (CPE):
 - o CPE is (-\$1.27 or -8.5%) unfavorable driven primarily by a lower enplanement than budgeted and less landing fees associated with cargo landed weight to offset the Aero Revenues requirement.
 - o Non-Aero NOI is (\$24.2M or 22.6%) favorable to budget due to the improved revenues in the Landside operations and due to the Federal Relief grant of \$19.5M.

2022 Actual vs. 2021 Actuals

- CPE is \$0.15 higher compared to prior year due to a combination of Federal Relief grants and Pension Credit offsetting the costs to recover for Aeronautical Revenues compared to prior year.
- Non-Aero NOI is \$38.0M higher than prior year due to improved revenues in the Landside operations and due to Federal Relief.

12

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

C. OPERATING RESULTS

Division Summary – Actuals

Fav(UnFav)

Actual vs. Budget Incr/(De cr)

Total Airport Expense Summary 2019 2020 2021 2022 2022 Variance Change from 2021
 (\$ in 000's)

Actual Actual Actual Actual Budget \$ % \$ %

Operating Expenses

Payroll 150,643 159,805 157,207 168,389 167,505 (884) -0.5% 11,181 7.1%
 Outside Services 68,162 63,922 62,382 75,700 101,757 26,057 25.6% 13,318 21.3%
 Utilities 18,180 15,695 20,175 22,880 21,008 (1,871) -8.9% 2,704 13.4%
 Other Expenses 3,966 3,341 1,519 15,141 (5,074) (20,215) 398.4% 13,622 896.7%
 Total Airport Direct Charges 240,951 242,764 241,284 282,110 285,197 3,087 1.1% 40,826 16.9%
 Environmental Remediation Liability 15,900 (2,361) 1,583 (1,274) 985 2,259 229.4% (2,857) -180.5%
 Capital to Expense 2,089 2,588 1,254 2,356 - (2,356) 1,102 87.9%
 Total Exceptions 17,989 227 2,837 1,081 985 (96) -9.8% (1,755) -61.9%
 --
 Total Airport Expenses w/o Pension True-Up 265,533 242,990 244,121 283,191 286,182 2,991 1.0% 39,071 16.0%
 --

Corporate 60,659 73,261 71,550 80,452 78,940 (1,512) -1.9% 8,902 12.4%

Police 24,587 24,265 23,473 27,660 27,658 (2) 0.0% 4,188 17.8%

Maritime/Economic Development/Other 4,245 3,271 2,536 3,687 4,842 1,155 23.9% 1,150 45.4%
 Total Charges from Other Divisions 89,491 100,796 97,558 111,799 111,440 (358) -0.3% 14,240 14.6%
 --
 Total Operating Expenses w/o Pension True-U 355,024 343,787 341,679 394,990 397,622 2,632 0.7% 53,311 15.6%
 DRS Pension True-up Exp (13,629) (14,107) (47,462) (12,286) - 12,286 35,176 -74.1%
 Total Operating Expenses with Pension True-U 341,396 329,680 294,217 382,704 397,622 14,919 3.8% 88,487 30.1%
 Note: Operating Expenses includes the DRS Pension Credit
 Operating Expenses – 2022 Actuals vs. 2022 Budget (\$14.9M or 3.8% favorable)
 • Total Operating Expenses are (\$14.9M or 3.8%) favorable driven primarily by \$27.5M under-spend in Outside Services due to delays in the Airline Realignment work, and \$12.3M Pension Credit True-Up; offset by \$17.4M over-run due to less Charging to Capital and \$7.5M over-run in other Expenses (includes snow impact, chiller 6 repair, and water main leak).

13

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

Aeronautical Business Unit Summary – Actuals

Fav(UnFav)

Actual vs. Budget Incr/(De cr)

Aeronautical NOI 2020 2021 2022 2022 Variance Change from 2021

(\$ in 000's)

Actual Actual Actual Budget \$ % \$ %

Rate Base Revenues

Airfield Movement Area 84,906 88,061 118,240 118,291 (51) 0.0% 30,179 34.3%
 Airfield Apron Area 22,016 17,146 17,211 16,439 772 4.7% 65 0.4%
 Terminal Rents 205,283 184,625 220,399 220,174 225 0.1% 35,774 19.4%
 Federal Inspection Services (FIS) 8,616 10,978 29,347 23,468 5,879 25.1% 18,369 167.3%
 Total Rate Base Revenues 320,821 300,810 385,197 378,373 6,825 1.8% 84,387 28.1%
 Airfield Commercial Area 17,633 16,702 17,343 16,590 753 4.5% 641 3.8%
 Subtotal before Revenue Sharing 338,454 317,513 402,541 394,963 7,578 1.9% 85,028 26.8%
 Revenue Sharing 1 - - - -
 Total Aeronautical Revenues 338,455 317,513 402,541 394,963 7,578 1.9% 85,028 26.8%
 Total Aeronautical Expenses 219,878 203,573 261,574 270,850 9,275 3.4% 58,001 28.5%
 Aeronautical NOI 118,577 113,940 140,967 124,113 16,853 13.6% 27,027 23.7%
 Debt Service (62,607) (80,554) (101,159) (99,789) (1,370) 1.4% (20,605) 25.6%
 Net Cash Flow 55,970 33,385 39,808 24,324 15,484 63.7% 6,422 19.2%

Note: Aeronautical Expenses includes the DRS Pension Credit

Aeronautical – 2022 Actuals vs. 2022 Budget

• Net Operating Income is (\$16.9M or 13.6%) favorable to budget due to \$7.5M in higher Aeronautical revenues driven primarily by Federal Relief grants of \$68M, offset by lower operating expenses due to delay of Airline Realignment work and pension credit. See Airline Rate Base Cost Drivers in next section for drivers in the Aeronautical revenues.

Aeronautical – 2022 Actuals vs. 2021 Actuals

• Net Operating Income is (27.0M or 23.7%) higher than 2021 due to aeronautical revenues in 2022 were based on increased passenger activity compared to the same last year when it was only the first year of recovery where activity levels were still low.

14

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

Airline Rate Base Cost Drivers

Impact on Aero

Revenues

2021 2022 2022 Budget vs Actual

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

O&M 198,065 263,196 254,734 (8,461) -3.2%

Federal Relief Grants O&M (2,571) (12,700) (36) 12,664 -99.7%

Net O&M 195,494 250,496 254,698 4,203 1.7%

Debt Service Before Offsets 187,134 235,151 235,348 197 0.1%

Debt Service PFC Offset (54,076) (79,803) (68,713) 11,090 -13.9%

Federal Relief Grants Debt Service (58,878) (58,975) (67,912) (8,937) 15.2%

Net Debt Service 74,180 96,373 98,723 2,350 2.4%

Amortization 32,511 33,699 33,664 (35) -0.1%

Space Vacancy (1,102) (1,613) (1,068) 545 -33.8%

TSA Operating Grant and Other (687) (218) (1,116) (898) 411.3%

Rate Base Revenues 300,397 378,736 384,902 6,165 2%

Commercial area 16,702 16,590 17,343 753 5%

Total Aero Revenues 317,099 395,327 402,245 6,918 2%

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

2022 Actuals vs. 2022 Budget

- O&M – \$8.4M lower due to delay in Airline Realignment timing (\$7.2M), plus aero direct pension credit impact of (\$2.8M) and allocations of pension credit from other areas. Savings are partially offset by small increases in other areas (primarily the snow that impacted operations).
- PFC Offset \$11M lower the reduction of the PFC contribution due to balancing with grants and saving for future years to balance financial goals.
- Federal Relief Grants Aero Portion:
 - o Debt Service Impact - Reduction of \$68M from Rate Base (grants were adjusted between O&M and DS offset).

15

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

Non-Aero Business Unit Summary – Actuals

Fav(UnFav)

Actual vs. Budget Incr/(Decr)

Non-Aeronautical NOI 2020 2021 2022 2022 Variance Change from 2021

(\$ in 000's)

Actual Actual Actual Budget \$ % \$ %

Non-Aeronautical Revenues

Public Parking 34,502 64,104 88,899 81,028 7,871 9.7% 24,795 38.7%

Rental Cars 16,637 34,740 56,473 52,138 4,335 8.3% 21,733 62.6%

Ground Transportation 6,557 11,947 20,804 18,242 2,562 14.0% 8,858 74.1%

Airport Dining & Retail 25,418 35,565 36,581 37,829 (1,248) -3.3% 1,016 2.9%

Other 33,359 37,463 53,856 51,582 2,273 4.4% 16,393 43.8%

Total Non-Aeronautical Revenues 116,473 183,819 256,613 240,820 15,793 6.6% 72,794 39.6%

Total Non-Aeronautical Expenses 109,802 90,644 121,130 126,773 5,276 4.2% 30,486 33.6%

Non-Aeronautical NOI1 6,671 93,175 135,483 114,047 21,436 18.8% 42,308 45.4%

Less: CFC Surplus (6,834) - (4,338) (7,107) 2,769 -39.0% (4,338)

Adjusted Non-Aeronautical NOI (163) 93,175 131,145 106,940 24,205 22.6% 37,970 40.8%

Note: Non-Aeronautical Expenses includes the DRS Pension Credit

Non-Aeronautical – 2022 Actuals vs. 2022 Budget

- Net Operating Income was (\$24.2M or 22.6%) favorable to budget driven by:
 - o Landside revenue continues to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers.
 - o ADR revenue reflects reduction in operating revenue due to Federal concessionaire relief grants, which are

offset by non-operating grant revenue (cashflow neutral), along with the delay of opening the new Salty's Restaurant

o operating expenses were (\$5.3M or 4.2%) favorable driven primarily by the pension credit true up.

Non-Aeronautical – 2022 Actuals vs. 2021 Actuals

• Net Operating Income was (\$38.0M or 40.8%) higher than 2021 driven by:

o Continued increasing passenger levels and activity reflected in the non-aeronautical revenues in compared to 2021 in the first recovering year since the COVID-19 impact began.

16

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

D. CAPITAL RESULTS

Capital Variance

- (1) Start of Phase A construction has been delayed by approximately 6 months. It was due to pending design evaluations and final decisions for revising key elements of the Program scope requested by Alaska Airlines that deviates from the original PDD.
- (2) Work has been delayed by approximately 6 months due to material/supply delays & delay in IAF opening.
- (3) Underspending because the baseline was overloaded due to the incorrect cost loading of the schedule. Cash flow has been updated to reflect GCCM design and construction phasing sequencing.
- (4) Design contract modifications took longer to complete than expected resulting in delayed spending.
- (5) Underrun due to PCS shortfall in work completion, Scarsella construction delays due to equipment delivery and various underruns in LOE projections for Port Staff.
- (6) NTP delayed 7 months due to negotiation delays experienced while manufacturer was in the middle of a merger.
- (7) 2022 Plan based off an estimate of receiving & payment of TRA submittals from inception to current efforts. Submittals for current efforts are now consistently coming in. Delta began construction in September 2022.
- (8) Returned savings this year and final contractor payments have caused delays to original spending plan.
- (9) Underrun due to updates in contractor's schedules.
- (10) Budget was set with unknown payment terms for seating procurement.

17

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

III. MARITIME DIVISION

FINANCIAL SUMMARY

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget Change from 2021

Variance

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

Total Revenues 42,111 48,331 71,534 59,137 12,397 21% 23,204 48%

Total Operating Expenses 50,228 40,714 57,160 57,865 705 1% 16,446 40%

Net Operating Income (8,117) 7,616 14,375 1,272 13,103 1030% 6,758 89%

Capital Expenditures 19,698 18,923 12,097 23,521 11,424 49% (6,826) -36%

Note: Revenue and Operating Expenses include the DRS Pension Credit

2022 Actuals vs. 2022 Budget

- Operating Revenues are \$12.4M above budget driven by improved occupancy in marinas, better than anticipated Cruise passengers, and an early return of the fishing fleet.
- Operating Expenses \$.7M lower with favorable pension credit offset by expensing the Gateway project.
- Net Operating Income \$12.6M favorable to budget.
- Capital Spending at 51% of \$26M budget.

2022 Actuals vs. 2021 Actuals

- Operating Revenues \$23.2M higher than 2021 from a full cruise season.
- Operating Expenses \$16.4M higher than 2021 due to removal of austerity measures and reduction of pension adjustment.
- Net Operating Income \$6.8M better than 2021.

Net Operating Income before Depreciation by Business

Fav (UnFav) Incr (Decr)

2021 2022 2022 Actual vs. Budget Change from 2021

Variance

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

Ship Canal Fishing & Operations	(2,144)	(3,164)	(3,547)	383	11%	(1,020)	-48%
Elliott Bay Fishing & Commercial Operations	26	(968)	(2,748)	1,780	65%	(993)	-3886%
Recreational Boating	2,050	135	(67)	201	302%	(1,915)	-93%
Cruise	(1,153)	17,464	6,589	10,875	165%	18,617	1615%
Grain	4,789	4,345	4,364	(19)	0%	(444)	-9%
Maritime Portfolio	927	(3,873)	(3,793)	(80)	-2%	(4,800)	-518%
All Other (Includes Pension Adjustment)	3,121	435	473	(38)	-8%	(2,686)	-86%
Total Maritime	7,616	14,375	1,272	13,103	1030%	6,758	89%

18

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

A. BUSINESS EVENTS

- Fishing, Commercial and Recreational Marinas process improvements generating high occupancies.
- Cruise - highest # of sailings in its history.
- Executed contract for first phase in development of an ongoing community engagement program related to climate, air, and environmental justice issues.
- East Marginal Way Grade Separation Structure Electrical Restoration reached substantial completion.
- P17 Bulkhead Repairs executed emergency construction contract.

B. KEY PERFORMANCE METRICS

Grain Volume – Metric Tons in 000's

600

500

2021 Actual

400

2022 Budget

300

2022Actual

200

100

0

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

Cruise Passengers in 000's

350

300

2021 Actual

250

200 2022 Budget

150

2022Actual

100

50

0

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

19

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

C. OPERATING RESULTS

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget Change from 2021

Variance

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

Ship Canal Fishing & Operations	4,704	4,240	4,592	4,211	381	9%	352	8%
Elliott Bay Fishing & Commercial Operations	5,752	5,618	5,975	4,717	1,257	27%	356	6%
Recreational Boating	12,611	12,851	13,978	13,731	247	2%	1,127	9%
Cruise	3,824	9,517	30,469	20,574	9,895	48%	20,952	220%
Grain	5,142	6,112	5,792	5,900	(108)	-2%	(321)	-5%
Maritime Portfolio Management	10,074	10,392	10,550	9,986	565	6%	158	2%
Other	4	7	10	19	(9)	NA	2	33%
Pension Revenue Adjustment	0	(408)	170	0	170	NA	578	NA
Total Revenue	42,111	48,331	71,534	59,137	12,397	21%	23,204	48%
Expenses								
Maritime (Excl. Maint)	16,676	13,951	17,706	16,022	(1,684)	-11%	3,755	27%
Economic Development	4,549	4,559	5,710	6,065	355	6%	1,151	25%
Total Direct	21,225	18,510	23,416	22,087	(1,329)	-6%	4,906	27%
Maintenance Expenses	12,353	11,326	13,213	14,624	1,412	10%	1,887	17%
Envir Services & Planning	2,947	2,018	3,120	2,542	(578)	-23%	1,103	55%
Seaport Finance & Cost Recovery	1,072	1,163	1,087	1,096	9	1%	(76)	-7%
Waterfront Project Management	1,144	342	1,007	712	(295)	-41%	665	195%
Total Support Services	17,518	14,849	18,426	18,975	548	3%	3,578	24%
IT	2,888	2,695	3,223	3,349	126	4%	529	20%
Police Expenses	3,131	3,064	3,662	3,495	(167)	-5%	598	20%
External Relations	1,242	1,222	1,552	1,654	102	6%	330	27%
Other Central Services	6,035	7,109	8,908	8,021	(888)	-11%	1,799	25%
Aviation Division / Other	318	336	368	285	(83)	-29%	32	10%
Total Central Services / Other	13,614	14,426	17,714	16,804	(910)	-5%	3,288	23%
Total Expense before Pension Adjustment	52,357	47,784	59,556	57,865	(1,691)	-3%	11,772	25%
Pension Expense Adjustment	(2,129)	(7,070)	(2,396)	0	2,396	NA	4,674	66%
Total Expense	50,228	40,714	57,160	57,865	705	1%	16,446	40%
NOI excluding Pension Adjustments	(10,246)	954	11,808	1,272	10,536	828%	10,854	1138%
NOI Before Depreciation	(8,117)	7,616	14,375	1,272	13,103	1030%	6,758	89%
Depreciation	17,624	17,718	17,980	17,510	(470)	-3%	262	1%
NOI After Depreciation	(25,741)	(10,101)	(3,606)	(16,238)	12,632	78%	6,496	64%
2022 Actuals vs. 2022 Budget (Includes Pension Adjustment)								
• Operating Revenues were \$12.4M higher than budget driven by:								
o Ship Canal favorable \$381K from higher occupancy and favorable utility sales.								
o Elliott Bay Fishing higher by \$1,257K due to favorable moorage from early return of the fishing fleet.								
o Recreational Boating \$247K favorable from occupancy and electrical sales.								
o Cruise \$9.9M higher due to more sailings than budgeted.								
o Grain \$108KK unfavorable from slightly lower volumes.								
o Maritime Portfolio Management \$565K higher from favorable temporary leases.								
• Operating Expenses were \$705K lower than budget:								
o Direct Expenses were \$1,329K higher than budget.								
? Ship Canal Fishing and Operations \$153K higher due to utilities expenses and bad debt expense.								
? Cruise \$732K under from timing of outside services and open FTE.								
? Maritime Security \$114K lower than budget.								
? Maritime Marketing \$314K below budget due to lower promotional expense.								
? Environmental Remediation unplanned expense of \$79K.								
? Maritime Portfolio Management \$367K below budget due to timing tenant improvements.								
? Division Admin below budget by \$94K from open FTE.								
? Capital to expense unfavorable by \$1,432K at Fishermen's Terminal Gateway Building.								

20

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

- ? Divisional contingency open headcount vacancy factor created a \$1,256K unfavorable variance.
- ? All other Direct Expenses net to \$30K over budget.
- o Total Support Services were \$548K favorable to budget due to significant open FTEs in Maintenance.
- o Total Central Services / Other were \$910K unfavorable to budget due to Police and Legal.
- o Favorable Pension adjustment of \$2.4M booked in 2022.
- Net Operating Income was \$13.1M favorable to budget.
- 2022 Actuals vs. 2021 Actual (Includes Pension Adjustment)
 - Operating Revenues were \$23.2M higher than 2021 due to increased rates at marinas and commercial properties along with full resumption of Cruise.
 - Operating Expenses were \$16.6M (\$11.8M excluding the pension adjustment) higher than 2021 actual driven by higher utilities, increased wage rates, and removal of austerity measures.
 - Net Operating Income was \$6.8M higher than 2021 actual.

D. CAPITAL RESULTS

Comments on Key Projects

- P66 Shore Power– Significant project schedule and budget reset to account for permitting concerns, continuing supply chain delays, and construction cost escalations.
- P90E Timber Pile Caps– Construction delayed for one year due to Construction Management resource constraint.
- SBM Dock X Pier Replacement- Construction delayed due to SDCI permitting.
- MD Video Camera- Project on hold while scope refined to account for removal of Port Security Grant project.
- FT Gateway (All other projects)- Actuals to date expensed (\$1.6M).

21

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget Change from 2021

Variance

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

Total Revenues	9,470	9,294	17,799	18,769	(970)	-5%	8,505	92%
Total Operating Expenses	20,611	18,164	23,571	28,301	4,731	17%	5,406	30%
Net Operating Income	(11,141)	(8,870)	(5,771)	(9,532)	3,761	39%	3,099	35%
Capital Expenditures	9,314	4,311	8,987	10,483	1,496	14%	4,676	108%

Note: Operating Expenses includes the DRS Pension Credit

2022 Actuals vs. 2022 Budget

- Operating Revenues are \$1M unfavorable to budget due to lower Q1 volumes at the Conference & Event Centers.
 - Operating Expenses \$4.7M favorable to budget due to variable cost impact of Q1 conference cancellations, delayed hiring, pension credit, and shift of EDD Grants to 2-year cycle.
 - Net Operating Income is \$3.8M favorable to budget.
 - Capital spending at 86% of \$9.5M budget.
 - 2022 Actuals vs. 2021 Actuals
 - Operating Revenues \$8.5M higher than 2021 due to return of conferences and events.
 - Operating Expenses \$5.4M higher than 2021 due to variable conference costs, removal of austerity measures and lower pension credit.
 - Net Operating Income \$3.1M better than 2021 actual.
- Net Operating Income before Depreciation by Business

Fav (UnFav) Incr (Decr)

2021 2022 2022 Actual vs. Budget Change from 2021

Variance

\$ in 000's Actual Actual Budget \$ % \$ %
 Portfolio Management (3,460) (3,701) (4,915) 1,214 25% (242) -7%
 Conference & Event Centers (4,061) (501) (1,657) 1,156 70% 3,560 88%
 Tourism (826) (769) (1,157) 388 34% 57 7%
 EDD Grants (889) (105) (1,510) 1,405 93% 785 -88%
 *Env Grants/Remed Liab/ERC 366 (695) (293) (403) -138% (1,061) 290%
 Total Econ Dev (8,870) (5,771) (9,532) 3,761 39% 3,099 35%
 *Includes Pension Credit Adjustment

22

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

A. BUSINESS EVENTS

Conference & Event Centers – Generated a 29% Gross Margin, highest in history.
 Economic Development and Innovation – Worked with Maritime Blue to support 2nd and 3rd Innovation Accelerator cohorts.
 Portfolio Management – Maintained 95 percent occupancy across portfolio of economic development and maritime properties with significant renewal activity.
 Tourism – Completed Tourism Recovery Initiative with State of Washington Tourism.

B. KEY PERFORMANCE METRICS

Building Occupancy by Location:

Key Building Vacancies

- Central Harbor
- T-102 Corporate Center mainly Suite A-205 (9,061 sf), Suite A-105 (4,191 sf), Suite A-203 (3,745 sf), and Suite A-104 (2,212 sf)
 - World Trade Center West Suite 130 (11,388 sf) and Suite 230 (5,777 sf)
- Marina Office & Retail
- Maritime Industrial Center mainly Building A1 Suite 202 (1,484 sf)
 - Fishermen's Terminal mainly Building C-2 Suite D (4,967 sf) and Building C-15 Suite 315 (4,811 sf)

23

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

C. OPERATING RESULTS

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget Change from 2021

Variance

\$ in 000's Actual Actual Actual Budget \$ % \$ %
 Revenue 7,808 7,384 8,886 8,470 415 5% 1,501 20%
 Conf & Event Centers 1,662 2,114 8,848 10,299 (1,451) -14% 6,735 319%
 Total Expense before Pension Adjustment 9,470 9,498 17,734 18,769 (1,035) -6% 8,236 87%
 Pension Revenue Adjustment (204) 65
 Total Revenue 9,470 9,294 17,799 18,769 (970) -5% 8,505 92%
 Expense
 Portfolio Management 3,143 3,737 3,653 3,905 252 6% (84) -2%
 Conf & Event Centers 4,440 3,124 6,563 9,018 2,455 27% 3,439 110%
 P69 Facilities Expenses 268 268 230 228 (2) -1% (37) -14%
 RE Dev & Planning 230 231 299 246 (52) -21% 67 29%
 EconDev Expenses Other 974 736 1,058 842 (216) -26% 321 44%
 Maintenance Expenses 3,055 3,769 3,836 4,201 364 9% 68 2%

Maritime Expenses (Excl Maint) 1,117 862 1,263 1,279 15 1% 401 47%
 Total EDD & Maritime Expenses 13,227 12,727 16,902 19,719 2,817 14% 4,176 33%
 Diversity in Contracting 162 253 186 168 (19) -11% (66) -26%
 Tourism 991 1,877 1,737 1,750 13 1% (140) -7%
 EDD Grants 778 889 105 1,500 1,395 93% (785) -88%
 Total EDD Initiatives 1,931 3,019 2,028 3,418 1,390 41% (991) -33%
 Total Central Services & Aviation 6,225 4,814 5,270 5,165 (105) -2% 456 9%
 Total Expense before Pension Adjustment 21,382 20,560 24,200 28,301 4,102 14% 3,640 18%
 Pension Expense Adjustment (771) (2,396) (629) 0 629 NA 1,766 -74%
 Total Expense 20,611 18,164 23,571 28,301 4,731 17% 5,406 30%
 NOI Before Depreciation & Pension Adj. (11,912) (11,062) (6,466) (9,532) 3,066 32% 4,596 42%
 Pension NOI Adjustment 771 2,192 695 0 (695) NA (1,497) -68%
 NOI Before Depreciation (11,141) (8,870) (5,771) (9,532) 3,761 39% 3,099 35%
 Depreciation 3,611 3,841 3,954 3,741 (213) -6% 113 3%
 NOI After Depreciation (14,752) (12,711) (9,725) (13,273) 3,548 27% 2,986 23%

2022 Actuals vs. 2022 Budget

- Operating revenue were \$1M unfavorable to budget due primarily to slower than anticipated recovery in Conference and Event Centers.
- Without the \$629K Pension Credit, Operating Expenses were \$4.1M favorable to budget due to variable cost impact of lower Conference Center volumes \$2.5M, delayed hiring, deferred EDD grant matching and Maintenance Expenses.
- Net Operating Income was \$3.8M above budget.

2022 Actuals vs. 2021 Actuals

- Operating Revenues were \$8.5M higher than 2021 actual due primarily to uptick in business activity at Conference and Event Centers.
- Operating Expenses were \$5.4M higher than 2021 actual:
 - o Conference and Event Centers \$3.4M higher than 2021 due to variable costs associated with higher Conference and Event Center volumes.
 - o Central Services \$456K higher than 2021.
 - o EDD Initiatives \$1M lower than 2021 due primarily to deferred EDD grants.
 - o Without the Pension Credit, All other Expenses net to \$736K higher than 2021.
- Net Operating Income was \$3M above 2021 actual.

24

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22
 D. CAPITAL RESULTS

Comments on Key Projects

- P66 Roof Project at substantial completion.
- P69 Under Dock Utility Replacement – project delayed due to material and purchase delays, including preconstruction submittals.
- T -91 Upland Development – At 30% design. Added infrastructure investment.
- WTC HVAC Replacement– project acceleration completed.

25

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget Change from 2021

Variance

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

Total Operating Revenues 2,512 (233) 2,538 186 2,352 1261.7% 2,771 -1187.7%

Core Central Support Services 85,386 87,451 97,503 96,677 (826) -0.9% 10,051 11.5%

Police 30,071 28,678 33,487 32,746 (741) -2.3% 4,809 16.8%

Engineering/PCS 10,606 9,391 10,593 12,334 1,741 14.1% 1,201 12.8%

Total O&M Expenses w/o Pension True-up 126,063 125,521 141,583 141,756 174 0.1% 16,062 12.8%

DRS Pension True-up Exp (8,588) (29,768) (6,666) - 6,666 0.0% 23,102 -77.6%

Core Central Support Services 80,841 73,612 91,149 96,677 5,528 5.7% 17,537 23.8%

Police 27,538 17,194 35,064 32,746 (2,318) -7.1% 17,870 103.9%

Engineering/PCS 9,096 4,948 8,704 12,334 3,630 29.4% 3,756 75.9%

Total O&M Expenses with Pension True-up 117,476 95,753 134,917 141,756 6,839 4.8% 39,164 40.9%

2022 Actuals vs. 2022 Budget

- Operating Revenues favorable due primarily to the \$1.4M Pension Contra Revenue for the Law Enforcement Officers' pension and Police forfeiture seizures of \$870K.
- Without the \$6.7M Pension Credit, Operating Expenses were \$174K favorable to budget mainly due to savings from staffing vacancies, project spending delays, lower delayed Outside Services, Travel, Equipment Expense and Property Rentals; offset by less charges to Capital Projects and higher than expected General Expense.

2022 Actuals vs. 2021 Actuals

- Operating Revenues \$2.8M above 2021 mainly due to the \$1.4M state's reduced contribution to the Law Enforcement Officers' pension in 2022 combined with higher pension contributions in 2021 and lower Police forfeiture seizures in 2022.
- Operating Expenses \$16.1M higher than 2021 mainly due to higher Payroll, General Expense, Outside Services, Equipment Expense, and Travel; offset by higher General Expense and higher charges to Capital Projects.

A. BUSINESS EVENTS

- Completed and signed Port of Seattle and Muckleshoot Indian Tribe Memorandum of Agreement (MOA).
- Participated in United Nations Conference of the Parties meeting (COP27).
- Launched Round 3 of the South King County Community Impact Fund Environmental Grants Program with a series of technical assistance workshops and information sessions.
- Celebrated the 50th Anniversary of the Port of Seattle Police Department.
- Hosted Working with the Port 101 small business seminar and Fall in Love with Maritime job fair at the Duwamish River Community Hub.
- Launched South Park flood relief support effort at the Duwamish River Community Hub.
- Hosted series of Career Awareness Programs/Challenges on Terminal Queue Management with Museum of Flight Aeronautical Science Pathways Program, Airport Engineering with Highline High School students, Airfield Tour with Raisbeck Aviation High School Freshmen.
- Managed business sponsorships including Pacific Marine Expo Industry Forecast Breakfast, Bellevue Chamber Economic Forecast Breakfast, Seattle Southside Chamber Business Awards, Kirkland Annual Business Awards, Waterfront Business Association Reception, and Bellevue Chamber Electeds Holiday Reception.
- Hosted the Duwamish Valley Green Jobs Corps for an airport tour.
- Increased community-centered hiring outreach including 12 virtual open houses in English and Spanish.
- Implemented the EDI and Police Assessment recommendations, such as an EDI prescreening question pilot program and increased recruitment efforts for the Police Department.

26

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

B. KEY PERFORMANCE METRICS

Century Agenda Strategic Objectives 2020 2021 2022

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 857 1,211 1,479

B. Number of SEA Airport tenants supported in finding employees 70 80 94

C. Employment Center training completions 211 166 573

D. Community members entering employment in construction, maritime and 10 42 53
 environmental sustainability

E. Number of Job Openings created 360 441 355

- F. Job applications received 7,024 10,355 13,990
- G. Number of job interviews conducted 813 1,533 2,461
- H. Number of new employees hired 202 317 557
- I. Number of interns 84 114 104
- J. Number of Veteran Fellows 0 5 6
- K. Number of employees participating in Tuition Reimbursement 27 37 45
- Become a Model for Equity, Diversity, and Inclusion
- A. Employee participation in OEDI programming (Caucuses, Book Clubs, N/A 1,879 2,229 Town Halls, etc.)
- Be a Highly Effective Public Agency
- A. Central Services costs as a % of Total Operating Expenses 29.0% 29.0% 28.2%
- B. Investment portfolio earnings versus the benchmark (the Bank of America 1.44%/ 0.67%/ 2.62%/ Merrill Lynch 1-3 Year US Treasury & Agency Index) 0.13% 0.69% 4.5%
- C. Comply with Public Disclosure Act and respond in a timely manner 503 637 803
- D. Litigation and Claim Reserves \$1.3M \$501K \$3.6M
- E. Claims/Injury Damages Reserves \$304K \$600K \$520K
- F. Percent of annual audit work plan completed each year 100% 100% 100%
- G. Employee Development Class Attendees/Structured Learning 7,457 2,423 2,868
- H. Total Recordable Incident Rate (previous Occupational Injury Rate) 4.04 4.80 3.72
- I. Lost Workday Rate (previously Days Away Severity Rate) 66.81 62.5 79.47
- J. Customer Survey for Police Service Excellent or Above Average 84% 100% TBD

27

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

C. OPERATING RESULTS

Financial Summary

Fav (UnFav) Incr (Decr)

2020 2021 2022 2022 Actual vs. Budget

Variance Change from 2021

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

Total Revenues	2,512 (233)	2,538 186	2,352 1261.7%	2,771 -1187.7%
Executive	2,404 2,472	2,218 2,738	520 19.0%	(254) -10.3%
Commission	1,851 2,093	2,360 2,486	126 5.1%	267 12.8%
Legal	6,522 7,718	8,540 5,105	(3,435) -67.3%	823 10.7%
External Relations	7,882 8,037	9,215 10,874	1,659 15.3%	1,178 14.7%
Equity Diversity and Inclusion	4,740 5,180	4,406 5,756	1,350 23.5%	(774) -14.9%
Human Resources	8,916 10,335	11,921 13,126	1,205 9.2%	1,586 15.3%
Labor Relations	1,380 1,373	1,177 1,444	267 18.5%	(195) -14.2%
Internal Audit	1,652 1,646	2,565 1,868	(697) -37.3%	920 55.9%
Accounting & Financial Reporting Services	8,698 8,699	8,672 9,418	746 7.9%	(27) -0.3%
Information & Communication Technology	26,173 24,162	27,535 27,597	62 0.2%	3,373 14.0%
Information Security	1,745 1,636	1,703 2,449	746 30.5%	68 4.1%
Finance & Budget	2,337 2,292	2,499 2,525	26 1.0%	206 9.0%
Business Intelligence	1,264 1,130	1,496 1,953	457 23.4%	366 32.4%
Risk Services	3,394 4,165	5,144 4,688	(457) -9.7%	980 23.5%
Office of Strategic Initiatives	1,001 893	974 1,231	257 20.9%	81 9.1%
Central Procurement Office	4,708 4,986	6,494 6,678	185 2.8%	1,507 30.2%
Contingency (190) (123)	(268) (5,000)	(4,732) 94.6%	(145) 118.0%	
Core Central Support Services	84,476 86,694	96,652 94,936	(1,716) -1.8%	9,959 11.5%
Police	30,071 28,678	33,487 32,746	(741) -2.3%	4,809 16.8%
Total Before Cap Dev & Environment	114,547 115,372	130,140 127,682	(2,458) -1.9%	14,768 12.8%
Capital Development				
Engineering	6,237 5,403	6,654 7,428	774 10.4%	1,250 23.1%
Port Construction Services	4,369 3,988	3,939 4,906	967 19.7%	(49) -1.2%
Sub-Total	10,606 9,391	10,593 12,334	1,741 14.1%	1,201 12.8%
Environment & Sustainability				
Environment & Sustainability	717 758	795 1,741	946 54.3%	37 4.9%
Sub-Total	717 758	795 1,741	978 56.2%	37 4.9%

Capital to Expense 193 - 56 - (56) 0.0% 56 0.0%
 TOTAL w/o DRS Pension True-up 126,063 125,521 141,583 141,756 174 0.1% 16,062 12.8%
 DRS Pension True-up Credit (8,588) (29,768) (6,666) - 6,666 0.0% 23,102 -77.6%
 TOTAL w/ DRS Pension True-up 117,476 95,753 134,917 141,756 6,839 4.8% 39,164 40.9%

28

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

2022 Actuals vs. 2022 Budget

Excluding the DRS Pension Credit, Operating Expenses for 2022 are \$174K below Budget due primarily to:

- Executive – favorable variance of \$520K primarily due to lower Payroll of \$159K, Equipment Expense of \$61K and Outside Services of \$203K.
- Commission – favorable variance of \$126K primarily due to lower Payroll of \$161K and Outside Services of \$24K; offset by higher Travel of (\$55K).
- Legal – unfavorable variance of (\$3.4M) due to higher Outside Services (\$2.5M) and General Expenses (\$1.2M); offset by lower Payroll of \$225K.
- External Relations – favorable variance of \$1.7M primarily due to reduced Outside Services of \$1.4M, Promotional Expenses of \$45K, Travel of \$75K, General Expense of \$81K, and Payroll of \$139K; offset by higher Equipment Expense (\$34K).
- Equity, Diversity, and Inclusion – favorable variance of \$1.35M primarily due to lower Outside Services of \$1.1M, Payroll of \$180K, and Property Rental of \$35K.
- Human Resources – favorable variance of \$1.2M primarily due to lower Payroll of \$792K, Equipment Expense \$126K, Outside Services \$142K, Travel \$116K, and higher charges to Capital Projects of \$131K; offset by higher General Expenses (\$96K).
- Labor Relations – favorable variance of \$267K primarily due to lower Payroll.
- Internal Audit – unfavorable variance of (\$697K) primarily due to unplanned General Expense of (\$739K) and lower charges to Capital Projects (\$180K); offset by lower Outside Services of \$200K and Payroll \$18K.
- Accounting and Financial Reporting Services – favorable variance of \$746K primarily due to lower Payroll of \$718K, Travel \$44K, and higher charges to Capital Projects \$27K; offset by higher Outside Services (\$22K) and Telecommunications of (\$11K).
- Information & Communication Technology – favorable variance of \$62K primarily due to Lower Payroll \$722K, Outside Services \$712K, and Travel \$77K; offset by lower than planned charges to Capital Projects (1.3M) and higher Equipment Expense (\$121K).
- Information Security – favorable variance of \$746K primarily due to lower Outside Services of \$327K, Payroll of \$358K, and Travel of \$36K.
- Corporate Finance & Budget – favorable variance of \$26K primarily due to lower Travel \$26K and Worker's Comp \$18K; offset by higher Outside Services of (\$18K).
- Business Intelligence – favorable variance of \$457K primarily due to lower Payroll \$191K and Outside Services of \$234K.
- Risk Services – unfavorable variance of (\$457K) due to higher Insurance Expenses of (\$507K) offset by lower Payroll \$45K and Outside Services \$7K.
- Office of Strategic Initiative – favorable variance of \$257K primarily due to lower Payroll \$199K, Outside Services \$51K, and Travel \$18K offset by higher Supplies of (\$6K) and General Expenses of (\$3K).
- Central Procurement Office – favorable variance of \$185K primarily due to lower Payroll of \$488K, General Expenses \$100K, Supplies & Stock \$65K, and Travel \$62K; offset by higher charges to Outside Services of (\$156K) and lower charges to Capital Projects (\$335K).
- Police – unfavorable variance of (\$741K) primarily due to lower Payroll of \$1.2M, , Supplies & Stock \$68K, Travel \$237K, and Worker's Comp \$95K; offset by higher General Expenses of (\$1.7M), Outside Services (\$666K), and Equipment Expense (\$243K).
- Engineering – favorable variance of \$774K primarily due to lower Payroll of \$2.9M, Property Rentals \$776K, Outside Services \$122K, Equipment of \$98K, and Travel of \$116K; offset by higher Lower charges to Capital Projects of (\$2.6M) and higher General Expenses (\$704K).
- PCS – favorable variance of \$967K primarily due to lower Payroll of \$919K, Outside Services of \$106K, Equipment of \$50K, Worker's Comp \$50K, and General Expenses \$48K; offset by higher Supplies & Stock (\$108K), and lower charges to Capital Projects (\$105K).
- Environment & Sustainability Admin – favorable variance of \$946K due to lower Payroll of \$242K, lower Outside Services \$679K, and Equipment \$19K.
- Contingency – unfavorable variance of (\$4.7M) due to Vacancy Factor actuals within departments.

29

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

2022 Actuals vs. 2021 Actuals

- Operating Expenses without DRS Pension True-up for 2021 are \$16.1M higher than 2021 actuals mainly due to:
 - o Core Central Support Services – \$10.1M higher than 2021 primarily due to higher payroll in 2022 due to new hires, full year salaries of people hired in 2021, higher Travel in 2022 due to partial restoration of training budget, and higher Litigated Injuries & Damages.
 - o Police – \$4.8M more than 2021 due to new hires and full year salaries of people hired in 2021, higher Outside Services, and higher General Expenses in 2021.
 - o Capital Development – \$1.7M higher than 2021 primarily due to new hires and full year salaries of people hired in 2021, higher Outside Services, and higher General Expenses in 2021.
 - o Environment & Sustainability – \$37K higher than 2021 due to slightly higher Payroll and higher Promotional Expenses in 2022.

D. CAPITAL RESULTS

2022 2022 2022 Budget Variance

YTD Plan of

Budget \$ %

\$ in 000's Actual Finance

Engineering Fleet Replacement	695	2,065	1,465	1,370	66.3%
Services Tech - Small Cap	1,563	1,500	1,500	(63)	-4.2%
Infrastructure - Small Cap	991	1,500	1,500	509	33.9%
Phone System Upgrade	552	1,414	1,000	862	61.0%
Radio Microwave Redund. Loop 1	1,040	1,040	1,040	1,039	99.9%
Office Wi-Fi Refresh	506	1,039	1,300	533	51.3%
Corporate Fleet Replacement	490	901	645	411	45.6%
Other (note 1)	1,480	5,830	4,844	4,350	74.6%
Subtotal	6,278	15,289	13,294	9,011	58.9%
CIP Cashflow Adjustment	0	(4,400)	(3,900)	(4,400)	100.0%
TOTAL	6,278	10,889	9,394	4,611	42.3%

Note:

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

30