

Item No. 9c supp.

Meeting Date: August 13, 2019

Port of Seattle

Q2 2019 Financial Performance Report



Portwide Financial Highlights

- **Q2 YTD Actual:**

- Operating Revenues \$7.9M favorable to budget and \$37.7M over 2018.
- The Non-Aviation Revenues \$5.4M favorable to budget and \$3.6M higher than 2018.
- Operating Expenses \$16.0M below budget and \$25.2M over 2018.
- Net Operating Income before Depreciation \$23.9M favorable to budget and \$12.5M over 2018.
- Total capital spending was \$287.5M for Q2 2019.

- **Year-End Forecast:**

- Operating Revenues \$14.7M higher than budget.
- Operating Expenses \$6.8M lower than budget.
- NOI before depreciation \$21.6M higher than budget.

Strong Q2 financial results

Aviation Division

Financial Highlights

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues			
Aeronautical	364,646	365,604	(958)
Non-aeronautical	270,014	259,537	10,477
Total	634,660	625,141	9,519
O&M expense	363,640	366,105	2,465
NOI	271,020	259,036	11,984
Key Measures			
Non-Aero NOI	149,181	136,534	12,647
CPE (\$)	13.09	13.39	0.30
Capital Spending	659,813	767,732	107,919

Business Highlights

- Passenger growth 3.4% YTD
- NSAT Phase I complete (July)
- Meeting Safety goals:
 - Airfield composite safety score 20.5, above goal of 18
 - Individuals not going home = 19 vs. 2019 goal ≤ 52
- Meeting customer service goals:
 - ASQ: Exceeding 5-year average for 2 of 6 key measures (goal is 2/6)
- Completed sound insulation on 9 single family homes

On track to meet financial targets and business goals

Maritime Division

Financial Highlights

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues			
Fishing, Commercial, & Recreational Marinas	22,642	22,742	(100)
Cruise	22,406	22,406	0
Maritime Portfolio Mgmt.	10,328	10,328	0
Grain / Other	4,254	4,254	0
Total	59,629	59,729	(100)
O&M Expense			
Maritime & EDD	17,802	19,600	(1,798)
Maintenance	11,980	11,980	0
Central Services and Other	18,699	19,242	(543)
Total	48,481	50,822	(2,341)
NOI	11,149	8,908	2,241
Capital Spending	15,105	17,638	(2,533)

Business Highlights

- YTD Q2 NOI \$516K greater than 2018.
 - Revenue Growth 4%, Expense Growth 3%
- Completed RFQ process for new cruise terminal with 3 finalists. RFP issued to each in Q3.
- Successful first arrival of the Norwegian Joy and Royal Caribbean's Ovation of the Seas.
- Last season of the 680' Ocean Phoenix at T-91. She will travel to Texas to be recycled in July.
- Completed solar panel installation at Pier 69. Project came in under budget with 66% of costs recovered by the grant.
- Installed rain garden adjacent to the bike path at T-86 and new drainage system in Cruise passenger area at Pier 91.

Exceeding budget and completing environmental projects

Economic Development Division

Financial Highlights

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues	19,725	19,725	0
O&M Expense			
EDD & Maritime	14,985	15,593	(608)
Maintenance	3,571	4,071	(500)
Diversity in Contracting	199	199	0
Workforce Development	1,600	2,010	(410)
Tourism	1,521	1,521	0
EDD Grants	900	1,160	(260)
Central Services and Other	6,397	6,561	(164)
Total	29,172	31,114	(1,942)
NOI	(29,172)	(31,114)	1,942
Capital Spending	4,980	5,713	(733)

Business Highlights

- Authorization to start modernization at BHICC.
- Leased 98K of yard space at T-91.
- Strong response for T-106 RFP issued Q2.
- Published first Diversity In Contracting Annual Report.
 - 2018 WMBE results (11.8%) and 2019 goals (12.4% excl. construction)
- Port had 16.1% WMBE utilization after Q1.
- Ironworker's union program second cohort graduated 14, and 13 are now enrolled apprentices.
- RFP for Career Advancement Center at airport released.
- EDD Partnership Program YTD – Approximately \$796K awarded to 25 cities in 2019.

Maximizing Port's real estate potential and driving jobs & economic activity

Central Services

Financial Highlights

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues	498	185	313
O&M Expense			
Core Central Support Services	81,157	82,710	1,552
Police	29,578	30,778	1,200
Capital Development	16,227	18,628	2,401
Environment & Sustainability	12,101	13,224	1,123
Total	139,064	145,339	6,276
Capital Spending	14,844	23,368	8,524

Business Highlights

- Adopted the **Duwamish Valley Community Equity Program** and held the **Duwamish Alive** community restoration event at T117.
- Hosted **Career Awareness events** in Mt. Rainier High School, Foster High School, and Highline High School.
- Completed **Phase 2 of Port Website Redesign** project.
- Provided **Rapid Response trainings** to airport/airline employees by the Port Police department.
- A new **Project Delivery system** for smaller and major construction projects is being developed to replace two legacy project management solutions and streamline key processes.
- Released the **Comprehensive Annual Financial Report (CAFR)** and **received a clean independent audit opinion** on financial statements.

Strong performance results for Central Services

Q & A

Portwide Net Operating Income Performance

■ Airport Non-Aero Revenues
 ■ Aeronautical Revenues
 ■ Non-Airport Revenues
 ■ Total Operating Expenses
 ◆ NOI

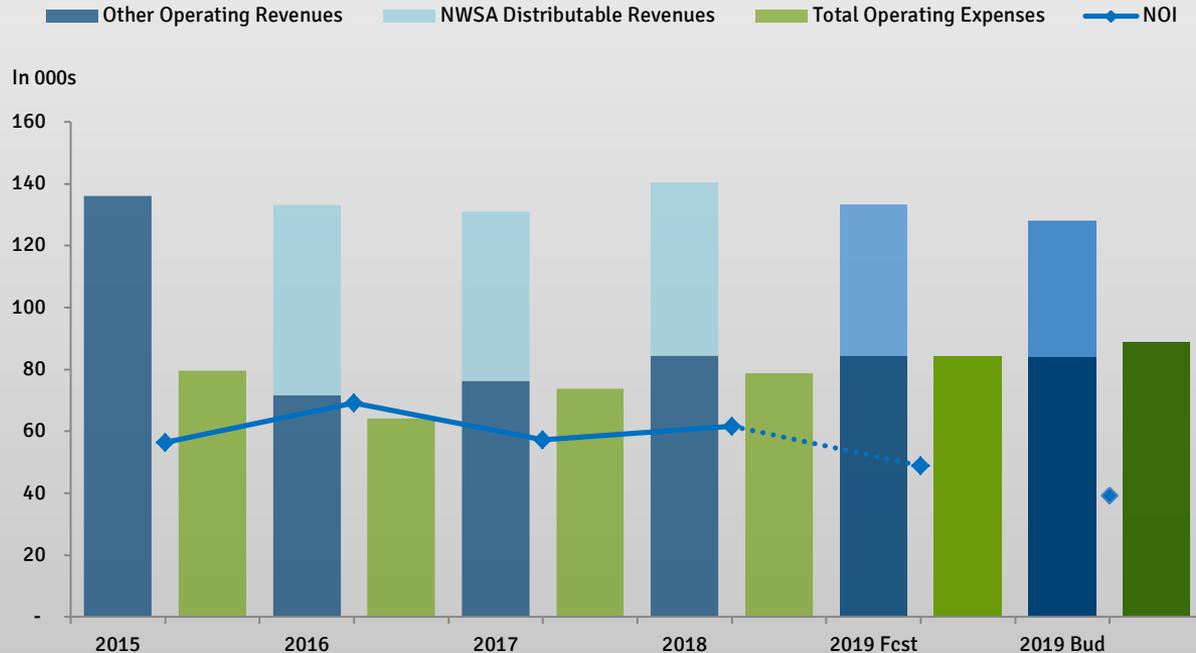


- Operating Revenues are \$7.9M higher than budget due to higher revenues in:
 - ADR
 - Ground Transportation
 - Rental Cars
 - Clubs and Lounges
 - Conference & Event Centers
 - NWSA Distributable Revenue

- Total Operating expenses are \$16.0M below budget due to:
 - Staffing vacancies
 - Project delays

Steady revenue growth since 2015

Non-Airport Net Operating Income Performance



- Non-Airport Operating Revenue exceeded budget by \$5.4M due to:
 - Higher revenue from Conference & Event Centers.
 - Higher NWSA Distributable Revenues
- Expenses are \$4.6M lower than budget due to:
 - Staffing vacancies
 - Project delays
 - Other spending delays.

NOI forecast to exceed budget

Aviation Division Q2 2019 Financial Performance Report



Aviation Business Events

- **PASSENGERS:**
 - Passengers up 3.4% through June
 - International passengers up 3.0%
 - Tracking below adjusted 2019 growth assumption of 4% (budget assumed 3%)
- **NEW INTERNATIONAL SERVICES STARTED YTD:**
 - Cathay to Hong Kong
 - Japan Airlines to Tokyo-Narita
 - Delta to Osaka
- **NEW FACILITIES:**
 - Opened Alaska Lounge on NSAT, Phase I complete (July)

Growth continues

Business Highlights: 2019 Goals

SAFETY:

- Airfield composite safety score of 20.5 exceeds annual target of 18
- Major ground incidents YTD = 32 vs. annual goal ≤ 67
- Individual not going home: Q2 YTD 19 vs. 2019 goal < 52 (on track)
- Developed policy for standardized personal protective equipment required in Bagwell

SECURITY:

- Phase II Employee Screening authorized in May
- Implemented new Credentialing Office processes to reduce wait times to receive badge

Airfield composite safety score exceeding goal

Business Highlights: 2019 Goals

EMPLOYEE ENGAGEMENT:

- Goal is to increase employee engagement in the Aviation Division as evidenced by a 3% increase over the 2018 survey results by Q4 2019.
- Create department specific survey action plans by end of Q2: in progress

INNOVATIONS & EFFICIENCIES:

- Preparation for second Shark Tank innovations forum (held July 30)
- Implement two efficiencies or innovations in each department – in process

ASSET MANAGEMENT:

- Asset condition assessment inventory – in process

On track

Business Highlights: 2019 Goals

SOCIAL RESPONSIBILITY:

- Airport Concessions Disadvantaged Business Enterprise (ACDBE) share of sales = 22.5% vs. goal of 22%
- Disadvantaged Business Enterprise (DBE) share of FAA grant contract spending of 13.9% vs. goal of 8%
- Women and Minority Business Enterprise share of spending on personal services contracts = 14.2% vs. goal of 12%

CUSTOMER SERVICE:

- Through Q2 exceeding five-year average for 2 of 6 key measures (goal is 2)
 - Q2 increase for washroom cleanliness and internet access/wi-fi
- 76% of AV Division staff completed WE ARE customer service training

On track

Business Highlights: 2019 Goals

ENVIRONMENT AND SUSTAINABILITY:

- Completed A&E/Construction contract for condo sound insulation
- Reviewing proposals for purchase of renewable natural gas
- Completed sound insulation for 9 single family homes

FINANCIAL PERFORMANCE:

- Forecasting to achieve both 2019 goals:
 - Non-aeronautical NOI of \$149.2M vs. budget of \$136.6M
 - Airline costs (CPE) of \$13.09 vs. budget of \$13.39
- Commission authorized Concessions Lease Group 5 in June

On Track

Business Highlights: 2019 Goals

CAPITAL PROJECT, PLANNING & SAMP:

- SAMP:
 - Submitted revised NEPA scope of work and forecast report
 - Commission authorized \$10 million for project planning and preliminary design for SAMP projects (July)
- Briefed Commission on main terminal optimization plan (MTOP) in July
- Completed phase 1 of North Satellite and opening of Alaska Lounge (July)

Progress on major project milestones

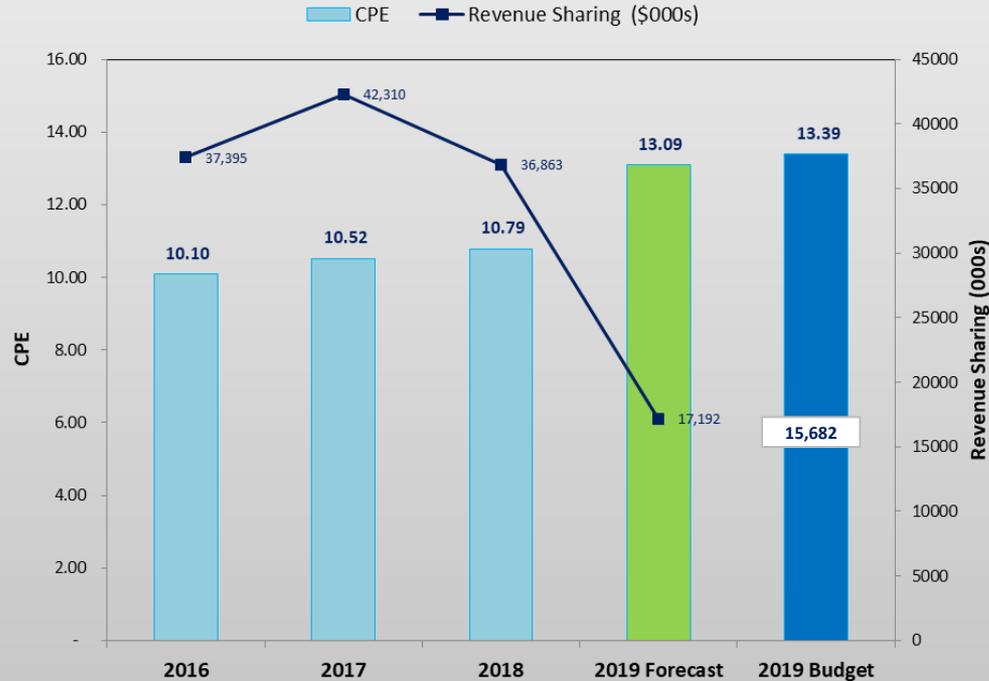
Airport Activity



Year-to-date Q2:
 Passengers +3.4%
 Landed weight +3.0%
 Cargo metric tons +1.2%

Total passenger growth anticipated to be 4% for year

Airline Cost Management (CPE)



2019 Budget:

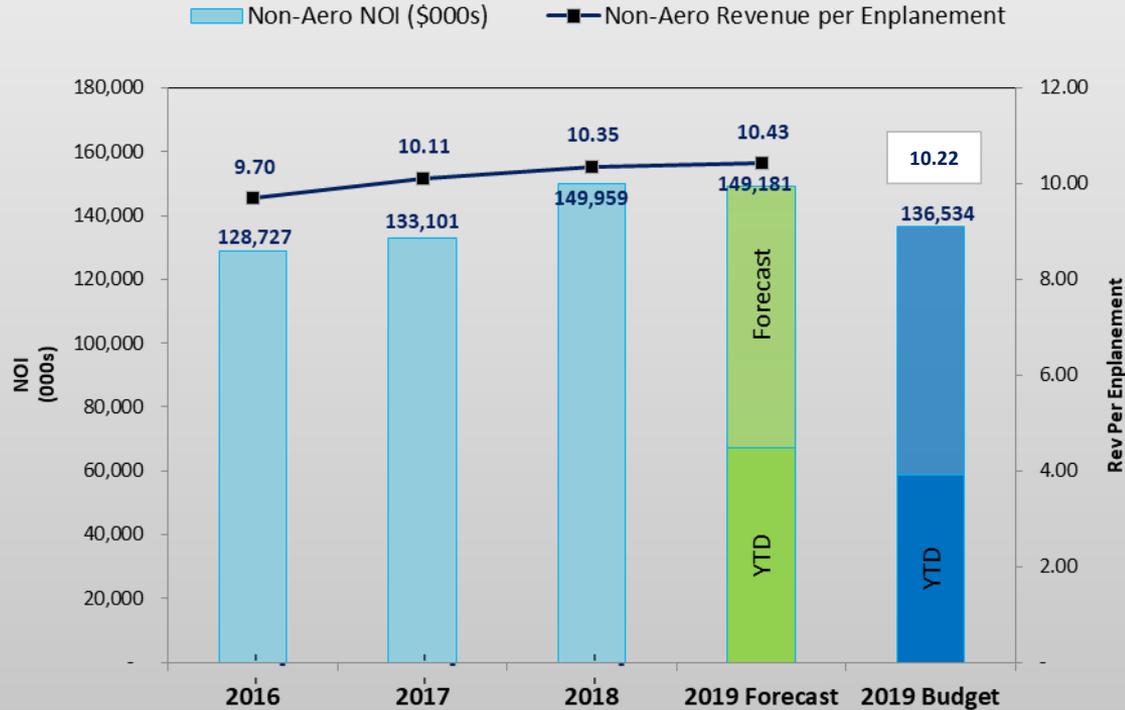
- Adjusted for SLOA IV 20% revenue sharing

2019 CPE Forecast:

- Higher than 2018 due to higher revenue requirements in 2019. Currently below Budget of 13.39 due to increase in forecasted non-airline revenues

2019 Revenue Sharing down from 2018 based on change from 40% to 20% sharing

Non-Aeronautical Performance



YTD 2019 vs. 2018:

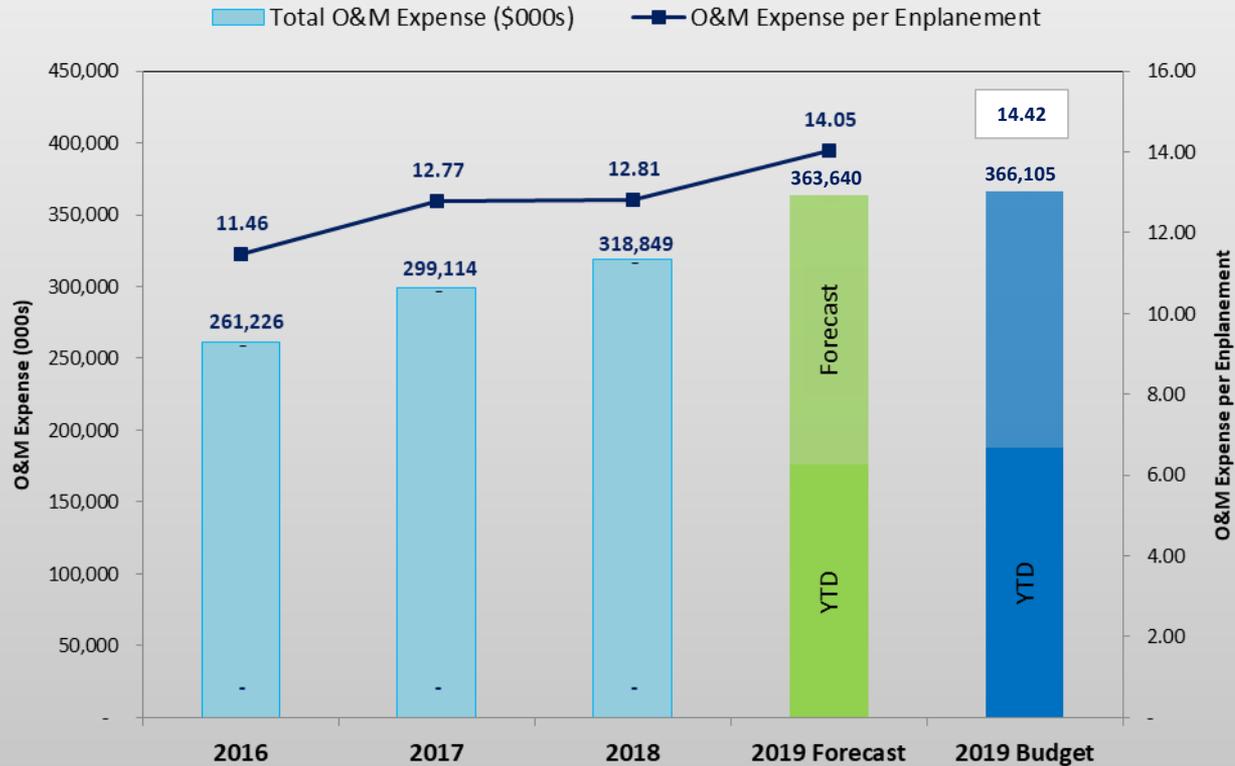
- Revenues 4.8% Increase
- Expenses 8.3% Increase
- NOI 2.0% Increase

Revenue growth:

- Public parking
- ADR
- GT
- Clubs and Lounges

ADR, parking and TNCs driving positive revenue variance in 2019 forecast

Total Operating Expense Performance



Q2 YTD:

- \$11.4M favorable, 6.1%

2019 Forecast vs Budget :

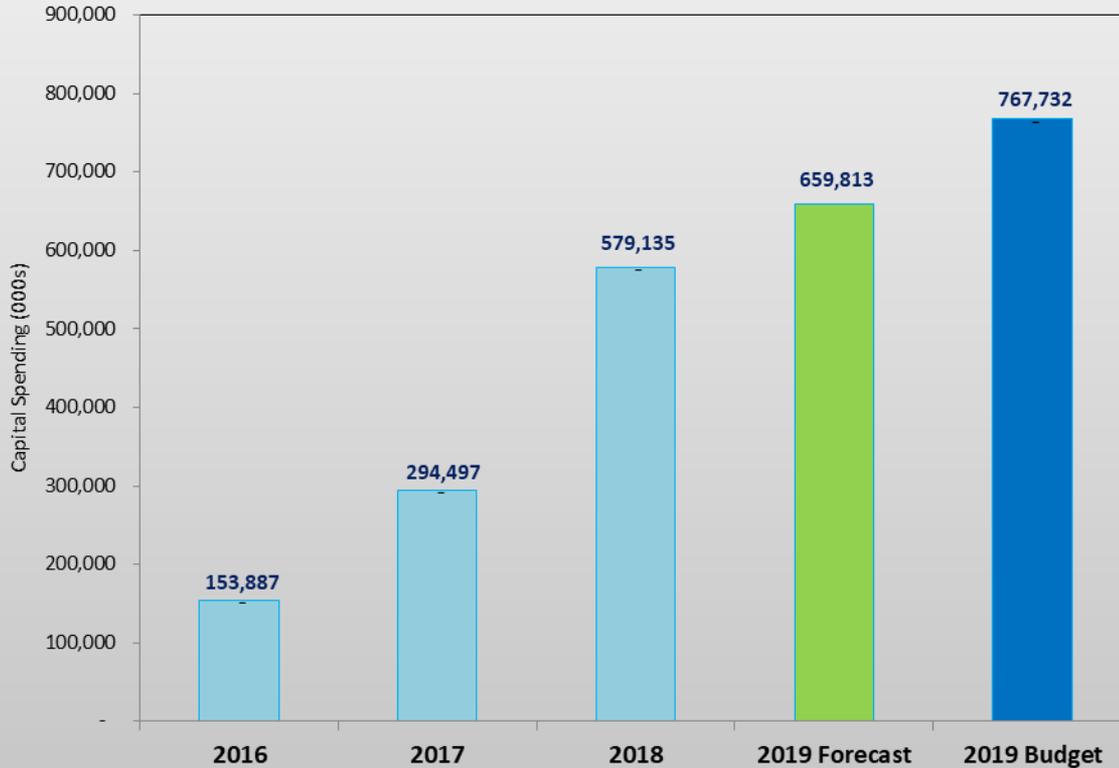
- \$2.5M favorable, 0.7%

2019 Forecast under-run driven primarily by:

- Cost allocations to Aviation from other divisions due to delayed project and program spending

Anticipate cost savings due to delayed project and program spending

Capital Spending



2019 Forecast:

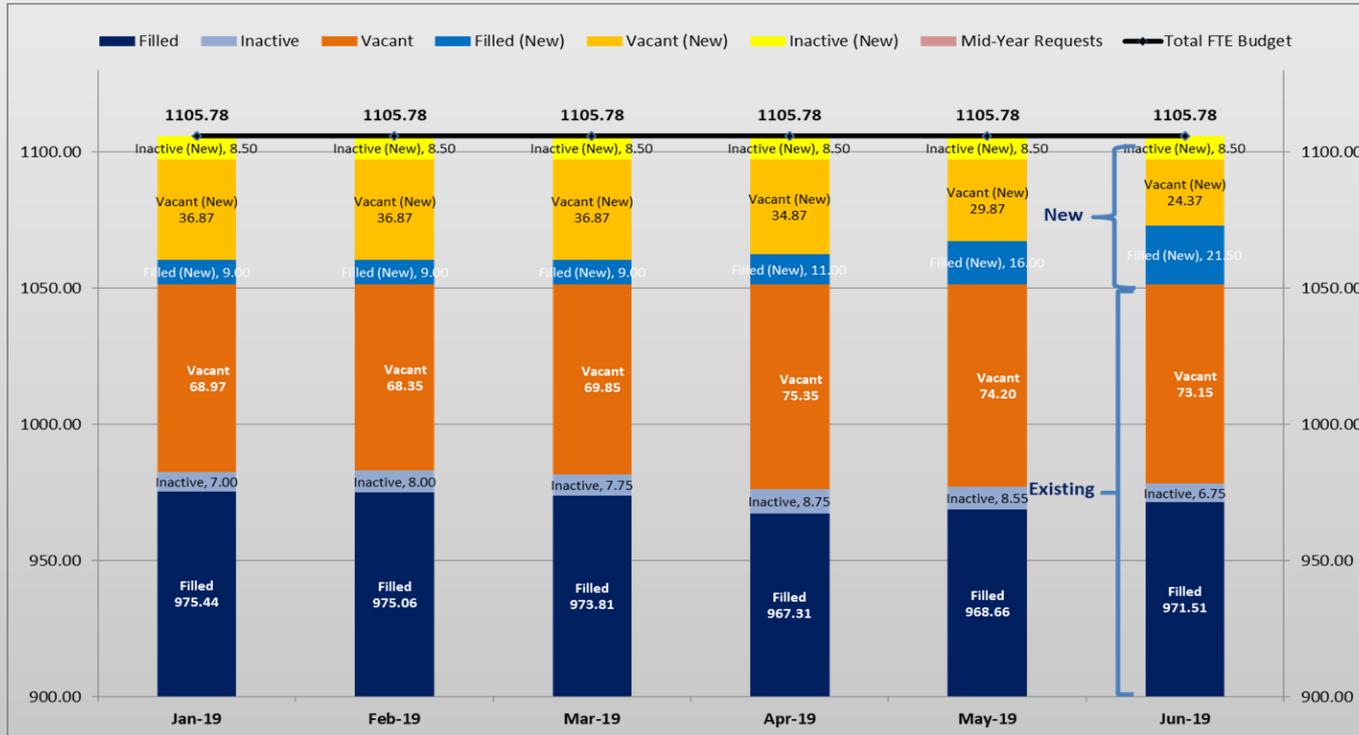
- IAF = \$339M
- NSAT = \$133M
- Other = \$188M

Major 2019 Variances:

- IAF = \$38M
- NSAT = \$8M
- Service Tunnel Renewal = \$4M
- SSAT Renov. Project = \$3.5M
- ARC Flash Mitigation = \$3.4M
- Fire Station Westside = \$3M
- Automated Security Lane = \$1.9M
- Other - \$46M

2019 spending variances primarily due to delayed spending, not project savings

FTE Staffing Status



June YTD:
Average Total FTE
Vacancy Rate = 8.82%

Existing FTE Vacancy
Rate = 6.96%

New 2019 FTE Vacancy
Rate = 44.82%

Approved Budget =
1105.78 FTEs

New FTEs = 54.37
(included in the Total)

Vacancy Rate for existing FTEs, June YTD = 6.96%

Maritime Division Q2 2019 Financial Performance Report



Business Highlights

- **Cruise** – Successful first arrival of the Norwegian Joy and Royal Caribbean’s Ovation of the Seas. Eighty percent of business volume now under contracted commitment. Received feedback on RFQ and selected three entities to participate in the RFP process. |
- **Elliott Bay Fishing & Commercial Operations** – The 680’ Ocean Phoenix fished her last season of Pollock. She has been a 30+year tenant of the port, employing 225 crew, and bringing 4,200 tons of product annually to Pier 90. The 367’ M/V Excellence has been overhauled to help absorb the processing capacity of the Ocean Phoenix. |
- **Recreational Boating** – Bids closed for Shilshole Bay Marina’s customer service facility buildings. Building on 4th year in a row with zero injuries. |
- **Seaport Environmental** – Completed installation of 390 solar panels, each with 300 watts at P69. Project came in under budget with 66% of costs recovered by the grant. |
- **Stormwater Utility** - Completed installation of a rain garden adjacent to the bike path at Terminal 86 and new drainage system in Cruise passenger area at Pier 91.

Managing growth and environmental stewardship

Maritime Financial Highlights

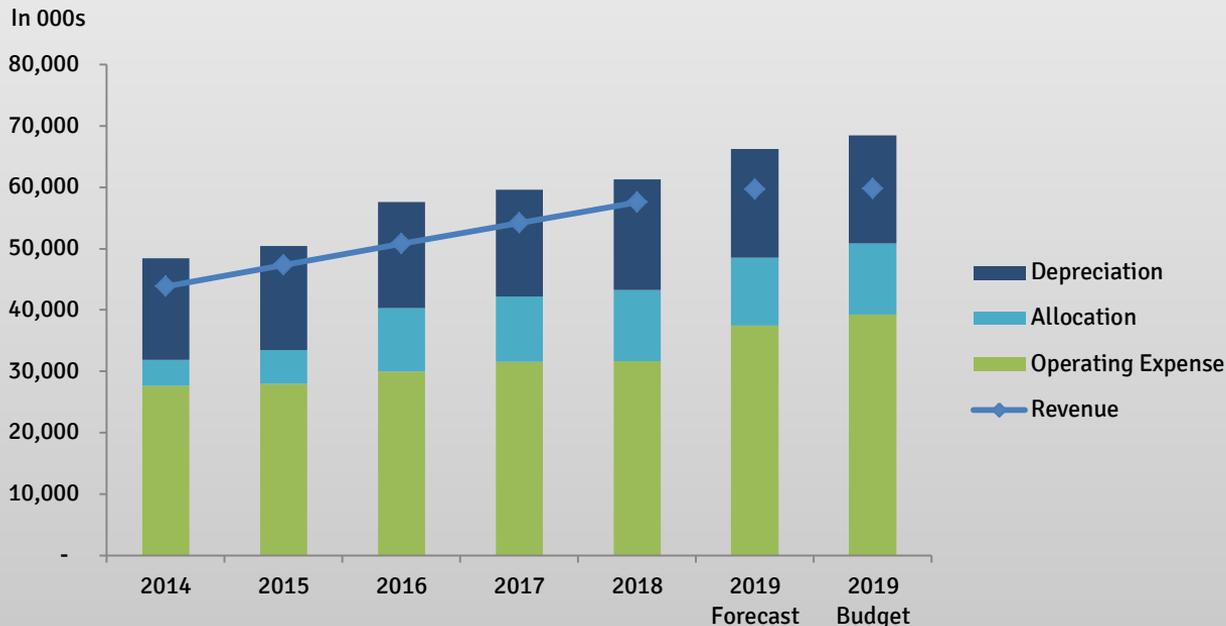
Maritime – 2019 NOI is \$3,435K favorable to budget and \$516K higher than 2018

- YTD 2019 Revenue unfavorable to budget by \$550K due to cruise schedule and late berthing agreement. YTD 2019 Revenue \$1,110K or 4% higher than 2018 driven by Salmon Bay Marina acquisition, Recreational Boating & Cruise rate increases offset by reduction in Grain volumes and leases from WSDOT.
- Expenses \$3,985K favorable to budget driven by Cruise consulting and marketing, Maintenance timing, and unfilled positions. Expense are up \$594K or 3% Y/Y.
- 11% of Capital budget was spent in the 1st half, with annual forecast at 86% of budget.
- Stormwater Utility is tracking to budget.

	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date		Fav(UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	24,525	26,257	27,368	27,918	(550)	-2%	1,110	4%
Total Operating Expenses	19,690	21,716	22,310	26,295	3,985	15%	594	3%
Net Operating Income	4,835	4,541	5,058	1,623	3,435	212%	516	11%
<i>Depreciation</i>	8,442	8,823	8,911	8,804	(107)	-1%	88	1%
Net Income	(3,606)	(4,281)	(3,853)	(7,181)	3,328	46%	429	10%

Revenue growth continues to outpace spending growth

Maritime Division Financial Trends



2019 Forecast Drivers:

Revenue

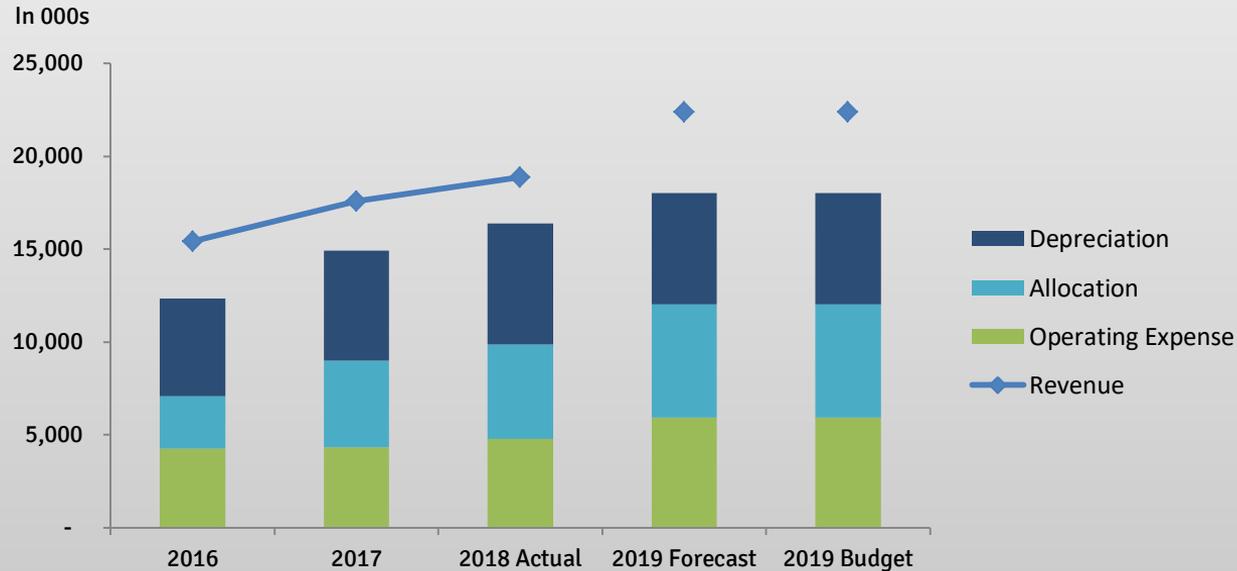
1. Grain Terminal uncertainty.
2. Cruise occupancy and unplanned visits.
3. Utilization of Elliott Bay moorage and dockage facilities.

Expense

1. Non-capitalizable consulting and outside services related to new cruise terminal/berth.
2. Port Valet service costs.
3. Tenant improvement costs.
4. Central Services allocation.
5. Maintenance spend.

Operating profit forecasted over \$2M higher than budget

Cruise Financial Trends



2019 Forecast Drivers:

Revenue

1. Will occupancy continue to exceed 104% with bigger ships in Q3.
2. Unplanned port of call visits.

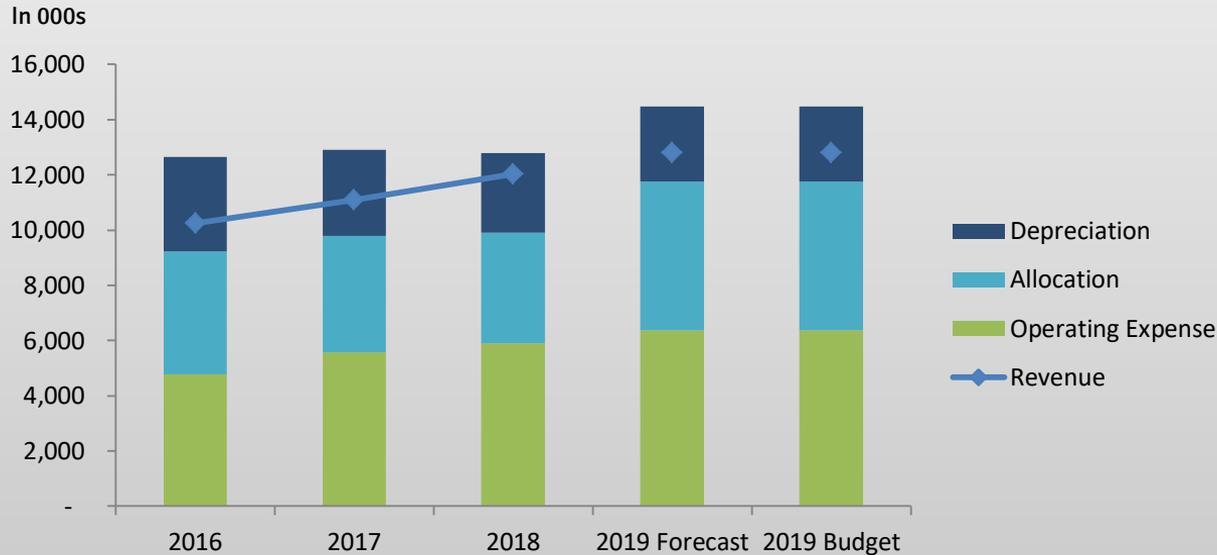
Expense

1. Non-capitalizable consulting and outside services related to new cruise terminal/berth.
2. Port Valet service costs.
3. Maintenance spend.
4. Change of allocation methodology for shared properties.

- Individual business lines forecast to budget as of Q2 2019.

Agreements and schedule changes driving revenue from Q2 to Q3

Recreational Boating Financial Trends



2019 Forecast Drivers:

Revenue

1. Utilization of guest moorage.
2. Occupancy rates.

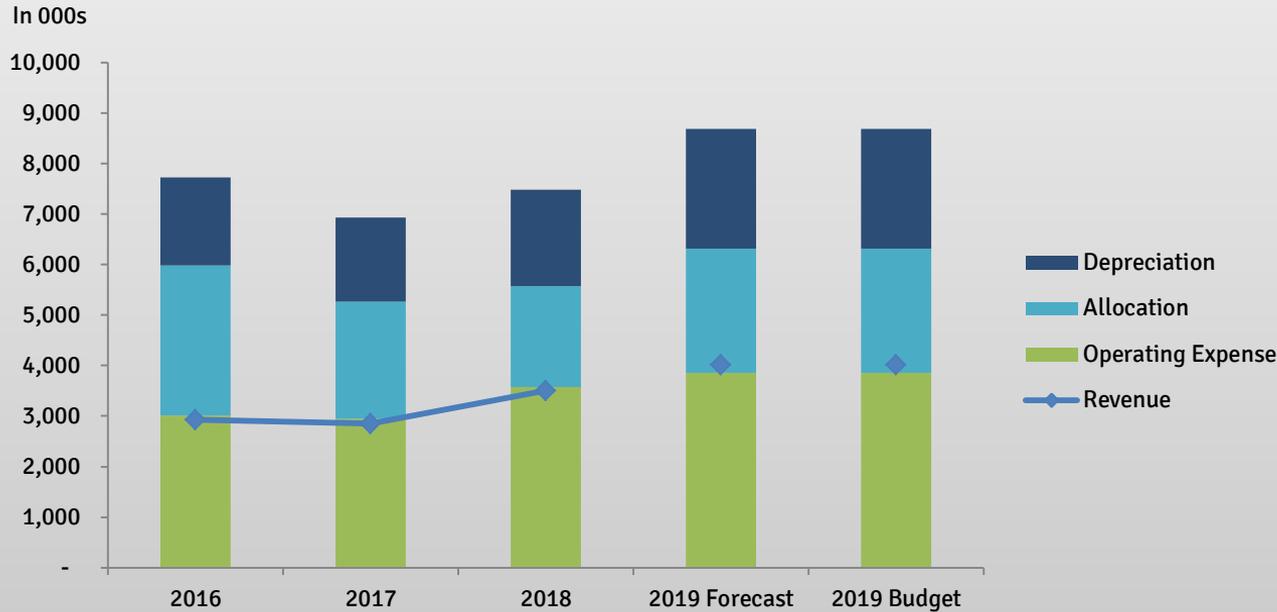
Expense

1. Maintenance costs.
2. Open staffing positions.

- Individual business lines forecast to budget as of Q2 2019.
- Includes Shilshole Bay Marina, Bell Harbor Marina, and Harbor Island Marina.

Tracking to budget

Ship Canal Fishing & Ops Trends



2019 Forecast Drivers:

Revenue

1. Backfill with recreational vessels while Fishermen's Terminal fishing vessels at sea.
2. Events such as the Seattle Boat Show.

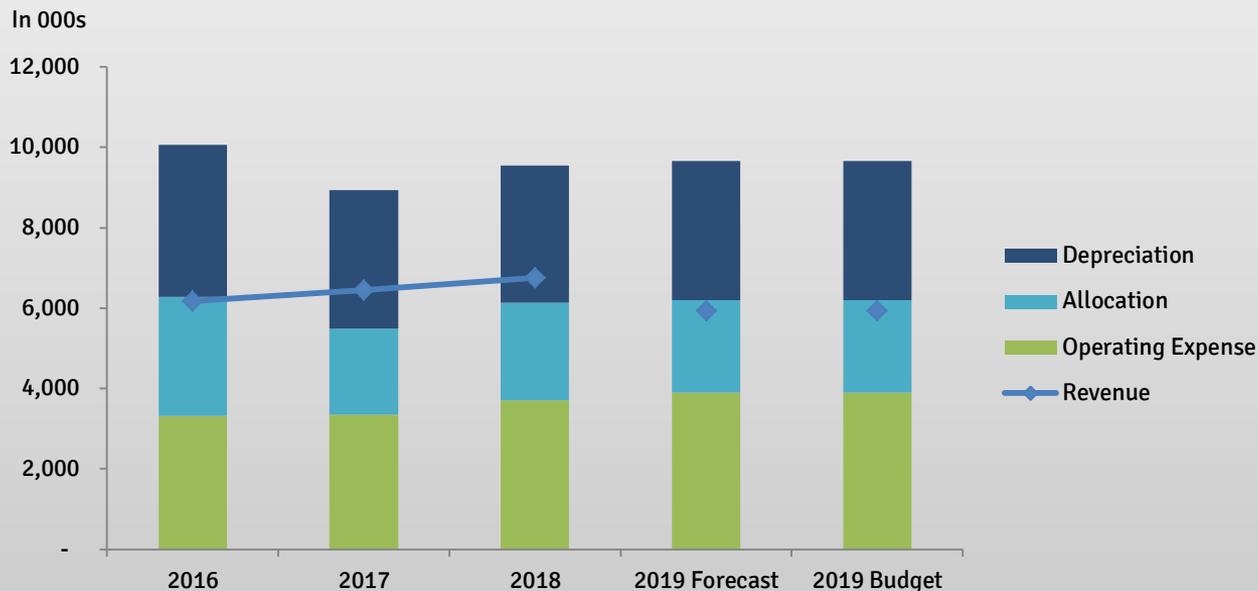
Expense

1. Maintenance, both planned and unplanned.
2. Remediation tied to Fishermen's Terminal redevelopment.
3. Unfilled positions.

- Individual business lines forecast to budget as of Q2 2019.
- Includes Fishermen's Terminal, Maritime Industrial Center, and Salmon Bay Marina.

Integrating Salmon Bay Marina

Elliott Bay Fishing & Commercial Ops Trends



2019 Forecast Drivers:

Revenue

1. Long term occupancy by large fishing vessels at T91.
2. Event moorage.
3. Utilization of smaller moorage/dockage on the south end and up the Duwamish.

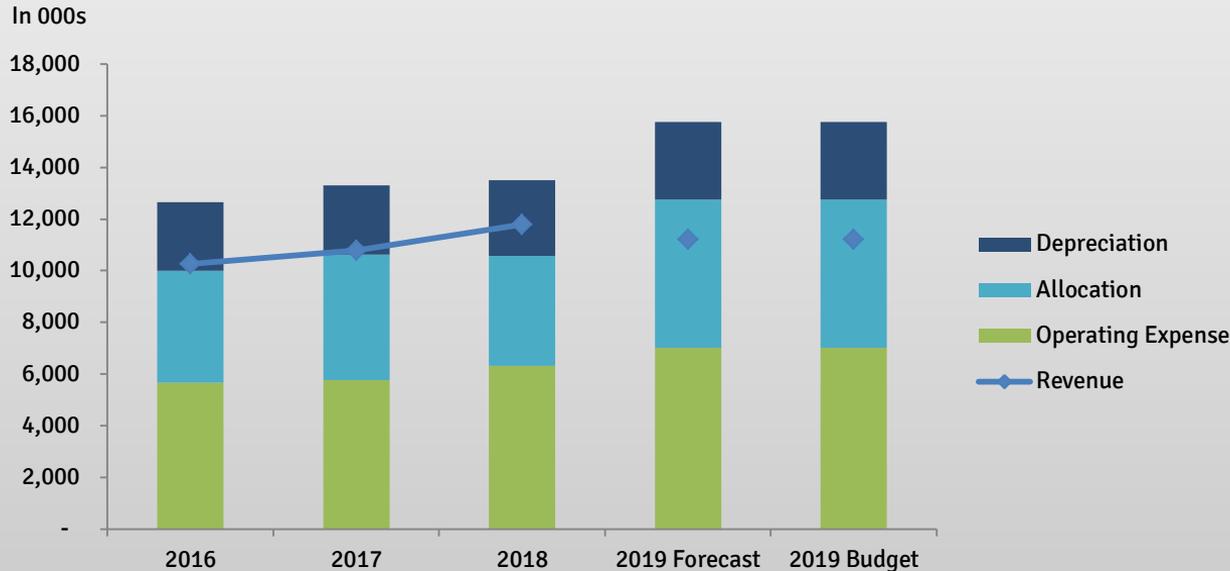
Expense

1. Maintenance, both planned and unplanned.
2. Security and allocations.

- Individual business lines forecast to budget as of Q2 2019.
- Includes Terminal 91 (waterside non-Cruise), Terminal 46 Docks, Kellogg Island, Terminal 25, Terminal 18 Dolphins, Pier 69 Vessels, Pier 28 Docks, Pier 34 Dolphins, Pier 2 Docks, and Terminal 108 Moorage.

Rate increases offset by less utilization than expected

Maritime Portfolio Management Trends



2019 Forecast Drivers:

Revenue

1. Ability to backfill leases at T106.
2. Filling the C3 building at the Maritime Industrial Center.

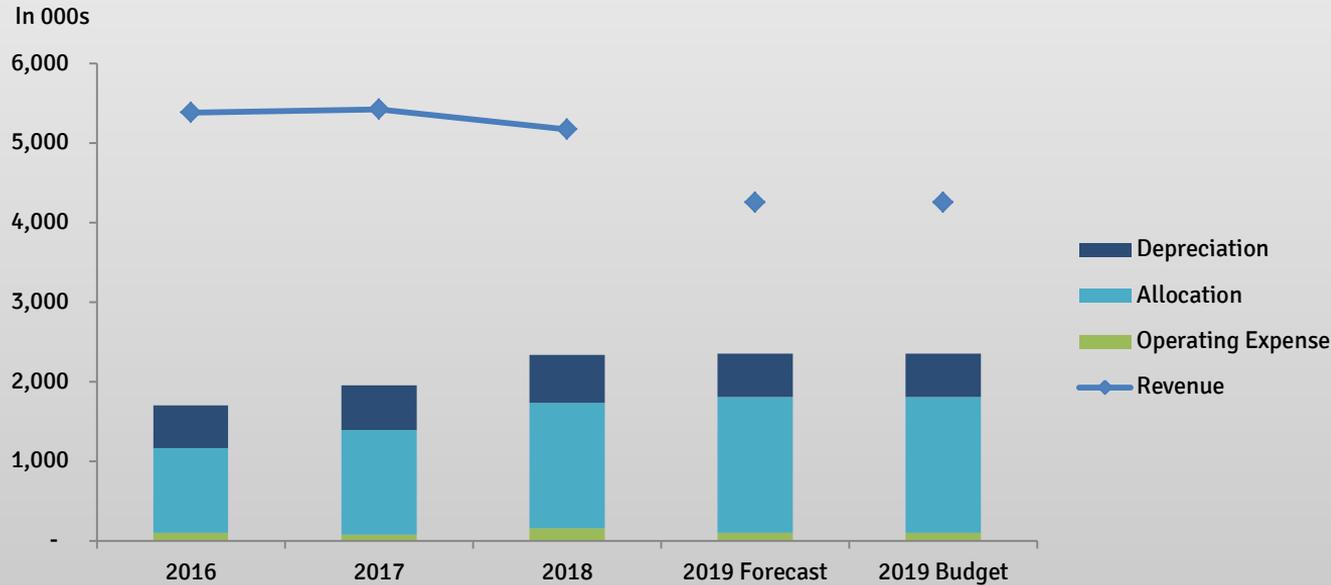
Expense

1. Non-capitalizable tenant improvements.
2. Maintenance spend.
3. Change of allocation methodology for shared properties.

- Individual business lines forecast to budget as of Q2 2019.
- Includes uplands of Shilshole Bay Marina, Terminal 91 (Industrial), Fishermen's Terminal, Maritime Industrial Center, Salmon Bay Marina, T-115, T-108, and T-106.

Leasing closer to market and managing costs

Grain Terminal Goal: Net Income Maximized



2019 Forecast Drivers:

Revenue

1. Impact of tariffs.
2. Weather.

Expense

1. Maintenance and allocations.

- Individual business lines forecast to budget as of Q2 2019.

Navigating volatility of tariffs and soybean exports

Northwest Seaport Alliance Summary

\$ in 000's	2018 YTD Actual	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
		Actual	Budget	\$	%	\$	%
Revenue	92,371	98,997	97,497	1,500	2%	6,626	7%
Operating expense	41,151	51,212	54,620	3,408	6%	10,061	24%
Operating Income	51,220	47,785	42,877	4,908	11%	(3,435)	-7%
Interest Income	567	856	700	(156)	-22%	289	51%
Market Value Adjustment	(179)	330	0	(330)	NA	509	-284%
Net Interest Income	388	1,186	700	486	69%	798	206%
Non Operating Income (Expense)	31	(322)	(1,026)	(704)	69%	(353)	-1139%
Grant Income	50	1,246	1,695	449	26%	1,196	2392%
Net Income	51,689	49,895	44,246	5,649	13%	(1,794)	-3%
Cargo TEUs	1,779,706	1,915,249				135,543	8%
Cargo Volume (Metric Tons)	13,963,966	15,129,071				1,165,105	8%

Note: Results may differ slightly from NWSA site due to rounding differences

Revenue - Non-container business \$3.1M favorable to budget from higher than expected military and auto volumes.

Expenses - Growth from 2018 driven by one-time crane removal costs at T18 & T46 along with volume related costs.

NWSA TEU Data

YTD Volumes up, but Tariffs are the wildcard. As trade shifts from China to SE Asia, there is risk volumes could shift to East Coast ports due to the shorter transit.

Exports:

- YTD May 2018, China was #1 export partner, YTD May 2019, China is #3 with export TEU volumes down 34%. Biggest declines in hay/forage products, waste paper and whey/milk products.
- India exports are also impacted by trade war, and exports there are also down 34%. Their ranking went from #5 to #6. Biggest declines in apples (5,792 TEUs!) and waste paper.

Imports

- Imports from China are down 0.2% YTD, -718 TEUs.
- Imports from other countries are up (Japan +12%, Taiwan +27%, Vietnam +27%, Thailand +55% (growth on smaller volumes))

Favorable Net Income to budget, but tariffs impacting Y/Y growth

Economic Development Division Q2 2019 Financial Performance Report



Economic Development Division Business Highlights



Real Estate Development

- Issued RFP to redevelop Terminal 106 and received strong response .
- Received Commission approval to surplus and sell small property on Harbor Avenue.
- Received Commission authorization to start design work on Historic Ship Supply building at Fishermen's Terminal.
- Finalized appraisal of WA Dept. of Transportation property adjacent to the Port's Des Moines Creek West property.
 - This property enhances development potential of our property. Staff is starting negotiations with WSDOT now that we have agreed on site's value.

Launching development projects

Portfolio Management

- Received Commission authorization to start construction/modernization of Bell Harbor Conference Center
- Secured a maritime-related tenant to lease the office building at Salmon Bay Marina, resulting in 100% occupancy on the uplands.
- Leased an additional 98,400 square feet of yard space at Terminal 91.
- Brought in Origin Seafoods to Terminal 102. They will sell seafood online, then portion, fulfill, and ship orders at the terminal.

Maintaining strong occupancy

Diversity in Contracting

- Published the first Diversity in Contracting Annual Report. It highlighted the Port's 2018 WMBE results (11.8%) and 2019 WMBE utilization goals (12.4%*)
- Posted first quarterly Diversity in Contracting article and blogs on the Port of Seattle's website and external news/media outlets.
- Port had 16.1% WMBE utilization after Q1 2019. Staff is now tracking utilization quarterly across all divisions/departments
- Held a PortGen Maritime event with 70 attendees learning about the upcoming Maritime Projects, the Maritime's 2019 WMBE aspirational goal, and the Port's new Diversity in Contracting Program.
- Presented the Port's aspirational goals and new affirmative efforts required by those Primes interested in doing business with the Port to the Construction Management Associations of America

Implementing the Port's new Diversity in Contracting Program

Tourism

- Thirty organizations received 2019 tourism grants from the Port of Seattle. New recipients include: Goldendale Chamber of Commerce promoting the Goldendale Observatory, the Suquamish Museum targeting travelers in Seattle hotels and Methow Trails will improve their website promoting outdoor winter activities.
- Twenty four recipients were awarded Airport Spotlight advertising grants. Current recipients include Lewis County, Suquamish Tribal Museum, Sequim Lavender Farmers, Long Beach Visitors Bureau and Methow Trails.
- Selected Core Communications to provide tourism marketing programs on behalf of the Port of Seattle's international tourism efforts.
- Participated in Aer Lingus Tour America travel show, ITB Berlin, Visit Seattle's Korea Sales Mission and Active America China travel trade show to educate travel trade, tour operators and travel media about cruising from Seattle to Alaska and promote SeaTac International Airport as the gateway for international arriving visitors.

Supporting Tourism Marketing programs and promoting gateway facilities

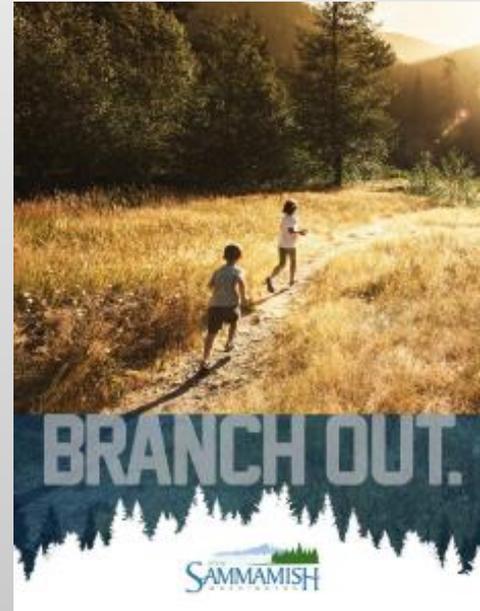
Workforce Development

- 14 aspiring ironworkers graduated from the union's second pre-apprenticeship cohort. 13 are now enrolled apprentices. The group has earned \$140,937 (\$24+/hour) so far.
- ANEW also hosted a graduation event for their second cohort of construction pre-apprentices. They had 14 people complete their construction program. Starting wages for graduates from this program range from \$22-27/hour
- Released RFP to operate Career Advancement Center at Seatac International Airport. Bids are due in July and we expect to award contracts and start services in Q4 2019.
- Organized and held awareness event focused on recreational boating and maritime careers with youth from Upward Bound. Along with learning about maritime careers, over 50 diverse youth experienced sailing on the Adventuress

Continued efforts on Workforce Development Initiatives

EDD Partnership Program

- YTD - Approximately \$795,900 has been awarded to 25 cities in 2019
- King County cities have committed to \$584,000 in matching funds and in-kind resources
- Hosting 4 economic development partnership meetings with cities on topics like:
 - Roundtable discussion on small business development resources
 - Greater Seattle Partners update and discussion about strategic plan
 - Presentation by Seattle Metro. Chamber on new Business Retention/Expansion program



Continued Economic Development Partnership Program

Economic Development Financial Highlights

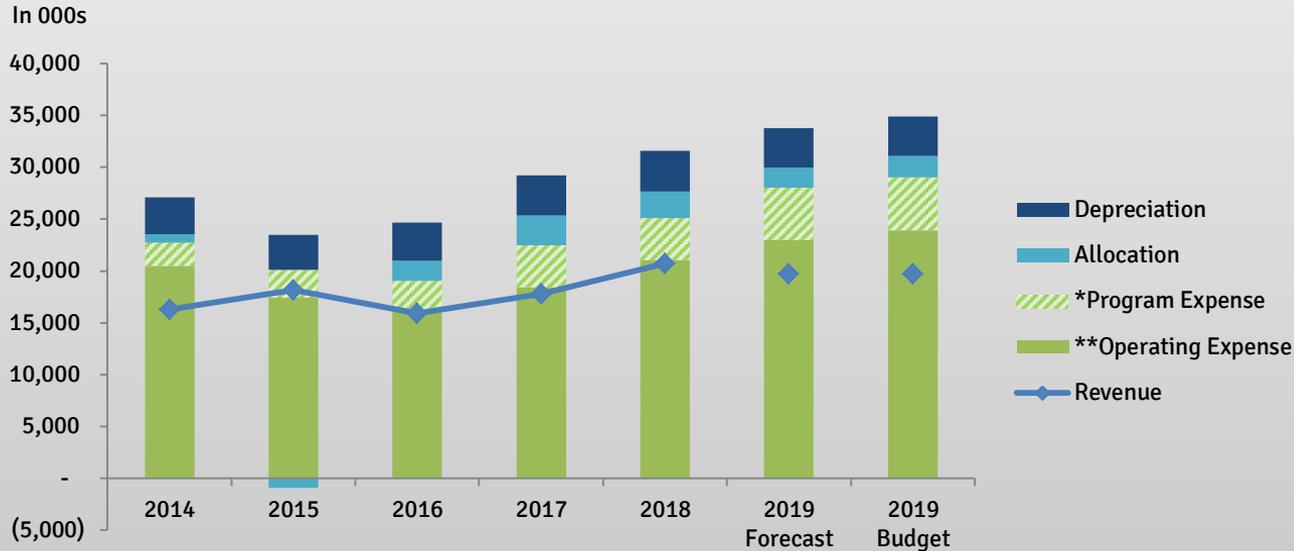
2019 Q2 NOI \$3,132K favorable to budget and \$668K greater than 2018

- Revenue favorable to budget by \$367K and \$619K greater than 2018 driven by favorable volumes at the Conference and Event Centers. Annual revenue forecast at budget and 5% below 2018 from anticipated closures related to Conference and Event Center modernization project.
- Expenses favorable to budget by \$2,716K driven by timing of Economic Development grant matching funds, timing initiative programs, favorable P66 allocation methodology change, and underspend in central services. Expenses are flat on a Y/Y basis. Annual expenses forecasted to 6% under budget and 6% higher than 2018 due to primarily to higher spending in initiative programs.
- 25 % of Capital budget was spent in the 1st half, with annual forecast at 87% of budget.

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
			Actual	Budget	Budget Variance	Change from 2018		
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Revenues	7,727	9,765	10,384	10,017	367	4%	619	6%
Total Operating Expenses	12,067	12,880	12,972	15,688	2,716	17%	92	1%
Net Operating Income	(4,340)	(3,115)	(2,588)	(5,670)	3,082	54%	527	17%
Depreciation	1,860	1,999	1,859	1,908	50	3%	(141)	-7%
Net Income	(6,201)	(5,114)	(4,447)	(7,579)	3,132	41%	668	13%

YTD Revenue exceeding plan, expenses below budget

Economic Development Division Financial Trends



2019 Forecast Drivers:

Revenue

1. Impact of Conference and Event Center Modernization.
2. Lessee turnover and ability to expand unplanned space rental.

Expense

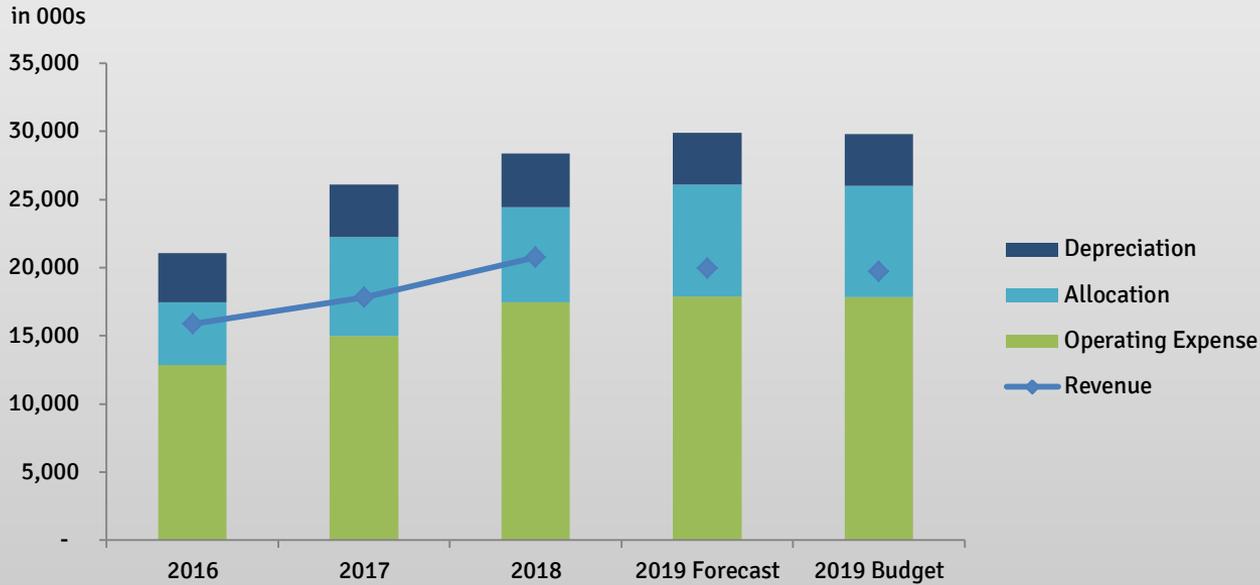
1. Program spend / execution.
2. Tenant Improvements.
3. Maintenance spend.
4. RE development costs.

* Includes Small Business, Tourism, Workforce Development, Real Estate Development, and Economic Development Grants.

** Includes Portfolio Management, Division Management, Facilities, and Other.

Forecasting \$1,147K favorable to budget

Portfolio Management Trends



2019 Forecast Drivers:

Revenue

1. Impact of Conference and Event Center Modernization.
2. Lessee turnover and ability to expand unplanned space rental.

Expense

1. Tenant improvements.
2. Maintenance spend.
3. Costs associated with transitioning the NWSA leasing software.

- Individual business lines forecast to budget as of Q2 2019.
- Includes non-alliance & upland real-estate at Tsubota, T-91 (General), T-86, P-69, Bell Street Garage, Smith Cove Conference Center, Bell Harbor Conference Center, World Trade Center, Foreign Trade Zone, Pier 2, T-34, and T-102.

Increasing margins

Central Services

Q2 2019 Financial Performance Report



Central Services Business Highlights

- The Port adopted the **Duwamish Valley Community Equity Program** and held the **Duwamish Alive community restoration event** at T117.
- The Port of Seattle released the **Comprehensive Annual Financial Report (CAFR)** and **received a clean independent Certified Public Accountant (CPA) audit opinion** on financial statements.
- Completed **Phase 2 of Port Website Redesign project** which included adding the Maritime Moorage Application and filtered lists for Commission items.
- Replaced the **Aviation Stormwater GIS** which will allow for upstream or downstream stormwater contamination tracking along a properly constructed pipe network.
- A new **Project Delivery system** for smaller and major construction projects is being developed to replace two legacy project management solutions and streamline key processes.
- Port of Seattle Police department instructors provided **Rapid Response trainings** to airport/airline employees.
- Hosted **Career Awareness events**: ICT with Mt. Rainier High School, Construction & Design with Foster High School, Young Entrepreneurs with Highline High School.

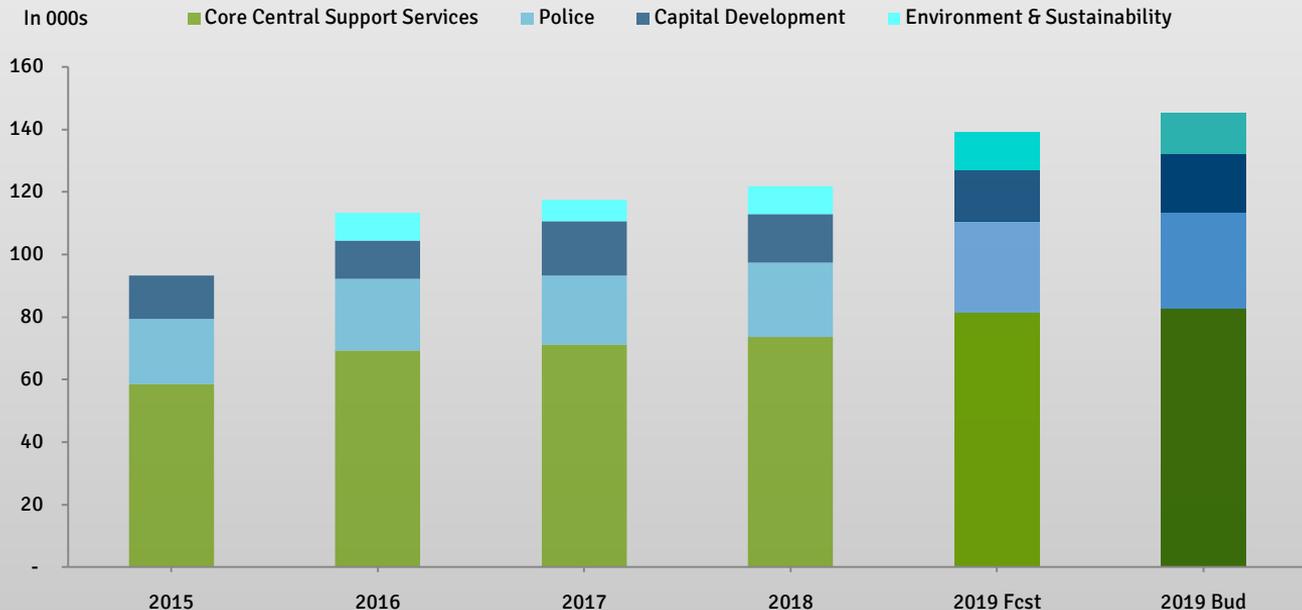
Achieved a number of accomplishments in Q2.

Central Services Financial Highlights

- **Q2 YTD Actual:**
 - Operating expenses are \$7.0M favorable to budget mainly due to staff vacancies and project delays.
 - Operating expenses are \$3.7M higher than 2018 mainly due to higher Payroll costs and more Outside Services.
- **Year-End Forecast:**
 - Operating expenses forecast are \$6.3M favorable to budget due to savings in Payroll and Outside Services.
 - Operating expenses forecast are \$17.3M higher than 2018 due to higher payroll and more project-related expenses.

Forecasting a \$6.3M favorable budget variance for the year.

Central Services Financial Trends



- Operating expenses forecast are \$17.3M higher than 2018 due to higher payroll and more project-related expenses.
- Major changes from 2018 are as follows :
 - Core Central Support Services: \$7.6M
 - Police: \$5.7M
 - Environment & Sustainability: \$3.3M
 - Capital Development: \$726K

Expenses are \$7.0M favorable to the budget YTD

Appendix

Q2 2019 Financial Performance Report



Portwide Financial Summary

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	127,780	147,570	175,927	177,039	(1,112)	-0.6%	28,357	19.2%
Airport Non-Aero Revenues	112,761	118,864	124,604	121,045	3,560	2.9%	5,740	4.8%
Non-Airport Revenues	61,548	64,054	67,632	62,229	5,403	8.7%	3,578	5.6%
Total Operating Revenues	302,088	330,489	368,164	360,313	7,851	2.2%	37,676	11.4%
Total Operating Expenses	174,104	191,577	216,758	232,756	15,999	6.9%	25,181	13.1%
NOI before Depreciation	127,984	138,912	151,407	127,557	23,850	18.7%	12,495	9.0%
Depreciation	81,860	81,949	82,481	81,933	(548)	-0.7%	532	0.6%
NOI after Depreciation	46,124	56,963	68,926	45,624	23,302	51.1%	11,963	21.0%

Strong YTD financial performance

Non-Airport Financial Summary

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
NWSA Distributable Revenue	27,283	25,844	24,941	21,955	2,986	13.6%	(903)	-3.5%
Maritime Revenues	24,525	26,257	27,368	27,918	(550)	-2.0%	1,110	4.2%
EDD Revenues	7,727	9,765	10,384	10,017	367	3.7%	619	6.3%
SWU & Other	2,012	2,187	4,939	2,338	2,601	111.2%	2,752	125.8%
Total Operating Revenues	61,548	64,054	67,632	62,229	5,403	8.7%	3,578	5.6%
Total Operating Expenses	33,783	38,141	40,522	45,171	4,649	10.3%	2,381	6.2%
NOI before Depreciation	27,765	25,913	27,110	17,058	10,051	58.9%	1,197	4.6%
Depreciation	20,272	19,988	19,623	18,909	(715)	-3.8%	(365)	-1.8%
NOI after Depreciation	7,493	5,925	7,487	(1,850)	9,337	-504.7%	1,562	26.4%

Non-Airport NOI outperformed budget by \$10.1M in Q2

Portwide Operating Revenues Summary

\$ in 000's	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
Aeronautical Revenues	127,780	147,570	175,927	177,039	(1,112)	-0.6%	28,357	19.2%
Public Parking	36,958	39,402	40,401	40,969	(568)	-1.4%	999	2.5%
Rental Cars - Operations	14,514	14,922	15,560	15,123	437	2.9%	637	4.3%
Rental Cars - Operating CFC	3,284	5,497	4,505	4,657	(153)	-3.3%	(993)	-18.1%
ADR & Terminal Leased Space	28,420	30,179	32,689	30,754	1,936	6.3%	2,510	8.3%
Ground Transportation	7,633	8,885	9,979	9,413	567	6.0%	1,094	12.3%
Employee Parking	4,674	5,191	5,193	4,876	317	6.5%	2	0.0%
Airport Commercial Properties	10,708	7,593	7,072	6,703	369	5.5%	(521)	-6.9%
Airport Utilities	3,423	3,438	3,665	3,932	(267)	-6.8%	227	6.6%
Clubs and Lounges	2,173	2,773	4,456	3,626	830	22.9%	1,683	60.7%
Cruise	6,325	6,806	8,473	9,114	(641)	-7.0%	1,668	24.5%
Recreational Boating	5,438	6,125	6,228	6,358	(131)	-2.1%	102	1.7%
Fishing & Operations	4,440	4,565	5,071	4,972	99	2.0%	506	11.1%
Grain	3,042	3,123	2,567	2,423	144	5.9%	(556)	-17.8%
Maritime Portfolio Management	5,267	5,628	5,019	5,052	(33)	-0.6%	(609)	-10.8%
Central Harbor Management	4,161	4,557	4,406	4,399	7	0.2%	(151)	-3.3%
Conference & Event Centers	3,545	5,188	5,963	5,604	360	6.4%	775	14.9%
NWSA Distributable Revenue	27,283	25,844	24,941	21,955	2,986	13.6%	(903)	-3.5%
Other	3,021	3,201	6,049	3,346	2,703	80.8%	2,848	89.0%
Total Operating Revenues (w/o Aero)	174,309	182,918	192,237	183,274	8,963	4.9%	9,318	5.1%
TOTAL	302,088	330,489	368,164	360,313	7,851	2.2%	37,676	11.4%

Operating revenues exceeded budget by \$7.9M

Portwide Operating Expense Summary

\$ in 000's	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
Salaries & Benefits	56,338	62,772	66,334	69,636	3,302	4.7%	3,562	5.7%
Wages & Benefits	52,948	60,075	64,035	63,866	(169)	-0.3%	3,960	6.6%
Payroll to Capital Projects	12,873	13,602	13,523	16,640	3,117	18.7%	(79)	-0.6%
Equipment Expense	4,311	3,866	4,484	4,136	(347)	-8.4%	618	16.0%
Supplies & Stock	4,616	4,633	5,290	4,452	(838)	-18.8%	657	14.2%
Outside Services	32,969	38,460	43,951	55,365	11,415	20.6%	5,491	14.3%
Utilities	11,911	13,453	13,103	14,963	1,860	12.4%	(350)	-2.6%
Travel & Other Employee Expenses	2,338	2,303	2,487	3,909	1,422	36.4%	184	8.0%
Promotional Expenses	460	964	890	1,360	470	34.6%	(74)	-7.7%
Other Expenses	16,865	15,550	27,560	27,939	379	1.4%	12,010	77.2%
Charges to Capital Projects/Overhead Allo	(21,524)	(24,100)	(24,898)	(29,511)	(4,613)	15.6%	(798)	3.3%
TOTAL	174,104	191,577	216,758	232,756	15,999	6.9%	25,181	13.1%

- Payroll expenses were \$3.3M below budget due to staff vacancies.
- Outside Services were \$11.4M favorable to budget due to timing of spending, project delays, and some actual savings.
- Supplies & Stock were \$838K over budget mainly due to more De-icing Materials for snow removal.

Operating expenses were \$16.0M below budget

Portwide Financial Summary – YE Forecast

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Aeronautical Revenues	264,114	291,268	364,646	365,604	(958)	-0.3%	73,378	25.2%
Airport Non-Aero Revenues	236,803	257,707	270,014	259,537	10,477	4.0%	12,307	4.8%
Non-Airport Revenues	131,114	140,415	133,328	128,115	5,213	4.1%	(7,087)	-5.0%
Total Operating Revenues	632,031	689,390	767,988	753,255	14,733	2.0%	78,598	11.4%
Total Operating Expenses	372,982	397,638	448,162	454,986	6,824	1.5%	50,524	12.7%
NOI before Depreciation	259,049	291,752	319,826	298,269	21,557	7.2%	28,074	9.6%
Depreciation	165,021	164,362	168,676	168,676	-	0.0%	4,314	2.6%
NOI after Depreciation	94,028	127,390	151,150	129,593	21,557	16.6%	23,760	18.7%

Expect strong financial performance results for 2019

Capital Spending by Division

\$ in 000's	2019 YTD	2019	2019	Budget Variance	
	Actual	Forecast	Budget	\$	%
Aviation	280,124	659,813	767,732	107,919	14.1%
Maritime	1,879	15,105	17,638	2,533	14.4%
Economic Development	1,444	5,040	5,713	673	11.8%
Central Services & Other (note 1)	4,007	16,581	25,203	8,622	34.2%
TOTAL	287,454	696,539	816,286	119,747	14.7%

Note:

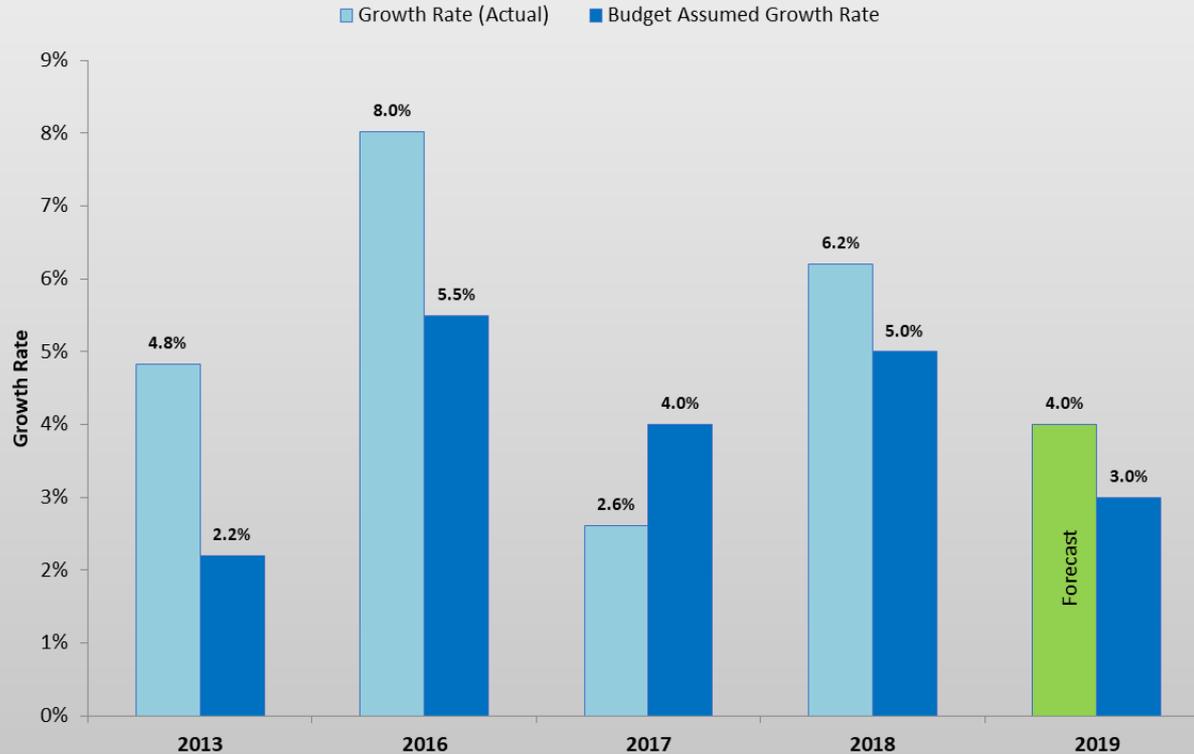
(1) "Other" includes Street Vacation projects and Storm Water Utility Small Capital projects.

Capital spending was \$287.5M for Q2 2019

Aviation Division Appendix



Passengers (Growth Comparison)



Passenger updated growth forecast is 4% vs. initial 3%

Airport Activity

	YTD 2017	YTD 2018	YTD 2019	% Change from 2018
Total Passengers (000's)				
Domestic	19,666	20,897	21,616	3.4%
International	2,484	2,611	2,689	3.0%
Total	22,150	23,508	24,304	3.4%
Operations	199,610	210,722	214,749	1.9%
Landed Weight (In Millions of lbs.)				
Cargo	1,025	1,147	1,165	1.5%
All other	12,416	13,328	13,738	3.1%
Total	13,441	14,476	14,903	3.0%
Cargo - Metric Tons				
Domestic freight	110,915	114,627	118,401	3.3%
International freight	57,633	64,749	63,388	-2.1%
Mail	28,882	28,326	28,314	0.0%
Total	197,430	207,702	210,103	1.2%

Passenger Activity		
Airline	Change 2018 v. 2019	2019 Market Share
Alaska	3.6%	48.5%
Delta	11.5%	24.2%
United	-9.0%	5.5%
Southwest	-8.3%	5.5%
American	3.2%	5.1%

Q2 2019:

Passengers

- YTD passenger growth of 3.4% tracking ahead of 2019 budget based on 3.0% growth, but just short of updated forecast based on 4% growth.

2019 YTD total passenger growth of 3.4%

Aviation Financial Summary

\$ in 000's	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Operating Revenues:								
Aeronautical Revenues	264,114	291,268	364,646	365,604	(957)	-0.3%	73,378	25.2%
Non-Aeronautical Revenues	236,803	257,707	270,014	259,537	10,477	4.0%	12,307	4.8%
Total Operating Revenues	500,916	548,975	634,660	625,140	9,520	1.5%	85,685	15.6%
Total Operating Expense	299,114	318,849	363,640	366,105	2,465	0.7%	44,791	14.0%
Net Operating Income	201,802	230,126	271,020	259,036	11,985	4.6%	40,894	17.8%
Capital Expenditures	293,785	579,135	659,813	767,732	107,919	14.1%	80,678	13.9%

(1) Annual non-cash amortization of \$17.9M lease incentive related to the 5 year SLOA III agreement which ended in 2017.

2019 Forecasted NOI \$12M favorable to budget

Key Performance Measures

	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav (UnFav) Budget Vairance		Incr (Decr) Change from 2018	
					\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	10.52	10.79	13.09	13.39	0.29	2.2%	2.31	21.4%
Non-Aeronautical NOI (in 000's)	133,101	149,959	149,181	136,534	12,648	9.3%	(778)	-0.5%
Other Performance Metrics								
O&M Cost per Enplanement	12.77	12.81	14.05	14.42	0.37	2.6%	1.24	9.7%
Non-Aero Revenue per Enplanement	10.11	10.35	10.43	10.22	0.21	2.0%	0.08	0.7%
Debt per Enplanement (in \$)	114	133	121	123	2	1.6%	(12)	-8.9%
Debt Service Coverage	1.57	1.66	1.67	1.65	0.03	1.6%	0.02	1.0%
Days cash on hand (10 months = 304 days)	379	235	298	278	20	7.1%	63	26.6%
Aeronautical Revenue Sharing (\$ in 000's)	(42,311)	(36,863)	(17,192)	(15,682)	(1,510)	-9.6%	19,672	53.4%
Activity (in 000's)								
Enplanements	23,416	24,894	25,890	25,394	496	2.0%	996	4.0%

CPE 2019 Forecast vs 2018

Actuals:

- CPE increase – Impacted by SLOA IV reduction in Revenue Sharing to 20% in 2019 from 40% in 2018

Non-Aero NOI 2019 Forecast vs 2019 Budget:

- Non-Aero NOI growth due to higher forecasted Non-Aero Revenue

Other Performance Metrics:

- Aero Revenue Sharing – Forecast reflects 20% Revenue Sharing per SLOA IV.

Positive: Non-aero NOI above budget. CPE below budget.

Aviation Expense YTD Summary

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Operating Expenses:								
Payroll	55,798	63,139	68,388	68,833	445	0.6%	5,249	8.3%
Outside Services	17,203	21,015	24,456	29,412	4,956	16.9%	3,441	16.4%
Utilities	8,389	9,589	9,288	10,683	1,395	13.1%	(300)	-3.1%
Other Airport Expenses	13,680	9,788	14,240	11,605	(2,636)	-22.7%	4,452	45.5%
Total Airport Direct Charges	95,070	103,530	116,372	120,533	4,161	3.5%	12,842	12.4%
Environmental Remediation Liability	2,714	4,484	12,543	14,204	1,661	11.7%	8,060	179.8%
Capital to Expense	24	8	83	-	(83)	N/A	75	937.6%
Total Exceptions	2,738	4,492	12,627	14,204	1,578	11.1%	8,135	181.1%
Total Airport Expenses	97,808	108,021	128,998	134,737	5,739	4.3%	20,977	19.4%
Police Costs	9,146	10,659	11,117	12,589	1,472	11.7%	458	4.3%
Capital Development	6,486	6,072	6,860	8,265	1,405	17.0%	788	13.0%
Other Central Services	25,000	26,714	27,221	29,416	2,195	7.5%	507	1.9%
Maritime/Economic Development	1,879	1,970	2,039	2,578	540	20.9%	69	3.5%
Total Charges from Other Divisions	42,512	45,414	47,237	52,848	5,612	10.6%	1,823	4.0%
Total Operating Expense	140,320	153,436	176,235	187,585	11,350	6.1%	22,799	14.9%

2019 YTD Actuals to YTD 2019 Budget

Expenses - \$11.4M Favorable, driven by:

Delayed Spending in Airport Expenses - \$5.7M Favorable:

- Primarily driven by savings from Outside Services due to delayed spending in Aviation Planning, Capital Development and Program Management, and Facilities and Infrastructure, offset by snow related costs early in the year

Delayed Spending in Other Divisions - \$5.6M Favorable:

- Cost savings in allocations from other divisions due to planning project and program delays

YTD Cost Savings due to delayed spending on projects

Aviation Expense YE Summary

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2018	
					\$	%	\$	%
Operating Expenses:								
Payroll	114,463	125,341	141,341	141,316	(25)	0.0%	15,999	12.8%
Outside Services	41,055	47,638	61,428	60,950	(479)	-0.8%	13,791	28.9%
Utilities	16,374	18,237	18,949	20,235	1,285	6.4%	712	3.9%
Other Airport Expenses	28,292	25,125	25,710	22,692	(3,018)	-13.3%	586	2.3%
Total Airport Direct Charges	200,184	216,341	247,429	245,192	(2,237)	-0.9%	31,088	14.4%
Environmental Remediation Liability	8,812	6,233	14,865	14,259	(605)	-4.2%	8,632	138.5%
Capital to Expense	2,856	6,891	-	-	-	0.0%	(6,891)	-100.0%
Total Exceptions	11,668	13,124	14,865	14,259	(605)	-4.2%	1,741	13.3%
Total Airport Expenses	211,852	229,465	262,294	259,451	(2,842)	-1.1%	32,829	14.3%
Police Costs	17,652	19,231	25,137	25,137	-	0.0%	5,906	30.7%
Capital Development	14,701	12,607	13,196	16,242	3,047	18.8%	588	4.7%
Other Central Services	51,004	53,121	57,869	60,129	2,260	3.8%	4,748	8.9%
Maritime/Economic Development	3,904	4,425	5,145	5,145	1	0.0%	720	16.3%
Total Charges from Other Divisions	87,262	89,384	101,346	106,654	5,307	5.0%	11,962	13.4%
Total Operating Expense	299,114	318,849	363,640	366,105	2,465	0.7%	44,791	14.0%

2019 Forecast to 2019 Budget

Expenses - \$2.5M Favorable driven primarily by:

- \$2.5M estimated over-run in Snow Removal related expenses (affecting Payroll, Outside Services, and other Airport Expenses), absorbed largely by forecasted cost savings in allocations from other divisions due to spending delays in Capital Development (AV PMG)

Projected cost savings due to delayed project and program spending

Aeronautical Business YTD

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav)		Incr (Deer)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Revenues:								
Movement Area	50,849	59,656	61,289	61,987	(697)	-1.1%	1,634	2.7%
Apron Area	7,636	8,209	9,883	9,456	427	4.5%	1,674	20.4%
Terminal Rents	78,051	83,956	100,229	100,032	197	0.2%	16,272	19.4%
Federal Inspection Services (FIS)	6,708	6,641	7,271	7,086	185	2.6%	630	9.5%
Total Rate Base Revenues	143,243	158,462	178,672	178,561	111	0.1%	20,210	12.8%
Commercial Area	4,959	5,072	5,569	6,319	(750)	-11.9%	497	9.8%
Subtotal before Revenue Sharing	148,202	163,534	184,241	184,880	(639)	-0.3%	20,707	12.7%
Revenue Sharing	(18,635)	(15,964)	(8,314)	(7,841)	(473)	-6.0%	7,650	47.9%
Total Aeronautical Revenues	129,567	147,570	175,927	177,039	(1,112)	-0.6%	28,357	19.2%
Total Aeronautical Expenses	91,209	100,511	118,919	125,356	6,437	5.1%	18,408	18.3%
Net Operating Income	38,358	47,059	57,008	51,683	5,326	10.3%	9,949	21.1%

2019 YTD Actuals to YTD 2019 Budget

- **Aero Revenue \$1.1M lower**, and within 1% of Budget
- **Aero Expenses – \$6.4M** favorable mostly driven by lower allocations from other divisions due to delays in project work

Aeronautical NOI higher due to YTD project delays

Aeronautical Business YE

	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
					\$	%	\$	%
\$ in 000's								
Revenues:								
Movement Area	108,638	116,703	128,896	130,873	(1,976)	-1.5%	12,194	10.4%
Apron Area	16,771	15,627	19,513	19,714	(202)	-1.0%	3,886	24.9%
Terminal Rents	155,431	169,318	205,142	203,319	1,824	0.9%	35,824	21.2%
Federal Inspection Services (FIS)	18,612	16,226	15,171	14,521	650	4.5%	(1,055)	-6.5%
Total Rate Base Revenues	299,452	317,874	368,722	368,426	296	0.1%	50,848	16.0%
Commercial Area	10,574	10,257	13,116	12,859	256	2.0%	2,858	27.9%
Subtotal before Revenue Sharing	310,026	328,131	381,838	381,286	552	0.1%	53,707	16.4%
Revenue Sharing	(42,311)	(36,863)	(17,192)	(15,682)	(1,510)	-9.6%	19,672	53.4%
Other Prior Year Revenues	(26)	-	-	-	-	0.0%	-	
Total Aeronautical Revenues	267,690	291,268	364,646	365,604	(957)	-0.3%	73,378	25.2%
Total Aeronautical Expenses	195,414	211,101	242,808	243,102	294	0.1%	31,706	15.0%
Net Operating Income	72,276	80,167	121,839	122,502	(663)	-0.5%	41,672	52.0%
Debt Service ⁽¹⁾	(86,564)	(91,673)	(111,673)	(109,343)	(2,330)	-2.1%	(20,000)	-21.8%
Net Cash Flow	(14,288)	(11,506)	10,166	13,159	(2,993)	22.7%	21,672	188.4%

2019 Forecast to Budget

Revenue - \$1M unfavorable

- Rate based revenue \$1M lower-driven primary by higher year-end forecasted non-aeronautical revenue which drives revenue sharing to airlines to be higher, resulting in lower aeronautical revenues
- Revenue sharing \$1.5M - higher due to higher non-aero NOI forecast partially offset by reduction of revenue sharing percentage from 40% to 20%, based on SLOA IV provisions

Lower Aeronautical Revenues primarily driven by higher forecasted revenue sharing

Aero Cost Drivers

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
O&M	192,188	206,076	236,175	237,387	(1,212)	-0.5%	30,099	14.6%
Debt Service Gross	113,832	115,419	137,696	136,513	1,183	0.9%	22,277	19.3%
Debt Service PFC Offset	(33,057)	(32,987)	(33,060)	(33,045)	(15)	0.0%	(73)	0.2%
Amortization	29,654	32,371	30,583	30,121	463	1.5%	(1,787)	-5.5%
Space Vacancy	(2,264)	(2,132)	(1,614)	(1,521)	(93)	6.1%	518	-24.3%
TSA Operating Grant and Other	(901)	(873)	(1,058)	(1,028)	(30)	2.9%	(185)	21.2%
Rate Base Revenues	299,452	317,874	368,722	368,426	296	0.1%	50,848	16.0%
Commercial area	10,574	10,257	13,116	12,859	256	2.0%	2,858	27.9%
Total Aero Revenues	310,026	328,131	381,838	381,286	553	0.1%	53,707	16.4%

2019 Forecast to 2019 Budget

- O&M – (\$1.2M) lower primarily driven by impact of snow events in Q1, offset by larger Corporate and AV Planning/F&I savings
- Debt Service - \$1.2M increase due to increase in Rate Base of NS NSAT Renov Phase 1 in-service (\$3.5M), offset by 2015A bond principal paydown (\$1.86M), projects delay on Hardstand Equipment Purchase (\$300K) & GBAS Upgrade (\$145K).
- Amortization - \$463K increase due to Public Expense Projects -Flight Corridor Safety (\$102K); IAF FAA Fiber Optic Cable Replacement (\$169K) & Vanderlande Screening Lanes (\$136K)

Aero rate base revenues based on cost recovery formulas

Aero Revenue Sharing

	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2018	
\$ in 000's					\$	%	\$	%
Aero Revenues (incl' commercial)	310,026	328,131	381,838	381,286	553	0.1%	53,707	16.4%
Non-Aeronautical Revenues	236,803	257,707	270,014	259,537	10,477	4.0%	12,307	4.8%
Total O&M Expenses	(299,114)	(318,849)	(363,640)	(366,119)	2,479	-0.7%	(44,791)	14.0%
Net Operating Income	247,714	266,989	288,212	274,703	13,509	4.9%	21,223	7.9%
ADF Interest Income	4,242	3,752	6,352	6,352	-	0.0%	2,600	69.3%
Security Checkpoint TSA Grant	1,039	1,001	1,028	1,028	-	0.0%	27	2.7%
Misc. Non-Operating Expenses	(1,799)	(1,586)	(1,311)	(1,311)	-	0.0%	275	-17.4%
CFC Excess	(2,750)	(7,724)	(4,683)	(3,993)	(689)	17.3%	3,041	-39.4%
Available for Debt Service	248,446	262,433	289,599	276,780	12,819	4.6%	27,166	10.4%
Debt Service	131,060	136,218	162,912	158,696	4,217	2.7%	26,694	19.6%
Debt Service x 1.25	163,825	170,273	203,640	198,369	5,271	2.7%	33,367	19.6%
Available for revenue sharing	84,621	92,159	85,959	78,410	7,549	9.6%	(6,201)	-6.7%
Revenue Sharing	42,310	36,864	17,192	15,682	1,510	9.6%	(19,672)	-53.4%

Higher revenue sharing percentage due to higher forecasted non-aero NOI

Non-Aeronautical Business YTD

\$ in 000's	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
			Actual	Budget	\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	14,514	14,922	15,560	15,123	437	2.9%	637	4.3%
Rental Cars - Operating CFC	3,284	5,497	4,505	4,657	(153)	-3.3%	(993)	-18.1%
Public Parking	36,958	39,402	40,401	40,969	(568)	-1.4%	999	2.5%
Ground Transportation	7,633	8,885	9,979	9,413	567	6.0%	1,094	12.3%
Airport Dining & Retail	26,349	27,694	29,581	28,199	1,383	4.9%	1,887	6.8%
Non-Airline Terminal Leased Space	2,071	2,485	3,108	2,555	553	21.6%	623	25.1%
Commercial Properties	10,708	7,593	7,072	6,703	369	5.5%	(521)	-6.9%
Utilities	3,423	3,438	3,665	3,932	(267)	-6.8%	227	6.6%
Employee Parking	4,674	5,191	5,193	4,876	317	6.5%	2	0.0%
Clubs and Lounges	2,173	2,773	4,456	3,626	830	22.9%	1,683	60.7%
Other	973	983	1,085	993	92	9.3%	102	10.4%
Total Non-Aero Revenues	112,761	118,864	124,604	121,045	3,560	2.9%	5,740	4.8%
Total Non-Aero Expenses	49,111	52,925	57,316	62,229	4,913	7.9%	4,391	8.3%
Net Operating Income	63,649	65,940	67,288	58,816	8,472	14.4%	1,349	2.0%

2019 YTD Actuals to YTD Prior Year

Non-Aero Revenue -

- Rental Car – relatively flat to PY, primarily due to change in customer preference most noticeable in decline in 1-day rentals
- GT – TNC revenue growth exceeds 27% YOY, partially offset by decline in demand for taxis.
- Clubs – demand driven growth
- ADR – Reopening of Terminal and NSAT concessions driving strong growth

Non-Aero Expenses – YOY growth reflects planned initiatives in the 2019 Budget

Revenue growth driven by ADR, Lounges, GT, and Parking

Non-Aeronautical Business YE

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Non-Aero Revenues								
Rental Cars - Operations	35,051	37,306	36,913	36,455	459	1.3%	(393)	-1.1%
Rental Cars - Operating CFC	10,641	16,263	14,374	13,624	749	5.5%	(1,889)	-11.6%
Public Parking	75,106	80,212	86,070	82,350	3,720	4.5%	5,859	7.3%
Ground Transportation	15,684	18,772	20,706	19,734	972	4.9%	1,934	10.3%
Airport Dining & Retail	54,611	59,021	59,962	59,484	478	0.8%	941	1.6%
Non-Airline Terminal Leased Space	4,369	5,302	5,879	4,909	970	19.8%	577	10.9%
Commercial Properties	18,042	15,434	15,471	14,219	1,251	8.8%	37	0.2%
Utilities	7,018	7,206	8,026	8,058	(32)	-0.4%	820	11.4%
Employee Parking	9,617	10,269	10,134	10,134	-	0.0%	(135)	-1.3%
Clubs and Lounges	5,041	6,802	10,329	8,520	1,809	21.2%	3,527	51.9%
Other	1,624	1,119	2,150	2,049	101	4.9%	1,030	92.1%
Total Non-Aero Revenues	236,803	257,707	270,014	259,537	10,477	4.0%	12,307	4.8%
Total Non-Aero Expenses	103,702	107,748	120,832	123,003	2,171	1.8%	13,085	12.1%
Net Operating Income	133,101	149,959	149,181	136,534	12,648	9.3%	(778)	-0.5%
Less: CFC (Surplus) / Deficit ⁽¹⁾	(2,750)	(6,157)	(4,683)	(3,993)	(689)	-17.3%	1,474	23.9%
Adjusted Non-Aero NOI	130,351	143,802	144,499	132,540	11,958	9.0%	696	0.5%
Debt Service ⁽¹⁾	(44,495)	(44,545)	(49,459)	(49,352)	(107)	-0.2%	(4,914)	-11.0%
Net Cash Flow	85,856	99,257	95,040	83,188	11,852	14.2%	(4,217)	-4.2%

2019 Forecast to 2018 Actuals

Revenue -

- Rental Car - fewer transactions offset by higher average ticket price results in nearly flat Concession Revenue. Slight decline in Transaction Days and higher debt service in 2019 drive lower CFC Operating Revenue compared to PY.
- Parking - demand driven growth
- GT - driven by TNC revenue growth, partially offset by decline in demand for taxis
- Airport Dining & Retail - strong performance continues during lease transitions, and increased Concession revenue from AlClear memberships
- Clubs - demand driven growth by Priority Pass sales and turn-aways from Alaska lounge.
- All other Non-Aero revenue showing steady growth

Expenses -

- Planned spending in line with 2019 Budget initiatives

NOI favorable to Budget, but lower compared to 2018

Public Parking Performance YTD

Public Parking - Revenue Detail	2017 YTD		2018 YTD		2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	\$	%	\$	%	
\$ in 000's										
Parking Garage Revenue to Port										
Gross Sales - Parking Garage	39,974	42,623	43,153	44,442		(1,289)	-2.9%	530	1.2%	
less - WA Sales Tax	(3,350)	(3,565)	(3,620)	(3,705)		85	-2.3%	(55)	1.6%	
less - SeaTac Parking Tax	(3,123)	(3,411)	(3,333)	(3,691)		358	-9.7%	79	-2.3%	
General Parking/Terminal Direct	33,502	35,647	36,200	34,196		2,004	5.9%	553	1.6%	
Prebooking	-	-	-	2,850		(2,850)	-100.0%	-	N/A	
Revenue to Port - General Parking	33,502	35,647	36,200	37,046		(846)	-2.3%	553	1.6%	
Other Garage Revenue										
Premier Corporate Parking	468	593	697	616		80	13.1%	103	17.4%	
Passport Parking Program	1,459	1,532	1,751	1,645		106	6.4%	219	14.3%	
Total Parking Garage Revenue	35,428	37,772	38,648	39,307		(660)	-1.7%	875	2.3%	
Other Parking Revenue										
Concession Rent - Doug Fox off-site parking	1,518	1,613	1,723	1,652		71	4.3%	109	6.8%	
All Other Parking Revenue	12	16	31	9		21	226.2%	15	89.2%	
Total Parking Revenue	36,958	39,402	40,401	40,969		(568)	-1.4%	999	2.5%	
Parking Transactions by duration										
in 000's										
Total Enplanements	11,008	11,688	12,079	11,930		149	1.2%	391	3.3%	
O&D %	70.4%	71.2%	71.2%	70.3%		0.9%	1.3%	0.0%	0.0%	
O&D Enplanements	7,750	8,322	8,600	8,387		214	2.5%	279	3.3%	
Revenue per O&D Enplanement Metrics										
Public Parking	\$ 4.32	\$ 4.28	\$ 4.21	\$ 4.42		\$ (0.21)	-4.7%	\$ (0.07)	-1.7%	
Premier Corporate Parking	\$ 0.06	\$ 0.07	\$ 0.08	\$ 0.07		\$ 0.01	10.3%	\$ 0.01	13.6%	
Passport Parking Program	\$ 0.19	\$ 0.18	\$ 0.20	\$ 0.20		\$ 0.01	3.8%	\$ 0.02	10.6%	
Total Garage Revenue per O&D Enplanement	\$ 4.57	\$ 4.54	\$ 4.49	\$ 4.69		\$ (0.19)	-4.1%	\$ (0.05)	-1.0%	
Concession Rent - Doug Fox off-site parking	\$ 0.20	\$ 0.19	\$ 0.20	\$ 0.20		\$ 0.00	1.7%	\$ 0.01	3.3%	
All Other Parking Revenue	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00		\$ 0.00	218.1%	\$ 0.00	83.1%	
Total Parking per O&D Enplanement	\$ 4.77	\$ 4.73	\$ 4.70	\$ 4.88		\$ (0.19)	-3.8%	\$ (0.04)	-0.8%	

Key message:

Parking revenue growth YOY driven by higher enplanements and tariff increase for parking programs (Premier Corporate and Passport Parking) implemented mid-2018, partially offset by lack of a coupon program resulting in less transactions.

YOY growth in reflects tariff increases and customer demand for close-in parking

Public Parking Performance YE

Public Parking - Revenue Detail					Fav / (UnFav)		Incr / (Deer)	
\$ in 000's	2017	2018	2019	2019	Budget Variance		Change from 2018	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
<u>Parking Garage Revenue to Port</u>								
Gross Sales - Parking Garage	81,404	86,971	93,644	89,838	3,806	4.2%	6,673	7.7%
less - WA Sales Tax	(6,818)	(7,247)	(7,801)	(7,455)	(346)	4.6%	(554)	7.6%
less - SeaTac Parking Tax	(6,563)	(7,251)	(7,829)	(7,829)	-	0.0%	(578)	8.0%
General Parking/Terminal Direct	68,981	72,473	78,014	69,054	8,960	13.0%	5,541	7.6%
Prebooking	-	-	-	5,500	(5,500)	-100.0%	-	100%
Revenue to Port - Public Parking	68,024	72,473	78,014	74,554	3,460	4.6%	5,541	7.6%
<u>Other Garage Revenue Programs</u>								
Premier Corporate Parking	958	1,225	1,324	1,247	77	6.2%	99	8.1%
Passport Parking Program	2,977	3,219	3,477	3,330	147	4.4%	258	8.0%
Revenue to Port - Parking Programs	3,934	4,444	4,801	4,578	224	4.9%	357	8.0%
Total Parking Garage Revenue	71,958	76,917	82,815	79,132	3,684	4.7%	5,898	7.7%
<u>Other Parking Revenue</u>								
Concession Rent - Doug Fox off-site parking	3,109	3,238	3,200	3,200	-	0.0%	(38)	-1.2%
Space Rent and Other Parking Revenue	25	56	55	19	36	190.1%	(1)	-1.8%
Total Parking Revenue	75,093	80,212	86,070	82,350	3,720	4.5%	5,859	7.3%
Total Enplanements	23,416	24,894	25,890	25,394	496	2.0%	996	4.0%
O&D %	70.4%	71.2%	71.2%	70.3%	0.9%	1.3%	0.0%	0.0%
O&D Enplanements	16,461	17,725	18,434	17,852	582	3.3%	709	4.0%
<u>Revenue per O&D Enplanement Metrics</u>								
Public Parking	\$ 4.13	\$ 4.09	\$ 4.23	\$ 4.18	\$ 0.06	1.3%	\$ 0.14	3.5%
Premier Corporate Parking	\$ 0.06	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.00	2.8%	\$ 0.00	3.9%
Passport Parking Program	\$ 0.18	\$ 0.18	\$ 0.19	\$ 0.19	\$ 0.00	1.1%	\$ 0.01	3.9%
Total Garage Revenue per O&D Enplanement	\$ 4.37	\$ 4.34	\$ 4.49	\$ 4.43	\$ 0.06	1.4%	\$ 0.15	3.5%

Key message:

Parking revenue growth primarily driven by higher enplanements forecast and a price increase to General Parking beginning in July.

2019 Forecast vs. 2018 Actuals

- Revenue - Forecasted increase in Public Parking compared to prior year, primarily due to higher enplanements and due to 2nd tariff rate increase for General Parking effective 7/1/2019.
- There was also a tariff increase in 2018, which was effective on 7/1/2018 and impacted both General Parking and parking programs within the garage (Premier Corporate and Passport Parking).

Strong enplanements growth and tariff rate increases driving parking revenue growth

Rental Car Performance YTD

Rental Car - Revenue Detail	2017 YTD		2018 YTD		2019 Year-to-Date		Fav / (UnFav)		Incr / (Decr)	
	\$ in 000's	Actual	Actual	Actual	Budget	Budget Variance	%	Change from 2018	%	
Total Enplanements		11,008	11,688	12,079	11,930	149	1.2%	391	3.3%	
O&D %		70.4%	71.2%	71.2%	70.3%	0.9%	1.3%	0.0%	0.0%	
O&D Enplanements		7,750	8,322	8,600	8,387	214	2.5%	279	3.3%	
Gross Sales by Operators		127,258	134,434	134,334	132,299	2,035	1.5%	(100)	-0.1%	
Total Transactions		648	657	647	652	(5)	-0.7%	(10)	-1.5%	
Average Ticket		\$196.27	\$204.48	\$207.53	\$202.91	\$4.62	2.3%	\$3.06	1.5%	
Average Length of Stay		4.13	4.16	4.27	4.19	0.07	1.8%	0.11	0.03	
Transactions/O&D Enplanements		8.37%	7.90%	7.53%	7.77%	-0.25%	-3.2%	-0.37%	-4.7%	
<u>CFC Revenue Summary</u>										
Total Transaction Days		2,677	2,734	2,761	2,733	28	1.0%	27	1.0%	
CFC Rate per Transaction Day		\$6.00	\$6.00	\$6.00	\$6.00	\$0.00	0.0%	\$0.00	0.0%	
CFC Revenue Earned		16,062	16,406	16,567	16,398	169	1.0%	161	1.0%	
Other CFC Collections		372	93	(373)	-	(373)	N/A	(466)	-502.1%	
Total CFC Revenue		16,434	16,499	16,194	16,398	(204)	-1.2%	(305)	-1.8%	
Debt Service Reserve Requirement		(13,150)	(11,001)	(11,689)	(11,741)	52	-0.4%	(688)	6.3%	
Residual - CFC Operating Revenue		3,284	5,497	4,505	4,657	(153)	-3.3%	(993)	-18.1%	
Rental Car - Revenue Summary										
\$ in 000's		2017 YTD	2018 YTD	2019 Year-to-Date		Fav / (UnFav)		Incr / (Decr)		
		Actual	Actual	Actual	Budget	Budget Variance	%	Change from 2018	%	
		\$		\$		\$		\$		
RCF Concession Revenue to Port		12,673	13,025	13,632	13,229	403	3.0%	608	4.7%	
Residual - CFC Operating Revenue:		3,284	5,497	4,505	4,657	(153)	-3.3%	(993)	-18.1%	
Land Rent/Space Rent/Other		1,841	1,898	1,927	1,894	33	1.7%	30	1.6%	
Total Rental Cars Operating Revenue		17,798	20,420	20,064	19,780	284	1.4%	(355)	-1.7%	

Key message:

Rental Car revenue continues to be impacted by availability of other transportation alternatives (light rail, TNCs, car-sharing, etc.). Transactions per O&D enplaned passenger declining faster than overall enplanement growth.

Reduced transactions per O&D enplaned passenger

Rental Car Performance YE

Rental Car - Revenue Detail # and \$ in 000's	2016	2017	2018	2019	2019	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2018	
	Actual	Actual	Actual	Forecast	Budget	\$	%	\$	%
RCF Concession Revenue to Port	33,465	31,352	33,474	33,125	32,666	459	1.4%	(348)	-1.0%
Total Enplanements	22,796	23,416	24,894	25,890	25,394	496	2.0%	996	4.0%
O&D %	69.5%	70.4%	71.2%	71.2%	70.3%	0.9%	1.3%	0.0%	0.0%
O&D Enplanements	15,843	16,485	17,725	18,434	17,852	582	3.3%	709	4.0%
Gross Sales by Operators	310,987	313,654	334,355	331,254	326,665	4,589	1.4%	(3,101)	-0.9%
Total Transactions	1,411	1,388	1,416	1,386	1,396	(10)	-0.7%	(30)	-2.1%
Average Ticket	\$220.42	\$226.03	\$ 236.08	\$239.00	\$234.00	5.00	2.1%	\$2.92	1.2%
Average Length of Stay	4.34	4.37	4.44	4.54	4.43	0.11	2.5%	0.10	2.3%
Transactions/O&D Enplanements	8.91%	8.42%	7.99%	7.52%	7.82%	-0.30%	-3.8%	-0.47%	-5.9%
CFC Revenue Summary									
Total Transaction Days	6,129	6,070	6,286	6,292	6,184	108	1.7%	6	0.1%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$0.00	0.0%	\$0.00	0.0%
CFC Revenue Earned	36,771	36,421	37,716	37,752	37,106	646	1.7%	36	0.1%
Other CFC Collections	66	(160)	584	-	-	-	N/A	(584)	-100.0%
Total CFC Revenue Earned	36,837	36,261	38,300	37,752	37,106	646	1.7%	(548)	-1.4%
Reserve for debt service and CP interest	(21,715)	(22,621)	(21,802)	(23,482)	(23,482)	-	0.0%	(1,680)	7.7%
Reserve for CP principal payment:	(3,000)	(3,000)	-	-	-	-	NA	-	NA
Debt Service Reserve Requirement	(24,715)	(25,621)	(21,802)	(23,378)	(23,482)	103	-0.4%	(1,577)	7.2%
Residual - CFC Operating Revenue:	12,122	10,641	16,499	14,374	13,624	749	5.5%	(2,125)	-12.9%
Rental Car - Revenue Summary									
# and \$ in 000's	2017	2017	2018	2019	2019	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2018	
	Actual	Actual	Actual	Forecast	Budget	\$	%	\$	%
RCF Concession Revenue to Port	33,465	31,352	33,474	33,125	32,666	459	1.4%	(348)	-1.0%
Residual - CFC Operating Revenue:	12,122	10,641	16,499	14,374	13,624	749	5.5%	(2,125)	-12.9%
Land Rent/Space Rent/Other	3,617	3,699	3,597	3,788	3,788	-	0.0%	191	5.3%
Total Rental Cars Oper Revenue	49,203	45,691	53,569	51,287	50,079	1,208	2.4%	(2,282)	-4.3%

Key message:

Rental Car revenue continues to be impacted by availability of other transportation alternatives (light rail, TNCs, car-sharing, etc.)

2019 Forecast vs. 2018 Actuals

Rental Car Concession revenue - Forecast relatively flat to prior year. Concession Revenue is impacted by (3) key indicators:

- Expected continuation of decline in Transactions per O&D Enplanement reflects trend in passenger preference shifting to other transportation options, most notable in short-term (1-day) rentals
- Average length of stay is increasing as 1-day rentals have declined significantly, due to shift in customer preference to other transportation alternatives.
- Average ticket price is a function of rental car pricing and customer demand, and can vary significantly. The 2019 Budget and the 2019 Forecast assumes an average ticket price higher than 2018 actuals due to the continued erosion of short-term rentals to other transportation modes. This metric will be monitored and adjusted in future forecast updates, as needed

CFC Operating Revenue - Forecasted to decline YOY due to combined impact of decline in Transaction Days and increase in debt service compared to prior year

Reduced transactions per O&D enplaned passenger

Ground Transportation YTD

Revenue to Port	2017 YTD		2018 YTD		2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance	Change from 2018	\$	%	\$	%
\$ in 000's										
Ground Transportation Revenues										
Transportation Network Companies	3,181	4,749	5,997	5,304	693	13.1%	1,248	26.3%		
On Demand Taxis	2,631	2,160	1,856	2,088	(232)	-11.1%	(303)	-14.0%		
On Demand Limos	405	403	403	401	2	0.5%	0	0.1%		
Belled In Taxis (Annual Permit)	43	33	27	31	(4)	-14.0%	(6)	-18.7%		
Pre-Arranged Limos (Annual Permit)	360	361	350	343	6	1.8%	(11)	-3.1%		
Courtesy Cars (cost recovery)	687	798	986	955	31	3.2%	187	23.5%		
All other Operators (cost recovery)	203	172	208	183	25	13.6%	36	21.0%		
Other Misc Revenues	123	210	153	107	46	43.4%	(57)	-27.0%		
Total GT Revenue	7,633	8,885	9,979	9,413	567	6.0%	1,094	12.3%		
Trip Activity										
in 000's										
Ground Transportation Trips										
Transportation Network Companies	573	784	999	964	35	3.7%	216	27.5%		
On Demand Taxis	375	363	309	348	(39)	-11.1%	(53)	-14.7%		
On Demand Limos	36	35	34	34	0	0.6%	(1)	-2.3%		
Belled In Taxis (Annual Permit)	37	9	8	12	(4)	-35.7%	(2)	-18.4%		
Pre-Arranged Limos (Annual Permit)	165	168	165	168	(3)	-1.8%	(3)	-1.8%		
Courtesy Cars (cost recovery)	587	580	594	579	15	2.7%	14	2.4%		
All other Operators (cost recovery)	40	30	55	28	26	92.9%	25	84.6%		
Total GT Trip Activity	1,813	1,969	2,165	2,133	32	1.5%	196	10.0%		

Key message:

Significant changes in customer preferred ground transportation alternatives are reflected in both revenue and trip activity between GT operator categories.

Growth in TNC activity continues to outpace the offsetting decline in all other GT operator categories combined, which results in an overall increase in trip activity of 10.0% YTD

TNC growth expected to continue to outpace enplanement growth

Ground Transportation YE

Revenue to Port \$ in 000's	2015	2016	2017	2018	2019	2019	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2018	
	Actual	Actual	Actual	Actual	Forecast	Budget	\$	%	\$	%
Ground Transportation Revenues										
Transportation Network Companies	-	3,222	6,940	10,349	12,864	11,574	1,290	11.1%	2,515	24.3%
On Demand Taxis	4,517	5,045	5,199	4,475	3,690	4,176	(486)	-11.6%	(785)	-17.5%
On Demand Limos	869	869	858	853	842	842	-	0.0%	(11)	-1.2%
Belled In Taxis (Annual Permit)	132	159	45	35	29	33	(4)	-12.1%	(6)	-17.1%
Pre-Arranged Limos (Annual Permit)	363	496	626	635	588	588	-	0.0%	(47)	-7.4%
Courtesy Cars (cost recovery)	2,195	2,039	1,319	1,660	2,020	1,919	101	5.3%	360	21.7%
All other Operators (cost recovery)	511	696	394	340	459	388	71	18.3%	119	34.9%
Other Misc Revenues	223	278	303	424	214	214	-	0.0%	(210)	-49.6%
Total GT Revenue	12,803	12,803	15,684	18,772	20,706	19,734	972	4.9%	1,934	10.3%
Trip Activity in 000's							Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2018	
	Actual	Actual	Actual	Actual	Forecast	Budget	#	%	#	%
Ground Transportation Trips										
Transportation Network Companies	-	602	1,277	1,715	2,144	1,929	215	11.1%	429	25.0%
On Demand Taxis	924	827	750	723	615	696	(81)	-11.6%	(108)	-15.0%
On Demand Limos	82	74	72	69	67	67	-	0.0%	(2)	-2.8%
Belled In Taxis (Annual Permit)	142	195	56	18	14	18	(4)	-22.5%	(5)	-24.9%
Pre-Arranged Limos (Annual Permit)	334	369	337	347	344	344	-	0.0%	(3)	-1.0%
Courtesy Cars (cost recovery)	1,230	1,218	1,198	1,209	1,224	1,160	64	5.6%	16	1.3%
All other Operators (cost recovery)	103	95	79	63	76	57	19	33.7%	13	21.0%
Total GT Trip Activity	2,816	3,381	3,769	4,145	4,484	4,271	214	5.0%	339	8.2%

Key message:

Significant changes in customer preferred ground transportation alternatives are reflected in both revenue and trip activity between GT operator categories.

2019 Forecast vs. 2018 Actuals

GT Revenue forecast compared to prior year:

- TNC revenue forecast in 2019 reflects continued shift in customer preference, and is expected to grow ~24% YOY
- Taxi revenue forecasted to decline ~18% YOY
- Minor differences between YOY revenue growth % and YOY trip volume growth % are due to incidental billing adjustments.

GT Trip Activity forecast compared to prior year:

- TNC trip volume expected to continue to grow significantly faster than the growth in enplaned passengers. 2019 Forecast expects a 25% YOY increase in TNC trip volume.
- Taxi trips activity continues to decline. 2019 Forecast expects a 15% YOY reduction in taxi trip volume
- Small growth in other operators driven by enplanements and offset by lower transactions per O&D enplanements. Shared-Ride Van growth driven by better AVI tracking.

TNC growth expected to continue to outpace enplanement growth

Airport Dining & Retail YTD

Airport Dining & Retail <i>Org Basis (in 000's)</i>	2017 YTD Actual	2018YTD Actual	2019 Year-to-Date		Fav / (Unfav) Budget Variance		Incr / (Decr) from 2018	
			Actual	Budget	\$	%	\$	%
ADR Revenue								
Food & Beverage	10,453	10,626	12,266	11,460	806	7.0%	1,640	15.4%
Retail	6,213	7,819	7,717	7,125	592	8.3%	(102)	-1.3%
Duty Free	3,518	3,742	3,263	3,472	(210)	-6.0%	(479)	-12.8%
Personal Services	1,869	1,830	1,982	1,818	163	9.0%	152	8.3%
Advertising	3,412	2,920	3,502	3,290	212	6.4%	582	19.9%
Space Rental - Terminal	664	681	660	693	(34)	-4.8%	(21)	-3.1%
All other revenue	219	77	193	340	(147)	-43.2%	116	151.6%
Total ADR Revenue	26,349	27,694	29,581	28,199	1,383	4.9%	1,887	6.8%
Sales per Enplanement								
SPE - Food & Beverage	\$7.36	\$7.17	\$7.61	\$7.30	\$ 0.31	4.3%	\$ 0.44	6.2%
SPE - Retail Sales	\$3.99	\$4.34	\$4.04	\$3.88	\$ 0.16	4.0%	\$ (0.30)	-6.9%
SPE - Duty Free	\$0.92	\$0.89	\$0.77	\$0.90	\$ (0.13)	-14.3%	\$ (0.12)	-13.6%
SPE - Personal Services	\$0.99	\$0.95	\$0.85	\$0.89	\$ (0.03)	-3.9%	\$ (0.10)	-10.2%
SPE - Airport Dining & Retail	\$13.25	\$13.35	\$13.27	\$12.97	\$0.30	2.3%	(\$0.07)	-0.6%

2019 Forecast vs. 2018 Actuals

- **Food & Beverage** – Strong sales in all new units in Central Terminal and North Satellite. Continuing operations near Central Terminal still beating sales expectations even after re-opening of Central Terminal Concourse
- **Retail Sales**–Convenience Retail strong YTD sales with help from hardstands and temporary operations
- **Personal Services** – Machine vending revenues (Sodexo) favorable as more machine vending options having been made available across all terminals
- **Duty Free**- Sales lagging due to increased Chinese enforcement of existing tariffs

Strong First half driven by Central Terminal and North Satellite Concessions

Airport Dining & Retail YE

Airport Dining & Retail <i>Org Basis (in 000's)</i>	2017	2018	2019	2019	Fav / (Unfav) Budget		Incr / (Decr)	
	Actual	Actual	Forecast	Budget	\$	%	Change from 2018	%
ADR Revenue								
Food & Beverage	21,579	23,132	23,917	23,780	137	0.6%	785	3.4%
Retail	13,989	17,005	17,268	15,445	1,823	11.8%	263	1.5%
Duty Free	6,912	7,026	6,290	7,497	(1,207)	-16.1%	(736)	-10.5%
Personal Services	3,728	3,951	3,744	3,785	(41)	-1.1%	(207)	-5.3%
Advertising	6,662	6,432	6,896	6,896	-	0.0%	464	7.2%
Space Rental - Terminal	1,292	1,351	1,320	1,385	(64)	-4.6%	(31)	-2.3%
All other revenue	449	125	432	697	(266)	-38.1%	307	246.3%
Total Airport Dining & Retail Revenue	54,611	59,022	59,866	59,484	382	0.6%	845	1.4%
Sales per Enplanement								
SPE - Food & Beverage	\$7.18	\$7.34	\$7.32	\$7.30	\$0.03	0.3%	(\$0.02)	-0.2%
SPE - Retail Sales	\$4.07	\$4.38	\$4.01	\$3.88	\$0.13	3.4%	(\$0.37)	-8.4%
SPE - Duty Free	\$0.91	\$0.83	\$0.75	\$0.90	(\$0.14)	-16.1%	(\$0.08)	-9.6%
SPE - Personal Services	\$0.95	\$0.94	\$0.88	\$0.89	(\$0.01)	-0.9%	(\$0.07)	-6.9%
SPE - Airport Dining & Retail	\$13.12	\$13.50	\$12.97	\$12.97	\$0.00	0.0%	(\$0.53)	-3.9%

2019 Forecast vs. 2018 Actuals

- **Food & Beverage** – YOY growth tracking with enplanements and strong performance by new Central Terminal and NSAT concessions, despite upcoming closures and delayed openings for Capitol Hill Food Hall and Village Pub
- **Retail Sales** – YOY growth moderate due to prior year sales peak from supplemental sales in “grab’n’go” food during restaurant closures. Steady growth is expected to continue.
- **Duty Free** – continued decline in DF sales attributed to Chinese enforcement of tariffs and SEA inability to offer premium goods due to existing space and placement limitations.

Strong year over year performance despite lagging Duty Free program

Commercial Properties YTD

Non-Aero Commercial Properties <i>Subclass Basis (in 000's)</i>	2017 YTD Actual	2018 YTD Actual	2019 Year to Date		Fav / (Unfav) 2019 Budget Variance		Incr / (Decr) from 2018 Actuals	
			Actuals	Budget	\$	%	\$	%
Revenue Source								
NEW DEVELOPMENT PARCELS								
DMCBP Land Rents - all (3) phases	314	772	789	787	2	0.3%	17	2.2%
DMCBP In Lieu - 7yr repayment schedule (Phase I & III)	147	218	256	256	-	0.0%	38	17.4%
DMCBP In Lieu - lump sum payment (Phase II)	5,434	-	-	-	-	-	-	-
Subtotal DMCBP:	5,895	990	1,045	1,042	2	0.2%	55	5.5%
NERA 2 Land Rent	-	47	134	134	0	0.0%	88	187.7%
NERA 3 Land Rent	-	127	367	367	0	0.0%	240	189.1%
Des Moines Creek North Land Rent	-	-	169	169	0	0.0%	169	100%
Subtotal New Development revenue:	5,895	1,164	1,715	1,713	2	0.1%	551	47.4%
In-Flight Kitchen Revenue	3,596	3,933	4,408	4,028	380	9.4%	475	12.1%
Burien NERA 3 FAA Pilot Program grant	162	1,276	-	-	-	-	(1,276)	-100.0%
All Other Commercial Properties Revenue	1,055	1,220	949	962	(13)	-1.3%	(271)	-22.2%
Non-Aero Commercial Properties Revenue:	10,708	7,593	7,072	6,703	369	5.5%	(521)	-6.9%

Key messages:

- In-Flight Meal Revenue growth continues to outpace the growth in enplanements.
- Non-Aero commercial real estate portfolio now stable, as construction is complete on most new development properties and occupancy is stable on existing properties.
- NERA grant program ended in mid-2018

Strong in flight meal revenues driving positive performance

Commercial Properties YE

Non-Aero Commercial Properties <i>Subclass Basis (in 000's)</i>	2017	2018	2019	2019	Fav / (Unfav)		Incr / (Decr) from	
	Actual	Actual	Forecast	Budget	2019 Budget		2018 Actuals	
Revenue Source					\$	%	\$	%
NEW DEVELOPMENT PARCELS								
DMCBP Land Rents - all (3) phases	1,079	1,556	1,573	1,573	0	0.0%	17	1.1%
DMCBP In Lieu - 7yr repayment schedule (Phase I & III)	445	482	522	522	-	0.0%	40	8.2%
DMCBP In Lieu - lump sum payment (Phase II)	5,434	-	-	-	-		-	
Subtotal DMCBP:	6,958	2,038	2,095	2,095	0	0.0%	57	2.8%
NERA 2 Land Rent	15	248	268	268	-	0.0%	20	8.3%
NERA 3 Land Rent	42	687	734	734	-	0.0%	47	6.8%
Des Moines Creek North Land Rent	-	90	593	593	-	0.0%	503	560.2%
Subtotal New Development revenue:	7,015	3,063	3,690	3,690	0	0.0%	627	20.5%
In-Flight Kitchen Revenue	7,827	8,705	9,709	8,634	1,075	12.5%	1,004	11.5%
Burien NERA 3 FAA Pilot Program grant	1,402	1,807	-	-	-		(1,807)	-100.0%
All Other Commercial Properties Revenue	1,798	1,859	2,072	1,896	177	9.3%	213	11.5%
Non-Aero Commercial Properties Revenue:	18,042	15,433	15,471	14,219	1,251	8.8%	37	0.2%

Key message:

- In-Flight Meal Revenue growth continues to outpace the growth in enplanements.
- Occupancy stable in all other Non-Aero Commercial Properties locations. Favorable variance due to one expected mid-year vacancy now delayed until later in the year.
- NERA grant program ended mid-2018

In-flight meal revenue growth continues to outpace enplanement growth

2019 Capital Expenditures

\$ in 000's Description	2019	2019	2019	Budget Variance	
	YTD Actual	Forecast	Budget	\$	%
International Arrivals Facility ⁽¹⁾	153,500	338,500	376,548	38,048	10.1%
NS NSAT Renov NSTS Lobbies ⁽²⁾	64,866	133,086	141,054	7,968	5.6%
Service Tunnel Renewal/Replace ⁽³⁾	5,083	11,083	15,000	3,917	26.1%
SSAT Renovation Project ⁽⁴⁾	(3,426)	(3,426)	100	3,526	3525.9%
Arc Flash Mitigation ⁽⁵⁾	29	189	3,636	3,448	94.8%
Fire Station - Westside ⁽⁶⁾	358	958	4,000	3,042	76.0%
Highline School Insulation ⁽⁷⁾	3	6,043	3,300	(2,743)	-83.1%
Electric Utility SCADA ⁽⁸⁾	6	406	2,800	2,394	85.5%
Parking Garage Elevators Modernization ⁽⁹⁾	157	1,317	3,590	2,273	63.3%
ASL Conversion at Checkpoints ⁽¹⁰⁾	536	1,536	3,400	1,864	54.8%
PLB Renew & Replace Phase 2 ⁽¹¹⁾	1,606	4,168	5,834	1,666	28.6%
Perimeter Intrusion Detect Sys ⁽¹²⁾	26	123	1,775	1,652	93.1%
RCF Pavement Remediation ⁽¹³⁾	173	3,573	5,200	1,627	31.3%
All Other	57,206	162,257	201,494	39,237	19.5%
Total Spending	280,124	659,813	767,732	107,919	14.1%

- (1) The Design Builder construction in place has lagged behind projections, primarily because of steel fabrication delays and overall manpower shortages.
- (2) One month lag on construction invoicing is contributing to positive variance.
- (3) Original estimate assumed traffic management change order was to be implemented which has not yet occurred. Estimate did not account for decrease in spending as work in the main garage is completed.
- (4) Project cancelled.
- (5) Design delays have deferred construction start to 2020.
- (6) A change in delivery method from two major works contracts to one contract has resulted in delaying the construction to start in Q1 2020.
- (7) FAA issued a grant, issuance of grant accelerated projected cash flows for the two schools.
- (8) Project delayed to address design deficiencies and additional scope.
- (9) Elevator shafts and vestibules are being delayed until 2020 construction season due to design delays and weather windows.
- (10) Work delays are due to the lack of electrical contracting and sprinkler damage delays with CP2/CP3.
- (11) Two bridges are pushed out from 2019 to 2020 due to gate S12 PLB failure. Payments to suppliers are later than forecasted.
- (12) RFP Took longer than originally anticipated to get off the ground.
- (13) Original estimate prepared prior to scope revision for fencing that delayed construction two months.

YTD spending variances primarily due to delayed Capex spending

SAMP Overview

YTD Summary	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (Unfav)		Inc (Decr)	
					2019 Budget Variance		Change from 2018	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
SAMP Completion & Transition to Env Review	100	161	99	120	21	17.5%	(62)	-38.5%
Adv Planning IDIQ - Master Plan	0	1,296	1,895	2,325	430	18.5%	599	46.2%
Environmental Review - Master Plan	47	0	127	800	672	84.1%	127	N/A
SAMP Utilities Master Plan	0	0	540	800	260	32.5%	540	N/A
Total SAMP-Related Spending	147	1,457	2,661	4,045	1,383	34.2%	1,204	82.7%

Annual Forecast	2017	2018	Year-End Projection		Fav (Unfav)		Inc (Decr)	
			2019	2019	2019 Budget Variance		Change from 2018	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
SAMP Completion & Transition to Env Review	1,335	462	300	300	0	0.0%	(162)	-35.1%
Adv Planning IDIQ - Master Plan	1,141	3,905	4,650	4,650	0	0.0%	745	19.1%
Environmental Review - Master Plan	169	521	1,250	1,600	350	21.9%	729	139.9%
SAMP Utilities Master Plan	276	459	2,000	2,000	0	0.0%	1,541	335.7%
Total SAMP-Related Spending	2,921	5,347	8,200	8,550	350	4.1%	2,853	53.4%

YTD timing delay in Environmental Review and Advanced Planning

Maritime Division Appendix



Maritime 2019 Financial Summary

	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2018	
\$ in 000's					\$	%	\$	%
Ship Canal Fishing & Operations	1,456	1,610	2,004	2,010	(6)	0%	394	24%
Elliott Bay Fishing & Commercial Oper	2,984	3,012	3,067	2,961	105	4%	55	2%
Recreational Boating	5,438	6,068	6,228	6,358	(131)	-2%	160	3%
Cruise	6,325	6,806	8,473	9,114	(641)	-7%	1,668	25%
Bulk	3,042	3,123	2,567	2,423	144	6%	(556)	-18%
Maritime Portfolio Management	5,267	5,628	5,019	5,052	(33)	-1%	(609)	-11%
Other	14	11	10	0	10	NA	(1)	-8%
Total Revenue	24,525	26,257	27,368	27,918	(550)	-2%	1,110	4%
Expenses								
Ship Canal Fishing & Operations	1,021	1,183	1,227	1,493	266	18%	44	4%
Elliott Bay Fishing & Commercial Op	1,289	1,315	1,202	1,407	205	15%	(113)	-9%
Rec Boating	1,857	1,952	2,027	2,312	285	12%	75	4%
Cruise	427	1,136	998	2,307	1,309	57%	(138)	-12%
Other Maritime	221	365	280	270	(11)	-4%	(85)	-23%
Maintenance Expenses	4,658	5,576	5,521	6,227	706	11%	(55)	-1%
Portfolio Management	1,770	2,031	2,136	2,402	266	11%	105	5%
Other ED Expenses	353	320	232	356	123	35%	(87)	-27%
Total Maritime & EDD expenses	11,595	13,878	13,624	16,773	3,149	19%	(254)	-2%
Enviromental & Sustainability	598	519	1,082	1,294	212	16%	563	108%
CDD Expenses	419	437	415	420	5	1%	(22)	-5%
Police Expenses	1,889	2,169	1,988	2,240	252	11%	(181)	-8%
Other Central Services	4,725	4,707	5,055	5,461	406	7%	349	7%
Aviation Division	93	105	135	107	(28)	-26%	30	28%
Total Central Services & Aviation	7,724	7,937	8,675	9,522	847	9%	738	9%
Envir Remed Liability	371	(99)	11	0	(11)	NA	110	-111%
Total Expense	19,690	21,716	22,310	26,295	3,985	15%	594	3%
NOI Before Depreciation	4,835	4,541	5,058	1,623	3,435	212%	516	11%
Depreciation	8,442	8,823	8,911	8,804	(107)	-1%	88	1%
NOI After Depreciation	(3,606)	(4,281)	(3,853)	(7,181)	3,328	46%	429	10%

YTD NOI 11% higher than 2018

Maritime 2019 Business Line Financials

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\$ in 000's	YTD	YTD	YTD	YTD	Fav(UnFav)	Bud Var	Incr/(Decr)	Chg fr Prior Year	Total Year
	Actual	Actual	Actual	Budget	\$	%	\$	%	Budget
	2017	2018	2019	2019					2019
<u>Cruise</u>									
Revenue	6,325	6,806	8,473	9,114	(641)	-7.03%	1,667	24.49%	22,406
Expense	3,495	4,712	5,257	6,194	937	15.13%	545	11.57%	12,017
NOI Before Depreciation	2,830	2,094	3,216	2,920	296	10.14%	1,122	53.58%	10,389
Depreciation Expense	2,627	3,201	3,211	2,994	(217)	-7.25%	10	0.31%	5,986
NOI After Depreciation	203	(1,107)	5	(74)	79	106.76%	1,112	100.45%	4,403
<u>Rec Boating</u>									
Revenue	5,438	6,068	6,228	6,358	(130)	-2.04%	160	2.64%	12,794
Expense	4,647	5,085	5,183	6,095	912	14.96%	98	1.93%	11,750
NOI Before Depreciation	791	983	1,045	263	782	297.34%	62	6.31%	1,044
Depreciation Expense	1,592	1,459	1,378	1,363	(15)	-1.10%	(81)	-5.55%	2,727
NOI After Depreciation	(801)	(476)	(333)	(1,100)	767	69.73%	143	30.04%	(1,683)
<u>Maritime Portfolio</u>									
Revenue	5,267	5,628	5,019	5,052	(33)	-0.65%	(609)	-10.82%	10,328
Expense	5,155	5,237	5,454	6,277	823	13.11%	217	4.14%	11,982
NOI Before Depreciation	112	391	(435)	(1,225)	790	64.49%	(826)	-211.25%	(1,654)
Depreciation Expense	1,335	1,361	1,279	1,249	(30)	-2.40%	(82)	-6.02%	2,502
NOI After Depreciation	(1,223)	(970)	(1,714)	(2,474)	760	30.72%	(744)	-76.70%	(4,156)
<u>Ship Canal Fishing & Operations</u>									
Revenue	1,456	1,610	2,004	2,010	(6)	-0.30%	394	24.49%	4,021
Expense	2,614	2,758	2,805	3,225	420	14.98%	46	1.68%	6,319
NOI Before Depreciation	(1,159)	(1,148)	(800)	(1,215)	414	51.74%	348	30.30%	(2,298)
Depreciation Expense	830	821	1,089	1,184	96	8.80%	268	32.65%	2,370
NOI After Depreciation	(1,989)	(1,969)	(1,889)	(2,399)	510	26.99%	80	4.06%	(4,668)

Maritime 2019 Business Line Financials

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\$ in 000's	YTD	YTD	YTD	YTD	Fav(UnFav) Bud Var		Incr/(Decr) Chg fr Prior Year		Total Year Budget
	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>	Budget <u>2019</u>	\$	%	\$	%	
<u>Elliott Bay Fishing & Commercial Operations</u>									
Revenue	2,984	3,012	3,067	2,961	105	3.44%	55	1.81%	5,927
Expense	2,735	2,999	2,552	3,244	691	27.09%	(447)	-14.90%	6,195
NOI Before Depreciation	249	13	515	(282)	797	NA	501	3799.04%	(269)
Depreciation Expense	1,775	1,676	1,671	1,735	64	3.80%	(5)	-0.27%	3,471
NOI After Depreciation	(1,527)	(1,663)	(1,157)	(2,017)	860	74.37%	506	-30.43%	(3,739)
<u>Bulk/Grain Terminal</u>									
Revenue	3,042	3,123	2,567	2,423	144	5.94%	(556)	-17.80%	4,254
Expense	653	874	830	889	59	6.64%	(44)	-5.03%	1,810
NOI Before Depreciation	2,389	2,249	1,737	1,534	203	13.23%	(512)	-22.77%	2,444
Depreciation Expense	279	298	275	272	(3)	-1.10%	(23)	-7.72%	543
NOI After Depreciation	2,110	1,951	1,462	1,262	200	15.85%	(489)	-25.06%	1,901
<u>Other</u>									
Revenue	14	11	10	0	10	NA	(1)	-9.09%	0
Expense	391	50	229	372	143	38.44%	179	358.00%	748
NOI Before Depreciation	(377)	(39)	(219)	(372)	153	41.13%	(180)	-461.54%	(748)
Depreciation Expense	3	7	7	7	0	0.00%	0	NA	14
NOI After Depreciation	(380)	(46)	(226)	(379)	153	40.37%	(180)	-391.30%	(762)
<u>Total Maritime</u>									
Revenue	24,525	26,257	27,368	27,918	(550)	-1.97%	1,111	4.23%	59,729
Expense	19,690	21,716	22,310	26,295	3,985	15.15%	594	2.74%	50,822
NOI Before Depreciation	4,835	4,541	5,058	1,623	3,435	211.65%	517	11.39%	8,907
Depreciation Expense	8,442	8,823	8,911	8,804	(107)	-1.22%	88	1.00%	17,613
NOI After Depreciation	(3,607)	(4,282)	(3,853)	(7,181)	3,328	46.34%	429	10.02%	(8,706)

Maritime Capital 2019

\$ in 000's	2019 YTD	2019	2019	Budget Variance	
	Actual	Forecast	Budget	\$	%
Small Projects	748	2,717	3,954	1,237	31%
SBM Restrms/Service Bldgs Rep	62	2,721	2,920	199	7%
Contingency Renewal & Replace.	0	2,000	2,000	0	0%
MD Fleet 2019	0	1,429	1,818	389	21%
Cruise Terminal Tenant Improv	13	1,370	1,370	0	0%
T117 Restoration	99	579	1,040	461	44%
FT Docs 3,4,5 Fixed Pier	173	637	600	(37)	-6%
New Cruise Terminal	160	1,060	600	(460)	-77%
SBM Paving	27	725	596	(129)	-22%
Maritime Technology Projects	26	176	450	274	61%
Marina Mgt Sys Replacement	63	163	426	263	62%
All Other Projects	508	1,528	1,864	336	18%
Total Maritime	1,879	15,105	17,638	2,533	14%

Small Projects – Numerous projects within CIP are under feasibility discussions to either cancel or defer spending into 2020.

T117 Restoration – Schedule delayed due to delay in Trustee negotiation.

New Cruise Terminal - A site for the new cruise terminal became available sooner than expected. Design development proceeding earlier than anticipated.

SBM Paving – Construction delayed due to re-evaluation of project scope after bids received 33% over Engineer's estimate. Contract award expected in Q3 2019.

Marina Management System – Project on hold as Vendor unable to meet security requirements.

Schedule delays driving underspend vs. to budget

Stormwater Utility

	2017 YTD Actual	2018 YTD Actual	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018		Total Year Budget
			Actual	Budget	\$	%	\$	%	
\$ in 000's									
Revenue									
NWSA	1,919	2,097	2,227	2,282	(55)	-2%	130	6%	3,995
Tenants Revenue	496	561	617	562	55	10%	57	10%	507
Non-tenants Revenue	56	49	53	53	(0)	0%	4	8%	1,293
Total Revenues	2,471	2,707	2,897	2,897	0	0%	191	7%	5,795
Expenses									
SWU Direct	263	394	336	510	(174)	-34%	(58)	-15%	1,052
Maintenance Expenses	1,125	1,669	1,525	1,461	63	4%	(144)	-9%	2,933
EDD Expenses	10	4	17	25	(8)	-34%	13	314%	50
Environmental & Sustainability	260	103	180	129	51	40%	77	74%	268
Capital Development Expenses	24	7	14	26	(12)	-47%	7	90%	70
Other Central Service Expenses	39	76	90	72	18	26%	14	19%	-
Total Expenses	1,720	2,253	2,161	2,223	(62)	-3%	(92)	-4%	4,373
NOI Before Depreciation	751	241	500	357	143	40%	259	107%	
Depreciation	498	548	599	551	49	9%	51	9%	1,108
NOI After Depreciation	253	(307)	(99)	(194)	94	-49%	208	-68%	(1,108)

Crews have assessed 80% of the system, rehabilitated 17.4%, completed 19 repairs, and installed 5 tide gates so far in 2019.

SWU tracking to budget

Economic Development Division Appendix



EDD 2019 YTD Financial Detail

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Revenue	4,182	4,577	4,421	4,414	7	0%	(156)	-3%
Conf & Event Centers	3,545	5,188	5,963	5,604	360	6%	775	15%
Total Revenue	7,727	9,765	10,384	10,017	367	4%	619	6%
Expenses								
Portfolio Management	2,050	1,952	1,922	2,156	234	11%	(30)	-2%
Conf & Event Centers	3,660	4,306	4,833	4,687	(146)	-3%	526	12%
P69 Facilities Expenses	96	114	92	115	23	20%	(22)	-20%
RE Dev & Planning	120	74	48	98	49	51%	(26)	-35%
EconDev Expenses Other	396	473	352	644	292	45%	(121)	-26%
Maintenance Expenses	1,492	1,996	1,563	2,160	597	28%	(433)	-22%
Maritime Expenses (Excl Maint)	24	77	72	196	124	63%	(5)	-6%
Total EDD & Maritime Expenses	7,838	8,992	8,882	10,055	1,174	12%	(111)	-1%
Diversity in Contracting	26	37	99	106	7	7%	62	169%
Workforce Development	228	228	474	959	485	51%	246	108%
Tourism	514	620	526	761	235	31%	(94)	-15%
EDD Grants	427	28	(4)	580	584	101%	(32)	-112%
Total EDD Initiatives	1,195	912	1,095	2,406	1,311	54%	183	20%
Environmental & Sustainability	130	121	173	193	20	10%	52	43%
CDD Expenses	200	139	148	120	(28)	-23%	9	6%
Police Expenses	85	81	101	114	13	12%	20	24%
Other Central Services	2,551	2,555	2,520	2,719	199	7%	(35)	-1%
Aviation Division	69	79	54	80	27	33%	(26)	-32%
Total Central Services & Aviation	3,034	2,976	2,995	3,226	231	7%	20	1%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	12,067	12,880	12,972	15,688	2,716	17%	92	1%
NOI Before Depreciation	(4,340)	(3,115)	(2,588)	(5,670)	3,082	54%	527	17%
Depreciation	1,860	1,999	1,859	1,908	50	3%	(141)	-7%
NOI After Depreciation	(6,201)	(5,114)	(4,447)	(7,579)	3,132	41%	668	13%

Flat spending YTD over 2018

EDD Capital 2019

\$ in 000's	2019 YTD	2019	2019	Budget Variance	
	Actual	Forecast	Budget	\$	%
Tenant Improvements -Capital	0	1,023	1,012	(11)	-1%
RE: Contingency Renew.&Replace	0	1,000	1,000	0	0%
Small Projects	74	499	750	251	33%
BHICC Interior Modernization	523	750	750	0	0%
P66 HVAC Systems Upgrade	266	666	690	24	3%
T91 Upland PreDevelopment	53	203	625	422	68%
P69 Commission Chamber Refresh	258	258	301	43	14%
P69 Solar Panel System	266	266	300	34	11%
EDD Technology Projects	0	170	250	80	32%
Fleet Replacement	0	30	30	0	0%
Other Projects	4	115	5	(110)	-2200%
Total Economic Development	1,444	4,980	5,713	733	13%

Tenant Improvements - Capital – Leases forecasted to expire will be renewed and require additional capital investment.

Small Projects – Upland Garage EV Charging Station project was cancelled by project sponsor for 2019. Project feasibility for 2020 under discussion.

T-91 Upland Industrial – Spending less in 2019 with more spending to occur in 2020 and 2021.

Prioritization and project delays

Central Services Appendix



Central Services Financial Summary

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Operating Revenues	82	81	331	56	275	488.2%	250	308.5%
Core Central Support Services	34,692	36,661	37,576	40,544	2,968	7.3%	915	2.5%
Police	11,378	13,188	13,997	15,416	1,419	9.2%	809	6.1%
Capital Development	7,763	7,733	8,155	9,489	1,334	14.1%	422	5.5%
Environment & Sustainability	3,347	2,954	4,551	5,857	1,306	22.3%	1,597	54.1%
Total Operating Expenses	57,181	60,536	64,279	71,305	7,026	9.9%	3,743	6.2%

Operating expenses were \$7.0M favorable to budget in Q2 2019

Central Services Expense by Category

\$ in 000's	2017 YTD	2018 YTD	2019 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2018	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	34,654	38,558	40,329	41,669	1,341	3.2%	1,770	4.6%
Wages & Benefits	10,679	12,360	13,323	14,156	833	5.9%	963	7.8%
Payroll to Capital Projects	11,207	10,897	11,176	13,656	2,480	18.2%	279	2.6%
Equipment Expense	1,230	1,193	1,005	1,172	168	14.3%	(188)	-15.8%
Supplies & Stock	493	589	487	617	130	21.1%	(102)	-17.3%
Outside Services	13,311	14,340	15,374	20,586	5,211	25.3%	1,034	7.2%
Travel & Other Employee Exps	1,188	1,199	1,203	1,969	766	38.9%	4	0.3%
Insurance Expense	1,167	1,079	1,117	1,150	33	2.9%	38	3.5%
Litigated Injuries & Damages	838	(82)	-	-	-	0.0%	82	-100.0%
Other	1,102	1,036	1,837	1,712	(125)	-7.3%	801	77.3%
Charge to Capital/Overhead Alloc	(18,688)	(20,633)	(21,572)	(25,383)	(3,811)	15.0%	939	4.6%
Total	57,181	60,536	64,279	71,305	7,026	9.9%	3,743	6.2%

- Payroll savings due to staff vacancies.
- Outside Services favorable budget variance are largely due to lower spending and project delays.
- Charge to Capital was lower than budget due to delay of some capital projects.

Most of the budget savings came from payroll and outside services

Central Service YE Financial Forecast

\$ in 000's	2017	2018	2019	2019	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Budget Variance		Change from 2018	
					\$	%	\$	%
Total Operating Revenues	68	(500)	498	185	313	169.2%	998	-199.5%
Core Central Support Services	71,071	73,576	81,157	82,710	1,552	1.9%	7,581	10.3%
Police	22,095	23,908	29,578	30,778	1,200	3.9%	5,670	23.7%
Capital Development	17,370	15,501	16,227	18,628	2,401	12.9%	726	4.7%
Environment & Sustainability	6,975	8,770	12,101	13,224	1,123	8.5%	3,331	38.0%
Total Operating Expenses	117,511	121,755	139,064	145,339	6,276	4.3%	17,308	14.2%

Expect a \$6.3M favorable budget variance for 2019

Central Services Capital Spending

\$ in 000's	2019 YTD	2019	2019	Budget Variance	
	Actual	Forecast	Budget	\$	%
Infrastructure - Small Cap	433	1,500	1,500	0	0.0%
Services Tech - Small Cap	176	600	1,000	400	40.0%
PeopleSoft Financials Upgrade	809	1,575	1,575	0	0.0%
Radio System Upgrade	1,511	5,311	9,140	3,829	41.9%
Police Records Mgmt System	0	300	800	500	62.5%
New Budget System	0	500	600	100	16.7%
Office Wi-Fi Refresh	0	250	500	250	50.0%
Maximo Upgrade	0	30	500	470	94.0%
STIA Network Redundancy	0	750	900	150	16.7%
Fiber Channel	0	350	600	250	41.7%
Phone System Upgrade	0	300	1,400	1,100	78.6%
Customer Relationship Mgmt	0	400	0	(400)	n/a
CDD Fleet Replacement	125	1,149	1,439	290	20.2%
Corporate Fleet Replacement	212	212	1,328	1,116	84.0%
Other (note 1)	462	1,617	2,086	469	22.5%
TOTAL	3,728	14,844	23,368	8,524	36.5%

Note:

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

YTD spending variances primarily due to delayed spending