



PORT OF SEATTLE

2022 FINANCIAL PERFORMANCE REPORT

AS OF DECEMBER 31, 2022

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

I. PORTWIDE

EXECUTIVE SUMMARY

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

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

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

PORTWIDE FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Actual vs. Budget Variance		Change from 2021	
					\$	%	\$	%
\$ in 000's								
Aeronautical Revenues	297,909	317,513	402,540	394,963	7,578	1.9%	85,028	26.8%
Airport Non-Aero Revenues	116,473	183,819	256,613	240,820	15,793	6.6%	72,794	39.6%
Non-Airport Revenues	96,446	120,689	150,977	131,072	19,905	15.2%	30,288	25.1%
Total Operating Revenues	510,828	622,020	810,130	766,854	43,276	5.6%	188,110	30.2%
Total O&M Expenses w/o Pension True-up	425,904	422,372	491,377	499,146	7,769	1.6%	69,005	16.3%
DRS Pension True-up Exp	(17,223)	(57,716)	(15,638)	-	15,638	0.0%	42,078	-72.9%
Total O&M Expenses with Pension True-up	408,681	364,656	475,739	499,146	23,407	4.7%	111,083	30.5%
Depreciation	180,086	190,683	232,236	196,757	(35,479)	-18.0%	41,553	21.8%
NOI After Depreciation w/o Pension True-up	(95,163)	8,965	86,517	70,952	15,565	21.9%	77,552	865.0%
NOI After Depreciation with Pension True-up	(77,939)	66,681	102,155	70,952	31,203	44.0%	35,474	53.2%

2022 Actuals vs. 2022 Budget

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

2022 Actuals vs. 2021 Actuals

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

NON-AIRPORT FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Actual vs. Budget		Change from 2021	
					\$	%	\$	%
\$ in 000's								
NWSA Distributable Revenue	38,782	55,998	55,353	49,440	5,913	12.0%	(645)	-1.2%
Maritime Revenues	42,111	48,331	71,534	59,137	12,397	21.0%	23,204	48.0%
EDD Revenues	9,470	9,294	17,799	18,769	(970)	-5.2%	8,505	91.5%
SWU & Other	6,083	7,066	6,291	3,725	2,566	68.9%	(776)	-11.0%
Total Operating Revenues	96,446	120,689	150,977	131,072	19,905	15.2%	30,288	25.1%
Total O&M Expenses w/o Pension True-up	82,117	80,693	96,387	101,524	5,137	5.1%	15,694	19.4%
DRS Pension True-up Exp	(3,116)	(10,254)	(3,351)	-	3,351	0.0%	6,902	-67.3%
Total O&M Expenses with Pension True-up	79,001	70,439	93,036	101,524	8,488	8.4%	22,596	32.1%
Depreciation	37,674	37,841	37,994	37,485	(509)	-1.4%	153	0.4%
NOI After Depreciation w/o Pension True-up	(23,346)	2,155	16,596	(7,937)	24,533	-309.1%	14,441	670.1%
NOI After Depreciation with Pension True-up	(20,230)	12,409	19,948	(7,937)	27,884	-351.3%	7,539	60.8%

2022 Actuals vs. 2022 Budget

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

2022 Actuals vs. 2021 Actuals

- Non-airport operating revenues were \$30.3M higher compared to 2021 because of higher revenues from Cruise, Conference & Event Centers, and unbudgeted police forfeitures; partially offset by lower Grain and NWSA Distributable Revenue.
- Non-airport expenses w/o Pension Credit were \$15.7M higher than 2021 due to higher payroll, contract spending, and Utilities.

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

MAJOR OPERATING REVENUES SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr)	
	Actual	Actual	Actual	Budget	\$	%	Change from 2021 \$	%
\$ in 000's								
Aeronautical Revenues	297,909	317,513	402,540	394,963	7,578	1.9%	85,028	26.8%
Public Parking	34,502	64,104	88,899	81,028	7,871	9.7%	24,795	38.7%
Rental Cars - Operations	16,637	32,722	44,302	36,026	8,276	23.0%	11,580	35.4%
Rental Cars - Operating CFC	-	2,018	12,171	16,112	(3,942)	-24.5%	10,153	503.1%
ADR & Terminal Leased Space	31,234	41,607	43,126	45,164	(2,037)	-4.5%	1,519	3.7%
Ground Transportation	6,557	11,947	20,804	18,242	2,562	14.0%	8,858	74.1%
Employee Parking	8,848	9,006	10,645	10,472	173	1.7%	1,639	18.2%
Airport Commercial Properties	10,766	12,520	16,747	15,371	1,376	9.0%	4,227	33.8%
Airport Utilities	5,672	6,350	7,943	7,765	178	2.3%	1,593	25.1%
Clubs and Lounges	2,043	3,478	8,688	8,972	(284)	-3.2%	5,210	149.8%
Cruise	3,824	9,517	30,469	20,574	9,895	48.1%	20,952	220.1%
Recreational Boating	12,611	12,851	13,978	13,731	247	1.8%	1,127	8.8%
Fishing & Operations	10,456	9,859	10,566	8,928	1,638	18.3%	708	7.2%
Grain	5,142	6,112	5,792	5,900	(108)	-1.8%	(321)	-5.2%
Maritime Portfolio Management	10,074	10,392	10,550	9,986	565	5.7%	158	1.5%
Central Harbor Management	7,791	7,561	8,791	8,431	360	4.3%	1,231	16.3%
Conference & Event Centers	1,662	1,910	8,914	10,299	(1,385)	-13.5%	7,004	366.7%
NWSA Distributable Revenue	38,782	55,998	55,353	49,440	5,913	12.0%	(645)	-1.2%
Other	6,318	6,555	9,851	5,451	4,400	80.7%	3,296	50.3%
Total Operating Revenues (w/o Aero)	212,919	304,507	407,590	371,892	35,698	9.6%	103,082	33.9%
TOTAL	510,828	622,020	810,130	766,854	43,276	5.6%	188,110	30.2%

MAJOR OPERATING EXPENSES SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr)	
	Actual	Actual	Actual	Budget	\$	%	Change from 2021 \$	%
\$ in 000's								
Salaries & Benefits	147,623	144,953	159,305	161,106	1,801	1.1%	14,352	9.9%
Wages & Benefits	137,054	134,738	146,887	142,787	(4,100)	-2.9%	12,149	9.0%
Payroll to Capital Projects	29,759	28,979	27,020	38,797	11,777	30.4%	(1,959)	-6.8%
Outside Services	103,637	99,482	116,790	147,647	30,857	20.9%	17,308	17.4%
Utilities	22,017	26,236	31,202	29,024	(2,178)	-7.5%	4,967	18.9%
Equipment Expense	10,331	6,863	12,477	10,914	(1,563)	-14.3%	5,614	81.8%
Supplies & Stock	9,894	9,368	11,549	9,403	(2,147)	-22.8%	2,181	23.3%
Travel & Other Employee Expenses	2,764	2,031	4,400	5,673	1,273	22.4%	2,369	116.6%
Third Party Mgmt Op Exp	5,201	4,994	8,985	12,300	3,316	27.0%	3,991	79.9%
B&O Taxes	3,332	4,120	5,406	5,295	(111)	-2.1%	1,286	31.2%
Other Expenses	11,806	15,640	21,475	16,750	(4,725)	-28.2%	5,836	37.3%
Charges to Capital Projects/Overhead Alloc	(57,515)	(55,031)	(54,120)	(80,550)	(26,430)	32.8%	912	-1.7%
TOTAL w/o DRS Pension True-up	425,904	422,372	491,377	499,146	7,769	1.6%	69,005	16.3%
DRS Pension True-up Credit	(17,223)	(57,716)	(15,638)	-	15,638	0.0%	42,078	-72.9%
TOTAL w/ DRS Pension True-up	408,681	364,656	475,739	499,146	23,407	4.7%	111,083	30.5%

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

PORTWIDE COMPREHENSIVE FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Explanation
	Actual	Actual	Actual	Budget	\$	%	
(\$ in 000's)							
Revenues							
1. Operating Revenues	510,828	622,020	810,130	766,854	43,276	5.6%	
2. Tax Levy	76,196	78,311	80,785	81,037	(251)	-0.3%	In line with budget
3. PFCs	34,637	72,845	88,284	90,521	(2,237)	-2.5%	Lower enplanements than budget
4. CFCs	15,429	24,271	24,461	24,411	51	0.2%	In line with budget
5. Fuel Hydrant	6,886	7,010	7,451	7,022	429	6.1%	Due to higher assessed land value
6. Non-Capital Grants & Donations	149,913	105,988	156,546	130,345	26,200	20.1%	More federal grants than budgeted
7. Capital Contributions	20,909	47,632	38,116	39,121	(1,005)	-2.6%	In line with budget
8. Interest Income	41,406	(5,386)	(50,735)	10,928	(61,663)	-564.3%	Due to unrealized loss on investments
Total	856,203	952,693	1,155,038	1,150,239	4,799	0.4%	
Expenses							
1. O&M Expense	425,904	422,372	491,377	499,146	7,769	1.6%	
2. DRS Pension True-up Credit	(17,223)	(57,716)	(15,638)	-	15,638	0.0%	Unbudgeted DRS pension credit
3. Depreciation	180,086	190,683	232,236	196,757	(35,479)	-18.0%	More new assets came into service
4. Revenue Bond Interest Expense	133,149	132,925	140,838	154,036	13,198	8.6%	Lower rates and issuance costs than budgeted
5. GO Bond Interest Expense	11,850	11,004	11,877	14,701	2,824	19.2%	Lower rates and issuance costs than budgeted
6. Public Expense	6,658	9,769	8,282	14,073	5,791	41.1%	Due to delay of West Seattle Bridge payment
7. Non-Op Environmental Expense	5,971	7,495	1,296	10,700	9,404	87.9%	Due to project delays
8. Other Non-Op Rev/Expense	24,704	21,201	60,159	2,247	(57,911)	-2577.1%	Due to retirement & loss of sale of assets
Total	771,098	737,734	930,426	891,660	(38,766)	-4.3%	
Special Item	-	34,907	-	-	-	0.0%	
Change In Net Assets	85,105	180,053	224,612	258,579	(33,967)	-13.1%	

KEY PERFORMANCE METRICS

	2021	2022	2022	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Budget	Chg.	%	Chg.	%
Total Passengers (in 000's)	36,154	45,964	48,517	(2,553)	-5.3%	9,810	27.1%
Landed Weight (lbs. in millions)	26,584	29,079	29,448	(370)	-1.3%	2,495	9.4%
Passenger CPE (in \$)	15.93	16.09	14.82	(1.27)	-8.5%	0.16	1.0%
Grain Volume (metric tons in 000's)	4,720	4,391	4,500	(109)	-2.4%	(330)	-7.0%
Cruise Passenger (in 000's)	229	1,249	907	342	37.7%	1,019	445.1%
Shilshole Bay Marina Occupancy	94.5%	98.1%	96.3%	1.8%	1.9%	3.6%	3.8%

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

COMMUNITY PROGRAMS

Program (\$ in \$000)	2021 Actual	2022 Actual	2022 Budget	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
				\$	%	\$	%
1) Energy & Sustainability Fund *	160	35	160	125	78.0%	(125)	-78.1%
2) Airport Community Ecology (ACE) Fund *	154	89	135	46	34.1%	(65)	-42.2%
3) South King County Community Impact Fund (SKCCIF)* ¹	848	1,111	2,195	1,084	49.4%	262	30.9%
4) Duwamish Valley Community Equity Program ²	304	545	387	(158)	-40.7%	241	79.4%
5) EDD Partnership Grants	771	102	1,200	1,098	91.5%	(669)	-86.7%
6) Tourism Marketing Support Program	1,917	1,743	1,750	8	0.4%	(175)	-9.1%
7) Airport Spotlight Ad Program ^{3&4}	269	322	466	145	31.0%	52	19.4%
8) City of SeaTac Community Relief ^{*3}	1,400	1,400	1,400	-	0.0%	-	0.0%
9) Maritime Blue (formerly Maritime Innovation Center)	118	145	150	5	3.3%	27	22.5%
10) Workforce Development ⁵	4,031	3,122	4,390	1,268	28.9%	(908)	-22.5%
a. Youth Career Launch Program (formerly OYI)	1,721	3	1,000	997	99.7%	(1,719)	-99.8%
11) High School Internship Program	317	317	496	179	36.1%		0.1%
12) Diversity in Contracting ⁵	1,092	1,382	1,836	454	24.7%	290	26.5%
a. Small Bus. Accelerator (DIC) ⁶	243	188	250	63	25.0%	(55)	-22.7%
13) Equity, Diversity & Inclusion ⁵	1,149	1,284	1,366	82	6.0%	135	11.7%
14) Sustainable Aviation Fuels & Air Emissions Program	-	116	200	84	41.9%	116	n/a
15) Low Carbon Fuel Standard Support	87	29	110	81	73.5%	(58)	-66.4%
16) Sustainable Eco-Tourism Conference ⁷	-	75	75	-	0.0%	75	n/a
17) Regional Small Business Partnerships	-	-	150	150	100.0%	-	n/a
TOTAL w/o DRS Pension True-up Credit	12,375	11,554	16,142	4,589	28.4%	(821)	-6.6%
DRS Pension Credit True Up	(532)	(218)	-	218	n/a	314	-59.0%
TOTAL w/ DRS Pension True-up Credit	11,843	11,336	16,142	4,806	29.8%	(507)	-4.3%

Notes:

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

KEY BUSINESS EVENTS

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

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

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

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

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

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

CAPITAL SPENDING SUMMARY

\$ in 000's	2022	2022	2022	Budget Variance	
	Actual	Budget	POF	\$	%
Aviation	311,631	527,917	514,812	216,286	41.0%
Maritime	12,097	23,521	23,408	11,424	48.6%
Economic Development	8,987	10,483	10,515	1,496	14.3%
Central Services & Other (note 1)	6,998	12,889	11,013	5,891	45.7%
TOTAL	339,713	574,810	559,748	235,097	40.9%

Note:

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

Total capital spending was \$339.7M for 2022, \$235.1M lower than the budget mainly due to spending delays due to IAF opening delay, SEA Gateway, and Baggage Optimization projects.

PORTWIDE INVESTMENT PORTFOLIO

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

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

II. AVIATION DIVISION

FINANCIAL SUMMARY

Financial Summary (S in 000's)	2020	2021	2022		Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Revenue								
Aeronautical Revenues	297,909	317,513	402,540	394,963	7,578	1.9%	85,028	26.8%
Non-Aeronautical Revenues	116,473	183,819	256,613	240,820	15,793	6.6%	72,794	39.6%
Total Operating Revenues	414,382	501,332	659,153	635,783	23,370	3.7%	157,822	31.5%
Total O&M Expenses w/o Pension True-up	343,787	341,679	394,990	397,622	2,632	0.7%	53,311	15.6%
DRS Pension True-up Exp	(14,107)	(47,462)	(12,286)		12,286		35,176	-74.1%
Total O&M Expenses with Pension True-up	329,680	294,217	382,704	397,622	14,919	3.8%	88,487	30.1%
Net Operating Income with Pension True-up	84,702	207,114	276,449	238,160	38,289	16.1%	69,335	33.5%
CPE	26.50	15.93	16.09	14.82	(1.27)	-8.5%	0.15	1.0%
Non-Aero NOI (\$ in 000s)	93,175	131,145	131,145	106,940	24,205	22.6%	-	0.0%
Enplaned passengers (in 000s)	10,037	18,073	22,966	24,259	(1,292)	-5.3%	4,893	27.1%
Capital Expenditures (in 000s)	504,073	389,051	311,631	527,917	216,286	41.0%	(77,420)	-19.9%

2022 Actual vs. 2022 Budget

- Net Operating Income (NOI) is (\$38.3M or 16.1%) favorable to the budget, driven by:
 - Higher Aeronautical revenue (\$7.6M or 1.9%) due to grants of \$68M and a pension credit of approximately \$2.8M which offset Aeronautical costs in 2022.
 - Non-Aeronautical revenue is (\$15.8M or 6.6%) favorable. Landside revenues continues to recover strongly. Landside revenue continues to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers. Concessions still required Federal Relief of \$19.5M.
 - Total Operating Expenses are (\$15M or 3.8%) favorable driven primarily by the pension credit of \$12.3M to Aviation. Without the pension credit, operating expenses are (\$2.6M or .7%) favorable.

2022 Actuals vs. 2021 Actuals

- Net Operating Income for 2022 is (\$69.3M or 33.5%) higher than prior year before Federal Relief – primarily driven by:
 - Higher Operating Revenue (\$85M or 28.8%) compared to prior year due to passenger levels improving with enplanements down 11% compared to 2019 vs. 29.6% down in 2021 compared to 2019.
 - Higher Operating Expenses (\$88.5M or 30.1%) compared to prior year were primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions compared to 2021. 2021 was the first year of recovery, but spending was still lower than normal due to directives to spend less due to the business environment related to the pandemic.

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

A. BUSINESS EVENTS

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

B. KEY PERFORMANCE METRICS

	2020 YE	2021 YE	2022 YE	% Change from 2021
Total Passengers (000's)				
Domestic	18,689	34,485	41,582	20.6%
International	1,357	1,669	4,382	162.5%
Total	20,045	36,154	45,964	27.1%
Operations	296,048	374,510	401,351	7.2%
Landed Weight (In Millions of lbs.)				
Cargo	2,713	2,920	2,745	-6.0%
All other	23,664	23,664	26,333	11.3%
Total	26,378	26,584	29,079	9.4%
Cargo - Metric Tons				
Domestic freight	351,339	366,312	335,512	-8.4%
International & Mail freight	101,157	132,428	120,777	-8.8%
Total	452,496	498,740	456,289	-8.5%

*Mail weight for 2021 forward is incorporated in freight

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

Key Performance Measures

	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Actual	Approved Budget	\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	26.50	15.93	16.09	14.82	(1.27)	-8.5%	0.15	1.0%
Non-Aeronautical NOI (in 000's) ¹	6,671	93,175	131,145	106,940	24,205	22.6%	37,970	40.8%
Other Performance Metrics								
O&M Cost per Enplanement	32.82	16.28	17.20	16.39	(0.81)	-4.9%	0.92	5.6%
Non-Aero Revenue per Enplanement	11.60	10.17	11.17	9.93	1.25	12.6%	1.00	9.9%
Debt per Enplanement (in \$)	326	198	193	140	(53)	-37.6%	(5)	-2.6%
Debt Service Coverage	1.40	1.69	2.64	2.03	0.61	30.0%	0.95	56.2%
Days cash on hand (10 months = 304 days)	327	423	457	426	31	7.2%	34	7.9%
Aeronautical Revenue Sharing (\$ in 000's)	1	-	-	-	-	0.0%	-	0.0%
Activity (in 000's)								
Enplanements	10,037	18,073	22,966	24,259	(1,292)	-5.3%	4,893	27.1%
Total Passengers	20,045	36,154	45,964	48,517	(2,553)	-5.3%	9,810	27.1%

(1) Assumes Federal Relief for Concessions applied in the 2022 Forecast

Key Performance Metrics

2022 Actual vs. 2022 Budget

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

2022 Actual vs. 2021 Actuals

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

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

C. OPERATING RESULTS

Division Summary – Actuals

Total Airport Expense Summary (S in 000's)	2019 Actual	2020 Actual	2021 Actual	2022		Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
				Actual	Budget	\$	%	\$	%
Operating Expenses									
Payroll	150,643	159,805	157,207	168,389	167,505	(884)	-0.5%	11,181	7.1%
Outside Services	68,162	63,922	62,382	75,700	101,757	26,057	25.6%	13,318	21.3%
Utilities	18,180	15,695	20,175	22,880	21,008	(1,871)	-8.9%	2,704	13.4%
Other Expenses	3,966	3,341	1,519	15,141	(5,074)	(20,215)	398.4%	13,622	896.7%
Total Airport Direct Charges	240,951	242,764	241,284	282,110	285,197	3,087	1.1%	40,826	16.9%
Environmental Remediation Liability	15,900	(2,361)	1,583	(1,274)	985	2,259	229.4%	(2,857)	-180.5%
Capital to Expense	2,089	2,588	1,254	2,356	-	(2,356)		1,102	87.9%
Total Exceptions	17,989	227	2,837	1,081	985	(96)	-9.8%	(1,755)	-61.9%
Total Airport Expenses w/o Pension True-Up	265,533	242,990	244,121	283,191	286,182	2,991	1.0%	39,071	16.0%
Corporate	60,659	73,261	71,550	80,452	78,940	(1,512)	-1.9%	8,902	12.4%
Police	24,587	24,265	23,473	27,660	27,658	(2)	0.0%	4,188	17.8%
Maritime/Economic Development/Other	4,245	3,271	2,536	3,687	4,842	1,155	23.9%	1,150	45.4%
Total Charges from Other Divisions	89,491	100,796	97,558	111,799	111,440	(358)	-0.3%	14,240	14.6%
Total Operating Expenses w/o Pension True-Up	355,024	343,787	341,679	394,990	397,622	2,632	0.7%	53,311	15.6%
DRS Pension True-up Exp	(13,629)	(14,107)	(47,462)	(12,286)	-	12,286		35,176	-74.1%
Total Operating Expenses with Pension True-Up	341,396	329,680	294,217	382,704	397,622	14,919	3.8%	88,487	30.1%

Note: Operating Expenses includes the DRS Pension Credit

Operating Expenses – 2022 Actuals vs. 2022 Budget (\$14.9M or 3.8% favorable)

- Total Operating Expenses are (\$14.9M or 3.8%) favorable driven primarily by \$27.5M under-spend in Outside Services due to delays in the Airline Realignment work, and \$12.3M Pension Credit True-Up; offset by \$17.4M over-run due to less Charging to Capital and \$7.5M over-run in other Expenses (includes snow impact, chiller 6 repair, and water main leak).

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

Aeronautical Business Unit Summary – Actuals

Aeronautical NOI (\$ in 000's)	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	84,906	88,061	118,240	118,291	(51)	0.0%	30,179	34.3%
Airfield Apron Area	22,016	17,146	17,211	16,439	772	4.7%	65	0.4%
Terminal Rents	205,283	184,625	220,399	220,174	225	0.1%	35,774	19.4%
Federal Inspection Services (FIS)	8,616	10,978	29,347	23,468	5,879	25.1%	18,369	167.3%
Total Rate Base Revenues	320,821	300,810	385,197	378,373	6,825	1.8%	84,387	28.1%
Airfield Commercial Area	17,633	16,702	17,343	16,590	753	4.5%	641	3.8%
Subtotal before Revenue Sharing	338,454	317,513	402,541	394,963	7,578	1.9%	85,028	26.8%
Revenue Sharing	1	-	-	-	-	-	-	-
Total Aeronautical Revenues	338,455	317,513	402,541	394,963	7,578	1.9%	85,028	26.8%
Total Aeronautical Expenses	219,878	203,573	261,574	270,850	9,275	3.4%	58,001	28.5%
Aeronautical NOI	118,577	113,940	140,967	124,113	16,853	13.6%	27,027	23.7%
Debt Service	(62,607)	(80,554)	(101,159)	(99,789)	(1,370)	1.4%	(20,605)	25.6%
Net Cash Flow	55,970	33,385	39,808	24,324	15,484	63.7%	6,422	19.2%

Note: Aeronautical Expenses includes the DRS Pension Credit

Aeronautical – 2022 Actuals vs. 2022 Budget

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

Aeronautical – 2022 Actuals vs. 2021 Actuals

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

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

Airline Rate Base Cost Drivers

\$ in 000's	2021 Actual	2022 Budget	2022 Actual	Impact on Aero Revenues Budget vs Actual	
				\$	%
O&M	198,065	263,196	254,734	(8,461)	-3.2%
Federal Relief Grants O&M	(2,571)	(12,700)	(36)	12,664	-99.7%
Net O&M	195,494	250,496	254,698	4,203	1.7%
Debt Service Before Offsets	187,134	235,151	235,348	197	0.1%
Debt Service PFC Offset	(54,076)	(79,803)	(68,713)	11,090	-13.9%
Federal Relief Grants Debt Service	(58,878)	(58,975)	(67,912)	(8,937)	15.2%
Net Debt Service	74,180	96,373	98,723	2,350	2.4%
Amortization	32,511	33,699	33,664	(35)	-0.1%
Space Vacancy	(1,102)	(1,613)	(1,068)	545	-33.8%
TSA Operating Grant and Other	(687)	(218)	(1,116)	(898)	411.3%
Rate Base Revenues	300,397	378,736	384,902	6,165	2%
Commercial area	16,702	16,590	17,343	753	5%
Total Aero Revenues	317,099	395,327	402,245	6,918	2%

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

2022 Actuals vs. 2022 Budget

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

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

Non-Aero Business Unit Summary – Actuals

Non-Aeronautical NOI (\$ in 000's)	2020	2021	2022	2022	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	34,502	64,104	88,899	81,028	7,871	9.7%	24,795	38.7%
Rental Cars	16,637	34,740	56,473	52,138	4,335	8.3%	21,733	62.6%
Ground Transportation	6,557	11,947	20,804	18,242	2,562	14.0%	8,858	74.1%
Airport Dining & Retail	25,418	35,565	36,581	37,829	(1,248)	-3.3%	1,016	2.9%
Other	33,359	37,463	53,856	51,582	2,273	4.4%	16,393	43.8%
Total Non-Aeronautical Revenues	116,473	183,819	256,613	240,820	15,793	6.6%	72,794	39.6%
Total Non-Aeronautical Expenses	109,802	90,644	121,130	126,773	5,276	4.2%	30,486	33.6%
Non-Aeronautical NOI¹	6,671	93,175	135,483	114,047	21,436	18.8%	42,308	45.4%
Less: CFC Surplus	(6,834)	-	(4,338)	(7,107)	2,769	-39.0%	(4,338)	
Adjusted Non-Aeronautical NOI	(163)	93,175	131,145	106,940	24,205	22.6%	37,970	40.8%

Note: Non-Aeronautical Expenses includes the DRS Pension Credit

Non-Aeronautical – 2022 Actuals vs. 2022 Budget

- Net Operating Income was (\$24.2M or 22.6%) favorable to budget driven by:
 - Landside revenue continues to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers.
 - ADR revenue reflects reduction in operating revenue due to Federal concessionaire relief grants, which are offset by non-operating grant revenue (cashflow neutral), along with the delay of opening the new Salty's Restaurant
 - operating expenses were (\$5.3M or 4.2%) favorable driven primarily by the pension credit true up.

Non-Aeronautical – 2022 Actuals vs. 2021 Actuals

- Net Operating Income was (\$38.0M or 40.8%) higher than 2021 driven by:
 - Continued increasing passenger levels and activity reflected in the non-aeronautical revenues in compared to 2021 in the first recovering year since the COVID-19 impact began.

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

D. CAPITAL RESULTS

Capital Variance

\$ in 000's	2022	2022	2022	Bud vs. Fcst	
	Actual	Budget	POF	\$	%
SEA Gateway ⁽¹⁾	28,068	97,849	38,575	69,781	71.3%
Baggage Optimization ⁽²⁾	102,674	130,600	104,000	27,926	21.4%
C Concourse Expansion ⁽³⁾	17,853	31,576	50,155	13,723	43.5%
Checkpoint 1 Relocation ⁽⁴⁾	1,341	14,122	20,388	12,781	90.5%
NS NSAT Renov NSTS Lobbies ⁽⁵⁾	6,980	19,270	27,347	12,290	63.8%
Upgrades STS Train Control ⁽⁶⁾	5,882	17,278	15,117	11,396	66.0%
Concourse A Expansion ⁽⁷⁾	9,134	17,138	13,986	8,004	46.7%
SSAT Infrastructure HVAC ⁽⁸⁾	839	7,719	6,077	6,880	89.1%
Terminal Security Enhancements ⁽⁹⁾	3,677	9,506	6,147	5,829	61.3%
Seating Repl. And Elec.Infr. ⁽¹⁰⁾	1,667	7,411	5,352	5,744	77.5%
All Other	133,516	242,872	323,478	109,356	45.0%
Subtotal	311,631	595,341	610,622	283,710	47.7%
CIP Cashflow Mgmt Reserve	-	(67,424)	(95,810)	(67,424)	100.0%
Total Spending	311,631	527,917	514,812	216,286	41.0%

(1) Start of Phase A construction has been delayed by approximately 6 months. It was due to pending design evaluations and final decisions for revising key elements of the Program scope requested by Alaska Airlines that deviates from the original PDD.

(2) Work has been delayed by approximately 6 months due to material/supply delays & delay in IAF opening.

(3) Underspending because the baseline was overloaded due to the incorrect cost loading of the schedule. Cash flow has been updated to reflect GCCM design and construction phasing sequencing.

(4) Design contract modifications took longer to complete than expected resulting in delayed spending.

(5) Underrun due to PCS shortfall in work completion, Scarsella construction delays due to equipment delivery and various underruns in LOE projections for Port Staff.

(6) NTP delayed 7 months due to negotiation delays experienced while manufacturer was in the middle of a merger.

(7) 2022 Plan based off an estimate of receiving & payment of TRA submittals from inception to current efforts. Submittals for current efforts are now consistently coming in. Delta began construction in September 2022.

(8) Returned savings this year and final contractor payments have caused delays to original spending plan.

(9) Underrun due to updates in contractor's schedules.

(10) Budget was set with unknown payment terms for seating procurement.

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

III. MARITIME DIVISION

FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	42,111	48,331	71,534	59,137	12,397	21%	23,204	48%
Total Operating Expenses	50,228	40,714	57,160	57,865	705	1%	16,446	40%
Net Operating Income	(8,117)	7,616	14,375	1,272	13,103	1030%	6,758	89%
Capital Expenditures	19,698	18,923	12,097	23,521	11,424	49%	(6,826)	-36%

Note: Revenue and Operating Expenses include the DRS Pension Credit

2022 Actuals vs. 2022 Budget

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

2022 Actuals vs. 2021 Actuals

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

Net Operating Income before Depreciation by Business

	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Ship Canal Fishing & Operations	(2,144)	(3,164)	(3,547)	383	11%	(1,020)	-48%
Elliott Bay Fishing & Commercial Operations	26	(968)	(2,748)	1,780	65%	(993)	-3886%
Recreational Boating	2,050	135	(67)	201	302%	(1,915)	-93%
Cruise	(1,153)	17,464	6,589	10,875	165%	18,617	1615%
Grain	4,789	4,345	4,364	(19)	0%	(444)	-9%
Maritime Portfolio	927	(3,873)	(3,793)	(80)	-2%	(4,800)	-518%
All Other (Includes Pension Adjustment)	3,121	435	473	(38)	-8%	(2,686)	-86%
Total Maritime	7,616	14,375	1,272	13,103	1030%	6,758	89%

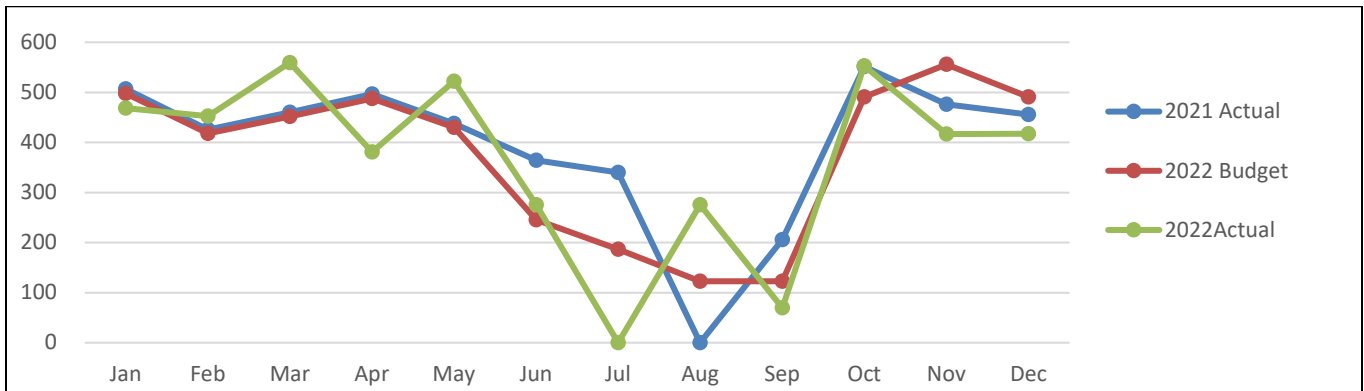
III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/22

A. BUSINESS EVENTS

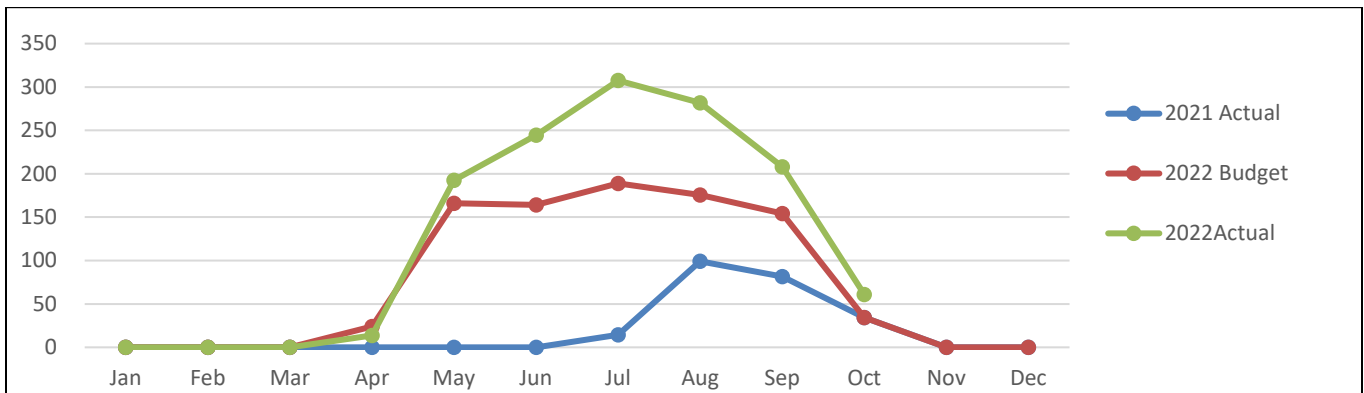
- Fishing, Commercial and Recreational Marinas process improvements generating high occupancies. Cruise - highest # of sailings in its history.
- Executed contract for first phase in development of an ongoing community engagement program related to climate, air, and environmental justice issues.
- East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

B. KEY PERFORMANCE METRICS

Grain Volume – Metric Tons in 000’s



Cruise Passengers in 000’s



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

C. OPERATING RESULTS

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Ship Canal Fishing & Operations	4,704	4,240	4,592	4,211	381	9%	352	8%
Elliott Bay Fishing & Commercial Operation	5,752	5,618	5,975	4,717	1,257	27%	356	6%
Recreational Boating	12,611	12,851	13,978	13,731	247	2%	1,127	9%
Cruise	3,824	9,517	30,469	20,574	9,895	48%	20,952	220%
Grain	5,142	6,112	5,792	5,900	(108)	-2%	(321)	-5%
Maritime Portfolio Management	10,074	10,392	10,550	9,986	565	6%	158	2%
Other	4	7	10	19	(9)	NA	2	33%
<i>Pension Revenue Adjustment</i>	0	(408)	170	0	170	NA	578	NA
Total Revenue	42,111	48,331	71,534	59,137	12,397	21%	23,204	48%
Expenses								
Maritime (Excl. Maint)	16,676	13,951	17,706	16,022	(1,684)	-11%	3,755	27%
Economic Development	4,549	4,559	5,710	6,065	355	6%	1,151	25%
Total Direct	21,225	18,510	23,416	22,087	(1,329)	-6%	4,906	27%
Maintenance Expenses	12,353	11,326	13,213	14,624	1,412	10%	1,887	17%
Envir Services & Planning	2,947	2,018	3,120	2,542	(578)	-23%	1,103	55%
Seaport Finance & Cost Recovery	1,072	1,163	1,087	1,096	9	1%	(76)	-7%
Waterfront Project Management	1,144	342	1,007	712	(295)	-41%	665	195%
Total Support Services	17,518	14,849	18,426	18,975	548	3%	3,578	24%
IT	2,888	2,695	3,223	3,349	126	4%	529	20%
Police Expenses	3,131	3,064	3,662	3,495	(167)	-5%	598	20%
External Relations	1,242	1,222	1,552	1,654	102	6%	330	27%
Other Central Services	6,035	7,109	8,908	8,021	(888)	-11%	1,799	25%
Aviation Division / Other	318	336	368	285	(83)	-29%	32	10%
Total Central Services / Other	13,614	14,426	17,714	16,804	(910)	-5%	3,288	23%
Total Expense before Pension Adjustment	52,357	47,784	59,556	57,865	(1,691)	-3%	11,772	25%
<i>Pension Expense Adjustment</i>	<i>(2,129)</i>	<i>(7,070)</i>	<i>(2,396)</i>	<i>0</i>	<i>2,396</i>	<i>NA</i>	<i>4,674</i>	<i>66%</i>
Total Expense	50,228	40,714	57,160	57,865	705	1%	16,446	40%
<i>NOI excluding Pension Adjustments</i>	<i>(10,246)</i>	<i>954</i>	<i>11,808</i>	<i>1,272</i>	<i>10,536</i>	<i>828%</i>	<i>10,854</i>	<i>1138%</i>
NOI Before Depreciation	(8,117)	7,616	14,375	1,272	13,103	1030%	6,758	89%
Depreciation	17,624	17,718	17,980	17,510	(470)	-3%	262	1%
NOI After Depreciation	(25,741)	(10,101)	(3,606)	(16,238)	12,632	78%	6,496	64%

2022 Actuals vs. 2022 Budget (Includes Pension Adjustment)

- Operating Revenues were \$12.4M higher than budget driven by:
 - Ship Canal favorable \$381K from higher occupancy and favorable utility sales.
 - Elliott Bay Fishing higher by \$1,257K due to favorable moorage from early return of the fishing fleet.
 - Recreational Boating \$247K favorable from occupancy and electrical sales.
 - Cruise \$9.9M higher due to more sailings than budgeted.
 - Grain \$108KK unfavorable from slightly lower volumes.
 - Maritime Portfolio Management \$565K higher from favorable temporary leases.
- Operating Expenses were \$705K lower than budget:
 - Direct Expenses were \$1,329K higher than budget.
 - Ship Canal Fishing and Operations \$153K higher due to utilities expenses and bad debt expense.
 - Cruise \$732K under from timing of outside services and open FTE.
 - Maritime Security \$114K lower than budget.
 - Maritime Marketing \$314K below budget due to lower promotional expense.
 - Environmental Remediation unplanned expense of \$79K.
 - Maritime Portfolio Management \$367K below budget due to timing tenant improvements.
 - Division Admin below budget by \$94K from open FTE.
 - Capital to expense unfavorable by \$1,432K at Fishermen's Terminal Gateway Building.

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

- Divisional contingency open headcount vacancy factor created a \$1,256K unfavorable variance.
 - All other Direct Expenses net to \$30K over budget.
 - Total Support Services were \$548K favorable to budget due to significant open FTEs in Maintenance.
 - Total Central Services / Other were \$910K unfavorable to budget due to Police and Legal.
 - Favorable Pension adjustment of \$2.4M booked in 2022.
- Net Operating Income was \$13.1M favorable to budget.

2022 Actuals vs. 2021 Actual (Includes Pension Adjustment)

- Operating Revenues were \$23.2M higher than 2021 due to increased rates at marinas and commercial properties along with full resumption of Cruise.
- Operating Expenses were \$16.6M (\$11.8M excluding the pension adjustment) higher than 2021 actual driven by higher utilities, increased wage rates, and removal of austerity measures.
- Net Operating Income was \$6.8M higher than 2021 actual.

D. CAPITAL RESULTS

\$ in 000's	2022	2022	2022	2022	Budget vs Forecast	
	Actual	Forecast	Budget	POF	\$	%
P66 Shore Power	2,362	2,362	7,582	7,500	5,220	69%
T117 Restoration	2,901	2,901	5,346	2,502	2,445	46%
MD Video Camera Pro	0	0	1,400	1,400	1,400	100%
T91 Berth 6&8 Redev	879	879	1,235	1,334	356	29%
FT Maritime Innovation Center	1,009	1,009	1,222	1,317	213	17%
FT ADA Compliance	1,251	1,251	1,138	1,385	(113)	-10%
SBM Dock X Pier Replacement	184	184	1,000	833	816	82%
P90E Timber Pile Caps	39	39	909	837	870	96%
MD Fleet	1,020	1,020	2,670	2,085	1,650	62%
MD Small Projects	851	851	2,445	2,246	1,594	65%
All Other Project	1,601	1,601	7,371	11,744	5,770	78%
Subtotal	12,097	12,097	32,318	33,183	20,221	63%
CIP Cashflow Mgmt Reserve	0	0	(8,797)	(9,775)	(8,797)	100.0%
Total Maritime	12,097	12,097	23,521	23,408	11,424	48.6%

Comments on Key Projects

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

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

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	9,470	9,294	17,799	18,769	(970)	-5%	8,505	92%
Total Operating Expenses	20,611	18,164	23,571	28,301	4,731	17%	5,406	30%
Net Operating Income	(11,141)	(8,870)	(5,771)	(9,532)	3,761	39%	3,099	35%
Capital Expenditures	9,314	4,311	8,987	10,483	1,496	14%	4,676	108%

Note: Operating Expenses includes the DRS Pension Credit

2022 Actuals vs. 2022 Budget

- Operating Revenues are \$1M unfavorable to budget due to lower Q1 volumes at the Conference & Event Centers.
- Operating Expenses \$4.7M favorable to budget due to variable cost impact of Q1 conference cancellations, delayed hiring, pension credit, and shift of EDD Grants to 2-year cycle.
- Net Operating Income is \$3.8M favorable to budget.
- Capital spending at 86% of \$9.5M budget.

2022 Actuals vs. 2021 Actuals

- Operating Revenues \$8.5M higher than 2021 due to return of conferences and events.
- Operating Expenses \$5.4M higher than 2021 due to variable conference costs, removal of austerity measures and lower pension credit.
- Net Operating Income \$3.1M better than 2021 actual.

Net Operating Income before Depreciation by Business

	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Portfolio Management	(3,460)	(3,701)	(4,915)	1,214	25%	(242)	-7%
Conference & Event Centers	(4,061)	(501)	(1,657)	1,156	70%	3,560	88%
Tourism	(826)	(769)	(1,157)	388	34%	57	7%
EDD Grants	(889)	(105)	(1,510)	1,405	93%	785	-88%
*Env Grants/Remed Liab/ERD	366	(695)	(293)	(403)	-138%	(1,061)	290%
Total Econ Dev	(8,870)	(5,771)	(9,532)	3,761	39%	3,099	35%

*Includes Pension Credit Adjustment

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

A. BUSINESS EVENTS

Conference & Event Canters – Generated a 29% Gross Margin, highest in history.

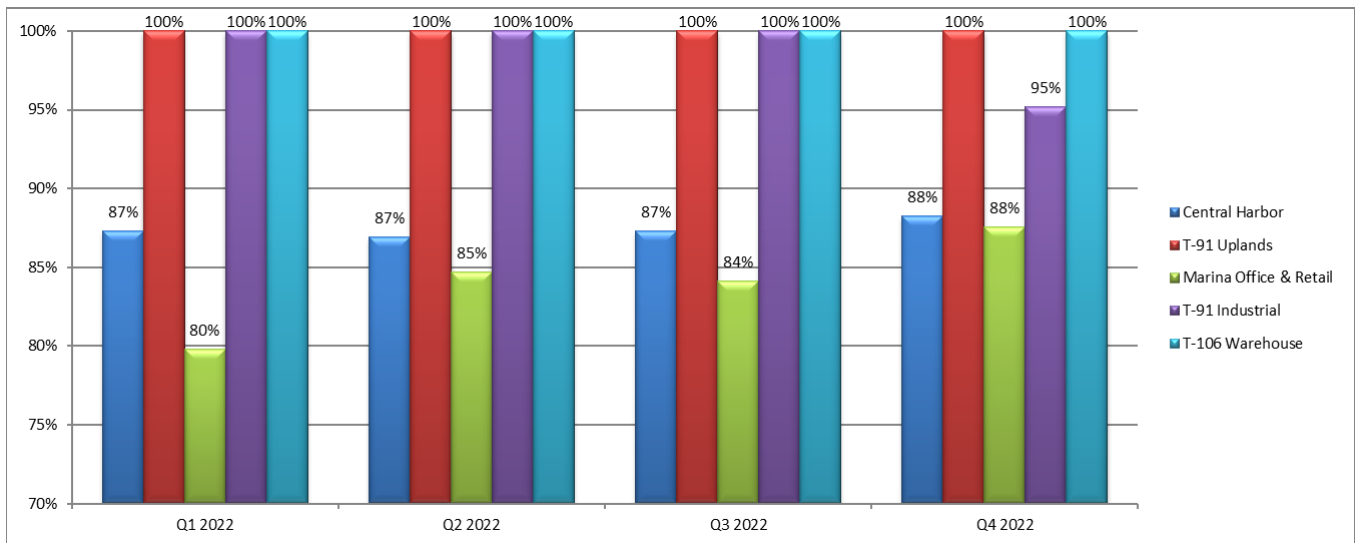
Economic Development and Innovation – Worked with Maritime Blue to support 2nd and 3rd Innovation Accelerator cohorts.

Portfolio Management – Maintained 95 percent occupancy across portfolio of economic development and maritime properties with significant renewal activity.

Tourism – Completed Tourism Recovery Initiative with State of Washington Tourism.

B. KEY PERFORMANCE METRICS

Building Occupancy by Location:



Key Building Vacancies

Central Harbor

- T-102 Corporate Center mainly Suite A-205 (9,061 sf), Suite A-105 (4,191 sf), Suite A-203 (3,745 sf), and Suite A-104 (2,212 sf)
- World Trade Center West Suite 130 (11,388 sf) and Suite 230 (5,777 sf)

Marina Office & Retail

- Maritime Industrial Center mainly Building A1 Suite 202 (1,484 sf)
- Fishermen’s Terminal mainly Building C-2 Suite D (4,967 sf) and Building C-15 Suite 315 (4,811 sf)

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

C. OPERATING RESULTS

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Revenue	7,808	7,384	8,886	8,470	415	5%	1,501	20%
Conf & Event Centers	1,662	2,114	8,848	10,299	(1,451)	-14%	6,735	319%
Total Expense before Pension Adjustment	9,470	9,498	17,734	18,769	(1,035)	-6%	8,236	87%
Pension Revenue Adjustment		(204)	65					
Total Revenue	9,470	9,294	17,799	18,769	(970)	-5%	8,505	92%
Expenses								
Portfolio Management	3,143	3,737	3,653	3,905	252	6%	(84)	-2%
Conf & Event Centers	4,440	3,124	6,563	9,018	2,455	27%	3,439	110%
P69 Facilities Expenses	268	268	230	228	(2)	-1%	(37)	-14%
RE Dev & Planning	230	231	299	246	(52)	-21%	67	29%
EconDev Expenses Other	974	736	1,058	842	(216)	-26%	321	44%
Maintenance Expenses	3,055	3,769	3,836	4,201	364	9%	68	2%
Maritime Expenses (Excl Maint)	1,117	862	1,263	1,279	15	1%	401	47%
Total EDD & Maritime Expenses	13,227	12,727	16,902	19,719	2,817	14%	4,176	33%
Diversity in Contracting	162	253	186	168	(19)	-11%	(66)	-26%
Tourism	991	1,877	1,737	1,750	13	1%	(140)	-7%
EDD Grants	778	889	105	1,500	1,395	93%	(785)	-88%
Total EDD Initiatives	1,931	3,019	2,028	3,418	1,390	41%	(991)	-33%
Total Central Services & Aviation	6,225	4,814	5,270	5,165	(105)	-2%	456	9%
Total Expense before Pension Adjustment	21,382	20,560	24,200	28,301	4,102	14%	3,640	18%
Pension Expense Adjustment	(771)	(2,396)	(629)	0	629	NA	1,766	-74%
Total Expense	20,611	18,164	23,571	28,301	4,731	17%	5,406	30%
NOI Before Depreciation & Pension Adj.	(11,912)	(11,062)	(6,466)	(9,532)	3,066	32%	4,596	42%
Pension NOI Adjustment	771	2,192	695	0	(695)	NA	(1,497)	-68%
NOI Before Depreciation	(11,141)	(8,870)	(5,771)	(9,532)	3,761	39%	3,099	35%
Depreciation	3,611	3,841	3,954	3,741	(213)	-6%	113	3%
NOI After Depreciation	(14,752)	(12,711)	(9,725)	(13,273)	3,548	27%	2,986	23%

2022 Actuals vs. 2022 Budget

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

2022 Actuals vs. 2021 Actuals

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

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

D. CAPITAL RESULTS

	2022 Actual	2022 Forecast	2022 Budget	2022 POF	Budget vs Forecast	
					\$	%
\$ in 000's						
P69 Underdock Utility Rpl	2,487	2,487	2,678	2,600	191	7%
CW Bridge Elev Modernization	2,253	2,253	2,352	2,000	99	4%
P66 Roof Upgrades	1,323	1,323	1,559	752	236	15%
T91 Uplands Dev Phase 1	754	754	1,404	1,484	650	46%
WTCW Roof Replacement	278	278	1,099	1,570	821	75%
WTC HVAC Replacement	1,346	1,346	1,020	2,739	(326)	-32%
Tenant Improvements -Capital	0	0	501	300	501	100%
BHICC Interior Modernization	152	152	310	4	158	51%
EDD Technology Projects	0	0	250	250	250	100%
EDD Small Projects	368	368	669	620	301	45%
All Other Projects	26	26	1,046	1,750	1,020	98%
Subtotal	8,987	8,987	12,888	14,069	3,901	30%
CIP Cashflow Mgmt Reserve	0	0	(2,405)	(3,554)	(2,405)	100%
Total Economic Development	8,987	8,987	10,483	10,515	1,496	14%

Comments on Key Projects

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

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

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Total Operating Revenues	2,512	(233)	2,538	186	2,352	1261.7%	2,771	-1187.7%
Core Central Support Services	85,386	87,451	97,503	96,677	(826)	-0.9%	10,051	11.5%
Police	30,071	28,678	33,487	32,746	(741)	-2.3%	4,809	16.8%
Engineering/PCS	10,606	9,391	10,593	12,334	1,741	14.1%	1,201	12.8%
Total O&M Expenses w/o Pension True-up	126,063	125,521	141,583	141,756	174	0.1%	16,062	12.8%
DRS Pension True-up Exp	(8,588)	(29,768)	(6,666)	-	6,666	0.0%	23,102	-77.6%
Core Central Support Services	80,841	73,612	91,149	96,677	5,528	5.7%	17,537	23.8%
Police	27,538	17,194	35,064	32,746	(2,318)	-7.1%	17,870	103.9%
Engineering/PCS	9,096	4,948	8,704	12,334	3,630	29.4%	3,756	75.9%
Total O&M Expenses with Pension True-up	117,476	95,753	134,917	141,756	6,839	4.8%	39,164	40.9%

2022 Actuals vs. 2022 Budget

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

2022 Actuals vs. 2021 Actuals

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

A. BUSINESS EVENTS

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

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

B. KEY PERFORMANCE METRICS

Century Agenda Strategic Objectives	2020	2021	2022
Responsibly Invest in the Economic Growth of the Region and all its Communities			
A. Job seekers placed in jobs at SEA Airport through the Employment Center	857	1,211	1,479
B. Number of SEA Airport tenants supported in finding employees	70	80	94
C. Employment Center training completions	211	166	573
D. Community members entering employment in construction, maritime and environmental sustainability	10	42	53
E. Number of Job Openings created	360	441	355
F. Job applications received	7,024	10,355	13,990
G. Number of job interviews conducted	813	1,533	2,461
H. Number of new employees hired	202	317	557
I. Number of interns	84	114	104
J. Number of Veteran Fellows	0	5	6
K. Number of employees participating in Tuition Reimbursement	27	37	45
Become a Model for Equity, Diversity, and Inclusion			
A. Employee participation in OEDI programming (Caucuses, Book Clubs, Town Halls, etc.)	N/A	1,879	2,229
Be a Highly Effective Public Agency			
A. Central Services costs as a % of Total Operating Expenses	29.0%	29.0%	28.2%
B. Investment portfolio earnings versus the benchmark (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index)	1.44%/0.13%	0.67%/0.69%	2.62%/4.5%
C. Comply with Public Disclosure Act and respond in a timely manner	503	637	803
D. Litigation and Claim Reserves	\$1.3M	\$501K	\$3.6M
E. Claims/Injury Damages Reserves	\$304K	\$600K	\$520K
F. Percent of annual audit work plan completed each year	100%	100%	100%
G. Employee Development Class Attendees/Structured Learning	7,457	2,423	2,868
H. Total Recordable Incident Rate (previous Occupational Injury Rate)	4.04	4.80	3.72
I. Lost Workday Rate (previously Days Away Severity Rate)	66.81	62.5	79.47
J. Customer Survey for Police Service Excellent or Above Average	84%	100%	TBD

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

C. OPERATING RESULTS

Financial Summary

	Notes	2020	2021	2022	2022	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2021	
		Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's									
Total Revenues		2,512	(233)	2,538	186	2,352	1261.7%	2,771	-1187.7%
Executive		2,404	2,472	2,218	2,738	520	19.0%	(254)	-10.3%
Commission		1,851	2,093	2,360	2,486	126	5.1%	267	12.8%
Legal		6,522	7,718	8,540	5,105	(3,435)	-67.3%	823	10.7%
External Relations		7,882	8,037	9,215	10,874	1,659	15.3%	1,178	14.7%
Equity Diversity and Inclusion		4,740	5,180	4,406	5,756	1,350	23.5%	(774)	-14.9%
Human Resources		8,916	10,335	11,921	13,126	1,205	9.2%	1,586	15.3%
Labor Relations		1,380	1,373	1,177	1,444	267	18.5%	(195)	-14.2%
Internal Audit		1,652	1,646	2,565	1,868	(697)	-37.3%	920	55.9%
Accounting & Financial Reporting Services		8,698	8,699	8,672	9,418	746	7.9%	(27)	-0.3%
Information & Communication Technology		26,173	24,162	27,535	27,597	62	0.2%	3,373	14.0%
Information Security		1,745	1,636	1,703	2,449	746	30.5%	68	4.1%
Finance & Budget		2,337	2,292	2,499	2,525	26	1.0%	206	9.0%
Business Intelligence		1,264	1,130	1,496	1,953	457	23.4%	366	32.4%
Risk Services		3,394	4,165	5,144	4,688	(457)	-9.7%	980	23.5%
Office of Strategic Initiatives		1,001	893	974	1,231	257	20.9%	81	9.1%
Central Procurement Office		4,708	4,986	6,494	6,678	185	2.8%	1,507	30.2%
Contingency		(190)	(123)	(268)	(5,000)	(4,732)	94.6%	(145)	118.0%
Core Central Support Services		84,476	86,694	96,652	94,936	(1,716)	-1.8%	9,959	11.5%
Police		30,071	28,678	33,487	32,746	(741)	-2.3%	4,809	16.8%
Total Before Cap Dev & Environment		114,547	115,372	130,140	127,682	(2,458)	-1.9%	14,768	12.8%
Capital Development									
Engineering		6,237	5,403	6,654	7,428	774	10.4%	1,250	23.1%
Port Construction Services		4,369	3,988	3,939	4,906	967	19.7%	(49)	-1.2%
Sub-Total		10,606	9,391	10,593	12,334	1,741	14.1%	1,201	12.8%
Environment & Sustainability									
Environment & Sustainability		717	758	795	1,741	946	54.3%	37	4.9%
Sub-Total		717	758	795	1,741	978	56.2%	37	4.9%
Capital to Expense		193	-	56	-	(56)	0.0%	56	0.0%
TOTAL w/o DRS Pension True-up		126,063	125,521	141,583	141,756	174	0.1%	16,062	12.8%
DRS Pension True-up Credit		(8,588)	(29,768)	(6,666)	-	6,666	0.0%	23,102	-77.6%
TOTAL w/ DRS Pension True-up		117,476	95,753	134,917	141,756	6,839	4.8%	39,164	40.9%

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

2022 Actuals vs. 2022 Budget

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

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

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

2022 Actuals vs. 2021 Actuals

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

D. CAPITAL RESULTS

\$ in 000's	2022 YTD Actual	2022 Budget	2022 Plan of Finance	Budget Variance	
				\$	%
Engineering Fleet Replacement	695	2,065	1,465	1,370	66.3%
Services Tech - Small Cap	1,563	1,500	1,500	(63)	-4.2%
Infrastructure - Small Cap	991	1,500	1,500	509	33.9%
Phone System Upgrade	552	1,414	1,000	862	61.0%
Radio Microwave Redund. Loop	1	1,040	1,040	1,039	99.9%
Office Wi-Fi Refresh	506	1,039	1,300	533	51.3%
Corporate Fleet Replacement	490	901	645	411	45.6%
Other (note 1)	1,480	5,830	4,844	4,350	74.6%
Subtotal	6,278	15,289	13,294	9,011	58.9%
CIP Cashflow Adjustment	0	(4,400)	(3,900)	(4,400)	100.0%
TOTAL	6,278	10,889	9,394	4,611	42.3%

Note:

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