

2022

Budget in Brief



Port 
of Seattle®

A Message from Port Leadership



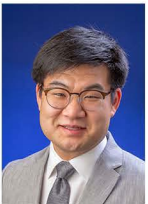
Fred Felleman
Commission President



Stephanie Bowman
Commissioner



Ryan Calkins
Commissioner



Sam Cho
Commissioner



Peter Steinbrueck
Commissioner



Stephen P. Metruck
Executive Director

Dear Community,

We are proud to present the Port of Seattle's 2022 Budget and five-year Capital Improvement Plan. By supporting over 121,000 jobs and \$38 billion in business revenue, the Port creates opportunities across a broad cross-section of the regional economy.

Our key 2022 initiatives increase investments in airport, maritime, and economic development projects to strengthen trade, improve customer experience and create thousands of new career opportunities. We continue to expand our successful workforce development and youth-employment initiatives focused on disadvantaged communities while minimizing our impacts on neighborhoods, the environment, and climate.

This marks the third year that COVID impacts our budget and community. We see positive signs on the horizon, but the pandemic continues to present new challenges, especially for those who were already deprived of opportunities for success.

The widespread availability of vaccines supported a major travel recovery this spring and summer. Passenger volume at the airport returned to 75 percent of what we consider typical. Cruise operations resumed in July with reduced ship calls and with fewer passengers. Dramatic changes in consumer spending from travel and services to household products, drove significant increases in air cargo and maritime shipping, resulting in unprecedented supply chain congestion for west coast ports and others around the world.



The global pandemic continues to impact international and business travel as well as cultural and political divisions over masks and vaccines. Labor market shortages, especially those in the trades, have been exacerbated by public health concerns and people deciding to change their careers, while economic inequities and the climate crisis continue to require constant attention.

We developed this budget specifically to adapt to this uneven recovery. As part of our budget development, we conducted a Port-wide Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis. This analysis shows very clearly that two years of fiscal restraint, including a pay and hiring freeze, resulted in tremendous stress on the organization.

Our budget development plan also included input from members of our community. In a series of county-wide listening sessions, more than 100 community leaders urged the Port to continue large capital investments that generate long-term economic activity and to continue supporting workforce development programs to create jobs of the future. Our habitat programs have expanded to enhance the restoration of the marine ecosystem from kelp to killer whales. We have also partnered with organizations like the Highline School district and Seattle Aquarium to further these efforts as well as workforce development. These programs have also helped to strengthen our relationships with our tribal partners.



Our plans meet both local and regional needs. The five-year capital plan includes the largest ever proposed set of capital investments to anchor industry and economic activity, as well as to improve efficiency and service at our airport and maritime facilities. **We are excited as our generational investments in the airport’s North Satellite and International Arrivals Facility (IAF), and the first phase of our seaport’s Terminal 5 modernization come across the finish line.**

In 2022, we expand our budget to maintain millions of square feet at new facilities and return to investing in our workforce and strengthening our capacity to execute projects and programs. Our Port must also improve service to a growing community while phasing out emissions and reducing environmental impacts.

Our 2022 budget positions the Port to phase out its own emissions in the next 18 years, support innovation projects that advance decarbonization of the maritime industry, accelerate sound insulation programs, and increase sustainability in Port projects. After successfully advocating for Washington state to adopt a Low Carbon Fuel Standard, we accelerated our own greenhouse gas reduction goals and launched new research in collaboration with King County and others to support the development of renewable green fuels for the maritime and aviation industries.

We also continue to invest in cleaning up legacy pollution and habitat restoration to include completion of the Duwamish River People’s Park. Such efforts, along with major investments in the repair of the West Seattle Bridge are reflections of our commitment to serve our region as well as near-port communities.

We are encouraged by the success of our strategies to help sustain businesses and communities through the COVID crisis, but also recognize that small business and particularly minority and women owned businesses continue to feel the worst effects of the pandemic. **In our 2022 budget, we continue investing in programs that support startups and small businesses, such as our innovative Maritime and PortGen accelerator programs.** Our budget also expands the economic opportunities for tourism related businesses and invests in new efforts, such as the Community Navigator Network.

While the economic and service benefits of the Port extend across the county and state, we are keenly aware that operational impacts of the Port are felt most keenly by the communities who live closest to the airport and seaport. **We continue to invest in the South King County Fund and Duwamish Valley Community Equity Program and support quality of life projects near our operations, like a new noise study at SEA Airport.**

Most of the money needed to support the Port’s programs comes from its airport, maritime, and real-estate lines of business. We also utilize a countywide property tax levy to fund maritime capital investments, environmental improvements, and community programs. **Just 1.2 percent of the total King County property tax goes to the Port. In 2021, that share amounted to an estimated \$72 for the median King County homeowner.**

However, we could not have maintained our level of local investments during the pandemic without partnerships and federal support. Following up on critical grants approved in 2020, the Biden administration's emphasis on major infrastructure projects includes significant initiatives for ports to work more efficiently and environmentally. Our budget also shares the Administration’s support of an equitable recovery through investments in our gateways, surrounding communities, and environment. Congressional passage of the Infrastructure Investment and Jobs Act (IIJA) will enable us to advance our mutually ambitious goals.

We believe that the Port’s 2022 budget strikes the right balance between financial and environmental stewardship and commitment to communities throughout King County and beyond. An equitable recovery building towards an inclusive and resilient economy continues to be the mission of our organization. We know we cannot do it alone and are committed to expanding strong partnerships between governments, business, labor, and community organizations so we can build back better together.



We welcome your engagement during this pivotal moment in history.

Fred Felleman
Commission President

Stephen P. Metruck
Executive Director

About the Port



Brief History

Founded in 1911, the Port is a public agency providing airport operations and maritime services for the Puget Sound region. Five publicly elected commissioners who serve four-year terms establish Port policy; and the Executive Director carries out these policies and leads over 2,000 employees. As one of the largest land holders in King County, the Port owns Seattle-Tacoma International Airport (SEA), piers for cargo, cruise ships and workboats, marinas, conference facilities, parks and public access areas, office space, and more.

OUR MISSION

The Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner.

OUR VISION

Over the next 25 years, we will add 100,000 jobs through economic growth for a total of 300,000 port-related jobs in the region, while reducing our environmental footprint.

OUR COMMITMENT

We are committed to creating opportunity for all, stewarding our environmental responsibly, partnering with surrounding communities, promoting social responsibility, conducting ourselves transparently, and holding ourselves accountable.

Century Agenda

The Century Agenda provides enduring goals that are the cornerstone of the Port's long-term strategic planning.

- Responsibly invest in the economic growth of the region and all its communities
- Be a highly effective public agency
- Position the Puget Sound region as a premier international logistics hub
- Advance this region as a leading tourism destination and business gateway
- Be the greenest and most energy-efficient port in North America
- Become a model for equity, diversity, and inclusion

2021 Review and Highlights

OUR BUSINESSES

- Seattle-Tacoma International Airport (SEA) estimates by year's end that airport passenger traffic has recovered to 74 percent of 2019 pre-COVID levels
- Worked with cruise lines, federal, and local officials to safely restore cruise operations, with a total of 83 cruise sailings in 2021
- Through our partnership with the Northwest Seaport Alliance, the largest maritime shipping cranes on the west coast were installed as part of our investment in the modernization of Terminal 5 which will reopen in January 2022
- Completed the construction of the SEA International Arrivals Facility. International passenger experience will be significantly enhanced when it opens in the next few months
- Added 10 more remodeled gates with the completion of Phase II of SEA's North Satellite Renovation Project
- Introduced the Port-wide Equity, Diversity, and Inclusion program
- Completed a comprehensive assessment of the Port of Seattle Police Department to ensure alignment with the highest national standards and best practices related to policing and civil rights
- Continued to advance maritime innovation through investments in Washington Maritime Blue and redevelopment of the Ship Supply building into a Maritime innovation Center to be certified as a "living building"

OUR COMMUNITY

- Added resources for the South King County Fund to mitigate the impacts of the pandemic on the community and support regional economic recovery
- Advanced the implementation of Duwamish Valley Community Equity Program
- For a second year, funded the Youth Opportunity Initiative to support 200 youth employments
- Continued to support Tourism opportunities for the region and state through grant programs as well as ongoing investments in the Washington Tourism Alliance and Visit Seattle

OUR ENVIRONMENT

- Adopted the Northwest Ports Clean Air Strategy which lays out a shared vision for zero emission maritime industry, and developed Charting the Course to Zero: Port of Seattle's Maritime Climate and Air Action Plan
- Hosted a Sustainable Aviation Fuels (SAF) Study Session and initiated study of converting municipal solid waste to liquid fuels
- Funded a study with King County to evaluate the feasibility to use municipal Solid waste to produce sustainable diesel and jet fuel
- Supported successful passage of State Clean Fuels Standard
- Achieved significant progress on construction of 13-acre Duwamish River People's Park and Shoreline Habitat
- Developed Ocean Acidification Action Plan as part of membership in the International Association to Combat Ocean Acidification
- Accelerated Airport Sound Insulation program
- Installed solar panels on 2 restrooms at Shilshole Bay Marina
- Entered into a 10-year contract to provide renewable natural gas to run the HVAC systems and shuttle buses at SEA thereby enabling the Port to meet its GHG reduction targets 10 years early
- Updated cruise ship lease agreements to require use of shore-power for those ship equipped to do so and achieved agreement to restrict discharge of seawater scrubbers



The Port's Economic Impact



2022 Program Highlights



- Increase access to port-related career pathways through initiatives including: the Maritime High School, Youth Maritime Collaborative, and internships
- Expand the South King Community Impact Fund



- Advance Duwamish Valley Community Equity Program (DVCEP)
- Restore habitat along the Lower Duwamish River
- Complete the Seattle Waterfront Clean Energy Strategy for maritime decarbonization
- Implement partnership with Seattle Aquarium on kelp restoration and community engagement, and development of a permanent exhibit of Port-related environmental initiatives in new Ocean Pavilion



- Further Sustainable Aviation Fuels & Air Emissions Reduction Program
- Meet 2022 milestones for StART Noise Working Group and Federal Policy Working Group initiatives
- Accelerate the noise insulation program
- Begin procurement for the new Part 150 Study Update to evaluate aircraft noise



- Increase sales to WMBE firms by studying potential barriers to utilization and expanding trainings for interested firms
- Accelerate tourism recovery through partnership with the Washington Tourism Alliance, grants to advance sustainable and equitable tourism events and destinations, and a statewide conference on sustainable tourism

2022 Portwide Budget Summary



The 2022 budget advances Port of Seattle and community priorities by enhancing customer service, making travel and trade related services safe and more efficient, expanding economic opportunity across the region, and benefiting community and environmental health.

2022 Operating Budget Summary

- Total operating revenues: **\$766.9 million; \$44.8 million** or **5.5 percent** below the 2020 budget
- Total operating expenses: **\$499.1 million; \$29.4 million** or **6.3 percent** above the 2020 budget
- Net operating income before depreciation: **\$267.7 million; \$74.1 million** or **21.7 percent** below the 2020 budget

* We use the 2020 budget, instead of the 2021 budget, as a base for comparison as it represents a more normal pre-COVID level budget

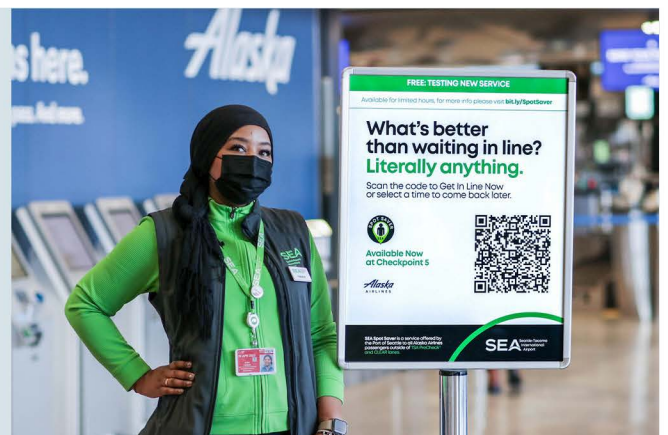


Revenues (\$ in 000's)	2022 Budget	%
1. Operating Revenues	766,854	66.7%
2. Tax Levy	81,037	7.0%
3. Passenger Facilities Charges	90,521	7.9%
4. Customer Facilities Charges	24,411	2.1%
5. Fuel Hydrant	7,022	0.6%
6. Non-Capital Grants and Donations	130,345	11.3%
7. Capital Contributions	39,121	3.4%
8. Interest Income	10,928	1.0%
Total	1,150,239	100%

Expenses (\$ in 000's)	2022 Budget	%
1. Operating Expenses	499,146	56.0%
2. Depreciation	196,757	22.1%
3. Revenue Bond Interest Expense	154,036	17.3%
4. GO Bond Interest Expense	14,701	1.6%
5. Non-Op Environmental Expense	10,700	1.2%
6. Public Expense	14,073	1.6%
7. Other Non-Op Rev/Expenses	2,247	0.3%
Total	891,660	100%

The 2022 operating budget also includes:

- \$12.4 million in expenditures for environmental stewardship
- \$16.1 million in expenditures on 17 community programs
- \$8.9 million to improve customer service at SEA
- \$1.7 million to promote and support statewide tourism initiatives



Aviation Division

About the Division

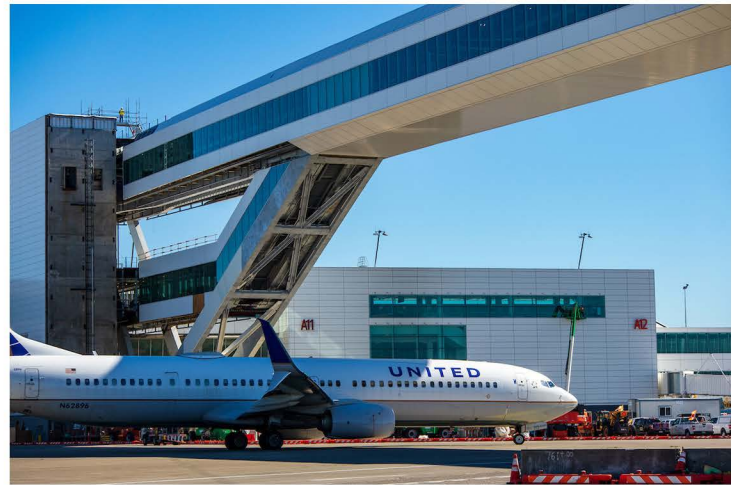
- SEA was the eighth busiest airport in the U.S. in 2019
- Served 20.1 million passengers and 452,496 metric tons of air cargo in 2020
- Thirty-one airlines serve 91 non-stop domestic and 28 international destinations

Community Benefits

- Generated 151,400 jobs, including 87,300 direct jobs
- Over \$3.6 billion in direct earnings
- Over \$22.5 billion in business revenues
- Over \$415 million in state taxes reflecting direct and secondary activities

2022 Budget Overview

- Operating Revenues: \$635.8 million
- Operating Expenses: \$397.6 million
- 2022 Capital Spending: \$514.8 million
- Five-Year Capital Spending: \$4.0 billion



Aviation Revenue

Operating Revenues (\$ in 000's)	2022 Budget	%
Aeronautical Revenues	394,963	62.1%
Public Parking	81,028	12.7%
Rental Cars - Operations	36,026	5.7%
Rental Cars - Operating CFC	16,112	2.5%
ADR & Terminal Leased Space	45,164	7.1%
Ground Transportation	18,242	2.9%
Employee Parking	10,472	1.6%
Airport Commercial Properties	15,371	2.4%
Airport Utilities	7,765	1.2%
Clubs and Lounges	8,972	1.4%
Other Revenues	1,668	0.3%
Total	635,783	100.0%

2022 Major Budget Initiatives

- Reduce the airport's carbon footprint through the purchase of renewable natural gas
- Complete the Sustainable Airport Master Plan (SAMP) environmental review
- Complete the Utility Master Plan
- Continue to upgrade/reconfigure areas within the Main Terminal
- Continue to focus resources to address pest management issues
- Accelerate the noise insulation program
- Achieve more than 93 percent safety evaluation score
- Meet 2022 milestones for StART Noise Working Group and Federal Policy Working Group initiatives
- Begin procurement for the new Part 150 Study Update
- Achieve 2022 milestones for Sustainable Fleet Plan implementation



The airport has facilities for commercial passengers, air cargo, general aviation, and aircraft maintenance on a site of approximately 2,800 acres. Major airport facilities include the Main Terminal, the South and North Satellites, a parking garage, and a consolidated rental car facility.

Maritime Division

About the Division

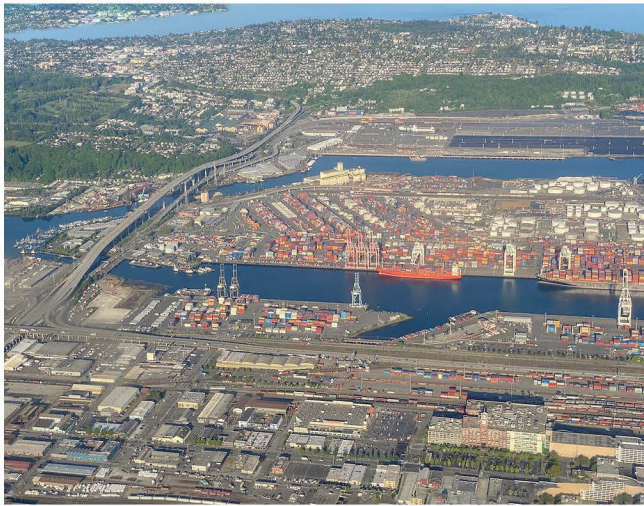
- Operates Fisherman's Terminal, which is the home of the North Pacific Fishing Fleet
- Operates a deep water, multiuse facility and one grain terminal
- Operates four Public Marinas with over 1500 slips
- Operates two cruise ship terminals
- Manages 65 acres of waterfront Parks

Community Benefits

- Port-related fishing activity generated 11,300 jobs and 1.4 billion in business revenues
- Each cruise homeport call generates \$4.2 million in business revenues for the region
- Other business (includes industrial and non-industrial) activities generated 8,400 jobs and \$1.6 billion in business revenues

2022 Budget Overview

- Operating Revenues: \$59.1 million
- Operating Expenses: \$57.9 million
- 2022 Capital Spending: \$23.4 million
- Five-Year Capital Spending: \$294.8 million



Maritime Revenue

Operating Revenues (\$ in 000's)	2022 Budget	%
Cruise	20,574	34.8%
Recreational Boating	13,731	23.2%
Fishing & Operations	8,928	15.1%
Grain	5,900	10.0%
Maritime Portfolio Management	9,986	16.9%
Other Revenues	19	0.0%
Total	59,137	100.0%



2022 Major Budget Initiatives

- Advance Sustainability and Equity in Maritime industries.
- Implement Capital projects that modernize waterfront facilities.
- Deliver operational excellence on safe operations and maintain port assets

The Maritime Division includes the following business groups: Cruise Operations, Recreational Boating, Fishing and Operations, a Grain Terminal, and about half of the Seaport Real Estate portfolio. Additionally, the division includes service groups such as Maritime Marketing, Security, Marine Maintenance, Maritime Environmental, Seaport Finance, and Waterfront Project Management.

Economic Development Division

About the Division

- Manages and develops real estate portfolio and projects
- Supports and develops Small and Women and Minority-owned Business Enterprises (WMBE)
- Promotes tourism and economic development for the region and state

Community Benefits

- Provides Economic Development Partnership Grants to communities throughout the state
- Supports Small and Women and Minority-owned Business Enterprises (WMBE) for the region
- Promotes tourism and economic development for the region and state

2022 Budget Overview

- Operating Revenues: \$18.8 million
- Operating Expenses: \$28.3 million
- 2022 Capital Spending: \$10.5 million
- Five-Year Capital Spending: \$83.6 million



2022 Major Budget Initiatives

- Complete the study of potential barriers to WMBE utilization and identify/implement improvement recommendations
- Provide PortGen workshops/trainings to interested WMBE and Disadvantaged Business Enterprise (DBE) businesses
- Implement the Tourism Recovery initiative in partnership with the Washington Tourism Alliance
- Utilize Tourism Grants to advance sustainable and equitable tourism events and destinations
- Organize/Sponsor Statewide Conference on Sustainable Tourism Support Regional Economic Recovery
- Advance the Maritime Innovation Center at Fishermen's Terminal



Economic Development Revenue

Operating Revenues (\$ in 000's)	2022 Budget	%
Central Harbor Management	8,431	44.9%
Conference & Event Centers	10,299	54.9%
Other Revenues	39	0.2%
Total	18,769	100.0%



The Economic Development Division is comprised of five business and service groups: Real Estate Development and Planning, Portfolio and Asset Management, Diversity in Contracting, Tourism, and P69 Facilities Management.

Environment and Sustainability



The Port of Seattle makes investments in programs that protect our natural resources to fulfill its goal of becoming the greenest and most energy-efficient port in North America. As environmental stewards, the Port embraces its responsibility to the citizens, to the livability of this region, and to the future. The Port has a very comprehensive Environmental and Sustainability Program that includes air emissions reduction, sound insulation and noise abatement, wetlands and habitat restoration, waste reduction and recycling, water quality improvement and water conservation, stormwater management, wildlife management, hazardous materials management, contaminated site cleanup, and energy conservation.

Environment and Sustainability Programs

Leadership + Innovation + Community + Partnership



Climate and Air



Remediation



Habitat and Land Stewardship



Noise Management



Environmental Compliance



Solid Waste and Waste Diversion



Stormwater Management



Planning and Permitting



Key Environmental and Sustainability initiatives for 2022 include:

- Green House Gas Reduction Initiatives
- Sustainable Aviation Fuels & Air Emissions Reduction Program
- Completion of the Seattle Waterfront Clean Energy Strategy for maritime decarbonization
- Quiet Sound Underwater Noise Reduction Program
- Innovative stormwater solutions
- Habitat restoration along the Lower Duwamish River



NORTHWEST SEAPORT ALLIANCE (NWSA)

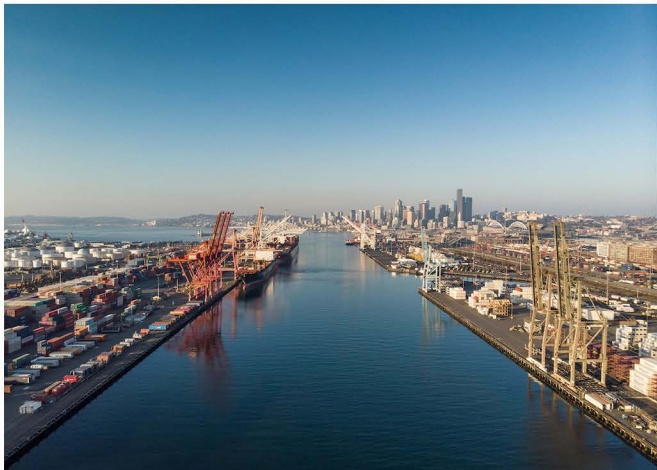


**THE NORTHWEST
SEAPORT ALLIANCE**

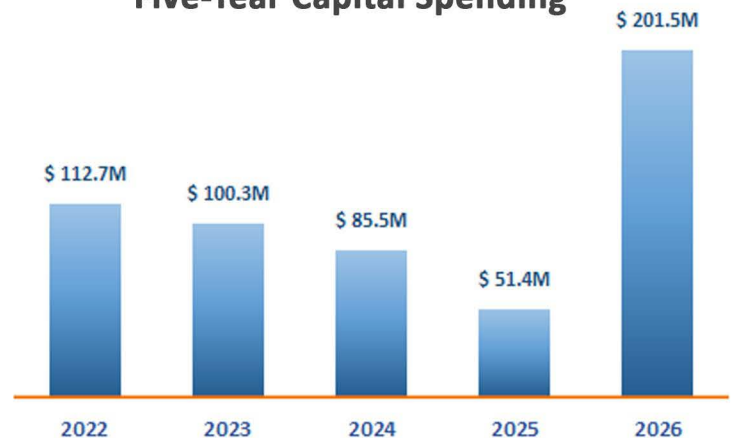
The Northwest Seaport Alliance (NWSA) is a joint venture between the Port of Seattle and the Port of Tacoma. Established in 2015, the Alliance unifies the two ports' marine cargo terminal investments, operations, planning, and marketing to strengthen the competitiveness of the Puget Sound gateway.

The net income from the NWSA is distributed evenly between the two home ports and the Port of Seattle's 2022 distributable revenue is forecast to be \$49.4 million, which is the largest source of Non-Airport revenue and is included as operating revenue in the Port-wide financial statements.

The ports also share equally in NWSA capital investments; the Port of Seattle's share is forecast to be \$56.4 million for 2022 and \$275.7 million for the next 5 years.



Five-Year Capital Spending



The five year NWSA Capital Improvement Plan (CIP) focuses on both strategic and maintenance projects that include:

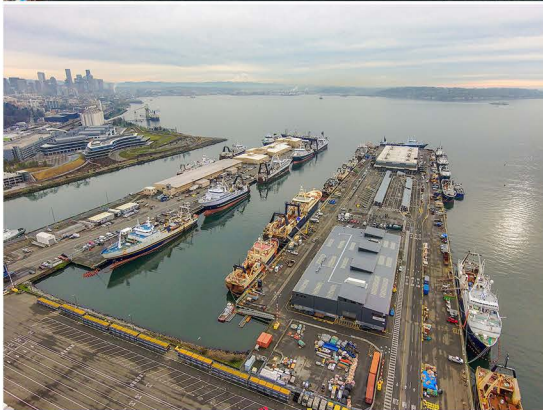
- Major Terminal Improvements at Terminal 5 scheduled to open January 1, 2022, making it the largest amount of new west coast terminal capacity to come online in 2022
- Dock Rehabilitation and Shore Power Construction at Terminal 18
- Replacement of Terminal 46 bulkhead
- Berth dredging at Husky Terminal and at Washington United Terminals (WUT)
- South Harbor (Tacoma) terminal expansion projects



Capital Spending 2022-2026

Major Capital Projects

The total capital budget for 2022 is \$559.5 million and the five-year Capital Improvement Program is \$4.4 billion, which reflects the Port's continuing commitment to promoting regional economic vitality through the investment in the development, expansion, and renewal of Port facilities in support of the strategies and objectives outlined in the Port's Century Agenda and five-year plan for each division.

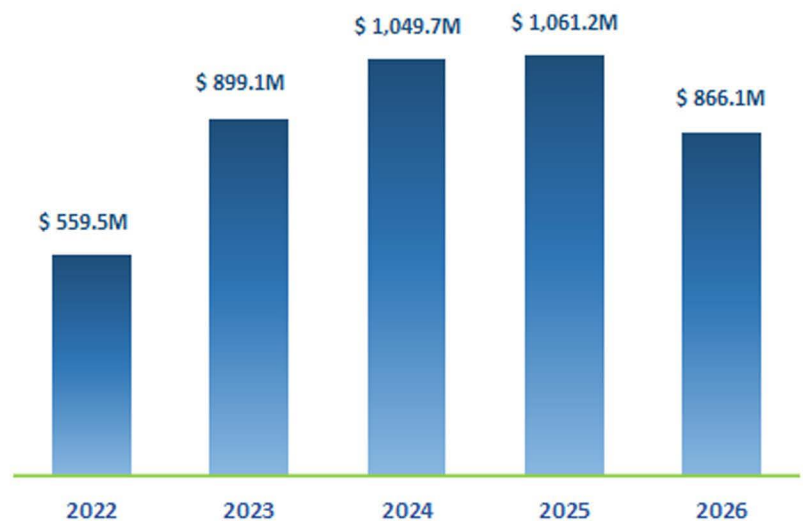


- SEA Baggage Recapitalization/Optimization
- SEA North Main Terminal Development
- SEA South Satellite Renovation/Renewal
- SEA C1 Building Floor Expansion
- Sustainable Aviation Master Plan (SAMP) Planning

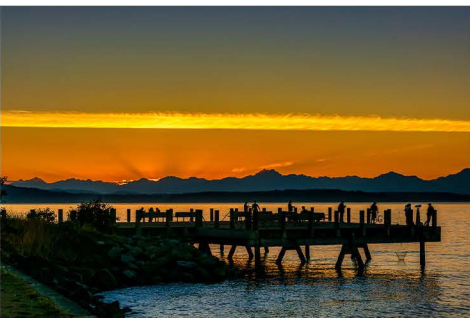
- Terminal 91 Berths 6 and 8 Redevelopment
- Terminal 46 North Pier Structure Replacement
- Terminal 91 Uplands Development

- Fishermen's Terminal Northwest Dock Improvements
- Maritime Innovation Center
- Pier 66 Shore Power/Waterfront Electrification

Five-Year Capital Spending



Sources and Uses of Funds



Sources of Funds

	(\$ in 000's)	
Operating Revenues ⁽¹⁾	\$ 778,444	41.6%
Proceeds from Bond Issues	\$ 709,000	37.9%
Grants and Capital Contributions	\$ 169,466	9.0%
Passenger Facility Charges	\$ 90,521	4.8%
Tax Levy	\$ 81,037	4.3%
Rental Car Customer Facility Charges	\$ 24,411	1.3%
Interest Receipts	\$ 10,928	0.6%
Fuel Hydrant Receipts	\$ 7,022	0.4%
Other Receipts	\$ 1,804	0.1%
Total	\$ 1,872,633	100%

(1) The Operating Revenues total includes NWSA distributable cash.

Uses of Funds

	(\$ in 000's)	
Capital Expenditures	\$ 559,548	35.4%
Total Operating Expenses	\$ 499,146	31.6%
Bond Redemptions	\$ 234,040	14.8%
Interest Payments	\$ 200,806	12.7%
Payment to NWSA for Capital Expenditures	\$ 56,339	3.6%
Other Expenses	\$ 14,751	0.9%
Public Expense	\$ 14,073	0.9%
Total	\$ 1,578,703	100%

Most of the money needed to support the Port's programs comes from its airport, maritime, and real-estate lines of business. We also utilize a countywide property tax levy to fund maritime capital investments, environmental improvements, and community programs. Just 1.2 percent of the total King County property tax goes to the Port. In 2021, that share amounted to an estimated \$72 for the median King County homeowner.

Tax Levy at a Glance



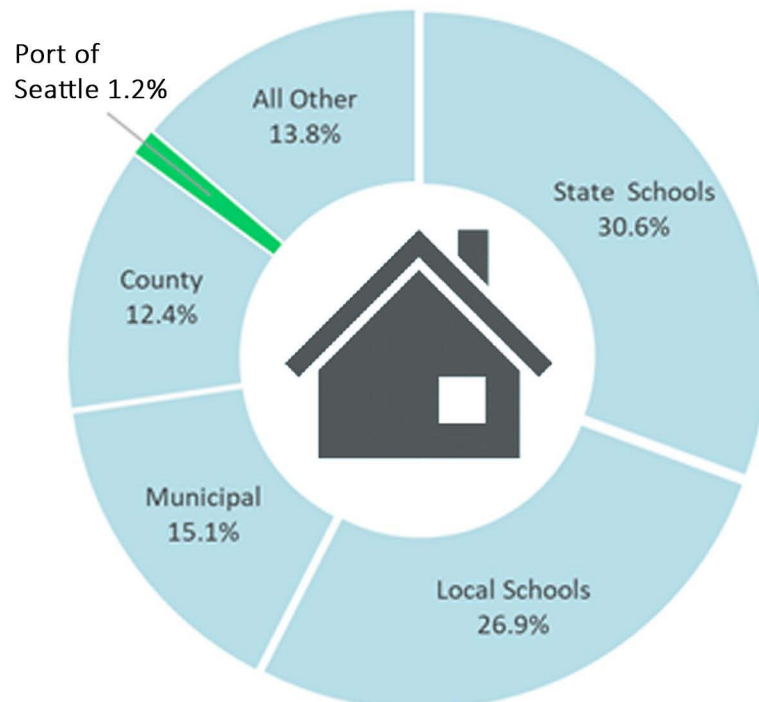
The 2022 levy will be used for:

- General Obligation (G.O.) Bond debt service
- Capital projects reviewed by the Commission
- Regional transportation projects
- Environmental remediation
- Environmental and climate change initiatives
- Airport Community Support
- Workforce development initiatives and Diversity in Contracting
- Tourism and economic development partnership grants
- City of SeaTac safety enhancements
- Local community advertising at Sea-Tac Airport
- South King County Fund and Sustainable Aviation Fuels and Air Emissions Program
- Duwamish Valley Community Equity Program

Facts about the Port property tax levy:

- The maximum allowable levy for 2022 is \$111.3 million
- The 2022 levy represents a three percent increase from \$78.7 million in 2021 to \$81.0 million in 2022
- The estimated millage rate in 2022 is \$0.112 per \$1,000 assessed value
- In 2022, the median King County homeowner will pay an estimated \$72 to the Port
- Just 1.2 percent of all the property taxes collected in King County went to the Port in 2021

2021 King County Property Taxes by Jurisdiction



Thank you for joining the Port in our investment toward an equitable and resilient economy.

** Port environmental staff and partners seeding oysters as part of the Smith Cove Blue Carbon Project while cruise ships dock at Terminal 91.*



Port of Seattle

Port of Seattle
P.O. Box 1209
Seattle, WA 98111
www.portseattle.org