ITEM NO.: 7b_Attach_1

DATE OF MEETING: May 14, 2013

# PORT OF SEATTLE

## 2013 FINANCIAL & PERFORMANCE REPORT

**AS OF MARCH 31, 2013**

## TABLE OF CONTENTS

## I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 03/31/13

## EXECUTIVE SUMMARY

### Financial Summary

The Port's total operating revenues for the first quarter of 2013 were $111.8 million, $10.8 million below the revised budget. Aeronautical revenues were $50.2 million, $7.9 million below budget. Other operating revenues were $61.6 million, $3.0 million lower than the revised budget primarily due to lower revenues from Rental Cars, Concessions, and Grain. Total operating expenses were $65.4 million, $11.8 million below the revised budget mainly due to delayed hiring and vacant positions, delays in airline terminal realignment expense, and delays and savings of outside contracted services. Operating income before depreciation was $46.3 million, $978 thousand above budget. Operating income after depreciation was $3.7 million, $1.4 million higher than budget. The Port-wide capital spending is forecasted to be $207.1 million for the year, $5.8 million below the budgeted $212.9 million.

### Operating Summary

At the Airport, enplanements through the first quarter were 3.6% higher; excluding certain non-revenue passengers that had previously been unreported, the growth would be 1.7%. International enplaned passengers through the first quarter attained greater growth (9.5% vs. 2012) than domestic enplanements (3.0% vs. 2012). For the Seaport division, TEU volume was down 19.4% from September year-to-date 2012. Full year forecasted volume is for 1.66 million TEU's, in line with budget. Grain volume was at 258 thousand metric tons, 83.9% below 2012 volumes and 68.0% below budget. For the Real Estate division, occupancy levels at Commercial Properties were at 91%, slightly below the target of 92% but higher than Seattle market average of 88%. Fishermen's Terminal and Maritime Industrial Center were at 79% occupancy, below target of 81%. Recreational Marinas was at 94% occupancy, above target of 91%.

### Key Business Events

We launched live music events at Sea-Tac Airport. The Radio Frequency Identification (RFID) program was implemented for trucks calling Port container terminals. We completed the sale of all non-freight area on the rail corridor to King County and reached settlement agreement with King County related to the condemnation action to acquire an interest in the Terminal 91 West Yard site. We launched the 2013 Wellness Reward program with Cigna and work is underway for developing health care cost containment strategy. We issued Limited Tax General Obligation Refunding Bonds in the amount of $102,795,000. On the environmental front, 25% of frequent ship calls are meeting Northwest Ports Clean Airs Standards target. We joined Green Marine, a marine industry environmental excellence program, becoming the first U.S. Port outside of the Great Lakes to do so. Contract was awarded for early action Superfund project clean-up at Terminal 117. We also received 10 year programmatic permit for harbor wide dock piling maintenance and repair. Finally, the 85th Annual Blessing of the Fleet was held at Fishermen's Terminal in March.

### Major Capital Projects

We completed the relocation of American, Jet Blue and Frontier from Ticketing Zone 2 to Zone 5 as part of the Airline Realignment Tenant Improvement. The escalator renewal project was near completion. Labor & Industries approved use of sleep mode for new escalators (44 escalator project), first such approval in State. We turned over Electrical Ground Support Equipment (eGSE) demonstration project for use by Alaska. We also reached agreement with TSA on funding and consultant on scope and budget for 30% design of optimization and recapitalization of baggage system screening devices. Finally, we completed the shell to allow upcoming tenant construction of a new duty free retail space for South Satellite West End Project and began construction of utility relocation for Sound Transit South Link extension.

## I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 03/31/13

## INCOME STATEMENT

**Report: Income Statement**
**As of Date: 2013-03-31**

| $ in 000's | 2012 YTD Actual | 2013 YTD Actual | 2013 YTD Revised Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | |
| Aviation | 85,154 | 82,839 | 93,086 | (10,247) | -11.0% | (2,315) | -2.7% |
| Seaport | 26,786 | 21,196 | 21,892 | (696) | -3.2% | (5,590) | -20.9% |
| Real Estate | 7,591 | 7,650 | 7,581 | 68 | 0.9% | 59 | 0.8% |
| Capital Development | 7 | 5 | - | 5 | 0.0% | (3) | -35.5% |
| Corporate | 98 | 68 | 39 | 29 | 75.8% | (30) | -30.6% |
| **Total Revenues** | **119,637** | **111,757** | **122,598** | **(10,840)** | **-8.8%** | **(7,880)** | **-6.6%** |
| **Operating & Maintenance:** | | | | | | | |
| Aviation | 33,380 | 34,007 | 41,355 | 7,348 | 17.8% | 626 | 1.9% |
| Seaport | 4,072 | 3,738 | 4,091 | 353 | 8.6% | (334) | -8.2% |
| Real Estate | 7,550 | 8,082 | 8,754 | 672 | 7.7% | 532 | 7.0% |
| Capital Development | 2,909 | 3,034 | 3,812 | 778 | 20.4% | 124 | 4.3% |
| Corporate | 17,118 | 16,583 | 19,251 | 2,667 | 13.9% | (535) | -3.1% |
| **Total O&M Costs** | **65,030** | **65,444** | **77,262** | **11,818** | **15.3%** | **414** | **0.6%** |
| **Operating Income Before Depreciation** | **54,607** | **46,314** | **45,336** | **978** | **2.2%** | **(8,293)** | **-15.2%** |
| Depreciation | 40,414 | 42,654 | 43,045 | 391 | 0.9% | 2,240 | 5.5% |
| **Operating Income after Depreciation** | **14,193** | **3,659** | **2,291** | **1,368** | **59.7%** | **(10,533)** | **-74.2%** |

***IMPORTANT NOTE:***

All the numbers in the table above are on an Org basis while the actual numbers for the operating divisions are on a Subclass basis.

## I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 03/31/13

### KEY PERFORMANCE METRICS

| | 2012 YTD Actual | 2013 YTD Actual | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Forecast/Budget Var. | Var. % |
|---|---|---|---|---|---|---|---|---|
| Enplanements (in 000's) | 3,604 | 3,734 | 16,597 | 17,017 | 17,017 | 17,017 | - | 0.0% |
| Landed Weight (lbs. in 000's) | 4,422 | 4,453 | 19,897 | 20,444 | 20,444 | 20,444 | - | 0.0% |
| Passenger CPE (in $) | n/a | n/a | 13.23 | 13.65 | 13.65 | 13.80 | - | 0.0% |
| Container Volume (TEU's in 000's) | 476 | 384 | 1,871 | 1,660 | 1,660 | 1,660 | - | 0.0% |
| Grain Volume (metric tons in 000's) | 1,599 | 258 | 3,161 | 1,500 | 3,400 | 3,400 | (1,900) | -55.9% |
| Cruise Passenger (in 000's) | n/a | 1 | 935 | 852 | 851 | 851 | 1 | 0.1% |
| Commercial Property Occupancy | 90% | 91% | 91% | 92% | 92% | 92% | 0% | 0.0% |
| Shilshole Bay Marina Occupancy | 92.7% | 94.9% | 94.3% | 95.2% | 94.2% | 94.2% | 1.0% | 1.0% |
| Fishermen's Terminal Occupancy | 78.9% | 79.9% | 74.0% | 76.7% | 78.2% | 78.2% | -1.5% | -1.9% |

### CAPITAL SPENDING RESULTS

| $ in 000's | 2013 YTD Actual | 2013 Forecast | 2013 Budget | Budget Variance $ | Budget Variance % |
|---|---|---|---|---|---|
| Aviation | 26,669 | 173,275 | 174,651 | 1,376 | 0.8% |
| Seaport | 895 | 9,362 | 11,129 | 1,767 | 15.9% |
| Real Estate | 644 | 9,904 | 12,165 | 2,261 | 18.6% |
| Corporate & CDD | 1,915 | 14,564 | 14,976 | 412 | 2.8% |
| TOTAL | 30,123 | 207,105 | 212,921 | 5,816 | 2.7% |

### PORTWIDE INVESTMENT PORTFOLIO

The investment portfolio for first quarter of 2013 earned 0.79% against our benchmark (The Bank of America Merrill Lynch 3-year Treasury/Agency Index) of 0.26%. For the past twelve months the portfolio has earned 0.86% against the benchmark of 0.28%. Since the Port became its own Treasurer in 2002, the Port's portfolio life-to-date has earned 3.12% against our benchmark of 2.19%.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

### FINANCIAL SUMMARY

| $ in 000's | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| **Operating Revenues** | | | | | | | | |
| Aeronautical | 232,999 | 245,623 | 245,623 | 249,799 | - | 0.0% | 12,624 | 5.4% |
| Non-Aeronautical | 153,023 | 156,563 | 156,563 | 157,826 | - | 0.0% | 3,540 | 2.3% |
| **Total Operating Revenues** | **386,023** | **402,186** | **402,186** | **407,625** | **-** | **0.0%** | **16,163** | **4.2%** |
| **Expenses:** | | | | | | | | |
| Operating Expenses | 211,244 | 233,231 | 233,231 | 237,087 | - | 0.0% | 21,987 | 10.4% |
| Environmental Remediation Liability | 5,321 | 4,615 | 4,615 | 4,615 | - | 0.0% | (706) | -13.3% |
| **Total Operating Expenses** | **216,565** | **237,846** | **237,846** | **241,702** | **-** | **0.0%** | **21,281** | **9.8%** |
| **Net Operating Income** | **169,458** | **164,340** | **164,340** | **165,923** | **-** | **0.0%** | **(5,118)** | **-3.0%** |
| **Capital Spending** | **100,305** | **173,275** | **174,651** | **174,651** | **1,376** | **0.8%** | **72,970** | **72.7%** |

## A. BUSINESS EVENTS

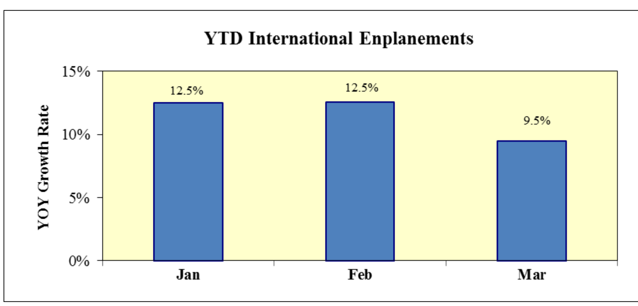
- Airlines realignment in progress
- Escalator renewal project near completion
- No new airline agreement – continuing to charge 2012 rates
- Revised budget assumes resolution methodology for airline rates and charges. This shifts a higher percentage of terminal costs to non-aeronautical, thus reducing non-aeronautical NOI, and passenger airline CPE.

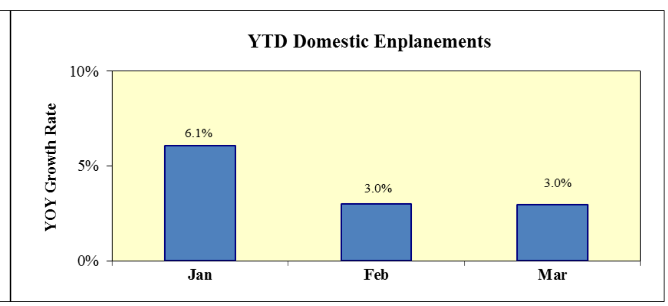
## B. KEY PERFORMANCE INDICATORS

### Passenger Enplanements

| Passenger Enplanements | 2012 YTD | 2013 YTD | % Variance |
|---|---|---|---|
| International | 353,080 | 386,504 | 9.5% |
| Domestic | 3,250,728 | 3,347,312 | 3.0% |
| Total Enplanements | 3,603,808 | 3,733,816 | 3.6% |

| Figures in 000's | 2012 Actual | 2013 Budget | % Variance |
|---|---|---|---|
| Total Enplanements | 16,597 | 17,017 | 2.5% |




- For 2013, enplaned passenger counts include certain non-revenue passengers that had previously been unreported. Excluding these, Q1 growth would be 1.7%, rather than 3.6%.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

### Key Performance Measures

| | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| **Key Measures:** | | | | | | | | |
| Non-Aero NOI less CFC Surplus ($ in 000's) | 79,787 | 71,760 | 71,760 | 74,810 | - | 0.0% | (8,027) | -10.1% |
| Passenger Airline CPE | 13.23 | 13.65 | 13.65 | 13.80 | - | 0.0% | 0.41 | 3.1% |
| Debt / Enplaned Passenger | 152.7 | 143.8 | 143.8 | 143.8 | - | 0.0% | (8.9) | -5.8% |
| Debt Service Coverage | 1.40 | 1.30 | 1.30 | 1.35 | - | 0.0% | (0.10) | -7.1% |

## C. OPERATING RESULTS

### Division Summary

| $ in 000's | 2012 YTD Actual | 2013 Year-to-Date Actual | 2013 Year-to-Date Revised Budget | YTD Rvsd Bud Var $ | YTD Rvsd Bud Var % | Year-end Projections Approved Budget | Year-end Projections Revised Budget | Year-end Projections Forecast | Year-end Projections Rvsd Bud Var |
|---|---|---|---|---|---|---|---|---|---|
| Aeronatical Revenues | 51,634 | 50,173 | 58,037 | (7,863) | -13.5% | 249,799 | 245,623 | 245,623 | - |
| Non-Aeronautical Revenues | 33,520 | 32,666 | 35,049 | (2,384) | -6.8% | 157,826 | 156,563 | 156,563 | - |
| **Total Operating Revenues** | **85,154** | **82,839** | **93,086** | **(10,247)** | **-11.0%** | **407,625** | **402,186** | **402,186** | **-** |
| **Operating Expenses:** | | | | | | | | | |
| Salaries & Benefits | 21,715 | 22,105 | 23,439 | 1,334 | 5.7% | 97,842 | 96,953 | 96,953 | - |
| Outside Services | 4,688 | 5,965 | 10,840 | 4,875 | 45.0% | 45,453 | 44,976 | 44,976 | - |
| Utilities | 3,595 | 3,495 | 3,363 | (132) | -3.9% | 12,425 | 12,425 | 12,425 | - |
| Other Airport Expenses | 3,382 | 2,442 | 3,713 | 1,271 | 34.2% | 15,956 | 14,534 | 14,534 | - |
| **Baseline Airport Expenses** | **33,380** | **34,007** | **41,355** | **7,348** | **17.8%** | **171,676** | **168,888** | **168,888** | **-** |
| Environmental Remediation Liability | - | - | - | - | n/a | 4,615 | 4,615 | 4,615 | - |
| **Total Airport Expenses** | **33,380** | **34,007** | **41,355** | **7,348** | **17.8%** | **176,291** | **173,503** | **173,503** | **-** |
| Corporate | 7,935 | 7,680 | 8,982 | 1,302 | 14.5% | 37,314 | 36,965 | 36,965 | - |
| Police Costs | 3,858 | 3,751 | 4,186 | 435 | 10.4% | 16,891 | 16,699 | 16,699 | - |
| Capital Development/Other Expenses | 2,353 | 2,372 | 2,799 | 426 | 15.2% | 11,206 | 10,679 | 10,679 | - |
| **Total Operating Expenses** | **47,526** | **47,809** | **57,321** | **9,511** | **16.6%** | **241,702** | **237,846** | **237,846** | **-** |
| **NOI Before Depreciation** | **37,628** | **35,030** | **35,765** | **(735)** | **-2.1%** | **165,923** | **164,340** | **164,340** | **-** |
| Depreciation Expense | 29,284 | 31,433 | 31,850 | 418 | 1.3% | 126,977 | 126,977 | 126,977 | - |
| **NOI After Depreciation** | **8,344** | **3,597** | **3,915** | **(318)** | **-8.1%** | **38,946** | **37,363** | **37,363** | **-** |
| **Selected Non-Operating Rev/(Exp):** | | | | | | | | | |
| Capital Grants & Donations | 423 | - | 1,839 | (1,839) | -100.0% | 16,230 | 16,230 | 16,230 | - |
| Non-Capital Grants & Donations | 0 | - | 317 | (317) | -100.0% | 1,269 | 1,269 | 1,269 | - |
| Passenger Facility Charges (PFCs) | 16,894 | 17,708 | 14,142 | 3,566 | 25.2% | 64,844 | 64,844 | 64,844 | - |
| Customer Facility Charges (CFCs) | 4,722 | 4,850 | 5,138 | (289) | -5.6% | 20,553 | 20,553 | 20,553 | - |

### YTD Operating Results

- Aeronautical revenues are lower than revised budget by $7.9 million due to landing fees and terminal space rents based on 2012 carryover rates, which are less than 2013 recoverable costs.
- Non-aeronautical revenues are lower than revised budget by $2.4 million:
  - Rental car revenues are lower than revised budget by $1.8 million, or -26.2%.
    - Car rental revenues are lower than revised budget by $1.5 million, or -27.2% due to concession billing credits for current rental car contract year based on seasonality not anticipated in budget, even though YTD February transaction days are higher by 3.4% and average ticket price is higher by 0.6%.
    - CFC operating revenue is lower than revised budget by $220k, or-26.4%.
  - Concessions revenue is lower than revised budget by $837K, or -8.8% due to lower retails sales because of an unanticipated “Hudson” store closure over Q1 and $500K of new duty free MAG revenue misbudgeted entirely in Q1 rather than in Q3 and Q4.

- Public parking revenue is higher than revised budget by $108K, or 0.9% due to higher public parking revenue of $228K offset by lower "Doug Fox" space rental revenue of $119K.

**YTD Non-Operating Results**

- PFCs are higher than revised budget by $3.6 million, or 25.2% as actual PFC collections are higher based on airline ticket sales; whereas, budget was based on enplanement trends.

**YTD Operating Expenses**

- Operating expenses are lower than revised budget by $9.5 million due to the net of the following:

| Positive Variance of $9.6 million: | Negative Variance of $100K: |
|---|---|
| Delays in airline realignment expenses $3.0M | RCF water utility usuage higher than anticipated $132K |
| Delays in expenditure of contracted services $1.7M: | |
| - KONE escalator/elevator svs $244k | |
| - Sustainability aviation master plan $207k | |
| - Concession master plan $133k | |
| - Landscaping maintenance $136k | |
| - Tenant marketing $75k | |
| Vacancies and payroll savings $978K | |
| Corporate/CDD/Police allocated expenses $2.2M | |
| Employee training and development expenses $344K | |
| Delay in airline trade and promotional events $207K | |
| Litigated claims reserve adjustment $189K | |
| Delay in Fire Department furniture purchase $165K | |
| Other Aviation Division savings $800K | |

**Aeronautical Business Unit Summary**

| $ in 000's | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| Net Passenger Airline Costs | 219,598 | 232,197 | 232,197 | 234,830 | - | 0.0% | 12,600 | 5.7% |
| Enplanements | 16,597 | 17,017 | 17,017 | 17,017 | - | 0.0% | 419 | 2.5% |
| **Passenger Airline CPE** | **13.23** | **13.65** | **13.65** | **13.80** | **-** | **0.0%** | **0.41** | **3.1%** |

**YOY Changes**

- Net passenger airline costs increases are due to airlines realignment and capital costs increases.
- 2013 approved budget assumed continuation of SLOA II. Revised budget assumes airline rates and charges based on a resolution.

## Non-Aero Business Unit Summary

| $ in 000's | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| **Non-Aero Revenues** | | | | | | | | |
| Rental Cars | 28,288 | 26,737 | 26,737 | 26,737 | - | 0.0% | (1,551) | -5.5% |
| CFC Operating Revenues (RCF) | 9,745 | 11,013 | 11,013 | 11,013 | - | 0.0% | 1,268 | 13.0% |
| RCF Reimbursable Revenue | 38 | 222 | 222 | 1,486 | - | 0.0% | 184 | 484.5% |
| **RCF Subtotal** | **38,072** | **37,972** | **37,972** | **39,236** | **-** | **0.0%** | **(100)** | **-0.3%** |
| Public Parking | 49,781 | 50,948 | 50,948 | 50,948 | - | 0.0% | 1,167 | 2.3% |
| Ground Transportation | 7,900 | 7,267 | 7,267 | 7,267 | - | 0.0% | (633) | -8.0% |
| Concessions | 37,998 | 41,263 | 41,263 | 41,263 | - | 0.0% | 3,265 | 8.6% |
| Other | 19,273 | 19,113 | 19,113 | 19,113 | - | 0.0% | (160) | -0.8% |
| **Total Non-Aero Revenues** | **153,022** | **156,563** | **156,563** | **157,826** | **-** | **0.0%** | **3,541** | **2.3%** |
| RCF Operating Expense | 6,196 | 7,858 | 7,858 | 9,121 | - | 0.0% | 1,662 | 26.8% |
| Operating Expense | 64,855 | 67,985 | 67,985 | 68,911 | - | 0.0% | 3,130 | 4.8% |
| Share of terminal O&M | 18,366 | 21,436 | 21,436 | 18,615 | - | 0.0% | 3,070 | 16.7% |
| Less utility internal billing | (19,883) | (17,095) | (17,095) | (17,095) | - | 0.0% | 2,788 | -14.0% |
| **Net Operating & Maint** | **69,533** | **80,184** | **80,184** | **79,552** | **-** | **0.0%** | **10,651** | **15.3%** |
| **Net Operating Income** | **83,489** | **76,379** | **76,379** | **78,274** | **-** | **0.0%** | **(7,110)** | **-8.5%** |
| **Adjusted Net Operating Income:** | | | | | | | | |
| Non-Aeronautical NOI | 83,489 | 76,379 | 76,379 | 78,274 | - | 0.0% | (7,110) | -8.5% |
| Less: CFC Surplus | (3,702) | (4,619) | (4,619) | (3,464) | - | 0.0% | (917) | 24.8% |
| **Adjusted Non-Aero NOI** | **79,787** | **71,760** | **71,760** | **74,810** | **-** | **0.0%** | **(8,027)** | **-10.1%** |

| | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| **Revenues Per Enplanement** | | | | | | | | |
| Parking | 3.00 | 2.99 | 2.99 | 2.99 | - | 0.0% | (0.01) | -0.2% |
| Rental Cars (excludes CFCs) | 1.70 | 1.57 | 1.57 | 1.57 | - | 0.0% | (0.13) | -7.6% |
| Ground Transportation | 0.48 | 0.43 | 0.43 | 0.43 | - | 0.0% | (0.05) | -11.0% |
| Concessions | 2.29 | 2.42 | 2.42 | 2.42 | - | 0.0% | 0.13 | 5.9% |
| Other | 1.75 | 1.78 | 1.78 | 1.86 | - | 0.0% | 0.03 | 1.9% |
| **Total Revenues** | **9.22** | **9.20** | **9.20** | **9.27** | **-** | **0.0%** | **(0.02)** | **-0.2%** |
| **Primary Concessions Sales / Enpl** | **10.91** | **11.25** | **11.25** | **11.25** | **-** | **0.0%** | **0.34** | **3.1%** |

| $ in 000's | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| Operating CFC Revenues | 9,745 | 11,013 | 11,013 | 11,013 | - | 0.0% | 1,268 | 13.0% |
| Non-Operating CFC Revenues | 20,577 | 20,553 | 20,553 | 20,553 | - | 0.0% | (24) | -0.1% |
| **Total CFC Revenues** | **30,322** | **31,566** | **31,566** | **31,566** | **-** | **0.0%** | **1,244** | **4.1%** |

## YOY Changes

- Revenue increases are due to higher continued growth in concession and commercial property revenues, parking garage price increases, higher CFC operating revenue due to more transaction days from a full year of RCF operations, *offset* by prior year's temporary unbudgeted rental car space rents in the main garage.
- Operating costs increases are due to a full year of operations for the RCF and the terminal non-aero allocation percentage changed to 22.8% in 2013 from 19.6% in 2012 under the terms of the rates and charges resolution.

## II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

### Net Cash Flow: NOI after Debt Service and Interest Income

| $ in 000's | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| **Aeronautical** | | | | | | | | |
| **Operations:** | | | | | | | | |
| **Total Revenues** | **233,000** | **245,623** | **245,623** | **249,799** | **-** | **0.0%** | **12,622** | **5.4%** |
| Baseline Operating Costs | 137,189 | 138,165 | 138,165 | 142,652 | - | 0.0% | 976 | 0.7% |
| Airlines Realignment | 5,802 | 16,069 | 16,069 | 16,069 | - | 0.0% | 10,267 | 177.0% |
| Regulated Materials | 4,040 | 3,428 | 3,428 | 3,428 | - | 0.0% | (612) | -15.1% |
| **Total Operating Costs** | **147,031** | **157,662** | **157,662** | **162,150** | **-** | **0.0%** | **10,631** | **7.2%** |
| **Net Operating Income** | **85,969** | **87,960** | **87,960** | **87,649** | **-** | **0.0%** | **1,991** | **2.3%** |
| **Debt Service:** | | | | | | | | |
| Gross Debt Service | 124,200 | 127,278 | 127,278 | 127,685 | - | 0.0% | 3,077 | 2.5% |
| Passenger Facility Charge (PFC) | (33,717) | (33,800) | (33,800) | (33,800) | - | 0.0% | (83) | 0.2% |
| Terminal Non-aero Allocation | (12,562) | (15,409) | (15,409) | (13,763) | - | 0.0% | (2,847) | 22.7% |
| **Net Debt Service** | **77,922** | **78,069** | **78,069** | **80,122** | - | 0.0% | 148 | 0.2% |
| **Aero NOI after Debt Service** | **8,048** | **9,891** | **9,891** | **7,527** | **-** | **0.0%** | **1,844** | **22.9%** |
| **Non-Aeronautical** | | | | | | | | |
| **Operations:** | | | | | | | | |
| Revenues | 153,022 | 156,563 | 156,563 | 157,826 | - | 0.0% | 3,541 | 2.3% |
| Operating Expenses | 69,533 | 80,184 | 80,184 | 79,552 | - | 0.0% | 10,651 | 15.3% |
| **Net Operating Income** | **83,489** | **76,379** | **76,379** | **78,274** | **-** | **0.0%** | **(7,110)** | **-8.5%** |
| **Debt Service:** | | | | | | | | |
| Gross Debt Service | 50,652 | 53,288 | 53,288 | 50,282 | - | 0.0% | 2,636 | 5.2% |
| Customer Facility Charge (CFC) | (20,048) | (19,873) | (19,873) | (19,873) | - | 0.0% | 175 | -0.9% |
| Terminal Non-aero Allocation | 12,562 | 15,409 | 15,409 | 13,763 | - | 0.0% | 2,847 | 22.7% |
| **Net Debt Service** | **43,166** | **48,824** | **48,824** | **44,173** | **-** | **0.0%** | **5,658** | **13.1%** |
| **Non-Aero NOI after Debt Service** | **40,323** | **27,555** | **27,555** | **34,101** | **-** | **0.0%** | **(12,768)** | **-31.7%** |
| **Total Aviation** | | | | | | | | |
| Net Operating Income | 169,458 | 164,340 | 164,340 | 165,923 | - | 0.0% | (5,119) | -3.0% |
| Net Debt Service | 121,088 | 126,894 | 126,894 | 124,295 | - | 0.0% | 5,806 | 4.8% |
| **NOI After Debt Service** | **48,371** | **37,446** | **37,446** | **41,628** | **-** | **0.0%** | **(10,925)** | **-22.6%** |
| Add ADF Interest Income | 3,215 | 4,526 | 4,526 | 4,526 | - | 0.0% | 1,311 | 40.8% |
| Add Non-Operating TSA Grant | 919 | 1,269 | 1,269 | 1,269 | - | 0.0% | 350 | 38.1% |
| **Net Cash Flow after D/S & Interest** | **52,505** | **43,241** | **43,241** | **47,423** | **-** | **0.0%** | **(9,264)** | **-17.6%** |

- 2013 forecasted net cash flow is down $9.3 million from 2012.
- Non-aeronautical gross debt service YOY increase of $2.6 million is due to change in allocation percentages under the terms of the rates and charges resolution.

## D. CAPITAL RESULTS

**Capital Variance**

| $ in 000's Description | 2013 YTD Actual | 2013 Forecast | 2013 Budget | Budget Variance $ | % |
|---|---|---|---|---|---|
| Airfield Pavement Replacement | 158 | 9,368 | 4,180 | (5,188) | -124.1% |
| Doug Fox Site Improvements | 163 | 973 | 3,870 | 2,897 | 74.9% |
| Convert Ticket Zone 2 Pushback | 0 | 2,750 | 5,500 | 2,750 | 50.0% |
| All Other | 26,348 | 160,184 | 161,101 | 917 | 0.6% |
| **Total Spending** | **26,669** | **173,275** | **174,651** | **1,376** | **0.8%** |

- Airfield pavement replacement variance reflects an increase in scope due to the extent of deteriorating panels.
- Doug Fox site improvements project was delayed due to a signage issue with the City of SeaTac, an asphalt re-surfacing issue with the tenant, and a maintenance provision in the lease agreement. Most construction work will now begin in 2014.
- Convert Ticket Zone 2 Pushback costs have been reallocated between expense and capital.

**2013-2017 Capital and Funding Plan**

| $ in 000's | 2013-2017 Total | Future Revenue Bonds |
|---|---|---|
| Budget | 1,454,153 | 875,308 |
| Forecast | 1,276,006 | 697,161 |
| **Decrease** | **(178,147)** | **(178,147)** |

**2013 Annual Budget Changes**

| $ in 000's | 2013 Spending |
|---|---|
| Checked Bag Recap/Optimization | 1,501 |
| Pax Bridge and Walkway S16 Rep | 775 |
| USO Relocation | 758 |
| NSAT-STS CeilingLeak LT Repair | 122 |
| **Total** | **3,156** |

- These projects were not included in the 2013 – 2017 capital budget and plan of finance.

## Future 2013 Authorization Requests

| Future 2013 Authorization Requests: |
|---|
| South Access Property Acq. |
| Parking Garage Light Retrofit |
| Replace PLBs at B7, B9 & S8 |
| Purch/Repl PLBs at B6 ,B8, B14 |
| International Arrivals Fac-IAF |
| Radio System Upgrade (800MHz) |
| Pax Bridge and Walkway S16 Rep |
| USO Relocation |
| Service Tunnel Renewal/Replace |
| Air Cargo Rd Safety Imp D/C |
| Utility ER Backup/Standby Pwr |
| NS Main Terminal Improvements |
| Security Checkpoint Wayfinding |
| Fiber Infr to Gate Backstands |
| Fire Dept Comm. Upgrades |
| So. 160th St. GT Lot Expansion |
| Fire Station Electric Upgrades |
| Grease Interceptor Augmnt 2013 |
| Renew/Repl Emer Power Switches |
| Concourse D Roof Replacement |

## Plan of Finance Budget vs. Approved Annual Budget

| Figures in $ 000's | 2013 Plan of Finance Budget | 2013 Annual Approved Budget | Change |
|---|---|---|---|
| NS NSAT Renov NSTS Lobbies | 15,000 | 6,700 | (8,300) |
| Rental Car Fac. Construction | 245 | 8,038 | 7,793 |
| Aircraft RON Parking USPS Site | 6,000 | 800 | (5,200) |
| All Other | 162,995 | 159,113 | (3,882) |
| **Total** | **184,240** | **174,651** | **(9,589)** |

# III. SEAPORT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

## FINANCIAL SUMMARY

| $ in 000's | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Revised Bud Variance $ | Revised Bud Variance % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | |
| Operating Revenue | 101,715 | 96,328 | 100,603 | 110,110 | (4,275) | -4% | (5,387) | -5% |
| Security Grants | 2,226 | 0 | 173 | 173 | (173) | -100% | (2,226) | -100% |
| **Total Revenues** | **103,941** | **96,328** | **100,777** | **110,283** | **(4,448)** | **-4%** | **(7,613)** | **-7%** |
| **Total Operating Expenses** | **44,700** | **46,147** | **46,147** | **47,043** | **0** | **0%** | **1,447** | **3%** |
| **Net Operating Income** | **59,241** | **50,181** | **54,630** | **63,240** | **(4,448)** | **-8%** | **(9,060)** | **-15%** |
| **Capital Expenditures** | **10,841** | **9,362** | **11,129** | **11,129** | **1,767** | **16%** | **(1,479)** | **-14%** |

- Total Seaport revenues were ($663) thousand unfavorable through the first quarter primarily due to below budget grain revenue as a result of volume being 68% below budget. For the full year Seaport is forecasting revenue to be below budget by ($4.4 million) as a result of below budget grain revenue, crane rent, and security grants.
- Total Operating Expenses were $877 thousand favorable through the first quarter due to timing. Seaport is forecasting full year operating expenses to match the budget.
- Forecasted Net Operating Income for 2013 is estimated to be ($4.4 million) unfavorable to budget and ($9.1 million) below 2012 Actual. 2013 Forecast is unfavorable due to revenue variances described above. Decrease from 2012 Actual is due to lower revenue from containers and grain and higher expenses primarily due to the Terminal 5 maintenance dredge project and related operating environmental remediation liability, utility expenses and corporate costs.
- As of the end of the 1st Quarter, total capital spending for 2013 is projected to be $9.4 million or 84% of the Approved Annual Budget.

## A. BUSINESS EVENTS

- TEU volumes for Seattle Harbor were down 19.4% Q1 2013, compared to Q1 2012 levels. Q1 13 volume is 383,910 TEUs. Q1 13 full inbound TEUs are down 18.9%, full outbound TEUs are down 16.2%, empty inbound TEUs are down 29.2%, and empty outbound TEUs are down 17.4%.
- Consolidated West Coast Port results through the 1st Quarter of 2013 show an overall increase in TEU volume of 4% compared to volumes in 2012.

| TEU Volume (in 000's) | Q1 13 | Q1 12 | TEU Change | % Change |
|---|---|---|---|---|
| Long Beach | 1,554 | 1,307 | 247 | 18.9% |
| Los Angeles | 1,787 | 1,875 | (88) | -4.7% |
| Oakland | 567 | 560 | 7 | 1.2% |
| Portland | 48 | 55 | (6) | -11.8% |
| Prince Rupert | 135 | 128 | 7 | 5.6% |
| **Seattle** | **384** | **476** | **(92)** | **-19.4%** |
| Tacoma | 469 | 343 | 126 | 36.8% |
| Vancouver | 643 | 628 | 15 | 2.5% |
| **West Coast - Totals:** | **5,587** | **5,371** | **217** | **4.0%** |

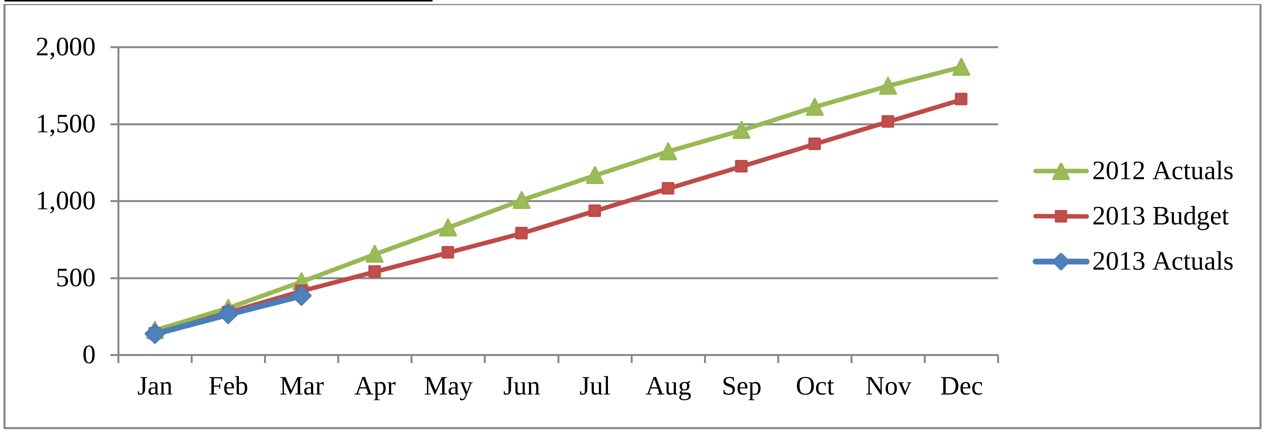
## III. SEAPORT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

- Terminal 46: Washington State Department of Transportation took possession of approximately 4.85 acres formerly within Total Terminals International, LLC leasehold in support of the Alaskan Way Tunnel Project. Additional 1.5 acres along north apron of Terminal 46 also leased by WSDOT. Both areas are directly leased from the Port.
- Implemented the new rent terms for the minimum annual guarantee (MAG) program in the TTI lease extension, effective 1/1/2013.
- Grain vessels shipped 258K metric tons of grain through Terminal 86 for year-to-date 2013. Amount is 84% lower than 2012 volumes and 68% unfavorable to 2013 Budget volume.
- Implemented new rent terms in the Cruise Terminals of America lease extension, effective date 1/1/2013.
- The 2013 cruise season begins May 1st.
- Environmental:
  - 25% of frequent vessel calls meeting Northwest Ports Clean Air Standards target.
  - Joined Green Marine, a marine industry environmental excellence program, becoming the first U.S. Port outside of the Great Lakes region to do so.
  - Contract awarded for early action Superfund project clean-up at Terminal 117.
  - Received 10 year programmatic permit for harbor wide dock piling maintenance and repair.
- General Construction and Manson Construction's use of T107 / Kellogg Island submerged lands was incorporated into the available berthing for construction, deck, and derrick barges.
- Closed out security grant administration contract with Moffatt & Nichol and transitioned to in-house grant administration.

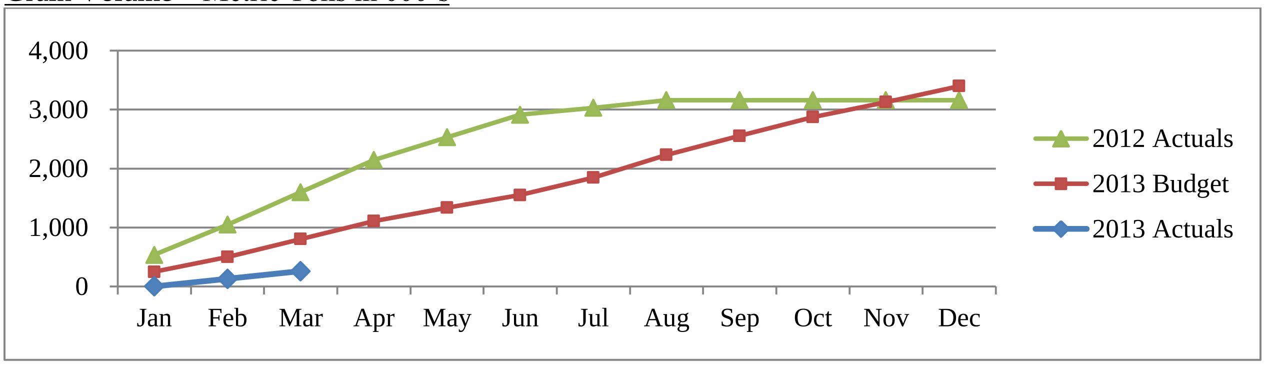
# III. SEAPORT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

## B. KEY INDICATORS

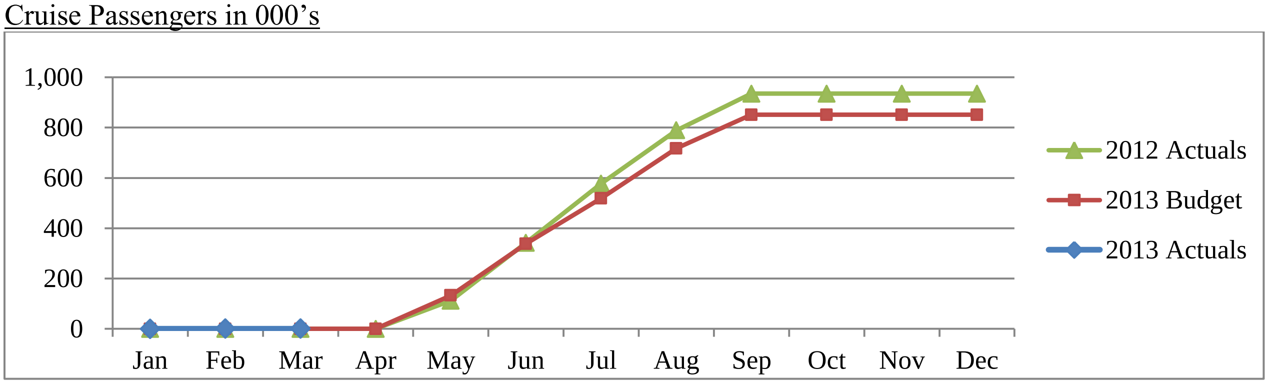
Container Volume – TEU's in 000's




Grain Volume – Metric Tons in 000's




Cruise Passengers in 000's




**Net Operating Income Before Depreciation By Business**

| $ in 000's | 2012 YTD Actual | 2013 YTD Actual | 2013 YTD Revised Budget | 2013 Rev Bud Var $ | 2013 Rev Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|
| Containers | 15,545 | 11,191 | 10,436 | 755 | 7% | (4,354) | -28% |
| Grain | 1,464 | (0) | 548 | (548) | -100% | (1,464) | -100% |
| Seaport Industrial Props | 2,067 | 2,210 | 2,117 | 93 | 4% | 143 | 7% |
| Cruise | (1,334) | (1,255) | (1,381) | 126 | 9% | 80 | 6% |
| Docks | (143) | (220) | (121) | (99) | -81% | (77) | -54% |
| Security | (217) | (217) | (109) | (108) | -99% | 0 | 0% |
| Env Grants/Remed Liab/Oth | 0 | (6) | 0 | (6) | NA | (6) | NA |
| **Total Seaport** | 17,381 | 11,703 | 11,490 | 213 | 2% | (5,678) | -33% |

## C. OPERATING RESULTS

| | 2012 YTD | 2013 Year-to-Date | | YTD Rvsd Bud Var | | Year-End Projections | | | |
|---|---|---|---|---|---|---|---|---|---|
| $ in 000's | Actual | Actual | Revised Budget | $ | % | Approved Budget | Revised Budget | Forecast | Rvsd Bud Var |
| Operating Revenue | 26,115 | 21,331 | 21,907 | (577) | -3% | 110,110 | 100,603 | 96,328 | (4,275) |
| Security Grants | 816 | 0 | 87 | (87) | -100% | 173 | 173 | 0 | (173) |
| **Total Revenues** | **26,931** | **21,331** | **21,994** | **(663)** | **-3%** | **110,283** | **100,777** | **96,328** | **(4,448)** |
| Seaport Expenses (excl env srvs) | 2,710 | 3,174 | 3,482 | 308 | 9% | 15,385 | 14,971 | 14,971 | 0 |
| Environmental Services | 302 | 332 | 373 | 41 | 11% | 2,675 | 2,675 | 2,675 | 0 |
| Maintenance Expenses | 1,185 | 1,562 | 1,397 | (165) | -12% | 6,360 | 6,076 | 6,076 | 0 |
| P69 Facilities Expenses | 130 | 115 | 132 | 18 | 13% | 526 | 526 | 526 | 0 |
| Other RE Expenses | 86 | 66 | 89 | 23 | 26% | 353 | 353 | 353 | 0 |
| CDD Expenses | 651 | 824 | 894 | 70 | 8% | 3,530 | 3,475 | 3,475 | 0 |
| Police Expenses | 948 | 947 | 1,059 | 112 | 11% | 4,271 | 4,223 | 4,223 | 0 |
| Corporate Expenses | 2,718 | 2,604 | 3,077 | 474 | 15% | 12,773 | 12,678 | 12,678 | 0 |
| Security Grant Expense | 821 | 4 | 0 | (4) | NA | 0 | 0 | 0 | 0 |
| Envir Remed Liability | 0 | 0 | 0 | 0 | NA | 1,170 | 1,170 | 1,170 | 0 |
| **Total Expenses** | **9,550** | **9,628** | **10,504** | **877** | **8%** | **47,043** | **46,147** | **46,147** | **0** |
| **NOI Before Depreciation** | **17,381** | **11,703** | **11,490** | **213** | **2%** | **63,240** | **54,630** | **50,181** | **(4,448)** |
| Depreciation | 8,633 | 8,764 | 8,781 | 17 | 0% | 35,022 | 35,022 | 35,022 | 0 |
| **NOI After Depreciation** | **8,748** | **2,939** | **2,709** | **230** | **9%** | **28,218** | **19,608** | **15,160** | **(4,448)** |

### Seaport revenues were ($663K) unfavorable to budget. Key variances are as follows:

**Seaport Lease & Asset Management - unfavorable ($516K)**

- Containers were $181K favorable. Crane Rent Revenue $78K favorable due to above budget tariff crane usage at Terminal 5 $205K, partially offset by unfavorable variance at Terminal 18 ($127K) due to no usage of Port owned MHI cranes through the first quarter. Concession Rent favorable $114K due to Terminal 5 intermodal usage higher than anticipated in the Budget.
- Grain ($622K) unfavorable due to volume coming in 68% unfavorable to budget.
- Seaport Industrial Properties were ($75K) unfavorable. These were primarily due to the unfavorable Space and Land Rental variance at Terminal 115 ($84K) because of arbitration with SeaFreeze over a market rate adjustment that will be retroactive to Jan1, 2013.

**Cruise and Maritime Operations - unfavorable ($148K)**

- Cruise was $4K favorable – variance is not material.
- Maritime Operations Docks were ($65K) unfavorable. These were primarily due to Sale of Utilities revenue unfavorable ($95K) because of less electricity use than budgeted. This was partially offset by favorable Wharfage variance $49K due to higher than normal unloading of fish, primarily the Pollack fleet.
- Security Grants were ($87K) unfavorable due to budgeted Operating & Maintenance reimbursement grant, but it was later determined that the grant requirements would exclude the planned activity.

### Total Seaport Division Expenses were $877K favorable to budget. Key variances:

- **Seaport Expenses** (excluding Environmental Services) were $308K favorable to budget. Major variances were as follows:
  - **Salaries & Benefits** were $100K favorable due to current or earlier in the year open positions in Terminal 91 Maritime Operations, Commercial Strategies, and Seaport Finance.
  - **Utilities** were $133K favorable primarily due to lower usage than budgeted of water, sewer, and electrical utilities at Terminal 91 industrial properties.
  - **Outside Services** were $18K favorable due to offsetting variances. Costs for the Terminal 5 Phase II Maintenance Dredge project $65K favorable to budget due to timing and costs budgeted for transportation related studies $46K have not yet been spent. Amount were largely offset by unbudgeted payment to Burke Museum to prepare tribal artifacts for transfer to tribes ($69K) and due to earlier

than planned payment for advertising campaign development costs ($16K).

  - **Travel & Other Employee Expenses** were $79K favorable due to timing as there was less travel during the first quarter than budgeted.
  - **General Expenses** were ($51K) unfavorable due to bad debt expense ($96K) in Maritime Operations. Amount is expected to be reversed in the current year as involved companies are negotiating payment plans. Unfavorable variance is partially offset by favorable Agency Permits & Fees $44K due to later receipt of annual invoices than assumed in the budget.
- **Maintenance** costs, direct and allocated, were unfavorable ($165K) due to crane rail repairs at Terminal 46 that were planned for 2012, but were delayed until early 2013 and due to unplanned preventative maintenance on the Smith Cove Cruise Terminal gangways and steel camels. Unfavorable amounts were partially offset by favorable variances in other areas related to delays in other projects.
- **CDD** costs were favorable $70K due to below budget direct charged Outside Service costs $85K from Seaport Project Management related to prior year invoice for Pier 66 underdock inspections not paid or reaccrued in 2013 and below budget usage of outside services for the Terminal 5 phase II maintenance dredge. In addition, direct charges and allocations from all CDD groups were below budget for planned projects $131K. Favorable amounts were partially offset by unplanned direct charges and overhead related to the unanticipated Terminal 115 broken waterline ($150K).
- **Police** costs, direct and allocated were favorable $112K due to below budget spending by the Police for the year-to-date.
- **Corporate** costs, direct and allocated, were favorable $474K due to lower than anticipated direct charges and allocations from virtually all Corporate groups including Information & Communication Technology $170K, Accounting and Financial Reporting $75K, Office of Social Responsibility $55K, and Public Affairs $47K.
- **Security Grant Expenses** were unfavorable ($4K) due to grant management fees.
- **All other** variances netted to favorable $82K or less than 1% of total expenses budgeted.

**NOI Before Depreciation** was $213K favorable to budget.

Depreciation was $17K favorable or essentially on budget for the year-to-date.

**NOI After Depreciation** was $230K favorable to budget.

**<u>Forecast</u>**

As of the end of the 2nd Quarter 2012, Seaport anticipates ending the year ($4.4 million) unfavorable to budget for NOI Before Depreciation. The variance reflects below budget revenue of ($4.4 million).

The unfavorable revenue variance is primarily the result of below budget grain revenue ($2.5 million) due to volume that is currently forecasted to come in 52% below budget and Terminal 18 crane rent ($1.8 million) due to no minimum payment required for MHI cranes if full year volume falls below 250 thousand lifts. Tenant has indicated that lifts will be below that level. In addition, security grant revenue ($173 thousand) due to amount budgeted for operating and maintenance reimbursement grants. It has been determined that costs do not meet grant requirements.

Expenses are forecasted to match budget.

**<u>Change from 2012 Actual</u>**

NOI Before Depreciation for YTD 2013 decreased by ($5,678K) from 2012 due to lower revenue and slightly higher expenses.

Revenue is down ($5,601K) from the prior year due to decreased Container revenue ($3,556K) resulting from lower crane rent ($2,011K) due to sale of Terminal 46 cranes to terminal operator ($679K) and due to lower volume at Terminal 18 ($1,372K). Due to lower volume, SSA is not using MHI cranes and expects to qualify for a waiver of minimum crane rent in 2013. Container Terminal Space and Land rental decreased ($1,621K) due to change in lease rate structure following 13th Lease Amendment with TTI at Terminal 46. Grain revenue decreased ($1,494K) due to significantly lower volumes in 2013. Security revenue decreased ($816K) due to completion/expiration of grants in 2012. Reductions in revenue were partially offset by increase in Maritime Operations revenue $116K due to commencement of the Washington State Department of Transportation lease at the north-end of Terminal 46.

Expenses, both direct and allocated, increased by a net of $77K due to Seaport originated expenses increasing by $464K due to outside services costs associated with the Terminal 5 Phase II Maintenance Dredge program and due to payment to Burke Museum to prepare tribal artifacts for transfer to tribes. These increases were partially offset by lower utility expenses at Terminal 91 Industrial Properties and due to Furniture & Equipment purchases incurred in 2012 related to the cruise terminal lease. Maintenance expenses increased $376K due to increased work at Terminal 46 Container Terminal, Smith Cove Cruise Terminal and Terminal 91 Docks. CDD expenses increased $173K due to understatement of expenses in Q1 2012 because approximately $200K in 2011 year-end accruals were reversed with no corresponding offsetting payment of amounts due until later in 2012. Security Grant expenses decreased due to completion/expiration of grants in 2012.

## D. CAPITAL SPENDING RESULTS

| $ in 000's | 2013 YTD Actual | 2013 Forecast | 2013 Budget | Budget Variance $ | % |
|---|---|---|---|---|---|
| Cruise | 236 | 2,974 | 3,402 | 428 | 13% |
| Terminal 46 | 133 | 1,589 | 2,600 | 1,011 | 39% |
| Security | 105 | 1,265 | 1,175 | (90) | -8% |
| N Argo Express - Private Road | 91 | 791 | 797 | 6 | 1% |
| Small Projects | 100 | 510 | 615 | 105 | 17% |
| Green Port Initiative | 3 | 543 | 555 | 12 | 2% |
| P34 Dolphins & Catwalk | 0 | 225 | 500 | 275 | 55% |
| T106 & T108 Drainage & Pavement | 0 | 300 | 300 | 0 | 0% |
| Street Vacations | 25 | 145 | 160 | 15 | 9% |
| All Other | 202 | 1,020 | 1,025 | 5 | 0% |
| Total Seaport | 895 | 9,362 | 11,129 | 1,767 | 16% |

**Comments on Key Projects:**
Through the first quarter, the Seaport Division spent 8% of the 2013 Approved Capital Budget. Full year spending is estimated to be 84% of the Approved Capital Budget.

**Projects with significant changes in spending were:**

- **Cruise –** Smith Cove Cruise Terminal shore power reliability solution will be further evaluated in 2014.
- **Terminal 46 Dock Rehabilitation –** $1.2M moved out one year due to prioritization of other projects at Terminal 46.
- **P34 Dolphins & Catwalk** – Current schedule for project forecasts spending out through 2015.

## IV. REAL ESTATE DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

### FINANCIAL SUMMARY

| $ in 000's | 2012 Actual | 2013 Forecast | 2013 Revised Budget | 2013 Approved Budget | Rvsd Bud Var $ | Rvsd Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | |
| Operating Revenue | 31,308 | 32,516 | 32,516 | 32,516 | 0 | 0% | 1,208 | 4% |
| **Total Revenues** | **31,308** | **32,516** | **32,516** | **32,516** | **0** | **0%** | **1,208** | **4%** |
| **Total Operating Expenses** | **35,525** | **38,824** | **38,824** | **39,002** | **0** | **0%** | **3,299** | **9%** |
| **Net Operating Income** | **(4,217)** | **(6,308)** | **(6,308)** | **(6,486)** | **0** | **0%** | **(2,091)** | **-50%** |
| **Capital Expenditures** | **2,433** | **9,904** | **12,165** | **12,165** | **2,261** | **19%** | **7,471** | **307%** |

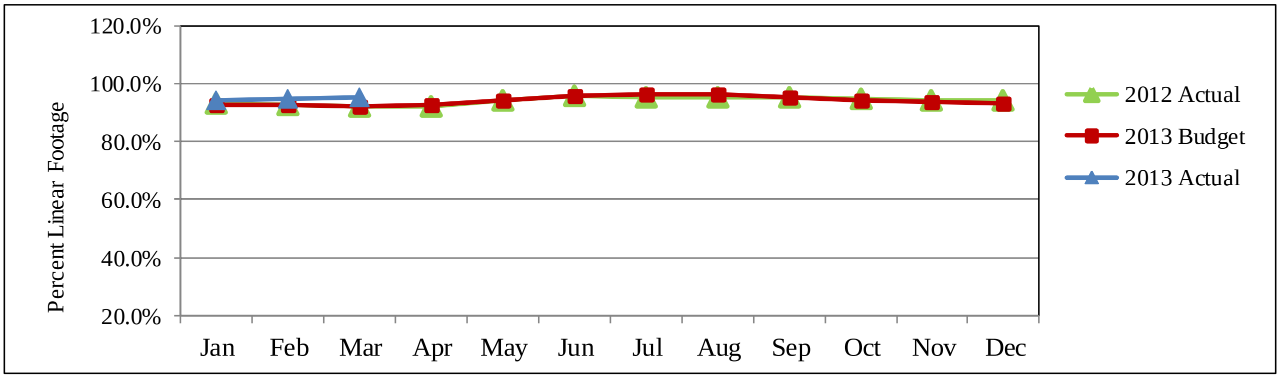
- Total Real Estate Division Revenues were $45K or about 1% favorable to budget for the year-to-date. For the full year, Real Estate is forecasting Revenue to be on budget.
- Total Operating Expenses were $1,287K, or 14%, favorable to budget due timing. For the full year, Real Estate is forecasting Operating Expenses to come in on budget.
- Net Operating Income for 2013 was $1,332K favorable to budget and ($44K) below 2012 Actual. For the full year, Real Estate is forecasting Net Operating Income to come in on budget.
- At the end of the first quarter, capital spending for 2013 is currently estimated to be $9.9 million or 81% of the Approved Annual Budget amount of $12.2 million.

### A. BUSINESS EVENTS

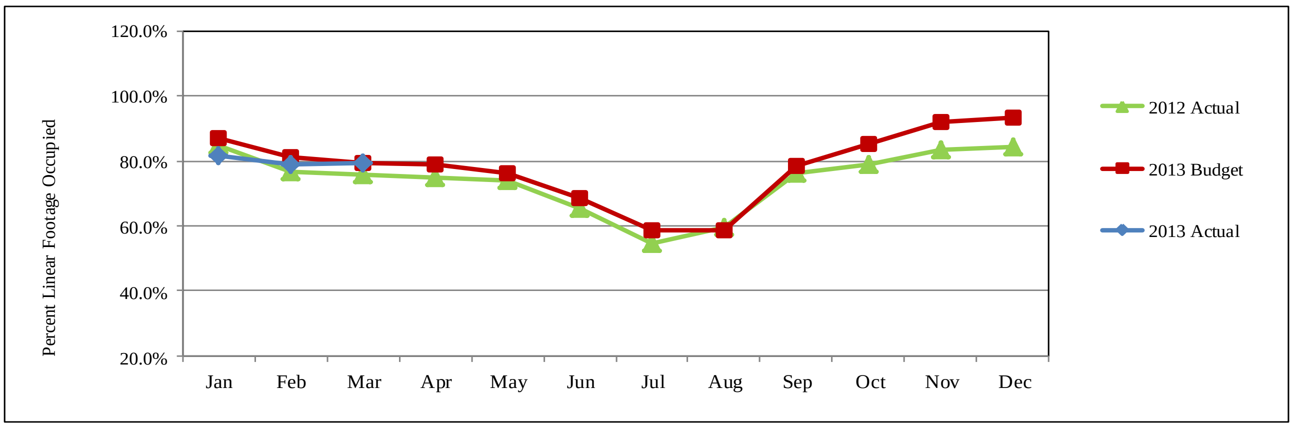
- Occupancy levels at Commercial Properties were at 91% at the end of the first quarter, which is below the 92% target for the 2013 Budget, but above comparable statistics for the local market of 88%.
- Recreational marinas averaged 94% moorage occupancy through the second quarter which was above the target of 91%.
- Fishermen’s Terminal and Maritime Industrial Center averaged 79% moorage occupancy which was below the target of 81%.
- Real Estate Development & Planning
    - Issued a request for proposals for the Des Moines Creek Business Park site in January.
    - Reached settlement agreement with King County in March related to the condemnation action to acquire an interest in the Terminal 91 West Yard site for its proposed combined sewer overflow project.
- Eastside Rail Corridor
    - Completed the sale of all non-freight area on the rail corridor to King County.
    - Bankruptcy court approved the sale of GNP Rly Inc. (freight operator) assets to Eastside Community Rail LLC (“ERC”). ECR is developing plans for expanded freight and excursion service.

## B. KEY INDICATORS

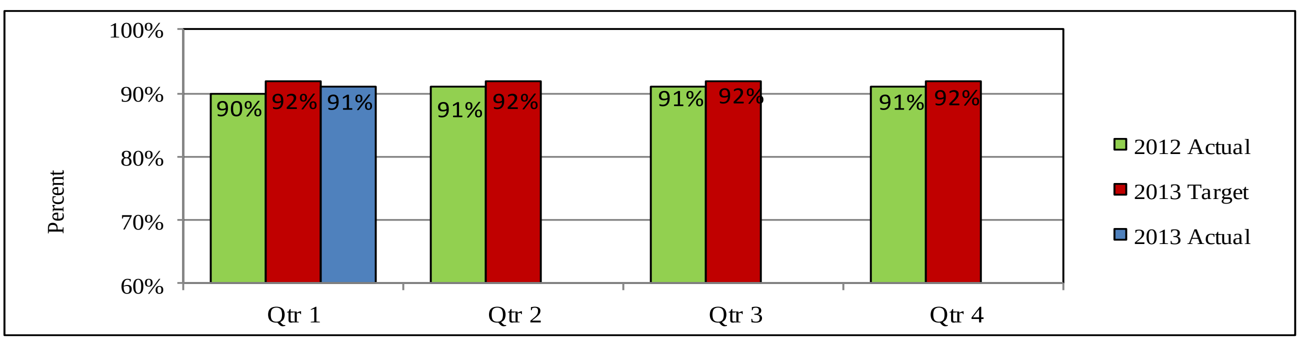
Shilshole Bay Marina Moorage Occupancy




Fishermen's Terminal Moorage Occupancy




Commercial Buildings




**Net Operating Income Before Depreciation By Business**

| $ in 000's | 2012 Actual | 2013 Actual | 2013 Rvsd Budget | 2013 Bud Var $ | 2013 Bud Var % | Change from 2012 $ | Change from 2012 % |
|---|---|---|---|---|---|---|---|
| Recreational Boating | 488 | 418 | 101 | 317 | 314% | (71) | -14% |
| Fishing & Commercial | (523) | (536) | (901) | 365 | 41% | (13) | -3% |
| Commercial Properties | (403) | (252) | (741) | 489 | 66% | 151 | 38% |
| Conference & Event Centers | 385 | 267 | 250 | 18 | 7% | (118) | -31% |
| Eastside Rail | (68) | (64) | (89) | 26 | 29% | 4 | 6% |
| RE Development & Plan | (67) | (65) | (182) | 117 | 64% | 2 | 3% |
| Envir Grants/Remed Liab/Otł | (0) | 0 | (0) | 0 | -100% | 0 | NA |
| **Total Real Estate** | (188) | (232) | (1,563) | 1,332 | 85% | (44) | -23% |

## C. OPERATING RESULTS

| $ in 000's | 2012 YTD Actual | 2013 Year-to-Date Actual | 2013 Year-to-Date Revised Budget | YTD Bud Var $ | YTD Bud Var % | Year-End Projections Approved Budget | Year-End Projections Revised Budget | Year-End Projections Forecast | Year-End Projections Rvsd Bud Var |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 5,407 | 5,415 | 5,422 | (6) | 0% | 22,776 | 22,776 | 22,776 | 0 |
| Conf & Event Ctr Revenue | 2,043 | 2,109 | 2,058 | 51 | 2% | 9,740 | 9,740 | 9,740 | 0 |
| **Total Revenue** | **7,450** | **7,524** | **7,479** | **45** | **1%** | **32,516** | **32,516** | **32,516** | **0** |
| Real Estate Exp(excl Conf, Maint,P69) | 2,445 | 2,374 | 2,743 | 369 | 13% | 11,300 | 11,300 | 11,300 | 0 |
| Conf & Event Ctr Expense | 1,646 | 1,751 | 1,702 | (49) | -3% | 7,642 | 7,642 | 7,642 | 0 |
| Eastside Rail Corridor | 24 | 20 | 38 | 18 | 48% | 177 | 177 | 177 | 0 |
| Maintenance Expenses | 1,585 | 1,735 | 2,147 | 412 | 19% | 9,630 | 9,535 | 9,535 | 0 |
| P69 Facilities Expenses | 48 | 39 | 45 | 6 | 13% | 178 | 178 | 178 | 0 |
| Seaport Expenses | 239 | 222 | 235 | 13 | 6% | 1,268 | 1,268 | 1,268 | 0 |
| CDD Expenses | 241 | 210 | 537 | 326 | 61% | 2,148 | 2,131 | 2,131 | 0 |
| Police Expenses | 328 | 313 | 350 | 37 | 11% | 1,412 | 1,396 | 1,396 | 0 |
| Corporate Expenses | 1,082 | 1,091 | 1,246 | 155 | 12% | 5,166 | 5,117 | 5,117 | 0 |
| Envir Remed Liability | 0 | 0 | 0 | 0 | NA | 80 | 80 | 80 | 0 |
| **Total Expense** | **7,638** | **7,756** | **9,042** | **1,287** | **14%** | **39,002** | **38,824** | **38,824** | **0** |
| **NOI Before Depreciation** | **(188)** | **(232)** | **(1,563)** | **1,332** | **85%** | **(6,486)** | **(6,308)** | **(6,308)** | **0** |
| Depreciation | 2,498 | 2,457 | 2,413 | (44) | -2% | 9,509 | 9,509 | 9,509 | 0 |
| **NOI After Depreciation** | **(2,685)** | **(2,688)** | **(3,976)** | **1,288** | **32%** | **(15,995)** | **(15,816)** | **(15,816)** | **0** |

**Total Real Estate revenues were $45K favorable to budget. Key variances are as follows:**

**Harbor Services: Unfavorable ($1K)**
- Recreational Boating favorable $53K primarily due to above budget occupancy of 95% versus budget of 93% at Shilshole Bay Marina or an average of approximately 32 boats per month more than planned.
- Fishing and Commercial unfavorable ($54K) primarily due less demand than budgeted for small fishing boats impacting monthly moorage, utility sales and vessel hookup fees.

**Portfolio Management: Unfavorable ($19K)**
- Commercial Properties unfavorable ($70K) primarily due to lower occupancy at Terminal 102 Marina Corporate Center and Pier 2 and later start of rent for tenant at Fishermen's Terminal Office & Retail than assumed in the Budget.
- Conference & Event Centers favorable $51K or within 2% of budget.
  - Bell Street International Conference Center favorable $99K.
  - World Trade Center Club unfavorable ($48K) due to lower activity than budgeted, but Membership Revenue on budget.

**Eastside Rail Corridor: Favorable $2K**
- Eastside Rail Corridor favorable $2K due to land rental.

**RE Development and Planning: Favorable $28K**
- Terminal 91 General Industrial favorable $28K due primarily to higher revenue from Pacific Maritime Association and University Volkswagon resulting from tenants taking more yard space than budgeted.

**Facilities Management: On Budget**

**Maintenance: Favorable $35K**
- Maintenance favorable $35K.

## IV. REAL ESTATE DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

**Total Real Estate expenses were $1,287K favorable to budget. Key variances:**

- Real Estate Expenses (excluding Maintenance, P69 Facilities, and Conference & Event Activity Expense) were favorable $369K. Major account variances were as follows:
  - Outside Services favorable $394K primarily due to timing in use of broker fees and tenant improvement costs.
  - Utilities unfavorable ($64K) due to higher use of electricity at Shilshole Bay Marina and Bell Harbor Marina.
- Real Estate Conference & Event Centers unfavorable ($49K) due to activity at Bell Harbor International Conference Center.
- Eastside Rail Corridor expenses were $18K favorable due to underutilized consulting service costs.
- Maintenance expenses were favorable $412K primarily due to timing differences with the budget.
- Seaport originated expenses were favorable $13K due to below budget direct charges and allocations from Environmental Services & Planning and Seaport Finance.
- CDD costs, direct and allocated were favorable $326K primarily due to slower start on Net Shed compliance work.
- Police costs, direct and allocated were favorable $37K due to below budget spending by the Police for the year-to-date.
- Corporate costs, direct and allocated, were favorable $155K primarily due to ICT $69K, Accounting $25K, and Public Affairs $13K.
- All other variances netted to a favorable $6K.

**NOI Before Depreciation** was $1,332K favorable to budget.

- Depreciation was ($44K) or (2%) unfavorable to budget.

**NOI After Depreciation** was $1,288K favorable to budget.

### Full Year Forecast

Real Estate anticipates ending the year on Budget.

### Change from 2012 Actual

Net Operating Income Before Depreciation decreased by ($44K) between Q1 year-to-date 2013 and 2012 as a result of higher revenue more than offset by higher expenses.

Revenues increased by $74K primarily due to more activity at Bell Harbor International Conference Center and World Trade Center Seattle.

Expenses increased by $118K primarily due to higher costs associated with more activity at Bell Harbor International Conference Center and increased Marine Maintenance costs partially offset by lower Real Estate expense due to less use of outside consultants in 2013.

## D. CAPITAL SPENDING RESULTS

| $ in 000's | 2013 YTD Actual | 2013 Forecast | 2013 Budget | Budget Variance $ | Budget Variance % |
|---|---|---|---|---|---|
| P69 N Apron Corrosion Control | 48 | 1,965 | 2,507 | 542 | 22% |
| FT C15 HVAC Improvements | 37 | 1,500 | 2,400 | 900 | 38% |
| Small Projects | 35 | 1,495 | 1,781 | 286 | 16% |
| MIC A1 Roof Replacement | 43 | 1,441 | 1,448 | 7 | 0% |
| Fleet Replacement | 2 | 722 | 724 | 2 | 0% |
| SBM Central Seawall Replacement | 0 | 280 | 715 | 435 | 61% |
| All Other | 479 | 2,501 | 2,590 | 89 | 3% |
| Total Real Estate | 644 | 9,904 | 12,165 | 2,261 | 19% |

**Comments on Key Projects:**

Through first quarter, the Real Estate Division spent 5% of the Approved Capital Budget. Full year spending is estimated to be 81% of the Approved Capital Budget.

**Projects with significant changes in spending were:**

- P69 N Apron Corrosion Control – Contractor bid lower than estimate.
- FT C15 HVAC Improvements – Construction funding postponed to align with FT 25 year plan.
- SBM Central Seawall Replacement – Spending moved to 2014.

## V. CAPITAL DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/13

### A. BUSINESS EVENTS

ENGINEERING:

- Participated with reauthorization committee for RCW 39.10 legislation.
- Hosted Gonzaga University Entrepreneurial Leadership Program undergraduate students interested in engineering and communication careers.
- Participated in photography documentation classes by Damage Assessment Team members and others.
- Achieved beneficial Occupancy and Substantial Completion status in March 2013 for Baggage Claim Device 14 project.
- Completed Airline Realignment Tenant Improvement: relocation of American, Jet Blue and Frontier from Ticketing Zone 2 to Zone 5.
- Completed the shell in March 2013 to allow upcoming tenant construction of a new duty free retail space for South Satellite West End Project.

PORT CONSTRUCTIION SERVICES:

- Key projects for the first quarter are 911 call center, Central Terminal Expansion (CTE) elevator access upgrade, B exit security breach control, airline relocation signage, stage 2 mechanical energy conversation, noise remedy upgrades, Gate A6 ramp installation, Terminal 91 lift station, Terminal 115 pavement repair, and 1st floor south exit lane.

CENTRAL PROCUREMENT OFFICE:

- Added list of future procurements to external website.

AVIATION PROJECT MANAGEMENT GROUP:

- Began construction of utility relocation for Sound Transit South Link extension.
- Significantly narrowed list of items requiring resolution for new parking garage revenue control system.
- Reached agreement with TSA on funding and consultant on scope and budget for 30% design of optimization and recapitalization of baggage system screening devices.
- Turned over Electrical Ground Support Equipment (eGSE) demonstration project for use by Alaska.
- Labor & Industries approved use of sleep mode for new escalators (44 escalator project), first such approval in State.

SEAPORT PORJECT MANAGEMENT GROUP:

- Resident Engineer issued Substantial Completion Certification to the contractor for the Terminal 5 Phase 1 Dredging project.
- Radio Frequency Identification Device (RFID) - Terminals are seeing increased compliance as the April 1, 2013 deadline approaches.
- Terminal 115 Waterline break and Pavement repairs - An emergency declaration executed on January 25, 2013. The project was completed and made available to the tenant for use on scheduled date of March 22, 2013.

## B. KEY PERFORMANCE METRICS

| Key Performance Metrics | 2013 YTD | Notes |
|---|---|---|
| Construction Soft Costs<br><br>36 month rolling average from<br><br>Q2 2010 thru Q1 2013 | ($ in 000's)<br><br>Total Costs $ 3,237 (100%)<br><br>Total Construction: $ 2,486 ( 77%)<br><br>Total Soft: $ 751 ( 23%) | Limit construction soft costs (design, construction management, project management, environmental documentation, allocated overhead) to no more than 25% of total capital improvement costs. |
| Cost Growth During Construction | Total Completed Projects YTD: 8<br><br>Discretionary Change: 0.6%<br><br>Mandatory Change: 2.5% | Limit average mandatory change cost growth to 5% of construction contract award.<br><br>Limit average discretionary change cost growth to 5% of construction contract award. |
| Design Schedule Growth | ($ in 000's)<br>Total Completed Projects YTD: 8<br>Avg Design Growth Completed Proj's: 28.1%<br>Cumulative Value YTD: $ 9,358 | Limit design growth from initial Commission project authorization to construction contract award to no more than 10% of originally allotted duration. |
| Construction Schedule Growth | ($ in 000's)<br>Total Completed Projects YTD: 8<br>Avg Construction Growth Completed Projects: 33.7%<br>Cumulative Value YTD: $ 9,358 | Limit construction growth from contract award to substantially complete to no more than 10% of originally scheduled. |
| Performance Evaluation Timeliness | **Q1** / **2013**<br>Total PREPs due: 44 / 44<br>Total PREPs on time:<br>0-30 days (CDD): 36 (82%) / 36 (82%)<br>0-60 days (HRD): 42 (95%) / 42 (95%) | 98% PREPs completed within 30 days of anniversary date. |
| 2013 YTD Procurement Schedule: Total Time Specs – Execution | Goods & Services 105 days<br>Major Public Works 71 days<br>Small Works 42 days<br>Service Agreements 175 days | Average number of days, improving from period to period. |

## C. OPERATING RESULTS

| $ in 000's | Notes | 2012 YTD Actual | 2013 Year-to-Date Actual | 2013 Year-to-Date Revised Budget | YTD Bud Var $ | YTD Bud Var % | Year-End Projections Approved Budget | Year-End Projections Revised Budget | Year-End Projections Forecast | Year-End Projections Rvsd Bud Var |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | | **7** | **5** | **-** | **5** | **0.0%** | **-** | **-** | **-** | **-** |
| **Expenses Before Charges To Cap/Govt/Envrs Propects** | | | | | | | | | | |
| Capital Development Administration | | 89 | 90 | 96 | 6 | 6.7% | 382 | 378 | 378 | - |
| Engineering | | 3,091 | 3,026 | 3,599 | 573 | 15.9% | 14,904 | 14,853 | 14,858 | (5) |
| Port Construction Services | | 1,218 | 1,498 | 1,697 | 199 | 11.8% | 6,618 | 6,591 | 6,591 | - |
| Central Procurement Office | | 1,190 | 1,177 | 1,107 | (70) | -6.3% | 4,532 | 4,510 | 4,510 | - |
| Aviation Project Management | | 1,848 | 1,846 | 2,161 | 315 | 14.6% | 8,710 | 8,679 | 8,679 | - |
| Seaport Project Management | | 432 | 573 | 964 | 390 | 40.5% | 3,841 | 3,813 | 3,777 | 36 |
| **Total Before Charges to Capital Projects** | | **7,868** | **8,210** | **9,625** | **1,415** | **14.7%** | **38,988** | **38,823** | **38,793** | **31** |
| **Charges To Capital/Govt/Envrs Projects** | | | | | | | | | | |
| Capital Development Administration | | - | - | - | - | 0.0% | - | - | - | - |
| Engineering | | (2,160) | (1,854) | (2,488) | (634) | 25.5% | (10,675) | (10,675) | (10,675) | - |
| Port Construction Services | | (999) | (934) | (1,088) | (154) | 14.2% | (4,353) | (4,353) | (4,353) | - |
| Central Procurement Office | | (449) | (468) | (386) | 82 | -21.1% | (1,531) | (1,546) | (1,546) | - |
| Aviation Project Management | | (1,033) | (1,589) | (1,482) | 106 | -7.2% | (6,178) | (6,178) | (6,178) | - |
| Seaport Project Management | | (318) | (331) | (368) | (37) | 9.9% | (1,472) | (1,472) | (1,427) | (45) |
| **Total Charges to Capital/Govt/Envrs Projects** | | **(4,959)** | **(5,176)** | **(5,813)** | **(637)** | **11.0%** | **(24,208)** | **(24,223)** | **(24,178)** | **(45)** |
| **Operating & Maintenance Expense** | | | | | | | | | | |
| Capital Development Administration | | 89 | 90 | 96 | 6 | 6.7% | 382 | 378 | 378 | - |
| Engineering | | 931 | 1,172 | 1,111 | (60) | -5.4% | 4,229 | 4,178 | 4,183 | (5) |
| Port Construction Services | | 220 | 564 | 609 | 45 | 7.5% | 2,266 | 2,238 | 2,238 | - |
| Central Procurement Office | | 741 | 709 | 721 | 12 | 1.6% | 3,001 | 2,964 | 2,964 | - |
| Aviation Project Management | | 815 | 258 | 678 | 421 | 62.0% | 2,532 | 2,501 | 2,501 | - |
| Seaport Project Management | | 115 | 242 | 596 | 354 | 59.4% | 2,370 | 2,341 | 2,350 | (9) |
| **Total Expenses** | | **2,909** | **3,034** | **3,812** | **778** | **20.4%** | **14,780** | **14,601** | **14,615** | **(14)** |

### Variance Summary and Notes:

- Vacancies: 34= $535K Salaries & Benefit savings from unfilled positions.
- Over Absorption OH Clearing ($375K) represents costs allocated as overhead above the total actual overhead costs. Actual capital, expensed and net operating costs will decrease to account for the over absorption value. YTD budget variance will increase by the Absorption value.
- CDD Admin $6K. Favorable variance in Salaries & Benefits and Travel (some travel and training at reduced cost or delayed).
- ENG ($60K). Favorable variances in Salaries & Benefits, Equipment, Supplies, Outside Services, and Travel/Other were offset by reduced Charges to Capital (less than budgeted due to delayed projects).
- PCS $45K. Favorable variances in Salary & Benefits, Equipment, Outside Services, Travel (more in-house training), Property Rentals (port-owned properties no longer charging rent budgeted for 2013), Workers Comp (less exposure than anticipated) offset unfavorable balances in Supplies & Stock (2012 accrual adjustments) and Charges to Capital (less capital work than originally budgeted).
- CPO $12K. Favorable variances in Salaries & Benefits, Supplies & Stock, Outside Services (timing of expenses to Quarter 2), Total Travel (timing of training), Charges to Capital Projects (PeopleSoft upgrade testing increased capital charges beyond amount budgeted) offset $100K unplanned legal costs.
- AVPMG $421K. Favorable variances in Salaries & Benefits, Equipment, Outside Services, and more Charges to Capital than budgeted. Expenses expected to match budget by year end as more staff is hired and training/travel expenses are anticipated.
- SPM $354K. Favorable variances in Salary & Benefits and Outside Services (timing of consultant contracts), Travel (training not taken) offset unfavorable variance in Charges to Capital (less time to capital than projected).

# VI. CORPORATE FINANCIAL & PERFORMANCE REPORT 03/31/13

## A. BUSINESS EVENTS

- Commissioners and Executives provided overview of the port, Century Agenda, facilities, programs and projects to commissioner applicants and the public. The meeting was streamed live on public TV.
- Provided internal communication about Century Agenda implementation, business objectives and regional objectives.
- Fostered a better public understanding of the Port's competitive position, and what cargo and freight means for a local economy, through increased media availability in local and industry publications.
- Held US Navy Naming Ceremony of the USS Washington.
- Met with Congressional staff regarding concerns about Harbor Maintenance Tax issues.
- Developed content for Portfolio covering Century Agenda topic of Workforce Development, along with arrival of Bertha tunnel drilling equipment via port docks and national Fit Friendly award.
- Leveraged significant media interest in the commission vacancies into coverage of the port's broad mission and impact on local economic development.
- Launched of live music events at Sea-Tac Airport, which generated dozens of media interviews. The airport had four rollouts of various components of the project, numerous press releases and two media availabilities.
- Launched internal outreach for new Email Communications Strategy and Communications Toolbox.
- Held Leadership Work Session, including presentation of new brand integration process and strategy.
- Planning for Affordable Care Act compliance in 2014 and beyond. This includes monitoring continually evolving and newly defined requirements as well as work on a long-term Healthcare Strategy.
- Finalized a flow process for incident intake for reporting to the State Auditor's Office for lost/stolen Port's assets.
- Continued to focus on emergency preparedness and business continuity and working on a cyber-insurance seminar.
- Launched the 2013 Wellness Reward program with Cigna and work is underway for developing health care cost containment strategy.
- Completed 2012 Safety Evaluations and 2013 Safety Action Plans.
- Implemented a Safety Training Day for Marine Maintenance.
- Attended meetings of the Executive Committee and Design Oversight Committee addressing outstanding issues of transit, bikes and streetcar on Central Waterfront.
- Completed the audit for ICT Performance and Risk Assessment. The report was presented to the Audit Committee and it delivered a 3-year internal audit work plan.
- Completed extensive Fit/Gap analysis for all PeopleSoft Financials modules. The upgrade is expected to go-live in July.
- Deployment of the Flight Information Display software has been completed, construction for the replacement of monitors is underway, and the new Resource Management System is being configured. This project will replace the aging monitors and the current FIMS with a flexible system that can provide flight and other information such as visual paging and emergency notification.
- Implementation and configuration of the Police Records Management System is in progress. This effort will replace the aging police records management system to ensure availability, traceability, and increased productivity.
- Issued Limited Tax General Obligation Refunding Bonds, Series 2013 A and B in the amount of $102,795,000 for the purpose of refunding the 2004 bonds and a portion of the 2011 bonds for total debt service savings of $16 million.
- Solicited bids for a replacement letter-of-credit for the 2008 Subordinate Lien Revenue Bonds.
- Continued to reach out to the community to educate small businesses on contracting opportunities and the Small Contractors and Suppliers Program (SCS).
- Continued collaboration efforts with community and law enforcement partners to address theft issues.

## VI. CORPORATE FINANCIAL & PERFORMANCE REPORT 03/31/13

### B. KEY PERFORMANCE METRICS

| Key Performance Metrics | YTD 2013 | YTD 2012/Notes |
|---|---|---|
| **A. Be a High Performance Workplace** | | |
| 1. Employee Training | | |
| a) New Employee Orientation | 23 attendees | 24 , decreased by 1 |
| b) Employee Develop. Classes | 37 | 13, increased by 24 |
| c) REALeadership Program | 0 | 0, No change |
| d) MIS Training | 0 MIS class | 3 MIS classes, 11 users |
| e) Required Safety Training | 87% | 70%, increased 17% |
| 2. Tuition Reimbursement | 19 employees participated | 21, decreased by 2 |
| 3. Occupational Injury Rate | 4.77 | 5.96, decreased 1.19 |
| 4. Total Lost Work Days | 185 | 57, increased 128 days |
| **B. Foster a Strong Partnership with Surrounding Communities** | | |
| 1. Sustainability Communications | 60,218 individuals reached | 51,732, increased by 16% |
| 2. Targeted Outreach Contacts | 113 new contacts | 110, increased by 3 |
| 3. Small Business Outreach | 14 | 9, increased by 5 |
| **C. Continue to be a Strong Advocate of Social Responsibility** | | |
| 1. Small Businesses on PRMS | 74 | 133, decreased by 59 |
| 2. Contracts Reviewed for SCS | 40 | 12, increased by 28 |
| 3. Airport Job Placements | 101 | 98, increased by 3 |
| 4. Apprenticeship Opportunity Project Placements | 31 | 57, decreased by 26 |
| 5. Numbers of Interns Hired | 1 | 2, decreased by 1 |
| **D. Maintain a Strong Culture of Transparency and Accountability** | | |
| 1. Internal Audits Completed | 2 | 5, decreased by 3 |
| 2. % of Audit Plan Completed | 10% | 19%, decreased by 9% |
| 3. Public Disclosure Requests | 245 | 519, decreased by 274 |
| 4. Vehicle Incidents | 6 | 9, decreased by 3 |
| 5. Incurred Auto Liability Costs | $25K | $30K, decreased by $5K |
| **E. Maintain the Port's Strong Financial Position** | | |
| 1. Corp. Cost as a % of Total Rev. | 14.8% | 14.3% |
| 2. Corp. Cost as a % of Total Exp. | 25.3% | 26.3% |
| 3. Commission Authorized Projects On Budget/Schedule | 100%/30% | 100%/55%, decreased by 25% |
| 4. Account Receivables Collection (0 – 30 days) | $2,550M | $2,889M |
| 5. Invoice Due Date vs. Date Paid | 4 days | Compared to 3 days (benchmark) |
| **F. Provide Outstanding Support to Divisions** | | |
| 1. Contract Administration Issues | 12 | 25, decreased by 13 |
| 2. Attorney Services | 24 litigation and claims | 31, decreased by 7 |
| 3. Labor Contracts Negotiated | 6 | 2, increased by 4 |
| 4. Job Openings Created | 69 | 70, decreased by 1 |
| 5. Job Applications Received | 1,906 | 2,848, decreased by 942 |
| 6. Police Customer Service Survey (% Above Average or Excellent) | 88% | 98%, decreased by 10% |

## C. OPERATING RESULTS

| $ in 000's | Notes | 2012 YTD Actual | 2013 Year-to-Date Actual | 2013 Year-to-Date Revised Budget | YTD Bud Var $ | YTD Bud Var % | Year-End Projections Approved Budget | Year-End Projections Revised Budget | Year-End Projections Forecast | Year-End Projections Rvsd Bud Var |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | | **98** | **68** | **39** | **29** | **75.8%** | **155** | **155** | **184** | **29** |
| Executive | | 382 | 442 | 495 | 53 | 10.8% | 1,552 | 1,806 | 1,806 | - |
| Commission | | 194 | 209 | 326 | 118 | 36.1% | 1,483 | 1,445 | 1,427 | 18 |
| Legal | | 567 | 698 | 735 | 36 | 5.0% | 3,012 | 3,012 | 3,012 | - |
| Risk Services | | 637 | 672 | 775 | 103 | 13.3% | 3,186 | 3,166 | 3,101 | 65 |
| Health & Safety Services | | 256 | 259 | 278 | 20 | 7.0% | 1,138 | 1,118 | 1,112 | 5 |
| Public Affairs | | 1,270 | 1,199 | 1,563 | 364 | 23.3% | 5,946 | 5,946 | 5,946 | - |
| Human Resources & Development | | 1,188 | 1,173 | 1,283 | 110 | 8.6% | 5,468 | 5,425 | 5,425 | - |
| Labor Relations | | 247 | 311 | 293 | (19) | -6.3% | 1,198 | 1,153 | 1,197 | (44) |
| Information & Communications Technology | | 4,642 | 4,257 | 5,104 | 847 | 16.6% | 20,805 | 20,505 | 20,505 | - |
| Finance & Budget | | 376 | 353 | 391 | 37 | 9.6% | 1,877 | 1,777 | 1,777 | |
| Accounting & Financial Reporting Services | | 1,500 | 1,376 | 1,625 | 249 | 15.3% | 7,055 | 6,835 | 6,809 | 26 |
| Internal Audit | | 278 | 291 | 324 | 33 | 10.2% | 1,361 | 1,361 | 1,361 | - |
| Office of Social Responsibility | | 359 | 215 | 464 | 249 | 53.6% | 1,702 | 1,702 | 1,702 | - |
| Police | | 5,219 | 5,069 | 5,595 | 526 | 9.4% | 22,574 | 22,318 | 22,318 | - |
| Contingency | | 3 | 60 | - | (60) | 0.0% | 450 | 450 | 450 | - |
| **Total Expenses** | | **17,118** | **16,583** | **19,251** | **2,667** | **13.9%** | **78,807** | **78,019** | **77,949** | **70** |

**Corporate revenues** were $29 thousand favorable compared to budget due to higher operating grants.

**Corporate expenses** for the first three months of 2013 were $16.6 million, $2.7 million or 13.9% favorable compared to the revised budget and $535 thousand or 3.1% lower than the same period a year ago. The $2.7 million favorable variance is due primarily to timing differences between when the items are paid and when budgeted and not necessarily cost savings.

All corporate departments have a favorable variance except for:
- **Labor Relations -** unfavorable variance of $19 thousand is due to Severance pay for a HR10 employee.
- **Contingency -** unfavorable variance of $60 thousand is primarily due to the Port's contribution to Washington Tourism Alliance.

Year-end spending is projected to be $70 thousand under budget due primarily to:
- Commission delays hiring of vacant position.
- Risk Management lower insurance costs.
- Health & Safety Services miscellaneous savings.
- Accounting and Financial Reporting Services rebate received for the credit card/p card and e-payables program and unbudgeted charges to capital for work performed on the People Soft Financial Systems Upgrade Project.

## D. CAPITAL SPENDING RESULTS

| $ in 000's | 2013 YTD Actual | 2013 Forecast | 2013 Budget | Budget Variance $ | Budget Variance % |
|---|---|---|---|---|---|
| PeopleSoft Financials Upgrade | 875 | 4,635 | 4,635 | 0 | 0.0% |
| ID Badge System Replacement | 61 | 1,711 | 1,900 | 189 | 9.9% |
| IT Infrastructure Small Cap | 263 | 1,568 | 1,568 | 0 | 0.0% |
| Service Technology Small Cap | 73 | 1,382 | 1,382 | 0 | 0.0% |
| LiveLink Upgrade | 0 | 300 | 500 | 200 | 40.0% |
| All Other | 679 | 4,968 | 4,991 | 23 | 0.5% |
| TOTAL | 1,951 | 14,564 | 14,976 | 412 | 2.8% |