

Item No. 6b_supp_1
Date: November 11, 2014



Port of Seattle

2015 Preliminary Budget First Reading & Public Hearing

November 11, 2014

Agenda

- 2015 Budget Process Recap
- Changes since the Preliminary Budget Document Published on 11/23/14
- Preliminary Operating Budget
- Preliminary Comprehensive Op & Non-Op Budget
- FTEs Summary
- Proposed Capital Budget
- Sources and Uses of Funds
- Tax Levy
- Remaining Schedule

2015 Budget Process

Jun. 10	2015 Business Plan and Budget Process Briefing
Jul. 29	2015 Aviation Business Plan Discussion
Aug. 5	2015 Seaport and Real Estate Business Plans Discussion
Aug. 19	2015 Tourism and OSR Strategies/Programs Discussion
Sept. 11	2015 Payroll Budget Assumptions Briefing
Sept. 30	2015 Corporate and CDD Budgets Briefing
Oct. 7	2015 Aviation Operating and Capital Budgets Briefing
Oct. 14	2015 Seaport and Real Estate Operating and Capital Budgets Briefing
Oct. 28	Preliminary Tax Levy and Draft Plan of Finance Briefing
Oct. 22	Preliminary Budget Document to the Commission
Oct. 23	Preliminary Budget released to the Public
Nov. 11	First Reading & Public Hearing of the Preliminary Budget
Nov. 25	Second Reading & Final Passage of the Preliminary Budget
Dec. 4	File Statutory Budget with King County
Dec. 12	Release the Final Budget and Draft Plan of Finance

Budget Changes since 10/23/14

(\$ in '000s)	Preliminary Budget Doc	Proposed Budget	Change from Bud Doc		Note
			\$	%	
Operating Revenues					
Aeronautical	242,214	242,283	69	0.0%	Cost recovery
SLOA III Incentive Adj.	-3,576	-3,576		0.0%	
Non-Aeronautical	188,333	188,169	-164	-0.1%	Utilities (\$98K) & Ground Transportation (\$66K)
Aviation	426,971	426,876	-95	0.0%	
Seaport	91,635	91,635		0.0%	
Real Estate	32,550	32,550		0.0%	
CDD	-	-		n/a	
Corporate	340	340		0.0%	
Other Operating Revenues	124,524	124,524		n/a	
Total	551,495	551,400	-95	0.0%	
Operating Expenses					
Aviation	170,016	170,014	-2	0.0%	Lower B&O taxes due to decrease in revenues
Seaport	22,248	22,248		0.0%	
Real Estate	40,646	40,308	-338	-0.8%	Eliminated 4 proposed new FTE's in Marine Maint.
CDD	18,194	18,194		0.0%	
Corporate	81,267	81,352	85	0.1%	Changes in OSR and Commission Office
Total	332,372	332,117	-254	-0.1%	
Net Operating Income	219,123	219,283	159	0.1%	

2015 Preliminary Budget

(\$ in '000s)	2013	2014	2014	2015	Budget Change	
	Actual	Budget	Forecast	Budget	\$	%
Operating Revenues						
Aeronautical	238,633	241,443	235,481	242,283	840	0.3%
SLOA III Incentive Adj.	14,304	-3,576	-3,576	-3,576		n/a
Non-Aeronautical	161,074	166,453	176,615	188,169	21,716	13.0%
Aviation	414,011	404,320	408,521	426,876	22,556	5.6%
Seaport	99,628	101,553	95,025	91,635	-9,918	-9.8%
Real Estate	30,862	31,376	31,556	32,550	1,174	3.7%
CDD	26				-	n/a
Corporate	450	155	302	340	185	119.1%
Other Operating Revenues	130,966	133,084	126,883	124,524	-8,560	-6.4%
Total	544,978	537,403	535,403	551,400	13,996	2.6%
Operating Expenses						
Aviation	162,419	164,028	164,839	170,014	5,986	3.6%
Seaport	19,091	22,883	19,454	22,248	-635	-2.8%
Real Estate	35,200	39,312	38,602	40,308	996	2.5%
CDD	14,554	17,000	15,474	18,194	1,194	7.0%
Corporate	75,725	80,168	79,654	81,352	1,184	1.5%
Total	306,989	323,391	318,023	332,117	8,726	2.7%
Net Operating Income	237,989	214,012	217,380	219,283	5,270	2.5%

Comprehensive Budget Summary

(\$ in '000s)	2013	2014	2015	Budget Change		Explanations
	Actual	Budget	Budget	\$	%	
Revenues						
1. Aeronautical Revenues	238,633	241,443	242,283	840	0.3%	Cost recovery under SLOA III.
2. SLOA III Incentive	14,304	(3,576)	(3,576)	-		
3. Other Operating Revenues	292,041	299,536	312,693	13,157	4.4%	Mainly due to higher revenues from the Airport.
4. Tax Levy	72,738	73,000	73,000	-	0.0%	Assume no change from 2014.
5. PFCs	64,661	67,879	73,752	5,873	8.7%	Higher enplanements in 2015.
6. CFC Non-Op Revenue for Debt Service	20,389	20,568	23,614	3,046	14.8%	Due to commerical paper pay down in 2015.
7. Fuel Hydrant	7,417	6,953	7,202	249	3.6%	
8. Non-Capital Grants and Donations	3,771	6,688	6,263	(425)	-6.4%	
9. Capital Contributions	21,381	10,393	40,949	30,556	294.0%	\$30 million increase in FAA Grant Revenue.
10. Interest Income	(1,107)	7,615	7,094	(521)	-6.8%	
Total	734,227	730,500	783,274	52,774	7.2%	
Expenses						
1. O&M Expense	306,989	323,391	332,117	8,726	2.7%	New FTEs, pay increase and higher utilities cost.
2. Depreciation	171,374	164,386	162,082	(2,304)	-1.4%	Some fully depreciated assets at the Airport.
3. Revenue Bond Interest Expense	115,340	128,987	133,468	4,481	3.5%	New Aviation bond issuance assumed in 2015.
4. GO Bond Interest Expense	11,479	9,806	14,706	4,900	50.0%	New GO bond issuance (Viaduct contribution) assumed in 2015.
5. PFC Bond Interest Expense	6,212	5,953	5,633	(319)	-5.4%	
6. Non-Op Environmental Expense	4,765	9,300	5,600	(3,700)	-39.8%	Recognition event for T117 assumed to occur in 2014.
7. Public Expense	6,226	7,121	9,572	2,451	34.4%	Clean Truck Scrapping Incentives (largely offset by grants).
8. Other Non-Op Rev/Expense	411	3,738	3,657	(81)	-2.2%	
Total	622,796	652,682	666,835	14,153	2.2%	
Change In Net Assets	111,431	77,817	116,438	38,621	49.6%	

FTEs Summary

	Aviation	Seaport	Real Estate	Capital Dev	Corporate	Totals
2014 Approved FTE's	858.5	59.0	166.8	285.1	453.4	1,822.8
Mid Year Approval	4.0	1.0	-	4.0	4.1	13.1
Eliminated	(1.0)	-	-	-	(4.6)	(5.6)
Transfers	1.0	-	-	-	(1.0)	-
Adjusted 2014 FTE's	862.5	60.0	166.8	289.1	451.9	1,830.3
2015 Budget						
Eliminated	(13.9)	(0.3)	(0.8)	(2.5)	(3.0)	(20.5)
Transfer	-	-	-	-	(3.5)	(3.5)
New FTE's	28.4	-	-	13.5	5.2	47.1
Total 2015 Changes	14.5	(0.3)	(0.8)	11.0	(1.3)	23.1
Proposed 2015 FTE's	877.0	59.7	166.0	300.1	450.6	1,853.4

Capital Budget Summary

Capital Budget Summary by Division

\$'s in 000's	2015	2016	2017	2018	2019	2015-19
Aviation	328,782	443,389	376,570	269,175	301,462	1,719,378
Seaport	22,570	61,252	145,305	100,553	35,458	365,138
Real Estate	12,736	21,587	14,553	6,866	10,471	66,213
Corp & CDD	9,728	8,676	8,642	8,490	8,192	43,728
Total	373,816	534,903	545,070	385,084	355,583	2,194,456

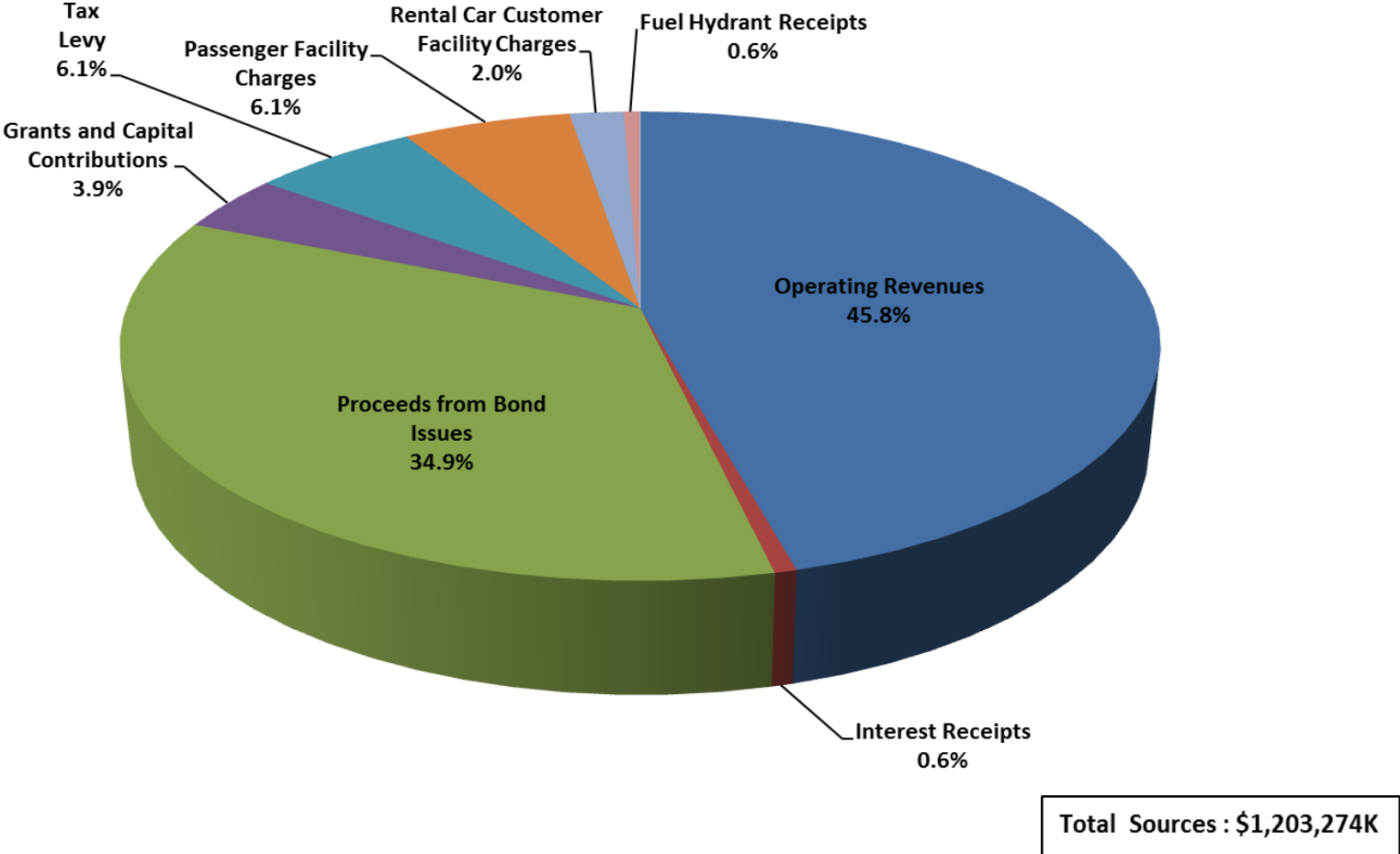
Capital Budget Summary

Capital Budget Summary by Category

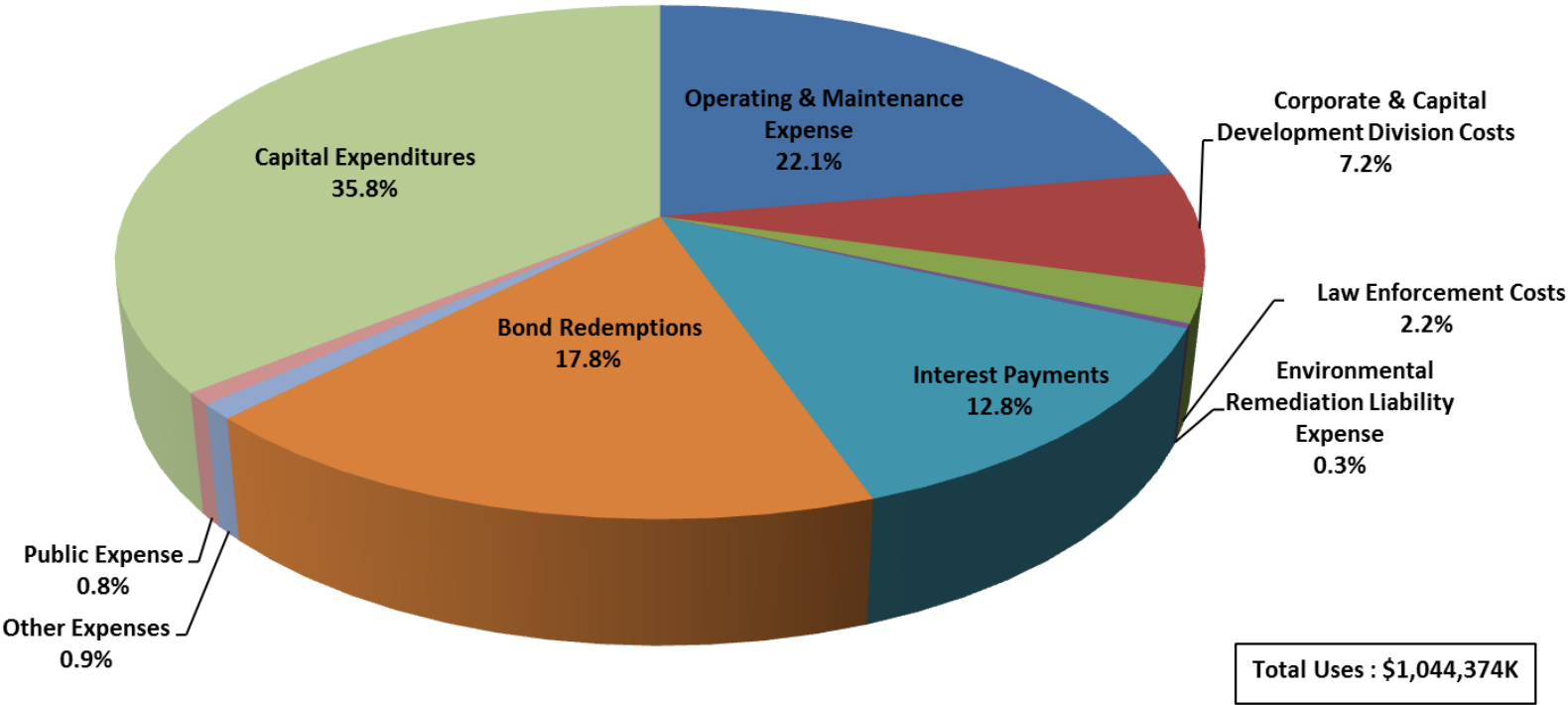
\$'s in 000's	2015	2016	2017	2018	2019	2015-19
Commission Authorized/Underway	296,678	398,278	433,257	269,686	173,643	1,571,542
Pending 2014/2015 Authorization	32,805	43,115	12,852	3,809	1,298	93,879
Pending Future Authorization	9,725	33,201	42,123	55,750	52,474	193,273
Small Capital Projects	15,413	14,111	12,133	11,039	11,168	63,864
Total	354,621	488,705	500,365	340,284	238,583	1,922,558
Allowance CIPs and Other*	19,195	46,199	44,705	44,800	117,000	271,899
Total	373,816	534,903	545,070	385,084	355,583	2,194,456

* Allowance CIPs represent undesignated future spending for future new projects and potential budget increases for existing projects in Aviation division.

Sources of Funds



Uses of Funds



Tax Levy Overview

- Tax Levy Amount
 - › Levy amount established by the Commission each year as part of the budget process
 - › The maximum allowable levy for 2015 is estimated to be \$95.1 million
 - › The levy for 2015 is proposed to be \$73.0 million
 - › Projected rate change (from \$0.2151 to \$0.1896)

- 2015 Tax Levy Uses
 - › General Obligation (G.O.) Bonds Debt Service
 - › Regional Transportation & Freight Mobility Projects
 - › Seaport and Real Estate Environmental Remediation Liability
 - › A portion of Real Estate operating expenses and capital improvements
 - › Highline School NOISE Insulation
 - › Workforce Development/Portion of Port Jobs
 - › Addition to the Transportation Infrastructure Fund (TIF)

Remaining Schedule

- Second Budget Reading Nov. 25, 2014
- Statutory Budget Filed with King County Dec. 4, 2014
- Release the Final Budget Document Dec. 12, 2014

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