

Port of Seattle 2015 Financial Performance Report

February 23, 2016

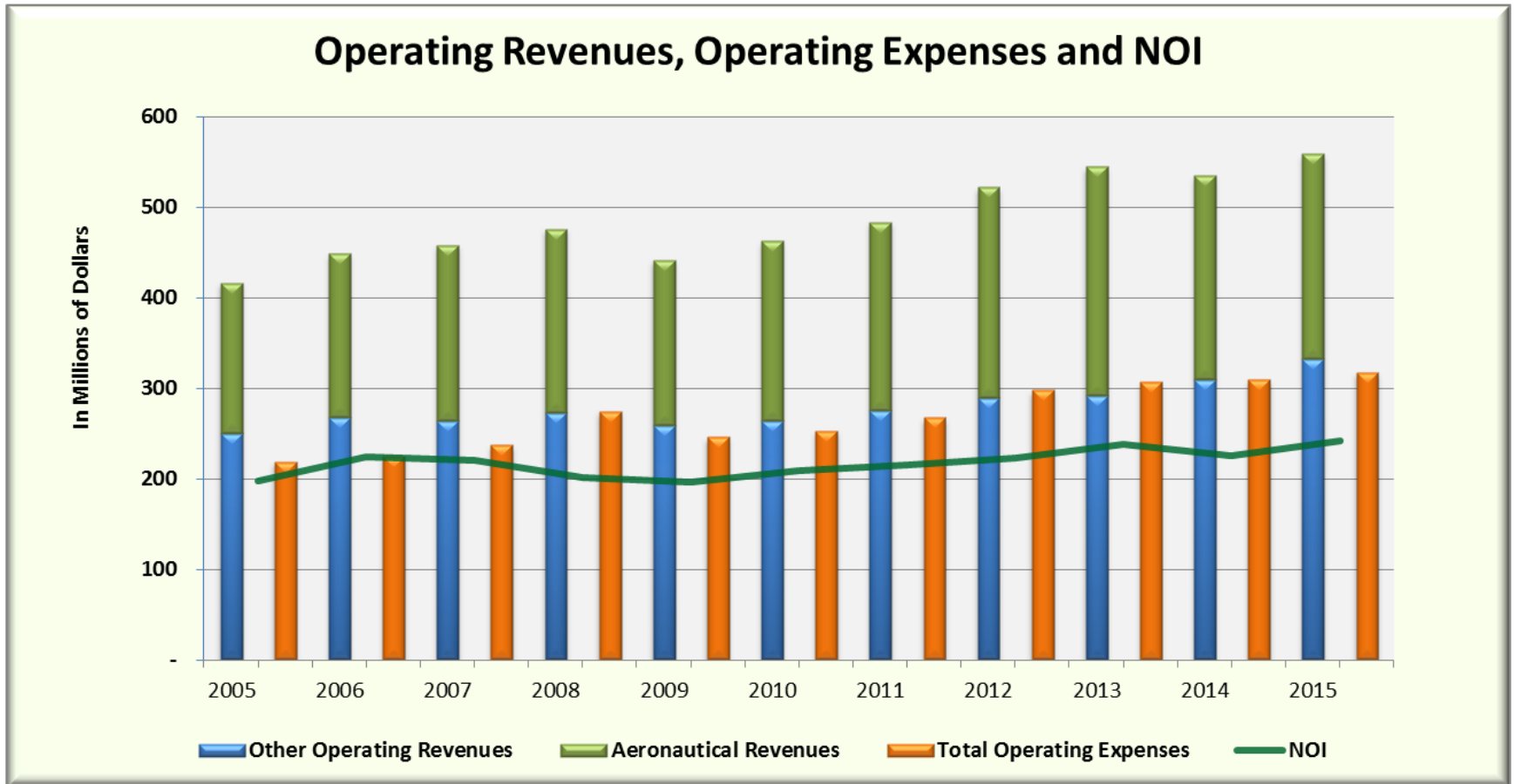
2015 Operating Income Summary

| \$ in 000's | 2014 Actual | 2015 Actual | 2015 Budget | Fav (UnFav) Budget Variance | | Incr (Decr) Change from 2014 | |
|--------------------------------|----------------|----------------|----------------|--------------------------------|--------------|---------------------------------|-------------|
| | | | | \$ | % | \$ | % |
| Aeronautical Revenues | 228,864 | 229,470 | 242,352 | (12,882) | -5.3% | 606 | 0.3% |
| SLOA III Incentive | (3,576) | (3,576) | (3,576) | - | 0.0% | - | 0.0% |
| Other Operating Revenues | 309,650 | 332,884 | 312,989 | 19,895 | 6.4% | 23,234 | 7.5% |
| Total Operating Revenues | 534,938 | 558,779 | 551,766 | 7,013 | 1.3% | 23,840 | 4.5% |
| Total Operating Expenses | 309,334 | 317,186 | 332,914 | 15,728 | 4.7% | 7,852 | 2.5% |
| NOI before Depreciation | 225,605 | 241,593 | 218,852 | 22,741 | 10.4% | 15,988 | 7.1% |
| Depreciation | 166,337 | 163,338 | 162,082 | (1,256) | -0.8% | (2,999) | -1.8% |
| NOI after Depreciation | 59,267 | 78,255 | 56,770 | 21,485 | 37.8% | 18,987 | 32.0% |

- Aeronautical Revenues were \$229.5M, \$12.9M lower than budget mainly due to higher non-aeronautical revenues sharing with the airlines.
- Other operating revenues (w/o Aeronautical) were \$332.9M, \$19.9M or 6.4% higher than budget and \$23.2M or 7.5% higher than 2014 actual.
- Total Operating Expenses were \$317.20M, \$15.7M or 4.7% below budget mainly due to savings in Payroll, Outside Services, and Travel & Other Employee expense.

Net Operating Income before Depreciation \$22.7M or 10.4% above Budget.

Net Operating Income Comparison



Record Net Operating Income (NOI) of \$241.6 million in 2015.

Comprehensive Financial Summary

| (\$ in 000's) | 2014 Actual | 2015 Actual | 2015 Budget | Fav (UnFav) Budget Variance | | Explanation |
|-----------------------------------|----------------|----------------|----------------|--------------------------------|---------------|--------------------------------------|
| | | | | \$ | % | |
| Revenues | | | | | | |
| 1. Operating Revenues | 534,938 | 558,779 | 551,766 | 7,013 | 1.3% | See details in the previous slides |
| 2. Tax Levy | 72,801 | 72,819 | 73,000 | (181) | -0.2% | In line with budget |
| 3. PFCs | 69,803 | 79,209 | 73,752 | 5,457 | 7.4% | Higher enplanements |
| 4. CFCs | 19,889 | 23,540 | 23,614 | (74) | -0.3% | In line with budget |
| 5. Fuel Hydrant | 6,935 | 6,957 | 7,202 | (246) | -3.4% | In line with budget |
| 6. Non-Capital Grants & Donations | 10,158 | 5,358 | 6,263 | (905) | -14.5% | Less Dept. of Ecology state grants |
| 7. Capital Contributions | 16,746 | 22,804 | 40,949 | (18,145) | -44.3% | Less FAA and TSA grants |
| 8. Interest Income | 11,202 | 9,122 | 7,094 | 2,028 | 28.6% | Higher balance due to new issuance |
| Total | 742,473 | 778,587 | 783,639 | (5,052) | -0.6% | |
| Expenses | | | | | | |
| 1. O&M Expense | 309,334 | 317,186 | 332,914 | 15,728 | 4.7% | See details in the previous slides |
| 2. Depreciation | 166,337 | 163,338 | 162,082 | (1,256) | -0.8% | In line with budget |
| 3. Revenue Bond Interest Expense | 108,910 | 110,128 | 133,468 | 23,340 | 17.5% | Savings from refunding bond |
| 4. GO Bond Interest Expense | 9,475 | 10,490 | 14,706 | 4,215 | 28.7% | Refunding bond and early payment |
| 5. PFC Bond Interest Expense | 5,906 | 5,584 | 5,633 | 49 | 0.9% | In line with budget |
| 6. Public Expense | 6,854 | 5,023 | 9,572 | 4,549 | 47.5% | Timing of cashflow moved out to 2016 |
| 7. Non-Op Environmental Expense | 9,142 | 2,888 | 5,600 | 2,712 | 48.4% | Less in T91 cleanup than budgeted |
| 8. Other Non-Op Expense/(Revenue) | (2,110) | 22,563 | 3,657 | (18,905) | -516.9% | Loss on retirement of assets |
| Total | 613,849 | 637,200 | 667,632 | 30,432 | 4.6% | |
| Special Item | - | (120,000) | - | (120,000) | 0.0% | AWV contribution |
| Increase In Net Position | 128,624 | 21,387 | 116,007 | (94,620) | -81.6% | |

- 2015 Total Revenues were \$778.6M, \$5.1M lower than the budget but \$36.1M higher than 2014 actual.
- 2015 Total Expenses (before Special Item) were \$637.2M, \$30.4M lower than the budget but \$23.4M higher than 2014 actual.

Aviation Division 2015 Financial Performance Report

February 12, 2016

Airport Activity

| | 2014 | 2015 | % Change |
|-------------------------------------|----------------|----------------|--------------|
| Enplaned Passengers (000's) | | | |
| Domestic | 16,824 | 18,944 | 12.6% |
| International | 1,892 | 2,165 | 14.4% |
| Total | 18,717 | 21,109 | 12.8% |
| Operations | 340,478 | 381,408 | 12.0% |
| Landed Weight (million lbs.) | | | |
| Cargo | 1,575 | 1,588 | 0.9% |
| All other | 20,930 | 23,169 | 10.7% |
| Total | 22,505 | 24,757 | 10.0% |
| Cargo - metric tons | | | |
| Domestic freight | 167,729 | 162,013 | -3.4% |
| International freight | 107,752 | 115,357 | 7.1% |
| Mail | 51,758 | 55,266 | 6.8% |
| Total | 327,239 | 332,636 | 1.6% |

Passengers:

- Alaska +12%
- Delta +40%
- Southwest +8%
- United -7%

Passenger Market Share:

- Alaska 51.0%
- Delta 19.4%
- Southwest 7.7%
- United 6.8%

Increase in enplanements driven by Delta and Alaska

Aviation Financial Summary

| \$ in 000's | 2014 | 2015 | 2015 | Fav (UnFav) | | Incr (Decr) | |
|---|----------------|----------------|----------------|-----------------|--------------|------------------|-------------|
| | Actual | Actual | Budget | Budget Variance | | Change from 2014 | |
| | | | | \$ | % | \$ | % |
| Operating Revenues: | | | | | | | |
| Aeronautical Revenues | 228,864 | 229,470 | 242,352 | (12,882) | -5.3% | 606 | 0.3% |
| SLOA III Incentive Straight Line Adj ⁽¹⁾ | (3,576) | (3,576) | (3,576) | (0) | 0.0% | 0 | 0.0% |
| Non-Aeronautical Revenues | 180,791 | 196,844 | 188,465 | 8,378 | 4.4% | 16,053 | 8.9% |
| Total Operating Revenues | 406,079 | 422,738 | 427,242 | (4,504) | -1.1% | 16,659 | 4.1% |
| Total Operating Expense | 230,704 | 237,655 | 248,141 | 10,486 | 4.2% | 6,951 | 3.0% |
| Net Operating Income | 175,375 | 185,083 | 179,101 | 5,982 | 3.3% | 9,708 | 5.5% |
| Capital Expenditures | 155,970 | 164,931 | 225,435 | 60,504 | 26.8% | 8,961 | 5.7% |

- Aeronautical revenues are largely based on cost recovery formulas and are net of revenue sharing. Negative variance vs. budget actually reflects lower costs to airlines and thus indicates good performance.

2015 NOI \$9.7M higher than 2014

Key Performance Measures

| | 2014 | 2015 | 2015 | Fav (UnFav) | | Incr (Decr) | |
|--|--------|--------|--------|-----------------|-------|------------------|--------|
| | Actual | Actual | Budget | Budget Variance | | Change from 2014 | |
| | | | | \$ | % | \$ | % |
| Performance Metrics | | | | | | | |
| Cost per Enplanement (CPE) | 11.48 | 10.12 | 11.78 | 1.66 | 14.1% | (1.37) | -11.9% |
| O&M Cost per Enplanement | 12.33 | 11.26 | 12.82 | 1.56 | 12.2% | (1.07) | -8.7% |
| Non-Aero Revenue per Enplanement | 9.66 | 9.33 | 9.74 | (0.41) | -4.2% | (0.33) | -3.5% |
| Debt per Enplanement | 126 | 119 | 129 | 10 | 7.7% | (6) | -5.1% |
| Debt Service Coverage | 1.38 | 1.49 | 1.40 | 0.08 | 5.9% | 0.10 | 7.3% |
| Days cash on hand (10 months = 304 days) | 405 | 469 | 305 | 164 | 53.8% | 64 | 15.7% |
| Aeronautical Revenue Sharing (\$ in 000's) | 17,034 | 29,436 | 19,488 | 9,948 | 51.0% | 12,401 | 72.8% |
| Activity (in 000's) | | | | | | | |
| Enplanements | 18,717 | 21,109 | 19,354 | 1,754 | 9.1% | 2,392 | 12.8% |

- 2015 enplaned passengers up 12.8% above 2014. This reflects new scheduled flights, primarily by Delta and Alaska
- Reduction in CPE reflects lower airline costs due to higher revenue sharing (driven by increased non-airline revenues), and increased enplaned passengers
- Improved debt service coverage compared to budget reflects increased cash flow from growth in enplanements

Enplanement growth drives improved performance

Non-Aeronautical Business

| \$ in 000's | 2014 Actual | 2015 Actual | 2015 Budget | Fav (UnFav) Budget Variance | | Incr (Decr) Change from 2014 | |
|--------------------------------|----------------|----------------|----------------|--------------------------------|--------------|---------------------------------|--------------|
| | | | | \$ | % | \$ | % |
| Non-Aero Revenues | | | | | | | |
| Rental Cars - Operations | 32,496 | 33,851 | 32,772 | 1,079 | 3.3% | 1,355 | 4.2% |
| Rental Cars - CFC | 13,702 | 12,663 | 12,172 | 491 | 4.0% | (1,039) | -7.6% |
| Public Parking | 57,128 | 63,059 | 58,925 | 4,134 | 7.0% | 5,931 | 10.4% |
| Ground Transportation | 8,333 | 8,809 | 8,244 | 565 | 6.9% | 476 | 5.7% |
| Airport Dining & Retail | 46,954 | 51,607 | 49,883 | 1,723 | 3.5% | 4,653 | 9.9% |
| Commercial Properties | 6,638 | 8,007 | 8,204 | (197) | -2.4% | 1,369 | 20.6% |
| Utilities | 6,736 | 7,000 | 8,279 | (1,279) | -15.4% | 264 | 3.9% |
| Other | 8,805 | 11,848 | 9,986 | 1,862 | 18.6% | 3,043 | 34.6% |
| Total Non-Aero Revenues | 180,791 | 196,844 | 188,465 | 8,378 | 4.4% | 16,053 | 8.9% |
| Total Non-Aero Expenses | 80,405 | 84,057 | 91,270 | 7,213 | 7.9% | 3,652 | 4.5% |
| Net Operating Income | 100,386 | 112,787 | 97,195 | 15,591 | 16.0% | 12,401 | 12.4% |
| Less: CFC Surplus | (6,497) | (5,159) | (4,760) | 399 | 8.4% | 1,339 | -20.6% |
| Adjusted Non-Aero NOI | 93,889 | 107,628 | 92,436 | 15,192 | 16.4% | 13,740 | 14.6% |
| Debt Service | (45,209) | (42,812) | (43,847) | 1,035 | 2.4% | 2,397 | 5.3% |
| Net Cash Flow | 48,679 | 64,816 | 48,589 | 16,227 | 33.4% | 16,137 | 33.1% |

Revenue growth driven by increased enplanements

Aeronautical Business

| \$ in 000's | 2014 | 2015 | 2015 | Fav (UnFav) | | Incr (Decr) | |
|--|----------------|----------------|----------------|-----------------|----------------|------------------|--------------|
| | Actual | Actual | Budget | Budget Variance | | Change from 2014 | |
| | | | | \$ | % | \$ | % |
| Revenues: | | | | | | | |
| Movement Area | 75,428 | 78,318 | 78,635 | (317) | -0.4% | 2,890 | 3.8% |
| Apron Area | 11,558 | 10,840 | 11,233 | (394) | -3.5% | (718) | -6.2% |
| Terminal Rents | 142,381 | 150,299 | 153,167 | (2,868) | -1.9% | 7,918 | 5.6% |
| Federal Inspection Services (FIS) | 9,218 | 9,965 | 10,360 | (395) | -3.8% | 746 | 8.1% |
| Total Rate Base Revenues | 238,585 | 249,422 | 253,395 | (3,973) | -1.6% | 10,837 | 4.5% |
| Commercial Area | 8,328 | 9,519 | 8,445 | 1,074 | 12.7% | 1,191 | 14.3% |
| Subtotal before Revenue Sharing | 246,913 | 258,941 | 261,840 | (2,899) | -1.1% | 12,028 | 4.9% |
| Revenue Sharing | (17,034) | (29,436) | (19,488) | (9,948) | -51.0% | (12,401) | 72.8% |
| Other Prior Year Revenues | (1,014) | (35) | - | (35) | 0.0% | 979 | -96.5% |
| Total Aeronautical Revenues | 228,864 | 229,470 | 242,352 | (12,882) | -5.3% | 606 | 0.3% |
| Total Aeronautical Expenses | 150,299 | 153,598 | 156,871 | 3,273 | 2.1% | 3,299 | 2.2% |
| Net Operating Income | 78,565 | 75,872 | 85,481 | (9,609) | -11.2% | (2,693) | -3.4% |
| Debt Service | (82,029) | (82,341) | (84,496) | 2,155 | 2.6% | (311) | 0.4% |
| Net Cash Flow | (3,465) | (6,469) | 985 | (7,454) | -756.5% | (3,004) | 86.7% |

Expense savings and higher revenue sharing compared to Budget

2015 Capital Budget

| \$ in 000's Description | 2015 | 2015 | Budget Variance | |
|--|----------------|----------------|-----------------|--------------|
| | Actual | Budget | \$ | % |
| RW16C-34C Design and Reconst ⁽¹⁾ | 62,264 | 52,850 | (9,414) | -17.8% |
| International Arrivals Fac-IAF ⁽²⁾ | 6,593 | 12,088 | 5,495 | 45.5% |
| NS NSAT Renov NSTS Lobbies ⁽³⁾ | 12,965 | 18,076 | 5,111 | 28.3% |
| Alaska Hangar One Roof ⁽⁴⁾ | 108 | 3,875 | 3,767 | 97.2% |
| CCTV Camera/Data Improvements ⁽⁵⁾ | 182 | 3,065 | 2,883 | 94.1% |
| C4 UPS System Improvements ⁽⁶⁾ | 227 | 3,025 | 2,798 | 92.5% |
| So. 160th St. GT Lot Expansion ⁽⁷⁾ | 9 | 2,375 | 2,366 | 99.6% |
| Parking System Replacement ⁽⁸⁾ | 59 | 2,150 | 2,091 | 97.3% |
| NS Conc C Vertical Circulation ⁽⁹⁾ | 6,858 | 8,490 | 1,632 | 19.2% |
| NS Refurbish Baggage Systems ⁽¹⁰⁾ | 11,506 | 12,966 | 1,460 | 11.3% |
| Checked Bag Recap/Optimization ⁽¹¹⁾ | 7,676 | 8,800 | 1,124 | 12.8% |
| All Other | 56,484 | 97,674 | 41,190 | 42.2% |
| Total Spending | 164,931 | 225,435 | 60,504 | 26.8% |

- (1) Paid an additional invoice that was not expected until Q1 2016 (accelerated spending); however, project has returned \$21.7 million of savings to-date.
- (2) Design Builder billings for Validation Services several months behind (delayed spending)
- (3) Slowdown with design decision gyrations and submittal delays causing overall delay to project schedule (delayed spending)
- (4) Reduction in scope and delay due to SAMP evaluation (delayed spending). Project budget was reduced by \$2.5 million in 2015 due to scope changes.
- (5) Delay in design procurement (delayed spending)
- (6) Changes in procurement strategy impacted timeliness of obtaining Commission authorization and getting contract executed (delayed spending)
- (7) Mid-year scope change at 100% design pushed out project timeline (delayed spending). Project has returned \$1.6 million of savings to-date.
- (8) Procurement schedule extended to allow additional vendors to bid (delayed spending)
- (9) Project has returned \$2.1 million of savings to-date to the NorthSTAR Program Reserve (project savings)
- (10) Project has returned \$2 million of savings to-date to the NorthSTAR Program Reserve (project savings)
- (11) Decision was made to have the contractor (versus PCS) perform enabling project work as part of the Phase 1 work package, pushing that work into 2016 and 2017 (delayed spending)

2015 spending is 27% below budget

Seaport Division 2015 Financial Performance Report

February 23, 2016

Seaport 2015 Business Overview

- Full Year Net Operating Income exceeded budget.
- Business Volume:
 - TEU volume was 1,404K, up 1.2% from 2014 and 8.8% above budget.
 - Grain volume was 3,778K metric tons, up 4% from 2014 but (6%) below 2015 budget.
 - Cruise passengers totaled 898K which was about 9% above 2014 and approximately equal to budget.
- Signed Pier 66 lease agreement with Norwegian Cruise Lines
- Environmental:
 - Terminal 91 clean up construction complete.
 - Over 126 drayage trucks have been replaced with model-year 2007 or newer engines under the Seaport Truck Scrappage and Replacements for Air in Puget Sound (ScRAPs 2) program (largely grant funded).
 - \$4.2M in clean-up project costs were recovered from grants, insurance, and cost sharing agreements.

Solid growth in Cruise passengers and TEU volume.

Seaport 2015 Financial Summary

| \$ in 000's | 2014 Actual | 2015 | | Fav (UnFav) Budget Variance | | Incr (Decr) Change from 2014 | |
|----------------------------------|----------------|---------------|---------------|--------------------------------|------------|---------------------------------|-----------|
| | | Actual | Budget | \$ | % | \$ | % |
| Operating Revenue | 96,157 | 98,063 | 91,635 | 6,429 | 7% | 1,906 | 2% |
| Security Grants | 0 | 0 | 0 | 0 | NA | 0 | NA |
| Total Revenues | 96,157 | 98,063 | 91,635 | 6,429 | 7% | 1,906 | 2% |
| Seaport Expenses (excl env srvs) | 14,531 | 13,788 | 18,165 | 4,377 | 24% | (743) | -5% |
| Environmental Services | 2,119 | 2,373 | 2,452 | 79 | 3% | 254 | 12% |
| Maintenance Expenses | 6,083 | 7,172 | 7,067 | (105) | -1% | 1,089 | 18% |
| P69 Facilities Expenses | 407 | 389 | 446 | 58 | 13% | (19) | -5% |
| Other RE Expenses | 316 | 380 | 433 | 53 | 12% | 65 | 20% |
| CDD Expenses | 1,862 | 1,895 | 1,847 | (48) | -3% | 32 | 2% |
| Police Expenses | 4,161 | 3,639 | 3,990 | 352 | 9% | (523) | -13% |
| Corporate Expenses | 8,388 | 9,019 | 8,953 | (66) | -1% | 631 | 8% |
| Security Grant Expense | 0 | 0 | 0 | 0 | NA | 0 | NA |
| Envir Remed Liability | (378) | 114 | 250 | 136 | 54% | 492 | |
| Total Expenses | 37,490 | 38,768 | 43,603 | 4,835 | 11% | 1,278 | 3% |
| NOI Before Depreciation | 58,667 | 59,295 | 48,031 | 11,264 | 23% | 628 | 1% |
| Depreciation | 33,154 | 31,423 | 32,754 | 1,331 | 4% | (1,731) | -5% |
| NOI After Depreciation | 25,513 | 27,873 | 15,278 | 12,595 | 82% | 2,360 | 9% |

- Operating Revenue \$6.4M favorable to budget and up \$1.9M from 2014:
 - Foss Maritime \$5,580K in unbudgeted revenue and \$1,362K T46 Mag Overage.
 - Grain Revenue unfavorable (\$382K) and Surface Water Utility Revenue unfavorable (\$1,588K). Surface Water fees are now paid directly by tenants to Stormwater Utility.
- Seaport Expenses favorable \$4,377K due to Outside Services related to Terminal 91 Maintenance Dredging, Surface Water expense related to tenants' occupied sites which will be expensed by the new Stormwater Utility, and open positions.

Full Year Net Operating Income \$11.3 million favorable to Budget.

2015 Seaport Capital

| \$ in 000's | 2015 | 2015 | Budget Variance | |
|-------------|--------|--------|-----------------|-----|
| | Actual | Budget | \$ | % |
| Seaport | 12,520 | 20,068 | 7,548 | 38% |

Significant Variances:

- **Terminal 46:** Variance relates to T46 Development
 - Crane Rail & Berth Extension- design schedule accelerated to accommodate customer's request.
 - Stormwater Improvement- Q4 2014 construction activities were delayed & proceed in Q1 2015; additional costs were added for change order in 2015.
- **Contingency Renewal & Replace:** Variance reflects adjustment of amounts available in 2015 to reflect utilization of funds for T5 Modernization project and T46 Development.
- **T18 Stormwater Infrastructure-** Project delayed to 2016.
- **All Other** –Primarily due to T18 South Gate Rail Spur Westway project that was postponed while waiting to finalize the associated lease and later start date for Bell Street Cruise Terminal Roof Fall Protection system.

Seaport spent 62% of Capital Budget.

Real Estate Division 2015 Financial Performance Report

February 23, 2016

Real Estate 2015 Business Overview

- Full Year Net Operating Income exceeds budget.
- P69 Roof Beam Rehab
 - Approved by Commission and local contractor chosen.
- Eastside Rail Corridor
 - Sale of 2.6 miles of the rail corridor in King County to City of Woodinville closed in November.
- Occupancy Rates/Activity
 - Commercial property at 93% occupancy at end of Q4, below target of 95% and Seattle market average of 94%.
 - Marinas:
 - Fishermen's Terminal and Maritime Industrial Center at 83% average occupancy, above target of 79%.
 - Recreational marinas at 96% above 95% target.
 - Conference and Event Center revenue exceeded budget by 21% and 2014 by 16%.

Financial and occupancy measures are largely favorable to Budget.

Real Estate 2015 Financial Summary

| \$ in 000's | 2014 Actual | 2015 | | Fav (UnFav) Budget Variance | | Incr (Decr) Change from 2014 | |
|--|-----------------|-----------------|-----------------|--------------------------------|------------|---------------------------------|------------|
| | | Actual | Budget | \$ | % | \$ | % |
| Revenue | 23,356 | 24,282 | 23,970 | 312 | 1% | 925 | 4% |
| Conf & Event Ctr Revenue | 8,957 | 10,396 | 8,580 | 1,817 | 21% | 1,439 | 16% |
| Total Revenue | 32,313 | 34,678 | 32,550 | 2,128 | 7% | 2,365 | 7% |
| Real Estate Exp (excl Conf, Maint, P 69) | 11,114 | 10,683 | 11,967 | 1,284 | 11% | (431) | -4% |
| Conf & Event Ctr Expense | 7,374 | 8,541 | 7,504 | (1,037) | -14% | 1,167 | 16% |
| Eastside Rail Corridor | 2,436 | (1,263) | 210 | 1,473 | 701% | (3,699) | -152% |
| Maintenance Expenses | 8,778 | 8,735 | 9,976 | 1,241 | 12% | (43) | 0% |
| P69 Facilities Expenses | 125 | 116 | 133 | 17 | 13% | (8) | -7% |
| Seaport Expenses | 1,140 | 1,467 | 1,377 | (90) | -7% | 327 | 29% |
| CDD Expenses | 2,318 | 1,938 | 1,777 | (162) | -9% | (380) | -16% |
| Police Expenses | 1,353 | 1,182 | 1,291 | 109 | 8% | (171) | -13% |
| Corporate Expenses | 5,176 | 5,122 | 4,921 | (201) | -4% | (54) | -1% |
| Envir Remed Liability | (3) | 0 | 250 | 250 | 100% | 3 | -105% |
| Total Expense | 39,810 | 36,522 | 39,407 | 2,886 | 7% | (3,288) | -8% |
| NOI Before Depreciation | (7,496) | (1,844) | (6,858) | 5,014 | 73% | 5,653 | 75% |
| Depreciation | 9,599 | 10,043 | 10,120 | 77 | 1% | 444 | 5% |
| NOI After Depreciation | (17,095) | (11,886) | (16,977) | 5,091 | 30% | 5,209 | 30% |

- Facility/Property Revenue favorable due to Bell Street Garage, lump sum early termination payment for Fishermen's Terminal tenant, and retroactive lease payment for Terminal 34.
- Conference and Event Center activity favorable to budget resulting in a favorable revenue variance and a partially offsetting unfavorable expense variance.
- Real Estate expense variance reflects open positions, below budget electricity and sewer utility expenses, under spending on tenant improvements, and an insurance payment for the Eastside Rail Corridor. More tenant improvements have qualified for capitalization than assumed in 2015 Budget. Maintenance expense variance driven by delay on permit for demolishing W50 Building at T91.

Full Year Net Operating Income \$5 million favorable to Budget.

2015 Real Estate Capital

| \$ in 000's | 2015 | 2015 | Budget Variance | |
|--------------------|--------|--------|-----------------|-----|
| | Actual | Budget | \$ | % |
| Real Estate | 4,870 | 12,194 | 7,324 | 60% |

Significant Variances:

- **Fleet Replacement** – Due to delay in procurement process.
- **C15 Building Tunnel Improvement** – Project delayed to 2016.
- **Pier 69 Roof Beam Rehabilitation** – Project construction phase delayed to 2016.
- **Tenant Improvements Capital** – Spending exceeded budget due to more tenant improvements for World Trade Center West that qualified for capitalization than anticipated in 2015 Budget.
- **Fishermen's Terminal C-2 (Nordby) Roof & HVAC Pier 69 Built-Up Roof Replacement** – 2015 Budget was understated as variances reflect payments related to 2014 work not paid until 2015.
- **Fishermen's Terminal C14 (Downie) Roof & HVAC** - Project is on hold while waiting for further direction from the Fishermen's Terminal long term plan.
- **RE BHICC Roof Fall Protection** – Delayed in start date for Conference Center Roof Fall Protection system (shared project with Seaport Bell Street Cruise Terminal).

Real Estate spent 40% of Capital Budget.

Capital Development 2015 Financial Performance Report

February 23, 2016

Q4 2015 Key Business Events

- Runway 16C/34C replacement completed and \$21.3M in project savings returned.
- International Arrivals Facility (IAF) – Clark/SOM under contract as design builder, validation period complete.
- NorthSTAR – Hensel Phelps awarded general contractor/construction manager contract for North Satellite renovation and expansion, 60% design completed.
- 100% design of baggage optimization system completed for TSA submittal.
- 60 Port Construction Services projects reached substantial completion.
- Executed Terminal 5 test pile program construction contract.
- Terminal 91 tank farm remediation reached substantial completion.

Major projects are moving ahead.

2015 Capital Development Financials Summary

| | Notes | 2014 | 2015 | 2015 | Fav (UnFav) | | Incr (Decr) | |
|--|-------|---------------|---------------|---------------|--------------|--------------|------------------|---------------|
| | | Actual | Actual | Budget | Budget | Variance | Change from 2014 | |
| \$ in 000's | | | | | \$ | % | \$ | % |
| Total Revenues | | 21 | 87 | - | 87 | 0.0% | 67 | 322.5% |
| <u>Expenses Before Charges To Cap/Govt/Envrs Projects</u> | | | | | | | | |
| Capital Development Administration | | 394 | 428 | 419 | (9) | -2.2% | 34 | 8.6% |
| Engineering | | 14,305 | 16,447 | 17,524 | 1,077 | 6.1% | 2,142 | 15.0% |
| Port Construction Services | | 8,186 | 6,944 | 8,165 | 1,222 | 15.0% | (1,242) | -15.2% |
| Central Procurement Office | | 4,616 | 4,716 | 5,604 | 888 | 15.8% | 100 | 2.2% |
| Aviation Project Management | | 11,622 | 13,862 | 16,350 | 2,488 | 15.2% | 2,240 | 19.3% |
| Seaport Project Management | | 2,998 | 2,594 | 2,550 | (44) | -1.7% | (403) | -13.5% |
| Total Before Charges to Capital Projects | | 42,121 | 44,991 | 50,612 | 5,621 | 11.1% | 2,870 | 6.8% |

85% personnel fill.

Corporate 2015 Financial Performance Report

February 23, 2016



Port 
of Seattle®

2015 Corporate Key Metrics

| | 2015 | 2014 |
|--|-------|-------|
| Employment through Airport Jobs Center | 1,373 | 1,143 |
| Small businesses registered on the Procurement Roster Mgmt. System | 135 | 130 |
| Apprenticeship Opportunity Project Placements | 84 | 150 |
| % of Eligible Dollars Spent with Small Businesses | 54.0% | 28.0% |
| Employee Development Class Attendees | 1,486 | 2,201 |
| Occupational Injury Rate | 5.11 | 6.17 |
| Total Lost work days | 1,151 | 2,010 |
| Responded to Public Disclosure Requests | 486 | 232 |
| Customer Survey for Police Service Excellent or Very Good | 88% | 92% |

Strong performance results for Corporate in 2015.

2015 Budget Variances by Department

| \$ in 000's | 2014 | 2015 | 2015 | Fav (UnFav) | | Incr (Decr) | |
|---|---------------|---------------|---------------|-----------------|--------------|------------------|---------------|
| | Actual | Actual | Budget | Budget Variance | | Change from 2014 | |
| | | | | \$ | % | \$ | % |
| Total Revenues | 398 | 332 | 340 | (7) | -2.1% | (66) | -16.5% |
| Executive | 1,710 | 2,198 | 1,798 | (399) | -22.2% | 488 | 28.5% |
| Commission | 1,353 | 1,270 | 1,545 | 275 | 17.8% | (83) | -6.1% |
| Legal | 3,731 | 3,501 | 3,156 | (345) | -10.9% | (229) | -6.2% |
| Risk Services | 3,051 | 3,217 | 3,249 | 32 | 1.0% | 166 | 5.4% |
| Health & Safety Services | 1,067 | 1,186 | 1,190 | 4 | 0.4% | 119 | 11.2% |
| Public Affairs | 5,554 | 5,349 | 5,937 | 589 | 9.9% | (206) | -3.7% |
| Human Resources & Development | 5,356 | 5,534 | 5,958 | 424 | 7.1% | 178 | 3.3% |
| Labor Relations | 823 | 1,191 | 1,024 | (167) | -16.3% | 368 | 44.8% |
| Information & Communications Technology | 20,458 | 21,887 | 21,435 | (452) | -2.1% | 1,429 | 7.0% |
| Finance & Budget | 1,803 | 1,692 | 1,713 | 21 | 1.2% | (111) | -6.2% |
| Accounting & Financial Reporting Services | 6,039 | 6,780 | 7,350 | 570 | 7.8% | 740 | 12.3% |
| Internal Audit | 1,372 | 1,280 | 1,552 | 273 | 17.6% | (93) | -6.8% |
| Office of Social Responsibility | 2,115 | 2,145 | 2,312 | 167 | 7.2% | 29 | 1.4% |
| Office of Strategic Initiatives | - | 637 | - | (637) | 0.0% | 637 | 0.0% |
| Police | 22,231 | 20,948 | 22,879 | 1,931 | 8.4% | (1,283) | -5.8% |
| Contingency | 410 | 653 | 1,050 | 397 | 37.8% | 243 | 59.4% |
| Total Expenses | 77,072 | 79,441 | 82,149 | 2,708 | 3.3% | 2,369 | 3.1% |

- Corporate expenses were \$2.7M or 3.3% below budget mainly due to lower Payroll costs, Outside Services and Travel & Other Employee expenses.

Corporate Expenses \$2.7M favorable to Budget.