

Port of Seattle Q1 2016 Financial Performance Report

May 17, 2016

Q1 2016 Operating Income Summary

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Yea-End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Aeronautical Revenues	56,781	56,797	57,668	(872)	-1.5%	253,100	261,019	(7,919)	-3.0%
SLOA III Incentive	(894)	(894)	(894)	-	0.0%	(3,576)	(3,576)	-	0.0%
Other Operating Revenues	69,298	73,434	69,708	3,725	5.3%	331,871	327,135	4,736	1.4%
Total Operating Revenues	125,185	129,336	126,483	2,854	2.3%	581,395	584,578	(3,183)	-0.5%
Total Operating Expenses	67,108	69,740	80,420	10,680	13.3%	329,206	335,943	6,737	2.0%
NOI before Depreciation	58,077	59,597	46,063	13,534	29.4%	252,189	248,635	3,554	1.4%
Depreciation	40,771	41,085	40,737	(348)	-0.9%	162,451	162,451	-	0.0%
NOI after Depreciation	17,306	18,512	5,326	13,186	247.6%	89,738	86,184	3,554	4.1%

- Excluding Aeronautical revenues, other operating revenues were \$73.4M, \$3.7M, or 5.3%, higher than budget in Q1; and we are anticipating \$4.7M above budget for the full year.
- Total Operating Expenses were \$69.7M, \$10.7M below budget in Q1; and we are forecasting a favorable budget variance of \$6.7M for the full year.
- NOI before Depreciation is forecasting to be \$252.2M, \$3.5M over budget for the year.

Net Operating Income before Depreciation \$13.5M or 29.4% above Budget.

Q1 2016 Major Revenue Variances

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2015	
		Actual	Budget	\$	%	\$	%
Aeronautical Revenues	56,781	56,797	57,668	(872)	-1.5%	16	0.0%
SLOA III Incentive	(894)	(894)	(894)	-	0.0%	-	0.0%
Public Parking	14,726	16,286	15,723	563	3.6%	1,561	10.6%
Rental Cars - Operations	5,833	6,159	5,586	573	10.3%	326	5.6%
Rental Cars - Operating CFC	1,737	615	744	(129)	-17.3%	(1,121)	-64.6%
Airport Dining and Retail	11,003	11,794	11,828	(35)	-0.3%	790	7.2%
Employee Parking	1,904	2,298	1,992	305	15.3%	394	20.7%
Ground Transportation	1,996	2,582	2,143	438	20.5%	585	29.3%
Airport Properties	1,596	2,287	2,792	(505)	-18.1%	691	43.3%
Airport Utilities	1,647	1,812	1,830	(18)	-1.0%	165	10.0%
Fishing & Commercial Vessels	712	731	717	14	1.9%	19	2.7%
Maritime Operations	979	1,369	1,050	319	30.4%	390	39.9%
Recreational Boating	2,355	2,528	2,546	(18)	-0.7%	173	7.4%
Cruise	49	48	43	5	12.0%	(1)	-2.9%
Grain	1,403	1,486	1,560	(75)	-4.8%	82	5.9%
Marina Office & Retail	995	1,028	957	72	7.5%	33	3.4%
Maritime Industrial	1,409	1,531	1,587	(56)	-3.5%	123	8.7%
Central Harbor Management	1,472	1,585	1,594	(9)	-0.5%	114	7.7%
Conference & Event Centers	2,014	1,895	1,684	211	12.5%	(120)	-5.9%
Licensed NWSA Assets	-	15,242	13,106	2,137	16.3%	15,242	0.0%
Other	17,468	2,155	2,223	(68)	-3.0%	(15,312)	-87.7%
Total Operating Revenues (w/o Aero)	69,298	73,434	69,708	3,725	5.3%	4,135	6.0%
TOTAL	125,185	129,336	126,483	2,854	2.3%	4,152	3.3%

Operating Revenues without Aeronautical \$3.7M or 5.3% favorable to Budget.

Q1 2016 Major Expense Variances

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2015	
		Actual	Budget	\$	%	\$	%
Salaries & Benefits	23,458	25,674	27,169	1,494	5.5%	2,216	9.4%
Wages & Benefits	22,890	23,554	25,067	1,513	6.0%	664	2.9%
Payroll to Capital Projects	5,572	4,712	6,726	2,014	29.9%	(860)	-15.4%
Equipment Expense	1,079	1,324	1,343	19	1.4%	245	22.7%
Supplies & Stock	1,520	1,705	1,770	65	3.7%	185	12.1%
Outside Services	9,556	9,779	18,333	8,554	46.7%	223	2.3%
Utilities	4,878	5,280	5,588	308	5.5%	402	8.2%
Travel & Other Employee Exps	911	746	1,595	849	53.2%	(165)	-18.1%
Promotional Expenses	120	176	181	6	3.1%	55	46.1%
Other Expenses	5,225	3,576	4,200	624	14.8%	(1,648)	-31.5%
Charges to Capital Projects	(8,101)	(6,786)	(11,553)	(4,766)	41.3%	1,315	-16.2%
TOTAL	67,108	69,740	80,420	10,680	13.3%	2,632	3.9%

- Operating expenses were \$10.7M below budget mainly due to savings in Payroll, Outside Services, and Travel & Other Employee expenses.

Operating Expenses \$10.7M favorable to Budget.

Capital Spending by Division

\$ in 000's	2016 YTD	2016	2016	Budget Variance	
	Actual	Forecast	Budget	\$	%
Aviation	25,142	206,422	245,241	38,819	15.8%
Maritime	947	14,496	15,660	1,164	7.4%
Economic Development	1,179	7,866	8,751	885	10.1%
Corporate & Other (note 1)	1,052	10,717	12,396	1,679	13.5%
TOTAL	28,320	239,501	282,048	42,547	15.1%

Note:

(1) "Other" includes Street Vacation projects and Storm Water Utility Small Capital projects.

Forecasted to spend \$239.5M or 85% of the capital budget.

Aviation Division Q1 2016 Financial Performance Report

May 17, 2016



Business Events

- New Air Service: Spirit Airlines initiated service
- New ground transportation options: transportation network companies began service
- Planning progress: presented commission analysis of key components of Sustainable Airport Master Plan
- Capital project milestones:
 - Began design of International Arrivals Facility
 - Received airline approval North Satellite expansion project
- Environmental initiatives: issued RFP for biofuels study
- Customer service: TSA agreed to reinstate local training for Sea-Tac TSA officers

Airport Activity

	YTD 2015	YTD 2016	% Change
Enplaned Passengers (000's)			
Domestic	3,880	4,272	10.1%
International	471	512	8.5%
Total	4,352	4,783	9.9%
Operations	81,668	91,480	12.0%
Landed Weight (million lbs.)			
Cargo	394	369	-6.3%
All other	4,888	5,452	11.5%
Total	5,283	5,821	10.2%
Cargo - metric tons			
Domestic freight	37,165	35,988	-3.2%
International freight	26,418	22,341	-15.4%
Mail	12,979	14,396	10.9%
Total	76,562	72,725	-5.0%

Passengers:

- Alaska +9%
- Delta +20%
- Southwest +13%
- United -4%

2016 YTD Load Factor down 2.5 points from last year

2016 YTD International Freight tons trailing prior year due to peak volume in 2015 during Port shutdown.

Increase in enplanements driven by Delta and Alaska

Aviation Financial Summary

\$ in 000's	2015	2016	2016	Fav (UnFav)		Incr (Decr)	
	Actual	Forecast	Budget	Budget Variance		Change from 2015	
				\$	%	\$	%
Operating Revenues:							
Aeronautical Revenues	229,624	253,100	261,019	(7,919)	-3.0%	23,476	10.2%
SLOA III Incentive Straight Line Adj	(3,576)	(3,576)	(3,576)	-	0.0%	-	0.0%
Non-Aeronautical Revenues	196,844	211,885	208,321	3,564	1.7%	15,041	7.6%
Total Operating Revenues	422,892	461,409	465,764	(4,355)	-0.9%	38,517	9.1%
Total Operating Expense	238,140	262,379	267,803	5,423	2.0%	24,239	10.2%
Net Operating Income	184,752	199,030	197,962	1,068	0.5%	14,278	7.7%

- 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.

2016 NOI forecast to be \$14.3M higher than 2015

Key Performance Measures

	2015 Actual	2016 Forecast	2016 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2015	
				\$	%	\$	%
Performance Metrics							
Cost per Enplanement (CPE)	10.12	10.63	11.00	0.36	3.3%	0.52	5.1%
O&M Cost per Enplanement	11.28	11.81	12.06	0.24	2.0%	0.53	4.7%
Non-Aero Revenue per Enplanement	9.33	9.54	9.38	0.16	1.7%	0.21	2.3%
Debt per Enplanement	119	112	111	(1)	-0.9%	(7)	-5.9%
Debt Service Coverage	1.49	1.49	1.46	0.03	2.2%	0.00	0.3%
Days cash on hand (10 months = 304 days)	468	363	309	53	17.2%	(105)	-22.5%
Aeronautical Revenue Sharing (\$ in 000's)	29,450	31,995	28,055	(3,940)	-14.0%	2,545	8.6%
Activity (in 000's)							
Enplanements	21,109	22,214	22,214	0	0.0%	1,106	5.2%

- 2016 enplaned passengers forecasted to be up 5.2% above 2015. 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

Aviation Expense Summary

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Operating Expenses:									
Payroll	23,067	24,196	25,842	1,646	6.4%	103,274	106,659	3,386	3.2%
Outside Services	6,264	6,548	9,324	2,776	29.8%	40,466	39,915	(551)	-1.4%
Utilities	3,305	3,646	3,839	193	5.0%	14,665	14,686	21	0.1%
Other Airport Expenses	3,386	4,570	3,589	(981)	-27.3%	17,320	16,911	(410)	-2.4%
Total Airport Direct Charges	36,022	38,960	42,594	3,634	8.5%	175,725	178,171	2,445	1.4%
Environmental Remediation Liability	-	-	-	-	n/a	3,246	3,246	-	0.0%
Capital to Expense	0	-	-	-	n/a	13	-	(13)	0.0%
Total Exceptions	0	-	-	-	n/a	3,259	3,246	(13)	-0.4%
Total Airport Expenses	36,023	38,960	42,594	3,634	8.5%	178,984	181,417	2,433	1.3%
Corporate	9,218	11,012	13,010	1,998	15.4%	52,043	52,424	381	0.7%
Police Costs	3,857	4,327	4,634	307	6.6%	18,581	18,728	147	0.8%
Capital Development	1,149	1,461	2,346	885	37.7%	9,283	11,746	2,463	21.0%
Maritime/Economic Development	668	548	875	327	37.4%	3,488	3,488	-	0.0%
Total Charges from Other Divisions	14,891	17,349	20,865	3,517	16.9%	83,395	86,386	2,991	3.5%
Total Operating Expense	50,914	56,309	63,460	7,151	11.3%	262,379	267,803	5,423	2.0%

- Planning to implement 100% employee screening later in 2016. Costs not included in forecast.

2016 total expenses forecasted to be favorable by \$5.4M

Non-Aeronautical Business

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Non-Aero Revenues									
Rental Cars - Operations	5,833	6,159	5,586	573	10.3%	36,209	35,398	810	2.3%
Rental Cars - Operating CFC	1,737	615	744	(129)	-17.3%	12,855	12,767	88	0.7%
Public Parking	14,726	16,286	15,723	563	3.6%	67,779	66,847	932	1.4%
Ground Transportation	1,996	2,582	2,143	438	20.5%	10,300	8,327	1,974	23.7%
Airport Dining & Retail	11,003	11,794	11,828	(35)	-0.3%	53,381	53,419	(38)	-0.1%
Commercial Properties	1,565	1,904	2,511	(607)	-24.2%	10,175	10,251	(76)	-0.7%
Utilities	1,647	1,812	1,830	(18)	-1.0%	7,074	7,626	(552)	-7.2%
Other	2,605	3,718	3,353	365	10.9%	14,111	13,686	426	3.1%
Total Non-Aero Revenues	41,112	44,871	43,720	1,151	2.6%	211,885	208,321	3,564	1.7%
Total Non-Aero Expenses	17,979	19,470	23,339	3,869	16.6%	93,656	97,454	3,798	3.9%
Net Operating Income	23,133	25,401	20,382	5,019	24.6%	118,229	110,867	7,362	6.6%
Less: CFC (Surplus) / Deficit	(617)	1,121	1,052	69	6.6%	(5,867)	(5,146)	(721)	-14.0%
Adjusted Non-Aero NOI	22,517	26,523	21,434	5,089	23.7%	112,362	105,721	6,641	6.3%
Debt Service						(43,570)	(43,494)	(76)	-0.2%
Net Cash Flow						68,793	62,227	6,565	10.6%

Revenue growth driven by increased enplanements

Aeronautical Business

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Revenues:									
Movement Area	18,173	21,004	20,095	909	4.5%	95,245	95,220	25	0.0%
Apron Area	2,825	2,464	3,026	(563)	-18.6%	13,735	14,120	(385)	-2.7%
Terminal Rents	35,906	36,634	36,933	(299)	-0.8%	155,977	159,593	(3,616)	-2.3%
Federal Inspection Services (FIS)	2,724	2,284	2,295	(11)	-0.5%	10,689	10,836	(147)	-1.4%
Total Rate Base Revenues	59,628	62,385	62,349	36	0.1%	275,645	279,768	(4,123)	-1.5%
Commercial Area	2,024	2,154	2,333	(180)	-7.7%	9,450	9,306	144	1.5%
Subtotal before Revenue Sharing	61,652	64,539	64,682	(143)	-0.2%	285,095	289,074	(3,979)	-1.4%
Revenue Sharing	(4,872)	(7,742)	(7,014)	(728)	-10.4%	(31,995)	(28,055)	(3,940)	-14.0%
Total Aeronautical Revenues	56,781	56,797	57,668	(872)	-1.5%	253,100	261,019	(7,919)	-3.0%
Total Aeronautical Expenses	32,935	36,839	40,121	3,282	8.2%	168,724	170,349	1,625	1.0%
Net Operating Income	23,845	19,958	17,547	2,411	13.7%	84,376	90,670	(6,294)	-6.9%
Debt Service						(89,867)	(91,723)	1,856	2.0%
Net Cash Flow						(5,490)	(1,053)	(4,437)	421.4%

Expense savings and higher revenue sharing compared to Budget

Aero Cost Drivers

\$ in 000's	2015	2016	2016	Fav (UnFav)	
	Actual	Forecast	Budget	'Budget vs Forecast	
				\$	%
O&M ⁽¹⁾	150,286	164,691	166,776	(2,085)	-1.3%
Debt Service Gross ⁽²⁾	111,477	119,018	120,668	(1,650)	-1.4%
Debt Service PFC Offset	(32,454)	(32,860)	(32,583)	(277)	0.9%
Amortization	24,853	28,203	28,338	(135)	-0.5%
Space Vacancy	(3,469)	(2,380)	(2,431)	51	-2.1%
TSA Operating Grant and Other	(1,099)	(1,026)	(1,000)	(26)	2.6%
Rate Base Revenues	249,594	275,645	279,768	(4,123)	-1.5%
Commercial area	9,519	9,450	9,306	144	1.5%
Total Aero Revenues	259,113	285,095	289,074	(3,979)	-1.4%

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

(1) O&M - mostly savings from CDD and Corporate divisions, Master Plan delays and payroll savings in AV division. These savings are largely offset by unbudgeted Security Checkpoint Queue Management Services contract spending.

(2) Debt Service decrease is mostly driven by the change in funding allocation % for 2015C bonds, change in 2008VRDB interest and a change in breakout of 2015B refunding components (affected funding allocation % for refunded bond series).

Aero rate base revenues based on cost recovery formulas

2016 Capital Budget

\$ in 000's Description	2016	2016	2016	Budget Variance	
	YTD Actual	Forecast	Budget	\$	%
NS NSAT Renov NSTS Lobbies ⁽¹⁾	2,210	23,737	43,200	19,463	45.1%
Interim Baggage System Program ⁽²⁾	437	5,937	10,000	4,063	40.6%
Concourse D Hardstand Terminal ⁽³⁾	4	329	1,790	1,461	81.6%
SSAT Interior Renovations ⁽⁴⁾	76	3,226	1,850	(1,376)	-74.4%
B2 Expansion for DL Club ⁽⁵⁾	191	7,691	9,000	1,309	14.5%
RW16C-34C Design and Reconst	4,294	10,494	11,755	1,261	10.7%
International Arrivals Fac-IAF	6,789	56,381	57,612	1,231	2.1%
Checked Bag Recap/Optimization	1,304	7,604	8,257	653	7.9%
All Other	9,838	91,023	101,777	10,754	10.6%
Total Spending	25,143	206,422	245,241	38,819	15.8%

- (1) Delays in construction due to a rebid of the PWP#1 construction effort.
- (2) Budget was developed when project was early in design, resulting in overly aggressive projections.
- (3) Delays in hiring consultant for design.
- (4) Returned to Commission in March to increase the project authorization by \$1.9M due to higher bids. Additional scope was also added in support of the Narrow Body Gates project which increased the budget by \$500k.
- (5) Delays with the design schedule. Spending moved out to 2017.

2016 spending is projected to be 16% below budget

Maritime Division Q1 2016 Financial Performance Report

May 17, 2016

Maritime 2016 Business Overview

- **Maritime Division Key Events:**

- Independent Packers Corp agreed to 5 year lease term to support 170 employees situated in Building 40.
- Barge moorage at north end of Harbor Island, T25 South, and T107 Kellogg Island more fully utilized.
- Operations staff facilitated 5 public events conducted at the Smith Cove Cruise Terminal, drawing over 20,000 attendees.
- Completed negotiations related to cruise operations and stormwater permit management issues.
- Skip Himes hired as new General Manager of Marine Maintenance and Kenny Lyles promoted to Director of Fishing & Maritime Ops.

- **Environmental:**

- Terminal 91 underwater regrade complete.
- T117 cleanup construction completed.

Increasing optimization of port properties.

Maritime Q1 2016 Financial Summary

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Year End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Operating Revenue	7,905	8,725	8,461	265	3%	49,514	49,314	200	0%
Security Grants	0	0	0	0	NA	0	0	0	NA
Total Revenues	7,905	8,725	8,461	265	3%	49,514	49,314	200	0%
Maritime Expenses (excl Maint)	2,006	2,313	2,832	520	18%	11,787	11,382	(405)	-4%
Maintenance Expenses	2,126	2,146	2,612	466	18%	10,576	10,576	0	0%
P69 Facilities Expenses	35	69	72	4	5%	294	294	0	0%
Other ED Expenses	744	817	1,142	325	28%	3,819	3,819	0	0%
Enviromental & Sustainability	204	184	242	57	24%	1,430	1,430	0	0%
CDD Expenses	336	271	215	(56)	-26%	1,029	1,029	0	0%
Police Expenses	622	932	996	64	6%	4,023	4,023	0	0%
Corporate Expenses	1,244	2,149	2,469	321	13%	9,508	9,713	205	2%
Envir Remed Liability	0	0	0	0	NA	202	202	0	0%
Total Expenses	7,317	8,879	10,580	1,701	16%	42,669	42,469	(200)	0%
NOI Before Depreciation	588	(153)	(2,119)	1,966	-93%	6,845	6,845	0	0%
Depreciation	4,217	4,336	4,299	(37)	-1%	17,139	17,139	0	0%
NOI After Depreciation	(3,629)	(4,490)	(6,418)	1,929	-30%	(10,294)	(10,294)	0	0%

- Positive Q1 Revenue variance driven by Maritime Ops at \$319K favorable to budget from higher moorage occupancy and rates in previously under utilized properties.
- Q1 Expenses \$1,701 favorable to budget due primarily to timing of divisional expenses and lower than budgeted corporate expenses.
- Year end NOI forecast to budget with favorable revenue and corporate expense projections offset by Cruise related mitigation expenses.

Timing of expenses driving favorable Q1 NOI.

Maritime Q1 2016 Capital Spending

\$ in 000's	2016 YTD	2016	2016	Budget Variance	
	Actual	Forecast	Budget	\$	%
Maritime	947	14,496	15,660	1,164	7%

Significant Variances:

- Shilshole Bay Marina Restroom and Services Building Replacement – \$373 below budget from revised project schedule.
- Maintenance North Office Site Improvement – \$300K below budget as project delayed until Q4 this year.
- Pier 91 South End Fender – timing variance.

Forecasted to spend 93% of Capital Budget.

Economic Development Division Q1 2016 Financial Performance Report

May 17, 2016

EDD Q1 Business Overview

- **Financials**

- 1st quarter net operating income (NOI) is \$1.5M higher than budget.
- Full-year NOI is forecasted to exceed budget.

- **Occupancy**

- Portfolio Management properties at 97% occupancy at end of Q1, above target of 90%.
- Conference and Event Center Q1 revenue exceeded budget due to strong sales and delayed construction at P-66 Cruise Terminal.
- Completed lease rate reset with Trident Seafoods at T-91 to market rate.

- **RE strategic planning process presented to Commission**

- **Eastside Rail Corridor**

- Sale of last 12 miles to Snohomish County closed March 2016.

Eastside Rail Corridor Sale Complete and RE Strat Plan Underway.

EDD Q1 2016 Financial Summary

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Year End Projections		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Revenue	1,685	1,777	1,756	21	1%	7,513	7,449	63	1%
Conf & Event Ctr Revenue	2,014	1,895	1,684	211	13%	6,759	6,296	463	7%
Total Revenue	3,699	3,672	3,440	232	7%	14,272	13,745	527	4%
Central Harbor	557	483	670	187	28%	2,650	2,746	96	3%
Conf & Event Centers	1,734	1,721	1,748	27	2%	7,013	6,439	(574)	-9%
Eastside Rail Corridor	13	4	30	26	85%	118	144	26	18%
P69 Facilities Expenses	9	41	43	2	5%	177	177	0	0%
Small Business	0	4	31	27	87%	120	120	0	0%
Workforce Development	0	(9)	284	293	103%	1,558	1,558	0	0%
Tourism	146	193	421	227	54%	1,114	1,174	60	5%
EconDev Expenses Other	380	470	615	145	24%	2,800	2,800	0	0%
Maintenance Expenses	694	573	795	222	28%	3,153	3,153	0	0%
Maritime Expenses (Excl Maint)	3	8	7	(1)	-11%	28	28	0	0%
Environmental & Sustainability	48	11	25	13	54%	126	126	0	0%
CDD Expenses	11	88	46	(42)	-92%	248	248	0	0%
Police Expenses	108	39	42	3	7%	167	169	2	1%
Corporate Expenses	452	946	1,126	181	16%	4,400	4,565	165	4%
Envir Remed Liability	0	0	0	0	NA	0	0	0	NA
Total Expense	4,154	4,573	5,882	1,310	22%	23,672	23,447	(225)	-1%
Net Operating Income	(455)	(901)	(2,442)	1,542	63%	(9,400)	(9,702)	302	3%

- Favorable sales activity at P-66 Conference & Events Center, resulting in higher revenues & expenses.
- Favorable variances for direct expenses for Tourism, Workforce Development, and Maintenance were due to timing of expenditures.
- Corporate Expenses were under budget due to lower charges/allocations from Procurement, Public Affairs, Office of Strategic Initiatives, and Accounting & Financial Reporting.

Full-Year Net Operating Income forecasted favorable to budget.

Contribution to Other Divisions

\$ in 000's	2015 YTD	2016 YTD	2016	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget Variance		Change from 2015	
				\$	%	\$	%
Revenues:							
Airport Dining & Retail	11,003	11,794	11,828	(35)	0%	791	7%
Airport Properties	1,596	2,287	2,792	(505)	-18%	691	43%
Business Development	587	883	986	(103)	-10%	296	50%
Business Development & Mgmt	13,186	14,964	15,607	(643)	-4%	1,778	13%
Maritime Industrial	1,409	1,531	1,587	(56)	-4%	123	9%
Marina Office & Retail	995	1,028	957	72	7%	33	3%
Maritime Portfolio Management	2,404	2,560	2,544	16	1%	156	6%
Total Revenues to Other Divisions	15,590	17,524	18,150	(627)	-3%	1,934	12%
Expenses to Other Divisions							
Business Development & Mgmt	1,333	1,423	2,466	1,043	42%	90	7%
Maritime Portfolio Management	567	706	1,015	309	30%	139	25%
	1,900	2,130	3,481	1,352	39%	229	12%

EDD making significant contribution to other divisions.

EDD Q1 2016 Capital Spending

\$ in 000's	2016 YTD	2016	2016	Budget Variance	
	Actual	Forecast	Budget	\$	%
Econ Dev	1,179	7,866	8,751	885	10%

Significant Variances:

- **P66 Elevator Upgrades** - Favorable: project postponed until after NCL cruise terminal work is completed.
- **Small Projects**: Unfavorable due to higher bids for WTC West projects including HVAC Controller Upgrade and Roof Deck Replacement.

Forecasted to spend 90% of EDD Capital Budget.

Stormwater Utility Q1 2016 Financial Summary

\$ in 000's	2015 YTD	2016 YTD		2016 YTD Bud Var		Yr End Projections		2016 Bud Var	
	Actual	Actual	Budget	\$	%	Forecast	Budget	\$	%
Total Revenue	1,051	1,190	1,079	111	10%	4,762	4,317	445	10%
Stormwater Utilities Exp	17	22	171	149	87%	682	682	0	0%
Maintenance & Other MD	0	84	379	295	78%	1,519	1,518	(1)	0%
Environmental (Excl SWU)	0	0	26	26	100%	293	293	0	0%
Corporate Expenses	0	2	0	(2)	-398%	2	2	0	0%
Total Expense	17	108	577	469	81%	2,496	2,495	(1)	0%
NOI Before Depreciation	1,035	1,083	502	580	116%	2,266	1,822	444	24%

- Revenue favorable due to applying new rates reflected in the charter on more accurately measured areas through GIS system instead of historical tax parcels.
- Expenses favorable mainly due to the work progress delay resulting from timing of receiving the Camera Inspection truck in order to access the lines.

Full Year Net Operating Income forecasted at \$444 thousands favorable to Budget.

Corporate Q1 2016 Financial Performance Report

May 17, 2016

Q1 2016 Key Business Events

- Launched planning effort to support Commission's 38 Cities outreach program.
- Implemented Paid Parental Leave.
- Implemented Phase II Re-org.
- Upgraded the Common Use Self Service (CUSS) kiosks used by customers of several airlines at the Airport.
- Initiated the Investment Banking Services procurement.
- Hired Boston Consulting for Procurement Excellence (Purchasing Transformation project).
- Implemented and launched the Contractors Database System (CDS) for Service Agreements to assist in tracking our efforts to promote small business growth.
- Executed contract with Parking Soft for a Parking Revenue Replacement System.

Q1 2016 Corporate Key Metrics

	2016 YTD	2015 YTD
Employee Development Class Attendees	197	168
Occupational Injury Rate	4.19	3.25
Total Lost work days	89	143
Responded to Public Disclosure Requests	115	98
Customer Survey for Police Service Excellent or Very Good	92%	88%
Information & Communication Technology System Availability	99.7%	99.4%
Oversee Implementation/Administration of CBA's Agreements	34	40
Percentage of Annual Audit Plan Completed	17%	17%

Strong performance results for Corporate in Q1 2016.

Q1 2016 Major Expense Variances

\$ in 000's	2015 YTD	2016 Year-to-Date		Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget Variance		Change from 2015	
				\$	%	\$	%
Salaries & Benefits	14,234	16,558	17,156	598	3.5%	2,324	16.3%
Wages & Benefits	5,083	5,109	5,565	456	8.2%	26	0.5%
Payroll to Capital Projects	4,878	4,058	5,575	1,516	27.2%	(820)	-16.8%
Equipment Expense	177	437	369	(68)	-18.5%	260	146.4%
Supplies & Stock	192	200	242	42	17.4%	8	3.9%
Outside Services	3,622	2,972	8,356	5,383	64.4%	(649)	-17.9%
Travel & Other Employee Exps	519	516	1,074	558	52.0%	(3)	-0.6%
Insurance Expense	565	596	626	30	4.8%	31	5.6%
Other	(450)	(414)	554	969	174.7%	36	-8.0%
Charge to Capital	(7,268)	(5,942)	(10,250)	(4,308)	-42.0%	(1,326)	-18.2%
Total	21,552	24,091	29,266	5,176	17.7%	2,539	11.8%

- Corporate expenses were \$5.2M below budget mainly due to lower Payroll costs, Outside Services and Travel & Other Employee expenses.

Corporate Expenses \$5.2M favorable to Budget.

Budget Variances by Dept. – Part 1

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projections		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Total Operating Revenues	692	933	1,038	(105)	-10.1%	4,151	4,151	-	0.0%
<u>OPERATING EXPENSES</u>									
Executive	390	498	668	169	25.3%	1,569	1,569	-	0.0%
Commission	360	301	430	130	30.1%	1,505	1,635	130	7.9%
Legal	612	691	827	136	16.5%	3,100	3,219	119	3.7%
Public Affairs	909	1,296	1,596	300	18.8%	6,402	6,447	46	0.7%
Human Resources & Development	1,384	1,654	1,788	135	7.5%	7,574	7,634	60	0.8%
Labor Relations	191	278	293	15	5.3%	1,135	1,126	(9)	-0.8%
Internal Audit	248	284	405	120	29.8%	1,577	1,620	43	2.6%
Office of Strategic Initiatives	589	1,004	2,619	1,616	61.7%	9,059	9,059	-	0.0%
Police	5,092	5,374	5,837	463	7.9%	23,404	23,587	183	0.8%
Contingency	169	38	125	87	69.6%	400	500	100	20.0%
Capital Development									
Engineering	672	1,072	698	(375)	-53.8%	5,913	5,913	-	0.0%
Port Construction Services	469	520	698	179	25.6%	2,809	2,862	53	1.9%
Aviation PMG	331	260	1,182	921	78.0%	2,122	4,543	2,421	53.3%
Seaport PMG	40	255	203	(51)	-25.3%	741	789	48	6.1%
Capital Development Admin	95	106	107	1	0.7%	430	430	-	0.0%
Sub-Total	1,608	2,213	2,888	675	23.4%	12,016	14,538	2,522	17.3%

The new Corporate reporting structure reflects Phase II Re-org changes.

Budget Variances by Dept. – Part 2

\$ in 000's	2015 YTD Actual	2016 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projections		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Finance									
Accounting & Financial Reporting Services	1,578	1,636	1,780	144	8.1%	7,497	7,570	73	1.0%
Information & Communication Technology	4,288	5,172	4,789	(383)	-8.0%	21,127	21,127	-	0.0%
Finance & Budget	1,064	1,186	1,195	9	0.8%	4,912	4,933	21	0.4%
Business Intelligence	-	205	225	19	8.7%	1,066	917	(149)	-16.3%
Risk Services	745	790	859	69	8.0%	3,431	3,449	18	0.5%
Sub-Total	7,675	8,989	8,847	(142)	-1.6%	38,033	37,995	(38)	-0.1%
Emergency Preparedness									
Emergency Management	93	80	90	10	10.7%	365	393	28	7.1%
ICT Information Security	158	265	234	(30)	-12.9%	927	927	-	0.0%
Maritime Security	36	38	38	1	1.5%	161	161	-	0.0%
Sub-Total	288	383	363	(20)	-5.5%	1,452	1,480	28	1.9%
Environment & Sustainability									
Aviation Environmental & Planning	1,646	940	1,923	982	51.1%	8,173	10,064	1,891	18.8%
Maritime Environmental & Planning	648	220	435	215	49.4%	2,587	2,587	-	0.0%
Storm Water Utility (net)	(382)	(255)	(13)	241	-1807.9%	(53)	(53)	-	0.0%
Noise Programs	125	184	237	53	22.4%	862	891	29	3.3%
Sub-Total	2,037	1,089	2,581	1,492	57.8%	11,569	13,489	1,920	14.2%
Total Operating Expenses	21,552	24,091	29,266	5,176	17.7%	118,795	123,897	5,102	4.1%

Corporate expenses forecasted to be \$5.1M favorable to Budget for 2016.

AV Appendix

Rental Car Performance

(in \$000's)	2015 YTD	2016 YTD	2016 YTD	2015	2016	2016
Rental Car - Concession Revenue	Actual	Actual	Budget	Actual	Forecast	Budget
RCF Concession Revenue to Port	4,950	5,265	4,692	30,662	32,591	31,781
Gross Sales by Operators	47,758	52,550	51,487	301,439	325,664	317,562
Total Transactions	275,304	288,813	288,788	1,390,169	1,448,928	1,448,928
Average Ticket	\$ 173.48	\$ 181.95	\$ 178.29	\$ 216.84	\$ 224.76	\$ 219.17
Average Length of Stay	4.17	3.98	4.03	4.34	4.34	4.34
Transactions/O&D Enplanements	8.58%	8.19%	8.36%	8.94%	8.85%	8.85%
CFC Revenue Summary						
Total Transaction Days	1,148,375	1,149,499	1,164,200	6,033,825	6,288,348	6,288,348
CFC Rate per Transaction Day	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
Total CFC Revenue Earned	6,890	6,897	6,985	36,203	37,730	37,730
Reserve for debt service and CP interest:	(5,153)	(5,532)	(5,491)	(20,540)	(21,875)	(21,963)
Reserve for CP principal payment:	-	(750)	(750)	(3,000)	(3,000)	(3,000)
Debt Service Reserve Requirement	(5,153)	(6,282)	(6,241)	(23,540)	(24,875)	(24,963)
Residual - CFC Operating Revenue:	1,737	615	744	12,663	12,855	12,767

(in \$000's)	2015 YTD	2016 YTD	2016 YTD	2015	2016	2016
Rental Car - Revenue Summary	Actual	Actual	Budget	Actual	Forecast	Budget
RCF Concession Revenue to Port	4,950	5,265	4,692	30,662	32,591	31,781
Residual - CFC Operating Revenue:	1,737	615	744	12,663	12,855	12,767
Land Rent/Space Rent/Other	884	894	894	3,189	3,617	3,617
Total Rental Cars Operating Revenue	7,570	6,775	6,330	46,515	49,064	48,166

Higher Average Ticket versus Budget driving revenue performance

Aero Revenue Sharing

	2015	2016	2016	Fav (UnFav) 'Budget vs Forecast	
	Actual	Forecast	Budget	\$	%
\$ in 000's					
Aero Revenues (incl' commercial)	259,113	285,095	289,074	(3,979)	-1.4%
Non-Aeronautical Revenues	196,844	211,885	208,321	3,564	1.7%
Total O&M Expenses	(238,140)	(262,379)	(268,216)	5,837	-2.2%
Net Operating Income	217,816	234,601	229,179	5,422	2.4%
ADF Interest Income	2,349	2,330	1,988	342	17.2%
Security Checkpoint TSA Grant	1,102	1,000	1,000	-	0.0%
Misc. Non-Operating Expenses	(762)	(1,278)	(1,890)	612	-32.4%
CFC Excess	(5,159)	(5,867)	(5,146)	(721)	14.0%
Available for Debt Service [a]	215,347	230,786	225,132	5,655	2.5%
Debt Service	125,153	133,437	135,217	(1,781)	-1.3%
Debt Service x 1.25 [b]	156,441	166,796	169,022	(2,226)	-1.3%
Available for revenue sharing [c]=[a]-[b]	58,906	63,991	56,110	7,881	14.0%
Revenue Sharing [d]=[c]*0.5	29,453	31,995	28,055	3,940	14.0%

Increased revenue sharing drives reduction in CPE

Expense Variances by Department

Department	2016 Forecast	2016 Budget	Fav / (Unfav) Budget Variance	Primary Drivers
Landside	15,479	16,086	607	Curbside Assistants contract not utilized in 2016
Airfield	8,348	8,880	532	Airport Obstruction project lower spending
Terminal	27,377	23,765	(3,613)	Security contract and international incentives
Business Development	10,325	10,503	178	Vacancies & hiring delays
Utilities	15,153	15,252	100	Vacancies & hiring delays
Aviation Executive	15,888	16,792	904	YTD Usage of contingency
Airport Security	8,213	8,504	291	Vacancies & hiring delays, lower DAC security check
Aviation Facilities	4,893	5,143	250	Vacancies & hiring delays
Aviation Maintenance	56,619	58,485	1,866	Vacancies & hiring delays
Aviation Planning	3,509	4,319	810	IDIQ Master Plan delayed start
Aviation Environmental Group	4,664	5,745	1,081	SAMP environmental review savings (\$1.3M), offset by Energy/Carbon Strategy and Biofuels projects (\$0.3M)
Aviation Risk Mgmt Expenses	2,429	1,873	(556)	Update to legal reserves booked as of Q1
All Other Aviation Departments	6,479	6,462	(17)	
Grand Total	179,377	181,810	2,433	

\$2.4M in savings forecasted versus Budget