

Port of Seattle 2010 Preliminary Budget

Port-wide Total

October 8, 2009

2010 Preliminary Budget

	2008	2009	2010	'09 Bud to '10 Bud	
(\$ in thousands)	Actual	Budget	Budget	Var \$	Var %
Operating Revenues	488,996	486,367	480,336	(6,031)	-1.2%
Operating Expenses	<u>280,266</u>	<u>277,862</u>	<u>284,650</u>	<u>(6,788)</u>	<u>-2.4%</u>
Net Operating Income bef. Depr.	208,730	208,506	195,686	(12,819)	-6.1%
Depreciation	<u>144,208</u>	<u>157,036</u>	<u>158,575</u>	<u>(1,540)</u>	<u>-1.0%</u>
Net Operating Income aft. Depr.	<u><u>64,521</u></u>	<u><u>51,470</u></u>	<u><u>37,111</u></u>	<u><u>(14,359)</u></u>	<u><u>-27.9%</u></u>

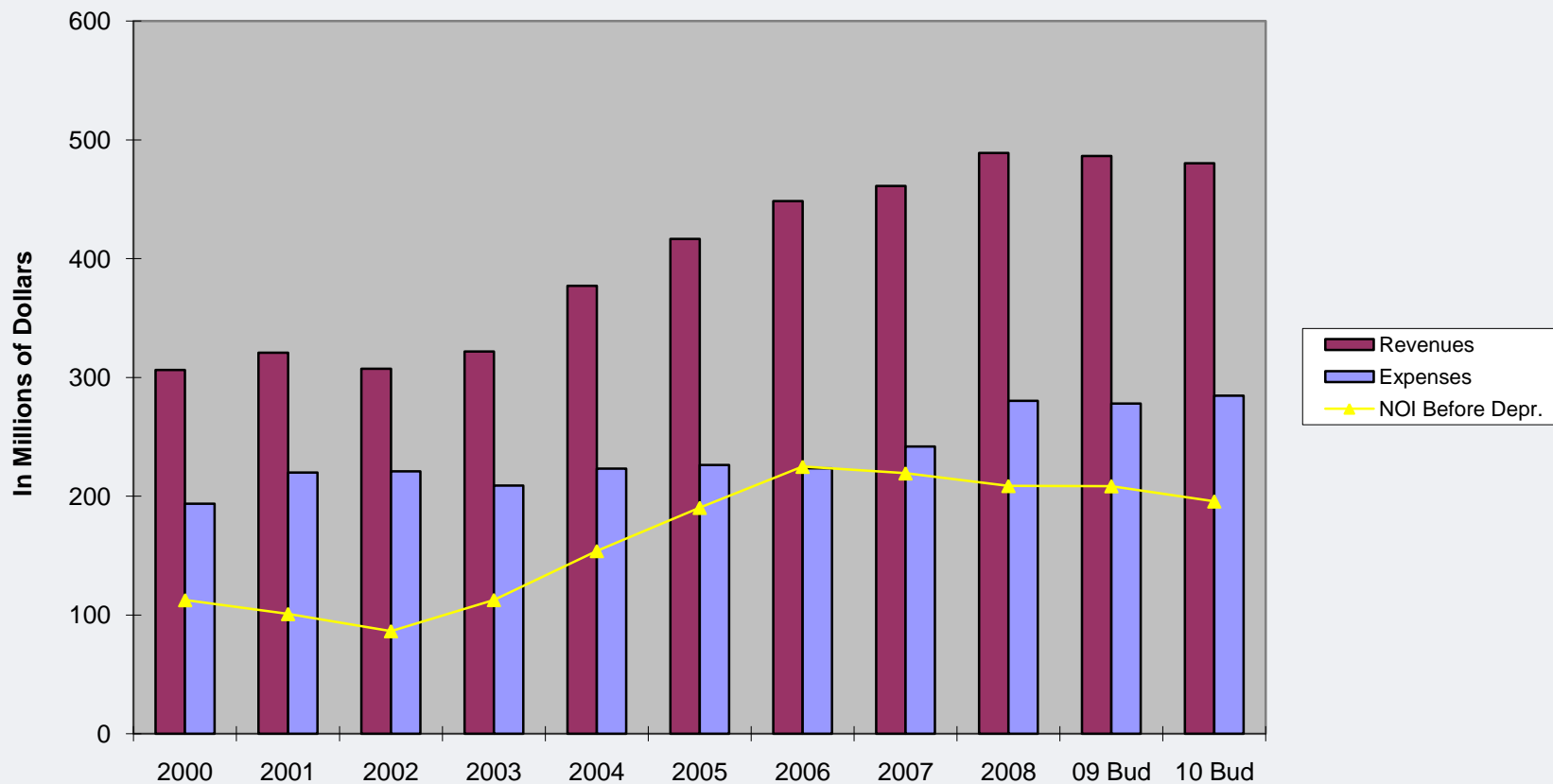
2010 Preliminary Budget

(without Environmental Expense)

(\$ in thousands)	2008	2009	2010	'09 Bud to '10 Bud	
	Actual	Budget	Budget	Var \$	Var %
Operating Revenues	488,996	486,367	480,336	(6,031)	-1.2%
Operating Expenses	280,266	277,862	284,650	(6,788)	-2.4%
Less: Environmental Expense	<u>(8,889)</u>	<u>(5,687)</u>	<u>(24,471)</u>	<u>18,784</u>	<u>-330.3%</u>
Adjusted Operating Expenses	271,378	272,175	260,179	11,995	4.4%
Income before Depreciation	217,618	214,193	220,157	5,964	2.8%
Depreciation	<u>144,208</u>	<u>157,036</u>	<u>158,575</u>	<u>(1,540)</u>	<u>-1.0%</u>
Income after Depreciation	<u><u>73,410</u></u>	<u><u>57,157</u></u>	<u><u>61,581</u></u>	<u><u>4,424</u></u>	<u><u>7.7%</u></u>


Net Operating Income Comparison

Operating Revenues, Operating Expenses and NOI



Port-wide FTEs Summary

	Aviation	Seaport	Real Estate	Capital Dev	Corporate	Totals
2009 Approved FTE's	833.1	61.8	151.1	271.3	472.7	1790
Mid Year Approval	2.0	1.6	1.0	3.7	2.0	10.3
Eliminated	-14.0	-6.0	-3.0	0.0	0.0	-23.0
Transfers	-1.0	0.0	0.0	-2.0	3.0	0.0
Adjusted 2009 FTE's	820.1	57.4	149.1	273	477.7	1777.3
2010 Budget						
Eliminated	-76.2	0.0	-2.3	-5.0	-31.0	-114.5
Transfer	0.0	1.0	0.0	0.0	-1.0	0.0
New FTE's	2.5	2.0	8.0	0.0	4.5	17.0
Total 2010 Changes	-73.7	3.0	5.7	-5.0	-27.5	-97.5
Proposed 2010 FTE's	746.4	60.4	154.8	268.0	450.2	1679.8



Port of Seattle
2010 Preliminary Budget
for
Corporate Professional & Technical
Services

October 8, 2009

2010 Corporate Budget Target

Description	Amount	Notes
2009 Approved Budget	73,571,678	
Add: Budget Transfers from the Airport	507,365	1.0 FTE, PLA, Airport Jobs, and ORCA
Less: One-time Items in 2009	(289,262)	
Add: Approved Budget Adjustments	<u>404,040</u>	Items approved after 2009 budget was finalized.
2009 Baseline Budget	74,193,821	
Less: Budget Reduction	(4,675,080)	6.4% reduction from the 2009 approved budget.
Add: Pay for Performance Increase	<u>2,078,480</u>	\$1.18M contractual increase from Police.
2010 Prelim. Corp. Budget Target	<u><u>71,597,220</u></u>	
2010 New Budget Additions	<u>1,266,237</u>	
2010 Proposed Corp. Budget Target	<u><u>72,863,457</u></u>	

Budget Cuts Summary

Department	Amount	FTEs
Public Affairs/Government Relations	600,000	-3.8
Economic & Trade Dev	1,870,631	-6.2
Human Resources & Development	144,968	-1.0
Information & Comm. Technology	572,060	-14.0
Finance & Budget	270,622	-1.0
Accounting & Financial Reporting	71,812	-1.0
Internal Audit	60,000	-1.0
Office of Social Responsibility	86,940	-1.0
Police Department	998,934	-2.0
TOTAL*	<u>4,675,967</u>	<u>-31.0</u>

* This equals to a 6.4% reduction from the 2009 approved budget.

2010 Budget Major Changes

Major Budget Change from 2009 Budget (bef. New Request Items)	Amt Change	%
1) Estimated Payroll Reduction		
Estimated Pay for Performance/Wages Increase for 2010	2,078,480	
OPEB Increase	98,820	
Payroll Budget Reduction (VSP & Layoff)	<u>(1,339,956)</u>	-2.4%
Net Payroll Reduction	<u><u>(837,344)</u></u>	-1.5%
2) Non-Payroll Reduction		
Supplies & Stock	(80,572)	-11.6%
Outside Services	(573,637)	-5.2%
Travel & Other Employee Expense	(157,272)	-7.8%
Promotional Expense	(149,612)	-33.9%
Worker's Compensation	68,721	54.5%
Insurance Expense	(154,203)	-7.0%
Advertising	(286,913)	-57.7%
Charge to Capital (PLA)	260,879	7.8%
Other	<u>(125,226)</u>	-4.0%
Total Non-Payroll Expenses	<u><u>(1,719,592)</u></u>	-10.2%
Total Budget Reduction	<u><u>(2,556,936)</u></u>	-3.5%

2010 Budget Additions

2010 Budget Additions	Amount
Port Centennial Planning	250,000
Workplace Responsibility Program	210,000
2 FTEs in HR&D for HCM Support	164,625
PCI Compliance Mandatory Audit	300,000
Self Funding Benefits Broker	150,000
Deferred Compensation Third Party Administrator	80,000
Other New Requests	111,612
Total	<u><u>1,266,237</u></u>

2010 Corporate Budget

<i>In \$ Thousands</i>	2008	2009	2010	'09 Bud to '10 Bud	
	Actual	Budget	Budget	\$	%
TOTAL REVENUES	1,727	1,470	1,527	57	3.9%
EXPENSES					
Executive	1,599	1,540	1,550	9	0.6%
Commission	899	867	894	28	3.2%
Legal	3,012	2,703	2,753	49	1.8%
Risk Services	2,768	2,861	3,026	164	5.7%
Health & Safety	996	985	1,122	137	13.9%
Public Affairs	4,356	4,270	4,143	(127)	-3.0%
Government Relations	1,097	1,347	1,422	75	5.6%
Economic & Trade Development	1,645	2,099	-	(2,099)	-100.0%
Human Resources & Development	3,973	4,165	5,122	957	23.0%
Labor Relations	677	731	804	73	10.0%
ICT	14,577	19,658	19,392	(266)	-1.4%
Finance & Budget	1,667	1,719	1,556	(163)	-9.5%
Accounting & Financial Reporting	5,863	6,541	6,876	335	5.1%
Internal Audit	734	1,211	1,136	(76)	-6.2%
Office of Social Responsibility	1,246	1,647	1,478	(169)	-10.2%
Regional Transportation	402	498	508	10	2.0%
Police	19,484	19,979	20,334	355	1.8%
Contingency	4,200	750	750	-	0.0%
Total Corporate Costs	<u>69,196</u>	<u>73,572</u>	<u>72,865</u>	<u>(707)</u>	<u>-1.0%</u>
Adjust for Airport Jobs	199	176	-	176	n/a
Total Corporate Cost (adj. for Airport Job)	<u>69,395</u>	<u>73,748</u>	<u>72,865</u>	<u>(883)</u>	<u>-1.2%</u>

2010 Corporate FTE Summary

	<u>FTEs</u>
2009 Approved Budget	472.7
2009 Transfers from Aviation Division	3.0
Health & Safety	1.0
Labor Relations (PLA)	2.0
2009 Mid-Year Approval (PLA)	2.0
Adjusted 2009 Total	477.7
Eliminated FTEs	-31.0
Transfer one FTE to Seaport	-1.0
2010 Proposed New FTEs	4.5
HR&D Technology Manager	1.0
HRMS Compensation & Benefits Specialist	1.0
Workplace Responsibility Program Manager	1.0
Admin Assistant	0.5
Admin Staff Assistant	1.0
Proposed FTEs for 2010	<u>450.2</u>

Risks

- Economic conditions remain uncertain
- SAO Performance Audit
- Insurance premiums on renewal
- Unexpected litigation or claims
- Unanticipated event & TSA mandates

Corporate 5 Year Capital Budget

(In Thousands)	Est. Act.						2010-2014
	2009	2010	2011	2012	2013	2014	5 Yr Total
Information & Communication Tech.							
ICT Infrastructure & Telephony	5,786	5,880	2,500	2,500	-		10,880
Applications	8,603	8,665	5,725	3,725	-		18,115
IT Future Renewal Replacement	-	-	4,500	4,500	10,500	10,650	30,150
Sub-total	14,389	14,545	12,725	10,725	10,500	10,650	59,145
Small Capital Acquisition	982	100	100	100	100	100	500
TOTAL CORPORATE CIP	15,371	14,645	12,825	10,825	10,600	10,750	59,645

Corporate Capital Projects

Project Name (In Thousands)	2010 Spending
INFRASTRUCTURE - Small Cap	2,500
SERVICES TECH - Small Cap	2,000
ID Badge Software Upgrade	2,000
Business Continuity	1,780
Network Switch Replacements	1,000
Net RMS Replacement	1,000
Maximo	690
PeopleSoft Financials Upgrade	500
Port Contractor Roster	450
Enterprise Project Delivery System	400
Windows 7 OS Upgrade	400
P2000 Access Control Upgrade	350
Propworks Upgrade	325
Network Firewalls	300
Records and Document Mgmt	300
Cyber Security Info & Event Manager	300
Enterprise GIS-Small Cap	250
Small Capital Acquisitions	100
TOTAL	<u>14,645</u>

Remaining Schedule

October

- Draft Plan of Finance & Tax Levy (10/13)
- Preliminary Budget Document to the Commission (10/20)
- Release of Preliminary Budget & Draft Plan of Finance (10/29)

November

- First reading of budget resolution (11/10)
- Second reading of budget resolution (11/24)

December

- Statutory budget filed (12/1)

Port of Seattle 2010 Budget Workshop

October 8, 2009