

# Port of Seattle 2010 Preliminary Budget First Reading/Public Hearing

November 10, 2009

# Today's Agenda

- Background
- Operating Budget
- Non-Op Budget
- Capital Budget
- Remaining Schedule
- Public Hearing

# 2010 Budget Process

May 19	Budget Process Briefing
Aug. 4	Budget and Tax Levy Briefing
Aug. 11	Seaport and Real Estate Business Plan Briefing
Aug. 18	Aviation Business Plan Briefing
Sept. 17	Preliminary Tax Levy Discussion
Oct. 6	Aviation, Seaport, and Real Estate Operating and Capital Budgets Commission Workshop
Oct. 8	Corporate and CDD Budgets Commission Workshop
Oct. 20	Draft Plan of Finance & Tax Levy Discussion
Nov. 10	First Reading & Public Hearing, Preliminary Budget
Nov. 24	Final Reading & Public Hearing, Preliminary Budget
Dec. 1	Statutory Budget Filed with King County

# Summary of Budget Reduction Efforts

- Reviewed all key functions
- Reduced some programs and functions
- Implemented voluntary separation program
- Modifying medical benefits
- Eliminating 110 FTEs (6.2% of workforce)
- Reduced O&M costs by \$15M (5.6% of total)

# Major Budget Changes Since 10/8/09

- Reduced operating revenues by \$2.3M
- Reduced OPEB medical costs by \$3,018K
- Reduced worker compensation expense in Aviation Division by \$101K
- Total operating costs reduced by \$3,119K

# Budget Changes Since 10/8/09

(\$ in thousands)			10/8/09 Preliminary	Change
	2009 Bud	2010 Bud	2010 Bud	from 10/8
Operating Revenue	486,367	480,336	478,059	(2,277)
Operating Expense	277,862	284,650	281,531	(3,119)
NOI Before Depreciation	208,506	195,686	196,528	842
Depreciation	157,036	158,575	158,575	-
NOI After Depreciation	51,470	37,111	37,953	842

# Operating Budget Summary (w/o Environmental Reserve)

(\$ In Thousands)	2006	2007	2008	2009 Bud	2009 Fcst	2010 Bud
Operating Revenue	448,449	461,146	488,996	486,367	460,972	478,059
Operating Expense	223,564	241,800	280,278	277,862	257,374	281,531
Environmental Reserve	(1,262)	5,117	8,889	5,687	5,687	24,471
Baseline Operating Expense	224,826	236,683	271,389	272,175	251,687	257,060
Baseline NOI before Depr.	223,623	224,463	217,607	214,192	209,285	220,999
Depreciation	140,190	141,589	144,208	157,036	157,036	158,575
Baseline NOI after Depr.	83,433	82,875	73,399	57,156	52,249	62,424

# Operating Budget Summary (with Environmental Reserve)

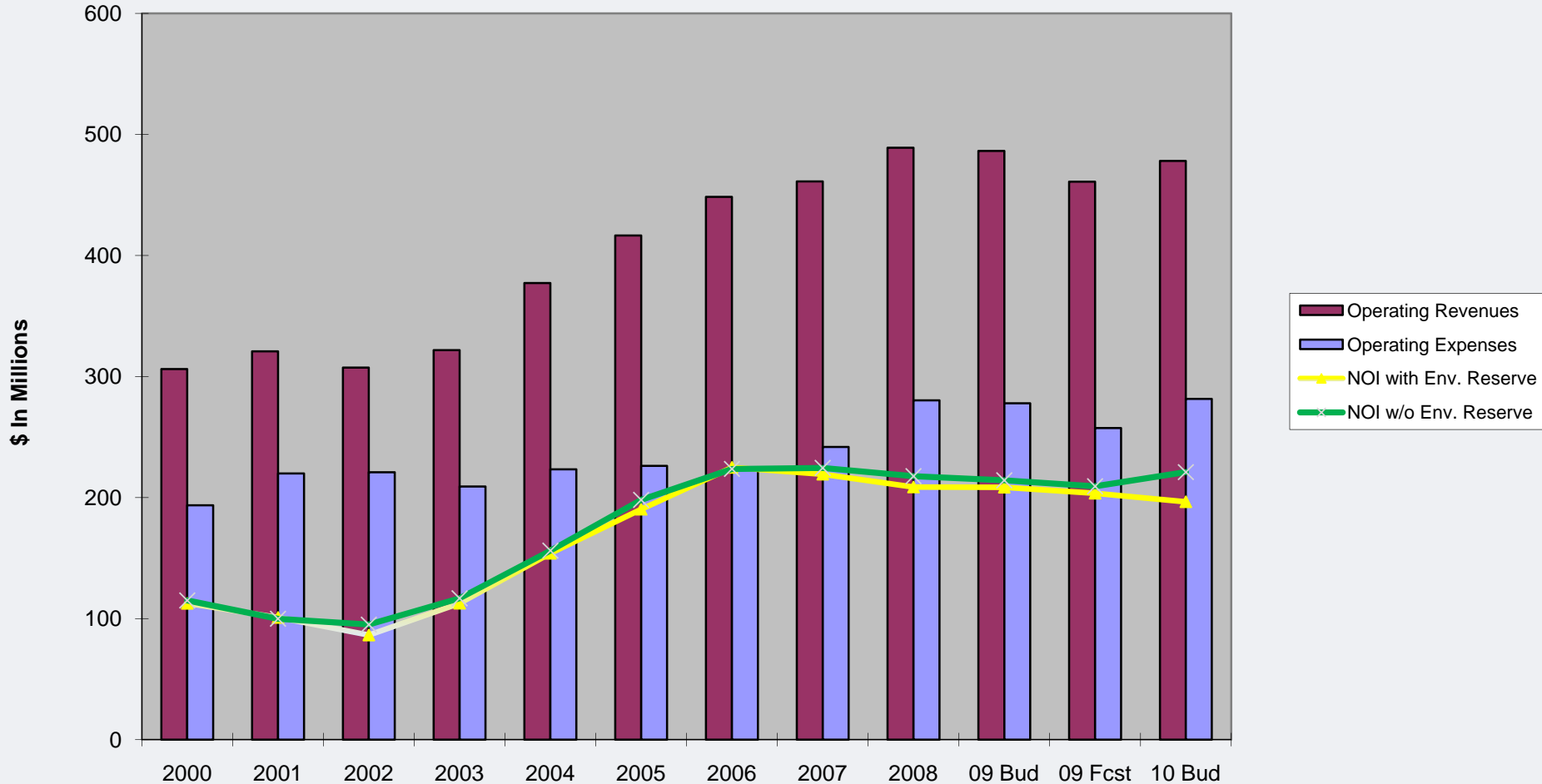
(\$ In Thousands)

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009 Bud</b>	<b>2009 Fcst</b>	<b>2010 Bud</b>
Operating Revenue	448,449	461,146	488,996	486,367	460,972	478,059
Operating Expense	223,564	241,800	280,278	277,862	257,374	281,531
NOI Before Depreciation	224,885	219,346	208,718	208,505	203,598	196,528
Depreciation	140,190	141,589	144,208	157,036	157,036	158,575
NOI After Depreciation	84,695	77,758	64,510	51,469	46,562	37,953



# Net Operating Income

Operating Revenues, Operating Expenses and NOI



# Proposed Budget Changes

- Proposed budget changes not included in Preliminary Budget Document
  - Revenues:
    - Reduce \$200K for Ground Transportation due to reduced costs
  - Expenses:
    - Add \$1.2M for rental and demobilization costs of emergency backup generators
    - Increase \$110K for International Service Incentive program

# Summary of Budget Changes

	2010 Preliminary	2010 Budget	Proposed - Prelim	
	Budget Document	With Proposed Changes	Bud Change	
			\$	%
<b>Revenues</b>				
Total Airline Revenues	210,427	211,157	730	0.3%
Total Non-Airline Revenues	135,611	135,649	39	0.0%
Fuel Hydrant	8,353	8,353	-	0.0%
Total Revenues	<u>354,390</u>	<u>355,159</u>	<u>769</u>	<u>0.2%</u>
		-		
<b>Expenses</b>				
Airport Expenses	125,113	126,413	1,300	1.0%
Corporate and Other Expenses	56,153	56,153	-	0.0%
Baseline O&M	<u>181,266</u>	<u>182,566</u>	<u>1,300</u>	<u>0.7%</u>
Environmental Reserve	2,971	2,971	-	0.0%
Total Aviation	<u>184,236</u>	<u>185,537</u>	<u>1,300</u>	<u>0.7%</u>
Net Operating Income	<u><u>170,154</u></u>	<u><u>169,623</u></u>	<u><u>(531)</u></u>	<u><u>-0.3%</u></u>
<b>Key Measures</b>				
Non-aeronautical NOI	76,161	76,039	(122)	-0.2%
Passenger Airline CPE	12.61	12.65	0.05	0.4%
Landed Weight	20,230	20,230	-	0.0%

# 2010 Budget Summary

## (with Proposed Changes)

	10/8/09	11/10/09	Proposed	Change
(\$ in thousands)	2010 Bud	2010 Bud	2010 Bud from	11/10
Operating Revenue	480,336	478,059	478,828	769
Operating Expense	284,650	281,531	282,831	1,300
NOI Before Depreciation	195,686	196,528	195,997	(531)
Depreciation	158,575	158,575	158,575	-
NOI After Depreciation	37,111	37,953	37,422	(531)

# Non-Ops Income Summary

(\$ in millions)	2009 Bud	2010 Bud	Variance
Revenue Bond Interest Expense	(131,824)	(150,070)	(18,246)
Interest Income	23,040	15,788	(7,252)
Other Non-Op Revenue (Expense)	(2,231)	(2,217)	14
Ad Valorem Tax Revenue	75,899	75,899	-
Grants & Donations	71,276	50,152	(21,124)
Passenger Facility Charges	62,525	61,273	(1,252)
Customer Facility Charges	24,573	28,438	3,865
PFC Bond Interest	(10,996)	(10,497)	499
GO Bond Interest Expense	(29,199)	(14,432)	14,767
Public Expense	(24,055)	(45,864)	(21,809)
<b>Total</b>	<b>59,008</b>	<b>8,471</b>	<b>(50,537)</b>

# 2010 Budget Summary

(Includes Op and Non-Ops)

(\$ in millions)	2009 Budget	2010 Budget
Operating Revenue	\$486,367	\$478,059
Operating Expense	277,862	281,531
<b>NOI Before Depreciation</b>	<b>208,505</b>	<b>196,528</b>
Depreciation	157,036	158,575
NOI After Depreciation	51,469	37,953
Net Non-Ops Income (Expense)	59,008	8,471
<b>Increase in Net Assets</b>	<b>\$110,477</b>	<b>\$46,424</b>

# Port-wide FTEs Summary

	Aviation	Seaport	Real Estate	Capital Dev	Corporate	Total
2009 Approved FTE's	833.1	61.8	151.1	271.3	472.7	1,790.0
2010 Proposed FTE's	746.4	60.4	154.8	268.0	450.2	1,679.8
Net Change	(86.7)	(1.4)	3.7	(3.3)	(22.5)	(110.2)

# 2010-2014 CIP Summary

(Includes Significant Spending Deferrals)

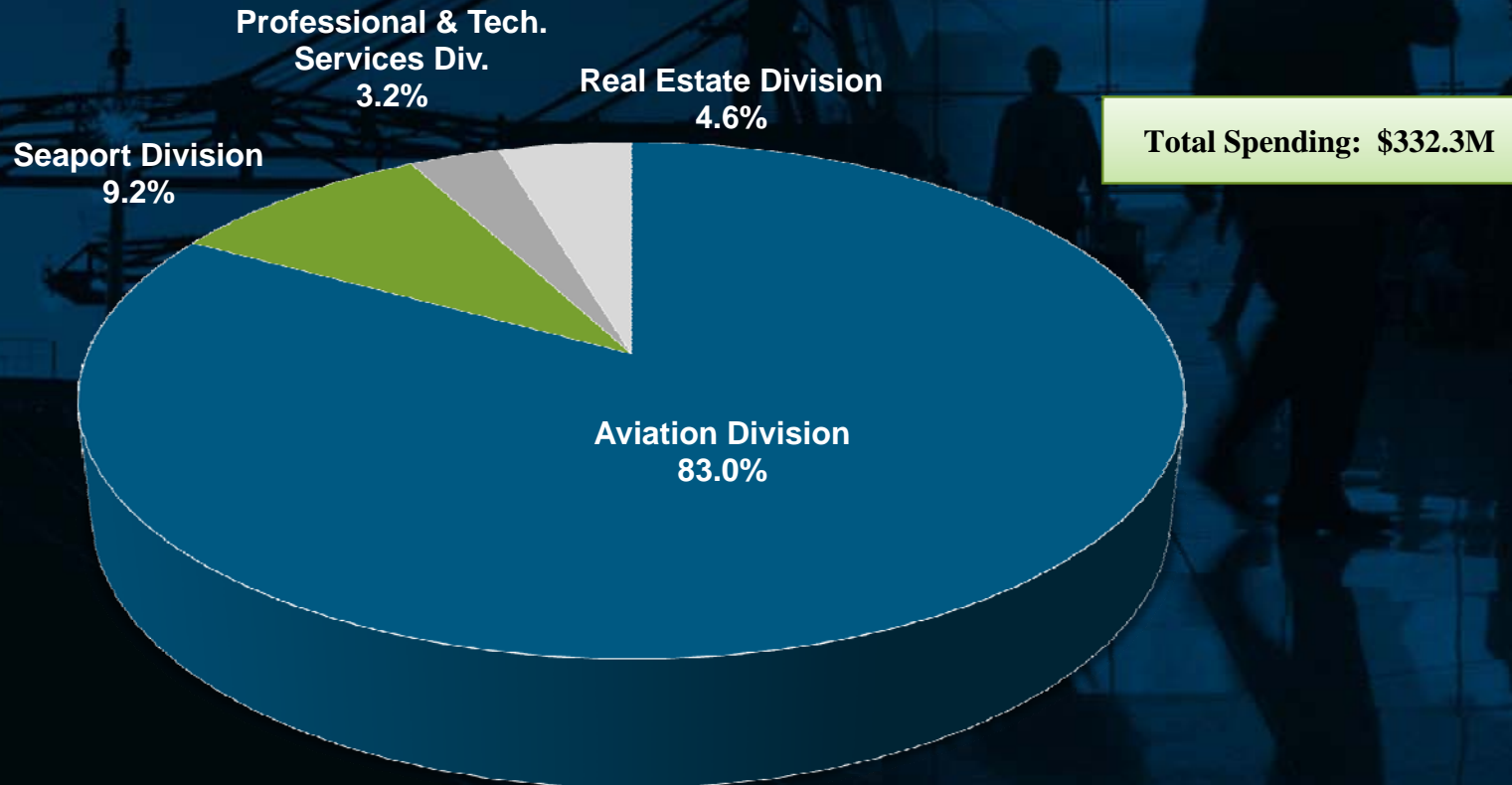
(\$ in million)	2010	2011	2012	2013	2014	Total	%
2009 Budget CIP	471.3	343.5	280.1	358.6	387.2	1,840.6	
2010 Budget CIP	414.0	388.6	293.7	184.3	149.0	1,429.5	
Net Change	(57.3)	45.1	13.7	(174.3)	(238.3)	(411.1)	-22%



# 2010 Capital Budget Summary

(\$ in millions)	Aviation	Seaport	Real Estate	Corporate	Total
Committed	\$275.8	\$30.6	\$15.3	\$10.5	\$332.3
Business Plan Prospective	\$61.1	\$10.8	\$5.6	\$4.2	\$81.7
<b>Total</b>	<b>\$337.0</b>	<b>\$41.4</b>	<b>\$21.0</b>	<b>\$14.7</b>	<b>\$414.0</b>

# 2010 Capital Budget by Division



Not including \$81.7M of Business Plan Prospective Projects

# 5-Year Capital Plan

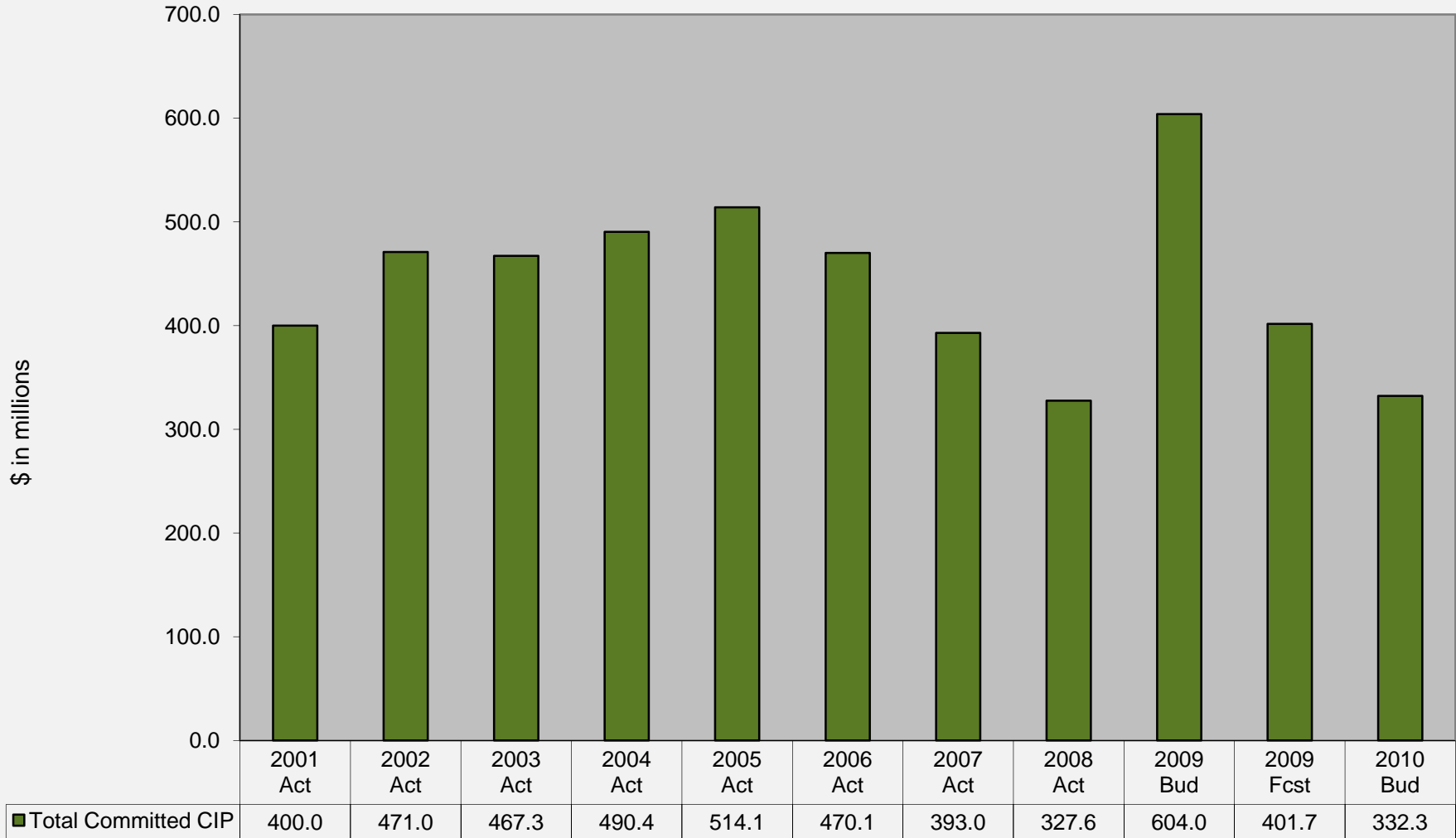
The 5-year capital plan from 2010-2014 is \$1.43 billion

• Aviation Committed Projects	\$587.5M
• Seaport Committed Projects	\$ 65.8M
• Real Estate Committed Projects	\$ 50.5M
• Corporate Committed Projects	\$ 40.3M
Total Committed Projects	<u>\$744.1M</u>
• Aviation Business Plan Prospective*	\$488.8M
• Seaport Business Plan Prospective*	\$126.1M
• Real Estate Business Plan Prospective*	\$ 61.3M
• P&TS General (ICT Business Services)*	<u>\$ 9.2M</u>
Total Business Plan Prospective*	\$ 685.4M

\*The preliminary numbers may change pending outcome of tax Levy discussions

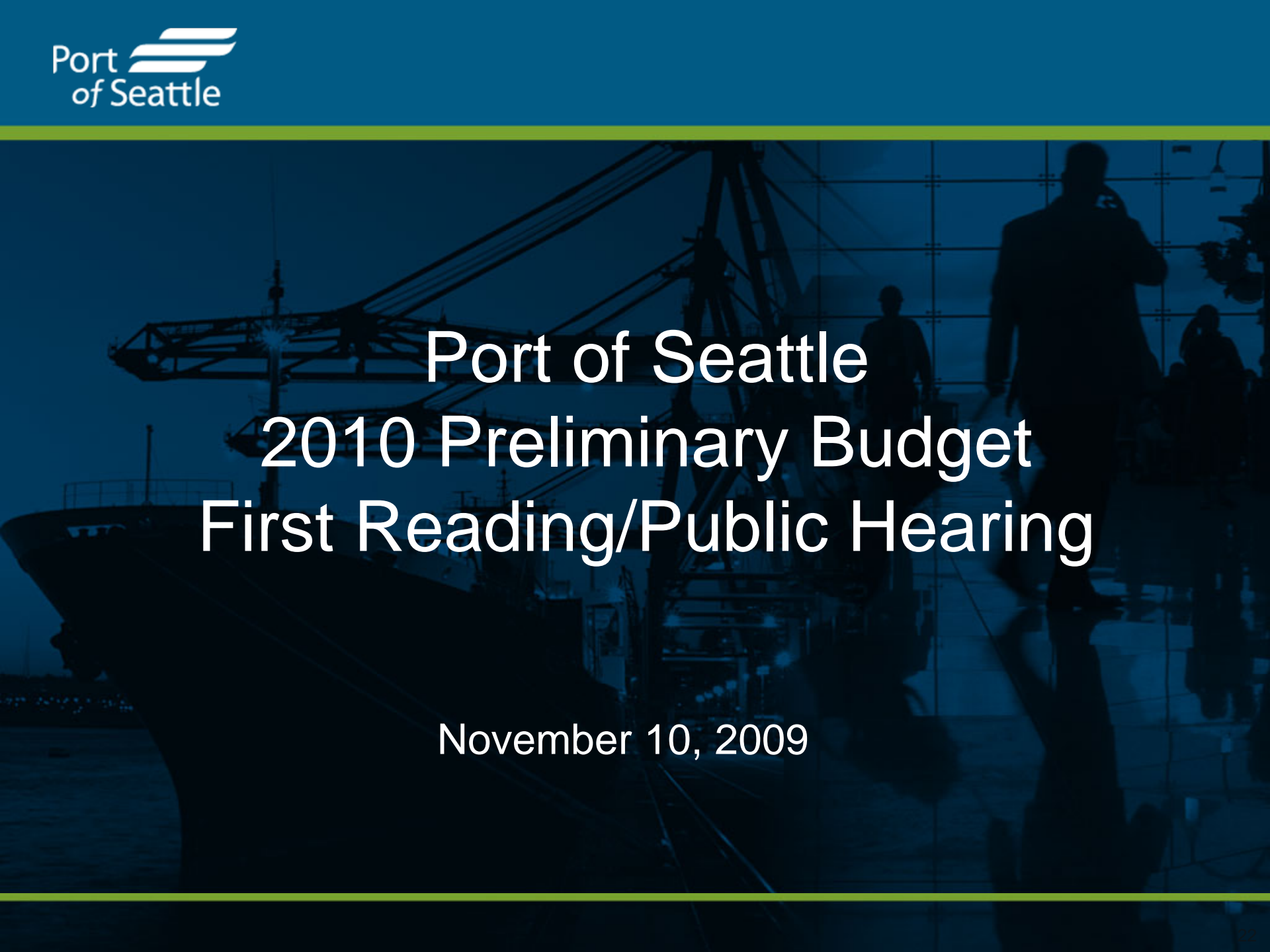
# CIP History 2000 – 2010

Total Committed CIP



# Remaining Schedule

- Second Reading Nov. 24, 2009
- Statutory Budget Filed with King County Dec. 1, 2009

The background of the slide is a dark blue, semi-transparent image of a port. It shows a large ship on the left, a crane in the center, and silhouettes of people on the right. The overall scene is industrial and maritime.

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