

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

November 23, 2009

# Budget Changes Since 11/10/09

- Aviation revenues increased by \$934K as a result of refining cost recovery formulas
- Aviation expenses increased by \$1.3M for rental and demobilization costs of emergency backup generators (\$1.2M) and addition of International Service Incentive program (\$110K)

# 2010 Budget Change Summary

(\$ in thousands)	11/10/09	Proposed	Change
	2010 Bud	2010 Bud	
Operating Revenue	478,059	478,993	934
Operating Expense	281,531	282,829	1,298
NOI Before Depreciation	196,528	196,164	(364)
Depreciation	158,575	158,575	-
NOI After Depreciation	37,953	37,589	(364)

# Operating Budget Summary (w/o Environmental Reserve)

(\$ In Thousands)	2007	2008	2009 Bud	2009 Fcst	2010 Bud
Operating Revenue	461,146	488,996	486,367	459,875	478,993
Operating Expense	241,800	280,278	277,862	257,374	282,829
Less: Environmental Reserve	(5,117)	(8,889)	(5,687)	(6,344)	(24,471)
Baseline Operating Expense	236,683	271,389	272,175	251,030	258,358
Baseline NOI before Depr.	224,463	217,607	214,192	208,845	220,635
Depreciation	141,589	144,208	157,036	157,036	158,575
Baseline NOI after Depr.	82,875	73,399	57,156	51,809	62,060

# Operating Budget Summary (with Environmental Reserve)

(\$ In Thousands)	<b>2007</b>	<b>2008</b>	<b>2009 Bud</b>	<b>2009 Fcst</b>	<b>2010 Bud</b>
Operating Revenue	461,146	488,996	486,367	459,875	478,993
Operating Expense	241,800	280,278	277,862	257,374	282,829
NOI Before Depreciation	219,346	208,718	208,505	202,501	196,164
Depreciation	141,589	144,208	157,036	157,036	158,575
NOI After Depreciation	77,758	64,510	51,469	45,465	37,589

# Non-Operating Budget Summary

(\$ in thousands)	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	73,500	(2,399)
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)	(39,464)	(15,409)
<b>Total</b>	<b>59,008</b>	<b>12,472</b>	<b>(46,536)</b>

# 2010 Budget Summary

(Includes Op and Non-Op)

(\$ in thousands)	2009 Budget	2010 Budget
Operating Revenue	\$486,367	\$478,993
Operating Expense	277,862	282,829
<b>NOI Before Depreciation</b>	<b>208,505</b>	<b>196,164</b>
Depreciation	157,036	158,575
NOI After Depreciation	51,469	37,589
Net Non-Ops Income (Expense)	59,008	12,472
<b>Increase in Net Assets</b>	<b>110,477</b>	<b>\$50,061</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)



# Real Estate Division Revised 2010 Capital Budget

November 23, 2009

## Real Estate Revised 2010 Capital Budget

- Real Estate 2010 Capital Budget presented at October 6<sup>th</sup> Budget Workshop and reviewed at November 10<sup>th</sup> meeting
- Budget has been revised to address issues raised by commission
- Presentation will cover:
  - 2010 Capital Budget as of November 10<sup>th</sup>
  - Summary and Detail of Changes
  - Revised 2010 Capital Budget

# Real Estate Capital Plan Summary

## As of November 10<sup>th</sup>

\$'s in 000's	2010	2011	2012	2013	2014	2010-2014
Committed	15,346	16,300	5,156	1,725	1,781	40,308
Bus Plan Prospective	5,620	12,000	16,505	18,200	9,000	61,325
Other Prospective	20,966	28,300	21,661	19,925	10,781	101,633
	0	1,250	4,021	5,135	20,275	30,681
<b>Total</b>	<b>20,966</b>	<b>29,550</b>	<b>25,682</b>	<b>25,060</b>	<b>31,056</b>	<b>132,314</b>

# Real Estate Committed Capital Plan

## As of November 10th

\$'s in 000's	2010	2011	2012	2013	2014	2010-2014
Under Contract	122	0	0	0	0	122
Commission Auth	1,075	5,861	0	0	0	6,936
Division Pending	14,149	10,439	5,156	1,725	1,781	33,250
<b>Total</b>	<b>15,346</b>	<b>16,300</b>	<b>5,156</b>	<b>1,725</b>	<b>1,781</b>	<b>40,308</b>

# Real Estate Committed Capital Under Contract As of November 10th

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
SBM Infrastru,Bldgs, Site Imp	62	0	0	0	0	62
SBM Landside Projects	60	0	0	0	0	60
<b>Total</b>	<b>122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>122</b>

# Real Estate Committed Capital Commission Authorized As of November 10th

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
FT East Portion S. Wall (FVO)	675	4,150	0	0	0	4,825
MIC Seawall Replacement	400	1,711	0	0	0	2,111
<b>Total</b>	<b>1,075</b>	<b>5,861</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,936</b>

# Real Estate Committed Capital Division Pending As of November 10th

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
RE Maintenance Shop Solution	3,300	300	0	0	0	3,600
RE Div. Green Port Initiative	2,600	2,000	2,500	0	0	7,100
FT NW Dock E Fender Sys Replace	2,000	2,000	0	0	0	4,000
Small Projects	1,810	540	500	500	500	3,850
Tenant Improvements -Capital	1,220	224	856	125	181	2,606
Fleet Replacement	950	600	600	600	600	3,350
FT C15 HVAC Improvements	800	3,050	0	0	0	3,850
P69 N Apron Piling Cathodic	560	800	200	0	0	1,560
Other	909	925	500	500	500	3,334
<b>Total</b>	<b>14,149</b>	<b>10,439</b>	<b>5,156</b>	<b>1,725</b>	<b>1,781</b>	<b>33,250</b>

# Real Estate Capital Business Plan Prospective

As of November 10th

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
Renewal/Enhancement	5,620	10,300	11,505	12,200	5,000	44,625
Revenue/Capacity Growth	0	1,700	5,000	6,000	4,000	16,700
<b>Total</b>	<b>5,620</b>	<b>12,000</b>	<b>16,505</b>	<b>18,200</b>	<b>9,000</b>	<b>61,325</b>



# Real Estate –Business Plan Prospective Revenue/Capacity Growth

As of November 10th

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
T91 - NorthBay Utilities	0	1,500	3,000	6,000	4,000	14,500
Ship Supply Demo & Redevelop	0	200	2,000	0	0	2,200
<b>Total</b>	<b>0</b>	<b>1,700</b>	<b>5,000</b>	<b>6,000</b>	<b>4,000</b>	<b>16,700</b>

# Real Estate –Business Plan Prospective Renewal/Enhancement

As of November 10th

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
Net Shed Solution	2,100	4,650	4,950	4,900	0	16,600
RE: Contingency Renew & Replace	1,000	1,000	4,000	4,000	5,000	15,000
FT Paving/Storm Upgrades	750	750	0	0	0	1,500
FT C2 Roof & HVAC Replacement	700	0	0	0	0	700
Pier 86 Fishing Dock	500	1,500	55	0	0	2,055
P66 Chiller Upgrades	270	0	0	0	0	270
SBM Paving	150	450	400	0	0	1,000
SBM Slope Stabilization	100	900	0	0	0	1,000
P69 Built-Up Roof Replacement	50	850	0	0	0	900
FT C14 (Downey) Bldg TI	0	0	0	2,000	0	2,000
SBM Fuel Dock	0	200	1,000	0	0	1,200
T102 Bldg Roof Replacement	0	0	1,100	0	0	1,100
SBM Central Seawall Replacement	0	0	0	1,000	0	1,000
Repl. Anthony's Built Up Roof	0	0	0	300	0	300
<b>Total</b>	<b>5,620</b>	<b>10,300</b>	<b>11,505</b>	<b>12,200</b>	<b>5,000</b>	<b>44,625</b>

# Real Estate Revised Capital Plan

## Summary of Changes since November 10<sup>th</sup> Meeting

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
<b>Committed/Bus Plan Prosp 11/10</b>	<b>20,966</b>	<b>28,300</b>	<b>21,661</b>	<b>19,925</b>	<b>10,781</b>	<b>101,633</b>
Change Committed	(3,220)	(300)	(356)	0	0	(3,876)
Change Business Plan Prospective	(750)	(5,950)	(8,955)	(11,500)	(6,000)	(33,155)
<b>Committed/Bus Plan Prosp 11/23</b>	<b>16,996</b>	<b>22,050</b>	<b>12,350</b>	<b>8,425</b>	<b>4,781</b>	<b>64,602</b>

# Real Estate Revised Capital Plan

## Detail of Changes since November 10th Meeting

### Change in Capital Plan from 11/10

\$'s in 000's

#### Committed

RE Maintenance Shop Solution

(1,200) (300) 0 0 0 (1,500)

RE Div: Green Port Initiative

(1,300) 0 0 0 0 (1,300)

Tenant Improvements -Capital

(720) 0 (356) 0 0 (1,076)

#### Business Plan Prospective

RE: Contingency Renew & Replace

2,000 2,000 (1,000) (1,000) (2,000) 0

FT Net Shed Solution

(2,100) (4,650) (4,950) (4,900) 0 (16,600)

T91 - NorthBay Utilities

0 (1,500) (3,000) (6,000) (4,000) (14,500)

Pier 86 Fishing Dock

(500) (1,500) (55) 0 0 (2,055)

SBM Paving

(150) (300) 50 400 0 0

#### Total

**(3,970) (6,250) (9,311) (11,500) (6,000) (37,031)**

# Real Estate Capital Plan Summary Revised

\$'s in 000's	2010	2011	2012	2013	2014	2010-2014
Committed	12,126	16,000	4,800	1,725	1,781	36,432
Bus Plan Prospective	4,870	6,050	7,550	6,700	3,000	28,170
Other Prospective	16,996	22,050	12,350	8,425	4,781	64,602
	0	1,250	8,121	14,285	31,280	54,936
<b>Total</b>	<b>16,996</b>	<b>23,300</b>	<b>20,471</b>	<b>22,710</b>	<b>36,061</b>	<b>119,538</b>

# Real Estate Committed Capital Plan Revised

\$'s in 000's	2010	2011	2012	2013	2014	2010-2014
Under Contract	122	0	0	0	0	122
Commission Auth	1,075	5,861	0	0	0	6,936
Division Pending	10,929	10,139	4,800	1,725	1,781	29,374
<b>Total</b>	<b>12,126</b>	<b>16,000</b>	<b>4,800</b>	<b>1,725</b>	<b>1,781</b>	<b>36,432</b>

# Real Estate Committed Capital Under Contract

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
SBM Infrastru,Bldgs, Site Imp	62	0	0	0	0	62
SBM Landside Projects	60	0	0	0	0	60
<b>Total</b>	<b>122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>122</b>

# Real Estate Committed Capital Commission Authorized

\$'s in 000's	2010	2011	2012	2013	2014	2010-2014
FT East Portion S. Wall (FVO)	675	4,150	0	0	0	4,825
MIC Seawall Replacement	400	1,711	0	0	0	2,111
<b>Total</b>	<b>1,075</b>	<b>5,861</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,936</b>



# Real Estate Committed Capital Division Pending - Revised

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
RE Maintenance Shop Solution	2,100	0	0	0	0	2,100
RE Div: Green Port Initiative	1,300	2,000	2,500	0	0	5,800
FT NW Dock E Fender Sys Replace	2,000	2,000	0	0	0	4,000
Small Projects	1,810	540	500	500	500	3,850
Tenant Improvements -Capital	500	224	500	125	181	1,530
Fleet Replacement	950	600	600	600	600	3,350
FT C15 HVAC Improvements	800	3,050	0	0	0	3,850
P69 N Apron Piling Cathodic	560	800	200	0	0	1,560
Other	909	925	500	500	500	3,334
<b>Total</b>	<b>10,929</b>	<b>10,139</b>	<b>4,800</b>	<b>1,725</b>	<b>1,781</b>	<b>29,374</b>

# Real Estate Capital Business Plan Prospective - Revised

\$'s in 000's

	2010	2011	2012	2013	2014	2010-2014
Renewal/Enhancement	4,870	5,850	5,550	6,700	3,000	25,970
Revenue/Capacity Growth	0	200	2,000	0	0	2,200
<b>Total</b>	<b>4,870</b>	<b>6,050</b>	<b>7,550</b>	<b>6,700</b>	<b>3,000</b>	<b>28,170</b>

# Real Estate –Business Plan Prospective Revenue/Capacity Growth - Revised

\$'s in 000's	2010	2011	2012	2013	2014	2010-2014
Ship Supply Demo & Redevelop	0	200	2,000	0	0	2,200
<b>Total</b>	<b>0</b>	<b>200</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>2,200</b>

# Real Estate –Business Plan Prospective Renewal/Enhancement - Revised

\$'s in 000's	2010	2011	2012	2013	2014	2010-2014
RE: Contingency Renew & Replace	3,000	3,000	3,000	3,000	3,000	15,000
FT Paving/Storm Upgrades	750	750	0	0	0	1,500
FT C2 Roof & HVAC Replacement	700	0	0	0	0	700
P66 Chiller Upgrades	270	0	0	0	0	270
SBM Paving	0	150	450	400	0	1,000
SBM Slope Stabilization	100	900	0	0	0	1,000
P69 Built-Up Roof Replacement	50	850	0	0	0	900
FT C14 (Downey) Bldg TI	0	0	0	2,000	0	2,000
SBM Fuel Dock	0	200	1,000	0	0	1,200
T102 Bldg Roof Replacement	0	0	1,100	0	0	1,100
SBM Central Seawall Replacement	0	0	0	1,000	0	1,000
Repl. Anthony's Built Up Roof	0	0	0	300	0	300
<b>Total</b>	<b>4,870</b>	<b>5,850</b>	<b>5,550</b>	<b>6,700</b>	<b>3,000</b>	<b>25,970</b>

The background is a dark blue-tinted image. On the left, the silhouette of a large cargo ship is docked at a pier with several cranes. On the right, the silhouettes of people are visible, including one person in a suit talking on a mobile phone, suggesting a business or office environment. The overall scene is a blend of maritime and urban activity.

# Tax Levy

## Revised Tax Levy Scenario

# Revised Tax Levy Scenario

- Tax levy of \$73.5 million per year 2010-2014
  - Preliminary Budget levy was \$75.9 million
  - First Reading of Resolution 3634 levy was \$70 million
- Revised levy based on:
  - Reduction to Real Estate 5-year CIP from \$101.6 million to \$64.6 million
  - Minor changes to Public expense projects
  - \$6 million increase to environmental reserves
  - Addition of \$45 million for transportation reserves

# Revised Tax Levy Scenario

\$'000	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>LEVY USES</u></b>					
G.O. DS -existing	40,426	40,438	40,442	40,444	40,442
<b><u>Other uses</u></b>					
Roads and Transportation Projects	15,744	5,709	3,100		
School Construction & Noise Insulation	9,075	650	10,554	1,744	-
Sea & RE Environmental Reserved	8,712	5,587	13,894	6,000	6,000
Transportation Reserve	13,000	-	-	13,000	18,900
PortJobs	46	46	46	46	46
Subtotal Other	46,577	11,992	27,594	20,790	24,946
<b><u>Real Estate Support</u></b>					
RE Capital	16,996	22,050	12,350	8,425	4,781
RE Operating Subsidy	3,450	3,166	2,988	3,583	3,611
Subtotal RE Support	20,446	25,216	15,338	12,008	8,392
Total Uses	107,449	77,646	83,374	73,242	73,780
<b><u>LEVY SOURCES</u></b>					
Available Balance	48,000	14,051	9,905	31	289
Annual levy	73,500	73,500	73,500	73,500	73,500
Total Sources	121,500	87,551	83,405	73,531	73,789
Projected Ending Fund Balance	14,051	9,905	31	289	9

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November 23, 2009