

ITEM NO: 7b_Supp_2

DATE OF
MEETING: February 25, 2014

REVISED: February 25, 2014

Port of Seattle

2013 Performance Report

Commission Briefing

February 25, 2014

2013 Major Revenue Variances

\$ in 000's	2012 Actual	2013 Actual	2013 Rvsd Budget	Fav (UnFav)		Incr (Decr)	
				Rvsd \$	Bud Variance %	Change from 2012 \$	%
Aero Revenues	233,000	238,735	245,623	(6,888)	-2.8%	5,734	2.5%
SLOA III Incentive	-	14,304	-	14,304	0.0%	14,304	0.0%
Seaport Security Grants	2,226	-	173	(173)	-100.0%	(2,226)	-100.0%
Public Parking	49,781	52,205	50,948	1,257	2.5%	2,424	4.9%
Rental Cars	38,072	39,860	37,972	1,888	5.0%	1,788	4.7%
Concessions	37,998	41,311	41,263	49	0.1%	3,313	8.7%
Ground Transportation	7,900	7,958	7,267	691	9.5%	59	0.7%
Airport Commercial Properties	5,700	6,019	5,536	483	8.7%	319	5.6%
Utilities	7,206	6,332	6,871	(539)	-7.8%	(874)	-12.1%
Container	64,853	63,046	63,833	(788)	-1.2%	(1,808)	-2.8%
Seaport Industrial Properties	15,279	16,330	15,878	451	2.8%	1,051	6.9%
Cruise	13,051	13,216	12,881	335	2.6%	166	1.3%
Grain	3,749	1,634	3,654	(2,020)	-55.3%	(2,115)	-56.4%
Dock	4,750	5,330	4,357	973	22.3%	580	12.2%
Recreational Boating	8,979	9,220	8,924	296	3.3%	241	2.7%
Commercial Properties	9,846	9,998	10,225	(227)	-2.2%	151	1.5%
Conference & Event Centers	8,863	7,958	9,740	(1,782)	-18.3%	(905)	-10.2%
Other	10,454	11,222	10,488	735	7.0%	769	7.4%
Subtotal	286,480	291,639	289,837	1,802	0.6%	5,159	1.8%
TOTAL	521,706	544,678	535,633	9,045	1.7%	22,972	4.4%

2013 Major Expense Variances

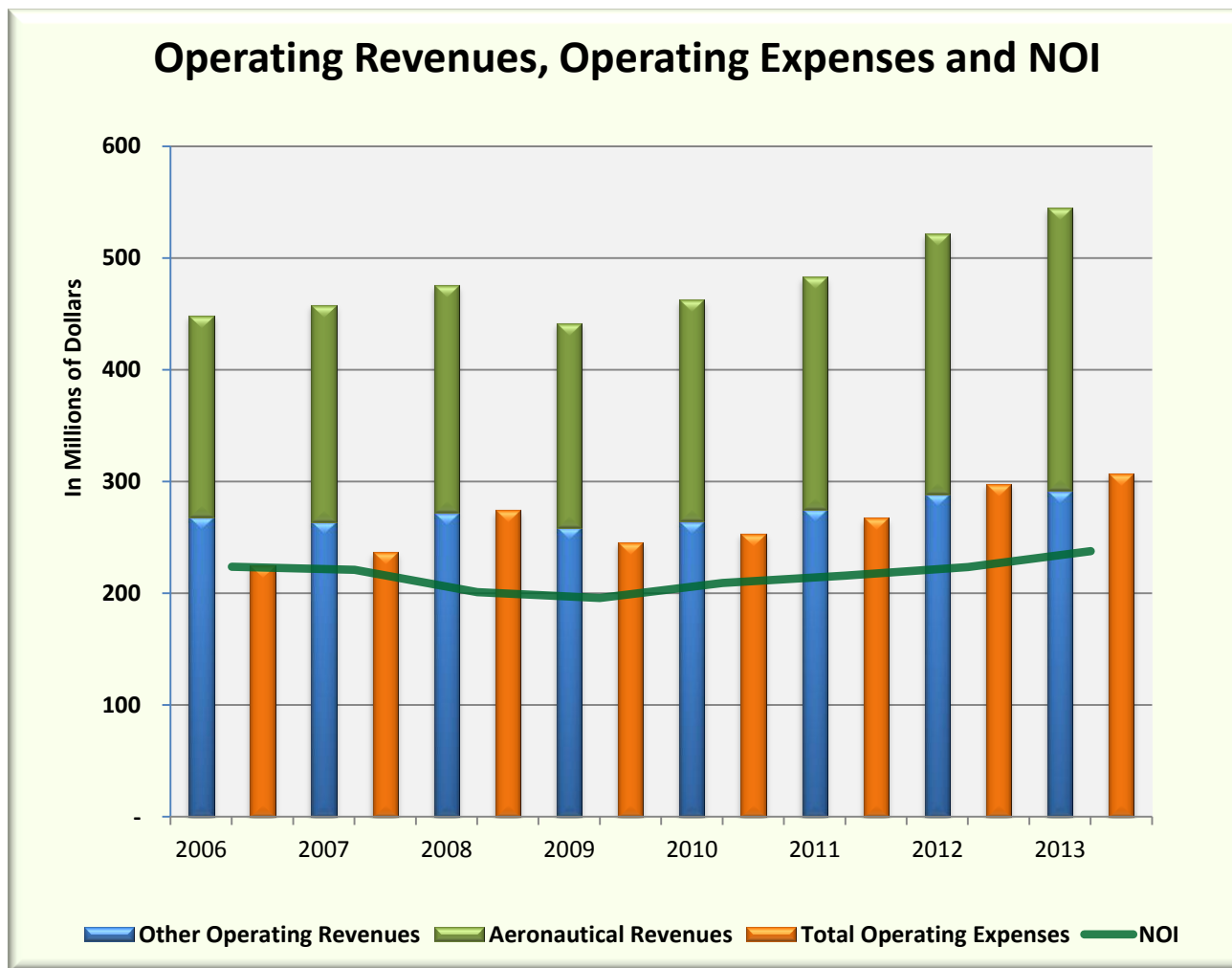
\$ in 000's	2012	2013	2013 Rvsvd	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Rvsvd Bud	Variance	Change from 2012	
				\$	%	\$	%
Salaries & Benefits	93,657	96,635	101,451	4,816	4.7%	2,978	3.2%
Wages & Benefits	87,917	92,647	92,384	(263)	-0.3%	4,730	5.4%
Payroll to Capital Projects	18,527	20,112	22,698	2,586	11.4%	1,585	8.6%
Equipment Expense	6,752	7,091	6,117	(974)	-15.9%	340	5.0%
Supplies & Stock	8,477	7,251	6,586	(666)	-10.1%	(1,226)	-14.5%
Outside Services	49,920	54,882	69,790	14,908	21.4%	4,962	9.9%
Utilities	22,408	22,631	22,256	(375)	-1.7%	223	1.0%
Travel & Other Employee Exps	4,171	4,183	5,788	1,606	27.7%	11	0.3%
Promotional Expenses	1,159	1,410	1,592	181	11.4%	251	21.7%
Other Expenses	32,698	28,730	28,459	(271)	-1.0%	(3,968)	-12.1%
Charges to Capital Projects	(27,518)	(28,490)	(32,998)	(4,508)	13.7%	(972)	3.5%
TOTAL	298,169	307,083	324,123	17,040	5.3%	8,914	3.0%

2013 Operating Income Summary

\$ in 000's	2012	2013	2013 Rvsd	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Rvsd Bud	Variance	Change from 2012	
				\$	%	\$	%
Aeronautical Revenues	233,000	238,735	245,623	(6,888)	-2.8%	5,734	2.5%
SLOA III Incentive	-	14,304	-	14,304	0.0%	14,304	0.0%
Other Operating Revenues	288,706	291,639	290,010	1,629	0.6%	2,933	1.0%
Total Operating Revenues	521,706	544,678	535,633	9,045	1.7%	22,972	4.4%
Total Operating Expenses	298,169	307,083	324,123	17,040	5.3%	8,914	3.0%
NOI before Depreciation	223,537	237,595	211,510	26,085	12.3%	14,058	6.3%
Depreciation	167,279	171,361	171,510	149	0.1%	4,082	2.4%
NOI after Depreciation	56,258	66,234	40,000	26,234	65.6%	9,976	17.7%

- Income before Depreciation was \$237.6M, \$26.1M higher than budget and \$14.0M higher than 2012 actual.
- Income after Depreciation was \$66.2M, \$26.2M higher than budget and \$10.0M higher than 2012 actual.

Net Operating Income Comparison



- The Port generated a record \$544.7M operating revenue in 2013.
- NOI before depreciation for 2013 was \$237.6M, also a record.

Comprehensive Financial Summary

(\$ in 000's)	2012 Actual	2013 Actual	2013 Rvsd Budget	Fav (UnFav)		Explanation
				Rvsd Bud \$	Variance %	
Revenues						
1. Operating Revenues	521,706	544,678	535,633	9,045	1.7%	See details in the previous slides
2. Tax Levy	72,678	72,738	73,000	(262)	-0.4%	In line with budget
3. PFCs	62,385	64,661	64,844	(182)	-0.3%	In line with budget
4. CFCs	20,577	20,389	20,553	(163)	-0.8%	In line with budget
5. Fuel Hydrant	8,123	7,270	7,839	(568)	-7.3%	
6. Non-Capital Grants & Donations	3,349	3,377	1,909	1,468	76.9%	More contributions than budgeted
7. Capital Contributions	30,714	20,838	17,068	3,769	22.1%	Unbudgeted contribution for T46
8. Interest Income	8,172	(1,107)	7,296	(8,403)	-115.2%	Due to unrealized loss on investments
Total	727,704	732,845	728,142	4,703	0.6%	
Expenses						
1. O&M Expense	298,169	307,083	324,123	17,040	5.3%	See details in the previous slides
2. Depreciation	167,279	171,361	171,510	149	0.1%	In line with budget
3. Revenue Bond Interest Expense	122,170	115,316	129,314	13,999	10.8%	
4. GO Bond Interest Expense	14,447	11,479	13,291	1,812	13.6%	Savings from bond refunding
5. PFC Bond Interest Expense	6,778	6,212	6,367	155	2.4%	In line with budget
6. Public Expense	22,876	5,640	4,469	(1,171)	-26.2%	More donations than budgeted
7. Non-Op Environmental Expense	14,358	4,765	4,800	35	0.7%	In line with budget
8. Other Non-Op Rev/Expense	25,749	452	3,972	3,520	88.6%	Environmental insurance payments
Total	671,826	622,307	657,846	35,539	5.4%	
Retro Adjustment to Net Position	30,898	-	-	-	0.0%	
Increase In Net Assets	24,980	110,537	70,295	40,242	57.2%	

- 2013 Total Revenues were \$732.8M, \$13.7M higher than the budget and \$5.1M higher than 2012 actual.
- 2013 Total Expenses were \$622.3M, \$35.5M lower than the budget and \$49.5M lower than 2012 actual.
- Change in Net Assets for 2013 was \$110.5M, \$40.2M above the budget but \$85.5M higher than 2012 actual.

Capital Spending by Division

Division	2012 Actual	2013 Actual	2013 Budget	Budget Variance
<i>(\$ in millions)</i>				
Aviation	81.8	108.8	174.7	65.8
Seaport	10.8	5.7	11.1	5.5
Real Estate	2.3	6.1	12.2	6.1
Corporate & CDD	4.2	9.7	15.8	6.1
Total	99.2	130.2	213.8	83.5

- Capital spending for each division came in below budget in 2013.
- Total capital spending was \$130.2M for 2013, \$82.7M lower than budget.



Aviation

2013 Performance Report

Commission Briefing

February 25, 2014

Aviation Business Highlights

- Business events:
 - › New airline agreement (SLOA III) as of November 2013, effective retroactive to 1/1/13
 - › Airline realignment largely complete
- Overview:
 - › Enplaned passengers up 4.7% over 2012 (3.0% adjusting for non-revenue passengers)
 - › Operating expenses below budget by \$11.9 million
 - Airport baseline O&M 4.4% below budget, and flat compared to 2012
 - › Non-Airline revenues up 5.1% over 2012, 2.7% above 2013 budget
 - › Significant reduction in airline costs due to new airline agreement (SLOA III)
 - 2013 CPE of \$11.90 vs. \$13.23 in 2012, 2013 budget of \$13.65
 - Revenue sharing of \$9.7 million
 - › Capital program: 2013 spending of \$109 million, or 62% of the 2013 annual budget

Activity

	2012	2013	% Change
Enplaned Passengers (000s)			
Domestic	14,983	15,604	4.1%
International	1,614	1,772	9.8%
Total	16,597	17,376	4.7%
Operations	309,597	317,186	2.5%
Landed Weight (million lbs.)			
Cargo	1,291	1,387	7.5%
All other	18,696	19,562	4.6%
Total	19,987	20,949	4.8%
Cargo - metric tons			
Domestic freight	155,220	155,867	0.4%
International freight	82,090	88,580	7.9%
Mail	46,299	48,261	4.2%
Total	283,609	292,708	3.2%

- 2012 passenger figures do not include non-revenue passengers. Comparable year-over-year change is 3.0%.

Operating Expenses

\$ in 000's	2012	2013	2013	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Revised Budget	Rvsvd Bud Variance		Change from 2012	
				\$	%	\$	%
Operating Expenses:					n/a	-	
Payroll	87,654	91,285	94,210	2,926	3.1%	3,630	4.1%
Outside Services	24,954	25,668	28,951	3,283	11.3%	715	2.9%
Utilities	13,671	13,025	12,625	(400)	-3.2%	(646)	-4.7%
Other Airport Expenses	19,972	15,900	16,760	860	5.1%	(4,072)	-20.4%
Baseline Airport Expenses	146,252	145,878	152,547	6,669	4.4%	(373)	-0.3%
Airline Realignment ^{(1), (2)}	4,867	10,462	16,069	5,608	34.9%	5,595	115.0%
Environmental Remediation Liability	5,321	7,345	4,615	(2,730)	-59.2%	2,024	38.0%
Total Airport Expenses ⁽¹⁾	156,439	163,685	173,232	9,547	5.5%	7,246	4.6%
Corporate ⁽³⁾	34,239	35,581	36,965	1,383	3.7%	1,342	3.9%
Police Costs	16,156	16,600	16,699	100	0.6%	443	2.7%
Capital Development/Other Expenses ⁽³⁾	9,730	10,042	10,888	846	7.8%	311	3.2%
Total Operating Expenses	216,565	225,908	237,784	11,876	5.0%	9,343	4.3%

Notes:

- (1) Includes Airline Realignment costs incurred by other Divisions
- (2) Excludes Environmental Remediation Liability expense related to Airline Realignment
- (3) Reduced by Airline Realignment costs reflected above

Aeronautical Business

\$ in 000's	2012	2013	2013	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Revised Budget	Rvsd Bud	%	Change from 2012	%
				\$	%	\$	%
Revenues:							
Movement Area		71,100					
Apron Area		7,907					
Terminal Rents		135,422					
Federal Inspection Services (FIS)		7,771					
Total Rate Base Revenues		222,199					
Commercial Area		8,373					
Subtotal before Revenue Sharing	233,000	230,572	245,623	(15,051)	-6.1%	(2,428)	-1.0%
SLOA II Other		17,905		17,905	n/a	17,905	
Revenue Sharing		(9,743)		(9,743)	n/a	(9,743)	n/a
Total Airline Revenues	233,000	238,735	245,623	(6,888)	-2.8%	5,734	2.5%
Operating Expense	147,032	151,963	157,662	5,700	3.6%	4,931	3.4%
Net Operating Income	85,968	86,772	87,960	(1,188)	-1.4%	804	0.9%
Debt Service	(77,922)	(81,395)	(78,069)	(3,326)	4.3%	(3,473)	4.5%
Net Cash Flow	8,046	5,377	9,891	(4,514)	-45.6%	(2,670)	-33.2%

Non-Airline Business

	2012	2013	2013	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Revised Budget	Rvsd Bud	Variance	Change from 2012	
\$ in 000's				\$	%	\$	%
Non-Aero Revenues							
Rental Car	38,072	39,860	37,972	1,888	5.0%	1,788	4.7%
Public Parking	49,781	52,205	50,948	1,257	2.5%	2,424	4.9%
Ground Transportation	7,900	7,958	7,267	691	9.5%	59	0.7%
Concessions	37,998	41,311	40,528	784	1.9%	3,313	8.7%
Other	19,273	19,431	19,848	(417)	-2.1%	159	0.8%
Total Non-Aero Revenues	153,022	160,765	156,563	4,203	2.7%	7,743	5.1%
Non-Aero Expenses							
RCF Operating Expense	6,196	6,481	7,771	1,289	16.6%	285	4.6%
Operating Expense	64,855	64,704	67,532	2,828	4.2%	(151)	-0.2%
Share of terminal O&M	18,366	20,054	21,436	1,381	6.4%	1,688	9.2%
Less utility internal billing	(19,883)	(17,294)	(17,295)	(1)	0.0%	2,589	-13.0%
Operating Expense	69,533	73,945	79,443	5,498	6.9%	4,412	6.3%
Net Operating Income	83,489	86,820	77,120	9,700	12.6%	3,331	4.0%
Less: CFC Surplus	(3,702)	(5,005)	(3,465)	(1,540)	44.5%	(1,303)	35.2%
Adjusted Non-Aero NOI	79,787	81,815	73,655	8,160	11.1%	2,028	2.5%
Debt Service	(43,166)	(46,435)	(48,824)	2,389	-4.9%	(3,269)	7.6%
Net Cash Flow	36,621	35,380	24,831	10,549	42.5%	(1,241)	-3.4%
Key Measures							
Total Revenues / Enpl	9.22	9.25	9.20	0.05	0.6%	0.03	0.3%
Primary Concessions Sales / Enpl	10.91	11.23	11.25	(0.02)	-0.2%	0.32	2.9%

Summary Results and Key Measures

\$ in 000's	2012	2013	2013	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Revised Budget	Rvsd Bud	Variance	Change from 2012	
				\$	%	\$	%
Operating Revenues:							
Aeronautical Revenues	233,000	238,735	245,623	(6,888)	-2.8%	5,734	2.5%
SLOA III Incentive Straight Line Adj		14,304 ⁽⁵⁾		14,304		14,304	
Non-Aeronautical Revenues	153,022	160,765	156,563	4,203	2.7%	7,743	5.1%
Total Operating Revenues	386,023	413,804	402,186	11,618	2.9%	27,781	7.2%
Total Operating Expense	216,565	225,908	237,784	11,876	5.0%	9,343	4.3%
Net Operating Income	169,458	187,896	164,402	23,494	14.3%	18,439	10.9%
Net Non-Operating items paid from ADF	(183)	(4,045)	1,549	(5,594)	-361.1%	(3,862)	2110.7%
SLOA III Incentive Straight Line Adj		(14,304)		(14,304)		(14,304)	
Debt Service	(121,087)	(127,831)	(126,894)	(937)	-0.7%	(6,744)	5.6%
Net Cash Flow	48,188	41,716	39,057	2,659	6.8%	(6,471)	-13.4%
Key Measures							
Enplaned Passengers (in 000's)	16,597	17,376	17,017	360	2.1%	779	4.7%
CPE after Revenue Sharing (\$)	13.23	11.90	13.65	1.75	12.8%	(1.33)	-10.1%
Debt Service Coverage (before Revenue Sharing)	1.40	1.40	1.31	0.09	6.9%	-	0.0%
Debt Service Coverage (after Revenue Sharing)		1.33		n/a		n/a	
Days cash on hand (10 months = 304 days)	462	437	304	133	43.8%	(25)	-5.4%
Debt per enplaned passenger	153	141	145	4	2.8%	(12)	-7.8%

Capital Budget

\$ in 000's Description	2013	2013	Budget Variance	
	Actual	Budget	\$	%
Highline School Insulation	0	12,363	12,363	100.0%
Convert Ticket Zone 2 Pushback	3	5,500	5,497	99.9%
Doug Fox Site Improvements	454	3,870	3,416	88.3%
NS NSAT Renovations & NSTS Lobbies	3,539	6,700	3,161	47.2%
Rental Car Facility Construction	5,030	8,038	3,008	37.4%
Convert Ticket Zone 3 FlowThru	10,563	10,750	187	1.7%
Cent Plant Preconditioned Air	6,187	5,385	(802)	-14.9%
GSE Electrical Chrg Stations	10,396	9,050	(1,346)	-14.9%
All Other	72,669	112,995	40,326	35.7%
Total Spending	108,841	174,651	65,810	37.7%

- Insulation project for Highline School was delayed by the school district.
- Spending on the Zone 2 ticket counter project for United has been accrued but is not reflected in Project Costing.



Seaport

2013 Performance Report

Commission Briefing

February 25, 2014

Seaport 2013 Business Overview

- Net Operating Income exceeded budget by \$.5 million
- Business Volume
 - TEU Volume was 1,593K, down 16% from 2012.
 - Grain volume was at 1,351K metric tons, down 57% from 2012 and 60% under 2013 budget.
 - The 2013 cruise season included 870,994 passengers and 187 sailings. Ships sailed at 106% occupancy.
- Activated 1 new Foreign Trade Zone.
- Truck Radio Frequency Identification successfully implemented.
- Environmental
 - Adopted 2013 update to Northwest Ports Clean Air Strategy and began implementation by obtaining grants to provide ScRAPS incentives for a total of 180 trucks.
 - Terminal 117 and Terminal 91 clean up projects underway.
 - \$5.4 million in clean-up project costs were recovered from grants and insurance.

Seaport 2013 Financial Summary

				Fav (UnFav)		Incr (Decr)	
	2012	2013	2013 Rvsd	Rvsd Budget Variance		Change from 2012	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Operating Revenue	101,715	99,586	100,603	(1,017)	-1%	(2,129)	-2%
Security Grants	2,226	0	173	(173)	-100%	(2,226)	-100%
Total Revenues	103,941	99,586	100,777	(1,190)	-1%	(4,355)	-4%
Seaport Expenses (excl env srvs)	13,684	14,225	14,971	745	5%	542	4%
Environmental Services	2,207	2,270	2,675	404	15%	64	3%
Maintenance Expenses	6,040	6,392	6,076	(316)	-5%	352	6%
P69 Facilities Expenses	532	510	526	16	3%	(22)	-4%
Other RE Expenses	233	290	353	64	18%	56	24%
CDD Expenses	4,244	3,583	3,475	(108)	-3%	(661)	-16%
Police Expenses	3,969	4,173	4,223	49	1%	204	5%
Corporate Expenses	11,538	11,736	12,678	941	7%	198	2%
Security Grant Expense	2,227	23	0	(23)	NA	(2,204)	-99%
Envir Remed Liability	26	1,248	1,170	(78)	-7%	1,222	4719%
Total Expenses	44,700	44,452	46,147	1,695	4%	(248)	-1%
Net Operating Income	59,241	55,135	54,630	505	1%	(4,107)	-7%

Revenue Variance:

- Grain Revenue: (\$2,020K) volume came in 60% below budget due to market conditions.

Seaport Business Groups

NOI Before Depreciation

\$ in 000's	2012 Actual	2013 Actual	2013 Revised Budget	Fav (UnFav)		Incr (Decr)	
				2013 Rvsd Bud Var \$	%	Change from 2012 \$	%
Containers	44,613	42,142	41,550	592	1%	(2,471)	-6%
Grain	2,473	407	2,232	(1,825)	-82%	(2,066)	-84%
Seaport Industrial Props	6,290	7,269	6,801	468	7%	979	16%
Cruise	7,040	7,117	6,786	331	5%	76	1%
Maritime Operations	(340)	220	(961)	1,181	123%	560	165%
Security	(808)	(771)	(608)	(163)	-27%	37	5%
Env Grants/Remed Liab/Oth	(27)	(1,249)	(1,170)	(79)	-7%	(1,222)	-4575%
Total Seaport	59,241	55,135	54,630	505	1%	(4,107)	-7%

Significant Variances:

- Grain: Revenue unfavorable variance as a result of volume 60% below budget due to market conditions.
- Maritime Operations: Favorable moorage and wharfage revenue.

Seaport Capital 2013

\$ in 000's	2013	2013	Budget Variance	
	Actual	Budget	\$	%
Seaport	\$5,673	\$11,129	\$5,456	49%

Significant Variances:

- T46 Dock Rehabilitation - \$1.5M moved out due to reprioritization of T46 projects.
- Pier 66 Apron Pile Wrap - \$.8M timing extended into 2014.
- Pier 34 Mooring Dolphins - \$.5M timing of project pushed out 1 year.
- Terminal 91 Lighting Upgrade - \$.5K majority of work moved out to 2014.

The background features large, overlapping, rounded shapes in shades of light blue, medium blue, and green, creating a dynamic, abstract design.

Real Estate

2013 Performance Report

Commission Briefing

February 25, 2014

Real Estate 2013 Business Overview

- Full Year Net Operating Income exceeded budget by \$1,821K
- Occupancy Rates/Activity
 - Commercial property at 91% occupancy, below target of 92% but above 2013 Seattle market average of 88%.
 - Marinas: Fishermen's Terminal and Maritime Industrial Center at 78% average occupancy, on target. Recreational marinas at 96%, above target of 92%.
 - Conference and Event Center activity below budget due to significant new competitive challenges and perceived impact of waterfront transportation projects.
- Real Estate Development & Planning
 - Closed on the sale of the T91 West Yard site to King County and City of Seattle.
 - Selected Panattoni as the developer for the Des Moines Creek Business Park project and executed a letter of intent.
- Marine Maintenance
 - Completed the Deferred Maintenance Correction program.
 - Achieved a safety first: Zero work days lost due to accidents.
- Snohomish County Council approved purchase of Eastside Rail Corridor.

Real Estate 2013 Financial Summary

\$ in 000's	2012	2013	2013 Rvsd	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Rvsd Budget	Variance	Change from 2012	
				\$	%	\$	%
Revenue	22,445	22,882	22,776	106	0%	438	2%
Conf & Event Ctr Revenue	8,863	7,958	9,740	(1,782)	-18%	(905)	-10%
Total Revenue	31,308	30,840	32,516	(1,675)	-5%	(468)	-1%
Real Estate Exp(excl Conf, Maint,P69)	10,564	10,377	11,300	923	8%	(187)	-2%
Conf & Event Ctr Expense	6,816	6,474	7,642	1,168	15%	(342)	-5%
Eastside Rail Corridor	293	200	177	(23)	-13%	(92)	-32%
Maintenance Expenses	9,110	8,928	9,535	607	6%	(182)	-2%
P69 Facilities Expenses	198	172	178	6	3%	(26)	-13%
Seaport Expenses	1,244	1,254	1,268	15	1%	9	1%
CDD Expenses	1,084	1,447	2,131	684	32%	362	33%
Police Expenses	1,374	1,380	1,396	16	1%	6	0%
Corporate Expenses	4,836	5,094	5,117	23	0%	258	5%
Envir Remed Liability	6	2	80	78	97%	(4)	-65%
Total Expense	35,525	35,327	38,824	3,497	9%	(198)	-1%
Net Operating Income	(4,217)	(4,486)	(6,308)	1,821	29%	(269)	-6%

- Conference and Event Center activity below budget due to significant new competitive challenges and perceived impact of waterfront transportation projects.

Real Estate Business Groups

NOI Before Depreciation

\$ in 000's	2012	2013	2013	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Revised Budget	2013 Rvsd Bud Var		Change from 2012	
				\$	%	\$	%
Recreational Boating	1,352	1,061	283	777	274%	(291)	-22%
Fishing & Commercial	(3,053)	(2,947)	(3,940)	993	25%	106	3%
Commercial Properties	(3,359)	(2,365)	(2,891)	526	18%	994	30%
Conference & Event Centers	1,974	1,032	1,660	(628)	-38%	(942)	-48%
Eastside Rail	(433)	(531)	(406)	(125)	-31%	(99)	-23%
RE Development & Plan	(692)	(734)	(934)	201	21%	(42)	-6%
Envir Grants/Remed Liab/Oth	(7)	(2)	(80)	78	97%	4	67%
Total Real Estate	(4,217)	(4,486)	(6,308)	1,821	29%	(269)	-6%

- Favorable variances largely driven by favorable expense results.
- Conference and Event Center activity below budget due to significant new competitive challenges and perceived impact of waterfront transportation projects

Real Estate Capital 2013

\$ in 000's	2013 Actual	2013 Budget	Budget Variance	
			\$	%
Real Estate	6,060	12,165	6,105	50%

Significant Variances:

- FT C15 HVAC Improvements - \$2.2M timing extended into 2014.
- Small Projects - \$1.3M timing of various projects extended into 2014.
- P69 N Apron Corrosion Control - \$.6M contractor bid below estimate.
- SBM Central Seawall Replacement - \$.7M timing extended into 2014.
- P66 Steam Replacement - (\$1.1M) project was unexpected and thus not included in 2013 Budget.

Capital Development

2013 Performance Report

Commission Briefing

February 25, 2013

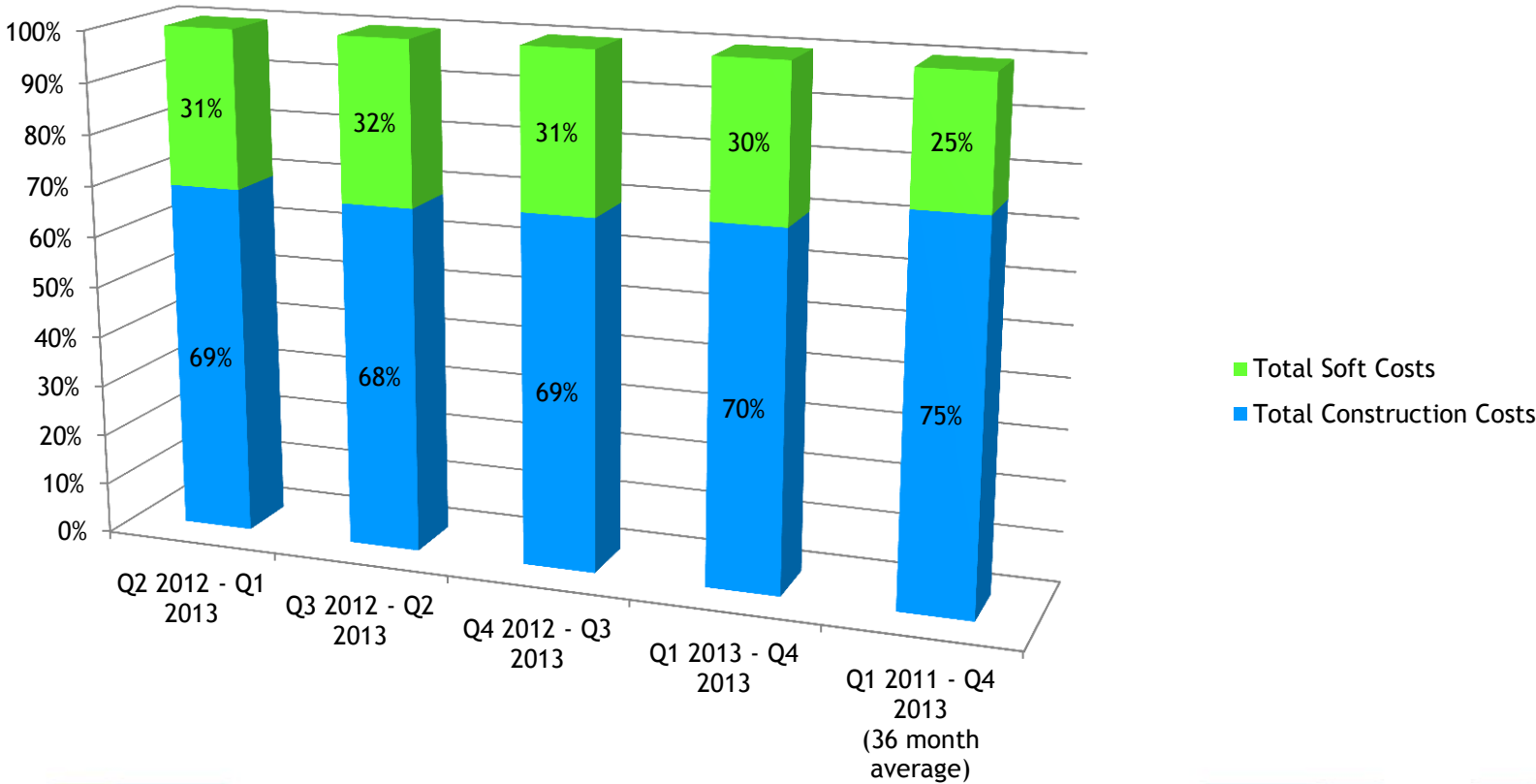
2013 Key Business Events

- International Arrivals Facility (IAF) project initial authorization by Port Commission
- Completed preliminary design & gate needs analysis for North Satellite renovations
- Electronic payments for all contracts; improved reporting on subconsultant payments
- Revised Terms and Conditions for consulting contracts
- Construction Submittal Continuous Process Improvement initiative
- Presented at American Society of Civil Engineers/Coastal Ocean Ports and Rivers Institute conference
- PCS performed approximately 113 small works projects during 2013
- Terminal 5 Maintenance Dredging Project completed
- Pier 66 Steam Replacement Project completed on accelerated timeline

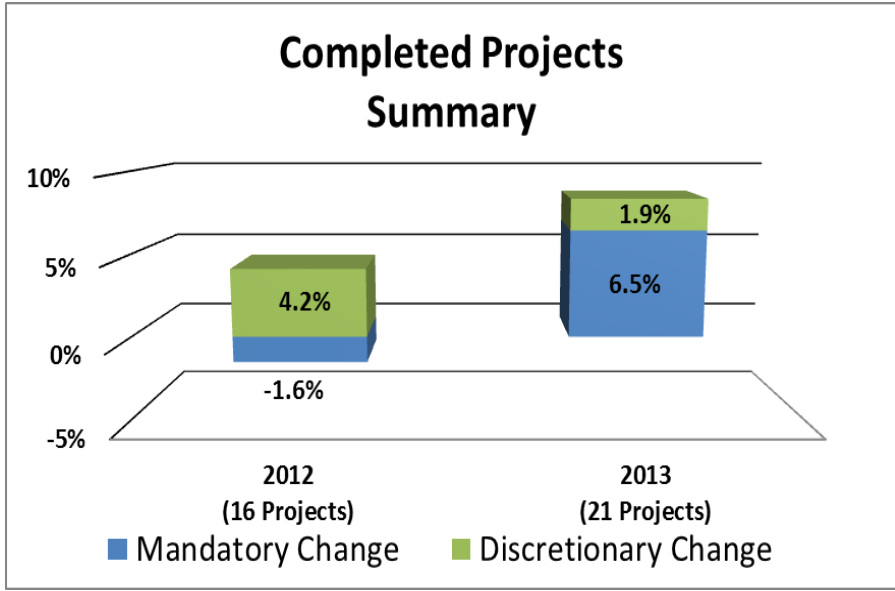
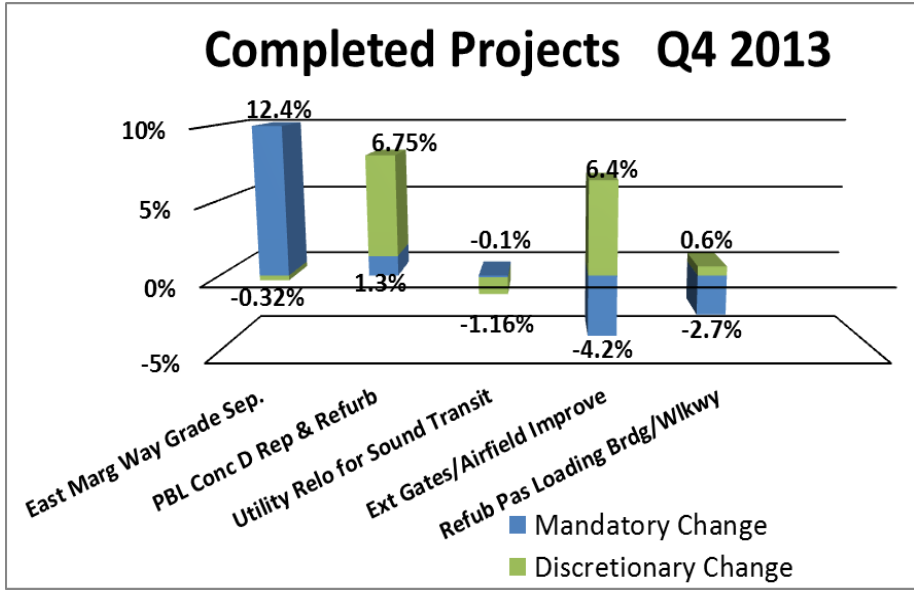
Q4 Capital Development Key Metrics

Project Hard/Soft Costs

CDD Construction Soft Costs %



Capital Development Key Metrics

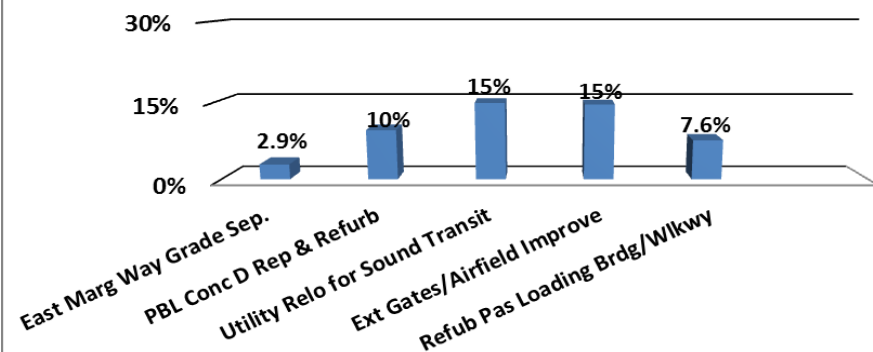


Cost Growth During Construction

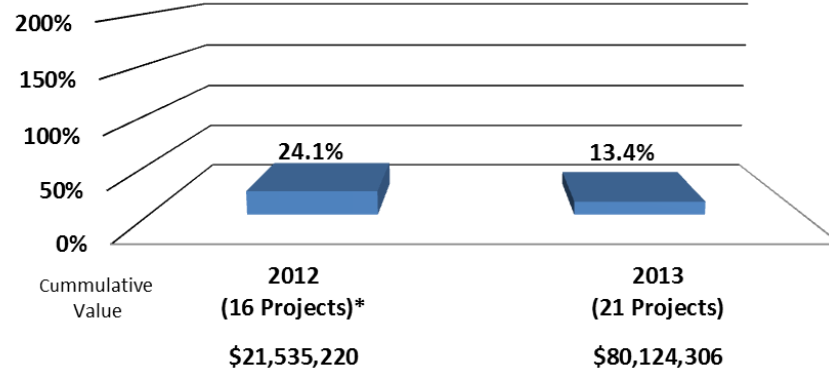


Capital Development Key Metrics continued

Completed Projects Q4 2013



Completed Projects Summary

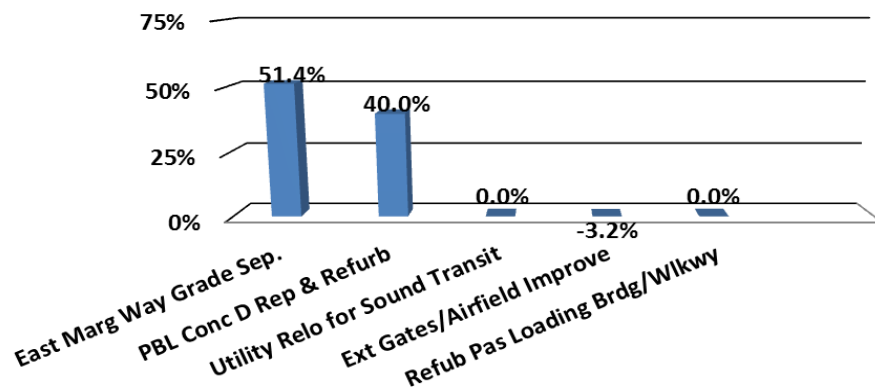


Design Schedule Growth

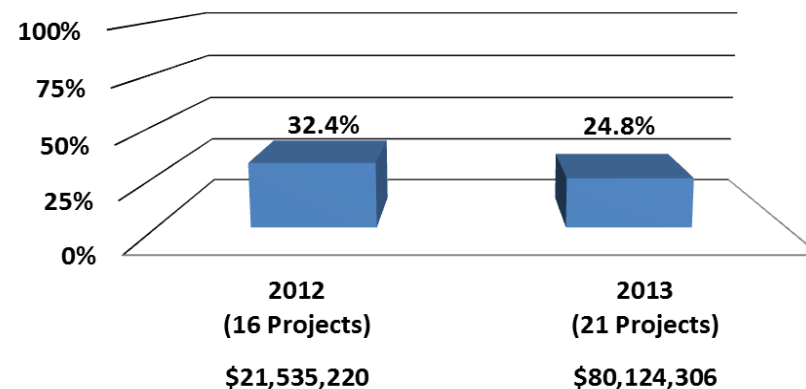
Project	Initial Commission Authorized Start of Design	Planned Construction Contract Award (Execution)	Actual Construction Contract Award (Execution)	Design Schedule Growth
4th Quarter 2013				
East Marg Way Grade Sep.	9-Apr-02	23-Oct-09	11-Jan-10	2.9%
PBL Conc D Rep & Refurb	22-Feb-11	5-Jun-12	20-Jul-12	10%
Utility Relo for Sound Transit	14-Feb-12	9-Jan-13	27-Feb-13	15%
Ext Gates/Airfield Improve	14-Jun-11	11-Apr-12	25-May-12	15%
Refub Pas Loading Brdg/Wlkwy	28-Feb-12	13-Jun-13	19-Jul-13	7.6%

Capital Development Key Metrics continued

Completed Projects Q4 2013



Completed Projects Summary



Construction Schedule Growth

Project	Planned Construction Contract Award (Execution)	Actual Construction Contract Award (Execution)	Planned Substantial Completion of Construction	Actual Substantial Completion of Construction	Construction Schedule Growth
4th Quarter 2013					
East Marg Way Grade Sep.	23-Oct-09	11-Jan-10	2-Sep-11	6-Jul-12	51.4%
PBL Conc D Rep & Refurb	5-Jun-12	20-Jul-12	21-Apr-13	9-Aug-13	40.0%
Utility Relo for Sound Transit	9-Jan-13	27-Feb-13	28-Jun-13	28-Jun-13	0.0%
Ext Gates/Airfield Improve	11-Apr-12	25-May-12	30-Apr-13	19-Apr-13	-3.2%
Refub Pas Loading Brdg/Wlkwy	13-Jun-13	19-Jul-13	31-Oct-13	31-Oct-13	0.0%

Capital Development

Key Metrics continued

Procurement Timeliness

Total Time Receipt of Scope to Execution (Avg # Days)

	<u>2012</u>	<u>2013</u>
• Goods & Services	125 days	55 days
• Major Public Works	61 days	77 days
• Small Works	50 days	54 days
• Service Agreements	202 days	169 days

Q4 Operating Results by Account

Operating Expenses \$ in 000's	2012	2013	2013 Rvsd	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Rvsd Bud	Variance	Change from 2012	
				\$	%	\$	%
Salaries & Wages	14,296	14,767	15,341	574	3.7%	471	3.3%
Wages & Benefits	1,288	1,090	666	(424)	-63.7%	(198)	-15.4%
Payroll to Capital Projects	12,171	13,592	14,947	1,355	9.1%	1,421	11.7%
Equipment Expense	484	370	490	120	24.5%	(114)	-23.5%
Supplies & Stock	433	551	355	(196)	-55.2%	118	27.3%
Outside Services	4,456	4,051	6,056	2,005	33.1%	(405)	-9.1%
Travel & Other Employee Expense	266	298	489	191	39.1%	32	12.0%
Other	935	1,114	783	(332)	-42.4%	179	19.2%
Charge to Capital	(20,350)	(21,145)	(24,223)	(3,078)	12.7%	(795)	3.9%
Total	13,978	14,688	14,904	216	1.4%	710	5.1%

Q4 Capital Development Financials Summary

	Notes	2012	2013	2013 Rvsd	Fav (UnFav)		Incr (Decr)	
		Actual	Actual	Budget	Rvsd Bud	Variance	Change from 2012	
\$ in 000's					\$	%	\$	%
Total Revenues		32	26	-	26	0.0%	(7)	-20.4%
<u>Expenses Before Charges To Cap/Govt/Envrs Propects</u>								
Capital Development Administration		362	380	378	(3)	-0.7%	19	5.1%
Engineering		12,619	13,318	14,853	1,535	10.3%	698	5.5%
Port Construction Services		7,064	7,301	6,894	(407)	-5.9%	237	3.4%
Central Procurement Office		4,435	5,025	4,510	(515)	-11.4%	589	13.3%
Aviation Project Management		7,266	7,289	8,679	1,390	16.0%	24	0.3%
Seaport Project Management		2,582	2,520	3,813	1,293	33.9%	(62)	-2.4%
Total Before Charges to Capital Projects		34,328	35,832	39,126	3,294	8.4%	1,505	4.4%



Corporate

2013 Performance Report

Commission Briefing

February 25, 2014

2013 Key Business Events

- Deployed the Flight Information Management System (FIMS II) on-schedule with no major issues.
- Successfully deployed PeopleSoft Financials Upgrade with minimal issues.
- Added Airport Wi-Fi Enhancements to Concourses B and C at Sea-Tac airport.
- Successful deployed the Police Records Management System in October.
- Coordinated joint seaport (Seattle and Tacoma) presentation on global competitiveness to the state pilotage commission.
- Organized Port/stakeholder presentation to state Joint Transportation Committee.
- Issued \$139.1 million Intermediate Lien Revenue Refunding Bonds, Series 2013 yielding a present value savings of \$9.58 million.
- Received a number of awards in the Port's budgeting, financial reporting, wellness program, and other areas.

2013 Corporate Key Metrics

- Conducted 42 small business outreaches.
- 236 small businesses registered on new roster system.
- 157 placements to the Apprenticeship Opportunity Project.
- 21 employees participated in the Tuition Reimbursement Program.
- Posted 205 job openings and received 7,520 job applications.
- 129 attendees participated in the New Employee Orientation.
- 97% completed required safety training.
- Negotiated 26 labor contracts.
- Completed 28 internal audits.
- Handled 15 litigations and claims.
- Responded to 310 public disclosure requests.

2013 Corporate Budget Variances

\$ in 000's	2012 Actual	2013 Actual	2013 Rvsd Budget	Fav (UnFav) Rvsd Bud Variance		Explanations
				\$	%	
Total Revenues	444	450	155	295	190.3%	Unbudgeted Police grants
Executive	1,585	1,729	1,806	77	4.3%	Travel and misc. savings
Commission	799	1,009	1,445	435	30.1%	Payroll and misc. savings
Legal	3,083	3,548	3,012	(536)	-17.8%	Unanticipated outside legal fees
Risk Services	2,648	2,902	3,166	264	8.3%	Lower insurance cost & payroll
Health & Safety Services	1,009	1,079	1,118	39	3.5%	Miscellaneous savings
Public Affairs	5,860	5,893	5,946	52	0.9%	Outside svcs and misc. savings
Human Resources & Development	5,227	5,264	5,425	162	3.0%	Saving in outside services and travel
Labor Relations	1,094	1,152	1,153	1	0.1%	Miscellaneous savings
Information & Communications Technology	19,486	20,339	20,505	166	0.8%	Vacancies and more chg to capital
Finance & Budget	1,467	1,544	1,777	233	13.1%	Delay economic impacts study
Accounting & Financial Reporting Services	6,056	5,734	6,835	1,101	16.1%	Vacancies and more chg to capital
Internal Audit	1,334	1,202	1,361	158	11.6%	Outside svcs and payroll savings
Office of Social Responsibility	1,448	1,644	1,702	58	3.4%	Savings in travel and general expn.
Police	21,793	22,483	22,318	(165)	-0.7%	Unbudgeted expenses
Contingency	367	266	450	184	41.0%	Miscellaneous savings
Total Expenses	73,263	75,788	78,019	2,231	2.9%	

Corporate Major Expense Variances

	2012 Actual	2013 Actual	2013 Rvsd Budget	Fav (UnFav)		Incr (Decr)	
				Rvsd Bud \$	Variance %	Change from 2012 \$	%
\$ in 000's							
Salaries & Benefits	34,972	36,360	37,633	1,273	3.4%	1,388	4.0%
Wages & Benefits	19,074	20,027	20,017	(10)	0.0%	953	5.0%
Payroll to Capital Projects	2,453	2,850	2,508	(341)	-13.6%	396	16.2%
Equipment Expense	1,580	1,992	1,166	(826)	-70.8%	412	26.0%
Supplies & Stock	559	464	624	160	25.6%	(95)	-17.0%
Outside Services	10,673	10,915	11,156	241	2.2%	242	2.3%
Travel & Other Employee Exps	2,208	2,231	2,734	503	18.4%	23	1.0%
Insurance Expense	2,110	2,156	2,300	144	6.2%	46	2.2%
Litigated Injuries & Damages	210	(16)	-	16	n/a	(227)	-107.7%
Other	1,820	1,653	2,390	736	30.8%	(167)	-9.2%
Charge to Capital	(2,397)	(2,844)	(2,508)	335	-13.4%	(447)	18.7%
Total	73,263	75,788	78,019	2,231	2.9%	2,525	3.4%

Corporate Cost Analysis

(\$ in 000's)	2011 Actual	2012 Actual	2013 Actual	2013 Budget
Corporate Cost	71,418	73,263	75,788	78,019
Total Revenue	483,172	521,706	544,678	535,633
Total Expense	267,416	298,169	307,083	324,123
Corporate Cost as % of Total Revenues	14.8%	14.0%	13.9%	14.6%
Corporate Cost as % of Total Expenses	26.7%	24.6%	24.7%	24.1%

Uses of Tax Levy Update

Commission Briefing

February 25, 2014

2013 Tax Levy

	2013 Budget	Forecast Oct. 2013	2013 Actuals (1)
<u>Sources</u>			
Beginning balance	48.5	56.3	56.3
Annual Levy	73.0	73.0	73.0
Investment Earnings	-	0.2	0.5
Environmental Recoveries	-	3.8	4.2
Rail Corridor Reimbursements	-	1.4	1.4
Total Sources	121.5	134.8	135.3
<u>Uses</u>			
G.O. Bond Debt Service	40.4	39.4	39.4
Environmental Remediation	12.8	12.8	10.9
Regional Transportation & Freight Mobility (2)	2.8	5.0	4.4
Transportation & Infrastructure fund deposit	6.0	6.0	6.0
Port JOBS	0.2	0.2	0.2
Aviation Noise Projects	7.2	7.2	0.7
Real Estate Capital Projects	16.4	6.2	3.5
Real Estate Operating Support	6.4	6.3	4.5
Total Uses	92.1	83.0	69.4
Ending balance	29.4	51.7	65.9

Variances from October Update

- Environmental remediation spending delays
- Highline Schools noise mitigation spending delayed
- Real Estate capital spending slower than expected
- Lower Real Estate operating expenses reduced need for levy support

(1) Unaudited

(2) Includes FAST, Argo roadway

Looking Ahead

- Based on 2013 results, staff recommends an additional \$7 million deposit to the Transportation & Infrastructure Fund
 - › \$5 million proceeds from sale of a portion of the Eastside Rail Corridor to Snohomish County
 - Deposit to occur after sale closes around June, 2014
 - › \$2 million savings from lower Real Estate operating expenses
 - › This is in addition to the \$6 million deposit included in the 2014 budget
 - Total 2014 deposit will be \$13 million
 - Total cash available for SR99 Tunnel will be \$51.7 mil.