

COMMISSION AGENDA– STAFF BRIEFING

Item No. 7a
Date of Meeting March 9, 2010

DATE: February 24, 2010
TO: Tay Yoshitani, Chief Executive Officer
FROM: Dan Thomas, Chief Financial Officer
Michael Tong, Corporate Budget Manager
SUBJECT: 2009 Financial Performance Briefing

BACKGROUND

In compliance with Port strategies of “Ensuring Airport and Seaport Vitality” through financial performance and “Enhancing Public Understanding and Support of the Port's Role in the Region,” this presentation is to provide a status report of the 2009 financial performance results.

The Port’s overall operating revenues for 2009 were \$448.9 million, \$37.5 million, or 7.7% below budget. The largest portion (\$20.6 million) of this variance is due to lower aeronautical revenues at Sea-Tac airport reflecting the effect of reduced airport expenses on airline cost recovery formulas. The reduction in aeronautical expenses resulted in a Passenger Cost Per Enplanement (CPE) of \$10.91 for the year, \$1.00 lower than budgeted. The balance of the revenue variance is principally due to a decline in airport parking and rental car revenues. Total operating expenses were \$245.6 million, \$32.3 million, or 11.6% below budget. The operating expense variance largely reflects cost savings efforts initiated in 2009 in order to proactively respond to the economic downturn. Operating income before depreciation was \$203.3 million, \$5.2 million, or 2.5% under budget. Operating income after depreciation is \$46.8 million, \$4.7 million lower than budget.

Port-wide capital spending was \$317.9 million for the year, \$118.2 million below the budgeted \$436.1 million.

Each division will present its results to the Commission. The presentation outline is as follows:

1. Portwide Operating Results
2. Aviation Division Operating Results
3. Seaport Division Operating Results
4. Real Estate Division Operating Results
5. Capital Development Division Operating Results
6. Corporate Operating Results