ITEM NO.: 7a Report

DATE OF
MEETING: March 9, 2010

Port of Seattle

2009 PERFORMANCE REPORT

AS OF DECEMBER 31, 2009

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I. PORTWIDE PERFORMANCE REPORT 12/31/09

INCOME STATEMENT

Port of Seattle

Report: Income Statement
As of Date: 2009-12-31

Dollars in thousands	2008 YTD Actual	2009 YTD Actual	2009 YTD Budget	2009 Var $ Bud vs. Act	2009 Var % Bud vs. Act	2009 Annual Budget	% of Annual Bud
Revenues:							
Seaport	94,811	90,392	94,829	(4,437)	-4.7%	94,829	95.3%
Real Estate	35,202	30,430	31,111	(681)	-2.2%	31,111	97.8%
Aviation	357,249	327,823	358,956	(31,133)	-8.7%	358,956	91.3%
Capital Development	7	-	-	-		-	
Corporate	1,727	315	1,470	(1,155)	-78.6%	1,470	21.4%
Total Revenues	**488,996**	**448,960**	**486,367**	(37,407)	-7.7%	**486,367**	**92.3%**
Operating & Maintenance:							
Seaport	23,725	21,362	32,315	10,953	33.9%	32,315	66.1%
Real Estate	39,223	28,346	32,300	3,953	12.2%	32,300	87.8%
Aviation	141,826	122,760	132,665	9,905	7.5%	132,665	92.5%
Capital Development	6,286	7,781	7,010	(770)	-11.0%	7,010	111.0%
Corporate	69,206	65,350	73,572	8,222	11.2%	73,572	88.8%
Total O&M before Depreciation	**280,278**	**245,599**	**277,862**	32,263	11.6%	**277,862**	**88.4%**
Operating Income Before Depreciation	**208,718**	**203,362**	**208,506**	(5,144)	-2.5%	**208,506**	**97.5%**
Depreciation	144,208	156,548	157,036	487	0.3%	157,036	99.7%
Total O&M and Depreciation	424,487	402,147	434,897	32,750	7.5%	434,897	92.5%
Operating Income after Depreciation	**64,510**	**46,813**	**51,470**	(4,657)	-9.0%	**51,470**	**91.0%**

I. PORTWIDE PERFORMANCE REPORT 12/31/09

EXECUTIVE SUMMARY

The 2009 **Port of Seattle's** total operating revenues were $449.0 million, $37.4 million below budget. $20.6 million of the $37.4 million unfavorable budget variance was aeronautical revenues, which were based on cost recovery. Total operating expenses were $245.6 million, $32.3 million below budget mainly due to implementation of the Expense Savings Plan, which included two weeks of furlough and reduction of travel and other expenses. Operating income before depreciation was $203.4 million, $5.1 million under budget. Operating income after depreciation is $46.8 million, $4.7 million lower than the budget.

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

Aviation Division revenues were $ 327.8 million, $32.2 million under budget. Aeronautical revenues were $182.3 million, down $20.6 million due to lower operating costs and reduced debt service. Non-aeronautical revenues were $137.2 million, unfavorable by $ 11.1 million due to underperformance of Public Parking and Rental Cars revenues. Operating expense was $174.5 million, favorable by $15.0 million mainly due to the Expense Savings Plan and net savings from the OPEB Medical reversal against HR-10 and Voluntary Separation Program costs. Net operating income for 2009 was $153.3 million, $17.2 million below budget. Total capital expenditures for 2009 were $191.5 million, or 89.2% of budget.

Seaport Division revenues were $90.7 million, $3.4 million lower than the budget due to Security Grant projects commencing later than assumed in budget. Operating revenue was $89.8 million, $0.3 million below budget due to an unfavorable variance in Container revenue largely offset by favorable Cruise Revenue. Operating expenses were $40.6 million, $8.0 million favorable to budget primarily due to the implementation of the Expense Savings Plan, lower cost of the Terminal 18 maintenance dredge and the Terminal 30 upland dredge disposal projects than budgeted, and lower Security Grant expenses due to projects commencing later than assumed in budget. Net operating income for 2009 came in at $50.1 million, $4.6 million favorable to the budget and $3.8 million above the 2008 actual. Seaport spent $44.7 million or 44% of the approved capital budget primarily due to deferring purchase of land for a container support yard and lower spending on the T30/T91 project.

Real Estate Division revenues came in at $30.1 million, $0.8 million unfavorable to budget due to higher vacancies than budgeted at commercial properties and Shilshole Bay Marina and lower activity than budgeted at the World Trade Center Club and at Bell Harbor International Conference Center. Operating expenses were $29.6 million, $4.7 million favorable primarily due to cost savings and lower activity at the World Trade Center Club and Bell Harbor International Conference Center and due to expense savings and project deferrals related to the 2009 Expense "Deferral" Plan. Net operating income for 2009 came in at $3.9 million favorable to the 2009 budget and $4.0 million above 2008 actual, which included the write-off of costs associated with the North Bay project which were partially offset by higher activity at Bell Harbor International Conference Center and higher occupancies for leased properties. Capital spending for 2009 came in $74.0 million or 70% of the approved budget amount of $105.2 million. The most significant capital outlay for the year was the completion of the acquisition of the Eastside Rail Corridor.

Capital Development Division total expenses (including charges to capital projects) were $29.1 million, $5.5 million or 15.8% below budget mainly due to the implementation of the Expense Savings Plan and reduction of consultant expenses by using more in-house resources. Operating expenses were $7.8 million, $0.8 million unfavorable for the year due to more expense work than budgeted. The division delivers projects and provides technical and contracting services in support of the business plans and infrastructure needs of the Port's operating divisions. As such, the CDD does not have its own capital improvement program.

Corporate Professional and Technical Services revenues for 2009 were $1.2 million lower than budget mainly due to reclassification of $1.5 million Police grants from operating to non-operating. Operating expenses were $65.3 million, $8.2 million or 11.2 % favorable compared to the budget. This favorable variance was due primarily to the implementation of the Expense Savings Plan. Total capital expenditures for 2009 were $7.7 million, which was $8.2 million below budget.

I. PORTWIDE PERFORMANCE REPORT 12/31/09

CAPITAL SPENDING RESULTS

		($ Millions)
Annual Results:		
2009 Plan of Finance	$	604.0
2009 Approved Budget	$	436.1
2009 Actuals	$	317.9
Variance (Budget vs Actuals)	$	118.2

PORTWIDE INVESTMENT PORTFOLIO

The investment portfolio for the fourth quarter of 2009 earned 2.40% against our benchmark (The Bank of America Merrill Lynch 3-year Treasury/Agency Index) of 1.21%.For the past twelve months the portfolio has earned 2.76% against the benchmark of 1.12%. Since the Port became its own Treasurer in 2002, the Port's portfolio life-to-date has earned 3.74% against our benchmark of 2.89%.

II. AVIATION DIVISION PERFORMANCE REPORT 12/31/09

FINANCIAL SUMMARY

Figures in $ 000s	2007 Actual	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var $	Actual/Budget Var %
Operating Revenues						
Aeronatical Revenues	195,029	204,361	182,313	202,913	(20,600)	-10.2%
Non-Aeronautical Revenues	143,975	150,528	137,152	148,289	(11,137)	-7.5%
Other Revenues	8,483	3,440	8,359	8,804	(444)	-5.0%
Total Operating Revenues	347,487	358,329	327,825	360,006	(32,181)	-8.9%
Total Operating Expenses	171,624	195,183	174,533	189,521	14,988	7.9%
Net Operating Income	175,864	163,146	153,292	170,485	(17,194)	-10.1%
Capital Expenditures	298,387	209,813	191,479	214,743	23,264	10.8%

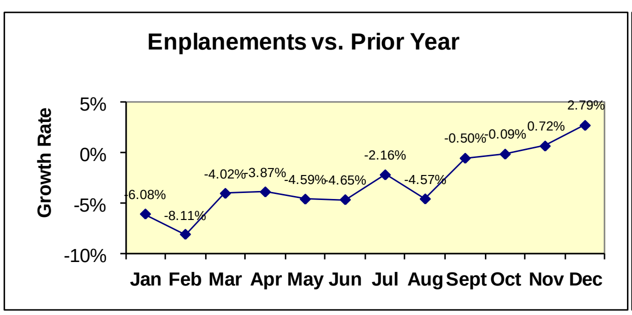
- Aeronautical revenues are down due to lower operating costs and reduced debt service.
- Non-aeronautical revenues declined primarily due to reduced demand for Public Parking and Rental Cars.
- Operating expense was $14.9 million favorable mainly due to the Expense Savings Plan and net savings from the OPEB Medical reversal against HR-10 and Voluntary Separation Program costs.
- Total capital expenditures for 2009 were $191.5 million, or 89.2% of budget.

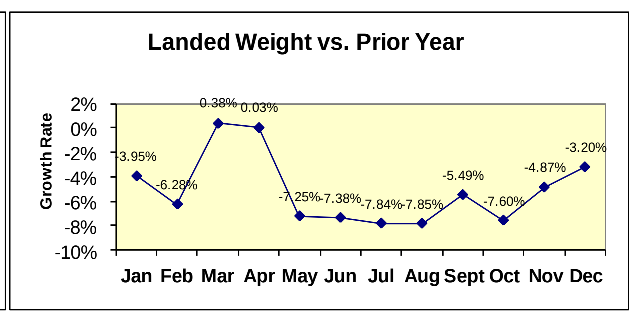
A. BUSINESS EVENTS

- Port secured backup power generating capacity to mitigate risks of flooding due to Howard Hanson Dam failure.
- Lora Lake Apartments were demolished in October.
- Completed 16L/34R reconstruction on time and under budget.
- Concessionaires in Concourses A and D opted for Concession Relief Program.
- Google sponsored free wi-fi from November through January.
- Sound Transit Link Light Rail Station opened in December.

B. KEY INDICATORS

Figures in 000's	2008 Actual	2009 Actual	% Variance
Enplanements	16,085	15,610	-3.0%
Landed Weight	21,519	20,388	-5.3%





- Actual enplanements were 1.2% lower than initially budgeted; however actuals were 4.4% greater than the enplanements forecasted in July.

II. AVIATION DIVISION PERFORMANCE REPORT 12/31/09

Figures in $ 000s	2007 Actual	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var $	Actual/Budget Var %
Non-Aero NOI ($ in 000s)	87,714	86,367	81,101	86,493	(5,392)	-6.2%
Passenger Airline CPE	11.73	11.89	10.91	11.90	1.00	8.4%
Total Operating Cost / Enpl	10.96	12.13	11.18	11.99	0.81	6.8%
Debt Service Coverage	1.51	1.40	1.41	1.51	(0.10)	-6.8%

- CPE came in lower than both the 2009 budget and the 2008 actual, primarily due to operating budget cuts, significantly lower interest rates paid on variable rate debt, and savings from the decision to discontinue medical benefits to Port retirees.

C. OPERATING RESULTS

Division Summary

Figures in $ 000s	2007 Actual	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var $	Actual/Budget Var %
Aeronatical Revenues	195,029	204,361	182,313	202,913	(20,600)	-10.2%
Non-Aeronautical Revenues	143,975	150,528	137,152	148,289	(11,137)	-7.5%
Other Revenues	8,483	3,440	8,359	8,804	(444)	-5.0%
Total Operating Revenues	347,487	358,329	327,825	360,006	(32,181)	-8.9%
Operating Expenses						
Payroll	82,627	89,458	80,804	84,777	3,973	4.7%
Outside Services	28,900	31,928	21,401	23,737	2,336	9.8%
Utilities	12,603	12,636	13,209	13,571	362	2.7%
Other	8,981	13,301	8,174	9,393	1,219	13.0%
Baseline Airport Expenses	133,110	147,323	123,588	131,478	7,890	6.0%
Corporate/Capital Development	24,260	30,031	37,265	41,113	3,848	9.4%
Police	14,253	15,287	14,508	15,743	1,235	7.8%
O&M Expense	171,624	192,641	175,361	188,334	12,973	6.9%
VSP, HR10 & Unemployment	-	-	1,196	-	(1,196)	n/a
OPEB Reversal	-	-	(4,016)	-	4,016	n/a
Environmental Reserve	-	2,542	1,991	1,187	(804)	-67.8%
Total Operating Expenses	171,624	195,183	174,533	189,521	14,988	7.9%
Net Operating Income	175,864	163,146	153,292	170,485	(17,194)	-10.1%
Depreciation Expense	101,118	107,349	117,727	115,605	(2,122)	-1.8%
Non-Operating Rev/(Exp)						
Grants & Donations Revenues	89,692	49,461	70,665	63,276	7,389	11.7%
Passenger Facility Charges	63,114	62,770	61,234	62,525	(1,291)	-2.1%
Customer Facility Charges	22,570	23,534	21,866	24,573	(2,707)	-11.0%
Other Non-operating Rev/(Exp)	(80,848)	(105,378)	(110,236)	(116,013)	(5,776)	5.0%
Total Non-Operating Rev/(Exp)	94,527	30,386	43,529	34,361	9,167	26.7%
Total Revenue Over Expense	169,272	86,183	79,093	89,241	(10,148)	-11.4%

- Operating revenues were $32.18 million unfavorable due to lower revenue requirements for aeronautical cost centers and decline of public parking and rental car transactions.
- Operating expenses were $14.98 million favorable due to savings from OPEB reversals, furlough, delay of expense projects and corporate allocations which offset costs for separation packages, emergency generators and elevator/escalator repairs.
- Grants and Donations revenues were $7.39 million higher than budget due to receipt of unbudgeted TSA grants.

II. AVIATION DIVISION PERFORMANCE REPORT 12/31/09

Aeronautical Business Unit Summary

	2008	2009	2009	Actual/Budget	
Figures in $000s	**Actual**	**Actual**	**Budget**	**Var $**	**Var %**
Revenues requirement:					
Capital Costs	81,535	71,872	80,350	(8,478)	-10.6%
Operating Costs net Non-Aero	131,024	118,482	127,921	(9,439)	-7.4%
Total Costs	212,559	190,355	208,271	(17,917)	-8.6%
FIS Offset	(5,250)	(5,550)	(5,550)	-	0.0%
Other Offsets	(15,686)	(16,141)	(14,052)	(2,090)	14.9%
Net Revenue Requirement	191,623	168,663	188,670	(20,006)	-10.6%
Other Aero Revenues	12,738	13,650	14,244	(594)	-4.2%
Total Aero Revenues	204,361	182,313	202,913	(20,600)	-10.2%
Less: Non-passenger Airline Costs	13,039	12,074	14,867	2,793	18.8%
Net Passenger Airline Costs	191,323	170,240	188,047	(17,807)	-9.5%

	2008	2009	2009	Actual/Budget	
	Actual	**Actual**	**Budget**	**Var $**	**Var %**
Cost Per Enplanement:					
Capital Costs / Enpl	5.07	4.60	5.09	(0.48)	-9.5%
Operating Costs / Enpl	8.15	7.59	8.10	(0.51)	-6.3%
Offsets	(1.30)	(1.39)	(1.24)	(0.15)	12.0%
Other Aero Revenues	0.79	0.87	0.90	(0.03)	-3.0%
Non-passenger Airline Costs	(0.81)	(0.77)	(0.94)	0.17	-17.8%
Passenger Airline CPE	**11.89**	**10.91**	**11.90**	**(1.00)**	**-8.4%**

- Operating costs were lower than budgeted due to savings from Expense Savings Plan in addition to savings from the OPEB medical reversal.
- Capital costs were down compared to budget due to very low interest rates on variable rate debt.

II. AVIATION DIVISION PERFORMANCE REPORT 12/31/09

Non-Aeronautical Business Unit Summary

Figures in $000s	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var $	Actual/Budget Var %
Revenues:					
Public Parking	59,111	49,492	57,377	(7,885)	-13.7%
Rental Cars	35,592	33,321	35,867	(2,547)	-7.1%
Concessions	33,181	33,482	32,821	661	2.0%
Other	22,644	20,858	22,224	(1,366)	-6.1%
Total Revenues	150,528	137,152	148,289	(11,137)	-7.5%
Operating Expense	61,279	55,773	60,539	4,766	7.9%
Share of terminal O&M	16,396	17,016	18,105	1,089	6.0%
Less utility internal billing	(13,515)	(16,738)	(16,848)	(109)	0.6%
Net Operating & Maint	64,160	56,051	61,796	5,745	9.3%
Net Operating Income	86,367	81,101	86,493	(5,392)	-6.2%

	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var $	Actual/Budget Var %
Revenues Per Enplanement					
Parking	3.67	3.17	3.63	(0.46)	-12.7%
Rental Car	2.21	2.13	2.27	(0.14)	-6.0%
Concessions	2.06	2.14	2.08	0.07	3.3%
Other	1.41	1.34	1.41	(0.07)	-5.0%
Total Revenues	9.36	8.79	9.39	(0.60)	-6.4%
Primary Concessions Sales / Enpl	10.29	9.66	10.19	(0.53)	-5.2%

- Public parking revenues continued to decline in Q4 despite increase in enplaned passengers. Transactions were 20% lower than in 2008.
- Rental car revenues came in lower than budgeted due to weak rental car activity (-10% vs. 2008) and the expiration of a contract agreement with rental car concessionaires in Q4, which reduced minimum monthly payments.
- Concessions revenues were slightly higher than budgeted due to unbudgeted personal services revenue and advertising revenue. For Primary Concessions (food and beverage, retail, duty free), there were lower sales per enplaned passenger and lower revenues to the Port.

II. AVIATION DIVISION PERFORMANCE REPORT 12/31/09

D. CAPITAL SPENDING RESULTS

Figures in $ 000s	2009 Actual	2009 Budget	Actual/Budget Var $	Actual/Budget Var %	2009 Plan of Finance
Rental Car Facility	62,605	40,562	(22,043)	-54.3%	119,011
R/W 16L/34R Reconstruction	57,030	71,000	13,970	19.7%	82,715
Third Runway Projects	12,883	17,281	4,398	25.4%	47,027
MT 100% Baggage Screening	8,426	18,000	9,574	53.2%	21,727
FAR Part 150 Mobile Home Parks	6,497	3,640	(2,857)	-78.5%	1,781
Garage Escalator & "A" Elevator Upgrade	2,300	875	(1,425)	-162.9%	1,200
Single Family Home Sound Insulation	573	1,982	1,409	71.1%	627
Aviation Small Jobs	181	2,737	2,556	93.4%	2,000
Concessions Renewal/Replacement	140	1,870	1,730	92.5%	1,969
Alaska Air 2 Step Ticket Counter	30	6,545	6,515	99.5%	6,375
All Other	40,814	50,251	9,437	18.8%	63,770
	191,479	214,743	23,264	10.8%	348,202
FAA Assets transferred to Public Expense	(24,369)				
Net Expenditures	167,110				

- Reduced budgeted spending by $156 million vs. plan of finance budget (45%) for 2009 in order to conserve cash.
- Rental Car Facility restarted after over six months of suspension. Contractor has ramped up activity faster than forecasted since restarting project.
- Runway 16L/34R Reconstruction completed on schedule which resulted in budget savings.
- The purchase of an apartment building in the ATZ is in litigation and slowing expenditures to Third Runway projects.
- Decreased costs for a TSA tenant improvement in Baggage Screening project and reduced scope for work to be performed by PCS.

III. SEAPORT DIVISION PERFORMANCE REPORT 12/31/2009

FINANCIAL SUMMARY

$'s in 000's	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var $	Actual/Budget Var %
Operating Revenue	85,404	89,844	90,131	(287)	0%
Security Grants	850	847	3,955	(3,108)	-79%
Total Operating Revenues	**86,254**	**90,691**	**94,085**	**(3,395)**	**-4%**
Total Operating Expenses	**39,887**	**40,554**	**48,553**	**8,000**	**16%**
Net Operating Income	**46,367**	**50,137**	**45,532**	**4,605**	**10%**
Capital Expenditures	**88,523**	**44,677**	**100,425**	**55,748**	**56%**

- Total Seaport revenues were ($3.4) million unfavorable due to Security Grant projects commencing later than assumed in budget. Operating Revenue was ($.3) million below budget due to an unfavorable variance in Container revenue largely offset by favorable Cruise Revenue.
- Total Operating Expenses were $8.0 million favorable to budget primarily due to the implementation of the 2009 Expense Savings Plan, lower cost of the Terminal 18 maintenance dredge and the Terminal 30 upland dredge disposal projects than budgeted, and lower Security Grant expenses due to projects commencing later than assumed in budget.
- Net Operating Income for 2009 came in at $4.6 million favorable to the 2009 Budget and $3.8 million above 2008 Actual.
- Seaport spent 44% of the 2009 approved capital budget. The reduction in capital spending was primarily the result of deferring the purchase of land for a container support yard and lower spending on the T30/T91 project.

A. BUSINESS EVENTS

- TEU volumes for Seattle Harbor are down 7.0% in 2009 compared to 2008 levels. Total YTD 2009 volume was 1,585K TEU's.
- Consolidated West Coast Port results for 2009 show an overall decrease in TEU volume of 15.0% compared to 2008.

TEU Volume (in 000's)	Annual 2009	Annual 2008	% change
Long Beach	5,068	6,488	-21.9%
Los Angeles	6,749	7,850	-14.0%
Oakland	2,051	2,234	-8.2%
Portland	174	245	-29.0%
Prince Rupert	265	182	45.5%
Seattle	**1,585**	**1,704**	**-7.0%**
Tacoma	1,546	1,861	-16.9%
Vancouver	2,152	2,492	-13.6%
West Coast - Total:	**19,590**	**23,057**	-15.0%

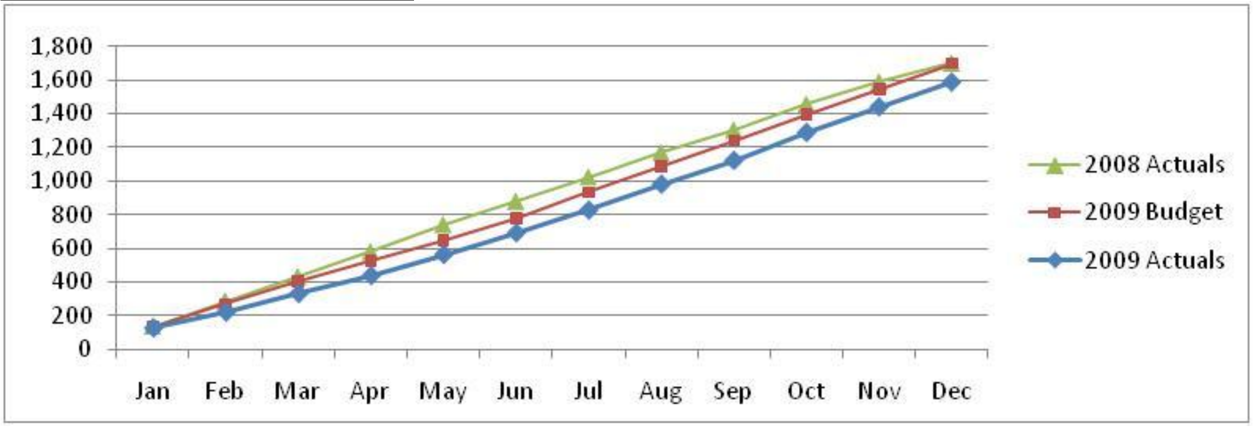
- Grain vessels shipped 5,512K metric tons of grain through Terminal 86 in 2009. Amount represents a 13.9% decrease compared to 2008 record volumes, partially due to temporary closures of the Terminal 86 facility in 2009 for grain spout upgrades. Though lower than 2008 volume, 2009 volume is 10% over 2009 budgeted volume.
- Cruise passenger for the 2009 season exceeded budget in what was projected to be a soft market for the industry, with 218 vessel calls and total revenue counts of 875,433 passengers for the season which ended in October.

III. SEAPORT DIVISION PERFORMANCE REPORT 12/31/2009

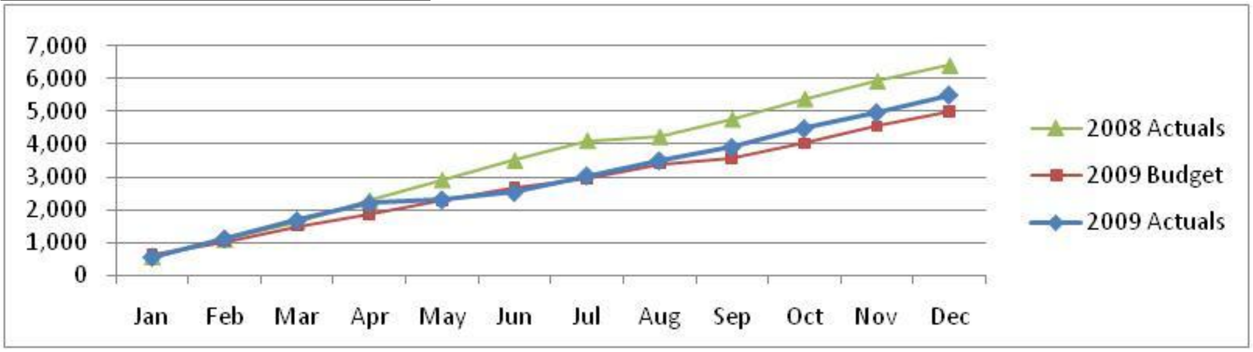
- Reactivation of Terminal 30 to a container terminal was completed on August 3, 2009.
- Customer Support Plan was successfully implemented for container terminals in 2009.
- Smith Cove cruise facility opened on schedule for the 2009 cruise season and successfully completed its first year of operations.
- Transportation Worker Identification Credential (TWIC) guidelines successfully implemented at Terminal 91 and Pier 66 by February 28, 2009 deadline.
- Northwest Ports Clean Air Strategy was implemented. At Berth Clean Fuels Vessel Incentive Program (ABC Program) commenced on January 1, 2009 with 8 shipping lines signing up for the program. Clean Truck program was initiated in November and by year-end 27 older polluting trucks had been scrapped under the program.
- Construction underway for East Marginal Way Grade Separation project with completion scheduled for fall 2011.

B. KEY INDICATORS

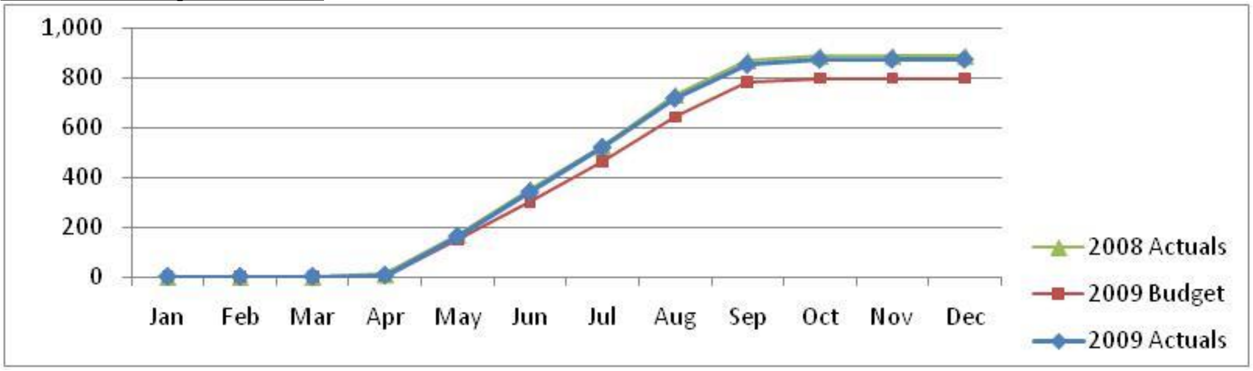
Container Volume – TEU's in 000's



Grain Volume – Metric Tons in 000's



Cruise Passengers in 000's



III. SEAPORT DIVISION PERFORMANCE REPORT 12/31/2009

Net Operating Income By Business

In $ Thousands	2008 Actual	2009 Actual	2009 Budget	2009 Bud Var $	2009 Bud Var %	Change from 2008 $	Change from 2008 %
Containers	33,422	37,247	34,621	2,626	8%	3,825	11%
Container Support Props	1,222	(895)	1,361	(2,256)	-166%	(2,117)	-173%
Cruise	4,709	5,338	3,795	1,543	41%	629	13%
Grain	5,058	4,748	4,068	680	17%	(310)	-6%
Docks/Industrial Props	4,030	5,030	3,675	1,356	37%	1,000	25%
Security	(1,208)	(1,307)	(1,987)	679	34%	(100)	-8%
Envir Grants/Reserve	(866)	(24)	0	(24)	NA	842	-97%
Total Seaport	46,367	50,137	45,532	4,605	10%	3,770	8%

C. OPERATING RESULTS

In $ Thousands	2008 Actual	2009 Actual	2009 Budget	2009 Bud Var $	2009 Bud Var %	Change from 2008 $	Change from 2008 %
Operating Revenue	85,404	89,844	90,131	(287)	0%	4,439	5%
Security Grants	850	847	3,955	(3,108)	-79%	(3)	0%
Total Revenue	**86,254**	**90,691**	**94,085**	**(3,395)**	**-4%**	**4,436**	**5%**
Direct Expenses	22,241	24,329	27,234	2,906	11%	(2,087)	-9%
Security Expense	1,715	1,640	5,431	3,791	70%	75	4%
Environmental Reserve	866	24	0	(24)	NA	842	97%
Divisional Allocations	2,331	2,123	2,378	255	11%	208	9%
Corporate Allocations	12,734	12,438	13,510	1,071	8%	296	2%
Total Expense	**39,887**	**40,554**	**48,553**	**8,000**	**16%**	**(666)**	**-2%**
NOI Before Depreciation	**46,367**	**50,137**	**45,532**	**4,605**	**10%**	**3,770**	**8%**
Depreciation	26,824	28,870	30,903	2,033	7%	(2,046)	-8%
NOI After Depreciation	**19,543**	**21,267**	**14,630**	**6,637**	**45%**	**1,724**	**9%**

Total Seaport revenues were ($3,395K) unfavorable to budget. Key variances are as follows:

Containers and Support Properties - unfavorable ($3,283K).

- Containers ($2,684K) unfavorable. Space Rent revenue ($1,864K) unfavorable primarily due to later lease commencement at Terminal 30 as a result of crane cable trench issue. Crane Rent and Intermodal Lift Revenue favorable $63K primarily due to higher usage of port owned cranes at T18 than budgeted $492K partially offset by Customer Support Plan 25% discount at all terminals on crane tariff ($421K). Operating Grant Revenue ($925K) unfavorable due to lower reimbursement from King County for Terminal 30 upland disposal of dredge materials due to lower project costs than anticipated in the budget ($425K), and due to RFID grant activities that were budgeted did not to take place in 2009 ($500K).
- Support Properties ($600K) unfavorable due to termination of lease at Terminal 104.

Cruise and Industrial Properties - favorable $2,950K.

- Cruise $1,492K favorable primarily due to higher than anticipated passenger volumes $1,105K including sailings rerouted from West Coast/Mexico itineraries earlier in the year, as well as Savings Rent from 2009 $365K.
- Bulk Terminals $516K favorable due to grain volume exceeding Budget by 10%.

III. SEAPORT DIVISION PERFORMANCE REPORT 12/31/2009

- Dock Operations $833K favorable due to higher than anticipated Space Rent $169K due to classification of lease revenue from Olympic Tug & Barge as Dockage and Wharfage in the 2009 budget and higher than anticipated Utility Revenue $269K. Dockage, Wharfage & Berthage revenue was also favorable $149K primarily due to higher than anticipated revenue from preferential use customers.
- Industrial Properties $108K favorable due to higher than expected Carnitech percentage rent $77K and space rent $88K.

Security - unfavorable ($3,108K).

- Security Grants unfavorable ($3,108K) due to Rounds 6 and 7 grant activities commencing later than planned. Amount more than offset by corresponding favorable expense variance.

Expenses were $8,000K favorable to budget. Key variances:

- Security favorable $3,791K primarily due to Round 6 and 7 grant activities commencing later than planned. Amount is partially offset by corresponding unfavorable revenue variance above.
- Outside Services favorable $3,634K largely due to lower than budgeted cost of outside services for the Terminal 30 upland dredge disposal project $984K and Terminal 18 maintenance dredge project $843K, the decision not to proceed with the RFID grant project $578K, and certain project items that were eliminated or reduced in the 2009 Expense Savings Plan $550K.
- Seaport Capital to Expense unfavorable ($1,322K) due to expensing of design costs associated with the Terminal 25 South Container Yard project and the expensing of costs for work done to date on the Pier 24 habitat project.
- Miscellaneous Expense favorable $931K due to expenses reduced in the 2009 Expense Savings Plan $200K, difference in account classification of expense components of T30/T91 project $525K, and Seaport Expense Contingency favorable $300K.
- Vehicle Operating Expense favorable $520K due to classification of the cost of the ABC Fuel's program as a non-operating Public Expense $500K.
- Bad Debt Expense unfavorable ($201K) due to default of tenant at Terminal 104.
- Utilities unfavorable ($448K) partially offset by higher utility related revenue with balance resulting from higher electricity expense at Terminal 91.
- Travel, Promotional Hosting and Advertising favorable $476K due to reductions associated with the 2009 Expense Savings Plan.
- Corporate costs, direct and allocated, favorable $1,000K due to favorable variances in Economic Trade and Development, Police, Public Affairs, Accounting, Human Resources, Social Responsibility, and Insurance. Amounts were partially offset by unfavorable variance related to accruals resulting from the upcoming closure of the Japan foreign office.
- All other variances netted to an unfavorable ($381K) or less than 1% of total expenses budgeted.

NOI Before Depreciation was $4,605K favorable to budget.

- Depreciation was $2,033K favorable to budget due to 3 month delay of in-service date for Terminal 30 container facility, elimination of prior period depreciation associated with the T103 dock asset, and the later than expected timing of granted funded security capital projects.

NOI After Depreciation was $6,637K favorable to budget.

CHANGE FROM 2008 ACTUAL

NOI Before Depreciation increased by $3,770K from 2008 due to increase in Container and Cruise revenue partially offset by higher direct operating expenses. The increase in Container revenue was the result of the new lease at Terminal 30 commencing on August 3rd, higher usage of Port owned cranes at Terminal 18, the accounting recognition of the 2008 increase in the Eagle Rate for Terminal 5 (required to be recognized on a straight-line basis over 5 years) and the reimbursement from King County for the Terminal 30 upland dredge disposal. The Cruise revenue increase primarily reflected fees collected in connection with the new Terminal 91 gangway. Higher direct operating expenses were due to the expensing of former capital projects relating to T25 South, the incentive payment associated with the Long Term Cruise Agreement, and due to significant expense projects in 2009 such as the T30 upland dredge disposal and T18 Maintenance dredge projects.

III. SEAPORT DIVISION PERFORMANCE REPORT 12/31/2009

D. CAPITAL SPENDING RESULTS

SEAPORT DIVISION	2009 Actual	2009 Approved Budget	Variance Acts to Budget	Acts as a % of Budget	2009 Plan of Finance
Container Support Yard	0	28,900	28,900	0%	28,900
Terminal 30/91 Program	28,372	35,774	7,402	79%	46,445
Security	4,131	7,871	3,740	52%	4,000
Terminal 10	435	4,091	3,656	11%	2,800
Green Port Initiative	0	2,800	2,800	0%	5,800
All Other	11,739	20,989	9,250	56%	38,740
Total Seaport	44,677	100,425	55,748	44%	126,685

Comments on Key Projects:
Seaport spent 44% of the 2009 approved capital budget.

Projects with significant changes in spending were:

- Container Support Yard – Acquisition of land for a container support yard was deferred due to economic conditions.
- Terminal 30/91 Program – Spending was lower due to favorable resolution of potential risks at the Terminal 91 facility which resulted in not using authorized contingencies including amounts set aside for potential building foundation issues.
- Security – Due to delay in approvals from FEMA, spending was moved out to 2010.
- Terminal 10 – Modification of project scope pushed out the timing of the project.
- Green Port Initiative – After performing a financial evaluation, plans to develop Port owned decant stations were put on an indefinite hold.

Changes between the 2009 Plan of Finance and the 2009 Approved Budget represent modifications in 2009 spending estimates made after determination of 2008 actual spending.

IV. REAL ESTATE DIVISION PERFORMANCE REPORT 12/31/2009

FINANCIAL SUMMARY

In $ Thousands	2008 Actual	2009 Actual	2009 Budget	2009 Actual /Budget Var $	Var %
Operating Revenue	34,797	30,132	30,961	(830)	-3%
Total Operating Revenue	**34,797**	**30,132**	**30,961**	**(830)**	**-3%**
Total Operating Expense	**38,195**	**29,572**	**34,266**	**4,694**	**14%**
NOI Before Depreciation	**(3,398)**	**560**	**(3,304)**	**3,864**	**117%**
Capital Expenditures	**21,196**	**74,039**	**105,165**	**31,126**	**30%**

- Total Real Estate Division revenues came in at $.8 million unfavorable to Budget due to higher vacancies than budgeted at commercial properties and Shilshole Bay Marina and lower activity than budgeted at the World Trade Center Club and at Bell Harbor International Conference Center.
- Total Operating Expenses were $4.7 million favorable for the year primarily due to cost savings and lower activity at the World Trade Center Club and Bell Harbor International Conference Center and due to expense savings and project deferrals related to the 2009 Expense "Deferral" Plan.
- Net Operating Income for 2009 came in at $3.9 million favorable to the 2009 Budget and $4.0 million above 2008 Actual. 2008 Actuals included the write-off of costs associated with the North Bay project which were partially offset by higher activity at Bell Harbor International Conference Center and higher occupancies for leased properties.
- Capital spending for 2009 came in $74 million or 70% of the Approved Annual Budget amount of $105.2 million. The most significant capital outlay for the year was the completion of the acquisition of the Eastside Rail Corridor.

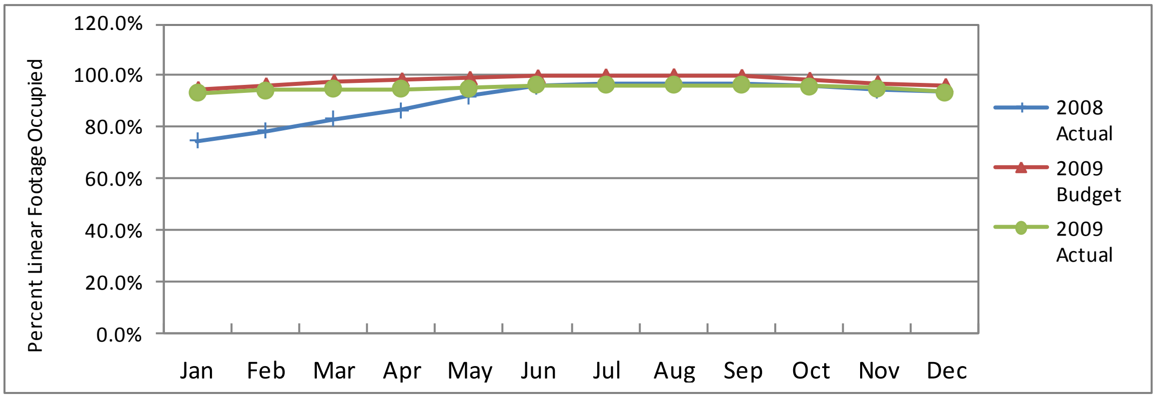
A. BUSINESS EVENTS

- At year-end occupancy levels at Commercial Properties were at 93% which was above comparable statistics for the local market.
- Recreational marina average occupancy was at 94% for the year which was below the target of 97%.
- Implemented requirement for vessel liability insurance at all recreational boating facilities.
- Completed acquisition of Eastside Rail Corridor and began property management operations for the asset.
- Initiated first phase of outreach for Fishermen's Terminal 20-Year Plan.
- Project team for the Fishermen's Terminal South Wall Replacement developed an alternative approach to the project which will potentially save the Port time and expense and potentially reduce the negative impact on the adjacent tenant.
- Port entered into a new 3rd party management agreement with GVA Kidder Matthews commencing on January 1st, 2010 for the property management of the World Trade Center West building.
- The Maritime Event Center was added as an event center to the Bell Harbor Conference Center.
- Maintenance
    - Filled 3 service manager vacancies resulting from the 2009 Volunteer Separation Program.
    - Initiated hiring for 2010 positions to undertake 4-year deferred maintenance backlog initiative.

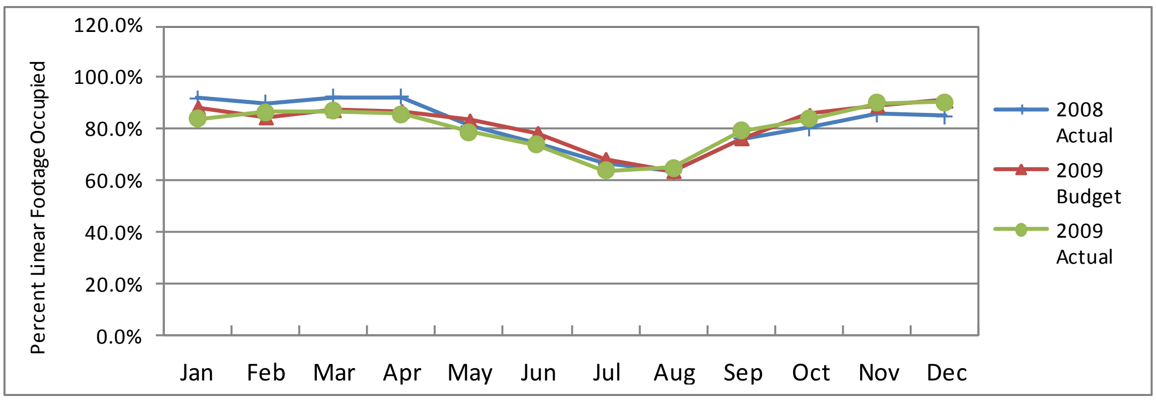
IV. REAL ESTATE DIVISION PERFORMANCE REPORT 12/31/2009

B. KEY INDICATORS

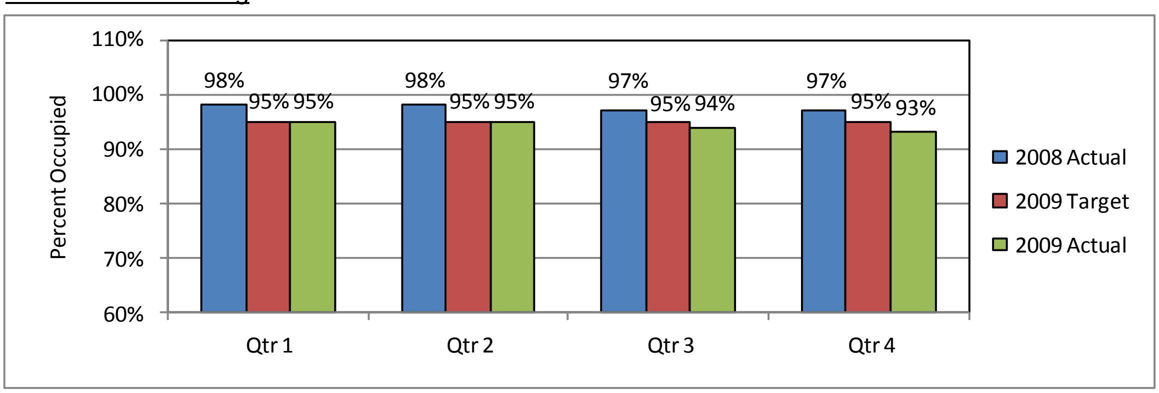
Shilshole Bay Marina Occupancy



Fishermen's Terminal Moorage Occupancy



Commercial Building



Net Operating Income Before Depreciation By Business through 12/31/2009

In $ Thousands	2008 Actual	2009 Actual	2009 Budget	2009 Bud Var $	2009 Bud Var %	Change from 2008 $	Change from 2008 %
Recreational Boating	1,864	2,051	1,719	332	19%	187	10%
Fishing & Commercial	(1,561)	(1,754)	(2,497)	743	30%	(194)	-12%
Commercial & Third Party	3,235	660	(1,493)	2,153	144%	(2,575)	-80%
Eastside Rail	0	(79)	(515)	436	85%	(79)	NA
RE Development & Plan	(6,984)	(318)	(518)	200	39%	6,667	-95%
Environmental Reserve	48	(0)	0	(0)	NA	(48)	-100%
Total Real Estate	(3,398)	560	(3,304)	3,864	117%	3,958	-116%

IV. REAL ESTATE DIVISION PERFORMANCE REPORT 12/31/2009

C. OPERATING RESULTS

	2008	2009		2009 Bud Var		Change from 2008	
In $ Thousands	**Actual**	**Actual**	**Budget**	**$**	**%**	**$**	**%**
Operating Revenue	34,797	30,132	30,961	(830)	-3%	(4,666)	-13%
Total Revenue	**34,797**	**30,132**	**30,961**	**(830)**	**-3%**	**(4,666)**	**-13%**
Direct Expenses	36,402	27,525	31,821	4,296	14%	8,878	24%
Environmental Reserve	(48)	0	0	(0)	NA	(48)	100%
Divisional Allocations	(3,413)	(3,200)	(3,515)	(315)	-9%	(213)	6%
Corporate Allocations	5,253	5,248	5,960	712	12%	5	0%
Total Expense	**38,195**	**29,572**	**34,266**	**4,694**	**14%**	**8,623**	**23%**
NOI Before Depreciation	**(3,398)**	**560**	**(3,304)**	**3,864**	**117%**	**3,958**	**116%**
Depreciation	10,033	9,949	10,528	579	5%	84	1%
NOI After Depreciation	**(13,431)**	**(9,389)**	**(13,832)**	**4,443**	**32%**	**4,042**	**30%**

Total Real Estate revenues were ($830K) unfavorable to budget. Key variances are as follows:
Harbor Services: unfavorable ($158K)
- Recreational Boating unfavorable ($178K) primarily due to higher than budgeted vacancy at SBM.
- Fishing and Commercial favorable $20K due to reclassification of vessel hook-up fees from contra-expense to a revenue account.

Portfolio Management: unfavorable ($761K)
- Commercial Properties unfavorable ($183K) due to tenants vacating their premises at Pier 2 and Tsubota, lower than anticipated concession rent at Pier 66 Bell Street and lower than budgeted utility revenue from the Maritime Industrial Center. Unfavorable variances were partially offset by above budget occupancy at T-102.
- Third Party Managed Properties unfavorable ($578K) due to fewer memberships and lower activity at the World Trade Center Club ($273K), lower activity at Bell Harbor International Conference Center ($118K) and Bell Street Garage ($12K), and higher vacancy at World Trade Center West ($176K).

Eastside Rail Corridor: unfavorable ($150K)
- Eastside Rail Corridor unfavorable ($150K) due to revenue expectations in the 2009 Budget based on the assumption of acquiring the property prior to 2009.

RE Development and Planning: favorable $240K
- Terminal 91 General Industrial favorable $240K due to two tenants not anticipated to remain at T91 in the budget that continued to occupy on a month to month basis (First Student $204K and MT Housing $112K). The positive variance is partially offset by lower than anticipated utility revenue ($37K).

Expenses were $4,694K favorable to budget. Key variances:
- Third Party Management Expense favorable $1,118K due to cost savings and lower activity at Bell Harbor International Conference Center and at the World Trade Center Club.
- Outside Services (excluding Maintenance, Corporate and Capital Development) favorable $1,226K due to a delay in closing the Eastside Rail Corridor, delayed timing of Environmental Service expenses, and unused broker fees and tenant improvement allowances.
- Maintenance expenses favorable $459K primarily due to work deferred into 2010 and more work charged to capital than budgeted.
- Capital Development costs direct and allocated favorable $525K primarily due to the cancellation/deferral of projects in connection with the 2009 Expense "Deferral" Plan.
- Corporate costs direct and allocated favorable $1,043K primarily due to favorable variances in Information Technology $663K, Public Affairs $84K, Accounting $82K, Police $81K and Economic Trade and Development $75K.
- All other variances netted to a favorable $323K or approximately 1% of Total Expenses Budgeted.

IV. REAL ESTATE DIVISION PERFORMANCE REPORT 12/31/2009

NOI Before Depreciation was $3,864K favorable to Budget.

- Depreciation was $579K favorable primarily due to overstatement of Harbor Service's Depreciation in the Budget.

NOI After Depreciation was $4,443K favorable to Budget.

CHANGE FROM 2008 ACTUAL

Net Operating Income Before Depreciation increased by $3,958K between 2008 and 2009. Operating Revenue decreased by $4,666K due to lower activity at Bell Harbor International Conference Center and the Bell Street Garage, partially offset by higher revenues at Shilshole Bay Marina due to construction completion. Expenses decreased by $8,623K in 2009 primarily due to the expensing in 2008 of capitalized costs associated with the North Bay development project $7,224K and less activity at Bell Harbor International Conference Center. These favorable variances were partially offset by higher expenses at Shilshole Bay Marina related to higher occupancy.

D. CAPITAL SPENDING RESULTS (IN THOUSANDS $)

REAL ESTATE DIVISION	2009 Actual	2009 Approved Budget	Variance Acts to Budget	Acts as a % of Budget	2009 Plan of Finance
Eastside Rail Corridor	72,141	96,302	24,161	75%	106,955
Small Projects	384	1,753	1,369	22%	1,665
RE Division Green Initiative	0	1,000	1,000	0%	1,000
Pier 69 North Apron Piling Cathodic	0	1,000	1,000	0%	1,060
Tenant Improvements - Capital	0	900	900	0%	800
All Other	1,514	4,210	2,696	36%	4,809
Total Real Estate	74,039	105,165	31,126	70%	116,289

Comments on Key Projects:

Real Estate spent 70% of the 2009 approved capital budget.

Projects with significant changes in spending were:

- Eastside Rail Corridor – The acquisition of the Eastside Rail Corridor closed in December at a cost of approximately $81 million (outlays in 2008 and 2009). In the future, several local agencies will acquire an interest in the rail corridor. Negotiations determining each partner's investment in the property will begin in the coming months.
- Small Projects – Workload issues due to insufficient staffing pushed the start of some projects into the later part of 2009 with completion in 2010 or entirely into 2010.
- Green Port Initiative – Construction of a stormwater improvement project now expected to take place in 2010.
- Pier 69 North Apron Piling Cathodic System – Project moved back until 2010.
- Tenant Improvements Capital – Few projects than forecasted for 2009.

Changes between the 2009 Plan of Finance and the 2009 Approved Budget represent modifications in 2009 spending estimates made after determination of 2008 actual spending.

V. CAPITAL DEVELOPMENT DIVISION PERFORMANCE REPORT 12/31/09

A. BUSINESS EVENTS

- Emergency Backup Power for Airport implemented (start to finish) in the fourth quarter. A great team effort to accomplish a project of this size and complexity in a fraction of the normal time.
- Sound Transit pedestrian bridge & garage walkway completed in time for December 19 opening of light rail service to airport.
- Personnel – Multiple project managers & two of the three senior managers of AVPMG left the Port under the VSP, the other senior manager also left in the fourth quarter to take a new job outside the port. Wayne Grotheer is the new Director of the PMG as of the end of 2009.
- East Marginal Way Grade Separation – Relocation of the Seattle City Light transmission system was completed in mid-2009. A successful application for federal stimulus funding through the American Recovery and Reinvestment Act (ARRA) resulted in a three million dollar increase in project funding. Several construction bids were received which were well within budget and a construction contract between the Port of Seattle and low bidder Mowat Construction was signed in October, 2009. Construction has started and completion is scheduled for September 1, 2011.
- PCS continued to research options for relocating the PCS offices to the Airport in 2010.
- Drafted CPO-4, *Guidelines for Using Small Works Contracts on Projects*, CPO-5, *Procedures for Procurement of Goods and Services*, and CPO-6, *Procedures for Competition Waivers*. Implemented waivers in January 2010.

B. KEY INDICATORS

- Construction Soft Costs: Limit construction soft costs (design, construction management, project management, environmental documentation) to no more than 25% of total capital improvement costs.
  - 2009 Combined AVPMG & SPMG: 18.9%
  - AVPMG: 18.1% of total project costs
  - SPMG: 21.5% of total project costs
  - PCS:18.6% in allocated OH, 19% in Construction Support Svcs = 37.6% (CDD metric currently under review and planned to be revised upward)
- Cost Growth During Construction: Limit average mandatory change cost growth to 4% of construction contract award. Limit average discretionary change cost growth to 4% of construction contract award.
  - Total Projects: 22
  - Discretionary Change: 6.5%
  - Non-Discretionary Change:7.6%
- Schedule: Limit time growth from initial Commission project authorization to substantially complete to no more than 10% of originally allotted duration.
  - 0 – 10%: 12 of 22 (54.5%)
  - 11-20%: 4 of 22 (18.1%)
  - 20% or more: 6 of 22 (27.2%)
- Small Business Participation:
  - 35% of PCS contracts and purchases: 23.3%
  - 8% of Major Construction contracts: 8.5%
- Customer Score Card: Average 30 out of a possible 35 points on project customer feedback scorecard.
  - No data
- Environmental: Incorporate Executive Policy and Procedure 15 (Sustainable Asset Management) and/or LEED process in every project initiated in 2009.
  - In development

V. CAPITAL DEVELOPMENT DIVISION PERFORMANCE REPORT 12/31/09

- Safety:
  - Score an average of 90 out of a possible 100 points on CDD organizational Safety Program Evaluations.
    - AVPMG: 63.5% (started mid-year)
    - SPMG:96.3%
    - PCS: 96.1%
    - ENG: 97%
    - CPO: in progress
  - Limit annual contractor workplace injury rate to 6 recordable accidents and 2 time lost accidents.
    - Total Recordable Incident Rate (TRIR) = 1.8 (Rate not the # of accidents)
    - Lost-Time Incident Rate (LTIR) = .4
  - Performance Review timeliness: Complete and submit 98% of performance reviews within 4 weeks of review date.
    - 30 days or less: 69.3%
    - 31 – 60 days: 7.3% (total of 76.6% within HR's 60-day timeliness requirement)
    - Beyond 60 days: 23.4%

C. OPERATING RESULTS

Capital Development Division (In $ Thousands)	2008 Actual	2009 Actual	Budget	2009 Bud Variance $	%
Total Revenues	**7**	**-**	**-**	**-**	**0.00%**
Total Before Charges to Capital Projects	**30,437**	**29,142**	**34,597**	**5,456**	**15.80%**
Total Charges to Capital Projects	(24,151)	(21,361)	(27,587)	(6,226)	22.60%
Total Operating Expenses	**6,286**	**7,781**	**7,010**	**(770)**	**-11.00%**
Capital Development Division Admin	93	340	554	215	38.70%
Engineering	1,253	934	1,351	418	30.90%
Port Construction Services	1,965	3,004	1,449	(1,554)	107.20%
Central Procurement Office	1,313	1,672	1,494	(178)	-11.90%
Aviation Project Management Group	861	1,001	761	(239)	-31.50%
Seaport Project Management Group	799	831	1,400	569	40.70%
Total Operating Expenses	**6,286**	**7,781**	**7,010**	**(770)**	**-11.00%**

Summary of Budget Variances:

- Unfilled positions and furloughs reduced salary & benefit expenses
- Use of in-house resources reduced consultant expenses
- Reduced capital work and increased expense work
  - Capital project labor below budget
  - Capital overhead allocation below budget
  - Expense overhead allocation over budget
- PCS: $1,469K unbudgeted expense work
  - Central Terminal Grease Duct Repairs ($228K)
  - P-91 Cruise Fender Replacement ($246K)
  - Emergency Generator ($683K)

VI. CORPORATE PROF. & TECHNICAL SERVICES PERFORMANCE REPORT 12/31/09

A. BUSINESS EVENTS

- Completed Commission review of four citizen panel recommendations and adoption of guiding principles and initiated broader strategic planning process.
- Closed the Eastside Rail Corridor Acquisition.
- Provided the required mid-year status report to SAO.
- Explored and implemented appropriate enterprise risk management philosophy.
- Launched a new advertising campaign in February, “Explore Before You Fly,” featuring photos of real-life airport concessions staff members. The ad program includes radio and print exposure, airport signage, as well as special event / promotional programs.
- Worked cooperatively with Sound Transit staff to plan and manage the grand opening of the SeaTac/Airport new light rail station and documented pedestrian bridge on Web site and video.
- Instituted the 2009 Emergency Furlough Program and significantly reduced spending in travel and other accounts.
- Implemented the Voluntary Separation Program (VSP) and HR-10 Programs.
- Used the new Learning Management System to create mandated policy review as required curriculum and to track employee compliance.
- Delivered 29 ICT capital projects that include major improvements in infrastructure and applications. ICT also delivered numerous smaller projects that improved operations, cost effectiveness, and employee productivity. This included Infrastructure enhancements and upgrades needed to increase availability and reliability, reduce space and energy consumption, and support continued rapid growth in demand. Key 2009 projects include:
    - Human Capital Management
    - Common Use Equipment Replacement (CUSE)
    - Internet Protocol Telephony (IPTEL)
    - SeaPort Video Surveillance
    - Marine Domain Awareness (MDA)
    - Airport Inspections Enhancement
    - ePayables
    - Noise Program GIS
    - Contract Database Website
    - Check Printing System
- Implemented the Concur expense system “Cognos,” a new and enhanced Port-wide web-based online travel, corporate credit card and expense reimbursement system, which replaced the EAGLS system.
- Implemented the modified Zero-Base Budgeting process for 2010 budget.
- Filed the 2010 statutory budget with King County Council and King County Assessor’s Office in December within prescribed deadline as required by law.
- Completed banking services procurement and successful implementation of new banking platform.
- Completed issuance of $317 million First Lien Revenue Bonds and $100 million Subordinate Lien bank line of credit to fund rental car facility.

B. KEY INDICATORS

- The cost of the Risk Program as measured per $1000 or revenue decreased from $14.48 in 2008 to $10.45 in 2009. This was a 28% decrease. This is the lowest aggregate cost of risk the Port has had since this metric has been kept (1996).
- The vehicle incident rate of the Port’s Driver Program based on hours worked is at 7.55 compared to the 9.59 rate recorded for 2008.
- 98% employee completion rate of the wellness rewards program.
- 93% of annual safety training requirements completed by the end of the 4rd quarter.
- Achieved the lowest injury rate on record of 5.9 in 2009. (This means for every 100 workers, 5.9 employees were injured, down from 7.05 in 2008.)

VI. CORPORATE PROF. & TECHNICAL SERVICES PERFORMANCE REPORT 12/31/09

- Reduced lost work day case rate from 2.40 in 2008 to 2.10 in 2009.
- Injury cost per worker (including reserves and pensions) hour also decreased slightly from $1.19 per worker hour in 2008 to $1.17 in 2009.
- Nearly 1,500 viewers visited and flipped through the pages of the Port's first exclusively online Annual Report, representing 16 different countries.
- About 14,400 individual contacts subscribed on our e-mail newsletter & bulletin program.
- Port intranet site averages more than 6,281 site requests per workday, up by about 5% over previous period, and reaches 1,567 distinct users per month – nearly the entire Port staff.
- Port public Web site received 2.3 million visits over the past year, down about 11.58% from the previous period, with 8,664,127 page views in 2009 compared to 9,784,121 in 2008.
- 149 speaking engagements in 2009.
- 45 delegation visits and tours in 2009.
- Nearly 300 guests attended the four Port 101s: Airport, Duwamish River, Cruise and Cargo in September and October.
- Managed 15 delegation visits and tours. High level delegations included the National Development and Reform Commission from China in partnership with the US-China Clean Energy Forum and the World Customs Forum with delegates from 12 different countries.
- Sea-Air School 2009 Seaport and 2008-2009 Airport Programs – reached 5969 students, teachers and parents. Participants came from 28 cities and 73 schools.
- Sea-Air School Seaport Program Trade Classes – volunteer Port staff teachers taught 20 classes with 1770 students, teachers and parents attending, an average of 88.5 participants per class.
- Completed approximately 60 individual job evaluations and 4 refresh projects.
- Supported 10 labor agreements including Local 117 Police Officers, Sergeants, Captains/Lieutenants, ID Access, Police Specialists, and Bus Drivers/Cashiers; Local 9 Ground Transportation Controllers, Local 286 Operating Engineers and Building Trades.
- Opened 170 employment requisitions and processed 5,268 applications.
- Participated in 542 interviews and 41 oral boards.
- 1,503 employees completed the "Workplace Responsibility" policy review curriculum.
- 69 new employees were offered Portwide New Employee Orientation.
- 29 employees completed the REALeadership program.
- Closed 29 ICT projects in 2009. Three of the 29 projects were over budget, but overall, the projects completed were 4% under budget.
- Deployed 1,063 laptops – about 15% higher than 2008.
- Handled 31,000 Service Desk tickets in 2009 – a decline of 10% due to transferring some dispatch calls to Aviation in the spring of 2008.
- Received the "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association (GFOA) of the United States and Canada.
- Received the "Distinguished Budget Presentation" from the Government Finance Officers Association (GFOA) of the United States and Canada.
- Investment portfolio successfully managed within policy limitations-3rd Quarter.
- Completed 10 lease and concessions internal audits for compliance with the terms and conditions of the agreements for Aviation division.
- Completed 3 third-party agreements and leases internal audits for Real Estate division.
- Completed 5 lease compliance and departmental operations internal audits for Seaport division
- Completed 5 Corporate department operational internal audits, issuing a number of recommendations to help management enhance department operational and controls.
- Achieved inclusion of SR 509 and other freight capacity projects in the Transportation 2040 Preferred Alternative.
- Received 61,809 calls for Police service.
- Made 684 arrests with no warrant and 778 arrests with warrant.

VI. CORPORATE PROF. & TECHNICAL SERVICES PERFORMANCE REPORT 12/31/09

C. OPERATING RESULTS

In $ Thousands	2008 YTD Actual	2009 YTD Actual	2009 YTD Budget	2009 Bud Var. $	2009 Bud Var. %
Total Revenues	1,727	315	1,470	(1,155)	-78.6%
Executive	1,599	1,551	1,540	(11)	-0.7%
Commission	899	750	867	117	13.5%
Legal	3,012	2,702	2,703	1	0.0%
Risk Services	2,768	2,526	2,861	336	11.7%
Health & Safety Services	996	913	985	72	7.3%
Public Affairs	4,356	3,321	4,270	949	22.2%
External Affairs	1,097	1,190	1,347	157	11.7%
Economic & Trade Development	1,645	1,441	2,099	658	31.3%
Human Resources & Development	3,973	3,913	4,165	252	6.0%
Labor Relations	677	542	731	190	25.9%
Information & Communications Technology	14,577	17,505	19,658	2,153	11.0%
Finance & Budget	1,667	1,635	1,719	83	4.8%
Accounting & Financial Reporting Services	5,863	5,836	6,541	705	10.8%
Internal Audit	734	978	1,211	234	19.3%
Office of Social Responsibility	1,246	1,300	1,647	346	21.0%
Regional Transportation	402	407	498	91	18.3%
Police	19,484	18,409	19,979	1,570	7.9%
Contingency	4,200	420	750	330	43.9%
Total Expenses	69,196	65,340	73,572	8,232	11.2%

Corporate revenues were $1.2 million unfavorable compared to the approved budget due to the reclassification of several grant accounts in the amount of $1.5 million from operating revenues to non-operating revenues.

Corporate expense performance for the year-ended 2009 was $65.3 million, $8.2 million or 11.2% favorable compared to the approved budget and $3.9 million or 5.6% lower than 2008. This favorable variance was primarily due to the implementation of the 2009 Expense Savings Plan and policy change to eliminate the subsidy of retiree medical benefits; however, excluding HR-10, VSP and OPEB Medical Liability expenses, the variance would have been even higher, $8.5M or 11.5% favorable instead.

All Corporate departments were under budget in 2009, with the exception of Executive Office, which was $11 thousand over due to the unbudgeted VSP costs.

D. CAPITAL SPENDING RESULTS

		(In $ Thousands)
Annual Results:		
2009 Plan of Finance	$	12,808
2009 Approved Budget	$	15,864
2009 Actuals	$	7,712
Variance (Budget vs Actuals)	$	8,152