

# 2009 Financial Performance

Port of Seattle

March 9, 2010

# Key Budget Reduction Efforts Recap

- Implemented a \$16M Budget Savings Plan in the first half of 2009
  - Two weeks of furlough
  - Reduction on travel, training, and other expenses
- Implemented other budget reduction measures in the second half of 2009
  - Voluntary Separation Program (VSP)
  - Layoff
  - Change of retirees medical plan

# Operating Income Summary

(\$ in thousands)	2008	2009	2009	2009 Bud vs. Fcst	
	Actual	Actual	Budget	Var \$	Var %
<b>Operating Revenues</b>	488,996	448,960	486,367	(37,407)	-7.7%
<b>Operating Expenses</b>	<u>280,278</u>	<u>245,599</u>	<u>277,862</u>	<u>32,263</u>	<u>11.6%</u>
<b>Income before Depreciation</b>	208,719	203,361	208,506	(5,145)	-2.5%
<b>Depreciation</b>	<u>144,208</u>	<u>156,548</u>	<u>157,036</u>	<u>488</u>	<u>0.3%</u>
<b>Income after Depreciation</b>	<u><u>64,510</u></u>	<u><u>46,813</u></u>	<u><u>51,470</u></u>	<u><u>(4,657)</u></u>	<u><u>-9.0%</u></u>

# Baseline Revenues & Expenses Summary

(\$ in thousands)	2008 Actual	2009 Actual	2009 Budget	Budget Var \$	Budget Var %
<b>Operating Revenues</b>	<b>488,996</b>	<b>448,960</b>	<b>486,367</b>	<b>(37,407)</b>	<b>-7.7%</b>
Less: Aeronautical Revenues	204,361	182,314	202,913	(20,599)	-10.2%
<b>Operating Revenues w/o Aero</b>	<b>284,635</b>	<b>266,646</b>	<b>283,454</b>	<b>(16,808)</b>	<b>-5.9%</b>
<b>Operating Expenses</b>	<b>280,278</b>	<b>245,599</b>	<b>277,862</b>	<b>32,263</b>	<b>11.6%</b>
Less: VSP, HR10 & Unemployment Costs	276	4,835	190	(\$4,645)	-2444.8%
Less: OPEB Medical	2,831	(4,797)	2,963	\$7,760	261.9%
<b>Baseline Operating Expenses</b>	<b>277,171</b>	<b>245,561</b>	<b>274,708</b>	<b>29,147</b>	<b>10.6%</b>

# Accounts Reclassification Summary

- Grants & Donations
  - Operating Grants
  - Non-Capital Grants & Donations
  - Original Grants & Donations reclassified as Capital Contributions (and moved below the non-op accounts)
- Environmental Reserve
  - Operating
  - Non-Operating

# Accounts Reclassification Summary

	Before			After		
	2008 Actual	2009 Actual	2009 Budget	2008 Actual	2009 Actual	2009 Budget
(\$ in thousands)						
<b>Operating</b>						
Operating Grants	12,140	10,198	7,211	1,667	2,965	4,455
Environmental Reserve	(8,889)	(16,815)	(5,687)	(3,230)	(2,139)	(1,287)
<b>Non-Ops</b>						
Non-Capital Grants & Donations	-	-	-	10,473	7,233	2,756
Non-Op Environmental Grants & Donations	-	-	-	(5,659)	(14,676)	(4,400)
Capital Contributions	52,436	73,122	71,276	-	-	-
	-	-	-	52,436	73,122	71,276

# Non-Ops Income Summary (Reclassified)

(\$ in millions)	2008 Actual	2009 Actual	2009 Budget	Budget Variance
Ad Valorem Tax Revenue	75.7	75.6	75.9	(0.3)
Passenger Facility Charges	60.7	59.7	60.2	(0.5)
Customer Facility Charges	22.9	21.9	24.6	(2.7)
Non Capital Grants & Donations	10.5	7.2	2.8	4.5
Interest Income	39.0	17.3	25.4	(8.1)
Revenue Bond Interest Expense	(105.5)	(120.6)	(131.8)	11.2
Passenger Facility Rev Bond Interest	(11.4)	(11.0)	(11.0)	0.0
GO Bond Interest Expense	(17.1)	(15.8)	(29.2)	13.4
Public Expense	(27.5)	(20.2)	(24.1)	3.8
Other Non-Op Expense	(3.9)	(10.5)	(2.2)	(8.2)
Non-Op Environmental Expense	(5.7)	(14.7)	(4.4)	(10.3)
<b>Net Non-Op</b>	<b>37.8</b>	<b>(11.1)</b>	<b>(13.9)</b>	<b>2.8</b>
Capital Contributions	52.4	73.1	71.3	1.8
<b>Total</b>	<b>90.2</b>	<b>62.0</b>	<b>57.4</b>	<b>4.6</b>

# Total Income Summary (Reclassified)

<b>(\$ in millions)</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2009 Budget</b>	<b>2009 Bud vs. Act Var \$</b>	<b>Var %</b>
<b>Operating Revenues</b>	<b>478.5</b>	<b>449.0</b>	<b>483.6</b>	<b>(34.7)</b>	<b>-7.2%</b>
<b>Operating Expenses</b>	<b>274.6</b>	<b>245.6</b>	<b>273.5</b>	<b>27.9</b>	<b>10.2%</b>
<b>Income before Depreciation</b>	<b>203.9</b>	<b>203.4</b>	<b>210.1</b>	<b>(6.8)</b>	<b>-3.2%</b>
<b>Depreciation</b>	<b>144.2</b>	<b>156.5</b>	<b>157.0</b>	<b>.5</b>	<b>0.3%</b>
<b>Income after Depreciation</b>	<b>59.7</b>	<b>46.8</b>	<b>53.1</b>	<b>(6.3)</b>	<b>-11.9%</b>
<b>Non-Op Income</b>	<b>90.2</b>	<b>62.0</b>	<b>57.4</b>	<b>4.6</b>	<b>8.1%</b>
<b>Increase in Net Assets</b>	<b>149.9</b>	<b>108.8</b>	<b>110.5</b>	<b>(1.7)</b>	<b>-1.5%</b>

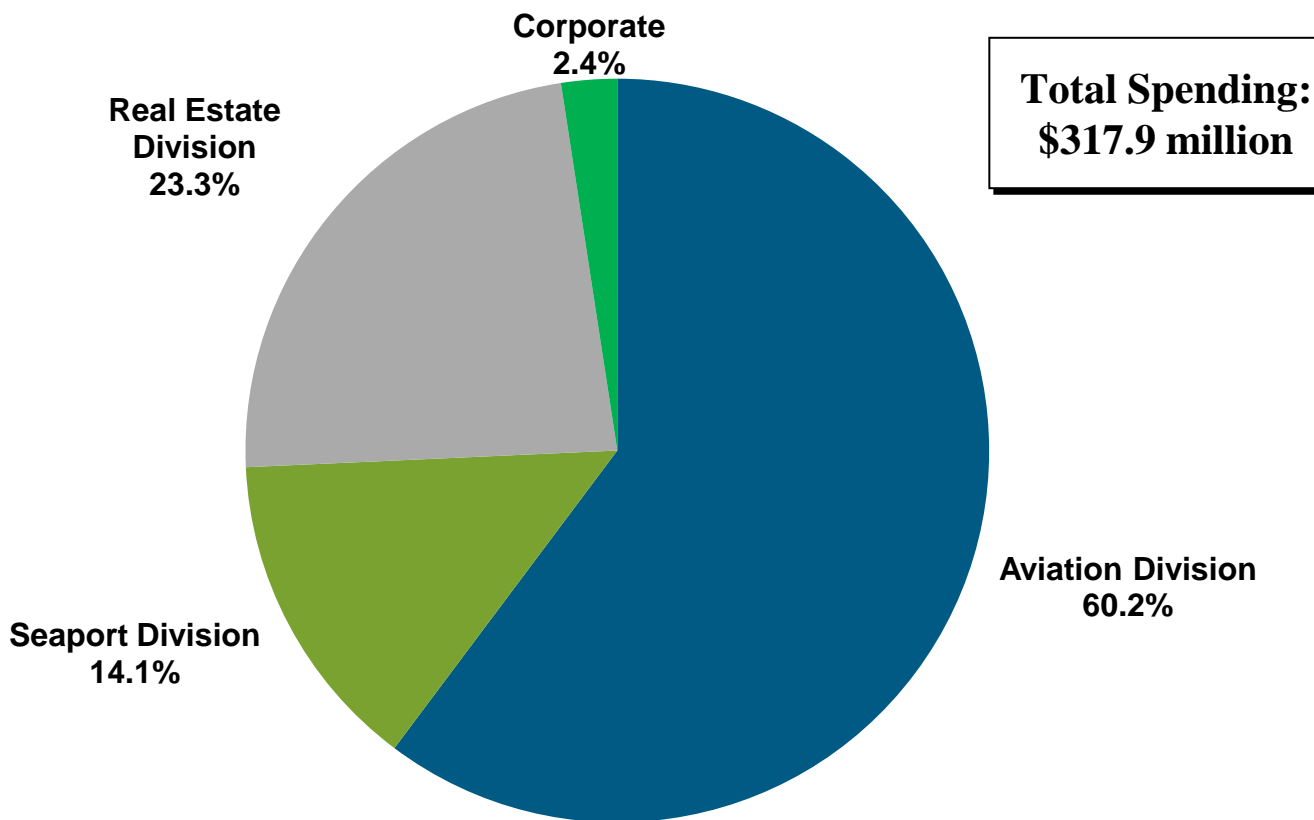


# Capital Spending by Division

<b>Division</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2009 Budget</b>	<b>Budget Variance</b>	<b>Plan of Finance</b>
(\$ in millions)					
Aviation*	209.8	191.5	214.7	23.2	348.2
Seaport	88.5	44.7	100.4	55.7	126.7
Real Estate	21.2	74.0	105.2	31.1	116.3
Corporate	8.1	7.7	15.9	8.2	12.8
<b>Total</b>	<b>327.6</b>	<b>317.9</b>	<b>436.1</b>	<b>118.2</b>	<b>604.0</b>

\* The 2009 Aviation actual excluded a \$24.4 million reversal of third runway costs for FAA Nav aids.

# 2009 Capital Spending by Division



# Aviation Division 2009 Financial Performance

Port of Seattle

March 9, 2010

# Aviation Business Highlights

- Airline activity:
  - Enplanements down 3% from 2008, but better than forecast
- Operating budget:
  - Total O&M expenses are 7.9% below budget due to cost cutting measures.
- Non-airline revenues:
  - Total revenue per enplaned passenger down 6.4%
  - Decline in Public Parking continued in Q4
- Airline cost per enplanement (CPE) of 10.91 vs. budget of \$11.90
- Capital Program
  - Completed Runway 16L reconstruction on time and under budget

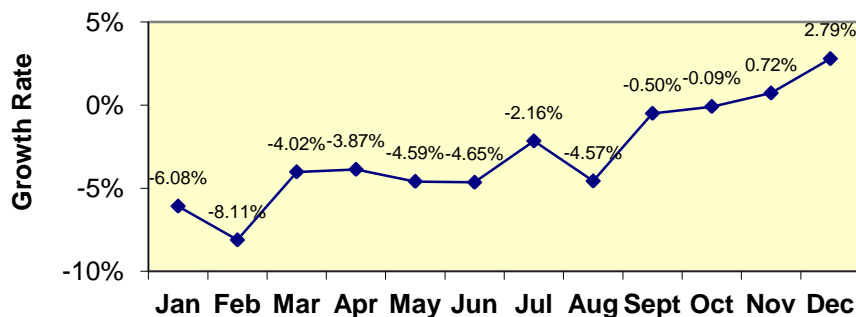
# Summary

<i>Figures in \$ 000s</i>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2009 Budget</b>	<b>Actual/Budget Var \$    Var %</b>	
<b>Operating Revenues</b>						
Aeronautical 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%
<b>Total Operating Revenues</b>	<u>347,487</u>	<u>358,329</u>	<u>327,825</u>	<u>360,006</u>	<u>(32,181)</u>	<u>-8.9%</u>
<b>Total Operating Expenses</b>	171,624	195,183	174,533	189,521	14,988	7.9%
<b>Net Operating Income</b>	<u>175,864</u>	<u>163,146</u>	<u>153,292</u>	<u>170,485</u>	<u>(17,194)</u>	<u>-10.1%</u>
<b>Capital Expenditures</b>	298,387	209,813	191,479	214,743	23,264	10.8%
<b>Traffic</b>						
Enplanements	15,662	16,085	15,610	15,800	(190)	-1.2%
Landed Weight	21,014	21,516	20,388	21,281	(892)	-4.2%
<b>Key Measures</b>						
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	(0.03)	-2.0%

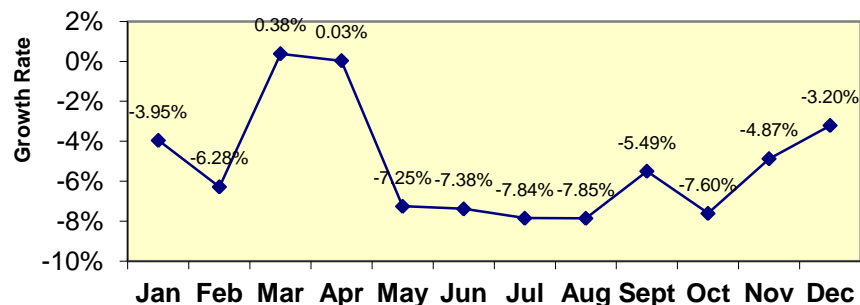
- Aeronautical revenues down \$20.6 million due to lower operating costs and lower debt service, resulting in lower CPE
- Non-aero NOI down \$5.4 million in spite of revenue drop of \$11.1 million
- Debt service coverage remains strong.

# Activity

### Enplanements vs. Prior Year



### Landed Weight vs. Prior Year

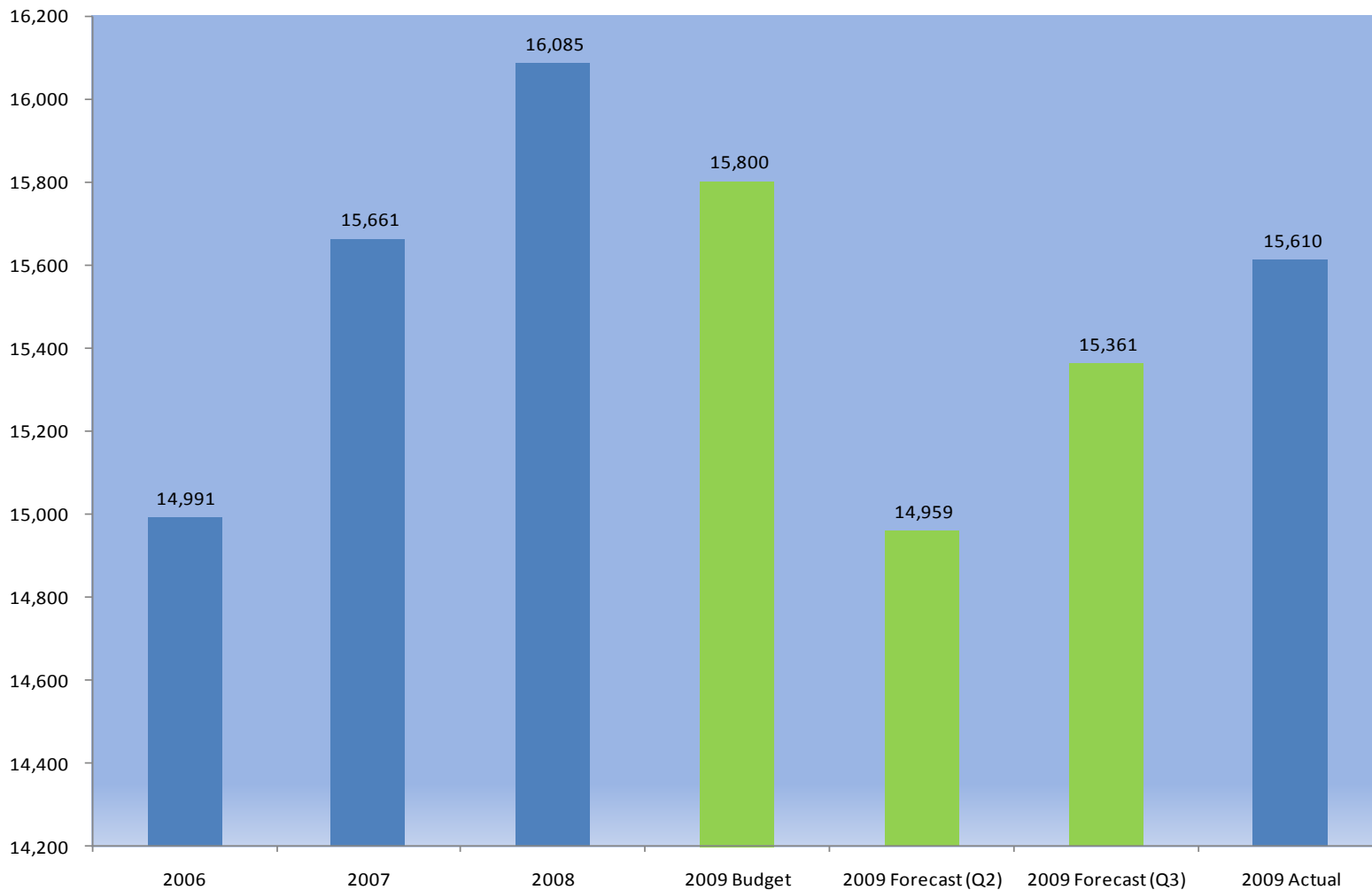


<i>Figures in 000's</i>	2008	2009	% Variance	2008	2009	% Variance
	Q4	Q4		Actual	Actual	
Enplanements	3,644	3,686	1.1%	16,085	15,610	-3.0%
Landed Weight	5,060	4,792	-5.3%	21,519	20,388	-5.3%

- March and April landed weight augmented by cargo diversion from Anchorage due to volcanic activity.
- Improvement in Q4

# Enplanements Traffic

Enplanements at Sea-Tac (000s)



# Operating Expenses

<i>Figures in \$ 000s</i>	2007	2008	2009	2009	Actual/Budget	
	Actual	Actual	Actual	Budget	Var \$	Var %
<b>Operating Expenses</b>						
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%
<b>Baseline Airport Expenses</b>	<u>133,110</u>	<u>147,323</u>	<u>123,588</u>	<u>131,478</u>	<u>7,890</u>	<u>6.0%</u>
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%
<b>Total Airport Operating Expenses</b>	<u>133,110</u>	<u>149,865</u>	<u>122,760</u>	<u>132,665</u>	<u>9,905</u>	<u>7.5%</u>
Corporate/Capital Development	24,260	30,031	37,265	41,113	3,848	9.4%
Police	<u>14,253</u>	<u>15,287</u>	<u>14,508</u>	<u>15,743</u>	<u>1,235</u>	<u>7.8%</u>
<b>Total Operating Expenses</b>	<u>171,624</u>	<u>195,183</u>	<u>174,533</u>	<u>189,521</u>	<u>14,988</u>	<u>7.9%</u>
<b>Net Operating Income</b>	<u><u>175,864</u></u>	<u><u>163,146</u></u>	<u><u>153,292</u></u>	<u><u>170,485</u></u>	<u><u>(17,194)</u></u>	<u><u>-10.1%</u></u>

- Achieved targeted savings while absorbing budget overruns due to: snow events, elevator and escalator repairs and securing emergency generators for back-up power.
- Total O&M \$20.7 million lower than 2008 (10.6%)



# Aeronautical Business

<i>Figures in \$000s</i>	2008	2009	2009	Actual/Budget	
	Actual	Actual	Budget	Var \$	Var %
<b>Revenues requirement:</b>					
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	<u>191,323</u>	<u>170,240</u>	<u>188,047</u>	<u>(17,807)</u>	<u>-9.5%</u>

- Airline revenues based on cost recovery.
- Revenue requirement lower than budget due to savings from operating costs and lower interest expense on variable rate debt.

# Aeronautical Key Indicators

	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var \$	Actual/Budget Var %
<b>Cost Per Enplanement:</b>					
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%
<b>Passenger Airline CPE</b>	<b>11.89</b>	<b>10.91</b>	<b>11.90</b>	<b>(1.00)</b>	<b>-8.4%</b>

# Non Aeronautical Business

<i>Figures in \$000s</i>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2009 Budget</b>	<b>Actual/Budget Var \$</b>	<b>Var %</b>
<b>Revenues:</b>					
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	<u>150,528</u>	<u>137,152</u>	<u>148,289</u>	<u>(11,137)</u>	<u>-7.5%</u>
Operating Expense	47,765	39,035	43,692	4,657	10.7%
Utility internal billing	(13,515)	(16,738)	(16,848)	(109)	0.6%
<b>Operating Expense</b>	<u>61,279</u>	<u>55,773</u>	<u>60,539</u>	<u>4,766</u>	<u>7.9%</u>
Share of terminal O&M	16,396	17,016	18,105	1,089	6.0%
Less utility internal billing	<u>(13,515)</u>	<u>(16,738)</u>	<u>(16,848)</u>	<u>(109)</u>	<u>0.6%</u>
Net Operating & Maint	<u>64,160</u>	<u>56,051</u>	<u>61,796</u>	<u>5,745</u>	<u>9.3%</u>
<b>Net Operating Income</b>	<u><u>86,367</u></u>	<u><u>81,101</u></u>	<u><u>86,493</u></u>	<u><u>(5,392)</u></u>	<u><u>-6.2%</u></u>

- Continued declines in Public Parking in Q4 despite increase in enplaned passengers.
- Concessions: better than expected due to space rental income, Google Wi-Fi deal, personal services.

# Non Aeronautical Key Indicators

	2008 Actual	2009 Actual	2009 Budget	Actual/Budget Var \$ Var %	
<b>Revenues Per Enplanement</b>					
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	<u>9.36</u>	<u>8.79</u>	<u>9.39</u>	<u>(0.60)</u>	<u>-6.4%</u>
<b>Primary Concessions Sales / Enpl</b>	10.29	9.66	10.19	(0.53)	-5.2%

# 2009 Capital Spending

<i>Figures in \$ 000s</i>	2009	2009	Actual/Budget		2009 Plan
	Actual	Budget	Var \$	Var %	of Finance
Rental Car Facility <sup>(1)</sup>	62,605	40,562	(22,043)	-54.3%	119,011
R/W 16L/34R Reconstruction <sup>(2)</sup>	57,030	71,000	13,970	19.7%	82,715
Third Runway Projects <sup>(3)</sup>	12,883	17,281	4,398	25.4%	47,027
MT 100% Baggage Screening <sup>(4)</sup>	8,426	18,000	9,574	53.2%	21,727
FAR Part 150 Mobile Home Parks <sup>(5)</sup>	6,497	3,640	(2,857)	-78.5%	1,781
Garage Escalator & "A" Elevator Upgrade <sup>(6)</sup>	2,300	875	(1,425)	-162.9%	1,200
All Other	41,738	63,385	21,647	18.8%	74,741
	<u>191,479</u>	<u>214,743</u>	<u>23,264</u>	<u>10.8%</u>	<u>348,202</u>
FAA Assets transferred to Public Expense <sup>(7)</sup>	<u>(24,369)</u>				
Net Expenditures	<u>167,110</u>				

- (1) Contractor has ramped up faster than forecasted following temporary suspension of the project in December, 2008.
- (2) Project was completed on schedule and resulted in budget savings.
- (3) Purchase of apartment building in the ATZ is in litigation and slowing expenditures.
- (4) Decreased costs for a TSA tenant improvement project and reduced scope for work to be performed by PCS.
- (5) Increase in the costs of real estate transactions associated with relocating residents.
- (6) Construction was accelerated to bring two elevators online early due to failure of other elevators in the area.
- (7) The portion of FAA Nav aids for which the port paid was re-classified as public expense rather than capital.

# Seaport Division 2009 Financial Performance

Port of Seattle

March 9, 2010

## Seaport 2009 Key Events

- Exceeded 2009 Net Operating Income Budget by \$4.6 million
  - Operating Revenue slightly below Budget. Unfavorable Container variance offset by favorable Cruise, Grain and Industrial Properties variance.
  - Operating Expenses favorable to budget due to expense reductions, deferral of projects and expense projects that came in under budget.
- Completed Major Projects
  - Smith Cove cruise facility opened on schedule for 2009 cruise season.
  - Terminal 30 container facility completed on August 3<sup>rd</sup>.
- Implemented Northwest Ports Clean Air Strategy

## Seaport 2009 Key Events

- Implemented Customer Support Plan for container terminals
- Implemented Transportation Worker Identification Credential (TWIC) guidelines at Terminal 91 and Pier 66 by February 28<sup>th</sup> deadline
- East Marginal Way Grade Separation construction underway. Completion scheduled for fall 2011



# Seaport Business Goals

## Provide Compelling Value and Asset Utilization

- TEU volume was 1,585K, down (7%) from 2008. Full inbound TEU's were down (8%) and full outbound up (2.5%).
- TEU volume for the second half of 2009, was up 8% from the second half of 2008.
- Grain volume at 5.5 million metric tons or 10% over 2009 budget.
- Cruise passengers 875,433 or 10% over 2009 budget.

# Seaport 2009 Operating Results

<i>In \$ Thousands</i>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2009 Budget</b>	<b>2009 Bud Var</b>	
				<b>\$</b>	<b>%</b>
Operating Revenue	85,404	89,844	90,131	(287)	0%
<u>Security Grants</u>	<u>850</u>	<u>847</u>	<u>3,955</u>	<u>(3,108)</u>	-79%
Total Revenue	86,254	90,691	94,085	(3,395)	-4%
Direct Expenses	22,241	24,329	27,234	2,906	11%
Security Expense	1,715	1,640	5,431	3,791	70%
Environmental Reserve	866	24	0	(24)	NA
<u>Allocations</u>	<u>15,065</u>	<u>14,562</u>	<u>15,888</u>	<u>1,326</u>	8%
Total Expense	39,887	40,554	48,553	8,000	16%
<b>Net Operating Income (NOI)</b>	<b>46,367</b>	<b>50,137</b>	<b>45,532</b>	<b>4,605</b>	<b>10%</b>

# Seaport Division Key Variances

## Revenue Detail (\$'s in Thousands)

2009 Business Unit Results	Variance to Budget Better (Worse)
Containers	(\$2,684)
Support Properties	(\$600)
Cruise	\$1,492
Grain	\$516
Docks/Industrial Properties	\$942
Security	(\$3,108)
Other	\$47
<b>Total</b>	<b>(\$3,395)</b>

# Seaport Division Key Variances

## Expense Detail (\$'s in Thousands)

2009 Expenses	Variance to Budget Better (Worse)
Outside Services	\$3,634
Security Expenses	\$3,791
Capital Projects Expensed	(\$1,322)
Corporate	\$1,000
ABC Fuels (classification change)	\$500
All Other	\$397
<b>Total Expense</b>	<b>\$8,000</b>

# Seaport Business Groups

## NOI Before Depreciation (\$'s in Millions)

	<b>2009 Actual NOI</b>	<b>Variance to Budget Better (Worse)</b>
Containers	\$37.3	\$2.6
Container Support Props	\$( .9)	(\$ 2.2)
Cruise	\$5.3	\$1.5
Grain	\$4.7	\$ .7
Docks/Indust Props	\$5.0	\$ 1.4
Security	\$(1.3)	\$ .6
<b>Total Seaport</b>	<b>\$50.1</b>	<b>\$4.6</b>

# Seaport Capital 2009

Actual	Approved Budget	Variance to Budget	Actual as % of App. Bud	Plan of Finance
\$44.7	\$100.4	\$55.7	44%	\$126.7

# Real Estate Division 2009 Performance Report

Port of Seattle

March 9, 2010

## Real Estate 2009 Key Events

- Exceeded 2009 Net Operating Income Budget by \$3.9 million
  - Revenue unfavorable to Budget due to higher vacancies at marinas and commercial properties and lower activity at third party managed properties.
  - Expenses favorable to budget due to expense reductions and deferral of projects.
- Implemented requirement for vessel liability insurance
- Completed acquisition of Eastside Rail Corridor
- Initiated first phase of outreach for Fishermen's Terminal 20-Year Plan



## Real Estate 2009 Key Events

- Project Team developed alternative approach to Fishermen's Terminal South Wall Replacement project
- Maintenance
  - Filled 3 service manager vacancies resulting from VSP.
  - Initiated hiring for 2010 positions to undertake 4-year deferred maintenance backlog initiative.
- Entered into new third party management agreement for World Trade Center West Building
- Maritime Event Center added as an event center to Bell Harbor Conference Center

# Real Estate Business Goals

## Provide Compelling Value and Asset Utilization

- **Occupancy Rates:** Commercial property at 93% occupancy, below target of 95% and above 2009 Q4 Seattle market average of 82%.
- **FT/Marina Occupancy:** Recreational Marinas average occupancy was 94%, below target of 97%. Fishermen's Terminal at 81% vs. target of 82%. Maritime Industrial Center at 66% vs. target of 75%

# Real Estate Division 2009 Operating Results

<i>In \$ Thousands</i>	2008	2009	2009	2009 Bud Var	
	Actual	Actual	Budget	\$	%
Operating Revenue	34,797	30,132	30,961	(830)	-3%
Total Revenue	34,797	30,132	30,961	(830)	-3%
Direct Expenses	36,355	27,525	31,821	4,296	14%
Divisional Allocations	(3,413)	(3,200)	(3,515)	(315)	-9%
<u>Corporate Allocations</u>	<u>5,253</u>	<u>5,248</u>	<u>5,960</u>	<u>712</u>	12%
Total Expense	38,195	29,572	34,266	4,694	14%
<b>Net Operating Income (NOI)</b>	<b>(3,398)</b>	<b>560</b>	<b>(3,304)</b>	<b>3,864</b>	<b>117%</b>

# Real Estate Division 2009 Key Variances

## Revenue Detail (\$'s in Thousands)

2009 Business Unit	Variance to Budget Better (Worse)
Recreational Boating	(\$178)
Fishing & Commercial	\$20
Commercial Properties	(\$183)
Third Party Management	(\$578)
RE Development & Planning	\$240
Eastside Rail	(\$150)
Facilities/Maintenance	(\$1)
<b>Total</b>	<b>(\$830)</b>

# Real Estate Division 2009 Key Variances

## Expense Detail (\$'s in Thousands)

<b>2009 Expense</b>	<b>Variance to Budget Better (Worse)</b>
Third Party Management	\$1,118
Outside Services	\$1,226
Corporate /CDD	\$1,568
Maintenance Expense	\$459
All Other	\$323
<b>Total Expense</b>	<b>\$4,694</b>

# Real Estate Business Groups

## NOI Before Depreciation (\$'s in Thousands)

	<b>2009 Actual NOI</b>	<b>Variance to Budget Better (Worse)</b>
Recreational Boating	\$2051	\$332
Fishing & Commercial	(\$1,754)	\$743
Commercial & Third Party	\$660	\$2,153
RE Development & Planning	(\$318)	\$200
Eastside Rail	(\$79)	\$436
<b>Total Real Estate</b>	<b>\$560</b>	<b>\$3,864</b>

# Real Estate Capital 2009

Actual	Approved Budget	Variance to Budget	Actual as % of App. Bud	Plan of Finance
\$74.0	\$105.2	\$31.1	70%	\$116.3

# Capital Development Division 2009 Financial Performance

Port of Seattle

March 9, 2010



# Capital Development Division 4th Quarter Business Events

- Emergency Backup Power for Airport implemented (start to finish) during this 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 and 2 senior managers of the Division left the Port under VSP, the other senior manager also left during this quarter to take a new job outside the port. Wayne Grotheer is the new Director of Aviation 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 \$3 million 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.

# Capital Development Division Key Indicators

- Construction Soft Costs: Limit construction soft costs (design, construction mgmt, project mgmt, 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
- 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%)

# Capital Development Division Key Indicators continued

- Small Business Participation: 35% of PCS contracts & purchases and 8% of Major Construction contracts.
  - PCS contracts and purchases: 23.3%
  - 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

# Capital Development Division

## Key Indicators continued

- 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
  - 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%

# Capital Development Division Operating Results

Capital Development Division	2008 YTD	2009 YTD		2009 Bud Var.	
In \$ Thousands	Actual	Actual	Budget	\$	%
Total Revenues	7	-	-	-	0.0%
Total Before Charges to Capital Projects	30,437	29,142	34,597	5,456	15.8%
Total Charges to Capital Projects	(24,151)	(21,361)	(27,587)	(6,226)	22.6%
Total Expenses	6,286	7,781	7,010	(770)	-11.0%
CDD Admin	93	340	554	215	38.7%
ENG	1,253	934	1,351	418	30.9%
PCS (\$1.47M unbudgeted Expense Work)	1,965	3,004	1,449	(1,554)	-107.2%
CPO	1,313	1,672	1,494	(178)	-11.9%
AVPMG	861	1,001	761	(239)	-31.5%
SPMG	799	831	1,400	569	40.7%
Total Expenses	6,286	7,781	7,010	(770)	-11.0%

# Capital Development Division Key Variances to Revised Budget

2009 Expenses in \$ Thousands	Variance to Revised Budget
	Better (Worse)
Total Salaries and Benefits	3,124
Total Outside Services	280
Total Travel and Other	75
Total Telecommunications	54
Total Property Rentals	(26)
Total General Expenses	(424)
Total All Other	134
Total Charges to Capital Projects	(4,753)
<b>Total</b>	<b>(1,536)</b>

# Corporate 2009 Performance Report

Port of Seattle

March 9, 2010

# Corporate Key Events

- Completed Eastside Rail Corridor acquisition
- Completed Commission review of four citizen panel recommendations and adoption of guiding principles
- Held the Community Giving Employee Event at Smith Cove Cruise Terminal
- Instituted two week furloughs and significantly reduced spending in travel and other accounts
- Implemented modified Zero Based Budgeting



# Corporate Key Indicators

- Held 149 speaking engagements in the community
- Sea-Air School Programs: reached 5,969 folks
- Sea-Air School Trade Class: 1,170 attendees
- Nearly 300 guests attended the four Port 101s
- 98% of the employees completed the wellness rewards program
- Achieved the lowest injury rate on record of 5.9 in 2009 (down from 7.05 in 2008)
- Received distinguished awards in several areas

# Corporate Operating Results

In \$ Thousands	2008	2009		2009 Bud Var.	
	Actual	Actual	Budget	\$	%
<b>Total Revenues</b>	<b>1,727</b>	<b>315</b>	<b>1,470</b>	<b>(1,155)</b>	<b>-78.6%</b>
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%
Government Relations	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%
<b>Total Expenses</b>	<b>69,196</b>	<b>65,340</b>	<b>73,572</b>	<b>8,232</b>	<b>11.2%</b>