

# Port of Seattle

## 2011 Preliminary Budget Briefing

November 2, 2010

# Portwide 2010 Year-End Forecast

(\$ in thousands)	2009	2010	2010	2010 Bud vs. Fcst	
	Actual	Forecast	Budget	Var \$	Var %
Aeronautical Revenues	182,534	202,400	210,367	-7,967	-3.8%
Revenues w/o Aero	266,901	269,075	266,417	2,658	1.0%
<b>Total Operating Revenues</b>	<b>449,435</b>	<b>471,475</b>	<b>476,784</b>	<b>-5,309</b>	<b>-1.1%</b>
<b>Total Operating Expenses</b>	<b>245,767</b>	<b>255,175</b>	<b>262,829</b>	<b>7,654</b>	<b>2.9%</b>
<b>Income before Depreciation</b>	<b>203,668</b>	<b>216,300</b>	<b>213,955</b>	<b>2,345</b>	<b>1.1%</b>
Depreciation	156,192	159,375	158,575	-800	-0.5%
<b>Income after Depreciation</b>	<b>47,476</b>	<b>56,925</b>	<b>55,380</b>	<b>1,545</b>	<b>2.8%</b>

# Changes from Oct 5<sup>th</sup> Briefing

- Corporate:
  - Added 1 limited duration position in HR&D to serve the new Car Rental Facility - \$72K funded by CFC
- Seaport:
  - Container Lease Revenue increased by \$1.4M
  - Operating Grant Revenue reclassified to Non-ops - \$600K
  - Non-op Seaport Security Grant revenue increased by \$2.24M
  - Moved \$4.16M from Capital Contributions to Non-op Grants and Donations.

- Aviation

1. Increased enplanement forecast for 2010 (now +0.5%) and 2011 growth assumption remained at 1%
  - a. Non-airline revenues
  - b. PFC collections increased \$1.3 million
  - c. CFC collections increased \$424K
2. Adjusted debt service \$2 million net airline rate based savings
3. Added \$3 million for terminal realignment costs
4. Applied canine non-operating grant \$450k to offset Police costs in rate base
5. HRD added a limited duration FTE to hire employees for the for the Rental Car Facility, \$72K CFC funded
6. Reduced Security Fund Requirement

	Impact	
	NOI	CPE
1a.	1,863	(0.27)
1b.	0.00	0.00
1c.	0.00	0.00
2.	(1,498)	(0.09)
3.	0.00	0.20
4.	(360)	(0.02)
5.	0.00	(0.00)
6.	(324)	(0.02)
	<u>(319)</u>	<u>(0.21)</u>



# Operating Budget Changes from 10/5

(\$ in thousands)	2010 Bud	2011 Bud as of 10/5	2011 Bud as of 11/2	\$ Change from 10/5	% Change from 10/5
Aeronautical Revenues	210,367	216,381	217,200	819	0.4%
Revenues w/o Aero	266,417	280,692	283,436	2,744	1.0%
Total Operating Revenue	476,784	497,073	500,636	3,563	0.7%
Total Operating Expense	262,829	282,772	285,844	3,072	1.1%
NOI Before Depreciation	213,955	214,301	214,792	491	0.2%

# Non-Op Budget Changes from 10/5

(\$ in thousands)	2010 Bud	2011 Bud as of 10/5	2011 Bud as of 11/2	\$ Change from 10/5	% Change from 10/5
PFCs	58,535	59,120	60,379	1,259	2.1%
CFCs	22,475	21,813	22,237	424	1.9%
Non-Capital Contributions	2,209	1,489	8,494	7,005	470.4%
Capital Contributions	50,152	36,269	32,106	(4,163)	-11.5%
<b>Total</b>	<b>133,371</b>	<b>118,691</b>	<b>123,216</b>	<b>4,525</b>	<b>3.8%</b>

# 2011 Preliminary Budget Summary

(\$ in 000s)	2009	2010	2011	Change \$	Change %
	Actual	Budget	Budget		
Aeronautical Revenues	182,534	210,367	217,200	6,833	3.2%
Revenues w/o Aero	266,901	266,417	283,437	17,020	6.4%
Total Operating Revenues	449,435	476,784	500,637	23,853	5.0%
Total Operating Expenses	245,767	262,829	285,844	23,016	8.8%
Net Operating Income	203,668	213,955	214,792	837	0.4%
NOI w/o Capital Policy Change *	203,668	213,955	218,032	4,077	1.9%

\* Without the capital policy change, O&M costs are estimated to be \$5M lower and aeronautical revenues are expected to be \$1.8M lower. Net NOI impact is estimated to be \$3.2M.

# Baseline Budget Increase

<u>Operating Revenues</u>	2010 Bud	2011 Bud	Change \$	Change %
Aeronautical	210,367	217,200	6,833	3.2%
Revenues w/o Aero	266,416	283,436	17,020	6.4%
<b>Total Operating Revenues</b>	<b>476,784</b>	<b>500,636</b>	<b>23,852</b>	<b>5.0%</b>
<u>Operating Expenses</u>	2010 Bud	2011 Bud	Change \$	Change %
<b>Total Operating Expenses</b>	<b>262,829</b>	<b>285,844</b>	<b>23,015</b>	<b>8.8%</b>
Adjustments:				
Capital Policy Change (positive impact on cashflow)			5,000	1.9%
AAPA Conv & Port Centennial (mostly offset by rev)			1,489	0.6%
Deferred Maintenance			2,100	0.8%
Customer Requests (cost recovery)			4,968	1.9%
Rental Car Facility (funded by CFC)			828	0.3%
Regulatory Requirements			636	0.2%
<b>Total Adjustments</b>			<b>15,021</b>	<b>5.7%</b>
<b>Adjusted Baseline Increase</b>			<b>7,994</b>	<b>3.0%</b>



# Comprehensive Budget Summary

<b><u>Revenues</u></b>	(\$ in 000s)	<b><u>2010 Budget</u></b>	<b><u>2011 Budget</u></b>	<b><u>Change \$</u></b>	<b><u>Changes %</u></b>
Operating Revenues		476,784	500,636	23,852	5.0%
Tax Levy		73,500	73,500	-	0.0%
PFCs		58,535	60,379	1,844	3.2%
CFCs		22,475	22,237	(238)	-1.1%
Non-Capital Contributions		2,209	8,494	6,286	284.6%
Capital Contributions		50,152	32,106	(18,046)	-36.0%
Interest Income		24,489	13,654	(10,835)	-44.2%
<b>Total</b>		<b>708,144</b>	<b>711,006</b>	<b>2,863</b>	<b>0.4%</b>
<b><u>Expenses</u></b>					
O&M Expense		262,829	285,844	23,015	8.8%
Depreciation		158,575	160,491	1,916	1.2%
Revenue Bond Interest Expense		150,070	148,206	(1,864)	-1.2%
GO Bond Interest Expense		14,432	13,781	(651)	-4.5%
PFC Bond Interest Expense		10,497	10,191	(306)	-2.9%
Non-Op Environmental Expense		20,000	6,200	(13,800)	-69.0%
Public Expense		39,464	17,205	(22,259)	-56.4%
Misc. Non-Op Rev/Expense		2,217	2,521	304	13.7%
<b>Total</b>		<b>658,084</b>	<b>644,439</b>	<b>(13,645)</b>	<b>-2.1%</b>
<b>Change In Net Assets</b>		<b>50,060</b>	<b>66,568</b>	<b>16,508</b>	<b>33.0%</b>