

# Port of Seattle 2011 Budget Planning Assumptions

The background is a dark blue-tinted image of a port. On the left, the bow of a large ship is visible. In the center, there are silhouettes of people walking, and on the right, a person is talking on a mobile phone. The overall scene is industrial and busy.

August 17, 2010

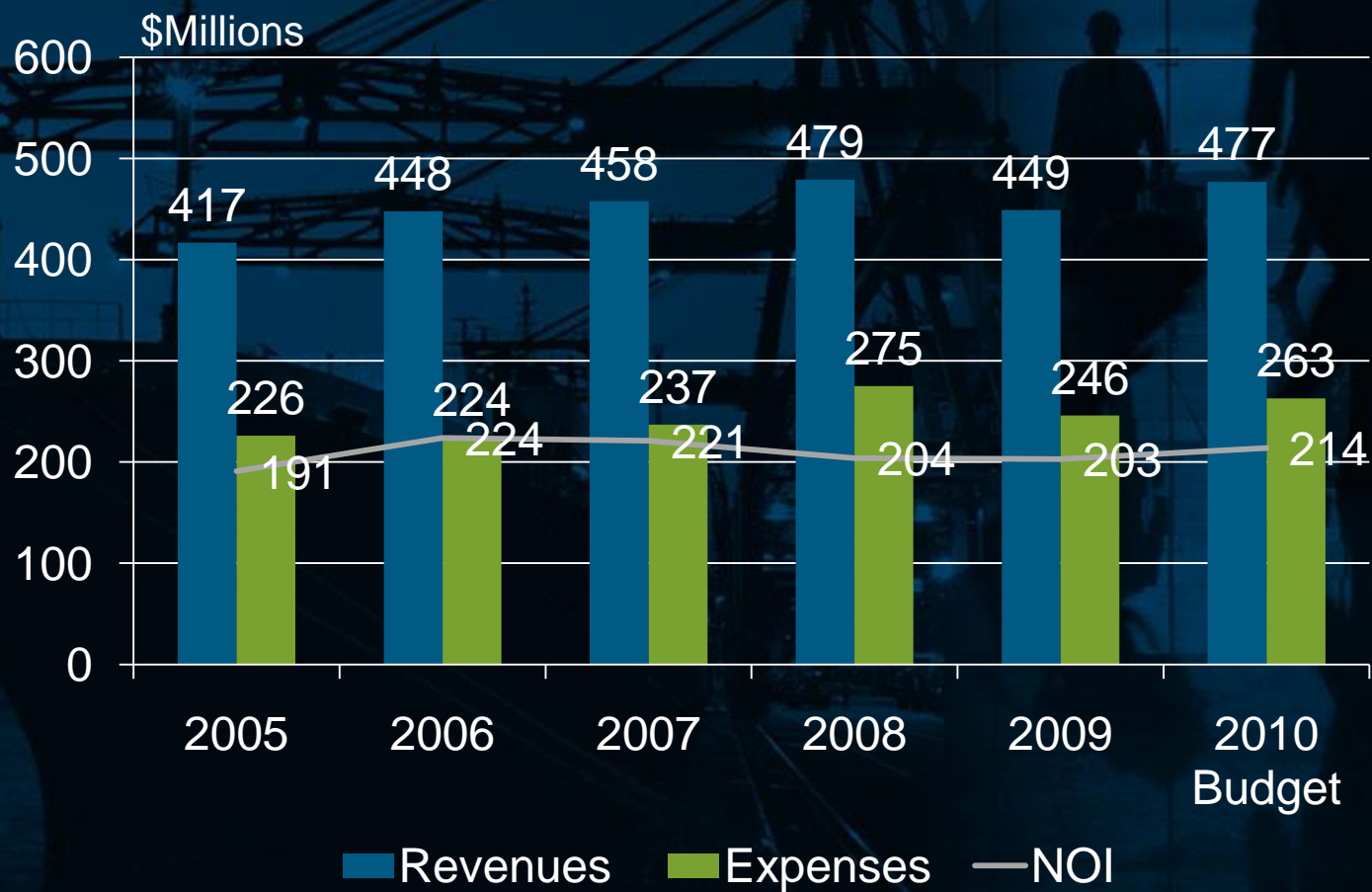
# Background

- 2009 - Took early and proactive steps to reduce costs; O&M expense \$28M below budget
- 2010 - Reduced \$11 million of additional costs relative to 2009 budget through Zero Based Budgeting
- Implemented a voluntary separation program and eliminated over 110 positions (6.2% of the total workforce)
- Currently tracking well against 2010 budget

# Overall Budget Assumptions

- Economic downturn and uncertainty will drive conservative budgeting for 2011
- Process will incorporate Commission guidance on budget
- Revenue assumptions yet to be finalized
- Continue to focus on managing O&M costs

# Historical Port Financial Performance



# Preliminary Payroll Assumptions\*

- Average pay for performance of 2.5% (may be revised based on market data and overall budget considerations)
- Market based salary range increase of 1.5% (minimal cost impact)
- Medical cost increase of 3-4% with self-funding approach
  - Compares to projected 12% increase if fully insured
- Projected pension (PERS) contribution increase from 5.31% to 8.7% effective 7/1/11 (7% blended rate in 2011)

# Preliminary Operating Budget

- Modest increase in payroll costs
- Conservative “baseline” budget
- Some short-term cost increases due to deferred maintenance at existing facilities and certain new initiatives focused on maintaining our competitiveness and positioning the Port for future growth

# 2011 Budget Calendar

## August

- 2011 Budget Guidelines released
- Commission briefing on Q2 Performance
- Commission workshops on division business and capital plans
- Commission workshops on budget assumptions

# 2011 Budget Calendar

## September

- Prepare preliminary operating & capital budgets
- Internal budget reviews by each dept & division
- Executive preliminary budget reviews (9/15 – 9/17)
- Commission capital budgets workshops on 9/28



# 2011 Budget Calendar

## October

- Operating budget Commission workshop on 10/5
- Preliminary budget document available to the Commission on 10/19
- Draft Plan of Finance Commission workshop on 10/26
- Release 2011 Preliminary Budget and Draft Plan of Finance Document to the public on 10/28

# 2011 Budget Calendar

## November

- First reading of budget resolution on 11/9
- Second reading of budget resolution on 11/23

## December

- File statutory budget on 12/2
- Release 2011 Final Budget and Draft Plan of Finance Document to the public by 12/15

# Port of Seattle 2011 Budget Planning Assumptions

The background is a dark blue-tinted image of a port. On the left, the bow of a large ship is visible. In the center, there are silhouettes of people walking, and on the right, a person is talking on a mobile phone. The overall scene is industrial and busy.

August 17, 2010