

Port of Seattle 2011 Preliminary Budget Second Reading/Public Hearing

November 23, 2010

Overview

- 2011 Budget Process
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- Comprehensive Budget
- Capital Budget
- Tax Levy
- Public Hearing

2011 Budget Process

Jun. 8	Budget Process Briefing
Aug. 17	Budget Assumptions Briefing
Aug. 17	Business Plan and Capital Plan Briefing
Sept. 28	Capital Budget Briefing
Oct. 5	Preliminary Operating Budget Briefing
Oct. 12	Preliminary Tax Levy Commission Discussion
Oct. 26	Draft Plan of Finance & Tax Levy Discussion
Nov. 2	Tax Levy Discussion and Preliminary Budget Update
Nov. 9	First Reading & Public Hearing, Preliminary Budget
Nov. 23	Final Reading & Public Hearing, Preliminary Budget
Dec. 2	Statutory Budget Filed with King County and Assessor
Dec. 15	Release Final Budget and Draft Plan of Finance

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.

Comprehensive Budget Summary

<u>Revenues</u>	(\$ in 000s)	<u>2010 Budget</u>	<u>2011 Budget</u>	<u>Change \$</u>	<u>Changes %</u>
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%
Total		708,144	711,006	2,863	0.4%
<u>Expenses</u>					
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%
Total		658,084	644,439	(13,645)	-2.1%
Change In Net Assets		50,060	66,568	16,508	33.0%

2011 Capital Budget Summary

(\$ in millions)	Aviation	Seaport	Real Estate	Corporate ⁽¹⁾	Total
Committed	\$231.4	\$29.5	\$15.4	\$12.1	\$288.3
Business Plan Prospective	\$71.8	\$18.6	\$5.0	\$1.4	\$96.8
Total	\$303.2	\$48.1	\$20.4	\$13.5	\$385.1

(1) Includes \$0.5 million for CDD

The 5-year capital plan from 2011-2015 is \$1.49 billion

Aviation Committed Projects	\$487.5M
Seaport Committed Projects	\$ 88.2M
Real Estate Committed Projects	\$ 31.9M
Corporate & CDD Committed Projects	<u>\$ 24.2M</u>
Total Committed Projects	\$631.8M

Aviation Business Plan Prospective*	\$564.8M
Seaport Business Plan Prospective*	\$214.4M
Real Estate Business Plan Prospective*	\$ 43.9M
Corp & CDD Business Plan Prospective*	<u>\$ 37.9M</u>
Total Business Plan Prospective*	\$861.0M

*The preliminary numbers may change pending outcome of tax Levy discussions

Tax Levy Sources and Uses

\$'000	<u>2011</u>
<u>LEVY USES</u>	
G.O. DS - existing	40,438
<u>Other uses</u>	
Roads and Transportation Projects	9,100
School Construction & Noise Insulation	650
Sea & RE Environmental expenditures - preliminary	11,559
PortJobs	46
Subtotal Other	21,355
<u>Real Estate Support</u>	
RE Capital Total	20,357
RE Operating Subsidy	5,372
Subtotal RE Support	25,729
Total Uses	87,521
<u>LEVY SOURCES</u>	
Beginning Tax Levy Fund Balance	26,634
Seaport reimbursement for environmental exp.	500
Annual levy	73,500
Total uses	(87,521)
	0.0%
Projected Ending Tax Levy Balance	13,113

- 2011 tax levy is \$73.5 million
- 2011 maximum levy is estimated to be \$88.3 million
- The levy fund balance excludes \$13 million in the Transportation & Infrastructure Fund

The background of the slide is a dark blue, semi-transparent image of a port. It shows a large ship docked at a pier, with a crane structure visible. In the foreground, there are silhouettes of people, including one person talking on a mobile phone. The overall scene is industrial and maritime.

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