ITEM NO.: 7a Report

DATE OF MEETING: May 3, 2011

PORT OF SEATTLE

2011 Q1 PERFORMANCE REPORT

AS OF MARCH 31, 2011

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I. PORTWIDE PERFORMANCE REPORT 03/31/11

EXECUTIVE SUMMARY

FINANCIAL SUMMARY

The Port's total operating revenues for the first three months of 2011 were $113.3 million, $7.8 million below budget. Aeronautical revenues were $48.6 million, $5.7 million below budget mainly due to reduced debt service on variable rate bonds. Other operating revenues were $64.7 million, $2.1 million below budget primarily due to lower revenues from Public Parking, Rental Cars and Pass-Through Security Grants. Total operating expenses were $57.7 million, $14.1 million below budget mainly due to timing differences between when the items are paid and when budgeted and not necessarily cost savings. Operating income before depreciation was $55.6 million, $6.3 million above budget. Operating income after depreciation was $15.8 million, $6.6 million higher than budget. The Port-wide capital spending is forecasted to be $248.2 million for the year, $38.7 million below the budgeted $286.9 million.

Operating Summary

The operating activities for the first three months of 2011 were strong. At the Airport, enplanements and landed weight were 4.6% and 3.1% higher than the same period in 2010, respectively. As the 2011 Budget assumes 0.5% increase in enplaned passengers and a 1.5% increase of landed weight over 2010 actuals, we are reviewing for possible forecast adjustment. For the Seaport division, TEUs were 7.9% higher than budget and 8.2% above 2010 levels through March. While Grain volumes were 2.8% below 2010 levels for the same time period, it was still 8.1% higher than budget. For the Real Estate division, occupancy levels at Commercial Properties were at 89%, slightly higher than the 88% in the first quarter of 2010. Shilshole Bay Marina occupancy rate was 94.7%, compared to 92.9% for the same period in 2010. Moorage occupancies at Fishermen's Terminal were 87.0%, lower than the 94.2% in 2010 but it was in line with budgeted rate.

Key Business Events

As a part of the Centennial celebration, we published the Port's Centennial website with map and timeline, the interactive history of the Port of Seattle and distributed the Centennial documentary, "Voices of the Port," which has been shown on several cable stations in King County, shown to local chambers of commerce at a reception and distributed to Port employees. Other Centennial events including Chamber Reception, brown bags, Video Contest for Schools, and Know the Port by Bike event in June. We also highlighted the port's centennial celebration and website to multiple media partners, gaining ongoing positive coverage in several outlets. In addition, we hosted a live broadcast of CNBC morning shows Squawk Box and Squawk on the Street. Broadcasts featured the Port as primary driver of regional economic recovery. On the business side, Disney Cruise Lines announced they would bring a new homeport vessel to the Seattle harbor in 2012 and we signed the letter of intent with potential tenant for 18-acre City of SeaTac site. On the environmental front, we continued to implement the Northwest Ports Clean Air Strategy, there were 82 participating calls made for the At-Berth Clean Fuels Vessel Incentive Program (ABC Program) in the first quarter and 276 pre-1994 drayage trucks having been taken off the road under the Scrappage and Retrofits for Air in Puget Sound program (ScRAPS Program) since the inception of the program. We also issued Limited Tax General Obligation Bonds in the principal amount of $104 million for the purpose of refinancing capital improvements to Port facilities and financing Port activities and costs of issuance.

Major Capital Projects

We completed a number of capital projects in the first quarter of 2011. Construction completed and beneficial occupancy obtained for the Terminal 18 South Fender Replacement, Phase 1 of the Fender Damage Repair, North Harbor Island Mooring Dolphins, and Terminal 5 Maintenance Dredging Phase I. We also began construction on Bus Maintenance Facility, which is critical path item for opening of new Rental Car Facility in 2012. In addition, construction has started on the replacement of central seawall section at Maritime Industrial Center, final phase of the South Wall seawall reconstruction, installation of new fender system on east half of Northwest Dock, and Northwest Dock Fender System Replacement at Fishermen's Terminal. Construction on the East Marginal Way Grade Separation project continued and it was 75% complete at the end of the first quarter.

I. PORTWIDE PERFORMANCE REPORT 03/31/11

INCOME STATEMENT

Report: Income Statement
As of Date: 2011-03-31

$ in 000's	2010 Actual	2011 Actual	2011 Budget	2011 Bud Var $	2011 Bud Var %	Variance from 2010 $	Variance from 2010 %
Revenues:							
Aviation	82,101	83,564	90,328	(6,764)	-7.5%	1,463	1.8%
Seaport	20,505	22,172	23,430	(1,258)	-5.4%	1,666	8.1%
Real Estate	6,844	7,288	7,180	108	1.5%	445	6.5%
Capital Development	-	65	-	65	0.0%	65	n/a
Corporate	95	242	159	83	52.6%	147	154.7%
Total Revenues	**109,545**	**113,331**	**121,097**	**(7,766)**	**-6.4%**	**3,786**	**3.5%**
Operating & Maintenance:							
Aviation	27,263	29,656	35,166	5,510	15.7%	(2,392)	-8.8%
Seaport	2,770	3,083	6,167	3,084	50.0%	(313)	-11.3%
Real Estate	6,590	6,914	7,990	1,077	13.5%	(324)	-4.9%
Capital Development	1,561	2,440	3,620	1,180	32.6%	(878)	-56.3%
Corporate	14,629	15,642	18,886	3,244	17.2%	(1,013)	-6.9%
Total O&M Costs	**52,813**	**57,734**	**71,828**	**14,094**	**19.6%**	**(4,921)**	**-9.3%**
Operating Income Before Depreciation	**56,731**	**55,597**	**49,269**	**6,328**	**12.8%**	**(1,135)**	**-2.0%**
Depreciation	40,189	39,834	40,074	239	0.6%	355	0.9%
Operating Income after Depreciation	**16,542**	**15,762**	**9,195**	**6,567**	**71.4%**	**(780)**	**-4.7%**

IMPORTANT NOTE:

All the numbers in the table above are on an Org basis while the actual numbers for the operating divisions are on a Subclass basis.

I. PORTWIDE PERFORMANCE REPORT 03/31/11

KEY PERFORMANCE METRICS

	2010 YTD Actual	2011 YTD Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var.	Forecast/Budget Var. %
Enplanements (in 000's)	3,355	3,509	15,773	15,845	15,845	-	0.0%
Landed Weight (lbs in 000's)	4,387	4,525	19,786	20,089	20,089	-	0.0%
Passenger CPE (in $)	n/a	n/a	11.63	12.76	12.76	-	0.0%
Container Volume (TEU's in 000's)	448	485	2,140	1,800	1,800	-	0.0%
Grain Volume (metric tons in 000's)	1,450	1,409	5,491	5,500	5,500	-	0.0%
Cruise Passenger (in 000's)	-	-	932	807	796	11	1.4%
Commercial Property Occupancy	88%	89%	88%	89%	90%	(0)	-1.1%
Shilshole Bay Marina Occupancy	92.9%	94.7%	94.4%	94.3%	91.2%	3.1%	3.3%
Fishermen's Terminal Occupancy	94.2%	87.0%	87.1%	82.1%	82.0%	0.1%	0.1%

CAPITAL SPENDING RESULTS

Division	Q1 Act.	Q2 Fcst	Q3 Fcst	Q4 Fcst	2011 Forecast	2011 Budget	Var. $	Plan of Finance
($ in millions)								
Aviation	30.2	44.7	50.5	61.4	186.7	223.7	37.0	231.4
Seaport	4.6	7.4	10.0	10.0	31.8	34.0	2.1	29.5
Real Estate	3.0	6.0	4.1	3.0	16.1	16.3	0.3	15.4
Corporate	0.9	5.0	4.3	3.3	13.5	12.9	-0.6	12.1
Total	38.6	63.0	68.9	77.7	248.2	286.9	38.7	288.3

PORTWIDE INVESTMENT PORTFOLIO

The investment portfolio for the first quarter of 2011 earned 1.62% against our benchmark (The Bank of America Merrill Lynch 3-year Treasury/Agency Index) of 0.77%. For the past twelve months, the portfolio has earned 1.98% against the benchmark of 0.65%. Since the Port became its own Treasurer in 2002, the Port's portfolio life-to-date has earned 3.53% against our benchmark of 2.60%.

II. AVIATION DIVISION PERFORMANCE REPORT 03/31/11

FINANCIAL SUMMARY

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Var %
Operating Revenues						
Aeronautical	182,534	198,329	217,181	217,200	(19)	0.0%
Non-Aeronautical	137,348	135,418	145,783	144,965	819	0.6%
Other	8,359	8,426	8,353	8,353	-	0.0%
Operating Revenues	328,241	342,173	371,317	370,517	800	0.2%
Operating Expenses	175,482	177,871	199,108	199,180	72	0.0%
Environmental Remediation Liability	1,991	3,271	1,771	1,771	-	0.0%
VSP, HR10 & Unemployment	1,196	-	-	-	-	n/a
OPEB Reversal	(4,016)	-	-	-	-	n/a
Total Operating Expenses	174,654	181,142	200,879	200,951	72	0.0%
Net Operating Income	153,587	161,031	170,439	169,567	872	0.5%
Capital Expenditures	191,479	183,578	186,743	223,746	37,003	16.5%

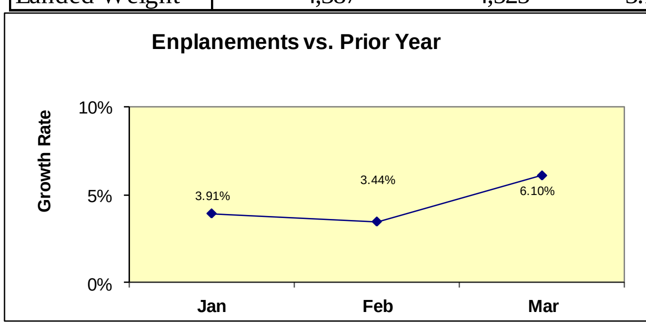
- We are forecasting aeronautical revenues to be $19K less than budgeted due to allocated cost savings from open positions.
- An overage of $819K in non-airline revenues is forecasted due to better than budgeted advertising revenue and unbudgeted grant revenue as a reimbursement for planning work.
- Operating expense is forecasted to be $72K favorable versus budget mainly due to open positions.
- $186.7 million is forecasted to be spent on capital projects in 2011, 83.5% of the 2011 budget of $223.75 million.

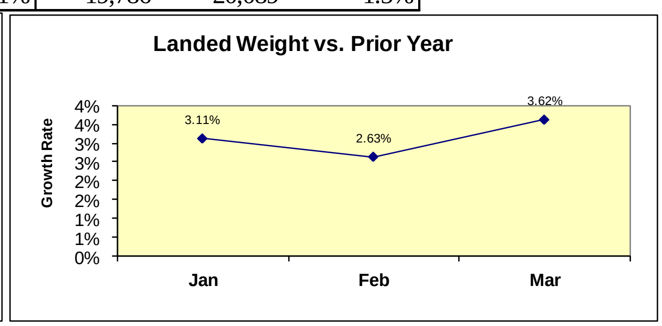
A. BUSINESS EVENTS

- Terminal realignment in progress.
- Sea-Tac Airport handled numerous snow/ice events in the first quarter.
- In addition to Rental Car Facility construction, building of the Bus Maintenance Facility is now underway.

B. KEY PERFORMANCE INDICATORS

Figures in 000's	2010 Q1	2011 Q1	% Variance	2010 Actual	2011 Forecast	% Variance
Enplanements	3,355	3,509	4.6%	15,773	15,845	0.5%
Landed Weight	4,387	4,525	3.1%	19,786	20,089	1.5%





- International enplaned passengers saw greater year-over-year growth (5% vs. Q1 2010) than domestic enplanements (4.5% vs. Q1 2010).
- Year-to-date cargo landed weight makes up 6.98% of total landed weight, as opposed to 7.58% of total landed weight at this point in 2010.
- The 2011 Budget assumes 0.5% increase in enplaned passengers and a 1.5% increase of landed weight over 2010 actuals.

II. AVIATION DIVISION PERFORMANCE REPORT 03/31/11

Key Performance Measures

	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Non-Aero NOI ($ in 000's)	81,159	78,203	82,081	81,209	872	1.1%
Passenger Airline CPE	10.92	11.63	12.76	12.76	0.00	0.0%
Total Operating Cost / Enpl	11.19	11.48	12.68	12.68	0.00	0.0%
Debt Service Coverage	1.32	1.48	1.41	1.40	0.01	0.7%

- CPE is forecasted currently to be nearly identical to the budgeted amount of $12.76.

C. OPERATING RESULTS

Year-to-date Revenue and Expense

$ in 000's	2009 YTD Actual	2010 YTD Actual	2011 YTD Actual	2011 YTD Budget	Actual/Budget Var $	Actual/Budget Var %
Revenues						
Aeronautical	48,155	49,178	48,590	54,275	(5,685)	-10.5%
Non-Aeronautical	33,938	30,794	32,909	33,965	(1,055)	-3.1%
Other	2,128	2,128	2,127	2,088	38	1.8%
Total Operating Revenues	84,221	82,100	83,627	90,328	(6,702)	-7.4%
Expenses						
Salaries & Benefits	19,991	18,351	19,355	20,667	1,311	6.3%
Outside Services	3,951	3,579	3,926	6,739	2,813	41.7%
Utilities	4,047	2,938	3,563	3,550	(12)	-0.4%
Supplies & Stock	1,252	864	1,417	1,025	(392)	-38.2%
Other	655	1,531	1,394	3,185	1,791	56.2%
Total Airport Expenses	29,897	27,263	29,656	35,166	5,510	15.7%
Corporate	6,846	6,889	7,005	8,351	1,346	16.1%
Police Costs	3,048	3,222	3,650	4,145	495	12.0%
Capital Development/Other Expenses	1,066	1,387	1,321	2,691	1,370	50.9%
Total Operating Expenses (excl. Env Res)	40,858	38,762	41,631	50,352	8,721	17.3%
Environmental Remediation	-	-	-	-	-	n/a
Total Operating Expenses	40,858	38,762	41,631	50,352	8,721	17.3%
Net Operating Income	43,363	43,338	41,995	39,976	2,019	5.1%

- Aeronautical revenues are less than budgeted YTD by $5.7 million due to seasonality from landing fee/terminal rent budgets.
- Non-aeronautical revenues are less than budgeted due to less growth in long-term parking transactions and decreased rates in rental cars despite transactions increasing YTD.
- Year-to-date expenses are under budget due to elevator/escalator invoices $618K, emergency generator invoice $287K, ramp tower invoice $141K, Airport Council membership $81K, incorrect budgeted spreads of Maintenance wages & benefits $400K, and FTEs vacancies $250K.

II. AVIATION DIVISION PERFORMANCE REPORT 03/31/11

Division Summary

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Var %
Total Operating Revenues	328,241	342,173	371,317	370,517	800	0.2%
Operating Expenses						
Salaries & Benefits	80,804	76,036	82,272	82,363	91	0.1%
Outside Services	21,509	22,519	26,758	26,758	-	0.0%
Utilities	13,209	11,381	12,576	12,576	-	0.0%
VSP, HR10 & Unemployment Savings	1,196	-	-	-	-	n/a
OPEB Reversal	(4,016)	-	-	-	-	n/a
Environmental Remediation Liability	1,991	3,271	1,771	1,771	-	0.0%
Other Expenses	8,183	13,275	16,146	16,107	(39)	-0.2%
Baseline Airport Expenses	122,877	126,481	139,503	139,575	72	0.1%
Corporate Expenses	31,181	32,558	34,043	34,043	-	0.0%
Police Expenses	14,461	14,317	16,389	16,389		
Capital Development/Other Expenses	6,135	7,785	10,944	10,944	0	0.0%
Total Operating Expenses	174,654	181,142	200,879	200,951	72	0.0%
Net Operating Income	153,587	161,031	170,439	169,567	872	0.5%
Depreciation Expense	117,731	119,538	118,418	118,418	-	0.0%
Non-Operating Rev/(Exp)						
Grants & Donations Revenues	74,323	30,040	28,990	28,990	-	0.0%
Passenger Facility Charges	59,689	59,744	61,320	61,320	-	0.0%
Customer Facility Charges	21,866	23,243	22,237	22,237	-	0.0%
Other Non-operating Rev/(Exp)	(109,398)	(122,549)	(125,464)	(125,464)	-	0.0%
Total Non-Operating Rev/(Exp)	46,481	(9,522)	(12,918)	(12,918)	-	0.0%
Total Revenue Over Expense	82,337	31,971	39,103	38,231	872	2.3%

- Operating revenues are forecasted to be $800K favorable overall due to unbudgeted grant revenue and advertising revenue.
- Operating expense is forecast at $72K favorable due to savings from open positions.

II. AVIATION DIVISION PERFORMANCE REPORT 03/31/11

Aeronautical Business Unit Summary

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Revenues requirement:						
Capital Costs	72,013	82,083	87,111	87,111	-	0.0%
Operating Costs net Non-Aero	118,456	122,985	137,176	137,195	(19)	0.0%
Total Costs	190,469	205,067	224,287	224,305	(19)	0.0%
FIS Offset	(5,250)	(7,000)	(7,000)	(7,000)	-	0.0%
Other Offsets	(16,441)	(14,825)	(14,821)	(14,821)	-	0.0%
Net Revenue Requirement	168,778	183,243	202,466	202,485	(19)	0.0%
Other Aero Revenues	13,757	15,087	14,715	14,715	-	0.0%
Total Aero Revenues	182,534	198,329	217,181	217,200	(19)	0.0%
Less: Non-passenger Airline Costs	12,074	14,885	15,066	15,066	-	0.0%
Net Passenger Airline Costs	170,460	183,444	202,115	202,133	(19)	0.0%

	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Cost Per Enplanement:						
Capital Costs / Enpl	4.61	5.20	5.50	5.50	-	0.0%
Operating Costs / Enpl	7.59	7.80	8.66	8.66	(0.00)	0.0%
Offsets	(1.39)	(1.38)	(1.38)	(1.38)	-	0.0%
Other Aero Revenues	0.88	0.96	0.93	0.93	-	0.0%
Non-passenger Airline Costs	(0.77)	(0.94)	(0.95)	(0.95)	-	0.0%
Passenger Airline CPE	**10.92**	**11.63**	**12.76**	**12.76**	**(0.00)**	**0.0%**

- We currently do not forecast any change to debt service payments.
- Operating costs were $19K lower due to cost savings from open positions and lease savings from the purchase of a previously-leased plotter in 2010.

II. AVIATION DIVISION PERFORMANCE REPORT 03/31/11

Non-Aero Business Unit Summary

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Revenues:						
Public Parking	49,689	49,416	52,847	52,847	-	0.0%
Rental Cars	33,320	30,309	33,833	33,833	-	0.0%
Concessions	33,473	33,765	32,859	32,640	219	0.7%
Other	20,865	21,929	26,244	25,644	600	2.3%
Total Revenues	137,348	135,418	145,783	144,965	819	0.6%
Operating Expense	55,916	54,743	64,352	64,397	45	0.1%
Share of terminal O&M	17,011	16,935	17,721	17,729	8	0.0%
Less utility internal billing	(16,738)	(14,464)	(18,370)	(18,370)	-	0.0%
Net Operating & Maint	56,189	57,215	63,703	63,756	53	0.1%
Net Operating Income	81,159	78,203	82,081	81,209	872	1.1%

	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Revenues Per Enplanement						
Parking	3.18	3.13	3.34	3.34	0.00	0.0%
Rental Car	2.13	1.92	2.14	2.14	0.00	0.0%
Concessions	2.14	2.14	2.07	2.06	0.01	0.7%
Other	1.34	1.39	1.66	1.62	0.04	2.3%
Total Revenues	8.80	8.59	9.20	9.15	0.05	0.6%
Primary Concessions Sales / Enpl	9.66	9.99	10.12	10.12	0.00	0.0%

- Public Parking and Rental Car revenues will be analyzed in Q2 for possible forecast revisions.
- Concession revenues are forecasted $219K favorable to budget due to an increase in janitorial monthly rates and advertising revenue from Google partnership.
- Forecasting an increase of $600K in Other revenues due to anticipated grant reimbursement for Sound Transit work.
- Concessions primary sales per enplaned passenger was $10.17 in March. Q1 2011 SPE up 7% from Q1 2010.

II. AVIATION DIVISION PERFORMANCE REPORT 03/31/11

Net Cash Flow: NOI after Debt Service and Interest Income

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Var %
Aeronautical						
Net Operating Income (NOI)	65,915	74,402	78,661	78,661	(0)	0.0%
Debt Service	68,767	73,080	76,700	76,700	-	0.0%
NOI After Debt Service	(2,851)	1,323	1,961	1,961	(0)	0.0%
Non-Aeronautical						
Net Operating Income (NOI)	81,159	78,203	82,081	81,209	872	1.1%
Debt Service	39,241	41,752	42,189	42,189	-	0.0%
NOI After Debt Service	41,917	36,451	39,892	39,020	872	2.2%
Fuel Hydrant Revenue	8,359	8,426	8,353	8,353	-	0.0%
Total Aviation						
NOI	155,433	161,031	169,095	168,223	872	0.5%
Debt Service	108,008	114,831	118,889	118,889	-	0.0%
NOI After Debt Service	47,425	46,200	50,206	49,334	872	1.8%
Add ADF Interest Income	8,853	6,297	4,549	4,167	382	9.2%
Less Non-Cash Fuel Hydrant Revenue	(7,845)	(7,912)	(7,839)	(7,839)	-	0.0%
Net Cash Flow after D/S & Interest Inc.	48,433	44,585	46,916	45,663	1,254	2.7%

D. CAPITAL SPENDING RESULTS

$ in 000's	YTD Actual	2011 Forecast	2011 Budget	Forecast/Budget Variance	%	Plan of Finance
Rental Car Facility Construction	23,179	79,570	97,488	17,918	18.4%	98,616
Central Plant Preconditioned Air	981	13,981	20,000	6,019	30.1%	8,000
Airfield Pavement Replacement	120	3,370	10,500	7,130	67.9%	10,500
Parking System Replacement	186	7,648	9,137	1,489	16.3%	8,994
Terminal Escalators Modernization	180	6,075	8,955	2,880	32.2%	10,000
Aircraft RON Parking USPS Site	45	2,645	5,050	2,405	47.6%	5,661
All Other	5,496	73,454	72,616	(838)	-1.2%	89,637
Total	30,187	186,743	223,746	37,003	16.5%	231,408

- Off-site Road Improvements and Bus Maintenance Facility contractors have gotten off to a very slow start. Soft costs are also running below forecast for Rental Car Facility.
- Site work for PC Air was expected to begin in 4th quarter 2010 but didn't commence until 1st quarter 2011. Project completion date is not expected to be impacted.
- Amount originally budgeted for Airfield Pavement Replacement project was not needed for the scope of the 2011 pavement replacement.

III. SEAPORT DIVISION PERFORMANCE REPORT 03/31/11

FINANCIAL SUMMARY

$ in 000's	2010 Actual	2011 Forecast	2011 Budget	Budget Var $	Budget Var %
Operating Revenue	96,060	94,972	94,972	0	0%
Security Grants	1,791	3,415	3,415	0	0%
Total Revenues	**97,850**	**98,387**	**98,387**	**0**	**0%**
Total Operating Expenses	**39,321**	**47,108**	**47,108**	**0**	**0%**
Net Operating Income	**58,530**	**51,280**	**51,280**	**0**	**0%**
Capital Expenditures	**11,172**	**31,847**	**33,953**	**2,106**	**6%**

- Total Seaport revenues were ($1,163K) unfavorable for the 1st quarter due to an unfavorable timing difference in Security Grant revenue ($1,805K) partially offset by Operating Revenue exceeding budget by $642K. Operating Revenues were favorable to budget due to higher crane rent and grain revenue both resulting from higher volumes. Seaport is forecasting full year revenues to be on budget.
- Total Operating Expenses were $3,702K favorable due to delays in starting Security Grant projects $1,800K, lower corporate expenses, lower CDD allocations and lower Outside Services due to timing. Seaport is forecasting full year expenses to be on budget.
- Forecasted Net Operating Income for 2011 is estimated to be equal to the 2011 Budget and ($7,250K) less than 2010 full year Actual Net Operating Income. The year-to-year change is driven by higher Operating Expense in 2011 Budget and Forecast.
- As of the end of the 1st Quarter, total capital spending for 2011 is projected to be $31.8M or 94% of the Approved Annual Budget.

A. BUSINESS EVENTS

- TEU volumes for Seattle Harbor are up 7.9% as of March 31, 2011 compared to the same period in 2010. Total YTD 2011 volume is 485K TEU's.
- Consolidated West Coast Port results for 1st Quarter of 2011 show an overall increase in TEU volume of 8.7% compared to volumes in 2010.

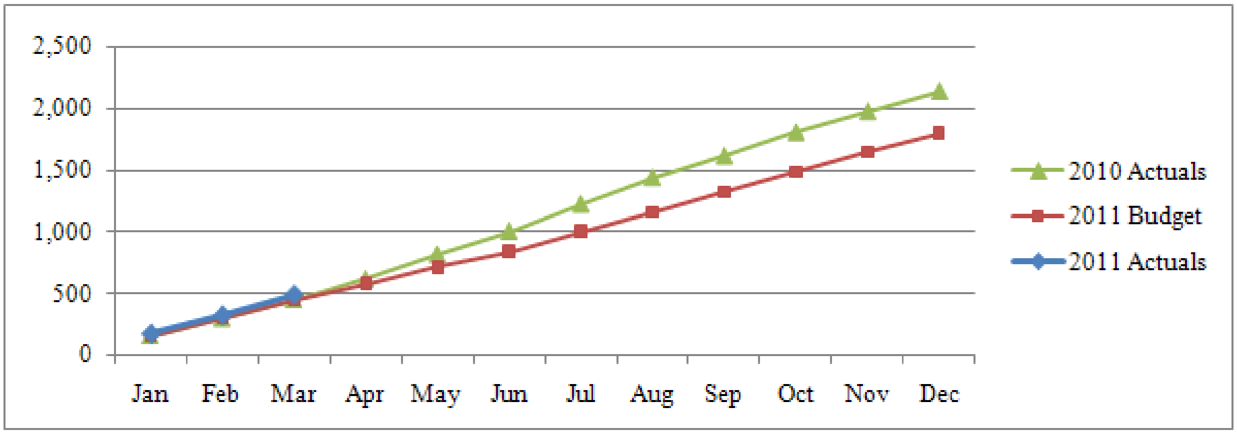
TEU Volume (in 000's)	2011	2010	% change
Long Beach	1,346	1,265	6.4%
Los Angeles	1,816	1,649	10.2%
Oakland	556	500	11.2%
Portland	49	39	25.1%
Prince Rupert	65	77	-14.9%
Seattle	**485**	**450**	**7.9%**
Tacoma	352	324	8.8%
Vancouver	577	525	9.9%
West Coast - Total:	**5,246**	**4,827**	**8.7%**

- Grain vessels shipped 1,409K metric tons of grain through Terminal 86 in the 1st Quarter 2011. Amount is (3%) below 2010 grain volumes of 1,450K metric tons. 2011 actual volume is 8% higher than 2010 budget volume.
- Disney Cruise Lines announced they would bring a new homeport vessel to the Seattle harbor in 2012.
- Implementation of the Northwest Ports Clean Air Strategy continued:
  - At-Berth Clean Fuels Vessel Incentive Program (ABC Program), 82 participating calls were made in the first quarter.
  - Under the Scrappage and Retrofits for Air in Puget Sound program (ScRAPS Program) 276 pre-1994 drayage trucks have been taken off the road since the inception of the program.

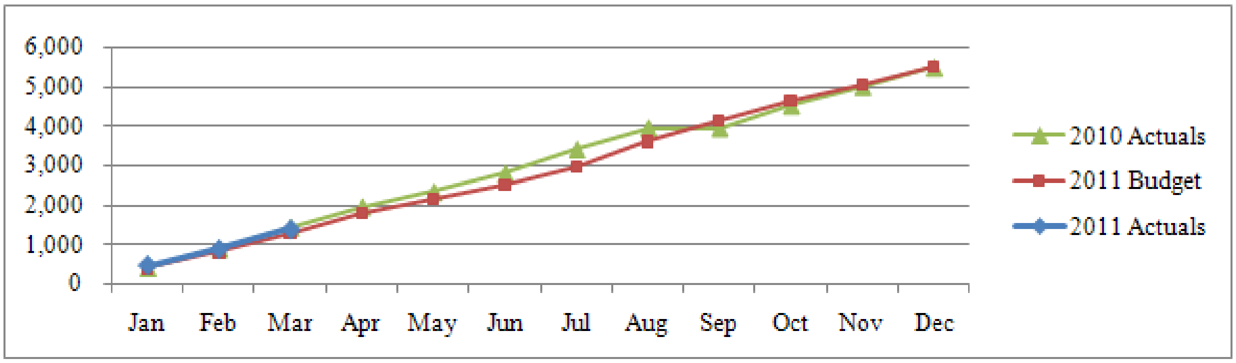
III. SEAPORT DIVISION PERFORMANCE REPORT 03/31/11

B. KEY INDICATORS

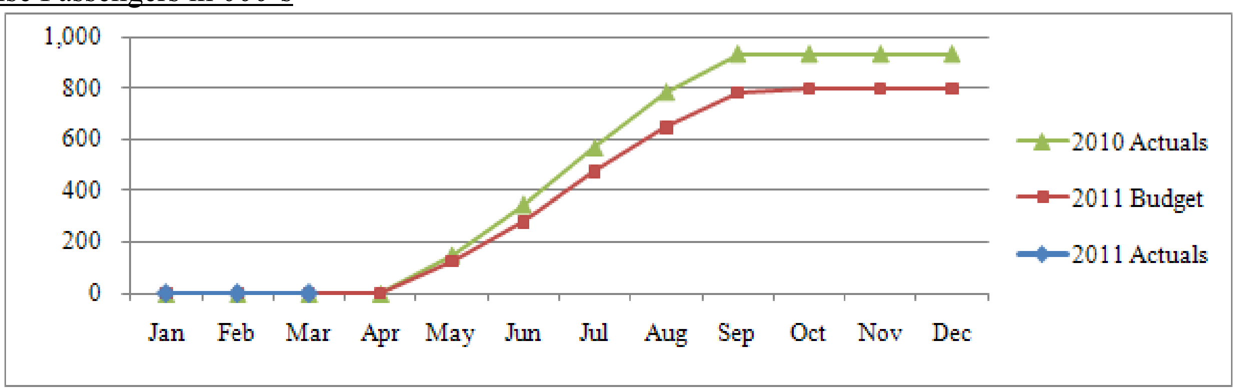
Container Volume – TEU's in 000's



Grain Volume – Metric Tons in 000's



Cruise Passengers in 000's



Net Operating Income Before Depreciation By Business

$ in 000's	2010 Actual	2011 Actual	2011 Budget	2011 Bud Var $	2011 Bud Var %	Change from 2010 $	Change from 2010 %
Containers	11,757	12,372	10,968	1,404	13%	615	5%
Grain	1,332	1,311	1,124	187	17%	(21)	-2%
Seaport Industrial Props	1,891	1,569	1,188	381	32%	(322)	-17%
Cruise	(912)	(885)	(1,242)	357	29%	27	3%
Docks	(405)	(332)	(436)	104	24%	73	18%
Security	(332)	(198)	(317)	118	37%	134	40%
Env Grants/Remed Liab/Oth	0	(13)	0	(13)	NA	(13)	NA
Total Seaport	13,332	13,825	11,285	2,539	23%	493	4%

III. SEAPORT DIVISION PERFORMANCE REPORT 03/31/11

C. OPERATING RESULTS

$ in 000's	2010 YTD Actual	2011 Year-to-Date Actual	2011 Year-to-Date Budget	2011 Bud Var $	2011 Bud Var %	Year-End Projections Budget	Year-End Projections Forecast	Year-End Projections Variance
Operating Revenue	20,557	22,286	21,644	642	3%	94,972	94,972	0
Security Grants	8	40	1,845	(1,805)	-98%	3,415	3,415	0
Total Revenue	**20,565**	**22,326**	**23,489**	**(1,163)**	**-5%**	**98,387**	**98,387**	**0**
Direct Expenses	3,778	4,990	5,667	677	12%	24,081	26,381	(2,300)
Security Grant Expense	29	69	1,870	1,800	96%	3,451	3,451	0
Environmental Remed Lia	0	0	0	0	NA	500	500	0
Divisional Allocations	573	185	568	383	67%	2,511	211	2,300
Corporate Allocations	2,852	3,257	4,099	842	21%	16,565	16,565	0
Total Expense	**7,233**	**8,501**	**12,203**	**3,702**	**30%**	**47,108**	**47,108**	**0**
NOI Before Depreciation	**13,332**	**13,825**	**11,285**	**2,539**	**23%**	**51,280**	**51,280**	**0**
Depreciation	7,748	7,848	7,894	46	1%	31,898	31,898	0
NOI After Depreciation	**5,583**	**5,977**	**3,391**	**2,585**	**76%**	**19,381**	**19,381**	**0**

Seaport revenues were ($1,163K) unfavorable to budget. Key variances are as follows:

Seaport Leasing & Asset Management - favorable $502K

- Containers $539K favorable. Crane Rent Revenue $443K favorable due to higher volumes and related crane usage at Terminal 5 and Terminal 18. Intermodal Revenue $30K favorable due to higher Terminal 5 intermodal volumes. Miscellaneous Revenue $72K favorable due to more maintenance reimbursable work performed than budgeted.
- Grain $105K favorable due to actual grain volume exceeding budget by 8%.
- Seaport Industrial Properties ($141K) unfavorable due to lower than anticipated liquid bulk volumes at the Terminal 18 facility, lower utility sales revenue and related expense at T91, and due to continued vacancy within Building 2 at Terminal 106.

Cruise and Maritime Operations - unfavorable ($1,665K)

- Cruise $21K favorable primarily due to actual 2010 “Savings Rent” in excess of 2010 year-end accrual.
- Docks $118K favorable primarily due to higher than anticipated security fee revenue from Terminal 91 customers.
- Security Grants $1,805K unfavorable due to Q1 Round 7 pass-through grant activity being less than budgeted. Examples of 3rd party projects planned for Q1 were for the Port of Everett and the Seattle Fire Department. See offsetting expense variance below.

Seaport expenses were $3,702K favorable to budget. Key variances:

- **Security Grant Expenses** favorable $1,800K due to Round 7 pass-through grant activity being delayed.
- **Outside Services** (excluding Corporate and Security Grants) were favorable $381K due to projects and programs with later actual timing or payments than budgeted including Environmental Services stormwater and air programs $125K, Planning T91 Option and Transportation studies $30K, Seaport Division Admin CTQI Certifications $50K and Seaport Leasing & Asset Management crane related work $40K, repairs at Terminal 115 $30K, and asset condition assessments $80K. Thus far, asset condition assessment work is being done by internal Port staff.
- **Corporate** costs, direct and allocated were favorable $957K due to lower than anticipated direct charges and allocations from virtually all orgs/departments including Legal $221K, Public Affairs $116K, Police $113K, Accounting and Financial Reporting $98K, ICT $66K, and Human Resources $51K.
- **CDD Allocations (included in Corporate Allocations)** were favorable $287K due to overall less spending by CDD groups on non-direct charge, non-overhead rate eligible expense items.
- **Maintenance** costs, direct and allocated were favorable $115K primarily due to later start on some projects than budgeted and work being done by PCS rather than Marine Maintenance on another project.
- **Travel & Other Employee Expenses, Promotional Hosting, and Trade Business and Community** favorable $101K due to timing.

- **Bad Debt Expense** unfavorable ($202K) due to delay in receipt of payments related to cost sharing agreements on environmental clean-ups projects. Payments were received in early April.
- Miscellaneous Expense was favorable $83K primarily due to an unused Seaport Division Contingency.
- All other variances netted to favorable $180K or less than 1.5% of Total Expenses Budgeted.

NOI Before Depreciation was $2,539K favorable to budget.

Depreciation was $46K, or approximately 1%, favorable to the 2011 Budget.

NOI After Depreciation was $2,585K favorable to budget.

Forecast

As of the end of the 1st Quarter 2011, Seaport anticipates ending the year on budget for NOI Before Depreciation. At the beginning of 2011, a change was made in the way Marine Maintenance charges overhead to expense projects and programs. As a result, approximately $2,300K of Maintenance related overhead expenses are forecasted to be direct charged to Seaport and therefore reflected in Direct Expenses rather than in Divisional Allocations. Because this change in methodology was not in place during the development of the 2011 Budget, these offsetting expense impacts are reflected in the Forecast.

Change from 2010 Actual

NOI Before Depreciation for 2011 increased by $493K from 2010. Revenue is up $1,761K from the prior year due to increase in Container revenue $1,789K resulting from higher crane rent, increase in container lease rate effective July 2010 and application of straight-line rent adjustment to all container terminals. Expenses increased $1,268K due to Terminal 5 Maintenance Dredge Project $532K, earlier payment for Tribal mitigation $259K, earlier payment for city street vacation permits $144K, and higher direct charges and allocations from CDD for asset condition assessment work and SR99 Tunnel property related work.

D. CAPITAL SPENDING RESULTS

$ in 000's	2011 Estimated Actual	2011 Approved Budget	Variance EstActs to Budget	EstActs as a % of Budget	2011 Plan of Finance
Terminal 10	5,374	5,326	(48)	101%	5,585
Terminal 18	4,146	4,616	470	90%	5,040
Cruise	4,313	4,617	304	93%	2,737
Security	3,855	3,583	(272)	108%	1,799
Terminal 91 - Industrial Properties	4,247	3,568	(679)	119%	4,073
Cranes	1,353	3,465	2,112	39%	2,800
All Other	8,559	8,778	219	98%	7,456
Total Seaport	31,847	33,953	2,106	94%	29,490

Comments on Key Projects:

Through the first quarter, Seaport spent 13% of the Approved Capital Budget. Full year spending is estimated to be 94% of the Approved Capital Budget.

Projects with significant changes in spending were:

- **Terminal 5 Crane Cable Reels –** Bids came in below estimate.
- **Terminal 91 Water Main Replacement –** Expect to complete earlier than originally projected. Expenditures originally planned for 2012 expected to occur in 2011.

Changes between the 2011 Plan of Finance and the 2011 Approved Budget represent modifications in 2011 spending estimates made after determination of 2010 actual spending.

IV. REAL ESTATE DIVISION PERFORMANCE REPORT 03/31/11

FINANCIAL SUMMARY

$ in 000's	2010 Actual	2011 Forecast	2011 Budget	Budget Var $	Budget Var %
Operating Revenue	29,820	30,707	30,707	0	0%
Total Revenues	**29,820**	**30,707**	**30,707**	**0**	**0%**
Total Operating Expenses	**31,499**	**36,079**	**36,079**	**0**	**0%**
Net Operating Income	**(1,678)**	**(5,372)**	**(5,372)**	**0**	**0%**
Capital Expenditures	**3,965**	**16,074**	**16,339**	**265**	**2%**

- Total Real Estate Division Revenues are $13K favorable to budget year-to-date due to favorable revenue variances from Recreational Boating, Commercial Properties and Real Estate Planning & Development largely offset by an unfavorable variance from Bell Harbor International Conference Center due to lower activity than assumed in the Budget. For the full year, Real Estate is forecasting revenue to come in on Budget.
- Total Operating Expenses are $1,660K, or 19%, favorable to budget primarily due to timing. For the full year, Real Estate is forecasting Operating Expenses to come in at Budget.
- Forecasted Net Operating Income for 2011 is estimated to be on Budget for the year and $3,694K below 2010 Actual. Higher maintenance, corporate and CDD expenses are driving the year over year change.
- At the end of the first quarter, capital spending for 2011 is currently estimated to be $16.1 million or 98% of the Approved Annual Budget amount of $16.3 million.

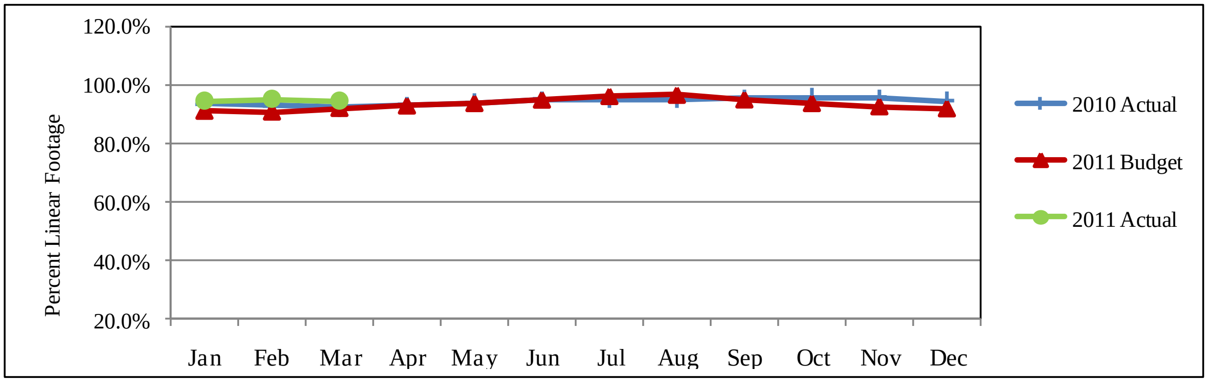
A. BUSINESS EVENTS

- Occupancy levels at Commercial Properties were at 89% at the end of the first quarter, which is below the 90% target for the 2011 Budget, but above comparable statistics for the local market 84%.
- Through the 1st quarter, moorage occupancies at Fishermen's Terminal and Maritime Industrial Center met 2011 Budget targets. Recreational marinas averaged 93% occupancy for the quarter which was above the target of 91%.
- Fishermen's Terminal NW dock fender replacement, south wall replacement, and Maritime Industrial Center sheet pile replacement projects are underway. All are expected to be complete in the second quarter.
- Fishermen's Terminal net shed pilot program continues with 14 lofts removed in the first quarter and 37 customers on waiting list to get racking installed when it is approved.
- Signed letter of intent with potential tenant for 18-acre City of SeaTac site.
- Issued Request for Proposal for Tsubota Steel site.
- Closed on street vacation/acquisition and right of way sale with City of Des Moines.
- Eastside Rail Corridor
  - Continuing to develop streamlined procedures and standards to handle the volume of incoming access requests.
  - Over 45 requests in 1st quarter for access from municipalities, public agencies, utilities and private homeowners for construction, utility installations and various types of access.
- Marine Maintenance
  - Continuing Deferred Maintenance Reduction Program
  - Established physical site for Marine Maintenance at Terminal 91. Capital infrastructure will allow for 40 people to direct report when work is completed.

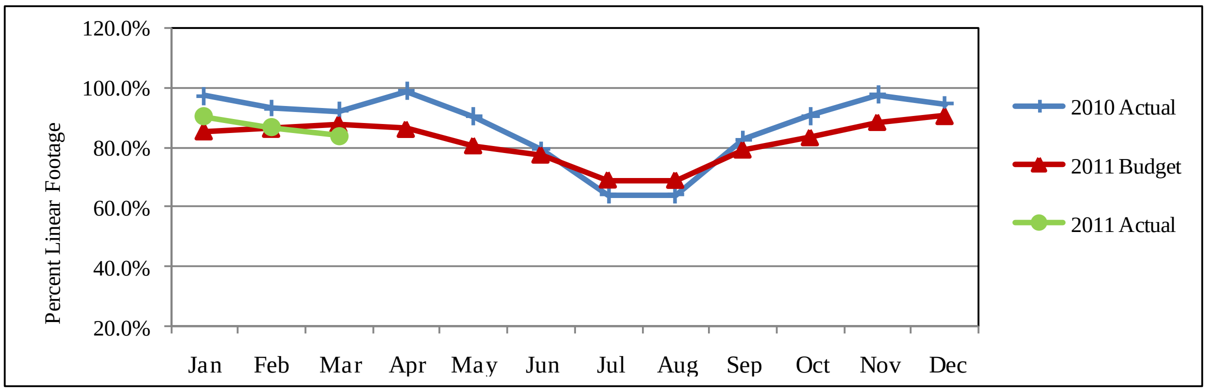
IV. REAL ESTATE DIVISION PERFORMANCE REPORT 03/31/11

B. KEY INDICATORS

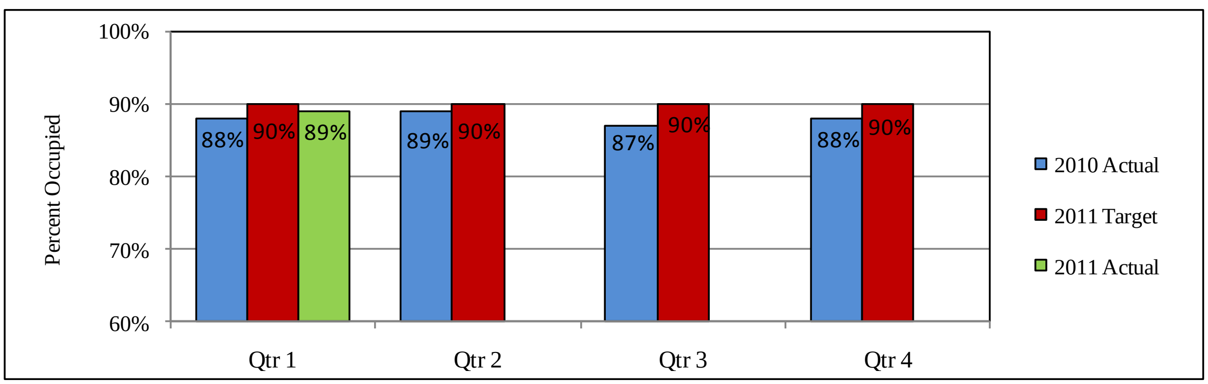
Shilshole Bay Marina Occupancy



Fishermen's Terminal Moorage Occupancy



Commercial Building



Net Operating Income Before Depreciation By Business

$'s in 000's	2010 Actual	2011 Actual	2011 Budget	2011 Bud Var $	2011 Bud Var %	Change from 2010 $	Change from 2010 %
Recreational Boating	691	629	157	472	301%	(62)	-9%
Fishing & Commercial	(376)	(449)	(582)	132	23%	(73)	-19%
Commercial & Third Party	(17)	(53)	(802)	749	93%	(36)	-214%
Eastside Rail	(47)	(98)	(162)	64	39%	(51)	-108%
RE Development & Plan	(61)	(47)	(303)	256	84%	13	22%
Envir Grants/Remed Liab	0	0	0	0	NA	0	NA
Total Real Estate	190	(20)	(1,693)	1,673	99%	(210)	-110%

IV. REAL ESTATE DIVISION PERFORMANCE REPORT 03/31/11

C. OPERATING RESULTS

	2010 YTD	2011 Year-to-Date		2011 Bud Var		Year-End Projections		
$ in 000's	Actual	Actual	Budget	$	%	Budget	Forecast	Variance
Operating Revenue	6,784	7,134	7,121	13	0%	30,707	30,707	0
Total Revenue	**6,784**	**7,134**	**7,121**	**13**	**0%**	**30,707**	**30,707**	**0**
Direct Expenses	6,229	6,179	7,986	1,806	23%	33,221	30,921	2,300
Envir Remediation Liability	0	0	0	0	NA	0	0	0
Divisional Allocations	(823)	(425)	(827)	(403)	-49%	(3,787)	(1,487)	(2,300)
Corporate Allocations	1,189	1,400	1,656	256	15%	6,645	6,645	0
Total Expense	**6,594**	**7,154**	**8,814**	**1,660**	**19%**	**36,079**	**36,079**	**0**
NOI Before Depreciation	**190**	**(20)**	**(1,693)**	**1,673**	**99%**	**(5,372)**	**(5,372)**	**0**
Depreciation	2,480	2,520	2,505	(15)	-1%	10,166	10,166	0
NOI After Depreciation	**(2,290)**	**(2,540)**	**(4,198)**	**1,658**	**39%**	**(15,538)**	**(15,538)**	**0**

Total Real Estate revenues were $13K favorable to budget. Key variances are as follows:

Harbor Services: Favorable $48K
- Recreational Boating favorable $72K due to 148 more boat-months than planned.
- Fishing and Commercial favorable ($24K) primarily due to fewer small fishing and commercial work boats.

Portfolio Management: Unfavorable ($80K)
- Commercial Properties favorable $86K primarily due to higher occupancy at Terminal 102 Marina Corporate Center and higher occupancy and utility revenue at Fishermen's Terminal Office & Retail.
- Third Party Managed Properties unfavorable ($166K) due to lower activity than anticipated at the Bell Harbor International Conference Center and lower occupancy at WTC West than assumed in Budget.

Eastside Rail Corridor: Unfavorable ($20K)
- Eastside Rail Corridor unfavorable ($20K) due to considerable unknowns at time of Budget. Budgeted revenue was based on continuing review of over 844 agreements assigned to the Port from BNSF. As research and billing progressed it was found that only 240 agreements require payment and they are spread among annual, 5-year, and 10-year periodic payments.

RE Development and Planning: Favorable $33K
- Terminal 91 General Industrial favorable $33K due due to higher revenue from Pacific Maritime Association as a result of the tenant taking more yard space.

Facilities Management: Favorable $2K
- Pier 69 Facilities Management $2K due to reimbursed tenant work that was not budgeted for 2011.

Maintenance: Favorable $31K
- Maintenance $31K due to unbudgeted license to use fees from parks and recycling fees.

Total Real Estate expenses were $1,660K favorable to budget. Key variances:
- Third Party Management Expense and Management Fees related to the World Trade Center Club, World Trade Center West and Bell Harbor International Conference Center were favorable $216K due to expense controls by third party managers and due to timing of acquisition of furniture and equipment at BHICC.
- Outside Services (excluding Maintenance and Corporate) were favorable $234K primarily due to lower than expected spending on Eastside Rail Corridor, slower start on Environmental Services projects related to Real Estate properties and timing of payments on contracts for janitorial and watchmen services. Amounts were partially offset by unexpected repairs needed at World Trade Center West.
- Maintenance expenses were favorable $704K primarily due later start of the Bell Street Garage sprinkler project and to lower than anticipated overhead charges to the Real Estate Businesses.
- Corporate costs, direct and allocated, were favorable $436K primarily due Legal $203K, Accounting & Financial Reporting $42K, Police $41K, Public Affairs $28K and IT $26K.

IV. REAL ESTATE DIVISION PERFORMANCE REPORT 03/31/11

- Room/Space/Land Rental favorable $67K due to correction of prior accruals related to DNR submerged land rent for Pier 69 and Pier 66.
- Litigated Injuries & Damages unfavorable ($98K) due to reserve for legal expense set up for lawsuit filed.
- All other variances netted to an favorable $101K or less than 1.2% of Total Expenses budgeted.

NOI Before Depreciation was $1,673K favorable to budget.

- Depreciation was ($15K) unfavorable to budget primarily due to unanticipated depreciation at Bell Harbor. The variance amounted to less than 1% of budget.

NOI After Depreciation was $1,658K favorable to budget.

Forecast

Real Estate anticipates ending the year at Budget for NOI Before Depreciation. At the beginning of 2011, a change was implemented in the way Marine Maintenance charges overhead to expense projects and programs. As a result, approximately $2,300K of Maintenance related overhead expenses will be direct charged to the Seaport Divison rather than ascribed to Seaport through Divisional Allocations. Because this change in methodology was not in place during the development of the 2011 Budget, the impact on theses offsetting expense impacts are reflected in the Real Estate Division Forecast.

Change from 2010 Actual

Net Operating Income Before Depreciation decreased by ($210K) between 2011 and 2010 as a result of higher revenue more than offset by higher expenses. Operating Revenue increased by $350K due to higher revenue at the Bell Harbor International Conference Center $285K and Bell Street Garage $78K. Expenses increased by $560K in 2011 due to tenant improvement costs, higher third party management expense associated with BHICC, litigated damages associated with a lawsuit filing and higher utilities.

D. CAPITAL SPENDING RESULTS

$ in 000's	2011 Estimated Actual	2011 Approved Budget	Variance EstActs to Budget	EstActs as a % of Budget	2011 Plan of Finance
FT NW Dock Fender System	3,138	3,440	302	91%	3,350
FT East Portion South Wall	3,409	3,232	(177)	105%	4,668
Small Projects	2,026	2,026	0	100%	992
RE Maintenance Shop Solution	1,921	1,925	4	100%	186
MIC Seawall Replacement	1,805	1,707	(98)	106%	2,123
All Other	3,775	4,009	234	94%	4,038
Total Real Estate	16,074	16,339	265	98%	15,357

Comments on Key Projects:

Through first quarter, the Real Estate Division spent 18% of the Approved Capital Budget. Full year spending is estimated to be 98% of the Approved Capital Budget.

Projects with significant changes in spending were:

- FT NW Dock Fender System – Actual contractor bids lower than estimate.

Changes between the 2011 Plan of Finance and the 2011 Approved Budget represent modifications in 2011 spending estimates made after determination of 2010 actual spending.

V. CAPITAL DEVELOPMENT DIVISION PERFORMANCE REPORT 03/31/11

A. BUSINESS EVENTS

- Received Commission approval for and executed Port's first design/build contract with Turner Construction and Kone for 44 escalators in main and satellite terminals.
- Began construction on Bus Maintenance Facility, critical path item for opening of new Rental Car Facility in 2012.
- Regional Contractors' Forum held at Convention Center on March 30.
- Developed annual schedule for, and began, training cycle for CPO101, CPO102 and CPO103.
- Purchase-Card procedure implemented; 7 training sessions completed; development of website underway.
- $350K unbudgeted under-dock inspections (asset management). The negative variance from this expense work is expected to carry forward through YE2011.
- Several key PCS projects in progress for the 1st quarter of 2011 include the Removal of Emergency Generators, Terminal 91 Waterline & Paving, Noise Remedy Window Replacement, and PC Air CTE Basement Preparation.
- Started the process for preparing the RFQ for Regulated Materials Service Agreements for asbestos design and monitoring.
- Construction has started on the following projects: replacement of central seawall section at Maritime Industrial Center; final phase of the South Wall seawall reconstruction, installation of new fender system on east half of Northwest Dock, and Northwest Dock Fender System Replacement at Fishermen's Terminal.
- Construction complete and beneficial occupancy obtained for the Terminal 18 South Fender Replacement, Phase 1 of the Fender Damage Repair and North Harbor Island Mooring Dolphins.
- Completed Terminal 5 Maintenance Dredging Phase I on schedule and under budget.
- Construction on the East Marginal Way Grade Separation project continues including concrete paving on both roadways and bridge deck. Project is 75% complete.
- Terminal 91 Cruise Fender – Phase 1 construction (15 piles) complete by PCS crews, system ready for 2011 cruise season.
- Corps of Engineers completed interim clearance of discarded munitions at Terminal 91.

V. CAPITAL DEVELOPMENT DIVISION PERFORMANCE REPORT 03/31/11

B. KEY PERFORMANCE METRICS

Key Performance Metrics	2011 YTD	Notes
Construction Soft Costs 36 month rolling average from Q2 2008 thru Q1 2011	($ in 000's) Total Costs $ 148,442 (100%) Total Construction: $ 119,685 (81%) Total Soft: $ 28,757 (19%)	Limit construction soft costs (design, construction management, project management, environmental documentation) to no more than 25% of total capital improvement costs.
Cost Growth During Construction	Total Completed Projects YTD: 2 Discretionary Change: 0.4% Mandatory Change: 9.8%	Limit average mandatory change cost growth to 5% of construction contract award. Limit average discretionary change cost growth to 5% of construction contract award.
Design Schedule Growth	($ in 000's) Total Completed Projects YTD: 2 Avg Design Growth Completed Proj's: 74.5% Cumulative Value YTD: $97,199	Limit design growth from initial Commission project authorization to construction advertisement to no more than 10% of originally allotted duration.
Construction Schedule Growth	($ in 000's) Total Completed Projects YTD: 2 Avg Construction Growth Completed Projects: 29.9% Cumulative Value YTD: $97,199	Limit construction growth from contract award to substantially complete to no more than 10% of originally allotted duration
Performance Evaluation Timeliness	**Q1** / **2011** Total PREPs due: 47 / 47 Total PREPs on time: 0-30 days (CDD) 33 (70.2%) / 33 (70.2%) 0-60 days (HRD) 8 (87%) / 8 (87%)	98% PREPs completed within 30 days of anniversary date.
2011 Procurement Schedule: Total Time RFS - Execution	Good & Services 76 days Major Public Works 91 days Small Works 42 days Service Agreements 252 days	Average number of days, improving from period to period.

V. CAPITAL DEVELOPMENT DIVISION PERFORMANCE REPORT 03/31/11

C. OPERATING RESULTS

		2010 YTD	2011 YTD		2011 Bud Var.		Year-End Projections		
$ in 000's	Notes	Actual	Actual	Budget	$	%	Budget	Forecast	Variance
Engineering		-	63	-	63	0.0%	-	-	-
Port Construction Services		-	2	-	2	0.0%	-	-	-
Total Revenues		**-**	**65**	**-**	**65**	**0.0%**	**-**	**-**	**-**
EXPENSES BEFORE CHARGES TO CAPITAL PROJECTS									
Capital Development Administration		89	85	91	6	6.1%	359	359	-
Engineering		2,188	2,588	3,803	1,215	32.0%	15,225	15,575	(350)
Port Construction Services		1,564	1,353	1,889	535	28.3%	7,554	7,554	-
Central Procurement Office		709	1,411	1,099	(312)	-28.4%	4,394	4,394	-
Aviation Project Management		1,085	882	2,161	1,279	59.2%	8,637	8,637	-
Seaport Project Management		520	438	636	197	31.1%	2,493	2,493	-
Total Before Charges to Capital Projects		**6,155**	**6,758**	**9,678**	**2,920**	**30.2%**	**38,662**	**39,012**	**(350)**
CHARGES TO CAPITAL PROJECTS									
Capital Development Administration		-	-	-	-		-	-	-
Engineering		(1,996)	(1,905)	(2,686)	(781)	29.1%	(10,892)	(10,892)	-
Port Construction Services		(849)	(1,156)	(1,084)	72	-6.6%	(4,338)	(4,338)	-
Central Procurement Office		(322)	(277)	(303)	(27)	8.9%	(1,214)	(1,214)	-
Aviation Project Management		(967)	(691)	(1,585)	(894)	56.4%	(6,338)	(6,338)	-
Seaport Project Management		(461)	(290)	(400)	(111)	27.7%	(1,602)	(1,602)	-
Total Charges to Capital Projects		**(4,594)**	**(4,318)**	**(6,059)**	**(1,741)**	**28.7%**	**(24,384)**	**(24,384)**	**-**
OPERATING & MAINTENANCE EXPENSE									
Capital Development Administration		89	85	91	6	6.1%	359	359	-
Engineering		193	683	1,117	434	38.9%	4,333	4,683	(350)
Port Construction Services		716	197	804	607	75.5%	3,216	3,216	-
Central Procurement Office		387	1,135	795	(339)	-42.6%	3,180	3,180	-
Aviation Project Management		118	191	577	386	66.9%	2,299	2,299	-
Seaport Project Management		59	149	235	87	36.8%	891	891	-
Total Expenses		**1,561**	**2,440**	**3,620**	**1,180**	**32.6%**	**14,278**	**14,628**	**(350)**

Summary of Variances:

FTEs: 38 vacancies

Central Procurement Office: $646K unfavorable due to unbudgeted Seaport T-5 Dredging project. This cost is expected to reverse and transfer to Seaport division for Q2 report.

Aviation Project Management: $49K refund from “RST Enterprises” claim (original reserve $50K expensed Q4 2010).

Engineering: Under dock inspections cost more than budgeted. Expect $350K unfavorable variance through 2011.

VI. CORPORATE PERFORMANCE REPORT 03/31/11

A. BUSINESS EVENTS

- Held a candlelight service at Fishermen's Terminal to remember the victims of the earthquake and tsunami disaster in Japan.
- Presented Seattle Propeller Club "State of the Port" and Centennial by CEO.
- Centennial:
  - Launched internally with logo mugs and chocolate, including managers' participation for distribution to all employees.
  - Published and promoted new Centennial Map and Timeline, the interactive history of the Port of Seattle.
  - Promoted Map and Timeline to employees via online trivia contest with prizes.
  - Published and distributed Centennial documentary, "Voices of the Port," which has been shown on several cable stations in King County, shown to employees in brownbags, shown to local chambers of commerce at a reception, and distributed to all employees attending the spring employee forum.
  - Promoted Centennial events including Chamber Reception, brownbags, Video Contest for Schools, and Know the Port by Bike event in June.
- Partnered with US Coast Guard, Army Corps of Engineers, and Washington Department of Ecology on crafting and implementing a communications plan regarding discarded munitions at Terminal 91.
- Hosted a live broadcast of CNBC morning shows Squawk Box and Squawk on the Street. Broadcasts featured Port of Seattle as primary driver of regional economic recovery.
- Highlighted the port's centennial celebration and website to multiple media partners, gaining ongoing positive coverage in several outlets.
- Pitched and placed a KING-TV/Evening Magazine feature story about POSFD firefighter training; story received excellent air time, running repeatedly over several days.
- Delivered Code of Conduct to all Port employees and process for feedback provided. Intake system implemented. Training program is being developed.
- Offered Ethics Survey to all Port employees. Intake and response system continues to be developed and implemented. Training program continues to be developed.
- Presented the Port's risk metrics and benchmarking the Port utilizes for risk management at the Airport Council International Risk and Insurance Management Conference in January.
- Launched the 2011 Wellness Rewards Tiered Program. Deadline to complete Health Assessment and Tier 1 is April 30.
- Telephonic and online coaching program implemented as part of the Wellness Reward program. To date, 72 are engaged in telephonic coaching.
- Completed 1st quarter safety evaluation.
- Completed 31% of annual safety training requirements by the end of the 1st quarter.
- HR&D identified as lead on Request for Proposal (RFP) to select a consultant for design of Portwide process improvement effort. Finalized Scope of Work and expect to advertise the RFP in early Q2.
- ICT is continuing contract negotiations with the vendor selected to upgrade the Port's financial system to the current version. This project ensures continued vendor support and replaces legacy database infrastructure with Port of Seattle standard.
- Received a clean, unqualified independent Certified Public Accountant (CPA) audit opinion on the Port's 2010 financial statements, which the AFR department prepares in conformance with industry prescribed accounting and financial reporting standards.
- Received favorable results from the 2010 Single Audit and Passenger Facility Charge (PFC) audits conducted by the independent auditors, with no questioned cost findings or Federal grants/FAA regulatory compliance findings, for areas which the AFR department is responsible.
- Issued Limited Tax General Obligation Bonds in the principal amount of $104 million for the purpose of refinancing capital improvements to Port facilities and financing Port activities and costs of issuance.

VI. CORPORATE PERFORMANCE REPORT 03/31/11

B. KEY PERFORMANCE METRICS

Key Performance Metrics	2011 YTD	2010 YTD/Notes
A. High Performance Workplace:		
1. Occupational Injury Rate	5.17	4.31, increased by 0.86
2. Lost Work Day Case Rate	1.36	2.32, decreased by 41%
3. Injury Cost per Worked Hour	$.95	$3.58, decreased is due to reduction in reserves
4. Total Lost Work Days	85	85
5. Contract Administration Issues	11	28, decreased by 17
6. Employee Training		
a) New Employee Orientation	22	11, increased by 11
b) REALeadership Program	30	29, increased by 1
c) MIS Training	2 Classes and 14 users	4 classes and 54 users
d) Required Safety Training	31%	25%, increased by 24%
7. Job Openings	85	43, increased by 42
8. Applications Received	2,858	2,036, increased by 822
9. Job Evaluations	20	11, increased by 9
B. Transparency:		
1. Rate of Public Meetings	6	2, increased by 4
2. Public Disclosure Requests	76	74, increased by 2
3. Website Visits		
a) Track and grow Web site usage	2,036,201 total page views; 1,430,113 unique page views	2,428,967 total page views, decreased by 16%; 1,742,791 unique page views, decreased by 18%
b) Initiate YouTube usage	10,669 total upload views, 77 subscribers to our channel 1st quarter	Not Available
c) Track and grow Constant Contact electronic newsletters and bulletins	19,293 active contacts	16,142 contacts at year-end
d) Increase internal communications via Compass	Reached 420 employees attending employee forums. 28,738 visits to Compass this period, 958 page views per day.	Site is averaging 5,500 visits per day, and about 1,200 unique users. Top five pages are Compass home, Aviation, HRD, What's on your mind (Compass blog), & External Affairs.
C. Accountability:		
1. Internal Audits Completed	4	5, decreased by 1
2. % of Audit Plan Completed	13%	17%, decreased by 24% due to one less auditor
3. Preventable Vehicle Incidents	15	17, decreased by 2
D. Other Services and Support:		
1. Trouble Tickets Created	4,573	4,758, decreased by 4%
2. Service Requests Created	1,048	1,124, decreased by 7%
3. Laptops in Operation	1,397	1,267, increased by 10%
4. Computers in Operation	2,042	2,181, decreased by 6%
5. Cell Phone in Operation	811	727, increased by 12%
6. Police Service Calls	13,012	14,035, decreased by 7%
7. Police Arrests	129 with no warrant 97 with warrant	147, decreased by 18; 112 with warrant, decreased by 15

Key Performance Metrics	2011 YTD	2010 YTD/Notes
D. Other Services and Support:		
8. Attorney Services	27 litigation and claims	28 litigations and claims, decreased by 1
9. Labor Contracts Negotiated	0	4, decreased by 4
10. Small Business Roster	1,198	1,122, increased by 76

C. OPERATING RESULTS

		2010 YTD	2011 YTD		2011 Bud Var.		Year-End Projections		
$ in 000's	Notes	Actual	Actual	Budget	$	%	Budget	Forecast	Variance
Total Revenues		**95**	**242**	**159**	**83**	**52.6%**	**1,025**	**1,059**	**34**
Executive		348	352	440	87	19.9%	1,500	1,500	-
Commission		225	148	231	84	36.2%	931	931	-
Legal		611	512	1,043	531	50.9%	2,906	2,906	-
Risk Services		601	617	690	73	10.6%	2,789	2,750	39
Health & Safety Services		240	263	295	31	10.7%	1,129	1,123	6
External Affairs		1,183	1,253	1,791	538	30.0%	7,012	7,012	-
Human Resources & Development		746	1,040	1,251	212	16.9%	5,285	5,275	10
Labor Relations		128	208	232	24	10.2%	922	922	-
Information & Communications Technology		4,082	4,212	4,536	324	7.1%	19,511	19,511	-
Finance & Budget		348	348	376	28	7.5%	1,493	1,490	3
Accounting & Financial Reporting Services		1,365	1,314	1,725	411	23.8%	6,596	6,586	10
Internal Audit		241	256	299	43	14.3%	1,215	1,215	-
Office of Social Responsibility		209	194	375	181	48.3%	1,567	1,567	-
Police		4,302	4,880	5,425	545	10.1%	21,452	21,432	20
Contingency		-	44	175	131	74.9%	700	700	-
Total Expenses		**14,629**	**15,642**	**18,886**	**3,244**	**17.2%**	**75,008**	**74,920**	**88**

Corporate revenues were $83 thousand favorable compared to budget due to higher operating grants.

Corporate expenses for the first three months of 2011 were $15.6 million, $3.2 million or 17.2% favorable compared to the approved budget and $1.0 million or 6.9% higher than the same period a year ago. The $3.2 million favorable variance is due primarily to timing differences between when the items are paid and when budgeted and not necessarily cost savings.

There aren't any major variances to report on since all corporate departments have a favorable variance. Year-end spending is projected to be $88 thousand under budget.

D. CAPITAL SPENDING RESULTS

	($ Millions)
Annual Results:	
2011 Plan of Finance	$12.07
2011 Approved Budget	$12.90
2011 Estimated/Actuals	$13.53
Variance (Budget vs Actuals)	($0.63)