ITEM NO.: 7b_Report
DATE OF MEETING: Aug 2, 2011

PORT OF SEATTLE

2011 FINANCIAL & PERFORMANCE REPORT

AS OF JUNE 30, 2011

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/11

EXECUTIVE SUMMARY

Financial Summary

The Port's total operating revenues for the first half of 2011 were $243.3 million, $4.4 million below budget. Aeronautical revenues were $107.5 million, $1.06 million below budget. Other operating revenues were $135.8 million, $3.3 million below budget primarily due to lower revenues from Pass-Through Security Grants, Public Parking, and Rental Cars, partially offset by higher revenues from Concessions and Container businesses. Total operating expenses were $125.5 million, $18.0 million below budget mainly due to timing of spending, some vacant positions, and lower Pass-through Grants expenses. Operating income before depreciation was $117.8 million, $13.6 million above budget. Operating income after depreciation was $38.2 million, $14.3 million higher than budget. The Port-wide capital spending is forecasted to be $237.1 million for the year, $49.8 million below the budgeted $286.9 million.

Operating Summary

At the Airport, enplanements and landed weight were 4.9% higher than budget and 2.6% higher than the same period in 2010, respectively. We are forecasting the 2011 enplanements to grow by 3.5% from 2010. For the Seaport division, TEUs were 19.6% higher than budget and on the same levels as 2010 through June. We revised the forecast of TEUs volume from 1.8 million to 1.9 million for 2011. While Grain volumes were 2.1% below the 2010 levels for the same time period, it was still 9.8% higher than budget. Cruise passengers were 16.4% above budget through Q2 but down 6.8% compared to last June's levels. For the Real Estate division, occupancy levels at Commercial Properties were at 90%, slightly higher than the 89% in the first half of 2010. Shilshole Bay Marina occupancy rate was 95.3%, compared to 93.5% for the same period in 2010. Moorage occupancies at Fishermen's Terminal were 81.8%, lower than the 91.9% in 2010 but it was in line with budgeted rate.

Key Business Events

We held a number of Centennial Celebration events in the community, including Centennial Video Contest, Centennial Park Dedication, Centennial "Get to Know Your Port by Bike," Beach Access Opening Centennial Community Celebration, and Centennial Displays at STIA. We also held the first three Century Agenda Panels on Fostering Economic Growth, Moving Cargo, and Moving People and set a preliminary goal of increasing jobs related to Port by 100,000 over 25 years. On the business side, Condor Air began its new service at SeaTac in June. On the environmental front, we continued to implement the Northwest Ports Clean Air Strategy, there were 176 participating calls made for the At-Berth Clean Fuels Vessel Incentive Program (ABC Program) in the first half of the year. We also received the two Environmental Improvement Awards from American Association of Port Authorities and the 2011 VISION 2040 Award from Puget Sound Regional Council.

Major Capital Projects

We completed a number of capital projects in the second quarter of 2011. These included C1-C88 Baggage System, New Security Check Point, Terminal 91 Roadway Pavement Replacement, and Fishermen's Terminal North Dock East Fender System Replacement Projects. Additionally, Rental Car Facility construction also hit a major milestone – it's ready for tenant improvement construction. Other projects under construction included Airfield Pavement/Slot Drains Replacement, FIS Booths, PC Air, Terminal 91 Waterline, Terminal 86 Tower Strengthening, Maritime Industrial Center Central Wall, Fishermen's Terminal Phase 4 South Wall, and East Marginal Way Grade Separation.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 06/30/11

INCOME STATEMENT

Report: Income Statement
As of Date: 2011-06-30

$ in 000's	2010 YTD Actual	2011 YTD Actual	2011 YTD Budget	Budget Variance $	Budget Variance %	Change from 2010 $	Change from 2010 %
Revenues:							
Aviation	169,422	180,537	182,663	(2,126)	-1.2%	11,115	6.6%
Seaport	45,050	47,017	49,312	(2,295)	-4.7%	1,967	4.4%
Real Estate	14,998	15,030	15,250	(220)	-1.4%	32	0.2%
Capital Development	-	76	-	76	0.0%	76	n/a
Corporate	309	620	430	190	44.1%	310	100.3%
Total Revenues	**229,778**	**243,280**	**247,655**	**(4,375)**	**-1.8%**	**13,502**	**5.9%**
Operating & Maintenance:							
Aviation	59,172	63,614	68,357	4,743	6.9%	(4,442)	-7.5%
Seaport	8,704	7,783	13,686	5,903	43.1%	922	10.6%
Real Estate	14,472	15,581	17,004	1,424	8.4%	(1,108)	-7.7%
Capital Development	3,402	4,334	7,222	2,888	40.0%	(932)	-27.4%
Corporate	31,802	34,195	37,240	3,045	8.2%	(2,393)	-7.5%
Total O&M Costs	**117,553**	**125,507**	**143,509**	**18,002**	**12.5%**	**(7,954)**	**-6.8%**
Operating Income Before Depreciation	**112,225**	**117,773**	**104,145**	**13,628**	**13.1%**	**5,548**	**4.9%**
Depreciation	79,773	79,569	80,217	648	0.8%	204	0.3%
Operating Income after Depreciation	**32,453**	**38,204**	**23,928**	**14,276**	**59.7%**	**5,752**	**17.7%**

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 FINANCIAL & PERFORMANCE REPORT 06/30/11

KEY PERFORMANCE METRICS

	2010 YTD Actual	2011 YTD Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var.	Var. %
Enplanements (in 000's)	7,322	7,678	15,773	16,325	15,845	480	3.0%
Landed Weight (lbs in 000's)	9,404	9,648	19,786	20,089	20,089	-	0.0%
Passenger CPE (in $)	n/a	n/a	11.63	12.20	12.76	(0.56)	-4.4%
Container Volume (TEU's in 000's)	1,008	1,007	2,140	1,900	1,800	100	5.6%
Grain Volume (metric tons in 000's)	2,813	2,754	5,491	5,500	5,500	-	0.0%
Cruise Passenger (in 000's)	347	324	932	807	796	11	1.4%
Commercial Property Occupancy	89%	90%	88%	90%	90%	-	0.0%
Shilshole Bay Marina Occupancy	93.5%	95.3%	94.4%	94.3%	93.4%	0.9%	0.9%
Fishermen's Terminal Occupancy	91.9%	81.8%	87.1%	82.1%	82.0%	0.1%	0.1%

CAPITAL SPENDING RESULTS

Division	2011 Forecast	2011 Budget	Budget Variance	Plan of Finance
($ in millions)				
Aviation	185.6	223.7	38.2	231.4
Seaport	27.7	34.0	6.3	29.5
Real Estate	14.1	16.3	2.2	15.4
Corporate & CDD	9.7	12.9	3.2	12.1
Total	237.1	286.9	49.8	288.3

PORTWIDE INVESTMENT PORTFOLIO

The investment portfolio for the second quarter of 2011 earned 2.56% against our benchmark (The Bank of America Merrill Lynch 3-year Treasury/Agency Index) of 0.49%. For the past twelve months the portfolio has earned 2.03% against the benchmark of 0.60%. Since the Port became its own Treasurer in 2002, the Port's portfolio life-to-date has earned 3.50% against our benchmark of 2.54%.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

FINANCIAL SUMMARY

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Var %
Operating Revenues						
Aeronautical	182,534	198,329	214,181	217,200	(3,019)	-1.4%
Non-Aeronautical	137,348	135,418	144,904	144,965	(60)	0.0%
Other	8,359	8,426	8,353	8,353	-	0.0%
Operating Revenues	328,241	342,173	367,438	370,517	(3,079)	-0.8%
Operating Expenses	175,482	177,871	197,463	199,180	1,717	0.9%
Environmental Remediation Liability	1,991	3,271	452	1,771	1,319	74.5%
VSP, HR10 & Unemployment	1,196	-	-	-	-	n/a
OPEB Reversal	(4,016)	-	-	-	-	n/a
Total Operating Expenses	174,654	181,142	197,915	200,951	3,036	1.5%
Net Operating Income	153,587	161,031	169,523	169,567	(43)	0.0%
Capital Expenditures	191,479	183,578	185,560	223,746	38,186	17.1%

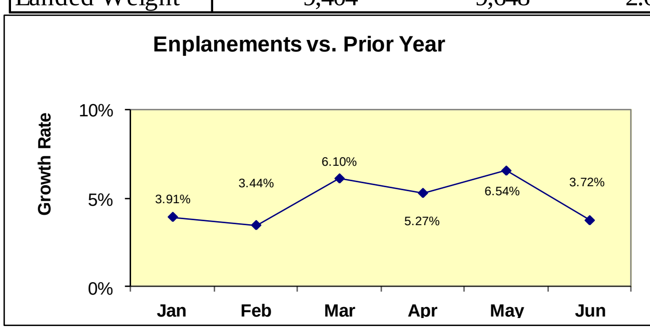
- We are forecasting aeronautical revenues to be $3 million less than budgeted due to allocated cost savings from variable rate debt service and cost savings from delayed costs for the Terminal Realignment project.
- A shortage of $60K in non-airline revenues is forecasted due to underperformance in Public Parking and Rental Cars slightly outweighing strong performance in Concessions and Ground Transportation fees.
- Operating expense is forecasted to be $3 million favorable versus budget mainly due to open positions and delays in projects which require consulting services.
- $185.6 million is forecasted to be spent on capital projects in 2011, 82.9% of the 2011 budget of $223.75 million.

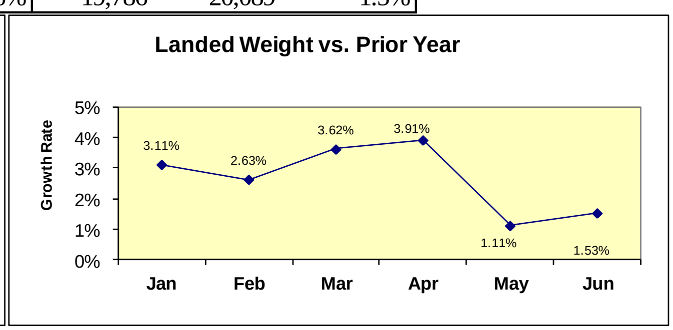
A. BUSINESS EVENTS

- Terminal realignment in progress.
- In addition to Rental Car Facility construction, building of the Bus Maintenance Facility is now underway.
- Condor Air began service in June.

B. KEY PERFORMANCE INDICATORS

Figures in 000's	2010 YTD	2011 YTD	% Variance	2010 Actual	2011 Forecast	% Variance
Enplanements	7,322	7,678	4.9%	15,773	16,325	3.5%
Landed Weight	9,404	9,648	2.6%	19,786	20,089	1.5%





II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

- International enplaned passengers YTD saw greater growth (6.3% vs. YTD 2010) than domestic enplanements (4.7% vs. YTD 2010).
- Year-to-date cargo landed weight makes up 6.63% of total landed weight, as opposed to 7.4% of total landed weight at this point in 2010.
- The 2011 forecast assumes 3.5% increase in enplaned passengers and a 1.5% increase of landed weight over 2010 actuals.

Key Performance Measurers

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Non-Aero NOI ($ in 000s)	81,159	78,203	82,782	81,209	1,573	1.9%
Passenger Airline CPE	10.92	11.63	12.20	12.76	0.56	4.4%
Total Operating Cost / Enpl	11.19	11.48	12.12	12.68	0.56	4.4%
Debt Service Coverage	1.32	1.39	1.45	1.40	0.04	3.2%

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	99,787	100,452	107,521	108,578	(1,057)	-1.0%
Non-Aeronautical	68,706	64,734	68,862	69,908	(1,046)	-1.5%
Other	4,177	4,234	4,217	4,177	40	1.0%
Revenues	172,669	169,421	180,600	182,663	(2,063)	-1.1%
Expenses						
Salaries & Benefits	39,428	37,952	38,822	40,345	1,523	3.8%
Outside Services	8,688	9,062	11,185	13,786	2,601	18.9%
Utilities	6,784	5,832	7,294	6,756	(538)	-8.0%
Supplies & Stock	2,135	1,772	2,444	2,056	(389)	-18.9%
Other	1,212	3,277	4,079	5,022	942	18.8%
Total Airport Expenses	58,248	57,895	63,824	67,965	4,141	6.1%
Corporate	14,291	15,196	15,307	16,836	1,530	9.1%
Police Costs	6,445	6,811	7,885	8,221	336	4.1%
Capital Development/Other Expenses	2,114	2,837	3,155	5,500	2,345	42.6%
Total Operating Expenses (excl. Env Liab)	81,098	82,738	90,171	98,522	8,351	8.5%
Environmental Remediation	-	1,278	(210)	392	602	153.6%
Total Operating Expenses	81,098	84,016	89,961	98,914	8,953	9.1%
Net Operating Income	91,572	85,405	90,638	83,748	6,890	8.2%

- Aeronautical revenues are less than budgeted YTD by $1.1 million due to seasonality from landing fee 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 largely due to FTE vacancies and delays to outside service projects offsetting with expense overrun in utility surface water and deicer fluid due to winter weather.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

Division Summary

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Total Operating Revenues	328,241	342,173	367,438	370,517	(3,079)	-0.8%
Operating Expenses						
Salaries, Wages & Benefits	80,804	76,036	81,431	82,363	932	1.1%
Outside Services	21,509	22,519	26,007	26,758	751	2.8%
Utilities	13,209	11,381	12,669	12,576	(93)	-0.7%
VSP, HR10 & Unemployment Savings	1,196	-	-	-	-	n/a
OPEB Reversal	(4,016)	-	-	-	-	n/a
Environmental Remediation Liability	1,991	3,271	452	1,771	1,319	74.5%
Other Expenses	8,183	13,275	16,561	16,107	(454)	-2.8%
Baseline Airport Expenses	122,877	126,481	137,119	139,575	2,455	1.8%
Corporate Expenses	31,181	32,558	33,317	34,043	726	2.1%
Police Expenses	14,461	14,317	16,382	16,389	7	0.0%
Capital Development/Other Expenses	6,135	7,785	11,096	10,944	(152)	-1.4%
Total Operating Expenses	174,654	181,142	197,915	200,951	3,036	1.5%
Net Operating Income	153,587	161,031	169,523	169,567	(43)	0.0%
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	61,933	61,320	613	1.0%
Customer Facility Charges	21,866	23,243	23,275	22,237	1,038	4.7%
Other Non-operating Rev/(Exp)	(109,398)	(122,549)	(125,464)	(125,464)	-	0.0%
Total Non-Operating Rev/(Exp)	46,481	(9,522)	(11,267)	(12,918)	1,651	-12.8%
Total Revenue Over Expense	82,337	31,971	39,839	38,231	1,608	4.2%

- Operating revenues are forecasted to be $3.1 million unfavorable overall due to capital and operating cost savings in the aeronautical cost centers.
- Operating expense is forecast at $3 million favorable due to savings from open positions and savings from outside services.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

Aeronautical Business Unit Summary

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Var %
Revenues requirement:						
Capital Costs	72,013	82,083	85,554	87,111	(1,557)	-1.8%
Operating Costs net Non-Aero	118,456	122,985	135,793	137,195	(1,401)	-1.0%
Total Costs	190,469	205,067	221,348	224,305	(2,958)	-1.3%
FIS Offset	(5,250)	(7,000)	(7,000)	(7,000)	-	0.0%
Other Offsets	(16,441)	(14,825)	(14,882)	(14,821)	(61)	0.4%
Net Revenue Requirement	168,778	183,243	199,466	202,485	(3,019)	-1.5%
Other Aero Revenues	13,757	15,087	14,715	14,715	-	0.0%
Total Aero Revenues	182,534	198,329	214,181	217,200	(3,019)	-1.4%
Less: Non-passenger Airline Costs	12,074	14,885	15,066	15,066	-	0.0%
Net Passenger Airline Costs	170,460	183,444	199,114	202,133	(3,019)	-1.5%

	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Var %
Cost Per Enplanement:						
Capital Costs / Enpl	4.61	5.20	5.24	5.50	(0.26)	-4.7%
Operating Costs / Enpl	7.59	7.80	8.32	8.66	(0.34)	-3.9%
Offsets	(1.39)	(1.38)	(1.34)	(1.38)	0.04	-2.7%
Other Aero Revenues	0.88	0.96	0.90	0.93	(0.03)	-2.9%
Non-passenger Airline Costs	(0.77)	(0.94)	(0.92)	(0.95)	0.03	-2.9%
Passenger Airline CPE	**10.92**	**11.63**	**12.20**	**12.76**	**(0.56)**	**-4.4%**

- We are forecasting an overall savings of $1.6 million to capital costs due to lower than budgeted variable rate debt service.
- Operating costs are forecasted $1.4 million lower than budget due to cost savings from open positions and outside services cost savings from the Terminal Realignment project.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

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	51,542	52,847	(1,305)	-2.5%
Rental Cars	33,320	30,309	32,178	33,833	(1,655)	-4.9%
Concessions	33,473	33,765	34,366	32,640	1,726	5.3%
Other	20,865	21,929	26,818	25,644	1,174	4.6%
Total Revenues	137,348	135,418	144,904	144,965	(60)	0.0%
Operating Expense	55,916	54,743	63,025	64,397	1,372	2.1%
Share of terminal O&M	17,011	16,935	17,467	17,729	262	1.5%
Less utility internal billing	(16,738)	(14,464)	(18,370)	(18,370)	-	0.0%
Net Operating & Maint	56,189	57,215	62,122	63,756	1,634	2.6%
Net Operating Income	81,159	78,203	82,782	81,209	1,573	1.9%

	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Revenues Per Enplanement						
Parking	3.18	3.13	3.16	3.34	(0.18)	-5.3%
Rental Car	2.13	1.92	1.97	2.14	(0.16)	-7.7%
Concessions	2.14	2.14	2.11	2.06	0.05	2.2%
Other	1.34	1.39	1.64	1.62	0.02	1.5%
Total Revenues	8.80	8.59	8.88	9.15	(0.27)	-3.0%
Primary Concessions Sales / Enpl	9.66	9.99	10.24	10.12	0.12	1.2%

- Growth in enplanements shows revenues increased of 7.0% comparing 2011 to 2010.
- Comparisons of Forecast to Budget for revenues include the following:
- Public Parking revenues are forecasted to be $1.3 million lower than budget due to transactions falling short of budgeted expectations.
- Rental Car revenues are forecasted to be $1.7 million under budget due to flat industry revenues despite an increase in transactions.
- Concession revenues are forecasted $1.7 million favorable to budget due to strong primary concessions sales performance, an increase in janitorial monthly rates and advertising revenue from Google partnership.
- Forecasting an increase of $1.2 million in Other revenues due to increased Ground Transportation trips, Utilities sales and anticipated grant reimbursement for Sound Transit work.
- The concessions primary Sales per Enplaned passenger (SPE) is forecasted to be $10.24, up from a budgeted SPE of $10.12.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

Net Cash Flow: NOI after Debt Service and Interest Income

$ in 000's	2009 Actual	2010 Actual	2011 Forecast	2011 Budget	Forecast/Budget Var $	Forecast/Budget Var %
Aeronautical						
Net Operating Income (NOI)	65,915	74,402	77,105	78,661	(1,557)	-2.0%
Debt Service	68,767	73,080	75,143	76,700	1,557	2.0%
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	82,782	81,209	1,573	1.9%
Debt Service	39,241	41,752	41,808	42,469	661	1.6%
NOI After Debt Service	41,917	36,451	40,974	38,739	2,235	5.8%
Fuel Hydrant Revenue	8,359	8,426	8,353	8,353	-	0.0%
Total Aviation						
NOI	155,433	161,031	168,240	168,223	17	0.0%
Debt Service	108,008	114,831	116,951	119,169	2,218	1.9%
NOI After Debt Service	47,425	46,200	51,288	49,054	2,235	4.6%
Add ADF Interest Income	8,853	6,297	5,916	4,167	1,749	42.0%
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	49,366	45,382	3,983	8.8%

D. CAPITAL SPENDING RESULTS

$ in 000's	2011 YTD Actual	2011 Forecast	2011 Budget	Forecast/Budget Var ($)	Forecast/Budget Var (%)	Plan of Finance
Rental Car Facility Construction	46,336	78,092	97,488	19,396	19.9%	98,616
Central Plant Preconditioned Air	5,078	15,078	20,000	4,922	24.6%	8,000
Airfield Pavement Replacement	236	4,611	10,500	5,889	56.1%	10,500
Parking System Replacement	311	7,573	9,137	1,564	17.1%	8,994
Terminal Escalators Modernization	419	7,419	8,955	1,536	17.2%	10,000
South Satellite Delta Sky Club Expansion	408	8,739	5,250	(3,489)	-66.5%	5,038
Aircraft RON Parking USPS Site	117	467	5,050	4,583	90.8%	5,661
All Other	11,164	63,581	67,366	3,785	5.6%	84,599
Total	64,069	185,560	223,746	38,186	17.1%	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 FINANCIAL & PERFORMANCE REPORT 06/30/11

FINANCIAL SUMMARY

	2010	2011	2011	Budget	
$ in 000's	Actual	Forecast	Budget	Var $	Var %
Operating Revenue	96,060	95,772	94,972	800	1%
Security Grants	1,791	423	3,415	(2,992)	-88%
Total Revenues	**97,850**	**96,195**	**98,387**	**(2,192)**	**-2%**
Total Operating Expenses	**39,321**	**43,998**	**47,108**	**3,110**	**7%**
Net Operating Income	**58,530**	**52,198**	**51,280**	**918**	**2%**
Capital Expenditures	**11,172**	**27,651**	**33,953**	**6,302**	**19%**

- Total Seaport revenues were ($2,049K) unfavorable through the 2nd quarter due to unfavorable Security Grant revenue ($3,364K) partially offset by Operating Revenue exceeding budget by $1,315K. Operating Revenues were favorable to budget due to higher crane rent and grain revenue both resulting from higher volumes. Seaport is forecasting full year Operating Revenue to exceed budget while Security Grant Revenue will be below budget.
- Total Operating Expenses were $7,101K favorable due to postponed or cancelled Security Grant projects $3,390K being administered for outside parties, lower corporate expenses, and lower Outside Services largely due to timing. Seaport is forecasting full year expenses to be $3,110K favorable to budget primarily due to postponed or cancelled Security Grant projects.
- Forecasted Net Operating Income for 2011 is estimated to $918K favorable to Budget and ($6,332K) 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 2nd Quarter, total capital spending for 2011 is projected to be $27.7M or 81% of the Approved Annual Budget.

A. BUSINESS EVENTS

- TEU volumes for Seattle Harbor are down .04% as of June 30, 2011 YTD compared to the same period in 2010. Total YTD 2011 volume is 1,007K TEU's.
- Consolidated West Coast Port results for the first half of 2011 show an overall increase in TEU volume of 3.9% compared to volumes in 2010.

TEU Volume (in 000's)	2011	2010	% change
Long Beach	2,968	2,795	6.2%
Los Angeles	3,767	3,664	2.8%
Oakland	1,142	1,086	5.2%
Portland	97	85	14.5%
Prince Rupert	152	158	-3.7%
Seattle	1,007	1,008	**-0.04%**
Tacoma	720	704	2.3%
Vancouver	1,225	1,164	5.2%
West Coast - Total:	**11,077**	**10,661**	**3.9%**

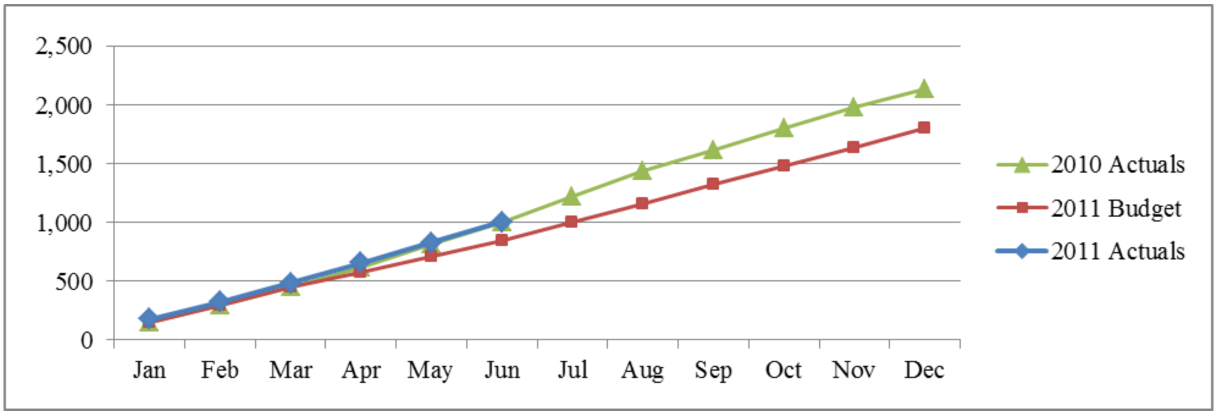
III. SEAPORT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

- Grain vessels shipped 2,754K metric tons of grain through Terminal 86 in the first half of 2011. Amount is (2%) below 2010 grain volumes of 2,813K metric tons. 2011 actual volume is 10% higher than 2011 budget volume.
- Cruise passengers for the year-to-date are 16% favorable to budget due to ships sailing at in excess of 100% occupancy.
- Implementation of the Northwest Ports Clean Air Strategy continued: At-Berth Clean Fuels Vessel Incentive Program (ABC Program), 176 participating calls were made in the first half of the year.
- Environmental Awards Received:
    - American Association of Port Authorities 2011 Environmental Improvement Awards: (1) Stakeholder Awareness, Education and Involvement Award for Terminal 117 and (2) Comprehensive Environmental Management Award for the Northwest Ports Clean Air Strategy Implementation
    - Puget Sound Regional Council 2011 VISION 2040 Award
    - Finalist for the 2011 Sustainable Shipping Award in the clean air category

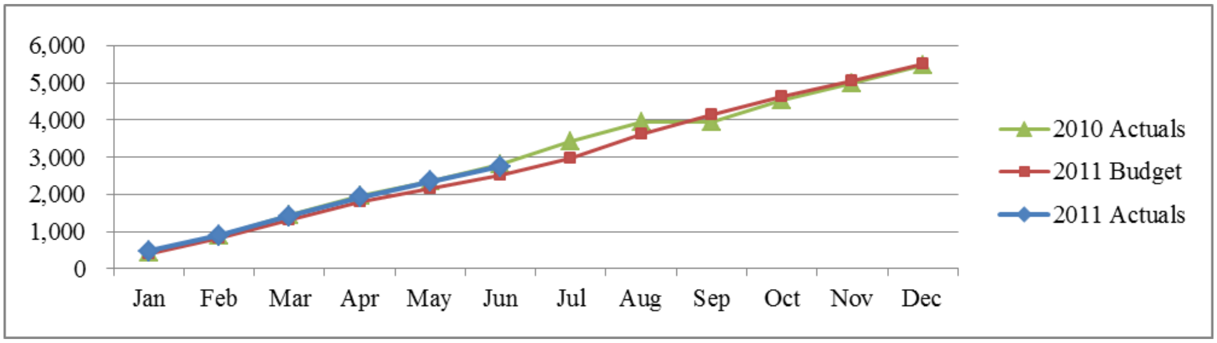
III. SEAPORT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

B. KEY INDICATORS

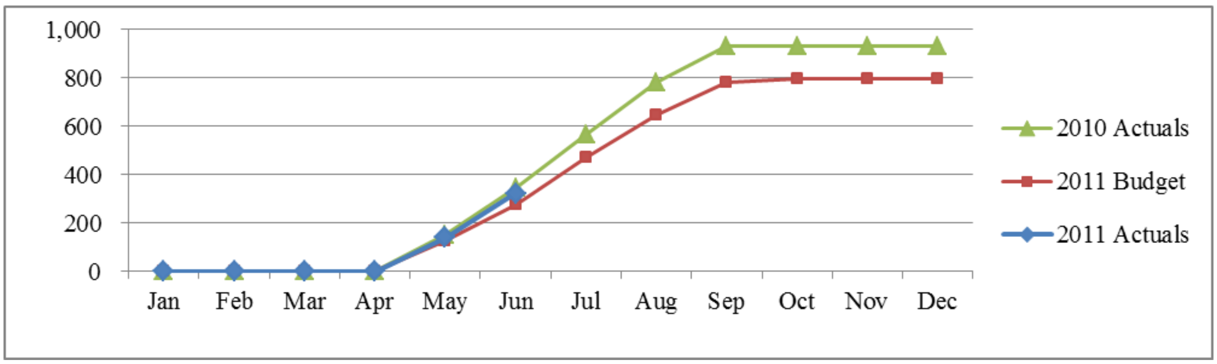
Container Volume – TEU's in 000's



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	21,648	23,302	20,575	2,727	13%	1,655	8%
Grain	2,548	2,498	2,010	488	24%	(50)	-2%
Seaport Industrial Props	3,150	2,743	2,122	621	29%	(407)	-13%
Cruise	1,703	1,353	736	617	84%	(350)	-21%
Docks	(600)	(494)	(594)	99	17%	106	18%
Security	(626)	(373)	(606)	232	38%	252	40%
Env Grants/Remed Liab/Oth	(855)	17	(250)	267	107%	872	102%
Total Seaport	26,967	29,045	23,993	5,053	21%	2,078	8%

III. SEAPORT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

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	44,508	47,330	46,014	1,315	3%	94,972	95,772	800
Security Grants	682	51	3,415	(3,364)	-99%	3,415	423	(2,992)
Total Revenue	**45,190**	**47,380**	**49,429**	**(2,049)**	**-4%**	**98,387**	**96,195**	**(2,192)**
Direct Expenses	9,250	10,593	12,513	1,920	15%	24,081	25,293	(1,212)
Security Grant Expense	710	61	3,451	3,390	98%	3,451	459	2,992
Environmental Remed Lia	855	(18)	250	268	107%	500	500	0
Divisional Allocations	1,210	673	1,246	573	46%	2,511	1,461	1,050
Corporate Allocations	6,198	7,025	7,976	951	12%	16,565	16,285	280
Total Expense	**18,223**	**18,335**	**25,436**	**7,101**	**28%**	**47,108**	**43,998**	**3,110**
NOI Before Depreciatio	**26,967**	**29,045**	**23,993**	**5,053**	**21%**	**51,280**	**52,198**	**918**
Depreciation	15,493	15,687	15,884	198	1%	31,898	31,698	200
NOI After Depreciation	**11,474**	**13,359**	**8,109**	**5,250**	**65%**	**19,381**	**20,499**	**1,118**

Seaport revenues were ($2,049K) unfavorable to budget. Key variances are as follows:

Seaport Leasing & Asset Management - favorable $951K

- Containers $973K favorable. Crane Rent Revenue $714K favorable due to higher volumes and related crane usage at Terminal 5 and Terminal 18. Intermodal Revenue $88K favorable due to higher Terminal 5 intermodal volumes. Miscellaneous Revenue $188K favorable due to more maintenance reimbursable work performed than budgeted.
- Grain $244K favorable due to actual grain volume exceeding budget by 10%.
- Seaport Industrial Properties ($266K) unfavorable due to lower rent and concession revenues at T91 as well as lower utility sales revenue and related expense on that site, and due to continued vacancy within Building 2 at Terminal 106.

Cruise and Maritime Operations - unfavorable ($3,000K)

- Cruise $203K favorable primarily due to higher than anticipated passenger volumes.
- Docks $161K favorable primarily due to higher than anticipated security fee revenue ($117K favorable) from Terminal 91 customers and moorage ($40K favorable).
- Security Grants ($3,364K) unfavorable due to YTD Round 7 pass-through grant activity being less than budgeted. Examples of 3rd party projects planned for YTD were for the Port of Everett and the Seattle Fire Department. See offsetting expense variance below.

Seaport expenses were $7,101K favorable to budget. Key variances:

- Security Grant Expenses favorable $3,390K due to Round 7 pass-through grant activity being delayed.
- Outside Services (excluding Corporate, Maintenance and Security Grants) were favorable $1,259K due to projects and programs with later actual timing or payments than budgeted including Environmental Services stormwater and air programs $118K, T-5 Dredging $352K (balance of work performed internally), Seaport Asset Condition Assessments $370K, grain facility external appraisal and asset condition assessment $150K, Planning T91 Option and Transportation studies $76K, and Seaport Division Admin CTQI Certifications $75K. Thus far, asset condition assessment work is being done by internal Port staff.
- Corporate costs, direct and allocated were favorable $875K due to lower than anticipated direct charges and allocations from virtually all orgs/departments including Accounting and Financial Reporting $110K, Office of Social Responsibility $107K, Human Resources $102K, Public Affairs $83K, Contingency $82K, and Police $77K.
- Overhead Allocations for Environmental Services favorable $521K due to less direct charging of time to Business Groups and projects than assumed in developing the overhead rate.

- CDD costs were favorable $290K due to overall less spending by CDD groups on non-direct charge, non-overhead rate eligible expense items partially offset by work performed internally on asset condition assessments.
- Environmental Remediation Liability Expense favorable $268K due to lower estimated future clean-up costs than assumed in Budget.
- Travel & Other Employee Expenses, Promotional Hosting, and Trade Business and Community favorable $221K primarily due to timing.
- Miscellaneous Expense was favorable $202K primarily due to an unused Seaport Division Contingency and budgeted relocation expenses for former Asia Representative.
- All other variances netted to favorable $75K or less than 1% of Total Expenses Budgeted.

NOI Before Depreciation was $5,053K favorable to budget.

Depreciation was $198K, or approximately 1%, favorable to the 2011 Budget.

NOI After Depreciation was $5,250K favorable to budget.

Forecast

As of the end of the 2nd Quarter 2011, Seaport anticipates ending the year $918K favorable to budget for NOI Before Depreciation. Security Grant Revenue and offsetting Security Grant Expense are forecasted to be $2,992K lower than budgeted due to delay or cancellation of third party grant projects. Operating Revenue is forecasted to be $800K favorable to budget primarily due to higher crane rent. Operating Expenses, excluding Security Grant Expenses, are forecasted to be $118K favorable to Budget. The forecast also reflects a reclassification in expenses from Divisional Allocations to Direct Expenses. 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 $1,050K 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 YTD 2011 increased by $2,078K from 2010. Revenue is up $2,191K from the prior year due to an increase in Container revenue of $3,083K resulting from higher crane rent, increase in container lease rate effective July 2010 and application of straight-line rent adjustment to all container terminals. Amounts are partially offset by lower Security Grant related revenue. Expenses increased $112K due to Terminal 5 Maintenance Dredge Project, earlier payment for Tribal mitigation, earlier payment for city street vacation permits, and higher direct charges and allocations from CDD for asset condition assessment work and SR99 Tunnel property related work. Amounts were largely offset by lower security grant project driven expenses and lower Environmental Remediation Liability Expense.

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	5,420	5,326	(94)	102%	5,585
Terminal 18	4,043	4,616	573	88%	5,040
Cruise	4,205	4,617	412	91%	2,737
Security	2,177	3,583	1,406	61%	1,799
Terminal 91 - Industrial Properties	3,767	3,568	(199)	106%	4,073
Cranes	1,353	3,465	2,112	39%	2,800
All Other	6,686	8,778	2,092	76%	7,456
Total Seaport	27,651	33,953	6,302	81%	29,490

Comments on Key Projects:

Through the second quarter, Seaport spent 27% of the Approved Capital Budget. Full year spending is estimated to be 81% of the Approved Capital Budget.

Projects with significant changes in spending were:

- Terminal 5 Crane Cable Reels – Bids came in below estimate.
- Security Projects – Spending moved to 2012.
- All Other – Primary difference is due to savings on projects as the result of lower costs or change in scope and due to postponing projects.

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 FINANCIAL & PERFORMANCE REPORT 06/30/11

FINANCIAL SUMMARY

$ in 000's	2010 Actual	2011 Forecast	2011 Budget	Budget Var $	Budget Var %
Operating Revenue	29,820	30,795	30,707	88	0%
Total Revenues	**29,820**	**30,795**	**30,707**	**88**	**0%**
Total Operating Expenses	**31,499**	**35,940**	**36,079**	**139**	**0%**
Net Operating Income	**(1,678)**	**(5,145)**	**(5,372)**	**227**	**4%**
Capital Expenditures	**3,965**	**14,127**	**16,339**	**2,212**	**14%**

- Total Real Estate Division Revenues are $467K unfavorable to budget year-to-date due to lower activity at Bell Harbor International Conference Center and World Trade Center Club than assumed in the budget partially offset by favorable revenue variances from Recreational Boating, Commercial Properties and Real Estate Planning & Development. For the full year, Real Estate is forecasting revenue to exceed Budget due to increasing activity at Bell Harbor International Conference Center.
- Total Operating Expenses are $2,033K, or 11%, favorable to budget primarily due slower start on Maintenance projects than anticipated and less spending at Bell Harbor International Conference Center due to lower activity. For the full year, Real Estate is forecasting Operating Expenses to be favorable to Budget due to more Maintenance work being charged to capital than assumed in the Budget.
- Forecasted Net Operating Income for 2011 is estimated to be favorable to Budget for the year and $3,467K below 2010 Actual. Higher maintenance, corporate and CDD expenses are driving the year over year change.
- At the end of the second quarter, capital spending for 2011 is currently estimated to be $14.1 million or 86% of the Approved Annual Budget amount of $16.3 million.

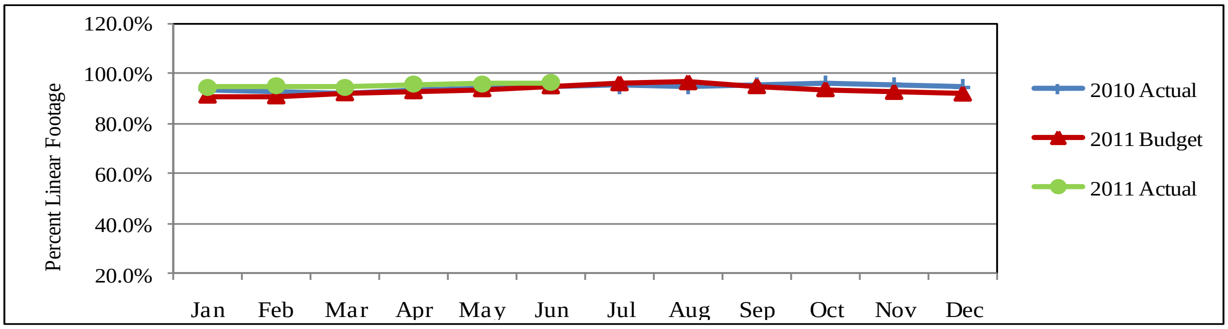
A. BUSINESS EVENTS

- Occupancy levels at Commercial Properties were at 90% at the end of the second quarter, which is at the 90% target for the 2011 Budget, but above comparable statistics for the local market 84%.
- Through the 2nd quarter, moorage occupancies at Fishermen's Terminal and Maritime Industrial Center averaged 81% which was below the target 83%. Recreational marinas averaged 94% occupancy for the second half which was above the target of 92%.
- Fishermen's Terminal NW dock fender replacement and Maritime Industrial Center sheet pile replacement projects are substantially complete. The Fishermen's Terminal south wall replacement project was delayed due to construction complications, but is expected to be completed in the 3rd quarter.
- Fishermen's Terminal net shed pilot program continues with 19 lofts removed through the second quarter and 37 customers on waiting list to get racking installed when it is approved.
- Eastside Rail Corridor – Continuing to develop streamlined procedures and standards to handle the volume of incoming access requests.
- Marine Maintenance – Continuing Deferred Maintenance Reduction Program.

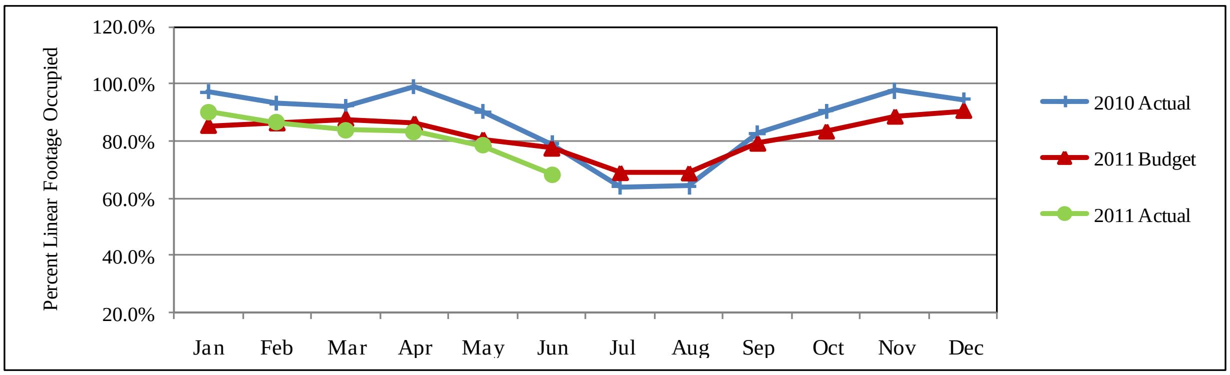
IV. REAL ESTATE DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

B. KEY INDICATORS

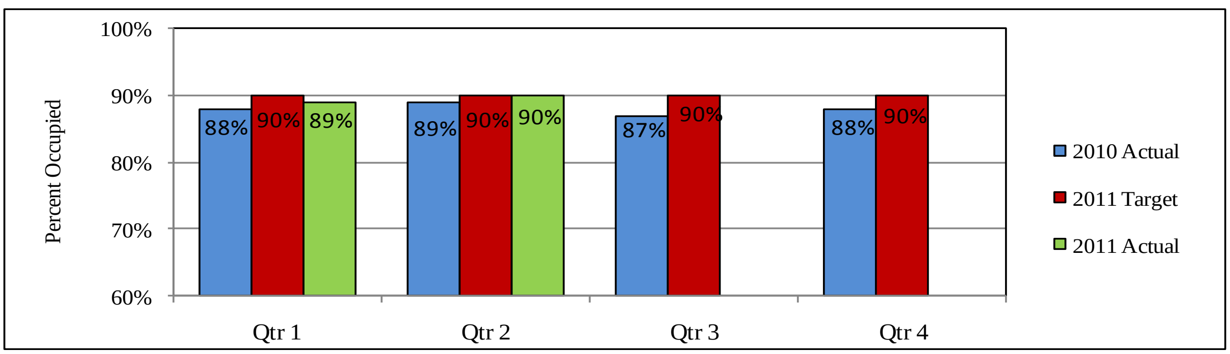
Shilshole Bay Marina Occupancy



Fishermen's Terminal Moorage Occupancy



Commercial Building



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 %
Recreational Boating	1,033	914	344	570	166%	(119)	-12%
Fishing & Commercial	(978)	(1,037)	(1,288)	251	19%	(59)	-6%
Commercial & Third Party	455	(147)	(1,261)	1,114	88%	(602)	-132%
Eastside Rail	(111)	(944)	(325)	(619)	-191%	(833)	-748%
RE Development & Plan	(248)	(330)	(589)	260	44%	(81)	-33%
Envir Grants/Remed Liab	0	(9)	0	(9)	NA	(10)	NA
Total Real Estate	151	(1,553)	(3,119)	1,566	50%	(1,704)	-1129%

IV. REAL ESTATE DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

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	14,857	14,667	15,133	(467)	-3%	30,707	30,795	88
Total Revenue	**14,857**	**14,667**	**15,133**	**(467)**	**-3%**	**30,707**	**30,795**	**88**
Direct Expenses	13,861	14,477	16,803	2,326	14%	33,221	31,765	1,456
Envir Remediation Liability	(0)	0	0	0	NA	0	0	0
Divisional Allocations	(1,733)	(1,225)	(1,865)	(641)	-34%	(3,787)	(2,375)	(1,412)
Corporate Allocations	2,579	2,968	3,315	347	10%	6,645	6,550	95
Total Expense	**14,706**	**16,220**	**18,253**	**2,033**	**11%**	**36,079**	**35,940**	**139**
NOI Before Depreciation	**151**	**(1,553)**	**(3,119)**	**1,566**	**50%**	**(5,372)**	**(5,145)**	**227**
Depreciation	4,981	5,037	5,007	(29)	-1%	10,166	10,166	0
NOI After Depreciation	**(4,830)**	**(6,590)**	**(8,127)**	**1,537**	**19%**	**(15,538)**	**(15,311)**	**227**

Total Real Estate revenues were ($467K) unfavorable to budget. Key variances are as follows:

Harbor Services: Unfavorable $22K

- Recreational Boating favorable $61K due to 2% or 236 more boat-months at SBM than planned.
- Fishing and Commercial unfavorable ($83K) primarily due to fewer medium and large fishing boats due to work on the Northwest Dock fender pile replacement project and higher catch quotas than expected which kept vessels out fishing longer and thus out of the harbor.

Portfolio Management: Unfavorable ($549K)

- Commercial Properties favorable $67K primarily due to higher occupancy at Terminal 102 Marina Corporate Center and higher occupancy and utility revenue at Fishermen's Terminal Office & Retail than assumed in budget.
- Third Party Managed Properties unfavorable ($616K) due to lower activity than anticipated at the Bell Harbor International Conference Center, lower sponsorship revenue and activity at World Trade Center Club, and lower occupancy at WTC West than assumed in Budget.

Eastside Rail Corridor: Unfavorable ($9K)

- Eastside Rail Corridor unfavorable ($9K) 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 $79K

- Terminal 91 General Industrial favorable $62K due to higher revenue from Pacific Maritime Association as a result of the tenant taking more yard space.

Facilities Management: Favorable $1K

- Pier 69 Facilities Management favorable $1K due to reimbursed tenant work that was not budgeted for 2011.

Maintenance: Favorable $35K

- Maintenance favorable $35K due to recycling revenue.

IV. REAL ESTATE DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

Total Real Estate expenses were $2,033K 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 (BHICC) were favorable $456K due to expense controls by third party managers and $154K favorable due to timing of acquisition of furniture and equipment at BHICC and World Trade Center Club.
- Outside Services (excluding Maintenance, CDD and Corporate) were favorable $297K primarily due to lower than expected spending on Eastside Rail Corridor ($224K), slower start on Environmental Services projects ($97K).
- Maintenance expenses were favorable $1,309K primarily due to later start of the Bell Street Garage sprinkler project, later start of P69 concrete beam project, fewer tenant improvement project, slower work on net shed pilot program and lower than anticipated overhead charges to the Real Estate Businesses.
- Corporate costs, direct and allocated, were favorable $369K primarily due Human Resources $66K, Accounting & Financial Reporting $55K, Internal Audit $46K, Legal $41K, Public Affairs $29K, Police $28K, and IT $23K.
- CDD costs, direct and allocated were favorable $176K primarily due to $157K in lower allocations than planned.
- Room/Space/Land Rental favorable $73K due to correction of prior accruals related to DNR submerged land rent for Pier 69 and Pier 66.
- Litigated Injuries & Damages unfavorable ($778K) due to reserve for legal expense set up for lawsuit filed.
- All other variances netted to an unfavorable ($23K) or about 0.1% of Total Expenses budgeted

NOI Before Depreciation was $1,566K favorable to budget.

- Depreciation was ($29K) unfavorable to budget primarily due to unanticipated depreciation at Bell Harbor. The variance amounted to less than 1% of budget.

NOI After Depreciation was $1,537K favorable to budget.

Forecast

Real Estate anticipates ending the year favorable to Budget by $227K for NOI Before Depreciation. Revenue is forecasted to exceed Budget by $88K due to increased activity at Bell Harbor International Conference Center. Expenses are forecasted to be favorable to Budget by $139K primarily due to more Maintenance work being charged to capital then budgeted and lower than budgeted Corporate allocations. The forecast also reflects a reclassification in expenses from Divisional Allocations to Direct Expenses. 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 $1,050K 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 these offsetting expense impacts are reflected in the Real Estate Division Forecast.

Change from 2010 Actual

Net Operating Income Before Depreciation decreased by ($1,704K) between 2011 and 2010 as a result of lower revenue ($191K) and higher expenses ($1,513K). Operating Revenue decreased by $191K due to lower revenue at the Bell Harbor International Conference Center. Expenses increased by $1,513K in 2011 due to litigated damages associated with a lawsuit filing, tenant improvement costs, higher utilities and higher corporate costs. This was partially offset by lower third party management expenses associated with BHICC.

IV. REAL ESTATE DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

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	2,305	3,440	1,135	67%	3,350
FT East Portion South Wall	3,478	3,232	(246)	108%	4,668
Small Projects	1,957	2,026	69	97%	992
RE Maintenance Shop Solution	2,282	1,925	(357)	119%	186
MIC Seawall Replacement	1,728	1,707	(21)	101%	2,123
All Other	2,377	4,009	1,632	59%	4,038
Total Real Estate	14,127	16,339	2,212	86%	15,357

Comments on Key Projects:
Through second quarter, the Real Estate Division spent 42% of the Approved Capital Budget. Full year spending is estimated to be 86% of the Approved Capital Budget.

Projects with significant changes in spending were:
- FT NW Dock Fender System – Actual contractor bids lower than estimate. Work completed.

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 FINANCIAL & PERFORMANCE REPORT 06/30/11

A. BUSINESS EVENTS

AVPMG

- Construction has started on the following projects – airfield pavement/slot drains replacement near south satellite, FIS booths, PC air.
- Parking revenue control system - selected Scheidt & Bachmann
- Rental car facility construction hit a major milestone – ready for tenant improvements construction.
- Construction complete & facility in use – C1-C88 baggage system, new security checkpoint

CPO

- On March 31, 2011, the expanded P-Card program was implemented. We hired a P-Card Administrator, who is conducting compliance reviews (audits) and identifying/addressing non-compliance with CPO-7.
- Many CPO team members are completing ESI classes and will attain their ESI & George Washington University School of Business Masters in Government Contracting Certificate. We hosted 3 classes in furtherance of this certification.
- CPO hosted 4 training sessions (with 59 attendees) related to procurement and administration of consulting contracts (service agreements). Attendance is down and a number of classes were cancelled. CPO is evaluating the appropriate number of sessions we should host on a yearly basis.
- CPO Service Agreement Section kicked off compliance reviews and is in process of reviewing 8 contracts.

ENG

- Assistant Directors participated in FEMA Training with Aviation division in Maryland.
- Engineering started work on Seaport under-dock inspection project in collaboration with Seaport PMG and Maintenance. This work was not included in the Engineering Operating Budget.
- Second quarter adjustments made for new CDD Overhead Allocation Methodology. Overhead rate review and adjustments to be implemented for quarters 3 & 4.

PCS

- Several key projects for the 2nd quarter of 2011 include the installation of the FIS Primary Inspection Booths at the south satellite, T-91 Waterline & Paving, Noise Remedy Mitigation, and Gate B3 Loading Bridge
- We continued the RFQ process for Asbestos Design and Monitoring and will complete this process during the 3rd quarter.

SPM

- Completed the construction phase of Terminal 91 Roadway Pavement Replacement and Fishermen's Terminal Northwest Dock East Fender System Replacement Projects.
- Projects in construction: Terminal 91 Waterline, Terminal 86 Tower Strengthening, Maritime Industrial Center central seawall, Fishermen's Terminal Phase 4 South Wall, East Marginal Way Grade Separation.
- Continued underdock inspections at Terminal 18 and 46 and began Terminal18 Pile Caps Pilot Project design.
- Awarded Terminal10 Development construction contract. Construction is scheduled to begin in July.

CDD Admin

- SharePoint site development continues.

V. CAPITAL DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

B. KEY PERFORMANCE METRICS (CDD Dashboard updated)

Key Performance Metrics	2011 YTD	Notes
Construction Soft Costs 36 month rolling average from Q3 2008 thru Q2 2011	($ in 000's) Total Costs $ 909,790 (100%) Total Construction: $ 733,259 (81%) Total Soft: $ 176,531 (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: 5 Discretionary Change: 0.0% Mandatory Change: 0.1%	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: 5 Avg Design Growth Completed Proj's: 74.5% Cumulative Value YTD: $99,040	Limit design growth from initial Commission project authorization to construction advertisement to no more than 10% of originally allotted duration.
Construction Schedule Growth	($ in 000's) Total Completed Projects YTD: 5 Avg Construction Growth Completed Projects: -2.2% Cumulative Value YTD: $99,040	Limit construction growth from contract award to substantially complete to no more than 10% of originally allotted duration
Performance Evaluation Timeliness	**Q2** / **2011** Total PREPs due: 47 / 94 Total PREPs on time: 0-30 days (CDD) 36 (76.6%) / 69 (73.4%) 0-60 days (HRD) 6 (89%) / 14 (88%)	98% PREPs completed within 30 days of anniversary date.
2011 Procurement Schedule: Total Time Specs - Execution	Good & Services 69 days Major Public Works 84 days Small Works 50 days Service Agreements 214 days	Average number of days, improving from period to period.

V. CAPITAL DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 06/30/11

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		-	14	-	14	0.0%	-	-	-
Aviation Project Management		-	-	-	-	0.0%	-	-	-
Total Revenues		**-**	**76**	**-**	**76**	**0.0%**	**-**	**-**	**-**
EXPENSES BEFORE CHARGES TO CAPITAL PROJECTS									
Capital Development Administration		197	171	181	10	5.4%	359	359	-
Engineering		4,716	5,479	7,694	2,215	28.8%	15,225	13,103	2,122
Port Construction Services		3,448	2,947	3,778	831	22.0%	7,554	7,236	318
Central Procurement Office		1,572	1,598	2,189	591	27.0%	4,394	4,403	(9)
Aviation Project Management		2,338	2,561	4,324	1,763	40.8%	8,637	8,637	-
Seaport Project Management		1,219	983	1,258	275	21.9%	2,493	2,371	122
Total Before Charges to Capital Projects		**13,490**	**13,739**	**19,424**	**5,685**	**29.3%**	**38,662**	**36,108**	**2,554**
CHARGES TO CAPITAL PROJECTS									
Capital Development Administration		-	-	-	-	0.0%	-	-	-
Engineering		(4,239)	(3,935)	(5,456)	(1,521)	27.9%	(10,892)	(8,892)	(2,000)
Port Construction Services		(2,113)	(2,200)	(2,169)	32	-1.5%	(4,338)	(4,338)	-
Central Procurement Office		(735)	(523)	(607)	(84)	13.8%	(1,214)	(1,214)	-
Aviation Project Management		(2,003)	(2,157)	(3,169)	(1,012)	31.9%	(6,338)	(6,338)	-
Seaport Project Management		(999)	(589)	(801)	(212)	26.4%	(1,602)	(1,602)	-
Total Charges to Capital Projects		**(10,088)**	**(9,405)**	**(12,202)**	**(2,797)**	**22.9%**	**(24,384)**	**(22,384)**	**(2,000)**
OPERATING & MAINTENANCE EXPENSE									
Capital Development Administration		197	171	181	10	5.4%	359	359	-
Engineering		477	1,544	2,238	694	31.0%	4,333	4,211	122
Port Construction Services		1,335	746	1,609	862	53.6%	3,216	2,898	318
Central Procurement Office		838	1,075	1,582	507	32.1%	3,180	3,189	(9)
Aviation Project Management		335	404	1,155	751	65.0%	2,299	2,299	-
Seaport Project Management		220	393	457	64	14.0%	891	769	122
Total Expenses		**3,402**	**4,334**	**7,222**	**2,888**	**40.0%**	**14,278**	**13,725**	**554**

Notes:

Variance Summary

- Vacancies: 24.5 = $1,646K savings from unfilled positions, plus PCS layoffs
- (Under)/over Absorption OH Clearing ($1,009K) represents costs expended but not yet allocated as overhead. Actual capital, expensed and net operating costs will increase to account for the under absorption value.
- AVPMG $712K on-site consulting charged to capital projects, offset by honorarium payments for escalators contract (MC-0316531)
- AVPMG $49K refund upon closing of RST Enterprises claim ($50K reserve expensed Oct 2010)
- CPO $9K for unbudgeted moving expenses and prior year consulting fees paid in current year
- ENG $780K reduced consultant use, offset by ($80K) unbudgeted expense work; $72K reduced travel expense
- PCS $428K due to accruals of Outside Services and $12K in reduced Equipment Rental
- SPM ($212K) reduced charges to capital

VI. CORPORATE FINANCIAL & PERFORMANCE REPORT 06/30/11

A. BUSINESS EVENTS

- Centennial Celebration events:
  - Centennial Video Contest for Schools launched, awards recognition at Commission Meeting
  - Centennial Park Dedication
  - Centennial "Get to Know Your Port by Bike"
  - Beach Access Opening Centennial Community Celebration and Ribbon Cutting Ceremony
  - Centennial displays installed at STIA
- Held Century Agenda Panels on Fostering Economic Growth, Moving Cargo, and Moving People.
- Set preliminary goals and objectives of increasing jobs related to Port by 100,000 over 25 years, Moving Cargo, and Moving People.
- Ship Canal Cleanup, in conjunction with Seattle Marine Business Coalition.
- Participated in community outreach programs such as:
  - Duwamish Alive! Community Restoration, Kayak Launch Opening and Park Bench Ribbon Cutting at Terminal 117
  - Duwamish Alive! Earth Day Festival
  - South Park Bridge Ground Breaking, Community Celebration and Business Casual Reception
  - Seattle Maritime Festival
  - Northwest Paddling Festival at Jack Block Park
  - Emissions Inventory Update outreach meetings
- AFR completed a department-wide Risk Assessment & Mitigation "refresh" project, covering all operating sections and business processes of the AFR department to update business process improvement opportunities, identify potential control gaps and establish action plans to mitigate risks and potential exposures.
- Completed the liability insurance broker selection process and signed a Category III Contract in May for five years. The contract includes a small business component of 10%.
- Completed Tier 1 of the 2011 Wellness Rewards Tiered Program on April 30th. To date, 935 employees have completed the health assessment.
- Implemented telephonic and online coaching program as part of the Wellness Reward program. To date, 258 are engaged in telephonic coaching.
- Installed TeamMate software audit management system.
- Ethics Survey was offered to all Port employees. Intake and response system continues to be developed and implemented. Training program continues to be developed.
- 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 RFP in Q2.
- ICT has finished building the Port's new website and is working with Public Affairs on Content migration for a third quarter deployment.
- Received the Distinguished Budget Presentation Award for 2011 from Government Finance Officers Association in June.
- Completed the Investment Banking Services procurement process. Six firms were selected to provide financing support for the next 3-5 years. Of the six selected firms, two are small business firms.
- Office of Social Responsibility participated in business events such as the Supplier Diversity Best Practices Summit, Women of Color Empowered Luncheon, Hire America's Heroes Symposium, Women Veterans Summit, Northwest Minority Supplier Council Business Conference and the City of Seattle Reverse Vendor Trade Show.

VI. CORPORATE FINANCIAL & PERFORMANCE REPORT 06/30/11

B. KEY PERFORMANCE METRICS

Key Performance Metrics	2011 YTD	2010 YTD/Notes
A. High Performance Workplace:		
1. Occupational Injury Rate	5.68	5.45, increased by 0.23
2. Total Lost Work Days	313	253, increased by 60
3. Contract Administration Issues	59	28, increased by 31
4. Employee Training		
a) New Employee Orientation	23	21, increased by 2
b) REALeadership Program	30	29, increased by 1
c) MIS Training	6 Classes and 10 users	6 classes and 67 users
d) Required Safety Training	68%	63%, increased by 8%
5. Job Openings Created	132	97, increased by 35
6. Job Applications Received	6,210	4,143, increased by 2,067
7. Tuition Reimbursement	30 employees participated	n/a
B. Transparency:		
1. Rate of Public Meetings	6	2, increased by 4
2. Public Disclosure Requests	144	149, decreased by 5
3. 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%
4. Track Constant Contact	19,853 active contacts	16,142 contacts at year-end
5. Increase internal communications via Compass	Site is averaging 6,922 visits per day, average 807 unique visitors.	5,500 visits per day, and 1,200 unique users.
C. Accountability:		
1. Internal Audits Completed	10	7, increased by 3
2. % of Audit Plan Completed	32%	24%, increased by 8%
3. Preventable Vehicle Incidents	31	38, decreased by 7
4. Incurred Auto Liability Costs	$50K	$5K, increased by $45K
D. Other Services and Support:		
1. Projects on Budget/Schedule	100%/38%	100%/33% increased by 15%
2. Police Service Calls	27,246	29,534, decreased by 8%
3. Police Arrests	245 with no warrant 195 with warrant	306, decreased by 61; 192 with warrant, increased by 3
4. Attorney Services	30 litigation and claims	28 Litigations and claims, increased by 2
5. Labor Contracts Negotiated	2	4, decreased by 2
6. Account Receivables Collection (0 – 30 days)	93.3%	90.8%
7. Small Business Roster	1,215	1,122, increased by 93

VI. CORPORATE FINANCIAL & PERFORMANCE REPORT 06/30/11

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		**309**	**620**	**430**	**190**	**44.1%**	**1,025**	**1,202**	**177**
Executive		697	694	793	99	12.4%	1,500	1,460	40
Commission		404	336	465	129	27.8%	931	862	70
Legal		1,603	1,529	1,667	138	8.3%	2,906	3,055	(149)
Risk Services		1,259	1,249	1,383	134	9.7%	2,789	2,722	67
Health & Safety Services		499	542	574	32	5.6%	1,129	1,124	5
External Affairs		2,644	2,990	3,395	404	11.9%	7,012	6,795	217
Human Resources & Development		1,741	2,271	2,709	439	16.2%	5,285	5,063	222
Labor Relations		294	515	462	(53)	-11.6%	922	922	-
Information & Communications Technology		8,696	8,951	9,170	219	2.4%	19,511	19,511	-
Finance & Budget		729	707	762	54	7.1%	1,493	1,483	11
Accounting & Financial Reporting Services		2,946	2,789	3,293	504	15.3%	6,596	6,415	181
Internal Audit		494	507	621	114	18.3%	1,215	1,204	11
Office of Social Responsibility		576	531	835	305	36.5%	1,567	1,560	6
Police		9,204	10,535	10,760	225	2.1%	21,452	21,443	9
Contingency		17	48	350	302	86.3%	700	350	350
Total Expenses		**31,802**	**34,195**	**37,240**	**3,045**	**8.2%**	**75,008**	**73,969**	**1,039**

Corporate revenues were $190 thousand favorable compared to budget due to higher operating grants.

Corporate expenses for the first six months of 2011 were $34.2 million, $3.0 million or 8.2% favorable compared to the approved budget and $2.4 million or 7.5% higher than the same period a year ago. The $3.0 million favorable variance is due primarily to timing differences between when the items are paid and when budgeted and not necessarily cost savings.

All corporate departments have a favorable variance except for Labor Relations, which has an unfavorable variance of $53thousand due to charging less to capital projects than originally anticipated.

Year-end spending is projected to be $1.0 million under budget due primarily to:

- External Affairs incurring lower costs than anticipated and vacant positions
- Human Resources and Development vacant positions and credit from state for participating in the Commute Trip Reduction Program
- Accounting and Financial Reporting Services vacant positions and rebate from bank for travel program
- Not anticipating to use all funds in Contingency

D. CAPITAL SPENDING RESULTS

	($ Millions)
Annual Results:	
2011 Plan of Finance	$12.07
2011 Approved Budget	$12.90
2011 Estimated/Actuals	$9.74
Variance (Budget vs Actuals)	$3.16