ITEM NO.: 7b Attach

DATE OF MEETING: May 8, 2012

PORT OF SEATTLE

2012 FINANCIAL & PERFORMANCE REPORT

AS OF MARCH 31, 2012

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 03/31/12

EXECUTIVE SUMMARY

Financial Summary

The Port's total operating revenues for the first quarter of 2012 were $119.6 million, $293 thousand above budget. Aeronautical revenues were $51.6 million, $1.4 million below budget. Other operating revenues were $68.0 million, $1.7 million higher than budget primarily due to higher revenues from Concessions, Container, Seaport Industrial Properties and Grain, partially offset by lower revenues from Public Parking and Rental Cars businesses. Total operating expenses were $65.0 million, $7.2 million below budget mainly due to timing of spending and some vacant positions. Operating income before depreciation was $54.6 million, $7.5 million above budget. Operating income after depreciation was $14.2 million, $6.4 million higher than budget. The Port-wide capital spending is forecasted to be $169.1 million for the year, $0.9 million below the budgeted $169.9 million.

Operating Summary

At the Airport, enplanements for the first quarter were 2.7% higher and landed weight was 2.1% lower than the same period in 2011. International enplaned passengers in the first quarter attained greater growth (5.4% vs. 2011) than domestic enplanements (2.3% vs. 2011). For the Seaport division, TEU volume was down 2% from Q1 2011. Full year forecasted volume is for 1.75 million TEU's compared to budget of 2.0 million. Grain volume was at 1.6 million metric tons, up by 13.5% from Q1 2011 and 23.0% over budget. For the Real Estate division, occupancy levels at Commercial Properties were at target of 90% and above Seattle market average of 85%. Fishermen's Terminal and Maritime Industrial Center were at 78% occupancy, below target of 89%. Recreational Marinas was at 91% occupancy, below target of 94%.

Key Business Events

We held a number of events in the community, including the kickoff outreach phase for Century Agenda Business and Community Leaders Breakfast with approximately 80 representatives from business, industry, labor, community, and environmental. On the business side, Emirates daily non-stop service to Dubai began in the first quarter. On the environmental front, we continued to implement the Northwest Ports Clean Air Strategy, 48% of frequent calls meeting the Northwest Ports Clean Airs Standards target in the first quarter of the year.

Major Capital Projects

We completed the major work for the East Marginal Way Grade Separation and Pier 91 Fender Pile Replacement projects in the first quarter. Rental Car Facility (RCF) and Bus Maintenance Facility (BMF) are on schedule to open in second quarter and Terminal Realignment at the Airport is in progress. Construction has started on the following projects – Airfield Pavement/Slot Drains Replacement near South Satellite, FIS booths, PC air. 8th Floor Weather Proofing contractor delayed first submittal by over three months due to other commitments; construction is expected to begin in late April. Scope of FIMS Phase II project has been reduced. Scheidt & Bachmann was selected for the Parking Revenue Control System. Finally, Terminal10 Development construction contract has been awarded and construction is scheduled to begin in July.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 03/31/12

INCOME STATEMENT

Report: Income Statement
As of Date: 2012-03-31

$ in 000's	2011 YTD Actual	2012 YTD Actual	2012 YTD Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Revenues:							
Aviation	83,564	85,154	89,703	(4,549)	-5.1%	1,590	1.9%
Seaport	22,172	26,786	21,952	4,834	22.0%	4,614	20.8%
Real Estate	7,288	7,591	7,652	(61)	-0.8%	303	4.2%
Capital Development	65	7	-	7	0.0%	(57)	-88.5%
Corporate	242	98	38	60	159.5%	(144)	-59.5%
Total Revenues	**113,331**	**119,637**	**119,345**	**293**	**0.2%**	**6,306**	**5.6%**
Operating & Maintenance:							
Aviation	29,656	33,380	36,851	3,471	9.4%	3,725	12.6%
Seaport	3,083	4,072	4,612	539	11.7%	990	32.1%
Real Estate	6,914	7,550	8,442	892	10.6%	636	9.2%
Capital Development	2,440	2,909	3,911	1,002	25.6%	470	19.3%
Corporate	15,642	17,118	18,372	1,254	6.8%	1,476	9.4%
Total O&M Costs	**57,734**	**65,030**	**72,188**	**7,158**	**9.9%**	**7,296**	**12.6%**
Operating Income Before Depreciation	**55,597**	**54,607**	**47,156**	**7,451**	**15.8%**	**(990)**	**-1.8%**
Depreciation	39,834	40,414	39,328	(1,087)	-2.8%	580	1.5%
Operating Income after Depreciation	**15,762**	**14,193**	**7,828**	**6,364**	**81.3%**	**(1,570)**	**-10.0%**

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 03/31/12

KEY PERFORMANCE METRICS

	2011 YTD Actual	2012 YTD Actual	2011 Actual	2012 Forecast	2012 Budget	Forecast/Budget Var.	Var. %
Enplanements (in 000's)	3,509	3,604	16,396	16,650	16,650	-	0.0%
Landed Weight (lbs in 000's)	4,525	4,429	20,123	20,444	20,444	-	0.0%
Passenger CPE (in $)	n/a	n/a	11.75	13.16	13.26	(0.10)	-0.8%
Container Volume (TEU's in 000's)	486	476	2,034	1,750	2,000	(250)	-12.5%
Grain Volume (metric tons in 000's)	1,409	1,599	5,027	5,500	5,500	-	0.0%
Cruise Passenger (in 000's)	-	-	886	864	881	(17)	-1.9%
Commercial Property Occupancy	89%	90%	90%	90%	87%	0	3.4%
Shilshole Bay Marina Occupancy	94.8%	92.7%	95.5%	94.3%	95.5%	-1.2%	-1.2%
Fishermen's Terminal Occupancy	87.0%	78.8%	78.2%	81.4%	84.3%	-3.0%	-3.5%

CAPITAL SPENDING RESULTS

Division	2012 Forecast	2012 Approved Budget	Budget Variance	Plan of Finance
($ in millions)				
Aviation	137.3	135.4	(1.9)	261.9
Seaport	16.0	15.5	(0.5)	25.7
Real Estate	5.2	7.3	2.1	10.9
Corporate & CDD	10.5	11.7	1.2	12.0
Total	169.1	169.9	0.9	310.5

PORTWIDE INVESTMENT PORTFOLIO

The investment portfolio for first quarter of 2012 earned 1.46% against our benchmark (The Bank of America Merrill Lynch 3-year Treasury/Agency Index) of 0.38%. For the past twelve months the portfolio has earned 1.63% against the benchmark of 0.38%. Since the Port became its own Treasurer in 2002, the Port's portfolio life-to-date has earned 3.34% against our benchmark of 2.38%.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/12

FINANCIAL SUMMARY

$ in 000's	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Operating Revenues:							
Aeronautical	207,763	234,543	236,221	(1,677)	-0.7%	26,781	12.9%
Non-Aeronautical	142,959	149,618	149,531	88	0.1%	6,660	4.7%
Total Operating Revenues	**350,722**	**384,162**	**385,751**	**(1,590)**	**-0.4%**	**33,440**	**9.5%**
Expenses:							
Operating Expenses	190,442	222,245	221,981	(264)	-0.1%	31,803	16.7%
Environmental Remediation Liability	1,428	3,096	3,096	-	0.0%	1,669	116.9%
Total Operating Expenses	**191,869**	**225,341**	**225,078**	**(264)**	**-0.1%**	**33,472**	**17.4%**
Net Operating Income	**158,853**	**158,820**	**160,674**	**(1,853)**	**-1.2%**	**(33)**	**0.0%**
Capital Spending	**166,820**	**137,299**	**135,419**	**(1,880)**	**-1.4%**	**(29,521)**	**-17.7%**

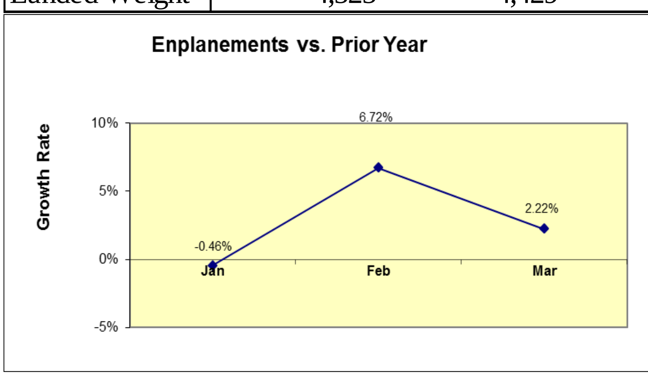
- Aeronautical revenues are forecasted lower than budget due to savings from lower variable rate interest and debt refunding.
- Non-Aeronautical revenues are forecasted greater than budget due to higher energy and water sales from increased usage and volumes.
- Operating expenses are forecasted greater than budget due to unbudgeted 2011 retro contractual increase in airfield security, higher surface water discharge and higher electricity usage, which are offset by savings in outside services and telecommunications.
- $137.3 million are forecasted to be spent on capital projects in 2012, which are 1.4% greater than budget.

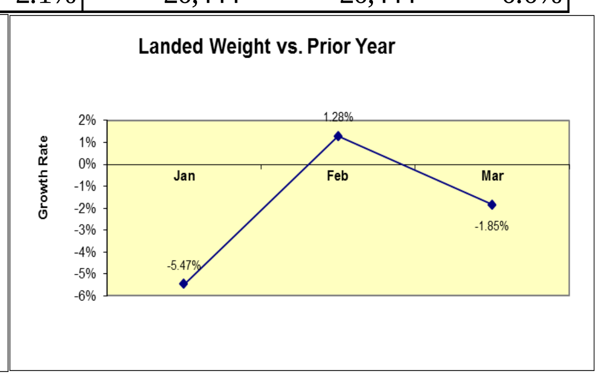
A. BUSINESS EVENTS

- Rental Car Facility (RCF) and Bus Maintenance Facility (BMF) on schedule to open in Q2
- Sea-Tac Airport experienced a significant snow/ice event in Q1
- Emirates daily non-stop service to Dubai began in Q1
- Thanks Again parking loyalty rewards program implemented in Q1
- Terminal realignment in progress

B. KEY PERFORMANCE INDICATORS

Figures in 000's	2011 YTD	2012 YTD	% Variance	2012 Forecast	2012 Budget	% Variance
Enplanements	3,509	3,604	2.7%	16,650	16,650	0.0%
Landed Weight	4,525	4,429	-2.1%	20,444	20,444	0.0%





- International enplaned passengers in Q1 2012 attained greater growth (5.4% vs. 2011) than domestic enplanements (2.3% vs. 2011).

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/12

- Total landed weight in Q1 2012 experienced negative growth (-2.1 vs. 2011), which may need reforecast.
- International air freight cargo metric tons in Q1 2012 experienced negative growth (-9.0% vs. 2011), whereas domestic air freight cargo metric tons in Q1 2012 experienced positive growth (1.5% vs. 2011).

Key Performance Measures

	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Key Measures							
Non-Aero NOI ($ in 000s)	84,173	76,058	75,982	76	0.1%	(8,115)	-9.6%
Passenger Airline CPE	11.75	13.16	13.26	0.10	0.8%	1.41	12.0%
Debt / Enplaned Passenger	161.46	152.2	152.2	-	0.0%	(9.28)	-5.7%
Debt Service Coverage	1.47	1.36	1.34	0.02	1.8%	(0.11)	-7.2%

- CPE is forecasted to come in lower than budget due to significant savings in debt service.

C. OPERATING RESULTS

Division Summary

$ in 000's	2011 YTD Actual	2012 Year-to-Date Actual	2012 Year-to-Date Budget	YTD Bud Var $	YTD Bud Var %	Year-end Projections Budget	Year-end Projections Forecast	Year-end Projections Variance
Aeronatical Revenues	48,719	51,634	53,013	(1,379)	-2.6%	236,221	234,543	(1,677)
Non-Aeronautical Revenues	32,909	33,520	36,690	(3,170)	-8.6%	149,531	149,618	88
Total Operating Revenues	**81,628**	**85,154**	**89,703**	**(4,549)**	**-5.1%**	**385,751**	**384,162**	**(1,590)**
Operating Expenses:								
Salaries & Benefits	19,355	21,715	23,225	1,510	6.5%	93,871	94,069	(198)
Outside Services	3,926	4,688	6,830	2,142	31.4%	37,404	37,365	39
Utilities	3,563	3,595	3,396	(199)	-5.9%	12,458	12,579	(121)
Other Airport Expenses	2,811	3,382	3,400	18	0.5%	14,138	14,122	16
Baseline Airport Expenses	**29,656**	**33,380**	**36,851**	**3,471**	**9.4%**	**157,873**	**158,136**	**(264)**
Environmental Remediation Liability	-	-	-	-	n/a	3,096	3,096	-
Total Airport Expenses	**29,656**	**33,380**	**36,851**	**3,471**	**9.4%**	**160,969**	**161,233**	**(264)**
Corporate	7,005	7,935	8,269	334	4.0%	35,566	35,566	-
Police Costs	3,650	3,858	4,346	488	11.2%	16,964	16,964	-
Capital Development/Other Expenses	1,321	2,353	2,959	605	20.5%	11,579	11,579	-
Total Operating Expenses	**41,631**	**47,526**	**52,425**	**4,899**	**9.3%**	**225,078**	**225,341**	**(264)**
NOI Before Depreciation	**39,997**	**37,628**	**37,278**	**350**	**0.9%**	**160,674**	**158,820**	**(1,853)**
Depreciation Expense	29,465	29,284	29,123	(161)	-0.6%	117,072	117,072	-
NOI After Depreciation	**10,532**	**8,344**	**8,155**	**189**	**2.3%**	**43,602**	**41,749**	**(1,853)**
Selected Non-Operating Rev/(Exp):								
Capital Grants & Donations	126	423	-	423	n/a	28,982	28,982	-
Non-Capital Grants & Donations	-	0	470	(470)	-100.0%	1,479	1,479	-
Passenger Facility Charges (PFC)	14,604	16,894	13,641	3,253	23.8%	63,448	63,448	-
Customer Facility Charges (CFC)	4,260	4,722	3,957	765	19.3%	21,333	21,333	-

- Aeronautical revenues are lower than budget by $1.4 million due to budgeted landing fees which assumed a greater percentage of landed weight in Q1 than actual landed weight by 12.7% and 2011 SLOA accounting entries not posted.
- Non-aeronautical revenues are lower than budget by $3.2 million:
  - Customer Facility Charge (CFC) reclass to operating revenue is lower than budget by $1.5 million due to the delayed opening of the Rental Car Facility (RCF).

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- Rental car revenues are lower than budget by $1.9 million due to MAG relief related to the RCF, monthly budget not spread based on seasonality, and actual industry average ticket price lower than the price used in the budget by 9.4% even though transaction days are higher by 4.9%.
- Public parking revenues are less than budget primarily due to both the Passport program and garage under by $108k and $66k.

- Operating expenses are less than budget by $4.9 million due to the net of the following:

Savings of $5.8 million:	Overspending of $948k:
Salaries and benefits $1.5M (delay of RCF opening, open positions)	Deicer and ice control supplies $669k
Delay in expenditure of contracted services $2.2M	Utility surface water discharge $93k
Fire department supplies, equipment and medical exams $215k	Utility offsite electricity usage $186k
Employee training and development not utilized $287k	
Other savings $245k	
Corporate and Capital Development Division Allocations $1.4M	

Aeronautical Business Unit Summary

$ in 000's	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Revenues requirement:							
Capital Costs	81,507	89,947	91,876	1,930	2.1%	8,440	10.4%
Operating Costs net Non-Aero	133,083	151,781	151,529	(252)	-0.2%	18,698	14.0%
Total Costs	**214,590**	**241,728**	**243,405**	**1,677**	**0.7%**	**27,138**	**12.6%**
FIS Offset	(7,000)	(8,000)	(8,000)	-	0.0%	(1,000)	14.3%
Other Offsets	(15,417)	(14,895)	(14,895)	-	0.0%	522	-3.4%
Net Revenue Requirement	**192,173**	**218,833**	**220,510**	**1,677**	**0.8%**	**26,660**	**13.9%**
Other Aero Revenues	15,590	15,711	15,711	-	0.0%	121	0.8%
Total Aero Revenues	**207,763**	**234,543**	**236,221**	**1,677**	**0.7%**	**26,781**	**12.9%**
Less: Non-passenger Airline Costs	15,098	15,392	15,392	-	0.0%	294	1.9%
Net Passenger Airline Costs	**192,665**	**219,151**	**220,828**	**1,677**	**0.8%**	**26,486**	**13.7%**

	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Cost Per Enplanement:							
Capital Costs / Enpl	4.97	5.40	5.52	0.12	2.1%	0.43	8.7%
Operating Costs / Enpl	8.12	9.12	9.10	(0.02)	-0.2%	1.00	12.3%
Offsets	(1.37)	(1.38)	(1.38)	-	0.0%	(0.01)	0.6%
Other Aero Revenues	0.95	0.94	0.94	-	0.0%	(0.01)	-0.8%
Non-passenger Airline Costs	(0.92)	(0.92)	(0.92)	-	0.0%	(0.00)	0.4%
Passenger Airline CPE	**11.75**	**13.16**	**13.26**	**0.10**	**0.8%**	**1.41**	**12.0%**

- Capital costs savings are forecasted to be $1.9 million due to savings from lower variable rate interest and debt refunding.
- Operating costs are forecasted to be $252k higher than budget due to unbudgeted 2011 retro contractual increase in airfield security, higher surface water discharge and higher electricity usage.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/12

Non-Aero Business Unit Summary

$ in 000's	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Revenues:							
Public Parking	49,996	52,480	52,480	-	0.0%	2,484	5.0%
Rental Cars	29,969	27,057	27,057	-	0.0%	(2,912)	-9.7%
Customer Facility Charge (RCF)	778	8,576	8,576	-	0.0%	7,799	1002.9%
Ground Transportation	7,704	7,519	7,519	-	0.0%	(185)	-2.4%
Concessions	35,404	35,659	35,659	-	0.0%	254	0.7%
Other	19,109	18,327	18,240	88	0.5%	(781)	-4.1%
Total Revenues	**142,959**	**149,618**	**149,531**	**88**	**0.1%**	**6,660**	**4.7%**
Operating Expense	59,544	74,626	74,639	13	0.0%	15,082	25.3%
Share of terminal O&M	17,610	18,722	18,698	(24)	-0.1%	1,112	6.3%
Less utility internal billing	(18,369)	(19,789)	(19,789)	-	0.0%	(1,420)	7.7%
Net Operating & Maint	**58,786**	**73,560**	**73,549**	**(11)**	**0.0%**	**14,774**	**25.1%**
Net Operating Income	**84,173**	**76,058**	**75,982**	**76**	**0.1%**	**(8,115)**	**-9.6%**

	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Revenues Per Enplanement							
Parking	3.05	3.15	3.15	-	0.0%	0.10	3.4%
Rental Cars (net of CFCs)	1.83	1.63	1.63	-	0.0%	(0.20)	-11.1%
Ground Transportation	0.47	0.45	0.45	-	0.0%	(0.02)	-3.9%
Concessions	2.16	2.14	2.14	-	0.0%	(0.02)	-0.8%
Other	1.21	1.62	1.61	0.01	0.3%	0.40	33.2%
Total Revenues	**8.72**	**8.99**	**8.98**	**0.01**	**0.1%**	**0.27**	**3.1%**
Primary Concessions Sales / Enpl	**10.30**	**10.42**	**10.42**	-	0.0%	0.12	1.2%

$ in 000's	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Operating CFC Revenues	778	8,576	8,576	-	0.0%	7,799	1002.9%
Non-Operating CFC Revenues	23,669	21,333	21,333	-	0.0%	(2,336)	-9.9%
Total CFC Revenues	**24,447**	**29,909**	**29,909**	**-**	**0.0%**	**5,462**	**22.3%**

- Non-Aeronautical revenues are forecasted greater than budget due to higher energy and water sales from increased usage and volumes.
- Share of terminal operating and maintenance costs forecasted greater than budget due to higher surface water discharge and higher electricity usage.
- Primary concessions sales per enplanement were at $10.59 year-to-date February.
- CFC revenues higher year-to-date than prior year due to rate increase from $5.0 to $6.0 effective February 1, 2012.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/12

Net Cash Flow: NOI after Debt Service and Interest Income

$ in 000's	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Aeronautical							
Net Operating Income (NOI)	74,679	82,762	84,692	(1,930)	-2.3%	8,083	10.8%
Debt Service	71,096	75,796	77,726	1,930	2.5%	4,700	6.6%
Aero NOI After Debt Service	**3,584**	**6,967**	**6,966**	**1**	**0.0%**	**3,383**	**94.4%**
Non-Aeronautical							
Net Operating Income (NOI)	84,173	76,058	75,982	76	0.1%	(8,115)	-9.6%
Debt Service	40,845	44,916	45,390	474	1.0%	4,071	10.0%
Non-Aero NOI After Debt Service	**43,328**	**31,142**	**30,592**	**551**	**1.8%**	**(12,186)**	**-28.1%**
Total Aviation							
NOI	158,852	158,820	160,674	(1,853)	-1.2%	(32)	0.0%
Debt Service	111,940	120,712	123,116	2,405	2.0%	8,771	7.8%
NOI After Debt Service	**46,912**	**38,109**	**37,557**	**551**	**1.5%**	**(8,803)**	**-18.8%**
Add ADF Interest Income	4,771	4,460	3,771	689	18.3%	(311)	-6.5%
Add Non-Operating TSA Grant	1,035	1,479	1,479	-	0.0%	445	43.0%
Net Cash Flow after D/S & Interest Inc.	**52,717**	**44,048**	**42,808**	**1,240**	**2.9%**	**(8,670)**	**-16.4%**

2012 forecasted net cash flow is less than budget by $1.2 million and down $8.7 million from 2011.

D. CAPITAL SPENDING RESULTS

$ in 000's	YTD Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Plan of Finance
Rental Car Fac. Construction	7,801	19,129	29,778	10,649	35.8%	54,114
8th Floor Weather Proofing	38	3,288	5,500	2,212	40.2%	10,482
FIMS Phase II	214	5,214	6,450	1,236	19.2%	4,214
Port-Owned Loading Bridge R&R	2	1,002	-	(1,002)		-
Stage 2 Mech Energy Implement	8	1,058	-	(1,058)		-
New Window Wall Ticket Zone 1	5	1,305	-	(1,305)		-
Single Family Home Sound Insul	279	2,074	-	(2,074)		-
SSAT HVAC,Lights,Ceiling Repl	21	2,521	-	(2,521)		-
All Other	13,611	101,708	93,691	(8,017)	18.4%	193,116
Total Capital Expenses	21,979	137,299	135,419	(1,880)	-1.4%	261,926

- Rental Car Facility savings have been identified as the project nears completion due to favorable change orders that have been submitted by the construction contractors.
- 8th Floor Weather Proofing delayed by over three months and construction is expected to begin in Q2.
- FIMS Phase II project scope has been reduced.
- Loading Bridges, Stage 2 Mechanical Energy Implementation, New Window Wall Ticket Zone 1, Single Family Home Sound Insulation, SSAT HVAC projects were not anticipated in 2012 Plan of Finance.

III. SEAPORT DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

FINANCIAL SUMMARY

$ in 000's	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Revenues:							
Operating Revenue	98,910	109,107	96,980	12,127	13%	10,197	10%
Security Grants	394	1,598	1,598	0	0%	1,204	305%
Total Revenues	**99,304**	**110,705**	**98,578**	**12,127**	**12%**	**11,401**	**11%**
Total Operating Expenses	**38,437**	**46,536**	**46,536**	**0**	**0%**	**8,099**	**21%**
Net Operating Income	**60,867**	**64,169**	**52,042**	**12,127**	**23%**	**3,302**	**5%**
Capital Expenditures	**18,837**	**16,043**	**15,496**	**(547)**	**-4%**	**(2,794)**	**-15%**

- Total Seaport revenues were $4,874K favorable for the first quarter primarily due to the Containers. Space/land rent is favorable due to the refunding of Terminal 18 Special Facility Bonds in December 2011 and the related implementation of the GAAP straight-line rent adjustment. Neither of these items were reflected in the 2012 Budget due to the timing of the transaction. Crane rent is favorable due to later certification of the SSA owned cranes than assumed in the Budget. For the full year Seaport is forecasting full year revenue to exceed budget by $12.1 million as a result of the described bond refunding.
- Total Operating Expenses were $1,324K favorable due to timing. Seaport is forecasting full year operating expenses to be on budget.
- Forecasted Net Operating Income 2012 is estimated to be $12.1 million and $3.3 million above 2011 Actual.
- As of the end of the 1st Quarter, total capital spending for 2012 is projected to be $16.0 or 104% of the Approved Annual Budget.

A. BUSINESS EVENTS

- TEU volumes for Seattle Harbor are down (1.9%) as of March 31, 2012 compared to the same period in 2011. Total YTD 2012 volume is 476,304 TEU's. Full year forecasted volume is for 1,750K TEU's compared to budget of 2,000K TEU's.
- Consolidated West Coast Port results for the 1st Quarter of 2012 show an overall increase in TEU volume of 2.3% compared to volumes in 2011.

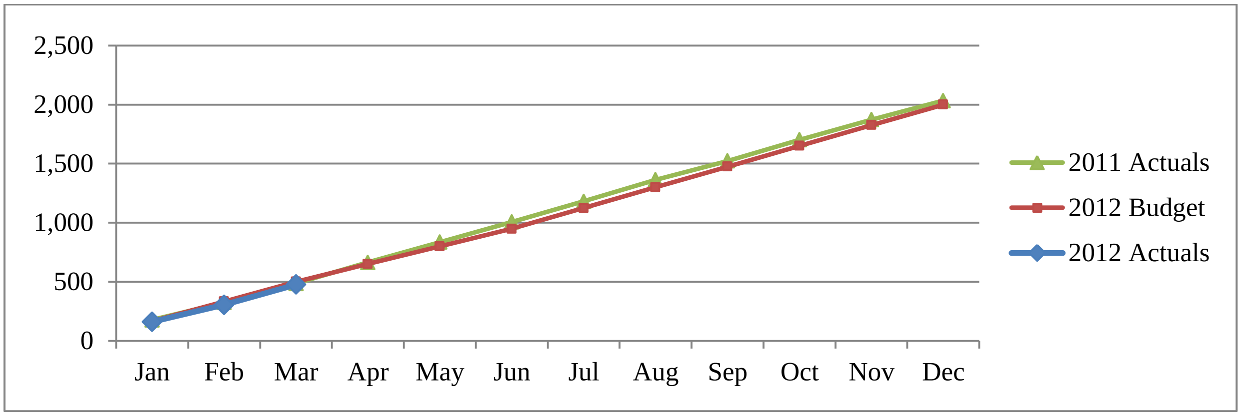
TEU Volume (in 000's)	2012	2011	% Change
Long Beach	1,307	1,346	-2.9%
Los Angeles	1,875	1,816	3.2%
Oakland	560	555	0.9%
Portland	55	48	13.9%
Prince Rupert	128	65	95.4%
Seattle	**476**	**486**	**-1.9%**
Tacoma	346	352	-1.9%
Vancouver	619	577	7.3%
West Coast - Totals:	**5,365**	**5,245**	**2.3%**

- Grain vessels shipped 1,599K metric tons of grain through Terminal 86 in the 1st Quarter 2012. Amount is 13.5% above 2011 volumes and 23% favorable to 2012 Budget volume.
- The 2012 cruise season will commence on May 6th.
- The Agreed order with Washington State Department of Ecology for environmental remediation at Terminal 91 was approved for execution by the Commission.

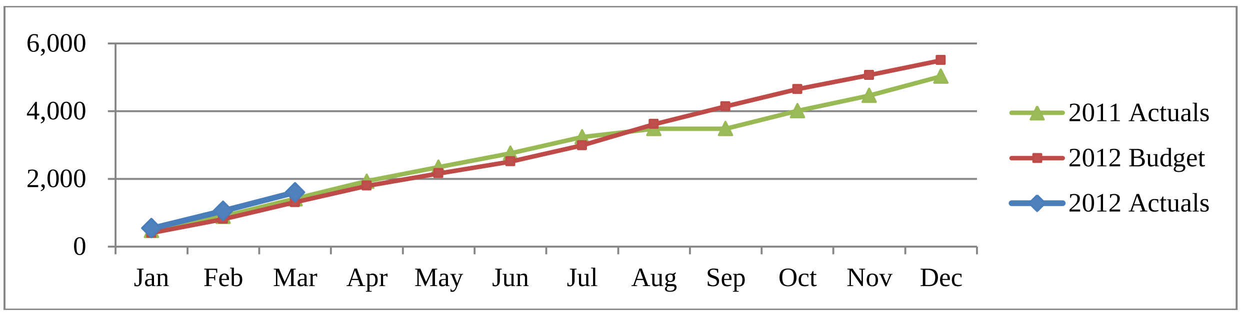
III. SEAPORT DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

B. KEY INDICATORS

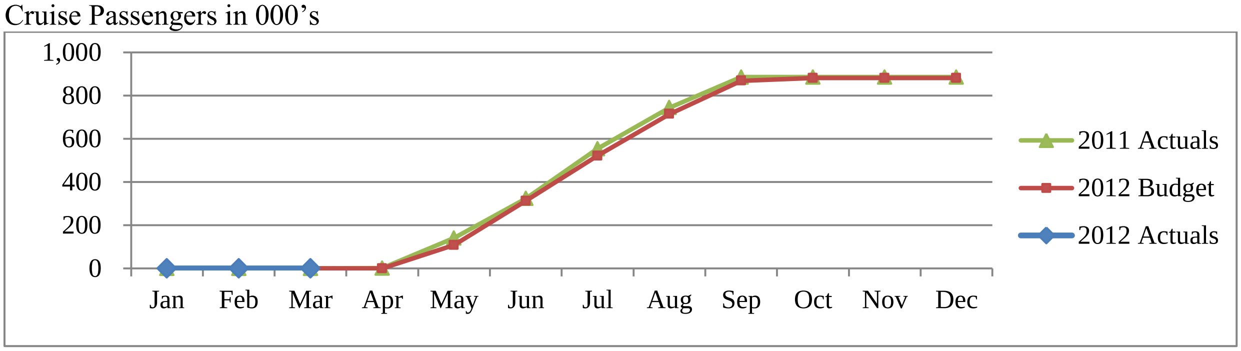
Container Volume – TEU's in 000's



Grain Volume – Metric Tons in 000's



Cruise Passengers in 000's



Net Operating Income Before Depreciation By Business

$ in 000's	**2011 Actual**	**2012 Actual**	**2012 Budget**	**2012 Bud Var $**	**2012 Bud Var %**	**Change from 2011 $**	**Change from 2011 %**
Containers	12,372	15,545	10,570	4,975	47%	3,172	26%
Grain	1,311	1,464	1,127	337	30%	153	12%
Seaport Industrial Props	1,572	2,067	1,597	470	29%	496	32%
Cruise	(885)	(1,334)	(1,354)	19	1%	(450)	-51%
Docks	(332)	(143)	(462)	319	69%	189	57%
Security	(198)	(217)	(296)	79	27%	(19)	-10%
Env Grants/Remed Liab/Oth	(13)	0	0	0	NA	13	100%
Total Seaport	13,827	17,381	11,183	6,198	55%	3,554	26%

III. SEAPORT DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

C. OPERATING RESULTS

	2011 YTD	2012 Year-to-Date		YTD Bud Var		Year-End Projections		
$ in 000's	Actual	Actual	Budget	$	%	Budget	Forecast	Variance
Operating Revenue	22,286	26,115	21,290	4,825	23%	96,980	109,107	12,127
Security Grants	40	816	767	49	6%	1,598	1,598	0
Total Revenues	**22,326**	**26,931**	**22,057**	**4,874**	**22%**	**98,578**	**110,705**	**12,127**
Seaport Expenses (excl env srvs)	2,471	2,710	3,204	494	15%	15,236	15,236	0
Environmental Services	361	302	338	36	11%	2,289	2,289	0
Maintenance Expenses	980	1,185	1,323	138	10%	5,817	5,817	0
P69 Facilities Expenses	90	130	129	(1)	-1%	531	531	0
Other RE Expenses	49	86	78	(9)	-11%	300	300	0
CDD Expenses	1,279	651	1,032	381	37%	4,388	4,388	0
Police Expenses	826	948	1,068	120	11%	4,167	4,167	0
Corporate Expenses	2,373	2,718	2,889	171	6%	12,332	12,332	0
Security Grant Expense	69	821	815	(6)	-1%	1,476	1,476	0
Envir Remed Liability	0	0	0	0	NA	0	0	0
Total Expenses	**8,498**	**9,550**	**10,874**	**1,324**	**12%**	**46,536**	**46,536**	**0**
NOI Before Depreciation	**13,827**	**17,381**	**11,183**	**6,198**	**55%**	**52,042**	**64,169**	**12,127**
Depreciation	7,848	8,633	7,814	(819)	-10%	31,713	34,469	(2,756)
NOI After Depreciation	**5,979**	**8,748**	**3,369**	**5,379**	**160%**	**20,330**	**29,701**	**9,371**

Seaport revenues were $4,874K favorable to budget. Key variances are as follows:

Seaport Lease & Asset Management - favorable $4,678K

- Containers $4,051K favorable. Space Rental favorable $2,376K and GAAP Straight Line rental revenue recognition favorable $692K due to refunding of Terminal 18 Special Facility Revenue Bonds in December 2011. Crane Rent Revenue $984K favorable due to delays in certification of SSA owned cranes at Terminal 18 $736K and above budget tariff crane usage at Terminal 5 $262K.
- Grain $295K favorable due to volume coming in 23% favorable to budget.
- Seaport Industrial Properties $332K favorable primarily due to the receipt of concession rent at T91 that was budgeted for the 2nd quarter, higher utility revenue and due to an unbudgeted amortization of lease termination revenue from Terminal 106.

Cruise and Maritime Operations - favorable $196K

- Cruise ($13K) unfavorable primarily due to lower utility revenue than anticipated.
- Docks $159K favorable primarily due to recognition and payment of minimum guaranteed moorage by Terminal 91 preferential use customers and due to unexpected revenue from wharfage of equipment and supplies.
- Security Grants $49K favorable due to timing.

Total Seaport Division Expenses were $1,324K favorable to budget. Key variances:

- **Seaport Expenses** (excluding Environmental Services) were $494K favorable to budget. Major account variances were as follows:
  - **Outside Services** were $433K favorable due to the timing of the Terminal 18 Pile Cap Repair project $300K, RFID project $39K, crane related work $14K and contract watchmen services at Terminal 91 $74K.
  - **Travel & Other Employee Expenses** (which includes Subscription expenses) were $168K favorable due to timing with the most significant factor being the payment of the Emodal subscription related to the RFID project $100K.

  - **Equipment Expenses** were ($91K) unfavorable due to unbudgeted furniture and equipment acquisitions related to the Cruise CTA lease allowance.
  - **Utilities** were ($63K) unfavorable due to higher Sewer Expenses partially offset by lower Water Expenses with the most significant variances relating to Terminal 91 facilities. It has been determined that most of the variance relates to overbilling which will be corrected in the 2nd quarter.
- **Maintenance** costs, direct and allocated, were favorable $138K due to timing with the budget.
- **CDD** costs were favorable $381K due to $204K in Outside Services and Materials costs that were accrued at 2011 year-end, but have not been paid nor were re-accrued. An additional $95K in Outside Service costs were budgeted for Q1 but have not yet been utilized and amounts allocated from the CDD groups are less than were budgeted for Q1.
- **Police** costs, direct and allocated were favorable $120K due to below budget spending by the Police for the year-to-date.
- **Corporate** costs, direct and allocated were favorable $171K due to lower than anticipated direct charges and allocations from Public Affairs $67K, Accounting and Financial Reporting $37K, and Commission Contingency $26K.
- **All other** variances netted to favorable $20K or less than .2% of Total Expenses Budgeted.

NOI Before Depreciation was $6,198K favorable to budget.

Depreciation was ($819K) or 10% unfavorable to the year-to-date 2012 Budget primarily due to the booking of assets originally funded by Terminal 18 Special Facility Revenue Bonds. Due to refunding the special facility bonds with traditional bonds in December 2011, these formerly "off balance sheet" assets are now reflected on the Port's books together with the related depreciation. The timing of the refunding did not allow inclusion of the transaction in the 2012 Budget.

NOI After Depreciation was $5,379K favorable to budget.

Forecast

As of the end of the 1st Quarter 2012, Seaport anticipates ending the year $12.1 million favorable to Budget for NOI Before Depreciation. The forecasted $12.1 million variance, all of which is revenue, is the result of the refunding of the T18 Special Facility Bonds in December 2011. Of the total, $9.3 million reflects debt payments that are no longer netted against revenue and $2.8 million reflects the GAAP straight line rent adjustment which now applies to the Terminal 18 lease payments.

Change from 2011 Actual

NOI Before Depreciation for YTD 2012 increased by $3,554K from 2011 due to higher revenue partially offset by higher expenses:

Revenue is up $4,606K from the prior year due to increased Container revenue $2,814K resulting from the refunding of the Terminal 18 Special Facility Bonds in December 2011 slightly offset by lower crane rent, increased Security grant activity of $766K, increased Industrial Property $643K revenue due to higher occupancy, increased rental rates and more concession rent, increased Grain $191K revenue due to higher volume and increased Dock $200K revenue due to payment of contract minimums and more wharfage revenue.

Expenses, both direct and allocated, increased by $1,052K due to more Security grant activity $752K, higher Corporate and Police expenses $466K and increased Maintenance costs $206K. In addition, Seaport expenses increased $239K primarily due to credits in 2011 for Outside Services costs resulting from the reversal of year-end accruals not matching up with actual expenses, increased Furniture & Equipment Acquisition Expense relating to the CTA lease allowance and increased Utilities. These amounts were partially offset by lower Agency Permits costs in 2012. CDD cost were ($629K) lower in 2012 due to the Terminal 5 Maintenance Dredge work that was done in 2011.

III. SEAPORT DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

D. CAPITAL SPENDING RESULTS

$ in 000's	2012 Estimated Actual	2012 Approved Budget	Budget Variance $	Budget Variance %	2012 Plan of Finance
Cruise	4,253	4,456	203	5%	2,501
Security	4,782	3,500	(1,282)	-37%	1,354
Terminal 18	1,638	2,390	752	31%	2,478
Small Projects	1,269	1,374	105	8%	775
Cranes	1,000	1,220	220	18%	13
Terminal 91 - Industrial Properties	744	762	18	2%	2,570
Terminal 5	348	400	52	13%	813
Terminal 10	323	295	(28)	-9%	475
N Argo Express - Private Road	518	0	(518)	NA	0
Green Port Initiative	170	170	0	0%	470
All Other	998	929	(69)	-7%	14,257
Total Seaport	16,043	15,496	(547)	-4%	25,706

Comments on Key Projects:

Seaport spent 32% of the 2012 Approved Capital Budget in Q1.

Projects with significant changes in spending were:

- **Security Projects –** Security Grant Rounds 9 & 10 were approved by Commission 11/8/11. These projects were included in 2012 Plan of Finance as Business Plan Prospective.
- **Terminal 18:** Street Vacation Delays.
- **N Argo Express –** Private Road – Project was approved by Commission 12/13/11. The 2012 Plan of Finance assumed that 100% of the project costs would be Public Expense.

Changes between the 2012 Plan of Finance and the 2012 Approved Budget represent modifications in 2012 spending estimates made after determination of 2011 actual spending.

IV. REAL ESTATE DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

FINANCIAL SUMMARY

$ in 000's	2011 Actual	2012 Forecast	2012 Budget	Budget Variance $	Budget Variance %	Change from 2011 $	Change from 2011 %
Revenues:							
Operating Revenue	31,569	32,350	32,401	(51)	0%	781	2%
Total Revenues	**31,569**	**32,350**	**32,401**	**(51)**	**0%**	**781**	**2%**
Total Operating Expenses	**34,784**	**37,099**	**37,224**	**125**	**0%**	**2,316**	**7%**
Net Operating Income	**(3,215)**	**(4,749)**	**(4,823)**	**74**	**2%**	**(1,534)**	**-48%**
Capital Expenditures	**10,085**	**5,198**	**7,294**	**2,096**	**29%**	**(4,887)**	**-48%**

- Total Real Estate Division Revenues were ($97K) or about 1% unfavorable to budget for the year-to-date due to unfavorable revenue variances from Fishing and Commercial, Recreational Boating, and Third Party Managed Properties. For the full year, Real Estate is forecasting Revenue to be slightly ($51K) unfavorable to Budget.
- Total Operating Expenses are $986K, or 11%, favorable to budget primarily due to timing. For the full year, Real Estate is forecasting Operating Expenses to come in $125K favorable to Budget.
- Net Operating Income for 2011 is $889K favorable to Budget and ($166K) below 2011 Actual. Higher expenses are driving the year over year change.
- At the end of the first quarter, capital spending for 2012 is currently estimated to be $5.2 million or 71% of the Approved Annual Budget amount of $7.3 million.

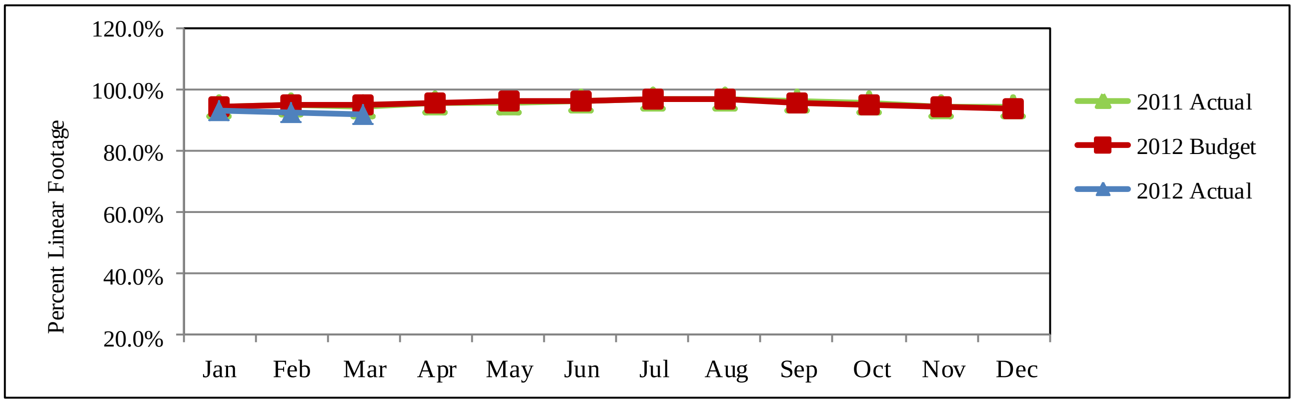
A. BUSINESS EVENTS

- Occupancy levels at Commercial Properties were at 90% at the end of the first quarter, which is at the 90% target for the 2012 Budget, and above comparable statistics for the local market of 85%.
- Recreational marinas averaged 91% occupancy for the first quarter which was below the target of 94%.
- Fishermen's Terminal and Maritime Industrial Center averaged 78% occupancy which was below the target of 89%. Lower occupancy was due to the commercial fishing season lasting far longer than expected into the first quarter of 2012.
- Relocating ICT Development group from Pier 66 to Pier 69 freeing up 2,200 square feet of leasable space.
- Eastside Rail Corridor – Final terms of sale agreed to with City of Kirkland for closing in April.
- Lifesaving water rescue of citizen at Pier 66 involving staff from Harbor Services, Marine Maintenance, and Portfolio Management.

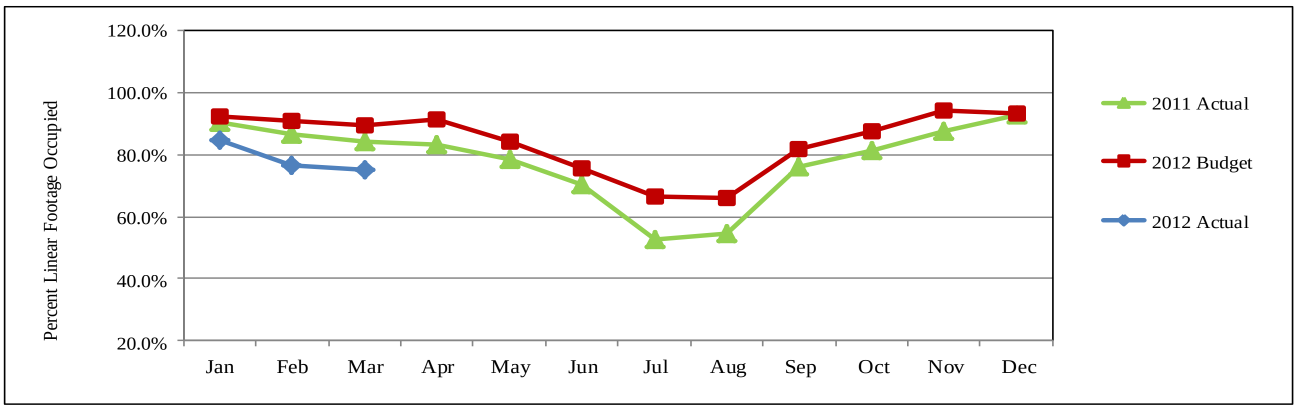
IV. REAL ESTATE DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

B. KEY INDICATORS

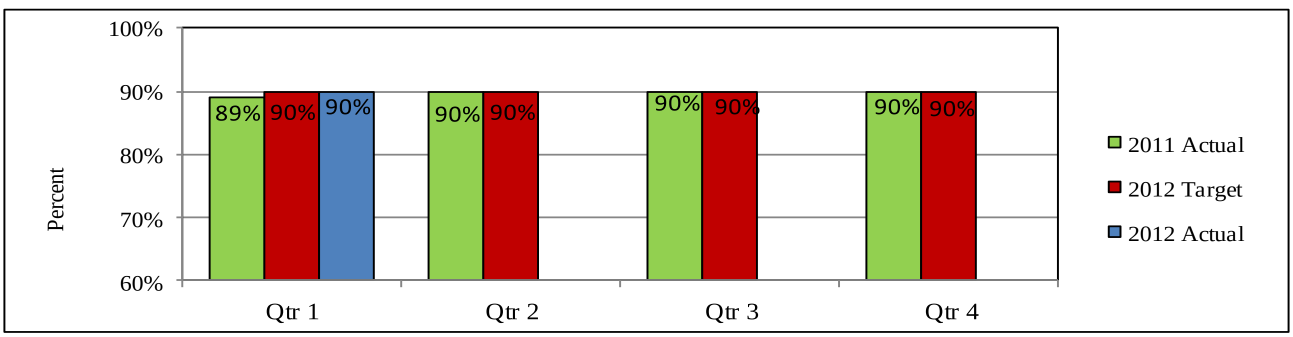
Shilshole Bay Marina Occupancy



Fishermen's Terminal Moorage Occupancy



Commercial Building



Net Operating Income Before Depreciation By Business

$ in 000's	2011 Actual	2012 Actual	2012 Budget	2012 Bud Var $	2012 Bud Var %	Change from 2011 $	Change from 2011 %
Recreational Boating	629	488	253	236	93%	(140)	-22%
Fishing & Commercial	(449)	(523)	(691)	169	24%	(74)	-16%
Commercial & Third Party	(56)	(18)	(340)	322	95%	38	68%
Eastside Rail	(98)	(68)	(128)	60	47%	30	31%
RE Development & Plan	(47)	(67)	(171)	104	61%	(20)	-42%
Envir Grants/Remed Liab/Oth	0	0	0	0	NA	0	NA
Total Real Estate	(22)	(188)	(1,077)	889	83%	(166)	-745%

IV. REAL ESTATE DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

C. OPERATING RESULTS

	2011 YTD	2012 Year-to-Date		YTD Bud Var		Year-End Projections		
$ in 000's	Actual	Actual	Budget	$	%	Budget	Forecast	Variance
Revenue	5,330	5,414	5,442	-29	-1%	22,389	22,338	(51)
BHICC & WTC Revenue	1,804	2,036	2,104	-68	-3%	10,012	10,012	0
Total Revenue	**7,134**	**7,450**	**7,546**	**-97**	**-1%**	**32,401**	**32,350**	**(51)**
Real Estate Exp(excl Maint,P69,Conf)	2,302	2,471	2,406	-65	-3%	9,920	9,920	0
Real Estate BHICC & WTC	1,640	1,619	1,732	112	6%	7,870	7,870	0
Eastside Rail Corridor	18	24	48	24	51%	203	203	0
Maintenance Expenses	1,401	1,585	2,248	663	29%	9,687	9,562	125
P69 Facilities Expenses	26	48	48	0	-1%	198	198	0
Seaport Expenses	181	239	255	17	7%	1,408	1,408	0
CDD Expenses	208	241	310	69	22%	1,266	1,266	0
Police Expenses	300	328	370	42	11%	1,442	1,442	0
Corporate Expenses	1,079	1,082	1,207	125	10%	5,229	5,229	0
Envir Remed Liability	0	0	0	0	NA	0	0	0
Total Expense	**7,157**	**7,638**	**8,624**	**986**	**11%**	**37,224**	**37,099**	**125**
NOI Before Depreciation	**-22**	**-188**	**-1,077**	**889**	**83%**	**(4,823)**	**(4,749)**	**74**
Depreciation	2,520	2,498	2,391	-107	-4%	9,694	9,694	0
NOI After Depreciation	**-2,542**	**-2,685**	**-3,468**	**782**	**23%**	**(14,517)**	**(14,443)**	**74**

Total Real Estate revenues were ($97K) unfavorable to budget. Key variances are as follows:

Harbor Services: Unfavorable ($78K)

- Recreational Boating unfavorable ($28K) due to an occupancy shortfall of 2.2% at Shilshole Bay Marina or an average of 30 boats per month less than planned.
- Fishing and Commercial unfavorable ($50K) primarily due to fewer medium and small fishing boats as a result of more time fishing and less time in port than expected.

Portfolio Management: Unfavorable ($79K)

- Commercial Properties favorable $1K primarily due to higher occupancy at Fishermen's Terminal Office & Retail largely offset by lower occupancy at Terminal 102 Marina Corporate Center and Pier 2 than assumed in the Budget.
- Third Party Managed Properties unfavorable ($80K) due primarily to lower activity at Bell Harbor International Conference Center and World Trade Center Seattle.

Eastside Rail Corridor: Favorable $3K

- Eastside Rail Corridor favorable $3K due to land rental.

RE Development and Planning: Favorable $42K

- Terminal 91 General Industrial favorable $42K due primarily to higher revenue from Pacific Maritime Association as a result of the tenant taking more yard space.

Facilities Management: Unfavorable ($2K)

- Pier 69 Facilities Management unfavorable ($2K).

Maintenance: Favorable $17K

- Maintenance favorable $17K due to unexpected revenue from the City of Seattle for a construction easement.

Total Real Estate expenses were $986K favorable to budget. Key variances:

- Real Estate Expenses (excluding Maintenance, P69 Facilities, and Conference & Event Activity Expense) were unfavorable ($65K). Major account variances were as follows:
  - Outside Services favorable $48K due to timing.
  - Litigated Injuries and Damages unfavorable ($120K) due to unexpected legal claims.

IV. REAL ESTATE DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

- Real Estate BHICC & WTC favorable $112K due to lower activity and cost controls at Bell Harbor International Conference Center and World Trade Center Seattle. The expense savings more than offset the related revenue shortfall.
- Maintenance expenses were favorable $663K primarily due to timing differences with the budget.
- CDD costs, direct and allocated were favorable $69K primarily due to lower direct charges and allocations from Central Procurement and Port Construction Services.
- Police costs, direct and allocated were favorable $42K due to below budget spending by the Police for the year-to-date.
- Corporate costs, direct and allocated, were favorable $125K primarily due to Legal $44K, Executive $18K, Human Resources $17K, Public Affairs $14K, and Accounting $12K.
- All other variances netted to a favorable $40K or less than about 0.5% of Total Expenses budgeted

NOI Before Depreciation was $889K favorable to budget.

- Depreciation was ($107K) or (4%) unfavorable to budget. The lion's share of the variance ($85K) relates to allocated depreciation from ICT that was inadvertently not budgeted.

NOI After Depreciation was $782K favorable to budget.

Full Year Forecast

Real Estate anticipates ending the year slightly favorable, $74K, to Budget for NOI Before Depreciation. Revenue is forecast to be ($51K) unfavorable to Budget due to lower occupancy than budgeted at Pier 2. Expenses are forecasted to be $125K favorable to Budget due to a project that was budgeted as an expense, but is now a capital project.

Change from 2011 Actual

Net Operating Income Before Depreciation decreased by ($166K) between Q1 year-to-date 2012 and 2011 as a result of higher revenue more than offset by higher expense.

Revenues increased by $315K due to more activity at Bell Harbor International Conference Center and overall higher occupancies and lease rates at Commercial Properties. Amounts were partially offset by lower occupancies at the Shilshole Bay and Fishermen's Terminal marinas.

Expenses increased by $481K due to higher Real Estate Salaries & Benefits and Utilities, higher Divisional Allocations from Marine Maintenance, and higher charges for storm water related work from Seaport Environmental Services.

D. CAPITAL SPENDING RESULTS

$ in 000's	2012 Estimated Actual	2012 Approved Budget	Budget Variance $	Budget Variance %	2012 Plan of Finance
Small Projects	1,542	1,908	366	19%	815
Tenant Improvements -Capital	1,148	1,148	0	0%	1,148
FT East Portion South Wall	40	760	720	95%	0
Bell Harbor Lighting Ctrl Upgrade	46	633	587	93%	160
RE Maintenance Shop Solution	624	624	0	0%	0
All Other	1,798	2,221	423	19%	8,801
Total Real Estate	5,198	7,294	2,096	29%	10,924

Comments on Key Projects:
Through first quarter, the Real Estate Division spent 8% of the Approved Capital Budget. Full year spending is estimated to be 71% of the Approved Capital Budget.

Projects with significant changes in spending were:
- FT East Portion South Wall – Budget overestimated.
- Bell Harbor Lighting Upgrade – Project cancelled.

Changes between the 2012 Plan of Finance and the 2012 Approved Budget represent modifications in 2012 spending estimates made after determination of 2011 actual spending.

V. CAPITAL DEVELOPMENT DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

A. BUSINESS EVENTS

AVPMG:

- Asserted Port lead and close cooperation with Alaska Air Group on North Sea-Tac Airport Renovations project. Developed independent cost estimate & schedule for this $250 mm + effort.
- Notified by US Green Building Council that Rental Car Facility achieved Silver LEED rating, highest ever achieved for large rental car facility.
- Common use lounge opened March 1 for first Emirates flight, 5 months ahead of original schedule.
- Began demolition of former maintenance warehouse and former USPS mail facility.

CPO:

- Implemented Consensus Based Evaluation for RFP procurements.
- Revised and published new procedure CPO-1.
- Participated in the Regional Contractors Forum – over 1600 suppliers, contractors and consultants attended.
- Completed FAA Uniform Report of DBE Commitments/Awards and Payments for fiscal years 2009, 2010, and 2011.

ENG:

- Beneficial Occupancy achieved for Rental Car Facility, Bus Wash Facility and Bus Maintenance Facility, and SR 518 on-ramp and off-ramps opened for traffic.
- RCF Wayfinding project completed ahead of schedule.
- Participated in joint meetings with AGC.
- Continued participation in CPARB board and subcommittees.

PCS:

- Prepared the abatement bid documents for zone 5 Airline Tenant Relocation Project.
- Ten homes were in progress for the Noise Remedy Project during the quarter.
- Completed approximately $1.6 million in construction during the 1st quarter.
- Key projects underway included the T-18 pile cap repair, EGSE charging station pilot, airline gate relocations, and escalator abatement monitoring.

SPM:

- Construction Completion Report for the T10 Interim Redevelopment has been issued to EPA.
- Union Pacific property access permit for Port staff to perform field survey for the Argo Yard Roadway project has been approved and finalized.
- An emergency declaration was made to repair the T46 Transformer which stopped container operations. Transformer was replaced and put into service utilizing temporary connections.
- The port received signed License Agreement and Certificate of Insurance for Tunnel Contractor Industrial Hygienist to survey buildings at T46 slated for demolition. Port has signed Liquefaction Covenant and sent to STP - Tunnel Contractor.
- Received beneficial occupancy for both the T91 Cruise Fender Improvements and second phase of the T18 Fender Damage Replacements.
- In coordination with tenant, completed mobilization and initiated T-18 Pile Cap Pilot Project.
- Updated COOP for 1st quarter 2012.

V. CAPITAL DEVELOPMENT DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

B. KEY PERFORMANCE METRICS

Key Performance Metrics	2012 YTD	Notes
Construction Soft Costs 36 month rolling average from Q2 2009 thru Q1 2012	($ in 000's) Total Costs $ 711,008 (100%) Total Construction: $ 570,448 (80%) Total Soft: $ 140,560 (20%)	Limit construction soft costs (design, construction management, project management, environmental documentation, allocated overhead) to no more than 25% of total capital improvement costs.
Cost Growth During Construction	Total Completed Projects YTD: 5 Discretionary Change: 0.5% Mandatory Change: 7.5%	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: 11.9% Cumulative Value YTD: $9,934	Limit design growth from initial Commission project authorization to construction contract award to no more than 10% of originally allotted duration.
Construction Schedule Growth	($ in 000's) Total Completed Projects YTD: 5 Avg Construction Growth Completed Projects: 15.2% Cumulative Value YTD: $9,934	Limit construction growth from contract award to substantially complete to no more than 10% of originally scheduled.
Performance Evaluation Timeliness	**Q1** / **2012** Total PREPs due: 37 / 37 Total PREPs on time: 0-30 days (CDD) 28 (75.7%) / 28 (75.7%) 0-60 days (HRD) 34 (92%) / 34 (92%)	98% PREPs completed within 30 days of anniversary date.
2012 Procurement Schedule: Total Time Specs - Execution	Goods & Services 188 days Major Public Works 53 days Small Works 49 days Service Agreements 231 days	Average number of days, improving from period to period.

V. CAPITAL DEVELOPMENT DIVISION FINANCIAL & PEFORMANCE REPORT 03/31/12

C. OPERATING RESULTS

$ in 000's	2011 YTD Actual	2012 YTD Actual	2012 YTD Budget	Budget Variance $	Budget Variance %	Year-End Projections Budget	Year-End Projections Forecast	Year-End Projections Variance
Total Revenues	**65**	**7**	**-**	**7**	**0.0%**	**-**	**-**	**-**
Expenses Before Charges To Cap/Govt/Envrs Propects								
Capital Development Administration	85	89	94	5	5.4%	374	374	1
Engineering	2,588	3,091	3,579	489	13.7%	14,217	14,217	-
Port Construction Services	1,353	1,218	1,699	481	28.3%	6,791	6,791	-
Central Procurement Office	1,411	1,190	1,053	(137)	-13.0%	4,481	4,501	(21)
Aviation Project Management	882	1,848	2,148	300	14.0%	7,731	7,731	-
Seaport Project Management	438	432	707	275	38.9%	2,987	2,978	9
Total Before Charges to Capital Projects	**6,758**	**7,868**	**9,281**	**1,413**	**15.2%**	**36,581**	**36,592**	**(11)**
Charges To Capital/Govt/Envrs Projects								
Capital Development Administration	-	-	-	-	0.0%	-	-	-
Engineering	(1,905)	(2,160)	(2,473)	(313)	12.7%	(9,757)	(9,757)	-
Port Construction Services	(1,156)	(999)	(828)	171	-20.6%	(3,313)	(3,313)	-
Central Procurement Office	(277)	(449)	(332)	117	-35.3%	(1,330)	(1,360)	30
Aviation Project Management	(691)	(1,033)	(1,377)	(344)	25.0%	(5,229)	(5,229)	-
Seaport Project Management	(290)	(318)	(359)	(42)	11.6%	(1,437)	(1,432)	(5)
Total Charges to Capital/Govt/Envrs Projects	**(4,318)**	**(4,959)**	**(5,370)**	**(411)**	**7.7%**	**(21,066)**	**(21,091)**	**25**
Operating & Maintenance Expense								
Capital Development Administration	85	89	94	5	5.4%	374	374	1
Engineering	683	931	1,106	176	15.9%	4,460	4,460	-
Port Construction Services	197	220	871	652	74.8%	3,479	3,479	-
Central Procurement Office	1,135	741	721	(20)	-2.7%	3,151	3,141	9
Aviation Project Management	191	815	771	(44)	-5.7%	2,502	2,502	-
Seaport Project Management	149	115	348	233	67.0%	1,550	1,546	4
Total Expenses	**2,440**	**2,909**	**3,911**	**1,002**	**25.6%**	**15,516**	**15,501**	**14**

Variance Summary

- Vacancies: 27.5 = $434K savings from unfilled positions; some hiring projected in Q2.
- Over Absorption OH Clearing $229K represents costs allocated as overhead above the total actual overhead costs. Actual capital, expensed and net operating costs will decrease to account for the over absorption value.
- AVPMG ($44K) primarily from reduced capital work/more expense work.
- CPO ($20K) for more capital work than budgeted/anticipated offset by $200K unplanned legal costs.
- ENG $176K partially due to under absorption in OH clearing of $98K, unfilled positions and delay in outside services billings.
- PCS $652K due to more capital work than budgeted/anticipated; over-accrued 2011 materials; timing of outside services; offset by 2011 carryover of Workers Comp expense.
- SPM $233K due primarily to timing of projects, delaying the use of outside services.

VI. CORPORATE FINANCIAL & PERFORMANCE REPORT 03/31/12

A. BUSINESS EVENTS

- Commission's Century Agenda community outreach support through 11 Commission-led presentations to key external stakeholders.
- Held kickoff outreach phase for Century Agenda Business and Community Leaders Breakfast with approximately 80 representatives from business, industry, labor, community, and environmental.
- Produced Employee Forums at Pier 69 and Airport, with focus on Century Agenda goals and what they mean to employees and business units.
- Produced Portfolio featuring freight mobility, truck safety, Emirates inaugural flight and Music Initiative.
- Completed redeployment of website and hosted initial training meeting of internal content providers.
- Held Emirates Airline Inaugural Flight from Dubai to Seattle Reception and Press Conference.
- Designed and launched of the 2012 Wellness Reward Program and work is underway for developing health care cost containment strategy.
- Completed 2011 Safety Evaluation during the first quarter of 2012. The Port achieved a 91% completion rate of leading indicators compared to 90% in 2011.
- Health and Safety team assisted with the development and implementation of training for 75 new employees, bus drivers, mechanics and laborers to support the opening of the new rental car facility.
- Submitted a nomination for the Freedom Award, which is the highest recognition given by the U.S. Government to employers for their support of their employees who serve in the National Guard and the Reserve. The Port of Seattle was awarded the Washington State Nomination and will compete for the National Award.
- Port of Seattle Internship Program awarded Internship Employer of the Year by Seattle University. This award acknowledged the Port of Seattle's commitment to fostering the next generation of community leaders and provides an avenue for students to apply their academic learning to jobs that may lead to a Port-related career in the maritime or aviation sectors.
- Deferred Compensation Record Keeping was successfully transitioned from Great-West to ICMA-RC at the middle of March.
- ICT introduced the iPhone as a new mobile communications standard and deployed QR codes in the Cellphone Parking Lot allowing the traveling public to quickly access flight information.
- PeopleSoft Financials Upgrade **-** Procurement for an implementation vendor is in progress and vendors were short-listed.
- The Port received a clean, unqualified independent Certified Public Accountant (CPA) audit opinion on its 2011 financial statements, which the AFR department prepares in conformance with industry prescribed accounting & financial reporting standards.
- Enrolled into CIPFA-GFOA Financial Model in pursuit of world class performance in public financial management.
- Conducted the Industrial Development Corporation (IDC) Annual Meeting.
- Refunded $640 million Revenue bonds for $85 million present value savings.
- Office of Social Responsibility created relevant media ads and updated the external website to promote the Port's Small Contractors and Suppliers Program and the Procurement Roster Management System to encourage more businesses to learn about and participate in Port contracting opportunities.

VI. CORPORATE FINANCIAL & PERFORMANCE REPORT 03/31/12

B. KEY PERFORMANCE METRICS

Key Performance Metrics	2012	2011 Notes
A. High Performance Workplace:		
1. Occupational Injury Rate	5.96	5.17, increased by .79
2. Total Lost Work Days	57	85, decreased by 28
3. Contract Administration Issues	25	11, increased by 14
4. Employee Training		
a) New Employee Orientation	24	22, increased by 2
b) REALeadership Program	Recruitment will likely happen this summer	30
c) MIS Training	3 MIS classes, 11 users	2 MIS classes, 3 users, increased by 8
d) Required Safety Training	70%	84%, decreased by 14%
5. Job Openings Created	70	85, decreased by 15
6. Job Applications Received	2,848	2,858, decreased by 10
7. Tuition Reimbursement	21 employees participated	n/a
B. Transparency:		
1. Increase Targeted Outreach Contacts	Exceeded Q1 goal by 42% with 110 new contacts	Did not track
2. Public Disclosure Requests	89	76, increased by 13
3. Sustainability Communications	51,732 individuals reach	New metric for 2012 aggregates reach for website, video, newsletter, social media and events
4. Implement Century Agenda Outreach Campaign	Conducted 11 Commission-led stakeholder presentations; 3 staff-led presentations	N/A
C. Accountability:		
1. Internal Audits Completed	5	4, increased by 1
2. % of Audit Plan Completed	19% (26 audits, 5 completed)	13% (31 audits, 4 completed), increased by 6%
3. Preventable Vehicle Incidents	10	15, decreased by 5
4. Incurred Auto Liability Costs	$30K	$32.5K, decreased by $2.5K
D. Other Services and Support:		
1. Commission Authorized Projects On Budget/Schedule	100%/55%	100%/54% increased by 1%
2. Police Service Calls	13,665	13,012, increased by 5%
3. Police Arrests	160 with no warrant 93 with warrant	129 increased by 31; 97 with warrant, decreased by 4
4. Attorney Services	41 litigation and claims	27, increased by 14
5. Labor Contracts Negotiated	2	0, increased by 2
6. Account Receivables Collection (0 – 30 days)	93.3%	90.8%, increased by 2.5%
7. Small Business Roster	742 registered on new PRMS system	n/a; 1,215, on old Small Business Roster

C. OPERATING RESULTS

		2011 YTD	2012 YTD		Budget Variance		Year-End Projections		
$ in 000's	Notes	Actual	Actual	Budget	$	%	Budget	Forecast	Variance
Total Revenues		**242**	**98**	**38**	**60**	**159.5%**	**151**	**151**	**-**
Executive		352	382	425	43	10.1%	1,539	1,539	-
Commission		148	194	217	23	10.4%	980	968	12
Legal		512	567	631	64	10.1%	2,901	2,898	3
Risk Services		617	637	714	77	10.8%	2,959	2,899	60
Health & Safety Services		263	256	293	37	12.5%	1,060	1,057	2
Public Affairs		1,253	1,270	1,462	192	13.1%	5,815	5,735	79
Human Resources & Development		1,040	1,188	1,234	46	3.7%	5,484	5,479	5
Labor Relations		208	247	242	(5)	-2.1%	961	998	(37)
Information & Communications Technology		4,212	4,642	4,639	(3)	-0.1%	20,194	20,194	-
Finance & Budget		348	376	380	4	1.1%	1,543	1,543	-
Accounting & Financial Reporting Services		1,314	1,500	1,610	110	6.8%	6,853	6,821	32
Internal Audit		256	278	294	16	5.4%	1,496	1,495	1
Office of Social Responsibility		194	359	349	(10)	-3.0%	1,476	1,461	15
Police		4,880	5,219	5,783	564	9.8%	22,574	22,557	17
Contingency		44	3	100	97	97.2%	700	700	-
Total Expenses		**15,642**	**17,118**	**18,372**	**1,254**	**6.8%**	**76,535**	**76,345**	**190**

Corporate revenues were $60 thousand favorable compared to budget due to higher operating grants.

Corporate expenses for the first three months of 2012 were $17.1 million, $1.3 million or 6.8% favorable compared to the approved budget and $1.5 million or 9.4% higher than the same period a year ago. The $1.3 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 -** unfavorable variance of $5 thousand is due to Project Labor Agreement charging less to capital projects than originally anticipated.
- **Information & Communications Technology** – unfavorable variance of $3 thousand is due to timing differences since equipment costs are budgeted higher during the second half of the year.
- **Office of Social Responsibility -** unfavorable variance of $10 thousand is due to an expense item that was not accrued for in 2011. However, year-end projection is to be within budget.

Year-end spending is projected to be $190 thousand under budget due primarily to:

- Risk Management vacant positions and lower insurance costs.
- Public Affairs vacant positions.
- Accounting and Financial Reporting Services vacant position and unbudgeted charges to capital for work performed on the Enterprise Cost Management Project (SKIRE.)

D. CAPITAL SPENDING RESULTS

	($ Millions)
Annual Results:	
2012 Plan of Finance	$12.0
2012 Approved Budget	$11.7
2012 Estimated/Actuals	$10.5
Variance (App.Budget vs Est./Acts)	$1.2