

Q1 2012 Performance Report

Port of Seattle

Commission Briefing

May 8, 2012

Q1 Financial Highlights

- Total Port Operating Revenues were \$119.6 million, \$6.3 million, or 5.5%, over Q1 2011
- Operating Revenues were \$293K, or 0.2%, above budget
- Port wide Operating Expenses were \$7.1 million, or 9.9% below budget - all divisions' expenses were under budget for the first quarter
- Net Income Before Depreciation was \$7.5 million, or 15.8% above budget and 1.8% lower than Q1 2011
- Net Income After Depreciation was \$6.4 million, or 81.3% above budget and 10.0% lower than Q1 2011

Q1 Major Revenue Variances

Major Revenues (\$ in 000's)	2011 YTD Actual	2012 YTD Actual	2012 YTD Budget	Budget Variance	Change from 2011
Aero Revenues	50,717	51,634	53,013	(1,379)	917
Seaport Security Grants	40	816	767	49	776
Public Parking	12,018	12,368	12,504	(136)	349
Rental Cars	6,921	6,593	10,040	(3,447)	(329)
Concessions	7,799	8,185	7,903	283	386
Ground Transportation	1,729	1,887	1,822	65	159
Container	16,712	19,491	15,439	4,051	2,779
Seaport Industrial Properties	3,208	3,881	3,549	332	672
Grain	1,555	1,746	1,451	295	191
Third Party Management	2,397	2,663	2,743	(80)	265
Other	10,182	14,211	13,607	604	821
Subtotal	62,574	67,187	65,565	1,622	4,613
TOTAL	113,331	119,637	119,345	293	6,306

- Excluding Aeronautical Revenues and Seaport Security Grants, Other Operating Revenues were \$1.6M higher than budget and \$4.6M higher than Q1 2011.

Q1 Major Expense Variances

Major Expenses (\$ in 000's)	2011 YTD Actual	2012 YTD Actual	2012 YTD Budget	Budget Variance	Change from 2011
Salaries & Benefits	20,408	22,784	23,618	834	2,376
Wages & Benefits	19,602	21,322	23,134	1,812	1,721
Payroll to Capital Projects	4,888	4,641	5,605	963	(247)
Equipment Expense	1,343	1,223	1,193	(30)	(121)
Supplies & Stock	1,751	1,899	1,658	(241)	148
Outside Services	7,101	8,305	12,286	3,981	1,204
Utilities	4,945	5,148	4,825	(322)	202
Travel & Other Employee Exps	688	688	1,593	905	-
Other Expenses	3,617	5,788	6,211	423	2,171
Charges to Capital Projects	(6,609)	(6,768)	(7,935)	(1,168)	(158)
TOTAL	57,734	65,030	72,188	7,158	7,296

- Operating Expenses were \$7.2M lower than budget mainly due to some vacant positions and timing of spending.
- Operating Expenses were \$7.3M higher than Q1 2011 mainly due to higher payroll costs, outside services expense, utilities cost, pass-through grants expense, and unanticipated litigations.

Q1 Operating Income Summary

(\$ in 000's)	2011 YTD	2012 YTD	2012 YTD	Budget Variance	
	Actual	Actual	Budget	\$	%
Aeronautical Revenues	50,717	51,634	53,013	(1,379)	-2.6%
Other Operating Revenues	<u>62,614</u>	<u>68,003</u>	<u>66,332</u>	<u>1,672</u>	<u>2.5%</u>
Total Operating Revenues	113,331	119,637	119,345	293	0.2%
Total Operating Expenses	<u>57,734</u>	<u>65,030</u>	<u>72,188</u>	<u>7,158</u>	<u>9.9%</u>
NOI before Depreciation	55,597	54,607	47,156	7,451	15.8%
Depreciation	<u>39,834</u>	<u>40,414</u>	<u>39,328</u>	<u>(1,086)</u>	<u>-2.8%</u>
NOI after Depreciation	<u><u>15,762</u></u>	<u><u>14,193</u></u>	<u><u>7,828</u></u>	<u><u>6,365</u></u>	<u><u>81.3%</u></u>

- Total Operating Revenues were \$293K higher than budget.
- Total Operating Expenses were \$7.2M lower than budget.
- NOI before Depreciation was \$54.6M, \$7.4M higher than budget.

2012 Year-End Forecast

(\$ in 000's)	2011	2012	2012	Budget Variance	
	Actual	Forecast	Budget	\$	%
Aeronautical Revenues	207,248	234,029	235,706	(1,677)	-0.7%
Other Operating Revenues	<u>275,924</u>	<u>293,340</u>	<u>281,176</u>	<u>12,164</u>	<u>4.3%</u>
Total Operating Revenues	483,172	527,369	516,882	10,487	2.0%
Total Operating Expenses	<u>267,416</u>	<u>309,239</u>	<u>309,844</u>	<u>605</u>	<u>0.2%</u>
NOI before Depreciation	215,756	218,130	207,038	11,092	5.4%
Depreciation	<u>158,107</u>	<u>161,235</u>	<u>158,479</u>	<u>(2,756)</u>	<u>-1.7%</u>
NOI after Depreciation	<u><u>57,649</u></u>	<u><u>56,895</u></u>	<u><u>48,559</u></u>	<u><u>8,336</u></u>	<u><u>17.2%</u></u>

- Total Revenues are forecasting to be \$10.5M above budget mainly due to refunding of the T18 Special Facilities Bonds.
- Total Expenses are forecasting to be \$605K below budget mainly due to some vacant positions.
- NOI before Depreciation is forecasting to be \$11.1M over budget.

Capital Spending by Division

Division	2011 Actual	2012 Forecast	2012 Budget	Budget Variance	Plan of Finance
<i>(\$ in millions)</i>					
Aviation	166.8	137.3	135.4	(1.9)	261.9
Seaport	18.8	16.0	15.5	(0.5)	25.7
Real Estate	10.1	5.2	7.3	2.1	10.9
Corporate & CDD	4.4	10.5	11.7	1.2	12.0
Total	200.1	169.1	169.9	0.9	310.5

Aviation Division

Q1 2012 Financial Performance

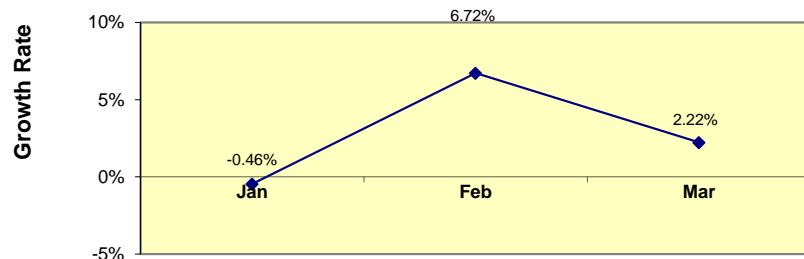
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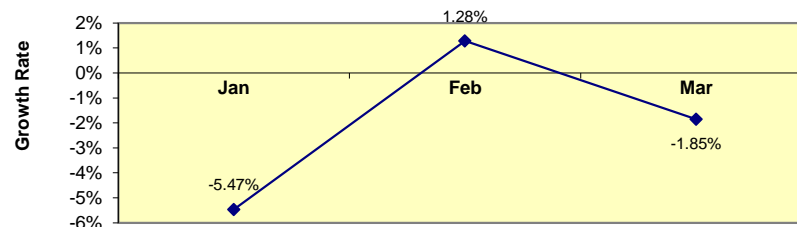
Aviation Business Highlights

- Airline activity:
 - 2012 YTD enplanements up 2.7% from 2011
 - 2012 YTD landed weight down 2.1% from 2011
- Operating Expenses:
 - 2012 YTD O&M expenses 9.3% below budget
- Non-airline NOI:
 - 2012 YTD revenues up 1.9% from 2011, but 8.6% below budget
- Airline costs:
 - Forecast 2012 CPE at \$13.16 vs. budgeted \$13.26
 - Debt service savings due to lower variable rate interest and debt refunding
- Capital program:
 - Forecast 2012 capital spending 1.4% over budget

Enplanements vs. Prior Year



Landed Weight vs. Prior Year



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 saw greater year-over-year growth (3.7% vs. 2011 YTD) than domestic enplanements (2.6% vs. 2011 YTD)
- February statistics are skewed because of the leap day

Division Summary

\$ in 000's	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
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%
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%

- Aeronautical revenues forecasted less than budget due to savings from lower variable rate interest and refunding of bonds.
- Non-Aeronautical revenues forecasted greater than budget due to higher energy and water sales from increased usage and volumes.
- Operating expenses forecasted greater than budget due to unbudgeted 2011 retro contractual increase in airfield security, which is offset by savings in outside services and telecommunications.

Q1 Operating Revenues

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Revenues:							
Landing Fees	13,467	14,416	15,976	(1,560)	-9.8%	949	7.1%
Terminal Rental	31,523	33,460	33,242	217	0.7%	1,937	6.1%
Fuel Hydrant *	129	129	129	(0)	0.0%	(0)	0.0%
Other Aero Revenues	3,601	3,629	3,666	(37)	-1.0%	28	0.8%
Total Aeronautical	48,719	51,634	53,013	(1,379)	-2.6%	2,915	6.0%
Public Parking	12,018	12,368	12,504	(136)	-1.1%	349	2.9%
Rental Cars	6,825	5,878	7,896	(2,018)	-25.6%	(947)	-13.9%
Customer Facility Charge (RCF)	-	715	2,144	(1,429)	-66.7%	715	n/a
Ground Transportation	1,729	1,887	1,822	65	3.6%	159	9.2%
Concessions	7,799	8,185	7,903	283	3.6%	386	5.0%
Other Non-airline	4,538	4,487	4,421	66	1.5%	(51)	-1.1%
Total Non-Aeronautical	32,909	33,520	36,690	(3,170)	-8.6%	611	1.9%
Total Revenues	81,628	85,154	89,703	(4,549)	-5.1%	3,526	4.3%

- Landing fees are lower than budget 9.8% due to pending quarterly true-up not yet booked, 3.7% less actual landed weight than originally anticipated
- Public parking revenues 1% under budget mainly due to Passport program under \$108K and garage under \$66K
- Rental cars below budget due to \$1.5M delayed RCF expenses, \$300K concession revenues for MAG relief, and did not budget based on seasonality

Q1 Expense & NOI

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Total Revenues	81,628	85,154	89,703	(4,549)	-5.1%	3,526	4.3%
Expenses:							
Salaries & Benefits	19,355	21,715	23,225	1,510	6.5%	2,359	12.2%
Outside Services	3,926	4,688	6,830	2,142	31.4%	762	19.4%
Supplies & Stock	1,417	1,557	1,112	(445)	-40.0%	140	9.9%
Utilities	3,563	3,595	3,396	(199)	-5.9%	32	0.9%
Other	1,394	1,825	2,288	462	20.2%	431	30.9%
Baseline Airport Expenses	29,656	33,380	36,851	3,471	9.4%	3,725	12.6%
Environmental Remediation Liability	-	-	-	-	n/a	-	n/a
Total Airport Expenses	29,656	33,380	36,851	3,471	9.4%	3,725	12.6%
Corporate	7,005	7,935	8,269	334	4.0%	930	13.3%
Police Costs	3,650	3,858	4,346	488	11.2%	208	5.7%
Capital Development/Other Expenses	1,321	2,353	2,959	605	20.5%	1,032	78.1%
Total Operating Expenses	41,631	47,526	52,425	4,899	9.3%	5,895	14.2%
Net Operating Income	39,997	37,628	37,278	350	0.9%	(2,369)	-5.9%

Major savings:	Areas of overspending:
Salaries and benefits \$1.5M (delay of RCF opening, open positions)	Deicer supplies \$669k
Delay in procurement of contracted services \$2.2M	Higher surface water discharge \$93k
Part 150 \$129k	Higher offsite electricity usage \$186k
Fire department supplies, equipment and medical exams \$259k	

Aeronautical Business

Lower variable rate interest and debt refunding resulted in \$1.9 million in net debt service savings

\$ in 000's	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
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	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
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%

Non-Aeronautical Business

\$ in 000's	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
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%

Other Non-Aeronautical revenue is forecast to be greater due to increased energy and water sales

	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
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	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
<u>Aeronautical</u>							
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%	4,701	6.6%
Aero NOI After Debt Service	3,584	6,966	6,966	0	0.0%	3,382	94.4%
<u>Non-Aeronautical</u>							
Revenues	142,959	149,618	149,531	88	0.1%	6,660	4.7%
Expenses (w/ Terminal Adj)	58,786	73,560	73,549	(11)	0.0%	14,774	25.1%
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%
<u>Total Aviation</u>							
Total Revenue	350,722	384,162	385,751	(1,590)	-0.4%	33,440	9.5%
Total O&M	191,869	225,341	225,078	(264)	-0.1%	33,472	17.4%
NOI	158,852	158,820	160,674	(1,853)	-1.2%	(32)	0.0%
Debt Service	111,940	120,712	123,116	2,404	2.0%	8,772	7.8%
NOI After Debt Service	46,912	38,108	37,557	551	1.5%	(8,804)	-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	44,047	42,808	1,240	2.9%	(8,670)	-16.4%

Capital Expenses

\$ in 000's	2012		2012	Forecast/Budget		Plan of Finance
	YTD Actual	Forecast	Budget	Variance	%	
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

- RCF savings have been identified as the project nears completion. Change orders have been submitted by the construction contractor and it is anticipated that many of these will be resolved in the Port's favor
- 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
- 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

The background of the slide is a dark blue, semi-transparent image of a port terminal. It shows the silhouettes of large gantry cranes, a ship's hull, and several people walking in the foreground. The overall scene is industrial and active.

Seaport Division

Q1 2012 Performance Report

Commission Briefing

May 8, 2012

Seaport Business Goals

- TEU volume was 476K, down 2% from Q1 YTD 2011. Full year forecasted volume is for 1,750K TEU's compared to budget of 2,000K TEU's.
- Grain volume was at 1.6 million metric tons up 13.5% from 2011 YTD and 23% over 2012 YTD budget.
- Cruise season will commence on May 6th.
- Completed Major Work:
 - East Marginal Way Grade Separation
 - Pier 91 Fender Pile Replacement

Seaport Organizational Goals

Environmental Stewardship

- 48% of frequent calls meeting Northwest Ports Clean Airs Standards target.
- Agreed Order for environmental remediation at Terminal 91 approved for execution.

Seattle Comprehensive Plan - City Council approved Port Element into the Comprehensive Plan.

Regional Transportation – Closely engaged in mobility management for south harbor road construction projects and detour routes.

Seaport Q1 YTD Operating Results

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	2012 Bud Var	
	Actual	Actual	Budget	\$	%
Operating Revenue	22,286	26,115	21,290	4,825	23%
Security Grants	40	816	767	49	6%
Total Revenues	22,326	26,931	22,057	4,874	22%
Seaport Expenses (excl env srvs)	2,471	2,710	3,204	494	15%
Environmental Services	361	302	338	36	11%
Maintenance Expenses	980	1,185	1,323	138	10%
P69 Facilities Expenses	90	130	129	(1)	-1%
Other RE Expenses	49	86	78	(9)	-11%
CDD Expenses	1,279	651	1,032	381	37%
Police Expenses	826	948	1,068	120	11%
Corporate Expenses	2,373	2,718	2,889	171	6%
Security Grant Expense	69	821	815	(6)	-1%
Envir Remed Liability	0	0	0	0	NA
Total Expenses	8,498	9,550	10,874	1,324	12%
Net Operating Income	13,827	17,381	11,183	6,198	55%

Note: \$3,068K of the revenue variance is the result of the refunding of the T18 Special Facility Bonds in December 2011.

Seaport Division Key Variances

Revenue Detail (\$'s in Thousands)

Q1 YTD Business Unit	Variance to Budget Better (Worse)
Containers*	\$4,051
Grain	\$295
Industrial Properties	\$332
Cruise	(\$13)
Docks	\$159
Security Grants	\$49
Total	\$4,874

Note*: \$3,068K of the Container revenue variance is the result of the refunding of the T18 Special Facility Bonds in December 2011

Seaport Division Key Variances

Expense Detail (\$'s in Thousands)

Q1 YTD Expenses	Variance to Budget Better (Worse)
Outside Services (Seaport)	\$433
CDD	\$381
Corporate	\$291
Maintenance	\$138
All Other	\$81
Total Expense	\$1,324

Seaport Business Groups

NOI Before Depreciation (\$'s in Millions)

	Q1 YTD Actual NOI	Variance to Budget Better (Worse)
Containers*	\$15.5	\$5.0
Grain	\$1.5	\$.3
Sea Industrial Properties	\$2.0	\$.5
Cruise	(\$1.3)	\$.0
Docks	(\$.1)	\$.3
Security	(\$.2)	\$.1
Envir Grants/Liability Exp	\$.0	\$.0
Total Seaport	\$17.4	\$6.2

Note*: \$3.1 million of the Containers variance is the result of the refunding of the T18 Special Facility Bonds in December 2011

Seaport Full Year Operating Forecast

\$ in 000's	2011	2012	2012	2012 Bud Var	
	Actual	Forecast	Budget	\$	%
Operating Revenue	98,910	109,107	96,980	12,127	13%
Security Grants	394	1,598	1,598	0	0%
Total Revenues	99,304	110,705	98,578	12,127	12%
Seaport Expenses (excl env svs)	12,880	15,236	15,236	0	0%
Environmental Services	2,121	2,289	2,289	0	0%
Maintenance Expenses	4,607	5,817	5,817	0	0%
P69 Facilities Expenses	506	531	531	0	0%
Other RE Expenses	180	300	300	0	0%
CDD Expenses	3,539	4,388	4,388	0	0%
Police Expenses	3,578	4,167	4,167	0	0%
Corporate Expenses	11,177	12,332	12,332	0	0%
Security Grant Expense	481	1,476	1,476	0	0%
Envir Remed Liability	(633)	0	0	0	NA
Total Expenses	38,437	46,536	46,536	0	0%
Net Operating Income	60,867	64,169	52,042	12,127	23%

Note*: The forecasted \$12,127K revenue variance is the result of the refunding of the T18 Special Facility Bonds in December 2011.

Seaport Capital 2012

Estimated Actual	Approved Budget	Variance to Budget	Est. Act. as % of App. Bud	Plan of Finance
\$16.0	\$15.5	\$.5	104%	\$25.7

The background of the slide is a dark blue image. On the left, there is a silhouette of a large cargo ship docked at a pier with a crane. On the right, there are silhouettes of several people in an office setting, some standing and some sitting, with a grid pattern overlaid on the scene.

Real Estate Division

Q1 2012 Performance Report

Commission Briefing

May 8, 2012

Real Estate 1st Quarter Key Events

- Full Year Net Operating Income forecasted to meet budget.
- The 84th Annual Blessing of the Fleet was held at Fishermen's Terminal in March.
- Eastside Rail Corridor – Final terms agreed to with City of Kirkland for closing in April.
- Relocating ICT Development group from Pier 66 to P69 freeing up 2,200 square feet of leaseable space.
- Lifesaving water rescue at Pier 66 by staff from Harbor Services, Marine Maintenance, and Portfolio Management.

Real Estate Business Goals

Provide Compelling Value and Asset Utilization

- Occupancy Rates: Commercial property at 90% occupancy, at target of 90% and above 2012 Q1 Seattle market average of 85%.
- Activity at Bell Harbor International Conference Center below Budget.
- FT/Marina Occupancy: Fishermen's Terminal and Maritime Industrial Center at 78% YTD average occupancy, below target of 89%. Recreational Marinas at 91%, below target of 94%.

Real Estate Division Q1 Operating Results

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	2012 Bud Var	
	Actual	Actual	Budget	\$	%
Revenue	5,330	5,414	5,442	-29	-1%
BHICC & WTC Revenue	1,804	2,036	2,104	-68	-3%
Total Revenue	7,134	7,450	7,546	-97	-1%
Real Estate Exp(excl Maint,P69,Conf)	2,302	2,471	2,406	-65	-3%
Real Estate BHICC & WTC	1,640	1,619	1,732	112	6%
Eastside Rail Corridor	18	24	48	24	51%
Maintenance Expenses	1,401	1,585	2,248	663	29%
P69 Facilities Expenses	26	48	48	0	-1%
Seaport Expenses	181	239	255	17	7%
CDD Expenses	208	241	310	69	22%
Police Expenses	300	328	370	42	11%
Corporate Expenses	1,079	1,082	1,207	125	10%
Envir Remed Liability	0	0	0	0	NA
Total Expense	7,157	7,638	8,624	986	11%
Net Operating Income	-22	-188	-1,077	889	83%

Real Estate Division Q1 Key Variances

Revenue Detail (\$'s in Thousands)

2012 Year to Date Business Unit	Variance to Budget Better (Worse)
Recreational Boating	(\$28)
Fishing & Commercial	(\$50)
Commercial Properties	\$1
Third Party Management	(\$80)
RE Development & Planning	\$42
Eastside Rail	\$3
Facilities/Maintenance	\$15
Total	(\$97)

Real Estate Division Q1 Key Variances

Expense Detail (\$'s in Thousands)

2012 Year to Date Expense	Variance to Budget Better (Worse)
Maintenance	\$663
Corporate	\$167
RE Outside Services	\$48
Third Party Management (BHICC & WTC)	\$112
Litigated Damages	(\$120)
All Other	\$116
Total Expense	\$986

Real Estate Business Groups

NOI Before Depreciation (\$'s in Thousands)

	Q1 YTD Actual NOI	Variance to Budget Better (Worse)
Recreational Boating	\$488	\$236
Fishing & Commercial	(\$523)	\$169
Commercial & Third Party	(\$18)	\$322
RE Development & Planning	(\$67)	\$104
Eastside Rail	(\$68)	\$60
Total Real Estate	(\$188)	\$889

Real Estate Division Full Year Forecast

\$ in 000's	2011	2012	2012	2012 Bud Var	
	Actual	Forecast	Budget	\$	%
Revenue	22,071	22,338	22,389	-51	0%
BHICC & WTC Revenue	9,498	10,012	10,012	0	0%
Total Revenue	31,569	32,350	32,401	-51	0%
Real Estate Exp(excl Maint,P69,Conf)	9,764	9,920	9,920	0	0%
Real Estate BHICC & WTC	7,600	7,870	7,870	0	0%
Eastside Rail Corridor	1,585	203	203	0	0%
Maintenance Expenses	7,193	9,562	9,687	125	1%
P69 Facilities Expenses	150	198	198	0	0%
Seaport Expenses	1,248	1,408	1,408	0	0%
CDD Expenses	917	1,266	1,266	0	0%
Police Expenses	1,301	1,442	1,442	0	0%
Corporate Expenses	5,018	5,229	5,229	0	0%
Envir Remed Liability	7	0	0	0	NA
Total Expense	34,784	37,099	37,224	125	0%
Net Operating Income	-3,215	-4,749	-4,823	74	2%

Real Estate Capital 2012

Estimated Actual	Approved Budget	Variance to Budget	Est. Act. as % of App. Bud	Plan of Finance
\$5.2	\$7.3	\$2.1	71%	\$10.9

Capital Development Division

Q1 2012 Performance Report

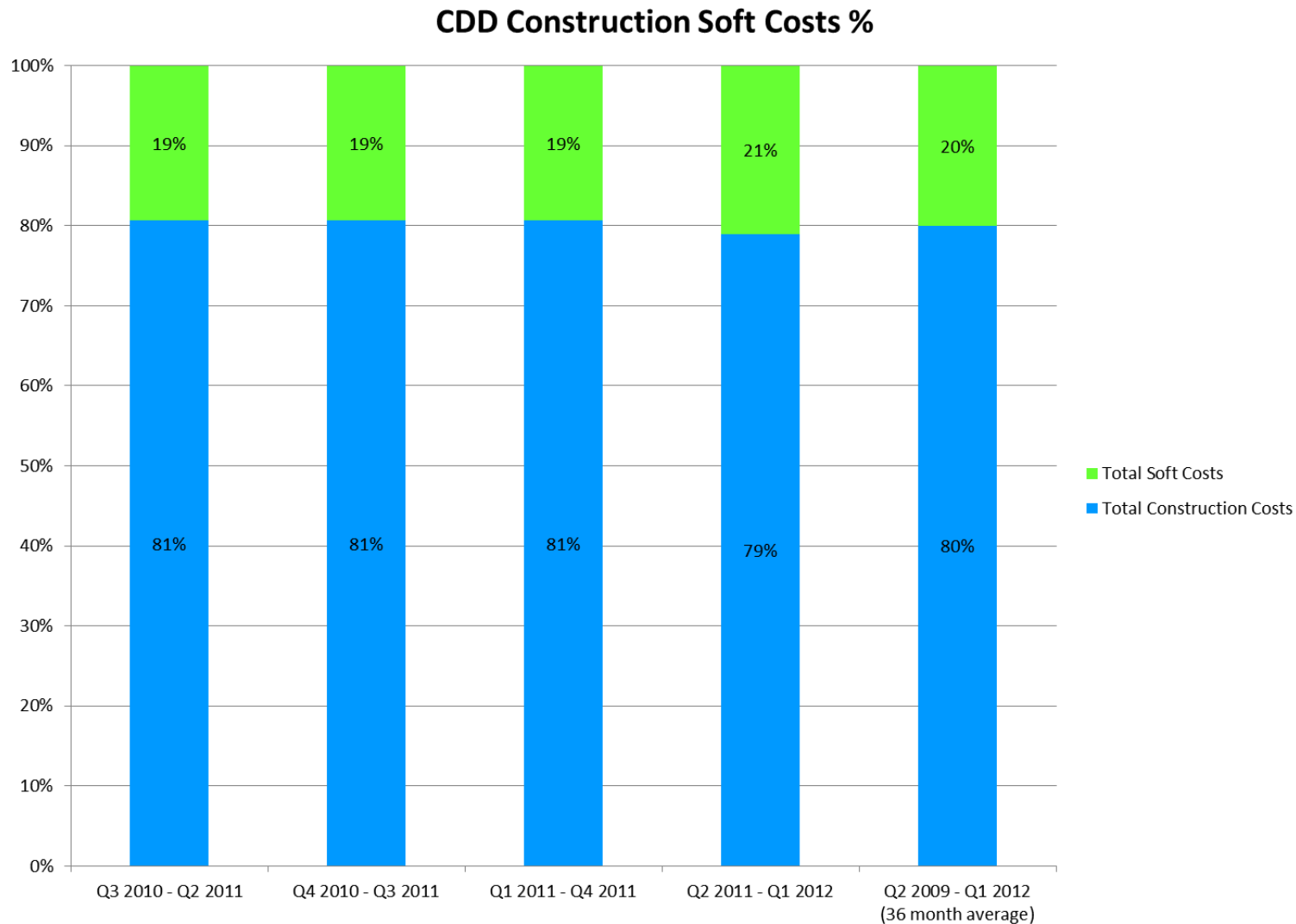
Commission Briefing

May 8, 2012

Asserted Port lead and close cooperation with Alaska Air Group on NorthSTAR project.

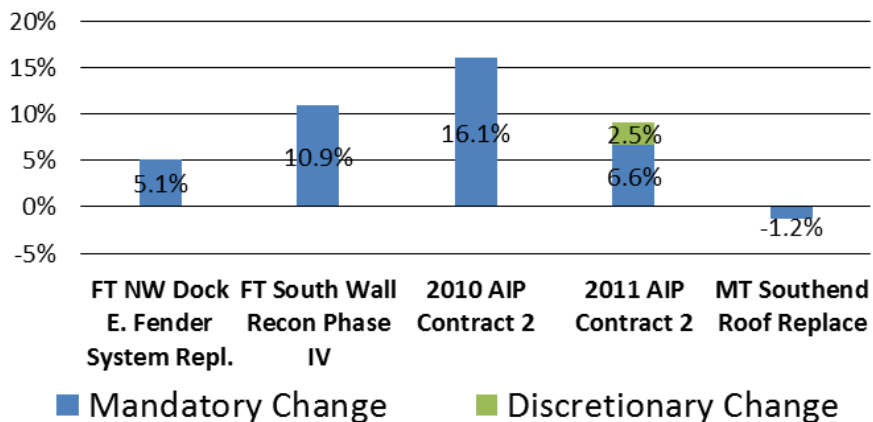
- Common use lounge opened March 1 for first Emirates flight, 5 months ahead of original schedule.
- Implemented Consensus Based Evaluation for RFP procurements.
- Beneficial Occupancy achieved for Rental Car Facility and Bus Maintenance Facility; SR 518 ramps opened for traffic.
- Ten homes in progress for the Noise Remedy Project.
- Construction Completion Report for the T-10 Interim Redevelopment has been issued to EPA.
- An emergency declaration was made to repair a major Transformer at T-46.
- In coordination with tenant, completed mobilization and initiated T-18 Pile Cap Pilot Project.

Project Hard/Soft Costs

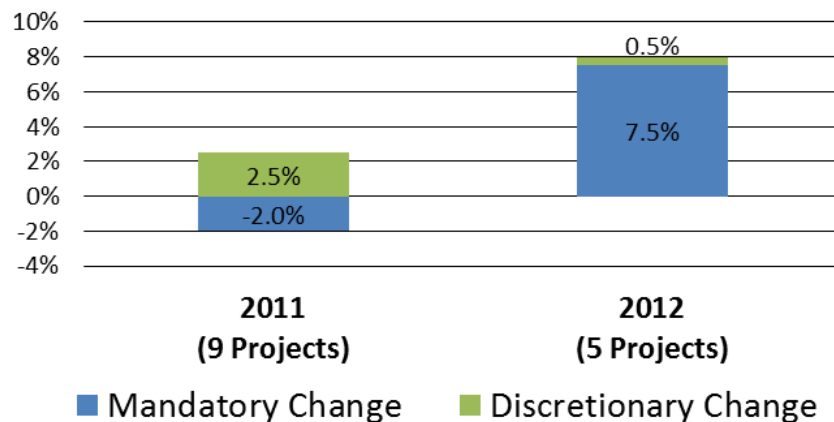


CDD Key Indicators

Completed Projects Q1 2012

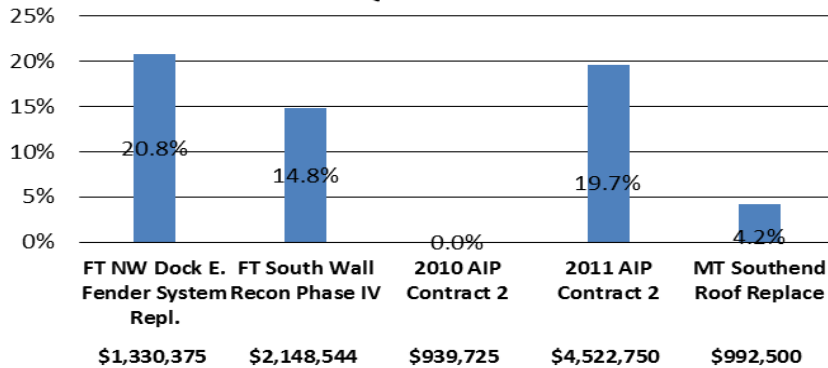


Completed Projects Summary

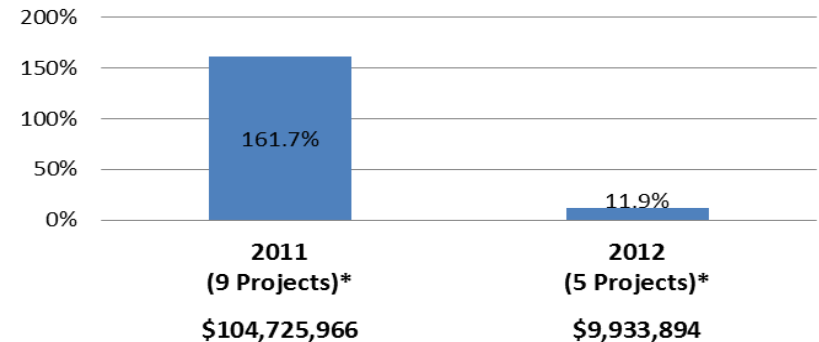


Cost Growth During Construction

Completed Projects Q1 2012



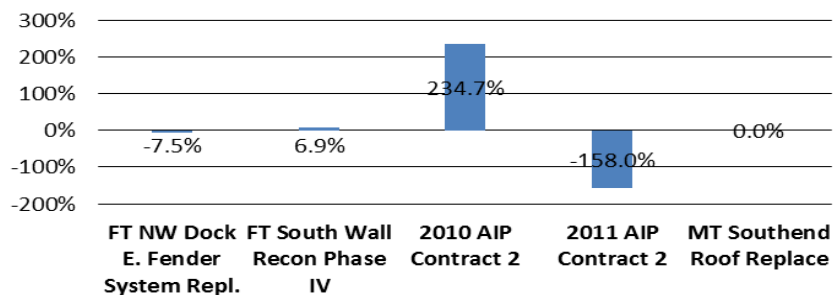
Completed Projects Summary



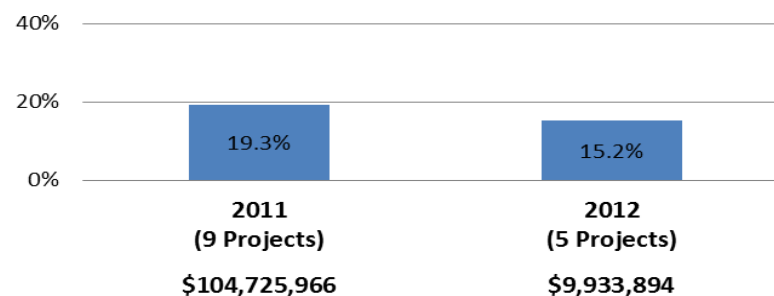
Design Schedule Growth

Project	Initial Commission Authorized Start of Design	Planned Construction Contract Award	Actual Construction Contract Award	Design Schedule Growth
1st Quarter 2012				
FT NW Dock E. Fender System Repl.	23-Mar-10	12-Sep-10	18-Oct-10	20.8%
FT South Wall Recon Phase IV	11-Aug-09	24-Aug-10	19-Oct-10	14.8%
2010 AIP Contract 2	28-Jul-09	16-Jul-10	16-Jul-10	0.0%
2011 AIP Contract 2	11-Aug-10	28-Mar-11	12-May-11	19.7%
MT Southend Roof Replace	27-Apr-10	20-Apr-11	5-May-11	4.2%

Completed Projects Q1 2012



Completed Projects Summary



Construction Schedule Growth

Project	Planned Construction Contract Award	Actual Construction Contract Award	Planned Substantial Completion of Construction	Actual Substantial Completion of Construction	Construction Schedule Growth
1st Quarter 2012					
FT NW Dock E. Fender System Repl.	12-Sep-10	18-Oct-10	14-Jun-11	27-May-11	-7.5%
FT South Wall Recon Phase IV	24-Aug-10	19-Oct-10	3-Aug-11	23-Aug-11	6.9%
2010 AIP Contract 2	16-Jul-10	16-Jul-10	13-Dec-10	30-Nov-11	234.7%
2011 AIP Contract 2	28-Mar-11	12-May-11	28-Oct-11	3-Feb-11	-158.0%
MT Southend Roof Replace	20-Apr-11	5-May-11	1-Nov-11	1-Nov-11	0.0%

CPO Procurement Time

Procurement Schedule

Total Time Receipt of Scope to Execution (Avg # Days)

	<u>2011</u>	<u>2012</u>
● Goods & Services	84 days	188 days
● Major Public Works	75 days	53 days
● Small Works	58 days	49 days
● Service Agreements	*214 days	231days

*Pulled out 1 non-urgent procurement that resulted in 2 contracts (averaged 450 days for each contract to be executed).

CDD Gross Operating Results

\$ in 000's	2011 YTD	2012 YTD		Budget Variance		Year-End Projections		
	Actual	Actual	Budget	\$	%	Budget	Forecast	Variance
Total Revenues	65	7	-	7	0.0%	-	-	-
<u>Expenses Before Charges To Cap/Govt/Envrs Projects</u>								
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)

CDD Key Variances to Net Budget

Q1 2012 Expenses \$ in 000's	Budget	Variance to Budget	YTD Var. F/(UNF)
	YTD	Better (Worse)	%
Salaries and Benefits	7,285	434	6.0%
Outside Services	1,576	743	47.2%
Travel and Other	105	55	52.2%
Telecommunications	32	20	61.5%
Property Rentals	24	3	11.8%
General Expenses	12	(194)	(1,577.9%)
All Other	247	352	142.4%
Charges to Capital Projects	(5,370)	(411)	7.7%
Total	3,911	1,002	25.6%

Corporate Q1 2012 Performance Report

Commission Briefing

May 8, 2012

Corporate Key Events

- Held kickoff outreach phase for Century Agenda Business and Community Leaders Breakfast.
- Submitted nomination for the Freedom Award for supporting the National Guard and the Reserve.
- Awarded Internship Employer of the Year by Seattle University.
- Refunded \$640 million Revenue bonds for \$85 million present value savings.
- Conducted the Industrial Development Corporation (IDC) Annual Meeting.

Corporate Key Metrics

- Conducted 14 stakeholder presentations plus four brownbag lunches for Port employees.
- Posted 70 job openings and received 2848 job applications.
- Provided orientation to 24 new employees.
- 21 employees participated in the Tuition Reimbursement Program.
- 97% participation rate in the health assessment.
- Responded to 89 public disclosure requests.
- Negotiated 2 labor contracts.
- Completed 5 internal audits.
- Handled 41 litigations and claims.
- 742 small businesses registered on new roster system.

Q1 Corporate Operating Results

\$ in 000's	2011 YTD	2012 YTD		Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Total Revenues	242	98	38	60	159.5%	(144)	-59.5%
Executive	352	382	425	43	10.1%	30	8.5%
Commission	148	194	217	23	10.4%	47	31.7%
Legal	512	567	631	64	10.1%	55	10.8%
Risk Services	617	637	714	77	10.8%	20	3.2%
Health & Safety Services	263	256	293	37	12.5%	(7)	-2.6%
Public Affairs	1,253	1,270	1,462	192	13.1%	17	1.3%
Human Resources & Development	1,040	1,188	1,234	46	3.7%	148	14.3%
Labor Relations	208	247	242	(5)	-2.1%	38	18.4%
Information & Communications Technology	4,212	4,642	4,639	(3)	-0.1%	430	10.2%
Finance & Budget	348	376	380	4	1.1%	27	7.9%
Accounting & Financial Reporting Services	1,314	1,500	1,610	110	6.8%	186	14.1%
Internal Audit	256	278	294	16	5.4%	22	8.5%
Office of Social Responsibility	194	359	349	(10)	-3.0%	165	85.1%
Police	4,880	5,219	5,783	564	9.8%	339	6.9%
Contingency	44	3	100	97	97.2%	(41)	-93.5%
Total Expenses	15,642	17,118	18,372	1,254	6.8%	1,476	9.4%

- Total Expenses were \$1.25M or 6.8% below budget mainly due to some vacant positions, unfinalized labor contracts, and timing of spending.

Q1 Corporate Expense by Category

Operating Expenses (\$ in '000)	2011 YTD	2012 YTD		Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	8,318	8,744	8,956	212	2.4%	426	5.1%
Wages & Benefits	4,499	4,566	5,175	609	11.8%	67	1.5%
Payroll to Capital Projects	629	535	830	295	35.6%	(94)	-15.0%
Equipment Expense	107	110	165	55	33.4%	2	2.0%
Outside Services	1,617	2,016	2,278	263	11.5%	398	24.6%
Travel & Other Employee Exps	356	495	616	121	19.6%	138	38.9%
Workers' Compensation	(2)	69	40	(29)	-73.3%	72	3073.4%
Insurance Expense	462	510	531	21	3.9%	48	10.5%
Litigated Injuries & Damages	0	152	-	(152)	n/a	152	n/a
Other	284	456	611	155	25.4%	172	60.5%
Charge to Capital	(629)	(535)	(830)	(295)	35.6%	94	-15.0%
Total	15,642	17,118	18,372	1,254	6.8%	1,476	9.4%

- Total Expenses were \$1.48M higher than Q1 2011 due to higher Payroll Costs, Outside Services, Travel & Other Employee Expenses, Workers' Comp, and Litigations.
- Other Expenses include Contingencies.

Corporate Year End Forecast

\$ in 000's	2011	Year-End Projections			Explanations
	Actual	Forecast	Budget	Variance	
Total Revenues	1,559	151	151	-	Unbudgeted Police grants
Executive	1,487	1,539	1,539	-	
Commission	738	968	980	12	Miscellaneous savings
Legal	2,975	2,898	2,901	3	
Risk Services	2,614	2,899	2,959	60	Vacancies and lower insurance costs
Health & Safety Services	1,053	1,057	1,060	2	
Public Affairs	6,494	5,735	5,815	79	Vacant positions
Human Resources & Development	4,921	5,479	5,484	5	Vacant position
Labor Relations	941	998	961	(37)	Less charges to capital for PLA
Information & Communications Technology	19,132	20,194	20,194	-	
Finance & Budget	1,435	1,543	1,543	-	
Accounting & Financial Reporting Services	5,776	6,821	6,853	32	Vacant positions and other savings
Internal Audit	1,080	1,495	1,496	1	
Office of Social Responsibility	1,349	1,461	1,476	15	Vacant positions
Police	21,154	22,557	22,574	17	Vacancies partially offset by litigation
Contingency	105	700	700	-	
Total Expenses	71,418	76,345	76,535	190	

- Total Revenues are forecasting to be in line with the budget.
- Total Expenses are forecasting to be \$190K below budget mainly due to some vacant positions.