

Q2 2012 Performance Report

Port of Seattle

Commission Briefing

August 7, 2012

Q2 Financial Highlights

- Total Port Operating Revenues were \$259.2 million, \$15.9 million, or 6.5%, over Q2 2011
- Operating Revenues were \$8.7 million, or 3.5%, above budget
- Port wide Operating Expenses were \$12.9 million, or 8.5% below budget - all divisions' expenses were under budget for the second quarter
- Net Income Before Depreciation was \$128.7 million, or 21.8% above budget and 2.5% higher than Q2 2011
- Net Income After Depreciation was \$39.9 million, or 95.9% above budget and 4.3% higher than Q2 2011

Q2 Major Revenue Variances

Major Revenues (\$ in 000's)	2011 YTD Actual	2012 YTD Actual	2012 YTD Budget	Budget Variance	Change from 2011
Aero Revenues	111,738	114,547	113,274	1,272	2,809
Seaport Security Grants	51	1,848	920	927	1,797
Public Parking	25,160	25,205	26,133	(927)	46
Rental Cars	13,991	16,066	18,571	(2,505)	2,076
Concessions	16,910	17,652	16,779	874	742
Ground Transportation	3,739	3,931	3,802	129	192
Utilities	3,726	3,876	3,405	470	149
Container	32,417	38,126	30,414	7,712	5,709
Seaport Industrial Properties	6,536	7,756	7,156	600	1,220
Cruise	3,558	3,989	3,909	80	431
Grain	3,046	3,208	2,802	406	162
Third Party Management	5,175	5,578	6,326	(747)	403
Other	17,232	17,411	17,051	360	1,548
Subtotal	131,491	142,799	136,349	6,451	11,308
TOTAL	243,280	259,194	250,543	8,651	15,914

- Excluding Aeronautical Revenues and Seaport Security Grants, Other Operating Revenues were \$6.5M higher than budget and \$11.3M higher than Q2 2011.

Q2 Major Expense Variances

Major Expenses (\$ in 000's)	2011 YTD Actual	2012 YTD Actual	2012 YTD Budget	Budget Variance	Change from 2011
Salaries & Benefits	41,280	46,024	47,761	1,737	4,744
Wages & Benefits	39,930	43,162	44,850	1,689	3,231
Payroll to Capital Projects	9,337	9,028	11,190	2,163	(309)
Equipment Expense	3,072	2,896	2,936	40	(176)
Supplies & Stock	3,300	3,735	3,341	(394)	435
Outside Services	20,672	20,164	28,857	8,694	(508)
Utilities	11,418	11,351	10,708	(643)	(67)
Travel & Other Employee Exps	1,766	1,963	3,225	1,262	-
Other Expenses	8,292	13,934	14,339	404	5,643
Charges to Capital Projects	(13,558)	(13,743)	(15,773)	(2,030)	(185)
TOTAL	125,507	138,514	151,434	12,921	13,007

- Operating Expenses were \$12.9M lower than budget mainly due to some vacant positions and timing of spending.
- Operating Expenses were \$13.0M higher than Q2 2011 mainly due to higher payroll costs, pass-through grants expense, environmental reserve expense, and unanticipated litigations.

Q2 Operating Income Summary

(\$ in 000's)	2011 YTD	2012 YTD	2012 YTD	Budget Variance	
	Actual	Actual	Budget	\$	%
Aeronautical Revenues	111,738	114,547	113,274	1,272	1.1%
Other Operating Revenues	<u>131,542</u>	<u>144,647</u>	<u>137,269</u>	<u>7,378</u>	<u>5.4%</u>
Total Operating Revenues	243,280	259,194	250,543	8,651	3.5%
Total Operating Expenses	<u>125,507</u>	<u>138,514</u>	<u>151,434</u>	<u>12,921</u>	<u>8.5%</u>
NOI before Depreciation	117,773	120,680	99,109	21,571	21.8%
Depreciation	<u>79,569</u>	<u>80,829</u>	<u>78,763</u>	<u>(2,066)</u>	<u>-2.6%</u>
NOI after Depreciation	<u><u>38,204</u></u>	<u><u>39,851</u></u>	<u><u>20,345</u></u>	<u><u>19,505</u></u>	<u><u>95.9%</u></u>

- Total Operating Revenues were \$8.7M higher than budget.
- Total Operating Expenses were \$12.9M lower than budget.
- NOI before Depreciation was \$21.6M higher than budget.

2012 Year-End Forecast

(\$ in 000's)	2011	2012	2012	Budget Variance	
	Actual	Forecast	Budget	\$	%
Aeronautical Revenues	207,248	235,608	235,706	(98)	0.0%
Other Operating Revenues	<u>275,924</u>	<u>295,691</u>	<u>281,176</u>	<u>14,515</u>	<u>5.2%</u>
Total Operating Revenues	483,172	531,299	516,882	14,417	2.8%
Total Operating Expenses	<u>267,416</u>	<u>309,673</u>	<u>309,844</u>	<u>171</u>	<u>0.1%</u>
NOI before Depreciation	215,756	221,626	207,038	14,588	7.0%
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>60,391</u></u>	<u><u>48,559</u></u>	<u><u>11,832</u></u>	<u><u>24.4%</u></u>

- Total Revenues are forecasting to be \$14.4M above budget mainly due to refunding of the T18 Special Facilities Bonds.
- Total Expenses are forecasting to be \$171K below budget mainly due to some vacant positions.
- NOI before Depreciation is forecasting to be \$14.6M over budget.

Comprehensive Summary

(\$ in 000's)	2011 YTD	2012 YTD	2012 YTD	Budget		Explanation
	Actual	Actual	Budget	Var. \$	Var. %	
Revenues						
1. Aeronautical Revenues	111,738	114,547	113,274	1,272	1.1%	
2. Operating Revenues	131,542	144,647	137,269	7,378	5.4%	See details in the previous slides
3. Tax Levy	36,804	36,347	36,500	(153)	-0.4%	
4. PFCs	31,683	33,527	30,266	3,261	10.8%	Due to higher enplanements
5. CFCs	10,074	10,109	9,224	886	9.6%	
6. Fuel Hydrant	-	4,026	3,919	107	2.7%	
7. Non-Capital Grants & Donations	2,557	800	840	(39)	-4.7%	
8. Capital Contributions	9,386	12,030	9,712	2,318	23.9%	Grants approved earlier than expected
9. Interest Income	9,476	5,620	2,874	2,746	95.5%	Higher fund balance & higher return
Total	343,259	361,653	343,878	17,775	5.2%	
Expenses						
1. O&M Expense	125,507	138,514	151,434	12,921	8.5%	See details in the previous slides
2. Depreciation	79,569	80,829	78,763	(2,066)	-2.6%	Bookings of additional assets
3. Revenue Bond Interest Expense	64,160	59,554	68,071	8,516	12.5%	Refunded \$640 million revenue bonds
4. GO Bond Interest Expense	8,033	7,305	7,459	154	2.1%	
5. PFC Bond Interest Expense	3,379	3,402	3,405	3	0.1%	
6. Public Expense	5,289	3,561	5,578	2,017	36.2%	Timing of spending on public projects
7. Non-Op Environmental Expense	1,190	(301)	2,645	2,946	111.4%	
8. Other Non-Op Rev/Expense	2,657	7,384	1,726	(5,658)	-327.8%	Retirement of C-22 Baggage System
Total	289,785	300,249	319,082	18,833	5.9%	
Change In Net Assets	53,475	61,404	24,796	36,608	147.6%	

- Total Revenues were \$17.8M above budget and \$18.4M higher than Q2 2011.
- Total Expenses were \$18.8M less than budget and \$10.5M higher than Q2 2011.
- Change in Net Assets were \$36.6M above budget and \$8.0M higher than Q2 2011.

Capital Spending by Division

Division	2011 Actual	2012 Forecast	2012 Budget	Budget Variance
<i>(\$ in millions)</i>				
Aviation	166.8	133.2	135.4	2.2
Seaport	18.8	13.3	15.5	2.2
Real Estate	10.1	4.2	7.3	3.1
Corporate & CDD	4.4	9.6	11.7	2.1
Total	200.1	160.3	169.9	9.6

- Capital spending for each division is expected to come in below budget in 2012.
- Total capital spending is forecasting to be \$160.3M for 2012, \$9.6M lower than budget.

Aviation Division Q2 2012 Performance Report

Commission Briefing

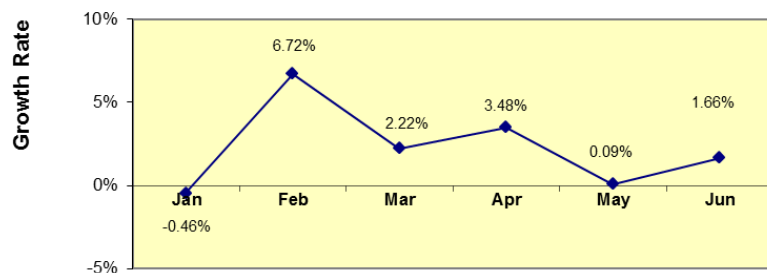
August 7, 2012

Aviation Business Highlights

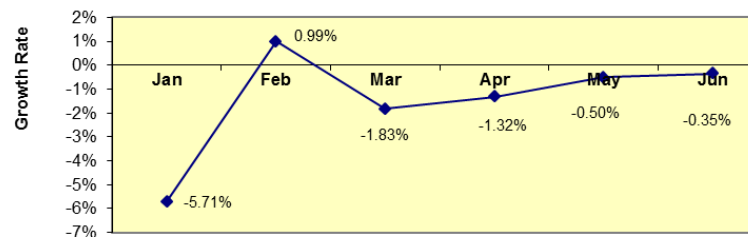
- Airline activity:
 - 2012 YTD enplanements up 2.2% from 2011
 - 2012 YTD landed weight down 1.4% from 2011
- Operating Expenses:
 - YTD 8.7% below budget
 - Forecast 0.1% below budget
- Non-airline Revenues:
 - YTD up 5.1% over 2011 YTD, but down 2.5% vs. YTD 2012 budget
 - Forecast up 5.6% over 2011, and up 0.9% vs. 2012 budget
- Airline costs:
 - Forecast 2012 CPE at \$13.25 vs. budget of \$13.26
 - Higher forecast of operating costs of \$195.5k due to litigated claims and environmental remediation liabilities offset by delays in airlines realignment
 - Lower variable rate interest on debt service resulted in capital costs savings of \$2.2 million
- Capital program:
 - 2012 capital spending 1.6% below budget

Activity

YTD Enplanements vs. Prior Year



YTD Landed Weight vs. Prior Year



Figures in 000's	2011 YTD	2012 YTD	% Variance	2011 Actual	2012 Budget	% Variance
Enplanements	7,678	7,844	2.2%	16,397	16,650	1.5%
Landed Weight	9,648	9,509	-1.4%	20,123	20,444	1.6%

- International enplaned passengers saw greater year-over-year growth of 5.2% vs. 2011 YTD than domestic enplanements of 1.8% vs. 2011 YTD
- Cargo Landed Weight is down -8.2% vs. 2011 YTD
- February statistics are skewed because of the leap day

Q2 Operating Revenues

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Revenues:							
Landing Fees	29,388	32,704	33,973	(1,269)	-3.7%	3,316	11.3%
Terminal Rental	70,840	74,332	71,605	2,727	3.8%	3,492	4.9%
Other Aero Revenues *	7,551	7,510	7,696	(186)	-2.4%	(40)	-0.5%
Total Aeronautical	107,778	114,547	113,274	1,272	1.1%	6,768	6.3%
Public Parking	25,160	25,205	26,133	(927)	-3.5%	46	0.2%
Rental Cars	13,868	13,374	14,044	(670)	-4.8%	(494)	-3.6%
CFC Operating Revenues (RCF)	-	2,692	4,527	(1,834)	-40.5%	2,692	n/a
Ground Transportation	3,739	3,931	3,802	129	3.4%	192	5.1%
Concessions	16,910	17,652	16,779	874	5.2%	742	4.4%
Other Non-airline	9,184	9,501	8,962	539	6.0%	317	3.5%
Total Non-Aeronautical	68,862	72,357	74,246	(1,890)	-2.5%	3,495	5.1%
Total Revenues	176,640	186,903	187,521	(617)	-0.3%	10,263	5.8%

- YTD Landing Fees are down 3.7% vs. budget due to lower landed weight.
- Terminal Rents are up \$2.7 million or 3.8% due to budget seasonality error.
- Public Parking revenues under \$927K or 3.5% mainly due to 1-4 day transactions down 2.4% vs. budget, and estimated \$110K shortfall from parking system upgrade issue resulting in lost revenue.
- Rental car revenues are lower than budget by \$670K due to monthly budget not spread based on seasonality, and gross industry revenues are lower than the revenues assumed in the budget by 1.2% even though transaction days are higher by 1.7% through May.
- CFC operating revenues are \$1.8 million less than budget due to lower operating expenses from the delayed opening of the facility.
- Concessions is 5.2% or \$874K greater than budget due to stronger primary concession sales per enplanement than budgeted.

Q2 Expense & NOI

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Expenses:							
Salaries & Benefits	38,822	44,003	45,840	1,837	4.0%	5,182	13.3%
Outside Services	11,185	11,177	17,053	5,876	34.5%	(8)	-0.1%
Supplies & Stock	2,444	2,790	2,194	(596)	-27.2%	346	14.2%
Utilities	7,294	7,065	6,469	(596)	-9.2%	(229)	-3.1%
Other	4,079	5,182	4,766	(416)	-8.7%	1,103	27.0%
Baseline Airport Expenses	63,824	70,219	76,323	6,104	8.0%	6,394	10.0%
Environmental Remediation Liability	(210)	833	1,914	1,082	56.5%	1,043	-496.5%
Total Airport Expenses	63,614	71,051	78,237	7,186	9.2%	7,437	11.7%
Corporate	15,307	16,286	17,272	986	5.7%	980	6.4%
Police Costs	7,885	7,733	8,530	797	9.3%	(152)	-1.9%
Capital Development/Other Expenses	3,155	5,374	5,927	553	9.3%	2,219	70.3%
Total Operating Expenses	89,961	100,445	109,967	9,522	8.7%	10,484	11.7%
Net Operating Income	86,679	86,458	77,554	8,905	11.5%	(221)	-0.3%

Categories with positive variances:	Categories with negative variances:
Rental Car Facility (RCF) Delayed Opening \$1.1M	Winter snow and ice control event materials and labor \$1.3M
Delay in Outside and Contracted Services \$2.7M	Higher utility surface water discharge from deicer \$607.5k
Delayed hiring and open positions \$1.5M	Litigated injury claims not budgeted \$1.5M
Environmental remediation abatement projects \$1.1M	
Employee training and development \$545.1k	
Airlines Realignment \$2.5M	
Airlines Realignment expenses coded to CDD \$922k	

Division Summary

\$ in 000's	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
Operating Revenues:							
Aeronautical	207,763	236,123	236,221	(98)	0.0%	28,360	13.7%
Non-Aeronautical	142,959	150,930	149,531	1,399	0.9%	7,972	5.6%
Total Operating Revenues	350,722	387,053	385,751	1,301	0.3%	36,331	10.4%
Expenses:							
Operating Expenses	190,442	219,969	221,981	2,012	0.9%	29,528	15.5%
Environmental Remediation Liability	1,428	4,913	3,096	(1,817)	-58.7%	3,486	244.2%
Total Operating Expenses	191,869	224,882	225,078	196	0.1%	33,013	17.2%
Net Operating Income	158,853	162,171	160,674	1,497	0.9%	3,317	2.1%
Capital Spending	166,820	133,196	135,419	2,223	1.6%	(33,624)	-20.2%
Key Measures:							
Non-Aero NOI (\$ in 000s)	84,173	79,170	75,982	3,188	4.2%	(5,003)	-5.9%
Passenger Airline CPE	11.75	13.25	13.26	0.01	0.1%	1.50	12.8%
Debt / Enplaned Passenger	161.46	152.2	152.2	-	0.0%	(9.28)	-5.7%
Debt Service Coverage	1.47	1.39	1.34	0.05	3.7%	(0.08)	-5.5%

- Aeronautical revenues forecasted less than budget due to savings from lower variable rate interest, refunding of bonds and delays in airlines realignment expenses offset by litigated claims and environmental reserves.
- Non-Aeronautical revenues forecasted greater than budget due to better concessions performance than budgeted, higher energy and water sales from increased usage, and rental car space rents due to delay in RCF opening.
- Operating expenses forecasted less than budget due to delays in airlines realignment project.

Aeronautical Business

\$ in 000's	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
Revenues requirement:							
Capital Costs	81,507	89,720	91,876	2,157	2.3%	8,213	10.1%
Operating Costs net Non-Aero	133,083	153,122	151,529	(1,593)	-1.1%	20,039	15.1%
Total Costs	214,590	242,842	243,405	564	0.2%	28,252	13.2%
FIS Offset	(7,000)	(8,000)	(8,000)	-	0.0%	(1,000)	14.3%
Other Offsets	(15,417)	(14,461)	(14,895)	(435)	2.9%	956	-6.2%
Net Revenue Requirement	192,173	220,381	220,510	129	0.1%	28,208	14.7%
Other Aero Revenues	15,590	15,742	15,711	31	0.2%	152	1.0%
Total Aero Revenues	207,763	236,123	236,221	98	0.0%	28,360	13.7%
Less: Non-passenger Airline Costs	15,098	15,423	15,392	(31)	-0.2%	325	2.2%
Net Passenger Airline Costs	192,665	220,700	220,828	129	0.1%	28,035	14.6%

- 2012 actuals include lower variable rate debt service interest of \$2.2M.

	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
Cost Per Enplanement:							
Capital Costs / Enpl	4.97	5.39	5.52	0.13	2.3%	0.42	8.4%
Operating Costs / Enpl	8.12	9.20	9.10	(0.10)	-1.1%	1.08	13.3%
Offsets	(1.37)	(1.35)	(1.38)	(0.03)	1.9%	0.02	-1.3%
Other Aero Revenues	0.95	0.95	0.94	(0.00)	-0.2%	(0.01)	-0.6%
Non-passenger Airline Costs	(0.92)	(0.93)	(0.92)	0.00	-0.2%	(0.01)	0.6%
Passenger Airline CPE	11.75	13.25	13.26	0.01	0.1%	1.51	12.8%

Non Aeronautical Business

\$ in 000's	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
Revenues:							
Public Parking	49,996	51,512	52,480	(968)	-1.8%	1,516	3.0%
Rental Cars	29,969	28,359	26,580	1,779	6.7%	(1,610)	-5.4%
CFC Operating Revenues (RCF)	778	7,560	9,053	(1,493)	-16.5%	6,783	872.3%
Ground Transportation	7,704	7,419	7,519	(100)	-1.3%	(285)	-3.7%
Concessions	35,404	37,107	35,659	1,448	4.1%	1,702	4.8%
Other	19,109	18,974	18,240	734	4.0%	(135)	-0.7%
Total Revenues	142,959	150,930	149,531	1,399	0.9%	7,972	5.6%
Operating Expense	59,544	72,643	74,639	1,996	2.7%	13,099	22.0%
Share of terminal O&M	17,610	18,906	18,698	(208)	-1.1%	1,295	7.4%
Less utility internal billing	(18,369)	(19,789)	(19,789)	-	0.0%	(1,420)	7.7%
Net Operating & Maint	58,786	71,760	73,549	1,789	2.4%	12,975	22.1%
Net Operating Income	84,173	79,170	75,982	3,188	4.2%	(5,003)	-5.9%

	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
Revenues Per Enplanement							
Parking	3.05	3.09	3.15	(0.06)	-1.8%	0.04	1.5%
Rental Cars (excludes CFCs)	1.83	1.70	1.60	0.11	6.7%	(0.12)	-6.8%
Ground Transportation	0.47	0.45	0.45	(0.01)	-1.3%	(0.02)	-5.2%
Concessions	2.16	2.23	2.14	0.09	4.1%	0.07	3.2%
Other	1.21	1.59	1.64	(0.05)	-2.8%	0.38	31.4%
Total Revenues	8.72	9.06	8.98	0.08	0.9%	0.35	4.0%
Primary Concessions Sales / Enpl	10.30	10.60	10.42	0.18	1.7%	0.30	2.9%

\$ in 000's	2011	2012	2012	Budget Variance		Change from 2011	
	Actual	Forecast	Budget	\$	%	\$	%
<u>Aeronautical</u>							
Net Operating Income (NOI)	74,679	83,001	84,692	(1,691)	-2.0%	8,322	11.1%
Debt Service	71,096	75,570	77,726	2,156	2.8%	4,474	6.3%
Aero NOI After Debt Service	3,584	7,431	6,966	465	6.7%	3,848	107.4%
<u>Non-Aeronautical</u>							
Net Operating Income (NOI)	84,173	79,170	75,982	3,188	4.2%	(5,003)	-5.9%
Debt Service	40,845	44,847	45,390	543	1.2%	4,003	9.8%
Non-Aero NOI After Debt Service	43,328	34,323	30,592	3,731	12.2%	(9,006)	-20.8%
<u>Total Aviation</u>							
NOI	158,852	162,171	160,674	1,497	0.9%	3,318	2.1%
Debt Service	111,940	120,417	123,116	2,699	2.2%	8,477	7.6%
NOI After Debt Service	46,912	41,754	37,557	4,196	11.2%	(5,158)	-11.0%
Add ADF Interest Income	4,771	3,704	3,771	(67)	-1.8%	(1,067)	-22.4%
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	46,937	42,808	4,129	9.6%	(5,781)	-11.0%

Capital Variance

\$ in 000's	2012 YTD	2012	2012	Forecast/Budget	
Description	Actual	Forecast	Budget	Variance	%
Loading Bridges Utilities	109	459	5,750	5,291	92.0%
Rental Car Facility Construction	14,408	25,061	29,778	4,717	15.8%
All Other	31,663	107,676	99,891	(7,785)	-7.8%
Total	46,180	133,196	135,419	2,223	1.6%

- Loading bridge utilities design phase was extended due to addition to scope and construction will begin later than anticipated.
- 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.

\$ in 000's	2012-2016 Total	Future Revenue Bonds
Budget	1,051,463	501,000
Forecast	1,173,577	623,114
Increase	122,114	122,114
Change due to North Satellite	150,000	

2012 Annual Budget Changes

\$ in 000's	2012
Description	Spending
SSAT HVAC,Lights,Ceiling Repl	1,177
Port-Owned Loading Bridge R&R	979
North Satellite	650
New Window Wall Ticket Zone 1	610
Rubber and Paint Removal Equip	600
Emergency Lighting - Parking	591
Other	2,843
Total	7,450

Future 2012 Authorization Requests:

- NorthSTAR Additional Components
- Zone 3 Ticketing
- Cargo 2 West Hardstand
- Cargo 6 Enhancement
- Service Tunnel Repair and Replacement
- Vertical Conveyance Modernization Aero Phase II
- Facility Monitoring System
- Zone 2 Ticketing

Seaport Division Q2 2012 Performance Report

Commission Briefing

August 7, 2012

Seaport Business Goals

- TEU volume was at 1,007K, which was down slightly (.1%) from Q2 YTD 2011. Full year forecasted volume is for 1,750K TEU's compared to budget of 2,000K TEU's.
- Grain volume was at 2.9 million metric tons up 5.8% from 2011 YTD and 16% over 2012 YTD budget.
- Cruise season commenced on May 6th. Start-up operations for new ships in Seattle, Disney Cruise Line's **Wonder** and Norwegian Cruise Line's **Jewell** went well.

Seaport Organizational Goals

Environmental Stewardship

- 58% of frequent vessel calls meeting Northwest Ports Clean Airs Standards target.
- Year-to-date \$1.8 million in clean-up project costs have been recovered from grants and insurance.

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

Seaport Q2 YTD Operating Results

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	2012 Bud Var	
	Actual	Actual	Budget	\$	%
Operating Revenue	47,330	55,114	45,972	9,142	20%
Security Grants	51	1,848	920	927	101%
Total Revenues	47,380	56,962	46,892	10,069	21%
Seaport Expenses (excl env srvs)	6,604	6,238	7,222	984	14%
Environmental Services	693	874	961	87	9%
Maintenance Expenses	2,235	2,759	2,877	118	4%
P69 Facilities Expenses	228	272	262	(11)	-4%
Other RE Expenses	92	145	160	15	9%
CDD Expenses	1,435	1,969	2,260	292	13%
Police Expenses	1,785	1,900	2,095	196	9%
Corporate Expenses	5,221	5,494	6,018	524	9%
Security Grant Expense	61	1,833	877	(956)	-109%
Envir Remed Liability	(18)	32	0	(32)	NA
Total Expenses	18,335	21,514	22,731	1,217	5%
Net Operating Income	29,045	35,447	24,161	11,286	47%

Note: \$6,037K 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)

Q2 YTD Business Unit	Variance to Budget Better (Worse)
Containers*	\$7,712
Grain	\$406
Industrial Properties	\$600
Cruise	\$80
Docks	\$345
Security Grants	\$927
Total	\$10,069

Note*: \$6,037K 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)

Q2 YTD Expenses	Variance to Budget Better (Worse)
Outside Services (Seaport)	\$825
CDD	\$292
Corporate	\$720
Maintenance	\$118
Security Grant Expenses	(\$956)
All Other	\$218
Total Expense	\$1,217

Seaport Business Groups

NOI Before Depreciation (\$'s in Millions)

	Q2 YTD Actual NOI	Variance to Budget Better (Worse)
Containers*	\$28.9	\$9.1
Grain	\$2.6	\$.5
Sea Industrial Properties	\$3.7	\$1.0
Cruise	\$1.0	\$.1
Docks	(\$.3)	\$.6
Security	(\$.4)	\$0
Envir Grants/Liability Exp	\$.0	\$.0
Total Seaport	\$35.4	\$11.3

Note*: \$6.0 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	110,361	96,980	13,381	14%
Security Grants	394	2,603	1,598	1,005	63%
Total Revenues	99,304	112,964	98,578	14,386	15%
Seaport Expenses (excl env srvs)	12,898	14,476	15,236	760	5%
Environmental Services	2,127	2,289	2,289	0	0%
Maintenance Expenses	4,608	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	5,588	4,388	(1,200)	-27%
Police Expenses	3,578	4,141	4,167	26	1%
Corporate Expenses	11,177	12,176	12,332	156	1%
Security Grant Expense	481	2,688	1,476	(1,212)	-82%
Envir Remed Liability	(633)	0	0	0	NA
Total Expenses	38,463	48,006	46,536	(1,470)	-3%
Net Operating Income	60,842	64,958	52,042	12,916	25%

Note*: \$12,127K of the forecasted 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
\$13.3	\$15.5	\$2.2	86%

Major changes to Approved Budget

- Pier 91 Fender System Upgrade cost estimate decrease and work delayed to 2013 \$1.2 million
- Security Grants Rounds 9&10 projects authorized, but had not been included in Approved Budget (\$.5) million
- T18 Street Vacation completion delayed \$.8 million
- Small Project delays \$.6 million

Seaport Capital 2012

Future 2012 Commission Authorization Requests

- Terminal 18 Pile Cap Pilot Program request for additional funds (Aug. 7th)
- Terminals 5/18 Maintenance Dredging expense project (~Aug 14th)
- Pier 66 Pile Wrap construction funding (~ Sept or Q4)
- East Marginal Way/Argo Express funding increase (~ Sept or Q4)
- Terminal 46 Dock Rehabilitation project (~Q4)

Real Estate Division

Q2 2012 Performance Report

Commission Briefing

August 7, 2012

Real Estate 2nd Quarter Key Events

- Full Year Net Operating Income forecasted to be (\$446K) below budget
 - Revenue forecasted to be (\$1,296K) unfavorable to budget
 - Expenses forecasted to be \$850K favorable to budget
- New Conference and Event Center Management Agreement was executed on April 4th and became effective on June 1st
- Closed sale on 5.75 mile segment of the Eastside Rail Corridor with City of Kirkland in April
- 5-year agreement executed between the Port of Seattle and the Shilshole Liveaboard Association

Real Estate Business Goals

Provide Compelling Value and Asset Utilization

- **Occupancy Rates:** Commercial property at 91% occupancy, above target of 90% and above 2012 Q2 Seattle market average of 86%.
- **Activity at Bell Harbor International Conference Center** below budget.
- **FT/Marina Occupancy:** Fishermen's Terminal and Maritime Industrial Center at 75% YTD average occupancy, below target of 86%. Recreational Marinas at 92%, below target of 94%.

Real Estate Division Qtr 2 Operating Results

\$ in 000's	2011 YTD	2012 YTD	2012 YTD	2012 Bud Var	
	Actual	Actual	Budget	\$	%
Revenue	10,799	10,956	11,120	-164	-1%
BHICC & WTC Revenue	3,867	4,207	4,935	-728	-15%
Total Revenue	14,667	15,163	16,055	-892	-6%
Real Estate Exp(excl Maint,P69,Conf)	4,904	4,967	4,960	-7	0%
Real Estate BHICC & WTC	3,230	3,318	3,864	546	14%
Eastside Rail Corridor	721	189	101	-88	-86%
Maintenance Expenses	3,256	3,356	4,667	1,311	28%
P69 Facilities Expenses	68	101	98	-4	-4%
Seaport Expenses	462	557	639	82	13%
CDD Expenses	467	501	636	135	21%
Police Expenses	649	658	725	68	9%
Corporate Expenses	2,454	2,246	2,531	284	11%
Envir Remed Liability	7	97	0	-97	NA
Total Expense	16,220	15,991	18,221	2,231	12%
Net Operating Income	-1,553	-828	-2,166	1,339	62%

Real Estate Division Q2 Key Variances

Revenue Detail (\$'s in Thousands)

2012 Year to Date Business Unit	Variance to Budget Better (Worse)
Recreational Boating	(\$89)
Fishing & Commercial	(\$79)
Commercial Properties	(\$68)
Third Party Management	(\$747)
RE Development & Planning	\$81
Eastside Rail	(\$6)
Facilities/Maintenance	\$15
Total	(\$892)

Real Estate Division Q2 Key Variances

Expense Detail (\$'s in Thousands)

2012 Year to Date Expense	Variance to Budget Better (Worse)
Maintenance	\$1,311
Third Party Management (BHICC & WTC)	\$546
Corporate	\$352
CDD	\$135
Eastside Rail Corridor	(\$88)
All Other	(\$25)
Total Expense	\$2,231

Real Estate Business Groups

NOI Before Depreciation (\$'s in Thousands)

	Q2 YTD Actual NOI	Variance to Budget Better (Worse)
Recreational Boating	\$925	\$414
Fishing & Commercial	(\$1,215)	\$240
Commercial & Third Party	\$60	\$555
RE Development & Planning	(\$214)	\$239
Eastside Rail	(\$287)	(\$13)
Envir Remediation Liability Exp	(\$96)	(\$96)
Total Real Estate	(\$827)	\$1,339

Real Estate Division Full Year Forecast

\$ in 000's	2011	2012	2012	2012 Bud Var	
	Actual	Forecast	Budget	\$	%
Revenue	22,071	22,068	22,389	-321	-1%
BHICC & WTC Revenue	9,498	9,037	10,012	-975	-10%
Total Revenue	31,569	31,105	32,401	-1,296	-4%
Real Estate Exp(excl Maint,P69,Conf)	9,759	9,920	9,920	0	0%
Real Estate BHICC & WTC	7,600	7,109	7,870	761	10%
Eastside Rail Corridor	1,585	203	203	0	0%
Maintenance Expenses	7,192	9,562	9,687	125	1%
P69 Facilities Expenses	150	198	198	0	0%
Seaport Expenses	1,230	1,408	1,408	0	0%
CDD Expenses	917	1,266	1,266	0	0%
Police Expenses	1,301	1,433	1,442	9	1%
Corporate Expenses	5,018	5,177	5,229	52	1%
Envir Remed Liability	7	97	0	-97	NA
Total Expense	34,758	36,374	37,224	850	2%
Net Operating Income	-3,189	-5,269	-4,823	-446	-9%

Real Estate Capital 2012

Estimated Actual	Approved Budget	Variance to Budget	Est. Act. as % of App. Bud
\$4.2	\$7.3	\$3.1	57%

Major changes to Approved Budget

- Fishermen's Terminal East Portion of S. Wall project budget overstated \$.7 million
- Bell Harbor Lighting Upgrade project cancelled \$.6 million
- Small Project delays \$.7 million
- Tenant Improvements Capital less needed than estimated \$.4 million

Real Estate Capital 2012

Future 2012 Commission Authorization Requests

- Fishermen's Terminal Building C-15 HVAC (~ Q4)
- Fishermen's Terminal Net Shed Compliance (~Q4)

The background of the slide is a dark blue silhouette of a port scene. On the left, the bow of a large cargo ship is visible. In the center, a large gantry crane structure extends over the water. On the right, several silhouetted figures are shown; one prominent figure in the foreground is talking on a mobile phone. The overall scene is reflected on a glossy surface, creating a double-image effect.

Addendum Eastside Rail Corridor

Eastside Rail Corridor Issues

- Current open access requests/agreements:
 - From other agencies: 20
 - From private entities: 22
- Ongoing operational costs
- GNP Railway bankruptcy

Eastside Rail Corridor

2nd Quarter YTD and Full Year Forecast

\$ in 000's	2011	2012 Year-to-Date		2012 Bud Var		Year-End Projections		
	Actual	Actual	Budget	\$	%	Budget	Forecast	Variance
Eastside Rail	13	15	21	(6)	-27%	22	22	0
Other	0	0	0	0	NA	0	0	0
Total Revenue	13	15	21	(6)	-27%	22	22	0
Eastside Rail	721	189	101	(88)	-86%	203	203	0
Maintenance Expenses	22	1	32	31	96%	64	64	0
Real Estate Other	89	71	93	22	24%	186	186	0
Seaport Expenses	1	32	22	(10)	-43%	60	60	0
CDD Expenses	10	8	4	(4)	-110%	8	8	0
Corporate Expenses	113	1	43	42	98%	101	101	0
Total Expense	957	302	295	(7)	-2%	621	621	0
Net Operating Income	(944)	(287)	(275)	(13)	5%	(599)	(599)	0
Non-Op Interest Expense*	622	403	403	0	0%	805	805	0
Net after Interest	(1,566)	(690)	(677)	(13)	2%	(1,404)	(1,404)	0

Note: *Interest expense is presented on a cash basis

Current debt outstanding is \$30.2 million at interest rate of 2.83% rate. Principal is due in December 2014 and December 2015 . Principal due in 2015 has a call option in June 2014.

Capital Development Division

Q2 2012 Performance Report

Commission Briefing

August 7, 2012

Capital Development Division Q2 2012 Business Events

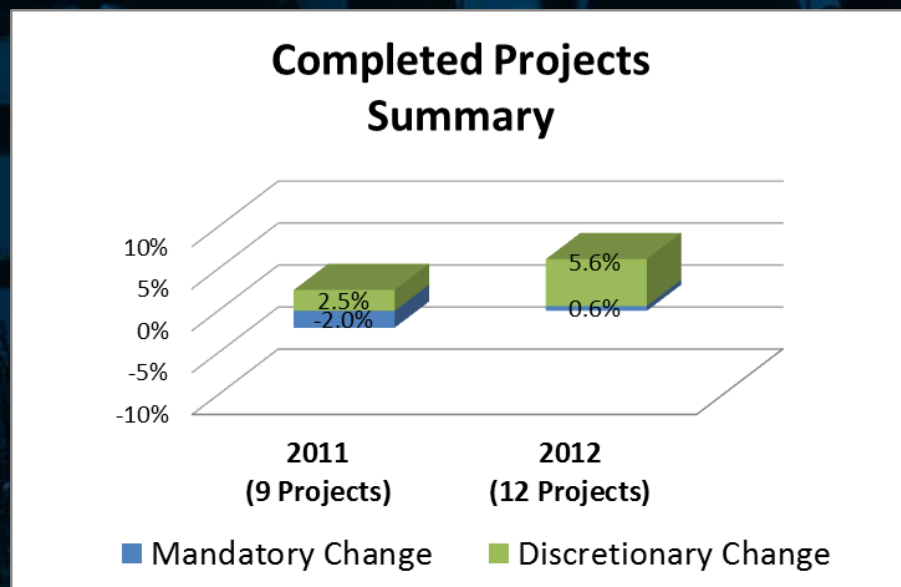
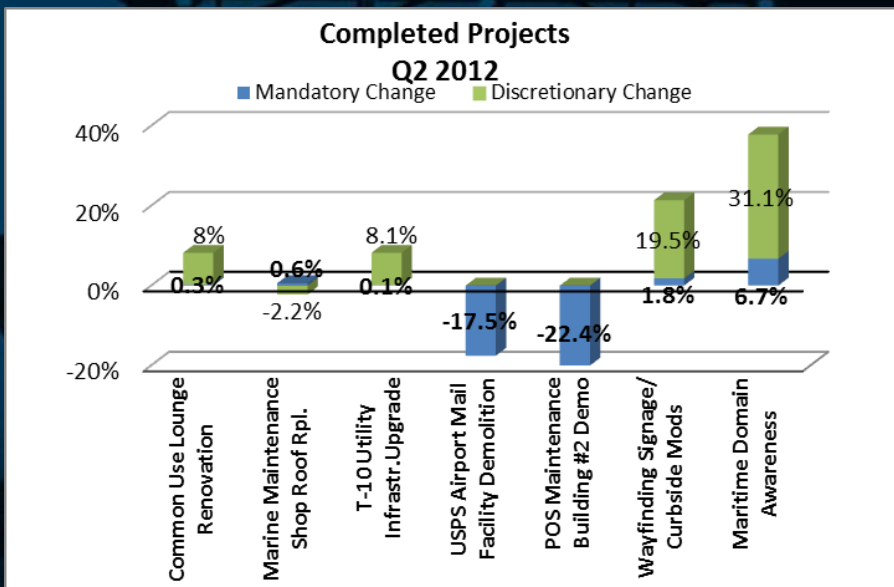
- Rental Car Facility opened on May 19. The opening was very successful and startup and transition issues were minimal.
- Resolved issues with Alaska Air Group concerning the North Sea-Tac Airport Renovations program resulting in a final letter outlining the terms of Alaska's involvement. Issued requests for qualifications for design and program/project management consultants for this \$250 mm + effort.
- Began installation of the new revenue control system for and waterproofing of the 8th floor of the parking garage.
- Participated in P-Card audit – anticipate positive results.
- Key PCS projects for the second quarter were T-18 pile cap pilot program, airport checkpoint security cameras, miscellaneous work on the rental car facility, RMM oversight and compliance monitoring for the PC air and escalator, EGSE charging stations, noise remedy, and passenger jet bridges.
- Cleanup Agreed Order for the T-91 Tank Farm Clean-Up Project was signed by Ecology and the Port.
- The City Council passed the final ordinance to vacate streets at T-105.
- A preliminary agreement was reached with SDOT regarding the configuration of East Marginal Way traffic improvements required for the Argo Yard Access Road and East Marginal Way Grade Separation Phase II projects.

Project Hard/Soft Costs



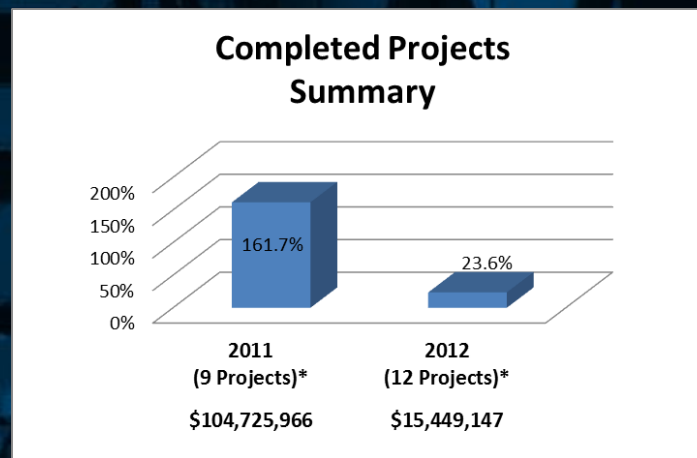
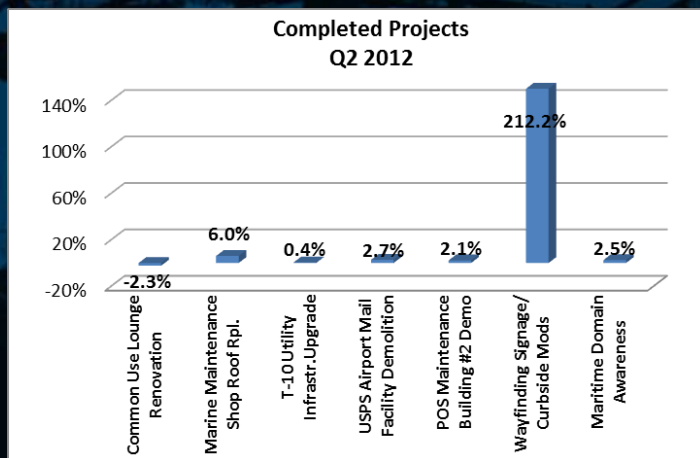
Capital Development Division Key Indicators

Cost Growth During Construction



Capital Development Division Key Indicators continued

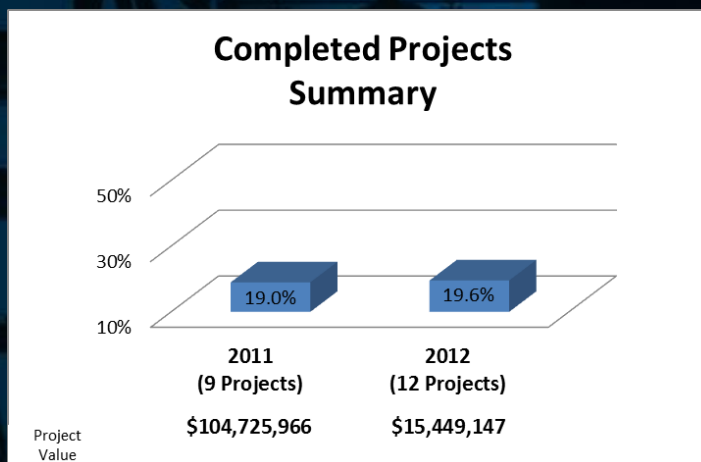
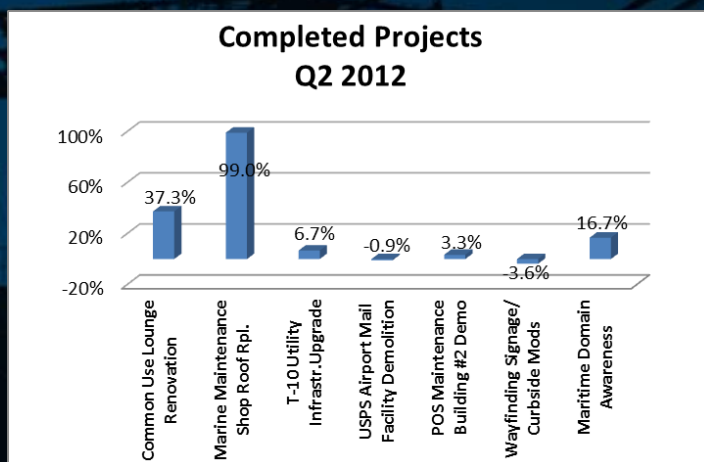
Design Schedule Growth



Original Construction Contract Amount	Project	Initial Commission Authorized Start of Design	Planned Construction Contract Award (Execution)	Actual Construction Contract Award (Execution)	Design Schedule Growth
2nd Quarter 2012					
\$400,000	Common Use Lounge Renovation	1-Mar-11	21-Nov-11	15-Nov-11	-2.3%
\$725,253	Marine Maintenance Shop Roof Rpl.	4-May-10	13-Jul-11	8-Aug-11	6.0%
\$4,390,000	T-10 Utility Infrastr. Upgrade	14-Apr-09	9-May-11	12-May-11	0.4%
\$856,684	USPS Airport Mail Facility Demolition	26-Aug-08	21-Sep-11	21-Oct-11	2.7%
\$475,510	POS Maintenance Building #2 Demo	14-Aug-06	21-Sep-11	31-Oct-11	2.1%
\$738,000	Wayfinding Signage/ Curbside Mods	15-Jun-09	15-Feb-10	20-Jul-11	212.2%
\$913,900	Maritime Domain Awareness	11-Dec-07	15-May-09	28-May-09	2.5%

Capital Development Division Key Indicators continued

Construction Schedule Growth



Original Construction Contract Amount	Project	Actual Construction Contract Award (Execution)	Planned Substantial Completion of Construction	Actual Substantial Completion of Construction	Construction Schedule Growth
2nd Quarter 2012					
\$400,000	Common Use Lounge Renovation	15-Nov-11	13-Apr-12	8-Jun-12	37.3%
\$725,253	Marine Maintenance Shop Roof Rpl.	8-Aug-11	16-Nov-11	23-Feb-12	99.0%
\$4,390,000	T-10 Utility Infrastr. Upgrade	12-May-11	23-Nov-11	6-Dec-11	6.7%
\$856,684	USPS Airport Mail Facility Demolition	21-Oct-11	2-Jun-12	31-May-12	-0.9%
\$475,510	POS Maintenance Building #2 Demo	31-Oct-11	29-Mar-12	3-Apr-12	3.3%
\$738,000	Wayfinding Signage/ Curbside Mods	20-Jul-11	20-Apr-12	10-Apr-12	-3.6%
\$913,900	Maritime Domain Awareness	28-May-09	23-Dec-09	27-Jan-10	16.7%

CPO Procurement Time

Procurement Schedule

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

	<u>2011</u>	<u>2012</u>
● Goods & Services	84 days	138 days
● Major Public Works	75 days	65 days
● Small Works	58 days	58 days
● Service Agreements	*214 days	221days

*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		2012 Bud Var.		Year-End Projections		
	Actual	Actual	Budget	\$	%	Budget	Forecast	Variance
Total Revenues	76	12	-	12	0.0%	-	12	12
<u>Expenses Before Charges To Cap/Govt/Envrs Projects</u>								
Capital Development Administration	171	181	188	7	3.5%	374	374	-
Engineering	5,479	6,119	7,203	1,083	15.0%	14,217	13,700	516
Port Construction Services	2,947	3,216	3,397	181	5.3%	6,791	6,609	182
Central Procurement Office	1,598	2,292	2,223	(68)	-3.1%	4,481	4,866	(385)
Aviation Project Management	2,561	4,456	4,129	(327)	-7.9%	7,731	7,731	-
Seaport Project Management	983	1,073	1,576	503	31.9%	2,987	2,984	4
Total Before Charges to Capital Projects	13,739	17,338	18,717	1,379	7.4%	36,581	36,264	317

CDD Key Variances to Net Budget

Q2 2012 Expenses	Budget	Variance to Budget	YTD Var. F/(UNF)
\$ in 000's	YTD	Better (Worse)	%
Salaries and Benefits	14,670	960	6.5
Outside Services	3,179	555	17.5
Travel and Other	239	131	54.9
Telecommunications	63	16	24.8
Property Rentals	49	6	11.8
General Expenses	25	(196)	(791.3)
All Other	492	(93)	(18.9)
Charges to Capital Projects	(10,713)	(472)	4.4
Total	8,004	907	11.3

Corporate Q2 2012 Performance Report

Commission Briefing

August 7, 2012

Corporate Key Events

- Published Corporate Annual Report and Environmental Annual Report
- Received seven communications awards for centennial book and documentary, centennial community bike ride, annual report, centennial video contest and website redesign
- Launched Social Media pilot strategy project
- Produced “Choose Washington” ad for presence in Commerce Dept. magazine
- Issued a revised RFP for PeopleSoft Financials System Upgrade consultant services
- Completed and filed the annual bond disclosure

Corporate Key Metrics

- Conducted 21 Commission-led stakeholder presentations
- Airport Jobs helped placed people into 722 jobs with airport employers
- 61 Apprenticeship Opportunity Project Placements
- 253 small businesses were approved on the new Procurement Roster Management System (PRMS)
- Responded to 192 public disclosure requests
- Completed 10 internal audits
- Provided orientation to 122 new employees
- 25 employees participated in the Tuition Reimbursement Program
- 97% participation rate in the health assessment
- Negotiated 22 labor contracts

Q2 Corp Expense by Department

\$ in 000's	2011 YTD	2012 YTD		Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Total Revenues	620	165	76	90	118.6%	(454)	-73.3%
Executive	694	718	813	95	11.7%	24	3.4%
Commission	336	425	473	47	10.0%	90	26.8%
Legal	1,529	1,381	1,390	9	0.7%	(148)	-9.7%
Risk Services	1,249	1,225	1,433	208	14.5%	(25)	-2.0%
Health & Safety Services	542	486	549	63	11.5%	(57)	-10.4%
Public Affairs	2,990	2,709	3,046	337	11.1%	(282)	-9.4%
Human Resources & Development	2,271	2,402	2,710	308	11.4%	131	5.8%
Labor Relations	515	492	482	(10)	-2.1%	(24)	-4.6%
Information & Communications Technology	8,951	9,359	9,478	119	1.3%	408	4.6%
Finance & Budget	707	737	780	43	5.5%	30	4.2%
Accounting & Financial Reporting Services	2,789	3,111	3,347	236	7.1%	323	11.6%
Internal Audit	507	564	697	133	19.1%	57	11.1%
Office of Social Responsibility	531	679	753	74	9.9%	148	27.9%
Police	10,535	10,418	11,351	933	8.2%	(117)	-1.1%
Contingency	48	53	300	247	82.2%	5	11.5%
Total Expenses	34,195	34,760	37,602	2,842	7.6%	564	1.7%

- Total Expenses were \$2.8M or 7.6% below budget mainly due to some vacant positions, unfinalized labor contracts, and timing of spending.

Q2 Corp Expense by Category

Operating Expenses (\$ in '000)	2011 YTD	2012 YTD		Budget Variance		Change from 2011	
	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	16,792	17,397	18,026	630	3.5%	604	3.6%
Wages & Benefits	9,355	9,165	10,124	959	9.5%	(191)	-2.0%
Payroll to Capital Projects	1,210	1,057	1,660	603	36.3%	(153)	-12.6%
Equipment Expense	295	571	334	(237)	-70.9%	276	93.4%
Supplies & Stock	262	235	339	104	30.6%	(27)	-10.5%
Outside Services	4,742	4,349	5,053	704	13.9%	(393)	-8.3%
Travel & Other Employee Exps	979	1,075	1,397	322	23.0%	96	9.8%
Insurance Expense	925	1,016	1,062	47	4.4%	90	9.8%
Litigated Injuries & Damages	132	187	-	(187)	n/a	55	n/a
Other	973	1,000	1,605	606	37.7%	26	2.7%
Charge to Capital	(1,210)	(1,057)	(1,660)	(603)	36.3%	153	-12.6%
Total	34,195	34,760	37,602	2,842	7.6%	564	1.7%

- Total Expenses were \$564K higher than Q2 2011 due to higher Payroll Costs, Equipment Expense, Travel & Other Employee Expenses, Insurance Expense, 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	177	151	26	Unbudgeted Police grants
Executive	1,487	1,539	1,539	-	
Commission	738	962	980	18	Miscellaneous savings
Legal	2,975	2,928	2,901	(27)	Unanticipated litigation
Risk Services	2,614	2,809	2,959	150	Vacancies and lower insurance costs
Health & Safety Services	1,053	1,040	1,060	20	
Public Affairs	6,494	5,660	5,815	154	Vacant positions
Human Resources & Development	4,921	5,388	5,484	96	Vacant positions and other savings
Labor Relations	941	1,111	961	(150)	Less charges to capital for PLA
Information & Communications Technology	19,132	20,194	20,194	-	
Finance & Budget	1,435	1,533	1,543	10	Miscellaneous savings
Accounting & Financial Reporting Services	5,776	6,797	6,853	56	Vacant position and other savings
Internal Audit	1,080	1,491	1,496	6	
Office of Social Responsibility	1,349	1,431	1,476	45	Vacant positions
Police	21,154	22,478	22,574	96	Vacancies partially offset by litigation
Contingency	105	500	700	200	
Total Expenses	71,418	75,862	76,535	673	

- Total Revenues are forecasting to be \$26K above budget.
- Total Expenses are forecasting to be \$673K below budget mainly due to some vacant positions.