

ITEM NO: 7b_Supp_1_short

DATE OF MEETING: March 24, 2015



2014 Performance Report

Aviation Division

Commission Briefing

March 24, 2015

Aviation Financial Summary

\$ in 000's	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2013	
				\$	%	\$	%
Operating Revenues:							
Aeronautical Revenues	238,633	228,769	241,443	(12,674)	-5.2%	(9,864)	-4.1%
SLOA III Incentive Straight Line Adj ⁽¹⁾	14,304	(3,576)	(3,576)	(0)	0.0%	(17,880)	-125.0%
Non-Aeronautical Revenues	161,075	180,806	166,453	14,353	8.6%	19,731	12.2%
Total Operating Revenues	414,011	405,999	404,320	1,679	0.4%	(8,012)	-1.9%
Total Airport Expenses	163,807	161,357	163,935	2,578	1.6%	(2,449)	-1.5%
Total Charges from Other Divisions	62,113	69,305	75,048	5,743	7.7%	7,192	11.6%
Total Operating Expense	225,920	230,663	238,983	8,320	3.5%	4,743	2.1%
Net Operating Income	188,092	175,336	165,337	9,999	6.0%	(12,755)	-6.8%

(1) For Accounting purposes, the 2013 reduction in the airline revenue requirement of \$17.9 million was treated as a lease incentive and is being amortized over the five year SLOA III agreement.

Net Operating Income \$10 million above Budget

Key Measures

	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2013	
				\$	%	\$	%
Performance Metrics							
Cost per Enplanement (CPE)	11.88	11.49	12.68	1.19	9.4%	(0.39)	-3.3%
O&M Cost per Enplanement	13.00	12.32	13.42	1.09	8.1%	(0.68)	-5.2%
Non-Aero Revenue per Enplanement	9.27	9.66	9.34	0.32	3.4%	0.39	4.2%
Debt per Enplanement	141	126	142	16	11.5%	(15)	-10.7%
Debt Service Coverage	1.33	1.38	1.30	0.09	6.6%	0.06	4.2%
Days cash on hand (10 months = 304 days)	437	405	309	95	30.8%	(32)	-7.4%
Aeronautical Revenue Sharing (\$ in 000's)	9,901	16,996	6,136	10,859	177.0%	7,094	71.7%
Activity (in 000's)							
Enplanements	17,376	18,717	17,813	903	5.1%	1,340	7.7%

- Cost per Enplanement lowest since 2009
- Non-Aero Revenue per Enplanement at an all time high
- Enplaned passengers increased due to new scheduled flights, primarily by Alaska & Delta

All Key Measures Favorable

2014 Performance Report

Seaport Division

Commission Briefing

March 24, 2015

Seaport 2014 Financial Summary

\$ in 000's	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Bud Variance		Incr (Decr) Change from 2013	
				\$	%	\$	%
Operating Revenue	99,628	96,272	101,553	(5,281)	-5%	(3,356)	-3%
Security Grants	0	0	0	0	NA	0	NA
Total Revenues	99,628	96,272	101,553	(5,281)	-5%	(3,356)	-3%
Seaport Expenses (excl env srvs)	14,257	14,602	17,812	3,210	18%	345	2%
Environmental Services	2,269	2,119	2,581	462	18%	(150)	-7%
Maintenance Expenses	6,317	6,135	6,637	502	8%	(182)	-3%
P69 Facilities Expenses	510	407	414	6	2%	(102)	-20%
Other RE Expenses	289	316	386	70	18%	26	9%
CDD Expenses	3,575	1,827	2,190	363	17%	(1,749)	-49%
Police Expenses	4,169	4,161	4,286	125	3%	(7)	0%
Corporate Expenses	11,722	8,423	8,440	17	0%	(3,299)	-28%
Security Grant Expense	23	0	0	0	NA	(23)	-100%
Envir Remed Liability	1,248	(378)	1,180	1,558	132%	(1,626)	-130%
Total Expenses	44,379	37,613	43,926	6,314	14%	(6,767)	-15%
NOI Before Depreciation	55,249	58,659	57,626	1,033	2%	3,410	6%

- Container Revenue: (\$8,135K) primarily due to the closure of Terminal 5 and elimination of Terminal 18 MHI crane minimum annual guarantee.
- Grain Revenue: \$1,419K due to volume exceeding budget by 64%.

Net Operating Income \$1 million above Budget

2014 Performance Report

Real Estate Division

Commission Briefing

March 24, 2015

Real Estate 2014 Financial Summary

\$ in 000's	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2013	
				\$	%	\$	%
Revenue	22,904	23,356	23,244	113	0%	452	2%
Conf & Event Ctr Revenue	7,958	8,957	8,132	825	10%	999	13%
Total Revenue	30,862	32,313	31,376	937	3%	1,451	5%
Real Estate Exp (excl Conf, Maint, P 69)	10,372	11,114	11,553	439	4%	742	7%
Conf & Event Ctr Expense	6,473	7,374	6,858	(515)	-8%	901	14%
Eastside Rail Corridor	205	1,036	170	(866)	-508%	831	406%
Maintenance Expenses	8,928	8,778	9,311	534	6%	(150)	-2%
P69 Facilities Expenses	172	125	126	2	1%	(47)	-27%
Seaport Expenses	1,282	1,140	1,310	170	13%	(142)	-11%
CDD Expenses	1,364	2,314	2,582	268	10%	950	70%
Police Expenses	1,378	1,353	1,391	38	3%	(26)	-2%
Corporate Expenses	5,087	5,181	5,417	237	4%	94	2%
Envir Remed Liability	2	(3)	600	603	100%	(5)	-239%
Total Expense	35,262	38,410	39,320	910	2%	3,148	9%
NOI Before Depreciation	(4,399)	(6,096)	(7,944)	1,847	23%	(1,697)	-39%

- Real Estate expense variance reflects underspending of Outside Services with most significant components relating to broker fees and tenant improvements.
- Eastside Rail Corridor expense variance reflects a reserve for litigation expenses.
- Envir Remed Liability expense variance reflects no spending on certain Fishermen's Terminal projects that were expected to have an operating environmental remediation component.

Net Operating Income \$1.8 million favorable to Budget



2014 Performance Report

Capital Development Division

Commission Briefing

March 24, 2015

2014 Capital Development Financials Summary

\$ in 000's	2013	2014	2014	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Budget	Variance	Change from 2013	
				\$	%	\$	%
Total Revenues	26	21	-	21	0.0%	(5)	-19.6%
<u>Expenses Before Charges To Cap/Govt/Envrs Projects</u>							
Capital Development Administration	380	394	404	10	2.4%	14	3.8%
Engineering	13,304	13,877	15,878	2,001	12.6%	573	4.3%
Port Construction Services	7,192	8,186	7,556	(630)	-8.3%	994	13.8%
Central Procurement Office	5,020	4,616	5,332	716	13.4%	(404)	-8.0%
Aviation Project Management	7,285	11,622	13,260	1,639	12.4%	4,337	59.5%
Seaport Project Management	2,518	2,998	3,236	238	7.4%	480	19.1%
Total Before Charges to Capital Projects	35,699	41,693	45,666	3,973	8.7%	5,995	16.8%

- Total Expenses before Charges to Capital Projects were \$4.0M below budget mainly due to savings in Payroll, Outside Services, and Travel & Other Employee expenses.

2014 Performance Report

Corporate

Commission Briefing

March 24, 2015

2014 Budget Variances by Department

	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Budget Variance		Explanations
				\$	%	
\$ in 000's						
Total Revenues	479	398	155	243	156.9%	Unbudgeted revenues from Police grants & PA
Executive	1,728	1,710	1,818	108	5.9%	Savings in travel & misc.
Commission	1,013	1,353	1,645	292	17.8%	Payroll, travel & misc. savings
Legal	3,545	3,731	3,264	(467)	-14.3%	Unanticipated outside legal expenses
Risk Services	2,901	3,051	3,173	122	3.8%	Savings in outside svcs and insurance
Health & Safety Services	1,078	1,067	1,190	123	10.4%	Outside svcs, supplies, travel and payroll savings
Public Affairs	5,890	5,554	6,069	515	8.5%	Saving in payroll, outside svcs, travel & promo
Human Resources & Development	5,259	5,356	5,655	300	5.3%	Payroll, travel, outside svcs savings
Labor Relations	1,151	1,222	1,319	97	7.4%	Payroll, travel, outside svcs & promo savings
Information & Communications Technology	20,323	20,458	20,850	392	1.9%	Outside svcs, telecommunications & payroll savings
Finance & Budget	1,543	1,803	1,856	54	2.9%	Savings in outside svcs & travel
Accounting & Financial Reporting Services	5,724	6,039	7,081	1,041	14.7%	Savings in outside svcs, travel, payroll & misc.
Internal Audit	1,201	1,372	1,422	49	3.5%	Savings in payroll and travel
Office of Social Responsibility	1,644	2,115	2,187	72	3.3%	Payroll, travel & misc. savings
Police	22,458	22,231	22,658	427	1.9%	Outside svcs, payroll & equipment savings
Contingency	266	410	450	40	9.0%	Miscellaneous savings
Total Expenses	75,725	77,471	80,637	3,166	3.9%	

Corporate Expenses \$3.2M favorable to Budget

2014 Performance Report

Portwide

Commission Briefing

March 24, 2015

2014 Operating Income Summary

\$ in 000's	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2013	
				\$	%	\$	%
Aeronautical Revenues	238,633	228,769	241,443	(12,674)	-5.2%	(9,864)	-4.1%
SLOA III Incentive	14,304	(3,576)	(3,576)	()	0.0%	(17,880)	-125.0%
Other Operating Revenues	292,041	309,780	299,536	10,244	3.4%	17,739	6.1%
Total Operating Revenues	544,978	534,973	537,403	(2,430)	-0.5%	(10,005)	-1.8%
Total Operating Expenses	306,989	308,015	323,391	15,377	4.8%	1,026	0.3%
NOI before Depreciation	237,989	226,958	214,012	12,946	6.0%	(11,030)	-4.6%
Depreciation	171,374	166,337	164,386	(1,952)	-1.2%	(5,037)	-2.9%
NOI after Depreciation	66,614	60,621	49,627	10,994	22.2%	(5,993)	-9.0%

- Excluding Aeronautical revenues, other operating revenues were \$309.8M, \$10.2M higher than budget and \$17.7M higher than 2013 actual.
- Total Operating Expenses were \$308.0M, \$15.4M below budget.

Net Operating Income before Depreciation \$13 million above Budget

Net Operating Income by Division

\$ in 000's	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2013	
				\$	%	\$	%
Aviation	188,092	175,336	165,337	9,999	6.0%	(12,755)	-6.8%
Seaport	55,249	58,659	57,626	1,033	1.8%	3,410	6.2%
Real Estate	(4,399)	(6,096)	(7,944)	1,847	23.3%	(1,697)	-38.6%
Corp & CDD ⁽¹⁾	(952)	(941)	(1,007)	67	6.6%	12	1.2%
TOTAL	237,989	226,958	214,012	12,946	6.0%	(11,030)	-4.6%

(1) Corp & CDD are not operating divisions so “NOI” is the net of the operating revenues and non-allocable costs, such as Tourism expenses.

All operating divisions had favorable NOI's to Budget

Capital Spending by Division

\$ in 000's	2013	2014	2014	Budget Variance	
	Actual	Actual	Budget	\$	%
Aviation	108,841	155,970	237,320	81,350	34.3%
Seaport	5,673	10,489	27,858	17,369	62.3%
Real Estate	6,060	10,922	18,101	7,179	39.7%
Corporate & CDD	9,657	6,538	15,955	9,417	59.0%
TOTAL	130,231	183,919	299,234	115,315	38.5%

- Capital spending for each division came in below budget in 2014.
- Total capital spending was \$183.9M for 2014, \$115.3M or 38.5% lower than budget.

Spent 61.5% of 2014 Budget Due to Savings and Delays



Comprehensive Financial Summary

(\$ in 000's)	2013 Actual	2014 Actual	2014 Budget	Fav (UnFav) Budget Variance		Explanation
				\$	%	
Revenues						
1. Operating Revenues	544,978	534,973	537,403	(2,430)	-0.5%	See details in the previous slides
2. Tax Levy	72,738	72,801	73,000	(199)	-0.3%	
3. PFCs	64,661	69,803	67,879	1,924	2.8%	Higher enplanement than budgeted
4. CFCs	20,389	19,889	20,568	(679)	-3.3%	
5. Fuel Hydrant	7,417	7,130	6,953	176	2.5%	
6. Non-Capital Grants & Donations	3,771	9,899	6,688	3,210	48.0%	More state grants than budgeted
7. Capital Contributions	21,381	16,746	10,393	6,353	61.1%	More FAA grants than budgeted.
8. Interest Income	(1,107)	11,202	7,615	3,588	47.1%	Due to unrealized gain on investments
Total Revenues	734,227	742,443	730,500	11,943	1.6%	
Expenses						
1. O&M Expense	306,989	308,015	323,391	15,377	4.8%	See details in the previous slides
2. Depreciation	171,374	166,337	164,386	(1,952)	-1.2%	
3. Revenue Bond Interest Expense	115,340	108,910	128,987	20,078	15.6%	No new bond & previous refunding savings
4. GO Bond Interest Expense	11,479	9,475	9,806	330	3.4%	
5. PFC Bond Interest Expense	6,212	5,906	5,953	47	0.8%	
6. Public Expense	6,226	6,854	7,121	267	3.7%	
7. Non-Op Environmental Expense	4,765	9,142	9,300	158	1.7%	
8. Other Non-Op Expense	411	(3,653)	3,738	7,392	197.7%	Due to award for W.R. bankruptcy claim
Total Expenses	622,796	610,986	652,682	41,696	6.4%	
Increase In Net Position	111,431	131,457	77,817	53,639	68.9%	

- 2014 Total Revenues were \$742.4M, \$11.9M higher than the budget and \$8.2M higher than 2013 actual.
- 2014 Total Expenses were \$611.0M, \$41.7M lower than the budget and \$11.8M lower than 2013 actual.
- Net Position increased by \$131.4M, \$53.6M above the budget and \$20.0M higher than 2013 actual.