

Q2 2015 Performance Report

Portwide

September 8, 2015

Q2 Portwide Income Summary

\$ in 000's	2014 YTD Actual	2015 Year-to-Date				Yea-End Projection			
		Actual	Budget	Fav (UnFav) Budget Variance		Forecast	Budget	Fav (UnFav) Budget Variance	
				\$	%			\$	%
Aeronautical Revenues	115,304	117,973	116,995	979	0.8%	235,941	242,352	(6,411)	-2.6%
SLOA III Incentive	(1,788)	(1,788)	(1,788)	()	0.0%	(3,576)	(3,576)	0	0.0%
Other Operating Revenues	146,128	152,245	151,547	698	0.5%	322,502	312,989	9,513	3.0%
Total Operating Revenues	259,644	268,430	266,754	1,677	0.6%	554,868	551,766	3,102	0.6%
Total Operating Expenses	142,532	146,110	163,706	17,596	10.7%	329,214	332,914	3,700	1.1%
NOI before Depreciation	117,111	122,320	103,047	19,273	18.7%	225,654	218,852	6,802	3.1%
Depreciation	84,005	81,861	80,984	(878)	-1.1%	163,838	162,082	(1,756)	-1.1%
NOI after Depreciation	33,107	40,459	22,064	18,395	83.4%	61,816	56,770	5,046	8.9%

- Total Operating Revenues were \$268.4M, \$1.7M higher than budget.
- Total Operating Expenses were \$146.1M, \$17.6M or 10.7% below budget.
- NOI before Depreciation were \$122.3M, \$19.3M or 18.7% higher than budget.

Strong financial performance results in the first half of 2015.

Q2 Major Revenue Variances

\$ in 000's	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2014	
		Actual	Budget	\$	%	\$	%
Aero Revenues	115,304	117,973	116,995	979	0.8%	2,669	2.3%
SLOA III Incentive	(1,788)	(1,788)	(1,788)	()	0.0%		0.0%
Public Parking	28,244	30,766	29,781	986	3.3%	2,523	8.9%
Rental Cars	13,190	13,756	15,235	(1,479)	-9.7%	566	4.3%
RAC CFC Operating Rev	3,921	3,576	6,582	(3,007)	-45.7%	(345)	-8.8%
Airport Dining and Retail	21,682	24,061	23,460	601	2.6%	2,379	11.0%
Employee Parking	3,177	3,860	3,525	335	9.5%	683	21.5%
Ground Transportation	4,139	3,974	3,981	(6)	-0.2%	(165)	-4.0%
Airport Commercial Properties	2,905	3,540	3,869	(329)	-8.5%	636	21.9%
Utilities - Aviation	3,393	3,382	4,008	(626)	-15.6%	(11)	-0.3%
Container	31,192	27,393	24,880	2,513	10.1%	(3,799)	-12.2%
Seaport Industrial Properties	8,391	8,347	8,692	(345)	-4.0%	(44)	-0.5%
Cruise	4,856	5,362	5,497	(135)	-2.5%	507	10.4%
Grain	1,958	2,446	2,663	(216)	-8.1%	488	24.9%
Dock	2,221	2,350	2,291	59	2.6%	129	5.8%
Fishermen Terminal	2,665	2,801	2,718	83	3.0%	135	5.1%
Marinas	4,819	5,007	5,017	(10)	-0.2%	188	3.9%
Central Harbor Management	3,149	3,367	3,023	343	11.4%	218	6.9%
Conference & Event Centers	4,047	4,453	4,159	294	7.1%	406	10.0%
Stormwater Utility	-	1,391	-	1,391	0.0%	1,391	0.0%
Other	2,179	2,411	2,165	246	11.4%	232	10.7%
Total Operating Rev (w/o Aero)	146,128	152,245	151,547	698	0.5%	6,117	4.2%
TOTAL	259,644	268,430	266,754	1,677	0.6%	8,787	3.4%

Operating revenues were favorable to the budget and \$8.8M higher than Q2 2014.

Q2 Major Expense Variances

\$ in 000's	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2014	
		Actual	Budget	\$	%	\$	%
Salaries & Benefits	48,649	48,897	54,537	5,640	10.3%	248	0.5%
Wages & Benefits	45,329	46,868	48,678	1,810	3.7%	1,539	3.4%
Payroll to Capital Projects	10,673	11,713	13,297	1,584	11.9%	1,040	9.7%
Equipment Expense	2,420	2,594	3,450	856	24.8%	174	7.2%
Supplies & Stock	3,451	3,350	3,638	287	7.9%	(101)	-2.9%
Outside Services	22,656	23,864	31,051	7,187	23.1%	1,208	5.3%
Utilities	12,319	9,988	13,491	3,503	26.0%	(2,331)	-18.9%
Travel & Other Employee Exps	1,806	2,001	3,178	1,176	37.0%	195	10.8%
Promotional Expenses	759	453	755	301	39.9%	(306)	-40.3%
Other Expenses	11,146	13,948	12,479	(1,470)	-11.8%	2,802	25.1%
Charges to Capital Projects	(16,677)	(17,567)	(20,847)	(3,280)	15.7%	(890)	5.3%
TOTAL	142,532	146,110	163,706	17,596	10.7%	3,578	2.5%

Operating expenses were \$17.6M favorable to the budget in Q2.

Capital Spending by Division

\$ in 000's	2015 YTD	2015	2015	Budget Variance	
	Actual	Forecast	Budget	\$	%
Aviation	59,964	173,913	225,435	51,522	22.9%
Seaport	7,585	20,036	20,068	32	0.2%
Real Estate	2,133	9,920	12,194	2,274	18.6%
Corporate & CDD	3,661	10,902	13,133	2,231	17.0%
TOTAL	73,343	214,771	270,830	56,059	20.7%

- We are anticipating the total capital spending to be \$214.8M for 2015, \$56.1M or 20.7% lower than budget.

The Port continues to make huge capital investments for the region.



Q2 2015 Financial Performance

Aviation

September 8, 2015



Business Overview

- International Arrivals Facility – Commission launched 90 day review of scope, cost, funding
- Sustainable Airport Master Plan – working on airfield modeling
- Airport Dining and Retail – finalized leasing/redevelopment plan and schedule; prepared second lease package (For Q3 authorization)
- New international service:
 - Hainan initiated flight to Shanghai
 - Emirates added second flight to Dubai
- Enplanement growth (11% forecast) drives operational challenges and non-aero revenues
 - Purchased 3 high capacity over-ramp buses for remote aircraft arrivals and departures
 - Non-aero revenue up 7.4% over 2014
- New TSA security requirements resulted in staffing increase for Airfield Security (11 FTE) and Credential Center (3 FTE)

Steady progress – enplanement growth increasing.

Airport Activity

	YTD 2014	YTD 2015	% Change
Enplaned Passengers (000's)			
Domestic	7,709	8,714	13.0%
International	880	1,018	15.6%
Total	8,589	9,731	13.3%
Operations	158,790	177,649	11.9%
Landed Weight (million lbs.)			
Cargo	771	799	3.7%
All other	9,672	10,769	11.3%
Total	10,443	11,568	10.8%
Cargo - metric tons			
Domestic freight	80,580	79,418	-1.4%
International freight	50,718	59,804	17.9%
Mail	24,910	26,021	4.5%
Total	156,208	165,243	5.8%

Increase in enplanements driven by Delta and Alaska.

Aviation Financial Summary

\$ in 000's	2014 Actual	2015 Forecast	2015 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2014	
				\$	%	\$	%
Operating Revenues:							
Aeronautical Revenues	228,864	235,941	242,352	(6,411)	-2.6%	7,077	3.1%
SLOA III Incentive Straight Line Adj	(3,576)	(3,576)	(3,576)	-	0.0%	0	0.0%
Non-Aeronautical Revenues	180,791	194,144	188,465	5,678	3.0%	13,353	7.4%
Total Operating Revenues	406,079	426,509	427,242	(733)	-0.2%	20,430	5.0%
Total Operating Expense	230,704	243,007	248,141	5,134	2.1%	12,303	5.3%
Net Operating Income	175,375	183,502	179,101	4,401	2.5%	8,127	4.6%

Forecasted 2015 NOI \$8.1M higher than 2014.

Aviation Expense Summary

\$ in 000's	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Operating Expenses:									
Payroll	46,032	47,383	50,984	3,601	7.1%	101,507	104,181	2,674	2.6%
Outside Services	12,781	13,582	15,584	2,002	12.8%	33,321	32,534	(788)	-2.4%
Utilities	7,254	6,822	7,898	1,076	13.6%	13,762	14,796	1,034	7.5%
Other Airport Expenses	6,236	7,412	7,238	(174)	-2.4%	17,134	15,698	(1,436)	-8.4%
Baseline Airport Expenses	72,302	75,199	81,704	6,505	8.0%	165,724	167,208	1,484	0.9%
Airline Realignment	452	31	2	(28)	-1187.4%	31	5	(26)	-84.5%
Environmental Remediation Liability	(77)	2,844	842	(2,002)	-237.8%	4,669	2,642	(2,027)	-43.4%
Capital to Expense	-	61	-	(61)	n/a	61	-	(61)	-100.0%
Total Exceptions to Baseline	375	2,936	844	(2,092)	-247.7%	4,761	2,647	(2,114)	-44.4%
Total Airport Expenses	72,677	78,135	82,548	4,413	5.3%	170,485	169,855	(630)	-0.4%
Corporate	19,191	19,247	21,586	2,339	10.8%	42,958	43,981	1,023	2.4%
Police Costs	8,170	8,305	8,547	242	2.8%	17,344	17,413	69	0.4%
Capital Development/Other Expenses	6,159	4,984	8,611	3,628	42.1%	12,221	16,892	4,671	38.2%
Total Charges from Other Divisions	33,520	32,535	38,744	6,209	16.0%	72,522	78,286	5,764	7.9%
Total Operating Expense	106,198	110,671	121,293	10,622	8.8%	243,007	248,141	5,134	2.1%

Forecasted 2015 total expenses favorable by \$5.1M.

Key Measures

	2014 Actual	2015 Forecast	2015 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2014	
				\$	%	\$	%
Performance Metrics							
Cost per Enplanement (CPE)	11.48	10.62	11.78	1.16	9.8%	(0.86)	-7.5%
O&M Cost per Enplanement	12.33	11.70	12.82	1.12	8.8%	(0.63)	-5.1%
Non-Aero Revenue per Enplanement	9.66	9.34	9.74	(0.39)	-4.0%	(0.31)	-3.3%
Debt per Enplanement	126	119	129	10	8.1%	(7)	-5.5%
Debt Service Coverage	1.38	1.44	1.40	0.04	2.8%	0.06	4.1%
Days cash on hand (10 months = 304 days)	405	393	305	89	29.1%	(12)	-2.9%
Aeronautical Revenue Sharing (\$ in 000's)	17,031	24,342	19,488	(4,854)	-24.9%	7,311	42.9%
Activity (in 000's)							
Enplanements	18,717	20,776	19,354	1,421	7.3%	2,059	11.0%

- 2015 enplaned passenger forecast now 11% above 2014. This reflects new scheduled flights, primarily by Delta and Alaska
- Reduction in CPE reflects lower airline costs due to higher revenue sharing (driven by increased non-airline revenues), and increased enplaned passengers
- Improved debt service coverage compared to budget reflects increased cash flow from growth in enplanements

Enplanement growth drives improved performance.

Non-Aeronautical Business

\$ in 000's	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Non-Aero Revenues									
Rental Cars - Operations	13,190	13,756	15,235	(1,479)	-9.7%	33,629	32,772	857	6.5%
Rental Cars - Operating CFC	3,921	3,576	6,582	(3,007)	-45.7%	12,271	12,172	99	2.5%
Public Parking	28,244	30,766	29,781	986	3.3%	62,120	58,925	3,195	5.4%
Ground Transportation	4,139	3,974	3,981	(6)	-0.2%	8,309	8,244	65	0.8%
Airport Dining & Retail	21,682	24,061	23,460	601	2.6%	51,688	49,883	1,805	3.6%
Other	10,458	12,267	12,498	(231)	-1.9%	26,128	26,469	(341)	-1.3%
Total Non-Aero Revenues	81,635	88,401	91,538	(3,137)	-3.4%	194,144	188,465	5,678	3.0%
Total Non-Aero Expenses	37,073	39,228	44,728	5,499	12.3%	87,778	91,479	3,701	4.2%
Net Operating Income	44,562	49,172	46,810	2,362	5.0%	106,366	96,986	9,380	9.7%
Less: CFC Surplus	(2,311)	(757)	(3,511)	(2,754)	-78.4%	(5,067)	(4,760)	308	6.5%
Adjusted Non-Aero NOI	42,251	48,415	43,299	5,116	11.8%	101,299	92,227	9,072	9.8%
Debt Service						(43,493)	(43,847)	(353)	-0.8%
Net Cash Flow						57,805	48,380	9,425	19.5%

Revenue growth driven by increased enplanements.

Rental Car Performance

(in \$000's)	2014 YTD	2015 YTD	2015 YTD	2014	2015	2015
Rental Car - Concession Revenue	Actual	Actual	Budget	Actual	Forecast	Budget
RCF Concession Revenue to Port	11,441	11,985	13,462	28,955	30,052	29,195
Gross Sales by Operators	111,937	118,922	120,531	281,193	302,027	299,127
Total Transactions	583,934	614,541	644,138	1,288,837	1,378,047	1,364,819
Average Ticket	\$ 191.69	\$ 193.51	\$ 187.12	\$ 218.18	\$ 219.17	\$ 219.17
Average Length of Stay	4.06	4.17	4.37	4.33	4.34	4.37
Transactions/O&D Enplanements	9.22%	8.57%	9.88%	9.34%	9.00%	9.79%
CFC Revenue Summary						
Total Transaction Days	2,371,382	2,561,631	2,814,882	5,582,820	5,980,724	5,964,257
CFC Rate per Transaction Day	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
Total CFC Revenue Earned	14,228	15,370	16,889	33,497	35,884	35,786
Reserve for debt service and CP interest:	(10,308)	(10,294)	(10,307)	(19,889)	(20,614)	(20,614)
Reserve for CP principal payment:	-	(1,500)	-	-	(3,000)	(3,000)
Debt Service Reserve Requirement	(10,308)	(11,794)	(10,307)	(19,889)	(23,614)	(23,614)
Residual - CFC Operating Revenue:	3,921	3,576	6,582	13,608	12,271	12,172
(in \$000's)	2014 YTD	2015 YTD	2015 YTD	2014	2015	2015
Rental Car - Revenue Summary	Actual	Actual	Budget	Actual	Forecast	Budget
RCF Concession Revenue to Port	11,441	11,985	13,462	28,955	30,052	29,195
Residual - CFC Operating Revenue:	3,921	3,576	6,582	13,608	12,271	12,172
Land Rent/Space Rent/Other	1,749	1,771	1,773	3,541	3,577	3,577
Total Rental Cars Operating Revenue	17,111	17,332	21,818	46,104	45,899	44,944

**Growth in Concession revenue despite decline in % per enplanement.
Increased CFC revenue, reduced by planned Commercial Paper pay down.**

Aeronautical Business

\$ in 000's	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projection		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Revenues:									
Movement Area	36,898	36,678	36,774	(97)	-0.3%	79,567	78,635	932	1.2%
Apron Area	4,495	6,159	5,317	842	15.8%	10,571	11,233	(663)	-5.9%
Terminal Rents	70,110	76,384	75,647	737	1.0%	151,013	153,167	(2,154)	-1.4%
Federal Inspection Services (FIS)	2,549	5,820	4,778	1,042	21.8%	10,177	10,360	(183)	-1.8%
Total Rate Base Revenues	114,051	125,041	122,516	2,524	2.1%	251,327	253,395	(2,068)	-0.8%
Commercial Area	4,192	4,811	4,223	589	13.9%	8,955	8,445	510	6.0%
Subtotal before Revenue Sharing	118,244	129,852	126,739	3,113	2.5%	260,283	261,840	(1,558)	-0.6%
Revenue Sharing	(2,939)	(11,878)	(9,744)	(2,134)	-21.9%	(24,342)	(19,488)	(4,854)	-24.9%
Total Aeronautical Revenues	115,304	117,973	116,995	979	0.8%	235,941	242,352	(6,411)	-2.6%
Total Aeronautical Expenses	69,125	71,442	76,565	5,123	6.7%	155,229	156,662	1,433	0.9%
Net Operating Income	46,179	46,531	40,430	6,101	15.1%	80,712	85,690	(4,979)	-5.8%
Debt Service						(83,802)	(84,496)	(694)	-0.8%
Net Cash Flow						(3,091)	1,194	(4,285)	-358.8%

Forecasted expense savings and higher revenue sharing

2015 Capital Budget

\$ in 000's Description	2015	2015	2015	Budget Variance	
	YTD Actual	Forecast	Budget	\$	%
RW16C-34C Design and Reconst ⁽¹⁾	7,513	38,513	52,850	14,337	27.1%
2014-2015 Roof Replacement ⁽²⁾	79	229	3,875	3,646	94.1%
NS NSAT Renov NSTS Lobbies ⁽³⁾	4,840	15,411	18,076	2,665	14.7%
CCTV Camera/Data Improvements ⁽⁴⁾	53	653	3,065	2,412	78.7%
C4 UPS System Improvements ⁽⁵⁾	18	668	3,025	2,357	77.9%
Checked Bag Recap/Optimization	3,384	8,384	8,800	416	4.7%
International Arrivals Fac-IAF	2,773	11,983	12,088	105	0.9%
NS Refurbish Baggage Systems	9,551	12,899	12,966	67	0.5%
All Other	31,753	85,173	110,689	25,516	23.1%
Total Spending	59,964	173,913	225,435	51,522	23%

- (1) Lowest bid was 25% below the engineer's estimate. Recognized \$11.7M in actual savings
- (2) Reduction in scope and delay due to SAMP evaluation
- (3) Spending slow down due to design decision gyrations, delays in HP billings, and invoice lags
- (4) Delay in design procurement (6 months) will push out construction work and billing
- (5) Changes in procurement strategy impacted timeliness of obtaining Commission authorization and getting contract executed

Forecasted 2015 spending is 23% below budget.

Q2 2015 Financial Performance

Seaport

September 8, 2015

Business Overview

- Full Year Net Operating Income forecasted to exceed budget by \$2.8 million
- **Business Volume**
 - TEU volume was 760K, up 7% from YTD Q2 2014.
 - Grain volume was at 2,019K metric tons, up 4% from YTD Q2 2014 but (5%) below 2015 budget.
 - Cruise passengers totaled 340K which was about 8% above YTD Q2 2014 and approximately equal to budget.
- Commissioners from the ports of Seattle and Tacoma voted to submit a final agreement to form the Northwest Seaport Alliance to the Federal Maritime Commission for approval.
- Considerable work underway to form the Seaport Alliance.
- **Environmental**
 - Over 120 drayage trucks have been replaced with model-year 2007 or newer engines under the Seaport Truck Scrappage and Replacements for Air in Puget Sound (ScRAPS 2) program (largely grant funded).
 - \$1,066 thousand in clean-up project costs were recovered from grants and insurance in through Q2.

Q2 Financial Summary

\$ in 000's	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Year End Projections		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Operating Revenue	48,617	45,899	44,022	1,876	4%	95,135	91,635	3,500	4%
Security Grants	0	0	0	0	NA	0	0	0	NA
Total Revenues	48,617	45,899	44,022	1,876	4%	95,135	91,635	3,500	4%
Seaport Expenses (excl env srvs)	6,535	6,321	8,900	2,579	29%	19,022	18,165	(857)	-5%
Environmental Services	820	1,041	1,067	26	2%	2,452	2,452	0	0%
Maintenance Expenses	2,959	3,544	3,532	(13)	0%	7,067	7,067	0	0%
P69 Facilities Expenses	204	184	228	43	19%	446	446	0	0%
Other RE Expenses	151	184	220	36	17%	433	433	0	0%
CDD Expenses	1,058	673	924	251	27%	1,740	1,847	108	6%
Police Expenses	2,059	1,910	1,959	49	2%	3,990	3,990	0	0%
Corporate Expenses	3,768	4,283	4,705	422	9%	8,653	8,953	300	3%
Security Grant Expense	0	0	0	0	NA	0	0	0	NA
Envir Remed Liability	(130)	258	125	(133)	-107%	500	250	(250)	-100%
Total Expenses	17,424	18,398	21,659	3,262	15%	44,303	43,603	(700)	-2%
Net Operating Income	31,193	27,501	22,363	5,138	23%	50,831	48,031	2,800	6%

- Foss Maritime lease generated \$2,859K in unbudgeted revenue.
- Surface Water Utility Revenue unfavorable (\$1,225K). Surface Water fees are now paid directly by tenants to Stormwater Utility.
- Seaport Expenses favorable \$2,579K due to Outside Services related to Terminal 91 Maintenance Dredging , Surface Water Expense related to tenants occupied sites which will be expensed by the new Stormwater Utility, and due to open positions.

Full year Net Operating Income forecasted at \$2.8 million favorable to Budget.

Q2 Capital

\$ in 000's	2015 YTD	2015	2015	Budget Variance	
	Actual	Forecast	Budget	\$	%
Seaport	7,585	20,036	20,068	32	0%

Significant Variances:

- T5 Berth Modernization – (\$2,806K) due to continuation of design
- T46 Development – (\$1,274K)due to accelerated design schedule for Crane Rail & Berth Extension project.
- Contingency - \$3,500K adjusted to offset higher spending on above projects.

Forecasted to spend 100% of Capital Budget.

Q2 2015 Financial Performance

Real Estate

September 8, 2015

Business Overview

- Full Year Net Operating Income forecasted to exceed budget.
- Occupancy Rates/Activity
 - Commercial property at 91% occupancy, below target of 94% and Seattle market average of 92%.
 - Marinas: Fishermen's Terminal and Maritime Industrial Center at 86% average occupancy, above target of 80%. Recreational marinas at 96% average occupancy above target occupancy of 95%.
 - Conference and Event Center revenue exceeded budget by 7% and 2014 actual results by 10%.
- Real Estate Development & Planning
 - Construction is underway on the first phase of the Des Moines Creek Business Park project after closing on the first phase ground lease occurred in April.
 - Federal General Services Administration selected the Des Moines Creek Business Park site for the Federal Aviation Administration's new regional offices.
- Eastside Rail Corridor
 - Sale of 2.6 miles of the rail corridor in King County to the City of Woodinville is expected to close some time in late 2015. Discussions are ongoing with Eastside Community Rail LLC, who holds the freight easement on the rail corridor, regarding the sale of the remaining approximately 12 mile section to Snohomish County.

Q2 Financial Summary

\$ in 000's	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Year End Projections		Fav (UnFav) Budget Variance	
		Actual	Budget	\$	%	Forecast	Budget	\$	%
Facility/Property Revenue	11,637	12,003	11,658	345	3%	23,971	23,970	1	0%
Conf & Event Ctr Revenue	4,047	4,453	4,159	294	7%	8,913	8,580	333	4%
Total Revenue	15,684	16,456	15,817	639	4%	32,884	32,550	334	1%
Real Estate Exp (excl Conf, Maint, P 69)	5,296	5,011	6,255	1,244	20%	11,487	11,967	480	4%
Conf & Event Ctr Expense	3,312	3,823	3,654	(169)	-5%	7,679	7,504	(175)	-2%
Eastside Rail Corridor	1,048	13	120	107	89%	210	210	0	0%
Maintenance Expenses	4,057	3,950	5,018	1,068	21%	9,576	9,976	400	4%
P69 Facilities Expenses	63	55	68	13	19%	133	133	0	0%
Seaport Expenses	479	576	623	47	8%	1,377	1,377	0	0%
CDD Expenses	862	776	889	112	13%	1,699	1,777	78	4%
Police Expenses	669	620	634	13	2%	1,291	1,291	0	0%
Corporate Expenses	2,468	2,278	2,399	121	5%	4,838	4,921	83	2%
Envir Remed Liability	0	0	125	125	100%	250	250	0	0%
Total Expense	18,255	17,102	19,785	2,683	14%	38,541	39,407	866	2%
Net Operating Income	(2,571)	(646)	(3,968)	3,322	84%	(5,658)	(6,858)	1,200	17%

- Facility/Property Revenue favorable due to Bell Street Garage, lump sum early termination payment for Fishermen's Terminal tenant, and retroactive lease payment for Terminal 34.
- Conference and Event Center activity favorable to budget resulting in a favorable revenue variance and a partially offsetting unfavorable expense variance.
- Real Estate expense variance reflects open positions and under spending on tenant improvements. More tenant improvements have qualified for capitalization than assumed in 2015 Budget. Maintenance Expenses reflect slower start on projects including delay on permit for demolishing W50 Building at T91.

Full year Net Operating Income forecasted at \$1.2 million favorable to Budget.

Q2 Capital

\$ in 000's	2015 YTD	2015	2015	Budget Variance	
	Actual	Forecast	Budget	\$	%
Real Estate	2,133	9,920	12,194	2,274	19%

Significant Variances:

- Pier 69 Roof Beam Rehabilitation – Project is moving slower than expected due to delayed design and contractor schedule conflict. Expect to complete Q3 2016.
- Tenant Improvements Capital – More tenant improvements qualify for capitalization than expected in 2015 Budget. There is a related favorable operating expense variance.
- Other projects delayed or on hold including C15 Building Tunnel Improvement \$700K, Maintenance North Office Improvements \$500K, Bell Harbor International Conference Center Fall Protection for Roof \$420K.

Forecasted to spend 81% of Capital Budget.

Q2 2015 Performance Report

Capital Development

September 8, 2015

Business Overview

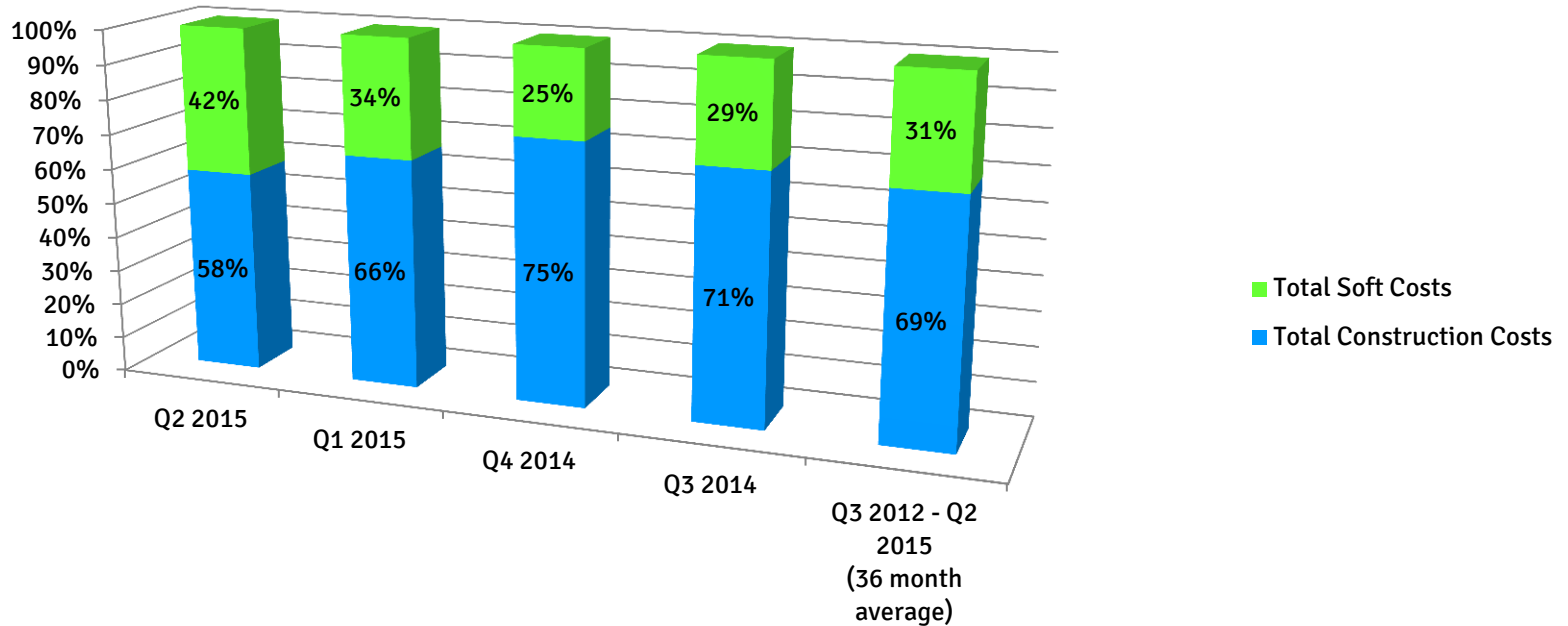
- Completion and opening of three new Concourse C vertical circulation passenger ramps and two of four new elevators.
- Selection of winning International Arrivals Facility design-build team (Clark/SOM).
- Completed 60% design submittal for Terminal 5 Berth Modernization project.
- Runway 16C closure implemented with construction underway to October completion date. Engineering and PMG resources collocated at West side Office facility.
- PCS worked on 272 projects, processed 145 work authorizations/ service directives and utilized 28 small works/ professional contracts.
- Argo Yard Truck Roadway & East Marginal Way – Project celebration with project partners occurred on June 18.

Major projects are moving ahead.

Q2 Key Metrics

Project Hard/Soft Costs

CDD Construction Soft Costs %



Design activity is tipping the soft cost share.

Q2 Key Metrics continued

Procurement Timeliness

	# Contracts Executed	Avg # Days to Execution	KPM Standard Days	% On-Time
<u>Construction: RTB - Execution</u>				
Major Construction	6	62	70	83%
Small Works	14	40	45	86%
<u>Purchasing: Final Specs - Execution</u>				
ITB (Invitation to Bid)	9	60	66	67%
RFP (Request for Procurement)	2	141	149	50%
<u>Service Agreements: Final Scope - Execution</u>				
IDIQ	9	192	141	33%
Proj Spec	7	156	190	43%
CAT I	15	16	30	73%
CAT II	3	50	46	33%

Key Performance Measures assigned to each category.

Q2 Financial Summary

\$ in 000's	Notes	2014 YTD Actual	Fav (UnFav)				Fav (UnFav) Budget Variance			
			2015 Year-to- Date		Budget Variance		Year-End Projections		Budget Variance	
			Actual	Budget	\$	%	Forecast	Budget	\$	%
<u>Expenses Before Charges To Cap/Govt/Envrs Projects</u>										
Capital Development Administration		189	196	206	9	4.6%	416	419	3	0.6%
Engineering		7,096	6,840	8,509	1,668	19.6%	16,254	17,524	1,270	7.2%
Port Construction Services		4,191	3,032	4,086	1,054	25.8%	7,337	8,165	828	10.1%
Central Procurement Office		2,197	2,224	2,972	748	25.2%	5,574	5,604	30	0.5%
Aviation Project Management		5,334	5,834	8,134	2,300	28.3%	13,397	16,350	2,952	18.1%
Seaport Project Management		1,380	884	1,271	387	30.5%	2,418	2,550	133	5.2%
Total Before Charges to Capital Projects		20,387	19,009	25,177	6,168	24.5%	45,397	50,612	5,215	10.3%

89% personnel fill.

Q2 2015 Performance Report

Corporate

September 8, 2015

Business Overview

- Participated as a presenting sponsor of Seattle Maritime Festival.
- Celebrated 30 years of tourism promotion in the UK.
- Received the Driver Training Award for the Pier 69 Fleet Users from the Public Risk and Insurance Management Association (PRIMA).
- Obtained Commission authorization of the issuance and sale of intermediate lien revenue and refunding bonds (not exceed \$675M).
- Upgraded the banking interfaces used by several revenue generating systems.
- Met with the Sound Transit, City of Seattle, King County to collaborate on apprenticeship utilization and construction workforce issues.
- Continued to work through a variety of accounting, budgeting, finance, customer billing, ICT, HR issues related to the Seaport Alliance.

Q2 2015 Corporate Key Metrics

	YTD 2015	YTD 2014
Employment through Airport Jobs Center	644	682
Apprenticeship Opportunity Project Placements	46	50
% of Eligible Dollars Spent with Small Businesses	54.0%	44.2%
Employee Development Class Attendees	425	233
Occupational Injury Rate	4.3	6.1
Total Lost work days	374	891
Responded to Public Disclosure Requests	220	174
Customer Survey for Police Service Excellent or Very Good	87%	92%

Strong performance results for Corporate in the second quarter.

Q2 Major Expense Variances

\$ in 000's	2014 YTD	2015 Year-to-Date		Fav (UnFav) Budget Variance		Incr (Decr) Change from 2014	
	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	18,466	18,463	19,992	1,529	7.6%	(3)	0.0%
Wages & Benefits	9,529	10,087	10,094	7	0.1%	559	5.9%
Payroll to Capital Projects	1,016	1,406	1,527	120	7.9%	390	38.3%
Equipment Expense	364	346	366	20	5.5%	(18)	-4.9%
Supplies & Stock	178	210	232	21	9.2%	32	18.2%
Outside Services	5,076	5,245	6,283	1,038	16.5%	169	3.3%
Travel & Other Employee Exps	892	1,105	1,501	396	26.4%	212	23.8%
Insurance Expense	1,074	1,129	1,174	45	3.8%	55	5.2%
Litigated Injuries & Damages	20	66	-	(66)	n/a	46	229.6%
Other	1,270	569	1,081	511	47.3%	(700)	-55.2%
Charge to Capital	(1,016)	(1,406)	(1,527)	(120)	-7.9%	390	38.3%
Total	36,868	37,221	40,723	3,502	8.6%	353	1.0%

Expenses were favorable to the budget mainly due to payroll and outside services.

2015 Year-end Forecast

\$ in 000's	Notes	2014 YTD Actual	2015 Year-to-Date		Fav (UnFav) Budget Variance		Year-End Projections		Fav (UnFav) Budget Variance	
			Actual	Budget	\$	%	Forecast	Budget	\$	%
Total Revenues		190	112	170	(58)	-34.3%	340	340	-	0.0%
Executive		808	954	1,066	113	10.6%	1,798	1,798	-	0.0%
Commission		604	680	797	117	14.6%	1,440	1,545	105	6.8%
Legal		1,519	1,648	1,627	(21)	-1.3%	3,195	3,156	(39)	-1.2%
Risk Services		1,441	1,536	1,627	91	5.6%	3,244	3,249	5	0.2%
Health & Safety Services		513	550	580	30	5.3%	1,153	1,190	37	3.1%
Public Affairs		2,659	2,437	3,069	631	20.6%	5,707	5,937	231	3.9%
Human Resources & Development		2,547	2,459	2,873	414	14.4%	5,489	5,958	469	7.9%
Labor Relations		409	433	522	89	17.0%	963	1,024	61	6.0%
Information & Communications Technology		9,649	9,515	10,173	658	6.5%	21,285	21,435	150	0.7%
Finance & Budget		884	786	829	43	5.1%	1,708	1,713	5	0.3%
Accounting & Financial Reporting Services		3,062	3,272	3,712	440	11.9%	7,057	7,350	293	4.0%
Internal Audit		738	614	802	188	23.4%	1,459	1,552	93	6.0%
Office of Social Responsibility		947	923	1,165	242	20.8%	2,271	2,312	41	1.8%
Office of Strategic Initiatives		-	75	-	(75)	0.0%	378	-	(378)	0.0%
Police		11,001	10,924	11,231	308	2.7%	22,789	22,879	90	0.4%
Contingency		88	417	650	233	35.8%	800	1,050	250	23.8%
Total Expenses		36,868	37,221	40,723	3,502	8.6%	80,736	82,149	1,413	1.7%

Corporate expenses are forecasted to be \$1.4M favorable to the budget.