



2009 Port of Seattle Budget and Plan of Finance

The Port of Seattle's 2009 Budget and Plan of Finance invests in business operations that retain and create jobs, cuts costs and continues implementing a responsible plan to weather the global economic downturn.

Budget Summary

- The 2009 Operating Budget includes cuts totaling \$9 million, reflecting the Port's commitment to belt-tightening. Those reductions are on top of \$8.2 million savings to date in 2008 operating expenses. Since early summer, the Commissioners and staff have been working together to reduce current expenses and draft the 2009 budget.
- The Port is simultaneously facing increased expenses of over \$11 million in environmental, dredging, and facility costs. The Port will also spend \$1.6 million in 2009 implementing recommendations from the 2007 performance audit, such as the Chief Procurement Office and other contracting technology improvements. Lastly, the Port faces \$2 million in increased health care premiums.*
- The Commission has directed that over \$660,000 in deferred maintenance projects will be funded in 2009 – projects that create near-term construction jobs and protect existing investments King County citizens and Port customers have made in seaport and real estate facilities.
- Despite these increased costs, the Port's cash flow (net operating income) is forecasted to remain strong at \$208.5 million.
- The Port's tax levy will remain level at \$75.9 million, the amount collected in 2008. The Port's capital budget includes investments in projects that create near-term jobs, as well as environmental initiatives such as the Northwest Ports Clean Air Strategy and removal of contaminated sediment from Puget Sound. The total capital budget for 2009 is \$604 million.
- There are over 116,000 jobs directly created by the Port's facilities – jobs that pay \$3 billion in total wages; the Port's activities also generate \$626.2 million annually in state and local taxes. The 2009 Budget and Plan of Finance invests in the retention and creation of family-wage jobs for King County and the region.

2009 Belt-tightening Measures

- Six percent of Port staff positions will likely remain unfilled for at least the first six months in 2009, and perhaps for the entire year:
 - Approximately 109 out of 1790 authorized positions will likely remain unfilled for at least the first six months of 2009.
 - Initial estimates indicate a savings of at least \$2 million.

- The Port's Operating Budget will be cut by \$9 million, including:
 - Professional services, such as architectural and engineering support, have been reduced by 31% or \$1.9 million.
 - Personal services, such as human resources or planning consultants, have been reduced by 21% or \$2.4 million.
 - Promotional expenses, such as trade and community development and other activities that promote the Puget Sound region, have been cut by 19% or \$390,000.
 - Supplies and stocks, including office, janitorial and other facility supplies, have been cut by 14.5% or \$993,000.
 - Travel and development expenses have been cut by 16% or \$788,000.
 - The overall Corporate Budget is reduced by 2% or \$1.5 million.

- The Port's Capital Budget defers up to \$195 million in projects for five years.
 - The Port will continue to focus on investing capital dollars in projects that create jobs for the region, like improvements to docks that are crucial for our trade with Alaska.

- The Port's Levy will remain level at \$75.9 million – reducing the rate for taxpayers from 22.4 cents per \$1000 of assessed value to 19.7 cents.

***Increased 2009 Expenses:**

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| ○ Environmental costs, including asbestos remediation | \$4.1 million |
| ○ Dredging, particularly upland disposal at Terminal 30 | \$5.4 million |
| ○ New facility costs, including cargo loading bridges | \$1.3 million |
| ○ SAO Audit implementation, including new staff positions | \$1.6 million |
| ○ Increased healthcare premiums | \$2.0 million |