

SEAPORT DIVISION

A. 2009 BUDGET SUMMARY

TABLE VI-1: 2009 BUDGET SUMMARY

(in thousands)	2005	2006	2007	2008	2008	2009
	Actual	Actual	Actual	Budget	Forecast	Budget
REVENUE:						
Services	38,260	35,477	35,811	14,937	15,539	17,021
Property Rentals	60,533	70,761	73,746	67,863	66,473	72,504
Special Facility Rent - LH Tax				-	-	-
Security Grant and Contract Revenues	5,462	4,268	2,762	5,211	8,803	5,411
Total revenue	104,254	110,505	112,319	88,011	90,815	94,935
OPERATING EXPENSES:						
Operations and maintenance	46,365	46,381	45,759	29,536	28,675	35,044
Earthquake repair expense - net of insurance and other recoveries	17	3	-	-	-	-
Law enforcement	3,701	3,674	3,699	2,723	2,723	2,853
Administration	9,612	10,200	10,900	10,310	9,628	10,656
Environmental	7,468	(1,320)	4,991	950	2,987	3,375
Total operating expenses before depreciation	67,164	58,938	65,349	43,519	44,013	51,928
OPERATING INCOME BEFORE DEPRECIATION	37,090	51,567	46,970	44,492	46,802	43,007
Depreciation	37,002	35,490	40,372	28,971	28,951	30,903
OPERATING INCOME AFTER DEPRECIATION	88	16,077	6,598	15,521	17,850	12,105
NON-OPERATING (EXPENSE) INCOME :						
Ad valorem tax levy revenue	55,650	61,518	65,754	53,878	53,878	61,409
Grants and donations	3,691	10,408	5,226	4,340	4,340	8,000
Investment income - net	1,803	2,824	18,885	5,493	5,493	4,950
Revenue and capital appreciation bond interest expense	(7,032)	(7,569)	(15,270)	(15,381)	(15,381)	(14,822)
General obligation bond interest expense - net	(12,629)	(15,754)	(15,621)	(13,933)	(13,933)	(18,954)
Public Expense	(1,319)	(10,298)	(6,787)	(7,540)	(7,540)	(15,205)
Other expense - net	(9,843)	(15,996)	(19,023)	(10,727)	(10,727)	(1,364)
Total non-operating income - net:	30,321	25,132	33,164	16,130	16,130	24,013
INCREASE (DECREASE) IN NET ASSETS	30,409	41,209	39,762	31,651	33,981	36,118
EMPLOYMENT (FTES)	177.2	198.8	202.6	65.8	61.8	61.8
Notes:						
Effective in 2008, certain business groups and services formerly within the Seaport Division were transferred to the new Real Estate Division. Accordingly, 2005-2007 Actuals are not directly comparable with the 2008 & 2009 Budgets.						

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B. BUSINESS PLAN FORECAST

TABLE VI-2: BUSINESS PLAN FORECAST

		(in 000's)					Compound Growth	
OPERATING BUDGET	Notes	Budget 2008	Budget 2009	Forecast				2008-2013
				2010	2011	2012	2013	
Operating Revenue		\$83,007	\$90,980	\$90,056	\$91,155	\$92,527	\$102,255	4.3%
Security Reimbursement		5,004	3,955					
Total Operating Revenues	1	\$88,011	\$94,935	\$90,056	\$91,155	\$92,527	\$102,255	3.0%
Operating & Maintenance Expense		\$30,486	\$38,419	30,530	28,054	28,774	29,515	-0.6%
Corporate Administrative Expense	2	10,310	10,656	11,368	12,123	12,928	13,782	6.0%
Law Enforcement Costs		2,723	2,853	2,953	3,056	3,163	3,274	3.8%
Total Operating & Maintenance Expenses	1	43,519	51,928	44,851	43,233	44,865	46,571	1.4%
Net Operating Income Before Depreciation		44,492	43,007	45,205	47,922	47,663	55,684	4.6%
Total Depreciation Expense		\$28,971	\$30,903					
Net Operating Income After Depreciation		\$15,521	\$12,105					Total
								2009-2013
Committed Capital Budget		\$131,956	\$126,685	\$20,496	\$8,194	\$3,896	\$2,048	\$161,319
Business Plan Prospective		34,479	25,550	52,000	64,350	58,750	110,250	310,900
TOTAL CAPITAL BUDGET	3	\$166,435	\$152,235	\$72,496	\$72,544	\$62,646	\$112,298	\$472,219

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Notes:

- 1) Effective in 2008, certain business groups and services formerly within the Seaport Division were transferred to the new Real Estate Division.
- 2) Consists of remaining Corporate costs to be allocated to Business Groups after direct charges have been coded to Groups and Divisions or other costs allocated to Divisions. Most costs are allocated using a formula based on Expenses and employees. For some departments specific allocation methodologies, such as employees for Human Resources & Development, are used.
- 3) See Section X for details of Capital Budget.

C. DIVISION MISSION STATEMENT

Our mission is to:

- Efficiently manage our assets for the benefit of the public;
- Provide services and facilities for the transportation of cargo and passengers;
- Accommodate the region's fishing industries; and
- Promote the economic health of our community.

INTRODUCTION

The Seaport includes two major groups: Cargo Operations, comprised of Container Operations, Container Marketing, and Cruise and Industrial Properties, and Professional and Technical Services, comprised of Environmental Services, Planning, Security, Finance Services, and Seaport Administration. These business and service groups oversee the development and management of cargo and cruise terminals, moorage facilities, and industrial properties connected to these businesses.

Seaport facilities encompass approximately 1,200 acres of moorage and cargo-related facilities. Nearly 500 acres are dedicated to container operations at four terminals with over 11,000 feet of berths and 25 cargo cranes—including ten Super Post-Panamax cranes. The Seaport also owns a fully automated grain terminal and general and breakbulk cargo facilities. It is home to the North Pacific factory trawler fishing fleet. The Seaport also operates two cruise vessel terminals with a total of three berths. In addition, the Seaport leases industrial property connected with these cruise, cargo, and factory trawler fishing businesses.

D. 2009 BUSINESS PLAN

BUSINESS STRATEGY

Economic Benefits and Financial Sustainability:

While the Seaport is a public agency with a mission to accomplish public goals rather than to make profits, it must operate like a business, relying on revenues from our customer base for most of its net operating income. It is a strong financial bottom line that allows the Seaport to invest in projects that benefit the entire community, both economically and environmentally.

We create economic benefits for the entire region through our business activities. Each vessel docked in Seattle, each container and passenger that passes through our Port and each of our tenants creates jobs and brings business income and tax dollars to the region and the state.

The most critical measure of the Seaport's financial sustainability is a growing, positive Net Operating Income (NOI). Only with strong financial performance, can the Seaport provide the economic, community and environmental benefits that are the essence of its mission.

Environmental Benefits:

The Seaport is a steward of the environment: We improve the environmental condition of our property through our redevelopment and capital projects, provide new and/or improved public open spaces, and take steps to reduce air pollution, conserve energy and water, and recycle to reduce the amount of garbage we produce. In 2007 the Port adopted the goal of becoming the greenest, cleanest most energy efficient port in the United States.

Community Benefits and Social Responsibility

The Port of Seattle as a major economic engine within the region purchases significant materials from local vendors and contracts with hundreds of firms for construction and maintenance-related activities. One aspect of community benefit and social responsibility is adopting policies and programs to insure that much of this work goes to local small businesses and the communities within which those businesses are located and live. In 2007, the Port created an Office of Social Responsibility to guide this effort.

During 2009, the main business strategies of the Seaport will be to:

- Support current customers and profitably grow the business
- Make progress towards becoming the cleanest, greenest, most energy efficient port in U.S.
- Improve process and asset management while continuing to meet small business contracting goals

During 2009, the critical work needed to advance these strategies are:

- Deliver the Terminal 30/91 Project on time
- Make significant progress on green Initiatives, particularly in the areas of air emissions, storm water, and energy efficiency
- Support the growth plans of our customers and manage our capital assets

PARTNERSHIPS

We would not be able to fulfill our mission without positive relationships with our partners. We are focused on:

- Meeting the needs of our customers by:
 - Maintain regular contact with our key customers to stay in touch with their needs and identify joint opportunities
 - Working with labor unions, truckers, terminal operators and railroad companies to constantly improve freight mobility within the seaport;
 - Conducting annual education programs on federal import and export regulations;
 - Facilitating customer relationships with federal inspection agencies;
 - Developing new business opportunities for our customers; and
 - Providing market information to support our tenants' interest in expansion.
- Approaching our relationship with labor honestly and with integrity, communicating effectively, and working together under a fair labor agreement.
- Respecting tribal sovereignty, and tribal religious and cultural values in all consultations with our tribal neighbors.

EXECUTIVE SUMMARY: 2009 SEAPORT STRATEGIES

WE WILL HAVE ENSURED THE VITALITY OF THE SEAPORT BY:

Achieving our financial objectives:

\$45.5 Million NOI (excluding Environmental Reserves and Grants) reached by 12/31/2009. In 2009, each business unit will contribute to the total Seaport NOI of \$45.5 million as budgeted:

- ➔ Container Operations NOI = \$36.0 Million
- ➔ Cruise & Industrial Docks NOI = \$11.5 Million
- ➔ Security NOI = \$(2.0) Million

Providing compelling value that will attract and retain customers, and which will further the Port's financial objectives by:

- ➔ Meeting key milestones in our capital plan
 - T30/91 project completion and cruise and container terminals operational
- ➔ Implementing long term agreements with cruise lines that currently utilize Seattle as a homeport
- ➔ Developing and negotiating T-86 lease extension and facility improvements
- ➔ Develop alternative industrial moorage sites

Preserving our assets and increasing their utilization by:

- ➔ Identifying and acquiring off-dock support land
- ➔ Increasing container business marketing efforts both directly and in conjunction with our terminal tenants
- ➔ Developing monitoring plan for slope, dock structures, and water depth
- ➔ Developing long term maintenance dredging strategy
- ➔ Resolving ZPMC crane issues
- ➔ Ensuring that tenants perform required maintenance

WE WILL HAVE DEVELOPED NEW BUSINESS AND ECONOMIC OPPORTUNITIES FOR THE REGION AND THE PORT BY:

- ➔ Leasing Terminal 106
- ➔ Generate revenue from T5 option area

WE WILL HAVE ENHANCED PUBLIC UNDERSTANDING AND SUPPORT OF THE PORT'S ROLE IN THE REGION BY:

- ➔ Conducting monthly speaking engagements in the community
- ➔ Providing internships for students
- ➔ Striving to purchase at least 15% of all goods and services from qualified small businesses

WE WILL HAVE BEEN A CATALYST FOR REGIONAL TRANSPORTATION SOLUTIONS BY:

- ➔ Ensuring that construction and design of the Alaskan Way Viaduct replacement do not adversely affect operations.
- ➔ Creating a construction mitigation action plan for multiple construction projects in the Duwamish Maritime Industrial area

WE WILL HAVE BEEN A LEADER IN TRANSPORTATION SECURITY BY:

- ➔ Implementing a revised security system and plan for Terminal 91 to support the cruise relocation
- ➔ Ensuring successful implementation of the Transportation Worker Identification Credential requirements

WE WILL HAVE EXHIBITED ENVIRONMENTAL STEWARDSHIP THROUGH OUR ACTIONS BY:

- Achieving/maintaining zero regulatory violations
- Implementing the Northwest Ports Clean Air Strategy
- Building and improving stormwater systems and meeting stormwater management plan requirements
- Working with our tenants to promote energy efficient lighting at container terminals
- Working with our tenants to ensure regulatory compliance and reduce environmental impacts

WE WILL HAVE BEEN A HIGH PERFORMANCE WORKPLACE BY:

- Providing our staff with regular feedback and support by completing 100% of staff performance reviews one week before the anniversary date
- Completing PREP plans with training, development, and diversity components
- Achieving a perfect safety score and zero accidents by providing our staff with the necessary tools and training.

CONTAINER OPERATIONS

MISSION

Provide containerized cargo facilities, equipment and services to enable current and new customers to move greater amounts of cargo through the Port of Seattle, and accommodate the efficient movement of containerized cargo through the Port of Seattle. All of these services will enhance the economy of the region and provide a reasonable rate of return to the Port of Seattle and the citizens of King County.

DESCRIPTION

Container operations include four terminals located on approximately 500 acres. Space is leased to private companies who operate the terminals.

Customers include steamship lines, stevedoring companies, United States Government Divisions, tribal fishing concerns, heavy equipment, bunker fuel, tug and barge services, cold storage and others.

BUSINESS STRATEGY

Container: For container cargo business, we have four container terminals, all under long-term lease, with largely fixed rents. While managing these leases and maintaining these container assets are a key part of our strategy, we are also working to increase cargo volumes by partnering with labor and the railroads, developing efficient logistics, improving terminal efficiencies, and improving and utilizing rail and road connections. We aim to provide value to our customers through clear communications and efficient service, partnering with them to grow container volume, and to promote Seattle as an opportunity for shippers to diversify cargo operations into the PNW.

By effectively focusing on our customers, we can better understand how to meet their needs in a competitive and cost effective manner. Activities such as gathering and disseminating market, industry and community information, communicating with both customers and influencers, investing in future infrastructure, and conducting industry forums all serve to support shipping operations in the PNW.

As cargo volumes grow, we are also focused on trying to manage the impacts from that growth and anticipate future issues to allow for efficient growth to continue. As we move into the future, continued focus on technology issues at the terminals will help our port continue to be efficient.

Lease Management: Manage and lease the container terminals portfolio and enhance the value of the managed assets by increasing income and reducing expenses. Additionally, we will seek to acquire additional property for container operation support.

Maintenance: We partner with our customers to ensure that their facilities which are Port assets are properly maintained to both preserve their value and help our customers to maximize their cargo throughput. We will focus on providing customer value through building and maintaining relationships with our key customers, and striving to understand and anticipate their needs.

Key focus for short term is to develop more net operating income for Seaport, mainly through more cargo business, as well as reducing expense costs where possible.

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
4) Support Customers through difficult market period	Work with City Light to promote energy efficient lighting Maintain port assets with reduced tenant costs through shared programs where appropriate	Upgrade T46 and survey other terminals to determine if feasible Accomplish specific list of items determined this year through meetings with key tenants	Q2 Q4
5) Team Building	Seek opportunities to continue to develop COPS group into a team	Do team exercises possible with other Seaport teams on common issues	Quarterly

TABLE VI-3: CONTAINER OPERATIONS BUSINESS PLAN FORECAST

OPERATING BUDGET	(in 000's)	Notes	Budget	Budget	Forecast				Compound Growth 2008-2013
			2008	2009	2010	2011	2012	2013	
Operating Revenue			\$56,939	\$62,938	\$61,302	\$63,259	\$63,572	\$72,201	4.9%
Operating & Maintenance Expense			12,694	19,133	14,643	14,279	14,678	15,088	3.5%
Corporate Administrative Expense		1	7,522	7,823	8,293	8,790	9,318	9,877	5.6%
Total Operating Expense			20,215	26,956	22,936	23,069	23,996	24,965	4.3%
Net Operating Income Before Depreciation			36,724	35,982	38,367	40,190	39,577	47,236	5.2%
Total Depreciation Expense			18,789	19,125					
Net Operating Income After Depreciation			\$17,935	\$16,857					
									Total 2009-2013
COMMITTED CAPITAL BUDGET		2	\$98,023	\$104,497	\$8,879	\$14	\$0	\$0	\$113,390

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Notes:

- 1) Consists of remaining Corporate costs to be allocated to Business Groups after direct charges have been coded to Groups and Divisions or other costs allocated to Divisions. Most costs are allocated using a formula based on Expenses and employees. For some departments specific allocation methodologies, such as employees for Human Resources & Development, are used.
- 2) See Section X for details of Capital Budget - does not include business plan prospective projects.

CONTAINER MARKETING AND NEW BUSINESS DEVELOPMENT

MISSION

The mission of Container Marketing and New Business Development is to encourage sustainable container growth through active marketing of the Port's container assets, surrounding infrastructure and intermodal gateway.

DESCRIPTION

Container Marketing and New Business Development is responsible for maintaining and developing new container business for the Port. A key priority is marketing and managing relationships with ocean carriers, rail carriers, stevedoring companies, importers/exporters, 3PL's, freight forwarders, customs house brokers, port trucking companies, and other container interests. Services provided by this group include managing customer and market intelligence; supporting projects that improve regional intermodal infrastructure or freight mobility; furthering awareness and education regarding the Port's container business; and supporting container growth and initiatives consistent with the Port's environmental goals.

BUSINESS STRATEGY

Market our Port assets to maintain existing customers and attract sustainable container growth for the future. Understand our competition and business climate to capitalize on the differentiating factors that meet or exceed customer expectations. Increase container volume capabilities by supporting initiatives expected to improve logistics efficiency, terminal efficiency, freight mobility, rail and road connections, or environmental sustainability. Continue academic and community outreach to increase awareness of the Port's container business and positive economic impact.

KEY GOALS AND MEASURES

2009 Seaport Strategies

1. Support current customers and profitability grow business
2. Progress towards Cleanest/Greenest/Most Energy Efficient Port in the United States
3. Improve our process and asset management

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
1) Maintain and expand relationships with customers to increase container volumes through POS	<p>Make marketing calls to key container accounts (per 2009 Container Marketing Plan)</p> <p>Develop Joint Marketing Strategy with key container partners (UPRR, BNRR, Terminal Operators, POT):</p> <ol style="list-style-type: none"> 1) Develop strategy document 2) Agree w/partners on next steps/actions to implement joint marketing efforts <p>Target potential new customers:</p> <ol style="list-style-type: none"> 1) Make additional visits to targets 2) Develop special presentations and marketing materials 	<p># of contacts with key U.S. accounts</p> <p># of contacts with key international accounts</p> <p>Complete strategy document</p> <p>Implementation/Action Plan developed</p> <p>New business or positive indication for future business is identified</p>	<p>Min 2 contacts /year</p> <p>Min 2 contacts/year</p> <p>By end 1Q 2009</p> <p>By year end 2009</p> <p>By year end 2009</p>
2) Capitalize on “Green Port” initiative as a marketing advantage	<p>Develop white paper that compares environmental impact through US gateways</p> <p>Develop marketing messages to highlight “greenest gateway”</p> <ol style="list-style-type: none"> 1) Marketing messages and materials used in face to face customer calls 2) Targeted advertisements on “greenest gateway” 3) Target engagements to promote “greenest gateway” 	<p>White paper completed</p> <p>Green messages delivered on calls</p> <p>Green messages in key trade journals</p> <p>Engagements at key sustainability events</p>	<p>By end 1Q 2009</p> <p>To 75% of calls year by year end 2009</p> <p>4 advertisements by year end 2009</p> <p>2 engagements by year end 2009</p>

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
3) Maintain and refine container industry information system	Survey key users (CS, PL, PA) regarding informational profiles and info system improvements	Administer 2 surveys and implement feasible improvements	Apr and Oct 2009
	Host seaport-wide meetings to increase staff awareness and knowledge of container business	Host 2 meetings and administer meeting evaluations.	Jul and Jan 2009
4) Reduce expenses	Reduce marketing budget for 2009	Reduce cost by 10% compared to 2008	By year end 2009
5) Promote team building and further marketing team performance	Identify and schedule team building/training activities	Team activities accomplished	2 activities by year end 2009

CRUISE AND INDUSTRIAL PROPERTIES

MISSION

Provide cruise ship terminals, cargo handling facilities and industrial properties which include efficient large vessel berthing docks and related equipment, utilities and services to encourage current and new customers to move greater amounts of marine tonnage and cruise passengers through the Port of Seattle. Provide cruise ship services and facilities that maintain and grow the cruise business in the Seattle area. These facilities and services will enhance the economy of the region and provide a reasonable rate of return to the Port of Seattle and the citizens of King County.

DESCRIPTION

Cruise and Industrial Properties is made up of multiple facilities in and around the harbor totaling approximately 200 acres with over 17,000 lineal feet of large vessel berth moorage. In addition to facilities operated by the port, space is leased to private companies who operate all or portions of terminals. Facilities include: piers 90 and 91 plus certain upland facilities at T91; T86 Grain Terminal; T115; T46 North; T30; plus vessel berths at P2, P17, P28, P34, P69, P90/91 and other maritime facilities. In addition to the P66 Bell Street Pier Cruise Terminal there is a second cruise facility at Terminal 30 which will be replaced in 2009 by a new 2 berth cruise facility at T-91 currently under construction

Customers include cruise lines, Cruise Terminals of America, City Ice, Trident Seafood's, Carnitech Industries, Louis Dreyfus Corporation, Northland Services, stevedoring companies, charter and excursion vessels, tug and barge companies, large fishing and commercial vessels, the United States Navy and other ships of state. Industry sectors served include marine transportation, heavy equipment fabrication, staging and transport, grain products, the commercial seafood industry, bunker and distillate fuels, tug and barge services, food processing and cold storage.

BUSINESS STRATEGY

Cruise: For the cruise business, our strategy is to market Seattle as a homeport and a port of call to cruise lines serving Alaska and the Pacific Northwest. Through this, we will increase cruise passenger volumes and ship calls. We also create value for our customers by making our cruise terminals efficient and cost effective; working with the Airport and logistic providers to improve the operations and passenger experience at the Seaport and Airport; and working with the tourism and business community so that we maximize economic impact from visiting passengers and cruise ships.

Industrial Properties /Dock Operations: For our docks and industrial facilities, we work with the terminal operators, tugboat, fishing industry, and other dock users to maximize the use of docks and upland buildings providing net income to the port. We will focus on providing customer value through building and maintaining relationships with our key customers, and continually striving to understand and anticipate their business needs. Retaining our current customers will be a key focus. We also invest in strategic capital improvements to attract new business and enhance revenue opportunities from our facilities.

Focus for the coming year is to develop more net operating income for the new Seaport Division, mainly through additional cruise business, as well as reducing expenses where possible.

KEY GOALS AND MEASURES

2009 Seaport Strategies

1. Support current customers and profitability grow business
2. Progress towards Cleanest/Greenest/Most Energy Efficient Port in the United States
3. Improve our process and asset management

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
1) Maintain and support current customers to grow the business	Complete T-91 Cruise terminal and facilitate a smooth move-in of cruise to T91.	Cruise operating at T91	Q2
	Effectively manage transition and opening of first cruise season @ T91	CTA's operation meets expectation of cruise lines.	Through 2009 cruise season
	Implement long term business agreement with cruise lines	Agreement approved by Commission and executed	Q1
	Perform market analysis of industrial facilities. Identify opportunities to adjust tariff rates and or establish new tariffs.	Market analysis complete	Q4
	Negotiate T-86 lease extension and identify major facility improvements scope and responsibility. Current lease requires tenant (Louis Dreyfus) to notify Port by Nov 2009 of intent to exercise lease extension option.	Letter of Understanding in place	Q2
2) Investment in industrial moorage to provide additional space for commercial vessels	Develop alternative industrial moorage sites	Present proposal to Commission	Q3
		Execute Lease Extension Agreement	Q4
3) Identify expansion opportunities for existing customers	Develop alternative industrial moorage sites	New berthing locations available for use	Q4
	Scope and confirm feasibility for Carnitech & Trident expansions	Scoping complete	Q1
	Prepare and present to Commission requests for funding of expansion projects – (Carnitech, Trident) Multiple Steps:		
	1- Preliminary Design /Cost estimates/Permitting	1- 1 st Funding request to commission	Q2
	2- Final Design/Advertise Bid/negotiate lease amendments	2- 2 nd Funding request to commission	Q3

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
	3- Award Const contracts, finalize lease amendments execute new leases.	3- 3 rd Funding request to commission	Q4
4) Continue to build partnerships in industrial maritime and cruise sector to reduce environmental impact	Support Commission's direction to explore alternatives for bio-solid disposal	Compliance w/ Commission direction	Per Commission deadlines
	Install additional shore power connections for trawlers	New 800amp service at T91	Q2
	Research opportunities to develop a barge cleaning vapor recovery facility	Produce white paper on vapor recovery facilities	Q3
Vessel shore power for cruise ship berth at P66	Perform preliminary design/feasibility and cost estimates. Meet with Cruise lines to discuss cost sharing approach.	Feasibility confirmed w/City Light and estimate of cost determined. Meeting with cruise lines held	Q1
	1.- Present proposal to commission seeking funding for design and permits and support of business model	1 st Funding request to commission	Q1
	2 - Complete design and cost estimates, Negotiate cost sharing approach with Cruise lines	2 nd Funding request to commission	Q2
	3 - Finalize cost sharing agreement with Cruise lines through LOU	3 rd funding request to commission	Q3
	4 - Request authorization to advertise const package and finalize agreement	4 th funding request to commission	Q4
5) Identify opportunities to work with Industrial Properties tenants in efforts to reduce energy consumption and achieve compliance with storm water requirements at our Industrial Properties	Meet with Cold Storage Customers to encourage a partnership approach to seek out potential ways to reduce energy use	Meetings held next steps defined	Q1 Q2
	Work collaboratively with Environmental to inform industrial property tenants on status of compliance with regulations.	All leased facilities meet or exceed requirements	Q4

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
6) Reduce expenses	Hold Expense Budget for travel , training and promotional hosting flat through 2009	Reduce actual costs for these accounts by 5% compared to 2008 approved budget levels	Q4
7) Team Building	Identify and schedule events, training sessions, and collaborative projects to foster further development of Seaport Cruise and Industrial Properties (SCIP) team.	TEAM exercises accomplished	Quarterly

TABLE VI-4: CRUISE AND INDUSTRIAL PROPERTIES BUSINESS PLAN FORECAST

	(in 000's)	Notes	Budget 2008	Budget 2009	Forecast				Compound Growth 2008-2013
					2010	2011	2012	2013	
OPERATING BUDGET									
Operating Revenue			\$25,861	\$27,192	\$26,579	\$27,896	\$28,955	\$30,054	3.1%
Operating & Maintenance Expense			10,662	10,479	9,147	9,163	9,435	9,716	-1.8%
Corporate Administrative Expense		1	5,231	5,176	5,487	5,816	6,165	6,535	4.6%
Total Operating Expense			15,893	15,655	14,634	14,979	15,600	16,251	0.4%
Net Operating Income Before Depreciation			\$9,968	\$11,537	\$11,945	\$12,917	\$13,355	\$13,803	6.7%
Total Depreciation Expense			10,055	10,343					
Net Operating Income After Depreciation			(\$87)	\$1,194					
									Total 2009-2013
COMMITTED CAPITAL BUDGET		2	\$21,506	\$12,858	\$1,707	\$200	\$200	\$0	\$14,965

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Notes:

- 1) Consists of remaining Corporate costs to be allocated to Business Groups after direct charges have been coded to Groups and Divisions or other costs allocated to Divisions. Most costs are allocated using a formula based on Expenses and employees. For some departments specific allocation methodologies, such as employees for Human Resources & Development, are used.
- 2) See Section X for details of Capital Budget - does not include business plan prospective projects.

SEAPORT SECURITY

MAJOR STRATEGIES:

1. Develop new policies or procedures, and refine existing to ensure that we have a comprehensive Security Plan for designated marine facilities.
2. Implement the new all-hazards Emergency Operations/Response Plan to enhance response capabilities for major emergencies and recovery operations.
3. Continue to maintain a leadership role in facilitating the US Coast Guard efforts to complete enrollment and implementation of the Transportation Worker Identification Credential.
4. Continue to foster partnership and cooperation with the Port of Tacoma and other Washington State Ports that will enhance overall Puget Sound Maritime Security.
5. Revise and Implement a revised Security System and Facility Security Plan for Terminal 91 based on the anticipated business use changes and relocation of Cruise Operations in 2009.

KEY GOALS AND MEASURES

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
1) Maintain Security Plan for designated marine facilities. Adopt AMSC Resiliency and Recovery Plan and risk mitigation strategies.	1) Address Comprehensive Master Security Plan and enhance environmental focus. 2) Conduct Environmental based Tabletop Exercise with Gap Analysis for all Seaport Mgrs.	1) Plan revised, updated and final plan delivered. 2) Exercise conducted and gap analysis report delivered	1. Q1; Q4 Q2
2) Business Continuity Preparation all-hazards Emergency Operations / Response Plan	1) Interagency coordination (City/County/State/Federal) 2) High focus on employee training	1) Quarterly meetings to coordinate Emergency Response Planning. Participate in all Area Maritime Security Committee Meetings 2) Incident Command System (ICS) Training Courses. Conduct Emergency Response Plan Exercise	Quarterly Monthly Semi-Annually Each Quarter/ Annual

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
3) Ensure Compliance with Federal Security Regulations	<p>1) Comply with Federal Security Regulations</p> <p>2) Assist Real Estate and Seaport tenants in evaluating Security technologies and practices</p> <p>3) Recommend grant opportunities that could mitigate risk for Port customers and/or partners</p>	<p>Complete T91 Security Drill/Exercise</p> <p>Audit of T91 Facility Security Plan</p> <p>Facility Security Officer Roundtable</p> <p>Develop and perform semi-annual Risk / Hazard / Vulnerability assessment</p> <p>Completion of all grant requirements within budget</p>	<p>Quarterly / Q4</p> <p>End of Q4</p> <p>Monthly</p> <p>End of Q2 and Q4</p> <p>Review at end of each quarter</p>
4) Provide a Leadership role in facilitating USCG implementation of the Transportation Worker Identification Credential.	<p>1) Be a focal point or clearing house for TWIC security program information.</p> <p>2) Provide Customers and Tenants with advice and recommendations regarding TWIC requirements.</p> <p>3) Comply with federal regulations for TWIC implementation</p>	<p>1) Communicate updates to customers at Facility Security Officer (FSO) meetings</p> <p>2) Area-wide TWIC update meetings, and follow-up as needed. Develop minimum technical standards for TWIC infrastructure and share with tenants</p> <p>Update Port ID Badge system to be interoperable with TWIC.</p> <p>All applicable Port of Seattle employees enrolled</p> <p>Install TWIC infrastructure at applicable Port facilities</p>	<p>Monthly</p> <p>Quarterly</p> <p>End of Q2</p> <p>End of Q1</p> <p>Following USCG adoption of TWIC equipment standards</p>
5) Continue to foster partnership and cooperation with the Port of Tacoma and other Washington Ports that will enhance overall Puget Sound Maritime Security.	<p>Areas of Cooperation:</p> <p>a) AMSC Leadership</p>	<p>On-Going Meetings</p> <p>a) Rotating Chair of AMSC.</p>	<p>1) Quarterly Meetings</p> <p>a) Annually serve as AMSC Chair</p>

What?	How?	How will we know?	
Key Goals	Major Tasks	Measure	Targets
	<p>b) Future Port Security Grant Applications</p> <p>c) TWIC Communication Outreach Program and Truck Driver focused materials.</p> <p>d) Emergency Preparedness and Cooperative Recovery Efforts</p>	<p>b) Mutual Planning and/or Application for future PSG funding opportunities.</p> <p>c) TWIC Outreach Materials distributed and measured by Enrollment Metrics.</p> <p>d) Shared Emergency Response / Recovery Plans</p>	<p>b) Annual Grant consideration and cooperative application process</p> <p>c) Results as USCG Deadline established on February 1, 2009</p> <p>d) Written Plans approved by each Port – Q1-09</p>
6) Terminal 90/91 meets all regulatory security requirements based on new Business Plan uses, including new Cruise Operations	<p>1) Determine final business use</p> <p>2) Design Security System/ and Facility Security Plan</p> <p>3) Approval of FSP by US Coast Guard</p> <p>4) T90/91 Staff Training in new Security Plan</p> <p>5) Coordinate with Cruise Terminals of America tenancy.</p>	<p>1) Review Business Plan to verify security requirements</p> <p>2) FSP Proposal Document finalized</p> <p>3) FSP approved by Sector Seattle – USCG.</p> <p>4) Training completed for all T90/91 staff</p> <p>5) Review entire Security System with CTA personnel.</p>	<p>1) Feb-09</p> <p>2) Feb-09</p> <p>3) Feb-09</p> <p>4) Feb-09</p> <p>5) Feb-09</p>

TABLE VI-5: SEAPORT SECURITY BUSINESS PLAN FORECAST

(in 000's)	Notes	Budget 2008	Budget 2009	Forecast				Compound Growth 2008-2013
				2010	2011	2012	2013	
OPERATING BUDGET								
Operating Revenue		\$5,004	\$3,955	\$2,175				
Operating & Maintenance Expense		6,180	5,431	3,365	1,237	1,286	1,336	-26.4%
Corporate Administrative Expense	1	280	510	541	573	608	644	18.1%
Total Operating Expense		6,460	5,941	3,906	1,810	1,894	1,980	-21.1%
Net Operating Income Before Depreciation		(\$1,456)	(\$1,987)	(\$1,731)	(\$1,810)	(\$1,894)	(\$1,980)	6.3%
Total Depreciation Expense		128	1,435					
Net Operating Income After Depreciation		(\$1,584)	(\$3,422)					
								Total 2009-2013
COMMITTED CAPITAL BUDGET	2	\$5,947	\$4,563	\$267	\$0	\$0	\$0	\$4,830

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Notes:

- 1) Consists of remaining Corporate costs to be allocated to Business Groups after direct charges have been coded to Groups and Divisions or other costs allocated to Divisions. Most costs are allocated using a formula based on Expenses and employees. For some departments specific allocation methodologies, such as employees for Human Resources & Development, are used.
- 2) See Section X for details of Capital Budget - does not include business plan prospective projects.

E. SEAPORT OPERATING BUDGET SUMMARY

TABLE VI-6: REVENUE BY ACCOUNT

(in 000's)		2007 Actual	2008 Budget	2009 Budget	% Change 2009 Bud- 2008 Bud
Revenue by Account					
Operating Revenue					
Dckg, Whrfg, Serv/Facility, Passenger Fee		\$1,922	\$1,443	\$1,261	-12.6%
Distribution & Storage		5	24	32	33.3%
Equipment Rental		9,639	8,779	8,680	-1.1%
Berthage & Moorage		824	885	1,216	37.4%
Revenue From Sale of Utilities		3,107	3,722	3,854	3.5%
Property Rental Revenue		61,995	67,863	72,504	6.8%
Other Revenues		2,890	5,296	7,282	37.5%
Total Operating Revenue	1	\$80,382	\$88,011	\$94,829	7.7%

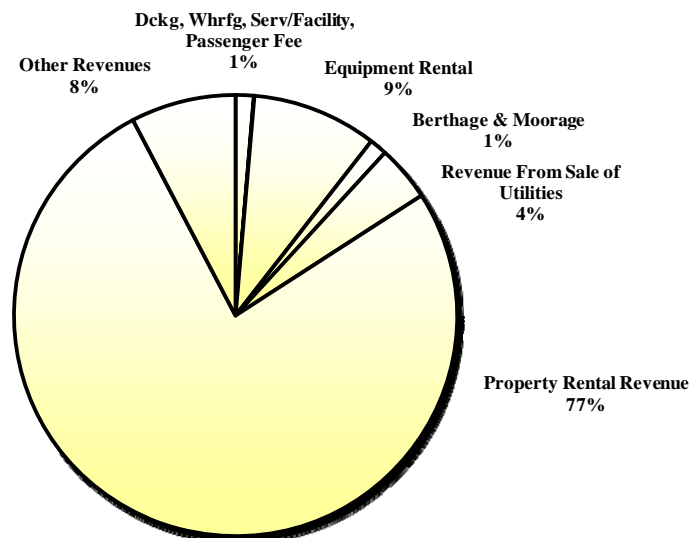
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Notes:

- 1) Effective in 2008, certain business groups and services formerly within the Seaport Division were transferred to the new Real Estate Division. Accordingly, 2007 Actual was restated to reflect that change.

FIGURE VI-1: SEAPORT DIVISION REVENUE BY ACCOUNT

(\$ in 000's)



Total Revenue: \$94,829

TABLE VI-7: OPERATING AND MAINTANENCE EXPENSES BY ACCOUNT

(in 000's)	2007	2008	2009	% Change
Expense by Account	Actual	Budget	Budget	2009 Bud- 2008 Bud
Salaries, Wages, Benefits & Wrkmns Comp	\$5,642	\$7,519	\$7,896	5.0%
Equipment Expense	(568)	386	613	58.8%
Utilities	3,347	4,142	4,090	-1.3%
Supplies & Stock	30	47	41	-12.8%
Outside Services	2,968	9,983	10,746	7.6%
Travel & Other Employee Expenses	571	707	528	-25.3%
Promotional Expenses	31	370	265	-28.4%
Other Expenses	8,560	3,209	9,060	182.3%
Subtotal	20,581	26,363	33,239	26.1%
Charges to Capital Projects	(1,556)	(1,776)	(923)	-48.0%
Total Budgeted Operating Expense 1	19,025	24,587	32,315	31.4%

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Notes:

- 1) Effective in 2008, certain business groups and services formerly within the Seaport Division were transferred to the new Real Estate Division. Accordingly, 2007 Actual was restated to reflect that change.

FIGURE VI-2: SEAPORT DIVISION EXPENSE BY ACCOUNT

(\$ in 000's)

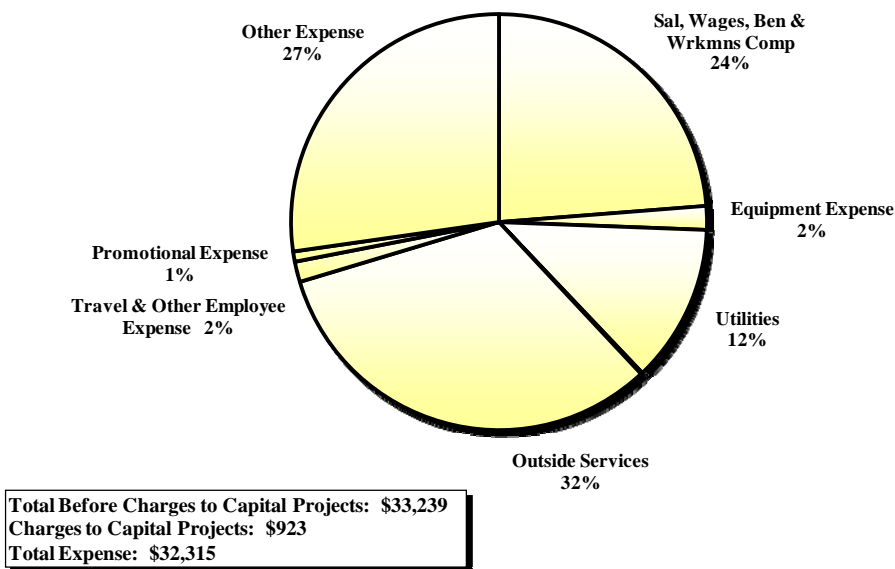


TABLE VI-8: SEAPORT REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT

(\$ in 000's)					
BY BUSINESS GROUP/DEPARTMENT	Notes	2007 Actual	2008 Budget	2009 Budget	% Change 2009 Bud - 2008 Bud
REVENUE					
Containers and Support Services		52,919	56,939	62,938.00	10.5%
Cruise, Docks and Industrial Properties		24,700	25,861	27,086	4.7%
Environmental Reserves		-	207	850	310.6%
Seaport Environmental Services		1,504	-	-	
Seaport Security		1,258	5,004	3,955	-21.0%
Total Operating Revenue	1	\$ 80,381	\$ 88,011	\$ 94,829	7.7%
OPERATING EXPENSE					
Business Groups:					
Container Marketing		-	1,402	1,169	-16.6%
Containers and Support Properties		3,948	4,524	10,400	129.9%
Cruise, Docks and Industrial Properties		2,496	5,264	5,702	8.3%
Total Business Group Expense		6,444	11,190	17,271	54.3%
Service Depts:					
Finance & Asset Management					
Seaport Environmental Services		6,966	3,203	3,626	13.2%
Seaport Finance		495	558	596	6.8%
Seaport Project Management	2			-	
Seaport Strategic Planning & Policy		403	796	825	3.6%
Other					
Environmental Reserves			950	3,375	255.3%
Seaport Administration		1,240	1,398	1,244	-11.0%
Seaport Security		2,037	5,993	5,079	-15.3%
Seaport Contingency		-	500	300	-40.0%
Seaport Capital to Expense		1,439			
Total Services Expense		12,580	13,398	15,045	12.3%
Total Division Expense	1	\$ 19,025	\$ 24,587	\$ 32,315	31.4%

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Notes:

- 1) Effective in 2008, certain business groups and services formerly within the Seaport Division were transferred to the new Real Estate Division. Accordingly, 2007 Actual was restated to reflect that change.
- 2) Effective in 2009, Seaport Project Management is transferring to the new Capital Division.

F. STAFFING

The following Table VI-9 outlines the Full-Time Equivalents (FTEs) in the Seaport Division. Seaport is budgeting 61.8 FTE's for 2009, which is 3.2 lower than 2008.

TABLE VI-9: SEAPORT DIVISION STAFFING

STAFFING (Full-Time Equivalent Positions)					
BUSINESS GROUP/DEPARTMENT	Notes	2008 Budget	2008 Est. Act.	2009 Budget	% Change 2009Bud- 2008 Bud
Business Groups:					
Container Marketing		7.3	6.3	6.3	-13.6%
Container Operations and Support Properties		6.0	6.0	6.0	0.0%
Cruise, Docks and Support Properties		9.3	8.3	8.3	-10.3%
Total Business Groups		22.6	20.6	20.6	-8.6%
Professional and Technical Services:					
Seaport Environmental		21.0	20.3	20.3	-3.3%
Seaport Finance		4.6	4.6	4.6	0.0%
Seaport Security		5.0	5.0	5.0	0.0%
Seaport Strategic Planning		4.3	4.3	4.3	0.0%
Other					
Seaport Administration		7.5	7.0	7.0	-6.7%
Total Professional and Technical Services		42.4	41.2	41.2	-2.8%
TOTAL SEAPORT DIVISION	1	65.0	61.8	61.8	-4.8%

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Notes:

- 1) Seaport Project Management has moved to the new Capital Development Division.

G. SEAPORT CAPITAL BUDGET

The business plan summaries at the beginning of this section provide the context for the following capital budget for the Seaport Division.

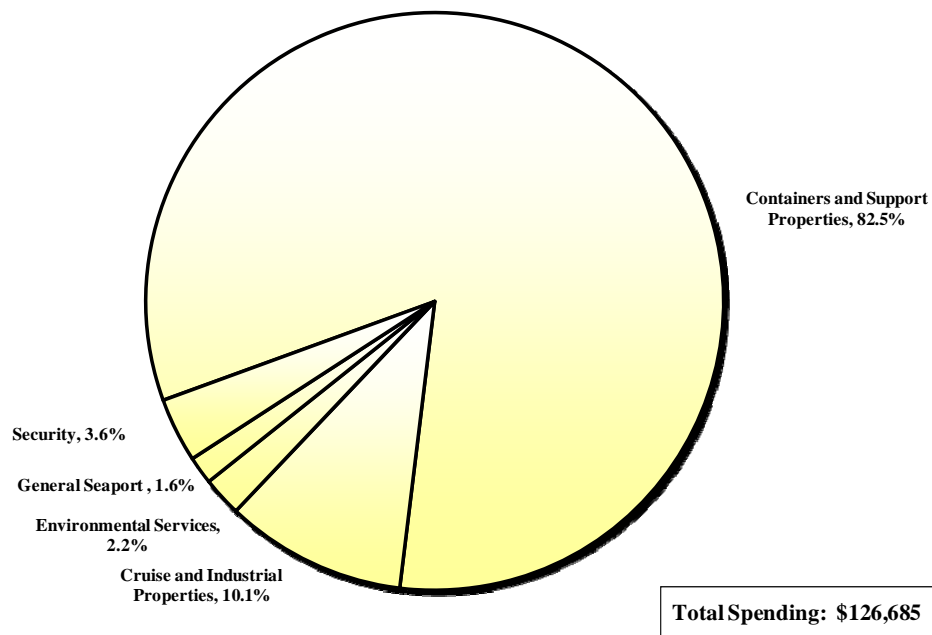
Table VI-10 provides a summary of the Seaport Division's 2009 capital budget.

TABLE VI-10: SEAPORT DIVISION CAPITAL BUDGET SUMMARY

(\$ in 000's)	2009 Budget	2009-2013 CIP	% of Total
Committed Capital Projects			
Containers and Support Properties	\$104,497	\$113,390	82.5%
Cruise and Industrial Properties	12,858	14,965	10.1%
Environmental Services	2,800	21,500	2.2%
General Seaport	1,967	6,634	1.6%
Security	4,563	4,830	3.6%
Total	\$126,685	\$161,319	100.0%
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FIGURE VI-3: SEAPORT DIVISION COMMITTED CAPITAL BUDGET

(\$ in 000's)



H. SEAPORT DIVISION OPERATING STATISTICS

TABLE VI-11: SEAPORT DIVISION OPERATING STATISTICS

Year	International Containerized Trade				Total Int'l & Dom. TEUS				
	Metric Tons		Total TEU's		Port of Seattle	Other		Seattle Harbor	
	(in 1000's)	Growth		Growth	Total TEU's	Growth	Total TEU's	Total TEU's	Growth
1997	8,300	-9.6%	1,195,470	-0.2%	1,360,308	0.1%	115,505	1,475,813	0.2%
1998	8,342	0.5%	1,258,104	5.2%	1,424,415	4.7%	119,311	1,543,726	4.6%
1999	8,940	7.2%	1,195,150	-5.0%	1,354,619	-4.9%	135,429	1,490,048	-3.5%
2000	9,899	10.7%	1,201,841	0.6%	1,346,830	-0.6%	141,437	1,488,267	-0.1%
2001	8,366	-15.5%	1,052,789	-12.4%	1,163,388	-13.6%	151,721	1,315,109	-11.6%
2002	8,407	0.5%	1,173,248	11.4%	1,291,790	11.0%	147,082	1,438,872	9.4%
2003	7,891	-6.1%	1,184,698	1.0%	1,397,658	8.2%	88,724	1,486,382	3.3%
2004	9,720	23.2%	1,466,251	23.8%	1,687,768	20.8%	88,090	1,775,858	19.5%
2005	11,975	23.2%	1,745,798	19.1%	1,968,455	16.6%	119,474	2,087,929	17.6%
2006	11,377	-5.0%	1,636,261	-6.3%	1,858,652	-5.6%	128,708	1,987,360	-4.8%
2007	12,407	9.1%	1,628,494	-0.5%	1,848,186	-0.6%	125,318	1,973,504	-0.7%
2008 Forecast	10,700	-13.8%	1,404,480	-13.8%	1,596,000	-13.6%	127,000	1,723,000	-12.7%
2009 Forecast	10,593	-1.0%	1,390,400	-1.0%	1,580,000	-1.0%	120,000	1,700,000	-1.3%
Compound Growth									
1997-2007		4.1%		3.1%		3.1%			2.9%
2002-2007		8.1%		6.8%		7.4%			6.5%

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Port of Seattle Facilities Total Tonnage

Year	Domestic Metric Tons		International Metric Tons		Total Metric Tons	
	(in 1000's)	Growth	(in 1000's)	Growth	(in 1000's)	Growth
1997	3,608	7.4%	11,986	-6.1%	15,594	-3.3%
1998	3,179	-11.9%	9,873	-17.6%	13,052	-16.3%
1999	3,548	11.6%	11,045	11.9%	14,593	11.8%
2000	3,405	-4.0%	12,225	10.7%	15,630	7.1%
2001	2,611	-23.3%	11,214	-8.3%	13,825	-11.5%
2002	2,055	-21.3%	10,141	-9.6%	12,196	-11.8%
2003	2,341	13.9%	11,062	9.1%	13,403	9.9%
2004	2,453	4.8%	13,676	23.6%	16,129	20.3%
2005	2,369	-3.4%	17,078	24.9%	19,447	20.6%
2006	2,615	10.4%	17,327	1.5%	19,942	2.5%
2007	2,546	-2.6%	17,777	2.6%	20,323	1.9%
2008 Forecast	1,850	-27.3%	16,700	-6.1%	18,550	-8.7%
2009 Forecast	1,850	0.0%	15,593	-6.6%	17,443	-6.0%
Compound Growth						
1997-2007		-3.4%		4.0%		2.7%
2002-2007		4.4%		9.1%		10.8%

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Source: Port of Seattle Internal Tonnage Reporting Statistics System.