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**TO:** Oakland City Council Finance and Management Committee

**FROM:** Jean Banker, Deputy Executive Director  
Sara Lee, Chief Financial Officer

**DATE:** October 30, 2013

**RE:** Informational Report on the Port of Oakland's Finances and  
Approved Fiscal Year 2013-14 Budget

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The Port of Oakland is pleased to submit this Informational Report on the Port of Oakland's Finances and Approved Fiscal Year 2013-14 Budget. For questions on this report please contact Joanne Karchmer, Government Affairs Rep. at 627-1384.

Respectfully submitted,

Jean Banker  
Deputy Executive Director

Sara Lee  
Chief Financial Officer

Item # \_\_\_\_\_  
Finance Committee  
November 12, 2013



**PORT OF OAKLAND**

# Fiscal Year 2013 Financial Highlights Fiscal Year 2014 Budget

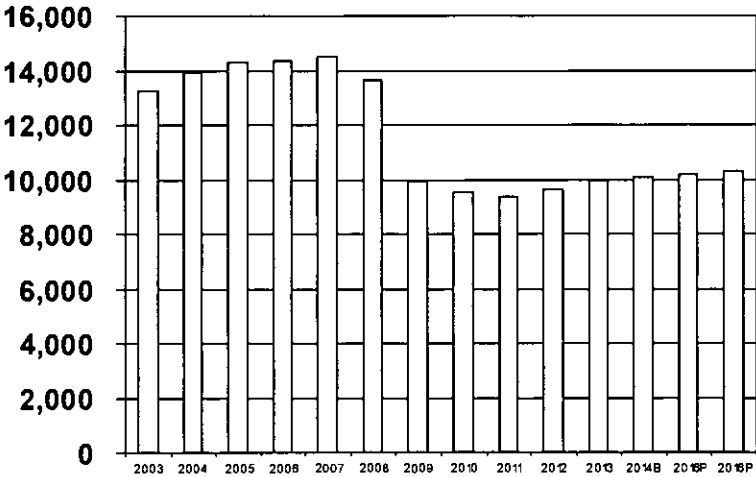
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Presentation to Oakland City Council  
Finance & Management Committee  
November 12, 2013

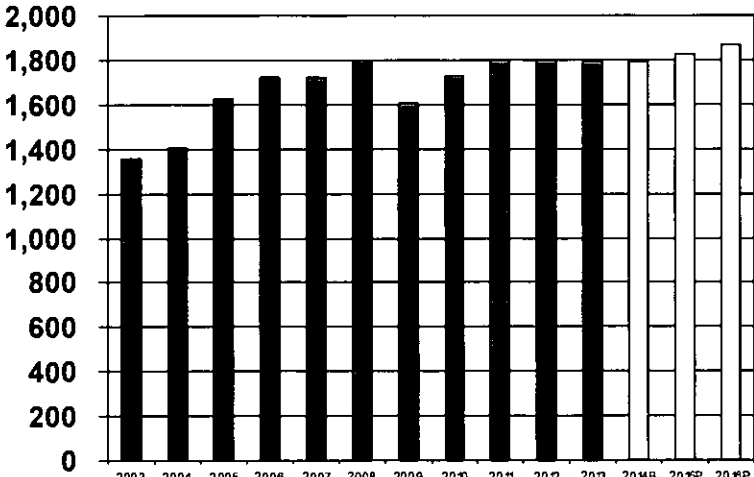
The information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by such projections and forecasts. The information and figures herein are subject to change without notice after the date thereof, and may differ from the information and figures contained in the Port's final adopted budget. The overall cost of the Port's capital projects is subject to change, and the variance from the cost estimates reflected herein could be material. The Port is not obligated to and does not plan to issue any updates or revisions to this presentation.

# Activity Levels

	Unaudited FY 2013	Comparison to FY 2013 Budget Better/(Worse)		Comparison to FY 2012 Actual Better/(Worse)	
Total Passengers	9,950,856	280,856	2.9%	307,301	3.2%
Full TEUs*	1,794,187	(1,460)	(0.1%)	(2,484)	(0.1%)



Total Passengers



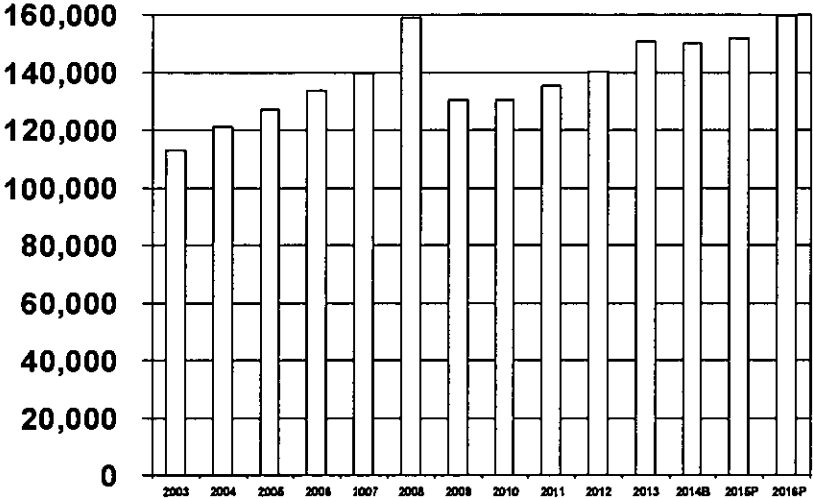
Full TEUs\*

\* Twenty foot Equivalent Units

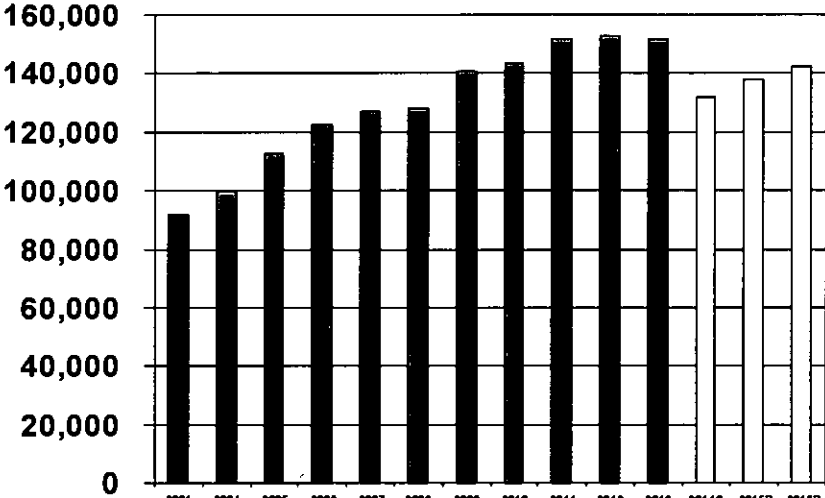
## Revenues (\$000s)

	Unaudited FY 2013	Comparison to FY 2013 Budget Better/(Worse)		Comparison to FY 2012 Actual Better/(Worse)	
		\$	%	\$	%
Aviation	145,452	(256)	(0.2)	8,945	6.6
Maritime	148,011	2,231	1.5	(434)	(0.3)
Commercial Real Estate	12,674	1,217	10.6	268	2.2
Utilities	9,442	449	5.0	1,206	14.6
Bad Debt Reserve	(59)	361	85.8	(605)	(111.0)
<b>Total Operating Revenues</b>	<b>315,519</b>	<b>4,001</b>	<b>1.3</b>	<b>9,380</b>	<b>3.1</b>
Passenger Facility Charges	19,924	(305)	(1.5)	166	0.8
Customer Facility Charges	5,387	257	5.0	203	3.9
Grants	37,895	9,963	35.7	14,679	63.2

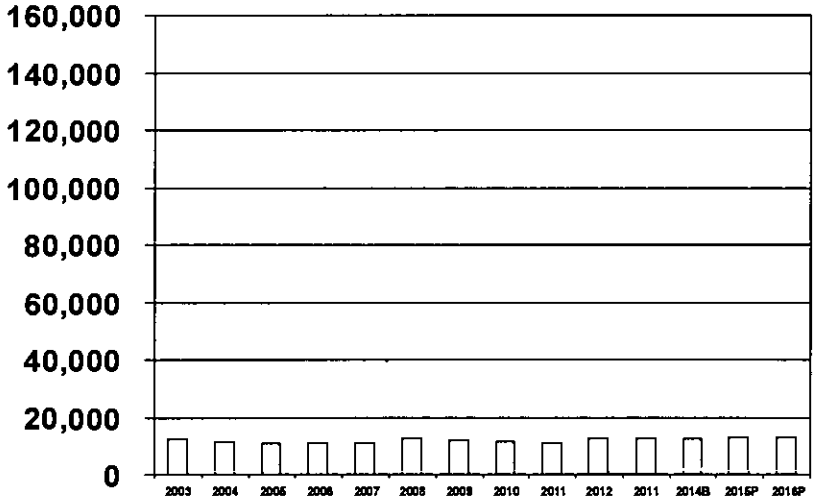
# Operating Revenues (\$000s)



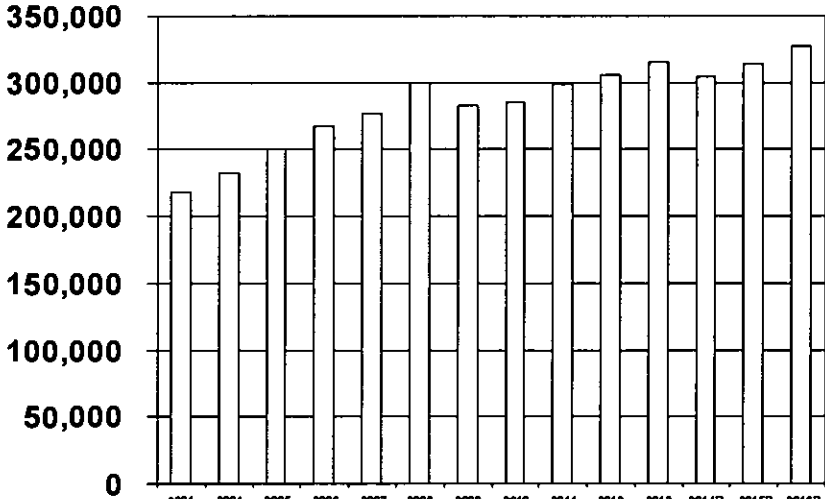
Aviation



Maritime



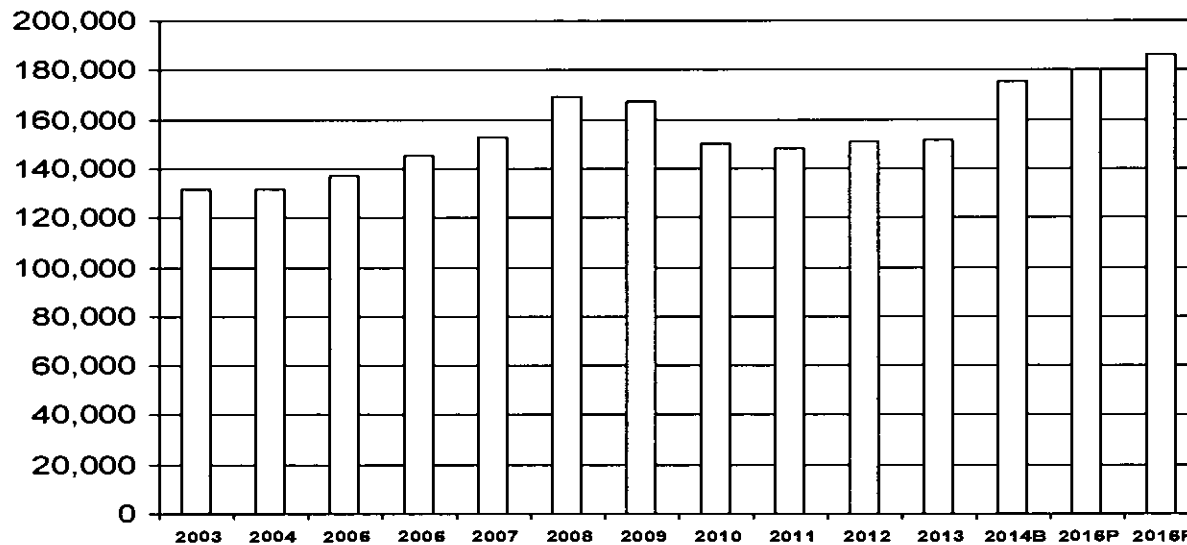
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Total Portwide

## Operating Expenses (\$000s)

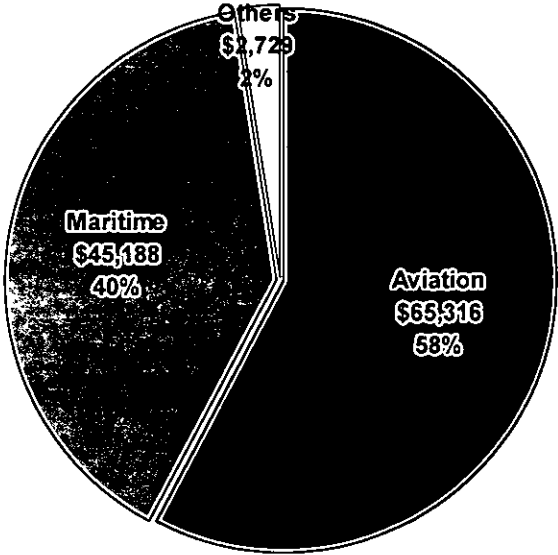
	Unaudited FY 2013	Comparison to FY 2013 Budget Better/(Worse)		Comparison to FY 2013 Actual Better/(Worse)	
		\$	%	\$	%
Operating Expenses before Depreciation & Amortization	151,475	17,761	10.5	(698)	(0.5)
Net Operating Income	65,810	21,622	48.9	8,481	14.8



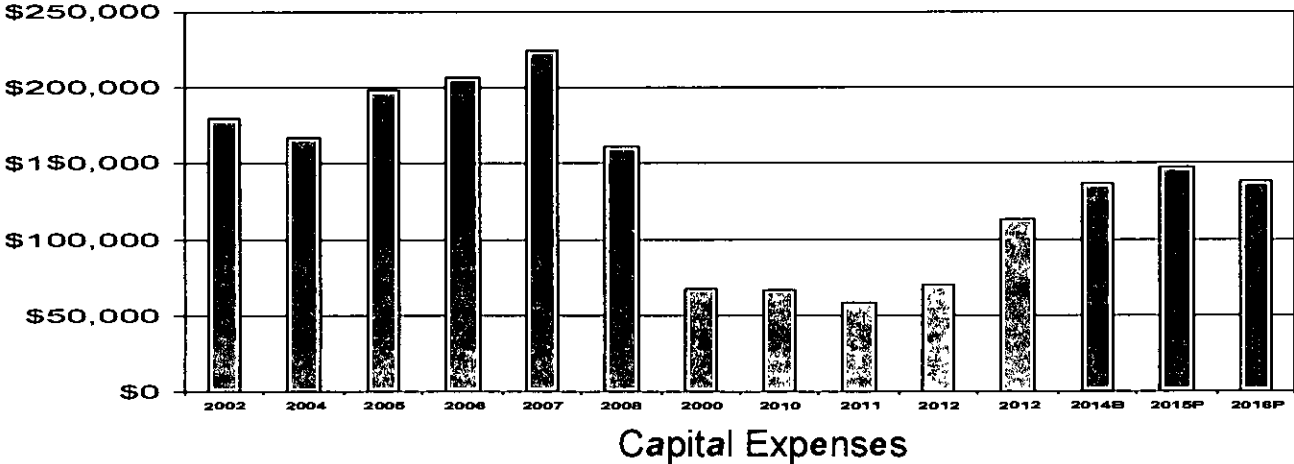
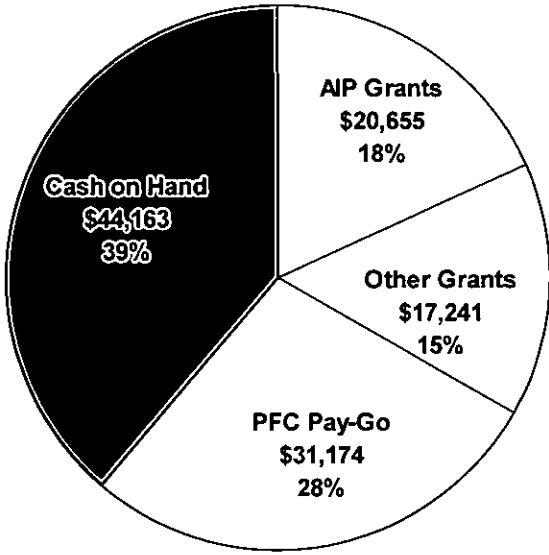
Operating Expenses before Depreciation & Amortization

# FY 2013 Capital Expenses (\$000s)

\$113,233



\$113,233

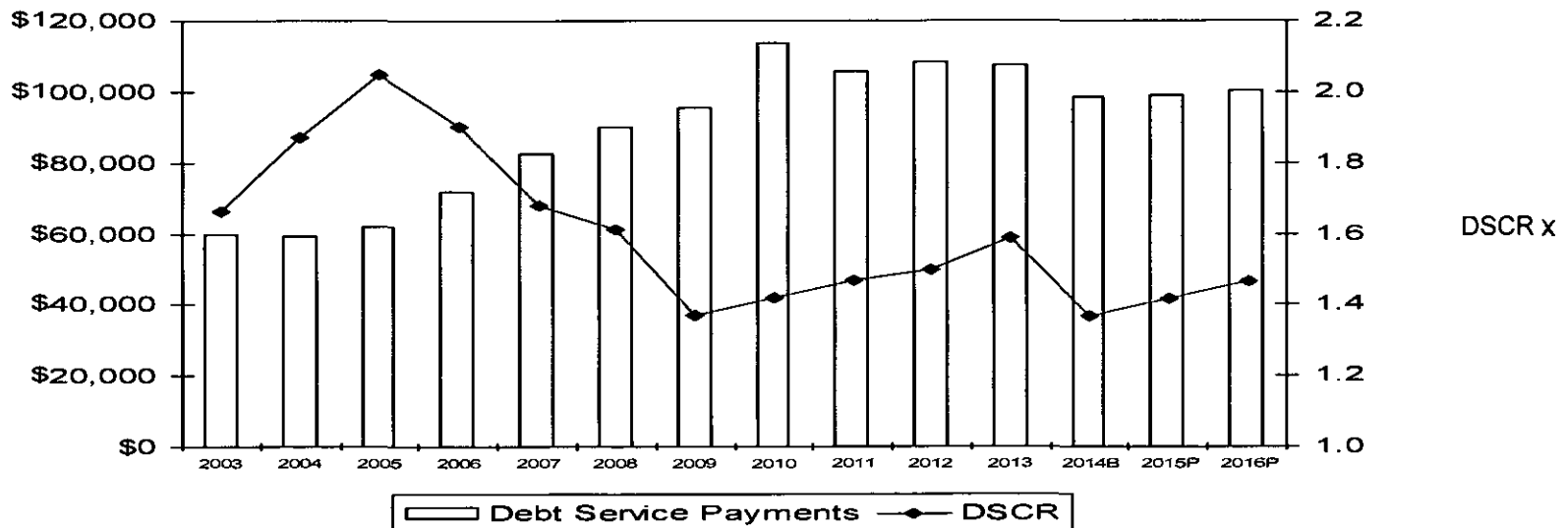




## Debt Service and Cash (\$000s)

Unaudited  
FY 2013

Debt Service Payments	107,424
Debt Service Coverage Ratio	1.59x
Outstanding Debt	1,244,370
Cash on Hand (6/30) *	140,702
Days Cash on Hand*	339

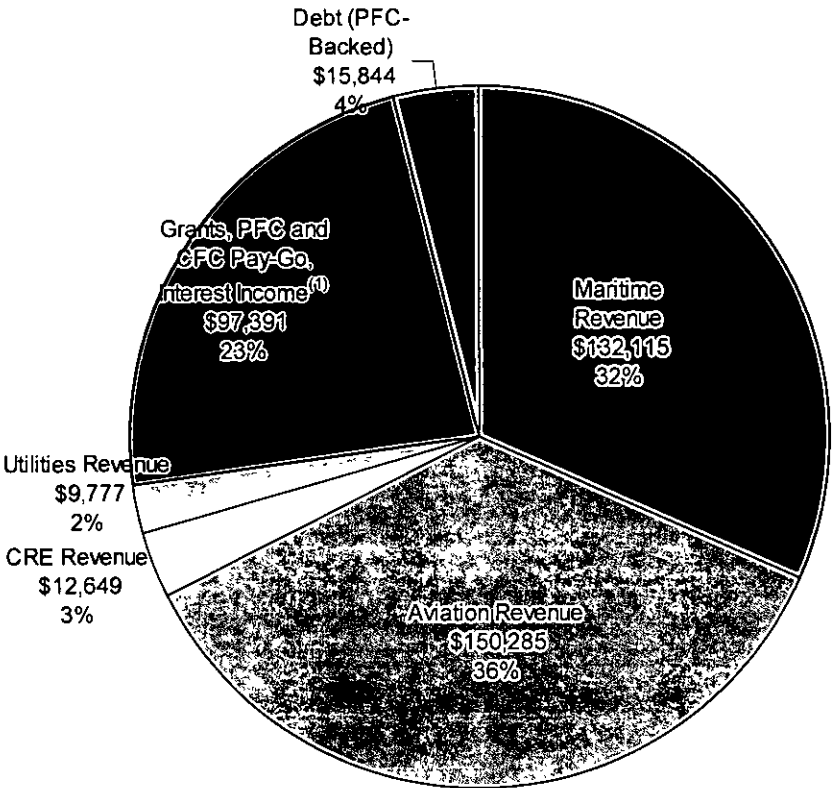


\* Includes Board Reserves of approximately \$66 million; Excludes accrued debt service payments

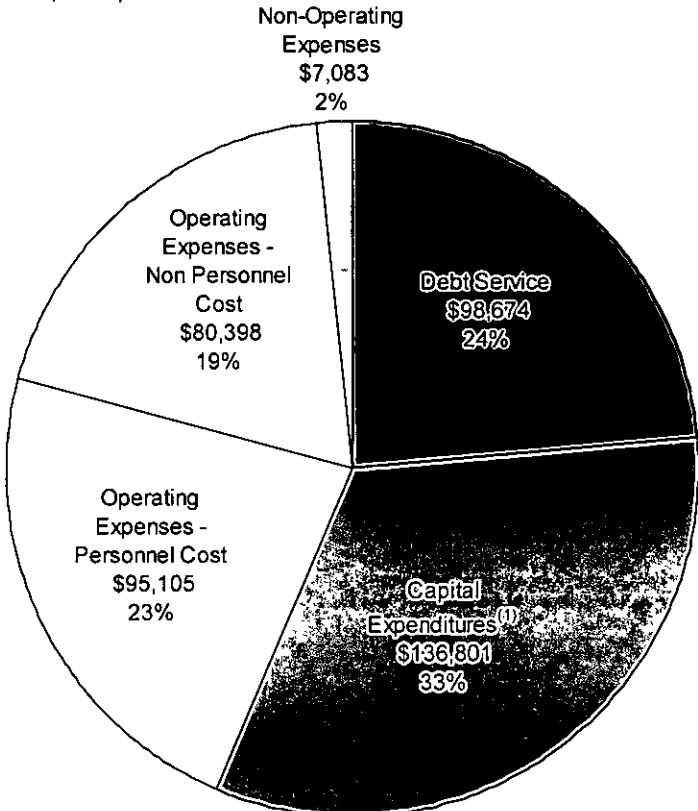
# Sources and Uses of Port Funds FY 2014 Budget

\$ in Thousands

**Sources**  
\$418,061



**Uses**  
\$418,061



(1) Assumes FY 2014 Capital Budget plus pipeline projects less 25% adjustment factor is completed in FY 2014

# Projects Included in 5-Year CNA

	\$000s	% of Total		\$000s	% of Total
<b>Airfield</b>					
Runway Safety Area	94,617	14%	Oakland Army Base Phase I	96,135	15%
Airfield Perimeter Dike	44,000	7%	Utilities Infrastructure *	30,067	5%
Runway 12-30 Rehabilitation	19,800	3%	BART Airport Connector	24,000	4%
FAA Tower Relocation & Misc	4,023	1%	Security *	21,647	3%
<b>Total Airfield</b>	<b>162,440</b>	<b>25%</b>	Ground Access & Parking *	17,280	3%
<b>Airport Terminals</b>					
Terminal 1 Rehabilitation	255,500	39%	Landlord Obligations for Leased Areas *	16,904	3%
Pre-Development	500	0%	Dredging & Mitigation *	8,700	1%
<b>Total Airport Terminals</b>	<b>256,000</b>	<b>39%</b>	Information Technology *	5,740	1%
<b>Maritime Terminals</b>					
Shorepower	14,100	2%	Misc. Capital Equipment *	1,086	0%
Misc. Repairs*	2,672	0%	Misc. Facilities Replacement *	1,325	0%
<b>Total Maritime Terminals</b>	<b>16,772</b>	<b>3%</b>	Pre-Development *	500	0%
				<b>TOTAL 5-YEAR CNA</b>	<b>658,596 100%</b>

□ 7 Projects comprise 83% of the 5-Year CNA

\* Multiple projects

# Payments to City

Payment Type	FY14 Budget (\$ millions)
General Services and Lake Merritt Maintenance	2.2
Special Services <sup>(1)</sup>	1.0
Aircraft Rescue & Fire Fighting (ARFF)	5.1
Treasury Management	0.3
Landscaping & Lighting Assessment District (LLAD)	0.7
Parking Tax	5.0
Total	14.3

(1) Includes Maritime and Jack London Square police, Personnel, KTOP, and City Clerk services

# Summary

- The Port's financial condition remains challenging
  - Modest growth in business activity
  - Competitive business pressures and general economic uncertainty
  - Expenses projected to grow faster than revenues
  - \$1.2 billion of outstanding debt
  - About \$1.2 billion of other liabilities and needs to be addressed
  
- Port's approach to budgeting and financial management centers on:
  - Close monitoring of expenditures
  - Revenue maintenance and enhancement
  - Careful prioritization in light of resource limitations
  - Plan for the longer term (relationship of next 12 months to future years)
  - Maintain and improve financial position