

SUPPLEMENTAL



**PORT OF
OAKLAND**

Development of FY 2026 Operating and Capital Budgets

Board of Port Commissioners
May 8, 2025

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Purpose of Presentation

Today's Presentation:

1. Recap key budget objectives and drivers
2. Present preliminary FY 2026 budget numbers
3. Present preliminary updated 5-year operating forecast and Capital Improvement Plan

Prior Presentation (Attachment B) – March 27, 2025:

- ☐ *Provided overview of Port budget and budget process*
- ☐ *Discussed key factors influencing development of FY 2026 Budget*
- ☐ *Received Board feedback on key budget objectives and assumptions*

Key Budget Objectives

- **Cash/Liquidity:** Remain focused on maintaining strong cash/liquidity reserves to manage unanticipated operational, financial and economic disruptions and establish working capital, self-insurance, security deposit, capital investment and debt service funds to ensure the Port maintains adequate cash balances to meet long-term obligations.
- **Debt:** Maintain discipline of paying down portion of outstanding commercial paper notes, in addition to required bond payments. Set the stage to issue debt in the future to fund portions of the Port's 5-Year CIP.
- **Operating:** Demonstrate smart, prudent and thoughtful budgeting considering near-term economic uncertainties to support long-term financial strength, resiliency, and sustainability.
- **Capital Investments:** Strategically identify, prioritize and appropriately plan major capital projects with a focus on health, safety, regulatory compliance, on-going or imminent revenue generating projects, asset management, infrastructure investments and where availability of external funding (e.g., grants) is contingent on timely expenditure.
- **Financial Metrics:**
 - Improve operating margin for all four revenue divisions
 - Control Airport Cost per Enplanement (CPE)
 - Maintain minimum Bond Debt Service Coverage Ratio of 1.40x at year end per Port Debt Policy
 - Review each Port revenue division CIP under more onerous internal financial metric affordability tests
 - Achieve minimum projected cash balance on June 30* of no less than 365 days-cash-on-hand (DCOH)
 - Maintain Board Reserves, consistent with policy, of approximately \$82.2** million

* June 30 cash balance is used to pay upcoming November 1 debt payment of \$28.3 million, construction contracts already executed, 5-Year Capital Improvement Plan, day-to-day operating expenses and unfunded liabilities; balance also includes contractor retention not held in escrow and security deposits. Excludes restricted cash reserve balances.

** This figure reflects estimated FY 2026 Board Reserve requirement.

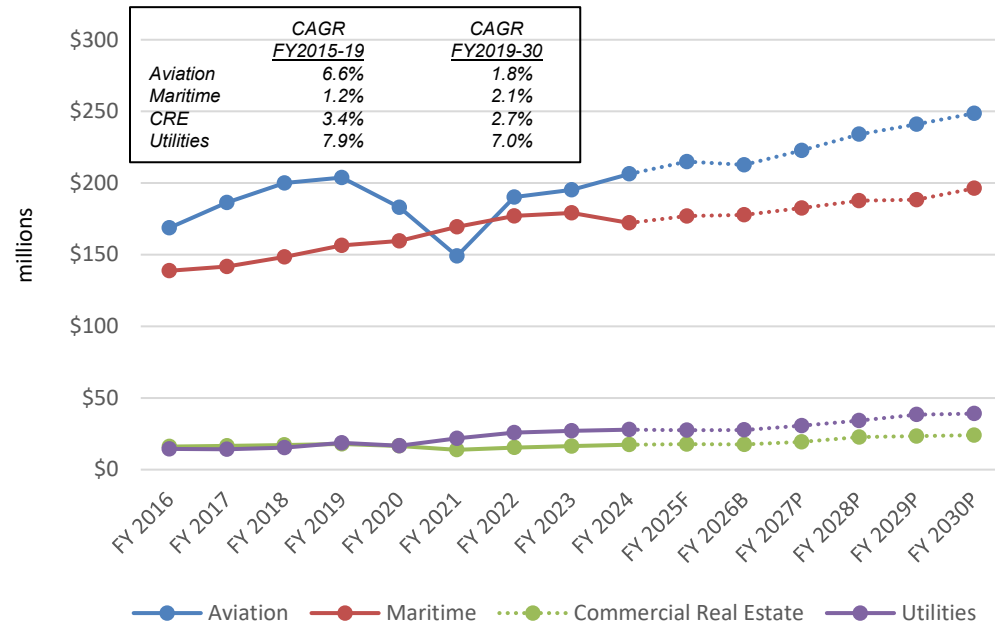
Key Factors Under Consideration in Developing FY 2026 Budget

- ❑ Macroeconomic uncertainties (e.g. tariffs, inflation, recession, etc.) along with industry specific challenges to adversely impact revenue growth across all four revenue divisions;
- ❑ Draft FY2026 budget assumes (a) lower than FY2025 forecasted passenger traffic at the Airport in FY2026, and (b) TEU annual growth of 1.6% at the Seaport⁽¹⁾;
- ❑ Maritime division's Operating Revenues significantly lower over the next five fiscal years (FY2026-2030) than previously projected as facilities are taken out-of-service to allow for substantial redevelopment aimed to modernize existing facilities and enhance the Seaport's long-term competitiveness;
- ❑ Operating Expenses are held flat at FY2025 budgeted levels to account for lower projected Operating Revenues in FY2026 and beyond;
- ❑ The current 5-Year CIP of \$1.45 billion cannot be funded without some amount of debt borrowing;
- ❑ Financial engineering in the form of capitalized interest and/or deferred principal amortization may be required to fund capital projects when debt bonding capacity is limited;
- ❑ With 56 FTE vacancies, the Port must fill and/or repurpose critical vacancies to support day-to-day operations, advance Port priorities in specific areas and deliver on capital projects.

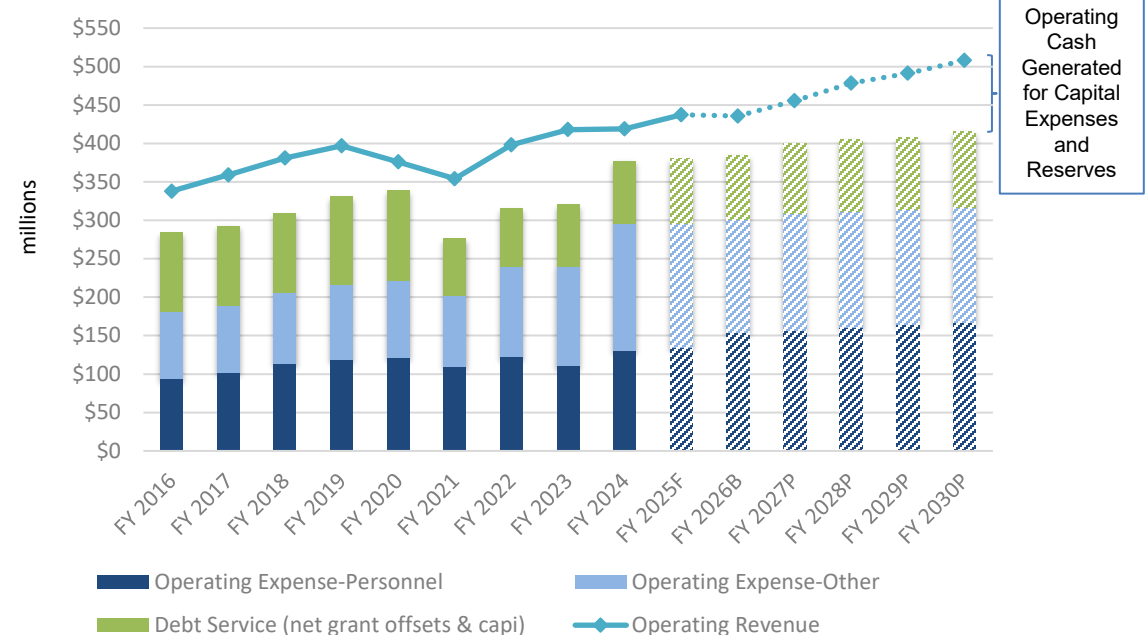
(1) Assumption under review due to increasing macroeconomic uncertainties.

The Development of the FY 2026 Budget Begins with Forecasting Revenues and Recognizing Fixed Costs

Operating Revenues⁽¹⁾ by Division



Port-wide Operating Revenues⁽¹⁾, Operating Expenses⁽²⁾ and Debt Service



❑ Personnel costs (51% of operating expenses), debt service is fixed and limited discretion exists with other operating expenses.

⁽¹⁾ Excluding GASB 87 Accounting for Leases and Intercompany Electric Utilities Billing Revenues.

⁽²⁾ Excluding depreciation and Intercompany Electric Utilities Billing Revenues.

Balancing Sources and Uses of Funds

(\$ in 000s)	Preliminary FY 2026 Budget
Uses of Funds	
Operating Expenses ¹	\$298,112
Debt Service ²	85,837
Capital Expenses	258,228
Other Expenses ³	71,221
Transfer to Restricted Fund	548
Total Uses	\$713,946
Sources of Funds	
Cash From Operations	\$435,736
Grants/Other ⁴	158,480
Passenger Facility Charges (PFCs) ⁵	16,087
Interest Income	14,165
Cash Reserves	70,089
Commercial Paper/Bonds	19,388
Total Sources	\$713,946

¹ Excludes depreciation and Pension/OPEB expenses.

² Includes \$7.342 million repayment of CP notes and associated interest. Of the total debt service amount, approximately \$2.342 million of CP Notes and associated interest is anticipated to be repaid with PFCs. The interest rate on the CP notes is assumed to be 2.6% in FY 2026.

³ Includes but not limited to CP Notes and bond related fees, General Services and Lake Merritt payments to the City, adjustment of Operating Reserve, and restricted cash transfers.

⁴ The Port has not yet obtained grant funding for all capital projects included in the budget.

⁵ The use of PFCs to fund capital projects requires FAA approval of new PFC application.

FY 2026 Operating Revenues (Excluding GASB 87 Adjustments and Intercompany Revenues) are Preliminarily Budgeted at \$435.7 Million

Highlights:

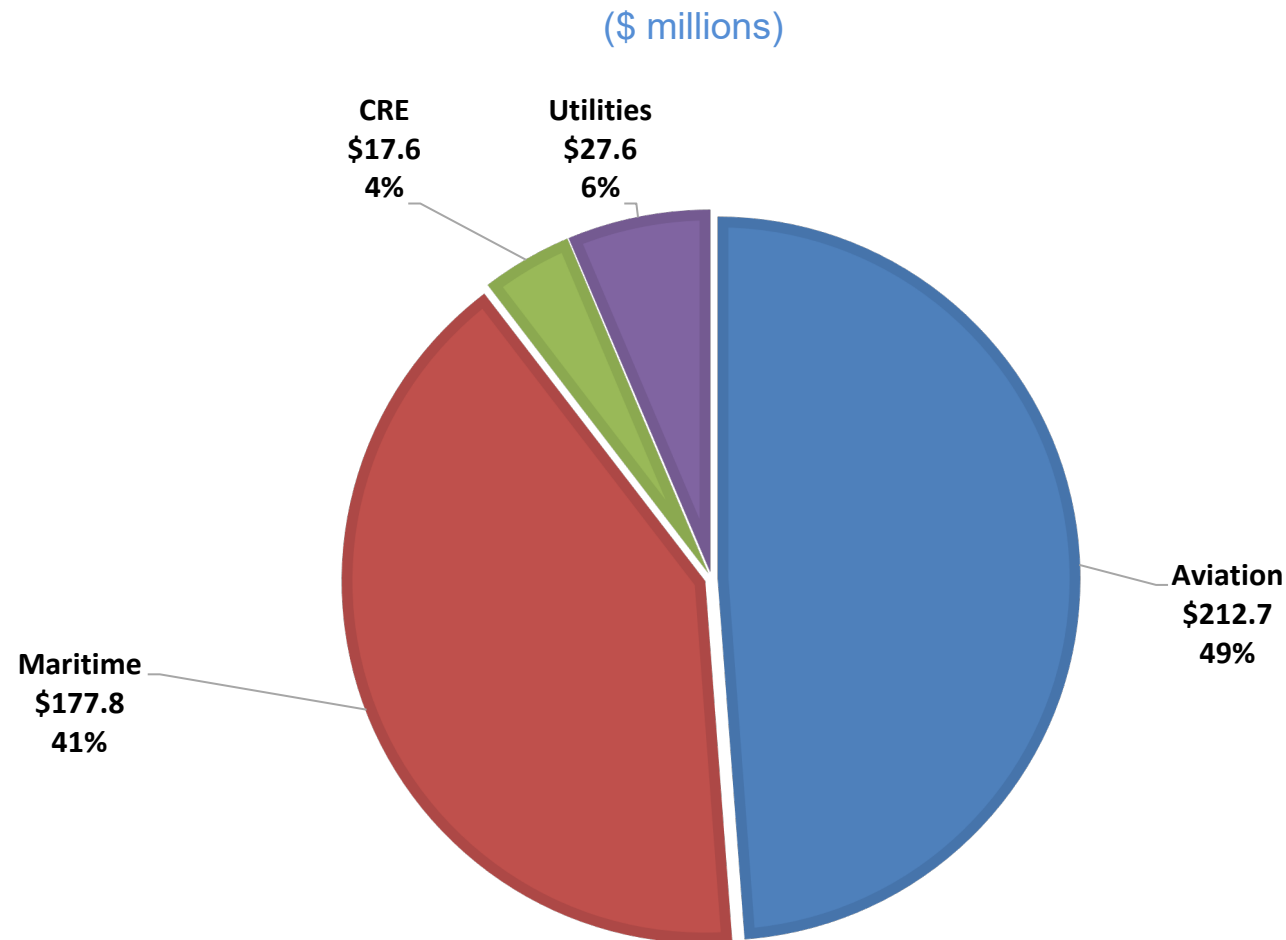
FY 2026 Operating Revenue increases compared to FY 2025F (Forecast):

Aviation: -1.0% Increase

Maritime: +0.3% Increase.

CRE: -1.3% Increase

Utilities: +0.5% Increase



Highlights:

FY 2026 enplanement traffic assumed to decrease by 10% from FY 2025 Forecast or 13.8% lower than FY 2025 Budget.

Airline Revenues Parking, and Concessions drive lower revenues at OAK.

Evaluating adjustments to parking, rental car, and concession revenues due to possible change in enplanement assumption.

Major Drivers of Aviation Revenues

(\$ millions)

Revenue Source	(Budget) FY 2025B	(Forecast) FY2025F	FY2026B (Preliminary)	\$ Var to FY2025F	% Var to FY2025F
Airline Revenues – Terminal	\$57.3	\$59.4	\$55.9	-\$3.5	-5.8%
Airline Revenues – Landing	30.4	30.0	30.4	+0.4	+1.4
Parking Revenues	45.1	42.9	39.9	-3.0	-7.0
Concession Revenues	7.5	7.9	7.0	-0.9	-11.2
Rental Car Revenues	11.3	11.3	11.3	-0.0	-0.2
Other Revenues	62.5	67.1	68.2	+1.1	+1.7
Subtotal Revenues	214.1	218.6	212.8	-5.8	-2.7
Bad Debt Expense	-0.2	-0.2	-0.2	0.0	0.0
Gross Revenues	213.9	218.4	212.5	-5.8	-2.7
Utility Revenues	0.1	0.2	0.2	-0.0	-4.3
GASB 87	(1.2)	(2.4)	(2.4)	+0.0	-1.2
Net Revenues	\$212.8	\$216.1	\$210.3	-\$5.8	-2.7%

Highlights:

Fixed and Other marine terminal revenues projected to grow while variable rent projected to decline due to change in distribution of cargo and rates across marine terminals despite Total TEU growth of 1.6% assumed in FY 2026 relative to FY 2025 forecast.

Lower Rail Terminal Revenues resulting from new lease negotiations.

Month to month agreements higher due to full year effect of three new tenancies that started in FY 2025.

Major Drivers of Maritime Revenues

(\$ millions)

Revenue Source	FY 2025B	FY2025F	FY2026B (Preliminary)	\$ Var to FY2025F	% Var to FY2025F
Marine Terminal – Fixed	\$106.4	\$105.7	\$107.9	+\$2.2	+2.1%
Marine Terminal - Variable	16.4	17.5	16.7	-0.8	-4.4
Marine Terminal – Other	3.0	3.4	4.2	+0.8	+24.6
Rail Terminal	3.9	4.4	1.0	-3.4	-76.8
Other Agreements > 1 yr.	42.9	35.7	35.5	-0.2	-0.4
Month to Month Agreements	9.9	8.9	10.7	+1.9	+21.3
Miscellaneous Revenue	0.4	0.6	0.6	+0.1	11.3
Subtotal	182.8	176.1	176.8	+0.7	+0.4
Bad Debt	(0.3)	(0.3)	(0.3)	0.0	0.0
Gross Revenues	182.6	175.9	176.5	+0.7	+0.4
Utility Revenues*	1.2	1.1	1.2	+0.1	+10.5
GASB 87	(10.2)	(11.1)	(13.1)	-2.0	+17.8
Net Revenues	\$173.6	\$165.9	\$164.7	-\$1.2	-0.7%

* Utility Revenues include sewer & water, gas, shorepower maintenance fee, and vessel commissioning.

Highlights:

FY 2026 Hotel rents lower due to closure of JLS hotel and lower percentage rents.

FY 2026 Office space rents lower resulting from tenant's consolidation of space at 530 Water St.

Major Drivers of CRE Revenues

(\$ millions)

Revenue Source	FY 2025B	FY2025F	FY2026B (Preliminary)	\$ Var to FY2025F	% Var to FY2025F
Land & Building With Land Rents	\$2.9	\$2.9	\$3.3	+\$0.4	+14.9%
Parking	2.5	2.5	2.8	+0.3	+12.4
Hotel Rents	2.4	1.9	1.4	-0.5	-26.8
Office	2.4	2.4	1.7	-0.7	-29.6
Restaurants	2.0	2.0	2.1	+0.0	+2.0
Other*	6.2	6.2	6.4	+0.2	+3.8
Subtotal	18.4	17.9	17.7	-0.2	-1.1
Bad Debt	(0.2)	(0.2)	(0.2)	0.0	0.0
Gross Revenues	18.2	17.7	17.5	-0.2	-1.1
GASB 87	(2.1)	(2.2)	(2.3)	-0.1	+5.0
Net Revenues	\$16.1	\$15.5	\$15.2	-\$0.3	-2.0%

* Includes Retail, Marinas Revenues, Billboards Revenues, Miscellaneous Revenues & Delinquency Charges

Highlights:

Higher electricity revenues stem from expected increases in usage and rate hikes by PG&E (Pass-Throughs) and Port Utilities Division (Wholesale).

Wholesale electricity rate increases will differ at the Airport and Harbor and will be based on cost-of-service studies underway for each of these two locations.

Major Drivers of Utilities Revenues

(\$ millions)

Revenue Source	FY 2025B	FY2025F	FY2026B (Preliminary)	\$ Var to FY2025F	% Var to FY2025F
Electricity – Wholesale	\$19.0	\$16.6	\$17.4	+\$0.8	+5.1%
Electricity – Pass-Through	9.4	7.3	8.1	+0.8	+10.9
Shorepower	8.4	7.3	7.1	-0.2	-3.0
Miscellaneous ⁽¹⁾	1.2	1.4	1.3	-0.0	-3.6
Gross Revenues	38.0	32.6	34.0	+1.4	+4.2
Intercompany Elimination	(6.2)	(6.3)	(6.3)	+0.0	0.0
Total Revenues	\$31.9	\$26.3	\$27.6	+\$1.4	+5.2%

(1) Includes sale of CAP & Trade Allowances and Public Benefits Fee - AB 1890

FY 2026 Operating Expenses are Preliminarily Budgeted at \$300.8 Million which Represents an 0.2% Increase from FY 2025 Budget*

Highlights:

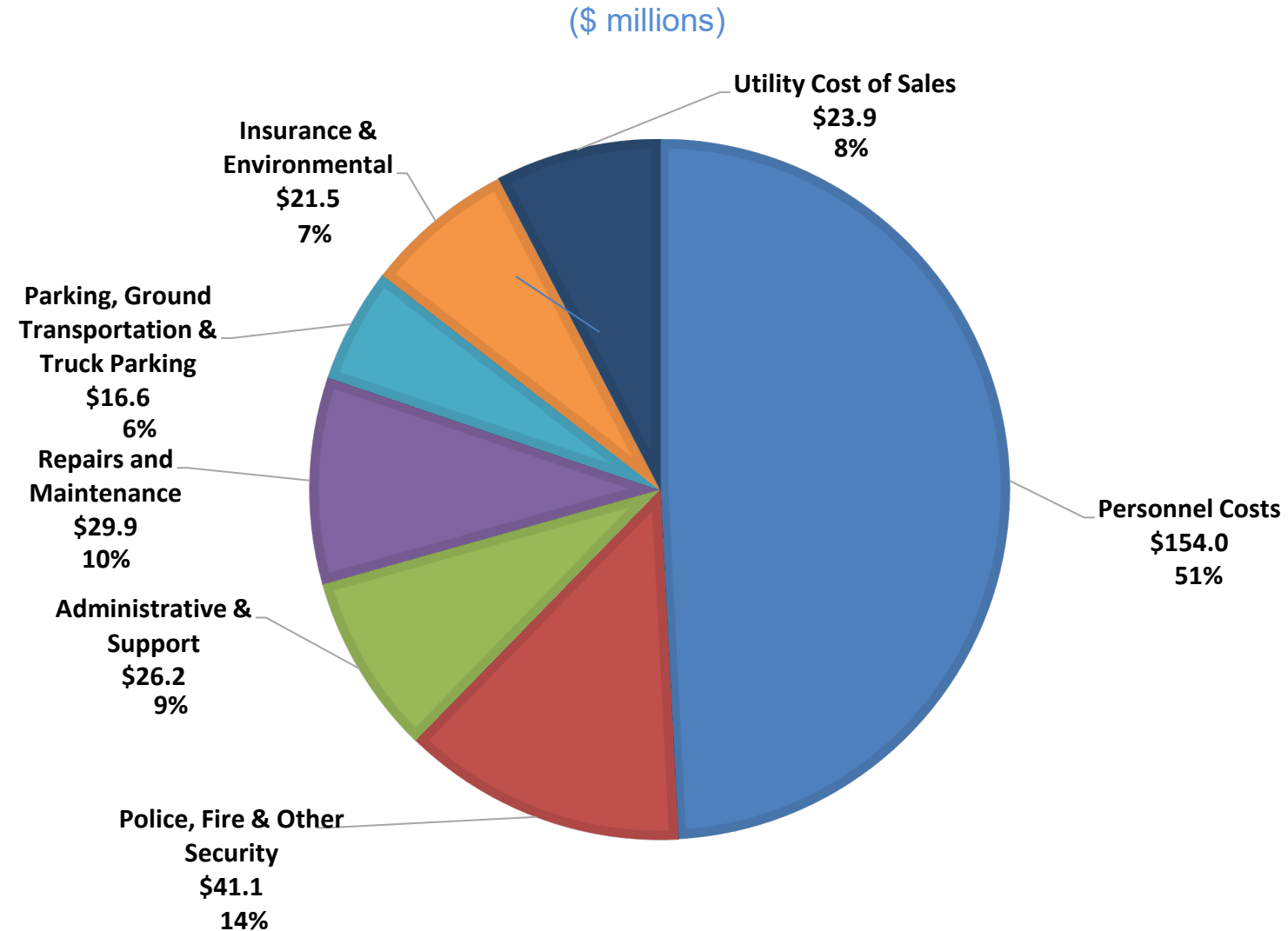
Over the last five fiscal years, Actual OPEX have come in 13% below budget on average excluding FY 2020 (COVID).

FY 2026 Operating Expenses (before Depreciation) represent 69% of Operating Revenues (excl GASB 87 and Intercompany Revenue).

Largest expense decline as a percentage was in Utilities due to lower anticipated electricity demand.

Largest year-over-year dollar growth is in Personnel Costs.

Parking and ground transportation down \$2.8 million due to lower demand.



* Excluding depreciation and net of Labor and Overhead Allocated to Capital Expenses.

Highlights:

Personnel costs due to increases in retiree medical costs, medical insurance, and higher total salaries due to full year of prior COLA and step increases.

Contractual Services lower due to reduction in parking operations and payments to tenants

G&A (net) lower due to lower pollution remediation and marketing costs.

Utilities lower as Cost of Commodity usage anticipated to be lower than budgeted in FY 2025.

Excluding Depreciation, FY 2026 Operating Expenses Represent a 0.2% Increase Over FY 2025 Budgeted Expenses

Operating Expenses	Preliminary FY 2026B \$ millions	Change from FY 2025B \$ millions	% Change from FY 2025B
Personnel Services	\$154.0	+\$11.0	+7.7%
Contractual Services	109.0	-4.4	-3.9
Supplies	6.9	+0.2	+2.3
General & Administrative	26.1	-1.4	-5.0
Utilities	23.9	-4.0	-14.4
Departmental Credits	-12.8	-0.5	+4.0
Intercompany Elimination	-6.3	-0.2	+2.9
Operating Expenses before Dep'n	300.8	+0.7	+0.2
Depreciation & Amortization	123.4	+13.1	+11.9
Total Operating Expenses	\$424.2	+\$13.8	+3.4%

Ten Line Items Drive the Change in Operating Expenses

Highlights:

Personnel cost increase:

- Medical premiums
- Retiree medical insurance expense \$8M increase in expense (\$3M GASB 75 expense FY26 vs \$5M credit in FY25)
- Higher total salaries

Consulting increases:

- Engineering PMO +\$1.3M.
- Environmental consultants increase by \$0.5M (offset by \$0.6M in grants)
- Maritime for engineering studies \$0.7M.

Electricity lower due to less anticipated Port wide demand.

	Operating Expenses	FY 2026 Preliminary Budget \$ millions	Change from FY 2025B \$ millions	% Change from FY 2025B
1	Personnel Costs*	\$154.0	\$11.0	+7.7%
2	Consulting* - Engineering, Environmental, Maritime	11.7	+2.2	+23.4
3	Alameda County Sheriff *	25.8	+0.7	+2.8
4	Major Maintenance - Maritime	3.1	+0.6	+22.4
5	Utilities Cost of Sales – Electricity*	23.2	-3.8	-14.0
6	Truck Parking - Maritime	4.6	-2.5	-35.2
7	Contractual Services With Tenants	1.8	-1.4	-43.5
8	Pollution Remediation	1.0	-0.8	-42.9
9	Port Use Water	1.7	-0.4	-19.2
10	Computer Systems*	4.9	-0.4	-7.9
	All Other Expenses*	69.5	-4.6	-6.2
	Total	\$300.8	+\$0.7	+0.2%

* Portions of the increases will be included in FY 2026 Airline rates and charges.

Highlights:

Total salaries cost increase due to full year of prior COLA, step increases.

Increased retiree medical increase due to increase in premiums and GASB 75 expense increase.

FY 2026 Personnel Expense Budget assumes 534 FTEs with average 19.5 vacancies for the full year (vacancy factor).

Vacancy factor does not prevent hiring but reduces budgeted costs to account for the time it takes to fill positions.

Full employment (no vacancies) will add \$6.3 million to personnel costs.

FY 2026 Preliminary Personnel Expense Breakdown

Operating Expenses	FY 2026 Preliminary Budget \$ millions	Change from FY 2025B \$ millions	% Change from FY 2025B
Salaries and Wages	\$83.3	\$2.6	3.2%
Pension	29.3	-0.3	-0.9%
Health Care Retirement	14.0	8.0	133.0%
Health Care Active	14.6	1.1	8.1%
Overtime	4.1	-0.7	-15.1%
Workers Compensation	2.9	0.3	11.7%
Vacation Sick Leave	2.4	0.1	2.2%
Medicare	1.2	0.0	3.2%
Life, Disability, Accident Insurance	1.2	0.0	2.9%
Training & Education	0.7	0.0	4.7%
Other*	0.2	-0.2	-41.5%
Total	\$154.0	\$11.0	7.7%

* Includes temporary help, wellness program, continuing education, professional development, training, professional licenses, unemployment insurance, Section 125 Plan admin fees, college/high school intern program, college tuition program, deferred comp, meal allowance and physicals.

FY 2026 Budgeted FTEs

Highlights:

16 vacant FTEs were eliminated during the development of FY 2026 Staffing Plan.

No remaining vacant positions are “frozen”, work continues to fill all vacancies.

As of April 2025, 17 active recruitments were at different stages with potential to fill approximately 26 positions.

Recruitment efforts may lead to internal promotions or transfers and not immediately reduce vacancies.

Priority is to fill and/or repurpose existing vacancies, with most critical positions being prioritized.

	FY 2019	Net Additions ⁽¹⁾	Net Reductions	FY 2026	Vacancies	Actual FTEs as of April 2025
Aviation	257	4	-11	250	22	228
Maritime	69	5	0	74	1	73
CRE	8	0	+1	9	1	8
Finance	37	2	0	39	6	33
Human Resources	14	6	-1	19	6	13
Executive ⁽²⁾	2	1	0	3	1	2
Public Engagement	16	0	0	16	7	9
Legal	14	2	0	16	2	14
Audit	7	0	0	7	3	4
Board	2	0	0	2	0	2
Engineering	52	12	-5	59	4	55
Environmental	12	4	0	16	0	16
Information Technology	13	3	0	16	2	14
Utilities	4	4	0	8	2	6
Total Budgeted FTEs	507	43	-16	534	57	477

(1) Net additions include positions added to the staffing plan, offset by transfers between departments.

(2) Includes former Chief Operating Officer position.

Highlights:

Non-Operating Expenses includes certain payments to the City of Oakland, reimbursements to tenants for costs of non-Port owned capital assets or expenses.

Non-Operating Expenses impact our cash flow and require funding to be identified.

Non-Operating Expenses are Also Part of the Port's Budget

Non-Operating Expenses*	(\$ millions)
Demolition of Buildings and Abandoned Capital Projects	\$2.9
Wholesale Tariff Distribution Conversion	2.0
City General Services	1.7
Lake Merritt Maintenance	1.5
Debt Related Fees – Rating Agency, Letter of Credit	1.0
Purchase of City of Oakland Property (Notch Property)	0.7
Tenant Reimbursements for Zero Emissions Upgrades	0.2
Total	\$10.0

* Table above excludes pass-through non-operating expenses paid with pass-through non-operating revenues.

City Payments, Including Parking and Utility Taxes are Anticipated to Total \$23.0 Million in FY 2026*

* Does not include business fees and taxes paid by Port tenants or sales taxes generated by Port and tenant operations

** A payment to the City is not made. Instead, the Port incurs this cost on behalf of City-owned property.

City Payments	FY 2026 Preliminary (\$ millions)
Aircraft Rescue and Fire Fighting Services	\$6.7
General Services	1.7
Lake Merritt Maintenance	1.5
Maritime and JLS Police Service	0.9
Landscape Lighting Assessment District	0.7
CFD Payment & CAD Reimbursement	0.6
Personnel, City Clerk, KTOP Services	0.4
Treasury Services	0.4
Jack London Improvement District	0.2
Edgewater Median Maintenance**	0.1
Fireboat/OPD Patrol Boat Maintenance	0.1
Total	13.3
Parking and Utility Taxes	9.7
Total including Parking and Utility Taxes	\$23.0

Highlights:

Port is projected to operate at a loss in FY2026 and FY2027.

Aviation division faces projected average annual operating losses of \$40.0 million over the next five fiscal years.

Operating Losses Projected Across Key Revenue Divisions

(\$ millions)

FY 2026	Aviation	Maritime	Utilities	CRE	Port Wide
Oper. Revenues before GASB 87	\$212.7	\$177.8	\$34.0	\$17.6	\$442.1
GASB 87	(2.4)	(13.1)	--	(2.3)	(17.8)
Intercompany Adjustment (IA)	--	--	--	--	(6.3)
Oper. Revenues	210.3	164.7	34.0	15.3	417.9
Oper. Expenses Before D&A ¹	(182.2)	(80.8)	(30.0)	(15.2)	(300.8)
Oper. Income Before D&A	29.1	83.9	4.0	0.1	117.2
Depreciation and Amortization (D&A)	(68.9)	(51.6)	(0.2)	(2.7)	(123.4)
Operating Income/(Loss)	(\$39.8)	\$32.3	\$3.8	(\$2.5)	(\$6.2)

¹ Port Wide shown net of Intercompany Adjustments.

Highlights:

Each of the four revenue divisions must generate excess cash flow after O&M expense and bond debt service to fund a portion capital projects or add to capital improvement fund.

CAPEX spend greater than cash generated from operations must come from the capital improvement fund, grants, or debt issuance.

FY 2026 Operating Revenues Available for Capital Expenditures (CAPEX)

(\$ millions)

	Aviation	Maritime	CRE	Utilities
Operating Revenues + Interest Income	\$221.2	\$181.9	\$18.2	\$34.6
(-) Operating Expenses	(\$179.3)	(\$80.1)	(\$15.1)	(\$30.0)
(-) Debt Service Payments	(\$6.8)	(\$74.3)	(\$0.8)	(\$1.7)
Subtotal	\$35.0	\$27.5	\$2.3	\$2.9
(+) Other Income or (-) Other Expenses	(\$3.1)	\$4.2	(\$1.0)	(\$2.4)
Net Operating Revenues + Interest Income available for CAPEX	\$31.9	\$31.7	\$1.4	\$0.6
FY 2026 CAPEX Budget	\$139.0	\$74.0	\$3.7	\$39.9

FY 2026 Preliminary Capital Budget

Highlights:

Preliminary FY 2026 Capital Budget is 58.0% larger than FY 2025 capital spending forecast of \$163.4 million.

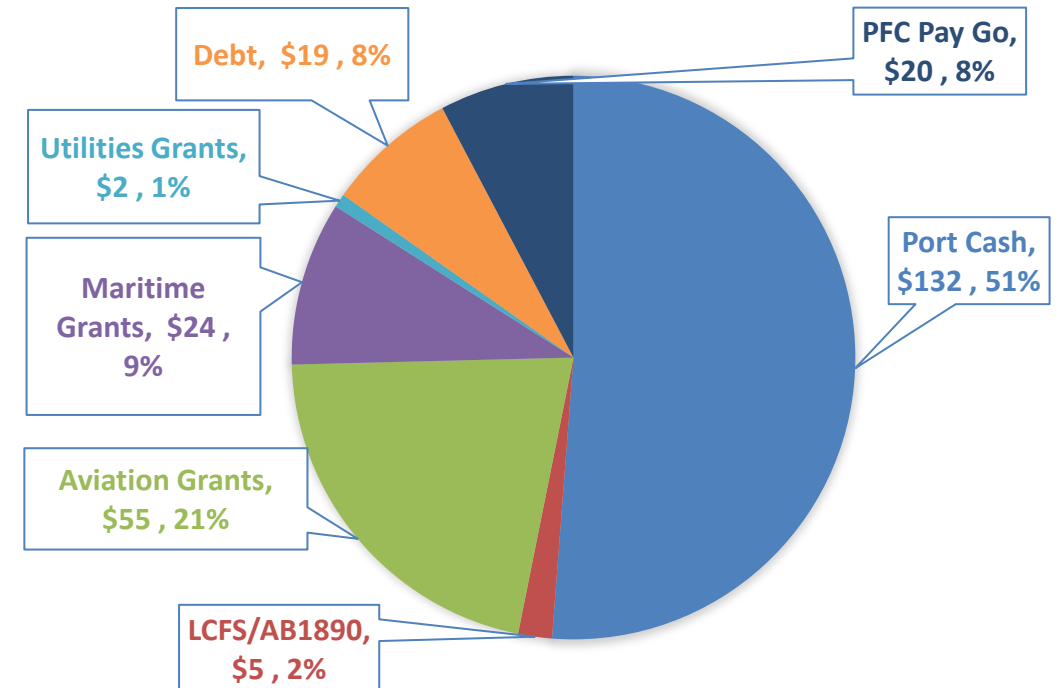
Cash and Debt funding percentages set at levels to achieve or maintain reasonable liquidity (cash balance) levels.

Ability to use PFCs to fund FY 2026 Capital Budget is contingent on FAA approval of new PFC application.

Preliminary
FY 2026 Capital Budget
(\$ millions)

Aviation	\$139.0	53.8%
Maritime	\$74.0	28.6%
Utilities	\$39.9	15.5%
CRE	\$3.7	1.5%
Support	\$1.6	0.6%
Total	\$258.2	100.0%

Preliminary Funding Sources
FY 2026
(\$ millions)



- ❑ Projects in the preliminary FY 2026 Capital Budget are at various stages; some are underway and others are in the planning or conceptual phase.

Major FY 2026 Capital Budget Projects

(\$ millions)

Project Description	Budget (\$)		Project Description	Budget (\$)
Airport Perimeter Dike Improvements - Seismic	\$38.6		B24 Backlands Redevelopment (2022 MARAD Grant)	\$5.4
Runway 10R/28L Rehabilitation and Taxiway Bravo	\$21.0		Taxiway Whiskey Rehabilitation - Phase 3	\$5.0
Substation 1 and 2 Upgrades at OAK	\$19.5		New Concession Infrastructure Support	\$5.0
M103 Roof, Drain Pipe, and Air Handler Replacement	\$16.5		Southfield Airside Sewer Improvements, Phase 2	\$4.7
Restroom Upgrades - Phase 2	\$16.4		Berth 22 Shore Power (Eagle Rock Development)	\$4.7
SS-R-14 Substation Replacement (14th/Maritime)	\$13.8		Passenger Boarding Bridge Replacement (4, 8, 8A)	\$4.5
Wharf/Crane Rail/Bollard/Fender Design (CalSTA Grant)	\$9.7		Restroom Upgrades Gate 3, 4, 7	\$4.3
ETS Pavement	\$6.6		B33/34 Leveling Project (CalSTA Grant)	\$3.6
Inner/Outer Harbor Turning Basins Widening	\$6.3		Delamination ETS	\$3.1
Green Power Microgrid (TCEP Grant)	\$6.2		Delamination Matson	\$3.1
Trash Capture Compliance (MAR-12, MAR-17, MAR-19)	\$5.7		IT Infrastructure Replacement (Cores, Servers, Switches)	\$3.0

Major FY 2026 Capital Budget Projects

(\$ millions)

Project Description	Budget (\$)		Project Description	Budget (\$)
Green Power Microgrid (TCEP Grant) Solar & BESS	\$3.0		Tenant Improvements at Business Park	\$1.3
SSEV-1 Phase 2	\$2.7		Sanitary Sewer Compliance: Joint Intermodal Terminal	\$1.1
B55-B59 OICT Crane Drive Upgrade	\$2.3		STE Bioswale	\$1.1
Restroom Upgrades - Phase 3	\$1.9		Medium Voltage Cable Replacement	\$1.0
OHT - Container Storage Grind and Pave	\$1.8		Sanitary Sewer Rehab	\$1.0
BESS Site Improvements at SS-1A	\$1.7		Other Capital Projects (less than \$1.0 million each)	\$27.1
Trapac Crane Drive Upgrade	\$1.6		Total FY 2026 Capital Projects*	\$258.2
Lift Station 1	\$1.4			
Maritime/17th Street Landscaping	\$1.4			
Passenger Boarding Bridge Refurbish (4, 9, 11)	\$1.3		* See Attachment A for Full 5-Year CIP List	

The Port's 5-Year Capital Improvement Plan is Updated Annually

Highlights:

5-Year CIP funding plan assumes 12.4% and 22.9% of Aviation and Maritime's 5-Year CIP are debt funded, respectively.

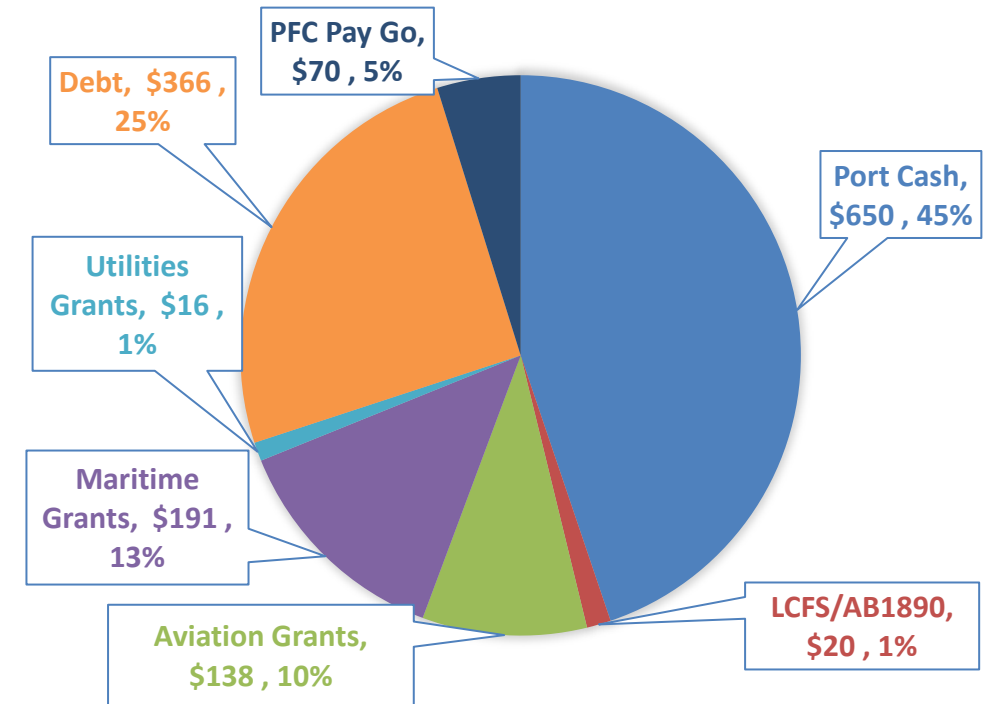
Maritime and Utilities grants assumed as funding sources represent awarded amounts.

Airport grants comprise of entitlement and discretionary AIP, AIG and ATP grants.

Preliminary 5-Year CIP
FY 2026-2030
(\$ millions)

Aviation	\$636.5	43.9%
Maritime	\$549.0	37.8%
Utilities	\$228.8	15.8%
CRE	\$33.7	2.3%
Support	\$3.3	0.2%
Total	\$1,451.4	100.0%

Preliminary Funding Sources
FY 2026-2030
(\$ millions)



- ❑ Projects in the 5-Year CIP are at various stages; some are underway and others are in the planning or conceptual phase.
- ❑ The 5-Year CIP is updated annually, projects may be added, removed, budget dollars or timeline adjusted.

Preliminary 5-Year Capital Improvement Plan

FY 2026-2030

\$1.45 Billion Total CIP

Highlights:

Annual capital expenditures are expected to increase substantially compared to FY 2025 capital expenditure forecast total of \$163.4 million:

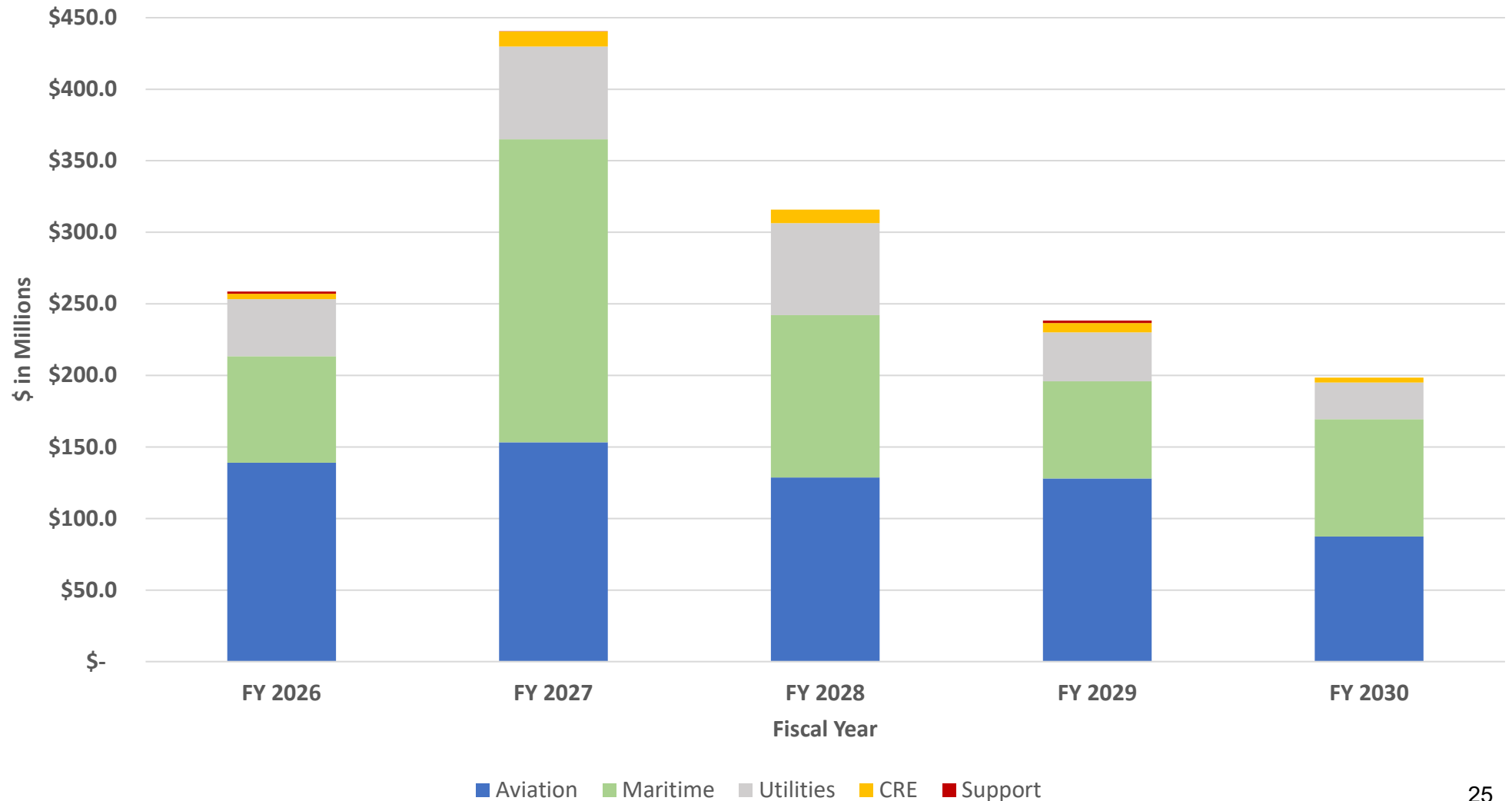
FY 2026: +58%

FY 2027: +169%

FY 2028: +93%

FY 2029: +46%

FY 2030: +21%



Port Wide CIP Costs and Funding Sources

(\$ millions)

Highlights:

A total of \$365.7 million of debt is required over the next five fiscal years to fund the 5-Year CIP.

Increases in future operating revenues, PFCs, LCFS and grants, combined with reductions in O&M expenses and the size of the CIP have the net effect of reducing the amount of debt required to be issued in the future.

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Capital Expenditure	\$258.2	\$440.4	\$315.9	\$238.3	\$198.5	\$1,451.4
AIP Grants	\$24.4	\$9.5	\$5.6	\$19.2	\$13.6	\$72.3
Other Grants	\$57.3	\$160.8	\$54.4	\$--	\$--	\$272.4
LCFS/AB1890	\$5.0	\$11.4	\$2.2	\$1.7	\$--	\$20.2
PFCs/CFCs	\$19.9	\$15.7	\$8.1	\$14.7	\$11.7	\$69.9
Cash From Operations	\$65.0	\$65.2	\$59.7	\$87.5	\$91.3	\$368.7
Cash From CIP Fund	\$67.3	\$110.6	\$43.7	\$35.1	\$25.4	\$282.1
Commercial Paper/Debt	\$19.4	\$67.2	\$142.3	\$80.2	\$56.6	\$365.7
Total Funding Sources	\$258.2	\$440.4	\$315.9	\$238.3	\$198.5	\$1,451.4

Port Cash Balances Have Designated Purposes and Use Restrictions

- ❑ **Board Reserves:** Required to be maintained at certain levels. Use of board reserves will trigger a material reportable event to bondholders.
 - ❑ Port Bond Reserve Fund: Up to \$30 million to pay in order of priority bond debt service, fund emergency capital expenditures, or extraordinary operating and maintenance expenses.
 - ❑ Operating Reserve Fund: Funded at 12.5% of annual operating expense budget to meet unanticipated working capital requirements.
 - ❑ Capital Reserve Fund: deposit not to exceed \$15 million to pay debt service on indebtedness of the Port, for extraordinary capital improvements, and extraordinary operating and/or maintenance expenditures.
- ❑ **Operating/Emergency Fund:** Maintained at a level equal to no less than 365 days of Port operating expenses to meet current payment obligations in the event Port operations are suddenly and materially impacted and ability to generate revenues is compromised. Only tidelands trust complaint expenditures can be paid with this fund, such as:
 - ❑ Port related payroll, pension and retiree medical obligations, operating expenses directly related to airport, seaport, commercial real estate or utilities activities, worker's compensation costs for Port employees, and pollution remediation expenses for tideland trust lands.
 - ❑ Funds are also available to pay Port revenue bond debt service to avoid payment default on debt payments or to fund capital expenditures on tidelands trust land.
- ❑ **Capital investment fund:** Funded with cash generated from current and prior year operations, is restricted by tidelands trust, FAA regulations, and federal and State public utility regulations, for investment in the assets and lands that generated the revenue. The primary sources of funding for the Port's \$1.45B CIP.

Highlights:

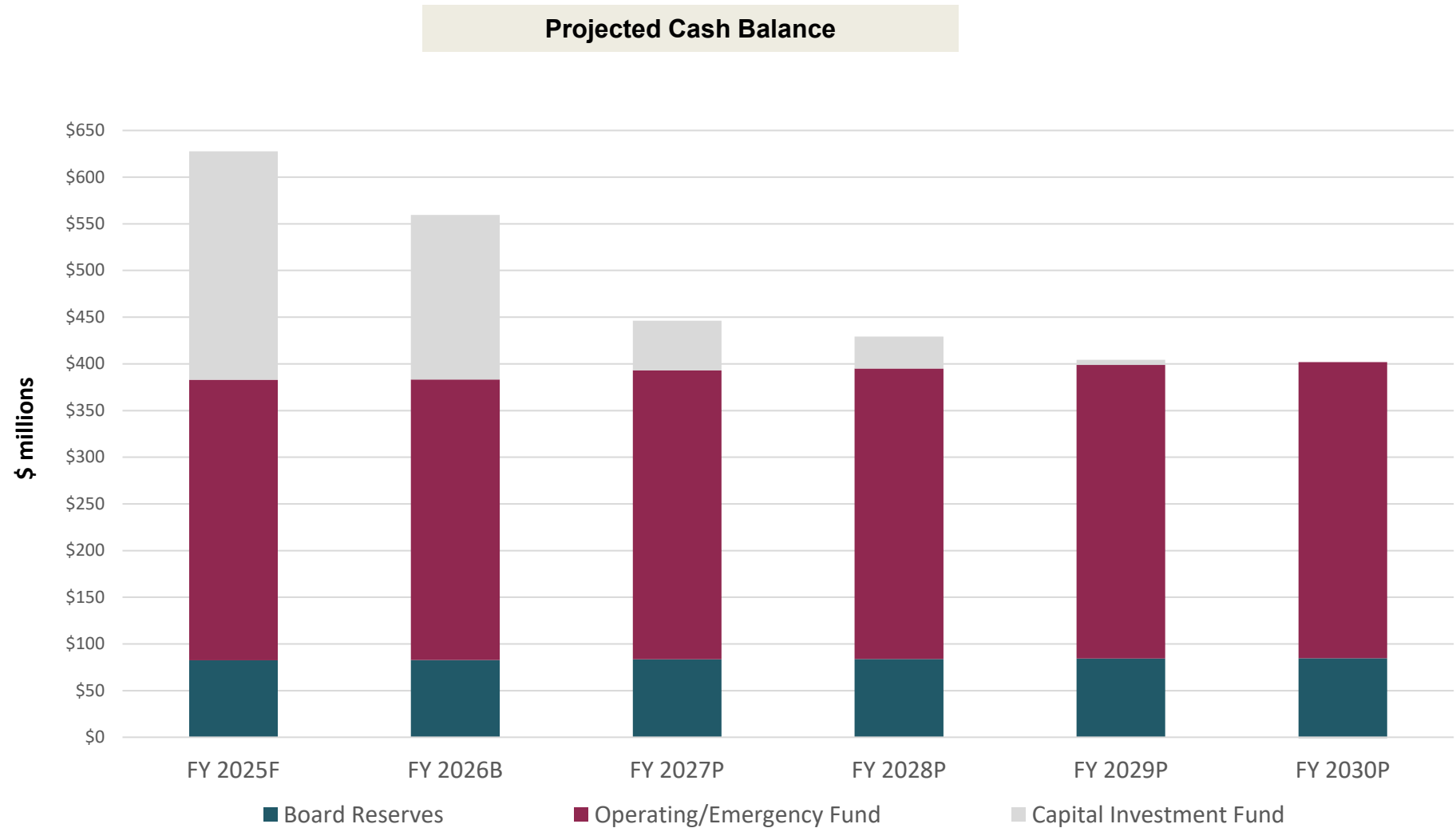
All Port's cash balances are limited to Tideland's Trust and other State and federal regulatory uses.

Port cash balances are projected to decline as funds are drawn down to fund a large portion of the CIP.

Minimum or target levels will be maintained for each revenue division by issuing debt if necessary for the most suitable projects.

Required reserve limits increase as operating expense increase

Port Wide Projected Cash Balances



Debt Service Payments in FY 2026 Total \$85.9 Million, Including Anticipated Repayment of \$7.3 Million and Potential New Issuance of \$19.4 Million of CP Notes

(\$ millions)

Debt	Principal Outstanding as of June 30, 2025	FY 2026 Principal Payment	FY 2026 Interest Payment	Debt Service = Principal + Interest Payments	FY 2026 Anticipated New Bond/CP Principal	Anticipated Principal Outstanding as of June 30, 2026	Anticipated Final FY Repayment Date
Bonds	\$458.3	\$63.0	\$14.7	\$77.6	\$--	\$395.4	2033
Commercial Paper (CP)* – Existing (PFC + Non-PFC)	\$17.5	\$7.3	\$0.4	\$7.7	\$--	\$10.2	2028
Commercial Paper* – New (Non-PFC)	\$--	\$--	\$0.5	\$0.5	\$19.4	\$19.4	2056
Total	\$475.9	\$70.3	\$15.5	\$85.8	\$19.4	\$424.9	

FY 2026 Projected Intermediate Lien Debt Service Coverage Ratio: 1.99x

* The Commercial Paper Notes are assumed to have an average interest rate of 2.60% in FY 2026.

Summary of Projected Debt/CP Issuances by Fiscal Year

(\$ millions)	2026	2027	2028	2029	2030	Total
Port Revenue Division						
Aviation	\$--	\$--	\$44.7	\$34.1	\$--	\$78.8
Maritime	\$--	\$35.1	\$39.1	\$16.5	\$36.5	\$127.1
CRE	\$--	\$9.4	\$8.5	\$4.6	\$--	\$22.6
Utilities	\$19.4	\$22.6	\$50.0	\$25.0	\$20.1	\$137.1
Total	\$19.4	\$67.2	\$142.3	\$80.2	\$56.6	\$365.7

- ❑ Financing plan is projected based on current assumptions regarding CIP costs and funding sources over the next five fiscal years. Financing needs will change to the extent projects are delayed, contingencies not needed, underspend in operating or capital budgets are realized, and/or availability of additional grant funding sources. Future interest rate environment may change proportion of CIP funded with debt.

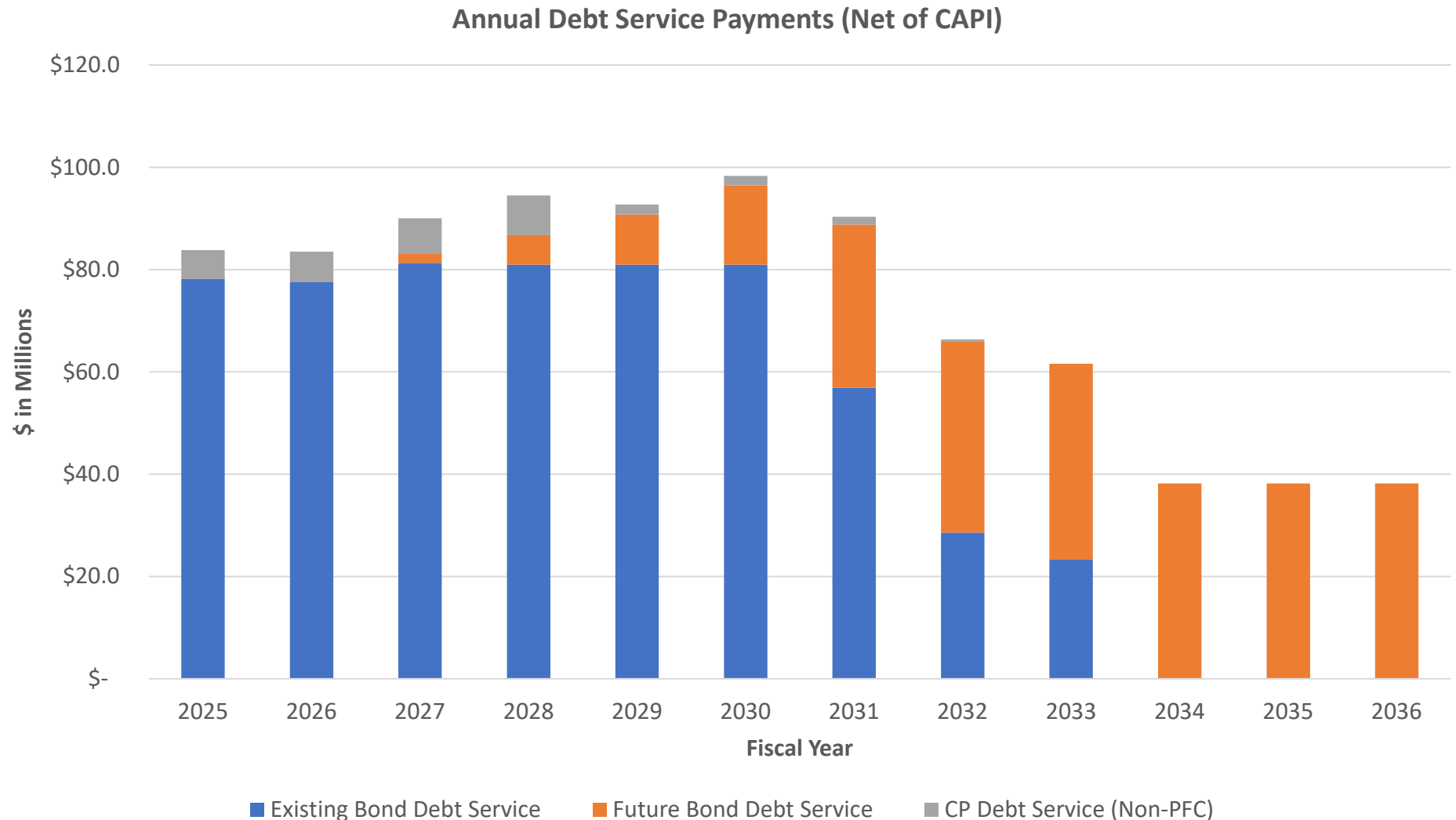
Highlights:

\$365.7 million of debt projected to be issued over the next five fiscal years to fund Port CIP.

Interest on Bonds issued to fund certain projects may be capitalized (not paid from Operating Revenues) until construction is completed.

Future debt payments for certain revenue divisions may need to be sculpted to avoid principal payments prior to FY 2030.

Port Wide Bond Debt Service Payment Schedules



Highlights:

On a consolidated basis, the Port maintains financial metrics, with each revenue division having unique challenges.

With debt issuances, Port is projected to maintain a minimum cash balance equivalent to 15-months of operating expenses.

Cash basis Intermediate Lien DSCR reverses GASB accrual adjustments and provides a better representation of actual debt service coverage ratio.

Affordability to issue bonds will be tested at the revenue division level.

Port Wide - Key Financial Metrics

(\$ millions)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Ending Cash Balance	\$627.6	\$557.5	\$444.3	\$427.4	\$402.8	\$392.3
Days Cash on Hand (DCOH)	762	658	521	496	463	447
Intermediate Lien DSCR						
Bond Indenture Basis	2.08x	1.99x	1.97x	2.07x	2.06x	2.05x
Cash Basis	1.85x	1.91x	1.92x	2.06x	2.10x	2.09x
Debt Policy DSCR Cash Basis	1.71x	1.74x	1.80x	1.92x	2.06x	2.05x

Highlights:

CRE is projected to achieve minimum target of 365 DCOH by FY 2029.

Utilities division will require multi-year, double digit electricity rate increases to fund CIP projects and achieve minimum financial metric targets.

With future rate increases, Utilities-AIR will reach Debt Policy goal of at least 365 DCOH in FY2031. Utilities-SEA in FY2035.

Key Financial Metrics by Revenue Division

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Days Cash on Hand – Aviation	793	638	575	534	500
Days Cash on Hand – Maritime	455	378	421	373	366
Days Cash on Hand – Utilities-AIR	160	125	142	158	344
Days Cash on Hand – Utilities-SEA	1,226	430	244	243	243
Days Cash on Hand – CRE	143	217	295	387	431
Debt Policy DSCR (Cash Basis) (Greater than 1.40x)					
Aviation	5.51x	3.54x	4.86x	4.78x	3.87x
Maritime	1.41x	1.48x	1.43x	1.54x	1.61x
Utilities – AIR	0.27x	1.62x	1.42x	1.85x	1.73x
Utilities – SEA	4.37x	9.62x	4.82x	3.03x	2.41x
CRE	3.15x	2.96x	2.90x	2.41x	2.43x

Highlights:

Aviation and CRE operating expense ratios projected to trend lower over time and approach debt policy not-to-exceed target of 65.0% by FY2030.

Majority of Utilities division operating expenses relates to cost of purchasing commodities.

Improvement in operating expense ratio is dependent on future revenue growth and restrained operating expense growth.

Key Financial Metrics by Revenue Division

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Operating Expense Ratio (<=65.0%)					
Aviation	77.5%	72.1%	69.9%	69.5%	67.8%
Maritime	45.5%	47.4%	45.5%	44.9%	42.8%
Utilities – AIR	n/a	n/a	n/a	n/a	n/a
Utilities – SEA	n/a	n/a	n/a	n/a	n/a
CRE	86.1%	80.6%	67.5%	67.4%	66.5%

Summary of Proposed FY 2026 Budget

(\$ millions)	FY 2026 Preliminary	FY 2025 Budget	% Change
Operating Revenues (incl. GASB 87)	\$417.9	\$434.5	-3.8%
Operating Expenses (excl. Depreciation)	\$300.8	\$300.1	+0.2%
Debt Service	\$85.9	\$86.4	-0.6%
Capital Expenses (CAPEX)	\$258.2	\$246.2	+4.9%
PFCs, LCFS, AIP Grants, Other Grants, Debt Proceeds for CAPEX	\$126.0	\$91.0	+38.4%
Intermediate Lien Bond Debt Service Coverage Ratio	1.99x	2.17x	-0.18x
Projected Ending Cash Balance, June 30	\$557.5	\$567.6	-\$10.1

Remaining Key Dates

June 26 Request Board adoption of FY 2026 Operating and Capital Budgets

July 21 Deadline to Provide City with Adopted Budget

Attachment A:
5-Year CIP Projects
including
FY 2026 Capital Budget Projects

5-YEAR CAPITAL IMPROVEMENT PLAN

Expenditures and Funding Sources By Project

FY 2025-26 to FY 2029-30

(\$ Thousands)

(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY Total 2026-2030
SUMMARY							
	TOTAL PORT CIP	\$ 258,228	\$ 440,361	\$ 315,918	\$ 238,320	\$ 198,525	\$ 1,451,352
	TOTAL AVIATION	\$ 139,030	\$ 153,323	\$ 128,711	\$ 127,984	\$ 87,450	\$ 636,498
	TOTAL MARITIME	\$ 73,975	\$ 211,765	\$ 113,350	\$ 67,950	\$ 82,000	\$ 549,040
	TOTAL UTILITIES	\$ 39,913	\$ 64,798	\$ 64,330	\$ 34,241	\$ 25,500	\$ 228,782
	TOTAL CRE	\$ 3,749	\$ 10,445	\$ 9,527	\$ 6,395	\$ 3,575	\$ 33,691
	TOTAL SUPPORT	\$ 1,561	\$ 30	\$ -	\$ 1,750	\$ -	\$ 3,341
AVIATION							
PERIMETER DIKE IMPROVEMENTS							
A20039202	Airport Perimeter Dike Improvements - Seismic	\$ 38,565	\$ 4,330	\$ -	\$ -	\$ -	\$ 42,895
	Subtotal PERIMETER DIKE IMPROVEMENTS	\$ 38,565	\$ 4,330	\$ -	\$ -	\$ -	\$ 42,895
AIRFIELD							
New Project	Taxiway Whiskey Rehabilitation - Phase 3	\$ 5,000	\$ 31,960	\$ -	\$ -	\$ -	\$ 36,960
A22023018	Runway 10R/28L Rehabilitation and Taxiway Bravo	\$ 21,013	\$ -	\$ -	\$ -	\$ -	\$ 21,013
New Project	Vehicle Service Road (VSR) Rehabilitation @ Taxiway Charlie	\$ -	\$ -	\$ 3,440	\$ -	\$ -	\$ 3,440
New Project	Airfield Geometric Improvements Hotspot 3	\$ -	\$ -	\$ 7,000	\$ 24,000	\$ 17,000	\$ 48,000
AA2023016	ARFF Fuel Tank Replacement	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ 13
New Project	North Field Roofs (Hangars 7 & 8)	\$ -	\$ 480	\$ 7,080	\$ -	\$ -	\$ 7,560
New Project	JSX Apron Rehabilitation (Longer Term)	\$ -	\$ -	\$ -	\$ 600	\$ 9,000	\$ 9,600
New Project	Hangar 3 & 4 Apron + Interior Pavement Rehabilitation	\$ 723	\$ 7,120	\$ 6,000	\$ -	\$ -	\$ 13,843
New Project	Hangar 8 Concrete Rehabilitation	\$ 115	\$ 433	\$ -	\$ -	\$ -	\$ 548
	Subtotal AIRFIELD	\$ 26,864	\$ 39,993	\$ 23,520	\$ 24,600	\$ 26,000	\$ 140,977
TERMINAL							
A22023003	M103 Roof, Drain Pipe, and Air Handler Replacement	\$ 16,473	\$ 9,489	\$ -	\$ -	\$ -	\$ 25,962
A22024025	Restroom Upgrades Gate 3, 4, 7	\$ 4,300	\$ -	\$ -	\$ -	\$ -	\$ 4,300
New Project	Passenger Boarding Bridge Replacement (4, 8, 8A)	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ 4,500
New Project	Passenger Boarding Bridge Replacement (26, 27)	\$ -	\$ 2,800	\$ -	\$ -	\$ -	\$ 2,800
New Project	Passenger Boarding Bridge Replacement (24, 25)	\$ -	\$ -	\$ 3,300	\$ -	\$ -	\$ 3,300
New Project	M130 & M363 Air Handler Units Upgrades	\$ 50	\$ 2,542	\$ 15,933	\$ 11,016	\$ -	\$ 29,541
A22023006	Air Operations Center (AOC) Modernization	\$ -	\$ -	\$ -	\$ 400	\$ 1,200	\$ 1,600
New Project	M103 Energy Efficient Retrofit/Upgrades (Ceiling work/Windows/Finishes)	\$ 50	\$ 2,000	\$ 6,000	\$ 20,000	\$ 14,000	\$ 42,050
New Project	Fire Alarm Replacement	\$ -	\$ 500	\$ 4,500	\$ 5,000	\$ -	\$ 10,000
A22024021	Restroom Upgrades - Phase 2	\$ 16,424	\$ 17,530	\$ -	\$ -	\$ -	\$ 33,954
New Project	Restroom Upgrades - Phase 3	\$ 1,900	\$ 7,100	\$ 7,000	\$ -	\$ -	\$ 16,000
New Project	Terminal Signage Replacement	\$ 200	\$ 2,300	\$ 2,000	\$ -	\$ -	\$ 4,500
A22021014	New Concession Infrastructure Support	\$ 5,000	\$ 200	\$ -	\$ -	\$ -	\$ 5,200
New Project	T2 Generator Software/Hardware Upgrades	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 300
New Project	Cloud Phone System Replacement	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
New Project	Holdroom Electrification/Charging Stations	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 600
New Project	IT Infrastructure Replacement (Cores, Servers, Switches +Designer)	\$ 3,045	\$ -	\$ -	\$ -	\$ -	\$ 3,045
New Project	Jetway Flooring Replacement	\$ 180	\$ 180	\$ -	\$ -	\$ -	\$ 360
New Project	Gate Podium Replacement 20-25	\$ -	\$ -	\$ -	\$ 1,000	\$ 6,000	\$ 7,000
New Project	M103 Lower Level Flooring Replacement	\$ 300	\$ 2,600	\$ -	\$ -	\$ -	\$ 2,900
A22025010	Common Use Passenger Processing System	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
New Project	Endpoint Cybersecurity Solution	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 100
New Project	Public Address System Replacement	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500
New Project	Passenger Boarding Bridge Replacement (29, 21, 23)	\$ -	\$ -	\$ -	\$ 4,650	\$ -	\$ 4,650
New Project	Passenger Boarding Bridge Replacement (30, 1, 3)	\$ -	\$ -	\$ -	\$ -	\$ 4,650	\$ 4,650
New Project	Refresh of T1 Information Booth	\$ -	\$ -	\$ 300	\$ 800	\$ -	\$ 1,100
New Project	T1 Trash Lift and Washout Containment	\$ -	\$ -	\$ 472	\$ 1,263	\$ -	\$ 1,735

5-YEAR CAPITAL IMPROVEMENT PLAN

Expenditures and Funding Sources By Project

FY 2025-26 to FY 2029-30

(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY Total 2026-2030
New Project	Multi-user Flight Display, Airport Operations Database and Content Manag	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500
New Project	Conference Room Upgrades	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 200
New Project	Passenger Boarding Bridge Refurbish (4, 9, 11)	\$ 1,300	\$ -	\$ -	\$ -	\$ -	\$ 1,300
	Subtotal TERMINAL	\$ 55,502	\$ 47,841	\$ 39,505	\$ 44,129	\$ 25,850	\$ 212,827
GROUND ACCESS AND PARKING							
New Project	Bus Lot Site Improvements and Admin Building	\$ -	\$ -	\$ 500	\$ 8,000	\$ -	\$ 8,500
New Project	Main Parking Bowl Paving Rehabilitation	\$ -	\$ -	\$ -	\$ 830	\$ 10,300	\$ 11,130
New Project	Landside/Curbside Paving Rehabilitation	\$ -	\$ 6,100	\$ 6,750	\$ -	\$ -	\$ 12,850
New Project	Ron Cowan/John Glenn Parking Activation & Access Control	\$ 690	\$ 4,000	\$ 3,000	\$ -	\$ -	\$ 7,690
A22022002	Neil Armstrong Access Control	\$ -	\$ 650	\$ 5,400	\$ -	\$ -	\$ 6,050
A22025014	EV Charging - Daily Parking Lot	\$ 125	\$ 150	\$ 60	\$ -	\$ -	\$ 335
A12024028	NF Culvert Replacement	\$ -	\$ 316	\$ -	\$ -	\$ -	\$ 316
New Project	Turn Lane Conversion at 98th Ave and Airport Access	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ 400
New Project	Shuttle Bus Procurement/Replacement Phase 2	\$ 250	\$ 900	\$ 1,500	\$ 1,500	\$ -	\$ 4,150
New Project	EV Charging - Neil Armstrong Parking Lot	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
New Project	Ron Cowan Off-Ramp Left Turn	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 200
	Subtotal GROUND ACCESS AND PARKING	\$ 1,365	\$ 12,116	\$ 17,610	\$ 10,330	\$ 10,300	\$ 51,721
SECURITY							
New Project	CCTV Program Expansion (Curbside & Terminal)	\$ 50	\$ 1,270	\$ 2,600	\$ -	\$ -	\$ 3,920
New Project	Digital CCTV to PBB and Card Reader Technology	\$ 400	\$ 400	\$ -	\$ -	\$ -	\$ 800
AA0030322	North Field Fiber Upgrades and Radios (Wireless CBRS)	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 600
New Project	Airport-wide Analog Camera Replacement	\$ -	\$ -	\$ 510	\$ 510	\$ -	\$ 1,020
New Project	North Field to South Field Fiber Optic Cable Installation	\$ 200	\$ 600	\$ -	\$ -	\$ -	\$ 800
	Subtotal SECURITY	\$ 1,250	\$ 2,270	\$ 3,110	\$ 510	\$ -	\$ 7,140
AVIATION UTILITIES							
A12024026	SSEV-1 Phase 2	\$ 2,655	\$ 11,398	\$ 10,818	\$ 8,207	\$ -	\$ 33,078
AA00520019	Southfield Airside Sewer Improvements, Phase 2	\$ 4,700	\$ -	\$ -	\$ -	\$ -	\$ 4,700
AA00520017	Southfield Landside Sewer Improvements, Phase 3	\$ 50	\$ 430	\$ 9,400	\$ -	\$ -	\$ 9,880
A20052009	Airport Drive Sewer Line Improvements/Upgrades	\$ 279	\$ 5,672	\$ -	\$ -	\$ -	\$ 5,951
AA00520013	Lift Station 1	\$ 1,407	\$ 11,036	\$ -	\$ -	\$ -	\$ 12,443
New Project	Northfield Sewer Improvements, Phase 4	\$ -	\$ -	\$ 1,000	\$ 16,400	\$ -	\$ 17,400
New Project	AP155P Southwest Provisioning Bldg Lift Station	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ 400
New Project	AP137P Tank Farm/Swissport Lift Station	\$ -	\$ -	\$ 530	\$ -	\$ -	\$ 530
New Project	AP911P ARFF Lift Station	\$ -	\$ 700	\$ 900	\$ -	\$ -	\$ 1,600
New Project	AP912P Ground Run-up Equipment (GRE) Lift Station	\$ -	\$ 400	\$ 900	\$ 630	\$ -	\$ 1,930
New Project	Post-construction Stormwater Mitigation	\$ 580	\$ 1,150	\$ -	\$ -	\$ -	\$ 1,730
A22024020	Southfield Runway and Terminal 1 Generators in M104	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 150
A22023015	Southfield Airfield Lighting Generator Replacement and Upgrades	\$ 580	\$ 4,310	\$ -	\$ -	\$ -	\$ 4,890
New Project	Terminal 1 Generator in M104	\$ 50	\$ 500	\$ 3,500	\$ -	\$ -	\$ 4,050
New Project	Storm Water - Pump House 7	\$ -	\$ -	\$ 2,700	\$ 9,300	\$ -	\$ 12,000
New Project	Storm Water - Pump House 2	\$ -	\$ -	\$ 800	\$ 800	\$ 2,800	\$ 4,400
New Project	Storm Water - Pipe W of Twy D	\$ -	\$ -	\$ -	\$ 700	\$ -	\$ 700
New Project	Flood Mitigation - Alt 4 short term tidal	\$ -	\$ -	\$ -	\$ 1,500	\$ 10,100	\$ 11,600
A12024019	NF Microgrid	\$ -	\$ -	\$ -	\$ 2,000	\$ 8,000	\$ 10,000
New Project	ARFF Oil Water Separator Replacement	\$ -	\$ 260	\$ 1,420	\$ -	\$ -	\$ 1,680
New Project	Lift Station in M103 Upgrades	\$ -	\$ -	\$ -	\$ 200	\$ 400	\$ 600
New Project	Hangar 8 Fire Suppression Replacement	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500
New Project	Replacement Grease Interceptor - Gate 6	\$ 255	\$ -	\$ -	\$ -	\$ -	\$ 255
New Project	Hangar 2 Sewer Lateral (New)	\$ 550	\$ -	\$ -	\$ -	\$ -	\$ 550
New Project	Permanent Load Monitoring Device Installation	\$ -	\$ -	\$ 470	\$ -	\$ -	\$ 470
New Project	Medium Voltage Cable Replacement	\$ 1,000	\$ 3,000	\$ 4,000	\$ 2,000	\$ -	\$ 10,000
New Project	Water Distribution Upgrades	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500
New Project	Trash Capture Pre-Design & Location 2	\$ 253	\$ 877	\$ -	\$ -	\$ -	\$ 1,130

5-YEAR CAPITAL IMPROVEMENT PLAN

Expenditures and Funding Sources By Project

FY 2025-26 to FY 2029-30

(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY Total 2026-2030
New Project	Trash Capture - Other Locations	\$ 470	\$ 1,010	\$ 2,358	\$ 1,878	\$ -	\$ 5,716
	Subtotal AVIATION UTILITIES	\$ 13,979	\$ 40,743	\$ 39,196	\$ 43,615	\$ 21,300	\$ 158,833
	FACILITIES MAINTENANCE						
New Project	Scada	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ 250
A22025005	PC Air Replacement	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 50
	Subtotal FACILITIES MAINTENANCE	\$ 50	\$ 250	\$ -	\$ -	\$ -	\$ 300
	AVIATION ADMIN						
Equipment - Aviation	Capital Equipment - Aviation	\$ -	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 14,000
Equipment - Aviation	Miscellaneous Aviation	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,500
Cap Equip	OAK Access Switch Replacements (FY27,28)	\$ -	\$ 800	\$ 800	\$ -	\$ -	\$ 1,600
Cap Equip	MDR Device Replacement (FY29)	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 250
Cap Equip	Airfield Trucks (XR14, XR15)	\$ -	\$ -	\$ 170	\$ -	\$ -	\$ 170
Cap Equip	Water Vessel	\$ -	\$ 180	\$ -	\$ -	\$ -	\$ 180
Cap Equip	Excavator (XR28)	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ 300
FY26 Cap Equip	OAK Gen 9 VMWare Servers Replacement (8)	\$ 280	\$ -	\$ -	\$ -	\$ -	\$ 280
FY29 Cap Equip	MDR Device Replacement	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 250
FY27,28 Cap Equip	OAK Access Switch Replacements	\$ -	\$ 800	\$ 800	\$ -	\$ -	\$ 1,600
FY26 Cap Equip	HSM Replacement	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 30
FY26 Cap Equip	OAK DR Servers	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 50
FY26 Cap Equip	Backup Media Agent Servers	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ 20
FY26 Cap Equip	VMS Computer Replacements	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ 40
FY26 Cap Equip	Floor Care Equipment	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
FY26 Cap Equip	Smart Queue System	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
FY26 Cap Equip	ARFF Garage Two-Post Lift	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 50
FY26 Cap Equip	ESE EV Utility Trucks	\$ 135	\$ -	\$ -	\$ -	\$ -	\$ 135
FY26 Cap Equip	Contingency	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 150
	Subtotal AVIATION ADMIN	\$ 1,455	\$ 5,780	\$ 5,770	\$ 4,800	\$ 4,000	\$ 21,805
MARITIME							
	MARINE TERMINALS						
M20001	Wharf Upgrades for Ultra-Large Container Vessels (OICT)	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 200
M25005	Wharf/Crane Rail/Bollard/Fender Design (CalSTA Grant)	\$ 9,700	\$ 9,700	\$ 4,900	\$ -	\$ -	\$ 24,300
M25001	B33/34 Leveling Project (CalSTA Grant)	\$ 3,600	\$ 20,000	\$ 10,300	\$ -	\$ -	\$ 33,900
M25009	Matson CHE Electrical Infrastructure Upgrades (CalSTA)	\$ 825	\$ 1,440	\$ -	\$ -	\$ -	\$ 2,265
New Project	Pile Stabilization Program	\$ -	\$ 275	\$ 3,400	\$ -	\$ -	\$ 3,675
M25007	Maritime/17th Street Landscaping	\$ 1,385	\$ -	\$ -	\$ -	\$ -	\$ 1,385
M23003	B24 Backlands Redevelopment (2022 MARAD Grant)	\$ 5,400	\$ 40,500	\$ 19,100	\$ -	\$ -	\$ 65,000
M24015	Berth 22 Shore Power (Eagle Rock Development)	\$ 4,700	\$ 7,800	\$ 3,050	\$ -	\$ -	\$ 15,550
M24001	ETS Pavement	\$ 6,575	\$ 2,600	\$ -	\$ -	\$ -	\$ 9,175
M24004	STE Bioswale	\$ 1,100	\$ -	\$ -	\$ -	\$ -	\$ 1,100
M24013	Delamination ETS	\$ 3,100	\$ 3,700	\$ -	\$ -	\$ -	\$ 6,800
M24014	Delamination Matson	\$ 3,100	\$ 3,700	\$ -	\$ -	\$ -	\$ 6,800
New Project	Misc Paving	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,000
M24006	Berth 23, SS-B-19, TX-RT5-2, Transformer Replacement	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 50
New Project	B24 - 26 Crane Rail/Wharf Upgrades (FY24 MARAD PIDP)	\$ -	\$ 38,700	\$ 20,800	\$ -	\$ -	\$ 59,500
New Project	OHT - Container Storage Grind and Pave	\$ 1,750	\$ -	\$ -	\$ -	\$ -	\$ 1,750
New Project	OHT- S Line Grind and pave	\$ 875	\$ -	\$ -	\$ -	\$ -	\$ 875
New Project	Building 107 Rehab	\$ 500	\$ 1,500	\$ -	\$ -	\$ -	\$ 2,000
New Project	B60-B63 Bollard/Wharf Face Repairs	\$ 500	\$ 2,500	\$ -	\$ -	\$ -	\$ 3,000
M20005	B55-B59 OICT Crane Drive Upgrade	\$ 2,300	\$ -	\$ -	\$ -	\$ -	\$ 2,300
M24005	Trapac Crane Drive Upgrade	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ 1,600
M25011	Trapac Spreaders	\$ 205	\$ -	\$ -	\$ -	\$ -	\$ 205
	Subtotal MARINE TERMINALS	\$ 47,465	\$ 133,415	\$ 62,550	\$ 1,000	\$ 1,000	\$ 245,430
	DREDGING						
New Project	Inner/Outer Harbor Turning Basins Widening	\$ 6,300	\$ 27,000	\$ 30,500	\$ 40,500	\$ 55,500	\$ 159,800
	Subtotal DREDGING	\$ 6,300	\$ 27,000	\$ 30,500	\$ 40,500	\$ 55,500	\$ 159,800

5-YEAR CAPITAL IMPROVEMENT PLAN

Expenditures and Funding Sources By Project

FY 2025-26 to FY 2029-30

(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY Total 2026-2030
MARITIME UTILITIES							
M23001	Sanitary Sewer Compliance: Maritime Street Trunk Sewer Rehabilitation (N	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
M21010-06	Sanitary Sewer Compliance: Joint Intermodal Terminal Area, Berth 60-63 ar	\$ 1,140	\$ -	\$ -	\$ -	\$ -	\$ 1,140
M21004	Fire Water Loop Connection at OHIT (North)	\$ -	\$ -	\$ 850	\$ 1,775	\$ -	\$ 2,625
New Project	Fire Water Loop Reconstruction at Roundhouse	\$ -	\$ -	\$ 500	\$ 3,000	\$ -	\$ 3,500
M25006	General Upgrade of Vault Lids	\$ 700	\$ 2,100	\$ -	\$ -	\$ -	\$ 2,800
M23010	Trash Capture Compliance (MAR-12, MAR-17, MAR-19)	\$ 5,700	\$ 2,400	\$ -	\$ -	\$ -	\$ 8,100
New Project	Trash Capture Compliance Program (OICT: MAR-7, MAR-8, MAR-9, MAR-10	\$ -	\$ -	\$ 1,300	\$ 8,800	\$ 1,800	\$ 11,900
New Project	Trash Capture Compliance Program (Outer Harbor: MAR-14)	\$ -	\$ -	\$ -	\$ 525	\$ 4,700	\$ 5,225
M25008	Green Power Microgrid (TCEP Grant)	\$ 6,200	\$ 37,500	\$ 15,900	\$ 6,100	\$ -	\$ 65,700
New Project	SS-E-2 Upgrades	\$ 520	\$ -	\$ -	\$ -	\$ -	\$ 520
New Project	Trash Capture Compliance - Small Devices	\$ 200	\$ -	\$ 200	\$ -	\$ 250	\$ 650
	Subtotal MARITIME UTILITIES	\$ 14,560	\$ 42,000	\$ 18,750	\$ 20,200	\$ 6,750	\$ 102,260
ROADWAY							
New Project	Rail Crossing Arm (Maritime/Middle Harbor)	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
	Subtotal ROADWAY	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
OTHER							
M23005	MHSP Baseline Improvements (excluding Elevator and 7th St Bike Path)	\$ 500	\$ -	\$ -	\$ 5,000	\$ 12,600	\$ 18,100
M22003	MHSP - (Elevator)	\$ 500	\$ 1,900	\$ -	\$ -	\$ -	\$ 2,400
M24003	MHSP - 7th Street Bikepath	\$ 650	\$ -	\$ -	\$ -	\$ 5,150	\$ 5,800
M25012	Data Interoperability	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 600
New Project	Misc Business Opportunities	\$ 250	\$ 250	\$ 250	\$ 250	\$ -	\$ 1,000
	Subtotal OTHER	\$ 2,500	\$ 2,150	\$ 250	\$ 5,250	\$ 17,750	\$ 27,900
MARITIME ADMIN							
Cap Equip	Capital Equipment - Maritime	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,000
Cap Equip	Class 8 Truck HF (FHWA Grant)	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ 630
Cap Equip	CalSTART Truck Match Clean Port	\$ 700	\$ 6,200	\$ -	\$ -	\$ -	\$ 6,900
Cap Equip	Boston Whaler	\$ 180	\$ -	\$ -	\$ -	\$ -	\$ 180
Cap Equip	Hydraulic Pump (Divers)	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ 15
Cap Equip	Hazardous Waste Disposal Container	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 400
Cap Equip	2 Powell Power Circuit Breakers + lift truck SS-D-1	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ 90
Cap Equip	ABB Switch + Parts SS-E-1	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
Cap Equip	IEM Switch for SS-RH-1	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ 70
Cap Equip	EV 9 Passenger Van	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ 125
Cap Equip	New Vehicle for Maritime Security	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
Cap Equip	EV Forklift	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
Cap Equip	EV Water Truck (DERA Grant)	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ 700
	Subtotal MARITIME ADMIN	\$ 3,150	\$ 7,200	\$ 1,000	\$ 1,000	\$ 1,000	\$ 13,350
UTILITIES							
ELECTRIC PROJECTS - AIRPORT SYSTEM							
UTP23001	Battery Storage System OAK	\$ 300	\$ 500	\$ 500	\$ 200	\$ -	\$ 1,500
A12020754	Substation 1 and 2 Upgrades	\$ 19,450	\$ 21,184	\$ 16,670	\$ 6,841	\$ -	\$ 64,145
AA2025013	Battery Energy Storage System Site Improvements at SS-1A	\$ 1,663	\$ 1,464	\$ 1,060	\$ -	\$ -	\$ 4,187
	Subtotal ELECTRIC PROJECTS - AIRPORT SYSTEM	\$ 21,413	\$ 23,148	\$ 18,230	\$ 7,041	\$ -	\$ 69,832
ELECTRIC PROJECTS - SEAPORT SYSTEM							
M20009	115kV Main Substation Replacement (Davis) - Harbor	\$ 935	\$ 14,100	\$ 11,550	\$ 14,025	\$ 14,025	\$ 54,635
M21009	115kV Main Substation Replacement (Cuthbertson)	\$ 765	\$ 11,550	\$ 9,450	\$ 11,475	\$ 11,475	\$ 44,715
M22001	SS-R-14 Substation Replacement (14th/Maritime)	\$ 13,800	\$ 5,300	\$ 13,500	\$ 1,700	\$ -	\$ 34,300
M25008	Green Power Microgrid (TCEP Grant) Solar & BESS	\$ 3,000	\$ 10,700	\$ 11,600	\$ -	\$ -	\$ 25,300
-	Subtotal ELECTRIC PROJECTS - SEAPORT SYSTEM	\$ 18,500	\$ 41,650	\$ 46,100	\$ 27,200	\$ 25,500	\$ 158,950
	Subtotal ELECTRIC PROJECTS	\$ 39,913	\$ 64,798	\$ 64,330	\$ 34,241	\$ 25,500	\$ 228,782

5-YEAR CAPITAL IMPROVEMENT PLAN

Expenditures and Funding Sources By Project

FY 2025-26 to FY 2029-30

(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY Total 2026-2030
COMMERCIAL REAL ESTATE							
JACK LONDON SQUARE (JLS)							
C19002	HVAC Equipment Upgrades/Replacement at 530 Water Str	\$ 110	\$ 115	\$ 120	\$ 125	\$ -	\$ 470
C19002	Chiller replacement and thermostat upgrades at 530 Water Str	\$ -	\$ 850	\$ -	\$ -	\$ -	\$ 850
C19002	Sun Control Window Film at 530 Water Str	\$ -	\$ 200	\$ -	\$ -	\$ -	\$ 200
C23001	Washington Street EV Chargers (Port vehicles)	\$ 275	\$ -	\$ -	\$ -	\$ -	\$ 275
New Project	530 Water St Window Enhancement (noise mitigation)	\$ -	\$ 25	\$ 250	\$ -	\$ 3,000	\$ 3,275
New Project	Washington Street EV Chargers (full buildout)	\$ 50	\$ 150	\$ 100	\$ 500	\$ -	\$ 800
New Project	Boardwalk Replacement by Waterfront Hotel	\$ 50	\$ 175	\$ 6,500	\$ -	\$ -	\$ 6,725
New Project	JLS concrete wharve rehab	\$ -	\$ -	\$ 50	\$ 250	\$ -	\$ 300
New Project	530 Water Street Roof Gutter Drain System Rehabilitation	\$ -	\$ -	\$ 175	\$ 5,000	\$ -	\$ 5,175
New Project	Washington Street Garage Painting	\$ -	\$ 50	\$ 500	\$ -	\$ -	\$ 550
P10000001	Tenant Improvements in JLS	\$ 117	\$ 921	\$ 346	\$ 195	\$ -	\$ 1,579
New Project	Refurbish Elevators at 530 Water St Building	\$ -	\$ 825	\$ 1,025	\$ -	\$ -	\$ 1,850
New Project	Building Improvements - Waterfront Hotel	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Subtotal JACK LONDON SQUARE (JLS)		\$ 602	\$ 4,311	\$ 9,066	\$ 6,070	\$ 3,000	\$ 23,049
EMBARCADERO COVE							
New Project	1285-1363 Embarcadero Parking Lot Pavement Rehabilitation	\$ 50	\$ 750	\$ -	\$ -	\$ -	\$ 800
P20066302	Environmental Remediation / Permits Union Pt Basin Park	\$ 308	\$ -	\$ -	\$ -	\$ -	\$ 308
New Project	Embarcadero St Paving	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500
Subtotal EMBARCADERO COVE		\$ 358	\$ 1,250	\$ -	\$ -	\$ -	\$ 1,608
BUSINESS PARK							
New Project	Tenant Improvements at Business Park	\$ 1,279	\$ -	\$ 136	\$ -	\$ 250	\$ 1,665
New Project	Building Improvements - Roof Replacement 7729-31 Oakport	\$ -	\$ 249	\$ -	\$ -	\$ -	\$ 249
New Project	Building Improvements - Roof Replacement 424 Pendleton	\$ -	\$ 115	\$ -	\$ -	\$ -	\$ 115
New Project	Building Improvements - Roof Replacement 7719-23 Oakport	\$ -	\$ 195	\$ -	\$ -	\$ -	\$ 195
New Project	Building Improvements - Asphalt Replacement 7719-23 Oakport	\$ 185	\$ -	\$ -	\$ -	\$ -	\$ 185
Subtotal BUSINESS PARK		\$ 1,464	\$ 559	\$ 136	\$ -	\$ 250	\$ 2,409
OTHER							
C23002	Sanitary Sewer Rehab	\$ 1,000	\$ 4,000	\$ -	\$ -	\$ -	\$ 5,000
New Project	Misc. Facility Replacement Projects, CRE	\$ 325	\$ 325	\$ 325	\$ 325	\$ 325	\$ 1,625
Subtotal OTHER		\$ 1,325	\$ 4,325	\$ 325	\$ 325	\$ 325	\$ 6,625
SUPPORT							
EQUIPMENT AND SYSTEMS							
New Project	Telecom and Conf Room Refresh - DT and Maritime	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
Capital Equipment	JLS Access Switch Replacements	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000
Capital Equipment	JLS Wifi	\$ 130	\$ -	\$ -	\$ -	\$ -	\$ 130
Capital Equipment	MDR Hardware Replacement	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 250
Capital Equipment	Cisco Smartnet Subscription	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 500
Capital Equipment	HSM Replacement	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ 30
Capital Equipment	DR/Testing Servers	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 50
Capital Equipment	CV Media Agents	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ 20
New Project	Cloud Phone System	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
New Project	JLS/HFC Access Control Upgrades	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 400
New Project	IT Infrastructure Replacement (ALL CORES, ISE Servers, DNA Servers, DC Sw	\$ 761	\$ -	\$ -	\$ -	\$ -	\$ 761
Subtotal EQUIPMENT AND SYSTEMS		\$ 1,561	\$ 30	\$ -	\$ 1,750	\$ -	\$ 3,341

Attachment B:

March 27, 2025 Budget Update #1



**PORT OF
OAKLAND**

Development of
FY 2026 Operating and Capital Budget

Board of Port Commissioners
March 27, 2025

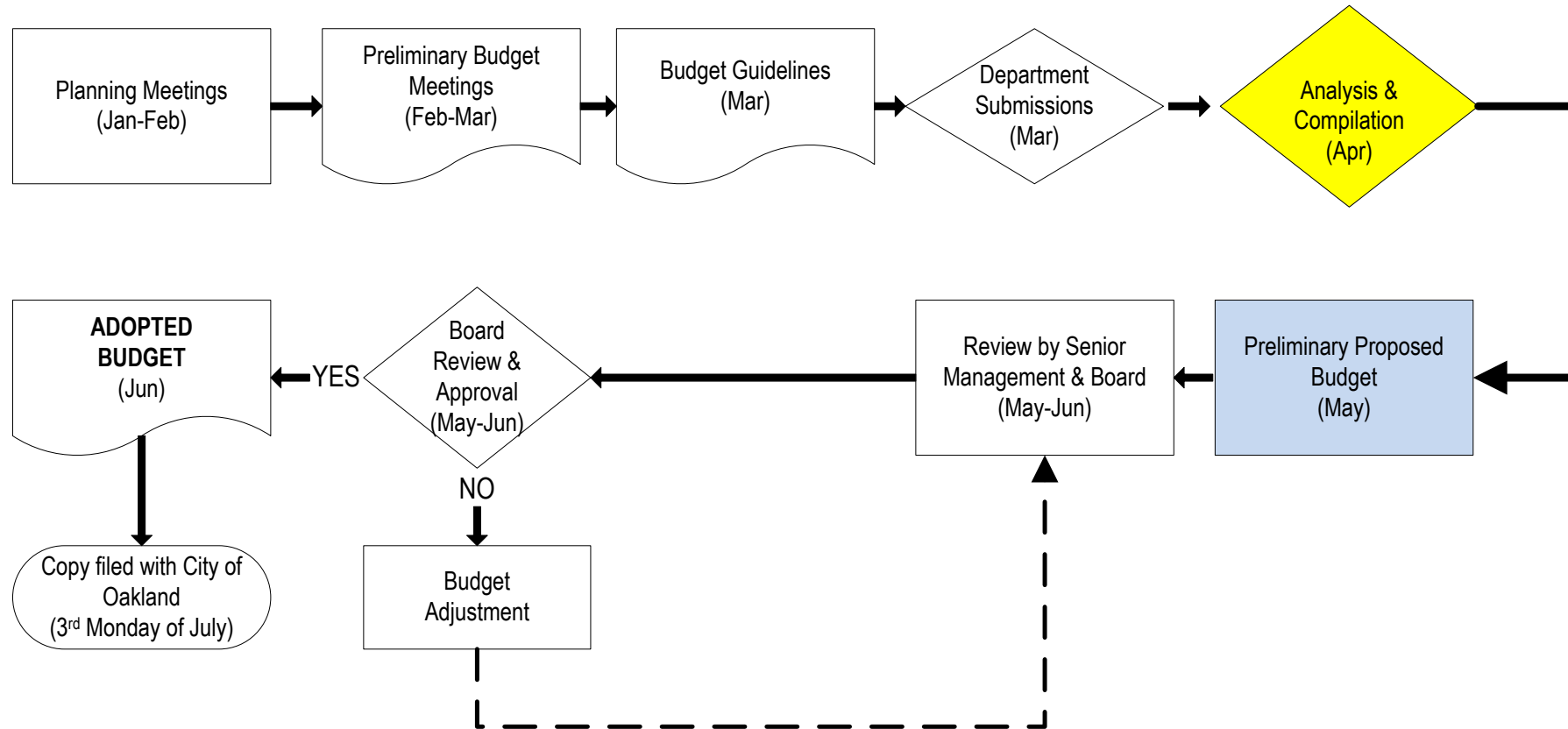
The information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that 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.

Purpose of Presentation

1. Provide overview of the Port budget process and budget
2. Update on current financial state of the Port
3. Discuss key factors influencing the development of FY 2026 Budget
4. Discuss policies, key budget objectives, and assumptions

1. Overview of the Port Budget Process and Budget

Budget Process Overview



Balancing Sources and Uses of Funds

	FY 2025 Budget
Uses of Funds	
Operating Expenses ¹	\$305,124
Debt Service ²	86,397
Capital Expenses	246,248
Other Expenses ³	32,187
Total Uses	\$669,956
Sources of Funds	
Cash from Operations	\$448,034
Grant Reimbursement ⁴	55,293
Passenger Facility Charges (PFCs) ⁵	32,069
Interest Income	13,256
Cash Reserves	87,417
Commercial Paper/Bonds	5,186
Other Revenues ⁶	28,702
Total Sources	\$669,956

¹ Excludes depreciation but includes Pension/OPEB expenses.

² Includes \$7.342 million repayment of CP Notes and associated interest. Of the total debt service amount, approximately \$2.342 million of CP Notes and associated interest is anticipated to be repaid with PFCs. The interest rate on the CP Notes is assumed to be 3.7% in FY 2025.

³ Includes but not limited to CP Notes and bond related fees, General Services and Lake Merritt payments to the City, adjustment of Operating Reserve, and other non-operating expenses.

⁴ The Port has not yet obtained grant funding for all capital projects included in the budget.

⁵ Ability to apply PFCs to fund capital projects is contingent on FAA approval of new PFC application.

⁶ Includes non-operating pass-through grants.

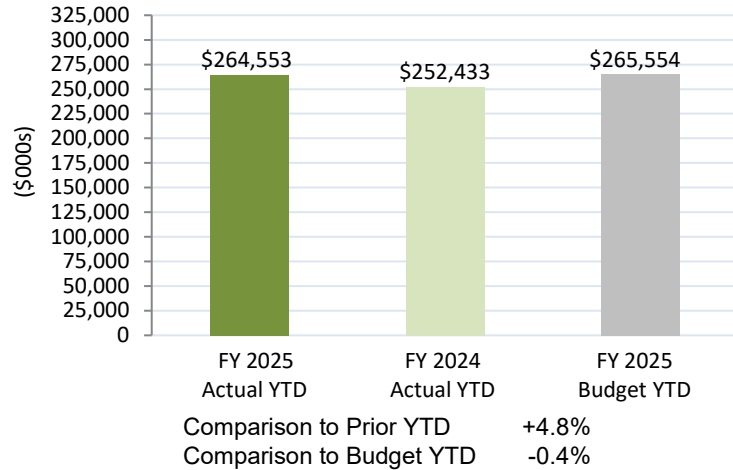
Key Board Dates

March 27	Board Update #1 – <i>Overview, Key Factors, Objectives and Assumptions</i>
May 8	Board Update #2 – <i>Key Assumptions and Preliminary Budget Numbers</i>
June 26	Request Board adoption of FY 2026 Operating and Capital Budgets
July 14	Submit Adopted FY 2026 Budget to City

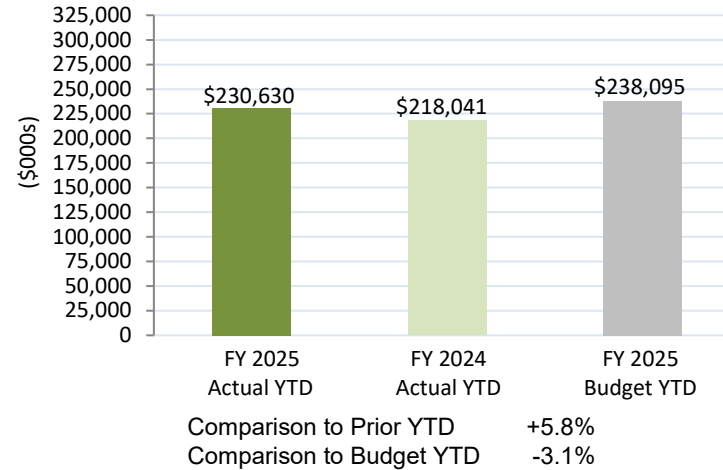
2. Current Financial State of the Port

For the First Seven (7) Months of FY 2025, Operating Income is \$0.5 Million Lower than Same Period Last Year and \$6.5 Million Above Budget.

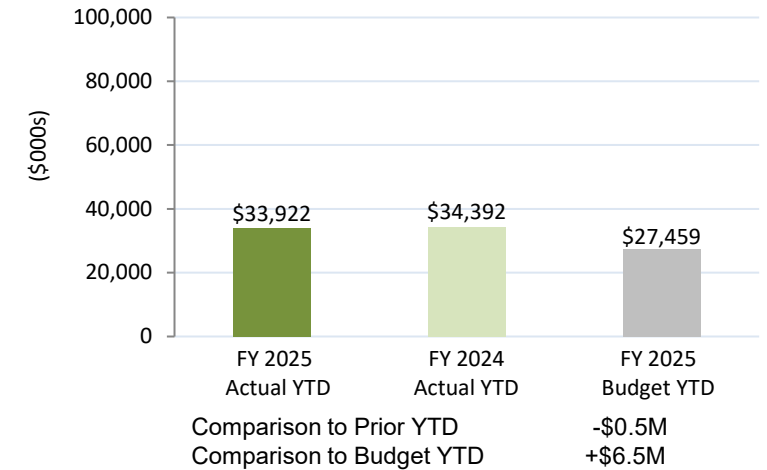
Operating Revenues



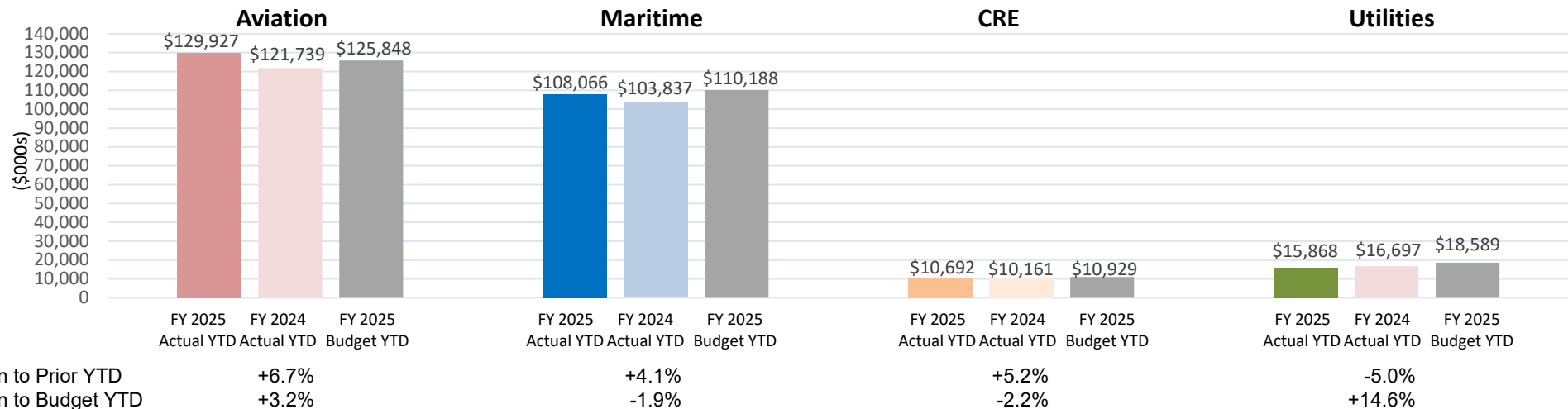
Operating Expenses



Operating Income



Operating Revenues by Business Line



Port Cash Balances

as of January 31, 2025

Account	Amount	Comment
General Fund	\$589,533,738	<ul style="list-style-type: none"> Debt Service Fund - \$43.9M - for semi-annual debt service payments Self-Insurance Fund - \$6.7M - for worker's compensation, health and other obligations Working Capital Fund - \$235.3M - for day-to-day operating expenses, pension, OPEB, environmental, and other operating obligations Capital Investment Fund - \$303.7M - for capital projects not funded through current operating revenues
Board Reserves	\$83,141,000	<ul style="list-style-type: none"> Available only if General Fund insufficient to pay debt service, operating expenses and/or capital expenses Use of Board Reserves is a Material Negative Event to bondholders
Trustee Bond Reserves	\$44,397,354	<ul style="list-style-type: none"> Restricted for the benefit of bondholders if insufficient General Fund Use of this reserve is an Event of Default
Passengers Facility Charges	\$66,621,420	<ul style="list-style-type: none"> Restricted in use to eligible capital costs at the Airport
Customer Facility Charges	\$1,096,500	<ul style="list-style-type: none"> Restricted in use to Airport rental car busing operations, and related capital costs
LCFS Fund	\$2,813,365	<ul style="list-style-type: none"> Restricted in use to transportation electrification projects
Security Deposit Fund	\$11,079,351	<ul style="list-style-type: none"> Tenant security deposits
Other	\$1,745,942	<ul style="list-style-type: none"> Escrow accounts related to Port's capital program

3. Key Factors Influencing the Development of FY 2026 Budget

Key Factors Under Consideration in Developing FY 2026 Budget

- ❑ Preliminary revenue projections for FY 2026 are not as robust as projections from 12 months ago
 - ❑ Maritime revenues projected to be \$12.0 million (-6%) lower
 - ❑ Non-airline revenues projected to be \$6.0 million (-9%) lower
 - ❑ Airline revenues in the terminal cost center will be subject to a large true-up credit going back to the airlines due to significant O&M underspending in FY 2024
 - ❑ CRE revenues are projected to be \$1.8 million (-9%) lower
 - ❑ Utilities revenues are expected to be \$7.8 million (-19%) lower
- ❑ CIP affordability is under review due to rising costs of major capital projects (e.g. due to tariffs on imported steel and aluminum) and lower projected future operating cash flow available for capital investments
- ❑ Prioritize capital projects with focus on core infrastructure investment needs, return-on-investments and risk mitigation. Certain capital projects in the CIP may need to be delayed, scaled down or eliminated
- ❑ Manage operating expenses to (a) align with projected lower operating revenues, (b) reflect realistic spending based on anticipated staffing levels over the next 15 months, (c) ensure compliance with minimum debt service coverage ratios, operating expense ratios and cash liquidity targets – Port wide and by revenue divisions – while supporting the Port's strategic priorities

Key Factors Under Consideration in Developing FY 2026 Budget

- ❑ Prepare the Port for future debt issuances, potentially as early as in FY 2026, to fund key capital projects and serve as a contingency funding source if third-party funding falls through. This requires strengthening financial metrics and managing expenses wisely to maintain high credit rating – ensuring the Port can borrow at the lowest possible cost
- ❑ OAK's CPE (Costs Per Enplanement) must remain competitive relative to both SFO and SJC to retain and attract new airlines and new routes
 - ❑ Operating budgets should align with realistic spending expectations to prevent unnecessarily high rates that inflate OAK CPE
 - ❑ Better cost forecasting will minimize large aviation rates and charges true-ups in future years
- ❑ Geopolitics and uncertainties regarding impact of tariffs to global trade
- ❑ With 75 FTE vacancies, the Port must strategically fill or repurpose critical roles to support daily operations, deliver on capital projects, and advance Port strategic priorities

4. Budget Assumptions, Policy Considerations, & Establish Budget Objectives

Preliminary Key Budget Assumptions

1. Debt Service Expenses

- ❑ Bond and Commercial Paper Notes (CP Notes) debt service payments expected to total \$76.9 million¹ in FY 2026
- ❑ Continue discipline of paying down outstanding CP Notes
 - \$17.535 million of CP Notes to be outstanding as of July 2025 (\$15.193 million Maritime, \$2.342 million Aviation PFC-eligible)
 - Assume \$5.0 and \$2.342 million² of Maritime and Aviation CP Notes are paid down, respectively
- ❑ New debt issuances in the form of CP Notes to fund capital projects
- ❑ Minimum budgeted cash-based debt service coverage ratio of 1.40x Port wide and by revenue division:
 - Provides operating financial cushion
 - Maintains liquidity
 - Preserves credit ratings
 - Complies with newly updated Port debt policy

¹ Assumes rates on commercial paper notes average 3.50% in FY 2026.

² Payment of principal contingent on FAA approval of new PFC application.

Preliminary Key Budget Assumptions

2. Operating Expenses

- ❑ Adopt a fiscally responsible approach to balance revenues and expenditures, ensuring the Port's long-term fiscal sustainability amid future revenue uncertainties, rising personnel costs, increased regulatory and compliance requirements, and the need to address years of deferred maintenance
- ❑ Aim to budget for achievable expenses based on available staffing levels, prioritizing critical operational needs while aligning with the Port's strategic goals
- ❑ Reliance on debt to fund a portion of the Port CIP means operating expenses, in the absence of revenue growth, must be adjusted to create the conditions necessary to maintain key financial metrics, such as minimum debt service coverage ratios, ensuring the Port can issue debt in a responsible and sustainable manner
- ❑ Set an initial target for the FY 2026 Operating Expense Budget to be approximately \$10.8 million lower than the Board adopted FY 2025 Operating Expense Budget
- ❑ Reduction of FTEs included in the staffing plan, will be offset by a reduction in assumed vacancy factor of FY 2026. Focus on filling or re-purposing critical staff vacancies to support critical operations and reduce operational bottlenecks

Preliminary Key Budget Assumptions

3. Capital Expenses

- ❑ Capital investments must be strategic, appropriately prioritized and well-planned for the Port to be successful in achieving long-term financial sustainability
- ❑ Material adverse changes in funding sources and project costs mean the Port needs to dial down the size of its ambitious CIP and decisions must be made on which projects proceed forward and which projects are paused
- ❑ Focus on budgeting for capital projects that can realistically be achieved with available staffing levels, prioritizing core infrastructure projects, projects that produce a positive return on investments, and are in alignment with the Port's strategic goals
- ❑ Target a total FY 2026 Capital Budget less than prior year's estimate of \$301.1 million
- ❑ Use cash reserves and internal borrowings across revenue divisions to delay external debt borrowing to the extent possible
- ❑ Select large capital projects with long useful lives for future debt financing
- ❑ Shorten the amortization period of new debt from 30 to 25-years at an assumed rate of 6.0%

Key Budget Objectives

- **Cash/Liquidity:** Remain focused on maintaining strong cash/liquidity reserves to manage unanticipated operational, financial and economic disruptions and establish working capital, self-insurance, security deposit, capital investment and debt service funds to ensure the Port maintains adequate cash balances to meet long-term obligations.
- **Debt:** Maintain discipline of paying down portion of outstanding commercial paper notes, in addition to required bond payments
- **Operating:** Demonstrate smart, prudent and thoughtful budgeting considering near-term economic uncertainties to support long-term financial strength, resiliency and sustainability
- **Capital Investments:** Strategically identify, prioritize and appropriately plan major capital projects with a focus on health, safety, regulatory compliance, on-going or imminent revenue generating projects, asset management, infrastructure investments and where availability of external funding (e.g., grants) is contingent on timely expenditure.
- **Financial Metrics:**
 - Improve operating margin for all four revenue divisions
 - Control Airport Cost per Enplanement (CPE)
 - Maintain minimum Bond Debt Service Coverage Ratio of 1.40x at year end Port wide and by revenue division
 - Achieve less than 65% Operating Expense Ratio by revenue division
 - Target minimum projected cash balance on June 30* no less than 365 days-cash-on-hand (DCOH) (excluding restricted cash)
 - Maintain Board Reserves, consistent with policy, of approximately \$83** million

* June 30 cash balance is used to pay upcoming November 1 debt payment of \$28.3 million, construction contracts already executed, 5-Year Capital Improvement Plan, day-to-day operating expenses and unfunded liabilities; balance also includes contractor retention not held in escrow and security deposits.

** This figure reflects the current total of FY 2025 Board Reserves. It is expected to change as the FY 2026 Budget is developed.