

Annual Comprehensive Financial Report

For the Years Ended June 30, 2024 and 2023



PORT OF
OAKLAND

Seaport. Airport.
Everyone's Port.

Oakland, California
(A Component Unit of the City of Oakland)

Port of Oakland
Oakland, California
(A Component Unit of the City of Oakland)

Annual Comprehensive Financial Report
For the Years Ended June 30, 2024 and 2023

Prepared by the Financial Services Division

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PORT OF OAKLAND
(A Component Unit of the City of Oakland) ANNUAL
COMPREHENSIVE FINANCIAL REPORT
For the Years Ended June 30, 2024 and 2023

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**PORT OF
OAKLAND**

Seaport. Airport.
Everyone's Port.

INTRODUCTORY SECTION

- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Organization Chart
- Appointed Officials, Executive Management, and Contributing Staff

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PORT OF OAKLAND

December 16, 2024

Board of Port Commissioners of the City of Oakland Oakland, California

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Port of Oakland (Port), a component unit of the City of Oakland (City), as of and for the years ended June 30, 2024, and 2023. Fiscal Year (FY) 2023 financial reporting implements standards set forth by Governmental Accounting Standards Board (GASB) Statement No. 96 in the treatment of Subscription-Based Information Technology Arrangements by the Port. All dollar amounts are rounded to the nearest thousand within this report for presentation purposes.

Responsibility for the accuracy of the data, and the completeness and reliability of the information contained in the report rests with management of the Port. The framework of internal controls provides reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The data as presented is believed to be accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in financial position of the Port.

This letter of transmittal is designed to complement the management's discussion and analysis (MD&A), which provides a narrative introduction, overview, and analysis to the financial statements, and should be read in conjunction with the MD&A.

Certain statements in this letter of transmittal reflect not historical facts but forecasts, projections, estimates and other "forward-looking statements." The achievement of results, or other expectations, involves known and unknown risks, uncertainties and other factors that may cause actual results to be materially different than forecasted results. The Port is not obligated to issue updates or revisions to this discussion if and when the expectations, events, conditions or circumstances on which these statements are based, occur or fail to occur, as the case may be.

Profile of the Port of Oakland

The Port is an independent department of the City. The City has operated a public harbor to serve waterborne commerce since its incorporation in 1852 and an airport since 1927. Exclusive control and management of the Port area, which includes the seaport, airport, utilities, and other commercial real estate properties was delegated to a seven-member Board of Port Commissioners (Board) in 1927 by an amendment to the City Charter (Charter).

The Board has exclusive control of all of the Port's facilities and property, real and personal, all income and revenues of the Port, and proceeds of all debt financings initiated by it for seaport, airport, utilities and other commercial real estate improvements, or for any other purpose. The Board has the power under the Charter to fix, alter, change, or modify the rates, tolls, fees, rentals and other charges for the use of the Port's facilities and any services provided in connection with the Port's facilities. A substantial portion of the Port's revenues are governed by lease, use, license and other agreements with the tenants and customers of the Port's four business lines: Aviation, Maritime, Utilities and Commercial Real Estate (CRE). The Port's Utilities business line primarily serves Maritime and Aviation tenants, therefore, in the

accompanying financial statements revenues and expenses have been allocated to Maritime and Aviation based on the tenants served. The Port is required by the Charter to deposit its revenues in the City Treasury. The Oakland International Airport (Airport or OAK) is a passenger, cargo and general aviation airport located on approximately 2,600 acres of land. The Airport is one of three major commercial airports serving the San Francisco Bay Area and the largest cargo hub in Northern California.

In Calendar Year (CY) 2023, the Airport ranked 43rd in the United States in terms of total passengers and 10th in terms of air cargo tonnage. In FY 2024, the Airport served approximately 11.2 million passengers and 1.1 billion pounds of air cargo. In CY 2023, the Airport averaged 121 passenger departures in Q1 rising to 130 by Q2. In 2024, 45 nonstop destinations were served from OAK with flights across the USA, including four Hawaiian Islands, six in Mexico and one in Europe by 11 marketing airlines. In CY 2024, three new airlines, Viva Aerobus, Advanced Air and Sun Country, began services at OAK. Sun Country began service to Minneapolis-St. Paul, Minnesota and Viva Aerobus began service to Monterrey, Nuevo Leon, Mexico, bringing the total number of destinations to 45. Advanced Air replaced Contour Airlines flying to Crescent City, California under a government subsidized Essential Air Service (EAS) grant.

The Oakland seaport (Seaport) serves as the principal ocean gateway for international containerized cargo shipments in Northern California and is one of several gateways for such shipments on the West Coast of North America. The Seaport is one of the top ten container ports in the United States, measured in terms of the number of twenty-foot equivalent units (TEUs) handled annually. In FY 2024, approximately 2.2 million full and empty TEUs moved through the Seaport. The Seaport comprises approximately 1,300 acres of land, including approximately 779 acres of marine (container) terminal areas; rail facilities for intermodal and bulk cargo handling; transloading facilities; as well as areas for truck and container staging and other support services, including a portion of the former Oakland Army Base, which the Port is in the process of developing into a trade and logistics center based on market demand. These facilities are backed by a network of roads and a deep-water navigation channel. All major ocean carriers serve the Seaport, connecting the Bay Area with the major trading centers of global commerce around the world.

The Port is the only major seaport and airport in California that operates a publicly owned electric utility (POU). Operating as a POU allows the Port to be a leader in demonstrating its commitment to local businesses, clean energy, and offering a cost-effective service to Port customers. The Utilities business line provides utility services (electrical, gas, water, and sewer services) to Port facilities (both tenant operated and Port-operated) in support of the Port's Aviation, Maritime and CRE business lines. Electricity for all of Aviation's approximately 200+ customers is provided by the Port Utilities division. Approximately 80% of Maritime customers are served by Port Utilities. The remaining customers are served by Pacific Gas and Electric Company (PG&E).

In addition, the Port oversees approximately 837 acres of land along the Oakland Estuary that is not used for maritime, utilities or aviation purposes. The commercial real estate properties on this land provide a variety of uses including warehouses, parking lots, hotels, offices, shops, restaurants, public parks, and open space.

Most of the Airport, Seaport, Utilities and Commercial Real Estate properties are located on land that is owned under the name of the City and, under the Charter, controlled and managed by the Port subject to a trust imposed pursuant to numerous tideland grants from the State of California dating back as far as 1852. Certain requirements and restrictions are imposed by the tideland grants. Generally, the use of lands subject to the trust is limited to statewide public purposes, including commerce, navigation, fisheries, and other recognized uses. The trust also places certain limitations on the use of funds generated from trust lands and other assets.

Fiscal Year 2024 Financial Results

The Port ended FY 2024 with operating revenues totaling \$407.7 million, reflecting a \$0.9 million decrease from the previous year.

At the Seaport, although container activity (measured as TEUs) at marine terminals increased by approximately 3.4%, marine terminal revenue in FY 2024 was lower than in FY 2023 because of the timing of the increase, cargo shifts within the Seaport, and contract terms at each terminal. Revenue from long-term leases, rail terminals, and the Port-owned truck parking/container depot increased, offsetting a decline in revenue from short-term leases. Overall, the decrease in marine terminal operating revenue was not offset by the increased container activity, resulting in an overall decrease for the Seaport. Nevertheless, FY 2024 signaled both stabilization and growth of cargo activity, following the unusual conditions experienced during and immediately following the COVID-19 pandemic.

In FY 2024, the Airport served 11.2 million passengers, a 2.9% decrease from the prior year and 82.5% of FY 2019 pre-COVID-19 levels. The decline in passenger volume was driven by several factors: (a) reduced seat availability and flight frequencies to/from OAK due to airline flight scheduling changes resulting from delays in aircraft delivery by Boeing, (b) temporary removal from service of Airbus A320/321 NEO aircrafts for extensive inspection and repair of Pratt & Whitney aircraft engines, and (c) reduced demand for business travel leading to capacity reductions between OAK and eight destinations in Southern California.

While passenger activity levels declined relative to FY 2023, Aviation Division revenues grew in key areas such as concession, rental car, parking and airline revenues. Overall, Aviation operating revenues increased by \$9.3 million, reflecting a 4.7% increase compared to FY 2023.

CRE operating revenues totaled \$15.4 million; a \$0.3 million or 2.0% increase from prior year revenues. Increased restaurant, marinas and billboard revenues account for most of the increases.

On the expense side, operating expenses excluding depreciation and amortization increased by \$32.2 million across the three business lines which equate to a 13.4% increase compared to FY 2023. Personnel expenses increased by approximately \$25.8 million due to increases in retirement benefit costs, salary adjustments based on current labor MOUs' cost of living adjustments and step increases. Overall, other operating expenses increased as increased operating activities resulted in increased electricity consumption, security, and maintenance costs.

The FY 2024 financial results are discussed in further detail in the MD&A.

Operating and Capital Budgets

The Port's operating budget is an essential component of the Port's financial and operational planning and management. The operating budget serves as a plan for each revenue division's operating revenues and expenses and for Port-wide non-operating income and expenses. Operating budgets are prepared and presented annually to the Board for approval in June prior to the start of the new fiscal year or shortly after the start of the new fiscal year in July. For FY 2025, Port staff prepared a five-year operating forecast. The first year of the operating forecast is presented to the Board for adoption as the Port's operating budget for the upcoming new fiscal year, while the additional four years are presented in concept for informational purposes only.

In addition to preparing the operating budget, Port staff prepares annually a five-year capital improvement plan (CIP) and a one-year capital budget. The one-year capital budget is presented to the Board for adoption, while the additional four years of the CIP are presented in concept only.

The approved FY 2025 operating and capital budgets, and the five-year operating and CIP forecasts are available on the Port's website located at <https://www.portofoakland.com/business/financial-information/> and are discussed at a high level below under Economic Outlook and Financial Planning.

Economic Outlook and Financial Planning

The Port is located in the San Francisco Bay Area, a sizeable and generally affluent metropolitan area whose economy is intricately linked with global trade. Home to the world's technology leaders, an epicenter for health care, manufacturing, financial services and a hub for research and higher education, the San Francisco Bay Area both shapes and is shaped by the global economy. The Port serves as a conduit for the area's global trade with an Airport closest to most of the San Francisco Bay Area population, and a Seaport that offers shorter transit times to Asia than other West Coast ports and serves as the primary gateway for California's premium agricultural goods. This favorable geographic position provides strong local markets that support both demand and resiliency for the use of Airport, Seaport, Utilities and commercial real estate properties.

The Port's FY 2025 operating and capital budgets were developed to (a) support long-term financial strength, resiliency and sustainability, (b) address near-term operational, recruitment and financial challenges while maintaining reasonable flexibility and liquidity to protect against operational, financial, political and economic uncertainties, and (c) strategically identify, prioritize and plan major capital projects with a focus on regulatory compliance, fulfilling grant-funded project delivery commitments, progress toward zero emissions operations, health, safety, on-going or imminent revenue generating projects, asset management, and essential infrastructure investments.

For FY 2025, the Port budgeted total operating revenues of approximately \$434.5 million; a 6.6% increase from the \$407.7 million realized in FY 2024. Revenue projections for FY 2025 reflect limited revenue growth due to uncertainties surrounding (a) passenger growth at the Airport beyond 79% of pre-pandemic traffic levels, (b) timing and speed of the anticipated return to normal shipping patterns and historic rates of growth at the Seaport, (c) uncertainty about economic impacts of inflation and changes to monetary policy in the United States, and (d) on-going geopolitical conflicts that could further impact global supply chains including the movements of goods across nations.

Operating expenses before depreciation are budgeted at approximately \$300.1 million for FY 2025; a 10.1% increase from \$272.6 million realized in FY 2024. The increases in operating costs are driven in part by anticipated increases in personnel costs, which represent 47.7% of the operating expense budget before depreciation, major maintenance and security at the Airport. The Port is anticipating operating expenses before depreciation to increase to \$331.7 million by FY 2029, for a forecasted compound annual growth rate of 2.5%. Increases in expenses are driven by increases in personnel costs due to future assumed cost of living adjustments (COLA), increases in FTE count in support of major capital infrastructure investments in the coming years, as well as increases in non-personnel operating expenses, such as parking and ground transportation, which are expected to increase vis-à-vis projected passenger traffic growth at the Airport. The Port's pension contribution rates, including employer unfunded liability contributions, are projected to be 36.1% in FY 2025, decreasing to an estimated 34.5% in FY 2026 and then increasing further to 37.4% in FY 2029 based on CalPERS projections reflecting an updated mortality study and discount rate.

On June 27, 2024, a five-year (FY 2025-2029) CIP in the amount of \$1.3 billion was presented to the Board for informational purposes only. The current five-year CIP does not include significant capacity expansion projects and thus will generally not generate significant new revenues. Capital improvements included in the five-year CIP are primarily focused on the Airport perimeter dike project, taxiway, runway, security, pavement and roadway improvements, as well as miscellaneous terminal projects, various electric utility infrastructure investments both at the Airport and Seaport, turning basin, marine terminal wharf improvements and redevelopments.

For FY 2025, the Board authorized a capital budget of \$246.2 million. The capital budget has been increased from prior year levels to match staffing resources and higher levels of grant funding, to complete important Port facility upgrades, replace aging infrastructure and meet grant commitments. Approximately \$53.6 million of the capital expenditures are expected to be funded with various Aviation grants, \$1.7 million from Maritime grants, \$29.6 million is expected to be funded with Passenger Facility Charges (PFC), \$0.9 million to be funded with Low Carbon Fuel Standard (LCFS) credits, and the remainder is anticipated to be funded with cash on hand, cash generated from future operations or new debt in the form of commercial

paper notes. A description of the major capital projects is provided below under Major Initiatives.

The Port's senior management and staff will continue to assess financial and operational measures in the context of projected business activity levels and will continue to pursue additional revenue enhancement and cost-savings initiatives that may be available or warranted going forward.

Major Initiatives

The Port continues to work on the major initiatives previously identified which are focused on upgrading the Port's facilities to sustain and accommodate changes in the industry, improve its overall competitiveness, maintain safety, enhance security, manage existing assets, and invest in essential infrastructure. Many of these initiatives span multiple years due to the scope and complexity of these initiatives. Provided below are the most significant projects underway or recently completed for each of the Port's business lines.

Aviation

Airport Perimeter Dike Improvements. The Airport Perimeter Dike (APD) separates the airfield from San Francisco Bay waters and protects the South Field of the Airport from storm events and rising San Francisco Bay waters. The first phase of APD improvements were substantially completed in January 2022 to enhance the 4.5-mile structure to meet Federal Emergency Management Agency (FEMA) certification standards and meet projected mid-century sea-level rise impacts. Phase 2 of the APD improvements is intended to protect the APD from catastrophic damage during a major earthquake using a soil mixing with cement grout to reinforce and densify granular soils. Construction of the Phase 2 APD improvements was bid in spring 2024 and is anticipated to begin in winter 2024.

Taxiway Whiskey Rehabilitation. Taxiway Whiskey has been identified for rehabilitation through the Airport Pavement Management System (APMS) program and prioritized based on the pavement condition and use. Taxiway Whiskey is operationally critical to the Airport, serving as the only parallel taxiway to the main air carrier Runway 12-30 and therefore serving nearly all commercial aeronautical operations and high-performance jet aircraft. Recent pavement assessments have indicated that the rehabilitation of the entire length (11,000 ft long by 75 ft wide) of Taxiway W must be prioritized over the next few years; it was originally constructed in 1960 and last rehabilitated in 2011. In addition to milling and overlaying the existing asphalt concrete, the scope of work for this project includes updating the airfield geometry to the latest design standards, including marking, lighting, impacted aircraft-rated pavement grade drainage, and utility structures.

Taxiway Whiskey Phase 1 Rehabilitation was completed in November 2023. Phase 2 is the next most critical section to complete and is over 4,000 feet in length. Construction of Phase 2 is expected to begin in winter 2024. The third and last phase of work (Phase 3) is included in the 5-year CIP and programmed to be completed in FY 2027.

Restroom Upgrades. Terminal restrooms at OAK have been in service for over 15 years, have far exceeded their useful life and no longer meet passenger experience and operational needs of the Airport. A complete renovation of the Terminal 1 and Terminal 2 restrooms has been programmed to meet current standards and passenger expectations. The scope of work will include gender-neutral facilities, modernizing finishes and installing low water use fixtures that meet current standards, extend life cycle, and ease maintenance requirements in the future. Phase 1 of the project includes the restoration of the currently closed women's restroom at Gate 4; a complete renovation of the men's restroom at Gate 3; a conversion of the men's restroom at Gate 7 into gender neutral/family restrooms and a lactation suite and waiting area. Phase 1 construction began in June 2024, with completion anticipated in summer 2025. Future phases of work are currently under design and may commence in 2025.

Electric Shuttle Bus Lot and Charging Infrastructure. To advance the Port's goal of transitioning to zero emissions and to comply with multiple California Air Resource Board (CARB) regulations, OAK has procured five electric shuttle buses that are expected for delivery in December 2024 or early 2025. Future replacement shuttles for OAK will be purchased in the coming years until the entire fleet is zero-emissions.

Additionally, the tenant-owned rental car shuttle bus fleet consisting of 12 diesel buses must also be replaced to meet the zero-emissions airport shuttle regulation (ZEASR). To support the operation of the new electric shuttle buses, a bus charging depot has been designed and will be constructed in the North Field to accommodate both the Airport parking and rental car shuttle fleets.

The shift to battery-electric fleet results in an increased demand of the Port's limited electrical capacity and the need for upgrades to the Port's electrical system. Full build out of the bus charging depot includes new electrical infrastructure that would serve the depot as well as other Airport functions. The anticipated new electrical infrastructure includes a new 12kV distribution substation, an on-site load center, and a potential microgrid with solar photovoltaic power generation and energy storage systems.

Maritime

Marine Terminal Improvements. The Port has started the redevelopment of the backlands at Berth 24, at the Port's Outer Harbor Terminal. The work consists of approximately 25 acres of new pavement, LED high mast lighting, rubber tire gantry cranes (RTGs), refrigerated container and grounded storage, substation improvements, and battery storage and charging stations to expand the Port's electrical grid capacity and support power reliability and resiliency. The project is being designed to function as a standalone container yard that can also be absorbed into existing and future marine terminal operations and will improve the Port's ability to accommodate surges of cargo, particularly agricultural exports; improve operational efficiencies; and advance zero-emissions goals. This project is currently under environmental review; design is scheduled to start in FY 2025, with construction to follow in FY 2027 and FY 2028.

Work is also starting on a project that integrates the Berths 33 and 34 backlands (i.e., yard areas), which are currently adjacent but functionally separated by an elevation difference. While this grade differential is not currently a problem because the two yards are leased to different marine terminal operators, future functionality and operational flexibility is hampered by the current condition. The Port's work will include raising and reconstructing approximately 25 acres of yard area to level the subject grades and incorporate other adjacent areas currently used for staging and stockpiling. Design is underway in FY 2025 and construction is expected to start in FY 2027; completion is tentatively planned by the end of FY 2028.

On-going construction work on upgrades to fenders and bollards at Berths 55 through 59, the Port's largest marine terminal, is scheduled for completion in early 2025. The new fenders and bollards are designed to accommodate Ultra Large Container Vessels (ULCV) and will complement the ship-to-shore cranes designed for ULCVs.

Turning Basins Widening. The Port has partnered with the U.S. Army Corps of Engineers (USACE) to study, and potentially construct, the widening of the two Oakland Harbor turning basins, which are part of the federal waterway that serves the Seaport. Vessels use the Inner and Outer Harbor Turning Basins (Basins) to turn-around upon arrival or departure; the Basins are critical to Seaport operations today and in the future. However, the Basins were designed and constructed in the early 2000s for smaller vessels than those in operation today and in the future. Due to the inadequate diameter of the Basins, vessels operations can be restricted. A feasibility study was completed in mid-2024 that reviewed the widening of the Basins to reduce these restrictions and thereby reduce vessel transit inefficiencies. Pending various discretionary approvals, completion of environmental review, and federal funding, the design to widen the Basins is anticipated to occur in FY 2025 through FY 2027. Construction is anticipated to start in FY 2028 and finish in FY 2030. The USACE and Port will share the cost of the project.

Green Power Microgrid. This project consists of a wide range of electrical infrastructure and related assets including electric vehicle chargers, solar generation, battery electric storage, and substation upgrades. Environmental review was completed for this project in FY 2024, grant funding was obligated by the State of California in May 2024, design work is anticipated to be completed in FY 2025. Construction is anticipated to commence in FY 2026 and last through FY 2028.

7th Street Grade Separation East (7SGSE). 7th Street, which runs between I-880 and Maritime Street, is a key access point to and within the Seaport, handling approximately 40% of the truck traffic serving the

Seaport. Construction of 7SGSE is underway with construction scheduled for completion in FY 2027. Alameda CTC is constructing the 7SGSE project with cooperation and oversight from the Port and the City of Oakland. Ownership, operation and maintenance of this asset will be transferred to the Port and City upon completion. The total project cost is anticipated to exceed \$350 million with funding from a combination of the Measure BB Tax Measure, state/local grants, and a very small contribution of (non-capital) Port funds. Therefore, the project is not included in the 5-Year CIP; however, it is discussed here because it is a major and long-awaited improvement for the Seaport.

Utilities

Substation 1 and 2 Upgrades. Substation 1 (SS-1) and 2 (SS-2) are located near Earhart Road and were installed in 1982 and are beyond their 30-year design life. Substation 1 is an essential piece of infrastructure as it serves as one of the two points of connection with the California electrical transmission system. This infrastructure is critical to the reliable power feed and distribution for the Airport. The scope of this project is to assess, rehabilitate, and replace the aging substations, switchgears, and distribution system as necessary for system reliability. Design is currently underway, and it is anticipated that the project will be bid in January 2025. Equipment procurement will need to begin as soon as possible due to extremely long lead times. Construction is expected to begin in early 2025.

Davis and Cuthbertson Substation Upgrades. New substation “Alpha” will replace Substation Davis and “Bravo” will replace Substation Cuthbertson. These are both currently located at the northwest corner of 7th Street and Maritime Street and are primary substations connected to the California electrical transmission system fed from a 115 kV overhead line. The Davis and Cuthbertson substations are critical pieces of infrastructure to the Seaport electric distribution system. The scope of this project is to assess, rehabilitate, relocate, and replace the substations, switchgears, and distribution systems as necessary for system reliability.

12kV Substation Replacement SS-R-10. SS-R-10 has been designed to replace the SS-R-14 substation that has been the primary power source for the Oakland Army Base Area since the 1960s. The new design incorporated the ability to connect solar and battery energy storage systems as well as handle increased future loads from new customers, primarily as a result of transition to battery electric cargo handling equipment. The substation will be capable of supporting the conversion of a traditional substation powering the steady load of a building to the variable and intermittent loads from electric vehicles Port customers are adding to their energy needs.

Circuit Powerline Capacity Upgrade. This project replaced existing circuit components that have deteriorated due to age and are limited in terms of capacity of electricity transmission. This new circuit was completed in early 2024 to support higher power demands from the existing SS-R-14 substation (and proposed SS-R-10 substation) to the Outer Harbor to support additional electrical loads for new tenants as well as existing tenants looking to transition to battery electric cargo handling equipment.

Commercial Real Estate

Jack London Square. The Port continues its efforts to strengthen Jack London Square’s (JLS) traditional reputation as a restaurant, administration, and transportation center with the addition of complementary retail and entertainment venues, through a partnership with its developer partner, CIM Group. CIM Group is a nationally recognized, well-respected real estate investment company with substantial experience in developing and operating mixed use complexes in urban areas throughout the United States. In 2019 CIM Group secured new land-use entitlement approvals for two new proposed multi-family residential buildings adjacent to JLS on privately owned land, which, once constructed, will enhance and expand the foot traffic at JLS. The first of these two buildings, Channel House - a 333-unit apartment building, was completed and is currently leasing units to new waterfront residents. CIM Group also recently secured final design review approvals for development of the previously approved hotel on the final remaining vacant JLS Phase II Project ground lease parcel owned by the Port. The second residential building as well as the planned hotel have both been approved by the City Planning Division but have not yet been submitted for building permit approvals from the City.

Brooklyn Basin. Over the next few years, the Brooklyn Basin waterfront district, an older, underutilized industrial area centrally located on the Oakland Estuary minutes from JLS and downtown Oakland, is expected to continue the substantial redevelopment currently underway to create a new residential neighborhood by a private developer, Zarsion-OHPI, LLC (ZOHP). The concept for the area is to transform the underutilized former maritime industrial district into a revitalized, mixed-use waterfront community known as Brooklyn Basin. The Brooklyn Basin Project site comprises approximately 64 acres of waterfront property bounded by Embarcadero Road, Oak Street, Tenth Avenue, and the Oakland Estuary. Approximately one half of the property is owned by ZOHP and the other half is still owned by the Port and leased to ZOHP. This project is expected to be completed in three to five phases over the next five to ten years.

Awards

The Port received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the Port's ACFR for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate is valid for a period of one year only. The Port will be submitting the current ACFR to GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation to the Financial Services Division for their professionalism, dedication, and efficiency in the preparation of this report. We also extend our appreciation to the other Port divisions who contributed to this report and to Macias Gini & O'Connell LLP for their assistance and guidance. Finally, we thank the Board for their attention and continuing support to plan and manage the Port's financial operations in a responsible and progressive manner.

Respectfully submitted,



Julie Lam
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Port of Oakland
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

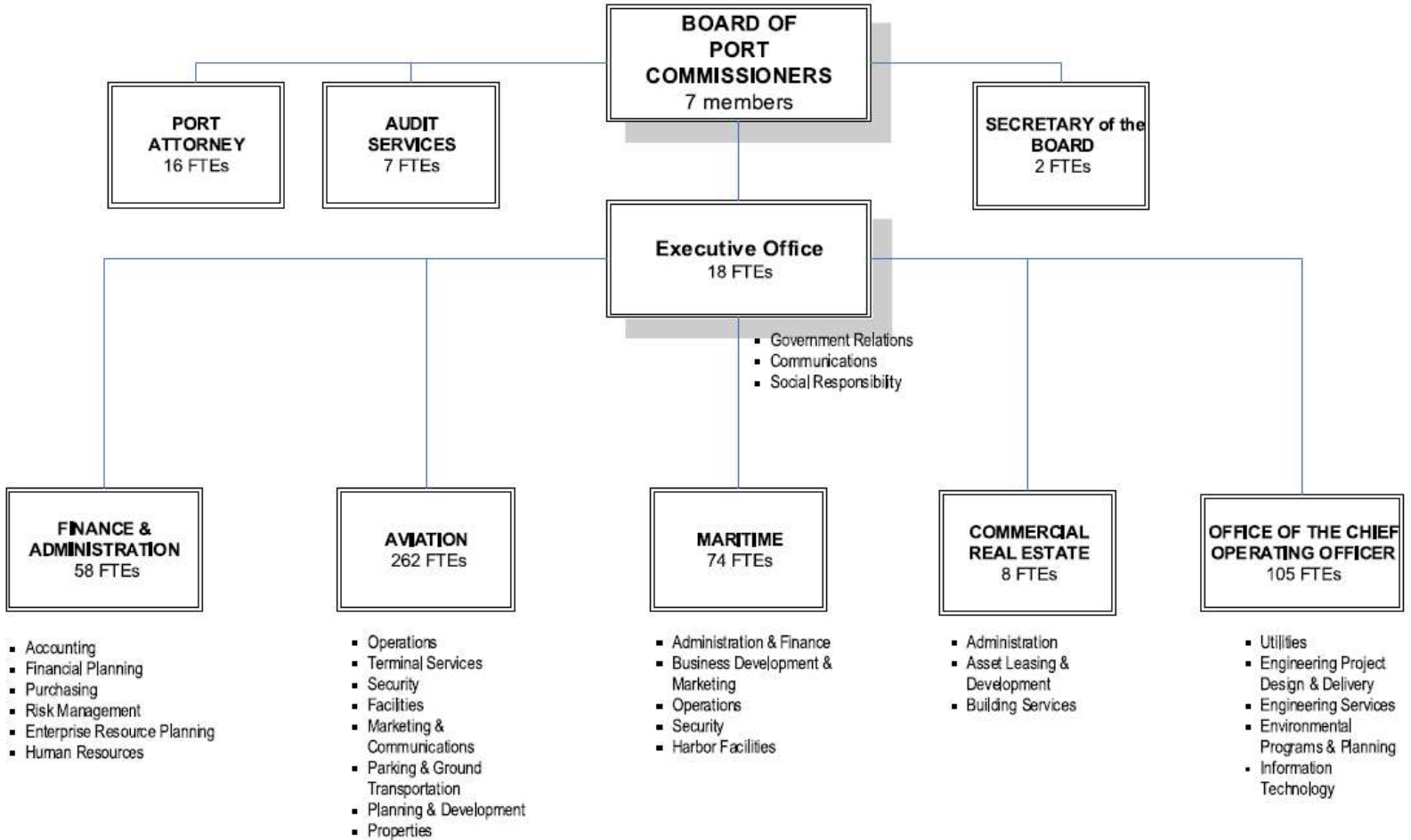
June 30, 2023

Christopher P. Morill

Executive Director/CEO

PORT OF OAKLAND ORGANIZATION CHART FISCAL YEAR 2023-24

550 FTES (FULL-TIME EQUIVALENTS)





PORT OF OAKLAND

Appointed Officials, Executive Management and Contributing Staff

For the Year Ended
June 30, 2024

Board of Port Commissioners of the City of Oakland

Barbara Leslie, President
Yui Hay Lee, First Vice-President
Andreas Cluver, Second Vice-President
Michael Colbruno, Commissioner
Arabella Martinez, Commissioner
Jahmese Myres, Commissioner
Stephanie Dominguez Walton, Commissioner

Executive Management

Danny Wan, Executive Director
Kristi McKenney, Chief Operating Officer
Craig Simon, Director of Aviation
Bryan Brandes, Director of Maritime
Jonathan Veach, Director of Commercial Real Estate
Julie Lam, Chief Financial Officer
Mary Richardson, Port Attorney

Contributing Staff

Mikyung Pustelnik, Port Controller
Chia-Jung Yang, Manager, Financial Planning
Cecilia Ravare, Port Accounting Supervisor
Angelica Avalos, Port Senior Accountant
Katri Jones, Administrative Specialist
Betsy Kwok, Port Staff Accountant II
Lori Tran, Port Staff Accountant II
Michelle Krishan, Port Staff Accountant I
Raymond Lei, Port Staff Accountant II
Stanley Tanaka, Port Senior Accountant

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**PORT OF
OAKLAND**

Seaport. Airport.
Everyone's Port.

FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
(Unaudited)
- Basic Financial Statements
- Required Supplementary Information
(Unaudited)
- Other Supplementary Information

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Independent Auditor's Report

Board of Port Commissioners of the City of Oakland
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Port of Oakland (Port), a component unit of the City of Oakland, California, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port, as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Notes 2 and 8 to the financial statements, effective as of July 1, 2022, the Port adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Port's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of OPEB contributions, collectively identified as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The schedule of revenues and expenses by business line is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues and expenses by business line is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.



Walnut Creek, California
December 16, 2024

Port of Oakland
(A Component Unit of the City of Oakland)
Management's Discussion and Analysis (unaudited)
June 30, 2024 and 2023
(dollar amounts in thousands)

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is intended to provide information concerning known facts and conditions affecting the Port of Oakland's (Port) operations. The following discussion and analysis of the financial performance and activities of the Port provides an introduction and understanding of the financial statements of the Port for the years ended June 30, 2024 and 2023, with comparative information for June 30, 2022. This MD&A has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes, which follow this section. All dollar amounts are expressed in thousands unless otherwise indicated.

Financial Statement Overview

The Port's financial report includes the MD&A, financial statements, notes to the financial statements, required supplementary information and other supplementary information. The financial statements include the Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows. In addition, the report includes a statistical section, which presents various financial and operating data.

The Port prepares the financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned, not when received, and expenses are recognized when incurred, not when paid. Capital assets are capitalized and, with the exception of land, construction in progress, air rights and noise easements, depreciated over their estimated useful lives.

Summary of Net Position

The Statements of Net Position present the financial position of the Port at the end of the fiscal year. The statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Port. Net Position, the difference between assets, deferred outflows/inflows of resources, and liabilities, is an indicator of the fiscal health of the Port and can provide an indication of improvement or deterioration of its financial position over time. A summarized comparison of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 is as follows:

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Summary of Net Position (continued)

A summarized comparison of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 is as follows:

| | 2024 | \$ | Change | % | 2023 | \$ | Change | % Change | 2022 ⁽¹⁾ |
|----------------------------------|---------------------|----|------------------|--------|---------------------|----|----------------|----------|---------------------|
| Current and other assets | \$ 1,844,330 | \$ | (66,151) | -3.5% | \$ 1,910,481 | \$ | 112,863 | 6.3% | \$ 1,797,618 |
| Capital assets, net | 1,848,430 | | 2,089 | 0.1% | 1,846,341 | | (58,346) | -3.1% | 1,904,687 |
| Total assets | <u>3,692,760</u> | | <u>(64,062)</u> | -1.7% | <u>3,756,822</u> | | <u>54,517</u> | 1.5% | <u>3,702,305</u> |
| Deferred outflows of resources | 98,329 | | 6,300 | 6.8% | 92,029 | | 46,217 | 100.9% | 45,812 |
| Debt outstanding | 564,147 | | (88,068) | -13.5% | 652,215 | | (71,344) | -9.9% | 723,559 |
| Other liabilities | 447,308 | | (16,413) | -3.5% | 463,721 | | 142,433 | 44.3% | 321,288 |
| Total liabilities | <u>1,011,455</u> | | <u>(104,481)</u> | -9.4% | <u>1,115,936</u> | | <u>71,089</u> | 6.8% | <u>1,044,847</u> |
| Deferred inflows of resources | 934,644 | | (99,690) | -9.6% | 1,034,334 | | (109,842) | -9.6% | 1,144,176 |
| Net investment in capital assets | 1,309,664 | | 76,119 | 6.2% | 1,233,545 | | 5,884 | 0.5% | 1,227,661 |
| Restricted for: | | | | | | | | | |
| Construction | 61,859 | | 17,954 | 40.9% | 43,905 | | 16,657 | 61.1% | 27,248 |
| Other purposes | 9,812 | | (10,700) | -52.2% | 20,512 | | (1,663) | -7.5% | 22,175 |
| Unrestricted | 463,655 | | 63,036 | 15.7% | 400,619 | | 118,607 | 42.1% | 282,012 |
| Total net position | <u>\$ 1,844,990</u> | \$ | <u>146,409</u> | 8.6% | <u>\$ 1,698,581</u> | \$ | <u>139,485</u> | 8.9% | <u>\$ 1,559,096</u> |

⁽¹⁾ 2022 has not been restated for the effects of GASB 96.

2024

Total assets decreased by \$64,062 from \$3,756,822 to \$3,692,760 during the year ended June 30, 2024. This decrease is due to a \$84,089 decrease in long-term receivables and other assets mainly due to long-term leases maturing, which was offset by an increase of \$17,938 in current assets and \$2,089 in net capital assets. Higher returns on investments than in the previous year resulted in an increase in the current asset, mostly in cash and cash equivalents.

Deferred outflows of resources are the effect of pension, other postemployment benefit (OPEB) accounting, and unamortized deferred loss on debt refunding. Deferred outflows of resources in pension decreased by \$4,124 mostly stemming from changes in actuarial assumptions, and deferred loss decreased by \$981 due to amortization of deferred loss on debt refunding, while deferred outflows of resources in OPEB increased by \$11,405 mostly due to changes in actuarial assumptions, resulting in net increase of \$6,300.

Total liabilities reflect a decrease of \$104,481 mainly due to redemption and scheduled payments of bond debts, \$88,068 and a recognition of grant revenue, \$10,114 which was received in advance during the fiscal year 2022.

Deferred inflows of resources are the result of the deferred lease revenue, and the effect of pension and OPEB accounting which is comprised of changes in proportional share of the Port, and the difference between expected and actual experiences in the CalPERS pension plan and the OPEB plan. The deferred inflows of resources decreased by \$99,690 from \$1,034,334 to \$934,644 during the year ended June 30, 2024, mainly due to a decrease of \$95,063 in deferred leases as long-term leases are maturing and decrease of \$4,627 in pension and OPEB.

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Summary of Net Position (continued)

Net position restricted for construction consists of mainly Passenger Facilities Charges (PFC) and Customer Facilities Charges (CFC) in the amount of \$58,847 which are restricted for the construction of specific assets at the Airport or for other permitted uses, and restricted funds of \$3,012 which are reserved for Low Carbon Fuel Standards (LCFS) projects. Net position restricted for other purposes consists of cash and investments held as tenant security deposits of \$9,812.

As of June 30, 2024, the Port's net investment in capital assets totaled \$1,309,664, which is an increase of \$76,119 or 6.2% due to a net decrease of \$74,030 in capital-related debt and an increase of \$2,089 in net capital assets. For a detailed discussion on capital assets and long-term debt, refer to pages 12-16 for more details.

2023

Total assets increased by \$54,517 from \$3,702,305 to \$3,756,822 during the year ended June 30, 2023. This increase is due to a \$112,863 increase in current and other assets from increases in operating revenues and investment income, which was offset by a decrease of \$58,346 in net capital assets.

Deferred outflows of resources are the effect of pension, other postemployment benefit (OPEB) accounting, and unamortized deferred loss on debt refunding. Deferred outflows of resources in pension and OPEB increased by \$47,196 due to changes of actuarial assumptions and differences between projected and actual earnings on pension and OPEB plan investments administered by CalPERS (California Public Employees' Retirement System). Deferred outflows of resources in unamortized deferred loss on debt refunding decreased by \$979, resulting in net increase of \$46,217.

Total liabilities reflect an increase of \$71,089 mainly due to an increase of \$99,980 in pension and OPEB liabilities and \$42,453 increases in other accrued liabilities, which was offset by a decrease in long-term debt from scheduled payments of bond debts.

Deferred inflows of resources are the result of the deferred lease revenue, and the effect of pension and OPEB accounting which is comprised of changes in proportional share of the Port, and the difference between expected and actual experiences in the CalPERS pension plan and the OPEB plan. The deferred inflows of resources decreased by \$109,842 from \$1,144,176 to \$1,034,334 during the year ended June 30, 2023, due to a decrease of \$68,247 in pension and OPEB and decrease of \$41,595 in deferred leases.

Net position restricted for construction consists of mainly Passenger Facilities Charges (PFC) and Customer Facilities Charges (CFC) in the amount of \$40,890 which are restricted for the construction of specific assets at the Airport or for other permitted uses, and restricted funds of \$3,015 which are reserved for Low Carbon Fuel Standards (LCFS) projects. Net position restricted for other purposes consists of cash and investments held as tenant security deposits of \$10,400 and a state grant received in advance in the amount of \$10,112.

As of June 30, 2023, the Port's net investment in capital assets totaled \$1,233,545, which is an increase of \$5,884 or 0.5% primarily due to a net decrease of \$64,230 in capital-related debt offset by a net reduction of \$58,346 in capital assets. For a detailed discussion on capital assets and long-term debt, refer to pages 12-16 for more details.

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Summary of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect how the Port's net position changed during the most recent fiscal year compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. A summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30 is as follows:

| | 2024 | \$ Change | % Change | 2023 | \$ Change | % Change | 2022 ⁽¹⁾ |
|---|---------------------|-------------------|-------------|---------------------|-------------------|--------------|---------------------|
| Operating revenues | \$ 407,739 | \$ (948) | -0.2% | \$ 408,687 | \$ 6,678 | 1.7% | \$ 402,009 |
| Passenger facility charges revenue | 20,678 | (939) | -4.3% | 21,617 | 2,254 | 11.6% | 19,363 |
| Customer facility charges revenue | 3,262 | (247) | -7.0% | 3,509 | 354 | 11.2% | 3,155 |
| Investment income | 70,880 | 20,388 | 40.4% | 50,492 | 29,288 | 138.1% | 21,204 |
| Operating grant income | 25,524 | 7,182 | 39.2% | 18,342 | (28,485) | -60.8% | 46,827 |
| Other income | 2,071 | 2,071 | - | - | - | 100% | - |
| Total revenues | <u>530,154</u> | <u>27,507</u> | <u>5.5%</u> | <u>502,647</u> | <u>10,089</u> | <u>2.0%</u> | <u>492,558</u> |
| Operating expenses | | | | | | | |
| before depreciation | 272,580 | 32,166 | 13.4% | 240,414 | 43,722 | 22.2% | 196,692 |
| Depreciation | 116,933 | (1,293) | -1.1% | 118,226 | 8,645 | 7.9% | 109,581 |
| Interest expense | 13,788 | (633) | -4.4% | 14,421 | (2,201) | -13.2% | 16,622 |
| Customer facility charges expense | 3,577 | 131 | 3.8% | 3,446 | 897 | 35.2% | 2,549 |
| Loss on disposal of capital assets | 1,571 | 1,092 | 228.0% | 479 | (2,748) | -85.2% | 3,227 |
| Other expense | 3,873 | 1,846 | 91.1% | 2,027 | (4,282) | -67.9% | 6,309 |
| Total expenses | <u>412,322</u> | <u>33,309</u> | <u>8.8%</u> | <u>379,013</u> | <u>44,033</u> | <u>13.1%</u> | <u>334,980</u> |
| Change in net position before capital contributions | 117,832 | (5,802) | -4.7% | 123,634 | (33,944) | -21.5% | 157,578 |
| Capital contributions - Grants from government agencies | 28,577 | 12,726 | 80.3% | 15,851 | (3,889) | -19.7% | 19,740 |
| Increase in net position | 146,409 | 6,924 | 5.0% | 139,485 | (37,833) | -21.3% | 177,318 |
| Net position, beginning of the year | 1,698,581 | 139,485 | 8.9% | 1,559,096 | 170,872 | 12.3% | 1,388,224 |
| Beg. Balance adjustment for adoption of GASB 87 | - | - | - | - | 6,446 | 100.0% | (6,446) |
| Net position, beginning of the year as restated | <u>1,698,581</u> | <u>139,485</u> | <u>8.9%</u> | <u>1,559,096</u> | <u>177,318</u> | <u>12.8%</u> | <u>1,381,778</u> |
| Net position, end of the year | <u>\$ 1,844,990</u> | <u>\$ 146,409</u> | <u>8.6%</u> | <u>\$ 1,698,581</u> | <u>\$ 139,485</u> | <u>8.9%</u> | <u>\$ 1,559,096</u> |

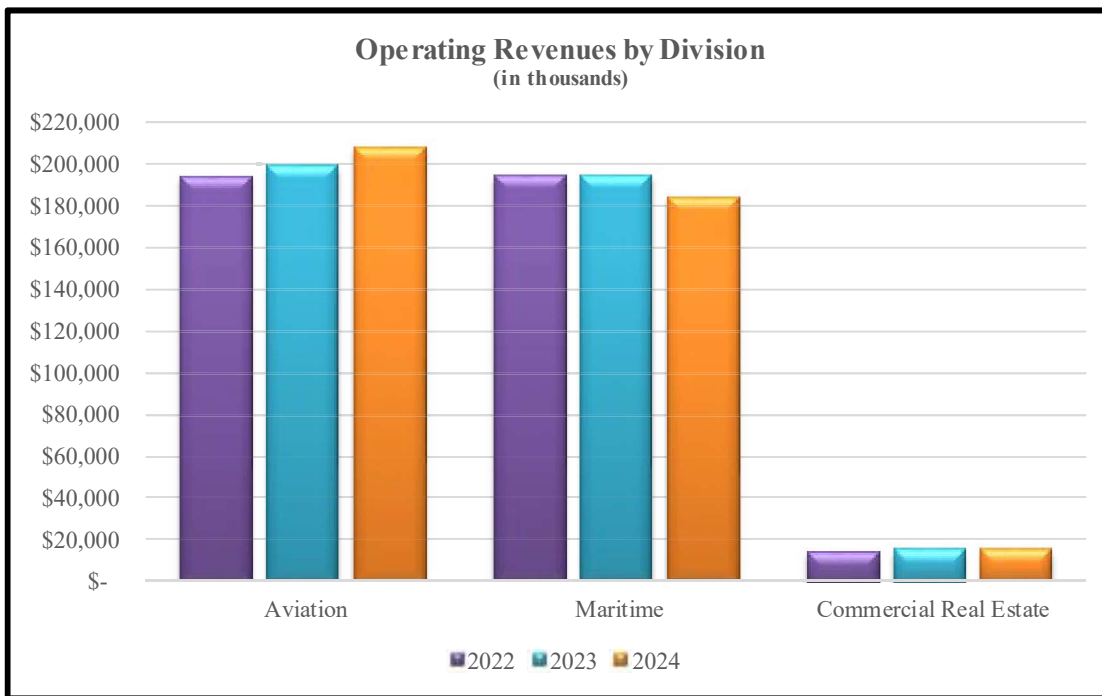
(1) The Port did not restate FY 2022 for the adoption of GASB 96 in FY 2023.

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Operating Revenues by Division

A condensed summary of operating revenues for the years ended June 30 follows:

| <u>Division</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|------------------------|-------------------|-------------------|-------------------|
| Aviation | \$ 208,080 | \$ 198,762 | \$ 193,659 |
| Maritime | 184,263 | 194,834 | 194,250 |
| Commercial Real Estate | 15,396 | 15,091 | 14,100 |
| Total | <u>\$ 407,739</u> | <u>\$ 408,687</u> | <u>\$ 402,009</u> |



2024

The Port’s total operating revenues decreased approximately \$948 or 0.2% from \$408,687 in fiscal year 2023 to \$407,739 in fiscal year 2024.

The Aviation Division generated \$208,080 or 51.0% of the Port’s total operating revenues in fiscal year 2024. Aviation’s operating revenues increased by approximately \$9,318 or 4.7% from \$198,762 in fiscal year 2023 to \$208,080 in fiscal year 2024. The net increase in Aviation operating revenue was primarily due to an increase in terminal concessions revenue of \$6,322, increase in terminal lease and parking revenues of \$7,239, offset by decreases in landing fees of \$2,345 and fueling and other revenues of \$1,898. Growth in Aviation revenue was driven in part by an increase in minimum annual guaranty payment by concessionaires which was temporarily paused during the COVID pandemic, and annual fee increases although passenger activity slightly decreased by 337,914 passengers from 11,567,269 passengers in 2023 to 11,229,355 in 2024.

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Operating Revenues by Division (continued)

The Maritime Division generated \$184,263 or 45.2% of the Port's total operating revenues in fiscal year 2024. Maritime's operating revenues decreased by approximately \$10,571 or 5.4% from \$194,834 in fiscal year 2023 to \$184,263 in fiscal year 2024. Although cargo throughput increased in fiscal year 2024 due to an upturn starting mid-year, marine terminal revenue was lower compared to FY 2023 because of the timing of the increase, cargo shifts among terminals, and different contract terms among terminals, all of which affected variable rent. Across its other properties, the Maritime Division's revenue was essentially flat to fiscal year 2023. Therefore, in aggregate, fiscal year 2024 revenue was lower than fiscal year 2023.

The Commercial Real Estate Division generated \$15,396 or 3.8% of the Port's total operating revenues in fiscal year 2024. Commercial Real Estate's operating revenues increased slightly by \$305 or 2.0% from \$15,091 in fiscal year 2023 to \$15,396 in fiscal year 2024. The increase in Commercial Real Estate revenue was primarily due to increases in lease rentals and other revenues.

2023

The Port's total operating revenues increased approximately \$6,678 or 1.7% from \$402,009 in fiscal year 2022 to \$408,687 in fiscal year 2023.

The Aviation Division generated \$198,762 or 48.6% of the Port's total operating revenues in fiscal year 2023. Aviation's operating revenues increased by approximately \$5,103 or 2.6% from \$193,659 in fiscal year 2022 to \$198,762 in fiscal year 2023. The net increase in Aviation operating revenue was primarily due to an increase in parking and ground access revenue of \$7,617, increase in terminal and other rentals revenues of \$3,250, increase in utility sales and other miscellaneous revenues of \$834, offset by decreases in landing fees of \$2,581, terminal concession revenues of \$3,240 and fueling revenues of \$777. Growth in Aviation revenue was driven in part by an increase in passenger activity from 9,976,766 in 2022 to 11,567,269 in 2023, spurred by increasing demand for air travel to and from the Airport.

The Maritime Division generated \$194,834 or 47.7% of the Port's total operating revenues in fiscal year 2023. Maritime's operating revenues slightly increased by approximately \$584 or 0.3% from \$194,250 in fiscal year 2022 to \$194,834 in fiscal year 2023. Maritime revenues were essentially flat, reflecting a number of offsetting factors, as well as weakening consumer demand domestically; sustained elevated inventory levels; and the on-going effects of cargo diversion to other ports due to congestion during and immediately following the COVID-19 pandemic.

The Commercial Real Estate Division generated \$15,091 or 3.7% of the Port's total operating revenues in fiscal year 2023. Commercial Real Estate's operating revenues increased slightly by \$991 or 7.0% from \$14,100 in fiscal year 2022 to \$15,091 in fiscal year 2023. The increase in Commercial Real Estate revenue was primarily due to increases in lease rentals and parking revenues.

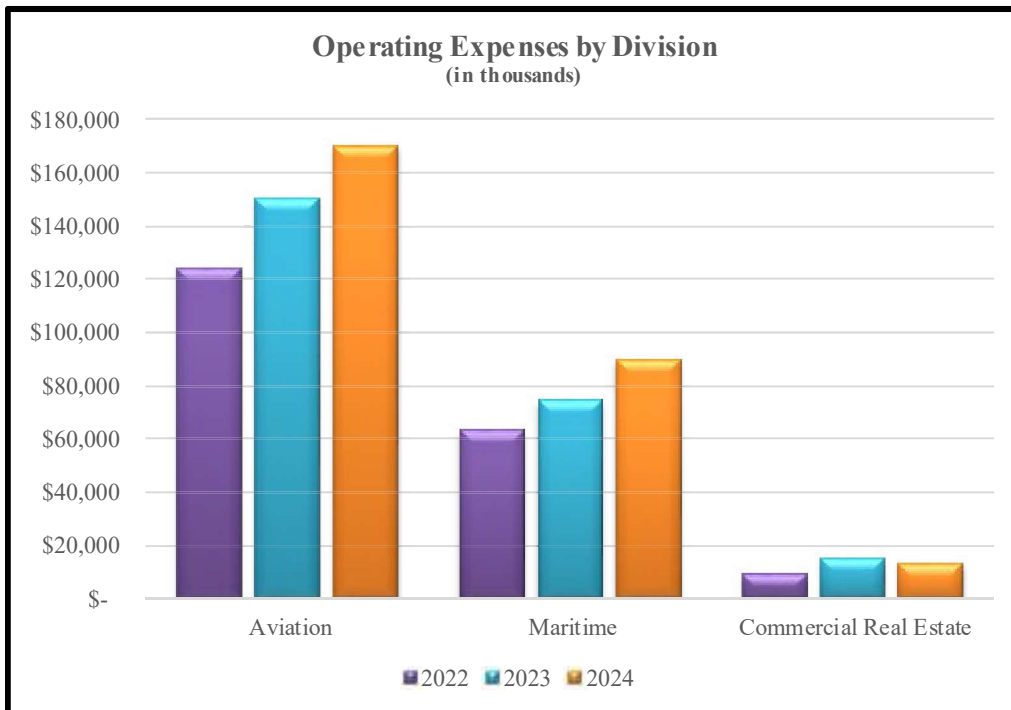
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Operating Expenses by Division

A condensed summary of operating expenses (excluding depreciation) for the years ended June 30 follows:

Operating Expenses by Division

| <u>Division</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|------------------------|-------------------|-------------------|-------------------|
| Aviation | \$ 169,971 | \$ 150,585 | \$ 124,261 |
| Maritime | 89,348 | 74,270 | 63,041 |
| Commercial Real Estate | 13,261 | 15,559 | 9,390 |
| Total | <u>\$ 272,580</u> | <u>\$ 240,414</u> | <u>\$ 196,692</u> |



2024

The Port’s operating expenses, excluding depreciation, increased by approximately \$32,166 or 13.4% from \$240,414 in fiscal year 2023 to \$272,580 in fiscal year 2024.

The Aviation Division represented 62.4% of the Port’s total operating expenses excluding depreciation in fiscal year 2024. Aviation’s operating expenses excluding depreciation expenses increased by \$19,386, or 12.9% from \$150,585 in fiscal year 2023 to \$169,971 in fiscal year 2024. The increase in operating expenses was a result of several factors including increase of \$9,273 in maintenance and engineering costs, and

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Operating Expenses by Division (continued)

\$7,645 in combined increases in retirement benefit costs, salary adjustments based on current labor MOU's cost of living adjustments and step increases, and price increase in supply and materials.

The Maritime Division represented 32.8% of the Port's total operating expenses excluding depreciation in fiscal year 2024. Maritime's operating expenses excluding depreciation expenses increased by \$15,078 or 20.3% from \$74,270 in fiscal year 2023 to \$89,348 in fiscal year 2024. The increase in operating expenses was primarily due to increases in total maintenance and engineering services costs, personnel services and material and supply costs by \$6,594 or 25.0% and \$7,690 or 47.9%, respectively. The increases in retirement benefit cost, salary adjustments based on current labor MOU's cost of living adjustments and step increases, and price increases in supply and materials were the primary contributing factors.

The Commercial Real Estate Division represented 4.8% of the Port's total operating expenses excluding depreciation in fiscal year 2024. Commercial Real Estate's operating expenses excluding depreciation expenses decreased by \$2,298 or 14.8% from \$15,559 in fiscal year 2023 to \$13,261 in fiscal year 2024. The decrease in operating expenses was primarily due to a decrease of \$2,264 or 27.9% in total personnel services and material and supply costs. This was due to a significant decrease in pollution remediation cost by \$2,667 impacting the overall decrease in total personnel services and material and supply costs, despite the increases in retirement benefit cost and salary adjustments based on current labor MOUs' cost of living adjustments and step increases.

2023

The Port's operating expenses, excluding depreciation, increased by approximately \$43,722 or 22.2% from \$196,692 in fiscal year 2022 to \$240,414 in fiscal year 2023.

The Aviation Division represented 62.6% of the Port's total operating expenses in fiscal year 2023. Aviation's operating expenses excluding depreciation expenses increased by \$26,324, or 21.2% from \$124,261 in fiscal year 2022 to \$150,585 in fiscal year 2023. The increase in operating expenses was primarily due to an increase of \$12,243, or 24.0% in total personnel services and material and supply costs resulting from increases in retirement benefit cost and salary adjustments based on current labor MOUs' cost of living adjustments and step increases.

The Maritime Division represented 30.9% of the Port's total operating expenses in fiscal year 2023. Maritime's operating expenses excluding depreciation expenses increased by \$11,229 or 17.8% from \$63,041 in fiscal year 2022 to \$74,270 in fiscal year 2023. The increase in operating expenses was primarily due to increases in total maintenance and engineering services costs, and utility costs. Maintenance and engineering services costs increased by \$4,973 or 23.3% from \$21,386 in fiscal year 2022 to \$26,359 in fiscal year 2023. Utility costs increased by \$4,547 or 26.7% from \$17,036 in fiscal year 2022 to \$21,583 in fiscal year 2023.

The Commercial Real Estate Division represented 6.5% of the Port's total operating expenses in fiscal year 2023. Commercial Real Estate's operating expenses excluding depreciation expenses increased by \$6,169 or 65.7% from \$9,390 in fiscal year 2022 to \$15,559 in fiscal year 2023. The increase in operating expenses was primarily due to an increase of \$4,068, or 100.4% in total personnel services and material and supply costs resulting from increases in retirement benefit cost and salary adjustments based on current labor MOUs' cost of living adjustments and step increases.

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Depreciation Expense by Division

A summary of depreciation expense as of June 30 follows:

Depreciation Expense by Division

| <u>Division</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------|-------------------|-------------------|
| Aviation | \$ 64,767 | \$ 62,248 | \$ 55,571 |
| Maritime | 49,880 | 53,814 | 51,964 |
| Commercial Real Estate | 2,286 | 2,164 | 2,046 |
| Total | <u>\$ 116,933</u> | <u>\$ 118,226</u> | <u>\$ 109,581</u> |
| Depreciation by funding source: | | | |
| Grant, PFC and CFC funded portion | \$ 36,755 | \$ 36,857 | \$ 37,733 |
| Internal and debt funded portion | 80,178 | 81,369 | 71,848 |
| Total | <u>\$ 116,933</u> | <u>\$ 118,226</u> | <u>\$ 109,581</u> |

In fiscal year 2024, overall depreciation expense decreased by \$1,293 or 1.1%, primarily due to decrease in Maritime depreciation expense by \$3,934 offset by increases in Aviation and Commercial Real Estate' depreciation expenses by \$2,519 and \$122, respectively. Maritime's depreciation decreased due to assets that were disposed and close to or fully depreciated during the year. Aviation's depreciation expense increased due to assets placed in service during the year, and the most significant assets were Airport Taxiway Improvement and Security System Enhancements. Commercial Real Estate's depreciation expenses increased due to Parking Revenue Control System Upgrade and Tenant Improvements at Jack London Square.

In fiscal year 2023, depreciation expense increased by \$8,645 or 7.9%. Aviation depreciation expense increased by \$6,677 due to assets placed in service during the year. The most significant assets placed in service by the Aviation division related to Terminal Improvement Projects and Airport Drive Pavements. Maritime's depreciation increased by \$1,850 due to assets placed in service during the year. Sanitary sewer line rehabilitation and sewer lift stations projects and Berth improvement projects were completed during the year. Commercial Real Estate's depreciation expenses increased by \$118 due to roof and siding replacement projects capitalized during the fiscal year 2022 starting to depreciate in fiscal year 2023.

Interest Expense

Interest expense decreased by \$633 or 4.4% in fiscal year 2024, and by \$2,201 or 13.2% in fiscal year 2023. The decreases in both fiscal years were the result of year-over-year reductions in outstanding revenue bond and commercial paper note principal balances.

Other expense increased by \$1,846 or 91.1% in fiscal year 2024 from \$2,027 to \$3,873 in fiscal year 2024 following a decrease in fiscal year 2023 of \$4,282. The increase in fiscal year 2024 was due to miscellaneous billing adjustment and a slight increase in general services provided by the City of Oakland.

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Loss on Disposal Capital Assets

Loss on disposal of capital assets increased by \$1,092 from \$479 in fiscal year 2023 to \$1,571 in fiscal year 2024, following a decrease in loss on disposal of capital assets in fiscal year 2023 of \$2,748 from \$3,227 in fiscal year 2022. The increase in fiscal year 2024 was due to the cancellation of projects, uncapitalizable project costs of \$1,407 and net loss of \$164 in demolished assets.

Other Income

Other income reported in fiscal year 2024 was \$2,071 mostly from pollution remediation reimbursement of \$1,389 from Exxon Mobil, following no other income in fiscal year 2023 as miscellaneous other income of \$669 was offset by baggage fee refunds to airlines in the amount of \$1,971 resulting in negative other income which was reclassified to other expenses.

Capital Contributions

Capital contributions consist solely of grants received from other government agencies. Grants, for the most part, are restricted for the acquisition or construction of capital assets.

A condensed summary of capital contributions by granting agency for the years ended June 30 follows:

| | 2024 | 2023 | 2022 |
|------------------------------------|-------------|-------------|-------------|
| U.S. Department of Transportation: | | | |
| Airport Improvement Program | \$18,454 | \$13,534 | \$16,004 |
| Other grant programs | 10,123 | 2,317 | 3,736 |
| Total capital contributions | \$28,577 | \$15,851 | \$19,740 |

In fiscal year 2024 grants from government agencies increased by \$12,726 or 80.3% from \$15,851 in fiscal year 2023 to \$28,577 in fiscal year 2024. The increases are primarily from Aviation’s taxiway rehabilitation projects and Maritime’s sewer projects.

In fiscal year 2023 grants from government agencies decreased by approximately \$3,889 or 19.7% from \$19,740 in fiscal year 2022 to \$15,851 in fiscal year 2023. The decrease is primarily driven by the completion of grant funded projects during the year and most of the grant reimbursement was focused on non-capital related operating expenditures. Most capital contributions recognized by the Port in fiscal year 2023 were from taxiway rehabilitation projects for the Airport.

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Capital Assets (net of depreciation) and Capital Improvement Plan

A summary of capital assets, net of depreciation and amortization as of June 30 follows:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--------------------------------|--------------------|---------------------|--------------------|
| Capital assets: | | | |
| Land | \$ 523,546 | \$ 523,546 | \$ 524,333 |
| Noise easements and air rights | 25,853 | 25,853 | 25,853 |
| Construction in progress | 61,473 | 46,445 | 31,948 |
| Buildings and improvements | 266,942 | 277,157 | 291,149 |
| Container cranes | 16,104 | 19,098 | 24,082 |
| Infrastructure | 890,633 | 906,644 | 963,950 |
| Software | 7,622 | 9,240 | 4,020 |
| Other equipment | 56,257 | 38,358 | 39,352 |
| Total | <u>\$1,848,430</u> | <u>\$ 1,846,341</u> | <u>\$1,904,687</u> |

Net capital assets increased by approximately \$2,089 or 0.1% in fiscal year 2024, due to capital asset additions of \$120,430 offset by retirements and abandoned construction in progress of \$1,806 and an increase in accumulated depreciation of \$116,933. Major additions to capital assets in fiscal year 2024 were related to overlay of Taxiway Whiskey, wharf upgrade for ultra large container vessels, T2 security lane exit, Sewer LS D06, D10, C07, C08, Sewer 7th St. Exit, Sewer JIT B60-63 and B59, Circuit 2 Upgrade, pipeline Rehab at Ben E. Nutter marine terminal.

Net capital assets decreased by approximately \$58,346 or 3.1% in fiscal year 2023, due to capital asset additions of \$54,628 and increase in intangible asset by \$6,552 due to the implementation of GASB 96, offset by retirements and abandoned construction in progress of \$1,300 and an increase in accumulated depreciation of \$118,226. Major additions to capital assets in fiscal year 2023 were related to Airport drive overlay, taxiway rehabilitation, Airport terminal flooring replacement, Airport passenger boarding bridge replacement, and Maritime sewer lines rehabilitation projects.

Information on the Port's capital assets can be found in Note 4 Changes in Capital Assets in the accompanying notes to the financial statements. As of June 30, 2024, the Port had construction commitments of approximately \$79,868 for current projects including the Aviation Taxiway Pavement and Rehabilitation, electrification of the Airport bus area, and various Airport terminal improvements; for Maritime are the wharf improvement and sanitary sewer projects. Additional information on the Port's construction commitments can be found in Note 13 Commitments.

On June 27, 2024, a five-year (fiscal year 2025-2029) Capital Improvement Plan (CIP) in the amount of \$1,264,833 was presented to the Board of Commissioners (Board) for informational purposes. For fiscal year 2025, the Board adopted a capital budget of \$246,248.

The FY 2025 capital budget reflects prioritization and focus on regulatory compliance, fulfilling grant project delivery commitments, progress toward zero emissions operations, health, safety, on-going or imminent revenue generating projects, asset management, and essential infrastructure investments.

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Debt Administration

The following table summarizes the Port's outstanding debt as of June 30:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------------|-------------------|-------------------|-------------------|
| Bond Indebtedness | \$ 519,670 | \$ 589,800 | \$ 642,125 |
| Commercial Paper | <u>22,535</u> | <u>32,535</u> | <u>42,535</u> |
| Subtotal debt | 542,205 | 622,335 | 684,660 |
| Net unamortized premium | 21,942 | 29,880 | 38,899 |
| Total debt | <u>\$ 564,147</u> | <u>\$ 652,215</u> | <u>\$ 723,559</u> |

In fiscal year 2024, the Port's total debt decreased approximately \$88,068 or 13.5%, from \$652,215 in fiscal year 2023 to \$564,147 in fiscal year 2024. The decrease was the result of scheduled principal payments on outstanding bonds and commercial paper notes, and optional redemption and defeasance of certain outstanding bonds in May 2024.

In fiscal year 2023, the Port's total debt decreased approximately \$71,344 or 9.9%, from \$723,559 in fiscal year 2022 to \$652,215 in fiscal year 2023. The decrease was the result of scheduled principal payments on outstanding bonds and commercial paper.

The debt coverage ratios for the years ended June 30 were as follows:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------|-------------|-------------|-------------|
| Senior Lien | 9.08 | 7.13 | 7.03 |
| Intermediate Lien | 3.01 | 3.24 | 3.34 |

Starting in the year ended June 30, 2022, the debt coverage ratios reflect the implementation of GASB 87, which resulted in an increase of intermediate lien debt coverage ratio by 0.15x. In FY 2023 and 2024, this GASB implementation increased intermediate lien coverage by 0.26x and 0.19x, respectively. In future years, the impact of GASB 87 may have the effect of reducing or increasing debt coverage ratios.

Starting in the year ended June 30, 2023, the debt coverage ratios reflect the implementation of GASB 96, which resulted in an increase of intermediate debt coverage ratio by 0.05x. In FY 2024, this GASB implementation increased intermediate lien coverage by 0.05x. In future years, the impact of GASB 96 may have the effect of reducing or increasing the debt coverage ratios.

The Senior Lien and Intermediate Lien debt service coverage ratios are calculated pursuant to the bond indentures, as amended, which describe how they are calculated. Specifically, the numerator of the ratio is defined to be Net Revenue (i.e. Revenues less Operating Expenses), while the denominator is defined to be debt service. For the Senior Lien debt service coverage ratio this represents senior lien debt service, while for the Intermediate Lien debt service coverage ratio, this represents the combined debt service of senior lien bonds, any DBW loan and intermediate lien bonds. The bond indentures further exclude from the calculation, operating expense payable from non-operating revenues generally (Senior Lien Indenture) or non-operating federal grants specifically (Intermediate Lien Indenture). Debt service paid for non-operating

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Debt Administration (continued)

revenues generally (Senior Lien Indenture), non-operating federal grants specifically (Intermediate Lien Indenture), and other borrowings (Senior Lien Indenture and Intermediate Lien Indenture) are also excluded.

In fiscal year 2024, the Port also paid \$8,130 of operating expense and \$2,566 of debt service from federal and state grants. Each of these payments impacted the above debt service coverage ratio calculations.

Additional information on the Port's debt activity can be found in Note 5 Debt in the accompanying notes to the financial statements.

Credit Ratings

The Port's credit ratings as of June 30, 2024 are as follows:

- S&P Global Ratings (S&P) underlying rating on the Port's Senior Lien Bonds is "A+", and the underlying rating on the Intermediate Lien Bonds is "A". The rating on the Port's Commercial Paper Notes for all series is "A-1".
- Moody's Investors Service, Inc. (Moody's) underlying rating on the Port's Senior Lien Bonds is "A1", and the underlying rating on the Intermediate Lien Bonds is "A2". The rating on the Port's Commercial Paper Notes for all series is "P-1".
- Fitch Ratings' (Fitch) underlying rating on the Port's Senior Lien Bonds is "A+", and the underlying rating on the Intermediate Lien Bonds is "A". The rating on the Port's Commercial Paper Notes for all series is "F1+". In addition, Fitch has set a subordinate lien rating of "A" on the bank note established for the Port's Commercial Paper Program.

Notes to the Financial Statements

The notes to the Port's financial statements can be found on pages 25-71 of this report. These notes provide additional information that is essential to a full understanding of the financial statements.

Facts and Conditions Affecting the Port's Operation

Passenger growth at the Airport has not only slowed but is projected to decline in FY 2025 driven by aircraft delivery delays resulting in reduction in available seats and flights, impacting key operators including Southwest Airlines. Business travel remains below pre-pandemic levels due to virtual work trends, further softening demand. Cargo and air freight businesses face their own set of challenges driven by reduced demand for such services.

Activity levels at the Seaport measured in terms of TEUs have declined substantially since the peak of the COVID-19 pandemic; in fiscal year 2024, the Seaport handled approximately 2.2 million TEUs, which is about 3% higher than fiscal year 2023, about 15.5% lower than the recent peaks in fiscal years 2019 and 2021, and consistent with activity levels in the 2004-2009 period. The overall decline has been attributed to a combination of factors including diminished consumer demand, elevated inventory levels, and the long-lingering effects of cargo and vessel diversion to other ports in the U.S. because of congestion on the West Coast, including the Seaport. These challenges persisted into fiscal year 2024, but cargo activity began to increase in the second half of the year, signaling both stabilization and renewed growth following the unusual conditions experienced during and immediately after the COVID-19 pandemic, as further discussed below.

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Aviation

The Airport is one of three primary commercial airports serving the San Francisco Bay Area, alongside San Francisco International Airport (SFO), and San José Mineta International Airport (SJC). These airports, particularly the Airport and SFO, serve overlapping markets and compete for passengers many of whom frequently consider more than one Bay Area airport when booking air travel. Additionally, airlines may shift their operations among these airports in response to competitive factors, market share objectives, and operational costs. Key considerations for airlines include airport operating costs, the availability of airport facilities and, in some cases, the presence of alliance partners.

In addition to these competitive dynamics, the Airport's activity levels are influenced by broader factors, including general economic conditions, severe weather-related disruptions to air travel, geopolitical events, and public health crisis.

Post COVID-19 pandemic recovery trends have highlighted a disparity between business and leisure travel. While leisure travel rebounded strongly, the anticipated surge in business travel, particularly along key routes between Northern and Southern California, has not materialized to the same extent. Historically a primary driver of passenger traffic at the Airport, business travel demand within California remains below pre-pandemic levels. This decline is largely attributed to the widespread adoption of virtual meeting platforms, such as Zoom and Microsoft Teams, as well as a shift toward flexible and remote work arrangements, which have reduced the need for frequent business travel. It remains uncertain whether these trends will reverse or persist over the long term.

Further impacting airline operations are disruption in aircraft production and labor strikes within the aviation manufacturing industry. Delays in Boeing's aircraft deliveries, combined with the effects of a labor strike at key manufacturing facilities, are expected to limit the availability of new aircraft. As a result, airlines operating at the Airport may face challenges maintaining or expanding their seat capacity, which in turn could lead to a reduction in the number of scheduled flights and available seats at the Airport. These capacity constraints may also impact airlines' ability to introduce new routes or increase frequencies on existing routes, potentially limiting the short-term growth prospects at the Airport. The Airport is closely monitoring these developments and working with airline partners to manage the operational impacts as efficiently as possible.

The Airport also serves as a critical cargo hub, acting as the North American West Coast hub for FedEx and the primary Northern California air cargo facility for UPS. UPS operates both an off-airport sorting facility on leased Port property and on-airport transfer and loading facilities. Air cargo tonnage passing through the Airport has declined steadily since peaking during the COVID-19 pandemic. During the pandemic, there was a heavy reliance on e-commerce, driving strong demand for air cargo as goods needed fast delivery. Post-pandemic, consumers have shifted to a more balanced mix of goods and services, reducing the demand for goods transported by air. Availability of lower-cost ocean freight options has also encouraged businesses to shift cargo to maritime routes, especially for non-urgent goods. Other contributing factors include elevated inflation and economic uncertainty which have led to softer demand for high-value goods, which are typically moved by air. Rising jet fuel prices have also pressured air cargo margins, discouraging some cargo carriers from maintaining the same capacity as in previous years.

The Airport remains committed to monitoring evolving trends in both passenger and cargo operations to maintain resilience and flexibility in a dynamic operating environment.

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Maritime

The Seaport is the principal ocean gateway for international containerized cargo shipments in Northern California. Historically, the Seaport has managed a balance of import and export trade, with a strong export base of California's premium agricultural products, Midwestern protein, and other U.S. goods bound for foreign markets. The Port is a part of global supply chains for importers and exporters; as such, it is sensitive to fluctuations in the U.S. and global economies and impacted by business decisions of other participants in the supply chain. In fiscal year 2024, the Seaport saw an approximate 3% increase in container cargo compared to fiscal year 2023, signaling a stabilization and renewed growth of cargo activity following the unusual conditions experienced during and after the COVID-19 pandemic. However, levels of cargo activity and related supply chain operations have not yet returned to pre-pandemic levels (in fiscal years 2014-2019 annual total TEUs averaged 2.4 million). While the Port is optimistic that the recent growth will continue based on information from cargo owners and strong growth in the first quarter of fiscal year 2025, it is unknown if and how long current cargo trends will continue.

Approximately 85% to 95% of all cargo (import and export) handled at the Seaport originates from or is destined to a local or regional location; this cargo is typically transported directly into and out of the Seaport by truck (local/regional cargo). The remaining 5% to 15% originates from or is destined to more distant inland locations and moves directly into and out of the Seaport by rail (Inland Point Intermodal (IPI cargo)). All the export cargo is destined for locations outside the continental U.S., and the Seaport is a desirable gateway for this cargo because it is primarily a second port of call with some of the shortest transit times to Asia. Of the import cargo that is local/regional cargo, some is consumed locally or regionally, and the balance is further transported to other locations, including to other parts of California and other states, depending on the cargo owners' distribution networks and location of consumer markets. To varying degrees, the Seaport competes with other ports for its cargo. The cargo at greatest risk of long-term diversion from the Seaport to other West Coast ports or East Coast and Gulf ports is IPI cargo, whether export or import. To a lesser extent, (a) import local/regional cargo and (b) export local/regional cargo that originates in locations approximately equidistant to the Seaport and other ports in California, are also at risk of long-term diversion. The extent of diversion depends on various factors internal and external to the Seaport, including but not limited to improvements at other ports, adequacy of infrastructure and investment at the Seaport, adequacy of transportation networks within and outside a port, changes to supply chain distribution networks, changes to consumer demand and markets, and overall cost of shipping through a port. As the Seaport works to maintain and grow market share, these factors could impact the Port's efforts. At this time, the Port cannot predict the potential impact of these factors on Seaport cargo.

About 77% of the full TEU cargo handled at the Port in calendar year 2023 is the result of trade with Asia, and about 30%-40% of the Port's trade is with China. Economic uncertainty regarding trade with China could negatively impact import and export cargo volume at the Seaport. The scope of the impact depends on many factors, including, for example, the flexibility of a company's supply chain (i.e., sourcing and/or manufacturing location options) and consumers' ability to absorb additional costs. The Port cannot accurately predict the scope of potential impacts at this time.

Separate from these issues, the maritime industry has historically experienced alternating cycles of significant economic downward pressure and high profitability, which are driven by national and global economic factors often outside the control of any one supply chain participant. For example, for several years leading into the COVID-19 pandemic, the maritime industry experienced major financial losses, bankruptcy, marine terminal closures, and formation of new shipping line alliances; then, COVID-19 created a new set of challenges, but in many cases also increased shipping line profitability significantly.

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Maritime (continued)

While current industry conditions, and the Port’s marine terminal tenants and shipping line customers, appear stable and showing signs of growth, there is always a risk that maritime industry conditions could shift. The Port cannot predict additional changes that may occur in various segments of the supply chain, and therefore the Port cannot predict the scope of potential resulting impacts at this time.

A new labor agreement between the International Longshore and Warehouse Union, the union representing most dockworkers at all United States West Coast ports, and the Pacific Maritime Association, which represents companies engaged in shipping to or through ports on the West Coast of the United States, went into effect in 2023 and expires on July 1, 2028. This new agreement notwithstanding, the maritime industry is vulnerable to strikes and other union activities, particularly activities related to the union labor employed by the marine terminal operators, but also activities of “sympathetic” unions. Historically, certain labor disruptions have affected the competitive position of all West Coast ports, including the Seaport, while others have had port-specific impacts that negatively affected one port while benefiting another port (for example, when cargo is diverted). The Seaport’s marine terminal leases provide certain assurances for revenue collection in the event of a strike or lockout. However, these assurances are inherently limited and are not designed to mitigate the impact of long-term cargo shifts to other ports if a labor disruption resulted in sustained cargo diversion.

Commercial Real Estate

For more than a decade, the Commercial Real Estate Division has leased most of its properties to developers or tenants under long-term ground leases, under which the developer or tenant is responsible for the development, subleasing, operation and maintenance of the improvements on the properties. The Port continues to work with the developers to ensure the properties are developed and managed in ways that are compliant with California Tidelands Trust regulations, however most of the development cost and financial risk is held by the developers.

Contacting the Port’s Financial Management

Requests for additional information about this report should be addressed to the Financial Services Division, Port of Oakland, 530 Water Street, Oakland, California 94607 or visit the Port’s website at www.portfoakland.com.

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Port of Oakland
(A Component Unit of the City of Oakland)
Statements of Net Position
June 30, 2024 and 2023
(dollar amounts in thousands)

| Assets | 2024 | 2023 |
|--|------------------|------------------|
| Current assets: | | |
| Unrestricted: | | |
| Cash equivalents | \$ 678,654 | \$ 673,054 |
| Accounts receivable (less allowance for doubtful accounts of \$2,379 in 2024 and \$2,798 in 2023) | 47,092 | 47,281 |
| Lease receivables | 115,409 | 111,004 |
| Prepaid expenses and other assets | 8,062 | 9,762 |
| Total unrestricted current assets | <u>849,217</u> | <u>841,101</u> |
| Restricted: | | |
| Cash equivalents | 98,281 | 72,016 |
| Investments | 17,921 | 34,811 |
| Deposits in escrow | 914 | 167 |
| Passenger facility charges and customer facility charges receivable | 2,177 | 2,477 |
| Total restricted current assets | <u>119,293</u> | <u>109,471</u> |
| Total current assets | <u>968,510</u> | <u>950,572</u> |
| Non-current assets: | | |
| Capital assets: | | |
| Land | 523,546 | 523,546 |
| Noise easements and air rights | 25,853 | 25,853 |
| Construction in progress | 61,473 | 46,445 |
| Buildings and improvements | 1,018,052 | 1,008,293 |
| Container cranes | 130,321 | 130,321 |
| Infrastructure | 2,367,356 | 2,299,807 |
| Software | 19,671 | 19,671 |
| Right-to-use intangible assets | 6,552 | 6,552 |
| Other equipment | 164,713 | 138,426 |
| Total capital assets, at cost | 4,317,537 | 4,198,914 |
| Less accumulated depreciation | (2,469,107) | (2,352,573) |
| Capital assets, net | 1,848,430 | 1,846,341 |
| Other receivables | 837 | 534 |
| Lease receivables | 856,188 | 942,031 |
| Other assets | 18,795 | 17,344 |
| Total non-current assets | <u>2,724,250</u> | <u>2,806,250</u> |
| Total assets | <u>3,692,760</u> | <u>3,756,822</u> |
| Deferred Outflows of Resources | | |
| Loss on refunding | 6,265 | 7,246 |
| Pensions | 61,070 | 65,194 |
| OPEB | 30,994 | 19,589 |
| Total deferred outflows of resources | <u>\$ 98,329</u> | <u>\$ 92,029</u> |

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland
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Statements of Net Position (continued)
June 30, 2024 and 2023
(dollar amounts in thousands)

| | 2024 | 2023 |
|--|--------------|--------------|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 53,640 | \$ 59,154 |
| Retentions on construction contracts | 3,054 | 1,374 |
| Environmental and other | 13,547 | 12,563 |
| Accrued interest | 2,791 | 3,305 |
| Long-term debt, net | 68,070 | 61,893 |
| Liability to City of Oakland | 8,996 | 9,099 |
| Unearned revenue | 9,775 | 28,900 |
| Total current liabilities | 159,873 | 176,288 |
| Non-current liabilities: | | |
| Environmental and other | 31,467 | 32,225 |
| Long-term debt, net | 496,077 | 590,322 |
| Net pension liability | 213,152 | 216,083 |
| Net OPEB liability | 83,371 | 72,860 |
| Deposits | 24,715 | 24,963 |
| Unearned revenue | 2,800 | 3,195 |
| Total non-current liabilities | 851,582 | 939,648 |
| Total liabilities | 1,011,455 | 1,115,936 |
| Deferred Inflows of Resources | | |
| Pensions | 6,395 | 7,599 |
| OPEB | 3,323 | 6,746 |
| Leases | 924,926 | 1,019,989 |
| Total deferred inflows of resources | 934,644 | 1,034,334 |
| Net Position | | |
| Net investment in capital assets | 1,309,664 | 1,233,545 |
| Restricted for: | | |
| Construction | 61,859 | 43,905 |
| Security deposits | 9,812 | 10,400 |
| Grant received in advance | - | 10,112 |
| Unrestricted | 463,655 | 400,619 |
| Total net position | \$ 1,844,990 | \$ 1,698,581 |

(Concluded)

The accompanying notes are an integral part of these financial statements.

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Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Operating revenues: | | |
| Lease rentals - terminal | \$ 177,740 | \$ 181,723 |
| Lease rentals - other | 70,635 | 81,873 |
| Parking fees and ground access | 72,061 | 64,211 |
| Landing fees | 38,489 | 40,834 |
| Terminal concessions | 8,858 | 2,536 |
| Utility sales | 27,887 | 27,067 |
| Rail terminal rent | 3,722 | 2,319 |
| Fueling | 2,971 | 3,346 |
| Other | 5,376 | 4,778 |
| Total operating revenues | <u>407,739</u> | <u>408,687</u> |
| Operating expenses: | | |
| Personnel services, materials, services, supplies, and other | 100,485 | 87,414 |
| Maintenance and engineering | 77,949 | 61,807 |
| Marketing and public relations | 8,227 | 6,620 |
| Administration and general services | 24,541 | 21,027 |
| Utilities | 27,962 | 30,625 |
| Security, police and fire | 33,416 | 32,921 |
| Depreciation | 116,933 | 118,226 |
| Total operating expenses | <u>389,513</u> | <u>358,640</u> |
| Operating income | <u>18,226</u> | <u>50,047</u> |
| Non-operating revenues (expenses): | | |
| Investment income | 70,880 | 50,492 |
| Interest expense | (13,788) | (14,421) |
| Customer facility charges revenue | 3,262 | 3,509 |
| Customer facility charges expense | (3,577) | (3,446) |
| Passenger facility charges revenue | 20,678 | 21,617 |
| Other income | 2,071 | - |
| Other expense | (3,873) | (2,027) |
| Operating grant income | 25,524 | 18,342 |
| Loss on disposal of capital assets | (1,571) | (479) |
| Total non-operating revenues (expenses), net | <u>99,606</u> | <u>73,587</u> |
| Increase in net position before capital contributions | 117,832 | 123,634 |
| Capital contributions - Grants from government agencies | <u>28,577</u> | <u>15,851</u> |
| Increase in net position | 146,409 | 139,485 |
| Net position, beginning of the year | <u>1,698,581</u> | <u>1,559,096</u> |
| Net position, end of the year | <u>\$ 1,844,990</u> | <u>\$ 1,698,581</u> |

The accompanying notes are an integral part of these financial statements.

Port of Oakland
(A Component Unit of the City of Oakland)
Statements of Cash Flows
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

| | 2024 | 2023 |
|---|-------------|-------------|
| Cash flows from operating activities: | | |
| Receipts from tenants and customers | \$ 369,832 | \$ 407,386 |
| Payments to suppliers | (168,742) | (115,377) |
| Payments to employees | (86,433) | (77,757) |
| Payments to employee retirement plans | (28,951) | (29,898) |
| Payments to employee OPEB plan | (14,422) | (9,822) |
| Other non-operating payments | (5,324) | (4,735) |
| Other non-operating receipts | 2,071 | - |
| Net cash provided by operating activities | 68,030 | 169,797 |
| Cash flows from noncapital financing activities: | | |
| Proceeds from government agencies for recovery of operating costs | 45,033 | 6,925 |
| Payments for customer facilities charges eligible expenses | (3,577) | (3,446) |
| Proceeds from insurance and other recoveries | 1,451 | 2,205 |
| Net cash provided by noncapital financing activities | 42,907 | 5,684 |
| Cash flows from capital and related financing activities: | | |
| Repayments/refunding of debt | (80,132) | (71,344) |
| Grants from government agencies | 12,125 | 27,575 |
| Interest paid on debt | (21,259) | (13,706) |
| Purchase of capital assets | (100,965) | (52,935) |
| Proceeds from sale of capital assets | 2 | - |
| Customer facility charges and passenger facility charges receipts | 24,361 | 25,140 |
| Net cash used in capital and related financing activities | (165,868) | (85,271) |
| Cash flows from investing activities: | | |
| Interest received on investments | 70,652 | 50,348 |
| Purchase of restricted investments | (17,921) | (34,811) |
| Sale of restricted investments | (747) | 510 |
| Proceeds from maturity of restricted investments | 34,811 | - |
| Net cash provided by investing activities | 86,795 | 16,047 |
| Net increase in cash equivalents | 31,865 | 106,257 |
| Cash equivalents, beginning of year | 745,070 | 638,813 |
| Cash equivalents, end of year | \$ 776,935 | \$ 745,070 |

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland
(A Component Unit of the City of Oakland)
Statements of Cash Flows (continued)
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

| | 2024 | 2023 |
|---|-------------|-------------|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 18,226 | \$ 50,047 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 116,933 | 118,226 |
| Other | (3,251) | (4,735) |
| Net effects of changes in: | | |
| Accounts receivable, net of grants receivable | (2,868) | 9,536 |
| Lease receivables and related deferred inflows of resources | (13,518) | (18,731) |
| Prepaid expenses | 249 | (4,591) |
| Other receivables and assets | (303) | (289) |
| Accounts payable and accrued liabilities | (20,545) | 29,215 |
| Liability to City of Oakland | (103) | 1,250 |
| Unearned revenue | (19,520) | 8,416 |
| Deposits | (248) | (338) |
| Environmental and other liabilities | (2,693) | (2,746) |
| Net pension liability and related deferred outflows/inflows of resources | (11) | (9,674) |
| Net OPEB liability and related deferred outflows/inflows of resources | (4,317) | (5,789) |
| Net cash provided by operating activities | \$ 68,030 | \$ 169,797 |
| Non-cash capital and related financing activities: | | |
| Net change in accounts payable for capital asset purchases | \$ 15,030 | \$ 3,411 |
| Net change in retention on capital construction contracts | 1,680 | (494) |
| Net change in grants receivable | 3,056 | 306 |
| Abandoned construction in progress and other capital assets | (1,573) | (537) |
| Right-to-use intangible capital assets acquired through subscription contracts | - | (4,004) |
| | | (Concluded) |

The accompanying notes are an integral part of these financial statements.

Port of Oakland
(A Component Unit of the City of Oakland)
Notes to Financial Statements
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

1. Organization

The Port of Oakland, California (Port) was established in 1927 by the City of Oakland (City) and is included as a component unit in the City's basic financial statements. The accompanying financial statements include the operations of the Oakland International Airport (Airport or OAK), the maritime facilities (Seaport) and commercial real estate holdings.

The Port is governed by a seven-member Board of Port Commissioners (Board) whose members are appointed by the City Council, upon nomination by the Mayor. The Board appoints an Executive Director to administer operations. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port is required by the City Charter to deposit its revenues in the City Treasury. The City Treasurer is responsible for investing and managing such funds.

2. Significant Accounting Policies

Basis of Accounting

The Port's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows/inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are used to record environmental remediation liabilities, accounts receivable and grant receivable accruals, allowance for doubtful accounts, depreciation expense, net pension liability, pension benefit costs, net other postemployment benefits (OPEB) liability, OPEB benefit costs, and various expense allocations. Actual results could differ from those estimates.

Net Position

Net position represents the residual interest in the Port's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position consists of three sections: net investment in capital assets, restricted for construction and other purposes, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources or deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. As of June 30, 2024, and 2023, the statements of net position reported \$71,669 and \$64,417 respectively, as restricted for construction and other purposes.

Port of Oakland
(A Component Unit of the City of Oakland)
Notes to Financial Statements
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

Cash Equivalents

The Port considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Port's cash and investments in the City Treasury are, in substance, demand deposits and are considered cash equivalents.

Investments

The Port reports its investments at fair value in the accompanying financial statements and the corresponding change in fair value of investments is reported in the year in which the change occurs.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded for invoices issued to customers and granting agencies in accordance with contractual arrangements. Unbilled receivables are recognized as accrued accounts receivable and revenue when services are provided. The allowance for doubtful accounts is based on a tiered percentage of significantly aged receivables. Accounts receivable are written-off against the allowance when deemed uncollectible. Recoveries of receivables previously written-off are recorded as revenue when received.

Restricted Assets

Assets whose use is restricted to specific purposes by bond indenture or regulation are segregated on the statements of net position.

Capital Assets

Capital assets are stated at cost. It is the policy of the Port to capitalize all expenses related to capital assets greater than \$5. Depreciation expense is calculated using the straight-line method over the following estimated useful lives of the assets:

| | |
|----------------------------|----------------|
| Buildings and improvements | 5 to 50 years |
| Container cranes | 25 years |
| Infrastructure | 10 to 50 years |
| Other equipment | 3 to 40 years |
| Software | 3 to 10 years |

Tenant improvements paid for by the tenants and owned by the Port are recorded as capital assets with an offsetting credit to unearned revenue. The asset is amortized over the shorter of the life of the lease or the life of the asset and the unearned revenue is amortized over the same terms.

Intangible assets which are identifiable are recorded as capital assets. The Port has identified noise easements, air rights and computer software development costs as intangible assets. Intangible assets not having indefinite useful lives are amortized over the estimated useful life of the asset.

Port of Oakland
(A Component Unit of the City of Oakland)
Notes to Financial Statements
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

Capital Assets (continued)

The implementation of GASB Statement No. 96 (GASB 96) recognized subscription-based information technology arrangements (SBITA) as intangible capital assets. Under GASB 96, the Port has recorded right-to-use subscription assets as intangible assets and corresponding subscription liabilities. SBITA assets are amortized over the shorter of the useful life or subscription term.

Lease Receivables

The Port, as a lessor, recognizes lease receivables and deferred inflows of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The deferred inflows of resources should be measured as the value of the lease receivables in addition to any payments received at or before the commencement of the lease term that related to future periods. For a detailed discussion on lease receivables and deferred inflows of resources for lease receivables, refer to Note 7 Leases.

Loss on Refunding

The loss on refunding at the time of a refunding is reported as deferred outflows of resources and is amortized as interest expense over the shorter of the remaining life of the refunded bonds or life of the new bonds.

Unearned Revenue

Unearned interest revenue and prepaid rent related to short-term tenant leases are amortized principally on the straight-line method over the life of the remaining lease term.

Compensated Absences

The Port accrues employee benefits, including accumulated vacation and sick leave, as liabilities in the period the benefits are earned.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Port. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities. When an expense is incurred for purposes for which there are both restricted and unrestricted assets available, it is the Port's policy to first utilize available restricted assets and then to utilize unrestricted assets.

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(dollar amounts in thousands)

Allocation of Expenses to the Port Businesses

The Port records to each of its revenue divisions (Aviation, Maritime, and Commercial Real Estate) expenses directly related to those operations. In addition, the Port annually allocates indirect expenses to these divisions based on an expense allocation methodology. Allocated expenses include general operating expenses, maintenance and engineering, marketing and public relations, and administration and general services.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Port's pension plan, and additions to/deductions from the Port's pension plan's fiduciary net position have been determined on the same basis as they are reported by the plan's administrator, State of California's Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Port's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as reported by the plan's administrator, CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Grants from Government Agencies

Grants, for the most part, are restricted for the acquisition or construction of capital assets. Such grants are recorded as revenue when all eligibility requirements imposed by the provider have been met.

Passenger Facility Charges

The Port, as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the Act), as amended, currently imposes a Passenger Facility Charge (PFC) of \$4.50 for each enplaning passenger at the Airport. Under the Act, air carriers are responsible for the collection of PFC and are required to remit PFC revenues to the Port in the following month after they are recorded by the air carrier. The Port has two approved and active applications with the FAA to collect and use PFC funds for specific purposes. The current authority to impose PFCs is estimated to end December 1, 2035.

PFC revenues, including any interest earned thereon, are restricted solely to finance allowable costs of new airport planning and development projects as defined and authorized by the FAA. PFC revenues may be used to pay debt service and related expenditures associated with FAA approved

Port of Oakland
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Notes to Financial Statements
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Passenger Facility Charges (continued)

projects and the Port has received FAA approval to pay certain debt service if debt proceeds are used for qualifying projects. PFC revenues are recorded as non-operating revenue and any unspent PFC revenues are recorded as restricted cash equivalents.

Customer Facility Charges

Under Section 50474.21 of the California Government Code, and pursuant to a Port ordinance effective January 2009, the rental car companies operating at the Airport are required to collect from the rental customers and remit to the Port a Customer Facility Charge (CFC). The CFC rates during the years ended June 30, 2024 and 2023, were \$10.00 per contract for companies operating on airport property and \$8.00 per contract for companies operating off airport property. Effective October 1, 2024, the CFC changed to \$7.50 per day up to five days for companies operating on airport property and \$7.42 per day up to five days for companies operating off airport property. The revenues from CFCs collected by the Port are funding the common use shuttle bus operations between the terminal and rental car facility and are eligible to fund common use rental car facility capital improvements. CFC revenues are recorded as non-operating revenue and expenses reimbursed with CFC funds are recorded as non-operating expense. Any unspent CFC revenues are recorded as restricted cash equivalents.

Effects of New Pronouncements

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB 53 are effective for the Port's year ended June 30, 2024. Implementation of this statement did not have a significant impact on the Port's financial statements for the year ended June 30, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This statement enhances accounting and reporting requirements for accounting changes and error corrections to provide more understandable, reliable relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or events that constitute those changes. The requirements of this statement are effective for the Port's year ended June 30, 2024. Implementation of this statement did not have a significant impact on the Port's financial statements for the year ended June 30, 2024.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations (GASB 91)*, to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 is effective for the Port's year ended June 30, 2023.

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Notes to Financial Statements
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Effects of New Pronouncements (continued)

Implementation of this statement did not have a significant impact on the Port's financial statements for the year ended June 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. GASB Statement No. 94 is effective for the Port's year ended June 30, 2023. Implementation of this statement did not have a significant impact on the Port's financial statements for the year ended June 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITAs; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB 87, as amended. GASB Statement No. 96 is effective for the Port's year ended June 30, 2023. The adoption of this statement on the financial statements of the Port for the year ended June 30, 2023 is described in Note 8. The statement did not have a material impact on the financial statements for the year ended June 30, 2023.

New Accounting Pronouncements Not Yet Adopted

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. A liability should be recognized for leave that has not been used if (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means. The requirements of this statement are effective for the Port's year ending June 30, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units

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New Accounting Pronouncements Not Yet Adopted (continued)

that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, the statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of (1) the concentration or constraint, (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, and (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this statement are effective for the Port's year ending June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). This statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. This statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. In addition, for the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers. The requirements of this statement are effective for the Port's year ending June 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases* and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed

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Notes to Financial Statements
For the years ended June 30, 2024 and 2023
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New Accounting Pronouncements Not Yet Adopted (continued)

separately by major class. This statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (1) the government has decided to pursue the sale of the capital asset and (2) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. The statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this statement are effective for the Port's year ending June 30, 2026.

3. Cash Equivalents, Investments, and Deposits

Cash Equivalents and Investments

Under the City Charter, all cash receipts from the operations of the Port are deposited in the City Investment Pool. These funds are managed and invested by the City, pursuant to the City's Investment Policy, that the City administers and reviews annually. For this reason, the Port does not maintain its own investment policy, and relies on the City Investment Policy to mitigate the risks described within this note.

Senior Lien Bonds and Intermediate Lien Bonds reserves are on deposit with the Senior Lien Bonds and Intermediate Lien Bonds trustee, respectively. The investment of funds held by the Senior Lien Bonds trustee and the Intermediate Lien Bonds trustee are governed by the Senior Trust Indenture and Intermediate Trust Indenture, respectively, and are invested in Government Securities Money Market Mutual Funds and U.S. Treasury notes.

On June 30, 2024, the Port had the following cash equivalents and investments:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Fair Value</u> | <u>Credit Rating per Moody's</u> | <u>Maturity Less than 1 Year</u> | <u>1-5 Years</u> |
|--|---------------------|-------------------|-------------------------|----------------------------------|----------------------------------|------------------|
| City Investment Pool | \$ 678,654 | \$ 69,491 | \$ 748,145 | Unrated | \$ 748,145 | * |
| Government Securities Money | | | | | | |
| Market Mutual Funds | - | 28,783 | 28,783 | Unrated | 28,783 | * |
| Cash | - | 7 | 7 | | 7 | - |
| U.S. Treasury Notes | - | 17,921 | 17,921 | Aaa | 17,921 | - |
| Total Cash Equivalents and Investments | <u>\$ 678,654</u> | <u>\$ 116,202</u> | <u>\$ 794,856</u> | | <u>\$ 794,856</u> | <u>\$ -</u> |

*Represents weighted average maturity

Port of Oakland
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Notes to Financial Statements
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Cash Equivalents and Investments(continued)

On June 30, 2023, the Port had the following cash equivalents:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Fair Value</u> | <u>Credit Rating per Moody's</u> | <u>Maturity Less than 1 Year</u> | <u>1-5 Years</u> |
|--|---------------------|-------------------|-------------------------|----------------------------------|----------------------------------|------------------|
| City Investment Pool | \$ 673,054 | \$ 61,942 | \$ 734,996 | Unrated | \$ 734,996 | * |
| Government Securities Money | | | | | | |
| Market Mutual Funds | - | 10,067 | 10,067 | Unrated | 10,067 | * |
| Cash | - | 7 | 7 | | 7 | - |
| U.S. Treasury Notes | - | 34,811 | 34,811 | Aaa | 17,538 | 17,273 |
| Total Cash Equivalents and Investments | <u>\$ 673,054</u> | <u>\$ 106,827</u> | <u>\$ 779,881</u> | | <u>\$ 762,608</u> | <u>\$ 17,273</u> |

*Represents weighted average maturity

Fair Value Hierarchy

The following is a summary of the fair value hierarchy of investments held by the Port as of June 30, 2024, and 2023:

| Investments by Fair Value Level | 2024 | Investments Exempt from Fair Value Hierarchy | Fair Value Measurements Quoted Prices in Active Markets for Identical Assets (Level 1) |
|---|-------------------|---|---|
| U.S. Treasury Notes | \$ 17,921 | \$ - | \$ 17,921 |
| Government Securities Money Market Mutual Funds | 28,783 | 28,783 | - |
| Cash | 7 | 7 | - |
| City Investment Pool | 748,145 | 748,145 | - |
| Total Cash Equivalents and Investments | <u>\$ 794,856</u> | <u>\$ 776,935</u> | <u>\$ 17,921</u> |

| Investments by Fair Value Level | 2023 | Investments Exempt from Fair Value Hierarchy | Fair Value Measurements Quoted Prices in Active Markets for Identical Assets (Level 1) |
|---|-------------------|---|---|
| U.S. Treasury Notes | \$ 34,811 | \$ - | \$ 34,811 |
| Government Securities Money Market Mutual Funds | 10,067 | 10,067 | - |
| Cash | 7 | 7 | - |
| City Investment Pool | 734,996 | 734,996 | - |
| Total Cash Equivalents and Investments | <u>\$ 779,881</u> | <u>\$ 745,070</u> | <u>\$ 34,811</u> |

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Fair Value Hierarchy (continued)

Investments exempt from fair value treatment consist of Government Securities Money Market Mutual Funds and the City Investment Pool. Government Securities Money Market Mutual Funds are valued at their net asset value, and the City Investment Pool is not subject to fair value measurement in the Port's financial statements. However, the City Investment Pool's fair value disclosure is presented at the City-wide level in the City's basic financial statements.

The Port categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Deposits in Escrow

Deposits in escrow consist of amounts received from construction contractors that are deposited into an escrow account in-lieu of retention withheld from construction progress billings. Interest on these deposits accrues to the contractor. As of June 30, 2024, and 2023, the Port had deposits in escrow of \$914 and \$167, respectively.

Investments Authorized by Debt Agreements

The following are the types of investments generally allowed under the Senior Trust Indenture and the Intermediate Trust Indenture (Intermediate Trust Indenture, together with the Senior Trust Indenture, are referred to as the Trust Indentures): U.S. Government Securities, U.S. Agency Obligations, obligations of any State in the U.S., prime commercial paper, FDIC insured deposits, certificates of deposit/banker's acceptances, money market mutual funds, long or medium-term corporate debt, repurchase agreements, state-sponsored investment pools, and investment contract agreements.

Interest Rate Risk

This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage interest rate risk.

In order to manage interest rate risk:

- Proceeds from bonds are invested in permitted investments, as stated in the Trust Indentures.
- The deposits held by the City Treasury are invested pursuant to the City's Investment Policy, which limits the terms of its investments and establishes minimum allowable credit ratings, as well as other controls. Also, Section 53601 of the State of California Government Code limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants.

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Credit Risk

This risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligation. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage credit risk.

In order to manage credit risk:

- Provisions of the Trust Indentures prescribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the Trust Indentures, including agreements or financial institutions that must meet certain ratings, such as certain investments that must be rated in either of the two highest ratings by S&P and Moody's.
- The deposits with the City Treasury are invested in short-term debt that is rated at least A-1 by S&P, P-1 by Moody's or F-1 by Fitch Ratings. Long-term debt shall be rated at least A by S&P, A2 by Moody's, and A by Fitch Ratings.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or a counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party.

To protect against custodial credit risk:

- All securities owned by the Port under the terms of the Trust Indentures are held in the name of the Port for safekeeping by a third-party bank trust department, acting as an agent for the Port. Port had investments held by a third-party bank trust department in the amount of \$46,704 and \$44,878 at June 30, 2024 and 2023, respectively.
- All securities the Port has invested with the City are held in the name of the City for safekeeping by a third-party bank trust department, acting as an agent for the City under the terms of the custody agreements. The Port had \$748,145 and \$734,996 invested in the City Investment Pool on June 30, 2024 and 2023, respectively.

As of June 30, 2024, the Port had deposits in escrow totaling \$914, which were held in Union Bank, California Bank, and Fremont Bank, and of which \$500 were insured or collateralized with securities held by pledging financial institution's trust department in the Port's name. As of June 30, 2023, the Port had \$167 in escrow, and of which \$167 were insured or collateralized with securities held by pledging financial institution's trust department in the Port's name.

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Concentration of Credit Risk

The Trust Indentures place no limit on the amount the Port may invest in any one issuer.

Port revenues are deposited in the City Treasury. These and all City funds are pooled and invested in the City Investment Pool. The City has adopted an investment policy that provides for the following:

- The maximum maturity for any one investment may not exceed 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants.
- No more than 5 percent of the total assets of the investments held by the City may be invested in the securities of any one issuer except:
 - obligations of the United States government;
 - United States federal agencies and government sponsored enterprises;
 - reverse repurchase agreements;
 - deposits – private placement;
 - certificates of deposit;
 - local government investment pools;
 - money market investment funds;
 - supranational organizations; and
 - public bank obligations.
- Permitted investments include U.S. treasury securities, federal agency and instrumentalities, banker's acceptances, commercial paper, asset-backed commercial paper, local government investment pools, medium-term notes, negotiable certificates of deposit, repurchase agreements, reverse repurchase agreements, secured obligations and agreements, dollar-denominated obligations issued by supranational organizations, certificates of deposit, money market mutual funds, state investment pool (Local Agency Investment Fund), local city/agency bonds, public bank obligations, and state obligations.

Additional information regarding deposit custodial credit, interest rate and credit risks, and securities lending transactions of the City Investment Pool is presented in the notes of the City's basic financial statements. Requests for financial information should be addressed to Finance Department, Administration, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 5215, Oakland, California 94612 or visit the City of Oakland's website at www.oaklandca.gov.

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4. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2024, is as follows:

| | Beginning Balance July 1, 2023 | Additions | Adjustments and Retirements | Transfers | Ending Balance June 30, 2024 |
|--|---|------------------|--|------------------|---|
| Capital assets not being depreciated | | | | | |
| Land | \$ 523,546 | \$ - | \$ - | \$ - | \$ 523,546 |
| Intangibles (noise easements and air rights) | 25,853 | - | - | - | 25,853 |
| Construction in progress | 46,445 | 114,027 | (1,407) | (97,592) | 61,473 |
| Total capital assets not being depreciated | <u>595,844</u> | <u>114,027</u> | <u>(1,407)</u> | <u>(97,592)</u> | <u>610,872</u> |
| Capital assets being depreciated | | | | | |
| Buildings and improvements | 1,008,293 | 1,449 | - | 8,310 | 1,018,052 |
| Container cranes | 130,321 | - | - | - | 130,321 |
| Infrastructure | 2,299,807 | - | - | 67,549 | 2,367,356 |
| Software | 19,671 | - | - | - | 19,671 |
| Right-to-use intangible assets | 6,552 | - | - | - | 6,552 |
| Other equipment | 138,425 | 4,954 | (399) | 21,733 | 164,713 |
| Total capital assets being depreciated | <u>3,603,069</u> | <u>6,403</u> | <u>(399)</u> | <u>97,592</u> | <u>3,706,665</u> |
| Less accumulated depreciation for | | | | | |
| Buildings and improvements | (731,136) | (19,974) | - | - | (751,110) |
| Container cranes | (111,223) | (2,994) | - | - | (114,217) |
| Infrastructure | (1,393,163) | (83,560) | - | - | (1,476,723) |
| Software | (16,030) | (146) | - | - | (16,176) |
| Right-to-use intangible assets | (953) | (1,472) | - | - | (2,425) |
| Other equipment | (100,067) | (8,788) | 399 | - | (108,456) |
| Total accumulated depreciation | <u>(2,352,572)</u> | <u>(116,933)</u> | <u>399</u> | <u>-</u> | <u>(2,469,107)</u> |
| Total being depreciated, net | <u>1,250,497</u> | <u>(110,530)</u> | <u>-</u> | <u>97,592</u> | <u>1,237,558</u> |
| Total capital assets, net | <u>\$ 1,846,341</u> | <u>\$ 3,497</u> | <u>\$ (1,407)</u> | <u>\$ -</u> | <u>\$ 1,848,430</u> |

For the year ended June 30, 2024, the Port recognized a \$1,571 loss, \$1,407 on abandoned projects related to construction in progress and disposal of capital assets, and additional cost of \$164 on demolition of the disposed assets.

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Changes in Capital Assets (continued)

A summary of changes in capital assets for the year ended June 30, 2023, is as follows:

| | Beginning Balance July 1, 2022 | Additions | Adjustments and Retirements | Transfers | Ending Balance June 30, 2023 |
|---|---|--------------------|--|------------------|---|
| Capital assets not being depreciated | | | | | |
| Land | \$ 524,333 | \$ - | \$ (787) | \$ - | \$ 523,546 |
| Intangibles (noise easements and air rights) | 25,853 | - | - | - | 25,853 |
| Construction in progress | 31,948 | 49,939 | (506) | (34,936) | 46,445 |
| Total capital assets not being depreciated | <u>582,134</u> | <u>49,939</u> | <u>(1,293)</u> | <u>(34,936)</u> | <u>595,844</u> |
| Capital assets being depreciated | | | | | |
| Buildings and improvements | 1,001,964 | 47 | (54) | 6,336 | 1,008,293 |
| Container cranes | 130,321 | - | - | - | 130,321 |
| Infrastructure | 2,272,299 | - | - | 27,508 | 2,299,807 |
| Software | 19,671 | - | - | - | 19,671 |
| Right-to-use intangible assets ⁽¹⁾ | 2,319 | 4,233 | - | - | 6,552 |
| Other equipment | 132,692 | 4,642 | - | 1,092 | 138,426 |
| Total capital assets being depreciated | <u>3,559,266</u> | <u>8,922</u> | <u>(54)</u> | <u>34,936</u> | <u>3,603,070</u> |
| Less accumulated depreciation for | | | | | |
| Buildings and improvements | (710,815) | (20,368) | 47 | - | (731,136) |
| Container cranes | (106,239) | (4,984) | - | - | (111,223) |
| Infrastructure | (1,308,349) | (84,814) | - | - | (1,393,163) |
| Software | (15,651) | (379) | - | - | (16,030) |
| Right-to-use intangible assets ⁽¹⁾ | - | (953) | - | - | (953) |
| Other equipment | (93,340) | (6,728) | - | - | (100,068) |
| Total accumulated depreciation | <u>(2,234,394)</u> | <u>(118,226)</u> | <u>47</u> | <u>-</u> | <u>(2,352,573)</u> |
| Total being depreciated, net | <u>1,324,872</u> | <u>(109,304)</u> | <u>(7)</u> | <u>34,936</u> | <u>1,250,497</u> |
| Total capital assets, net | <u>\$ 1,907,006</u> | <u>\$ (59,365)</u> | <u>\$ (1,300)</u> | <u>\$ -</u> | <u>\$ 1,846,341</u> |

⁽¹⁾ The implementation of GASB 96 has resulted in recognition of subscription-based information technology arrangement of \$6,552 as right-to-use intangible assets, of which \$2,319 is included in the beginning balance. Accordingly, the first year amortization of \$953 of such assets was recorded.

For the year ended June 30, 2023, the Port recognized a \$479 loss on abandoned projects related to construction in progress and disposal of capital assets.

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5. Debt

Long-term debt consists of the following on June 30, 2024:

| | Interest Rate | Fiscal Maturity Year | Original Amount | Beginning Balance July 1, 2023 | Additions | Reductions⁽²⁾ | Ending Balance June 30, 2024 | Principal Due Within One Year |
|---------------------------------------|--------------------------|-------------------------------------|----------------------------|---|--------------------|---------------------------------|---|--|
| Senior Lien Bonds | | | | | | | | |
| 2020 Revenue Bonds Series R | 1.081 - 2.349 | 2033 | \$ 343,755 | \$ 304,920 | \$ - | \$ 33,035 | \$ 271,885 | \$ 18,830 |
| Total Senior Lien Bonds | | | <u>343,755</u> | <u>304,920</u> | <u>-</u> | <u>33,035</u> | <u>271,885</u> | <u>18,830</u> |
| Intermediate Lien Bonds | | | | | | | | |
| 2017 Revenue Bonds Series D | 5.00 | 2030 | 95,875 | 75,615 | - | 12,765 | 62,850 | 15,500 |
| 2017 Revenue Bonds Series E | 5.00 | 2030 | 88,985 | 33,675 | - | 1,480 | 32,195 | 2,160 |
| 2017 Revenue Bonds Series G | 2.720-3.300 | 2030 | 38,355 | 28,615 | - | 5,640 | 22,975 | 5,805 |
| 2021 Revenue Bonds Series H | 5.00 | 2030 | 182,010 | 146,975 | - | 17,210 | 129,765 | 19,040 |
| Total Intermediate Lien Bonds | | | <u>405,225</u> | <u>284,880</u> | <u>-</u> | <u>37,095</u> | <u>247,785</u> | <u>42,505</u> |
| Commercial Paper⁽¹⁾ | | | | | | | | |
| Series A, B, C Notes | 1.35-3.13 | 2024 | N/A | 7,342 | - | 5,000 | 2,342 | - |
| Series D, E, F Notes | 1.35-3.13 | 2024 | N/A | 25,193 | - | 5,000 | 20,193 | - |
| Total Commercial Paper | | | | <u>32,535</u> | <u>-</u> | <u>10,000</u> | <u>22,535</u> | <u>-</u> |
| Sub-Total | | | | 622,335 | - | 80,130 | 542,205 | 61,335 |
| Unamortized bond premium | | | | 29,880 | - | 7,938 | 21,942 | 6,735 |
| Total Debt | | | | <u>652,215</u> | <u>-</u> | <u>88,068</u> | <u>564,147</u> | <u>\$ 68,070</u> |
| Current maturities of long-term debt | | | | (61,893) | (68,070) | (61,893) | (68,070) | |
| Total Debt - long-term portion | | | | <u>\$ 590,322</u> | <u>\$ (68,070)</u> | <u>\$ 26,175</u> | <u>\$ 496,077</u> | |

⁽¹⁾ As of June 30, 2024, under the current letter of credit, the Port was authorized to issue an aggregate principal amount of commercial paper notes up to \$200 million.

⁽²⁾ On May 2, 2024, the Port redeemed \$14,690 of 2020 Series R Bonds, defeased \$980 of 2017 Series D Bonds, \$115 of 2017 Series E Bonds, and \$390 of 2021 Series H Bonds.

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Debt (continued)

Long-term debt consists of the following on June 30, 2023:

| | Interest Rate | Fiscal Maturity Year | Original Amount | Beginning Balance July 1, 2022 | Additions | Reductions | Ending Balance June 30, 2023 | Principal Due Within One Year |
|---------------------------------------|--------------------------|-------------------------------------|----------------------------|---|--------------------|-------------------|---|--|
| Senior Lien Bonds | | | | | | | | |
| 2020 Revenue Bonds Series R | 1.081 - 2.349 | 2033 | \$ 343,755 | \$ 331,785 | \$ - | \$ 26,865 | \$ 304,920 | \$ 18,345 |
| Total Senior Lien Bonds | | | <u>343,755</u> | <u>331,785</u> | <u>-</u> | <u>26,865</u> | <u>304,920</u> | <u>18,345</u> |
| Intermediate Lien Bonds | | | | | | | | |
| 2017 Revenue Bonds Series D | 5.00 | 2030 | 95,875 | 80,645 | - | 5,030 | 75,615 | 11,785 |
| 2017 Revenue Bonds Series E | 5.00 | 2030 | 88,985 | 35,225 | - | 1,550 | 33,675 | 1,365 |
| 2017 Revenue Bonds Series G | 2.720-3.300 | 2030 | 38,355 | 31,480 | - | 2,865 | 28,615 | 5,640 |
| 2021 Revenue Bonds Series H | 5.00 | 2030 | 182,010 | 162,990 | - | 16,015 | 146,975 | 16,820 |
| Total Intermediate Lien Bonds | | | <u>405,225</u> | <u>310,340</u> | <u>-</u> | <u>25,460</u> | <u>284,880</u> | <u>35,610</u> |
| Commercial Paper⁽¹⁾ | | | | | | | | |
| Series A, B, C Notes | 1.35-3.13 | 2024 | N/A | 12,342 | - | 5,000 | 7,342 | - |
| Series D, E, F Notes | 1.35-3.13 | 2024 | N/A | 30,193 | - | 5,000 | 25,193 | - |
| Total Commercial Paper | | | | <u>42,535</u> | <u>-</u> | <u>10,000</u> | <u>32,535</u> | <u>-</u> |
| Sub-Total | | | | 684,660 | - | 62,325 | 622,335 | 53,955 |
| Unamortized bond premium | | | | 38,899 | - | 9,019 | 29,880 | 7,938 |
| Total Debt | | | | <u>723,559</u> | <u>-</u> | <u>71,344</u> | <u>652,215</u> | <u>\$ 61,893</u> |
| Current maturities of long-term debt | | | | <u>(61,344)</u> | <u>(61,893)</u> | <u>(61,344)</u> | <u>(61,893)</u> | |
| Total Debt - long-term portion | | | | <u>\$ 662,215</u> | <u>\$ (61,893)</u> | <u>\$ 10,000</u> | <u>\$ 590,322</u> | |

⁽¹⁾ As of June 30, 2023, under the current letter of credit, the Port was authorized to issue an aggregate principal amount of commercial paper notes up to \$200 million.

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Debt Service

The Port's long-term debt and final maturity is identified in the schedules at the beginning of Note 5 and consists of taxable bonds, tax-exempt bonds, and short-term commercial paper notes. All of the Port's outstanding bonds and commercial paper notes have been issued to finance or refinance capital improvements to the Port's aviation, maritime, commercial real estate, and utilities infrastructure. The majority of the Port's outstanding bonds are revenue bonds, which are secured by Pledged Revenues of the Port. Pledged Revenues are substantially all revenues and other cash receipts of the Port, including, without limitation, amounts held in the Port Revenue Fund with the City, but excluding amounts received from certain taxes, certain insurance proceeds, special facilities revenues, and certain other gifts, fees, and grants that are restricted by their terms to purposes inconsistent with the payment of debt service. Pledged revenues amounted to \$476,447 in fiscal year 2024 and \$458,366 in fiscal year 2023.

In May 2024, the Port completed a transaction in which \$1,485 of bonds maturing between November 1, 2024 and November 1, 2029 were defeased. This consisted of \$980 of 2017 Series D bonds, \$115 of 2017 Series E bonds, and \$390 of 2021 Series H bonds. Specifically, the Port entered into three separate escrow agreements (one for each bond series) with its Senior Lien and Intermediate Lien bonds trustee (US Bank), into which a total of \$1,615 of cash was deposited. The defeasance transaction was undertaken to take anticipatory remedial actions in connection with a new marine terminal lease agreement, and to take remedial action to allow a rail operator at the seaport to handle more domestic cargo at the Joint Intermodal Terminal railyard.

The funds deposited into each of the above escrow accounts were invested in Treasury securities (the Escrow Securities), which were sized to fund remaining debt service on each series of defeased bonds through final maturity.

Pursuant to these agreements, the Port may direct US Bank, as escrow agent, to substitute or dispose of the Escrow Securities, but only upon receipt of opinions from bond and tax counsel. In addition, the Port must receive a verification report stating that any substituted Escrow Securities, combined with any interest earnings and available cash, are sufficient to fund principal and interest when due on the defeased bonds through final maturity. As of June 30, 2024, \$1,485 of the original \$1,485 of defeased bonds have not matured.

Also, in May 2024, a further \$14,690 of 2020 Series R bonds were redeemed using the "make-whole" call provision of the Port Senior Trust Indenture. The redemption transaction was undertaken in order to utilize federal grants made available to fund aviation related costs. Ultimately, the Port was able to receive reimbursement of the total transaction cost from those grant funds.

Pledged Revenues do not include cash received from PFCs or CFCs unless projects included in a financing are determined to be PFC or CFC eligible and bond proceeds are expended on such eligible projects and the Port elects to pledge PFCs or CFCs as supplemental security to such applicable bonds. Currently, the Port has no bonds for which PFCs or CFCs are pledged.

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through May 1, 2033. Commercial Paper has been classified

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Debt Service (continued)

as long-term debt because the Port has the intent and ability to continue to refinance this debt. The Port's required debt service payments for the outstanding long-term debt for the years ending June 30 are as follows

| Fiscal Year | Long-term | | Commercial Paper⁽¹⁾ | | Total | |
|--------------------|-------------------|------------------|---------------------------------------|-----------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | \$ 61,335 | \$ 16,830 | \$ - | \$ 901 | \$ 61,335 | \$ 17,732 |
| 2026 | 62,970 | 14,660 | 7,512 | 1,822 | 70,482 | 16,482 |
| 2027 | 69,025 | 12,270 | 7,512 | 1,127 | 76,537 | 13,397 |
| 2028 | 71,100 | 9,877 | 7,512 | 376 | 78,612 | 10,252 |
| 2029 | 73,605 | 7,375 | - | - | 73,605 | 7,375 |
| 2030-2033 | 181,635 | 8,188 | - | - | 181,635 | 8,188 |
| Total | \$ 519,670 | \$ 69,200 | \$ 22,535 | \$ 4,225 | \$ 542,205 | \$ 73,425 |

⁽¹⁾ For purposes of this schedule, Commercial Paper debt is amortized over three fiscal years, pursuant to the "Term Loan" provisions of the Commercial Paper Reimbursement Agreements, and a LOC Bank advance occurs in July 2025. For the first 90 days, interest is calculated using the higher of 1) Bank of America National Association (BANA) prime rate plus 1%, 2) Federal Funds rate plus 2%, or 3) 7.0%. Thereafter, the interest rate specified above is increased by 1.0%.

Types of Debt and Priority of Payment

Senior Lien Bonds

The 2020 Series R (collectively, the Senior Lien Bonds) were issued under the Senior Trust Indenture and are paid from Pledged Revenues first. As long as any Senior Lien Bonds remain outstanding, the Port has covenanted to collect rates, tolls, fees, rentals and charges so that Pledged Revenues in each fiscal year will be sufficient to pay all of the following amounts: (i) the sum of principal and interest on the outstanding Senior Lien Bonds; (ii) all other payments required for compliance with terms of the Senior Trust Indenture including, but not limited to, required deposits to any Reserve Fund; (iii) all other payments necessary to meet ongoing legal obligations to be paid from Pledged Revenues; and (iv) operation and maintenance expenses of the Port. In addition, payment of principal and interest on the Senior Lien Bonds when due is secured by a reserve fund held by the trustee. As of June 30, 2024, the reserve fund was invested in U.S. Treasury notes and government securities money market mutual funds. As of June 30, 2023, the reserve fund was also invested in government securities money market mutual funds.

The Port has also covenanted in the Senior Trust Indenture that Net Pledged Revenues (Revenues less the Operation and Maintenance Expenses) will be equal to at least 125% of actual debt service for the Senior Lien Bonds (Senior Lien Debt Service Coverage Ratio).

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Senior Lien Bonds (continued)

Events of default under the Senior Lien Trust Indenture include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. Port bankruptcy, reorganization, receivership, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Senior Lien Indenture or the Bonds, which continues for a period of 60 days after notice. Failure to observe the covenants provisions or conditions of any specific debt obligation issued under the Senior Lien Indenture, which continues for a period of 60 days after notice, may also be considered a default event. Finally, pursuant to supplemental indentures, the Port will comply with the covenants of the tax certificates of the different bond series issued under the Senior Lien Trust Indenture. Remedies to any default under the Senior Lien Indenture or its supplements can include bringing suit upon the Senior Lien Bonds, or some other legal remedy to enforce the rights of bondholders.

As of June 30, 2024, the outstanding balance of Senior Lien Bonds is \$271,885.

Intermediate Lien Bonds

Bonds issued under the Intermediate Trust Indenture are next in payment priority. As of June 30, 2024, the bonds issued under this indenture consist of the 2017 Series D, Series E, and Series G Bonds (Series 2017 Bonds) and the 2021 Series H Bonds (collectively “Intermediate Lien Bonds”). The Intermediate Lien Bonds are paid from the Intermediate Lien Pledged Revenues. The Intermediate Lien Pledged Revenues are the Pledged Revenues after payment first, of all amounts payable for any Senior Lien Bonds. Payment of principal and interest on the Series 2017 and 2021 Series H Bonds are secured by a reserve fund held by the trustee, which includes a reserve surety policy as well as a cash deposit of 2021 Series H Bond proceeds.

The Port covenanted in the Intermediate Trust Indenture that Net Pledged Revenues will be equal to at least 110% of the actual debt service becoming due and payable on the combined Intermediate Lien Bonds, and Senior Lien Bonds (Intermediate Lien Debt Service Coverage Ratio).

Events of default under the Intermediate Lien Trust Indenture include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. Port bankruptcy, reorganization, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Intermediate Lien Indenture or the Bonds, which continues for a period of 180 days after notice. Failure to observe the covenant provisions or conditions of any specific debt obligation issued under the Intermediate Lien Indenture, which continues for a period of 180 days after notice, may also be considered a default event. Finally, pursuant to supplemental indentures, the Port will comply with the covenants of the tax certificates of the different bond series issued under the Intermediate Lien Trust Indenture. The Port will also ensure that the tax-exempt status of the bonds is maintained. Remedies to any default under the Intermediate Lien Indenture or its supplements can include bringing suit upon the Intermediate Lien Bonds, or some other legal action to enforce the rights of bondholders.

As of June 30, 2024, the outstanding balance of Intermediate Lien Bonds is \$247,785.

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Commercial Paper Notes

Commercial Paper Notes (CP Notes) have the lowest payment priority. The Board authorized a \$150,000 Commercial Paper program in 1998 and a further \$150,000 was authorized in 1999. The maximum maturity of the CP Notes is 270 days and the maximum interest rate is 12%. The Port has classified the CP Notes as long-term debt as the Port intends and has the ability to reissue CP Notes until the expiration of the two irrevocable Letters of Credit (LOC), discussed below. Interest income paid to the holders of the CP Notes may fall under one of three tax treatments: tax-exempt Alternative Minimum Tax (AMT), tax-exempt non-AMT and taxable.

The Port covenants in both of its LOC and Reimbursement Agreements with BANA that the Intermediate Lien Debt Service Coverage Ratio will equal to at least 110%.

On June 13, 2023, the Port extended the LOCs supporting its ABC Series and DEF Series of commercial paper notes, both issued by BANA. Specifically, the expiration dates of both LOCs were extended from June 30, 2023 to December 31, 2026. The BANA LOC supporting the DEF Series of commercial paper notes amounts to \$54,438 (\$50,000 principal and interest of \$4,438) and was originally issued on June 13, 2017. The BANA LOC supporting the ABC Series of commercial paper notes amounts to \$163,315 (\$150,000 principal and interest of \$13,315) and was originally issued on June 13, 2016.

As of June 30, 2024, the outstanding balance of CP Notes under the Port's ABC Series of CP is \$2,342 while the outstanding balance under the Port's DEF Series of CP is \$20,193.

The reimbursement agreements between the Port and BANA, which describe the terms and conditions under which BANA issues the commercial LOCs supporting the Port's CP Notes, contain a number of default provisions and remedies. Events of default include the failure to reimburse draws, advances or term loans issued under the LOCs, or to pay LOC related fees to BANA when due. Breaches of any of the covenants, conditions or agreements in the reimbursement agreements and other CP related documents are also considered defaults, as are breaches of the covenants contained in the Senior Lien Indenture or Intermediate Lien Indenture. The reimbursement agreements also contain default provisions for bankruptcy, failure to make payments on other Port debt, the acceleration of other Port debt, legal/administrative changes affecting the Port's ability to pay its debts or comply with its agreements, and material unsatisfied legal judgments. The fee rate in effect in FY 2024 for the LOCs securing the Port's CP notes is 0.385%.

Any of the above defaults can trigger the immediate acceleration of LOC related fees to BANA, the reduction of the LOC stated amounts, and/or suspensions of the Port's ability to issue new CP Notes or make draws under the existing LOCs. Any accelerations or payment failures on other Port debt, failures to pay CP related obligations, bankruptcy or limits to the Port's authority may also trigger a further remedy whereby advances and/or term loans under the LOCs would become immediately due and payable.

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Priority of Payment

The following are the priority of payment tables:

| | <u>Maturity Date</u> | <u>Total Debt Service to Maturity</u> | <u>FY 2024 Debt Principal and Interest</u> | <u>FY 2024 Net Pledged Revenues**</u> |
|---|----------------------|---------------------------------------|--|---------------------------------------|
| Total Net Pledged Revenues | | | | \$ 211,998 |
| Senior Lien Bonds: | | | | |
| 2020 Revenue Bonds Series R | 5/1/2033 | \$ 302,708 | \$ 24,195 | |
| Subtotal Senior Lien Bonds | | <u>302,708</u> | <u>24,195</u> | <u>(24,195)</u> |
| Net Pledged Revenues Remaining after Sr. Lien | | | | 187,803 |
| Intermediate Lien Bonds: | | | | |
| 2017 Revenue Bonds Series D | 11/1/2029 | 71,333 | 15,271 | |
| 2017 Revenue Bonds Series E | 11/1/2029 | 37,077 | 3,015 | |
| 2017 Revenue Bonds Series G | 11/1/2029 | 24,910 | 6,432 | |
| 2021 Revenue Bonds Series H | 11/1/2029 | 152,844 | 24,169 | |
| Subtotal Intermediate Lien Bonds | | <u>286,162</u> | <u>48,886</u> | <u>(48,886)</u> |
| Net Pledged Revenues Remaining after Int. Lien | | | | 138,917 |
| Commercial Paper Notes* | | <u>26,760</u> | <u>10,948</u> | <u>(10,948)</u> |
| Net Pledged Revenues Remaining after CP Notes | | | | \$ <u>127,969</u> |
| Total | | \$ <u>615,630</u> | \$ <u>84,029</u> | |

* Total Debt Service to Maturity for Commercial Paper Notes includes principal (\$22,535) and interest (\$3,324) on outstanding Commercial Paper debt pursuant to the "Term Loan" provision of the Commercial Paper Reimbursement Agreements plus \$901 of Commercial Paper Notes interest at an assumed rate of 4.0%. Actual Commercial Paper interest rate may vary materially from assumed rate. Of the \$22,535 of Commercial Paper Notes outstanding \$2,342 are eligible to be paid from Passenger Facility Charges.

** Net Pledged Revenues are Revenues less Operation and Maintenance Expenses plus Interest Earned (not including interest earned PFC and CFC funds totaling \$2,156 and \$18, respectively). Excluded from this calculation are Operation and Maintenance Expenses funded by grants. Of the \$10,948 recorded for commercial paper debt service, \$5,214 was paid from PFCs. Of the \$24,195 and \$48,886 of senior and intermediate lien debt service, respectively, a further \$2,566 was paid from grant proceeds.

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Priority of Payment (continued)

| | <u>Maturity Date</u> | <u>Total Debt Service to Maturity</u> | <u>FY 2023 Debt Principal and Interest</u> | <u>FY 2023 Net Pledged Revenues**</u> |
|---|--------------------------|---|--|---|
| Total Net Pledged Revenues | | | | \$ 228,665 |
| Senior Lien Bonds: | | | | |
| 2020 Revenue Bonds Series R | 5/1/2033 | \$ 342,664 | \$ 32,935 | |
| Subtotal Senior Lien Bonds | | <u>342,664</u> | <u>32,935</u> | <u>(32,935)</u> |
| Net Pledged Revenues Remaining after Sr. Lien | | | | 195,730 |
| Intermediate Lien Bonds: | | | | |
| 2017 Revenue Bonds Series D | 11/1/2029 | 87,721 | 8,937 | |
| 2017 Revenue Bonds Series E | 11/1/2029 | 40,238 | 3,272 | |
| 2017 Revenue Bonds Series G | 11/1/2029 | 31,345 | 3,770 | |
| 2021 Revenue Bonds Series H | 11/1/2029 | 177,476 | 24,165 | |
| Subtotal Intermediate Lien Bonds | | <u>336,780</u> | <u>40,144</u> | <u>(40,144)</u> |
| Net Pledged Revenues Remaining after Int. Lien | | | | 155,586 |
| Commercial Paper Notes * | | <u>38,878</u> | <u>10,771</u> | <u>(10,771)</u> |
| Net Pledged Revenues Remaining after CP Notes | | | | <u>\$ 144,815</u> |
| Total | | <u>\$ 718,322</u> | <u>\$ 83,850</u> | |

* Total Debt Service to Maturity for Commercial Paper Notes includes principal (\$32,535) and interest (\$5,043) on outstanding Commercial Paper debt pursuant to the "Term Loan" provision of the Commercial Paper Reimbursement Agreements plus \$1,300 of Commercial Paper Notes interest at an assumed rate of 4.0%. Actual Commercial Paper interest rate may vary materially from assumed rate. Of the \$32,535 of Commercial Paper Notes outstanding \$7,342 are eligible to be paid from Passenger Facility Charges.

** Net Pledged Revenues are Revenues less Operation and Maintenance Expenses plus Interest Earned (not including interest earned and unrealized gains or losses on PFC and CFC funds totaling \$801 and \$12, respectively). Excluded from this calculation are Operation and Maintenance Expenses funded by grants. Of the \$10,771 recorded for commercial paper debt service, \$5,181 was paid from PFCs. Of the \$32,935 and \$40,144 of senior and intermediate lien debt service, respectively, a further \$2,563 was paid from grant proceeds.

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Bond Premium

The Port amortizes the premium over the life of each bond issue. The unamortized amount for each Port issue is as follows:

| <u>Bond Issue</u> | <u>2024</u> <u>Premium</u> | <u>2023</u> <u>Premium</u> |
|----------------------------------|-------------------------------|-------------------------------|
| Intermediate Lien Bonds: | | |
| 2017 Series D | \$ 3,652 | \$ 5,373 |
| 2017 Series E | 2,389 | 3,259 |
| 2021 Series H | 15,901 | 21,248 |
| Subtotal Intermediate Lien Bonds | <u>21,942</u> | <u>29,880</u> |
| Commercial Paper | - | - |
| Total | <u>\$ 21,942</u> | <u>\$ 29,880</u> |

6. Environmental and Other Liabilities

Changes in environmental and other liabilities for the years ended June 30, 2024 and 2023 are as follows:

| | <u>Beginning</u> <u>Balance</u> <u>July 1, 2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> <u>June 30, 2024</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|---|---|------------------|--------------------|---|--|
| Accrued vacation, sick leave and compensatory time | \$ 10,015 | \$ 3,073 | \$ (2,092) | \$ 10,996 | \$ 9,343 |
| Pollution liability (Note 14) | 15,450 | 2,941 | (2,455) | 15,936 | 1,429 |
| Workers' compensation (Note 15) | 8,884 | 2,078 | (2,052) | 8,910 | 2,052 |
| Other long-term liabilities | <u>10,439</u> | <u>54</u> | <u>(1,321)</u> | <u>9,172</u> | <u>723</u> |
| Total | <u>\$ 44,788</u> | <u>\$ 8,146</u> | <u>\$ (7,920)</u> | <u>\$ 45,014</u> | <u>\$ 13,547</u> |
| | | | | | |
| | <u>Beginning</u> <u>Balance</u> <u>July 1, 2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> <u>June 30, 2023</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
| Accrued vacation, sick leave and compensatory time | \$ 9,607 | \$ 2,318 | \$ (1,910) | \$ 10,015 | \$ 8,206 |
| Pollution liability (Note 14) | 14,373 | 8,725 | (7,648) | 15,450 | 1,390 |
| Workers' compensation (Note 15) | 10,902 | (443) | (1,575) | 8,884 | 1,575 |
| Other long-term liabilities | <u>8,649</u> | <u>4,373</u> | <u>(2,583)</u> | <u>10,439</u> | <u>1,392</u> |
| Total | <u>\$ 43,531</u> | <u>\$ 14,973</u> | <u>\$ (13,716)</u> | <u>\$ 44,788</u> | <u>\$ 12,563</u> |

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7. Leases

A major portion of the Port's capital assets are leased to others. Lease assets include maritime facilities, aviation facilities, office and commercial space, and land. In accordance with GASB No. 87, the Port as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, leases that transfer ownership of the underlying asset to the lessee, and leases with annual fixed lease payments less than \$150. The Port does not have any leases of assets held as investments or leases that transfer ownership of the underlying asset to lessee. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable that relates to future periods.

The Port has adopted tax-exempt Municipal Market Data (MMD) yield curve rates, as a proxy for the Port's borrowing costs, to measure the present values of future lease receivables. The associated interest income recognized for the years ended June 30, 2024, and 2023 was \$29,002 and \$27,619, respectively.

Maritime Leases

The Port, as a lessor, leases land and facilities at market rates with terms ranging from 1 to 66 years. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity, and typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. Variable lease payments received during the years ended June 30, 2024, and 2023 were \$12,113 and \$18,282, respectively. Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities. In accordance with GASB No. 87, Maritime leases are based on the minimum fixed rent receivables and discounted to the present value using the tax-exempt MMD yield curve rates as per the lease term.

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Maritime Leases (continued)

Minimum future lease revenue for years ending June 30 is as follows:

| | <u>Lease Revenue</u> | <u>Interest Revenue</u> | <u>Total</u> |
|-------------|----------------------|-------------------------|-------------------|
| 2025 | \$ 95,664 | \$ 19,606 | \$ 115,270 |
| 2026 | 91,898 | 17,258 | 109,156 |
| 2027 | 91,898 | 14,803 | 106,701 |
| 2028 | 89,948 | 12,229 | 102,177 |
| 2029 | 87,998 | 9,600 | 97,598 |
| 2030 - 2034 | 227,158 | 17,394 | 244,552 |
| 2035 - 2039 | 8,953 | 7,057 | 16,010 |
| 2040 - 2044 | 5,610 | 5,881 | 11,491 |
| 2045 - 2049 | 4,369 | 4,919 | 9,288 |
| 2050 - 2054 | 2,507 | 4,449 | 6,956 |
| Thereafter | 15,042 | 15,069 | 30,111 |
| Total | <u>\$ 721,045</u> | <u>\$ 128,265</u> | <u>\$ 849,310</u> |

Aviation Leases

Aviation leases are mostly with air carriers, concessionaires for food and beverages, gift and news, duty-free, rental car facilities, and advertisements. In general, the agreements with air carriers provide for cancellation on a 30-day notice by either party. However, they are intended to be long-term in nature with renewal options. Accordingly, these agreements are considered short-term leases for purposes of financial reporting.

In response to the COVID-19 pandemic, the Port is proactively implementing measures intended to mitigate operational and financial impacts. Among those measures were the July 2020 approvals of the Food and Beverage concessionaires' relief program. On July 14, 2020, the Board approved an amendment to space/use permit with the Food and Beverage concessionaires to waive monthly payment of minimum annual guarantee (MAG) retroactively from January 1, 2020 through December 31, 2020. Subsequently on April 22, 2021, the Board approved an additional amendment to space/use permit of Food and Beverage concessionaires that payment of MAG is based on the percentage of enplaned passenger volume compared to the calendar year 2019 and the MAG is to be suspended if the aviation industry experiences another significant decrease in passenger traffic similar to the COVID-19 pandemic.

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Aviation Leases (continued)

This amendment effectively makes the MAG variable, and accordingly, these leases are not included in the leases. Variable lease payments received during the years ended June 30, 2024, and 2023 were \$60,532 and \$37,441, respectively.

Minimum future lease revenue for years ending June 30 is as follows:

| | <u>Lease Revenue</u> | <u>Interest Revenue</u> | <u>Total</u> |
|-------|----------------------|-------------------------|------------------|
| 2025 | \$ 22,982 | \$ 2,482 | \$ 25,464 |
| 2026 | 22,598 | 1,757 | 24,355 |
| 2027 | 22,129 | 1,028 | 23,157 |
| 2028 | 20,116 | 315 | 20,431 |
| Total | <u>\$ 87,825</u> | <u>\$ 5,582</u> | <u>\$ 93,407</u> |

GASB No. 87 Excluded Leases – Regulated Aeronautical Service Providers

In accordance with the paragraphs 42 and 43 of GASB No. 87, the Port does not recognize lease receivables and deferred inflow of resources for leases between the Oakland Airport and the air carriers and other aeronautical users, which are regulated by the Department of Transportation and the Federal Aviation Administration. Regulated leases include agreements various passenger airlines, cargo airlines, and aeronautical users with lease terms ranging from 1 to 10 years.

Airlines who enter into operating lease agreements with the Port is defined as a Signatory Airline. The lease amount is set annually by the aviation rates and charges for its use of the terminals and can be cancelled anytime with 30 days' notice. The rights, services, and privileges, including preferentially assigned gates in connection with the use of the airport and its facilities are taken into the calculations of annual rates and charges.

Other aeronautical users are served through two Fixed Based Operators (FBOs), Kaiser Air and Signature Flight Support. Both provide other aeronautical users with essential aviation support services.

Minimum future lease revenue for years ending June 30 is as follows:

| | <u>Minimum Lease Revenue</u> |
|-------------|------------------------------|
| 2025 | \$ 59,007 |
| 2026 | 59,007 |
| 2027 | 36,662 |
| 2028 | 17,889 |
| 2029 | 14,099 |
| 2030 - 2034 | 35,335 |
| Total | <u>\$ 221,999</u> |

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Commercial Real Estate Leases

Commercial Real Estate (CRE) Division of the Port leases out almost 19 miles or approximately 837 acres of land and waterfront property, along San Francisco Bay and the Oakland Estuary that is not used for maritime or aviation purposes. Much of the commercial land has been converted through private investment into homes, hotels, offices, shops, restaurants, parks, and industrial flex/research spaces. In most cases, the CRE division of the Port has entered into ground lease with development teams. The Port, as a lessor, leases land and facilities at market rates with terms ranging from 1 to 60 years. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity, and typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. Variable lease payments received during the years ended June 30, 2024 and 2023 were \$1,309 and \$1,805, respectively.

Minimum future lease revenue for years ending June 30 is as follows:

| | <u>Lease Revenue</u> | <u>Interest Revenue</u> | <u>Total</u> |
|-------------|----------------------|-------------------------|-------------------|
| 2025 | \$ 7,207 | \$ 3,834 | \$ 11,041 |
| 2026 | 7,207 | 3,690 | 10,897 |
| 2027 | 7,038 | 3,540 | 10,578 |
| 2028 | 6,163 | 3,408 | 9,571 |
| 2029 | 5,269 | 3,267 | 8,536 |
| 2030 - 2034 | 23,415 | 14,411 | 37,826 |
| 2035 - 2039 | 19,766 | 11,029 | 30,795 |
| 2040 - 2044 | 10,435 | 8,349 | 18,784 |
| 2045 - 2049 | 7,890 | 6,513 | 14,403 |
| 2050 - 2054 | 7,181 | 4,628 | 11,809 |
| Thereafter | 11,908 | 5,077 | 16,985 |
| Total | <u>\$ 113,479</u> | <u>\$ 67,746</u> | <u>\$ 181,225</u> |

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8. Subscription-Based Information Technology Arrangements (SBITA)

At June 30, 2024, the Port recorded six qualifying SBITAs in accordance with GASB Statement No. 96. The terms of the agreements range from 2 to 7 years and used the tax-exempt Municipal Market Data (MMD) yield curve rates.

The SBITA asset, net of accumulated amortization as of June 30, 2024 and 2023 was \$4,127 and \$5,599, respectively.

| <u>Beginning Balance</u> <u>As of June 30, 2023</u> | <u>SBITA</u> <u>Additions</u> | <u>FY 2024</u> <u>Amortization</u> | <u>Net Balance</u> <u>As of June 30, 2024</u> | <u>Remaining</u> <u>Liability</u> |
|--|----------------------------------|---------------------------------------|--|--------------------------------------|
| \$ 5,599 | - | \$ 1,472 | \$ 4,127 | \$ 2,919 |
| <u>Beginning Balance</u> <u>As of June 30, 2022</u> | <u>SBITA</u> <u>Additions</u> | <u>FY 2023</u> <u>Amortization</u> | <u>Net Balance</u> <u>As of June 30, 2023</u> | <u>Remaining</u> <u>Liability</u> |
| - | \$ 6,552 | \$ 953 | \$ 5,599 | \$ 4,004 |

The SBITA liability as of June 30, 2024 and 2023 was \$2,919 and \$4,004, respectively. The Port's required payments for the outstanding SBITA liability for the years ending June 30 are as follows.

| <u>Fiscal Year</u> <u>Ending</u> | <u>Cash</u> | <u>Interest</u> <u>Expense</u> | <u>Liability</u> <u>Reduction</u> | <u>Accrued</u> <u>Interest</u> |
|-------------------------------------|-----------------|-----------------------------------|--------------------------------------|-----------------------------------|
| 2025 | \$ 888 | \$ 65 | \$ 734 | \$ 89 |
| 2026 | 796 | 45 | 706 | 45 |
| 2027 | 463 | 27 | 419 | 17 |
| 2028 | 463 | 15 | 446 | 2 |
| 2029 | 463 | 2 | 461 | - |
| | <u>\$ 3,073</u> | <u>\$ 154</u> | <u>\$ 2,766</u> | <u>\$ 153</u> |

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9. Unearned Revenue

Unearned revenue consists primarily of prepaid tenant rent; prepayment for future capital improvements of airline fuel facility; grant received in advance and prepaid parking reservations.

Changes in unearned revenue for the years ended June 30, 2024, and 2023 are as follows

| | <u>Beg. Balance</u> <u>July 1, 2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>End. Balance</u> <u>June 30, 2024</u> | <u>Amounts Due</u> <u>Within One Year</u> |
|-------------------------------------|--|------------------|--------------------|---|--|
| Oakland Fuel Facilities Corporation | \$ 2,650 | \$ 150 | \$ - | \$ 2,800 | \$ - |
| Unearned tenant rent | 18,233 | - | (9,472) | 8,761 | 8,761 |
| Unearned grant revenue | 10,114 | - | (10,114) | - | - |
| Other unearned revenue | <u>1,098</u> | <u>599</u> | <u>(683)</u> | <u>1,014</u> | <u>1,014</u> |
| Total | <u>\$ 32,095</u> | <u>\$ 749</u> | <u>\$ (20,269)</u> | <u>\$ 12,575</u> | <u>\$ 9,775</u> |

| | <u>Beg. Balance</u> <u>July 1, 2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>End. Balance</u> <u>June 30, 2023</u> | <u>Amounts Due</u> <u>Within One Year</u> |
|-------------------------------------|--|------------------|-------------------|---|--|
| Oakland Fuel Facilities Corporation | \$ 2,500 | \$ 150 | \$ - | \$ 2,650 | \$ - |
| Unearned tenant rent | 8,305 | 9,928 | - | 18,233 | 18,233 |
| Unearned grant revenue | 12,449 | - | (2,335) | 10,114 | 10,114 |
| Other unearned revenue | <u>425</u> | <u>673</u> | <u>-</u> | <u>1,098</u> | <u>553</u> |
| Total | <u>\$ 23,679</u> | <u>\$ 10,751</u> | <u>\$ (2,335)</u> | <u>\$ 32,095</u> | <u>\$ 28,900</u> |

10. Retirement Plans

CalPERS Miscellaneous Unit

Plan Description

All full-time and certain other qualifying employees of the Port are eligible to participate as members of the City of Oakland's Miscellaneous Unit of CalPERS (Miscellaneous Plan). The Miscellaneous Plan is an agent multiple-employer defined benefit pension plan. Benefit provisions and all other requirements are established by State statute and City ordinance. CalPERS issues a separate annual comprehensive financial report. Copies of the annual financial report are available on the CalPERS website at www.CalPERS.ca.gov under Forms and Publications or may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

A separate report for the City's Miscellaneous Plan within CalPERS is not available. As an independent department of the City, the Port shares benefit costs with the City. The Port presents the related defined benefit disclosures as a participant in a cost-sharing plan arrangement with the City.

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Benefits Provided

The Miscellaneous Plan provides service retirement, disability retirement, and death benefits based on the employee's years of service, age at retirement and final compensation. An employee becomes eligible for service retirement upon retirement age and with at least 5 years of CalPERS credited service. Final compensation is the monthly average of the employee's highest one-year or three-year consecutive months' full-time equivalent salary. The service retirement benefit is a monthly allowance for life equal to the product of the benefit factor, years of service and final compensation. The benefit factor varies based on the employee's date of hire and age at retirement.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2024 and 2023, are summarized as follows:

| | Hire date | | |
|--|------------------------------|--|--|
| | Prior to 6/9/2012 | 6/9/2012 through 12/31/12 | Employee hired On or After 1/1/2013⁽¹⁾ |
| Benefit formula | 2.7% @ 55 | 2.5% @ 55 | 2.0% @ 62 |
| Retirement age | 50-55 | 50-55 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 2.0%-2.7% | 2.0%-2.5% | 1.0%-2.5% |
| Required employee contribution rates | 8.00% | 8.00% | 8.25% |
| Required employer contribution rates 2024 ⁽²⁾ | 12.28% | 12.28% | 12.28% |
| Required employer contribution rates 2023 ⁽²⁾ | 11.54% | 11.54% | 10.79% - 11.54% |

(1) For "new members" as defined by the Public Employees' Pension Reform Act (PEPRA)

(2) Excludes contribution payments for unfunded liability

Cost-of-living adjustments are paid the second calendar year of retirement and every year thereafter up to a maximum of 2% per year.

All members are eligible to apply for a disability retirement benefit, regardless of age, when they have five or more years of credited service, and they sustain an injury or illness that prevents them from performing their duties.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total Miscellaneous Plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. The City and the Port are required to contribute the difference between the actuarially determined rate and the contribution rate of employees. During the years ended June 30, 2024 and 2023, the Port paid contributions to the Miscellaneous Plan of \$28,949 and \$29,030, respectively.

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Net Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024 and 2023, the Port reported total net pension liability as follows:

| | 2024 | 2023 |
|---|-------------|-------------|
| City's Miscellaneous plan - proportionate share | \$ 213,152 | \$ 216,083 |

The City's Miscellaneous Plan's net pension liability was measured as of the measurement date listed in the table below for the respective fiscal year. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the valuation date listed in the table below and rolled forward to the measurement date using standard update procedures. The Port's proportionate share of the City's Miscellaneous Plan is based on a three-year average of the Port's employer contributions divided by the total employer contributions for the most recent respective measurement period.

| | 2024 | 2023 |
|---------------------|----------------|----------------|
| Measurement date | 6/30/2023 | 6/30/2022 |
| Valuation date | 6/30/2022 | 6/30/2021 |
| Measurement period | 7/1/22-6/30/23 | 7/1/21-6/30/22 |
| Proportionate share | 21.81% | 22.39% |

For the years ended June 30, 2024 and 2023, the Port recognized pension expense including amortization of deferred outflows/inflows related pension items of \$28,939 and \$20,222, respectively. On June 30, 2024 and 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2024 | | 2023 | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Change in assumptions | \$ 5,863 | \$ - | \$ 11,492 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | 22,675 | - | 24,672 | - |
| Change in proportionate share | - | 4,595 | - | 3,974 |
| Differences between expected and actual experience | 3,583 | 1,800 | - | 3,625 |
| Pension contributions subsequent to the measurement date | 28,949 | - | 29,030 | - |
| | \$ 61,070 | \$ 6,395 | \$ 65,194 | \$ 7,599 |

The pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent measurement year.

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Net Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows/inflows of resources, will be amortized annually, and recognized as an increase or (reduction) to pension expense, for the measurement years ending June 30 as follows (in thousands):

| | 2024 | 2023 |
|------|-------------|-------------|
| 2023 | \$ - | \$ 4,987 |
| 2024 | 6,357 | 5,831 |
| 2025 | 2,680 | 2,019 |
| 2026 | 16,089 | 15,728 |
| 2027 | 600 | - |
| | \$ 25,726 | \$ 28,565 |

Actuarial Methods and Assumptions

For the years ended June 30, 2024, and 2023, the total pension liability was determined by rolling forward the total pension liability from the valuation date to the measurement date. The total pension liabilities were based on the following actuarial methods and assumptions for each measurement date:

| | 2024 | 2023 |
|----------------------------------|--|--|
| Measurement date | 6/30/2023 | 6/30/2022 |
| Valuation date | 6/30/2022 | 6/30/2021 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | |
| Discount Rate | 6.90% | 6.90% |
| Inflation | 2.30% | 2.30% |
| Payroll Growth | 2.80% | 2.80% |
| Salary Increases | Varies by Entry Age and Service | Varies by Entry Age and Service |
| Investment Rate of Return | 7.00% net of pension plan investments expenses; includes inflation | 7.00% net of pension plan investments expenses; includes inflation |
| Mortality Rate Table | Based on the 2017 CalPERS Experience Study from 1997 to 2015 ⁽¹⁾ | Based on the 2017 CalPERS Experience Study from 1997 to 2015 ⁽¹⁾ |
| Post Retirement Benefit Increase | Contract cost-of-living adjustment is the lessor of the rate of inflation based on retirement year or the 2.3% compounded contracted COLA percentage. If the benefit after applying the cost-of-living adjustment falls below a minimum threshold, a Purchasing Power Protection Allowance (PPPA) may apply. | Contract cost-of-living adjustment is the lessor of the rate of inflation based on retirement year or the 2% compounded contracted COLA percentage. If the benefit after applying the cost of living adjustment falls below a minimum threshold, a Purchasing Power Protection Allowance (PPPA) may apply. |

¹The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of Scale MP 2016.

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Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2024 and 2023 is 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, CalPERS determined that the discount rate of 6.90% was appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

| <u>Asset Class ⁽¹⁾</u> | <u>Target Allocation</u> | <u>Real Return Years 1-10⁽²⁾</u> |
|-----------------------------------|--------------------------|---|
| Global Equity – Cap-weighted | 30.0% | 4.54% |
| Global Equity Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | (5.0%) | (0.59%) |
| Total | <u>100.0%</u> | |

⁽¹⁾ An expected price inflation of 2.30% used for this period.

⁽²⁾ Figures are based on the 2021-22 Asset Liability Management study.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Port's proportionate share of the net pension liability as of the June 30, 2024 and 2023 measurement dates calculated using the current discount rate, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|--|------------------------------------|--|------------------------------------|
| As of June 30, 2023 (measurement date) | | | |
| Port's proportionate share of the City's | | | |
| Miscellaneous plan net pension liability | \$300,513 | \$213,152 | \$140,393 |
| | | | |
| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
| As of June 30, 2022 (measurement date) | | | |
| Port's proportionate share of the City's | | | |
| Miscellaneous plan net pension liability | \$303,257 | \$216,083 | \$143,496 |

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11. Other Postemployment Benefits

Plan Description

The Port has established a Retiree Healthcare Plan and participates in the California Employer's Retiree Benefit Trust (CERBT), an agent multiple employer defined benefit postemployment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code Section 115 trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and other postemployment benefits (OPEB) costs.

The Port's Retiree Healthcare Plan allows eligible Port retirees and their dependents to receive employer paid medical insurance benefits through CalPERS.

Prior to 2011, eligible retirees who had attained the age of fifty or over at the time of retirement, had five or more years of CalPERS service, and were eligible to receive PERS retirement benefits were entitled to receive employer paid medical insurance benefits through CalPERS.

The Port had adopted a resolution on July 21, 2011 that established a Health Benefit Vesting requirement for employees hired on or after September 1, 2011 (on or after April 1, 2013 for member of SEIU (Service Employees International Union) and IBEW (International Brotherhood of Electrical Workers)). The vesting schedule does not apply to employees that are granted a disability retirement.

Under the adopted vesting schedule, the Port shall pay a percentage of retiree medical coverage for a retiree and his or her eligible dependents based on the provisions of Section 22893 of the California Government Code. Under these rules, a retiree must have at least 10 years of credited service with a CalPERS agency, at least 5 of which are with the City/Port. The Port will pay a percentage of the retiree medical coverage based upon the following:

| <u>Years of Credited Service</u> <u>(at least 5 of which are with the City/Port)</u> | <u>%</u> <u>of Employer Contributions</u> |
|---|--|
| 10 | 50 |
| 11 | 55 |
| 12 | 60 |
| 13 | 65 |
| 14 | 70 |
| 15 | 75 |
| 16 | 80 |
| 17 | 85 |
| 18 | 90 |
| 19 | 95 |
| 20 or more | 100 |

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Retiree Dental and Vision Coverage

Employees who were hired before October 1, 2009, have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and are eligible to receive CalPERS retirement benefits are entitled to retiree dental and vision coverage.

Employees who are members of the SEIU and IBEW and were hired on or after June 9, 2012 are entitled to retiree dental and vision coverage if the employees have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and are eligible to receive CalPERS retirement benefits.

Employees Covered

The following current and former employees were covered by the benefit terms under the Port's Retiree Healthcare Plan, as of the June 30, 2023 measurement date:

| | |
|--|--------------|
| Active employees | 450 |
| Inactive employees or beneficiaries currently receiving benefits | 619 |
| Total | <u>1,069</u> |

Contributions

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The annual contribution is based on the actuarially determined contribution. The Port pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties and directly to beneficiaries (Pay-go) and funds the remaining actuarially determined contribution (ADC) to the CERBT fund. For the years ended June 30, 2024 and 2023, the Port's contributions consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|----------------------------|------------------|-----------------|
| Direct payments (Pay-go) | \$ 8,863 | \$ 8,518 |
| CERBT fund contribution | 4,300 | - |
| Estimated implicit subsidy | 1,272 | 1,304 |
| Total cash contribution | <u>\$ 14,435</u> | <u>\$ 9,822</u> |

Net OPEB Liability

For the year ended June 30, 2023, the Port's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was measured by rolling forward the total OPEB Liability Valuation from June 30, 2021.

For the year ended June 30, 2024, the Port's net OPEB liability was measured as of June 30, 2023.

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Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions:

| | <u>2024</u> | <u>2023</u> |
|--|--|---|
| Valuation Date | 6/30/2023 | 6/30/2021 |
| Measurement Date | 6/30/2023 | 6/30/2022 |
| Actuarial Assumptions: | | |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Discount Rate | 6.50% | 6.75% |
| Inflation | 2.30% | 2.50% |
| Medical Trend ⁽¹⁾ | Non-Medicare 6.75% in 2024 decreasing to 4.0% in 2070 and later years Medicare 7.0% in 2024 decreasing to 4.0% in 2070 and later years Medicare Part B 6.00% in 2024 decreasing to 3.75% in 2091 and later years Dental and Vision 3% in 2024 and later years | Non-Medicare 5.0% in 2023 decreasing to 4.25% in 2073 and later years Medicare 5.25% in 2023 decreasing to 4.25% in 2073 and later years Medicare Part B 3.25% in 2023 changing to 4.25% in 2051 and later years Dental and Vision 4% in 2023 decreasing to 3% in 2024 and later years |
| Investment Rate of Return ⁽²⁾ | 6.50% | 6.75% |
| Mortality | CalPERs Mortality rates, for Miscellaneous Public Agency Employees, projected generationally using 80 percent of Scale MP-2020 starting in 2017 | CalPERs Mortality rates, which include 15 years of projected on-going improvement using 90 percent of Scale MP-2016 |

⁽¹⁾ Based on the “Getzen” model published by the Society of Actuaries for purposes of evaluating long-term medical care.

⁽²⁾ Net of plan investment expenses

The Experience Study Reports may be accessed on the CalPERs website www.calpers.ca.gov under Forms and Publications.

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Net OPEB Liability (continued)

The following table reflects the target allocations and best estimates of arithmetic real rates of return for each major asset class used for the June 30, 2023 valuation.

CERBT Strategy 1 – Asset Class Allocation and Benchmarks as of June 30, 2024

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Target Range</u> | <u>Benchmark</u> |
|--|--------------------------|---------------------|---|
| Global Equity | 49% | ± 5% | MSCI All Country World Index IMI (Net) |
| Fixed Income | 23% | ± 5% | Bloomberg Long Liability Index |
| Treasury Inflation-Protected (Security TIPS) | 5% | ± 3% | Bloomberg US TIPS Index, Series L |
| Real Estate Investment Trusts (REITs) | 20% | ± 5% | FTSE EPRA/NAREIT Developed Index (Net) |
| Commodities | 3% | ± 3% | S&P GSCI Total Return Index |
| Cash | - | ± 2% | ICE B of A US 3-month Treasury Bill Index |
| | <u>100%</u> | | |

Discount Rate

The discount rate used to measure the total OPEB liability for the year ended June 30, 2024, was 6.50%, which is equal to the investment rate of return. In the prior year, the discount rate was 6.75%.

Under GASB 75, the discount rate should be the single rate that reflects the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits. To the extent that OPEB plan assets plus expected future earnings and expected future contributions are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal bonds as the measurement date. Port of Oakland is funding the service cost plus an amortized amount of its net OPEB liability each fiscal year. Therefore, all OPEB plan benefits are expected to be financed by OPEB trust investments and contributions from the Port.

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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Port's net OPEB liability as of June 30, 2024 and 2023, calculated using the current discount rate, as well as what the Port's net OPEB liability would be if it were calculated using a discount rate that is 1% lower to 1% higher than the current rate:

| | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|---|------------------------------------|--|------------------------------------|
| As of June 30, 2024, Net OPEB Liability | \$107,491 | \$83,371 | \$63,194 |
| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
| As of June 30, 2023, Net OPEB Liability | \$94,864 | \$72,860 | \$54,472 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the Port's net OPEB liability as of the June 30, 2024 and 2023, calculated using the current healthcare costs trend rates as well as what the Port's net OPEB liability would be if it were calculated using healthcare costs trend rates that are 1% lower to 1% higher than the current rate:

| | 1% Decrease in Healthcare Costs Trend Rate | Current Healthcare Costs Trend Rate | 1% Increase in Healthcare Costs Trend Rate |
|---|---|--|---|
| As of June 30, 2024, Net OPEB Liability | \$61,733 | \$83,371 | \$109,424 |
| | 1% Decrease in Healthcare Costs Trend Rate | Current Healthcare Costs Trend Rate | 1% Increase in Healthcare Costs Trend Rate |
| As of June 30, 2023, Net OPEB Liability | \$51,616 | \$72,860 | \$98,530 |

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OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the years ended June 30, 2024 and 2023, the Port recognized OPEB expenses including amortization of deferred outflows/inflows related to OPEB items of \$10,105 and \$4,034, respectively. The Port reported deferred outflows/inflows of resources related to OPEB from the following sources on June 30:

| | <u>2024</u> | | <u>2023</u> | |
|---|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Net difference between projected and actual earnings on OPEB plan investments | \$ 7,987 | \$ - | \$ 9,767 | \$ - |
| Differences between expected and actual experience | - | 3,059 | - | 5,709 |
| Changes of assumptions | 8,572 | 264 | - | 1,037 |
| OPEB contributions subsequent to the measurement date | 14,435 | - | 9,822 | - |
| | <u>\$ 30,994</u> | <u>\$ 3,323</u> | <u>\$ 19,589</u> | <u>\$ 6,746</u> |

The OPEB contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent measurement year. Other amounts reported as deferred outflows and inflows of resources, will be amortized annually, and recognized as a reduction to OPEB expense, for the measurement periods ending June 30 as follows:

| | <u>2024</u> | <u>2023</u> |
|------|------------------|-----------------|
| 2023 | \$ - | \$ (1,637) |
| 2024 | 1,628 | (983) |
| 2025 | 3,192 | 580 |
| 2026 | 7,673 | 5,061 |
| 2027 | 743 | - |
| | <u>\$ 13,236</u> | <u>\$ 3,021</u> |

12. Agreements with City of Oakland

The Port has entered into agreements with the City for provisions of various services such as Aircraft Rescue and Firefighting (ARFF), Special Services, General Services, and Lake Merritt Trust Services. The City provides these services to the Port.

Special Services include designated police services, personnel, City Clerk, legislative programming, and treasury services. General Services include fire, rescue, police, street maintenance, and similar services. Lake Merritt Trust Services include items such as recreation services, grounds maintenance, security, and lighting.

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Agreements with City of Oakland (continued)

Port payments to the City for these services are made upon execution of appropriate agreements and/or periodic findings and authorizations from the Board.

Special Services and ARFF

Payments for Special Services and ARFF are treated as a cost of Port operations pursuant to City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services and ARFF from the City totaled \$9,072 and \$8,616 in the years ended June 30, 2024, and 2023, respectively, and are included in operating expenses. At June 30, 2024 and 2023, \$5,301 and \$5,486, respectively, were accrued as current liabilities for these payments.

General Services and Lake Merritt Trust Services

Payments for General Services provided by the City are payable only to the extent the Port determines annually that surplus monies are available under the Charter for such purposes. As of June 30, 2024, and 2023 the Port accrued approximately \$1,937 and \$1,271, respectively, of payments for General Services. Additionally, the Port accrued approximately \$1,119 and \$1,689 to reimburse the City for Lake Merritt Trust Services in fiscal years 2024 and 2023, respectively. Subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt Trust Services.

13. Commitments

Capital Program

As of June 30, 2024, the Port had construction commitments for the acquisition and construction of assets as follows:

| | |
|----------|------------------|
| Aviation | \$ 49,305 |
| Maritime | <u>30,563</u> |
| Total | <u>\$ 79,868</u> |

The most significant projects for which the Port has contractual commitments for Aviation are the procurement of Electric Shuttle Buses and Infrastructure for Electric Bus Charging Stations Phase 1 \$17,082; South Taxiway with Pavement Rehabilitation Phase 2 \$31,229; South Field Runway Approach Lighting System Rehabilitation \$534; and Lift Stations Rehabilitation \$460; for Maritime Berth 55-59 Wharf Upgrades \$9,592; Sanitary Sewer Projects \$17,459; Replacement of Fenders and Bollards at Berth 10 \$3,467; and, Middle Harbor Shoreline Park Improvements \$45.

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Power Purchases

The Port purchases electrical power for resale and self-consumption and has power purchase agreements with East Bay Municipal Utility District (EBMUD), Western Area Power Administration (WAPA), EDP Renewables, and multiple contracts through Northern California Power Agency (NCPA).

| Counterparty | Contract Ending Year | Contract Structure | Estimated Annual Output | Estimated Annual Cost |
|---|----------------------|--|-------------------------|---|
| East Bay Municipal Utility District (EBMUD) | 2025 | Take and Pay – (Pay contract price only if energy is received) | 11,000 MWH | Approx. \$1,896 with no Annual Escalator from 2017-2025 |
| Western Area Power Administration (WAPA) | 2054 | Monthly Fixed price plus Energy Received | 17,000 MWH | Approx. \$800 (Changes annually depending on revenue requirement for power generation projects) |
| EDP Renewables | 2027 | Take and Pay – (Pay contract price only if energy is received) | 1,200 MWH | Approx. \$200 with Annual Escalator |
| NCPA - Antelope Valley Solar Energy Farm | 2041 | Take and Pay – (Pay contract price only if energy is received) | 11,300 MWH | Approx. \$440 with no Annual Escalator |
| NCPA - South Feather Water and Power Agency | 2031 | Monthly Fixed price plus Energy Received | 4,500 MWH | Approx. \$166 with no Annual Escalator |

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14. Contingencies

Environmental

The entitlements for the Airport Development Program (ADP) subject the Port to obligations arising from the adopted ADP Mitigation Monitoring and Reporting Program required under the California Environmental Quality Act, permits issued by numerous regulatory agencies including the Regional Water Quality Control Board and the Bay Conservation and Development Commission, and settlement agreements. The majority of these obligations have been met, and monitoring and reporting are ongoing.

A summary of the Port's environmental liability accounts, net of the estimated recoveries, included as Environmental and other liability on the statements of net position at June 30, 2024 and 2023, is as follows:

| Obligating Event | 2024 Liability net of recovery | Estimated Recovery |
|---|---|-------------------------------|
| Pollution poses an imminent danger to the public or environment | \$ 1,220 | \$ - |
| Identified as responsible to clean-up pollution | 13,915 | 111 |
| Begins or legally obligates to clean-up or post clean-up activities | 801 | - |
| Total by Obligating Event | <u>\$ 15,936</u> | <u>\$ 111</u> |
| | | |
| Obligating Event | 2023 Liability net of recovery | Estimated Recovery |
| Pollution poses an imminent danger to the public or environment | \$ 1,122 | \$ - |
| Identified as responsible to clean-up pollution | 13,499 | 90 |
| Begins or legally obligates to clean-up or post clean-up activities | 829 | 11 |
| Total by Obligating Event | <u>\$ 15,450</u> | <u>\$ 101</u> |

The environmental liability accounts in the summary tables are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Examples of obligating events include: 1) the Port is named, or evidence indicates that it will be named, by a regulator such as the Department of Toxic Substances Control or the Regional Water Quality Control Board, as a responsible party or potentially responsible party for remediation; or 2) the Port has commenced, or legally obligates itself to commence, clean-up activities, monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

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Environmental (continued)

Methods and Assumptions

The Port measured the environmental liabilities for pollution remediation sites on Port-owned property using the Expected Cash Flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include each component which can be reasonably estimated for outlays such as testing, monitoring, legal services and indirect outlays for Port labor instead of ranges of all components. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained from outside consultants, Port staff, and the Port's outside legal counsel.

Changes to estimates will be made when new information becomes available. Estimates for the pollution remediation sites will be developed when the following benchmarks or changes in estimated outlays occur:

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measure's feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and post-remediation monitoring.
- Change in the remediation plan or operating conditions, including but not limited to the type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

Recoveries

The environmental liabilities balances listed on the prior page have been reduced by estimated future recoveries. In calculating the estimated future recoveries, Port staff and outside legal counsel reviewed and applied the requirements of GASB 49 for accounting for recoveries. For example, if a Port tenant has a contract obligation to reimburse the Port for certain pollution remediation costs, or if an insurance carrier has paid money on a certain claim and the Port is pursuing additional costs from the insurance carrier associated with the claim, then a recovery was estimated. If an insurance carrier has not yet acknowledged coverage, then a recovery was not estimated.

Litigation

The Port at various times is a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known and the Port's insurance may cover a portion of any losses, if incurred. Port management may make provision for probable losses if deemed appropriate on the advice of legal counsel.

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Grants

Certain grants that the Port receives are subject to audit and financial acceptance by the granting agency based upon reviews of costs incurred and submitted for reimbursement or demonstrated Port match. The Port's management does not believe that such audits will have a material impact on the financial statements.

15. Insurance

The Port purchases insurance on certain risk exposures including but not limited to property, automobiles liability, airport liability, umbrella liability, environmental liability, fidelity, fiduciary liability, and public official's liability. Port deductibles for the various insured programs range from \$10 to \$1,000 for each claim. The Port is self-insured for other general liability and liability/litigation-type claims, workers' compensation of the Port's employees and most first party exposures. During fiscal years 2024 and 2023, the Port carried excess insurance over \$1,000 for the self-insured general liability and workers' compensation exposures. There have been no claim payments related to these programs that exceeded insurance limits in the last three years.

Workers' Compensation

Changes in the reported liability, which is included as part of environmental and other, follows:

| | |
|--|------------------------|
| Workers' compensation liability at June 30, 2021 | \$ 10,590 |
| Current year changes in estimates | 2,554 |
| Claim payments | <u>(2,242)</u> |
| Workers' compensation liability at June 30, 2022 | 10,902 |
| Current year changes in estimates | (443) |
| Claim payments | <u>(1,575)</u> |
| Workers' compensation liability at June 30, 2023 | 8,884 |
| Current year changes in estimates | 2,078 |
| Claim payments | <u>(2,052)</u> |
| Workers' compensation liability at June 30, 2024 | <u><u>\$ 8,910</u></u> |

The workers' compensation liability of \$8,910 at June 30, 2024 is based upon an actuarial study performed as of June 30, 2024 that assumed a probability level of 80% and a discount rate of 0.00%. The workers' compensation liability balance of \$8,884 at June 30, 2023 is based upon an actuarial study performed as of June 30, 2023 that assumed a probability level of 80% and a discount rate of 0.00%.

Port of Oakland
(A Component Unit of the City of Oakland)
Notes to Financial Statements
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

Capital Improvement Projects

The Port maintains an Owner Controlled Insurance Program (OCIP) and Owner Protective Professional Indemnity Insurance Program (OPPI) for contractors and consultants working on Port Capital Improvement Projects (CIP).

OCIP provides general liability insurance and workers' compensation insurance for contractors working on CIP projects. The Port is responsible for payment of the deductible/self-insured retention, which is currently \$250 for each general liability and workers' compensation claim.

The OPPI protects the Port from the potential errors and omissions of consultants working on Port CIP projects. Consultants must meet minimum insurance requirements of \$1,000. The Port would be responsible for a \$100 self-insured retention if consultant's insurance does not respond. There is no actuarial forecast for this coverage.

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**PORT OF
OAKLAND**

**REQUIRED SUPPLEMENTARY
INFORMATION
(Unaudited)**

Port of Oakland
(A Component Unit of the City of Oakland)
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
(dollar amounts in thousands)

City of Oakland CalPERS Miscellaneous Unit - Pension Plan

| Fiscal year | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Measurement date | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| Proportion of the net pension liability | 21.81% | 22.39% | 22.85% | 23.29% | 23.84% | 24.20% | 24.80% | 25.00% | 25.00% | 24.86% |
| Covered payroll (measurement period) ⁽¹⁾ | \$ 65,145 | \$ 59,357 | \$ 58,496 | \$ 61,374 | \$ 58,104 | \$ 54,813 | \$ 54,114 | \$ 53,400 | \$ 50,093 | \$ 48,524 |
| Proportionate share of net pension liability | \$ 213,152 | \$ 216,083 | \$ 137,879 | \$ 217,954 | \$ 215,522 | \$ 203,202 | \$ 219,306 | \$ 200,186 | \$ 172,915 | \$ 160,287 |
| Proportionate share of net pension liability as a percentage of covered payroll | 327.20% | 364.04% | 235.71% | 355.12% | 370.92% | 370.72% | 405.27% | 374.88% | 345.19% | 330.33% |
| Plan fiduciary net position | \$ 2,316,141 | \$ 2,213,858 | \$ 2,434,692 | \$ 2,016,394 | \$ 1,960,494 | \$ 1,883,680 | \$ 1,787,314 | \$ 1,651,356 | \$ 1,693,857 | \$ 1,704,213 |
| Total pension liability | \$ 3,293,550 | \$ 3,178,946 | \$ 3,038,001 | \$ 2,952,224 | \$ 2,864,529 | \$ 2,723,357 | \$ 2,671,613 | \$ 2,452,219 | \$ 2,385,421 | \$ 2,348,972 |
| Plan fiduciary net position as a percentage of total pension liability | 70.32% | 69.64% | 80.14% | 68.30% | 68.44% | 69.17% | 66.90% | 67.34% | 71.01% | 72.55% |

Notes:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the valuation date. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions -

Discount rate was changed as follows:

July 2021 to present - 6.90%

(1) The Port's pension plan is administered through CalPERS. Contributions are based on a measure of pay, therefore, covered payroll (the payroll on which contributions to a pension plan are based) is used as the measure of payroll.

Port of Oakland
(A Component Unit of the City of Oakland)
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
For the year ended June 30
(dollar amounts in thousands)

City of Oakland CalPERS Miscellaneous Unit - Pension Plan

| Fiscal year | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarially determined contribution (ADC) | \$ 28,949 | \$ 29,030 | \$ 27,389 | \$ 25,787 | \$ 24,588 | \$ 21,832 | \$ 19,253 | \$ 18,906 | \$ 15,989 | \$ 14,735 |
| Contributions in relation to the ADC | (28,949) | (29,030) | (27,389) | (25,787) | (24,588) | (21,832) | (19,253) | (18,906) | (15,989) | (14,735) |
| Contribution deficiency/(excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll (for the fiscal year) ⁽¹⁾ | \$ 70,589 | \$ 65,145 | \$ 59,357 | \$ 58,496 | \$ 61,374 | \$ 58,104 | \$ 54,813 | \$ 54,114 | \$ 53,400 | \$ 50,093 |
| Contributions as a percentage of covered payroll | 41.01% | 44.56% | 46.14% | 44.08% | 40.06% | 37.57% | 35.12% | 34.94% | 29.94% | 29.42% |

Notes:

Methods and assumptions used to determine contributions:

ADC for each fiscal year was established by an actuarial valuation report for the fiscal years as follows:

| | | | | | | | | | | |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ADC for fiscal year | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
| Actuarial valuation date | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 | 6/30/2013 | 6/30/2012 |

Actuarial cost method Entry Age Normal

Asset valuation method In fiscal years 2024-2016 the market value of assets was used. In fiscal year 2015 the actuarial value of assets was used.

Inflation 2.50%

Salary increases Varies by entry age and services

Payroll growth 2.75%

Investment Rate of return 7% net pension plan investment an administrative expenses; includes inflation

Retirement age The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015

Mortality The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

⁽¹⁾ The Port's pension plan is administered through CalPERS. Contributions are based on a measure of pay, therefore, covered payroll (the payroll on which contributions to a pension plan are based)

Port of Oakland
(A Component Unit of the City of Oakland)
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net OPEB Liability and Related Ratios*
For the measurement period ended June 30
(dollar amounts in thousands)

| <i>Measurement Period</i> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | | | | |
| Service cost | \$ 4,369 | \$ 4,091 | \$ 4,636 | \$ 4,416 | \$ 4,621 | \$ 4,329 | \$ 4,055 |
| Interest on the total OPEB liability | 11,803 | 11,824 | 12,158 | 11,793 | 11,995 | 11,521 | 11,089 |
| Differences between actual and expected experience | (80) | - | (10,433) | - | (3,665) | - | - |
| Changes in assumptions | 11,185 | - | (724) | (896) | (6,179) | - | - |
| Changes in benefit terms | - | - | - | - | - | - | - |
| Benefit payments | (9,808) | (9,746) | (10,313) | (9,941) | (9,193) | (9,045) | (9,000) |
| Net change in total OPEB liability | 17,469 | 6,169 | (4,676) | 5,372 | (2,421) | 6,805 | 6,144 |
| Total OPEB liability - beginning | 182,047 | 175,878 | 180,554 | 175,182 | 177,603 | 170,798 | 164,654 |
| Total OPEB liability - ending (a) | \$ 199,516 | \$ 182,047 | \$ 175,878 | \$ 180,554 | \$ 175,182 | \$ 177,603 | \$ 170,798 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - employer | \$ 9,808 | \$ 10,149 | \$ 14,513 | \$ 14,141 | \$ 14,693 | \$ 14,542 | \$ 15,400 |
| Net investment income (loss) | 7,013 | (16,812) | 26,194 | 3,143 | 4,821 | 5,351 | 5,773 |
| Benefits payments | (9,808) | (9,746) | (10,313) | (9,941) | (9,193) | (9,045) | (9,000) |
| Administrative expense | (55) | (63) | (54) | (44) | (38) | (35) | (22) |
| Net change in plan fiduciary net position | \$ 6,958 | \$ (16,472) | 30,340 | 7,299 | 10,283 | 10,816 | 12,151 |
| Plan fiduciary net position - beginning | 109,187 | 125,659 | 95,319 | 88,020 | 77,737 | 66,921 | 54,770 |
| Plan fiduciary net position - ending (b) | \$ 116,145 | \$ 109,187 | \$ 125,659 | \$ 95,319 | \$ 88,020 | \$ 77,737 | \$ 66,921 |
| Net OPEB liability - ending (a) - (b) | \$ 83,371 | \$ 72,860 | \$ 50,219 | \$ 85,235 | \$ 87,162 | \$ 99,866 | \$ 103,877 |
| | | | | | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 58.21% | 59.98% | 71.45% | 52.79% | 50.24% | 43.77% | 39.18% |
| | | | | | | | |
| Covered-employee payroll (for the measurement period) ⁽¹⁾ | \$ 65,145 | \$ 61,097 | \$ 61,112 | \$ 66,473 | \$ 63,359 | \$ 61,326 | \$ 58,516 |
| Net OPEB liability as a percentage of covered-employee payroll | 127.98% | 119.25% | 82.18% | 128.22% | 137.57% | 162.84% | 177.52% |

Note:

*Historical information is required only for measurement periods for which GASB 75 is applicable. The year ended June 30, 2018 was the first year of implementation. Future years' information, up to ten years, will be displayed as information becomes available.

⁽¹⁾ The Port's OPEB plan is administered through the California Employer's Retiree Benefit Trust. Contributions are not based on a measure of pay, therefore, covered-employee payroll (the payroll of employees that are provided with OPEB through the OPEB Plan) is used as the measure of payroll.

Port of Oakland
(A Component Unit of the City of Oakland)
Required Supplementary Information (Unaudited)
Schedule of OPEB Contributions*
For the year ended June 30
(dollar amounts in thousands)

| Fiscal Year | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially Determined Contribution (ADC) | \$ 12,525 | \$ 11,254 | \$ 8,815 | \$ 12,350 | \$ 12,149 | \$ 13,310 | \$ 13,203 |
| Contribution in relation to the ADC | <u>(14,435)</u> | <u>(9,822)</u> | <u>(10,149)</u> | <u>(14,418)</u> | <u>(14,145)</u> | <u>(14,894)</u> | <u>(14,732)</u> |
| Contribution deficiency/(excess) | <u>\$ (1,910)</u> | <u>\$ 1,432</u> | <u>\$ (1,334)</u> | <u>\$ (2,068)</u> | <u>\$ (1,996)</u> | <u>\$ (1,584)</u> | <u>\$ (1,529)</u> |
| Covered-employee payroll (for the fiscal year) ⁽¹⁾ | \$ 70,589 | \$ 65,145 | \$ 61,097 | \$ 61,112 | \$ 66,473 | \$ 63,359 | \$ 61,326 |
| Contributions as a percentage of covered-employee payroll | 20.45% | 15.08% | 16.61% | 23.59% | 21.28% | 23.51% | 24.02% |

Notes:

*Historical information is required only for measurement periods for which GASB 75 is applicable. Fiscal year ended June 30, 2018 was the first year of implementation. Future years' information, up to ten years, will be displayed as information becomes available.

Methods and assumptions used to determine contributions:

| | | | | | | | |
|------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|
| ADC for fiscal year | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
| Actuarial valuation date | 6/30/2023 | 6/30/2021 | 6/30/2021 | 6/30/2019 | 6/30/2019 | 6/30/2017 | 6/30/2017 |
| Actuarial Cost Method | Entry Age Normal | | | | | | |
| Amortization Method/Period | 30 year level dollar amount on a "closed" basis | | | | | | |
| Asset Valuation Method | Market Value of Assets | | | | | | |
| Inflation | 2.30% | | | | | | |
| Payroll Growth | CalPERS salary scale for Miscellaneous employees hired at age 30 | | | | | | |
| Investment Rate of Return | 6.50% net of investment expense | | | | | | |
| Healthcare Cost Trend Rates | -Non-Medicare 6.75% in 2024 decreasing to 4.00% in 2070 and later years -Medicare 7.00% in 2024 decreasing to 4.00% in 2070 and later years -Medicare Part B 6.00% in 2024 decreasing to 3.75% in 2091 and later years -Dental and vision 3% in 2024 and later years | | | | | | |
| Retirement Age and Mortality | CalPERS Mortality rates for Miscellaneous Public Agency Employees, projected generationally using 80 percent of Scale MP-2020 | | | | | | |

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**PORT OF
OAKLAND**

**OTHER SUPPLEMENTARY
INFORMATION**

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Port of Oakland
(A Component Unit of the City of Oakland)
Other Supplementary Information - Schedule of Revenues and Expenses by Business Line
For the years ended June 30, 2024 and 2023
(dollar amounts in thousands)

| | 2024 | | | | 2023 | | | |
|---|------------------|------------------|---------------------------|-------------------|------------------|------------------|---------------------------|-------------------|
| | Aviation | Maritime | Commercial Real Estate | Total | Aviation | Maritime | Commercial Real Estate | Total |
| Operating revenues: | | | | | | | | |
| Lease rentals - terminal | \$ 57,893 | \$ 119,847 | \$ - | \$ 177,740 | \$ 54,682 | \$ 127,041 | \$ - | \$ 181,723 |
| Lease rentals - other | 33,845 | 24,527 | 12,263 | 70,635 | 35,078 | 34,686 | 12,109 | 81,873 |
| Parking fees and ground access | 58,916 | 10,989 | 2,156 | 72,061 | 54,888 | 7,005 | 2,318 | 64,211 |
| Landing fees | 38,489 | - | - | 38,489 | 40,834 | - | - | 40,834 |
| Terminal concessions | 8,858 | - | - | 8,858 | 2,536 | - | - | 2,536 |
| Utility sales | 3,502 | 24,283 | 102 | 27,887 | 3,741 | 23,224 | 102 | 27,067 |
| Rail terminal rent | - | 3,722 | - | 3,722 | - | 2,319 | - | 2,319 |
| Fueling | 2,971 | - | - | 2,971 | 3,346 | - | - | 3,346 |
| Other | 3,606 | 895 | 875 | 5,376 | 3,657 | 559 | 562 | 4,778 |
| Total operating revenues | 208,080 | 184,263 | 15,396 | 407,739 | 198,762 | 194,834 | 15,091 | 408,687 |
| Operating expenses: | | | | | | | | |
| Personnel services, materials, services, supplies, and other | 70,878 | 23,752 | 5,855 | 100,485 | 63,233 | 16,062 | 8,119 | 87,414 |
| Maintenance and engineering | 43,266 | 32,953 | 1,730 | 77,949 | 33,993 | 26,359 | 1,455 | 61,807 |
| Marketing and public relations | 5,981 | 1,778 | 468 | 8,227 | 4,990 | 626 | 1,004 | 6,620 |
| Administration and general services | 12,020 | 9,137 | 3,384 | 24,541 | 10,571 | 7,557 | 2,899 | 21,027 |
| Utilities | 8,026 | 19,260 | 676 | 27,962 | 8,124 | 21,583 | 918 | 30,625 |
| Security, police and fire | 29,800 | 2,468 | 1,148 | 33,416 | 29,674 | 2,083 | 1,164 | 32,921 |
| Depreciation | 64,767 | 49,880 | 2,286 | 116,933 | 62,248 | 53,814 | 2,164 | 118,226 |
| Total operating expenses | 234,738 | 139,228 | 15,547 | 389,513 | 212,833 | 128,084 | 17,723 | 358,640 |
| Operating income/(loss) | (26,658) | 45,035 | (151) | 18,226 | (14,071) | 66,750 | (2,632) | 50,047 |
| Non-operating revenues (expenses): | | | | | | | | |
| Investment income | 24,545 | 40,964 | 5,371 | 70,880 | 13,318 | 32,521 | 4,653 | 50,492 |
| Interest expense | (2,916) | (10,735) | (137) | (13,788) | (1,375) | (12,882) | (164) | (14,421) |
| Customer facility charges revenue | 3,262 | - | - | 3,262 | 3,509 | - | - | 3,509 |
| Customer facility charges expense | (3,577) | - | - | (3,577) | (3,446) | - | - | (3,446) |
| Passenger facility charges revenue | 20,678 | - | - | 20,678 | 21,617 | - | - | 21,617 |
| Other income | 210 | 1,635 | 226 | 2,071 | - | - | - | - |
| Other expense | (1,770) | (2,032) | (71) | (3,873) | (1,640) | (2,500) | 2,113 | (2,027) |
| Operating grant income | 25,180 | 344 | - | 25,524 | 17,869 | 473 | - | 18,342 |
| Gain/(loss) on disposal of capital assets | (664) | (756) | (151) | (1,571) | 12 | 31 | (522) | (479) |
| Total non-operating revenues (expenses), net | 64,948 | 29,420 | 5,238 | 99,606 | 49,864 | 17,643 | 6,080 | 73,587 |
| Increase in net position before capital contributions | 38,290 | 74,455 | 5,087 | 117,832 | 35,793 | 84,393 | 3,448 | 123,634 |
| Capital contributions - Grants from government agencies | 18,463 | 10,114 | - | 28,577 | 13,516 | 2,335 | - | 15,851 |
| Increase in net position | \$ 56,753 | \$ 84,569 | \$ 5,087 | \$ 146,409 | \$ 49,309 | \$ 86,728 | \$ 3,448 | \$ 139,485 |

Note: The Port maintains three revenue divisions Aviation, Maritime, and Commercial Real Estate, and records expenses directly related to those operations. In addition, the Port annually allocates indirect expenses to these divisions based on an expense allocation methodology. Allocated expenses include general operating expenses, maintenance and engineering, marketing and public relations, and administration and general services.

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**PORT OF
OAKLAND**

**STATISTICAL SECTION
(Unaudited)**

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PORT OF OAKLAND
(A Component Unit of the City of Oakland)

Statistical Section

This part of the annual comprehensive financial report for the Port of Oakland presents detailed information as a context for understanding the financial statements, note disclosures, and required supplementary information.

Contents

Schedule

Financial Trends

These schedules contain trend information to help the reader understand how the Port’s financial performance and well-being has changed over time. The schedules are presented from the Enterprise Fund perspective. Schedules included are:

| | |
|--|---|
| Net Position by Components | 1 |
| Statements of Revenues, Expenses and Changes in Net Position | 2 |

Revenue Capacity

These schedules contain information to help the reader assess the Port’s major revenue sources, the Aviation Division and Maritime Division.

Aviation operating revenues are principal customers, landed weight, and landing fees. Schedules included are:

Aviation Division:

| | |
|--|---|
| Principal Revenue Sources and Airline Revenue per Enplaned Passenger | 3 |
| Aviation Statistics – South Airport | 4 |
| Top Ten Individual Sources of Aviation Revenue | 5 |
| Schedule of Airline Rates and Charges | 6 |

Maritime operating revenues are principal customers, revenue per TEU, and container trends. Schedules included are:

Maritime Division:

| | |
|--|---|
| Principal Revenue Sources and Maritime Revenue per TEU | 7 |
| Maritime Division – Container Trends | 8 |
| Top Ten Individual Sources of Maritime Revenue by Alphabetical Order | 9 |

Debt Capacity

These schedules present information to help the reader assess the affordability of the Port’s current levels of outstanding debt and the Port’s ability to issue additional debt in the future. Details regarding outstanding debt can be found in the Notes of Financial Statements. Schedules included are:

| | |
|--|----|
| Net Pledged Revenues and Debt Service Coverage Calculation | 10 |
| Ratios of Debt Service | 11 |
| Outstanding Debt by Debt Type | 12 |

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Oakland’s financial activities take place. Schedules included are:

Demographic and Economic Statistics for the City of Oakland..... 13
Principal Employers in the City of Oakland – FY 2024 vs. FY 2015 14

Operating Information

These schedules contain information about the Port’s operations and resources to help the reader understand how the Port’s financial information relates to the services it provides and the activities it performs. Schedules included are:

Actual Employee Count by Division 15
Capital Assets Information 16

Port of Oakland
(A Component Unit of the City of Oakland)
Net Position by Components
Last Ten Fiscal Years
(dollar amounts in thousands)

| | <u>2024</u> | <u>2023</u> ⁽⁴⁾ | <u>2022</u> ⁽³⁾ | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> ⁽¹⁾ | <u>2017</u> | <u>2016</u> | <u>2015</u> ⁽²⁾ |
|----------------------------------|---------------------|----------------------------|----------------------------|---------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|----------------------------|
| Net position: | | | | | | | | | | |
| Net investment in capital assets | \$ 1,309,664 | \$ 1,233,545 | \$ 1,227,661 | \$ 1,165,696 | \$ 1,169,486 | \$ 1,155,256 | \$ 1,155,086 | \$ 1,106,547 | \$ 1,097,049 | \$ 1,053,882 |
| Restricted for: | | | | | | | | | | |
| Construction | 61,859 | 43,905 | 27,248 | 13,872 | 6,275 | 9,035 | 10,457 | 22,392 | 14,840 | 12,066 |
| Other purposes | 9,812 | 20,512 | 22,175 | 10,487 | - | - | - | - | - | - |
| Unrestricted | <u>463,655</u> | <u>400,619</u> | <u>282,012</u> | <u>198,169</u> | <u>134,156</u> | <u>99,395</u> | <u>35,444</u> | <u>72,797</u> | <u>30,657</u> | <u>(26,190)</u> |
| Total net position | <u>\$ 1,844,990</u> | <u>\$ 1,698,581</u> | <u>\$ 1,559,096</u> | <u>\$ 1,388,224</u> | <u>\$ 1,309,917</u> | <u>\$ 1,263,686</u> | <u>\$ 1,200,987</u> | <u>\$ 1,201,736</u> | <u>\$ 1,142,546</u> | <u>\$ 1,039,758</u> |

Notes:

- ⁽¹⁾ The beginning balance decreased \$84,505 due to the adoption of GASB 75.
⁽²⁾ The beginning balance decreased \$182,324 due to the adoption of GASB 68.
⁽³⁾ The beginning balance decreased \$6,446 due to the adoption of GASB 87.
⁽⁴⁾ The Port did not restate the beginning balance for the adoption of GASB 96.

Port of Oakland
(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years
(dollar amounts in thousands)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| Operating revenues: | | | | | | | | | | |
| Aviation | \$ 208,080 | \$ 198,762 | \$ 193,659 | \$ 152,105 | \$ 186,589 | \$ 208,022 | \$ 204,293 | \$ 190,657 | \$ 173,067 | \$ 162,135 |
| Maritime | 184,263 | 194,834 | 194,250 | 188,109 | 172,740 | 170,976 | 159,458 | 151,377 | 148,772 | 158,684 |
| Commercial real estate | 15,396 | 15,091 | 14,100 | 13,925 | 16,586 | 17,999 | 17,260 | 16,673 | 16,198 | 15,768 |
| Total operating revenues | <u>407,739</u> | <u>408,687</u> | <u>402,009</u> | <u>354,139</u> | <u>375,915</u> | <u>396,997</u> | <u>381,011</u> | <u>358,707</u> | <u>338,037</u> | <u>336,587</u> |
| Operating expenses: | | | | | | | | | | |
| Aviation | 234,738 | 212,833 | 179,832 | 184,550 | 201,087 | 201,920 | 193,377 | 176,591 | 165,344 | 161,489 |
| Maritime | 139,228 | 128,084 | 115,005 | 117,827 | 120,890 | 115,691 | 111,365 | 106,302 | 107,135 | 100,609 |
| Commercial real estate | 15,547 | 17,723 | 11,436 | 12,362 | 13,385 | 13,342 | 12,835 | 12,148 | 12,755 | 13,324 |
| Total operating expenses ⁽¹⁾ | <u>389,513</u> | <u>358,640</u> | <u>306,273</u> | <u>314,739</u> | <u>335,362</u> | <u>330,953</u> | <u>317,577</u> | <u>295,041</u> | <u>285,234</u> | <u>275,422</u> |
| Operating income | <u>18,226</u> | <u>50,047</u> | <u>95,736</u> | <u>39,400</u> | <u>40,553</u> | <u>66,044</u> | <u>63,434</u> | <u>63,666</u> | <u>52,803</u> | <u>61,165</u> |
| Non-operating revenues (expenses): | | | | | | | | | | |
| Investment income | 70,880 | 50,492 | 21,204 | 507 | 11,013 | 13,363 | 5,109 | 2,713 | 2,149 | 1,783 |
| Interest expense | (13,788) | (14,421) | (16,622) | (26,246) | (34,162) | (36,604) | (39,695) | (47,695) | (49,889) | (51,636) |
| Customer facility charges revenue | 3,262 | 3,509 | 3,155 | 2,181 | 3,890 | 5,421 | 5,525 | 6,010 | 5,939 | 6,253 |
| Customer facility charges expenses ⁽²⁾ | (3,577) | (3,446) | (2,549) | (3,906) | (4,741) | (5,440) | (4,678) | (4,531) | (4,307) | (4,137) |
| Passenger facility charges | 20,678 | 21,617 | 19,363 | 10,913 | 16,285 | 25,819 | 25,903 | 24,520 | 22,929 | 21,478 |
| Operating grant income | 25,524 | 18,342 | 46,827 | 10,103 | - | 454 | 324 | 1,001 | 1,419 | 3,874 |
| Other expenses | (3,873) | - | - | - | - | (454) | (324) | (1,001) | (1,419) | (3,874) |
| Other income (expenses) | 2,071 | (2,027) | (6,309) | 4,525 | 8,632 | (3,278) | (22,009) | (1,844) | 3,744 | 3,176 |
| Gain on lease termination | - | - | - | 16,597 | - | - | - | 5,526 | 35,200 | - |
| Gain (loss) on disposal of capital assets | (1,571) | (479) | (3,227) | (123) | (2,616) | (10,864) | (5) | (2,869) | (629) | 84 |
| Total net non-operating revenues (expenses) | <u>99,606</u> | <u>73,587</u> | <u>61,842</u> | <u>14,551</u> | <u>(1,699)</u> | <u>(11,583)</u> | <u>(29,850)</u> | <u>(18,170)</u> | <u>15,136</u> | <u>(22,999)</u> |
| Change in net position before capital contributions | <u>117,832</u> | <u>123,634</u> | <u>157,578</u> | <u>53,951</u> | <u>38,854</u> | <u>54,461</u> | <u>33,584</u> | <u>45,496</u> | <u>67,939</u> | <u>38,166</u> |
| Capital contributions: | | | | | | | | | | |
| Grants from government agencies | 28,577 | 15,851 | 19,740 | 24,356 | 7,377 | 8,238 | 50,172 | 13,694 | 34,849 | 73,725 |
| Total capital contributions | <u>28,577</u> | <u>15,851</u> | <u>19,740</u> | <u>24,356</u> | <u>7,377</u> | <u>8,238</u> | <u>50,172</u> | <u>13,694</u> | <u>34,849</u> | <u>73,725</u> |
| Change in net position | 146,409 | 139,485 | 177,318 | 78,307 | 46,231 | 62,699 | 83,756 | 59,190 | 102,788 | 111,891 |
| Net position, beginning of the year | <u>1,698,581</u> | <u>1,559,096</u> ⁽⁶⁾ | <u>1,381,778</u> ⁽⁵⁾ | <u>1,309,917</u> | <u>1,263,686</u> | <u>1,200,987</u> | <u>1,117,231</u> ⁽³⁾ | <u>1,142,546</u> | <u>1,039,758</u> | <u>927,867</u> |
| Net position, end of the year | <u>\$ 1,844,990</u> | <u>\$ 1,698,581</u> | <u>\$ 1,559,096</u> | <u>\$ 1,388,224</u> | <u>\$ 1,309,917</u> | <u>\$ 1,263,686</u> | <u>\$ 1,200,987</u> | <u>\$ 1,201,736</u> | <u>\$ 1,142,546</u> | <u>\$ 1,039,758</u> |

Notes:

⁽¹⁾ Total operating expenses includes depreciation.

⁽²⁾ Beginning in fiscal year 2016, expenses reimbursed by CFCs have been reclassified from operating to non-operating expenses. For comparative purposes, fiscal year 2014 and 2015 operating expenses have been restated to conform with fiscal year 2016 presentation.

⁽³⁾ The beginning net position balance in fiscal year 2018 decreased \$84,505 due to the adoption of GASB 75.

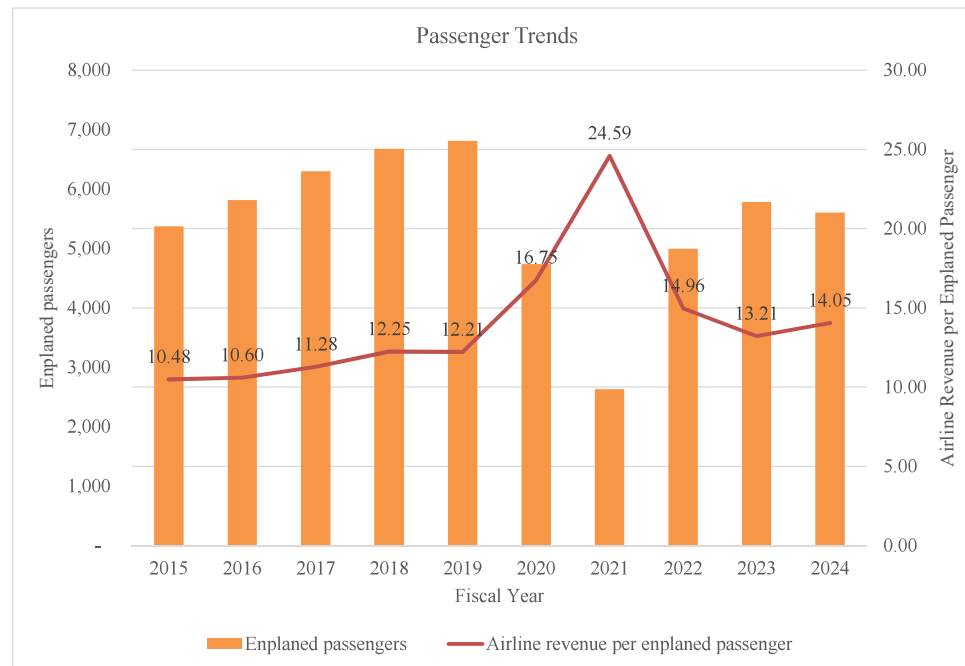
⁽⁴⁾ The beginning net position balance in fiscal year 2015 decreased \$182,324 due to the adoption of GASB 68.

⁽⁵⁾ The beginning net position balance in fiscal year 2022 decreased \$6,446 due to the adoption of GASB 87.

⁽⁶⁾ The beginning net position balance in fiscal year 2023 was not restated for the adoption of GASB 96 due to immateriality.

Port of Oakland
(A Component Unit of the City of Oakland)
Principal Revenue Sources and Airline Revenue per Enplaned Passenger
Last Ten Fiscal Years
(dollar amounts in thousands
except for Airline Revenue per Enplaned Passengers)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Aviation revenues: | | | | | | | | | | |
| Terminal rental ⁽¹⁾ | \$ 53,870 | \$ 50,827 | \$ 49,668 | \$ 48,039 | \$ 60,891 | \$ 59,705 | \$ 56,064 | \$ 47,555 | \$ 41,719 | \$ 36,194 |
| Landing fees (excludes cargo airlines) | 24,846 | 25,564 | 25,078 | 16,595 | 18,443 | 23,441 | 25,724 | 23,492 | 19,876 | 20,136 |
| Total airline revenues | 78,716 | 76,391 | 74,746 | 64,634 | 79,334 | 83,146 | 81,788 | 71,047 | 61,595 | 56,330 |
| Concessions ⁽³⁾⁽⁴⁾ | 8,858 | 2,536 | 5,776 | 3,558 | 7,056 | 9,930 | 22,775 | 24,563 | 23,408 | 22,019 |
| Parking and ground access ⁽³⁾ | 58,916 | 54,888 | 47,271 | 22,905 | 41,442 | 56,231 | 43,400 | 40,867 | 36,826 | 33,349 |
| Lease rentals | 35,555 | 35,312 | 33,030 | 32,279 | 33,505 | 31,614 | 30,790 | 30,505 | 29,836 | 28,572 |
| Landing fees--cargo airlines | 11,994 | 13,479 | 16,413 | 15,577 | 11,058 | 11,512 | 11,277 | 9,770 | 9,333 | 9,647 |
| Aviation fueling | 2,971 | 3,346 | 4,123 | 2,174 | 2,313 | 2,582 | 2,414 | 2,422 | 2,335 | 2,940 |
| Utility sales | 3,418 | 3,741 | 3,498 | 3,081 | 3,489 | 4,120 | 4,301 | 4,359 | 4,257 | 4,201 |
| Other ⁽²⁾⁽⁴⁾ | 7,652 | 9,069 | 8,802 | 7,897 | 8,392 | 8,887 | 7,548 | 7,124 | 5,475 | 5,077 |
| Total revenues | \$ <u>208,080</u> | \$ <u>198,762</u> | \$ <u>193,659</u> | \$ <u>152,105</u> | \$ <u>186,589</u> | \$ <u>208,022</u> | \$ <u>204,293</u> | \$ <u>190,657</u> | \$ <u>173,065</u> | \$ <u>162,135</u> |
| Enplaned passengers | <u>5,603</u> | <u>5,782</u> | <u>4,996</u> | <u>2,628</u> | <u>4,736</u> | <u>6,808</u> | <u>6,677</u> | <u>6,296</u> | <u>5,812</u> | <u>5,374</u> |
| Airline revenue per enplaned passenger | \$ <u>14.05</u> | \$ <u>13.21</u> | \$ <u>14.96</u> | \$ <u>24.59</u> | \$ <u>16.75</u> | \$ <u>12.21</u> | \$ <u>12.25</u> | \$ <u>11.28</u> | \$ <u>10.60</u> | \$ <u>10.48</u> |



Notes:

- (1) Terminal rentals are for airlines only. Non-airline terminal rental revenues are classified under "Other".
- (2) Includes non-airline terminal revenues, miscellaneous revenues and other field revenues.
- (3) Beginning in fiscal year 2019, Car Rental revenue is recorded with Parking and Ground Access revenue. In 2018 and prior Car Rental revenue was reported with Concessions revenue.
- (4) Beginning in fiscal 2019, Tenant Infrastructure Fee revenue is reported with Other revenues. In 2018 and prior Tenant Infrastructure Fee was reported as Concessions revenue.

Port of Oakland
(A Component Unit of the City of Oakland)
Aviation Statistics - South Airport
Last Ten Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| PASSENGERS | | | | | | | | | | |
| Enplaned | 5,603,253 | 5,782,323 | 4,995,668 | 2,627,875 | 4,735,801 | 6,807,835 | 6,676,712 | 6,296,349 | 5,812,058 | 5,374,187 |
| Deplaned | 5,626,102 | 5,784,946 | 4,981,098 | 2,595,006 | 4,757,836 | 6,807,936 | 6,680,091 | 6,297,022 | 5,802,787 | 5,380,369 |
| Total | <u>11,229,355</u> | <u>11,567,269</u> | <u>9,976,766</u> | <u>5,222,881</u> | <u>9,493,637</u> | <u>13,615,771</u> | <u>13,356,803</u> | <u>12,593,371</u> | <u>11,614,845</u> | <u>10,754,556</u> |
| FREIGHT (in 000 lb) | | | | | | | | | | |
| Inbound | 554,213 | 605,288 | 692,632 | 586,737 | 624,894 | 654,577 | 651,641 | 582,548 | 575,796 | 581,482 |
| Outbound | 552,707 | 574,855 | 660,287 | 568,246 | 610,244 | 662,614 | 658,541 | 592,279 | 605,329 | 594,450 |
| Total | <u>1,106,920</u> | <u>1,180,143</u> | <u>1,352,919</u> | <u>1,154,983</u> | <u>1,235,138</u> | <u>1,317,191</u> | <u>1,310,182</u> | <u>1,174,827</u> | <u>1,181,125</u> | <u>1,175,932</u> |
| TOTAL AIR CARGO (in 000 lb) (Freight and mail) | 1,114,125 | 1,197,040 | 1,370,101 | 1,163,789 | 1,246,477 | 1,329,820 | 1,320,948 | 1,183,119 | 1,190,372 | 1,188,335 |
| LANDED WEIGHT (in 000 lb) ⁽¹⁾ | | | | | | | | | | |
| Passenger carriers | 6,592,292 | 6,834,456 | 5,900,152 | 4,056,894 | 6,026,349 | 7,746,063 | 7,833,331 | 7,347,655 | 6,670,725 | 6,247,035 |
| Cargo carriers | 3,167,483 | 3,588,756 | 3,847,789 | 3,795,663 | 3,646,975 | 3,651,806 | 3,519,152 | 3,136,160 | 3,173,690 | 2,978,823 |
| Total | <u>9,759,775</u> | <u>10,423,212</u> | <u>9,747,941</u> | <u>7,852,557</u> | <u>9,673,324</u> | <u>11,397,869</u> | <u>11,352,483</u> | <u>10,483,815</u> | <u>9,844,415</u> | <u>9,225,858</u> |
| AIRCRAFT MOVEMENTS | 206,423 | 210,624 | 206,033 | 166,592 | 199,364 | 243,261 | 241,035 | 225,526 | 224,074 | 209,183 |
| PARKING | | | | | | | | | | |
| Number of stalls ⁽²⁾ | 6,888 | 6,888 | 6,888 | 6,907 | 6,907 | 6,805 | 6,895 | 6,898 | 6,898 | 6,878 |
| Average revenue per stall | \$ 6,605 | \$ 5,304 | \$ 4,489 | \$ 1,950 | \$ 3,230 | \$ 4,797 | \$ 4,883 | \$ 4,856 | \$ 4,544 | \$ 4,203 |

Notes:

Oakland International Airport is comprised of the North and South Field. North Field handles general aviation and South Field handles commercial passengers and freight airlines.

(1) Includes non-revenue flights.

(2) Available parking stalls are increased or decreased due to market demand or to make space available for construction projects.

Port of Oakland
(A Component Unit of the City of Oakland)
Top Ten Individual Sources of Aviation
Revenue Fiscal Year 2024 and Fiscal Year 2015
(dollar amounts in thousands)

| | Percent of | | | Percent of | |
|--|-----------------------|-----------------------|--|-----------------------|-----------------------|
| | Revenue | Total Aviation | | Revenue | Total Aviation |
| <u>Fiscal Year 2024</u> | <u>Revenue</u> | <u>Revenue</u> | <u>Fiscal Year 2015</u> | <u>Revenue</u> | <u>Revenue</u> |
| Southwest Airlines | \$ 58,578 | 28.4% | Southwest Airlines | \$ 38,074 | 23.5% |
| On-Airport Public Parking ⁽¹⁾ | 38,384 | 18.6% | On-Airport Public Parking ⁽¹⁾ | 28,907 | 17.8% |
| Federal Express Corporation | 21,993 | 10.7% | Federal Express Corporation | 18,176 | 11.2% |
| Signature Flight Support Acquisition Co. LLC | 7,334 | 3.6% | Avis Rent-A-Car Systems Inc. | 5,968 | 3.7% |
| Enterprise Rent-A-Car | 6,322 | 3.1% | HMS Host Corporation | 5,481 | 3.4% |
| Avis Budget Group, Inc. | 5,991 | 2.9% | Landmark Aviation | 5,023 | 3.1% |
| Spirit Airlines | 5,626 | 2.7% | Hertz Corporation | 4,884 | 3.0% |
| United Parcel Service | 5,562 | 2.7% | Alaska Airlines | 4,332 | 2.7% |
| Volaris | 5,415 | 2.6% | United Parcel Service | 3,715 | 2.3% |
| Hertz Corporation | 4,835 | 2.3% | DTG Operations, Inc. | 3,044 | 1.9% |

Notes:

⁽¹⁾ Operated by LAZ Parking, beginning December 1, 2012

Port of Oakland
(A Component Unit of the City of Oakland)
Schedule of Airline Rates and Charges
Last Ten Fiscal Years

| Rates and Charges for Period: ⁽¹⁾ | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Landing Fees (per 1,000 lbs. MGLW)⁽²⁾</u> | | | | | | | | | | |
| Basic Landing Rate | \$ 3.77 | \$ 3.74 | \$ 4.25 | \$ 4.09 | \$ 3.02 | \$ 3.14 | \$ 3.19 | \$ 3.13 | \$ 2.94 | \$ 3.24 |
| <u>Terminal Space Rental (per square foot per year)</u> | | | | | | | | | | |
| Type 1 - Ticket Counter | \$ 343.86 | \$ 326.44 | \$ 315.14 | \$ 350.71 | \$ 387.88 | \$ 354.12 | \$ 335.77 | \$ 299.90 | \$ 268.00 | \$ 241.62 |
| Type 2 - Office Space | 309.47 | 293.80 | 283.63 | 315.64 | 349.08 | 318.71 | 302.20 | 269.91 | 241.20 | 217.46 |
| Type 3 - Baggage Space ⁽³⁾ | 275.09 | 261.16 | 252.11 | 280.57 | 310.30 | 283.30 | 268.62 | 239.92 | 214.40 | 193.30 |
| Type 4 - Baggage Make-Up | 240.70 | 228.50 | 220.60 | 245.50 | 271.51 | 247.88 | 235.04 | 209.93 | 187.60 | 169.13 |
| Type 5 - Ticket Counter (Others) | 171.92 | 163.22 | 157.57 | 175.36 | 193.93 | 177.06 | 167.89 | 149.95 | 134.00 | 120.81 |
| Type 6 - Office Space (Others) | 154.74 | 146.90 | 155.18 | 157.82 | 174.54 | 159.35 | 151.09 | 134.96 | 120.60 | 108.73 |
| Type 7 - Baggage Make-Up (Others) | 120.35 | 114.25 | 110.30 | 122.75 | 135.76 | 123.84 | 117.52 | 104.97 | 93.80 | 84.57 |
| <u>Primary Holdroom, Loading Bridge Rental (per holdroom per month)</u> | | | | | | | | | | |
| Holdroom, Loading Bridge | \$ 68,722 | \$ 62,715 | \$ 60,989 | \$ 65,371 | \$ 72,009 | \$ 65,005 | \$ 61,651 | \$ 56,491 | \$ 54,479 | \$ 46,794 |

Notes:

⁽¹⁾ Rates and charges are established at the beginning of each fiscal year and calculated using budgeted expenses for the forthcoming fiscal year.

⁽²⁾ MGLW - Maximum Gross Landing Weight

⁽³⁾ The baggage claim requirement is calculated by multiplying the Type 3 rate by the square footage of the baggage claim areas. The requirement is distributed among all airlines based on the number of enplaned passengers.

Port of Oakland
(A Component Unit of the City of Oakland)
Principal Revenue Sources and Maritime Revenue per TEU
Last Ten Fiscal Years
(dollar amounts in thousands)

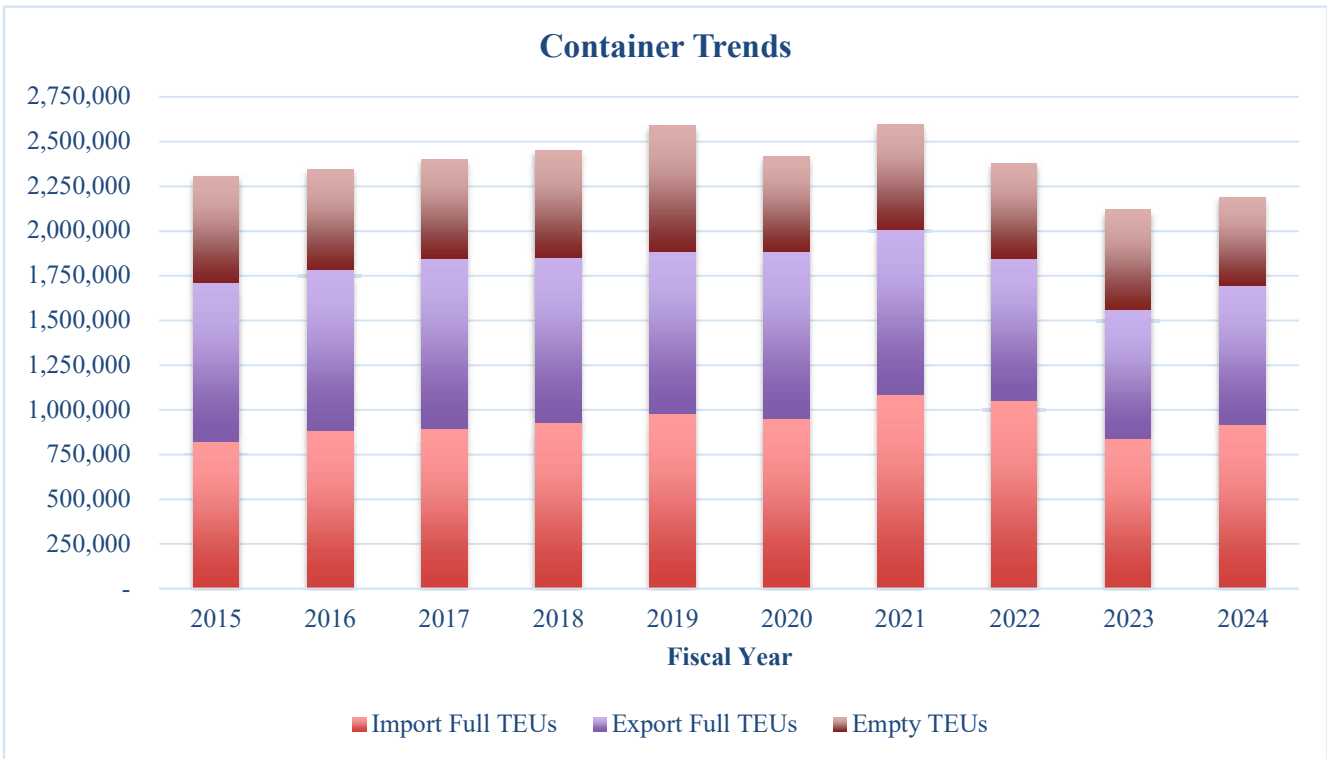
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Maritime revenues: | | | | | | | | | | |
| Lease rentals - terminal | \$ 119,847 | \$ 127,041 | \$ 128,573 | \$ 127,601 | \$ 122,672 | \$ 120,550 | \$ 112,526 | \$ 108,710 | \$ 113,864 | \$ 133,689 |
| Lease rentals - other | 24,527 | 34,686 | 32,092 | 29,836 | 26,309 | 23,963 | 25,198 | 23,260 | 17,335 | 12,984 |
| Parking fees ⁽²⁾ | 10,989 | 7,005 | 6,411 | 7,992 | 7,745 | 8,046 | 7,422 | 6,916 | 6,137 | - |
| Rail terminal rent ⁽³⁾ | 3,722 | 2,319 | 4,338 | 3,899 | 2,492 | 3,979 | 3,173 | 3,065 | - | - |
| Other revenues | 895 | 559 | 600 | 84 | 415 | 54 | 150 | (315) | 1,443 | 2,571 |
| Utility sales | 24,283 | 23,224 | 22,236 | 18,697 | 13,107 | 14,384 | 10,989 | 9,741 | 9,993 | 9,440 |
| | <u>\$ 184,263</u> | <u>\$ 194,834</u> | <u>\$ 194,250</u> | <u>\$ 188,109</u> | <u>\$ 172,740</u> | <u>\$ 170,976</u> | <u>\$ 159,458</u> | <u>\$ 151,377</u> | <u>\$ 148,772</u> | <u>\$ 158,684</u> |
| Full TEUs | 1,697,527 ⁽¹⁾ | 1,558,308 ⁽¹⁾ | 1,850,264 ⁽⁴⁾ | 2,010,566 ⁽⁴⁾ | 1,886,128 ⁽⁴⁾ | 1,888,381 | 1,852,216 | 1,850,296 | 1,784,387 | 1,713,809 |
| Maritime revenue per Full TEU | <u>\$ 108.55</u> | <u>\$ 125.03</u> | <u>\$ 104.99</u> | <u>\$ 93.56</u> | <u>\$ 91.58</u> | <u>\$ 90.54</u> | <u>\$ 86.09</u> | <u>\$ 81.81</u> | <u>\$ 83.37</u> | <u>\$ 92.59</u> |

Notes:

- ⁽¹⁾ Subject to change pending completion of operational audits.
⁽²⁾ Prior to fiscal year 2016 parking fees were reported as part of lease rentals - terminal revenue
⁽³⁾ Prior to fiscal year 2017, rail terminal rent was reported as other revenue.
⁽⁴⁾ Full TEUs revised as June 30, 2023 due to the results of operational audits.

Port of Oakland
(A Component Unit of the City of Oakland)
Maritime Division - Container Trends
Last Ten Fiscal Years

| Fiscal Year | Full TEUs | | | | | Empty TEUs | Total TEUs |
|-------------|-----------|-----|---------|-----|--------------------------|------------|--------------------------|
| | Import | % | Export | % | Total Full | | |
| 2024 | 917,623 | 54% | 779,905 | 46% | 1,697,527 ⁽¹⁾ | 491,942 | 2,189,469 ⁽¹⁾ |
| 2023 | 841,097 | 54% | 717,212 | 46% | 1,558,308 ⁽¹⁾ | 560,174 | 2,118,482 ⁽¹⁾ |
| 2022 | 1,053,753 | 57% | 796,511 | 43% | 1,850,264 ⁽²⁾ | 527,786 | 2,378,050 ⁽²⁾ |
| 2021 | 1,086,261 | 54% | 924,305 | 46% | 2,010,566 ⁽²⁾ | 584,290 | 2,594,856 ⁽²⁾ |
| 2020 | 955,582 | 51% | 930,547 | 49% | 1,886,128 ⁽²⁾ | 528,163 | 2,414,291 ⁽²⁾ |
| 2019 | 979,602 | 52% | 908,778 | 48% | 1,888,381 | 701,367 | 2,589,748 |
| 2018 | 929,841 | 50% | 922,375 | 50% | 1,852,216 | 596,252 | 2,448,468 |
| 2017 | 898,674 | 49% | 951,622 | 51% | 1,850,296 | 550,698 | 2,400,994 |
| 2016 | 884,184 | 50% | 900,203 | 50% | 1,784,387 | 558,294 | 2,342,681 |
| 2015 | 827,141 | 48% | 886,668 | 52% | 1,713,809 | 590,736 | 2,304,545 |



Notes:

- ⁽¹⁾ Subject to change pending completion of operational audits.
- ⁽²⁾ Prior FY data revised as of June 30, 2023 due to operational audits.

Port of Oakland
(A Component Unit of the City of Oakland)
Top Ten Individual Sources of Maritime Revenue by Alphabetical Order
Fiscal Year 2024 and Fiscal Year 2015

Fiscal Year 2024

- BNSF Railway Company
- ConGlobal Industries
- Everport Terminal Services, Inc.
- GSC Logistics, Inc.
- Pacific Coast Container, Inc.
- Pacific Crane Maintenance Company, LLC
- Shippers Transport Express, Inc.
- SSA Terminals, LLC
- TraPac, LLC
- Truck Parking ⁽¹⁾

Fiscal Year 2015

- BNSF Railway Company
- Everport Terminal Services, Inc.
- GSC Logistics, Inc.
- Impact Transportation
- Pacific Coast Container, Inc.
- Ports America Outer Harbor Terminal, LLC
- Shippers Transport Express, Inc.
- SSA Terminals, LLC and SSA Terminals (Oakland), LLC (combined)
- TraPac, Inc.
- Truck Parking ⁽¹⁾

The Port of Oakland terminal tenants compete against each other for business. The Port feels disclosure of revenue by tenant would give advantages or disadvantages to certain tenants and therefore revenue and percent of total maritime revenue have been excluded from this report.

Note:

⁽¹⁾ Operated by ABM Industry Groups LLC

Port of Oakland
(A Component Unit of the City of Oakland)
Net Pledged Revenues and Debt Service Coverage Calculation
Last Ten Fiscal Years
(dollar amounts in thousands)

| | <u>2024</u> | <u>2023⁽⁷⁾</u> | <u>2022⁽⁶⁾</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016⁽⁶⁾</u> | <u>2015⁽⁶⁾</u> |
|---|-------------------|---------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------------|---------------------------|
| Operating Revenues | \$ 407,739 | \$ 408,687 | \$ 402,009 | \$ 354,139 | \$ 375,915 | \$ 396,997 | \$ 381,011 | \$ 358,707 | \$ 338,037 | \$ 336,587 |
| Operating Expenses | 389,513 | 358,640 | 306,273 | 314,739 | 335,362 | 330,953 | 317,577 | 295,041 | 285,234 | 275,422 |
| Less: Depreciation Expense | (116,933) | (118,226) | (109,581) | (112,855) | (113,983) | (114,921) | (112,032) | (106,255) | (104,077) | (101,759) |
| Less: CFC and Grant Reimbursed Operating Expense ⁽¹⁾ | (8,130) | (10,712) | (9,389) | (10,103) | - | - | - | - | - | - |
| Adjusted Operating Expenses | <u>264,450</u> | <u>229,702</u> | <u>187,303</u> | <u>191,781</u> | <u>221,379</u> | <u>216,032</u> | <u>205,545</u> | <u>188,786</u> | <u>181,157</u> | <u>173,663</u> |
| Adjusted Operating Income | 143,290 | 178,986 | 214,706 | 162,358 | 154,536 | 180,965 | 175,466 | 169,921 | 156,880 | 162,924 |
| Gross Interest Earned | 70,884 | 50,492 | 21,204 | 507 | 11,013 | 13,363 | 5,109 | 2,713 | 2,149 | 1,783 |
| Less: Interest Earned on PFC and CFC Funds | (2,174) | (813) | (64) | (16) | (248) | (224) | (153) | (82) | (47) | (42) |
| Adjusted Interest Income | <u>68,710</u> | <u>49,679</u> | <u>21,140</u> | <u>491</u> | <u>10,765</u> | <u>13,139</u> | <u>4,956</u> | <u>2,631</u> | <u>2,102</u> | <u>1,741</u> |
| Net Pledged Revenues Available for Debt Service | <u>\$ 212,000</u> | <u>\$ 228,665</u> | <u>\$ 235,846</u> | <u>\$ 162,849</u> | <u>\$ 165,301</u> | <u>\$ 194,104</u> | <u>\$ 180,422</u> | <u>\$ 172,552</u> | <u>\$ 158,982</u> | <u>\$ 164,665</u> |
| Debt Service | | | | | | | | | | |
| Senior Bonds ⁽²⁾ | \$ 23,337 | \$ 32,077 | \$ 33,569 | \$ 48,033 | \$ 47,185 | \$ 46,133 | \$ 45,293 | \$ 44,365 | \$ 48,193 | \$ 50,150 |
| Senior Bonds, DBW Loan, and Intermediate Bonds ⁽²⁾ | 70,515 | 70,516 | 70,520 | 71,071 | 93,160 | 93,188 | 98,902 | 99,454 | 98,880 | 98,197 |
| Debt Service Coverage Ratio | | | | | | | | | | |
| Senior Lien ⁽³⁾ | 9.08 | 7.13 | 7.03 | 3.39 | 3.50 | 4.21 | 3.98 | 3.89 | 3.30 | 3.28 |
| Intermediate Lien ⁽⁴⁾ | 3.01 | 3.24 | 3.34 | 2.29 | 1.77 | 2.08 | 1.82 | 1.73 | 1.61 | 1.68 |

Notes:

- ⁽¹⁾ Beginning in fiscal year 2016, expenses reimbursed by CFCs have been reclassified from operating to non-operating expenses. For comparative purposes, fiscal year 2015 operating expenses have been restated to conform with fiscal year 2016 presentation. The Debt Service Coverage Ratios in fiscal year 2015 did not change.
- ⁽²⁾ In fiscal years 2021, 2022, 2023 and 2024, Senior, DBW Loan and Intermediate Bond Debt Service is less \$13.4 million, \$11.8 million, \$2.6 million and \$2.6 million, respectively. These amounts were paid from grants and other debt proceeds, which are excluded from the calculation of debt service coverage.
- ⁽³⁾ Senior Lien Debt Service Coverage Ratio is calculated by dividing Net Pledged Revenues Available for Debt Service by Senior Bonds Debt Service.
- ⁽⁴⁾ Intermediate Lien Debt Service Coverage Ratio is calculated by dividing Net Pledged Revenues Available for Debt Service by Senior Bonds, DBW Loan, and Intermediate Bonds Debt Service.
- ⁽⁵⁾ Debt service has been adjusted to reflect the payment of accrued interest on two bond buyback transactions completed in fiscal year 2015 and fiscal year 2016, respectively.
- ⁽⁶⁾ Starting in FY 2022 and thereafter, calculations reflect the implementation of GASB 87.
- ⁽⁷⁾ Starting in FY 2023 and thereafter, calculations reflect the implementation of GASB 96.

Port of Oakland
(A Component Unit of the City of Oakland)
Ratios of Debt Service
Last Ten Fiscal Years
(dollar amounts in thousands)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|
| Debt Service | | | | | | | | | | |
| Senior Revenue Bonds ⁽¹⁾ | | | | | | | | | | |
| Aviation | \$ 858 | \$ 858 | \$ 6,728 | \$ 6,580 | \$ 4,938 | \$ 4,859 | \$ 4,785 | \$ 4,712 | \$ 4,988 | \$ 5,718 |
| Maritime ⁽³⁾ | 22,874 | 31,611 | 33,072 | 48,010 | 42,245 | 41,272 | 40,506 | 39,651 | 43,203 | 44,430 |
| Commercial Real Estate | 463 | 466 | 497 | 23 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Senior Revenue Bonds Debt Service | <u>24,195</u> | <u>32,935</u> | <u>40,297</u> | <u>54,613</u> | <u>47,185</u> | <u>46,133</u> | <u>45,293</u> | <u>44,365</u> | <u>48,193</u> | <u>50,150</u> |
| Department of Boating & Waterways | | | | | | | | | | |
| Commercial Real Estate | - | - | - | 457 | 457 | 457 | 457 | 457 | 457 | 457 |
| Intermediate Revenue Bonds | | | | | | | | | | |
| Aviation | 1,708 | 1,705 | 5,084 | 6,867 | 17,524 | 19,240 | 21,506 | 21,520 | 18,844 | 12,924 |
| Maritime | 46,887 | 38,152 | 36,695 | 21,719 | 24,783 | 23,745 | 27,674 | 29,183 | 28,018 | 32,894 |
| Commercial Real Estate | 291 | 287 | 255 | 862 | 3,211 | 3,613 | 3,972 | 3,928 | 3,367 | 1,771 |
| Total Intermediate Revenue Bonds Debt Service | <u>48,886</u> | <u>40,144</u> | <u>42,034</u> | <u>29,448</u> | <u>45,518</u> | <u>46,598</u> | <u>53,152</u> | <u>54,631</u> | <u>50,229</u> | <u>47,589</u> |
| Commercial Paper | | | | | | | | | | |
| Aviation | 5,214 | 5,181 ⁽⁴⁾ | 10,673 ⁽⁴⁾ | 17,481 ⁽⁴⁾ | 19,908 ⁽⁴⁾ | 17,926 ⁽⁴⁾ | 1,601 | 296 | 42 | 23 |
| Maritime | 5,734 | 5,590 | 5,061 | 78 | 4,421 | 4,638 | 3,534 | 4,317 | 4,103 | 3,069 |
| Total Commercial Paper Debt Service ⁽²⁾ | <u>10,948</u> | <u>10,771</u> | <u>15,734</u> | <u>17,559</u> | <u>24,329</u> | <u>22,564</u> | <u>5,135</u> | <u>4,613</u> | <u>4,145</u> | <u>3,092</u> |
| Debt Service by Division | | | | | | | | | | |
| Aviation | 7,780 | 7,744 | 22,485 | 30,928 | 42,370 | 42,025 | 27,892 | 26,528 | 23,874 | 18,665 |
| Maritime | 75,495 | 75,354 | 74,828 | 69,807 | 71,449 | 69,655 | 71,714 | 73,151 | 75,324 | 80,393 |
| Commercial Real Estate | 754 | 752 | 752 | 1,342 | 3,670 | 4,072 | 4,431 | 4,387 | 3,826 | 2,230 |
| Total Debt Service | <u>\$ 84,029</u> | <u>\$ 83,850</u> | <u>\$ 98,065</u> | <u>\$ 102,077</u> | <u>\$ 117,489</u> | <u>\$ 115,752</u> | <u>\$ 104,037</u> | <u>\$ 104,066</u> | <u>\$ 103,024</u> | <u>\$ 101,288</u> |
| Aviation Debt Service per Enplaned Passenger | | | | | | | | | | |
| Enplaned passengers (in 000's) | 5,603 | 5,782 | 4,996 | 2,628 | 4,736 | 6,807 | 6,677 | 6,296 | 5,812 | 5,374 |
| Aviation Debt Service per Enplaned Passenger (not in 000's) | <u>\$ 1.39</u> | <u>\$ 1.34</u> | <u>\$ 4.50</u> | <u>\$ 11.77</u> | <u>\$ 8.95</u> | <u>\$ 6.17</u> | <u>\$ 4.18</u> | <u>\$ 4.21</u> | <u>\$ 4.11</u> | <u>\$ 3.47</u> |

Notes:

⁽¹⁾ Senior Revenue Bond debt service is less capitalized interest.⁽²⁾ Includes principal payments of \$3 million in 2015, and \$4 million in 2016, 2017, and 2018, \$20.9 million in 2019, \$23.4 million in 2020, \$17.4 million in 2021, \$15.6 million in 2022, \$10.0 million in 2023, and \$10.0 million in 2024.⁽³⁾ Beginning in 2015, Maritime debt service on Senior Revenue Bonds includes the payment of accrued interest on bond defeasance transactions.⁽⁴⁾ In 2024, 2023, 2022, 2021, 2020 and 2019 Aviation commercial paper debt service includes \$5.2 million, \$5.2 million, \$4.8 million, \$2.9 million, \$16.8 million, and \$15.5 million, respectively, of payments funded with PFC revenues.

Port of Oakland
(A Component Unit of the City of Oakland)
Outstanding Debt by Debt Type
Last Ten Fiscal Years
(dollar amounts in thousands)

| <u>Fiscal Year</u> | <u>Senior Bonds</u> | <u>Intermediate Bonds</u> | <u>Department of Boating & Waterways</u> | <u>Commercial Paper</u> | <u>Total</u> |
|--------------------|---------------------|---------------------------|--|-------------------------|--------------|
| 2024 | \$ 271,885 | \$ 269,727 | \$ - | \$ 22,535 | \$ 564,147 |
| 2023 | 304,920 | 314,760 | - | 32,535 | 652,215 |
| 2022 | 331,785 | 349,239 | - | 42,535 | 723,559 |
| 2021 | 373,709 | 393,379 | - | 58,175 | 825,263 |
| 2020 | 628,110 | 200,248 | 3,621 | 75,585 | 907,564 |
| 2019 | 648,410 | 240,871 | 3,903 | 84,470 | 977,654 |
| 2018 | 667,591 | 282,079 | 4,173 | 105,355 | 1,059,198 |
| 2017 | 689,841 | 328,508 | 4,431 | 97,841 | 1,120,621 |
| 2016 | 705,315 | 367,607 | 4,678 | 84,586 | 1,162,186 |
| 2015 | 724,566 | 400,899 | 4,914 | 74,398 | 1,204,777 |
| 2014 | 745,382 | 430,345 | 5,140 | 77,398 | 1,258,265 |

Port of Oakland
(A Component Unit of the City of Oakland)
Demographic and Economic Statistics for the City of Oakland
Last Ten Calendar Years

| Year | Population⁽¹⁾ | Personal Income (\$000s)⁽²⁾ | Per Capita Personal Income⁽³⁾ | School Enrollment⁽⁴⁾ | Unemployment Rate (%)⁽⁵⁾ |
|-------------|---------------------------------|---|---|--|--|
| 2024 | 425,093 | \$ 52,225,183 | \$ 123,736 | 45,086 | 5.1 |
| 2023 | 419,556 | 52,225,183 | 123,736 | 45,741 | 4.7 |
| 2022 | 424,464 | 52,225,183 | 123,736 | 46,600 | 3.5 |
| 2021 | 435,514 | 53,307,095 | 123,711 | 48,704 | 7.7 |
| 2020 | 432,327 | 48,009,913 | 111,050 | 49,588 | 10.5 |
| 2019 | 429,932 | 45,360,302 | 104,921 | 50,202 | 3.4 |
| 2018 | 428,750 | 43,094,688 | 100,236 | 50,231 | 3.5 |
| 2017 | 427,493 | 39,944,451 | 93,165 | 49,760 | 4.2 |
| 2016 | 424,717 | 37,289,279 | 87,228 | 49,098 | 4.9 |
| 2015 | 419,490 | 35,098,292 | 82,639 | 48,077 | 5.9 |

Source and Notes:

⁽¹⁾ California Department of Finance.

⁽²⁾ US Department of Commerce, Bureau of Economic Analysis. Data are available only for the San Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA) and have been adjusted by the proportion of the population within the City of Oakland. Data for 2023 and 2024 are not yet available; 2022 data are reported for these years instead.

⁽³⁾ US Department of Commerce, Bureau of Economic Analysis. Data are presented for the San Francisco-Oakland-Hayward Metropolitan Statistical Area. Data for 2023 and 2024 are not yet available; 2022 data are reported for these years instead.

⁽⁴⁾ California Department of Education.

⁽⁵⁾ California Employment Development Department. Annual data are not yet available for 2024, but June 2024 data is reported above.

Port of Oakland
(A Component Unit of the City of Oakland)
Principal Employers in the City of Oakland - FY 2024 vs FY 2015

| Employer | 2024 | | | 2015 | | |
|--|---------------------|------|--------------------------------|---------------------|------|--------------------------------|
| | Number of Employees | Rank | Percentage of Total Employment | Number of Employees | Rank | Percentage of Total Employment |
| Kaiser Permanente Medical Group, Kaiser Foundation Hospitals and Health Plan | 11,500+ | 1 | 5.8% | 9,992 | 1 | 5.0% |
| County of Alameda | 8,000 + | 2 | 4.1% | 5,312 | 3 | 2.7% |
| Oakland Unified School District | 5,500 + | 3 | 2.8% | 6,637 | 2 | 3.3% |
| City of Oakland | 4,500 + | 4 | 2.3% | 3,352 | 4 | 1.7% |
| State of California | 4,000 + | 5 | 2.0% | 3,169 | 6 | 1.6% |
| San Francisco Bay Area Rapid Transit District | 4,000 + | 6 | 2.0% | 3,210 | 5 | 1.6% |
| Southwest Airlines | 3,000 + | 7 | 1.5% | 2,113 | 10 | 1.1% |
| Alameda Health System | 2,500 + | 8 | 1.3% | 2,300 | 8 | 1.2% |
| UCSF Benioff Children's Hospital & Research Center | 2,500 + | 9 | 1.3% | 2,800 | 7 | 1.4% |
| Federal Express Corporation | 2,000 + | 10 | 1.0% | N/A | | |
| United Parcel Service | N/A | | | 2,200 | 9 | 1.1% |

Source: City of Oakland Economic & Workforce Development Department.

Note: Percent of total employment is based on June 2024 employment of 196,600 and 2015 annual employment of 198,700 as reported by the California Employment Development Department.

Port of Oakland
(A Component Unit of the City of Oakland)
Actual Employee Count by Division
Last Ten Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------------|-------------|-------------|-------------|-------------|--------------------|-------------|
| Aviation | 218 | 215 | 219 | 220 | 239 | 239 | 233 | 236 | 232 | 222 |
| Maritime | 71 | 62 | 65 | 64 ⁽⁴⁾ | 20 | 17 | 20 | 18 | 20 ⁽¹⁾ | 68 |
| Commercial Real Estate | 8 | 7 | 8 | 8 | 8 | 7 | 8 | 8 | 8 | 8 |
| Engineering & Environmental ⁽³⁾ | - | - | - | - ⁽⁴⁾ | 105 | 111 | 106 | 105 | 102 ⁽¹⁾ | 57 |
| Operations Office ⁽³⁾ | 82 | 81 | 73 | 72 | - | - | - | - | - | - |
| Financial Services & Administration ⁽²⁾ | 49 | 47 | 44 | 42 | 51 | 54 | 56 | 57 | 58 | 56 |
| Others | 38 | 38 | 35 | 36 | 37 | 39 | 37 | 37 | 39 | 41 |
| Total | <u>466</u> | <u>450</u> | <u>444</u> | <u>442</u> | <u>460</u> | <u>467</u> | <u>460</u> | <u>461</u> | <u>459</u> | <u>452</u> |

Source:
Port of Oakland Records

Notes:

- ⁽¹⁾ In fiscal year 2016, Harbor Facilities was moved to the Engineering Division from the Maritime Division.
- ⁽²⁾ Financial Services & Administration Division consists of Human Resources, Enterprise Business Systems, and Financial Services.
- ⁽³⁾ Operations Office consists of Engineering, Environmental, Information Technology, and Operations Office
- ⁽⁴⁾ In fiscal year 2021, Harbor Facilities was moved back to Maritime Division.

Port of Oakland
(A Component Unit of the City of Oakland)
Capital Assets Information
Last Ten Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Aviation facilities | | | | | | | | | | |
| Paved airport runways | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total length of runways (in feet) | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 |
| Area of airport (in acres) | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 |
| Parking stalls ⁽¹⁾ | 6,888 | 6,888 | 6,888 | 6,907 | 6,907 | 6,805 | 6,895 | 6,898 | 6,898 | 6,878 |
| Harbor facilities | | | | | | | | | | |
| Miles of waterfront | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Berthing length at wharves (in feet) | 25,100 | 25,100 | 25,100 | 25,100 | 25,100 | 25,100 | 25,100 | 25,100 | 25,100 | 25,100 |
| Maritime terminal area (in acres) | 779 | 779 | 779 | 779 | 779 | 779 | 779 | 779 | 779 | 779 |
| Commercial Real Estate | | | | | | | | | | |
| Owned acreage | 837 | 837 | 837 | 837 | 837 | 837 | 837 | 837 | 837 | 837 |
| Parking stalls ⁽¹⁾ | 1,309 | 1,309 | 1,309 | 1,309 | 1,309 | 1,333 | 1,333 | 1,333 | 1,429 | 1,429 |

Source:
Port of Oakland Records

Note:

⁽¹⁾ Available parking stalls are increased or decreased due to market demand or to make space available for construction projects.