



**PORT OF
OAKLAND**

Development of FY 2027 Operating and Capital Budgets

Board of Port Commissioners
May 14, 2026

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

Purpose of Presentation

Today's Presentation:

1. Recap key budget objectives and drivers
2. Present preliminary FY 2027 budget numbers
3. Present preliminary updated 5-year operating forecast and Capital Improvement Plan

Prior Presentation (Attachment B) – March 26, 2026:

- Provided overview of Port budget and budget process*
- Discussed key factors influencing development of FY 2027 Budget*
- Received Board feedback on key budget objectives and assumptions*

Key Budget Objectives

- **Cash/Liquidity:** Remain focused on maintaining strong cash/liquidity reserves to manage unanticipated operational, financial and economic disruptions and establish working capital, self-insurance, security deposit, capital investment and debt service funds to ensure the Port maintains adequate cash balances to meet long-term obligations.
- **Debt:** Maintain discipline of paying down portion of outstanding commercial paper notes, in addition to required bond payments. Set the stage to issue debt in the future to fund portions of the Port's 5-Year CIP.
- **Operating:** Demonstrate smart, prudent and thoughtful budgeting considering near-term economic uncertainties to support long-term financial strength, resiliency, and sustainability.
- **Capital Investments:** Strategically identify, prioritize and appropriately plan major capital projects with a focus on health, safety, regulatory compliance, on-going or imminent revenue generating projects, asset management, infrastructure investments and where availability of external funding (e.g., grants) is contingent on timely expenditure.
- **Financial Metrics:**
 - Improve operating margin for all four revenue divisions
 - Control Airport Cost per Enplanement (CPE)
 - Maintain minimum Bond Debt Service Coverage Ratio of 1.40x at year end per Port Debt Policy
 - Review each Port revenue division CIP under more onerous internal financial metric affordability tests
 - Achieve minimum projected cash balance on June 30* of no less than 365 days-cash-on-hand (DCOH)
 - Maintain Board Reserves, consistent with policy, of approximately \$81.9** million

* June 30 cash balance is used to pay upcoming November 1 debt payment of \$30.8 million, construction contracts already executed, 5-Year Capital Improvement Plan, day-to-day operating expenses and unfunded liabilities; balance also includes contractor retention not held in escrow and security deposits. Excludes restricted cash reserve balances.

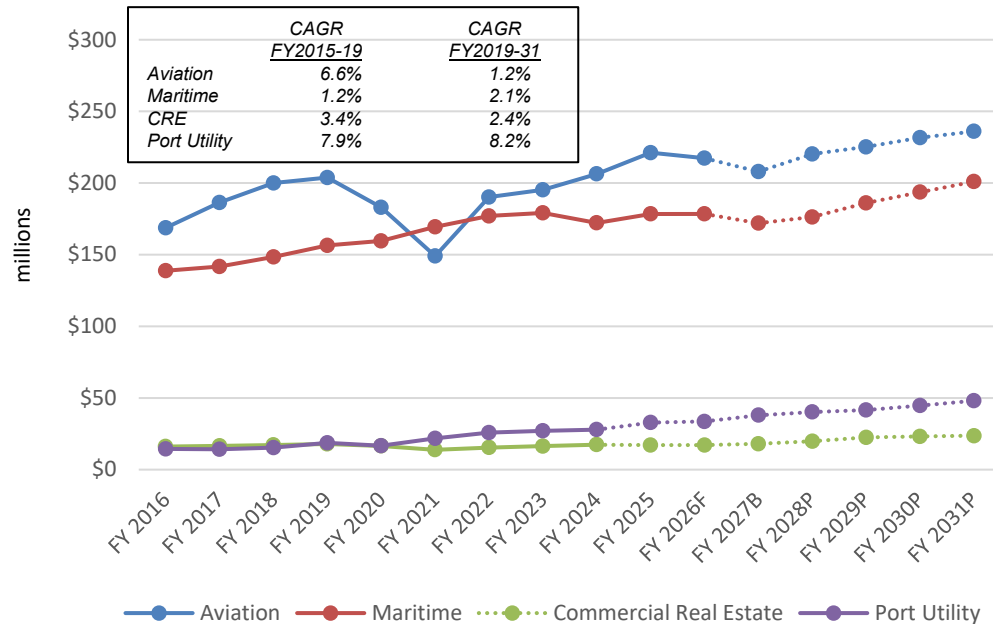
** This figure reflects estimated FY 2027 Board Reserve requirement.

Key Factors Under Consideration in Developing FY 2027 Budget

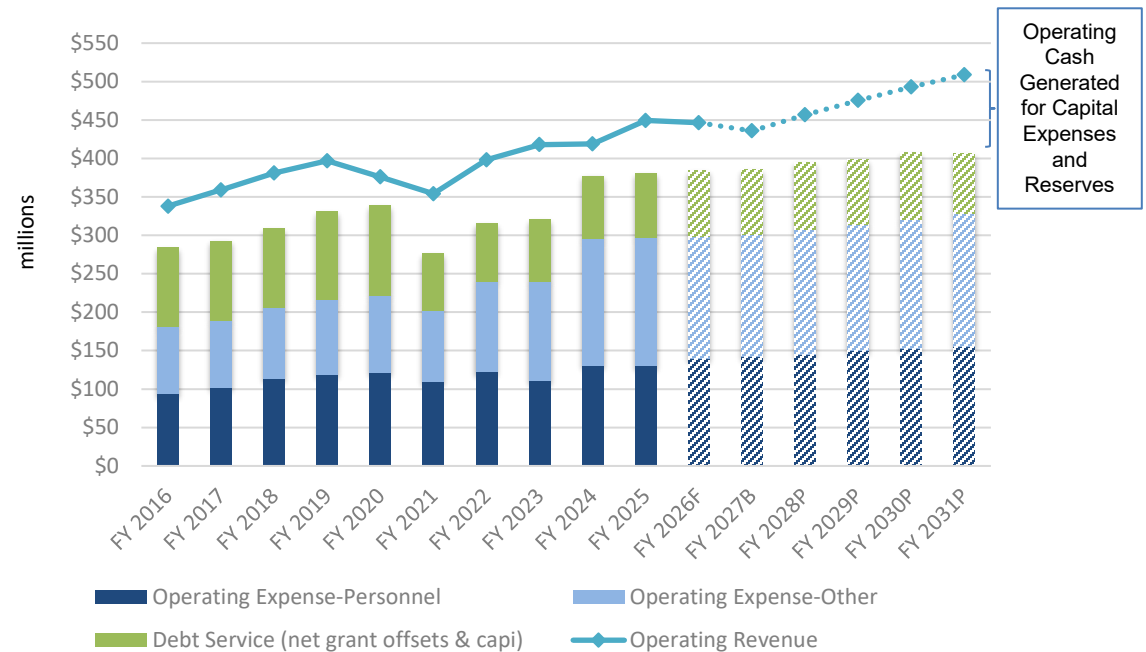
- ❑ Macroeconomic uncertainties (e.g. tariffs, oil prices, inflation, recession, etc.) along with industry specific challenges that adversely impact revenue growth across all four revenue divisions;
- ❑ Draft FY 2027 budget assumes (a) lower than FY 2026 forecasted passenger traffic at the Airport, and (b) TEU annual growth of 1.0% at the Seaport;
- ❑ Maritime division's Operating Revenues are significantly lower over the next five fiscal years (FY 2027-2031) compared to previous projections as facilities are taken out-of-service to allow for substantial redevelopment aimed to modernize existing facilities and enhance the Seaport's long-term competitiveness;
- ❑ Operating Expenses before D&A reduced by 1.5% in FY 2027 after accounting for COLA;
- ❑ The current 5-Year CIP of \$1.51 billion cannot be funded without some amount of debt borrowing;
- ❑ Financial engineering in the form of capitalized interest and/or deferred principal amortization may be required to fund capital projects when debt bonding capacity is limited; and
- ❑ With 76 FTE vacancies, the Port must fill and/or repurpose critical vacancies to support day-to-day operations, advance Port priorities in specific areas and deliver on capital projects.

The Development of the FY 2027 Budget Begins with Forecasting Revenues and Recognizing Fixed Costs

Operating Revenues⁽¹⁾ by Division



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



□ Personnel costs (53% of operating expenses), debt service is fixed and limited discretion exists with other operating expenses.

(1) Excluding GASB 87 Accounting for Leases and Intercompany Port Utility Billing Revenues.

(2) Excluding depreciation and Intercompany Port Utility Billing Revenues.

Balancing Sources and Uses of Funds

(\$ in 000s)	Preliminary FY 2027 Budget
Uses of Funds	
Operating Expenses ¹	\$293,552
Debt Service ²	84,618
Capital Expenses	313,088
Other Expenses ³	189,101
Transfer to Restricted Fund	959
Total Uses	\$881,318
Sources of Funds	
Cash From Operations	\$429,418
Grants/Other ⁴	352,040
Passenger Facility Charges (PFCs) ⁵	13,755
Interest Income	17,800
Cash Reserves	60,105
Commercial Paper/Bonds	8,200
Total Sources	\$881,318

¹ Excludes depreciation and Pension/OPEB GASB expenses.

² Includes \$3.323 million repayment of CP notes and associated interest. Of the total debt service amount, approximately \$0.091 million of CP interest is anticipated to be repaid with PFCs. The interest rate on the CP notes is assumed to be 3.9% in FY 2027.

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

⁴ The Port has not yet obtained grant funding for all capital projects included in the budget. Includes pass-through non-operating revenues.

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

FY 2027 Operating Revenues (Excluding GASB 87 Adjustments and Net of Intercompany Revenues) are Preliminarily Budgeted at \$429.4 Million

Highlights:

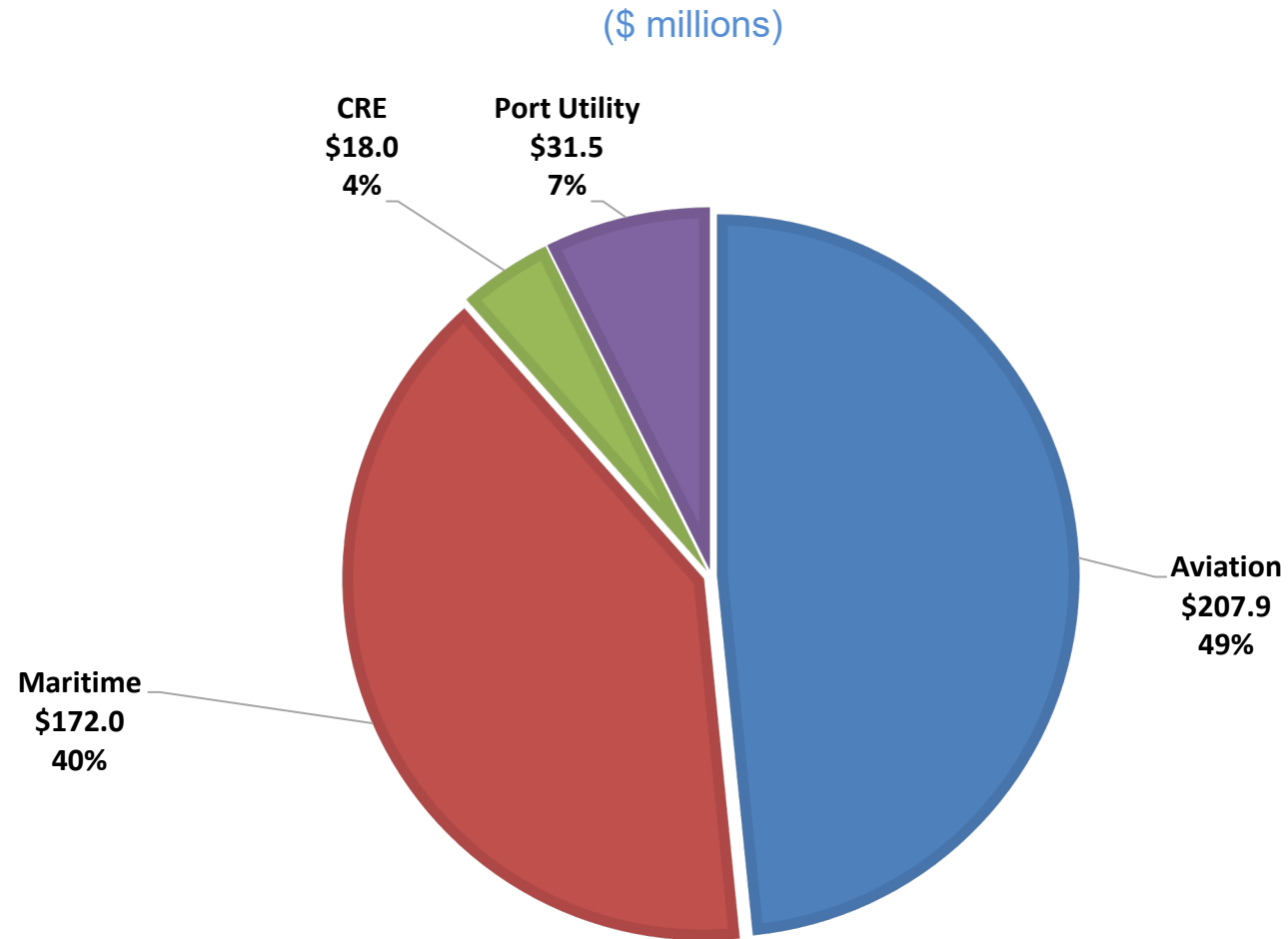
FY 2027 Operating Revenue changes compared to FY 2026 (Forecast):

Aviation: -4.3% Decrease

Maritime: -3.6% Decrease.

CRE: +5.5% Increase

Port Utility: +12.7% Increase



Major Drivers of Aviation Revenues

(\$ millions)

Revenue Source	(Budget) FY 2026B	(Forecast) FY 2026F	(Preliminary) FY 2027B	\$ Var to FY 2026F	% Var to FY 2026F
Airfield	\$52.9	\$51.4	\$50.1	(\$1.3)	-2.5%
Terminal Rent	61.9	66.9	61.0	(5.9)	-8.8%
Parking & Ground Access	39.9	39.0	37.4	(1.6)	-4.1%
Other Airport Rentals, Fueling, Other	40.7	41.3	41.6	0.3	0.7%
Rental Car Revenues	11.3	11.3	11.3	0.0	0%
Concession Revenues	7.0	7.3	6.4	(0.9)	-12.3%
Subtotal Revenues	\$213.7	\$217.2	\$207.8	(9.4)	-4.3%
Bad Debt Expense	(0.3)	0	0	0	0
Gross Revenues	\$213.4	\$217.2	\$207.8	(9.4)	-4.3%
Utilities Revenues	0.2	0.2	0.2	0.0	0.0%
GASB 87	(2.4)	(4.5)	(4.5)	0.0	0.0%
Net Revenues	\$211.2	\$212.9	\$203.5	(9.4)	-4.4%

Highlights:

FY 2027 enplanement traffic assumed to decrease by 7% from FY 2026 Forecast or 14.3% lower than FY 2026 Budget.

Concessions, Terminal Rent, Parking & Ground Access and Airfield drive lower revenues at OAK.

Highlights:

Total TEU growth of 1.0% assumed in FY 2027 relative to FY 2026 Forecast.

Marine Terminal rent lower due to land being removed from operation for the construction of improvements and anticipated rent abatements resulting from permitting and construction delays.

Other Properties revenues lower due to lower truck parking/container depot revenue.

Other revenues higher in FY 2027 relative to FY 2026 forecast primarily due to higher shore power and dredging reimbursements.

Major Drivers of Maritime Revenues

(\$ millions)

Revenue Source	(Budget) FY 2026B	(Forecast) FY 2026F	(Preliminary) FY 2027B	\$ Var to FY 2026F	% Var to FY 2026F
Marine Terminals	\$128.8	\$130.1	\$126.6	(\$3.5)	-2.7%
Rail Terminals	1.0	1.7	1.3	(0.4)	-22.2%
Other Properties	44.8	44.9	41.0	(3.9)	-8.7%
Other*	1.6	1.6	2.8	1.2	78.2%
Subtotal	\$176.3	\$178.4	\$171.8	(6.6)	-3.7%
Bad Debt	(0.3)	(0.3)	(0.3)	0.0	0.0%
Gross Revenues	\$176.0	\$178.1	\$171.5	(6.6)	-3.7%
Utilities Revenues**	0.3	0.3	0.4	0.1	35.5%
GASB 87	(13.1)	(13.3)	(17.7)	(4.4)	32.8%
Net Revenues	\$163.2	\$165.1	\$154.3	(10.8)	-6.6%

* Other Revenue includes miscellaneous revenue unique to a given year, as well as maintenance and vessel commissioning charges for the Port's shore power system.

** Utilities Revenues include sewer & water, gas, common area electric utility assessment

Highlights:

FY 2027 Parking revenues higher (compared to FY 2026 Forecast) due to the implementation of parking rate increases for a full year.

FY 2027 Restaurant revenues lower (compared to FY 2026 Forecast) due to temporary restaurant rent deferrals.

FY 2027 Other revenues higher (compared to FY 2026 Forecast) due to increase in billboard revenue.

Major Drivers of CRE Revenues

(\$ millions)

Revenue Source	(Budget) FY 2026B	(Forecast) FY 2026F	(Preliminary) FY 2027B	\$ Var to FY 2026F	% Var to FY 2026F
Land & Building With Land Rents	\$3.3	\$3.3	\$3.4	\$0.1	3.0%
Parking	2.8	2.8	3.3	0.5	17.9%
Hotel Rents	1.4	1.4	1.4	0	0.0%
Office	1.7	1.4	1.4	0	0.0%
Restaurants	2.2	2.0	1.7	(0.3)	-15.0%
Other*	6.4	6.4	6.9	0.5	7.8%
Subtotal	17.8	17.3	18.1	0.8	4.6%
Bad Debt	(0.2)	(0.2)	(0.2)	0	0.0%
Gross Revenues	17.6	17.1	17.9	0.8	4.7%
GASB 87	(2.3)	(2.0)	(2.2)	(0.2)	10.0%
Net Revenues	\$15.3	\$15.1	\$15.7	\$0.6	4.0%

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

Major Drivers of Port Utility Revenues

(\$ millions)

Highlights:

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

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

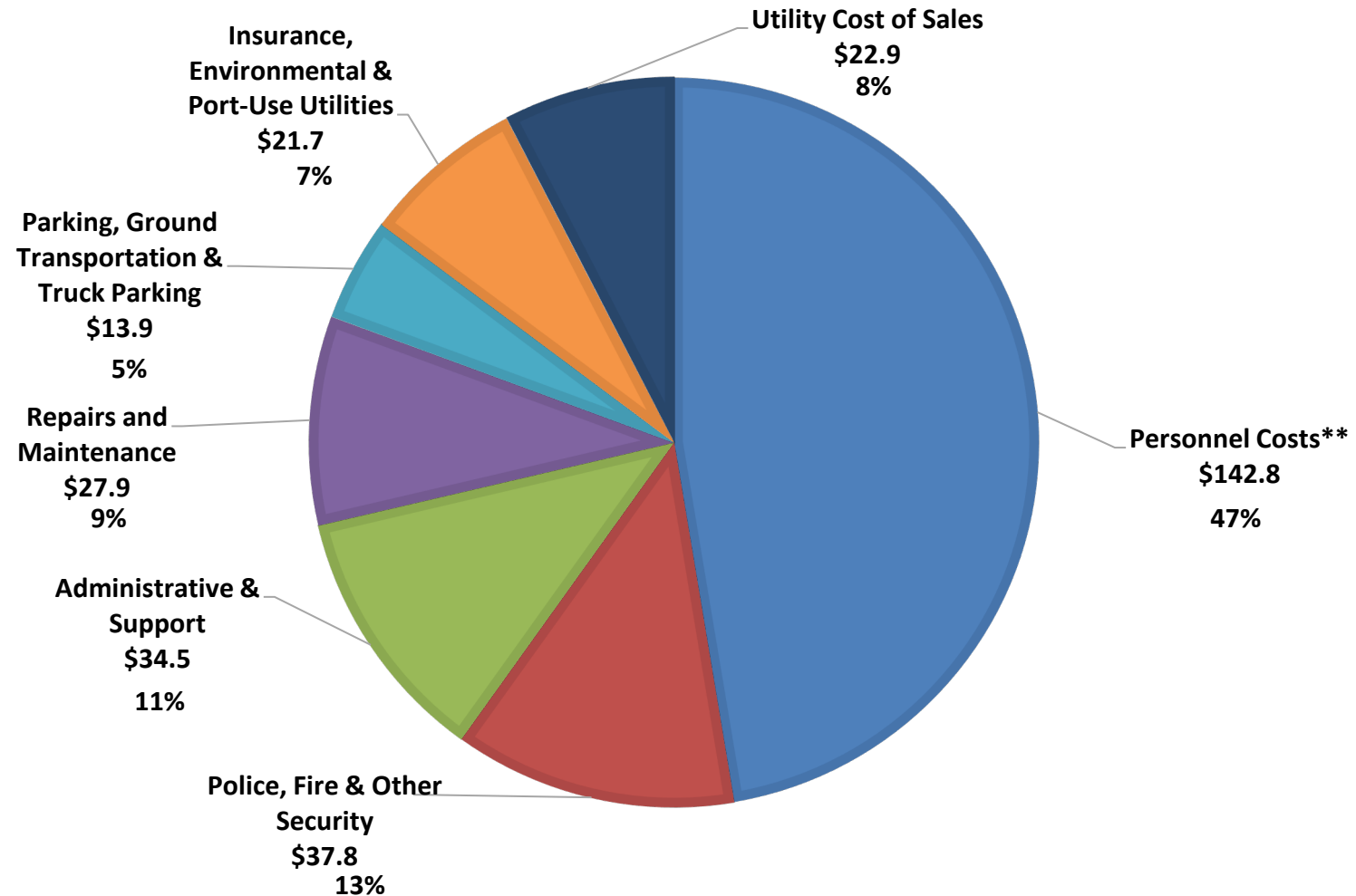
Revenue Source	(Budget) FY 2026B	(Forecast) FY 2026F	(Preliminary) FY 2027B	\$ Var to FY 2026F	% Var to FY 2026F
Electricity – Wholesale *	\$18.2	\$17.4	\$20.2	+\$2.8	+16.1%
Electricity – Retail	7.3	7.2	7.0	-0.2	-2.8%
Electricity – Capacity	0.2	0.2	0.2	0.0	0.0%
Shorepower	7.1	7.1	8.1	+1.0	+14.1%
Direct Assignment			1.4	+1.4	
Miscellaneous **	1.2	1.7	1	-0.7	-41.2%
Gross Revenues	34.0	33.6	37.9	4.3	+12.8%
Intercompany Elimination	(6.3)	(5.7)	(6.4)	(0.7)	+12.3%
Total Revenues	\$27.7	\$27.9	\$31.5	+\$3.6	12.9%

* Includes Intercompany Billing

** Includes sale of CAP & Trade Allowances and Public Benefits Fee - AB 1890

FY 2027 Operating Expenses are Preliminarily Budgeted at \$301.6 Million which Represents an 1.5% Decrease from FY 2026 Budget*

(\$ millions)



Highlights:

Over the last five fiscal years, Actual OPEX have come in 12% below budget on average.

FY 2027 Operating Expenses (before Depreciation) represent 68% of Operating Revenues (excl GASB 87 and Intercompany Revenue).

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

Major expense declines in Parking, Ground Transportation & Truck Parking and Police, Fire & Other Security.

* Excluding depreciation, intercompany elimination.

** Net of Labor and Overhead Allocated to Capital Expenses.

Excluding Depreciation, FY 2027 Operating Expenses Represent a 1.5% Decrease Over FY 2026 Budgeted Expenses

Highlights:

Personnel costs are higher due to increases in medical insurance and higher total salaries due to COLA and step increases.

Contractual Services lower due to reduction in maritime parking operations, Alameda County Sheriff Office and reimbursement payments to tenants.

Operating Expenses	Preliminary FY 2027B \$ millions	Change from FY 2026B \$ millions	% Change from FY 2026B
Personnel Services	\$157.1	\$3.2	2.1%
Contractual Services	103.3	(4.7)	-4.4%
Supplies	7.2	0.3	4.3%
General & Administrative	25.5	(0.6)	-2.3%
Utilities	22.9	(1.0)	-4.2%
Departmental Credits	(14.4)	(1.6)	12.5%
Subtotal	\$301.6	(\$4.4)	-1.4
Intercompany Elimination	(6.4)	(0.1)	1.6%
Operating Expenses before Dep'n	\$295.2	(\$4.5)	-1.5%
Depreciation & Amortization	127.9	4.4	3.6%
Total Operating Expenses	\$423.1	(\$0.1)	0.0%

Biggest Drivers of Changes in Operating Expenses

Highlights:

Personnel cost increase:
 -Medical premiums
 -Higher total salaries

Dredging Program:
 \$1.1M Maintenance
 Dredging, \$0.2 M
 Dredging professional services.

Consulting increases:
 - Engineering PMO
 +\$0.8M.

Truck Parking operations costs lowered due to trucking parking land removed from operations.

Operating Expenses	FY 2027 Preliminary Budget \$ millions	Change from FY 2026B \$ millions	% Change from FY 2026B
Personnel Services*	\$157.1	\$3.1	2.0%
Dredging Program	5.1	1.3	35.1%
Engineering Consulting*	4.6	1.1	30.7%
Oakland Fire Dept*	5.7	(1.0)	-14.9%
Utilities Cost of Sales – Electricity*	22.1	(1.0)	-4.4%
Major Maintenance – Maritime	1.3	(1.1)	-44.6%
Contractual Services With Tenants	0.5	(1.3)	-73.0%
Departmental Credits*	(14.4)	(1.6)	12.6%
Alameda County Sheriff Office*	23.9	(1.9)	-7.5%
Truck Parking – Maritime	1.9	(2.7)	-58.0%
All Other Expenses*	93.7	0.6	0.6%
Total	\$301.6	(\$4.5)	-1.5%

* Portions of the increases will be included in FY 2027 Airline rates and charges.

Highlights:

Total salaries cost increase due to COLA, step increases, partially offset by increased vacancy factor.

Increase in healthcare costs due to increase in insurance premiums

FY 2027 Personnel Expense Budget assumes 534 FTEs with average 47.5 vacancies for the full year (vacancy factor).

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

Full employment (no vacancies) will add \$6.8 million to personnel costs.

FY 2027 Preliminary Personnel Expense Breakdown

Operating Expenses	FY 2027 Preliminary Budget \$ millions	Change from FY 2026B \$ millions	% Change from FY 2026B
Salaries and Wages	\$84.3	\$1.0	1.2%
Pension	\$30.1	0.8	2.7%
Healthcare Retirement	\$13.5	(0.5)	-3.6%
Healthcare Active Employees	\$16.7	2.1	14.4%
Overtime	\$4.4	0.3	7.3%
Workers Compensation	\$2.0	(0.9)	-31.0%
Vacation Sick Leave	\$2.4	0	0.0%
Medicare	\$1.2	0	0.0%
Life, Disability, Accident Insurance	\$1.4	0.2	16.7%
Training & Education	\$0.7	0	0.0%
Other*	\$0.4	0.2	100.0%
Total	\$157.1	\$3.2	2.1%

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

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

Highlights:

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

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

Non-Operating Expenses*	(\$ millions)
Demolition or Disposal of Capital Assets	\$6.6
Lake Merritt Maintenance	2.0
City General Services	1.3
Port Grant Match – Clean Ports Grant	1.3
Debt Related Fees – Rating Agency, Letter of Credit, Trustee	1.0
Loss on Early Extinguishment of Debt	0.3
Abandoned Assets	0.3
Tenant Reimbursements for Zero Emissions Upgrades	0.2
Total	\$13.0

*Table above excludes pass-through non-operating expenses paid with pass-through non-operating revenues, debt interest expenses (accrual basis) and bond premium amortization.

City Payments, Including Parking and Utility Taxes are Anticipated to Total \$21.3 Million in FY 2027*

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

City Payments	FY 2027 Preliminary (\$ millions)
Aircraft Rescue and Fire Fighting Services	\$5.7
General Services	1.3
Lake Merritt Maintenance	2.0
Maritime and JLS Police Service	1.1
Landscape Lighting Assessment District	0.7
CFD Payment	0.6
Personnel, City Clerk, KTOP Services	0.3
Treasury Services	0.3
Jack London Improvement District	0.3
Fireboat Boat Maintenance	0.1
Total	12.3
Parking and Utility Taxes	9.0
Total Including Parking and Utility Taxes	\$21.3

Operating Losses Projected Across Key Revenue Divisions

(\$ millions)

FY 2027	Aviation	Maritime	Port Utility	CRE	Port Wide
Oper. Revenues before GASB 87	\$207.9	\$172.0	\$37.9	\$18.0	\$435.8
GASB 87	(4.5)	(17.7)	--	(2.3)	(24.4)
Intercompany Adjustment (IA)	--	--	--	--	(6.4)
Oper. Revenues	203.4	154.3	37.9	15.7	405.0
Oper. Expenses Before D&A ¹	(181.0)	(77.3)	(28.8)	(14.4)	(295.2)
Oper. Income Before D&A	22.4	77.0	9.1	1.3	109.8
Depreciation and Amortization (D&A)	(71.9)	(53.3)	(0.4)	(2.4)	(127.9)
Operating Income/(Loss)	(\$49.5)	\$23.7	\$8.7	(\$1.1)	(\$18.1)

¹ Port Wide shown net of Intercompany Adjustments.

Highlights:

Taking depreciation and amortization into account, the Port is projected to operate at a loss in FY2027 through FY 2031.

Aviation division faces projected average annual operating losses of \$52.1 million over the next five fiscal years.

Highlights:

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

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

FY 2027 Operating Revenues Available for Capital Expenditures (CAPEX)

(\$ millions)

	Aviation	Maritime	CRE	Port Utility
Operating Revenues + Interest Income	\$218.6	\$179.3	\$18.2	\$39.1
(-) Operating Expenses	(\$179.9)	(\$76.9)	(\$14.4)	(\$28.8)
(-) Debt Service Payments	(\$10.4)	(\$71.8)	(\$1.4)	(\$0.9)
Subtotal	\$28.3	\$30.6	\$2.5	\$9.4
(+) Net Other Income or (-) Net Other Expenses	(\$8.6)	\$0.5	\$1.4	(\$0.4)
Net Operating Revenues + Interest Income available for CAPEX	\$19.6	\$31.1	\$3.9	\$9.1
FY 2027 CAPEX Budget*	\$146.1	\$138.8	\$14.1	\$13.3

* Not included are \$0.9 million of IT/Support CAPEX.

FY 2027 Preliminary Capital Budget

Highlights:

Preliminary FY 2027 Capital Budget is 91.5% larger than FY 2026 capital spending forecast of \$163.5 million.

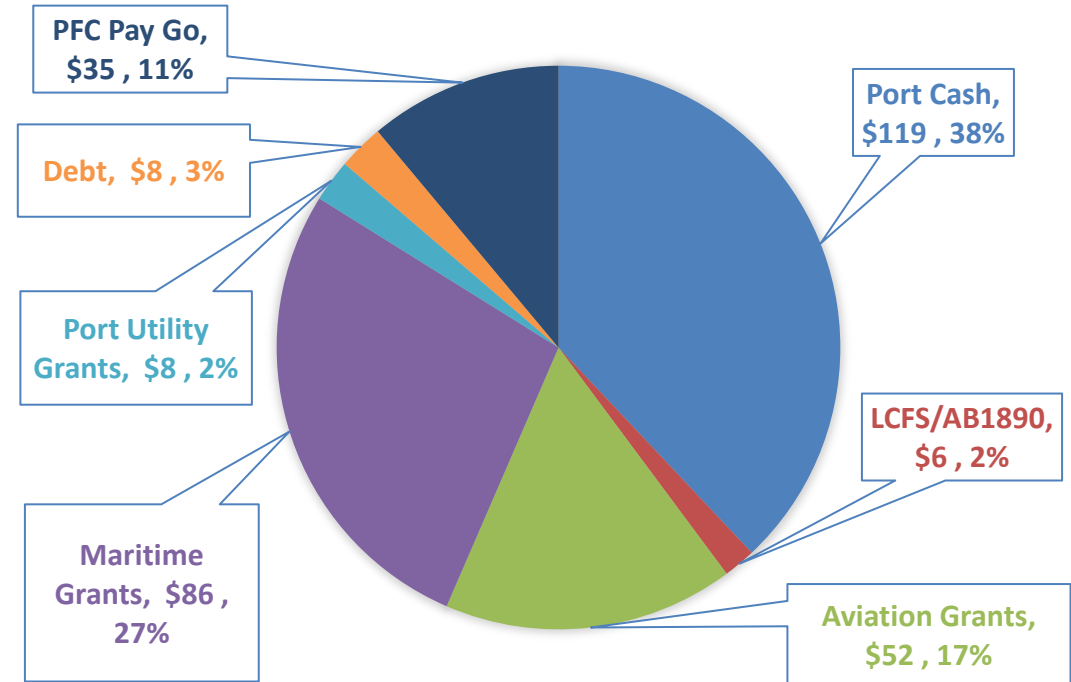
Cash and Debt funding percentages set at levels to achieve or maintain reasonable liquidity (cash balance) levels.

Ability to use PFCs to fund certain FY 2027 Aviation CAPEX is contingent on FAA approval of new PFC application.

Preliminary FY 2027 Capital Budget (\$ millions)

Aviation	\$146.1	46.7%
Maritime	\$138.8	44.3%
Port Utility	\$14.1	4.5%
CRE	\$13.3	4.2%
Support	\$0.9	0.3%
Total	\$313.1	100.0%

Preliminary Funding Sources¹ FY 2027 (\$ millions)



- ❑ Projects in the preliminary FY 2027 Capital Budget are at various stages; some are underway and others are in the planning or conceptual phase.

¹ Airport Grants category includes entitlement and discretionary AIP, AIG and ATP grants, and other miscellaneous funding sources. Port Utility Grants category includes grants, direct assignment and capacity charges.

Major FY 2027 Capital Budget Projects

(\$ millions)

Project Description	Budget (\$)	Project Description	Budget (\$)
Taxiway Whiskey Rehabilitation - Phase 3	\$35.5	Runway 10R/28L Mitigation	\$6.0
B24 Backlands Redevelopment (2022 MARAD Grant)	\$30.8	Berth 22 Shore Power (Eagle Rock Development)	\$5.8
Restroom Upgrades - Phase 2	\$30.2	Southfield Airside Sewer Improvements, Phase 2	\$5.6
B33/34 Leveling Project (CalSTA Grant)	\$24.2	Sanitary Sewer Rehab – Embarcadero	\$5.5
Green Power Microgrid (TCEP Grant) EV Chargers (Terminal)	\$23.0	Wharf/Crane Rail/Bollard/Fender Design (CalSTA Grant)	\$5.0
M103 Roof, Drain Pipe, and Air Handler Replacement	\$22.8	Delamination ETS	\$5.0
Green Power Microgrid (TCEP Grant) EV Chargers (Harbor Facs)	\$15.0	Restroom Upgrades – Phase 3	\$3.0
Airport Perimeter Dike Improvements – Seismic	\$10.0	Southfield Airfield Lighting Generator Replacement	\$2.9
SS-R-14 Substation Replacement (14 th /Maritime)	\$7.1	New Concession Infrastructure Support	\$2.2
Inner/Outer Harbor Turning Basins Widening	\$6.8	Apron Pavement Rehabilitation	\$2.0
CalSTART Truck Purchase EPA Clean Ports	\$6.2	General Upgrade of Vault Lids	\$2.0

Major FY 2027 Capital Budget Projects

(\$ millions)

Project Description	Budget (\$)	Project Description	Budget (\$)
Airport Power Grid Modernization	\$2.0	SS-E-2 Upgrades (New Circuit from E-1)	\$1.3
OHT – ABM	\$1.8	Passenger Boarding Bridge Refurbish (9, 11, 14)	\$1.2
(SS-E-1) Matson CHE Electrical Infrastructure Upgrades	\$1.7	ETS Pavement	\$1.2
Sanitary Sewer Rehab – Airport Business Park	\$1.7	7 th Street Circuit to Nutter/Outer Harbor	\$1.2
Maritime/17 th Street Landscaping	\$1.6	Other Capital Projects (\$1.0 million or less each)	\$37.9
Trash Capture – Small Units	\$1.5	Total FY 2027 Capital Projects*	\$313.1
530 Water Chiller Replacement	\$1.4		
Ron Cowan/John Glenn Parking Activation	\$1.4		
Passenger Boarding Bridge Replacement (4, 8, 8A)	\$1.4		
Trash Capture Compliance Program (OICT: MAR 7-10)	\$1.3	<i>* See Attachment A for Full 5-Year CIP List</i>	

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

Highlights:

5-Year CIP funding plan assumes 2.4% of Aviation and 35.1% Maritime's 5-Year CIP are debt funded, respectively.

Maritime grants assumed as funding sources represent awarded amounts.

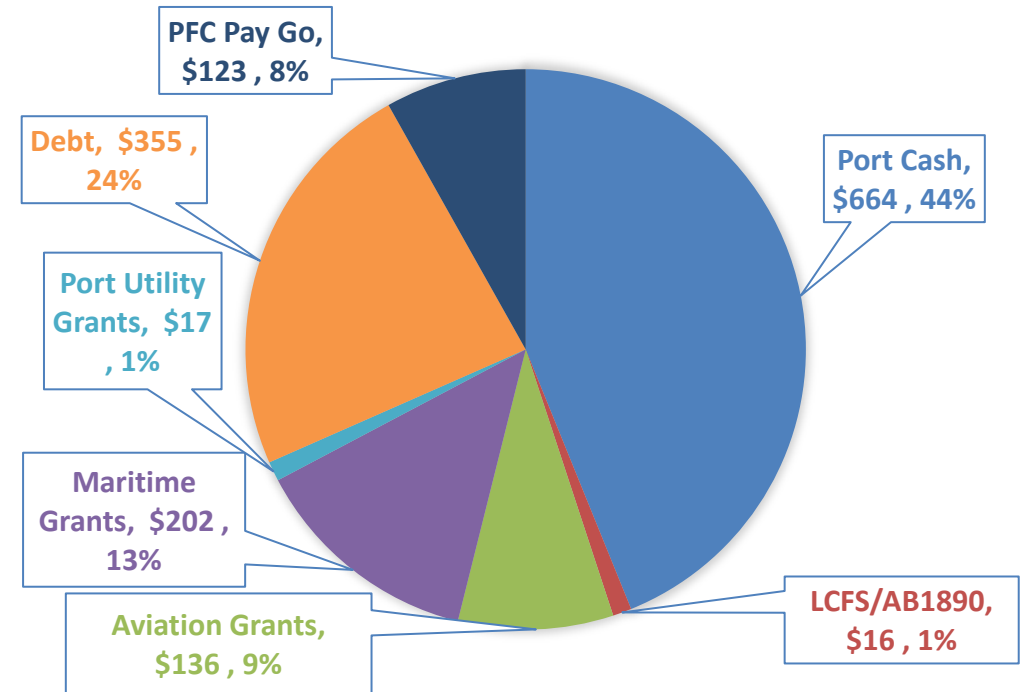
Airport grants category includes entitlement and discretionary AIP, AIG and ATP grants, and other miscellaneous funding sources.

Port Utility grants category includes grants, direct assignment and capacity charges.

Preliminary 5-Year CIP
FY 2027-2031
(\$ millions)

Aviation	\$638.8	42.2%
Maritime	\$642.6	42.5%
Port Utility	\$154.3	10.2%
CRE	\$34.1	2.3%
Support	\$43.0	2.8%
Total	\$1,512.8	100.0%

Preliminary Funding Sources
FY 2027-2031
(\$ millions)



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

Preliminary 5-Year Capital Improvement Plan FY 2027-2031

\$1.51 Billion Total CIP

Highlights:

Annual capital expenditures are expected to increase substantially compared to FY 2026 capital expenditure forecast total of \$163.5 million:

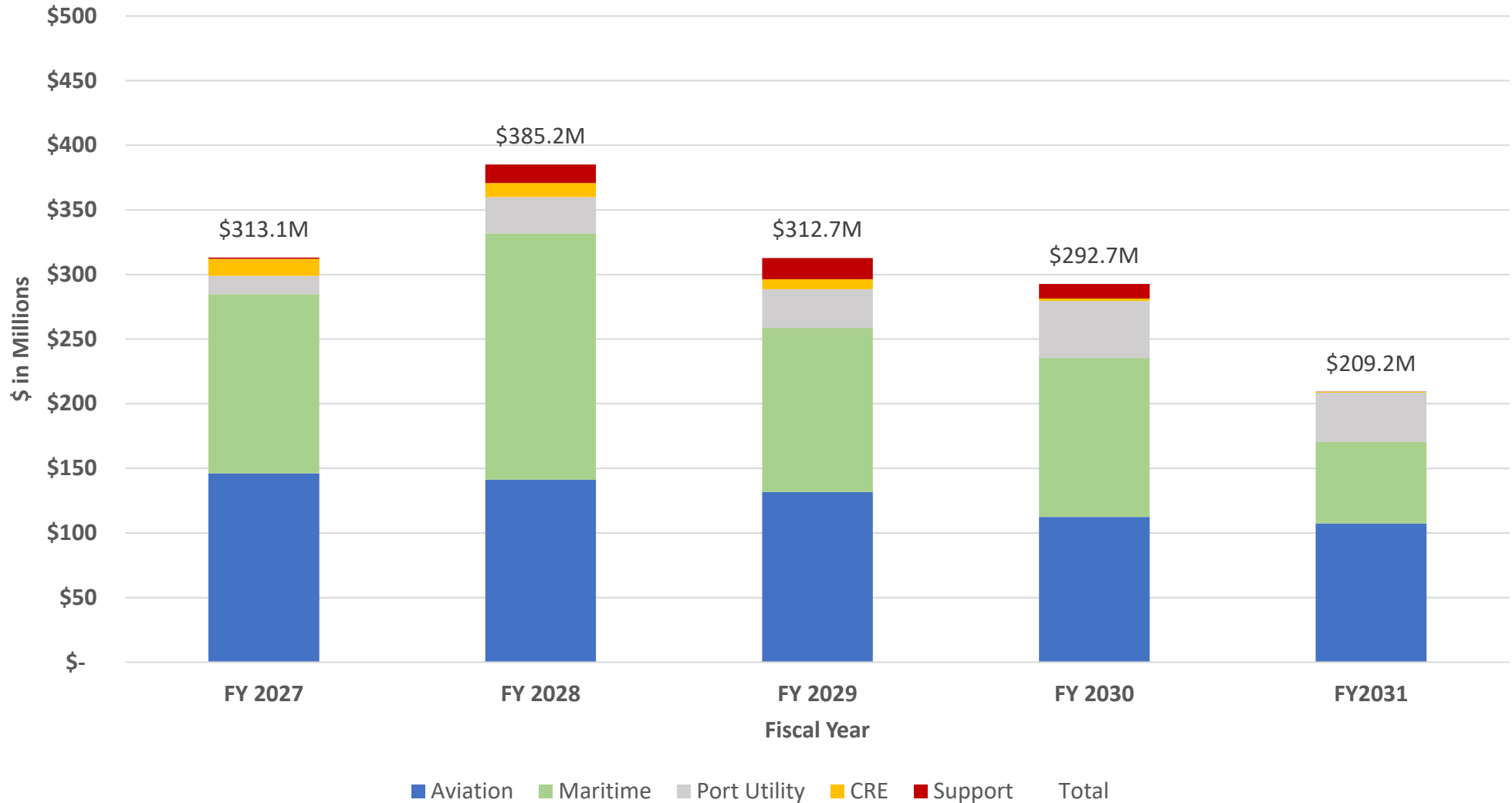
FY 2027: +91%

FY 2028: +136%

FY 2029: +91%

FY 2030: +79%

FY 2031: +28%



Highlights:

A total of \$354.9 million of debt is required over the next five fiscal years to fund the 5-Year CIP.

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

Further declines in revenues, increases in O&M that exceed current projection, or rising capital costs, will require reevaluation of affordability and/or additional debt issuances

Port Wide CIP Costs and Funding Sources

(\$ millions)

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Capital Expenditure	\$313.1	\$385.2	\$312.7	\$292.7	\$209.2	\$1,512.8
AIP Grants	\$24.4	\$2.0	\$9.9	\$16.8	\$26.3	\$79.5
Other Grants ¹	\$121.0	\$114.8	\$22.6	\$16.7	\$0.2	\$275.3
LCFS/AB1890	\$5.8	\$9.1	\$1.5	\$--	\$--	\$16.4
PFCs/CFCs	\$34.7	\$25.7	\$30.7	\$17.5	\$14.6	\$123.2
Cash From Operations	\$63.2	\$89.3	\$80.1	\$85.8	\$67.6	\$386.0
Cash From CIP Fund	\$55.7	\$113.5	\$56.5	\$43.8	\$8.0	\$277.5
Commercial Paper/Debt	\$8.2	\$30.8	\$111.3	\$112.1	\$92.5	\$354.9
Total Funding Sources	\$313.1	\$385.2	\$312.7	\$292.7	\$209.2	\$1,512.8

¹ Other Grants category includes entitlement and discretionary AIP, AIG and ATP grants, direct assignment, capacity charges and other miscellaneous funding sources.

Port Cash Balances Have Designated Purposes and Use Restrictions

- ❑ **Board Reserves:** Required to be maintained at certain levels. Use of board reserves will trigger a material reportable event to bondholders.
 - ❑ Port Bond Reserve Fund: Up to \$30 million to pay in order of priority bond debt service, fund emergency capital expenditures, or extraordinary operating and maintenance expenses.
 - ❑ Operating Reserve Fund: Funded at 12.5% of annual operating expense budget to meet unanticipated working capital requirements.
 - ❑ Capital Reserve Fund: Deposit not to exceed \$15 million to pay debt service on indebtedness of the Port, for extraordinary capital improvements, and extraordinary operating and/or maintenance expenditures.
- ❑ **Operating/Emergency Fund:** Maintained at a level equal to no less than 365 days of Port operating expenses to meet current payment obligations in the event Port operations are suddenly and materially impacted and ability to generate revenues is compromised. Only tidelands trust compliant expenditures can be paid with this fund, such as:
 - ❑ Port related payroll, pension and retiree medical obligations, operating expenses directly related to airport, seaport, commercial real estate or Port Utility activities, worker's compensation costs for Port employees, and pollution remediation expenses for tideland trust lands.
 - ❑ Funds are also available to pay Port revenue bond debt service to avoid payment default on debt payments or to fund capital expenditures on tidelands trust land.
- ❑ **Capital investment fund:** Funded with cash generated from current and prior year operations, is restricted by tidelands trust, FAA regulations, and federal and State public utility regulations, for investment in the assets and lands that generated the revenue. The fund is a major source of funding for the Port's \$1.51 billion CIP.

Highlights:

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

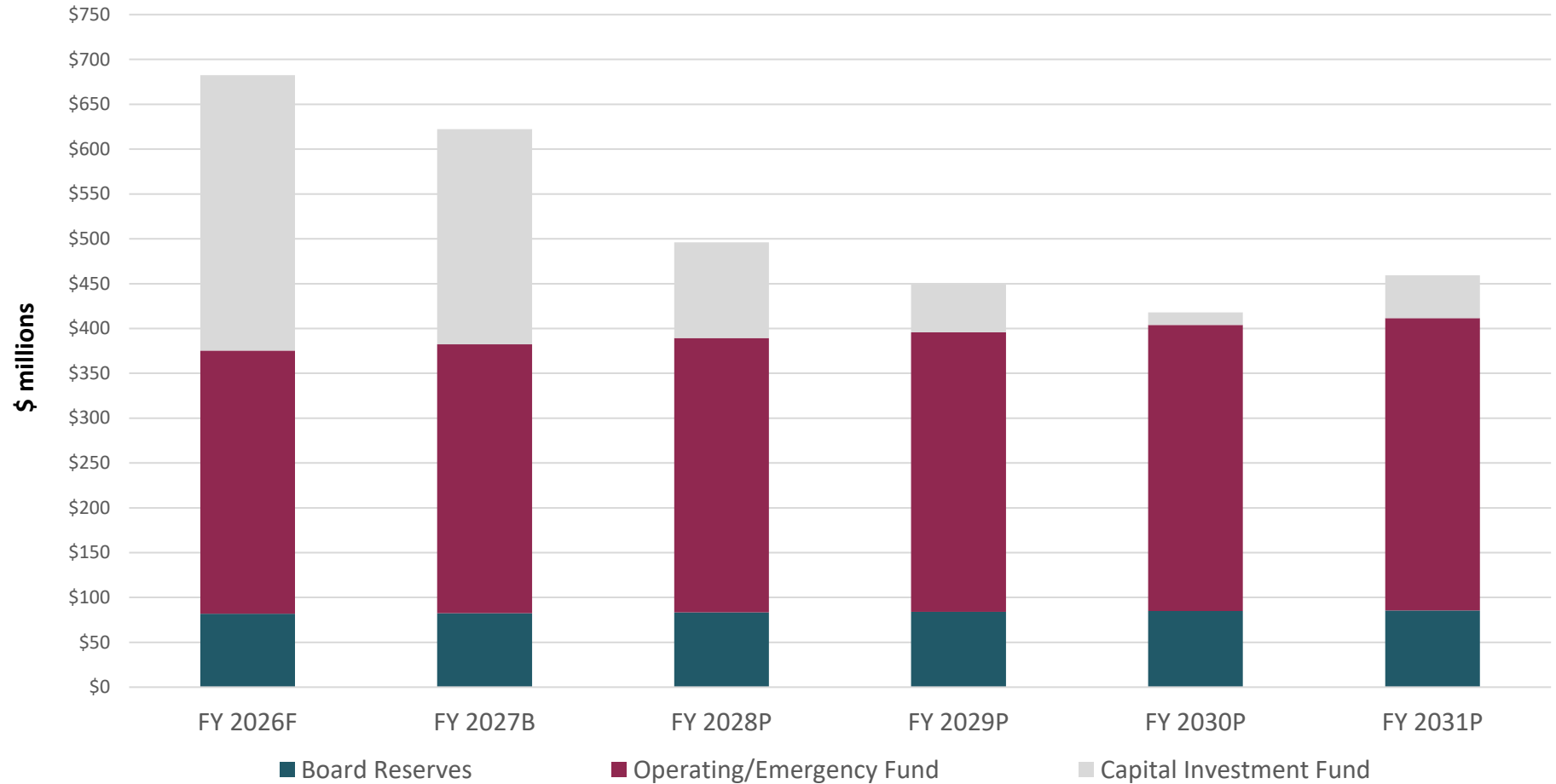
Port cash balances are projected to decline as funds are drawn down to fund a large portion of the CIP.

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

Required reserve limits increase as operating expenses increase.

Port Wide Projected Cash Balances

Projected Unrestricted Ending Cash Balance



Debt Service Payments in FY 2027 Total \$84.6 Million, Including Anticipated CP Notes Repayment of \$2.7 Million and New Issuance of \$8.2 Million

(\$ millions)

Debt	Principal Outstanding as of June 30, 2026	FY 2027 Principal Payment	FY 2027 Interest Payment	Debt Service = Principal + Interest Payments	FY 2027 Anticipated New Bond/CP Principal	Anticipated Principal Outstanding as of June 30, 2027	Anticipated Final FY Repayment Date
Bonds	\$395.4	\$69.0	\$12.3	\$81.3	\$--	\$326.3	2033
Commercial Paper (CP)* – Existing (PFC + Non-PFC)	\$10.2	\$2.7	\$0.3	\$3.0	\$--	\$7.5	2028
Commercial Paper* – New (Non-PFC)	\$--	\$--	\$0.3	\$0.3	\$8.2	\$8.2	2057
Total	\$405.6	\$71.7	\$12.9	\$84.6	\$8.2	\$342.1	

FY 2027 Projected Intermediate Lien Debt Service Coverage Ratio: 1.90x
--

* The Commercial Paper Notes are assumed to have an average interest rate of 3.90% in FY 2027.

Summary of Projected Debt/CP Notes Issuances by Fiscal Year

(\$ millions)	2027	2028	2029	2030	2031	Total
Port Revenue Division						
Aviation	\$--	\$--	\$--	\$--	\$15.1	\$15.1
Maritime	\$--	\$21.9	\$84.7	\$75.1	\$43.8	\$225.5
CRE	\$8.2	\$3.6	\$6.3	\$--	\$--	\$18.2
Port Utility – Airport (AIR)	\$--	\$5.3	\$20.3	\$24.0	\$19.0	\$68.5
Port Utility – Seaport (SEA)	\$--	\$--	\$--	\$13.0	\$14.6	\$27.6
Total	\$8.2	\$30.8	\$111.3	\$112.1	\$92.5	\$354.9

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

Highlights:

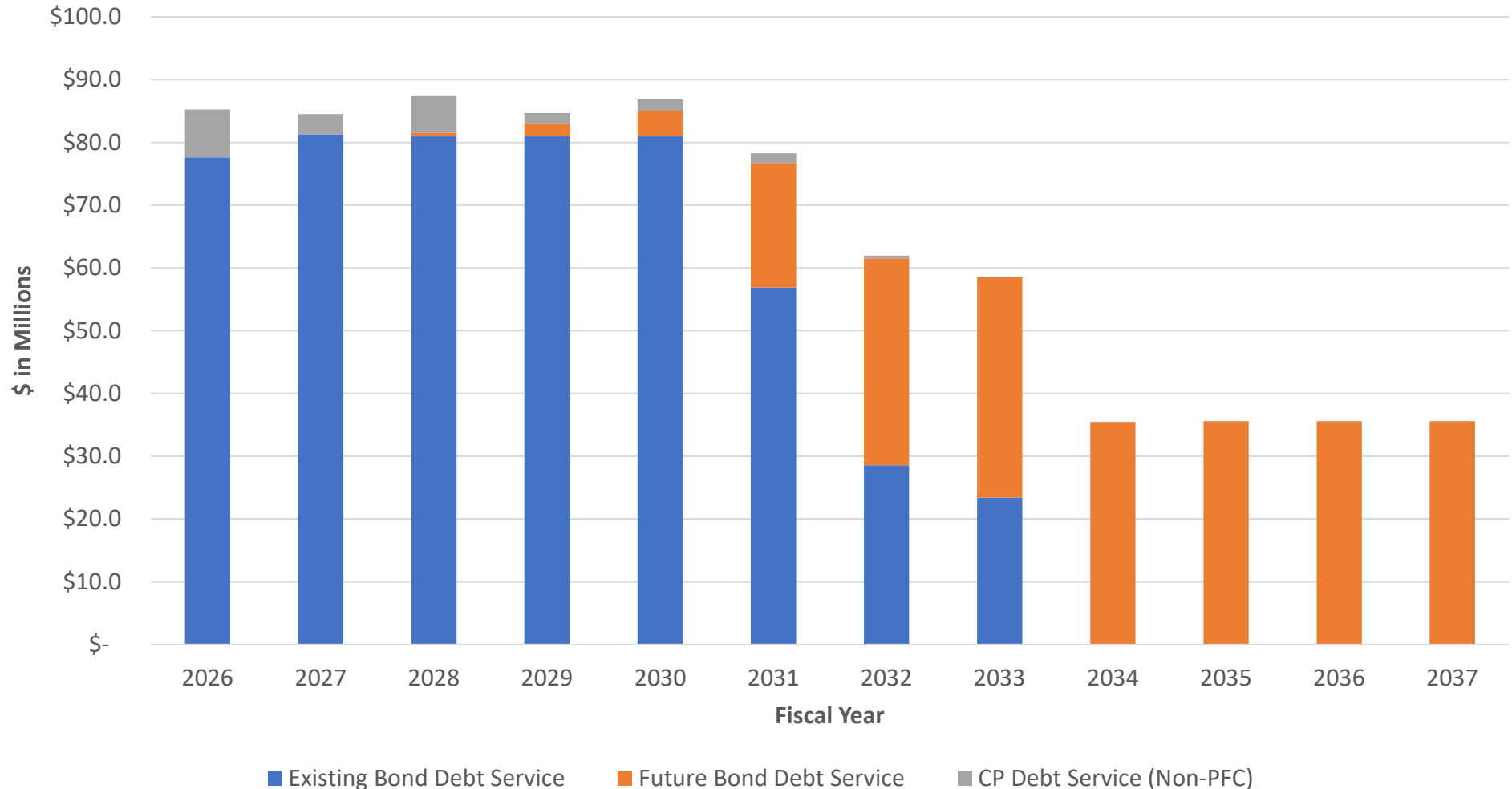
\$354.9 million of CP Notes are projected to be issued over the next five fiscal years to fund Port CIP.

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

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

Port Wide Bond Debt Service Payment Schedules¹

Annual Debt Service Payments (Net of CAPI)



¹ Assumes future issuance of \$448.0 million in fixed rate revenue bonds to refinance \$390.9 million of CP Notes issued between FY 2027 and FY 2034 on an interim basis to fund CAPEX.

Port Wide - Key Financial Metrics

(\$ millions)

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Ending Cash Balance	\$682.4	\$622.3	\$496.1	\$450.3	\$418.0	\$459.2
Days Cash on Hand (DCOH)	844	755	591	527	479	516
Intermediate Lien DSCR						
Bond Indenture Basis	2.39x	1.90x	2.04x	2.09x	2.14x	2.52x
Cash Basis	2.23x	1.79x	2.08x	2.17x	2.22x	2.61x
Debt Policy DSCR ¹	2.03x	1.72x	1.90x	2.05x	2.10x	2.47x

¹ Lesser of bond indenture or cash basis Debt Policy DSCR.

Highlights:

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

Incorporating future debt issuances, Port is projected to maintain a minimum cash balance equivalent to 16- months of operating expenses.

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

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

Key Financial Metrics by Revenue Division

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Days Cash on Hand – Aviation	732	603	484	392	369
Days Cash on Hand – Maritime	723	459	491	515	676
Days Cash on Hand – Port Utility-AIR	354	387	439	551	669
Days Cash on Hand – Port Utility-SEA	1,394	1,175	1,159	1,116	1,144
Days Cash on Hand – CRE	190	86	74	94	168
Debt Policy DSCR¹ (Greater than 1.40x)					
Aviation	2.83x	4.05x	4.47x	4.50x	7.71x
Maritime	1.41x	1.32x	1.46x	1.55x	1.82x
Port Utility – AIR	7.83x	4.88x	2.77x	2.09x	2.00x
Port Utility – SEA	15.09x	17.82x	15.64x	7.66x	4.66x
CRE	2.12x	3.88x	4.03x	3.96x	4.92x

Highlights:

CRE is projected to achieve minimum target of 400 DCOH by FY 2034.

Port Utility DCOH calculation is based on wholesale operating expenses only (i.e. excludes retail (PG&E) pass-through cost of sale expenses).

Remediating Maritime Division sub-1.40x DSCR in FY 2028 will likely require debt defeasance in FY 2027.

¹ Lesser of bond indenture or cash basis Debt Policy DSCR.

Key Financial Metrics by Revenue Division

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Operating Expense Ratio (<=65.0%)					
Aviation	79.1%	76.9%	76.5%	75.6%	75.5%
Maritime	45.0%	44.3%	42.5%	41.2%	40.7%
Port Utility – AIR	n/a	n/a	n/a	n/a	n/a
Port Utility – SEA	n/a	n/a	n/a	n/a	n/a
CRE	80.1%	75.0%	67.4%	66.9%	66.6%

Highlights:

Aviation and CRE operating expense ratios projected to trend lower over time.

Majority of Port Utility division operating expenses relate to cost of purchasing commodities.

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

Summary of Proposed FY 2027 Budget

(\$ millions)	FY 2027 Preliminary	FY 2026 Budget	% Change
Operating Revenues (incl. GASB 87)	\$405.0	\$417.3	-3.0%
Operating Expenses (excl. Depreciation)	\$295.2	\$299.7	-1.5%
Debt Service (incl. PFC and Non-PFC CP Notes)	\$84.6	\$85.5	-1.0%
Capital Expenses (CAPEX)	\$313.1	\$243.3	+28.7%
PFCs, LCFS, AIP Grants, Other Grants, Debt Proceeds for CAPEX	\$194.2	\$111.3	+74.5%
Intermediate Lien Bond Debt Service Coverage Ratio	1.90x	2.00x	-0.10x
Projected Ending Cash Balance, June 30 (incl. Board Reserves)	\$622.3	\$560.2	+\$62.1

Remaining Key Dates

June 25 Request Board adoption of FY 2027 Operating and Capital Budgets

July 20 Deadline to Provide City with Adopted Budget

Attachment A:
5-Year CIP Projects
including
FY 2027 Capital Budget Projects

5-YEAR CAPITAL IMPROVEMENT PLAN
Expenditures and Funding Sources By Project
FY 2026-27 to FY 2030-31
(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY Total 2027-2031
SUMMARY							
	TOTAL PORT CIP	313,088	385,154	312,702	292,655	209,217	1,512,816
	TOTAL AVIATION	146,099	141,180	131,747	112,415	107,352	638,793
	TOTAL MARITIME	138,797	190,725	126,875	122,995	63,175	642,567
	TOTAL UTILITIES	14,050	27,978	30,100	44,000	38,175	154,303
	TOTAL CRE	13,269	10,941	7,525	1,950	450	34,135
	TOTAL SUPPORT	873	14,330	16,455	11,295	65	43,018
AVIATION							
PERIMETER DIKE IMPROVEMENTS							
A20039202	Airport Perimeter Dike Improvements - Seismic	10,000	-	-	-	-	10,000
		\$10,000	-	-	-	-	\$10,000
AIRFIELD							
A22025019	Taxiway Whiskey Rehabilitation - Phase 3	35,461	2,000	-	-	-	37,461
New Project	Vehicle Service Road (VSR) Repair @ Taxiway Charlie	-	-	3,440	-	-	3,440
New Project	Airfield Geometric Improvements Hotspot 3 (Package 1)	-	1,260	14,900	25,200	34,600	75,960
New Project	Airfield Geometric Improvements (Package 2)	-	-	-	-	2,900	2,900
New Project	Airfield Geometric Improvements (Package 3)	-	-	-	-	2,000	2,000
New Project	JSX Apron Rehabilitation (Longer Term)	-	-	600	9,000	-	9,600
New Project	Hangar 3 & 4 Apron + Interior Pavement Rehabilitation	-	-	-	4,590	8,500	13,090
New Project	North Field Roofs (Hangars 7 & 8)	-	480	7,080	-	-	7,560
New Project	Taxilane Sierra Reconstruction	255	9,720	-	-	-	9,975
New Project	Terminal Bowl VSR Redesign	-	-	1,000	-	-	1,000
New Project	Apron Pavement Rehabilitation	2,000	-	-	-	-	2,000
New Project	Runway 10R/28L Mitigation	6,000	-	-	-	-	6,000
New Project	Vehicle Service Road (VSR) Repair near UPS	500	-	-	-	-	500
		\$44,216	\$13,460	\$27,020	\$38,790	\$48,000	\$171,486
TERMINAL							
A22024021	Restroom Upgrades - Phase 2	30,200	1,050	-	-	-	31,250
A22026004	Restroom Upgrades - Phase 3	3,000	35,450	3,350	-	-	41,800
A22023003	M103 Roof, Drain Pipe, and Air Handler Replacement	22,800	15,100	-	-	-	37,900
New Project	M130 & M363 Air Handler Units Upgrades	-	2,000	21,690	21,500	2,760	47,950
New Project	M103 Energy Efficient Retrofit/Upgrades (Ceiling work/Windows/Finishes)	-	2,000	10,350	10,825	2,000	25,175
New Project	Passenger Boarding Bridge Refurbish (9, 11, 14)	1,242	-	-	-	-	1,242
A22026007	Passenger Boarding Bridge Replacement (4, 8, 8A)	1,390	11	2,857	-	-	4,258
New Project	Passenger Boarding Bridge Replacement (26, 27, 24, 25)	-	2,012	11	4,039	-	6,062
A22021014	New Concession Infrastructure Support	2,175	-	-	-	-	2,175
A22026008	Holdroom Electrification/Charging Stations	500	1,100	-	-	-	1,600
New Project	Jetway Flooring Replacement	70	-	-	-	-	70
New Project	Public Address System Replacement	700	-	-	-	-	700
New Project	Conference Room Upgrades	160	-	-	-	-	160
AA2026003	IT Infrastructure Replacement (Aviation portion)	575	-	-	-	-	575
New Project	Multi-user Flight Display, Airport Operations Database and Content Mana	400	100	-	-	-	500
New Project	Gate Podium Replacement 20-25	250	500	1,500	5,000	-	7,250
New Project	Fire Alarm Replacement	-	5,500	5,000	-	-	10,500
New Project	Terminal Signage Replacement	250	2,500	1,500	-	-	4,250
A22023006	Air Operations Center (AOC) Modernization	-	-	400	1,200	-	1,600
New Project	Refresh of T1 Information Booth	-	-	-	300	800	1,100
New Project	T1 Trash Lift and Washout Containment	-	472	1,263	-	-	1,735
New Project	M103 Lower Level Flooring Replacement	-	-	-	300	2,600	2,900
New Project	Passenger Boarding Bridge Replacement (29, 21, 23)	-	-	1,734	13	3,353	5,100
New Project	Passenger Boarding Bridge Replacement (30, 1, 3)	-	-	-	1,811	13	1,824
New Project	Passenger Boarding Bridge Replacement (6, 7, 20)	-	-	-	-	1,836	1,836
A22026001	Passenger Analytics System	500	2,000	-	-	-	2,500
New Project	Carpet Replacement (IAB)	240	-	-	-	-	240
New Project	T2 Upgrades	500	-	-	-	-	500

5-YEAR CAPITAL IMPROVEMENT PLAN
Expenditures and Funding Sources By Project
FY 2026-27 to FY 2030-31
(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY Total 2027-2031
New Project	Terminal Fire System Circuit Upgrades	150	-	-	-	-	150
New Project	AOA High Mast & Area Lighting Replacement	90	-	-	-	-	90
		\$65,192	\$69,795	\$49,655	\$44,988	\$13,362	\$242,992
GROUND ACCESS AND PARKING							
A22025014	EV Charging - Daily Parking Lot	250	350	-	-	-	600
A22026009	Ron Cowan/John Glenn Parking Activation	1,397	11,367	2,537	5,227	-	20,528
New Project	Ron Cowan Off-Ramp Left Turn	100	-	-	-	-	100
New Project	Shuttle Bus Procurement/Replacement Phase 2	-	-	300	500	2,500	3,300
New Project	Bus Lot Admin Building	-	-	-	500	8,000	8,500
New Project	Main Parking Bowl Paving Rehabilitation	-	-	-	830	10,300	11,130
New Project	Landside/Curbside Paving Rehabilitation	-	-	750	6,100	6,000	12,850
New Project	EV Charging - Neil Armstrong Parking Lot	100	-	-	-	-	100
A22022002	Neil Armstrong Access Control	-	650	5,400	-	-	6,050
New Project	Turn Lane Conversion at 98th Ave and Airport Access	-	500	-	-	-	500
New Project	PARCS Replacement	-	-	250	1,000	4,000	5,250
New Project	Landside Landscaping	700	-	-	-	-	700
New Project	North Field Paving Rehabilitation (Parking Lot)	500	-	-	-	-	500
New Project	South Field Landside Paving Rehabilitation (Roadway)	460	1,045	-	-	-	1,505
New Project	Management Parking Lot Improvements	50	-	-	-	-	50
		\$3,557	\$13,912	\$9,237	\$14,157	\$30,800	\$71,663
SECURITY							
A12026011	L-311 Men's Locker Room Remodel	175	-	-	-	-	175
New Project	CCTV Program Expansion (Curbside & Terminal)	-	-	1,270	2,600	-	3,870
A12026002	North Field Fiber Upgrades and Radios (Wireless CBRS)	600	-	-	-	-	600
New Project	North Field to South Field Fiber Optic Cable Installation	500	-	-	-	-	500
New Project	L-311 Upgrades	500	700	-	-	-	1,200
New Project	New Crash Phone	300	-	-	-	-	300
		\$2,075	\$700	\$1,270	\$2,600	-	\$6,645
AVIATION UTILITIES							
New Project	Trash Capture - Small Units	1,450	950	1,190	-	-	3,590
AA00520019	Southfield Airside Sewer Improvements, Phase 2	5,620	-	-	-	-	5,620
A200520017	Southfield Landside Sewer Improvements, Phase 3	1,000	4,900	9,150	-	-	15,050
A20052009	Airport Drive Sewer Line Improvements/Upgrades	400	3,300	-	-	-	3,700
AA00520013	Lift Station 1	600	5,000	-	-	-	5,600
New Project	Northfield Sewer Improvements, Phase 4	1,000	5,600	9,800	-	-	16,400
New Project	AP155P Southwest Provisioning Bldg Lift Station	87	870	-	-	-	957
New Project	AP137P Tank Farm/Swissport Lift Station	87	780	-	-	-	867
New Project	AP911P ARFF Lift Station	110	920	-	-	-	1,030
New Project	ARFF Oil Water Separator Replacement	50	210	1,420	-	-	1,680
New Project	AP912P Ground Run-up Equipment (GRE) Lift Station	110	920	-	-	-	1,030
AA2025015	Post-construction Stormwater Mitigation	775	4,000	-	-	-	4,775
A22023015	Southfield Airfield Lighting Generator Replacement and Upgrades	2,900	1,300	-	-	-	4,200
New Project	Terminal 1 Generator in M104	-	50	500	3,500	1,000	5,050
New Project	Hangar 8 Fire Suppression Replacement	400	-	-	-	-	400
New Project	Storm Water - Pump House 7	-	2,700	9,300	-	-	12,000
New Project	Storm Water - Pump House 2	-	800	800	2,800	-	4,400
New Project	Storm Water - Pipe W of Twy D	-	-	700	-	-	700
New Project	Flood Mitigation - Alt 4 short term tidal	-	-	-	1,500	10,100	11,600
New Project	Water Distribution Upgrades	900	6,185	7,440	-	-	14,525
New Project	Scada	-	-	250	-	-	250
New Project	Substation SS-1 Protection Relays Upgrade	350	-	-	-	-	350
New Project	Lift Station 5 (LS5) FedEx	45	300	-	-	-	345
New Project	Transformer Replacement	200	500	-	-	-	700
A12026013	EV Bus Lot Permanent Power	1,000	-	-	-	-	1,000
New Project	Substation Software/Hardware Upgrades	200	-	-	-	-	200

5-YEAR CAPITAL IMPROVEMENT PLAN
Expenditures and Funding Sources By Project
FY 2026-27 to FY 2030-31
(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY Total 2027-2031
		\$17,284	\$39,285	\$40,550	\$7,800	\$11,100	\$116,019
	FACILITIES MAINTENANCE						
	Miscellaneous Fac Mtc Capital Purchases	\$500	\$500	\$500	\$500	\$500	\$2,500
		\$500	\$500	\$500	\$500	\$500	\$2,500
	AVIATION ADMIN						
Cap Equip	Capital Equipment	-	400	2,200	3,100	3,500	9,200
Cap Equip-FY25	ARFF Quick Response	440	-	-	-	-	440
Cap Equip-FY26	ESE EV Utility Trucks (3)	164	-	-	-	-	164
Cap Equip-FY25	AOC Radio	85	-	-	-	-	85
Cap Equip-FY27	Water Vessel (FY27)	150	-	-	-	-	150
Cap Equip-FY27	Drone Detection System	225	-	-	-	-	225
Cap Equip-FY27	AFC Warehouse Forklift (XT17)	100	-	-	-	-	100
Cap Equip-FY27	Compact Utility Tractor Loader (XU24)	85	-	-	-	-	85
Cap Equip-FY27	Cone Truck Upfit on XR95	60	-	-	-	-	60
Cap Equip-FY27	Midsized Pickup Truck (XZ47)	80	-	-	-	-	80
Cap Equip-FY27	OAK Access Switch Replacements	800	800	-	-	-	1,600
Cap Equip-FY27	HSM Replacement	30	-	-	-	-	30
Cap Equip-FY27	OAK Gen 10 VMware Server Replacements (10)	180	270	-	-	-	450
Cap Equip-FY27	Cloud Phone Subscription	65	65	65	65	65	325
Cap Equip-FY27	Custodial Equipment	100	-	-	-	-	100
Cap Equip-FY27	Furniture	100	-	-	-	-	100
Cap Equip-FY27	Compactors	100	100	-	-	-	200
Cap Equip-FY27	Mid Size Pick up (XT05)	80	-	-	-	-	80
Cap Equip-FY27	Contingency	431	-	-	-	-	431
Cap Equip	Airfield Trucks (XR14, XR15)	-	150	-	-	-	150
Cap Equip	VMAT Transponder	-	50	-	-	-	50
Cap Equip	Water Vessel	-	-	150	-	-	150
Cap Equip	Wildlife Drone System	-	50	-	-	-	50
Cap Equip	Electrician Truck (XW99)	-	100	-	-	-	100
Cap Equip	Airfield Van (XT56)	-	130	-	-	-	130
Cap Equip	ESE Truck (XY47)	-	100	-	-	-	100
Cap Equip	Plumber Truck (XW66)	-	150	-	-	-	150
Cap Equip	High Reach Fork Lift	-	160	-	-	-	160
Cap Equip	Spray Truck (X662)	-	240	-	-	-	240
Cap Equip	Flat Bed 1 Ton Stake Truck (X678)	-	-	-	240	-	240
Cap Equip	AF Laborer Pickups (XZ41, XZ93)	-	150	-	-	-	150
Cap Equip	AF Laborer Pickups (XY41, XY31)	-	-	150	-	-	150
Cap Equip	AF Laborer Pickups (XY45, XV70)	-	-	-	150	-	150
Cap Equip	Aviation Public Works Pickup (XT07)	-	65	-	-	-	65
Cap Equip	Skid Steer (XT10)	-	-	75	-	-	75
Cap Equip	Utilities Warehouse Forklift (XT75)	-	-	100	-	-	100
Cap Equip	Aviation Garage Forklift (XZ22)	-	100	-	-	-	100
Cap Equip	Midsized Pickup Truck (XT40)	-	80	-	-	-	80
Cap Equip	MDR Device Replacement	-	-	250	-	-	250
Cap Equip	Cisco Smartnet Subscription	-	-	500	-	-	500
Cap Equip	Commvault Hyperscale X (HSX) Nodes	-	188	-	-	-	188
Cap Equip	Walk through metal detectors	-	25	25	25	25	100
Cap Equip	Mid Size Pick up (XT41)	-	80	-	-	-	80
Cap Equip	AS411 Pickup (XV58)	-	75	-	-	-	75
		\$3,275	\$3,528	\$3,515	\$3,580	\$3,590	\$17,488
MARITIME							
	MARINE TERMINALS						
M25005	Wharf/Crane Rail/Bollard/Fender Design (CalSTA Grant)	5,000	6,700	-	-	-	11,700
M25001	B33/34 Leveling Project (CalSTA Grant)	24,200	17,600	-	-	-	41,800
New Project	Pile Stabilization Program	275	3,400	-	-	-	3,675
M21001	Mobile Shore Power Outlets at B55 and B59	-	-	-	-	6,500	6,500

5-YEAR CAPITAL IMPROVEMENT PLAN
Expenditures and Funding Sources By Project
FY 2026-27 to FY 2030-31
(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY Total 2027-2031
M25007	Maritime/17th Street Landscaping	1,640	100	100	-	-	1,840
New Project	B20/21 Fender System	-	-	-	-	175	175
M23003	B24 Backlands Redevelopment (2022 MARAD Grant)	30,800	54,200	-	-	-	85,000
M24015	Berth 22 Shore Power (Eagle Rock Development)	5,800	7,100	-	-	-	12,900
M24001	ETS Pavement	1,200	-	-	-	-	1,200
M24004	STE Bioswale	655	75	-	-	-	730
M24013	Delamination ETS	5,000	5,000	-	5,000	-	15,000
M24014	Delamination Matson	-	-	5,000	-	5,000	10,000
New Project	Misc Paving	-	1,000	1,000	1,000	1,000	4,000
New Project	B24 - 26 Crane Rail/Wharf Upgrades (FY24 MARAD PIDP)	-	19,750	19,750	20,000	-	59,500
New Project	OHT- S Line Grind and pave	875	-	-	-	-	875
New Project	OHT - NevCal Grind and pave	700	-	-	-	-	700
New Project	Building 107 Rehab	250	1,500	-	-	-	1,750
M26007	B60-B63 Bollard/Wharf Face Repairs	300	2,750	-	-	-	3,050
New Project	OHT - ABM	1,750	-	-	-	-	1,750
M25011	Trapac Spreaders	325	-	-	-	-	325
New Project	X434/X435 Machine House AC Replacement	150	-	-	-	-	150
		\$78,920	\$119,175	\$25,850	\$26,000	\$12,675	\$262,620
SEAPORT LOGISTICS COMPLEX							
New Project	Admiral Toney Way Rail Crossing	750	-	-	-	-	750
		\$750	-	-	-	-	\$750
DREDGING							
M26004-1	Inner Harbor Turning Basins Widening (Oakland Side)	1,000	14,600	27,800	-	-	43,400
M26004-2	Inner Harbor Turning Basins Widening (Alameda Side)	4,800	500	54,250	75,100	-	134,650
M26005-3	Outer Harbor Turning Basins Widening	1,000	-	2,700	-	43,800	47,500
		\$6,800	\$15,100	\$84,750	\$75,100	\$43,800	\$225,550
MARITIME UTILITIES							
M21010-06	Sanitary Sewer Compliance: Joint Intermodal Terminal Area, Berth 60-63	25	-	-	-	-	25
New Project	Fire Sprinkler System Reconstruction @B20-21	-	-	-	-	250	250
M25006	General Upgrade of Vault Lids	2,000	2,000	-	-	-	4,000
M23010	Trash Capture Compliance (MAR-12, MAR-17, MAR-19)	300	-	-	-	-	300
New Project	Trash Capture Compliance Program (OICT: MAR-7, MAR-8, MAR-9, MAR-1)	1,300	-	-	5,350	5,350	12,000
New Project	Trash Capture Compliance Program (Outer Harbor: MAR-14)	-	-	425	2,945	-	3,370
M26002	Green Power Microgrid (TCEP Grant) EV Chargers (Terminal Locations)	23,000	34,600	4,700	-	-	62,300
M26001	Green Power Microgrid (TCEP Grant) EV Chargers (Harbor Facilities)	15,000	14,700	-	-	-	29,700
New Project	Trash Capture Compliance - Small Devices	870	500	-	-	-	1,370
New Project	Power House 80/81 Stairs and Railing Code Compliance	300	300	-	-	-	600
		\$42,795	\$52,100	\$5,125	\$8,295	\$5,600	\$113,915
ROADWAY							
New Project	Rail Crossing Arm (Maritime/Middle Harbor)	-	300	-	-	-	300
		-	\$300	-	-	-	\$300
OTHER							
M23005	MHSP Baseline Improvements (excluding Elevator and 7th St Bike Path)	-	500	5,000	12,600	-	18,100
M22003	MHSP - (Elevator)	500	1,900	-	-	-	2,400
M24003	MHSP - 7th Street Bikepath	-	650	5,150	-	-	5,800
		\$500	\$3,050	\$10,150	\$12,600	-	\$26,300
MARITIME ADMIN							
Cap Equip	Dropmaster Pump for FSE	10	-	-	-	-	10
Cap Equip	HF Garbage Truck XS61	400	-	-	-	-	400
Cap Equip	EH&S Vehicle XS70	80	-	-	-	-	80
Cap Equip	Maint Foreman Truck XT15	80	-	-	-	-	80
Cap Equip	Oil Tack Tank Trailer XU31	50	-	-	-	-	50

5-YEAR CAPITAL IMPROVEMENT PLAN
Expenditures and Funding Sources By Project
FY 2026-27 to FY 2030-31
(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY Total 2027-2031
Cap Equip	Electric Work Van XQ18	95	-	-	-	-	95
Cap Equip	Electric Work Van XQ19	95	-	-	-	-	95
Cap Equip	Mechanic Truck (ARFF Garage) X795	240	-	-	-	-	240
Cap Equip	Backhoe Attachments (XR79)	32	-	-	-	-	32
Cap Equip	Skid Steer Attachments (XP01)	25	-	-	-	-	25
Cap Equip	Hazardous Waste Disposal Container	450	-	-	-	-	450
Cap Equip	CalSTART Truck Purchase EPA Clean Ports	6,200	-	-	-	-	6,200
Cap Equip	Matson Transformer	400	-	-	-	-	400
Cap Equip	Capital Equipment - Maritime	-	1,000	1,000	1,000	1,100	4,100
Cap Equip	12 Eaton Medium Voltage Switches	120	-	-	-	-	120
Cap Equip	8 Square D Medium Voltage Switches	80	-	-	-	-	80
Cap Equip	44 Shore Power Receptacles	250	-	-	-	-	250
Cap Equip	Neutral Grounding Resistor	20	-	-	-	-	20
Cap Equip	2 Starco Relay NGR Monitor	10	-	-	-	-	10
Cap Equip	Qualitrol Transformer Monitor	15	-	-	-	-	15
Cap Equip	2 Multilin 650 Protective Relay	30	-	-	-	-	30
Cap Equip	Telehandler	350	-	-	-	-	350
		\$9,032	\$1,000	\$1,000	\$1,000	\$1,100	\$13,132

PORT UTILITY							
ELECTRIC PROJECTS - AIRPORT SYSTEM							
New Project	Airport Power Grid Modernization	2,000	6,000	21,000	25,000	21,000	75,000
		\$2,000	\$6,000	\$21,000	\$25,000	\$21,000	\$75,000
ELECTRIC PROJECTS - SEAPORT SYSTEM							
M20009	115kV Main Substation Replacement (Davis/Alpha) - Harbor	500	14,500	5,000	5,000	12,000	37,000
M21009	115kV Main Substation Replacement (Cuthbertson/Bravo)	300	500	300	14,000	5,000	20,100
M22001	SS-R-14 Substation Replacement (14th/Maritime)	7,050	-	-	-	-	7,050
M25009	(SS-E-1) Matson CHE Electrical Infrastructure Upgrades (CalSTA)	1,700	1,725	-	-	-	3,425
UTM26003	SS-E-2 Upgrades (New Circuit from E-1)	1,300	253	-	-	-	1,553
New Project	7th Street Circuit to Nutter/Outer Harbor from Davis/Cuthbertson	1,200	5,000	3,800	-	-	10,000
New Project	B9/10 Electrical Dist Upgrades	-	-	-	-	175	175
		\$12,050	\$21,978	\$9,100	\$19,000	\$17,175	\$79,303
		\$14,050	\$27,978	\$30,100	\$44,000	\$38,175	\$154,303

COMMERCIAL REAL ESTATE							
JACK LONDON SQUARE (JLS)							
P10000001	Tenant Improvements in JLS	500	1,100	-	-	-	1,600
C19002	HVAC Equipment Upgrades/Replacement at 530 Water Str	150	120	125	125	125	645
New Project	530 Water Chiller Replacement	1,400	-	-	-	-	1,400
New Project	Double Door Replacement on Each Lobby Level - 530 Water Street	-	120	-	-	-	120
New Project	530 Water St Window Enhancement (noise mitigation)	25	250	-	1,500	-	1,775
New Project	Washington Street EV Chargers (full buildout)	250	-	-	-	-	250
New Project	Boardwalk Replacement by Waterfront Hotel	-	175	6,500	-	-	6,675
New Project	530 Water Street Roof Gutter Drain System Rehabilitation	175	300	-	-	-	475
New Project	JLS concrete wharves rehab	-	50	250	-	-	300
New Project	Roof Replacement - 530 Water Street	-	1,100	-	-	-	1,100
New Project	Building Improvements - Waterfront Hotel	1,000	-	-	-	-	1,000
New Project	530 Water Fire Panel Replacement	306	-	-	-	-	306
New Project	530 Water Elevator Modernization	-	2,000	-	-	-	2,000
New Project	530 Water HVAC Controls, pneumatic to DDC	-	1,200	-	-	-	1,200
New Project	530 Water Boiler Replacement	250	-	-	-	-	250
New Project	Underground Garage Elevator Modernization	-	400	-	-	-	400
C23002	Sanitary Sewer Rehab - JLS	-	1,900	-	-	-	1,900
New Project	Generator Replacement - 530 Water Street	500	-	-	-	-	500
New Project	Generator Replacement - Washington Garage	-	90	-	-	-	90
New Project	Generator Replacement - Underground Garage	-	55	-	-	-	55

5-YEAR CAPITAL IMPROVEMENT PLAN
Expenditures and Funding Sources By Project
FY 2026-27 to FY 2030-31
(\$ Thousands)

		CAPITAL EXPENDITURES					
Project #	Project Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY Total 2027-2031
New Project	Spalling - Washington Garage	85	-	-	-	-	85
New Project	Signage - Washington Garage	135	-	-	-	-	135
New Project	Signage - Underground Garage	35	-	-	-	-	35
New Project	530 Water - Kitchen Remodel	150	-	-	-	-	150
		\$4,961	\$9,360	\$6,875	\$1,625	\$125	\$22,946
EMBARCADERO COVE							
P20066302	Environmental Remediation / Permits Union Pt Basin Park	308	-	-	-	-	308
C23002	Sanitary Sewer Rehab - Embarcadero	5,500	-	-	-	-	5,500
New Project	1285-1363 Embarcadero Parking Lot Pavement Rehabilitation	175	-	-	-	-	175
New Project	Embarcadero Paving	-	500	-	-	-	500
		\$5,983	\$500	-	-	-	\$6,483
BUSINESS PARK							
New Project	Tenant Improvements at Business Park	-	636	325	-	-	961
New Project	Trash Capture Device Installation - Airport Business Park	-	120	-	-	-	120
New Project	Roof Replacement - 7727 Oakport	300	-	-	-	-	300
C23002	Sanitary Sewer Rehab - Airport Business Park	1,700	-	-	-	-	1,700
		\$2,000	\$756	\$325	-	-	\$3,081
OTHER							
New Project	Misc. Facility Replacement Projects, CRE	325	325	325	325	325	1,625
		\$325	\$325	\$325	\$325	\$325	\$1,625
SUPPORT							
EQUIPMENT AND SYSTEMS							
New Project	Telecom and Conf Room Refresh - DT and Maritime	210	-	-	-	-	210
Cap Equip	JLS Access Switch Replacements	-	-	1,000	-	-	1,000
Cap Equip	JLS Wi-Fi	-	-	-	-	-	-
Cap Equip	MDR Hardware Replacement	-	-	250	-	-	250
Cap Equip	Cisco Smartnet Subscription	-	-	500	-	-	500
Cap Equip	HSM Replacement	30	-	-	-	-	30
SQ0002603	IT Infrastructure Replacement (ALL CORES, ISE Servers, DNA Servers, DC S)	110	-	-	-	-	110
Cap Equip	JLS & HTC Gen 10 VMware Server Replacement (9)	270	135	-	-	-	405
Cap Equip	Replacement of Commvault HSX Nodes	188	-	-	-	-	188
Cap Equip	Cloud Phone System Subscription	65	65	65	65	65	325
New Project	ERP System Upgrade	-	14,130	14,640	11,230	-	40,000
		\$873	\$14,330	\$16,455	\$11,295	\$65	\$43,018

Attachment B:

March 26, 2026 Budget Update #1



**PORT OF
OAKLAND**

Development of
FY 2027 Operating and Capital Budget

Board of Port Commissioners
March 26, 2026

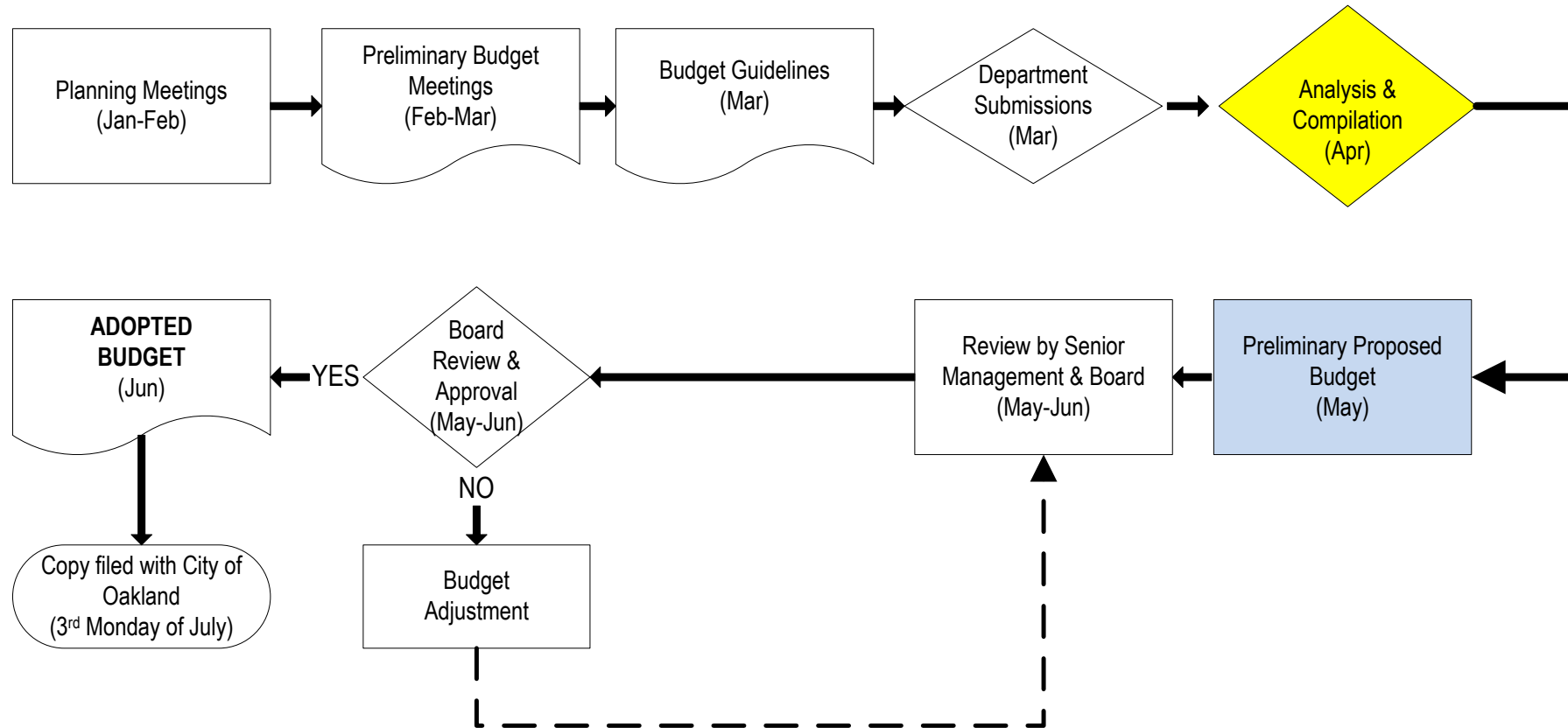
The information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that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

Purpose of Presentation

1. Provide overview of the Port budget process and budget
2. Update on current financial state of the Port
3. Discuss key factors influencing the development of FY 2027 Budget
4. Discuss policies, key budget objectives, and assumptions

1. Overview of the Port Budget Process and Budget

Budget Process Overview



Balancing Sources and Uses of Funds

	FY 2026 Budget
Uses of Funds	
Operating Expenses ¹	\$297,066
Debt Service ²	85,455
Capital Expenses	243,280
Other Expenses ³	71,221
Transfer to Restricted Account	848
Total Uses	\$697,870
Sources of Funds	
Cash from Operations	\$435,148
Available Cash Reserves	69,325
Grant Reimbursement ⁴	89,595
Passenger Facility Charges (PFCs) ⁵	16,087
Interest Income	14,126
Commercial Paper/Bonds	4,704
Other Revenues ⁶	68,885
Total Sources	\$697,870

¹ Excludes depreciation and non-cash adjustments to pension and retiree medical expenses.

² Includes \$7.3 million repayment of CP Notes and associated interest. Of this amount, approximately \$2.3 million of CP Notes and associated interest is anticipated to be repaid with PFCs. The interest rate on the CP Notes is assumed to be 2.6% in FY 2026.

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

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

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

⁶ Includes non-operating pass-through grants.

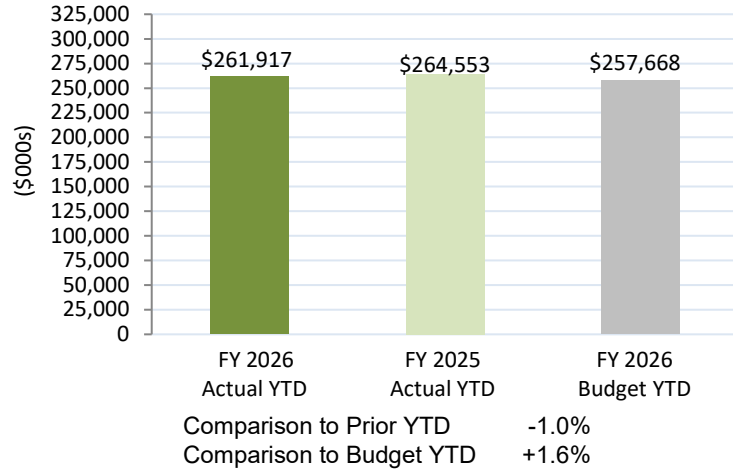
Key Board Dates

- | | |
|----------|---|
| March 26 | Board Update #1
– <i>Overview, Key Factors, Objectives and Assumptions</i> |
| May 14 | Board Update #2
– <i>Key Assumptions and Preliminary Budget Numbers</i> |
| June 25 | Request Board adoption of FY 2027 Operating and Capital Budgets |
| July 8 | Submit Adopted FY 2027 Budget to City |

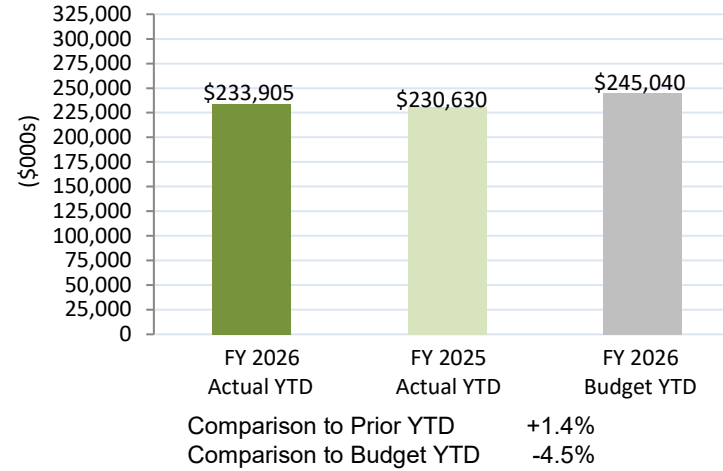
2. Current Financial State of the Port

For the First Seven (7) Months of FY 2026, Operating Income is \$5.9 Million Lower than Same Period Last Year and \$15.4 Million Above Budget

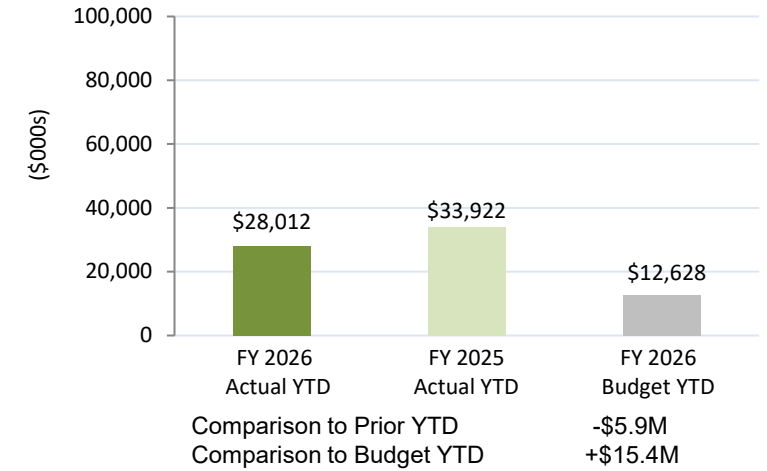
Operating Revenues



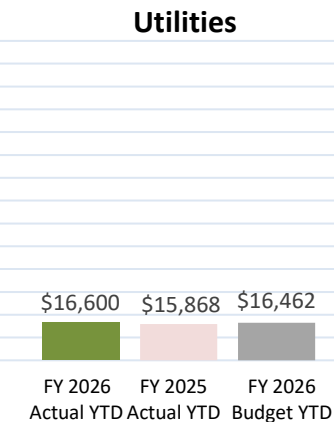
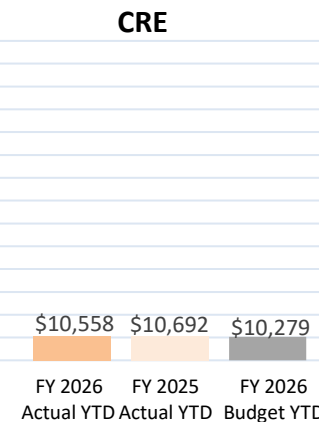
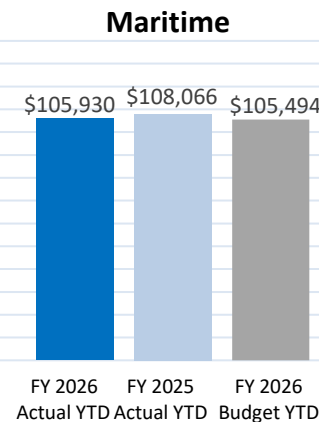
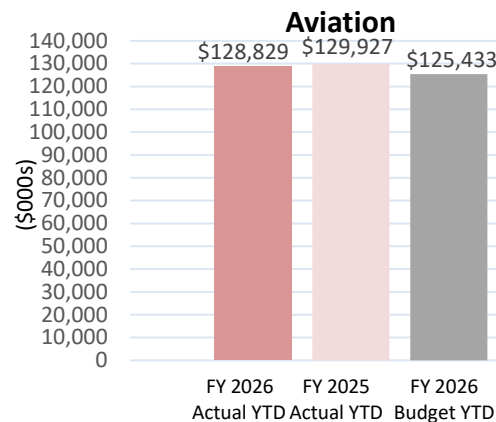
Operating Expenses



Operating Income



Operating Revenues by Business Line



Comparison to Prior YTD
Comparison to Budget YTD

-0.8%
+2.7%

-2.0%
+0.4%

-1.2%
+2.7%

+4.6%
+0.8%

Port Cash Balances

as of January 31, 2026

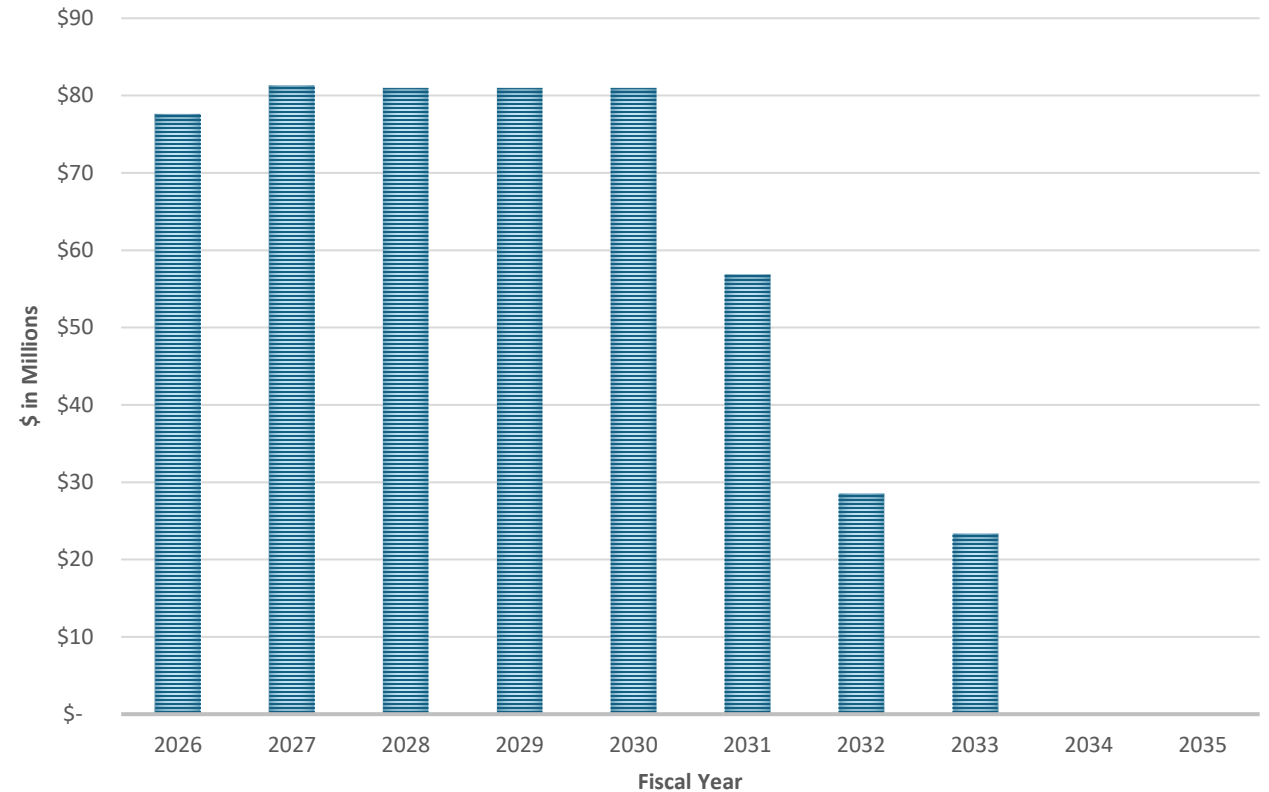
Account	Amount	Comment
General Fund	\$584,664,950	<ul style="list-style-type: none"> • Debt Service Fund - \$48.1M - for semi-annual debt service payments • Self-Insurance Fund - \$7.2M - for worker's compensation, health and other obligations • Working Capital Fund - \$261.5M - for day-to-day operating expenses, pension, OPEB, environmental, and other operating obligations • Capital Investment Fund - \$267.9M - for capital projects not funded through current operating revenues
Board Reserves	\$82,466,638	<ul style="list-style-type: none"> • Available only if General Fund insufficient to pay debt service, operating expenses and/or capital expenses • Use of Board Reserves is a Material Negative Event to bondholders
Trustee Bond Reserves	\$44,349,518	<ul style="list-style-type: none"> • Restricted for the benefit of bondholders if insufficient General Fund • Use of this reserve is an Event of Default
Passengers Facility Charges	\$84,906,502	<ul style="list-style-type: none"> • Restricted in use to eligible capital costs at the Airport
Customer Facility Charges	\$869,827	<ul style="list-style-type: none"> • Restricted in use to Airport rental car busing operations, and related capital costs
LCFS Fund	\$2,684,377	<ul style="list-style-type: none"> • Restricted in use to transportation electrification projects
Security Deposit Fund	\$10,548,948	<ul style="list-style-type: none"> • Tenant security deposits
Other	\$1,715,702	<ul style="list-style-type: none"> • Escrow accounts related to Port's capital program

Port Debt Balances and Existing Annual Bond Payment Obligations as of March 1, 2026

(\$000s)

Type of Debt	Outstanding Debt as of 3/1/2026
Series 2020R (Federally Taxable)	\$253,055
Series 2017D (Private Activity/AMT)	34,095
Series 2017E (Governmental/Non-AMT)	27,550
Series 2017G (Federally Taxable)	12,200
Series 2021H (AMT)	110,725
Subtotal (Bonds)	\$437,625
Commercial Paper Series A (AMT)	\$2,342
Commercial Paper Series D (AMT)	10,193
Subtotal (Commercial Paper)	\$12,535
Total	\$450,160

ANNUAL BOND DEBT SERVICE



3. Key Factors Influencing the Development of FY 2027 Budget

Key Factors Under Consideration in Developing FY 2027 Budget

- ❑ Preliminary revenue projections* for FY 2027 are not as robust as projections from 12 months ago
 - ❑ Maritime revenues projected to be \$10.9 million (-6%) lower
 - ❑ Non-airline revenues projected to be \$4.1 million (-4%) lower
 - ❑ CRE revenues are projected to be \$1.5 million (-8%) lower
 - ❑ Utilities revenues are currently unknown, pending completion of a cost-of-service study
- ❑ CIP affordability is under review due to escalating costs of major capital projects, including tariff impacts on imported steel and aluminum, as well as lower projected future operating cash flow available to fund capital investments
- ❑ Prioritize capital projects that address core infrastructure and safety needs, deliver strong return on investment, and mitigate operational, regulatory, or financial risks. As part of this prioritization effort, certain capital projects may be deferred, phased, scaled or removed from the CIP
- ❑ Manage operating expenses to align with updated revenue projections and realistic staffing levels over the next 12 to 15 months, while ensuring compliance with minimum debt service coverage ratios, operating expense targets, cash liquidity requirements, both Port wide and by revenue division, in support of the Port's strategic priorities

* Before GASB 87 Adjustments.

Key Factors Under Consideration in Developing FY 2027 Budget

- ❑ Position the Port for potential debt issuances as early as FY 2027 to fund key capital projects and provide contingency liquidity should third-party funding not materialize. This requires strengthening of key financial metrics and disciplined expense management to preserve the Port's high credit ratings, ensure access to capital at the lowest possible borrowing cost
- ❑ Maintain OAK's Cost per Enplanement (CPE) at competitive levels relative to SFO and SJC to retain existing carriers and attract new airlines and routes
 - ❑ Align operating budgets with realistic expenditure expectations to avoid setting rates at levels that unnecessarily increase OAK's CPE
 - ❑ Improve cost forecasting accuracy to reduce the magnitude of future aviation rates and charges true-ups
- ❑ Closely monitor geopolitics on potential impacts to global trade and passenger travel
 - ❑ FY 2027 airport enplanements are projected to be 14.3% below FY 2026 Budget
 - ❑ FY 2027 total TEU volumes are projected to remain flat to FY 2026 Budget
- ❑ With approximately 78 FTE vacancies, strategically prioritize hiring and repurpose critical roles to support daily operations, timely deliver capital projects, and advance Port strategic priorities

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

Preliminary Key Budget Assumptions

1. Debt Service Expenses

- ❑ Bond and Commercial Paper Notes (CP Notes) debt service payments expected to total \$88.7 million¹ in FY 2027
- ❑ Continue discipline of paying down outstanding CP Notes
 - \$12.535 million of CP Notes to be outstanding as of July 2026 (\$10.193 million Maritime, \$2.342 million Aviation PFC-eligible)
 - Assume \$5.0 million² of Maritime CP Notes are paid down
- ❑ New debt issuances in the form of CP Notes to fund capital projects
- ❑ Minimum budgeted cash-based debt service coverage ratio of 1.40x Port wide and by revenue division:
 - Provides operating financial cushion
 - Maintains liquidity
 - Preserves credit ratings
 - Complies with newly updated Port debt policy

¹ Assumes rates on commercial paper notes average 3.90% in FY 2027..

² Additional \$2.342 in Aviation Division CP Note payment if FAA were to approve new PFC application in FY 2027.

Preliminary Key Budget Assumptions

2. Operating Expenses

- ❑ Adopt a fiscally responsible approach to balance revenues and expenditures, ensuring the Port's long-term fiscal sustainability amid future revenue uncertainties, rising personnel costs, increased regulatory and compliance requirements, and the need to address years of deferred maintenance
- ❑ Aim to budget for achievable expenses based on available staffing levels, prioritizing critical operational needs while aligning with the Port's strategic goals
- ❑ Reliance on debt to fund a portion of the Port CIP means operating expenses, in the absence of revenue growth, must be adjusted to create the conditions necessary to maintain key financial metrics, such as minimum debt service coverage ratios, ensuring the Port can issue debt in a responsible and sustainable manner
- ❑ Strategically reduce non-personnel operating expenses to absorb COLA increases and align spending with lower projected operating revenues
- ❑ Increase in assumed vacancy factor in FY 2027. Focus on filling or re-purposing critical staff vacancies to support critical operations and reduce operational bottlenecks

Preliminary Key Budget Assumptions

3. Capital Expenses

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

Key Budget Objectives

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

* June 30 cash balance is used to pay upcoming November 1 bond debt payment of \$30.8 million, construction contracts already executed, 5-Year Capital Improvement Plan, day-to-day operating expenses and unfunded liabilities; balance also includes contractor retention not held in escrow and security deposits.

** This figure reflects the current total of FY 2026 Board Reserves. It is expected to change as the FY 2027 Budget is developed.