



Fiscal Year 2017  
Financial Highlights  
(July 1, 2016 – June 30, 2017)

*Preliminary Unaudited Results*

Board of Port Commissioners Meeting  
October 12, 2017

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## The Port's financial performance for FY 2017 was strong.

### Financial Highlights

1. Operating revenues at \$358.7M increased 6.1%, or \$20.7M from FY 2016.
  - Aviation revenues increased \$17.6M, or 10.2%, driven by 8.4% increase in passenger traffic and higher terminal rental rates.
  - Maritime revenues increased \$2.6M, or 1.8%, driven by 3.7% increase in full TEUs and leasing of available property.
  - CRE revenues increased \$0.5M, or 2.9%, reflecting strong local market.
2. Operating expenses at \$295M increased \$9.8M or 3.4% from FY 2016, a lower growth rate than revenues.
3. Operating income<sup>(1)</sup> of \$63.7M; increased \$10.9M, or 20.6%.

### Financial Highlights (cont)

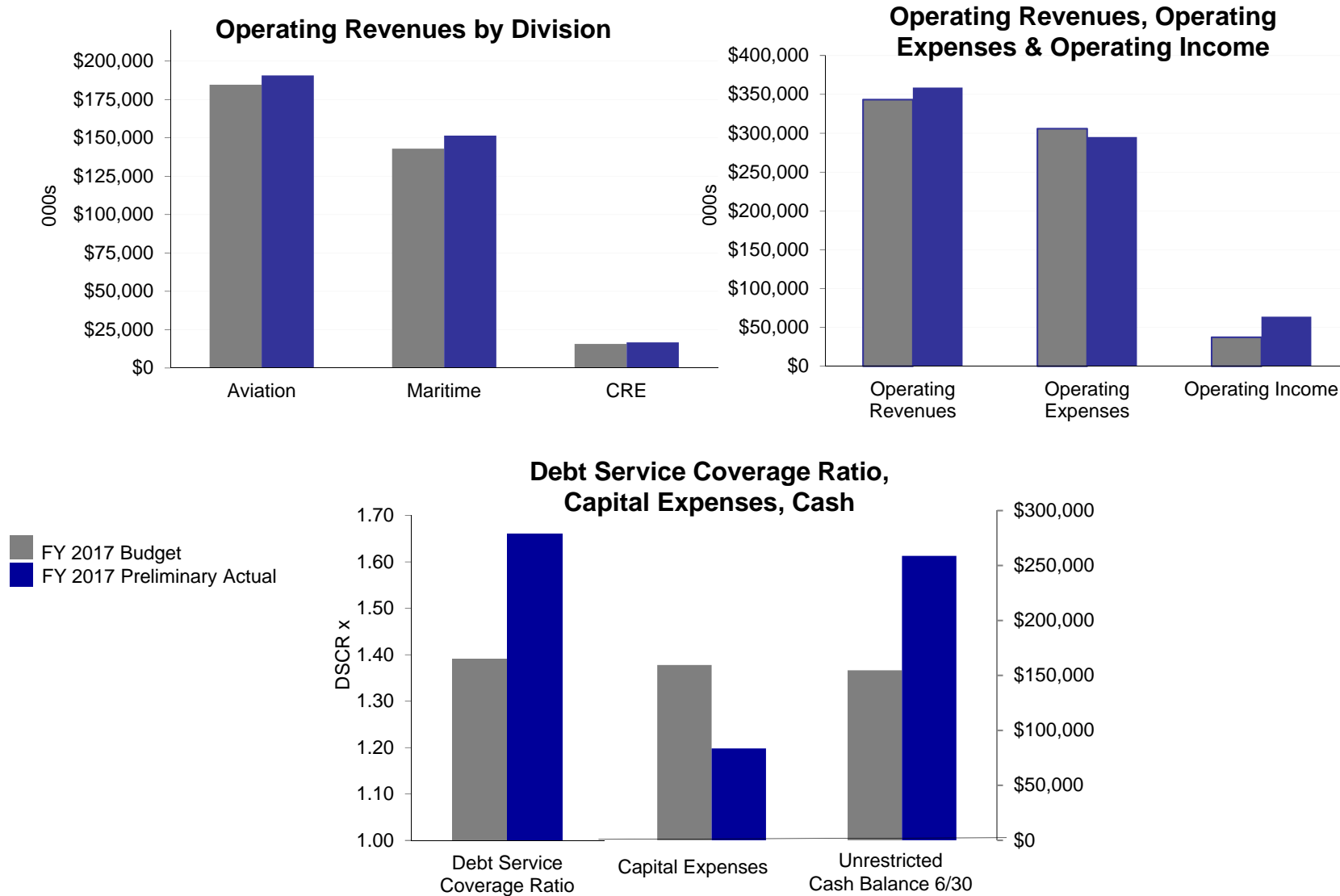
4. Debt service payments totaled \$104M. \$1.1B of debt remains outstanding and is scheduled to be fully repaid in FY 2033.
5. Debt service coverage ratio at 1.66x is solid and near FY 2007 level.
6. Capital investment was \$83M; key projects include development of Seaport Logistics Center, renovation of Terminal 1, IAB upgrade, and airfield projects.
7. Port liquidity is good. The General Fund on June 30 was \$259M and working capital<sup>(2)</sup> increased by \$30M.
8. Board Reserves increased by \$1.5M to \$71M, in compliance with Board policy.

- ❑ Outlook for the Port's 3 business lines is positive: strong growth expected in Aviation traffic and revenues, and continued stability with Seaport and CRE.
- ❑ Focus on increasing cost pressures driven by major maintenance, security, traffic growth at the Airport, and pension.

(1) Operating income measures the amount of earnings generated by the day-to-day business activities and correspondingly takes into account operating and capital costs (depreciation) necessary to generate the operating revenues. Operating income measures earnings at the time they are earned, which differs from timing of cash receipts and payments.

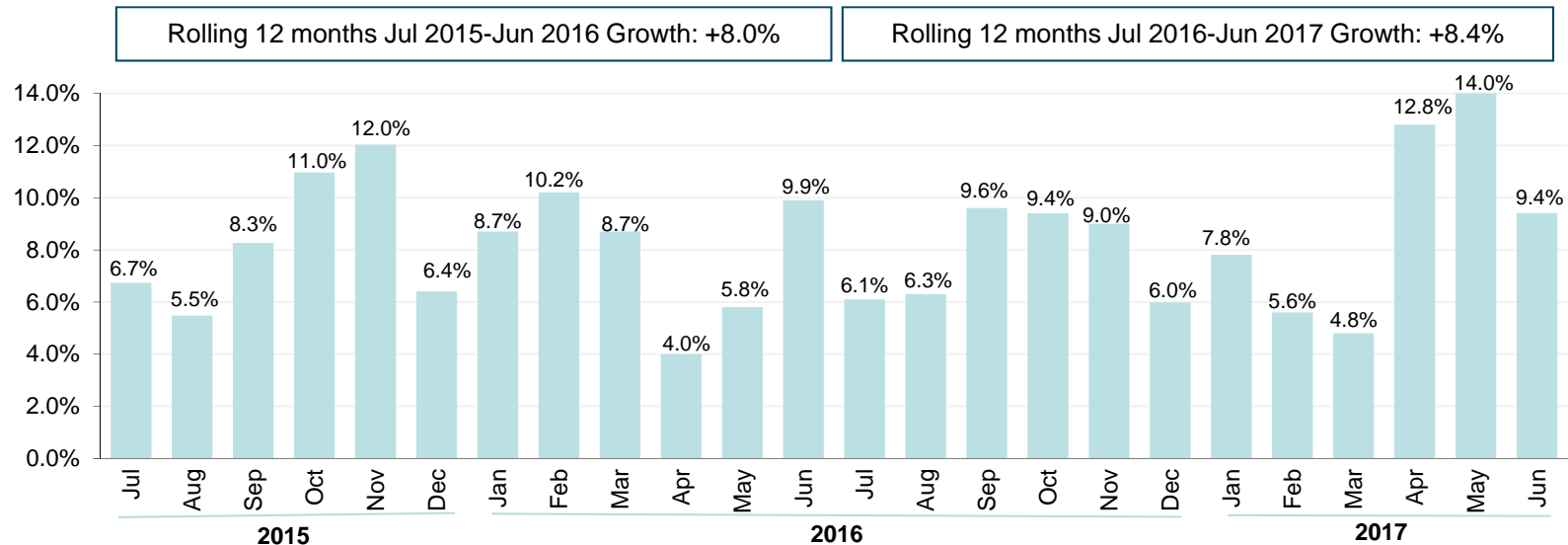
(2) Working capital is the amount of current assets in excess of current liabilities and represents operating liquidity.

In comparison to budget, operating revenues & operating expenses are tight, demonstrating reasonable estimates and controls.

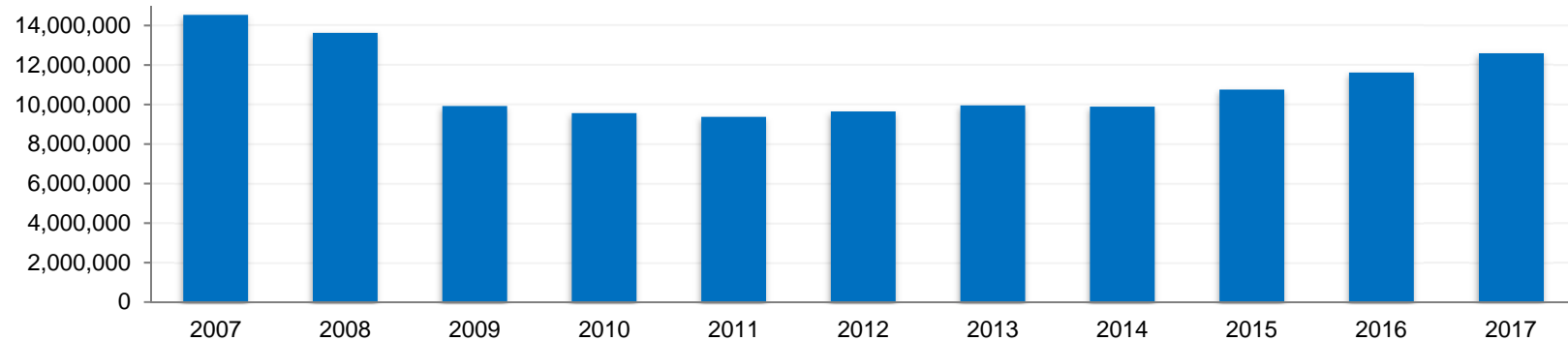


OAK experienced 8.4% growth in FY 2017, marking 43 consecutive months of year-over-year growth.

**OAK Monthly Passengers - YoY Growth**



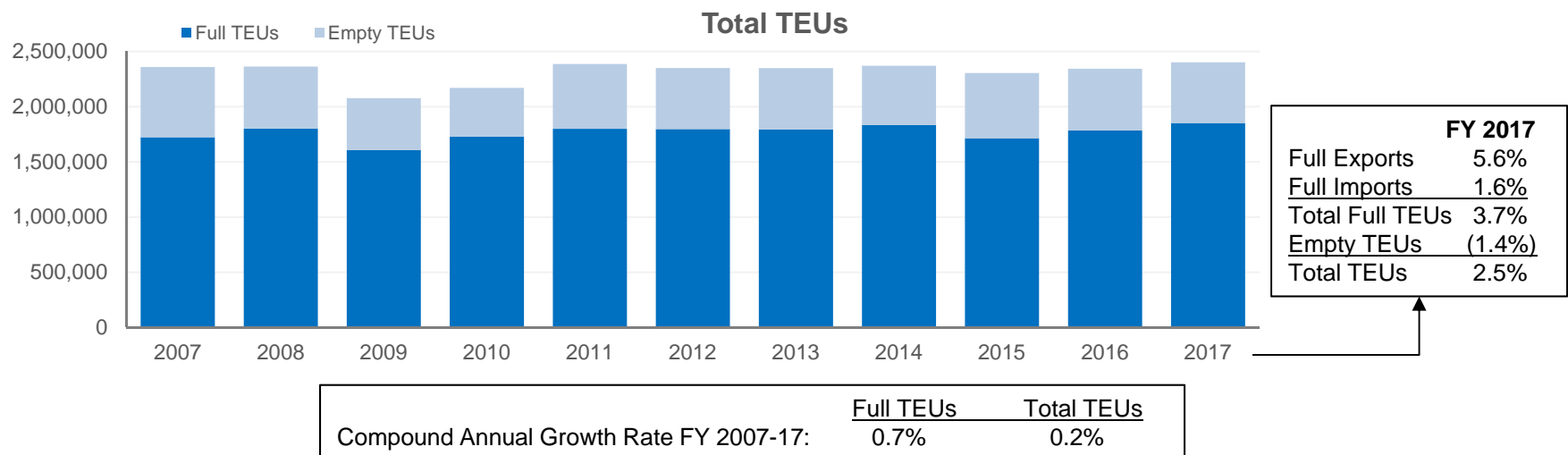
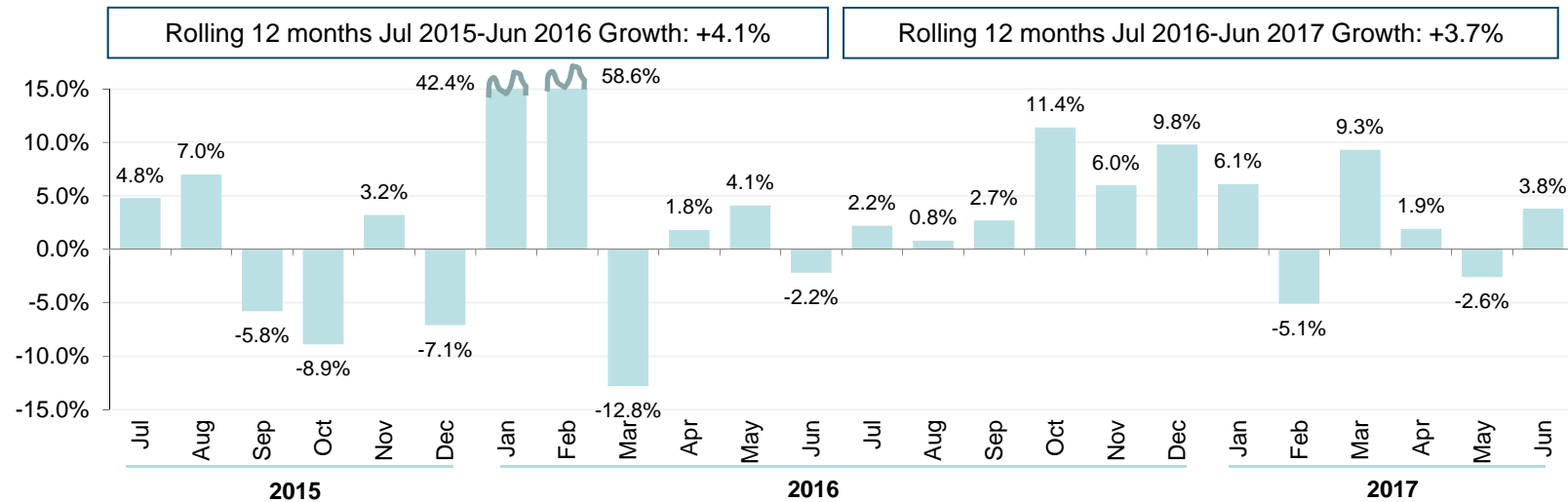
**Passenger Activity**



Compound Annual Growth Rate FY 2007-17: -1.4%

# Full TEU volume at the Seaport increased 3.7%, marking record levels.

Monthly Full TEUs - YoY Change

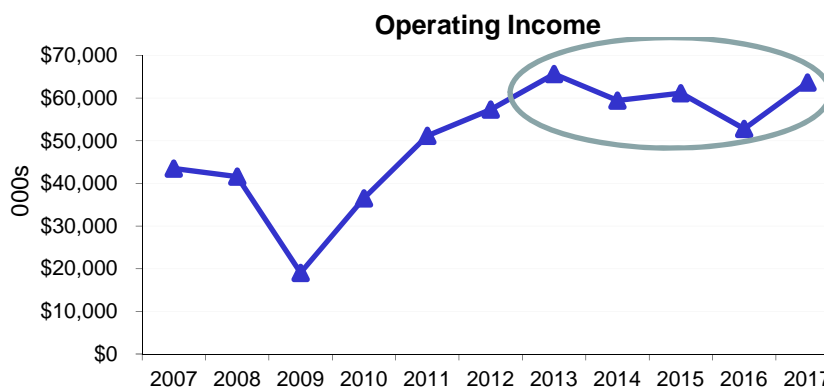


Operating income has improved as revenues outpaced expenses, and outlook for all 3 business lines is positive.

(\$000s)

Preliminary FY 2017	Aviation	Maritime	CRE	Total
Change in Operating Revenues FY 2017 vs FY 2016	10.2%	1.8%	2.9%	6.1%
Change in Operating Expenses FY 2017 vs FY 2016	6.8%	(0.8%)	(4.8%)	3.4%
Operating Margin	7.4%	29.8%	27.1%	17.7%
Operating Revenues	\$190,657	\$151,377	\$16,673	\$358,706
Operating Expenses	(176,591)	(106,302)	(12,148)	(295,040)
<b>Operating Income</b>	<b>14,066</b>	<b>45,075</b>	<b>4,525</b>	<b>63,666</b>
Change in Operating Income FY 2017 vs FY 2016	82.1%	8.3%	31.4%	20.6%

- ❑ **Operating income** measures the amount of earnings generated by the day-to-day business activities and correspondingly takes into account operating and capital costs (depreciation) necessary to generate the operating revenues. Operating income measures earnings at the time they are earned, which differs from timing of cash receipts and payments.



## Operating income and cash flow are not the same, but both are meaningful.

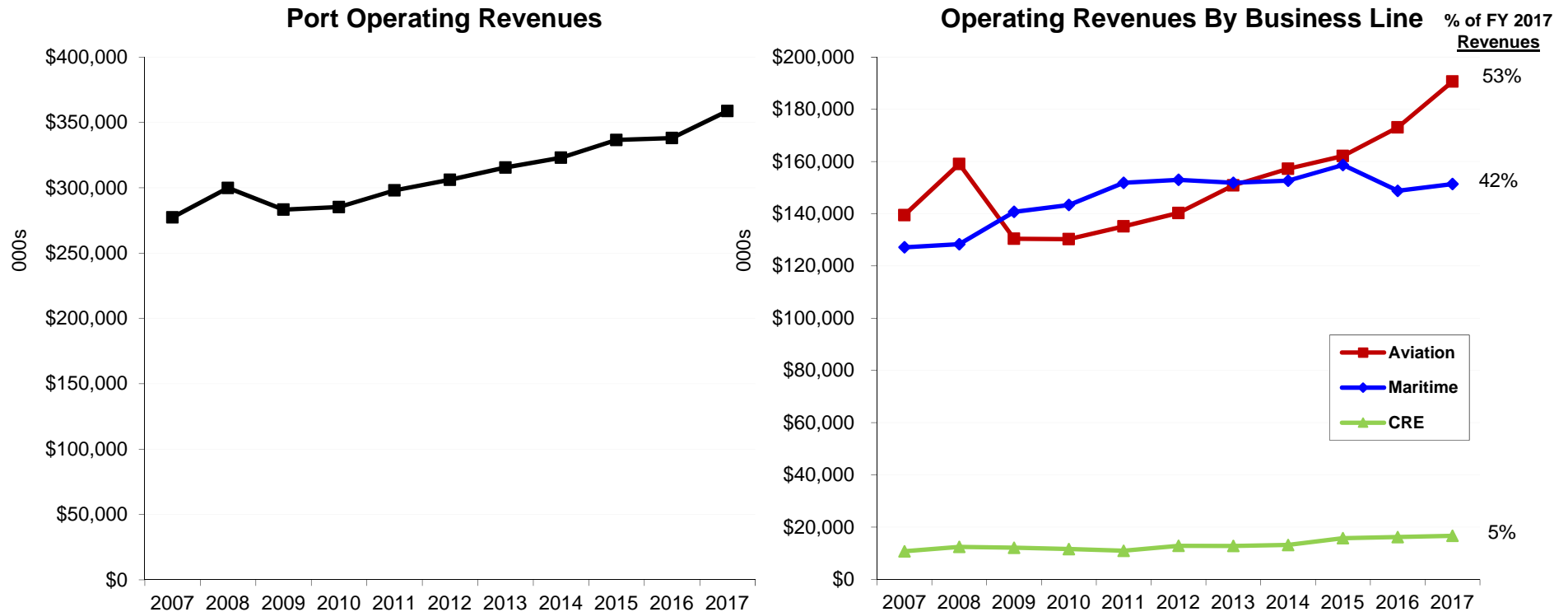
(\$000s)				
Preliminary FY 2017	Aviation	Maritime	CRE	Total
Operating Revenues	\$190,657	\$151,377	\$16,673	\$358,706
Operating Expenses	(176,591)	(106,302)	(12,148)	(295,040)
Add Depreciation <sup>(1)</sup>	50,293	53,448	2,514	106,255
<b>“Cash” Generated from Operations</b>	<b>64,359</b>	<b>98,523</b>	<b>7,039</b>	<b>169,921</b>
Debt Service	(26,528)	(73,151)	(4,387)	(104,066)
Non Operating Expenses and Other Items	<b>(602)</b>	<b>(2,894)</b>	<b>(191)</b>	<b>(3,687)</b>
<b>“Cash” Generated after Operations, Debt Service and Other</b>	<b>37,229</b>	<b>22,478</b>	<b>2,461</b>	<b>62,168</b>
Other Funding Sources (Grants, CFCs & PFCs)	37,183	2,510	--	39,693
<b>“Funds Generated” in FY 2017 for Capital Projects</b>	<b>74,412</b>	<b>24,988</b>	<b>2,461</b>	<b>101,861</b>

Note: This is not actual cash flows because Operating Revenues and Operating Expenses are recorded on an accrual basis according to GAAP. The “cash flow” numbers presented here are for indicative purposes only.

(1) Depreciation reflects upfront cost of capital (infrastructure) necessary for the business lines to conduct its day-to-day operations and generate operating revenues. The capital cost is amortized over the life of the capital asset.



## Significant growth in Aviation revenues drove above-average growth of Port's combined revenues in FY 2017.



Operating Revenues	Aviation	Maritime	CRE	Port
FY 2017 vs FY 2016 Growth Rate	10.2%	1.8%	2.9%	6.1%
10 Year Compound Annual Growth Rate	3.2%	1.8%	4.5%	2.6%
10 Year Total Growth	36.7%	19.1%	55.2%	29.3%

Aviation revenues increased 10.2%, driven by passenger growth and higher terminal rental rates.

Aviation Revenue Breakdown	Preliminary FY 2017 (\$000s)	% of Total	% Change from FY 2016
Passenger Airline Revenue			
Terminal Rental <sup>(1)</sup>	\$47,555	24.9%	14.0%
Landing Fees (excl. Cargo Airlines)	23,492	12.3%	18.2%
Total Airline Revenues	71,046	37.3%	15.3%
Parking	35,012	18.4%	5.5%
Lease Rentals	30,505	16.0%	2.2%
Concessions	24,563	12.9%	4.9%
Landing Fees – Cargo Airlines	9,770	5.1%	4.7%
Other <sup>(2)</sup>	7,125	3.7%	30.1%
Ground Access	5,855	3.1%	60.6%
Utility Sales	4,359	2.2%	2.4%
Aviation Fueling	2,422	1.3%	3.7%
<b>Total Operating Revenues</b>	<b>\$190,657</b>	<b>100.0%</b>	<b>10.2%</b>

(1) Includes passenger airline rentals only. Non-airline terminal rental revenues are classified under "Other".

(2) Includes non-airline terminal revenues, miscellaneous revenues, and other field revenue, offset by bad debt.

Decline in Maritime MAG was more than offset by increases in over-MAG, space assignment and ancillary revenues.

Maritime Revenue Breakdown	Preliminary FY 2017 (\$000s)	% of Total	% Change from FY 2016
Marine Terminal Revenue			
Minimum Annual Guarantee (MAG)	\$80,205	53.0%	(26.0%)
Revenues in excess of MAG	26,970	17.8%	692.1%
Miscellaneous Terminal Rentals <sup>(1)</sup>	783	0.5%	(45.9%)
Total Terminal Revenues	107,958	71.3%	(4.6%)
Space Assignment	23,927	15.8%	38.7%
Utility Sales	9,741	6.4%	(2.5%)
Ancillary Services	6,916	4.6%	12.7%
Oakland International Gateway	2,893	1.9%	31.9%
Other <sup>(2)</sup>	(58)	(0.0%)	na
<b>Total Operating Revenues</b>	<b>\$151,377</b>	<b>100.0</b>	<b>1.8%</b>

(1) Includes crane rental and bunkering fuel.

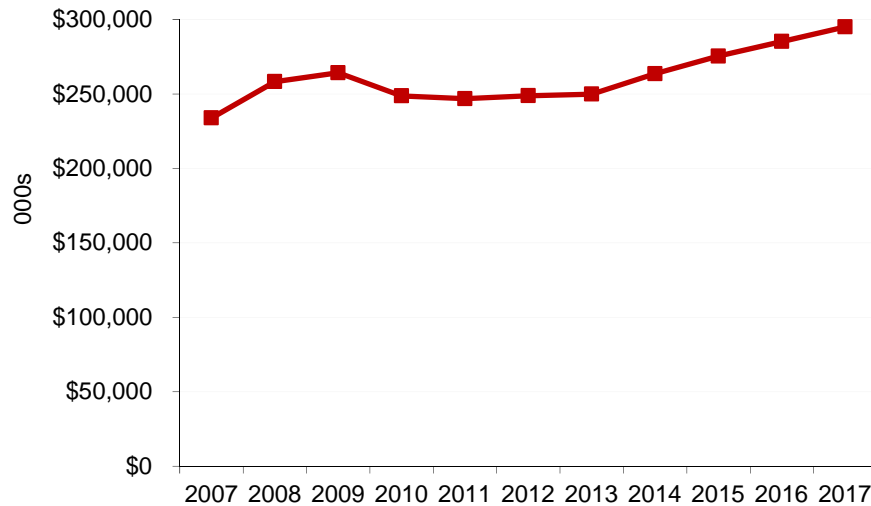
(2) Includes non-terminal revenue and delinquency charges, offset by bad debt.

CRE continues to provide a stable source of revenue.

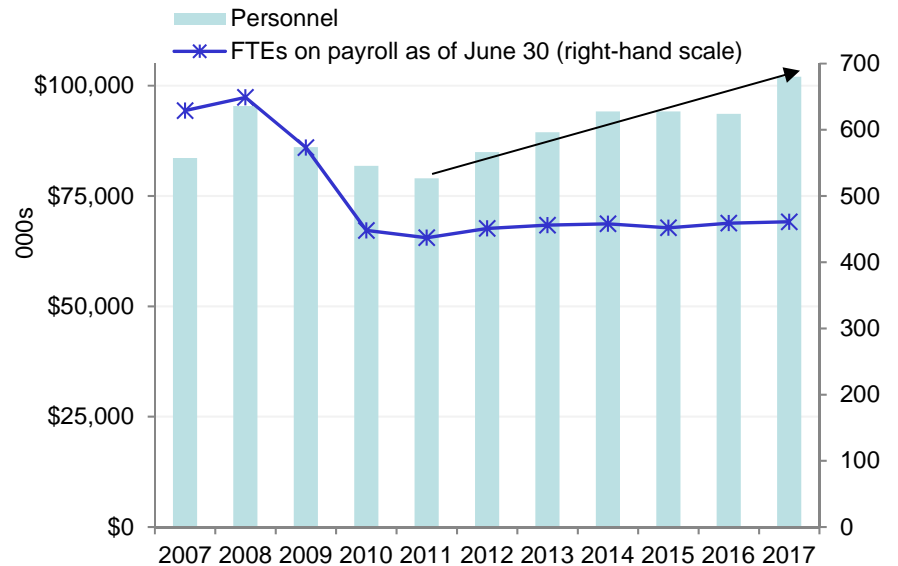
<b>CRE Revenue Breakdown</b>	<b>Preliminary FY 2017 (\$000s)</b>	<b>% of Total</b>	<b>% Change from FY 2016</b>
Jack London Square	\$8,117	48.7%	(1.6%)
Business Park & Distribution Center	3,865	23.2%	30.8%
Embarcadero Cove	3,080	18.5%	25.8%
Brooklyn Basin and Other Areas	1,509	9.0%	(38.2%)
Utility Sales	102	0.6%	(1.3%)
<b>Total Operating Revenues</b>	<b>\$16,673</b>	<b>100.0%</b>	<b>2.9%</b>

FY 2017 operating expenses increased 3.4%, driven by personnel costs increasing 9.0% (FTEs flat).

Port Operating Expenses



Personnel Costs and # of FTEs



	Operating Expenses	Personnel Expenses	FTEs
FY 2017 vs FY 2016	3.4%	9.0%	unchanged
10 Year Compound Annual Growth Rate	2.4%	2.0%	na
10 Year Total Growth	26.2%	22.0%	(26.7%)

## FY 2017 personnel expenses increased 9% with no change in FTEs.

<b>Personnel Expenses</b>	<b>Preliminary FY 2017 (\$000s)</b>	<b>\$ Change from FY 2016 (\$000s)</b>	<b>% Change from FY 2016</b>
Salaries and Wages	54,320	2,660	5.1%
Pension	18,934	2,945	18.4%
GASB 68 Pension Adjustment	(3,346)	2,855	46.0%
Retiree Medical	13,654	--	--
Employee Medical	10,408	335	3.3%
Other <sup>(1)</sup>	7,734	192	2.5%
Workers Compensation	312	(564)	(64.4%)
<b>Total</b>	<b>\$102,016</b>	<b>\$8,423</b>	<b>9.0%</b>

(1) Includes among other items, temporary help, continuing education, professional development, in-house training, college tuition program, unemployment insurance, deferred compensation, college and high school intern program, overtime, physicals, and employee wellness program.

Non-personnel expenses were flat. Certain expenses decreased significantly, offset by increases in other items.

Operating Expenses	Preliminary FY 2017 (\$000s)	\$ Change from FY 2016 (\$000s)	% Change from FY 2016
<b>Major Decreases</b>			
Pollution Remediation	\$2,421	(\$2,764)	(53.3%)
Maintenance Dredging	1,660	(1,785)	(51.8%)
Extended Night Gate Assistance	0	(1,585)	na
Legal Contingency	819	(593)	(42.0%)
Total	\$4,900	(\$6,727)	
<b>Major Increases</b>			
Major Maritime Maintenance	\$3,607	\$2,389	96.3%
Aviation Cooperative & Inbound Marketing	1,620	1,246	333.3%
Police, Fire and Other Security <sup>(1)</sup>	10,465	810	8.4%
Net Insurance Premiums	3,741	481	14.8%
Total	\$19,433	\$4,926	

(1) Excludes Alameda County Sheriff costs at the Airport of \$16.4 million, which decreased 1.3% in FY 2017, in comparison to FY 2016.

In aggregate, operating expenses grew 3.4%. Non-personnel expenses were flat, offsetting the rise in personnel costs.

Operating Expense Breakdown	Preliminary FY 2017 (\$000s)	% of Total	% Change from FY 2016
Personnel Costs	\$102,016	54.0%	9.0%
Police, Fire and Other Security	26,892	14.2%	2.2%
Repairs and Maintenance	19,089	10.1%	9.8%
Parking, Ground Transportation, Truck Parking	14,577	7.7%	3.6%
Administrative	14,262	7.6%	(3.2%)
Insurance, Utilities, Environmental	12,338	6.5%	(9.8%)
Utility Cost of Sales	6,195	3.3%	(12.9%)
Allocation of Labor and Overhead Costs to Capital Expenses	(6,584)	(3.5%)	15.2%
Depreciation	106,255	na	2.1%
<b>Total Operating Expenses</b>	<b>\$295,040</b>	<b>na</b>	<b>3.4%</b>
<b>Total excluding Depreciation</b>	<b>188,785</b>	<b>100.0%</b>	<b>4.2%</b>

+ 0.7%



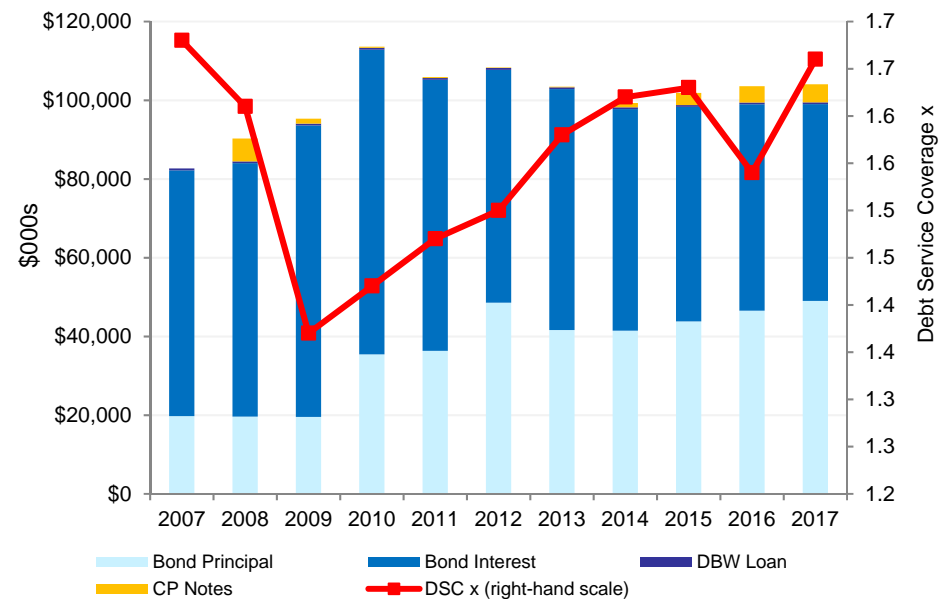
The Port has made steady progress since the lows of FY 2009 to improve debt service coverage. DSC is near FY 2007 levels.

(\$000s)

Type of Debt	FY 2017 Debt Service	Outstanding Debt as of 6/30/17 <sup>(1)</sup>
Bonds	\$98,996	\$979,565
Department of Boating & Waterways Loan	458	4,431
Commercial Paper Notes	4,612	97,841
<b>Total</b>	<b>\$104,066</b>	<b>\$1,081,837</b>

<sup>(1)</sup> Outstanding debt is scheduled to fully repaid in FY 2033

Debt Service and Debt Service Coverage



- ❑ **Debt Service Coverage (DSC)** measures the Port's ability to meet day-to-day operating costs and debt service payments and resiliency to weather downturns in the economy and Port businesses. DSC is net revenues divided by debt service (including repayment of \$4 million of outstanding CP Notes). Net revenues is operating revenues less operating expenses, excluding depreciation.

## Capital investments are critical to maintaining the Port's operations.

	FY 2017 Capital Expenses	(\$000s)
A	Terminal 1 Renovations	27,299
A	International Arrivals Building Upgrades	22,017
A	Runway 12-30 Rehabilitation	8,114
A	Runway Safety Area Improvements	6,374
M	Seaport Logistics Center	4,132
A	Taxiway Improvements	3,252
A	Rental Car Center Improvements	3,209
M	OAB Security System Expansion and Fiber Optic Resiliency	1,708
A	PARC System Upgrade	836
M	Cool Port Rail Infrastructure and Electric Service	739
A	Utility Improvements	684
M	Berths 33-34 Terminal Improvements	658
A	Terminal 2 Projects	615
A	Airfield Perimeter Dike Improvements	575
M	Maritime Roadway Improvements	470

89%

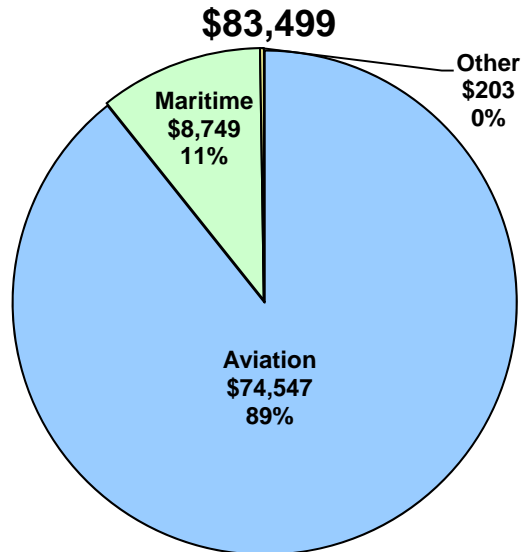
	FY 2017 Capital Expenses (cont)	(\$000s)
M	OICT Crane Raising	384
A	MUFIDS System Upgrade	323
A	Terminal 1 GSE Electrification	251
M	Berth 25/26 Wharf & Related Improvements	218
A	ARFF (M-911) Roof and ARFF Truck	102
A	Airfield Ramp Control/Searidge	84
A	New Cargo Building AOA Security Fencing	84
S	Modernize Internal and External Website	42
M	-50 Ft Cost Share to US Army Corps	4
A,M,S	Various Capital Equipment	925
A	Pre-Development	164
A	Aviation Miscellaneous Projects	132
M	Maritime Miscellaneous Projects	104
<b>Total</b>		<b>83,499</b>

A= Aviation, M = Maritime, C = Commercial Real Estate, S = Support

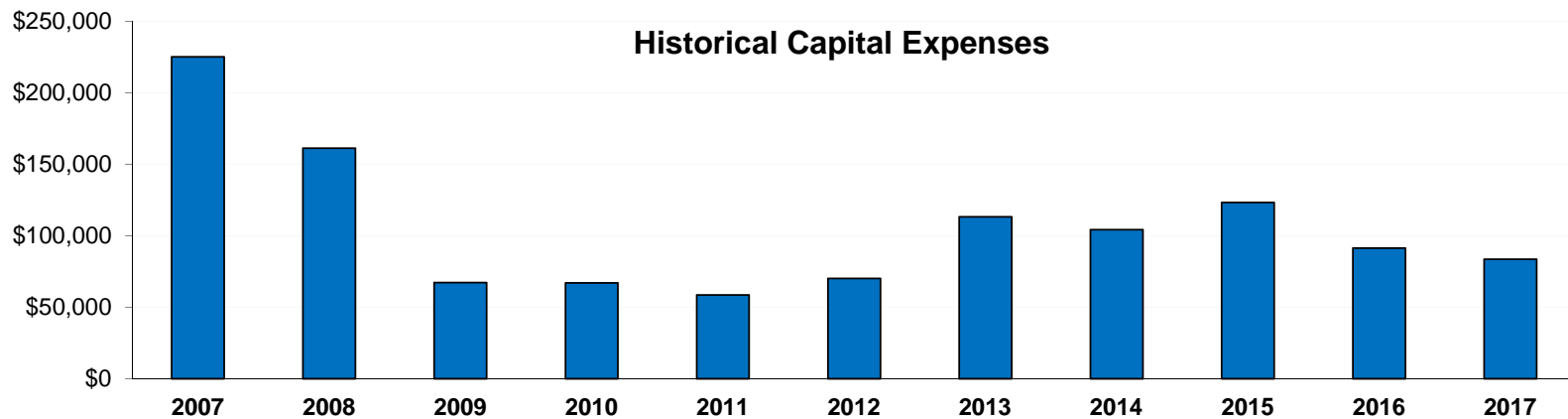
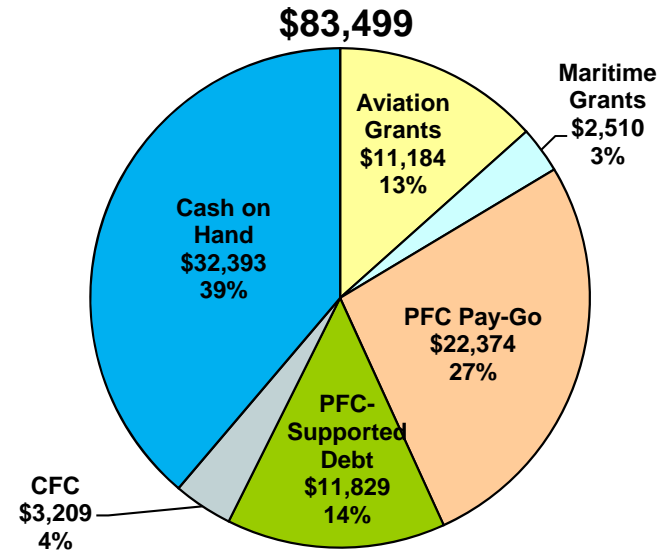
Grants, PFCs and CFCs are anticipated to pay for 61% of FY 2017 capital expenses.

(\$000s)

**FY 2017 Capital Expenditures**



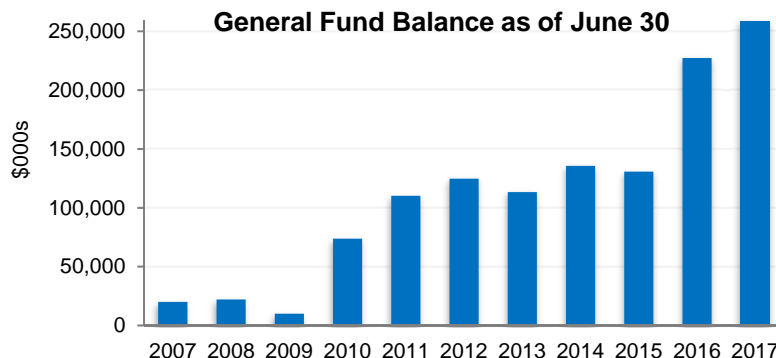
**FY 2017 Funding Sources**



The Port's General Fund (“checkbook”) fluctuates and needs to be viewed in the context of upcoming needs and obligations.

(as of June 30)

General Fund	Preliminary FY 2017 (\$000s)	Actual FY 2016 (\$000s)	\$ Change from FY 2016 (\$000s)	% Change from FY 2016
Debt Service Fund	\$45,378	\$43,795	\$1,583	3.6%
Other	213,388	183,505	29,883	16.3%
<b>Total</b>	<b>\$258,766</b>	<b>\$227,300</b>	<b>\$31,466</b>	<b>13.8%</b>



**Selected Claims on June 30, 2017 Cash Balance**

Nov 1, 2017 Debt Service	\$64 M	Security Deposits	\$8 M
Executed Constr. Contracts <sup>(1)</sup>	\$23 M	Workers Compensation <sup>(3)</sup>	\$11 M
Projects included in 5-Yr CIP <sup>(2)</sup>	\$288 M	Pollution Remediation	\$15 M
Contractor Retention with Port	\$6 M	Unfunded Pension <sup>(4)</sup>	\$204 M
		Unfunded Retiree Medical <sup>(3)</sup>	\$104 M

❑ **General Fund** is used for day-to-day operating expenses, semi-annual debt service payments, committed construction contracts, future planned construction contracts, and unfunded liabilities; balance includes contractor retention and security deposits.

- (1) As of June 30, 2107, remaining balances on executed contracts was approximately \$70 million. Approximately 67% is anticipated to be paid for with grants, PFCs and CFCs.  
 (2) Excludes amounts anticipated to be paid for with grants, PFCs and CFCs.  
 (3) Based on actuarial reports dated August 2017. (4) Based on actuarial report dated August 2016.

The Port anticipates using its cash balance over the next five years to make capital investments necessary for long term sustainability.

(\$000s)

Cash Flow Pro Forma	FY 2018	FY2019	FY 2020	FY 2021	FY 2022
<b>Beginning General Fund Balance<sup>(1)</sup></b>	<b>\$250,000</b>	<b>\$202,244</b>	<b>\$132,416</b>	<b>\$99,451</b>	<b>\$112,211</b>
Operating Revenues	368,836	378,277	387,003	401,082	411,919
Other Receipts <sup>(2)</sup>	117,740	45,795	53,336	42,158	39,303
Operating Expenses	(219,646)	(225,974)	(233,494)	(244,271)	(252,083)
Debt Service	(106,654)	(120,915)	(123,908)	(124,758)	(120,705)
Capital Expenses	(196,347)	(133,739)	(101,630)	(51,837)	(29,413)
Other Expenses	(10,894)	(12,332)	(12,925)	(8,638)	(6,193)
<b>Net Cash Flow</b>	<b>(46,965)</b>	<b>(68,888)</b>	<b>(31,618)</b>	<b>13,736</b>	<b>42,828</b>
Ending General Fund Balance	\$202,244	\$132,416	\$99,451	\$112,211	\$155,039

(1) FY 2018 Beginning General Fund Balance was based on estimates made in May and differs from actual July 1, 2017 balance. General Fund Balance adjusts for required deposits to Board Reserves.

(2) Includes grants, PFCs, CFCs, debt proceeds and interest income.

The Port's restricted funds are limited in use by law,  
contract or Board policy.

(as of June 30)

<b>Restricted Funds</b>	<b>Preliminary FY 2017 (\$000s)</b>	<b>Actual FY 2016 (\$000s)</b>	<b>\$ Change from FY 2016 (\$000s)</b>	<b>% Change from FY 2016</b>
Board Reserves	\$70,689	\$69,153	\$1,536	2.2%
Passenger Facility Charges	9,348	3,151	6,197	196.7%
Customer Facility Charges	9,248	8,731	517	5.9%
Contractor Retention Held in Escrow	3,772	2,777	995	35.8%
Trustee Held Bond Reserves	57,987	58,121	(134)	(0.2%)
<b>Total</b>	<b>\$151,044</b>	<b>\$141,933</b>	<b>\$9,111</b>	<b>6.4%</b>

## Continued steadfast commitment to prudent and disciplined financial management is key for long-term sustainability.

### FY 2017 Highlights

- ✓ Operating revenues increased 6.1%, driven by Aviation growth.
- ✓ Operating expenses increased 3.4%, driven by 9% increase in personnel expenses and flat non-personnel expenses.
- ✓ Operating income (operating revenues less operating expenses) increased 20.6% to \$63.7 million.
- ✓ Debt service payments continue to be made, and debt service coverage ratio is solid.
- ✓ Capital investments continue to be prioritized and managed and totaled \$83M in FY 2017.
- ✓ Liquidity is good and sufficient to support capital and maintenance projects that are included in the Port's FY 2018-2022 CIP and financial forecast.

### Continued Financial Goals

1. Grow revenues, consistent with strategic business plans.
2. Manage operating expenses closely and spend prudently, effectively and efficiently.
3. Capitalize on opportunities to lower debt service payments. Repay commercial paper notes.
4. Prioritize, plan and implement capital projects with rigor, discipline and best practices.
5. Target sufficient cash liquidity and prudent reserves.



- ❖ Increased ability to make capital investments to sustain and grow Port businesses (replace aged, plus new infrastructure), improve environmental impact, and enhance community benefits.
- ❖ Flexibility to adapt and address industry changes, technological changes and competitive factors.
- ❖ Resiliency to withstand economic and business downturns.
- ❖ Better ability to meet Port's pension and retiree medical obligations.

**Port of Oakland**  
**Statements of Net Position**  
**June 30, 2017 and 2016**  
(dollar amounts in thousands)

**UNAUDITED**  
**DRAFT**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Unrestricted:		
Cash equivalents	\$ 329,455	\$ 296,454
Accounts receivable (less allowance for doubtful accounts of \$647 in 2017 and \$1,088 in 2016)	27,939	30,199
Prepaid expenses and other assets	<u>4,155</u>	<u>3,219</u>
Total unrestricted current assets	<u>361,549</u>	<u>329,872</u>
Restricted:		
Cash equivalents	19,100	12,375
Investments	57,576	57,719
Deposits in escrow	3,680	2,685
Passenger facility charges and customer facility charges receivable	3,292	2,958
Accrued interest receivable	<u>203</u>	<u>161</u>
Total restricted current assets	<u>83,851</u>	<u>75,898</u>
Total current assets	<u>445,400</u>	<u>405,770</u>
Non-current assets:		
Capital assets:		
Land	523,382	523,374
Noise easements and air rights	25,852	25,852
Construction in progress	143,257	181,907
Buildings and improvements	852,273	852,054
Container cranes	148,697	148,697
Infrastructure	2,061,762	1,943,951
Software	13,842	13,738
Other equipment	<u>99,980</u>	<u>97,895</u>
Total capital assets, at cost	3,869,045	3,787,468
Less accumulated depreciation	<u>(1,694,203)</u>	<u>(1,588,448)</u>
Capital assets, net	2,174,842	2,199,020
Other receivables	28,619	29,271
Other assets	<u>13,504</u>	<u>12,208</u>
Total non-current assets	<u>2,216,965</u>	<u>2,240,499</u>
Total assets	<u>2,662,365</u>	<u>2,646,269</u>
<b>Deferred Outflows of Resources</b>		
Loss on refunding	8,989	10,286
Deferred outflows related to pensions	<u>56,311</u>	<u>34,290</u>
Total Deferred Outflows of Resources	<u>\$ 65,300</u>	<u>\$ 44,576</u>



**Port of Oakland**  
**Statements of Net Position (continued)**  
**June 30, 2017 and 2016**  
(dollar amounts in thousands)

**UNAUDITED**  
**DRAFT**

	<u>2017</u>	<u>2016</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,442	\$ 26,980
Retentions on construction contracts	5,878	3,478
Environmental and other	15,496	15,853
Accrued interest	8,319	8,696
Long-term debt, net	58,403	54,822
Liability to City of Oakland	10,197	9,068
Unearned revenue	5,403	10,128
Total current liabilities	<u>139,138</u>	<u>129,025</u>
Non-current liabilities:		
Retentions on construction contracts	159	1,491
Environmental and other	41,324	42,877
Long-term debt, net	1,062,218	1,107,364
Net pension liability	204,078	177,204
Deposits	20,883	18,331
Other post employment benefits	9,979	10,121
Unearned revenue	27,341	32,419
Total non-current liabilities	<u>1,365,982</u>	<u>1,389,807</u>
Total liabilities	<u>1,505,120</u>	<u>1,518,832</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	<u>20,809</u>	<u>29,467</u>
<b>Net Position</b>		
Net investment in capital assets	1,106,547	1,097,049
Restricted for construction	22,392	14,840
Unrestricted	72,797	30,657
Total net position	<u>\$ 1,201,736</u>	<u>\$ 1,142,546</u>

(Concluded)

**Port of Oakland**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended June 30, 2017 and 2016**  
**(dollar amounts in thousands)**

**UNAUDITED**  
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	2017				2016
	Aviation	Maritime	Commerical Real Estate	Total	Total
Operating revenues:					
Lease rentals - terminal	\$ 50,521	\$ 108,710	\$ -	\$ 159,231	\$ 158,260
Lease rentals - other	30,505	23,260	13,235	67,000	59,505
Parking fees and ground access	40,867	6,916	2,645	50,428	45,736
Landing fees	33,261	-	-	33,261	29,209
Terminal concessions	24,563	-	-	24,563	23,408
Utility sales	4,359	9,741	102	14,202	14,353
Fueling	2,422	-	-	2,422	2,336
Other	4,159	2,750	691	7,600	5,230
Total operating revenues	190,657	151,377	16,673	358,707	338,037
Operating expenses:					
Materials, contract services, supplies, and other	75,592	16,329	6,552	98,473	98,572
Maintenance	28,104	17,926	624	46,654	39,490
Advertising and promotion	4,530	1,899	380	6,809	5,514
Administration	16,160	12,518	1,976	30,654	30,468
Cost of utility sales	1,912	4,182	102	6,196	7,113
Depreciation	50,293	53,448	2,514	106,255	104,077
Total operating expenses	176,591	106,302	12,148	295,041	285,234
Operating income	14,066	45,075	4,525	63,666	52,803
Non-operating revenues (expenses):					
Interest income	518	1,557	638	2,713	2,149
Interest expense	(9,023)	(37,757)	(915)	(47,695)	(49,889)
Customer facility charges	6,010	-	-	6,010	5,939
Customer facility charges expenses	(4,531)	-	-	(4,531)	(4,307)
Passenger facility charges	24,520	-	-	24,520	22,929
Other income (expense)	(150)	(1,751)	57	(1,844)	3,744
Grant income	232	769	-	1,001	1,419
Grant expenses	(232)	(769)	-	(1,001)	(1,419)
Gain on long term lease termination	-	5,526	-	5,526	35,200
Gain (loss) on sale (disposal) of capital assets	(126)	(2,743)	-	(2,869)	(629)
Total non-operating revenue (expenses), net	17,218	(35,168)	(220)	(18,170)	15,136
Increase in net position before capital contributions	31,284	9,907	4,305	45,496	67,939
Capital contributions -					
Grants from government agencies	11,184	2,510	-	13,694	34,849
Increase in net position	42,468	\$12,417	\$4,305	59,190	102,788
Net position, beginning of the year				\$1,142,546	1,039,758
Net position, end of the year				\$1,201,736	\$1,142,546

# FY 2016-17 CAPITAL IMPROVEMENT PLAN (CIP) SUMMARY FOR THE QUARTER ENDING 6/30/17

DRAFT

(\$ Thousands)

Total Planned Budget = \$176.1

Actual Capital Expenditures in Comparison to Planned Budget = 47%

61% of Expenditures funded with Grants, PFCs, and PFC-eligible CP Notes

## EXPENDITURE SUMMARY

Divisions	Expenditures 7/1/16 - 6/30/17	Total Approved Budget	Remaining Approved Budget	Repairing Pipeline Budget	FY 16-17 CIP	5 Year CIP <sup>1</sup>
	[A]	[B]	[B-A]	[C]	[B +C]	
Aviation	74,547	121,143	46,596	15,309	136,452	376,148
Maritime	8,749	34,207	25,458	4,390	38,597	116,697
CRE	0	683	683	238	921	3,463
Support	203	156	(47)	0	156	2,156
<b>Total</b>	<b>83,499</b>	<b>156,189</b>	<b>72,691</b>	<b>19,937</b>	<b>176,126</b>	<b>498,464</b>

## FUNDING SUMMARY

Funding Source	Funding Sources 7/1/16 - 6/30/17	FY 16-17 Total Approved Budget	5 Year CIP <sup>1</sup>
Aviation Grants <sup>2</sup>	11,184	27,569	96,402
Maritime Grants/Other	2,510	6,500	10,378
PFC Pay-Go	22,374	29,653	110,922
Debt Proceeds (PFC)	11,829	23,737	68,651
CFCs	3,209	7,423	5,450
Cash	32,393	61,307	206,661
<b>Total</b>	<b>83,499</b>	<b>156,189</b>	<b>498,464</b>

<sup>1</sup> 5-Year CIP includes FY 2016-17 through FY 2020-21.

<sup>2</sup> Includes grant eligible costs for which reimbursement by the granting agencies is pending. Reimbursement timing lags vary by grant.

# FY 2016 - 2017 CAPITAL IMPROVEMENT PLAN SUMMARY

## Expenditure By Division and Projects

For the Quarter Ending 6/30/17

(\$ Thousands)

DRAFT

<u>DIVISIONS</u>	Expenditures 7/1/16-6/30/17	FY16-17 Total Approved	FY16-17 Remaining Approved	FY16-17 Remaining Pipeline	FY16-17 CIP	5YR CIP
	[A]	[B]	[B-A]	[C]	[B+C]	
<b>AVIATION</b>						
Airfield						
Runway 12-30 Rehabilitation	8,114	11,558	3,444	0	11,558	54,250
Runway Safety Area Improvements	6,374	8,000	1,626	0	8,000	10,100
Perimeter Dike Improvements	575	315	(260)	0	315	9,200
Taxiway Improvements	3,252	4,480	1,228	0	4,480	17,005
Apron Hangar Improvements	0	0	0	0	0	12,125
Terminal 1 GSE Electrification	251	529	278	0	529	4,000
Other Projects	185	5,397	5,211	4,272	9,669	13,430
Subtotal Airfield	18,751	30,279	11,528	4,272	34,551	120,110
Terminal						
Terminal 1 Renovation & Retrofit	27,299	35,642	8,343	1,945	37,587	115,545
International Arrivals Building Upgrades	22,017	33,460	11,443	0	33,460	52,300
Terminal 2 Projects	615	6,397	5,782	4,708	11,105	28,181
Other Projects	323	775	452	180	955	480
Subtotal Terminal	50,254	76,274	26,020	6,833	83,107	196,506
Leased Area	3,209	7,423	4,214	0	7,423	8,013
Ground Access and Parking						
Airport Drive and Air Cargo Way	0	0	0	146	146	12,780
PARC System Upgrade	836	3,649	2,813	633	4,282	5,112
Other Projects	0	0	0	800	800	3,240
Subtotal Ground Access & Parking	836	3,649	2,813	1,579	5,228	21,132
Security	84	99	15	1,650	1,749	18,400
Utilities	684	1,190	506	875	2,065	6,900
Other Projects	730	2,229	1,499	100	2,329	5,087
<b>TOTAL AVIATION</b>	74,547	121,143	46,596	15,309	136,452	376,148

# FY 2016 - 2017 CAPITAL IMPROVEMENT PLAN SUMMARY

## Expenditure By Division and Projects

For the Quarter Ending 6/30/17

(\$ Thousands)

**DRAFT**

<u>DIVISIONS</u>	Expenditures 7/1/16-6/30/17	FY16-17 Total Approved	FY16-17 Remaining Approved	FY16-17 Remaining Pipeline	FY16-17 CIP	5YR CIP
	[A]	[B]	[B-A]	[C]	[B+C]	
<b>MARITIME</b>						
Marine Terminals						
Berth 25/26 Wharf & Related Improvements	218	4,600	4,382	1,900	6,500	6,500
Berths 33-34 Terminal Improvements	658	1,450	792	500	1,950	8,850
Wharf Upgrades for 18K TEU Vessels	0	0	0	1,000	1,000	3,000
Other Projects	0	1,400	1,400	0	1,400	10,600
Subtotal Marine Terminals	877	7,450	6,573	3,400	10,850	28,950
Cranes	384	570	186	0	570	14,250
Security	1,707	1,762	55	490	2,252	6,932
Seaport Logistics Center	4,132	9,465	5,333	500	9,965	18,815
Dredging	4	2,000	1,996	0	2,000	4,000
Utilities	0	150	150	0	150	17,190
Roadway	470	1,810	1,340	0	1,810	6,560
Cool Port Rail Infrastructure and Electric Service	739	9,500	8,761	0	9,500	9,500
Other Projects	436	1,500	1,064	0	1,500	10,500
<b>TOTAL MARITIME</b>	<b>8,749</b>	<b>34,207</b>	<b>25,458</b>	<b>4,390</b>	<b>38,597</b>	<b>116,697</b>
<b>COMMERCIAL REAL ESTATE</b>						
Jack London Square	0	0	0	173	173	739
Embarcadero Cove	0	358	358	0	358	398
Business Park	0	0	0	65	65	701
Other	0	325	325	0	325	1,625
<b>TOTAL COMMERCIAL REAL ESTATE</b>	<b>0</b>	<b>683</b>	<b>683</b>	<b>238</b>	<b>921</b>	<b>3,463</b>
<b>SUPPORT</b>						
Equipment and Systems	203	156	(47)	0	156	2,156
<b>TOTAL SUPPORT</b>	<b>203</b>	<b>156</b>	<b>(47)</b>	<b>0</b>	<b>156</b>	<b>2,156</b>
<b>TOTAL</b>	<b>83,499</b>	<b>156,189</b>	<b>72,691</b>	<b>19,937</b>	<b>176,126</b>	<b>498,464</b>