



Development of FY 2020 Operating and Capital Budget

Board of Port Commissioners
March 28, 2019

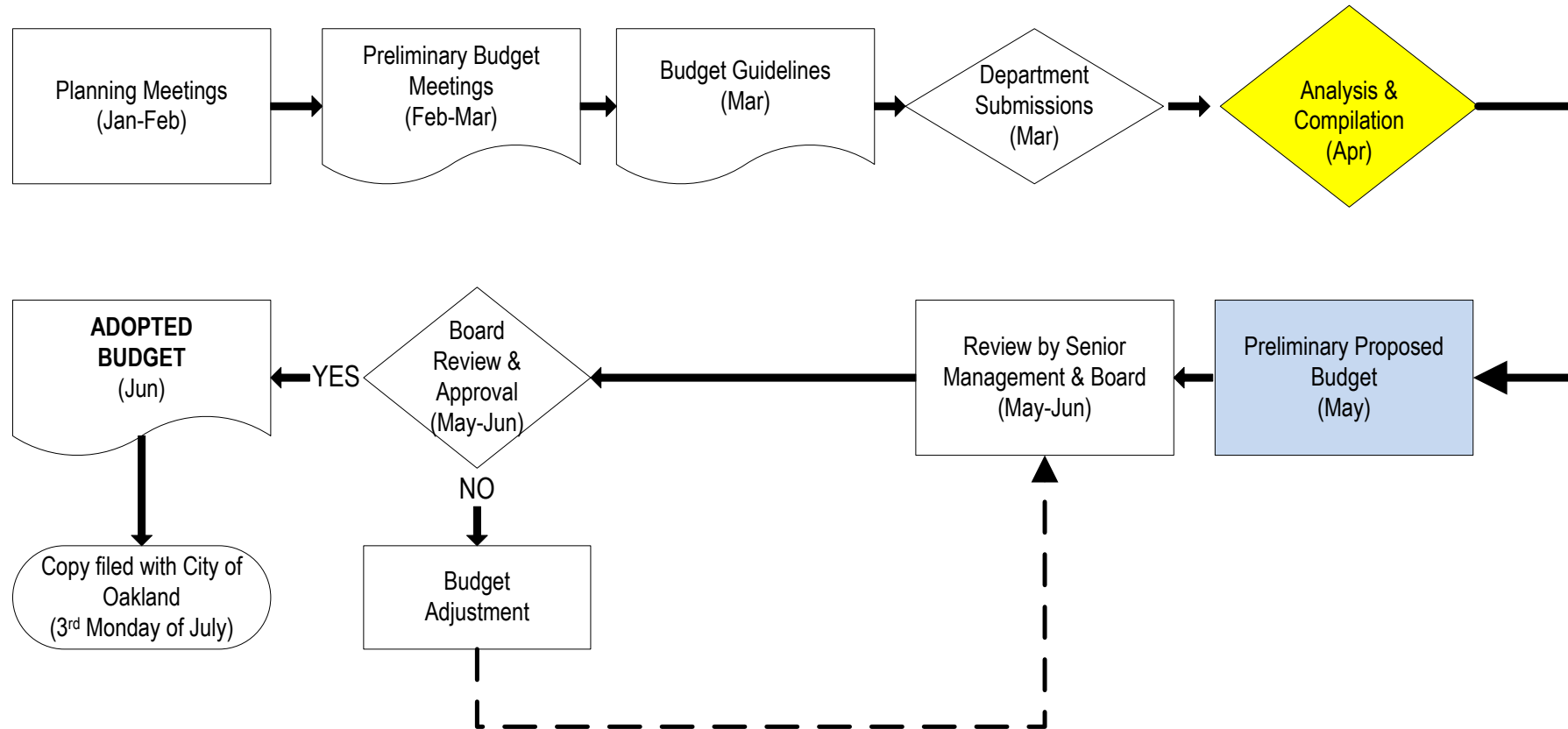
The information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that 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. Discuss key factors influencing the development of FY 2020 Budget
3. Receive Board feedback on key budget objectives and assumptions

1. Overview of the Port Budget Process and Budget

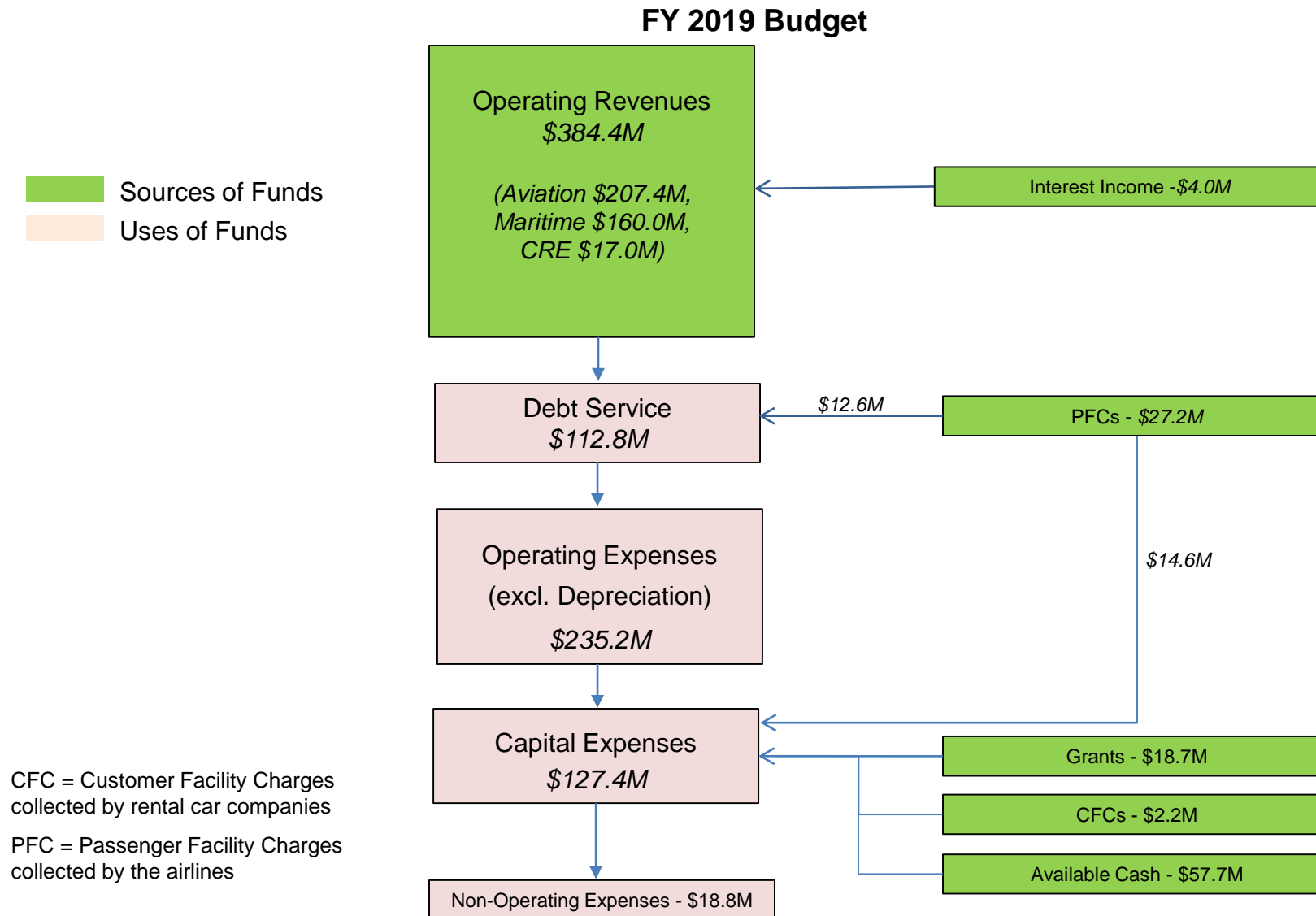
Budget Process Overview



Key Board Dates

- | | |
|----------|---|
| March 28 | Board Update #1
– <i>Overview, Key Factors, Objectives and Assumptions</i> |
| May 9 | Board Update #2
– <i>Key Assumptions and Preliminary Budget Numbers</i> |
| June 27 | Request Board adoption of FY 2020 Operating and Capital Budgets |
| July 9 | Submit Adopted FY 2020 Budget to City |

Operating revenues supplemented by grants, PFCs and CFCs pay for debt service, operating expenses and capital expenses.



2. Key Factors Influencing the Development of FY 2020 Budget

The Port primarily serves as a landlord and manages three business lines.

Oakland Int'l Airport

- 13.6 million passengers
- 65 non-stop destinations
- 14 domestic and international airlines
- 5th largest airport in CA
- FY18 revenues = \$204M



Commercial Real Estate

- Jack London Square, Oak Bus Park, Embarcadero Cove
- 96 tenants
- 3 million visitors
- 630 acres of public access and open space
- FY18 revenues = \$17M

Oakland Seaport

- 2.5 million TEUs
- 4 marine terminals
- 20 international and domestic shipping lines
- Top 10 seaport in US
- FY18 revenues = \$160M



The Port possesses solid fundamentals, providing resiliency to Port revenues.

- ❑ The three business lines provide diversity and stability to Port revenues.
- ❑ The Port is geographically well-positioned and services a healthy local economy.
 - 84% of Airport traffic is “origin and destination”; closest airport to the majority of the population and downtown San Francisco; minimal weather delays
 - 10 year passenger growth rate: 1.7%
 - 20 year passenger growth rate: 2.0%
 - 85% of Maritime cargo is for local destinations; balanced import-export mix; shorter transit times to Asia; Class I railroad connections
 - 10 year TEU growth rate: 1.3%
 - 20 year TEU growth rate: 2.6%
 - CRE portfolio is located in a strong local economy

The Port's financial position has improved significantly since the lows of 2009, but challenges persist.

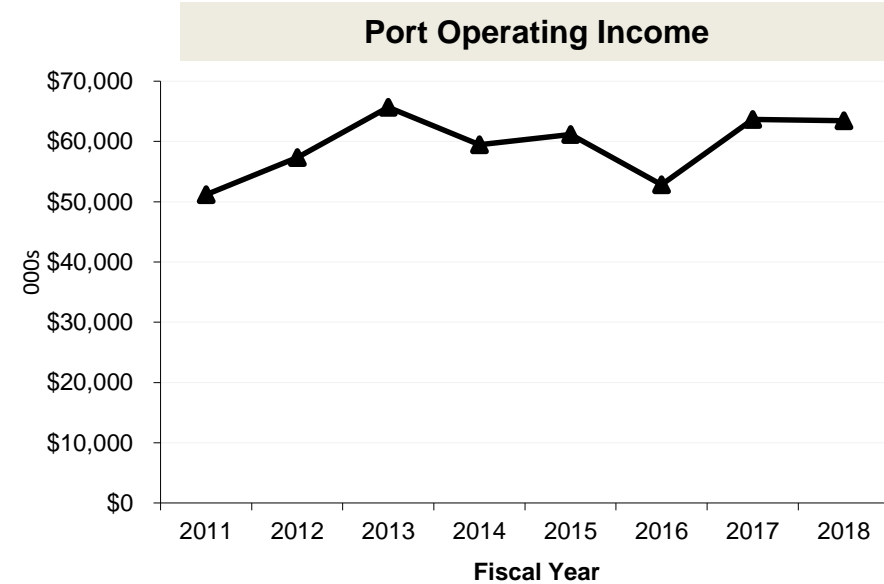
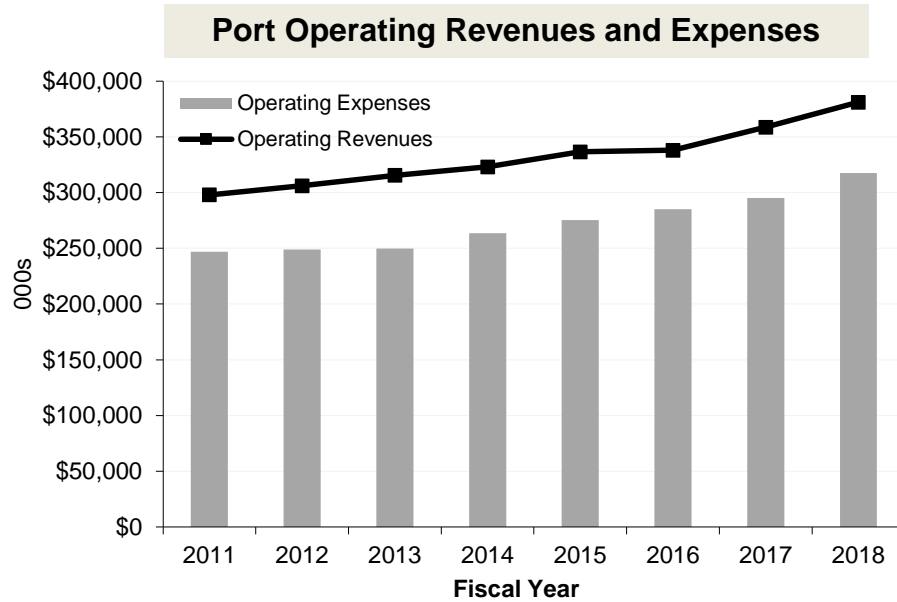
Accomplishments

- Airport traffic has rebounded significantly in the past 5 years
- Maritime has retained all cargo and maintained revenues in light of major terminal operator ceasing operations
- Port has reduced aggregate debt service payments by \$250M
- Port's liquidity position is back to airport/seaport industry standards
- Major capital improvements recently completed: Terminal 1 and IAB renovations, and runway rehabilitation
- Capital investments by tenants demonstrate commitment to Port: Trapac, Cool Port, Centerpoint Oakland Development I, crane raising

Challenges

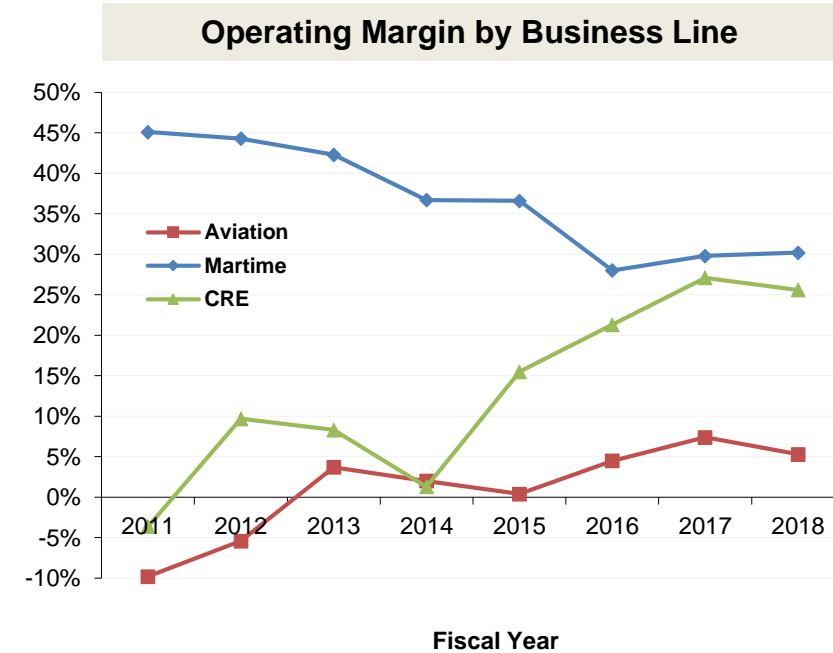
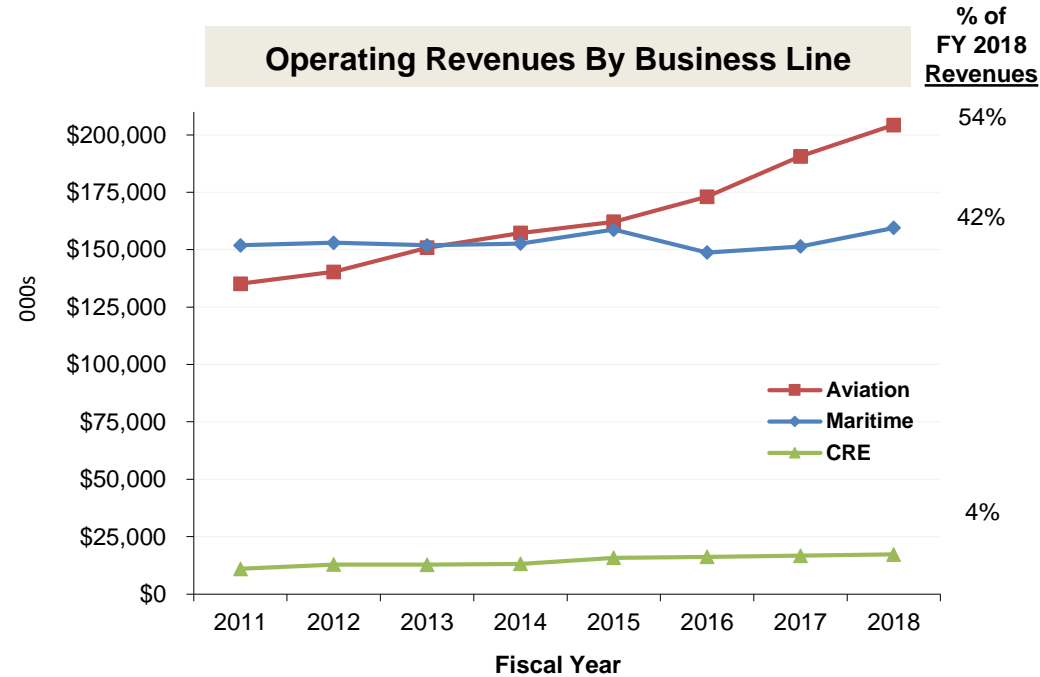
- Maritime operating margin has declined significantly since FY 2011; revenues up a modest 5%, operating expenses (excl. depreciation) up 58%
- Maritime revenues are minimally sufficient to cover operating expenses and debt service
- Increase in passengers is not currently resulting in economies of scale. Passengers have increased 24% over the last three years, but Airport Cost per Enplaned Passenger(CPE) has risen 17% to \$12.25; CPE must be controlled to maintain competitiveness
- Pension, healthcare, security, and regulatory costs continue to rise significantly; Port personnel costs are a lifetime obligation
- Industry factors such as larger planes and ships, and increased competition among airports and seaports must be addressed
- Aging infrastructure must be addressed

The Port's operating income has remained steady, with increases in revenues offset by increases in expenses.



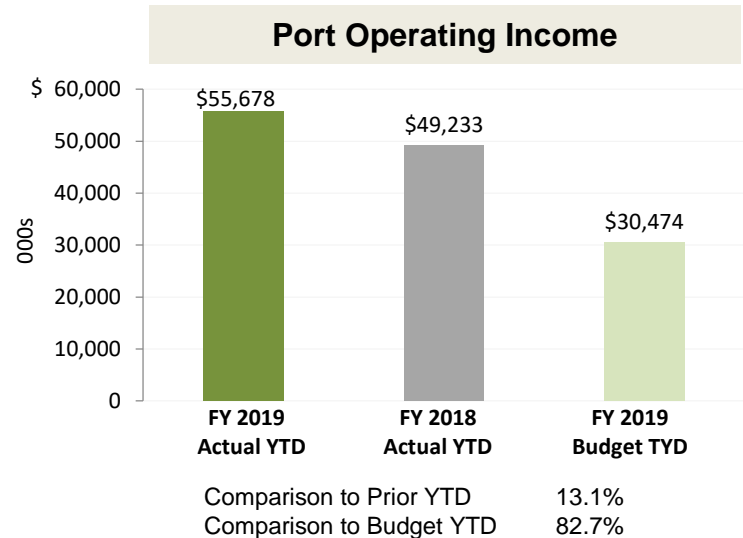
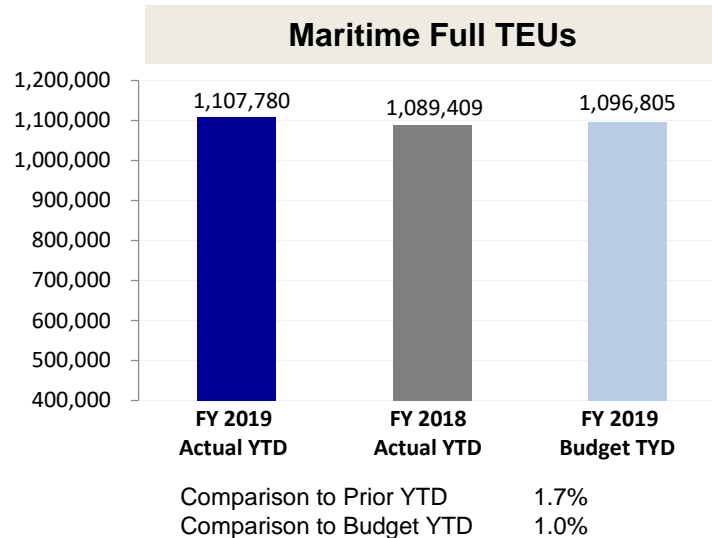
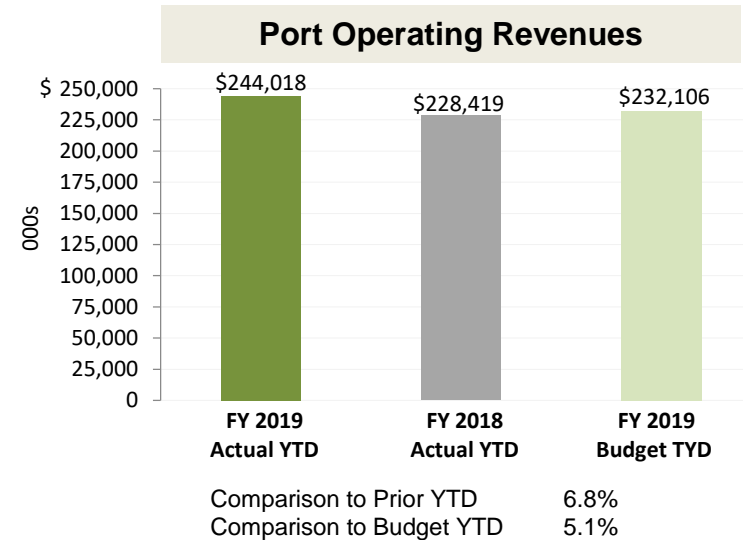
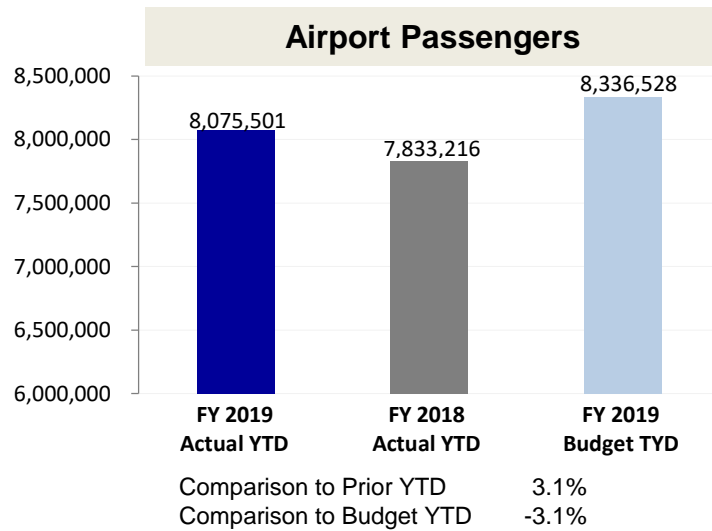
- ☐ Operating performance must be strong so that future capital investments can continue to be made.

The operating performance by business line has differed.



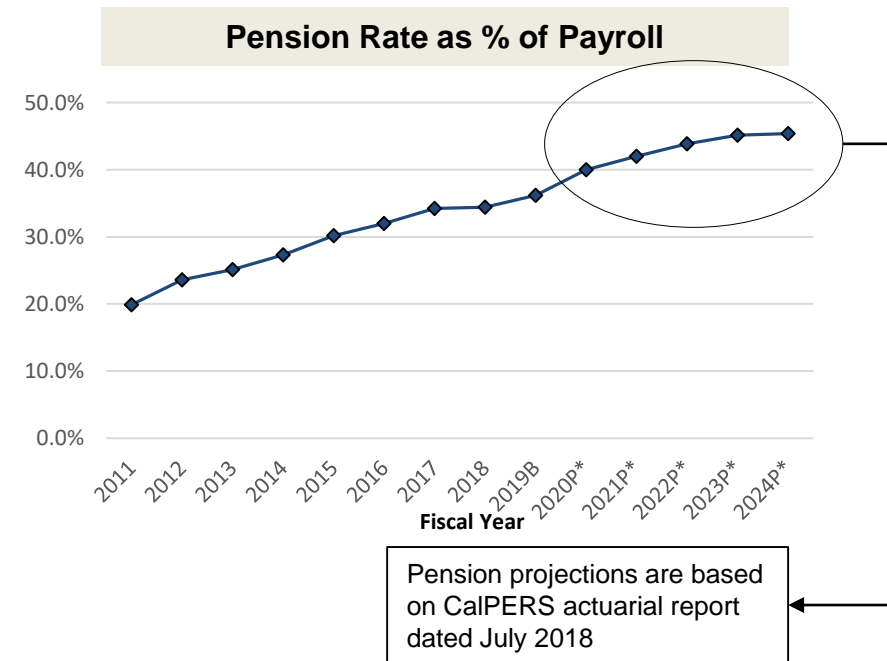
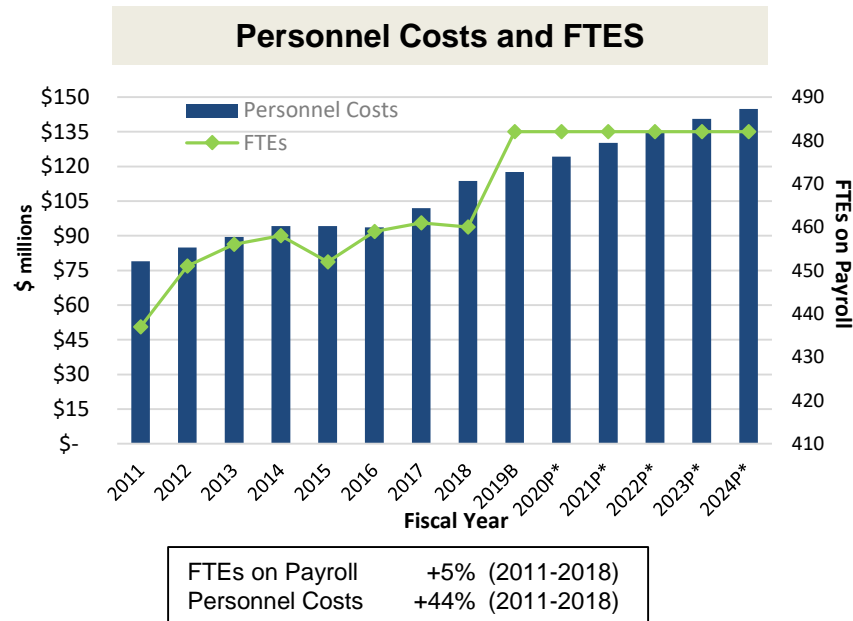
2011-18 CAGR	Aviation	Maritime	CRE	Total
Operating Revenues	6.1%	0.7%	6.7%	3.6%
Operating Expenses	3.9%	4.2%	1.8%	3.9%

For the first 7 months of FY 2019, Port financial performance has exceeded last year's performance.



Unaudited, Preliminary Numbers – Subject to Change

While revenues are anticipated to increase in FY 2020, personnel costs are expected to continue to rise significantly.



- ❑ With no change in FTEs, personnel costs are anticipated to increase \$6-7 million or 6% in FY 2020 and even as high as \$10-13 million if pension performance does not match pension assumptions
- ❑ Personnel costs are slightly more than 50% of operating expenses

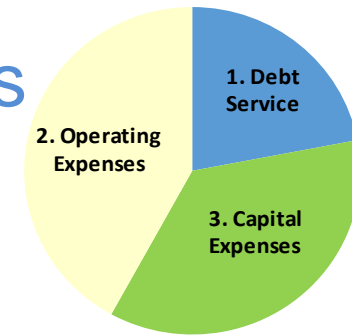
3. Key Budget Objectives and Assumptions

Key Budget Objectives

- **Cash/Liquidity:** Provide flexibility and liquidity to protect against inherent operational, financial, political, and economic uncertainties
- **Debt:** Maintain discipline of paying down portion of outstanding commercial paper notes
- **Operating:** Demonstrate smart, prudent and thoughtful budgeting to support long-term financial strength, resiliency and sustainability
- **Capital Investments:** Strategically identify, prioritize and appropriately plan major capital projects
- **Financial metrics:**
 - Improve Maritime operating margin
 - Control Airport Cost per Enplanement (CPE)
 - Achieve minimum Debt Service Coverage Ratio of 1.50-1.60x
 - Achieve minimum projected cash balance* of around \$150 million (excluding Board Reserves, PFC & CFC balance, Bond reserves and contractor retention held in escrow)
 - Maintain Board Reserves, consistent with policy, of approximately \$75 million

* June 30 cash balance is used to pay upcoming November 1 debt payment of \$57 million, construction contracts already executed, 5-Year Capital Improvement Plan, day-to-day operating expenses and unfunded liabilities; balance also includes contractor retention and security deposits.

Preliminary Key Budget Assumptions

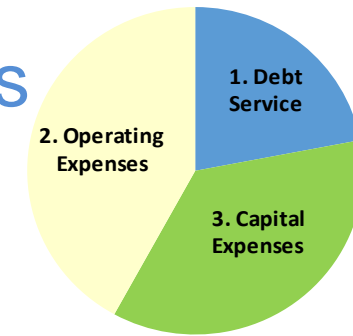


1. Debt Service Expenses

- Bond debt service payments will be \$93 million in FY 2020
- Continued discipline in repaying outstanding commercial paper notes (CP notes)
 - \$98 million of CP notes outstanding as of March 2019 (\$40 million Maritime, \$50 million Aviation PFC-eligible, \$8 million Aviation)
 - Repay approximately \$4 million Maritime and \$3 million Aviation CP Notes
 - Repay approximately \$10-15 million of PFC-eligible CP notes
 - Some CP notes have been outstanding for 20 years
- Minimum budgeted debt service coverage ratio* of 1.50-1.60x:
 - Provides operating financial cushion
 - Continues progress on capital improvements
 - Maintains sufficient liquidity
 - Preserves credit ratings
 - Complies with Port debt policy

* Debt service coverage ratio compares the amount of operating revenues remaining after payment of operating expenses (net revenues) to debt service payments.

Preliminary Key Budget Assumptions

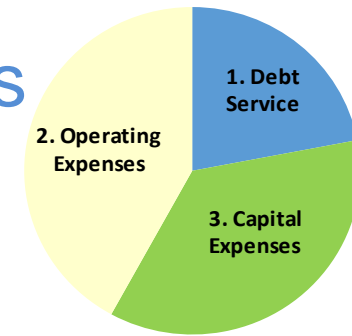


2a. Operating Expenses - Personnel

- No change in overall staffing levels, other than some possible considerations at the Airport. Instead prioritization shall be:
 - Review vacancies and ensure that the most effective and needed positions are identified and appropriately placed
 - Prioritize filling vacancies (45 vacancies as of February 19, 2019)
 - Focus on smart and skilled management to achieve a high performing workforce

❖ *The Port will not be able to sustain the projected significant increases in pension and medical costs (including retiree medical) unless we proactively manage our current and future personnel costs*

Preliminary Key Budget Assumptions

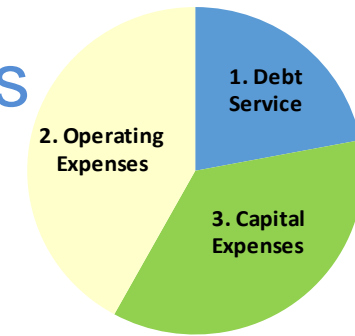


2. Operating Expenses – Non-Personnel

- Non-personnel budgets have been requested to remain in general flat with the following possible exceptions:
 - Contractually obligated increases, with no discretion and no reasonable offset
 - Maintenance and repairs, life-safety, environmental and regulatory matters
 - Costs are recovered in the same year (e.g. Airline Rates and Charges)
 - Support of longer-term planning efforts

- ❖ *Management will continue to closely manage, prioritize, and be prudent with expenditures, focused on long-term financial sustainability and spending smartly.*
- ❖ *Management will carefully evaluate actual rather than budgeted expenses, and review management practices, so that the Port's financial planning practices can continue to improve.*

Preliminary Key Budget Assumptions



3. Capital Expenses

- *Aviation* - The focus in FY 2020 will be the Airport perimeter dike, various terminal improvements, airfield and landside paving projects, utility upgrades, security enhancements, and longer-term planning efforts.
- *Maritime* – The focus in FY 2020 will continue to be on various infrastructure-related improvements, the GoPort Program, utility upgrades and capital equipment fleet upgrades.
- Life-safety, regulatory, and revenue maintenance projects will continue to be prioritized.

- ❖ *Capital budget always takes into account resources and balancing available cash against preserving liquidity and financial flexibility.*
- ❖ *Capital investments must be strategic, appropriately prioritized and well-planned for the Port to be successful in achieving long-term financial sustainability.*
- ❖ *Management will carefully evaluate actual rather than budgeted expenses, and review management practices, so that the Port's financial planning practices can continue to improve.*

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PORT OF OAKLAND

Unaudited
Financial Results

January 31, 2019

- Cash Recap
- Statements of Net Position
- YTD Revenue & Expenses (Actual vs. Budget)
- YTD Expenses by Category (Actual vs. Budget)
- Aviation Revenue (Actual vs. Budget)
- Maritime Revenue (Actual vs. Budget)
- CRE Revenue (Actual vs. Budget)
- Activity Summary Report
- YTD Revenue & Expenses Variance Explanations

**PORT OF OAKLAND
CASH
JANUARY 31, 2019, 2018 AND JUNE 30, 2018**

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	Unaudited 01/31/19	Audited 06/30/18	Unaudited 01/31/18
Unrestricted Cash:			
Board Reserves	\$ 74,402,003	\$ 72,455,762	\$ 72,455,762
General Fund:			
Debt Service Fund	38,116,331	41,249,944	37,384,155
Other	296,594,859	254,451,630	239,781,192
Sub-total	<u>334,711,190</u>	<u>295,701,574</u>	<u>277,165,347</u>
Sub-total	<u>409,113,193</u>	<u>368,157,336</u>	<u>349,621,109</u>
Restricted Cash & Investments:			
Bond Reserves/Trustee Deposits (a)	58,646,252	58,544,548	58,698,195
Passenger Facility Charges	6,377,027	12,608	2,156,726
Customer Facility Charges	3,896,903	5,141,837	4,941,678
Other (b)	<u>916,294</u>	<u>2,375,879</u>	<u>4,485,154</u>
Sub-total	<u>69,836,476</u>	<u>66,074,872</u>	<u>70,281,753</u>
TOTAL	<u>\$ 478,949,670</u>	<u>\$ 434,232,208</u>	<u>\$ 419,902,862</u>

(a) Funds on deposit with the Bond Trustee. Reserve Funds are only available for debt service as specified in the Trust Indenture. Other amounts may include upcoming debt service payments deposited with the Trustee and IRS rebate amounts.

(b) Escrow accounts related to the Port's capital program.

**PORT OF OAKLAND
STATEMENTS OF NET POSITION
JANUARY 31, 2019, 2018 AND JUNE 30, 2018**

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	Unaudited 01/31/19	Audited 06/30/18	Unaudited 01/31/18
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents			
Designated	\$ 74,402,003	\$ 72,455,762	\$ 72,455,762
Undesignated	334,711,190	295,701,574	277,165,347
Accounts receivable (less allowance) (01/19 \$540,000; 06/18 \$540,000; 01/18 \$515,959)	37,427,241	47,501,050	32,204,568
Restricted deposits with fiscal agent for current debt service	19,329	26,789	8,108
Accrued interest receivable	1,737,651	330,376	-
Prepaid expenses and other assets	8,870,822	3,663,299	8,051,402
Total current assets	457,168,236	419,678,851	389,885,187
RESTRICTED CASH AND INVESTMENTS:			
Bond funds and other	59,543,217	60,893,638	63,175,241
Passenger facility charges	6,377,027	12,608	2,156,726
Customer facility charges	3,896,903	5,141,837	4,941,678
Total restricted cash and investments	69,817,147	66,048,083	70,273,645
PROPERTY, PLANT AND EQUIPMENT:			
Land improvements	542,483	542,483	542,483
Buildings and improvements	987,483,444	986,180,713	966,253,507
Container cranes	159,197,264	155,697,264	148,697,264
Systems and structures	2,135,691,503	2,116,925,742	2,125,396,754
Intangibles - depreciable	13,843,567	13,843,567	13,843,567
Other equipment	107,276,321	103,536,713	97,701,943
	3,404,034,582	3,376,726,482	3,352,435,518
Less accumulated depreciation	(1,869,737,435)	(1,802,842,709)	(1,756,358,690)
	1,534,297,148	1,573,883,773	1,596,076,828
Land	523,382,116	523,382,116	523,382,116
Intangibles - nondepreciable	25,852,647	25,852,647	25,852,647
Construction in progress	37,011,625	41,451,199	51,148,594
Total property, plant and equipment	2,120,543,536	2,164,569,735	2,196,460,185
OTHER ASSETS	30,575,757	30,296,796	30,952,944
DEFERRED OUTFLOWS - PENSION CONTRIBUTIONS	63,384,404	63,384,404	56,311,079
TOTAL ASSETS	\$ 2,741,489,080	\$ 2,743,977,869	\$ 2,743,883,041
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 43,086,659	\$ 54,190,092	\$ 53,264,477
Liability to City of Oakland	7,101,422	8,674,684	9,548,240
Unearned income-current portion	8,011,218	8,085,774	9,426,120
Payable from restricted assets:			
Accrued interest payable	10,763,073	7,568,413	11,258,832
Current maturities of long-term debt	54,775,069	59,136,625	17,294,046
Retentions on construction contracts	2,832,799	4,434,732	6,874,850
Total current liabilities	126,570,239	142,090,320	107,666,564
LONG-TERM LIABILITIES:			
Long-term debt	949,420,334	993,223,189	1,055,424,572
Unearned income	26,267,789	26,117,789	27,491,068
Environmental liabilities and other	49,958,048	50,884,464	47,812,133
Net pension liabilities	326,618,147	326,618,147	204,078,476
Deferred inflows - Non-pension contributions	4,057,068	4,057,068	20,809,319
Total long-term liabilities	1,356,321,386.97	1,400,900,657	1,355,615,567
NET POSITION:			
Reserved retained earnings:			
Grants from government agencies	440,935,973	434,216,028	445,644,446
Passenger facility charges	298,370,168	285,279,569	290,585,678
Customer facility charges	20,704,553	17,437,773	20,266,326
Port equity:			
City of Oakland	(58,477,544)	(58,477,544)	(58,477,544)
Appraisal surplus	3,004,335	3,004,335	3,004,335
Land conveyed to Port	24,746,000	24,746,000	24,746,000
Retained earnings	529,313,968	494,780,731	554,831,668
Total net position	1,258,597,453	1,200,986,892	1,280,600,910
TOTAL LIABILITIES AND NET POSITION	\$ 2,741,489,080	\$ 2,743,977,869	\$ 2,743,883,041

**PORT OF OAKLAND
ACTUAL VS. BUDGET REVENUE AND EXPENSES
SEVEN MONTHS ENDED JANUARY 31, 2019**

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Division	Actual 01/31/19	Budget 01/31/19	\$ Variance	% Variance	Actual 01/31/18
<u>Operating Revenues</u>					
Aviation	\$ 124,070,932	\$ 121,975,906	\$ 2,095,026	1.7%	\$ 117,739,056
Maritime	109,329,522	99,935,323	9,394,199	9.4%	100,583,822
CRE	10,617,499	10,194,638	422,861	4.1%	10,095,804
Total Operating Revenue	244,017,952	232,105,867	11,912,085	5.1%	228,418,682
<u>Operating Expenses</u>					
Aviation	(57,045,287)	(62,227,670)	5,182,383	8.3%	(54,893,135)
Maritime	(5,981,999)	(6,641,402)	659,403	9.9%	(5,542,755)
CRE	(4,047,909)	(3,889,385)	(158,524)	-4.1%	(3,589,157)
Engineering & Environmental	(20,234,859)	(24,114,932)	3,880,072	16.1%	(18,690,076)
Utilities Cost of Sales	(4,083,291)	(4,641,492)	558,201	12.0%	(3,927,374)
Executive	(3,135,924)	(3,505,591)	369,667	10.5%	(2,688,312)
Board of Port Commissioners	(255,834)	(305,007)	49,173	16.1%	(236,656)
Audit Services	(645,688)	(845,498)	199,810	23.6%	(692,900)
Port Attorney	(2,816,948)	(3,006,990)	190,042	6.3%	(2,368,494)
Finance & Administration	(10,811,946)	(12,162,750)	1,350,804	11.1%	(10,713,437)
Non-Departmental Expenses	(15,521,929)	(17,206,012)	1,684,083	9.8%	(15,243,994)
Absorption of Labor and Overhead to					
Capital Assets	3,135,962	5,144,076	(2,008,114)	-39.0%	4,267,553
Depreciation & Amortization	(66,894,726)	(68,229,304)	1,334,578	2.0%	(64,867,105)
Total Operating Expenses	(188,340,378)	(201,631,956)	13,291,578	6.6%	(179,185,842)
Operating Income (A)	55,677,574	30,473,911	25,203,663	82.7%	49,232,840
<u>Non-Operating Items</u>					
Interest Income	6,350,055	2,641,875	3,708,180	140.4%	2,256,947
Interest Expense	(21,720,790)	(21,924,010)	203,220	0.9%	(24,087,373)
Passenger Facility Charges (PFCs)	13,090,599	16,088,225	(2,997,626)	-18.6%	14,365,461
Customer Facility Charges (CFCs)	3,266,780	3,282,509	(15,729)	-0.5%	3,262,884
Abandoned/Demolished Capital Assets	-	(230,000)	230,000	100.0%	-
Other Income (Expenses)	(2,358,791)	(2,837,072)	478,280	16.9%	(1,447,545)
CFC Reimbursements Expense	(3,414,810)	(2,833,250)	(581,560)	-20.5%	(2,918,961)
Grant Reimbursable Costs	-	(28,000)	28,000	100.0%	-
(B)	(4,786,957)	(5,839,723)	1,052,765	18.0%	(8,568,587)
Change in Net Position before					
Capital Contributions (A+B)	50,890,617	24,634,189	26,256,428		40,664,253
<u>Capital Contributions</u>					
Grants from Government Agencies	6,719,945	7,606,600	(886,655)	-11.7%	38,200,765
(C)	6,719,945	7,606,600	(886,655)	-11.7%	38,200,765
CHANGE IN NET POSITION (A+B+C)	\$ 57,610,561	\$ 32,240,789	\$ 25,369,773	78.7%	\$ 78,865,019

PORT OF OAKLAND
Actual vs. Budget Expenses by Category
Seven Months Ended January 31, 2019

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	<u>Actual</u> <u>01/31/19</u>	<u>Budget</u> <u>01/31/19</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>
<u>Operating Expenses</u>				
Personnel Services	\$ (66,795,452)	\$ (68,411,751)	\$ 1,616,299	2.4%
Contractual Services	(42,231,638)	(52,175,533)	9,943,895	19.1%
Supplies	(3,501,554)	(2,488,151)	(1,013,403)	-40.7%
General and Administrative	(8,082,956)	(10,984,942)	2,901,986	26.4%
Utilities Cost of Sales	(4,083,291)	(4,641,492)	558,201	12.0%
Departmental Credits	3,249,239	5,299,217	(2,049,978)	-38.7%
Subtotal	(121,445,652)	(133,402,652)	11,957,000	9.0%
Depreciation & Amortization	(66,894,726)	(68,229,304)	1,334,578	2.0%
Total Operating Expenses	\$ (188,340,378)	\$ (201,631,956)	\$ 13,291,578	6.6%

Port of Oakland
Actual vs. Budget Aviation Revenue
For the Seven Months Ended January 31, 2019

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	ACTUAL 01/31/19	BUDGET 01/31/19	\$ VARIANCE	% VARIANCE
TERMINAL RENT	\$ 27,956,142	\$ 27,567,913	\$ 388,229	1.4%
TERMINAL CONCESSIONS	6,332,160	5,771,873	560,287	9.7%
OTHER TERMINAL REVENUE (a)	9,470,733	8,887,453	583,280	6.6%
TERMINAL RENTALS & CONCESSIONS	43,759,035	42,227,239	1,531,796	3.6%
PARKING	20,486,287	20,950,551	(464,264)	-2.2%
GROUND ACCESS	5,365,296	4,882,960	482,336	9.9%
RENTAL CAR REVENUE	7,261,838	7,000,000	261,838	3.7%
PARKING, RAC AND GROUND ACCESS	33,113,421	32,833,511	279,910	0.9%
OTHER AIRPORT RENTALS (b)	17,859,762	18,721,552	(861,790)	-4.6%
LANDING FEES	22,636,770	22,410,943	225,827	1.0%
OTHER FIELD REVENUE (c)	2,466,148	1,966,465	499,683	25.4%
AVIATION FUELING	1,459,916	1,730,374	(270,458)	-15.6%
MISCELLANEOUS REVENUE (d)	215,608	72,154	143,454	198.8%
UTILITIES REVENUE	2,560,272	2,013,667	546,605	27.1%
TOTAL AVIATION OPERATING REVENUE	124,070,932	121,975,906	2,095,026	1.7%
BAD DEBT RESERVE	-	-	-	0.0%
TOTAL AVIATION REVENUE	\$ 124,070,932	\$ 121,975,906	\$ 2,095,026	1.7%

(Continued)

Port of Oakland
Actual vs. Budget Aviation Revenue
For the Seven Months Ended January 31, 2019

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(a) Other Terminal Revenue

This category includes primarily terminal use fees for charter/itinerant airlines, baggage carousel/conveyor fees, customs room usage, identification badge sales & fingerprinting, and vending machine sales not associated with concession tenants.

(b) Other Airport Rentals

This category includes rental of land (e.g., vehicle/aircraft parking, rights-of-way); billboards; buildings; hangar and hangar areas; commercial filming; tank farm fuel fees; as well as cargo building, land, and apron rental.

(c) Other Field Revenue

This category includes plane storage, in-flight catering, ground handling, and cargo handling revenue.

(d) Miscellaneous Revenue

This category includes one-time and recurring revenues that are usually not directly related to Airport operations. The majority of miscellaneous revenue is associated with the Port's Materials Management Program and janitorial services provided by the Port at TSA's Airport offices. Other revenue may include, for example, payments for the rental of Airport conference rooms.

Port of Oakland
Actual vs. Budget Maritime Revenue
For the Seven Months Ended January 31, 2019

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	ACTUAL 01/31/19	BUDGET 01/31/19	\$ VARIANCE	% VARIANCE
MARINE TERMINAL RENT	\$ 79,391,345	\$ 75,521,459	\$ 3,869,886	5.1%
RAIL TERMINAL RENT	2,449,390	1,574,816	874,574	55.5%
SPACE ASSIGNMENT RENT (a)	9,558,528	3,260,612	6,297,916	193.2%
LEASE RENT (b)	4,940,260	8,293,379	(3,353,119)	-40.4%
PARKING/CONTAINER DEPOT RENT (c)	4,662,430	4,050,362	612,068	15.1%
UTILITIES REVENUE	8,327,569	7,234,695	1,092,874	15.1%
TOTAL MARITIME OPERATING REVENUE	109,329,522	99,935,323	9,394,199	9.4%
BAD DEBT RESERVE	-	-	-	0.0%
TOTAL MARITIME REVENUE	\$ 109,329,522	\$ 99,935,323	\$ 9,394,199	9.4%

(a) Space Assignment Rent consists of land and facility rent from non-marine/rail terminal tenants with agreements terms that are typically month to month or less than 1 year.

(b) Lease Rent consists of land and facility rent from non-marine/rail terminal tenants with agreements terms that are typically greater than 1 year.

(c) Parking/Container Depot Rent consist of Port owned and operated facilities only.

Port of Oakland
Actual vs. Budget CRE Revenue
For the Seven Months Ended January 31, 2019

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	ACTUAL 01/31/19	BUDGET 01/31/19	\$ VARIANCE	% VARIANCE
SPACE RENTAL				
Land	\$ 913,597	\$ 869,702	\$ 43,895	5.0%
Building with Land	356,550	356,552	(2)	0.0%
Warehouse Lease	1,058,989	1,057,459	1,530	0.1%
Hotel	2,270,653	2,240,467	30,186	1.3%
Restaurant	1,091,326	1,049,764	41,562	4.0%
Retail	1,327,586	1,255,202	72,384	5.8%
Office Lease	1,385,287	1,288,770	96,517	7.5%
Marinas Revenue	15,971	14,552	1,419	9.8%
Subtotal	8,419,959	8,132,467	287,492	3.5%
PARKING REVENUE				
Parking Revenue - Parking Lot Revenue	1,713,163	1,527,949	185,214	12.1%
Subtotal	1,713,163	1,527,949	185,214	12.1%
MISCELLANEOUS REVENUE				
Miscellaneous Revenue (a)	67,784	95,567	(27,783)	-29.1%
Billboard Advertising Revenue	357,254	379,154	(21,900)	-5.8%
Delinquency Charge	-	-	-	100.0%
Subtotal	425,038	474,721	(49,683)	-10.5%
UTILITIES REVENUE	59,338	59,500	(162)	-0.3%
TOTAL CRE OPERATING REVENUE	10,617,499	10,194,638	422,861	4.1%
BAD DEBT RESERVE	-	-	-	0.0%
TOTAL CRE REVENUE	\$ 10,617,499	\$ 10,194,638	\$ 422,861	4.1%

(a) Miscellaneous Revenue

This category includes recurring and one-time revenues that are not part of the Space Rental revenue category. Examples include: easements, antennae and bank teller machines on/in Port-owned buildings, and ancillary development-related transactions.

Port of Oakland
Activity Summary Report
For the Seven Months Ended January 31, 2019

UNAUDITED
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	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
AVIATION ACTIVITY							
Total Passengers							
July	1,318,052	1,306,138	11,914	0.9%	1,235,511	82,541	6.7%
August	1,302,300	1,286,530	15,770	1.2%	1,226,648	75,652	6.2%
September	1,127,927	1,158,891	(30,964)	-2.7%	1,083,301	44,626	4.1%
October	1,161,056	1,184,828	(23,772)	-2.0%	1,140,921	20,135	1.8%
November	1,121,937	1,162,528	(40,591)	-3.5%	1,111,124	10,813	1.0%
December	1,090,069	1,196,857	(106,788)	-8.9%	1,086,388	3,681	0.3%
January	954,160	1,040,756	(86,596)	-8.3%	949,323	4,837	0.5%
February							
March							
April							
May							
June							
Year to Date	8,075,501	8,336,528	(261,027)	-3.1%	7,833,216	242,285	3.1%
Aircraft Landing Weights * (000 lbs)							
July	1,029,991	1,051,920	(21,929)	-2.1%	964,788	65,203	6.8%
August	1,050,019	1,085,254	(35,235)	-3.2%	1,000,732	49,287	4.9%
September	930,560	959,681	(29,121)	-3.0%	912,995	17,565	1.9%
October	979,803	1,007,392	(27,589)	-2.7%	954,911	24,892	2.6%
November	953,229	989,137	(35,908)	-3.6%	942,173	11,056	1.2%
December	1,032,437	1,075,286	(42,849)	-4.0%	1,042,427	(9,990)	-1.0%
January	903,320	946,848	(43,528)	-4.6%	908,153	(4,833)	-0.5%
February							
March							
April							
May							
June							
Year to Date	6,879,359	7,115,518	(236,159)	-3.3%	6,726,179	153,180	2.3%

* Includes passenger and air cargo carriers. Excludes non-revenue passenger flights.

Port of Oakland
Activity Summary Report
For the Seven Months Ended January 31, 2019

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	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
MARITIME ACTIVITY							
Loaded (Full) TEUs**							
July	153,636	160,740	(7,104)	-4.4%	159,656	(6,020)	-3.8%
August	160,014	156,091	3,923	2.5%	155,039	4,975	3.2%
September	155,540	154,538	1,002	0.6%	153,496	2,044	1.3%
October	161,249	163,738	(2,489)	-1.5%	162,634	(1,385)	-0.9%
November	160,649	150,386	10,263	6.8%	149,372	11,277	7.5%
December	159,446	160,273	(827)	-0.5%	159,193	253	0.2%
January	157,245	151,037	6,208	4.1%	150,019	7,226	4.8%
February							
March							
April							
May							
June							
Year to Date	1,107,780	1,096,805	10,975	1.0%	1,089,409	18,370	1.7%
Vessel Calls							
July	137	137	0	0.0%	137	0	0.0%
August	138	138	0	0.0%	138	0	0.0%
September	126	134	(8)	-6.0%	134	(8)	-6.0%
October	132	133	(1)	-0.8%	133	(1)	-0.8%
November	125	128	(3)	-2.3%	128	(3)	-2.3%
December	122	139	(17)	-12.2%	140	(18)	-12.9%
January	132	134	(2)	-1.5%	134	(2)	-1.5%
February							
March							
April							
May							
June							
Year to Date	912	943	(31)	-3.3%	944	(32)	-3.4%

** Loaded TEUs does not include restows/shifts

Port of Oakland
Revenue Actual vs. Budget Variance
Seven Months Ended January 31, 2019

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OPERATING REVENUE

Port Operating Revenue = **\$244.0 million**
Variance to Budget (\$) = **\$11.9 million (better)**
Variance to Budget (%) = **5.1% (better)**

Aviation - \$124.1 million

Better than budget by \$2.1 million or 1.7%

- Higher customs room use (\$0.6 million)
- Higher concessions revenue primarily for restaurant/bar revenue reflecting the timing of the new food & beverage program and higher newsstands revenues (\$0.6 million)
- Higher in-flight catering and ground handling revenue (net \$0.5 million)
- Higher general aviation landing fees (\$0.5 million)
- Higher cargo landing fees (\$0.4 million)
- Higher terminal rents (\$0.4 million)
- Higher car rental revenues (\$0.3 million)
- Higher TNC revenue (\$0.2 million)
- Higher cargo carrier landing fees (\$0.2 million)
- Higher delinquency charges (\$0.1 million)
- Higher electricity revenue at the airport (\$0.5 million)
- Lower hangar rent (-\$0.8 million)
- Lower passenger landing fees (-\$0.7 million)
- Lower parking revenues (-\$0.4 million)
- Lower fueling rent at OFFC (-\$0.3 million)

Maritime - \$109.3 million

Better than budget by \$9.4 million or 9.4%

- Higher than budgeted over MAG activity (net \$3.8 million)
- Higher combined space assignment and lease revenue (net \$2.9 million)
- Higher over MAG rail rent (\$0.9 million)
- Higher truck parking revenue (\$0.6 million)
- Higher electrical capacity charge (\$0.4 million)
- Higher shore power maintenance fees (\$0.4 million)
- Higher shore power and vessel commissioning revenue (net \$0.2 million)

Commercial Real Estate - \$10.6 million

Better than budget by \$0.4 million or 4.1%

- Higher parking revenue at JLS (\$0.2 million)
- Higher office rent (\$0.1 million)
- Higher retail rent (\$72k)
- Higher land rent (\$44k)
- Higher restaurant rent (\$42k)
- Higher hotel rent (\$30k)
- Lower miscellaneous revenue (-\$28k)
- Lower billboard revenue (-\$22k)

Port of Oakland
Expense Actual vs. Budget Variance
Seven Months Ended January 31, 2019

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EXPENSES by CATEGORY

Port Operating Expenses* = \$121.4 million
Variance to Budget (\$) = \$11.9 million (better)
Variance to Budget (%) = 9.0% (better)

Personnel Services - \$66.8 million

Better than budget by \$1.6 million or 2.4%

- 462 FTEs as of 1/31/19 vs. budgeted 507 FTEs (with vacancy factor of 25 FTEs)
- Open headcount savings (\$2.7 million) - *Various divisions*
- Lower retiree medical expense (\$0.4 million) - *Non-departmental*
- Lower continuing education/training/seminar (\$0.2 million) - *Various divisions*
- Lower medical premiums (\$0.2 million) - *Various divisions*
- Lower professional development (\$0.1 million) - *Various divisions*
- Higher overtime and temporary help (-\$1.6 million) - *Aviation, Engineering, Finance*
- Higher vacation/sick leave accrual (-\$0.3 million) - *Non-departmental*
- Higher workers' compensation (-\$0.1 million) - *Non-departmental*

Contractual Services - \$42.2 million

Better than budget by \$9.9 million or 19.1%

- Lower consulting, computer systems, and environmental costs (net \$3.4 million) - *Various divisions*
- Lower maintenance and repairs (net \$3.3 million) - *Engineering and Aviation*
- Lower maintenance dredging (\$1.2 million) - *Engineering*
- Lower parking and ground transportation (\$1.1 million) - *Aviation and CRE*
- Lower security costs (\$0.6 million) - *Aviation*
- Lower Airport Rescue and Firefighting (\$0.5 million) - *Aviation*
- Higher 530 Water St. operating costs (-\$0.2 million) - *CRE*

Supplies - \$3.5 million

Worse than budget by \$1.0 million or -40.7% - *Aviation and Engineering*

General and Administrative - \$8.1 million

Better than budget by \$2.9 million or 26.4%

- Lower legal contingency (\$0.9 million) - *Non-departmental*
- Lower cooperative marketing expenses (\$0.6 million) - *Aviation*
- Lower pollution remediation (\$0.5 million) - *Non-departmental*
- Lower special events, dues & registrations, and exhibits & displays (net \$0.4 million) - *Various*
- Lower insurance (\$0.1 million) - *Finance*
- Lower travel (\$0.2 million) - *Various*
- Lower Port-use utilities (\$0.1 million) - *Non-departmental*

Utilities Cost of Sales - \$4.1 million

Better than budget by \$0.6 million or 12.0%

- Lower wholesale electricity rates in maritime (\$0.5 million) and shore power (\$0.1 million)

Departmental Credits - (\$3.2) million

- Worse than budget by \$2.0 million or -38.7% due to less direct labor charged to capital projects from maritime design, airport facilities maintenance, cranes, airport construction, and environmental.

* Excludes depreciation & amortization

General Notes:

- "Revenue divisions" are collectively Aviation, Maritime, Commercial Real Estate (CRE)
- Where applicable, primary source of variance by division is noted after each item.
- In general, the Port's annual budget is seasonally adjusted. However, certain line items that cannot be seasonally adjusted with any level of predictability (e.g. legal contingency) and are simply allocated equally over 12 months.