

2013 Budget Update

Commission Briefing

April 2, 2013

2013 Operating Budget Update

- Significant changes to the 2013 approved budget due to:
 1. New airline rates and charges
 2. New container lease structure/rate
- The Port continues to manage the budget proactively by cutting the operating expenses by \$4.0 million

2013 Operating Budget Forecast

(\$ in thousands)	2012	2013	2013	Budget Variance	
	Actual	Budget	Forecast	\$	%
Aeronautical Revenues	233,112	249,285	245,109	(4,176)	-1.7%
Other Operating Revenues	<u>288,540</u>	<u>301,294</u>	<u>291,788</u>	<u>(9,506)</u>	<u>-3.3%</u>
Total Operating Revenues	521,652	550,579	536,897	(13,682)	-2.5%
Total Operating Expenses	<u>297,970</u>	<u>328,912</u>	<u>324,912</u>	<u>4,000</u>	<u>1.2%</u>
Income before Depreciation	223,682	221,668	211,986	(9,682)	-4.6%
Depreciation	<u>167,279</u>	<u>171,510</u>	<u>171,510</u>	<u>0</u>	<u>0.0%</u>
Income after Depreciation	<u><u>56,403</u></u>	<u><u>50,158</u></u>	<u><u>40,476</u></u>	<u><u>(9,682)</u></u>	<u><u>-23.9%</u></u>

Plan of Finance Budget

Division (\$ in'000s)	2013	2014	2015	2016	2016	2013-17
Aviation	184,240	270,944	312,845	454,769	231,355	1,454,153
Seaport	13,047	62,085	106,055	45,500	69,050	295,737
Real Estate	17,088	16,084	18,062	8,033	9,834	69,101
Corp & CDD	11,128	8,791	8,463	8,658	8,408	45,448
Total	225,503	357,904	445,425	516,960	318,647	1,864,439

Updated Capital Budget

Division (\$ in'000s)	2013	2014	2015	2016	2016	2013-17
Aviation	183,610	265,352	289,137	373,052	184,254	1,295,405
Seaport	12,747	59,685	55,325	23,050	19,700	170,507
Real Estate	17,088	16,084	18,062	8,033	9,834	69,101
Corp & CDD	11,128	8,791	8,463	8,658	8,408	45,448
Total	224,573	349,912	370,987	412,793	222,196	1,580,461

Total Change	<u>(930)</u>	<u>(7,992)</u>	<u>(74,438)</u>	<u>(104,167)</u>	<u>(96,451)</u>	<u>(283,978)</u>
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Aviation Division Budget Update

Commission Meeting
April 2, 2013

Figures in \$000s

	<u>Budget</u>	<u>Revised Budget</u>	<u>Change</u>	<u>%</u>
Operating Revenues				
Airline	249,799	245,623	(4,176)	-1.7%
Non-Airline	<u>157,826</u>	<u>157,826</u>	<u>-</u>	<u>0.0%</u>
Total	407,625	403,449	(4,176)	-1.0%

- 2013 budget assumed airline revenues based on continuation of SLOA
- Revised budget based on Rates and Charges resolution scenario dated 2/25/13. This resolution is still a draft, as negotiations with airlines continue.
- Under either an agreement or a resolution, airline revenues are based on cost recovery, so the portion of the 2013 operating expense reduction allocable to airline cost centers will reduce 2013 revenues further.

Figures in \$000s

Category	2013	2014	2015	2016	2017	2013-17
Commission Authorized/Underway	130,831	143,977	144,276	77,121	15,183	511,388
Pending 2012 - 2013 Authorization	44,209	112,217	106,400	227,350	122,600	612,776
Pending Future Authorization	5,000	10,550	57,900	147,110	90,572	311,132
Small Projects	4,200	4,200	4,269	3,188	3,000	18,857
Total	184,240	270,944	312,845	454,769	231,355	1,454,153
Changes						
FIS - Plan of Finance	1,600	14,200	60,200	207,500	119,600	403,100
FIS - January 2013 estimate	970	8,608	36,492	125,783	72,499	244,352
	(630)	(5,592)	(23,708)	(81,717)	(47,101)	(158,748)
Revised Total	183,610	265,352	289,137	373,052	184,254	1,295,405

- Only one change to Plan of Finance budget: New international arrivals facility (or Federal Inspection Services facility - FIS)
 - Cost and timing of FIS still uncertain. Modified cost estimate in December, 2012. Commission to be briefed on April 9, 2013.

The background is a dark blue, semi-transparent image of a port. On the left, the bow of a large ship is visible. In the center, a large gantry crane structure is prominent. On the right, the silhouettes of several people are visible, some standing and some walking, against a grid-like pattern that might be a window or a screen. The overall scene is industrial and maritime.

Seaport Division 2013-2017 Capital Budget Update

Commission Meeting

April 2, 2013

Seaport 2013-2017 Capital Budget Update

- Seaport 2013 Capital Budget presented to Commission on October 2nd.
- Updated Draft Plan of Finance provides for \$171 million in Seaport funding capacity for 2013 – 2017.
- Reductions were made in projects that are more discretionary, on hold for an outside funding source, or have been substituted with a reduced scope project.
- Actual projects funded are subject to change due to new information and changing circumstances.

Updated Capital Budget Summary

\$'s in 000's	2013	2014	2015	2016	2017	2013-17
Commission Authorized/Underway	6,442	6,802	5,200	200	200	18,844
Pending 2013 Authorization	4,205	17,650	8,850	350	0	31,055
Pending Future Authorization	1,200	33,800	40,250	21,250	18,500	115,000
Small Projects	900	1,433	1,025	1,250	1,000	5,608
Total	12,747	59,685	55,325	23,050	19,700	170,507

- Updated 5-year capital budget is \$170.5 million vs. original budget of \$295.7 million
- Reductions were made in the “Pending Future Authorization” category of projects

Commission Authorized/Underway – No Change

\$'s in 000's	Priority	2013	2014	2015	2016	2017	2013-17
Street Vacation Related Projects	1	180	3,480	5,000	0	0	8,660
P91 Fender System Upgrade	1	850	0	0	0	0	850
T5 Crane Cable Reels	1	40	0	0	0	0	40
T30/91 Program	1	344	0	0	0	0	344
SEA SEC Rd 9 Dive Van, 8 cars	1	1	0	0	0	0	1
SEA SEC R10 Mobile Command Veh	1	812	0	0	0	0	812
Cruise Cap. Allow. - CTA Lease	1	200	200	200	200	200	1,000
SEA P66 Apron Pile Wrap	1	2,000	783	0	0	0	2,783
Argo Yard Roadway - Element I	1	1,910	48	0	0	0	1,958
P90 C175 Roof Replacement	1	105	2,291	0	0	0	2,396
Total		6,442	6,802	5,200	200	200	18,844

Note: Yellow highlighted line items are lease commitments

Pending 2013 Authorization – No Change

\$'s in 000's	Priority	2013	2014	2015	2016	2017	2013-17
P66 Cameras (Upgrade Analog)	1	440	0	0	0	0	440
Seaport Green Port Initiative	1	815	0	0	0	0	815
T46 Viaduct Driven Capital Work	1	100	100	100	0	0	300
T46 Dock Rehabilitation	1	2,400	12,800	4,600	0	0	19,800
T106 & T108 Drainage & Paving	1	300	3,750	3,150	0	0	7,200
T91 Substation Upgrades	1	150	1,000	1,000	350	0	2,500
Total		4,205	17,650	8,850	350	0	31,055

Note: Yellow highlighted line item is a lease commitment

Pending Future Authorization - Updated

\$'s in 000's	Priority	2013	2014	2015	2016	2017	2013-17
P34 Dolphins & Catwalk for 4 Barges	2	500	2,000	0	0	0	2,500
T-91 Berth 6 & 8 Redevelopment	2	0	12,000	12,500	0	0	24,500
Second Gangway per Berth @ T91	2	0	1,000	3,500	0	0	4,500
T-46 Development	2	700	11,500	5,500	8,500	8,800	35,000
T18 Dock Rehabilitation	2	0	2,300	12,000	4,300	0	18,600
West Waterway Deepening	2	0	0	0	900	0	900
T5 Dock Rehabilitation	2	0	0	0	800	3,700	4,500
T117 Public Access/Cent'l Pier Mitigation	2	0	0	750	750	0	1,500
T5 Upgrade 600' Existing Dock**	3	0	0	0	0	0	0
T30 Dock Rehabilitation**	3	0	0	0	0	0	0
Contingency Renewal & Replace.	3	0	5,000	6,000	6,000	6,000	23,000
Total		1,200	33,800	40,250	21,250	18,500	115,000

The updated 2013-2017 “Pending Future Authorization” projects are focused on lease obligations, renewal and replacement, and projects supporting the Century Agenda.

- Yellow highlighted line item is a lease commitment
- For projects marked with asterisk**, the cash investment is forecasted to take place in the 2018-2022 timeframe.

Projects Transferred to Prospective

\$'s in 000's	Priority	2013	2014	2015	2016	2017	2013-17
P66 Shore Power	2	1,000	7,700	5,000	0	0	13,700
Widen T91 West Berth Access	2	0	200	2,200	0	0	2,400
Container Support Yd-3.5M T #1	2	0	0	30,000	0	0	30,000
East Waterway Deepening	2	0	0	0	900	50	950
Dredge P90 East	3	0	0	5,000	1,600	0	6,600
T18 Truck Access Improvements	3	0	500	1,500	0	0	2,000
T104 Site Improvements	3	0	400	1,680	0	0	2,080
T91 Industrial Warehouse (in shortfill area)	3	0	100	2,600	14,200	500	17,400
South T25 Container Yard - Phase 2	3	0	0	0	1,000	13,100	14,100
T-5 New Cranes (4)	3	0	0	0	0	26,000	26,000
T5 Dock Extension (750')	3	0	0	0	0	2,000	2,000
New Cruise Terminal**	3	0	0	0	0	0	0
Mega Berth (depth) Location TBD**	3	0	0	0	0	0	0
T25 Dock Rehabilitation**	3	0	0	0	0	0	0
Container Support Yd-3.5M T #2**	3	0	0	0	0	0	0
Total		1,000	8,900	47,980	17,700	41,650	117,230

Projects transferred to “Prospective” are more discretionary, awaiting an outside funding opportunity, or have been substituted with a reduced scope project.

- Yellow highlighted line item is a lease commitment
- For projects marked with asterisk**, the cash investment is forecasted to take place in the 2018-2022 timeframe.