

ITEM NO. 7c_Supp

DATE OF

MEETING: August 20, 2013



2014 Budget Assumptions Briefing

August 20, 2013

2014 Projected Operating Revenues

Revenues (\$ in million)	2013 Approved Budget	2013 Revised Budget	2013 Q2 Forecast	2014 Early Forecast	Change from Rvsd Budget	Change from Q2 Forecast
Non-Aeronautical	\$ 157.8	\$ 156.6	\$ 157.0	\$ 163.2	4.3%	4.0%
Seaport	\$ 110.3	\$ 100.8	\$ 97.1	\$ 101.0	0.2%	4.0%
Real Estate	\$ 32.5	\$ 32.5	\$ 31.0	\$ 30.8	-5.2%	-0.6%
TOTAL	\$ 300.6	\$ 289.9	\$ 285.1	\$ 295.0	1.8%	3.5%

2014 Budget Approach

- Incorporate Commission input from July budget retreat
- Focus new initiatives on Century Agenda and other key strategic objectives
- Continue to seek efficiency/process improvements
- Tightly manage overhead expenses
- Evaluate core vs. non-core functions for cost savings opportunities

Preliminary Payroll Assumptions

Non-Represented

- Average merit pay increase: 2%-3.0% (depending on overall budget considerations)
- Market based salary range increases up to 2.0% (minimal cost impact)
- Medical/dental cost increase*: 1.9%
 - › Reflects plan design changes resulting from new healthcare strategy
 - › Employer's PERS contribution: 9.21% vs. 8.16% average rate in 2013

*Includes some represented groups on Port sponsored plan

Preliminary Payroll Assumptions

Represented

- Pay increases based on CPI (0-6%), negotiated increases and/or STEP increases per individual contracts
- Health & Welfare and pension contributions also governed by contract
 - › Ongoing contract renewals incorporating employee healthcare cost sharing

2014 Budget Calendar

September

- Prepare preliminary operating & capital budgets
- Internal budget reviews by each department & division
- Executive preliminary budget reviews (9/16 - 9/19)

2014 Budget Calendar - Con't

October

- Commission capital budgets briefing on 10/1
- Commission operating budget briefing on 10/8
- Commission Draft Plan of Finance briefing on 10/22
- Preliminary budget document available to the Commission on 10/22
- Release 2013 Preliminary Budget to the public on 10/24

2014 Budget Calendar - Con't

November

- First reading of budget resolution(s) on 11/5
- Second reading of budget resolution(s) on 11/19

December

- File statutory budget by 12/5
- Release the 2013 Final Budget and Draft Plan of Finance to the public by 12/13