

Real Estate Division 2010 Preliminary Budget

Commission Review
October 6, 2009

Key Assumptions

- Marina occupancy rate 94% compared to 97% in 2009 Budget.
- Fishing & Commercial occupancy rates FT 78% and MIC 72% compared to FT 82% and MIC 75% in 2009 Budget.
- Commercial Properties target 90% occupancy. 2009 Budget target was 95%.
- Activity at Bell Harbor International Conference Center flat to 2009.
- Eastside Rail Corridor transaction closes in 2009.
- Implementation of Deferred Maintenance Plan.

Org Revenues By Group

Real Estate Division Only

\$'s Thousands	2007	2008	2009	2010	'09-'10 Change	
	Actual	Actual	Budget	Budget	\$	%
Revenue						
Harbor Services	8,620	10,538	11,559	11,260	(299)	-2.6%
Portfolio Management	21,865	22,587	18,407	17,347	(1,060)	-5.8%
Commercial	8,175	7,650	7,309	6,587	(722)	-9.9%
Third Party	13,690	14,938	11,097	10,760	(338)	-3.0%
Development & Planning	1,418	1,181	566	749	183	32.3%
Eastside Rail	0	0	150	155	5	3.0%
Facilities & Maintenance	306	894	279	413	133	47.8%
Operating Revenue	32,208	35,200	30,961	29,923	(1,038)	-3.4%
Environmental Grants	0	1	150	0	(150)	-100.0%
Total Revenue	32,208	35,202	31,111	29,923	(1,188)	-3.8%

Real Estate Org Expense Budget

Real Estate Division Expenses Only

\$'s Thousands	2009 Budget	2010 Budget	Change	%
Baseline Budget				
Salaries & Benefits	7,425	7,797	372	5.0%
Wages & Benefits	6,491	6,963	472	7.3%
OPEB	218	226	8	3.5%
Salaries & Wages to Capital	1,006	1,000	(6)	-0.6%
Total Payroll Costs	15,141	15,986	845	5.6%
Net Payroll Expense (net of to capital)	14,135	14,986	852	6.0%
Utilities	3,074	2,988	(86)	-2.8%
Third Party Mgmt (Hospitality Only)	7,492	7,180	(313)	-4.2%
Other O&M	4,765	4,703	(62)	-1.3%
Allocated to Capital	(300)	(631)	(331)	110.3%
Total Baseline Budget	29,166	29,226	60	0.2%
Initiatives				
Tenant Improve & Broker Fees	788	342	(446)	-56.6%
Deferred Maint Projects in Budget	737	1,383	646	87.7%
Deferred Maint Salaried Staff	0	383	383	NA
Eastside Rail Corridor	484	484	0	0.0%
Contingency	0	0	0	NA
Total	2,009	2,593	584	29.0%
Total Operating Expenses	31,175	31,819	644	2.1%
Environmental Reserve	1,125	7,000	5,875	522.2%
Total Expenses	32,300	38,819	6,519	20.2%

Full-Time Equivalents (FTEs)

<u>2009 Budget</u>	151.1
Harbor Services - Compliance Coordinator (Ltd Duration)	1.0
Maintenance - Wage Personnel Reductions	(2.0)
Facilities - Facilities Specialist	(1.0)
Adjusted 2009	149.1
<u>2010 Budget</u>	
Staff Reductions:	
Facilities - Transfer Admin to Harbor Services	(1.0)
RE Dev & Planning - Project Assistant	(1.0)
Maintenance - Chg of Teamsters from 1.25 to 1	(0.3)
Staff Additions:	
Harbor Services - Admin from Facilities	1.0
Maintenance - Fac Maint Mgr (Deferred Maint)	1.0
Maintenance - Admin (Deferred Maint & Project Work)	1.0
Maintenance - Admins for Crew Chief Support	2.0
Maintenance - Skilled Crafts to Support Budgeted Work	3.0
Net Change	5.7
Proposed 2010 Budget	154.8

Org Expenses By Group

Real Estate Division Expenses Only

	2007	2008	2009	2010	09-'10 Bud Change	
	Actual	Actual	Budget	Budget	\$	%
Operating Expenses						
Harbor Services	4,006	4,179	4,318	4,586	268	6.2%
Portfolio Management	13,553	12,347	12,499	11,511	(988)	-7.9%
Commercial	4,011	1,902	4,009	3,477	(532)	-13.3%
Third Party	9,541	10,445	8,490	8,034	(456)	-5.4%
Development & Planning	581	7,770	586	580	(6)	-1.0%
Eastside Rail Corridor	0	0	484	484	0	0.0%
Maintenance	10,036	11,971	10,951	12,345	1,394	12.7%
Facilities	2,202	1,995	1,973	1,933	(40)	-2.0%
Division Admin	0	356	363	379	16	4.3%
Contingency	0	0	0	0	0	NA
Total Operating Expenses	30,378	38,619	31,175	31,819	644	2.1%
Environmental Reserve	0	604	1,125	7,000	5,875	522.2%
Total	30,378	39,223	32,300	38,819	6,519	20.2%

Real Estate Budget Summary

Inclusive of Direct Charges & Allocations from Corporate, CDD, & Other Divisions

\$'s Thousands	2007	2008	2009	2010	09-'10 Bud Change	
	Actual	Actual	Budget	Budget	\$	%
Revenues						
Operating Revenues	32,164	34,875	30,961	29,798	(1,163)	-3.8%
Environmental Grants	164	1	150	0	(150)	-100.0%
Total Revenues	32,328	34,877	31,111	29,798	(1,313)	-4.2%
Expenses						
Direct Expenses	28,984	36,375	31,821	31,139	682	2.1%
Environmental Reserves	576	604	1,125	7,000	(5,875)	-522.2%
Divisional Allocations	(2,816)	(3,413)	(3,515)	(3,822)	307	8.7%
Corporate Allocations	3,676	5,253	5,960	5,931	29	0.5%
Operating Expenses	30,420	38,819	35,391	40,248	(4,857)	-13.7%
Net Operating Income	1,907	(3,943)	(4,279)	(10,450)	(6,171)	-144.2%
NOI Excl Envir Grants/Reserve	2,320	(3,340)	(3,304)	(3,450)	(146)	-4.4%

Risks

- **Economic downturn could impact vacancies and tenants' ability to pay**
- **Vacancies at T102 and World Trade Center West**
- **Unknowns with Eastside Rail Corridor**
- **Environmental Reserve**
- **Unexpected maintenance work**
- **Electrical rate increase**
- **Performance Audit Implications**

The background is a dark blue-tinted image. On the left, there is a large cargo ship docked at a pier with a large gantry crane. On the right, there is a silhouette of a person in a business suit talking on a mobile phone, standing in front of a glass-walled building. The overall scene suggests a port and business environment.

Real Estate Division 2010 Preliminary Capital Budget

October 6, 2009

Capital Budget Review

- **Capital Budget reviewed by cross functional teams**
- **Reviewed all existing projects and identified new projects as driven by:**
 - 2010 Real Estate Strategies
 - New developments and information from customers and tenants
 - Continuing effort to identify specific renewal and replacement projects

Real Estate Capital Plan Summary

\$'s in 000's	2010	2010-2014	2015-2019	Total
Committed	15,346	40,308	20,576	60,884
Bus Plan Prospective	5,620	61,325	31,300	92,625
Other Prospective	20,966	101,633	51,876	153,509
	0	30,681	90,950	121,631
Total	20,966	132,314	142,826	275,140

Real Estate Committed Capital Plan

\$'s in 000's

	2010	2010-2014	2015-2019	Total
Under Contract	122	122	0	122
Commission Auth	1,075	6,936	0	6,936
Division Pending	14,149	33,250	20,576	53,826
Total	15,346	40,308	20,576	60,884

Real Estate Committed Capital Under Contract

\$'s in 000's

	2010	2010-2014	2015-2019	Total
SBM Infrastru,Bldgs, Site Imp	62	62	0	62
SBM Landside Projects	60	60	0	60
Total	122	122	0	122

Real Estate Committed Capital Commission Authorized

\$'s in 000's

FT East Portion S. Wall (FVO)
MIC Seawall Replacement

Total

2010	2010-2014	2015-2019	Total
675	4,825	0	4,825
400	2,111	0	2,111
1,075	6,936	0	6,936

Real Estate Committed Capital Division Pending

\$'s in 000's	2010	2010-2014	2015-2019	Total
RE Maintenance Shop Solution	3,300	3,600	0	3,600
RE Div. Green Port Initiative	2,600	7,100	12,500	19,600
FT NW Dock E Fender Sys Replace	2,000	4,000	0	4,000
Small Projects	1,810	3,850	2,505	6,355
Tenant Improvements -Capital	1,220	2,606	71	2,677
Fleet Replacement	950	3,350	3,000	6,350
FT C15 HVAC Improvements	800	3,850	0	3,850
Other	1,469	4,894	2,500	7,394
Total	14,149	33,250	20,576	53,826

Real Estate Capital Business Plan Prospective

\$'s in 000's

Renewal/Enhancement
Revenue/Capacity Growth

Total

	2010	2010-2014	2015-2019	Total
Renewal/Enhancement	5,620	44,625	31,300	75,925
Revenue/Capacity Growth	0	16,700	0	16,700
Total	5,620	61,325	31,300	92,625

Real Estate –Business Plan Prospective Revenue/Capacity Growth

\$'s in 000's

	2010	2010-2014	2015-2019	Total
T91 - NorthBay Utilities	0	14,500	0	14,500
Ship Supply Demo & Redevelop	0	2,200	0	2,200
Total	0	16,700	0	16,700

Real Estate –Business Plan Prospective Renewal/Enhancement

\$'s in 000's	2010	2010-2014	2015-2019	Total
Net Shed Solution	2,100	16,600	0	16,600
RE: Contingency Renew & Replace	1,000	15,000	29,000	44,000
FT Paving/Storm Upgrades	750	1,500	0	1,500
FT C2 Roof & HVAC Replacement	700	700	0	700
Pier 86 Fishing Dock	500	2,055	0	2,055
P66 Chiller Upgrades	270	270	0	270
SBM Paving	150	1,000	0	1,000
SBM Slope Stabilization	100	1,000	0	1,000
P69 Built-Up Roof Replacement	50	900	0	900
Other	0	5,600	2,300	7,900
Total	5,620	44,625	31,300	75,925

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