

ITEM NO. 7c Supp

DATE OF  
MEETING October 26, 2010

# 2011-2015 Draft Plan of Finance Revised

October 26, 2010



# Draft Plan of Finance 2011-2015

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- Each year at the end of the budget process, staff provides a summary five-year Port-wide capital funding plan (The Draft Plan of Finance). The 2011-2015 Plan is based on:
  - Division capital improvement plans (CIPs) discussed with the Commission on September 28, 2010
  - Division operating budgets and forecasts discussed with the Commission on October 5, 2010.
    - Airport is a self-funding operation
    - Seaport operating income supports its CIP
    - Real Estate CIP is supported by the tax levy
  - The tax levy scenario for First Reading assumes \$73.5 million per year 2011-2015

# Funding Sources

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- The Draft Plan of Finance includes funding from:
  - Net operating income
  - Operating fund balances (above minimum requirement)
  - Existing and future revenue bond proceeds
  - Passenger Facility Charges
  - Customer Facility Charges
  - Grants
  - Tax levy

# Aviation Capital Funding 2011-2015

	<u>2011-2015</u> <u>(\$mil.)</u>
Aviation CIP	
Committed	487
Business Plan Prospective	565
TOTAL	1,052
Aviation Funding Sources	
Net income	178
Operating funds	44
Tax levy <sup>(1)</sup>	10
Grants	57
Passenger Facility Charge	53
Customer Facility Charge <sup>(2)</sup>	136
Existing revenue bond proceeds	149
Future bond proceeds	426
TOTAL	1,052
(1) Highline capital spending (excludes public expense spending by tax levy)	
(2) Includes proceeds of CFC-paid bonds	

# Seaport Capital Funding 2011-2015

	<u>2011-2015</u> <u>(\$mil.)</u>
Seaport CIP	
Committed	88
Business Plan Prospective	214
Deferrals	(21)
TOTAL	282
Seaport Funding Sources	
Net income	46
Operating funds	41
Existing revenue bond proceeds	21
Future revenue bond proceeds	174
TOTAL	282

# Seaport CIP Adjustments

- These Business Plan Prospective projects were included in the Seaport CIP presentation on September 28

## PROJECTS AND TIMING AS OF SEPTEMBER 28, 2010

Business	Key Goal	Capital Project	2011	2011-2015	2016-2020	Total
General	Commercial	Seaport Viaduct Mitigation**	500	11,000	4,000	15,000
Dock Ops	Asset Stewardship	T46 N Slip Replace Sprinkler Syst**	1,000	1,000	0	1,000
Cruise	Asset Stewardship	Pier 91 Slope Stabilization**	3,000	6,300	0	6,300
Containers	Commercial	T-46 Development	0	25,000	12,500	37,500
Dock Ops	Commercial	Dredge Pier 90 East Berths	400	6,000	0	6,000
Cruise	Asset Stewardship	T91 Second Gangways Per Berth	1,000	4,500	5,000	9,500
Cruise	Commercial	Widen T91 West Cruise Vessel Berth	200	2,300	0	2,300
General	Asset Stewardship	Contingency Renewal & Replace	0	28,600	132,800	161,400
<b>September 28, 2010 Total</b>			<b>6,100</b>	<b>84,700</b>	<b>154,300</b>	<b>239,000</b>

- Seaport plans to make the following adjustments to these projects to fit within its self-funded capital capacity

## ADJUSTED PROJECTS & TIMING

Business	Key Goal	Capital Project	2011	2011-2015	2016-2020	Total
Containers	Commercial	T-46 Development	0	15,000	22,500	37,500
Dock Ops	Commercial	Dredge Pier 90 East Berths	0	400	5,600	6,000
Cruise	Asset Stewardship	T91 Second Gangways Per Berth	0	4,500	5,000	9,500
Cruise	Commercial	Widen T91 West Cruise Vessel Berth	0	2,300	0	2,300
General	Asset Stewardship	Contingency Renewal & Replace	0	41,500	121,400	162,900
<b>Adjusted Total</b>			<b>0</b>	<b>63,700</b>	<b>154,500</b>	<b>218,200</b>
<b>Net Change</b>			<b>(6,100)</b>	<b>(21,000)</b>	<b>200</b>	<b>(20,800)</b>

\*\*Projects removed from Seaport Capital Budget due to new information

- Seaport Viaduct Mitigation
- T46 N Slip Replace Sprinkler System
- Pier 91 Slope Stabilization

# Real Estate Capital Funding 2011-2015

	<u>2011-2015</u> <u>(\$mil.)</u>
Real Estate CIP	
Committed	32
Business Plan Prospective	44
TOTAL	76
Real Estate Funding Source	
Tax levy	76
TOTAL	76

Levy fund balance shortfalls in some years will require spending deferrals  
 Within the 2011-2015 period

# Corporate Capital Funding 2011-2015

	<u>2011-2015</u> <u>(\$mil.)</u>
Corporate CIP	
Committed	24
Business Plan Prospective	38
TOTAL	62
Corporate Funding Sources	
Seaport Net Income	17
Real Estate General Fund	5
Airport Net Income	40
TOTAL	62

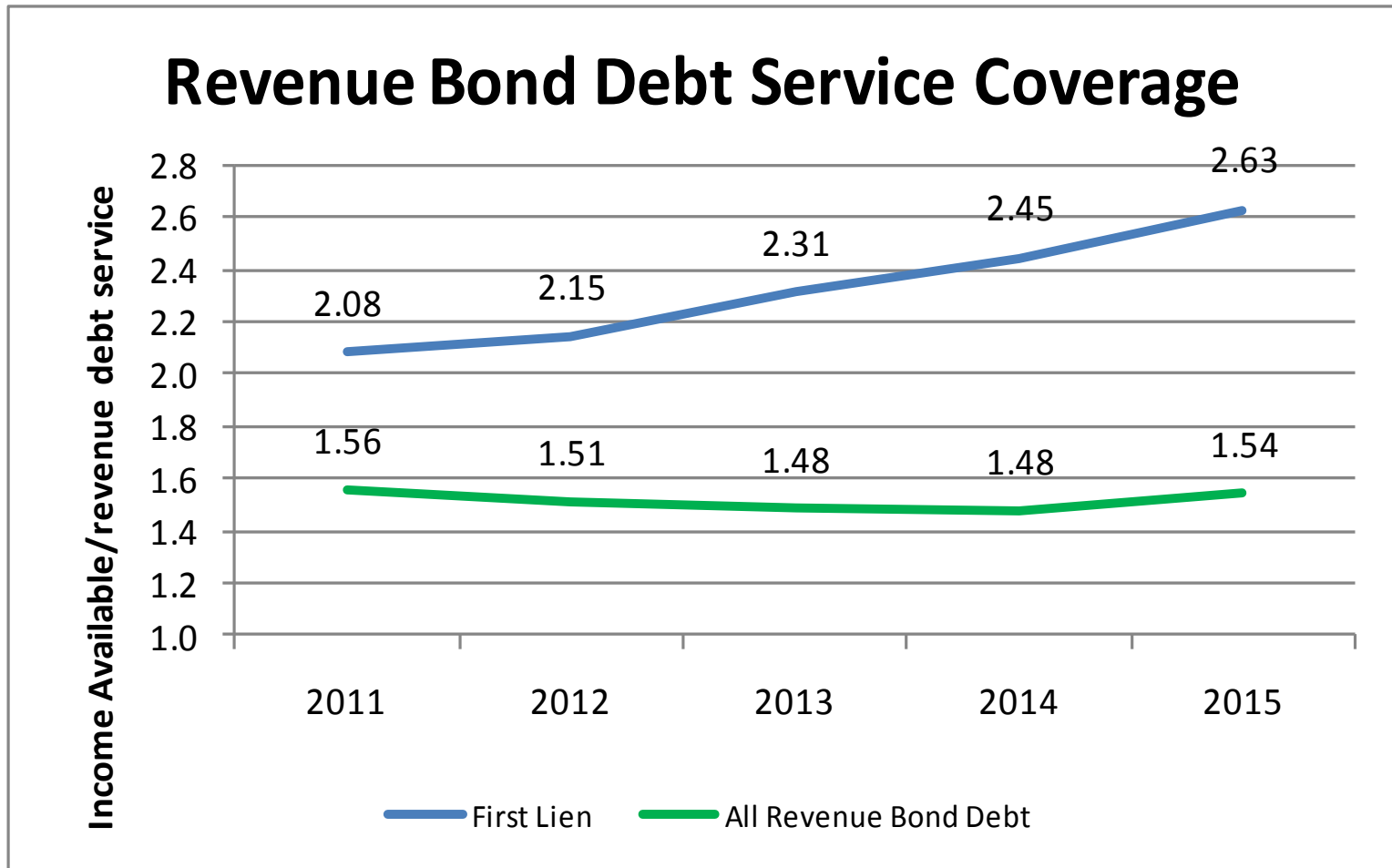


# Debt Service Coverage

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- The Plan is developed to adhere to the Port's financial management policies for prudent cash reserves and leverage
  - Operating funds maintain a minimum of:
    - 6 months operating and maintenance (O&M) expenses in the general fund
    - 10 months O&M expenses in the airport development fund
  - Maximum 75% of tax levy used to pay General Obligation bonds debt service
  - Net income provides Revenue bonds coverage of:
    - 1.5x debt service for Seaport debt
    - 1.25x debt service for Airport debt

# Port-wide Revenue Bond Debt Service Coverage 2011-2015 – Forecast



# 2011 Planned Finance Activity

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- Complete the GO Bond refunding
- Refund other bonds for savings as appropriate
- Finalize long-term funding of the Consolidated Rental Car Facility
- Continue to monitor the letters of credit on variable rate bonds