

ITEM NO. 7d Supp 1

DATE OF  
MEETING Nov. 2, 2010

# Tax Levy Discussion Follow-up

November 2, 2010



# Introduction

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- Prior briefings on October 12 and 26, 2010
- Applied current policies to updated information
  - Policies
    - Flat levy amount of \$73.5 million
    - G.O. debt service no greater than 75% of levy amount
    - Levy supports Real Estate Division
    - Seaport self funding going forward
      - Levy pays Seaport related existing G.O. bonds
      - Levy pays environmental expenses – primarily legacy costs
  - Funding gap due to:
    - Environmental costs have increased significantly
    - Real Estate CIP and operating expenses have increased

# Preliminary 2011-2015 Tax Levy Forecast

## Presented on October 12, 2010

\$'000	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>LEVY USES</u></b>					
<b>G.O. DS - existing</b>	40,438	40,442	40,444	40,442	30,746
<b><u>Other uses</u></b>					
Roads and Transportation Projects	9,100	5,050	600	-	-
School Construction & Noise Insulation	650	7,160	3,028	1,094	-
Sea & RE Environmental expenditures - preliminary	11,559	23,985	18,348	3,952	10,009
Transportation & Infrastructure Fund					4,000
PortJobs	46	46	46	46	46
Subtotal Other	21,355	36,241	22,022	5,092	14,055
<b><u>Real Estate Support</u></b>					
RE Capital Total	20,357	20,477	12,109	11,455	11,395
RE Operating Subsidy	5,372	5,312	5,707	5,175	5,086
Subtotal RE Support	25,729	25,789	17,816	16,630	16,481
<b>Total Uses</b>	<b>87,521</b>	<b>102,472</b>	<b>80,281</b>	<b>62,164</b>	<b>61,282</b>
<b><u>LEVY SOURCES</u></b>					
Beginning Tax Levy Fund Balance	26,634	12,613	(16,359)	(23,140)	(11,805)
Rail Corridor reimbursements less repayment of GF loan					
Annual levy	73,500	73,500	73,500	73,500	73,500
<b>Total uses</b>	<b>(87,521)</b>	<b>(102,472)</b>	<b>(80,281)</b>	<b>(62,164)</b>	<b>(61,282)</b>
<b>Projected Ending Tax Levy Balance</b>	<b>12,613</b>	<b>(16,359)</b>	<b>(23,140)</b>	<b>(11,805)</b>	<b>413</b>
Transportation & Infrastructure Fund Balance	13,000	13,000	13,000	13,000	17,000

# Today's Briefing

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- Based on Commission discussion, staff has developed scenarios for consideration
- All scenarios include the following assumptions:
  - G.O. bond refunding savings - estimated
  - Seaport funds Environmental expenditures classified as “operating”
    - Costs associated with on-going operations vs. legacy costs
    - Estimated at \$1.5 million over 5 years
  - \$5 million for S. Park Bridge
  - \$300 million for SR 99 Tunnel
    - Net of credit for FAST
    - Most of funding provided in 2015 with G.O. bonds
    - Total G.O. debt service in 2015 requires minimum \$70 mil. levy
  - Port receives remaining payments from rail corridor partners this year
- All scenarios have tax levy fund deficits in some years – up to \$12 million

# Levy Scenarios

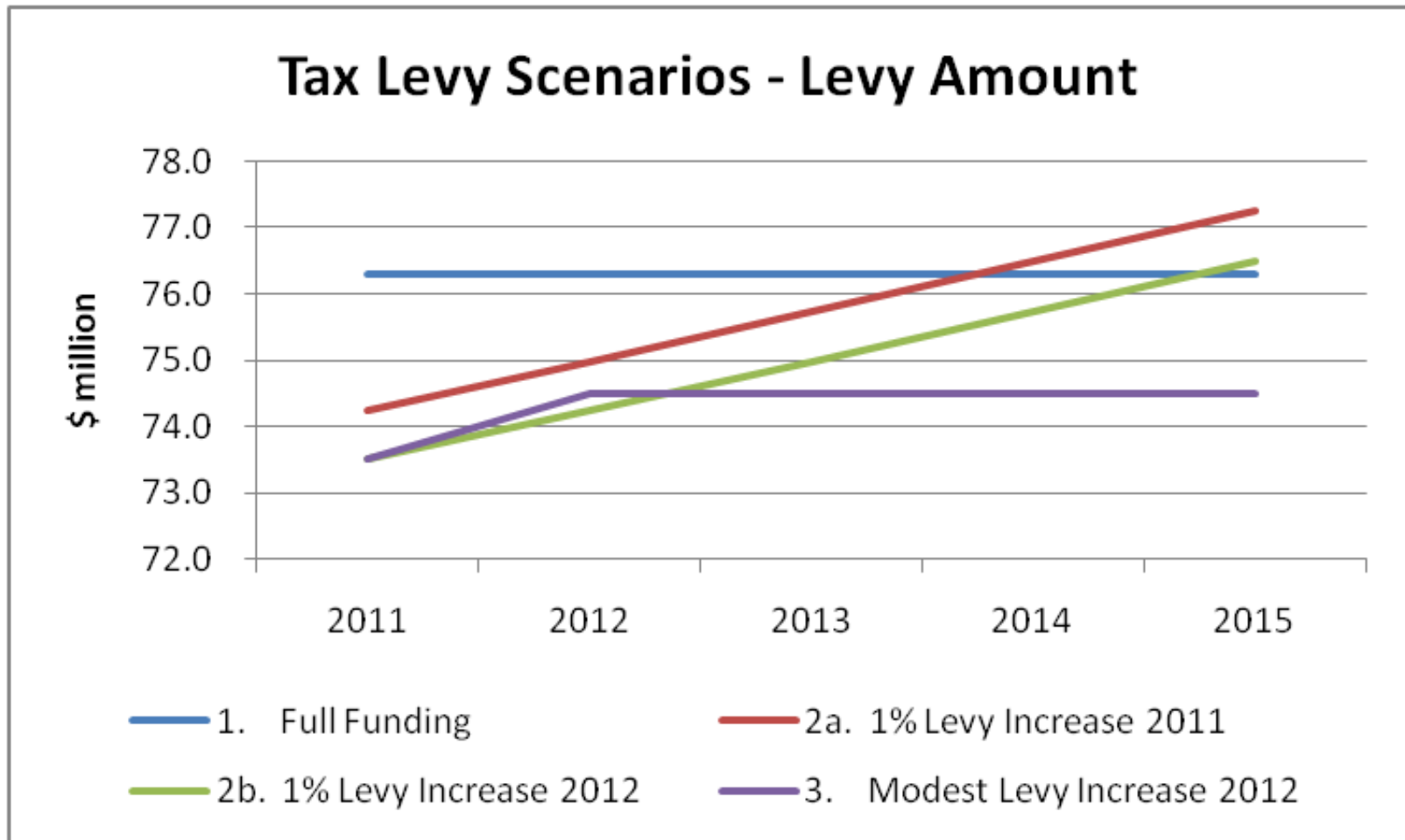
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- Levy scenarios vary as to:
  - Amount of levy
  - Amount of Real Estate CIP deferral
- Scenarios
  - #1 – Fully fund Real Estate CIP
  - #2 – allow the tax levy to increase 1% per year
    - 2a - Beginning in 2011
    - 2b - Beginning in 2012
  - #3 – Modest levy increase with \$10 million CIP deferral
- Job and sales tax implications for deferred projects is being evaluated

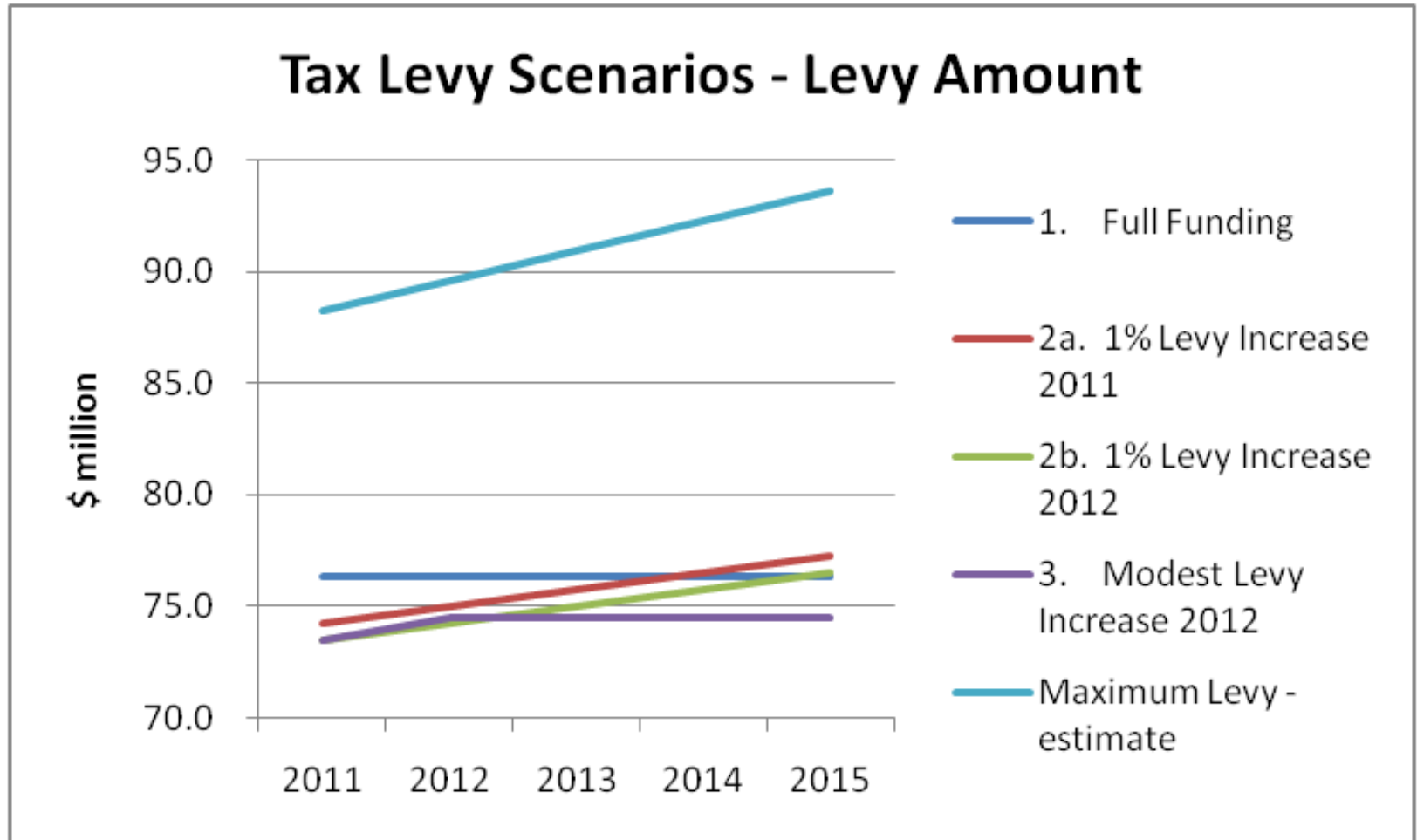
# Scenario Results Summary

(\$ million)			
	<b><u>2011 Levy</u></b>	<b><u>Future Levy</u></b>	<b><u>RE CIP Deferral</u></b>
1. Full Funding	76.3	76.3 (2012-2015)	0
2a. 1% Levy Increase 2011	74.2	increases annually	3
2b. 1% Levy Increase 2012	73.5	increases annually	6.5
3. Modest Levy increase 2012	73.5	74.5 (2012-2015)	10

# Annual Levy Amounts



# Levy Scenarios Compared to Max Levy





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# **Real Estate Division 2011 Capital Budget**

## **Tax Levy Scenario Impact**

November 2, 2010

# Real Estate 2011 Capital Budget

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## **Tax Levy Scenario 2a: Allow Tax Levy to Increase 1% Per Year Beginning in 2011**

**Result: Net Real Estate CIP Reduction of \$3 million until at least after 2015.**

### **Impact to Real Estate Capital Business Plan Prospective Projects**

- **Defer \$10 million of 2011-2013 projects until 2014**
- **Defer \$3 million of 2011-2013 projects until after 2015**

# Real Estate 2011 Capital Budget

## Business Plan Prospective – Renewal/Enhancement Under Scenario 2a: 1% increase 2011

\$'s in 000's	2011	2012	2013	2014	2015	11-15 Total
RE: Contingency Renew & Replace (1)	0	0	0	9,000	5,000	14,000
FT Paving/Storm Upgrades	750	750	0	0	0	1,500
FT Net Shed Solution (2)	500	600	2,150	8,950	4,400	16,600
P66 Chiller Upgrades	350	0	0	0	0	350
FT C-15 Bldg Subsidence Improvement (3)	150	1,850	500	0	0	2,500
SBM Fuel Dock Building	100	900	0	0	0	1,000
T102 Bldg Roof Replacement	100	2,330	0	0	0	2,430
FT C2 Roof & HVAC Replacement	50	525	0	600	0	1,175
FT C14 (Downey) Bldg Improve	0	0	100	350	0	450
SBM Central Seawall Replace	0	0	915	0	0	915
<b>Total</b>	<b>2,000</b>	<b>6,955</b>	<b>3,665</b>	<b>18,900</b>	<b>9,400</b>	<b>40,920</b>
<b>Original Total</b>	<b>5,000</b>	<b>11,955</b>	<b>8,665</b>	<b>8,900</b>	<b>9,400</b>	<b>43,920</b>
<b>Change</b>	<b>(3,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>10,000</b>	<b>0</b>	<b>(3,000)</b>

Note: Shading indicates projects that have been deferred or eliminated

# Real Estate 2011 Capital Budget

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## **Tax Levy Scenario 2b: Allow Tax Levy to Increase 1% Per Year Beginning in 2012**

**Result: Net Real Estate CIP Reduction of \$6.5 million until at least after 2015.**

### **Impact to Real Estate Capital Business Plan Prospective Projects**

- **Defer \$6.5 million of 2011-2013 projects until 2014**
- **Defer \$6.5 million of 2011-2013 projects until after 2015**

# Real Estate 2011 Capital Budget

## Business Plan Prospective – Renewal/Enhancement Under Scenario 2b: 1% increase 2012

\$'s in 000's

	2011	2012	2013	2014	2015	11-15 Total
RE: Contingency Renew & Replace (1)	0	0	0	5,500	5,000	10,500
FT Paving/Storm Upgrades	750	750	0	0	0	1,500
FT Net Shed Solution (2)	500	600	2,150	8,950	4,400	16,600
P66 Chiller Upgrades	350	0	0	0	0	350
FT C-15 Bldg Subsidence Improvement (3)	150	1,850	500	0	0	2,500
SBM Fuel Dock Building	100	900	0	0	0	1,000
T102 Bldg Roof Replacement	100	2,330	0	0	0	2,430
FT C2 Roof & HVAC Replacement	50	525	0	600	0	1,175
FT C14 (Downey) Bldg Improve	0	0	100	350	0	450
SBM Central Seawall Replace	0	0	915	0	0	915
<b>Total</b>	<b>2,000</b>	<b>6,955</b>	<b>3,665</b>	<b>15,400</b>	<b>9,400</b>	<b>37,420</b>
<b>Original Total</b>	<b>5,000</b>	<b>11,955</b>	<b>8,665</b>	<b>8,900</b>	<b>9,400</b>	<b>43,920</b>
<b>Change</b>	<b>(3,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>6,500</b>	<b>0</b>	<b>(6,500)</b>

Note: Shading indicates projects that would be eliminated/deferred

# Real Estate 2011 Capital Budget

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## Tax Levy Scenario 3: Reduce the Real Estate CIP by \$10 million

**Result: Net Real Estate CIP Reduction of \$10 million until at least after 2015.**

### **Impact to Real Estate Capital Business Plan Prospective Projects**

- **Defer \$3 million of 2011-2013 projects until 2014**
- **Defer \$10 million of 2011-2013 projects until after 2015**

# Real Estate 2011 Capital Budget

## Business Plan Prospective – Renewal/Enhancement Under Scenario 3: \$10 million reduction in RE CIP

\$'s in 000's	2011	2012	2013	2014	2015	11-15 Total
RE: Contingency Renew & Replace (1)	0	0	0	2,000	5,000	7,000
FT Paving/Storm Upgrades	750	750	0	0	0	1,500
FT Net Shed Solution (2)	500	600	2,150	8,950	4,400	16,600
P66 Chiller Upgrades	350	0	0	0	0	350
FT C-15 Bldg Subsidence Improvement (3)	150	1,850	500	0	0	2,500
SBM Fuel Dock Building	100	900	0	0	0	1,000
T102 Bldg Roof Replacement	100	2,330	0	0	0	2,430
FT C2 Roof & HVAC Replacement	50	525	0	600	0	1,175
FT C14 (Downey) Bldg Improve	0	0	100	350	0	450
SBM Central Seawall Replace	0	0	915	0	0	915
<b>Total</b>	<b>2,000</b>	<b>6,955</b>	<b>3,665</b>	<b>11,900</b>	<b>9,400</b>	<b>33,920</b>
<b>Original Total</b>	<b>5,000</b>	<b>11,955</b>	<b>8,665</b>	<b>8,900</b>	<b>9,400</b>	<b>43,920</b>
<b>Change</b>	<b>(3,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>3,000</b>	<b>0</b>	<b>(10,000)</b>

Note: Shading indicates projects that would be eliminated/deferred

# Appendix

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- Background on Real Estate CIP presented September 28,2010



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# Real Estate 2011 Capital Budget Tax Levy Scenario Impacts

- Real Estate 2011 Capital Budget presented at September 28<sup>th</sup> Budget Workshop
- Total Capital Plan (Committed and Business Plan Prospective) is \$75.8 million of which \$36.2 million is for Fishermen's Terminal and the Maritime Industrial Center
- To show impact of Tax Levy scenarios, Capital Budget amounts shown by year for 2011-2015 in this presentation
  - Projects and amounts are unchanged
  - Categorization of projects are unchanged
  - Impacts of the 3 tax levy scenarios shown separately

# Real Estate 2011 Capital Budget

## Capital Budget Summary 2011-2015

\$'s in 000's

	2011	2012	2013	2014	2015	11-15 Total
Committed	15,357	8,522	3,444	2,555	1,995	31,873
Bus Plan Prospective	5,000	11,955	8,665	8,900	9,400	43,920
	<b>20,357</b>	<b>20,477</b>	<b>12,109</b>	<b>11,455</b>	<b>11,395</b>	<b>75,793</b>
Other Prospective	0	2,026	10,435	20,000	21,950	54,411
Total	20,357	22,503	22,544	31,455	33,345	130,204

# Real Estate 2011 Capital Budget

## Committed Capital Budget

\$'s in 000's

	2011	2012	2013	2014	2015	11-15 Total
Under Contract	186	0	0	0	0	186
Commission Auth	10,481	3,454	0	0	0	13,935
Division Pending	4,690	5,068	3,444	2,555	1,995	17,752
<b>Total</b>	<b>15,357</b>	<b>8,522</b>	<b>3,444</b>	<b>2,555</b>	<b>1,995</b>	<b>31,873</b>

# Real Estate 2011 Capital Budget

## Committed-Under Contract

\$'s in 000's

RE Maintenance Shop Solution

**Total**

	2011	2012	2013	2014	2015	11-15 Total
RE Maintenance Shop Solution	186	0	0	0	0	186
<b>Total</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186</b>

# Real Estate 2011 Capital Budget

## Committed-Commission Authorized

\$'s in 000's

	2011	2012	2013	2014	2015	11-15 Total
FT S. Wall Reconstruction Phase 4	4,668	0	0	0	0	4,668
FT NW Dock E Fender Sys Replace	3,350	0	0	0	0	3,350
MIC Seawall Replacement	2,123	0	0	0	0	2,123
FT C15 HVAC Improvements	340	3,454	0	0	0	3,794
<b>Total</b>	<b>10,481</b>	<b>3,454</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,935</b>

# Real Estate 2011 Capital Budget

## Committed-Division Pending

\$'s in 000's

	2011	2012	2013	2014	2015	11-15 Total
Small Projects	992	500	500	500	500	2,992
P69 N Apron Piling Cathodic	1,400	1,503	0	0	0	2,903
Tenant Improvements -Capital	775	849	488	560	70	2,742
Bell Harb Lighting Ctrl Upgrade	650	0	0	0	0	650
RE Div: Green Port Initiative	200	1,050	200	0	50	1,500
Fleet Replacement	173	666	1,756	995	875	4,465
Other	500	500	500	500	500	
<b>Total</b>	<b>4,690</b>	<b>5,068</b>	<b>3,444</b>	<b>2,555</b>	<b>1,995</b>	<b>17,752</b>

# Real Estate 2011 Capital Budget

## Business Plan Prospective

\$'s in 000's

	2011	2012	2013	2014	2015	11-15 Total
Renewal/Enhancement	5,000	11,955	8,665	8,900	9,400	43,920
<b>Total</b>	<b>5,000</b>	<b>11,955</b>	<b>8,665</b>	<b>8,900</b>	<b>9,400</b>	<b>43,920</b>

# Real Estate 2011 Capital Budget

## Business Plan Prospective – Renewal/Enhancement

\$'s in 000's

RE: Contingency Renew & Replace  
 FT Paving/Storm Upgrades  
 FT Net Shed Solution  
 P66 Chiller Upgrades  
 FT C-15 Bldg Subsidence Improvement  
 SBM Fuel Dock Building  
 T102 Bldg Roof Replacement  
 FT C2 Roof & HVAC Replacement  
 FT C14 (Downey) Bldg Improve  
 SBM Central Seawall Replace

	2011	2012	2013	2014	2015	11-15 Total
RE: Contingency Renew & Replace	3,000	3,000	3,000	3,000	5,000	17,000
FT Paving/Storm Upgrades	750	750	0	0	0	1,500
FT Net Shed Solution	500	2,100	4,650	4,950	4,400	16,600
P66 Chiller Upgrades	350	0	0	0	0	350
FT C-15 Bldg Subsidence Improvement	150	2,350	0	0	0	2,500
SBM Fuel Dock Building	100	900	0	0	0	1,000
T102 Bldg Roof Replacement	100	2,330	0	0	0	2,430
FT C2 Roof & HVAC Replacement	50	525	0	600	0	1,175
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SBM Central Seawall Replace	0	0	915	0	0	915
<b>Total</b>	<b>5,000</b>	<b>11,955</b>	<b>8,665</b>	<b>8,900</b>	<b>9,400</b>	<b>43,920</b>