

Port of San Francisco Fiscal Years 2020-21 and 2021-22 Proposed Budget

August 13, 2020

Presented To: Budget & Finance Committee
Presented By: Elaine Forbes, Executive Director



Port Overview

- **Priority:** Safe and sustained reopening for tenants and Port workforce
 - ✓ Retail tenants – shared prosperity model
 - ✓ Maritime tenants – rent forgiveness consideration
 - ✓ Local small businesses – rent forgiveness consideration
 - ✓ Port crafts, at between 40 and 60% occupancy, as staff adjusts to working safely in COVID-19
- **Strategy:** Advance important projects, which includes supporting the City's COVID-19 response, and meet Port operations and facility obligations
- **Considerations that require ongoing adjustments and adaption to Port strategy:**
 - Interim period opportunities and challenges
 - Longer term impacts from COVID-19

Port Challenges and Opportunities in COVID-19

Challenges:

- Port leasing revenues tied to tourism
- Office is a contributor to feasibility of new neighborhoods in Mission Rock and Pier 70.
- Facility challenges persist, including a fire at Pier 45

Opportunities:

- Tenants are active, creative and responsive
- Values of equity and resilience will underpin a successful recovery
- Responses to investment opportunities remain strong
- Development partnership at Mission Rock and Pier 70 remain committed

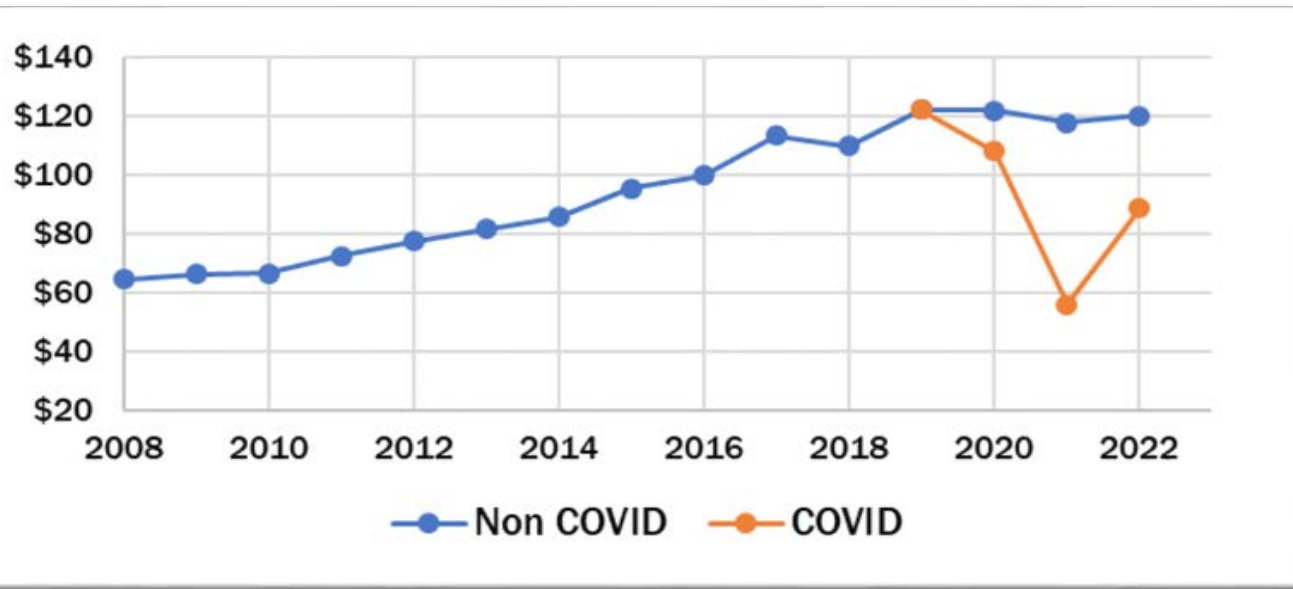
Port Budget Overview

Despite historic losses, the Port's budget:

1. Sustains our critical maritime and public access mission,
2. Supports our tenant community, and
3. Positions the Port for economic recovery.

Revenue Forecast

Port Operating Revenue



Total Port Revenue

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>
Operating Revenue	\$ 121.7	\$ 55.9	\$ 88.7
Real Estate	\$ 98.4	\$ 41.8	\$ 66.4
Maritime	\$ 21.4	\$ 12.1	\$ 19.3
Other	\$ 1.9	\$ 2.0	\$ 3.1
Development	\$ 9.1	\$ 7.9	\$ 7.9
South Beach Harbor	\$ 4.9	\$ 4.9	\$ 4.9
<u>Fund Balance + Other</u>	<u>\$ 11.1</u>	<u>\$ 56.2</u>	<u>\$ 8.7</u>
Proposed Budget	\$ 146.8	\$ 124.9	\$ 110.2



Port Financial Strategy

A Four-pronged approach to sustain Port operations through the pandemic:

1

Reducing operating expenses

2

Reducing capital expenses

3

Using fund balance

4

Future capital project defunding

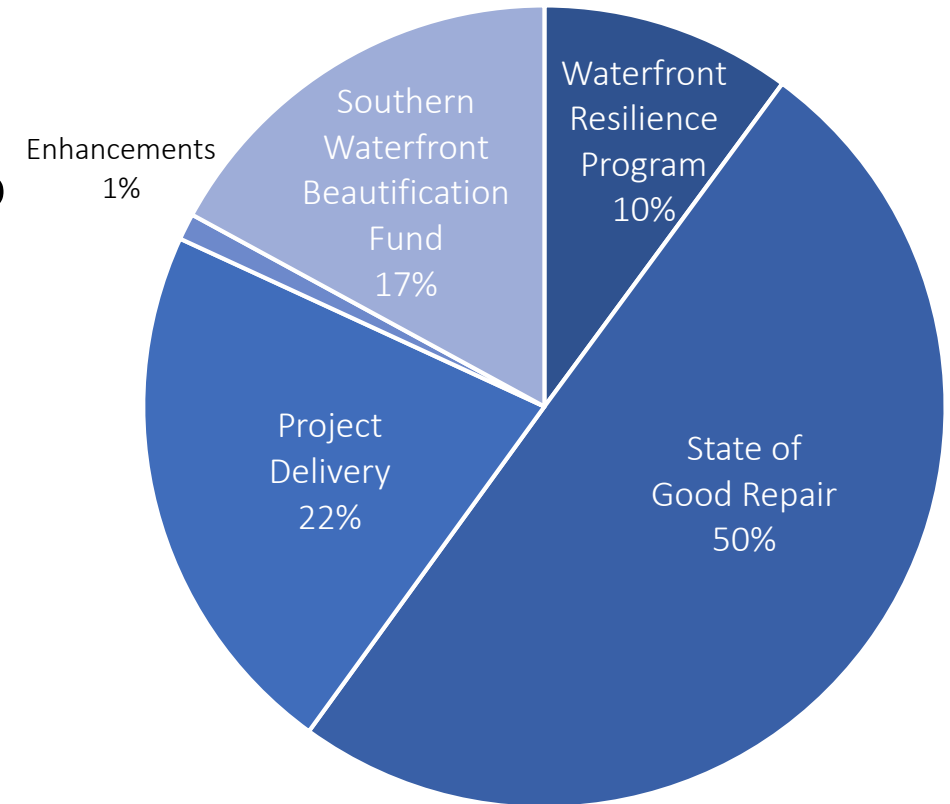
Operating Budget Reductions

Major Budget Changes (in \$ millions)

	<u>FY 2019-20</u>	<u>Change</u>	<u>FY 2020-21</u>	<u>Change</u>	<u>FY 2021-22</u>
Operating Budget	\$ 86.7	\$ (0.2)	\$ 86.5	\$ 2.3	\$ 88.8
Personnel	\$ 43.0	\$ (1.8)	\$ 41.2	\$ 0.4	\$ 41.6
COWCAP	\$ 0.1	\$ 1.6	\$ 1.7	\$ -	\$ 1.7
Non-Personnel	\$ 12.1	\$ (0.7)	\$ 11.4	\$ 0.0	\$ 11.5
Materials & Equipment	\$ 1.9	\$ (0.9)	\$ 1.0	\$ (0.1)	\$ 0.9
Debt Service	\$ 7.2	\$ (0.9)	\$ 6.3	\$ -	\$ 6.3
Work Orders	\$ 22.4	\$ 2.4	\$ 24.8	\$ 2.0	\$ 26.8
Programmatic Projects	\$ 14.7	\$ 7.9	\$ 22.6	\$ (10.6)	\$ 12.0
South Beach Harbor	\$ 4.9	\$ -	\$ 4.9	\$ -	\$ 4.9
Capital	\$ 18.8	\$ (7.8)	\$ 11.0	\$ (6.5)	\$ 4.5
Reserves	\$ 21.7	\$ (21.7)	\$ -	\$ -	\$ -
TOTAL BUDGET	\$ 146.8	\$ (21.9)	\$ 124.9	\$ (14.8)	\$ 110.2

Port Capital Appropriation \$15.5m

- Total capital program: \$23.4m due to prior project savings and South Beach Harbor revenue
- Major capital reductions and deferrals in response to Mayor's instructions include:
 - Mission Bay Ferry Landing
 - Pier 80 improvements
 - Projects at Piers 33, 35, and 45 Shed B and D
 - Concrete and wood pile repair crew
 - Southern Waterfront Beautification Fund
- Capital budget investments focus on addressing critical life safety and regulatory needs, project delivery, and strategic investments



Key Investment

Port Economic Recovery Project



- \$10.0 million to help the Port and tenants pivot to “new normal”
- Prioritize new concepts in real estate occupancy and management to ensure efficient Port operations
- Flexible continuing fund, with expenditures subject to Port Commission approval



Advancing Racial and Social Equity at the Port of SF

- Racial Equity and Economic Impact Policy Budget of \$500,000 including funds for:
 - Racial Equity Training Consultant
 - Disparity Study Implementation
 - Port Graduate Student History Consultant
 - Port Workforce Development Strategy
- Local Business Enterprise (LBE) Grant Program funded by the Southern Waterfront Beautification Fund
- Tenant Rent Deferral and Forgiveness Program
- Hired Diversity, Equity, and Opportunity Manager and Sr. Community Development Specialist focused on LBE program

Operating Budget & FTEs by Division

DIVISION	<u>FY 2019-20</u>		<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>Budget</u>	<u>FTE</u>	<u>Budget</u>	<u>FTE</u>	<u>Budget</u>	<u>FTE</u>
Engineering	\$ 6.5	26.8	\$ 6.0	24.7	\$ 6.1	24.7
Executive	\$ 6.6	10.7	\$ 7.8	7.8	\$ 7.8	7.8
Finance & Administration	\$ 26.7	46.6	\$ 29.2	42.6	\$ 30.3	42.6
Maintenance	\$ 19.3	96.4	\$ 19.1	96.4	\$ 19.2	96.4
Maritime	\$ 10.6	14.3	\$ 8.2	13.1	\$ 8.1	13.1
Planning & Environment	\$ 3.4	13.1	\$ 2.9	10.8	\$ 2.9	10.8
Real Estate & Development	\$ 13.7	26.6	\$ 13.3	25.2	\$ 14.5	25.2
Operating Subtotal	\$ 86.7	234.6	\$ 86.5	220.6	\$ 88.8	220.6
<u>South Beach Harbor</u>	<u>\$ 3.8</u>	<u>11.6</u>	<u>\$ 3.5</u>	<u>11.6</u>	<u>\$ 3.6</u>	<u>11.6</u>
TOTAL	\$ 90.5	246.2	\$ 90.0	232.2	\$ 92.4	232.2

Questions?

Thank You

