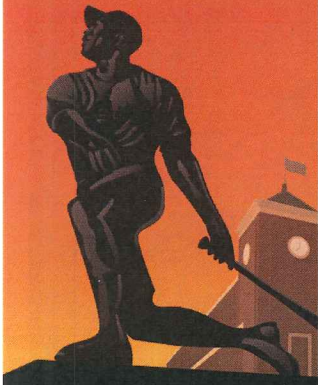
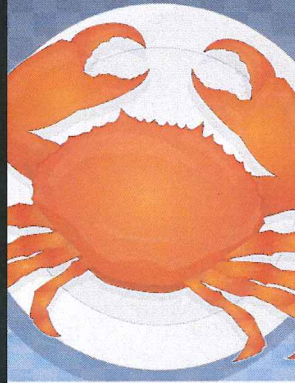


THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



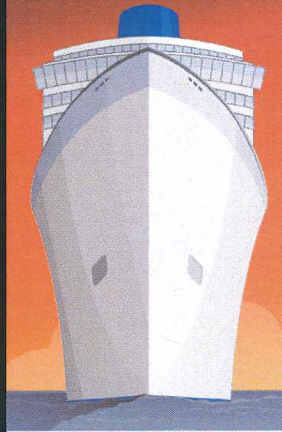
A PLACE FOR  
**SPORTS**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



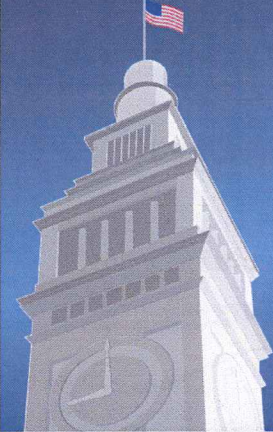
A PLACE FOR  
**DINING**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



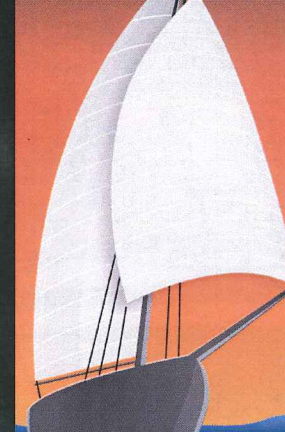
A PLACE FOR  
**TRAVEL**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



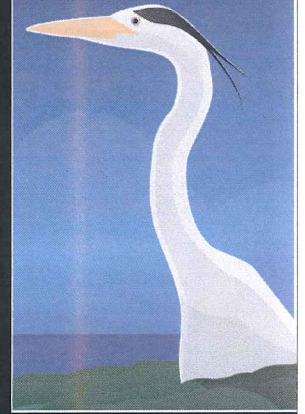
A PLACE FOR  
**HISTORY**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



A PLACE FOR  
**SAILING**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



A PLACE FOR  
**NATURE**

# Budget Update FY 2014-15 and 2015-16

## Port of San Francisco

Budget & Finance Committee

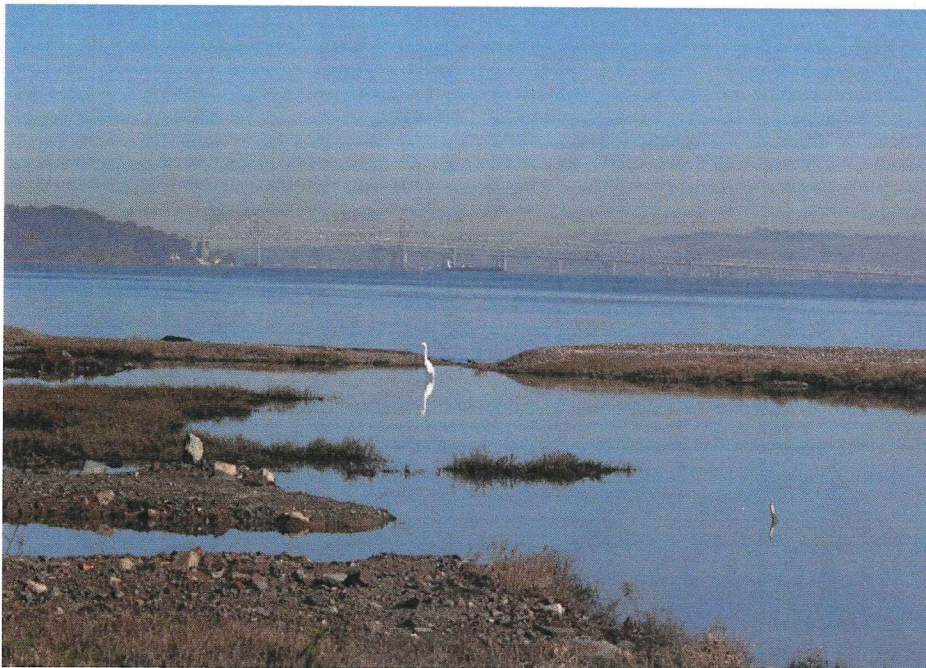
April 30, 2014

File # 140207



## Port Mission:

- Promote maritime commerce, navigation, & fisheries; preserve natural resources & historic assets; attract public to use & enjoy waterfront; & be self-supporting enterprise



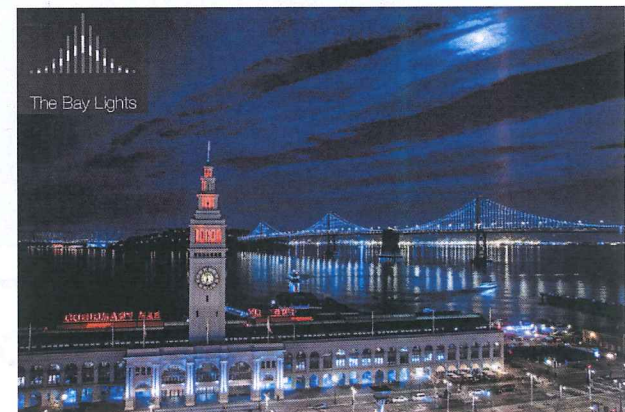
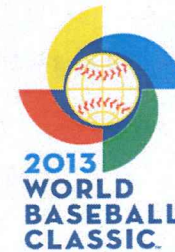


# Today's Port:

- Diverse tenant mix yet historical uses remain
- Extensive restaurant, retail & waterborne excursions capitalize on City's greatest product: TOURISM
- Growing network of open space & public access; blurs boundaries betw Port & neighborhoods
- Waterborne transportation network remains critical
- Major development projects creating new communities; capitalizing density around public transit



expl  ratorium®





# Public Benefits: Maritime Portfolio

1. Commercial Fishing
2. Sport Fishing
3. Commuter Ferry & Bay Excursion
4. Passenger Cruise
5. Ship Repair
6. Cargo Shipping
7. Foreign Trade Zone
8. Harbor Services
9. Lay Berthing
10. Public Boat Launching
11. Recreational Marinas
12. Ceremonial • Historic Ships





## Public Benefits: Fishing & Fish Processing

- ❑ Part of City heritage dating back to city founding
- ❑ Provides 90% of all Fish in San Francisco



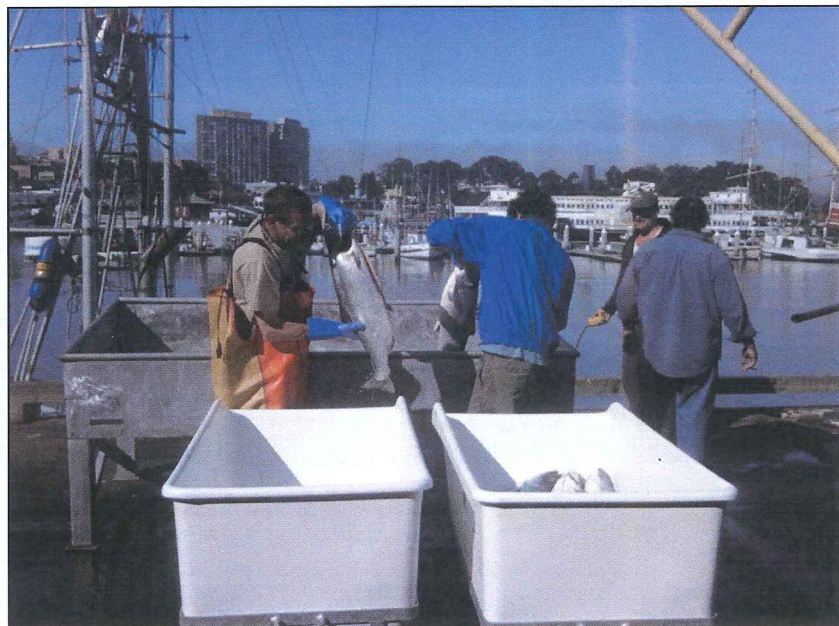
### Sourcing:

40% local fishermen  
40% WA, OR & SoCal  
20% Alaska &  
East Coast

### Distribution:

80% San Francisco  
20% East Bay  
& Marin

- ❑ Capitalizes on proximity to Pacific Ocean
- ❑ Enhances City's status as renowned destination





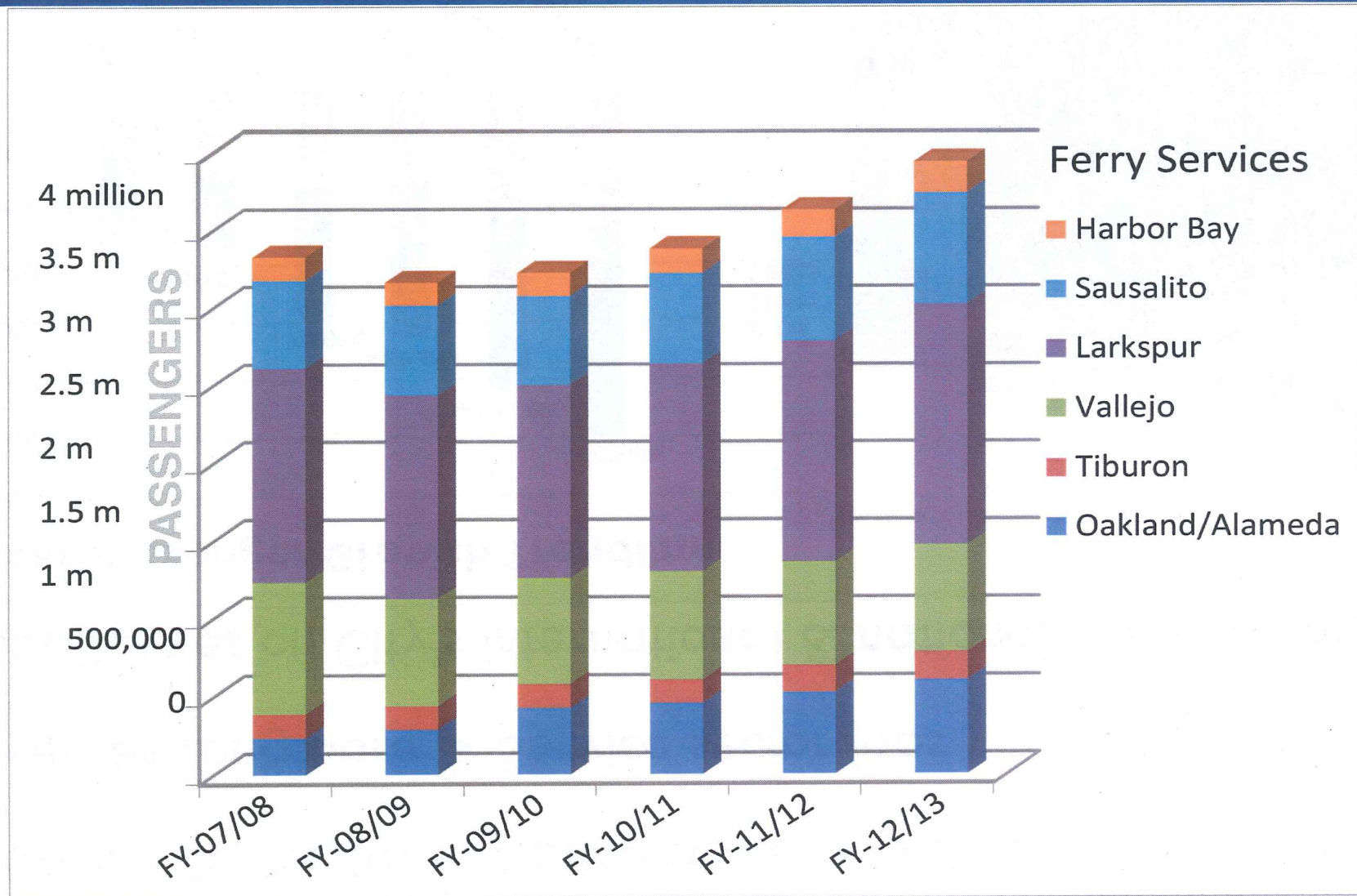
# Public Benefits: Ferry Network

- ❑ Part of City heritage
- ❑ Supplements Bay transportation network
- ❑ Provides emergency capacity (BART strike/Bridge shutdown)
- ❑ Capitalizes on Bay Attractions & City's tourism status
- ❑ 9 million passengers/year
- ❑ 7 ferry routes, 35 boats/day
- ❑ 2 water taxi services





# Public Benefits: Ferry Network, 5 Year Growth

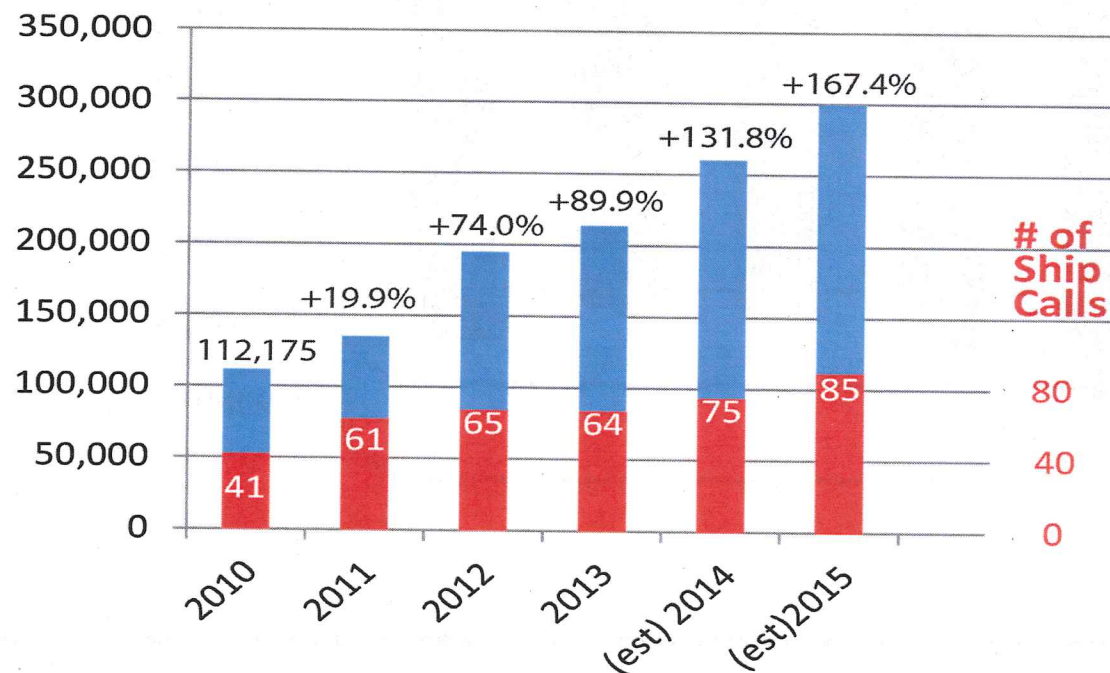




# Public Benefits: Passenger Cruise

- ❑ Part of City heritage dating back to Gold Rush
- ❑ Creates Longshore & Service sector jobs
- ❑ Capitalizes on City's international & national travel demand

## 5-Year Passenger Growth Trendline



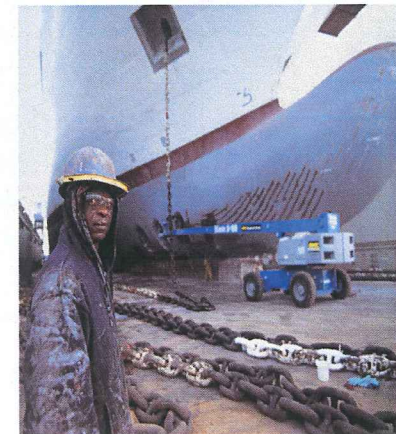
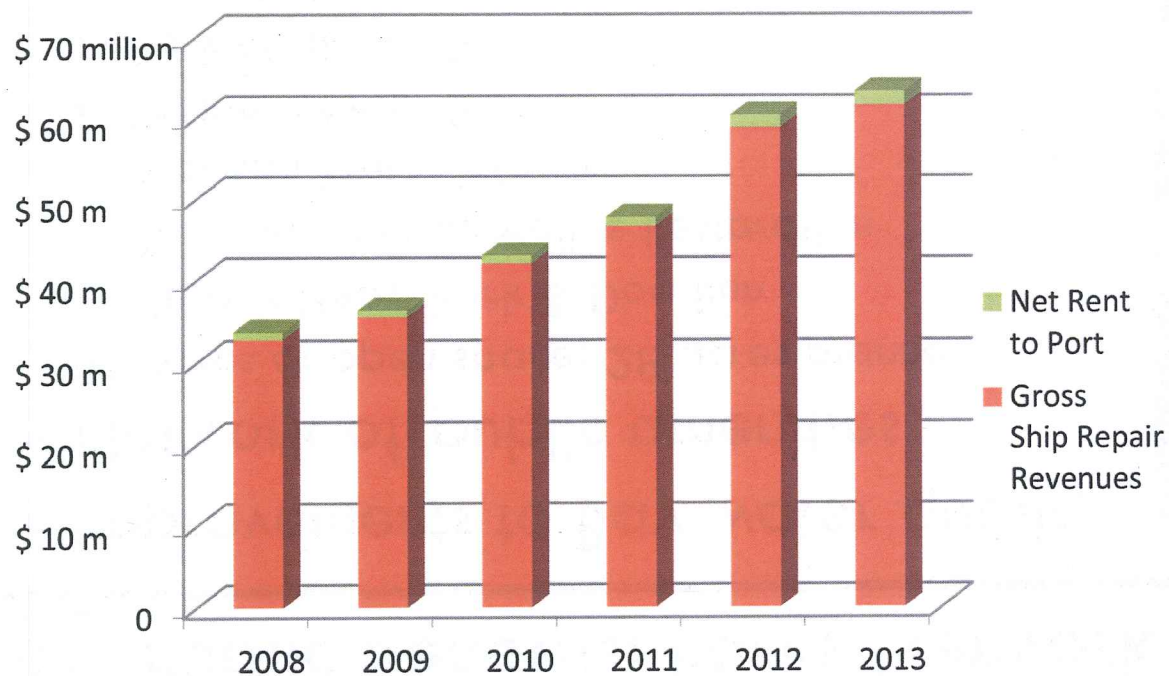
Justin Sull





# Public Benefits: Ship Repair

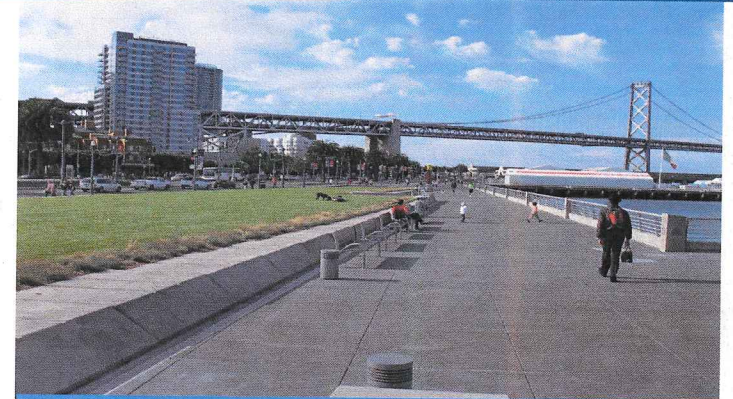
- ❑ Part of City heritage dating back to Gold Rush
- ❑ Direct Industrial Jobs in 22 trades
- ❑ 2013 CY employment = 210 FTEs, 419,786 man hours, 743 vessel days
- ❑ Supports all 6 Bay ports





# Public Benefits: Parks Network & Open Spaces

- Improvements to Bay water quality
- Network of public amenities
  - 86 acres of open space; 28 acres planned
    1. Heron's Head Park & Dog Run
    2. Bayfront Park Shoreline Restoration
    3. Brannan Street Wharf
    4. Parklet at Pier 24
    5. Parklet at Pier 9
    6. Pier 43½ Promenade
- Programming that involves resident youth in environmental education & job training
  - EcoCenter: Greenagers, Aquarium by the Bay, SF Community College, A. Philip Randolph Institute
  - Parks maintenance: Conservation Corps, Larkin Street, A. Philip Randolph Institute

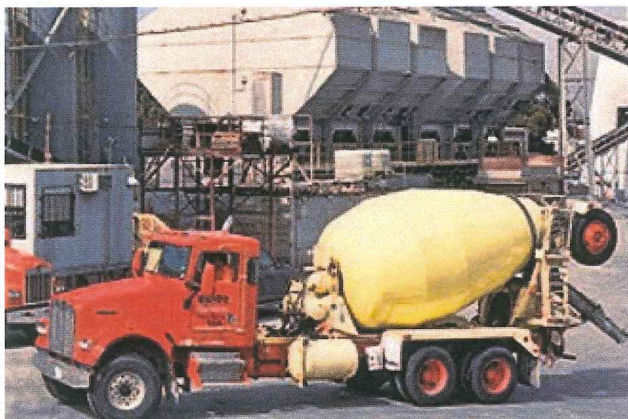




# Strategic Planning: Key Priorities

- ▶ Preserve Industrial/Commercial Maritime Tenants & Uses
- ▶ Preserve Space for Production, Distribution and Repair (PDR)

Uses and Non-Profit Entities

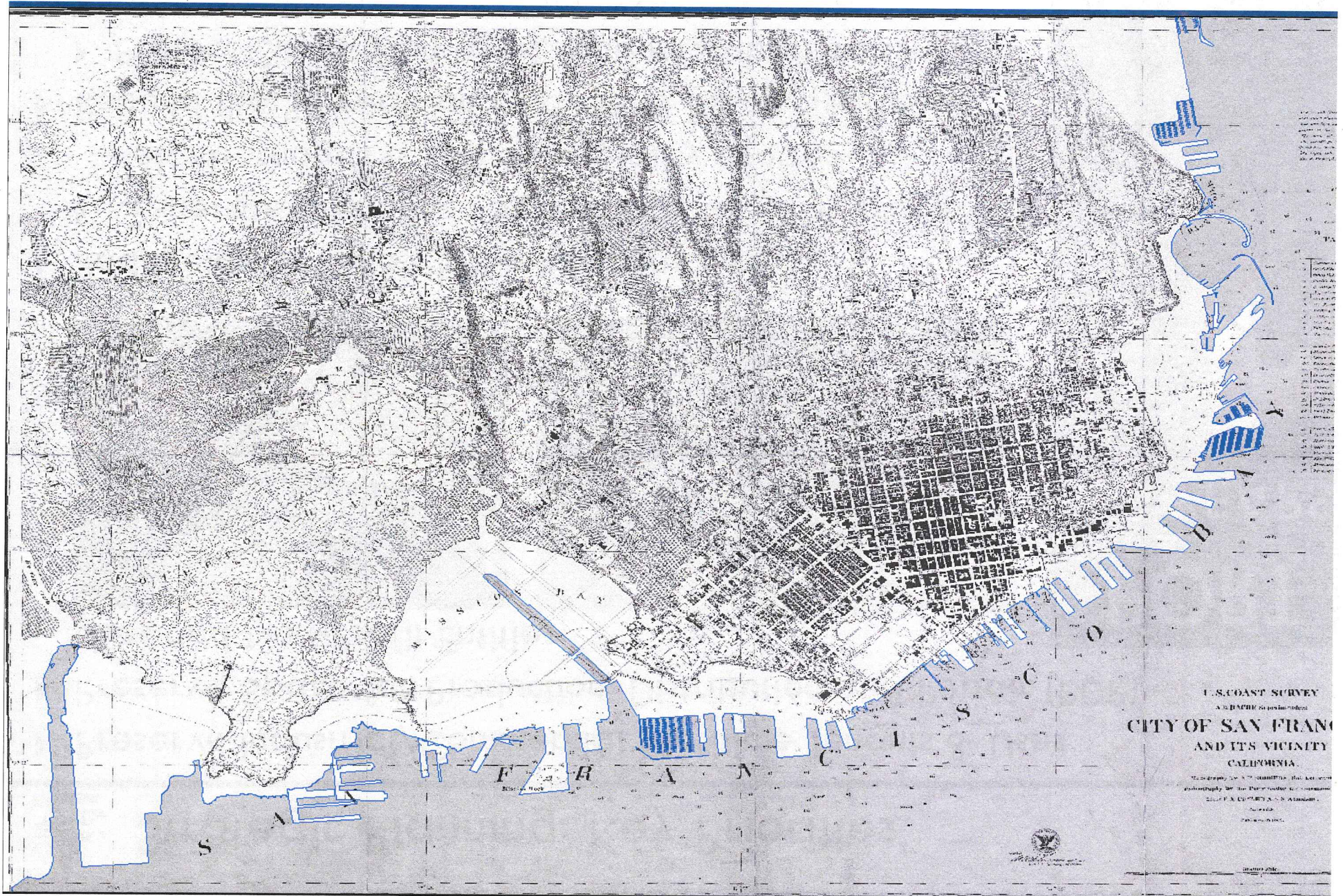


- ▶ Redevelop & Rehabilitate Infrastructure
  - ▶ Generate economic value & jobs for City, improve neighborhoods & enhance quality of life
  - ▶ Rebuild the Seawall and Adapt to Rising Sea Level
    - ▶ Protect City & Port assets and neighborhoods
  - ▶ Plan and Implement a Stable Financial Future
    - ▶ Preserve funding streams & prioritize reinvestment





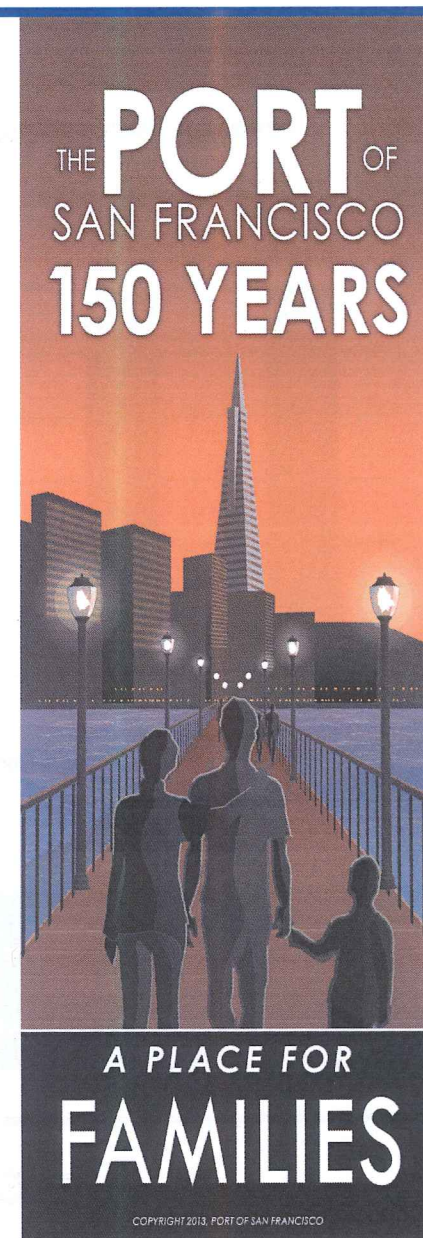
# Strategic Planning: Key Priority » Seawall





# Strategic Planning: Challenging Future

- Long-term Planning Documents Point to the Need for More Capital Funding
- Revised 10 Year Capital Plan: \$1.6 billion deferred maintenance; \$1 billion funding shortfall
  - \$976 million anticipated funding sources; \$527 million for deferred maintenance
  - 57% of indentified funding is external
- Port's 5-Year Financial Plan » balance needed between operating and capital funding requirements
  - Growing operating expenses need to be prioritized against capital investments

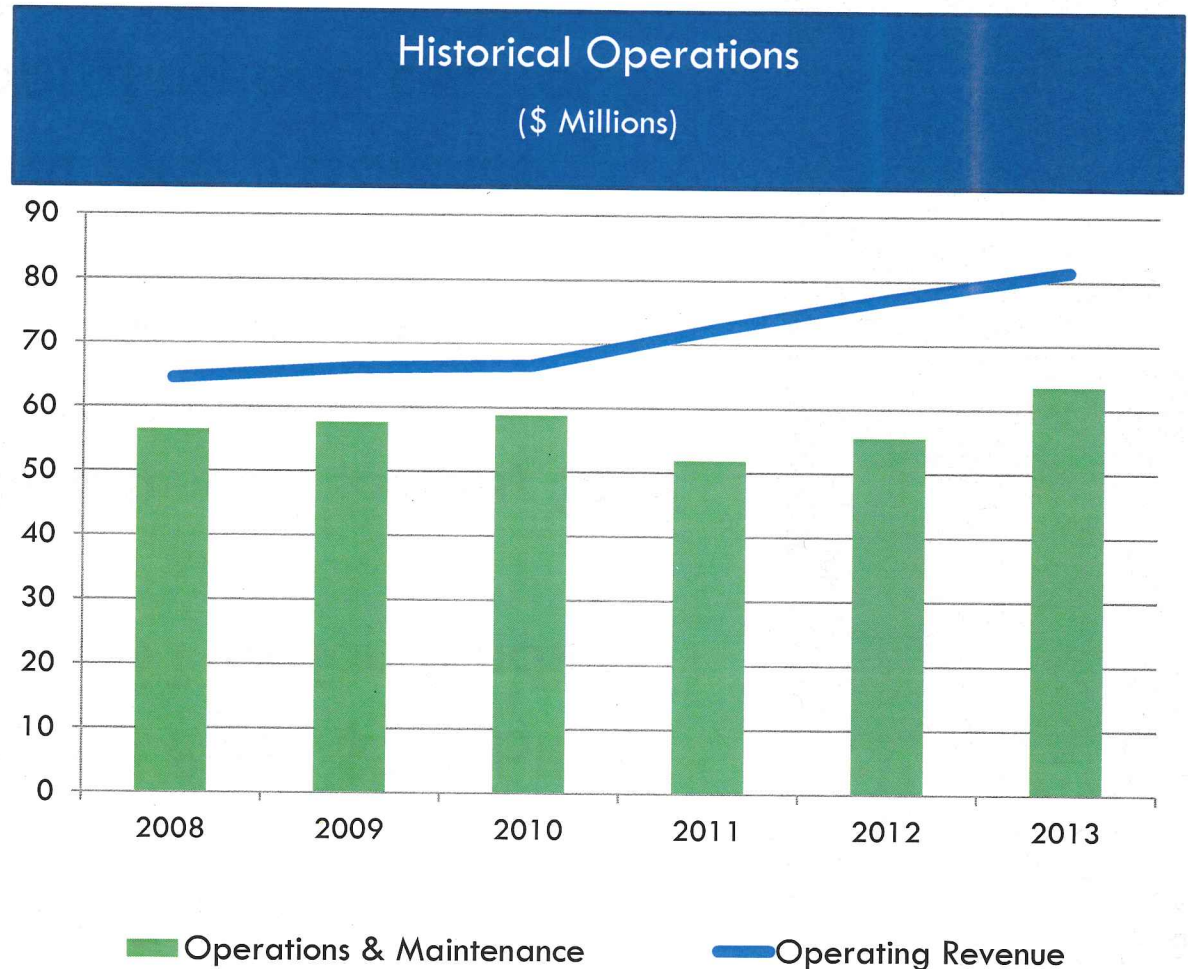




# Historical Financials Reflect Steady Growth

## Last Five Years:

- Revenue growth:
  - ❑ \$17.0M, 4.8% yearly average
- Expense growth:
  - ❑ \$13.2M, 3.9% yearly average
- Capital Investment:
  - ❑ \$60M; \$12M yearly average spending
- Youth Employment Investment:
  - ❑ \$3M; \$0.6M yearly average spending

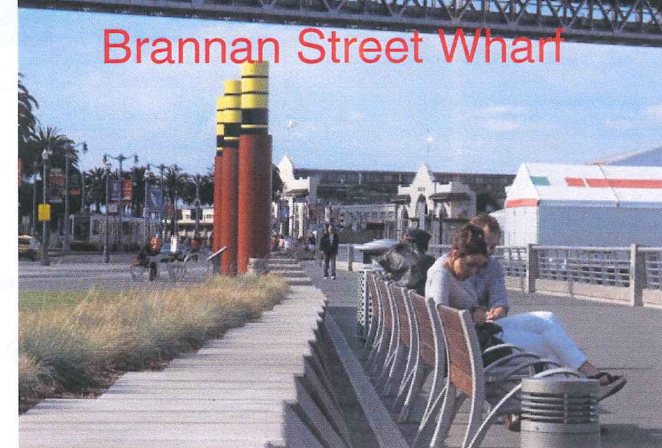
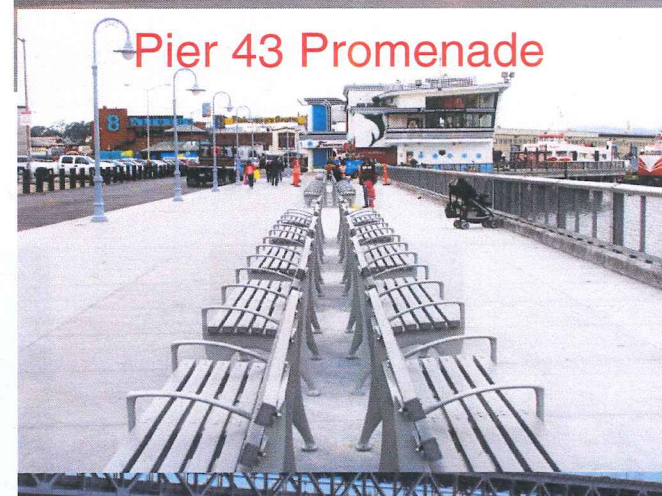




# Capital Investment: Accomplishments

- \$187 million Capital Investment has advanced the Port's maritime commerce mission, created more public attractions, and reduced the capital backlog

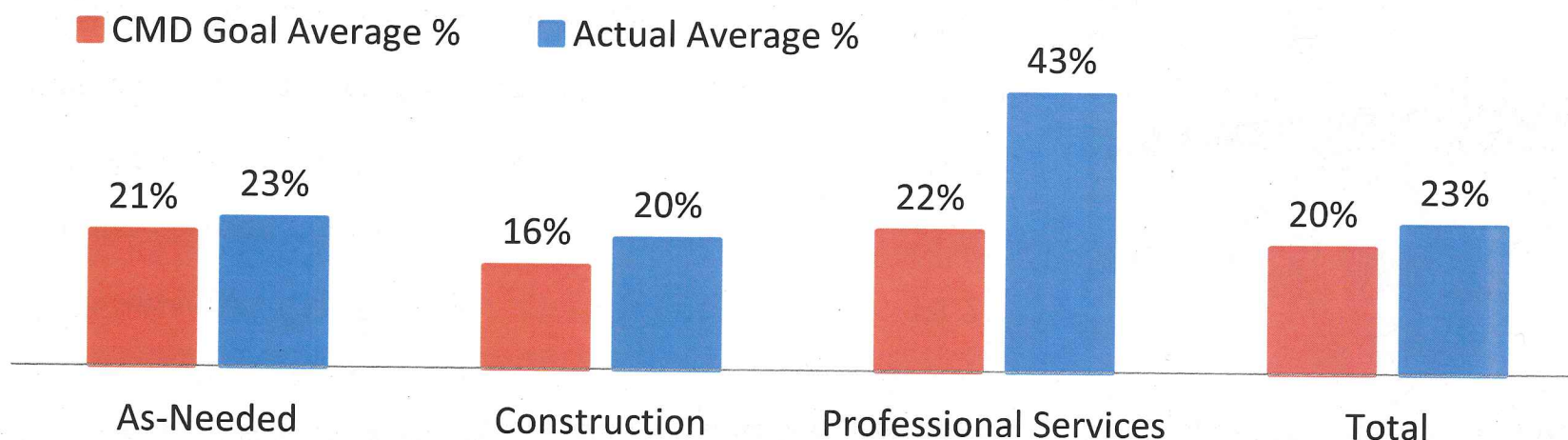
Recently Completed Projects	\$122.3 million
Cruise Terminal at Pier 27 (Phase 1)	\$62.0
34th America's Cup Facility	18.2
Brannan Street Wharf	26.0
Pier 43 Bay Trail Link	10.2
Pier 33 1/2 Improvement Project	3.5
Heron's Head Park Improvement Project	2.4
Other Tenant Improvements	\$65 million
Pier 15 Substructure Improvements – the Exploratorium	\$65.0





# Capital Investment: Added Benefits

## □ Port LBE utilization exceeds CMD goals



## □ Port Local Hire at or above mandate

Cruise Ship Terminal	Heron's Head Park Improvement Project
The Brannan Street Wharf	Pier 50 Valley Substructure Repairs
AC34 Improvements	Pier 35 North Apron Repair
Pier 33.5 Improvements	Pier 23 Electrical for America's Cup
Hyde Street Harbor JOS Building	Roundhouse 2 HVAC Central Plant





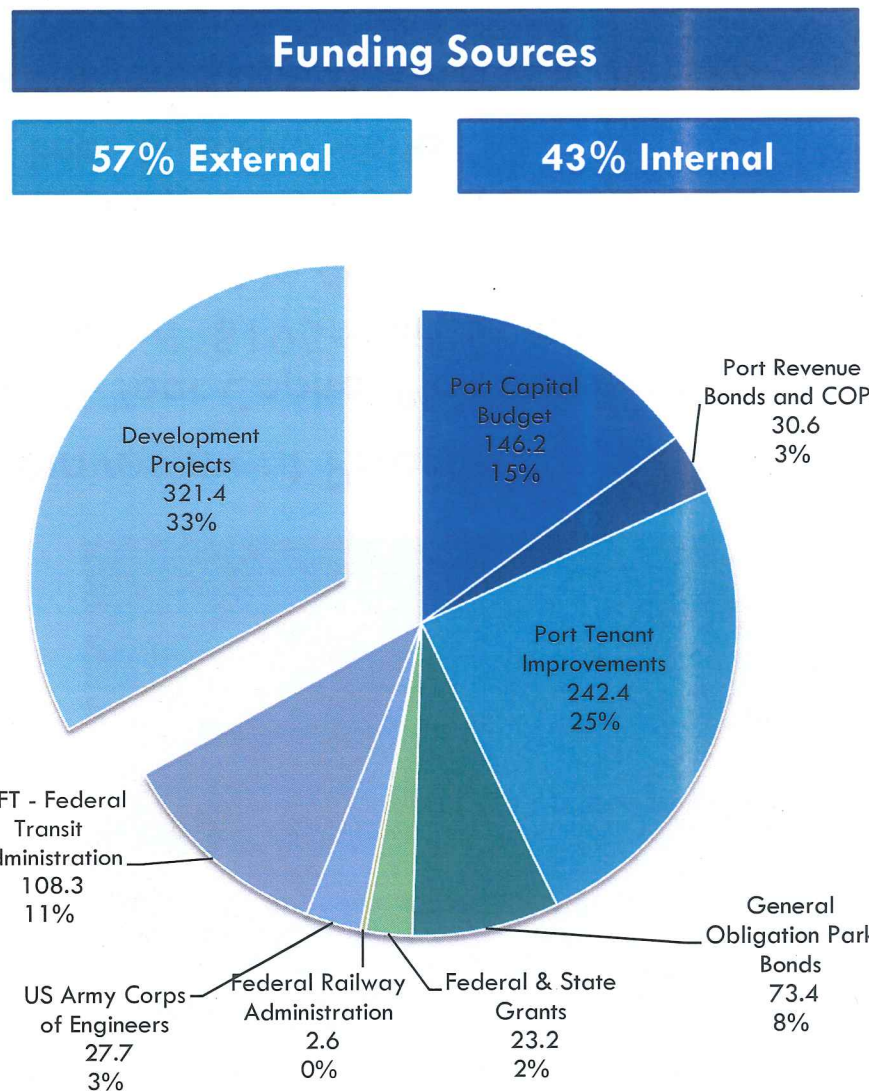
# Revised Capital Funding Plan: Funding Sources

➤ \$976 M capital funding plan consists of:

- \$419.3 million internal (Port contributions/assets)
- \$556.5 million external sources

➤ Bridging Gap: legislative and financing strategies

- Public-private partnerships
- Partnerships with other public agencies at the federal, state, and local levels



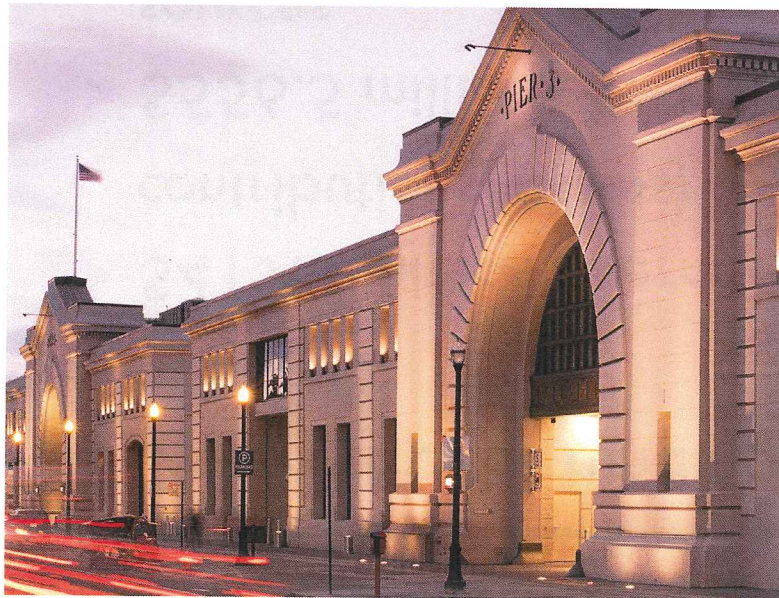
Amounts in \$ millions



# Financial Management Principles

## Stable Financial Management

- Operating Reserve Policy: 15% operating reserve equals \$11 million in FY2014-15
- Capital policy: Set-aside 20% of operating revenues for capital equals \$18.4 million in FY2014-15
- Capital policy grows to 25% in FY2017-18



## Reinvestment Priority

- 10-Year Capital Plan developed 2006: guided \$195+ million in public investment to date
- Priority for investment in key business lines & public works
- Targeted use of federal, state and local sources
- Public/private partnerships

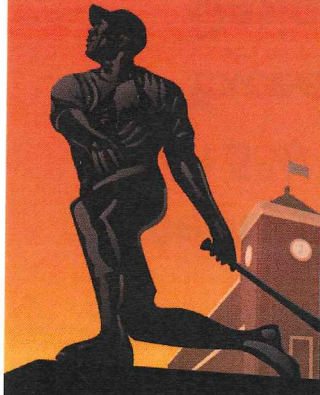


# Operating & Capital Budget Approach

---

- The Port must control growth in Operating Expenditures
  - 5 Year Financial Plan: *Projected operating deficit and declining capital*
  - Balance Sheet: *Projected decline in net income*
  
- Budget Proposal reflects controlled Operating Expenditure growth
  - FY 2012-13 actual Expenditures and Revenues and 3% CPI, plus
  - Known changes (e.g. interdepartmental workorders and rate increases)
  - Strategic priorities (e.g. staffing, IT strategic plan)
  - New project budget to manage expenditures related to development projects that are fully offset by developer reimbursements
  
- Meets Policy Requirements
  - 1.5% Operating Expenditure Reserve
  - Exceeds Capital Policy Requirement of Direct Capital Funding or Designation to Future Capital  $\geq 20\%$  of Operating Revenues (21% and 24% respectively)

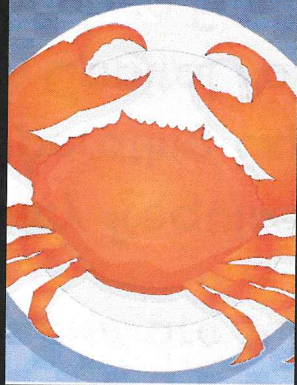
THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



A PLACE FOR  
**SPORTS**

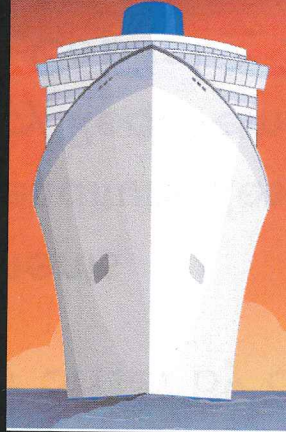
COPYRIGHT 2013, PORT OF SAN FRANCISCO

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



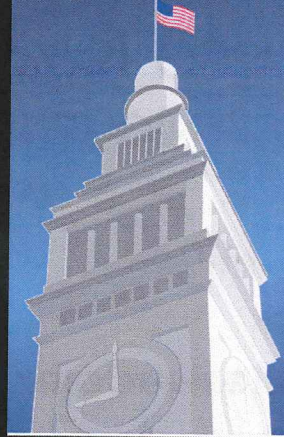
A PLACE FOR  
**DINING**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



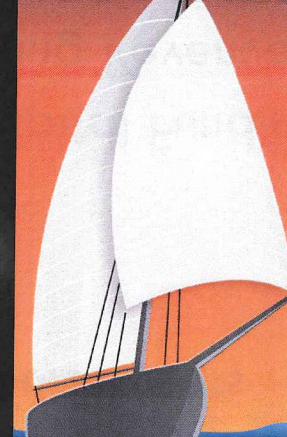
A PLACE FOR  
**TRAVEL**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



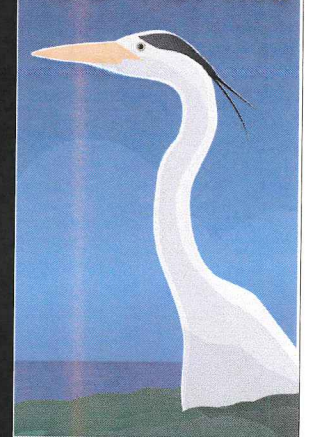
A PLACE FOR  
**HISTORY**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



A PLACE FOR  
**SAILING**

THE **PORT** OF  
SAN FRANCISCO  
**150 YEARS**



A PLACE FOR  
**NATURE**

**Thank You**