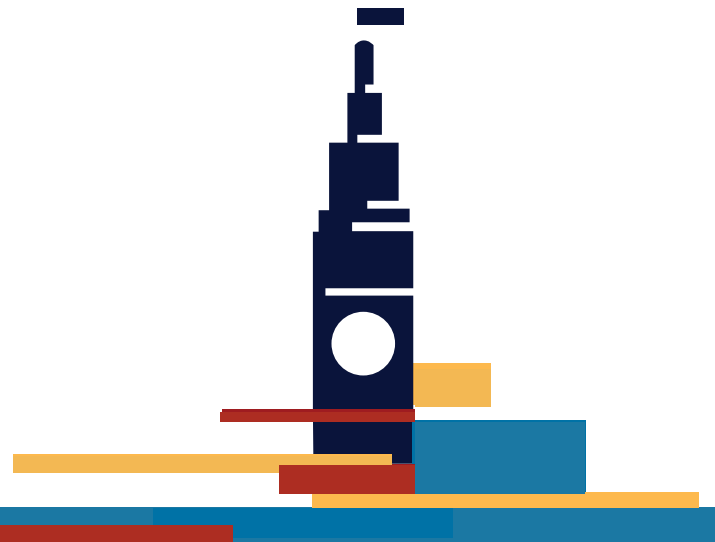


PORT CAPITAL BUDGET UPDATE FISCAL YEARS 2020-21 AND 2021-22

Capital Planning Committee Presentation

July 20, 2020

Presented By: Nate Cruz,
Finance Director

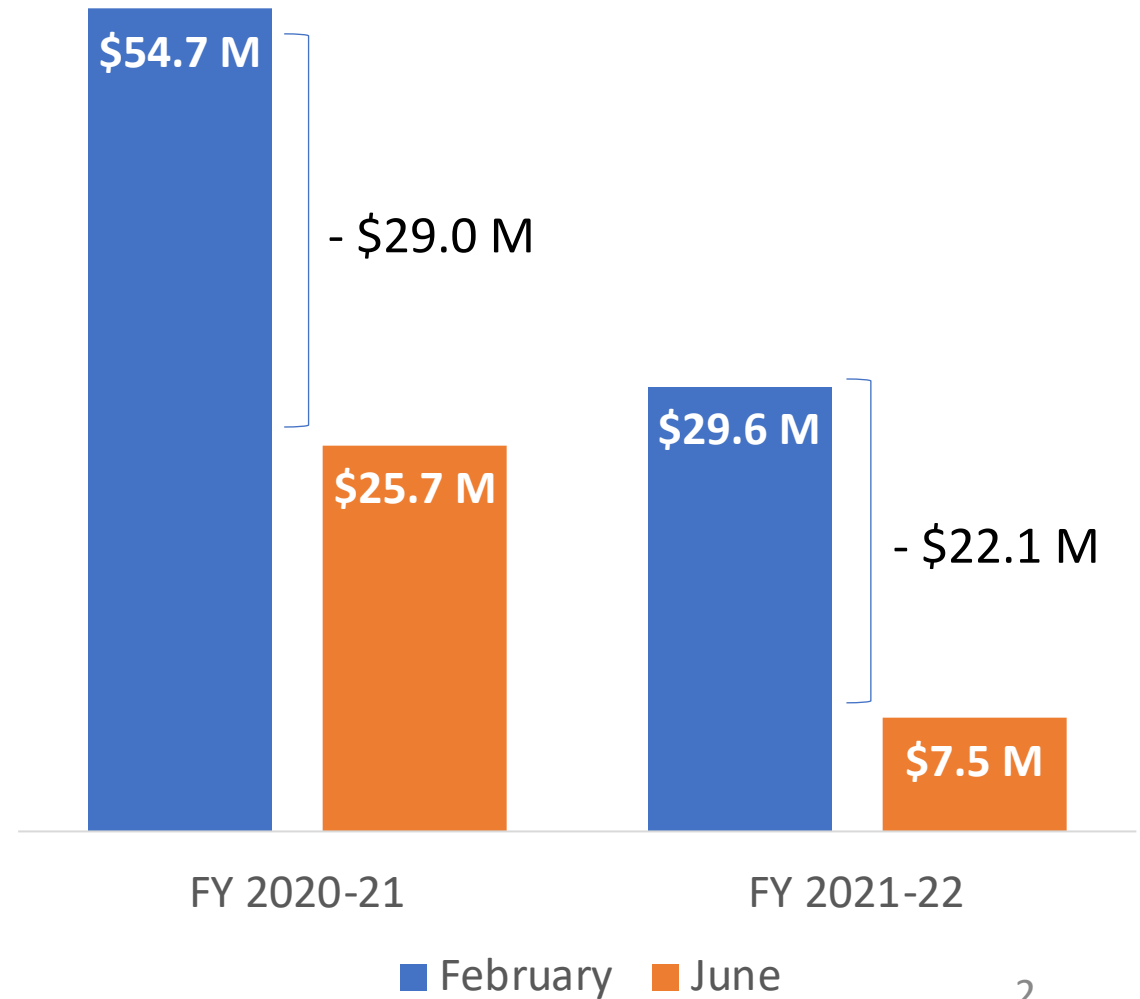


Budget Overview

- February capital budget
 - FY 2020-21: \$54.7 million
 - FY 2021-22: \$29.6 million
- June capital budget
 - FY 2020-21: \$25.7 million
 - FY 2021-22: \$7.5 million
- **\$51.1 million capital budget reduction**



Budget Comparison



Decision-making Process

- Four-pronged budget strategy to sustain Port operations through economic downturn:
 1. Reducing operating expenses
 2. **Reducing capital expenses**
 3. Using fund balance
 4. **Anticipated capital project defunding**
- Revised capital budget focuses on life-safety and regulatory requirements and funds an economic recovery project

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 capital fund, with expenditures subject to Commission approval

Reducing Future Capital Expenses

Key Reductions

- Mission Bay Ferry Landing (**-\$29.0 m**)
- Contingency (**-\$4.4 m**)
- South Beach Harbor Repairs (**-\$0.7 m**)
- Marine Pile Research (**-\$0.5 m**)
- Project Management Office (**-\$0.4 m**)

Reducing Future Capital Expenses

Key Deferrals

- FIRPA projects (**-\$11.4 m**)
 - *Piers 33, 35, and 45 Shed B and D*
- Pier 80 improvements (**-\$6.1 m**)
 - *Berth-C fendering upgrade and grading projects*
- Southern Waterfront Beautification Fund (**-\$4.8 m**)
- FIRPA facility analysis (**-\$1.6 m**)
- Pile repair crew (**-\$1.6 m**)

Anticipated Capital Defunding

- Prior year capital appropriations of roughly \$80.0 million are unspent
- Staff will analyze these projects against current Port priorities to achieve additional savings of at least \$15.0 million
- Changes will be included in capital supplemental that accompanies Port's next biennial budget



Risks of Capital Reductions

- Increased deferred maintenance and a larger capital backlog
- Reduced resources to address unforeseen conditions and a changing bid climate
- Potential delay to construction of Mission Bay Ferry Landing

Questions?

Thank You



David Yu photography