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
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 (-$4.4 m)
• South Beach Harbor Repairs (-$.7 m)
• Marine Pile Research (-$.5 m)
• Project Management Office (-$.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