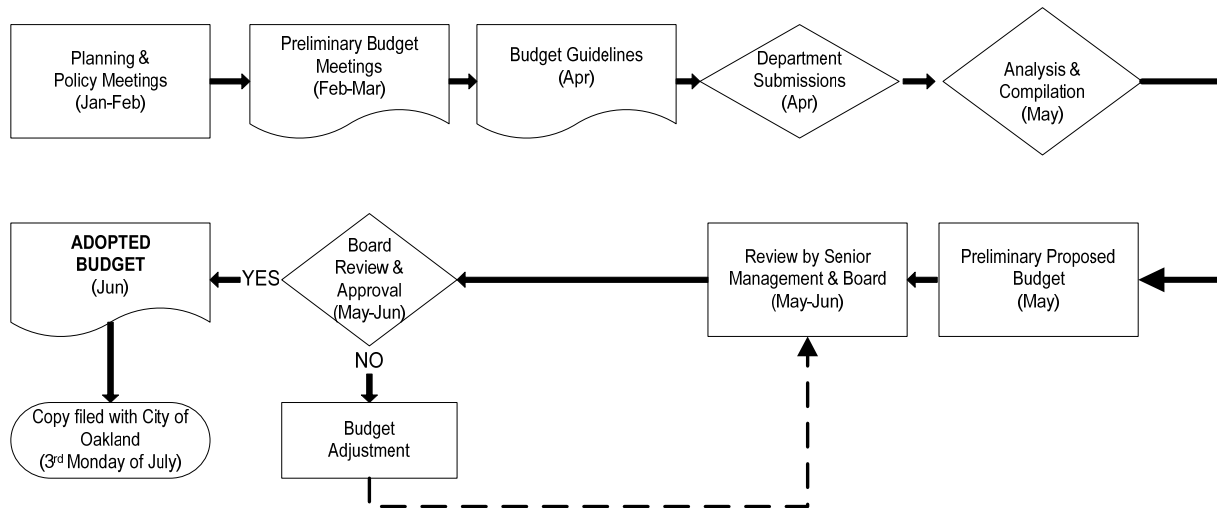


OPERATING BUDGET PROCESS



The Port’s operating budget is an essential and major component in the Port’s overall planning and management process. The operating budget is a plan for each division’s operating revenue and expenses and for Port-wide non-operating income and expenses.

Preliminary budget policies are determined early in the cycle by executive management. Preliminary budget meetings provide the opportunity for discussion and review of new programs, and proposed increases in revenue and expenses, as well as operational needs. Budget instructions, forms and worksheets based upon the outcome of these meetings are distributed in April to all divisions and departments responsible for budget preparation. The primary responsibility for budget preparation rests with the division directors and each division is responsible for presenting a seasonally-adjusted proposed budget. The Financial Services Division ensures consistency in budget submissions and compiles the proposed budgets.

A three-year operating budget is presented to the Board, which adopts the upcoming year’s operating budget. The subsequent years’ operating budgets are provided in concept only. The final budget is adopted through resolution of the Board. Copies of the adopted budget are provided to various City officials in accordance with the City Charter. The operating budget may only be amended by a resolution of the Board.

During the fiscal year, monthly variance reports are produced comparing actual monthly results to seasonally-adjusted monthly budgets.

OPERATING BUDGET HIGHLIGHTS AND ASSUMPTIONS

OBJECTIVES

- Develop a balanced budget in which total revenues exceed total expenditures.
- Develop an operating budget that strives to achieve an Intermediate Lien debt service coverage ratio⁽¹⁾ (DSCR) of at least 1.32x.
- Maintain a minimum General Fund cash balance at the end of the fiscal year of at least \$85 million.
- No layoffs.
- No furloughs.

GENERAL

- FY 2012-14 Operating Revenues for Aviation, Maritime and Commercial Real Estate (CRE) and Utilities are based on divisional input incorporating known market and competitive factors, existing contracts, viability of outstanding agreements, and the execution of anticipated future contracts.
- FY 2012 Operating Expenses incorporate known and anticipated cost increases and decreases, with an emphasis on reducing contractual services, supplies and general and administrative costs in aggregate by \$4.2 million compared to FY 2011 Budget and negotiating \$3.3 million of Labor adjustments.
- FY 2013 and FY 2014 Operating Expense incorporate known and anticipated cost increases and decreases.

FY 2012 REVENUE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2011 Budget, unless otherwise noted.

- Port-wide Operating Revenues of \$296.6 million are \$5.0 million or 1.8% higher than FY 2011 anticipated actuals; \$14.7 million or 5.2% higher compared to FY 2011 Budget.
- Aviation Revenues of \$135.7 million are \$6.7 million or 5.2% higher compared to FY 2011 Budget; Aviation Revenues for FY 2011 are anticipated to meet budget.
 - Enplanements projected to be 4.76 million or flat compared to FY 2011 Budget.
 - Parking Revenues increase by \$0.5 million or 2.2%.
 - Cargo-related rental revenues increases included in certain signed contracts of \$3.6 million.
- Maritime Revenues of \$141.9 million are \$1.8 million or 1.3% lower than FY 2011 anticipated actuals; Maritime Revenues for FY 2011 are anticipated to be \$9.7 million higher than FY 2011 Budget. In comparison to FY 2011 Budget, Maritime Revenues for FY 2012 of \$141.9 million are \$7.9 million or 5.9% higher.
 - Full TEU growth rate is 3% higher than FY 2011 anticipated actuals (or 4% higher compared to FY 2011 Budget).
 - \$2.7 million increase in Ports America lease pursuant to signed contract.
 - Changes in container activity among terminals results in a net \$1.8 million decrease in projected revenues compared to FY 2011 anticipated actuals.

⁽¹⁾ Intermediate Lien DSCR is Net Revenues (as defined in the Bond Indentures) divided by net debt service on Senior and Intermediate Lien Bonds and DBW Loan.

- Space assignment and truck parking revenues is \$0.7 million or 7% lower than FY 2011 anticipated actuals (\$0.9 million or 11% higher compared to FY 2011 Budget).
- BNSF lease at OIG is assumed to be extended at existing lease rate terms for one year.
- Inland Point Intermodal (IPI) Incentive Program of \$2 million for ocean carriers.
- CRE Revenues of \$11.4 million are \$0.5 million or 4.3% higher compared to FY 2011 Budget; CRE Revenues for FY 2011 are anticipated to meet budget.
 - Parking revenues and percentage rent consistent with FY 2011 Budget.
 - Assumed close of escrow on Oak-to-Ninth project by January 1, 2012.
- Utilities Revenues of \$8 million is \$0.3 million or 3.9% lower compared to FY 2011 Budget.
 - Electricity revenues anticipated to increase modestly due to ships utilizing shore power; offset by one-time capacity management charges for the new FAA tower that were recognized in FY 2011.

FY 2012 OPERATING EXPENSE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2011 Budget, unless otherwise noted.

- Port-wide Operating Expenses before (i) Depreciation and Amortization and (ii) Absorption of Labor and Overhead to Capital Assets are flat compared to FY 2011 Budget.
- Port-wide Operating Expenses before Depreciation and Amortization are lower by \$1.3 million or 0.8%.
- Personnel costs is higher by \$4.5 million or 5.6%; Personnel costs represent 51% of the Operating Expense Budget before (i) Depreciation and Amortization and (ii) Absorption of Labor and Overhead to Capital Assets.
 - 474 Full-time Equivalent (FTEs); currently 467 FTEs.
 - No layoffs.
 - No furloughs.
 - CalPERS employer pension contribution rate increase from 19.9% to 23.6%, resulting in a \$2.6 million or 27% increase.
 - Post retirement benefits (retiree medical costs or "OPEB") increase by \$1.3 million or 13% based on an updated actuarial study, using January 2011 data.
 - Workers' Compensation expense increase by \$0.6 million or 57% based on an updated Workers' Compensation actuarial study, using March 2011 data.
 - Medical premiums assumed to increase 10% on January 1, 2012, resulting in \$0.9 million increase.
 - \$3.3 million of Labor adjustments negotiated and realized¹.
 - Vacancy factor of, on average 15 FTEs due to retirements, normal attrition and normal lags in hiring; results in reduction of Personnel costs of \$2.25 million.

¹ The SEIU and WCE contracts expire on June 30, 2011. The Local 21 contract calls for a wage re-opener for FY 2012. The IBEW contract expires on December 31, 2011.

- Significant Decreases in Non-Personnel Operating Expenses.
 - Middle Harbor Shoreline Park costs decrease by \$0.35 million or 35% due to full year of new management contracts in place. Compared to FY 2010, costs are 61% lower.
 - Electricity for Port use decreases by \$1.0 million due to forward utility rate contracts.
 - Absorption of Labor and Overhead to Capital Assets higher by \$1.5 million; that is the amount of Port salaries and overhead which is allocated to the capital budget (not included in operating budget) increase due to higher personnel costs and capital expenditures. See “5-Year Capital Needs Assessment”, page E-1.
- Significant Increases in Non-Personnel Operating Expenses.
 - Increased sewer and utility substation maintenance cost of \$0.3 million due to regulatory changes.
 - Maintenance dredging increase by \$0.2 million or 10% due to regulatory requirements impacting FY 2011-13.

FY 2012 NON-OPERATING EXPENSE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2011 Budget, unless otherwise noted.

- Interest income of \$2.5 million is lower by 54% due to low interest rate environment and changes in treatment of accounting accruals associated with bond premiums. Interest earnings rate on Port funds assumed to be 0.2 – 1.2%.
- Interest expense of \$70.5 million, which includes letter of credit fees and accounting accruals, is lower by \$6.0 million, or 8% due to repayment of bond principal and changes in treatment of accounting accruals associated with bond premium.
 - The Port’s revenue bonds and Department of Boating and Waterways (DBW) loan bear interest at fixed rates ranging from 3.25% to 5.875%.
 - The Port’s Commercial Paper (CP) Program has a maximum rate of 12%. The Port assumes a 0.3% interest rate for its outstanding CP notes.
- Passenger Facility Charges (PFC) revenue of \$19.9 million is virtually unchanged compared to FY 2011 Budget, reflecting the relatively flat projected enplanement growth rate for FY 2012. PFCs are approved by the FAA and used to fund eligible capital improvement for specific projects at OAK. See “Capital Project Funding Sources – Passenger Facility Charges,” page E-12.
- Customer Facility Charges (CFC) revenue of \$4.8 million is 14.1% higher compared to FY 2011 Budget (or 1.5% higher than FY 2011 anticipated actuals). CFCs are used to reimburse rental car and shuttle bus operating costs and to fund improvements of the rental car facility at OAK. See “Capital Project Funding Sources – Customer Facility Charges,” page E-13.
- Other income (expense) reflects the one-time gain of \$12.7 million on the sale of Oak-to-Ninth partially offset by payments to the City for general services and Lake Merritt maintenance of \$2.2 million, \$0.6 million in retroactive CalPERS retirement contribution for airport servicemen, \$0.8 million for demolition of Building L-142 at North Field and \$0.4 million for the transfer of ownership of Damon Slough.
- Loss on abandoned and demolished assets budgeted at \$0.3 million annually.

- Grants from government agencies include anticipated AIP grants and Maritime grants for reimbursement of certain capital expenditures. See “Capital Project Funding Sources”, pages E12 and E13.

FY 2013 and 2014 REVENUE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

FY 2013

- Port-wide Operating Revenues of \$314.3 million is \$17.7 million or 6% higher compared to FY 2012 Budget.
- Aviation Revenues increase by \$10.8 million or 8% compared to FY 2012 Budget.
 - Enplanements anticipated to increase 2.25% compared to FY 2012 Budget.
 - Cargo related rental revenue increases included in certain signed contracts of \$2.5 million.
 - Rates and charges true-up adjustments.
- Maritime Revenues increase by \$5.8 million or 4% compared to FY 2012 Budget.
 - Full TEU growth rate of 3.5% compared to FY 2012 Budget.
 - \$2.7 million increase in Ports America lease pursuant to signed contract.
 - Rate increase at most terminals pursuant to lease terms.
 - \$0.3 million increase in space assignment revenues resulting from anticipated tariff increase.
 - New long-term lease anticipated for OIG with terms and conditions similar to current lease.
 - IPI Incentive Program continues.
- CRE Revenues of \$11.6 million increase by \$0.2 million or 2% compared to FY 2012 Budget.
 - Increase in percentage rent projections.
 - Rental adjustments.
- Utilities Revenues of \$8.9 million is \$0.9 million or 11% higher compared to FY 2012 Budget.
 - 3% increase for gas and water revenues.
 - Additional electricity revenues from anticipated increase in shore power use.

FY 2014

- Port-wide Operating Revenues of \$321.2 million is \$6.9 million or 2.2% higher compared to FY 2013 Projected.
- Aviation Revenues decrease \$1.0 million or 1.0% compared to FY 2013 Projected.
 - Enplanements anticipated to increase 2.25% over FY 2013 Projected.
 - Reflects no rates and charges true-up adjustments.
- Maritime Revenues increase by \$5.9 million or 4% compared to FY 2013 Projected.
 - Full TEU growth rate of 3.5% compared to FY 2013 Projected.
 - \$0.7 million increase in Ports America lease pursuant to signed contract.
 - No IPI Incentive Program anticipated.
 - Full year impact of anticipated tariff increase at certain terminals.

- New lease for Berths 25-26 marine terminal anticipated with terms and conditions similar to current lease.
- CRE Revenues of \$12.3 million increase by \$0.7 million or 6% compared to FY 2013 Projected.
 - Adjust certain below-market leases up to market rents primarily in the Business Park.
- Utilities Revenues of \$10.3 million is \$1.4 million or 15% higher than FY 2013 Projected.
 - 3% increase for gas and water revenues.
 - Additional electricity revenues from assumed increase in shore power use.

FY 2013 AND 2014 OPERATING EXPENSE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Operating Expenses before (i) Depreciation and Amortization and (ii) Absorption of Labor and Overhead to Capital Assets assumed to increase 2.6% and 4.3%, in FY 2013 and FY 2014, respectively.
- Personnel costs
 - FTEs increasing to 480 FTEs by FY 2014 (additional 6 FTEs from FY 2012 Budget).
 - No layoffs.
 - No furloughs.
 - Medical premiums assumed to grow at 8.75% and 7.75% in FY 2013 and FY 2014, respectively, based on recent OPEB actuarial study.
 - CalPERS employer pension contribution rate assumed to be 24.9% and 28.4% based on CalPERS projections as provided to the Port (a 6% and 14% increase in FY 2013 and FY 2014, respectively).
 - \$5.6 million of Labor adjustments negotiated and realized in FY 2013 and FY 2014 each.
 - Vacancy factor of, on average, 13 FTEs due to retirements, normal attrition and normal lags in hiring; results in reduction of Personnel costs of \$2 million.
- Non-Personnel costs are assumed to grow in aggregate at 3% per annum.
- Utilities Cost of Sales increases proportional to increased usage.

FY 2013 AND 2014 NON-OPERATING REVENUE & EXPENSE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Interest income is higher as interest earnings rate assumed to increase to 0.7% – 1.7% and 1.2% – 2.2%, respectively, in FY 2013 and FY 2014.
- Interest expense increases as interest rate on Port's outstanding Commercial Paper Notes assumed to increase to 0.3% – 1.3% and 0.8% – 1.8%, respectively in FY 2013 and FY 2014 and outstanding debt increases based on 5-Year Capital Needs Assessment, See Section E, "Capital Budget and Capital Needs Assessment."
- PFC's increase at rate of projected enplanement growth rate of 2.25% in FY 2013 and 2.25% in FY 2014.
- CFC's increase at rate of projected enplanement growth rate of 2.25% in FY 2013 and 2.25% in FY 2014.

- Other income (expense) reflects payments to the City of Oakland for general services and Lake Merritt maintenance of approximately \$2.2 million and \$0.7 million in retroactive CalPERS retirement contributions for airport servicemen for both FY 2013 and FY 2014.
- Loss on abandoned and demolished assets budgeted at \$0.3 million annually.
- Grants from Government Agencies include anticipated AIP grants and Maritime grants for reimbursement of certain capital expenditures and is based on 5-year Capital Needs Assessment. See "Capital Project Funding Sources", pages E12 and E13.

DEPRECIATION AND AMORTIZATION

The budget for Depreciation and Amortization reflects the anticipated rate of depreciation on the existing asset base and additions to the asset base based on anticipated in-service date and life expectancy of capital projects.

PRELIMINARY DEBT SERVICE AND DEBT SERVICE COVERAGE RATIO

- Debt Service is scheduled to increase \$7.3 million in FY 2012 compared to FY 2011.
- The Port's scheduled bond debt service payments, anticipated interest payments on its outstanding CP Notes, as well as projected debt service associated with new borrowings to support the Port's capital expenditures are as follows:

	FY 2011	FY 2012	FY 2013	FY 2014
Existing Bond Debt Service	105,187	113,052	114,007	114,007
Projected New Bond Debt Service ¹	0	0	2,783	7,648
DBW Loan	458	457	457	457
CP Interest ²	867	333	929	1,624
Total Debt Service	106,513	113,842	118,176	123,736
Less: Pledged Funds ³	n/a	621	n/a	n/a
Total Net Debt Service	106,513	113,221	118,176	123,736
Intermediate Lien DSCR ⁴	n/a	1.32x	1.40x	1.35x
Combined DSCR ⁵	n/a	1.31x	1.39x	1.33x

¹ In FY 2013, it is assumed that \$106 million of the Port's outstanding CP Notes is taken out with bonds in order to free-up CP capacity and lock in long-term interest rates.

² CP Notes outstanding balance fluctuates between \$87-\$150 million and interest rate assumed to be 0.3% - 1.8%.

³ Unspent Series M Bond proceeds is being pledged toward debt service.

⁴ Intermediate Lien DSCR is Net Revenues (as defined in the Bond Indentures) divided by net debt service on Senior and Intermediate Lien Bonds and DBW Loan.

⁵ Combined DSCR is Net Revenues (as defined in the Indentures) divided by net debt service on Senior and Intermediate Lien Bonds, DBW Loan and CP Notes interest.

CHANGE IN PORT EQUITY AND CHANGE IN NET ASSETS

The projected Change in Port Equity for FY 2012 is a positive \$7.6 million, compared to negative \$14.5 million for FY 2011 Budget. The projected Change in Net Assets for FY 2012 is a positive \$33.5 million, an increase of \$16.8 million compared to FY 2011 Budget.

The projected Change in Port Equity for FY 2013 and FY 2014 is \$8.4 million and \$6.7 million, respectively.

The projected Change in Net Assets for FY 2013 and FY 2014 is \$33.0 million and \$46.8 million, respectively.

**STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 THROUGH 2014
(In \$Thousands)**

Division	Actual 2009-10	Budget 2010-11	Proposed Budget 2011-12	Projected 2012-13	Projected 2013-14	Variance 2012P vs. 2011B	% Variance 2012P vs. 2011B
Operating Revenue							
Aviation	\$ 126,593	\$ 129,019	\$ 135,699	\$ 146,489	\$ 145,473	\$ 6,680	5.2%
Maritime	139,029	134,011	141,864	147,700	153,564	7,853	5.9%
CRE	11,485	10,932	11,398	11,597	12,305	466	4.3%
Utilities	8,118	8,360	8,035	8,912	10,285	(325)	-3.9%
Bad Debt Reserve	0	(421)	(426)	(426)	(426)	(5)	-1.2%
Total Operating Revenue	285,225	281,902	296,570	314,273	321,202	14,668	5.2%
Operating Expenses							
Administration	(61)	0	(258)	(266)	(279)	(258)	n/a
Aviation	(72,706)	(74,197)	(74,954)	(77,376)	(80,366)	(757)	-1.0%
Maritime	(16,770)	(18,090)	(17,576)	(18,450)	(19,211)	513	2.8%
Commercial Real Estate	(6,339)	(6,532)	(6,291)	(6,484)	(6,704)	241	3.7%
Corporate Administrative Services	(3,583)	(4,187)	(3,114)	(3,218)	(3,356)	1,073	25.6%
Information Technology	(2,878)	(3,418)	(3,560)	(3,674)	(3,822)	(141)	-4.1%
Engineering	(8,061)	(9,214)	(10,479)	(10,960)	(11,428)	(1,265)	-13.7%
Environmental Programs & Planning	(2,671)	(2,609)	(2,758)	(2,849)	(2,975)	(150)	-5.7%
Utilities Cost of Sales	(4,497)	(4,818)	(4,482)	(5,176)	(6,023)	336	7.0%
Social Responsibility	(1,559)	(1,661)	(1,814)	(1,872)	(1,956)	(153)	-9.2%
External Affairs	0	0	(2,350)	(2,425)	(2,523)	(2,350)	n/a
Executive Office	(1,395)	(1,471)	(1,207)	(1,245)	(1,295)	264	17.9%
Board of Port Commissioners	(447)	(471)	(540)	(557)	(580)	(69)	-14.7%
Office of Audit Services	(1,131)	(1,170)	(1,268)	(1,309)	(1,370)	(98)	-8.4%
Port Attorney's Office	(3,911)	(4,478)	(4,371)	(4,510)	(4,695)	107	2.4%
Financial Services	(5,075)	(4,867)	(5,150)	(5,368)	(5,573)	(283)	-5.8%
Non-Departmental Expenses	(30,982)	(28,927)	(26,103)	(24,907)	(25,769)	2,824	9.8%
Absorption of Labor & Overhead to Capital Assets	12,166	10,124	11,585	12,073	11,938	1,461	14.4%
Depreciation & Amortization	(98,810)	(102,085)	(99,323)	(100,191)	(100,654)	2,762	2.7%
Total Operating Expenses	(248,709)	(258,070)	(254,014)	(258,764)	(266,641)	4,056	1.6%
Operating Income (A)	36,516	23,832	42,556	55,509	54,561	18,724	78.6%
Non-Operating Items							
Interest Income	8,570	5,443	2,488	3,660	4,862	(2,955)	-54.3%
Interest Expense	(82,676)	(76,426)	(70,458)	(72,795)	(75,260)	5,968	7.8%
Passenger Facility Charges (PFC's)	19,702	19,881	19,934	20,382	20,841	53	0.3%
Customer Facility Charges (CFC's)	4,530	4,177	4,764	4,871	4,981	587	14.1%
Abandoned Capital Assets	(358)	(300)	(300)	(300)	(300)	0	0.0%
Other Income (Expenses)	(5,847)	8,857	8,629	(2,893)	(2,985)	(228)	-2.6%
(B)	(56,079)	(38,368)	(34,943)	(47,075)	(47,861)	3,425	8.9%
Capital Contributions							
Grants from Government Agencies (C)	21,343	31,218	25,891	24,613	40,097	(5,327)	-17.1%
CHANGE IN NET ASSETS (A+B+C)	\$ 1,780	\$ 16,682	\$ 33,504	\$ 33,047	\$ 46,797	\$ 16,823	100.8%
Net Assets, Beginning of the Year	889,206	890,986	907,668	941,172	974,220	16,682	1.9%
Net Assets, End of the Year	\$ 890,986	\$ 907,668	\$ 941,172	\$ 974,220	\$ 1,021,016	\$ 33,504	3.7%
Change in Port Equity (A+B)	\$ (19,563)	\$ (14,536)	\$ 7,613	\$ 8,434	\$ 6,700	\$ 22,149	152.4%
Change in Port Equity before PFC's and remaining CFC's	\$ (39,735)	\$ (34,724)	\$ (12,767)	\$ (12,032)	\$ (14,212)	\$ 21,957	63.2%
Senior Lien Debt Service Coverage Ratio	1.76	2.03	1.99	2.10	2.29		
Intermediate Lien Debt Service Coverage Ratio	1.42	1.28	1.32	1.40	1.35		
Combined Debt Service Coverage Ratio	1.42	1.27	1.31	1.39	1.33		
Operating Ratio	52.6%	55.3%	52.2%	50.5%	51.7%		
Funded FTE's (Full-Time Equivalent)	446.5	465	474	477	480		

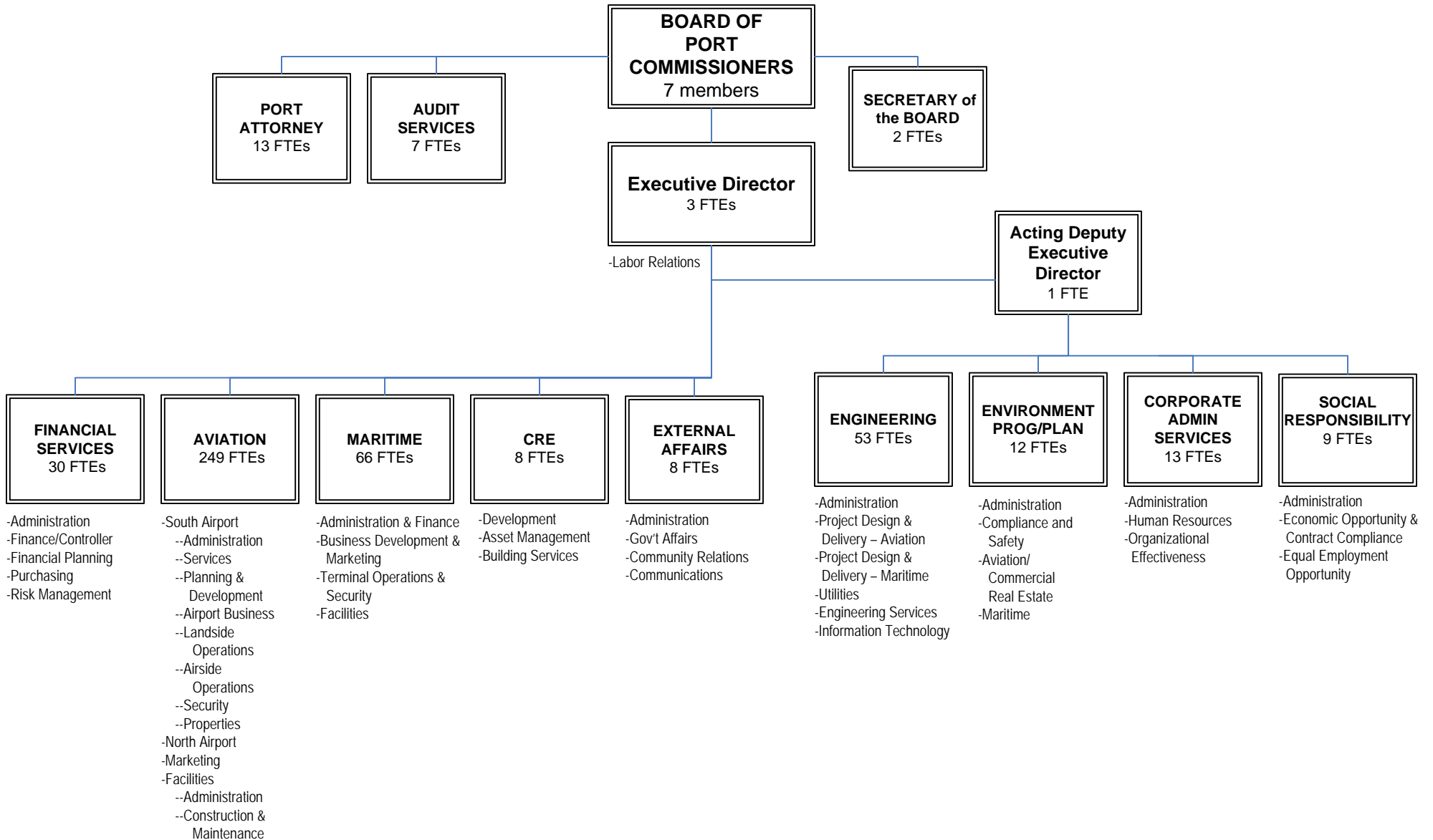
STATEMENT OF OPERATING EXPENSES
FOR THE FISCAL YEARS ENDING JUNE 30, 2010 THROUGH 2014
(In \$Thousands)

Operating Expenses	Actual 2009-10	Budget 2010-11	Budget 2011-12	Projected 2012-13	Projected 2013-14	Variance 2012 B vs. 2011 B	% Variance 2012 B vs. 2011 B
Personnel Services	(81,813)	(80,061)	(84,572)	(85,442)	(89,515)	(4,511)	-5.6%
Contractual Services	(53,037)	(58,892)	(56,324)	(58,503)	(60,217)	2,569	4.4%
Supplies	(3,500)	(3,308)	(3,214)	(3,310)	(3,409)	95	2.9%
General & Administrative	(18,062)	(19,484)	(17,962)	(18,501)	(19,056)	1,522	7.8%
Utilities	(4,497)	(4,818)	(4,482)	(5,176)	(6,023)	336	7.0%
Departmental Credits	11,008	10,579	11,862	12,359	12,233	1,283	12.1%
Depreciation & Amortization	(98,810)	(102,085)	(99,323)	(100,191)	(100,654)	2,762	2.7%
Total Operating Expenses	(248,709)	(258,070)	(254,014)	(258,764)	(266,641)	4,056	1.6%

PORT OF OAKLAND ORGANIZATION CHART

Fiscal Year 2011-12

474 Funded FTEs (Full-Time Equivalents)



STAFF SUMMARY

Since FY 2008, the Port has reduced its FTEs by approximately 30% to address the severe downturn in the economy. The FY 2011 Budget reflected 465 funded positions.

During FY 2011, the Port completed a five-year Strategic Plan and determined it needed to add two key senior level positions to implement the initiatives set forth in the Strategic Plan. This effectively raised the FY 2011 FTEs to 467. In addition, the Port created an External Affairs Division, added a Labor Relations Department, moved the Information Technology Department from Financial Services to Engineering, and realigned the Executive Office, Corporate Administrative Services, and Social Responsibility Divisions. The divisional and departmental reorganizations kept the FTEs at 467.

For FY 2012, the Port is budgeting for the addition of seven FTEs including a full-time Deputy Executive Director and Director of Engineering to fulfill the objectives of the Port's FY 2012 Budget. The FY 2012 Budget reflects 474 FTEs.

In FY 2012, the Port will be re-evaluating its organizational structure ("Organizational Re-alignment"). At this time, no assumptions can be made with respect to what changes to the Port's organizational structure, if any, are to be made as a result of the Organizational Re-alignment efforts.

STAFF SUMMARY (FULL-TIME EQUIVALENT)

<u>FTEs</u>	Unaudited 2009-10 ¹	Adjusted ² Budget 2010-11	Funded ³ 2011-12
Administration ⁴	0.5	0	1
Aviation	238	249	249
Maritime	62.5	65	66
Commercial Real Estate	8	8	8
Corporate Administrative Services ⁵	16.5	14	13
Engineering	37	38	41
Information Technology ⁶	12	12	12
Environmental Programs & Planning	12	12	12
External Affairs ⁷	n/a	8	8
Social Responsibility ⁸	7	8	9
Board of Port Commissioners	2	2	2
Executive Office ⁹	4	3	3
Audit Services	7	7	7
Port Attorney ¹⁰	13	13	13
Financial Services	27	29	30
Total FTEs	446.5	467	474

¹ Represents FTE positions that were filled as of June 30, 2010.

² See Notes 4-9 below.

³ 3 FTEs are limited duration appointments

⁴ Deputy Executive Director.

⁵ Added Director of Administration, transferred Port Assistant Management Analyst from SRD, transferred Equal Opportunity Department to SRD, and transferred Media Public Relations Department to External Affairs.

⁶ Transferred Executive Assistant to External Affairs (shared with CRE).

⁷ Added Director of External Affairs, transferred Media Public Relations Department from CAS, transferred Government Affairs Department from Executive, transferred 1 FTE from Community Relations from SRD, and transferred 1 Executive Assistant from IT.

⁸ Transferred Equal Opportunity Department from CAS, transferred 1 FTE in Community Relations to External Affairs, and transferred 1 Port Assistant Management Analyst to CAS.

⁹ Transferred Government Affairs Department to External Affairs Division and added Labor Relations Advisor.

¹⁰ Transferred 1 FTE to Executive Office.

PERSONNEL SERVICES BY DIVISION¹

(\$ THOUSANDS)

	Actual 2009-10	Budget 2010-11	Budget 2011-12	Projected 2012-13	Projected 2013-14
Administration ²	61	0	251	260	272
Aviation	32,542	32,749	34,546	35,756	37,497
Maritime	9,968	10,296	11,281	11,662	12,220
Commercial Real Estate	1,397	1,270	1,360	1,406	1,474
Corporate Administrative Services	2,834	2,979	2,519	2,605	2,724
Engineering	6,818	6,383	7,449	7,699	8,070
Information Technology	1,833	1,918	2,086	2,156	2,258
Environmental Programs & Planning	2,225	1,964	2,122	2,194	2,300
External Affairs	0	0	1,361	1,407	1,474
Social Responsibility	1,342	1,228	1,505	1,555	1,629
Board of Port Commissioners	259	252	337	348	365
Executive Office	869	849	767	791	828
Audit Services	1,106	1,131	1,231	1,271	1,331
Port Attorney	2,645	2,714	2,716	2,805	2,939
Financial Services	4,371	4,109	4,470	4,620	4,844
Non-Departmental	13,572	12,219	10,571	8,909	9,291
TOTAL PERSONNEL SERVICES	81,813	80,061	84,572	85,442	89,515
% Change from Prior Year		-2.1%	5.6%	1.0%	4.8%

¹ Mainly consist of salaries, fringe benefits, retiree medical costs, workers' compensation, overtime, temporary help, professional development, continuing education, training, college tuition program, meal allowance, unemployment insurance and vacation/sick leave accrual.

² Deputy Executive Director.

SALARIES AND FRINGES BY DIVISION¹

(\$ THOUSANDS)

	Budget FY 2010-11			Budget FY 2011-12		
	Salaries	Fringes	Total	Salaries	Fringes	Total
Administration ²	0	0	0	180	71	251
Aviation	21,599	10,613	32,212	22,199	12,219	34,418
Maritime	6,917	3,267	10,184	7,347	3,823	11,170
Commercial Real Estate	871	398	1,269	903	454	1,357
Corporate Administrative Services	1,652	793	2,445	1,313	687	1,999
Engineering	4,341	2,007	6,348	4,922	2,493	7,415
Information Technology	1,223	599	1,822	1,322	678	2,001
Environmental Programs & Planning	1,330	631	1,961	1,390	724	2,114
External Affairs	0	0	0	904	430	1,334
Social Responsibility	836	371	1,208	956	475	1,432
Board of Port Commissioners	176	76	252	230	104	334
Executive Office	593	256	849	526	241	767
Audit Services	789	341	1,131	831	400	1,231
Port Attorney	1,884	806	2,690	1,819	872	2,692
Financial Services	2,801	1,275	4,076	2,944	1,472	4,416
Non-Departmental ³	0	0	0	(1,500)	(2,250)	(3,750)
TOTAL	45,012	21,434	66,446	46,285	22,894	69,179
Funded FTEs			465			474

¹ Salaries and Fringes for FY 2011-12 Budget reflect an increase of \$2.7 million or 4.1% compared to FY 2011 Budget. Salaries include merit pay, step increases, and overtime pay. Fringes include Employer CalPERS, Employee CalPERS paid by the Port, health insurance, life insurance, disability insurance, vision and dental costs, employee assistance, and Medicare payments.

² Deputy Executive Director.

³ Non-Departmental includes assumed salary and fringe savings resulting from vacancy factor and a portion of labor adjustments. When these adjustments are known, actual savings will be applied to divisions.