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Commissioner

## **AGENDA**

**Audit, Budget and Finance Committee**  
**Thursday, June 10, 2010 - 12:00 p.m.**  
**Board Room – 530 Water Street**

### **ROLL CALL**

Commissioner **Calloway**, Chair  
President **Uno**  
Commissioner **Lighty**

### **CLOSED SESSION (12:00 p.m.)**

Conference with Legal Counsel-Anticipated Litigation Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9 (**3 matters**)

### **OPEN SESSION (Approx. 12:45 p.m.)**

### **STAFF REPORTS**

A. Unaudited Financial Statements for 10 Months Ended April 30, 2010

### **OPEN FORUM**

*The Committee will receive public comment on non-agenda items during this time. Please fill out a speaker card and present it to the Committee Secretary.*

### **ADJOURNMENT**

*The next regular meeting will be held on July 8, 2010 at 12:00 p.m. in the Board Room.*

## **PUBLIC PARTICIPATION**

### **Disability Related Modifications**

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting, may submit a written request, electronic request, or telephone request [via the California Relay Service (telephone) for the hearing impaired at (800) 735-2922], to John Betterton, Secretary of the Board no later than five working days prior to the scheduled meeting date.

**John Betterton, Secretary of the Board**  
530 Water Street, Oakland, CA 94607  
[jbetterton@portoakland.com](mailto:jbetterton@portoakland.com)  
510-627-1696

### **Language & Bilingual Interpretive Services**

As a grantee of federal aid grant funds from the US Department of Transportation, the Port is responsible for ensuring equal access to its programs, services, and benefits. To request bilingual interpreters or materials in alternate formats, please contact the Director of Social Responsibility **no later than five working days** prior to the scheduled meeting date.

Diann Castleberry, Director of Social Responsibility  
530 Water Street, Oakland, CA 94607  
[dcastleberry@portoakland.com](mailto:dcastleberry@portoakland.com)  
(510) 627-1302

### **Scented Products**

Please refrain from wearing scented products to this meeting so attendees who experience chemical sensitivities may attend.

### **To Speak on an Agenda Item**

You may speak on any item appearing on the Agenda. Please fill out a Speaker's Card and give it to the Board Secretary before the start of the meeting or immediately after conclusion of Closed Session. Cards received after the start of the meeting will be treated as a single request to speak in Open Forum. All speakers will be allotted a minimum of one minute.

### **Agenda & Related Materials**

Should you have questions or concerns regarding this Agenda, or wish to review any of the Agenda Related Materials, please contact the Board Secretary, John Betterton, at (510) 627-1696, or visit our web page at [www.portofoakland.com](http://www.portofoakland.com).

To receive Port Agendas and Agenda Related Materials by e-mail, please e-mail your request to [jbetterton@portoakland.com](mailto:jbetterton@portoakland.com).

# ITEM A

**DRAFT**

**PORT OF OAKLAND**

**Unaudited  
Financial Results**

**April 30, 2010**

- **Cash Recap**
- **Balance Sheet**
- **YTD Revenue & Expenses (Actual v. Revised Budget)**
- **YTD Expenses by Category (Actual v. Revised Budget)**
- **Aviation Revenue (Actual v. Revised Budget)**
- **Maritime Revenue (Actual v. Revised Budget)**
- **CRE Revenue (Actual v. Revised Budget)**
- **Statistical Recap**

**PORT OF OAKLAND  
CASH  
APRIL 30, 2010, 2009 AND JUNE 30, 2009**

DRAFT

	<b>Unaudited 04/30/10</b>	<b>Audited 06/30/09</b>	<b>Audited 04/30/09</b>
<b>Unrestricted Cash:</b>			
Board Reserves	\$ 65,428,875	\$ 67,432,750	\$ 67,432,750
Unreserved Cash	58,485,370	9,950,999	15,848,533
Sub-total	123,914,245	77,383,749	83,281,283
<b>Restricted Cash &amp; Investments:</b>			
Bond Reserves / Rebate Funds (a)	106,371,517	81,907,527	118,968,702
Construction Funds (b)	1,946,157	5,398,157	5,398,154
Passenger Facility Charges	4,364,007	16,919,231	14,721,970
Customer Facility Charges	1,333,311	945,503	791,910
Other (c)	2,362,181	1,896,863	2,301,616
Sub-total	116,377,173	107,067,281	142,182,352
<b>TOTAL</b>	<b>\$ 240,291,418</b>	<b>\$ 184,451,030</b>	<b>\$ 225,463,635</b>

(a) Represents funds on deposit with the Fiscal Agent. Reserve Funds are only available for debt service as specified in the Trust Indenture. Rebate Funds are paid to the IRS.

(b) Construction Funds are only available to reimburse allowed capital expenditures or capitalized interest.

(c) Includes escrow accounts related to the Port's capital program.

PORT OF OAKLAND  
BALANCE SHEET  
APRIL 30, 2010, 2009 AND JUNE 30, 2009

**DRAFT**

	APRIL 30 2010 (Unaudited)	JUNE 30 2009 (Audited)	APRIL 30 2009 (Audited)
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents			
Designated	\$ 65,428,875	\$ 67,432,750	\$ 67,432,750
Undesignated	58,485,370	9,950,999	15,848,533
Accounts receivable (less allowance (04/10 \$3,225,052; 06/09 \$3,326,283; 04/09 \$3,248,345)	20,985,055	44,124,208	39,839,651
Restricted deposits with fiscal agent for current debt service	31,421,750	68,567	36,706,075
Accrued interest receivable	63,624	803,638	1,293,787
Prepaid expenses and other assets	1,282,200	8,294,947	1,497,149
<b>Total current assets</b>	<b>177,666,874</b>	<b>130,675,109</b>	<b>162,617,945</b>
<b>RESTRICTED CASH AND INVESTMENTS:</b>			
Bond funds	79,258,105	89,133,980	89,962,397
Passenger facility charges	4,364,007	16,919,231	14,721,970
Customer facility charges	1,333,311	945,503	791,910
<b>Total restricted cash and investments</b>	<b>84,955,423</b>	<b>106,998,714</b>	<b>105,476,277</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Buildings and improvements	829,439,585	809,563,273	807,558,166
Container cranes	177,980,432	177,980,432	177,980,432
Systems and structures	1,544,799,197	1,535,414,435	1,526,282,152
Other equipment	73,997,488	73,079,117	71,523,098
	2,626,216,702	2,596,037,257	2,583,343,848
Less accumulated depreciation	(1,008,042,700)	(926,588,444)	(910,312,869)
	1,618,174,002	1,669,448,813	1,673,030,979
Land and noise easements	533,637,458	506,912,033	504,217,538
Construction in progress	113,764,546	127,714,237	123,462,493
<b>Total property, plant and equipment</b>	<b>2,265,576,006</b>	<b>2,304,075,083</b>	<b>2,300,711,010</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>	<b>70,935,278</b>	<b>75,787,911</b>	<b>78,966,655</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,599,133,581</b>	<b>\$ 2,617,536,817</b>	<b>\$ 2,647,771,887</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 38,629,879	\$ 53,705,162	\$ 39,838,512
Liability to City of Oakland	17,514,598	13,350,380	15,622,750
Deferred income-current portion	881,663	8,812,971	787,192
Payable from restricted assets:			
Accrued interest payable	35,017,319	16,474,658	39,815,260
Current maturities of long-term debt	37,042,151	38,838,708	36,166,295
Retentions on construction contracts	4,892,027	4,455,232	4,536,777
<b>Total current liabilities</b>	<b>133,977,637</b>	<b>135,637,111</b>	<b>136,766,786</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt	1,423,131,070	1,500,064,683	1,503,269,531
Long-term accrued interest	-	1,811,362	2,720,031
Deferred income	114,599,862	61,330,562	71,280,363
Environmental liabilities and other	28,438,534	29,487,193	29,856,440
<b>Total long-term liabilities</b>	<b>1,566,169,466</b>	<b>1,592,693,800</b>	<b>1,607,126,365</b>
<b>EQUITY:</b>			
Reserved retained earnings:			
Grants from government agencies	247,888,911	234,182,874	243,136,179
Passenger facility charges	253,502,656	237,391,665	248,070,340
Customer facility charges	12,645,452	12,323,290	12,642,030
Port equity:			
City of Oakland	(58,477,543)	(58,477,543)	(58,477,543)
Appraisal surplus	3,004,335	3,004,335	3,004,335
Land conveyed to Port	24,746,000	24,746,000	24,746,000
Retained earnings	415,676,667	436,035,285	430,757,395
<b>Total equity</b>	<b>898,986,478</b>	<b>889,205,906</b>	<b>903,878,736</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,599,133,581</b>	<b>\$ 2,617,536,817</b>	<b>\$ 2,647,771,887</b>

**PORT OF OAKLAND**  
**ACTUAL VS. BUDGET REVENUE AND EXPENSES <sup>(1)</sup>**  
**TEN MONTHS ENDING APRIL 30, 2010**

**UNAUDITED**  
**DRAFT**

Division	Actual 04/30/10	Revised Budget 04/30/10	\$ Variance	% Variance	Actual 04/30/09
<b>Operating Revenue</b>					
Aviation	\$ 105,294,313	\$ 105,674,798	\$ (380,485)	-0.4%	\$ 105,700,548
Maritime	117,866,811	111,123,520	6,743,291	6.1%	114,727,872
CRE	9,462,704	10,200,126	(737,422)	-7.2%	10,179,228
Utilities	6,827,909	6,641,440	186,469	2.8%	7,084,767
Bad Debt Reserve	-	(210,890)	210,890	100.0%	(434,519)
<b>Total Operating Revenue</b>	<b>239,451,737</b>	<b>233,428,994</b>	<b>6,022,743</b>	<b>2.6%</b>	<b>237,257,896</b>
<b>Operating Expenses</b>					
Operations:					
Administration	(53,188)	(81,900)	28,712	35.1%	(274,764)
Aviation	(59,094,281)	(64,282,158)	5,187,877	8.1%	(66,264,390)
Maritime	(11,845,847)	(16,268,927)	4,423,080	27.2%	(15,730,984)
CRE	(5,317,763)	(5,768,903)	451,140	7.8%	(4,873,374)
Corporate Administrative Services	(2,759,325)	(3,136,874)	377,549	12.0%	(4,181,234)
Information Technology	(2,212,771)	(2,605,609)	392,838	15.1%	(2,710,894)
Engineering	(6,745,515)	(7,494,083)	748,568	10.0%	(7,683,562)
Environmental Programs & Planning	(2,157,525)	(2,593,870)	436,345	16.8%	(2,658,882)
Utilities Cost of Sales	(3,832,171)	(4,413,000)	580,829	13.2%	(4,547,132)
Social Responsibility	(1,313,222)	(1,479,271)	166,049	11.2%	(1,442,626)
Executive Office	(527,715)	(602,876)	75,161	12.5%	(731,496)
Governmental Affairs	(521,022)	(594,495)	73,473	12.4%	(451,932)
Public Affairs	-	-	-	0.0%	(57,083)
Board of Port Commissioners	(323,507)	(420,720)	97,213	23.1%	(357,673)
Audit Services	(914,400)	(911,524)	(2,876)	-0.3%	(889,912)
Port Attorney	(2,969,010)	(3,840,020)	871,010	22.7%	(3,400,764)
Financial Services	(4,212,503)	(4,512,578)	300,075	6.6%	(4,716,929)
Non-Departmental Expenses	(22,021,572)	(23,271,006)	1,249,434	5.4%	(20,738,475)
Non-Departmental Credits	8,901,058	10,138,060	(1,237,002)	-12.2%	9,101,410
Depreciation & Amortization	(82,219,037)	(83,593,342)	1,374,305	1.6%	(80,624,966)
<b>Total Operating Expenses</b>	<b>(200,139,316)</b>	<b>(215,733,096)</b>	<b>15,593,780</b>	<b>7.2%</b>	<b>(213,235,662)</b>
<b>Operating Income (A)</b>	<b>39,312,421</b>	<b>17,695,898</b>	<b>21,616,523</b>	<b>122.2%</b>	<b>24,022,234</b>
<b>Non-Operating Items</b>					
Interest Income	7,458,862	8,303,250	(844,388)	-10.2%	8,687,694
Interest Expense	(69,140,082)	(64,593,545)	(4,546,537)	-7.0%	(65,908,853)
Passenger Facility Charges (PFCs)	16,110,991	16,151,571	(40,580)	-0.3%	16,806,866
Customer Facility Charges (CFCs)	3,642,394	4,180,288	(537,894)	-12.9%	4,503,152
Abandoned Capital Assets	(307,950)	(250,000)	(57,950)	-23.2%	(160,234)
Other Income (Expenses)	(1,002,101)	(2,285,140)	1,283,039	56.1%	(9,409,052)
<b>(B)</b>	<b>(43,237,886)</b>	<b>(38,493,576)</b>	<b>(4,744,310)</b>	<b>-12.3%</b>	<b>(45,480,427)</b>
<b>Capital Contributions</b>					
Grants from Government Agencies	13,706,037	31,610,000	(17,903,963)	-56.6%	8,218,699
<b>(C)</b>	<b>13,706,037</b>	<b>31,610,000</b>	<b>(17,903,963)</b>	<b>-56.6%</b>	<b>8,218,699</b>
<b>CHANGE IN NET ASSETS (A+B+C)</b>	<b>\$ 9,780,572</b>	<b>\$ 10,812,322</b>	<b>\$ (1,031,750)</b>		<b>\$ (13,239,494)</b>
<b>Change in Port Equity (A+B)</b>	<b>\$ (3,925,465)</b>	<b>\$ (20,797,678)</b>	<b>\$ 16,872,213</b>		<b>\$ (21,458,193)</b>
<b>Change in Port Equity before PFCs and remaining CFCs</b>	<b>\$ (20,358,618)</b>	<b>\$ (37,746,207)</b>	<b>\$ 17,387,589</b>		<b>\$ (38,593,579)</b>
<b>Operating Ratio</b>	<b>49%</b>	<b>57%</b>			<b>56%</b>

(1) Variances are based on Actual vs. Revised Budget

**PORT OF OAKLAND**  
**Actual vs Budget Expenses <sup>(1)</sup>**  
**Ten Months Ended April 30, 2010**

**UNAUDITED**  
**DRAFT**

	<u>Actual</u> 04/30/10	<u>Revised</u> <u>Budget</u> 04/30/10	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>
<b><u>Operating Expenses</u></b>				
Personnel Services	\$ (66,510,818)	\$ (67,709,319)	\$ 1,198,501	1.8%
Contractual Services	(41,251,370)	(50,579,935)	9,328,565	18.4%
Supplies	(2,605,185)	(2,944,613)	339,428	11.5%
General and Administrative	(12,867,635)	(16,958,167)	4,090,532	24.1%
Utilities Cost of Sales	(3,832,171)	(4,413,000)	580,829	13.2%
Departmental Credits	9,146,900	10,465,280	(1,318,380)	-12.6%
Subtotal	<u>(117,920,279)</u>	<u>(132,139,754)</u>	<u>14,219,475</u>	<u>10.8%</u>
Depreciation & Amortization	(82,219,037)	(83,593,342)	1,374,305	1.6%
<b>Total Operating Expenses</b>	<b>\$ (200,139,316)</b>	<b>\$ (215,733,096)</b>	<b>\$ 15,593,780</b>	<b>7.2%</b>

(1) Variances are based on Actual vs. Revised Budget

Port of Oakland  
**Actual vs Budget Aviation Revenue <sup>(1)</sup>**  
**For the Ten Months Ended April 30, 2010**

**UNAUDITED**  
**DRAFT**

	YTD ACTUAL	YTD REVISED BUDGET	\$ VARIANCE	% VARIANCE
TERMINAL RENT	17,683,782	17,582,489	101,293	0.6%
TERMINAL CONCESSIONS	15,608,029	15,760,863	(152,834)	-1.0%
OTHER TERMINAL REVENUE	4,716,864	4,632,430	84,434	1.8%
<b>TERMINAL RENTALS &amp; CONCESSIONS</b>	<b>38,008,675</b>	<b>37,975,782</b>	<b>32,893</b>	<b>0.1%</b>
PARKING REVENUE	20,013,694	20,343,755	(330,061)	-1.6%
GROUND ACCESS	3,149,813	3,403,675	(253,862)	-7.5%
<b>PARKING AND GROUND ACCESS</b>	<b>23,163,507</b>	<b>23,747,430</b>	<b>(583,923)</b>	<b>-2.5%</b>
OTHER AIRPORT RENTALS	16,517,580	16,649,258	(131,678)	-0.8%
LANDING FEES	22,376,217	22,790,799	(414,582)	-1.8%
OTHER FIELD REVENUE	1,898,939	999,732	899,207	89.9%
AVIATION FUELING	2,991,777	2,979,022	12,755	0.4%
MISCELLANEOUS REVENUE	337,618	532,775	(195,157)	-36.6%
<b>TOTAL AVIATION OPERATING REVENUE</b>	<b>105,294,313</b>	<b>105,674,798</b>	<b>(380,485)</b>	<b>-0.4%</b>
BAD DEBT RESERVE	0	(85,890)	85,890	100.0%
<b>TOTAL AVIATION REVENUE</b>	<b>105,294,313</b>	<b>105,588,908</b>	<b>(294,595)</b>	<b>-0.3%</b>

<sup>(1)</sup> Variances are based on Actual vs. Revised Budget

Port of Oakland  
**Actual vs Budget Maritime Revenue by Terminal <sup>(1)</sup>**  
**For the Ten Months Ended April 30, 2010**

**UNAUDITED**  
**DRAFT**

	YTD ACTUAL	YTD REVISED BUDGET	\$ VARIANCE	% VARIANCE
PAOH/APMT (Berths 20-24)	15,020,292	15,072,461	(52,169)	-0.3%
Transbay (Berths 25-26)	7,344,703	7,008,630	336,073	4.8%
Trapac (Berth 30)	7,496,552	7,438,300	58,252	0.8%
Berths 32-34	759,684	761,190	(1,506)	-0.2%
Nutter (Berths 35-38)	6,782,039	7,161,574	(379,535)	-5.3%
Hanjin (Berths 55/56)	20,362,329	20,119,200	243,129	1.2%
OICT (SSAT Berths 57-59)	32,469,717	28,457,500	4,012,217	14.1%
Howard (Berths 67-68)	8,294,905	8,272,700	22,205	0.3%
APL (Berths 60-63)	8,815,076	8,820,890	(5,814)	-0.1%
JIT	1,297,900	1,990,840	(692,940)	-34.8%
Schnitzer	29,508	29,260	248	0.8%
Outer Harbor - Space Assignment	4,768,358	2,926,145	1,842,213	63.0%
7th St. - Space Assignment	950	850	100	11.8%
Middle Harbor - Space Assignment	403,541	74,870	328,671	439.0%
HTC - Space Assignment	4,256,721	3,940,790	315,931	8.0%
Inner Harbor - Space Assignment	67,533	48,320	19,213	39.8%
IPI Container Rate Reduction	(432,997)	(1,000,000)	567,003	56.7%
Miscellaneous	130,000	0	130,000	100.0%
<b>TOTAL MARITIME OPERATING REVENUE</b>	<b>117,866,811</b>	<b>111,123,520</b>	<b>6,743,291</b>	<b>6.1%</b>
Bad Debts Reserve	0	(125,000)	125,000	100.0%
<b>TOTAL MARITIME REVENUE</b>	<b>117,866,811</b>	<b>110,998,520</b>	<b>6,868,291</b>	<b>6.2%</b>

(1) Variances are based on Actual vs. Revised Budget

**Port of Oakland**  
**Actual vs Budget CRE Revenue <sup>(1)</sup>**  
**For the Ten Months Ended April 30, 2010**

**UNAUDITED**  
**DRAFT**

	YTD ACTUAL	YTD REVISED BUDGET	\$ VARIANCE	% VARIANCE
<b>SPACE RENTAL</b>				
Land	805,311	602,045	203,266	33.8%
Warehouse Lease	1,069,693	1,225,178	(155,485)	-12.7%
Hotel	1,331,276	1,654,570	(323,294)	-19.5%
Restaurant	1,029,636	1,183,562	(153,926)	-13.0%
Retail	1,332,246	1,331,929	317	0.0%
Office Lease	1,030,852	1,185,273	(154,421)	-13.0%
Berthing/Charter	28,808	5,010	23,798	475.0%
<b>Subtotal</b>	<b>6,627,822</b>	<b>7,187,567</b>	<b>(559,745)</b>	<b>-7.8%</b>
<b>PARKING AND GROUND ACCESS</b>				
Parking Revenue - Parking Lot Revenue	1,887,063	2,185,023	(297,960)	-13.6%
<b>Subtotal</b>	<b>1,887,063</b>	<b>2,185,023</b>	<b>(297,960)</b>	<b>-13.6%</b>
<b>MISCELLANEOUS REVENUE</b>				
Miscellaneous Revenue	110,581	96,527	14,054	14.6%
Billboard Advertising Revenue	808,738	731,009	77,729	10.6%
Delinquency Charge	33,100	0	33,100	100.0%
Delinquency Charge Reversal	(4,600)	0	(4,600)	-100.0%
<b>Subtotal</b>	<b>947,819</b>	<b>827,536</b>	<b>120,283</b>	<b>14.5%</b>
<b>TOTAL CRE OPERATING REVENUE</b>	<b>9,462,704</b>	<b>10,200,126</b>	<b>(737,422)</b>	<b>-7.2%</b>
Bad Debt Reserve	0	0	0	0.0%
<b>TOTAL CRE REVENUE</b>	<b>9,462,704</b>	<b>10,200,126</b>	<b>(737,422)</b>	<b>-7.2%</b>

<sup>(1)</sup> Variances are based on Actual vs. Revised Budget

