

BUDGET SUMMARY

One-Year Operating and Capital Budget

Fiscal Year Ended June 30, 2022

Five-Year Operating Forecast and Capital Improvement Plan

Fiscal Years ending June 30, 2022 through 2026



PORT OF OAKLAND



ONE-YEAR OPERATING AND CAPITAL BUDGET FISCAL YEAR 2021-22

AND

FIVE-YEAR OPERATING FORECAST AND CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2021-22 THROUGH 2025-26

Board of Port Commissioners of the City of Oakland

Andreas Cluver, President
Barbara Leslie, First Vice President
Yui Hay Lee, Second Vice President
Cestra Butner, Commissioner
Michael Colbruno, Commissioner
Arabella Martinez, Commissioner
Joan H. Story, Commissioner

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June 24, 2021

DISCLOSURE

This Budget Summary is disclosed publicly for general information relating to the Port of Oakland (Port) only and should not be construed as an offering document nor part of the Port's Annual Report pursuant to SEC Rule 15c2-12 for the Port's revenue bonds or commercial paper notes. The information and expressions of opinion in this Budget Summary are subject to change without notice after the date hereof, and future use of this Budget Summary shall not otherwise create any implication that there has been no change in the matters referred to in this Budget Summary since the date hereof. The goals and objectives of the Port set forth in this Budget Summary should not be construed as commitments by the Port that such goals and objectives will, in fact, be achieved or occur within such time frames. The goals and objectives are subject to change.

Certain statements included or incorporated by reference in this Budget Summary constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "assume," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements are based upon certain assumptions and involve known and unknown risks, uncertainties and other factors, including business levels during the relevant periods, that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results will vary and may vary materially. The Port does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based change.

The Port has not yet obtained funding for all the capital projects described in this Budget Summary, some of which may not ultimately be implemented by the Port. Furthermore, the overall cost of the 5-Year Capital Improvement Plan is subject to change, and the variance from the cost estimates described in this Budget Summary could be material. Failure to complete the projects may adversely affect the Port's ability to generate the currently anticipated revenues.

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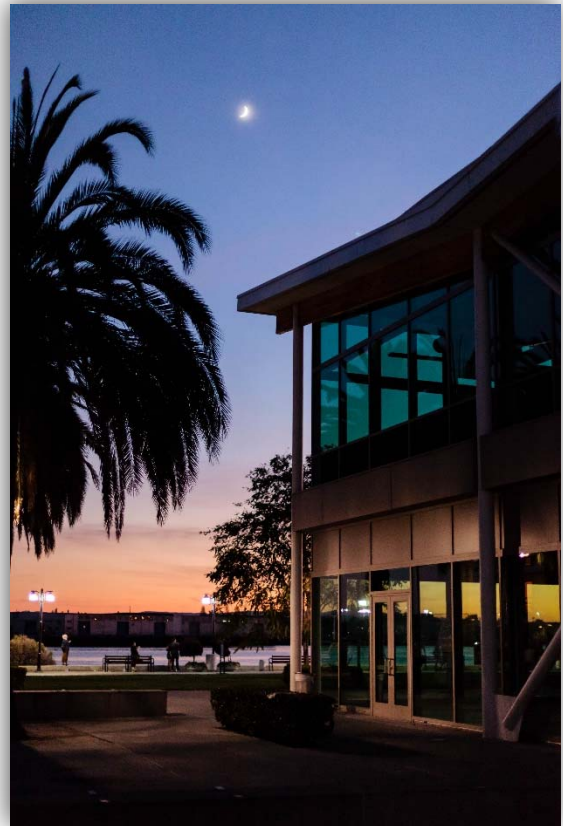
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External Websites

Port of Oakland
Oakland International Airport





June 24, 2021

Board of Port Commissioner of the City of Oakland
Oakland, California

Andreas Cluver, President
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Michael Colbruno, Commissioner
Arabella Martinez, Commissioner
Joan Story, Commissioner

Subject: Adopted Operating and Capital Budgets for Fiscal Year Ending June 30, 2022

Dear Board of Port Commissioners:

On behalf of Port staff, I am pleased to provide this Budget Summary, which contains the Port's:

- One-year operating budget for fiscal year ending June 30, 2022;
- One-year capital budget for fiscal year ending June 30, 2022;
- Five-year operating forecast for FY 2022 through FY 2026;
- Five-year Capital Improvement Plan (CIP) for FY 2022 through FY 2026; and
- Other related information such as the Port's staffing plan, division-specific operating budgets, debt service payments, cash flow projections, reserve amounts, and capital project descriptions.

The FY 2022 operating and capital budgets were adopted by the Board on June 24, 2021. Subsequent years of operating and cash flow projections and the 5-Year CIP are informational and presented for planning purposes only.

OVERVIEW

Budget Objectives

The Port's operating and capital budgets were developed to (a) support long-term financial strength, resiliency and sustainability, (b) address near-term operational and financial challenges due to COVID-19 (COVID) including maintaining reasonable flexibility and liquidity to protect against operational, financial, political and economic uncertainties, and (c) strategically identify, prioritize and plan major capital projects with a focus on regulatory compliance, health, safety, and on-going or imminent revenue generating projects. Key financial objectives include:

- Improve operating margin across all revenue divisions;
- Control Airport Cost per Enplanement (CPE);
- Project minimum Intermediate Lien Bond Debt Service Coverage Ratio of 1.40x;
- Project minimum June 30, 2022 General Fund ending balance that, when combined with Board reserves, are sufficient to fund operating expense in the succeeding fiscal year;
- Maintain Board reserves, consistent with Port policy of approximately \$77.0 million; and
- Maintain discipline of paying down outstanding commercial paper notes.

KEY FACTORS

The FY 2022 operating and capital budgets were developed taking into account several key factors highlighted below, as well as updated 5-year operating and cash flow projections and an updated 5-year CIP.

Positive Factors

- The Port's strong liquidity position comprised of both unrestricted cash and Board reserves remains strong and provides the Port the financial flexibility to adapt and respond to COVID and other future operational and financial challenges.
- Port operations are supported by a strong and diverse local economy. Historically, this favorable geographic location results in approximately 84% of the Airport traffic being origin and destination and approximately 85% of the maritime cargo destined for and from local markets. The Bay Area remains an important center of commerce, and the Port remains an important, key gateway for both domestic and international trade and a top travel destination.
- The consolidated, diversified nature of the Port's major lines of business has proven again to be a source of financial stability. In FY 2021, anticipated Maritime and Utilities revenues are better than budget and offset worse than budgeted Aviation and Commercial Real Estate (CRE) anticipated revenues. The expectation for FY 2022 is for Maritime revenues to remain resilient while Aviation and CRE revenues improve from anticipated FY 2021 levels.
- In the midst of these very challenging and unprecedented times, particularly at the Airport, the Port projects to end FY 2022 at a stable 1.81x Intermediate Lien debt service coverage ratio increasing to 2.42x by FY 2026. Driving these debt service coverage increases are (a) the debt service savings generated from the two bond refunding transactions executed in FY 2021, (b) projected revenue recovery at the Airport, and (c) the application of airport specific Federal aid to pay portions of operating expenses and debt service coming due in the next four fiscal years.
- Approximately \$27.9 million in Federal aid (CARES, CRRSA and ARP Act) grants will be strategically applied in FY 2022 to reimburse the Airport for eligible bond debt service payments, operating expenses, and capital expenditures. The Port plans to apply the balance of the funds in FY 2023 through FY 2025 to pay additional debt service, operating expenses and fund eligible capital expenditures. Use of such funds will allow the Port to strengthen its financial position by replenishing its cash balance and remaining financially resilient in the face of a projected slow, prolonged recovery in passenger activity at the Airport.
- The Airport's cost per enplanement (CPE) remains competitive across the three major gateway airports in the Bay Area making operating at OAK an attractive option to air carriers. To date, passenger activity at OAK has recovered quicker than both SFO and SJC. In addition, OAK benefits from having a diversified cargo and passenger carrier business; meaning the Airport is better positioned than most airports to withstand losses in passenger carrier operations which is the segment most impacted by the COVID pandemic.

- Domestic travel is expected to recover at a much quicker pace than international travel as travel to foreign countries remain riskier than travel to domestic destinations. As an airport catering mostly to domestic travel, OAK is expected to benefit from this trend. Southwest Airlines operates the most flights at the Airport and its fall 2021 schedule which runs from October 31 to January 4 restores 90% of its fall 2019 flight schedule. The schedule is however subject to change or cancellation depending on strength of passenger demand.
- Recent migration out of urban city centers in San Francisco to the East Bay and into OAK's primary catchment area bodes well for passenger growth at the Airport as new East Bay residents switch from using SFO to OAK as their primary airport for domestic travel.
- The pronounced use of minimum annual guarantees (MAGs), long-term and short-term fixed lease agreements means Maritime operations and revenues are less susceptible and therefore more insulated from the impact of COVID. In FY 2022, maritime revenues are projected to increase by 5.5%. Growth in cool/refrigerated cargo, meat and agricultural exports to Asia and Southeast Asian markets are expected to continue to offset decreases in import activities at the Seaport.
- Maritime anticipates first port-of-call services in FY 2021, continuing in FY 2022 and beyond bringing incremental cargo shipments to the Seaport with the potential to grow discretionary cargo rail transport to regions outside the Bay Area.
- CRE continues to serve a vibrant and growing local market. As more of the population is vaccinated, and state and local COVID orders are lifted, opportunities to host festivals at JLS has the potential to increase parking revenues and other variable rent in FY 2022.

Concerns and Considerations

- Personnel costs increase due to decrease in vacancy factor to 31 FTEs from 41 FTEs assumed in FY 2021. Pension costs are anticipated to be 41.9% of payroll in FY 2022 and projected to peak at 44.3% in FY 2024 before decreasing to 38.5% in FY 2025 and to 35.9% in FY 2026.
- Focus on regulatory compliance drive operating and capital expenses in FY 2022. Ability to complete and deliver major maintenance and capital projects in a timely manner is being addressed internally at the Port but remain a concern. Inability to replace aging infrastructure has the potential to impact Port operations and therefore the Port's ability to generate revenues in the future.
- The timing and magnitude of recovery in the airline industry and ability to add new services/routes to the Airport remain unknown. Losing passenger carrier service impacts the amount the Airport collects in terminal rent and activity dependent non-airline revenues such as parking, ground transportation and food/retail concessions.
- Declining rate of COVID vaccinations is likely to keep the U.S. from reaching herd immunity before the start of flu season later in calendar year 2021. As the world struggles to control the spread of COVID, mutations of the virus outside the U.S. may result in vaccine-resistant new variants that could infect and spread in the U.S. population causing a repeat of what transpired in the early part of FY 2021. Such a scenario has the potential to stifle and derail the Airport's path to recovery.
- While pent up demand for leisure travel is strong, the same cannot be said about business travel. Permanent changes to business travel behavior may put a cap on how quickly air travel rebounds from the steep declines observed in April 2020 back to the pre-COVID levels observed in FY 2019. Shifts to web based virtual meeting applications such as Zoom and Teams, and to permanent remote work arrangements in technology centric companies, may change how businesses approach employee travel and the frequency of travel.
- Airport CPE must be managed to maintain OAK's competitiveness against neighboring airports: SJC and SFO.

- Higher than pre-COVID unemployment rate, potential inflationary pressures impacting commodity prices could potentially lead to higher consumer prices for finished goods, decreased consumer purchasing power, followed by an enduring economic recession driven by higher interest rates; all of which may adversely impact all four revenue divisions at the Port.
- Maritime revenues surpassed budget projections in FY 2021 as proliferation of online shopping and demand for imported goods fueled a massive increase in cargo transport globally. As more of the country is vaccinated, it is not yet known if the demand for imported goods will continue to remain strong or be adversely impacted.
- Congestion at the Seaport if not addressed in a timely manner may lead to lost container business as containers are off loaded at the San Pedro Ports in the Los Angeles basin and transported up to the Bay Area which may adversely limit Maritime's ability to generate over-the-MAG revenues.
- Potential litigation may delay incremental Maritime revenues for space rental located at the Outer Harbor Terminal area.
- A large percentage of Maritime's CIP in FY 2022 focuses on utility related improvements. Terminal improvements to address aging infrastructure need to be addressed to keep facilities in working condition to support Maritime's core revenue generating businesses. Limited debt capacity and limited funds for capital investment in Maritime are a result of the current debt burden carried by Maritime which goes away in FY 2033 when the last of the bonds issued to fund Vision 2000 are paid off.
- Geopolitical and economic friction between the United States and China remains a real concern. The potential for renewed trade war with China and prolonged impact of COVID may negatively impact global trade and future business growth at the Port.
- Continued electrification of Port's businesses will increase electricity demand and require significant infrastructure investment to increase electric peak capacity.
- Port property spans over 4,700 acres, and aging infrastructure must continue to be addressed. The Port's infrastructure must also be able to accommodate industry changes such as growing vessel and aircraft size.
- Parking revenues and variable rent revenues within CRE's portfolio of properties are expected to improve as consumers return to retail and lodging establishments and as travel restrictions are lifted.

FY 2022 BUDGET

The table below summarizes the Port's FY 2022 budget.

Uses and Sources of Funds (\$000s)

	FY 2022 Budget
Uses of Funds	
Operating Expenses ¹	\$255,727
Debt Service ²	92,781
Capital Expenses	102,895
Restricted Cash Transfers	1,685
Other Expenses ³	12,218
Total Uses	\$465,305
Sources of Funds	
Cash from Operations	\$372,680
Grants/Rent Deferrals ⁴	53,651
Passenger Facility Charges (PFCs)	14,510
Interest Income	543
Cash Reserves	23,921
Total Sources	\$465,305

¹ Excludes depreciation.

² Includes \$10.4 million repayment of CP Notes and associated interest. Of this amount, approximately \$4.8 million of CP Notes and associated interest is anticipated to be repaid with PFCs. The interest rate on the CP Notes is assumed to be 1.30% in FY 2022.

³ Includes but not limited to CP Notes and bond related fees, General Services and Lake Merritt payments to the City, retroactive CalPERS pension payments for Airport service people, adjustment of Operating Reserve, and certain deferred maintenance costs that were recorded as prior year loss contingency.

⁴ The Port has not yet obtained grant funding for all capital projects included in the budget.

A comparison of the FY 2022 budget to the FY 2021 budget is provided in the following table:

**Comparison of FY 2022 Budget to FY 2021 Budget
(\$000s)**

	FY 2022 Budget	FY 2021 Budget	Change in Comparison to FY 2021 Budget
Operating Revenues	\$372,680	\$339,975	+\$32,704
Operating Expenses before Depreciation	\$255,728	\$234,922	+\$20,806
Operating Income before Depreciation	\$116,952	\$105,054	+\$11,898
Operating Income	\$4,595	(\$20,125)	+\$24,720
Debt Service – Bonds and Dept. Boating & Waterway Loan ⁵	\$82,332	\$93,101	(\$10,769)
Debt Service – Commercial Paper (CP) Notes ⁶	\$10,449	\$23,479	(\$13,030)
Intermediate Lien Bond Debt Service Coverage Ratio	1.81x	1.40x	+0.41x
Capital Budget	\$102,895	\$72,305	+\$30,590
Board Established Reserves	\$76,966	\$74,365	+\$2,601
Full Time Equivalents (FTEs)	515	515	0
Anticipated General Fund Balance on June 30	\$361,665	\$341,977	+\$19,688

⁵ In FY 2021, the Department of Boating and Waterways (DBW) Loan issued to finance the 1999 renovation of Jack London Square Marinas was refunded using proceeds of the Series R bonds. Consequently, the Port does not have any DBW Loan outstanding as of FY 2022.

⁶ Includes \$9.6 million repayment of CP Notes and associated interest. Of this amount, approximately \$4.8 million of CP Notes and associated interest is anticipated to be repaid with PFCs. The interest rate on the CP Notes is estimated at 1.30% in FY 2022.

ACTIVITY LEVELS

While activity levels are not directly correlated to both Aviation and Maritime revenues, they are important indicators of the strength of these business lines. Airport passengers are anticipated to increase 43.5% in FY 2022 over anticipated FY 2021 levels and then by 28.6% in FY 2023. Seaport Full TEUs are anticipated to increase 5.5% in FY 2022 over FY 2021 anticipated levels and then annually by 1.0% in FY 2023 to FY 2026. The table below show FY 2020 actual, FY 2021 anticipated, and FY 2022 budgeted Airport passenger and Seaport Full TEU activity levels for comparison purposes.

	FY 2020 Actual	FY 2021 Anticipated	YoY Change	FY 2022 Budget	YoY Change
Airport Passengers	9,493,637	5,220,000	(45.0%)	7,488,618	+43.5%
Seaport Full TEUs	1,885,303	1,975,090	+4.8%	2,083,337	+5.5%

For the FY 2023-2026 projection period, Airport passenger growth is assumed to grow by 28.6% in FY 2023 and then moderate to grow 10% annually in the subsequent three fiscal years, while Seaport Full TEUs are assumed to grow 1% per year starting in FY 2023. The following charts show historical and projected Airport passengers and Seaport Full TEUs for FY 2012-2026.

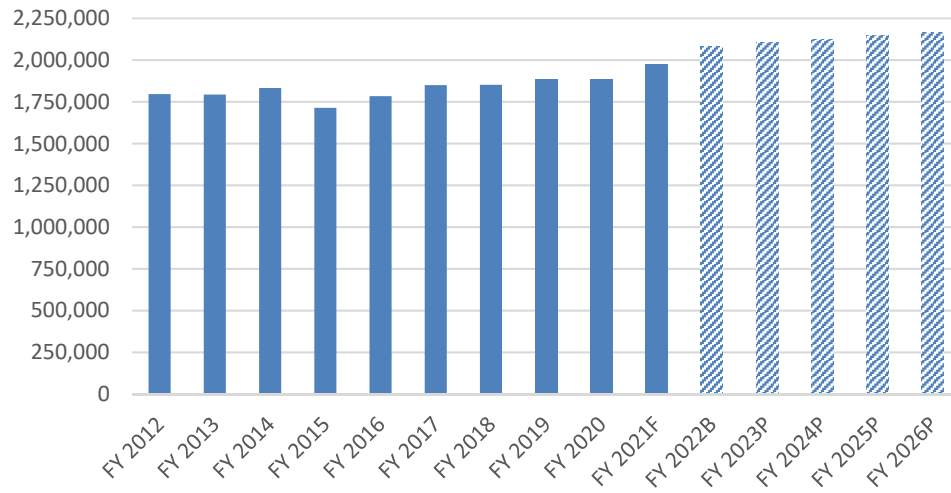


Compound Annual Growth Rate

FY 2012-2019: +5.1%

FY 2019-2026 projected: -0.9%

Maritime Full TEUs: Historical vs. Projected Trends



Compound Annual Growth Rate

FY 2012-2019: +0.7%

FY 2019-2026 projected: +2.0%

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OPERATING REVENUES

FY 2022 budgeted operating revenues of \$372.7 million, are \$32.7 million, or 9.6% higher than FY 2021 budget. In comparison to FY 2021 anticipated operating revenues of \$350.6 million, FY 2022 operating revenues are projected to increase \$22.0 million or 6.3%. The table below provides FY 2020 actual, FY 2021 budget, FY 2021 anticipated, and FY 2022 budgeted operating revenues by business line for comparison purposes.

Summary of Operating Revenues
(\$000s)

	FY 2020 Actual	FY 2021 Budget	FY 2021 Anticipated	FY 2022 Budget	Change in Comparison to FY 2021 Budget	Change in Comparison to FY 2021 Anticipated
Aviation	\$183,100	\$153,650	\$143,901	\$156,349	+1.8%	+8.6%
Maritime	159,633	154,830	167,770	176,930	+14.3%	+5.5%
CRE	16,484	15,646	13,780	14,633	(6.5%)	+6.2%
Utilities	16,698	15,850	25,196	24,768	+56.3%	(1.7%)
Total	\$375,915	\$339,975	\$350,647	\$372,680	+9.6%	+6.3%

FY 2022 budgeted Aviation revenues assume (i) 43.5% increase in passengers compared to FY 2021 anticipated actuals, (ii) lower terminal rental rates due to (a) a rent credit adjustment to reflect terminal rent over-collection in FY 2020, (b) increase in rentable space in terminal 1, and (c) use of Federal aid (CARES, CRRSA, and ARP) to pay the Airport's bond debt service payments, (iii) higher airfield revenues to reflect increases in both airfield capital and operating expenses, (iv) higher parking and ground transportation revenues vis-à-vis higher passenger traffic at the Airport, and (v) higher space rental revenues reflecting rent increase adjustments pursuant to existing and anticipated lease terms. Terminal concession revenues are expected to increase from FY 2021 anticipated actuals due to increased passenger traffic in the terminal building. However, because the Airport plans to administer the airport concessionaire relief program outlined in the American Rescue Plan on behalf of the FAA for the benefit of eligible concessionaires operating at the Airport, a substantial portion of terminal concession revenues will be reduced and replaced with grant revenue booked as non-operating revenues rather than operating revenues.

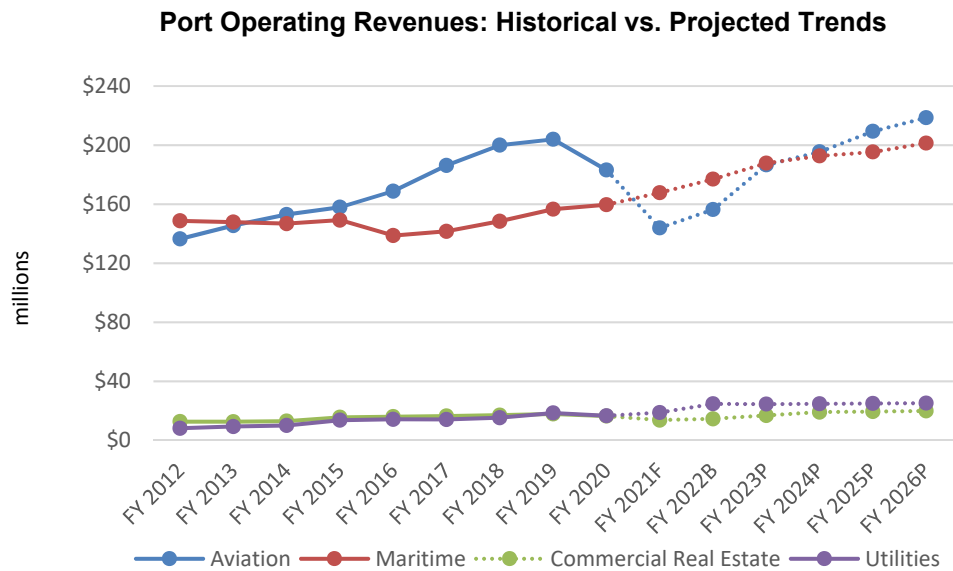
FY 2022 budgeted Maritime operating revenues assume Full TEUs are 5.5% higher and Empty TEUs are 1.0% higher in comparison to FY 2021 anticipated actuals, reflecting strength in global trade flows. Maritime revenues are based on assumed strong cargo volumes, new first port-of-call services, projected cargo shifts between marine terminals, scheduled rent increases, and anticipated new tenancies.

FY 2022 budgeted CRE revenues are based on travel and indoor dining restrictions abating leading to higher assumed parking revenues, percentage rent revenues, new leases and scheduled rent adjustments.

FY 2022 budgeted Utilities revenues assume increased volumetric use by Port tenants and increased costs of purchasing renewable electricity.

FY 2023-2026 Operating Revenue Projections

Port-wide operating revenues are projected to increase from \$372.7 million in FY 2022 to \$465.2 million in FY 2026, for a forecasted compound annual growth rate of 5.7% based on a number of assumptions including, but not limited to: passenger recovery and TEU growth rates, changes in Airline rates and charges, changes in transportation mode to and from the Airport, Maritime tariff increases, and lease revenues based on existing and anticipated lease terms. The chart below shows historical and projected revenues by business line for FY 2012-2026.



	Compound Annual Growth Rate	
	FY 2012-19	FY 2019-26 Projected
Aviation	5.9%	1.0%
Maritime	0.7%	3.7%
CRE	5.0%	1.6%
Utilities	12.3%	4.5%
Port-wide	3.8%	2.3%

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OPERATING EXPENSES

Overall, Port operating expenses (excluding depreciation) are budgeted in FY 2022 at \$255.7 million, an increase of \$20.8 million or 8.9% in comparison to FY 2021 budget as summarized in the table below. The change is driven primarily by anticipated increases in Utilities cost of sales, Maritime planning studies, port wide maintenance and repairs, parking and ground transportation, Aviation security costs, Maritime dredging costs, cooperative marketing expenses, insurance premiums, and personnel costs.

Summary of Operating Expenses (excl. Depreciation)
(\$000s)

	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change in Comparison to FY 2021 Budget
Personnel Costs	\$121,488	\$126,625	\$127,100	\$474
Contractual Services	78,187	83,019	95,343	12,324
General & Administrative	14,611	17,620	21,940	4,320
Supplies	5,764	4,814	5,795	981
Utility Cost of Sales	7,251	8,184	14,647	6,463
Departmental Credits ⁷	(5,922)	(5,340)	(9,097)	(3,756)
Total	\$221,379	\$234,922	\$255,728	+\$20,806 or +8.9%

Personnel Costs

Personnel costs are approximately 50% of the Port's operating expenses (before depreciation) and are budgeted to be \$127.1 million, an increase of \$0.5 million or 0.4% in comparison to FY 2021 budget. Personnel cost increases are driven by higher salaries and higher active health care costs, as summarized in the table below. FY 2022 budgeted salaries are \$67.8 million, or \$6.1 million higher reflecting increased hiring (previously frozen positions in FY 2021 are assumed filled in FY 2022), elimination of furlough days, and salary adjustments based on current labor MOUs (step increases). The Port's employer pension contribution is anticipated to increase \$2.0 million to \$28.4 million as higher salaries offset the anticipated decrease in pension rates from approximately 42.8% to 41.9% of wages on July 1, 2021. A budgeted \$6.0 million pension adjustment (GASB 68) in FY 2021 is not anticipated in FY 2022. Medical costs for retirees are budgeted at \$9.4 million and projected to decrease \$2.8 million, reflecting updated annual required contributions based on the most recent actuarial report. Medical costs for active employees are budgeted at \$10.7 million and projected to increase by \$1.0 million reflecting actual medical premiums on January 1, 2021, an assumed increase in medical premiums of 5.0% on January 1, 2022 and updated/assumed employee-elected coverages. The personnel budget also reflects a vacancy factor of 31 FTEs to reflect normal attrition. Other changes in personnel costs are based on recent experience, recent actuarial reports, or known or assumed rate increases.

⁷ Primarily allocation of Engineer staffing costs and related overhead to capital expenses.

Summary of Personnel Costs
(\$000s)

Personnel Costs	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change in Comparison to FY 2021 Budget
Salaries and Wages	\$61,776	\$61,639	\$67,767	\$6,128
Pension	37,455	32,769	28,790	(3,978)
Health Care - Retiree	6,855	12,152	9,350	(2,802)
Health Care - Active	9,163	9,690	10,726	1,036
Overtime	4697	3,615	3,886	271
Workers Compensation	(3,059)	2,360	1,870	(490)
Vacation/Sick Leave Accruals	1,868	1,900	1,919	19
Other ⁸	2,733	2,500	2,791	291
Total	\$121,488	\$126,625	\$127,100	+\$474 or +0.4%

Non-Personnel Operating Expenses

Non-personnel costs are budgeted in FY 2022 to increase by \$20.3 million, or 18.8% higher than the FY 2021 budget. Eight expenses, as listed in the table below, drive the increase in FY 2022 non-personnel costs.

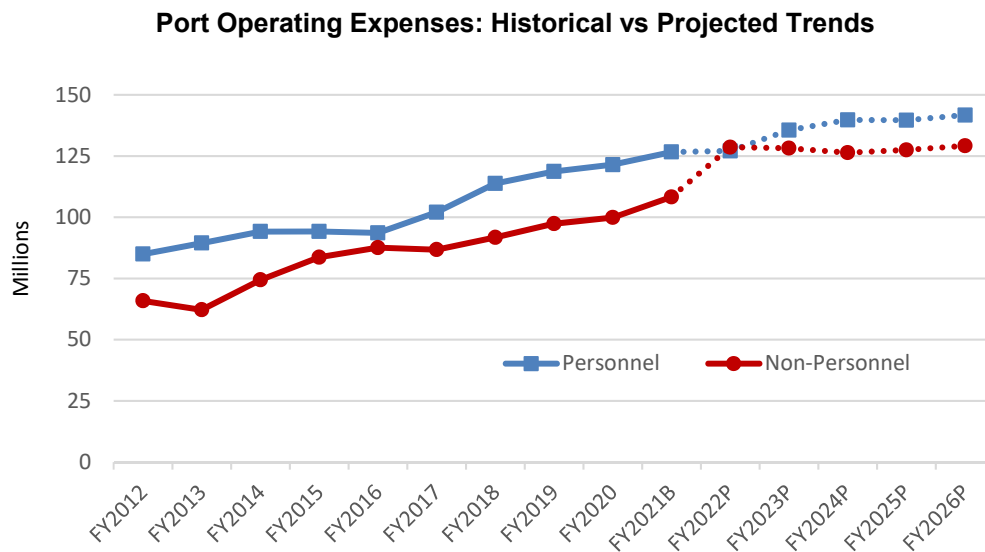
Significant Non-Personnel Cost Increase
(\$000s)

Item	Change in Comparison to FY 2021 Budget
Utilities Cost of Sales	\$6,463
Maritime Consulting	2,742
Maintenance & Repairs	1,847
Parking & Ground Transportation	1,669
Maritime Major Maintenance	1,510
Aviation Security	1,244
Cooperative Marketing and Advertising	918
Insurance Premiums	690
All Other (Net)	3,249
Total Non-Personnel Cost Decrease	\$20,332

⁸ Includes Medicare, life, disability and accident insurance, temporary help, wellness program, continuing education, professional development, training, professional licenses, unemployment insurance, Section 125 Plan admin fees, college/high school intern program, college tuition program, deferred compensation, meal allowance and physicals.

FY 2023-2026 Operating Expense Projections

Port-wide operating expenses (excluding depreciation) are projected to increase from \$255.7 million in FY 2022 to \$270.9 million in FY 2026, for a forecasted compound annual growth rate of 1.5%. The forecast assumes FTEs remain unchanged at 515, salary adjustments based on anticipated labor MOUs, medical premiums increasing 5.0%, pension costs rising and peaking at 44.3% of wages in FY 2024 before moderating to 38.5% in FY 2025 and 35.9% in FY 2026, and no additional changes in unfunded pension or retiree medical liability. This results in personnel costs increasing at a compound annual rate of 2.8% from FY 2022 through FY 2026. Non-personnel costs are assumed to grow nominally at a compound annual rate of 0.1% between FY 2022 and FY 2026. Parking and ground transportation expenses at the airport increase commensurately with the recovery of passenger traffic in FY 2023 and beyond. Major maintenance anticipated at \$4.1 million in FY 2023 then fluctuates between \$0.9 to \$1.3 million in the subsequent years while consulting decreases in FY 2023 before tapering off afterwards offsetting an assumed general non-personnel increase of 3% per year. The chart below shows historical and projected personnel and non-personnel operating expenses for FY 2022-2026.



	Compound Annual Growth Rate	
	FY 2012-19	FY 2019-26 Projected
Personnel	4.3%	2.6%
Non-Personnel	5.0%	4.1%
Port-wide	4.6%	3.3%

CITY PAYMENTS

The FY 2022 budget also includes the following payments to the City. These payments are included as either operating expenses or non-operating expenses in the budget.

City Payments (\$000s)

Item	FY 2022 Budget
Aircraft Rescue and Fire Fighting Services	\$6,307
General Services	1,463
Lake Merritt Maintenance	1,302
Maritime & Jack London Square Police Services	782
Landscape Lighting Assessment District	700
Community Facilities District (CFD) Payment to City	388
Personnel, City Clerk and KTOP Services	379
Treasury Services	371
Jack London Improvement District	168
Edgewater Median Maintenance ⁹	60
Fireboat/OPD Patrol Boat Maintenance	43
Total	\$11,963
Parking and Utility Taxes	6,030
Total including Taxes	\$17,993

CAPITAL BUDGET

Capital budget authorization totaling \$102.9 million is requested from the Board for FY 2022, which includes the capital projects listed in the table on the following page. The amounts shown in the table are expected expenditures in FY 2022 and do not include prior or subsequent fiscal year expenditures for projects spanning multiple fiscal years.

The capital budget has been developed to match staffing resources available based on a prioritization of staff resources for both expense and capital improvements. The FY 2022 budget reflects prioritization of health and life safety, regulatory compliance, policy and contractual obligations, and preservation and generation of revenue. Engineering staff have applied a resource allocation planning process in collaboration with the Revenue Divisions in order to realistically estimate the amount of work that can be accomplished in FY 2022 with existing staffing resources.

⁹ A payment to the City is not made. Instead, the Port incurs this cost on behalf of City-owned property

FY 2022 CAPITAL BUDGET

FY 2022 Capital Projects Summary	FY 2022 Capital Budget (\$ millions)	%
Airfield Projects (primarily Taxiways)	\$22.4	21.8%
Maritime (Seaport) Utility Projects	16.7	16.2%
Aviation Utility Projects	12.4	12.1%
Aviation Security Projects	10.4	10.1%
Airfield Perimeter Dike Improvements	8.5	8.3%
Aviation Terminal Projects	7.2	7.0%
Aviation Ground Access & Parking Projects	6.2	6.0%
Maritime (Seaport) Capital Equipment	3.3	3.2%
Aviation Capital Equipment	3.2	3.1%
CRE: Various Building & Tenant Improvements	3.2	3.0%
Marine (Seaport) Terminals Projects	2.2	2.1%
Maritime (Seaport) Electric Vehicle (EV) Charging Stations	2.0	1.9%
Seaport Logistics Complex Projects	1.9	1.9%
Aviation Facilities Maintenance Projects	1.4	1.4%
Portwide Miscellaneous Facilities Projects	1.2	1.2%
Information Technology (IT) Equipment & Systems	0.4	0.4%
Maritime (Seaport) Roadways Projects	0.3	0.3%
Total	\$102.9	100%

Provided below is a summary of the Port's FY 2022 Capital Budget by business line and anticipated funding sources.

FY 2022 Anticipated Capital Expenses – Uses of Funds by Business Line (\$ millions)

	FY 2022 Capital Budget
Aviation	\$72.1
Maritime	26.5
CRE	3.6
Support	0.7
Total	\$102.9

FY 2022 Anticipated Capital Expenses – Sources of Funds
(\$ millions)

	FY 2022 Capital Budget
Aviation Grants	\$26.4
PFC Pay-Go	9.5
LCFS Funds	2.4
Cash	64.6
Total	\$102.9

BOARD-ESTABLISHED RESERVES

Pursuant to Board policy, the following reserves will continue to be maintained for FY 2022:

Board-Established Reserves
(\$000s)

	FY 2022
Operating Reserve ¹⁰	\$31,966
Capital Reserve	15,000
Port Bond Reserve	30,000
Total Reserves	\$76,966

DEBT SERVICE AND DEBT SERVICE COVERAGE RATIOS

The Port's debt service payments and projected debt service coverage ratio for FY 2022 are provided in the table below.

Debt Service and Debt Service Coverage Ratio
(\$000s)

	FY 2022
Bonds	\$70,519
CP Notes (paid from operating revenues) ¹¹	5,469
Subtotal	\$75,988
Bonds (paid with CARES/CRRSA/ARP allocations)	11,813
CP Notes (paid with PFCs) ¹²	4,980
Total Debt Service	\$92,781
Bond Intermediate Lien Debt Service Coverage Ratio ¹³	1.81x

¹⁰ Established at 12.5% of Operating Budget (excluding depreciation).

¹¹ In FY 2022, the interest rate on the CP Notes is assumed to average 1.30%.

¹² Ibid.

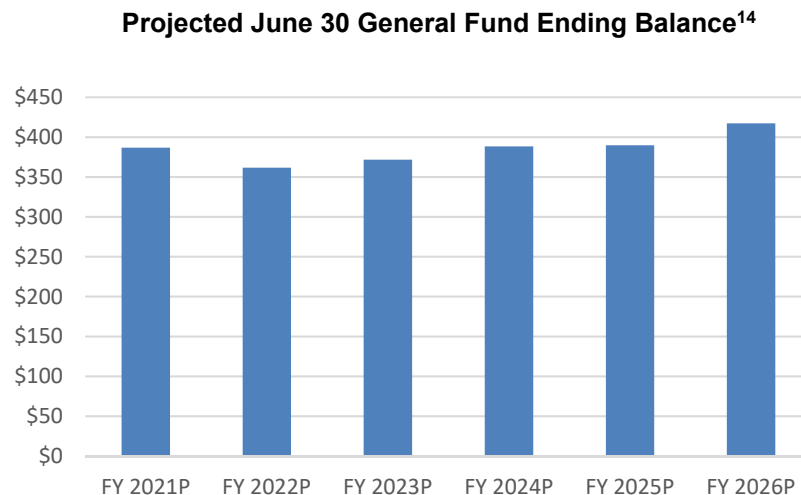
¹³ Bond Debt Service Coverage Ratio equals Net Revenues (as defined in the Bond Indentures) divided by the sum of the debt service on the Senior, DBW Loan and Intermediate Lien Bonds.

In FY 2022, the Port's debt service payment on its bonds is \$82.3 million, while CP note debt service totals \$10.5 million. However, only \$70.5 million of revenue bond debt service will be paid from Port revenues while the remainder (or \$11.8 million) will be paid from the Port's allocation of CARES, CRRSA and ARP funds. When factoring in the \$5.0 million of CP debt service that will be paid from PFCs, the amount of CP debt service that will be paid from Port revenues is only \$5.5 million. In FY 2022, planned CP debt service payment will be paid from a combination of Port revenues and PFCs.

The Port's debt service coverage ratio (DSCR) measures net operating revenues (that is, operating revenues less operating expenses) in comparison to debt service. Operating expense paid from non-operating revenues, and debt service paid from grant allocations such as those listed above are excluded from the coverage calculation. DSCR is an important financial metric that reflects both the resiliency and strength of the Port's current and projected future operating performance to meet debt service payments. In FY 2022, the Intermediate Lien debt service coverage ratio is projected to be 1.81x based on the methodology specified in the Port's Intermediate Lien Bond Indenture.

GENERAL FUND CASH BALANCE

The Port's General Fund balance is an important indicator of the Port's financial health. The General Fund balance changes daily and is used to pay day-to-day operating expenses, capital expenditures already under contract and anticipated in the 5-year CIP, semi-annual bond debt service payments, and all other accrued liabilities. The graph below illustrates the projected General Fund cash balance on June 30, 2021 through June 30, 2026. The projected General Fund balance reflects the FY 2022 operating and capital budgets, as well as the Port's updated 5-year financial forecast, including the 5-year CIP.




¹⁴ Excludes Board reserves and other restricted funds (such as PFCs, CFCs, contractor retention and Bond Trustee held reserves).

SUMMARY

The annual budget is a critical management tool essential for planning and prioritizing the use of our financial resources, and through which we build financially strong and sustainable business lines. I thank Port staff for their time and commitment to developing this budget as well as their dedication to serve as reliable stewards of public resources. I would also like to thank the Board for their leadership, guidance, and support of the FY 2022 Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie Lam". The signature is fluid and cursive, with the first name "Julie" and last name "Lam" clearly distinguishable.

Julie Lam
Chief Financial Officer

PORT OF OAKLAND COMMISSIONERS



Andreas Cluver
President



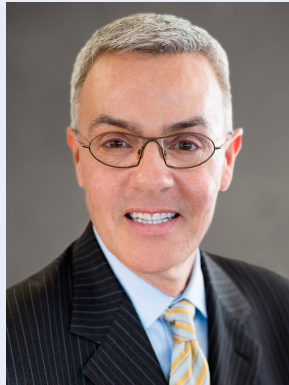
Barbara Leslie
First Vice-President



Yui Hay Lee
Second Vice-President



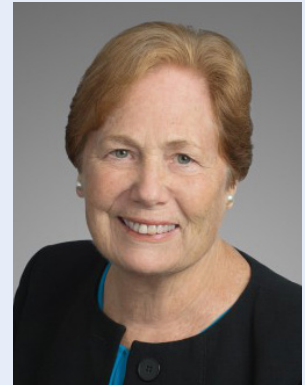
Cestra "Ces" Butner
Commissioner



Michael Colbruno
Commissioner



Arabella Martinez
Commissioner



Joan H. Story
Commissioner

Mission Statement

We are stewards of public assets. We lead our seaport, airport, and real estate businesses in a fiscally sound and socially beneficial way.

Vision Statement

The Port of Oakland is the preferred gateway for trade, travel and recreation.

Strategic Plan

In March 2018, the Board of Port Commissioners (Board) adopted the Port of Oakland Strategic Business Plan Fiscal Years 2018-2022 (Strategic Plan). The Strategic Plan provides a stable and adaptable policy framework to guide the Port of Oakland (Port) during the five-year period from 2018 to 2022.

Entitled *Growth with Care*, the Strategic Plan sharpens the Port's focus on the growth of its core maritime, aviation, commercial real estate, and utilities businesses by aligning governance, policies, processes, and resources while minimizing adverse impacts and maximizing community benefits. The Strategic Plan establishes that all Port activities are to be based on collaboration, accountability, and innovation, and further guides the Port to long-term fiscal and environmental sustainability and optimal performance. The Strategic Plan is an adaptable policy framework and is adjusted to changing business environments as has been warranted in recent years to adapt to the current global Coronavirus (COVID-19) pandemic. The Business and Port-wide objectives and strategies outlined below are key towards achieving these policy goals.

BUSINESS

Grow Revenues and Reduce Costs – The long-term plan is to grow the Port's core lines of business by accommodating growth in the markets it serves, and by increasing the Port's share of those markets while keeping costs low through efficiency and securing the best possible prices and rates for the Port's assets and services. The short-term strategic focus remains on COVID-19 and minimizing its impact to Port operations and finances.

The Port remains open for business following local, state, and federal COVID-19 guidelines to maintain a safe working environment for both Port employees and customers. The Port management team and staff remain vigilant and are prepared to take decisive actions as the business environment warrants to lessen the financial impacts of COVID-19, including growing Port maritime and utilities revenues to offset declining revenues in aviation and commercial real estate.

In an effort to reduce cost, the Port took advantage of historically low interest rates in November 2020 to refinance a combined \$544 million in outstanding debt and lower future bond debt service payments. The Port is ready to pursue additional debt refinancings when the opportunity arises.

To date, three major airport relief programs in the form of federal grants have been made available to airports impacted by COVID-19. The Port has elected to participate in all three programs to help offset a portion of lost aviation revenues, improve the Port's balance sheet, and put the Port in a stronger financial position. To manage costs, the Port is committed to control operating expenses taking into account activity levels at the Port, while balancing the need to complete major deferred maintenance work some of which is regulatory in nature.

Improve Customer Service – The Port's success is directly and indirectly dependent on its customers. The Port seeks to maintain and improve its relationship with its customer base and provide the best possible service.

Modernize and Maintain Infrastructure – To promote safety, sustainability, reliability, and long-term value, each business line has specific modernization and maintenance objectives to meet, notably development of long-term asset management plans; these objectives are at the core of the Port's responsibility to the community and are the basis for the Port's services.

PORT-WIDE

Pursue Employee Excellence - The Port will create and sustain a workplace culture of excellence and high engagement, foster innovation and growth, promote diversity and respect, and support the integration of the demands of work and life.

Strengthen Safety and Security - Safety and security are fundamental to everything the Port does; Port businesses are responsible to periodically test and refresh their business continuity and resiliency plans, as well as minimize security breaches, improve emergency readiness, and enhance Airport traveler and employee safety and security.

Serve Our Community - The Port will maximize the community benefit of Port projects, engage residents in neighboring communities, enhance existing and new relationships with the community, and invest in individuals and organizations that further the region's social and economic vitality.

Care for Our Environment – It is the Port's duty to ensure long-term ecological health and sustainability of its sensitive habitat and marine areas, as well as to be an environmental steward for the Port's local neighborhoods, public health, and quality of life for residents and workers.

The Port has established the goals outlined below to achieve the Port's mission and make its vision a reality. Details on the Port's Strategic Plan may be found on the Port's website at the following link:

[Port of Oakland Strategic Business Plan 2018- 2022¹](https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf)



¹ <https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

SAN FRANCISCO BAY AREA MAP



Port of Oakland Overview

The Port is an independent department of the City of Oakland, California (City). The Port manages four lines of business: Aviation, Maritime, Commercial Real Estate, and Utilities. Port facilities include Oakland International Airport (OAK; Airport); marine terminals, rail facilities for intermodal and bulk cargo handling and areas for truck staging, container storage and maritime support services (collectively, the Seaport); commercial, industrial, recreational, and other land under lease or available for lease or sale; undeveloped land; and water area (collectively, CRE); electrical substations, distribution lines, meters, and a mixture of varying duration energy contracts (collectively, Utilities).

The Port is located in the City, along approximately 19 miles of waterfront on the Oakland Estuary and San Francisco Bay (Bay). The City is one of 14 cities in Alameda County, and one of the three major cities in the nine-county region known as the San Francisco Bay Area (Bay Area), a large metropolitan area with a population of approximately seven million².

The majority of the Port's land was granted by the State of California (State) in the early 20th century, subject to the State Tidelands Trust, which requires that the land be used for statewide public purposes including commerce, navigation, fisheries, and other recognized uses. The Port acts as trustee on behalf of the State for all Port property.

GOVERNANCE

An amendment to the City Charter in 1927 delegates governance of the Port to a seven-member Board. The Mayor nominates the commissioners and the City Council appoints them. Port Commissioners serve staggered four-year terms without compensation and must be residents of the City.

The Board has complete and exclusive power over the Port. The Board has a duty for and on behalf of the City to manage all Port facilities and property, real and personal, all income and revenues, and all bond proceeds for seaport, airport, commercial real estate, and utilities improvements, and for any other purpose. The Board has the power under the City Charter to fix, alter, change, or modify the rates, tolls, fees, rentals, and other charges for the use of the Port's facilities and any services provided in connection with the Port's facilities. The Board appoints an Executive Director to administer operations.

Unlike some ports, the Port does not receive funding from local tax revenues and, as an independent department of the City, must generate sufficient revenues to support financially its day-to-day business line operations. However, the City does provide a variety of services to the Port, such as fire, police, and treasury services. The Port anticipates paying the City approximately \$18.0 million in FY 2022 for these services, as well as for maintenance of Tidelands Trust property, and for parking and utility taxes collected on the City's behalf.

² U.S. Census Bureau 2010.

PORT OF OAKLAND PROPERTIES MAP



Port Business Lines and Operations

The Port's major business lines generate and support economic activity locally, regionally, nationally, and globally.

AVIATION

OAK is one of three major commercial airports serving the Bay Area and has approximately 2,600 acres of aviation-related facilities. OAK is the second busiest Bay Area airport as measured by commercial operations, with an average of 370 daily passenger and cargo arrivals and departures in calendar year (CY) 2019. In the first seven months of fiscal year (FY) 2020, before restrictions were put in place to slow the spread of COVID-19, the Airport averaged 155 passenger aircraft departures a day to 54 domestic and international destinations, increasing to as many as 184 daily departures.

In CY 2020, the Airport served 4.6 million passengers, down 65% from CY 2019. Passenger service at OAK is anticipated to increase in FY 2022 as travel restrictions ease and consumer demand for air travel increases. OAK handled approximately 1.29 billion pounds of air cargo, virtually unchanged from CY 2019. All-cargo departures continue to average 35 per day to destinations around the globe and have not changed significantly due to COVID-19. Cargo volume remained steady during the first several months of the pandemic and then increased during the 2020 holiday season.

In FY 2020, Aviation generated approximately 48.7% of the Port's total operating revenues.³ Aviation operating revenues come from three primary sources: landing fees and terminal rents paid by airlines; parking and ground access charges; and leases and concessions. These revenue sources are expected to remain below FY 2019 levels but are projected to increase over several years as airline passenger traffic and airline activity levels recover at OAK.

MARITIME

The Seaport is comprised of approximately 1,300 acres of maritime-related facilities, including approximately 780 acres of marine terminals. The Seaport is one of the 10 busiest container ports in the United States, and one of four major gateways for containerized shipments on the West Coast of the U.S. It serves as the principal ocean gateway for international containerized cargo shipments to and from Northern California, California's agricultural Central Valley, and western Nevada. The Seaport is also a key gateway for the "Intermountain States" including western Colorado and Utah. In CY 2020, approximately 2.46 million twenty-foot equivalent units (TEUs) moved through the Seaport. Approximately 93% of this activity was associated with international trade, while the remaining 7% represented domestic trade within the U.S.

The Seaport generated approximately 42.5% of the Port's total operating revenues in FY 2020.⁴ Most of these operating revenues are derived from lease agreements with marine terminal operators. The impacts of COVID-19 were far lower than anticipated. Due to unanticipated growth in consumer demand and

³ Based on FY 2020 audited financial statements.

⁴ Ibid.

adjustments in the transpacific supply chain, the Port expects an increase in maritime activity in both FY 2021 and FY 2022, relative to prior projections.

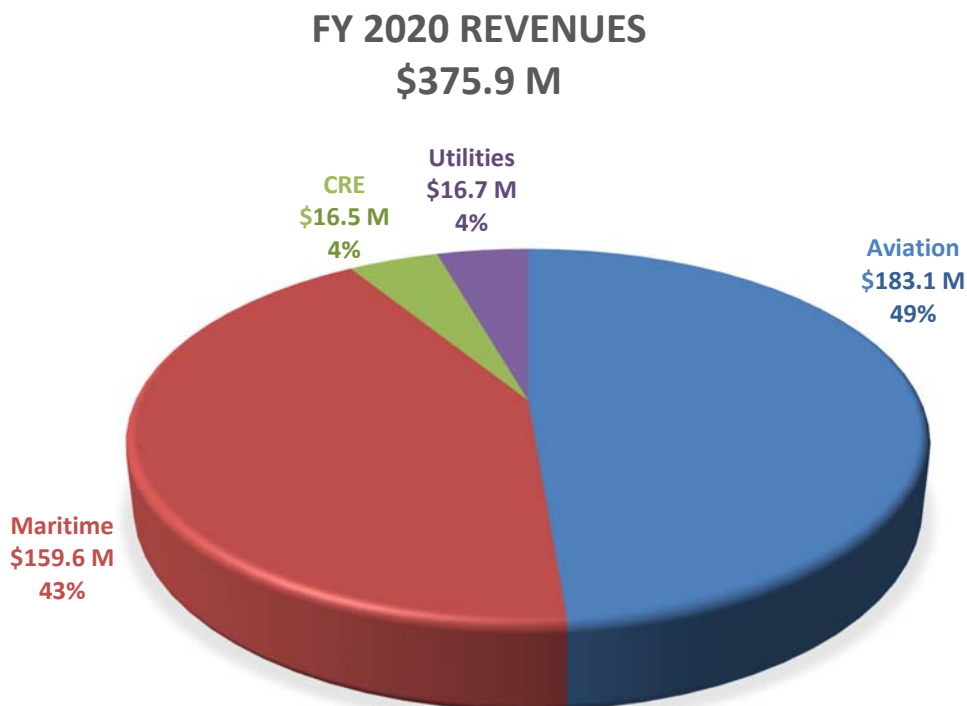
COMMERCIAL REAL ESTATE

CRE includes all Port properties not used for maritime or aviation purposes. These properties total approximately 837 acres of land along the Oakland Estuary and include warehouses, public parking, hotels, offices, shops, restaurants, as well as public parks and open space. In FY 2020, CRE generated approximately 4.4% of the Port's total operating revenues.⁵ CRE revenues are derived primarily from lease agreements and parking revenues and have been significantly impacted by COVID-19.

UTILITIES

The Port provides utility services (electrical, gas, water, and sewer service) to Port facilities (both tenant-operated and Port-operated) in support of the Port's Aviation, Maritime, and CRE business lines. In FY 2020, utility sales generated approximately \$16.7 million in revenue, with cost of sales at approximately \$7.2 million. Approximately 98% of the Port's utility revenues and 97% of the cost of sales were related to the sale of electricity.

In addition to electricity, Utilities provides water, gas, and sewer services to many Port tenants and the Port itself. These services are provided through retail transactions with the East Bay Municipal Utility District (EBMUD), and Pacific Gas & Electric (PG&E) as a passthrough. In FY 2020, Port utilities generated approximately 4.4% of the Port's total operating revenues.⁶



⁵ Ibid.

⁶ Ibid.

Aviation

OAK has served the air travel and air cargo needs of the Bay Area for over 90 years. In 1927, work crews constructed what was then the world's longest runway, a 7,020-foot long strip that served as the takeoff point for the first trans-Pacific flight from the U.S. mainland to Hawaii. The Airport received national recognition at its 1927 dedication when Col. Charles A. Lindbergh declared it "one of the finest airports" he had ever seen. It also was the departure point for Australian World War I ace Sir Charles Kingsford-Smith, who made the first flight between North America and Australia in 1928.

Famous aviators frequented OAK, including Albert Hegenberger, Amelia Earhart, Bessie Coleman, and Lester Maitland. OAK was also the West Coast terminus for United Airlines' newly introduced service to New York in 1937. The new DC-3s carried 14 passengers and made the trip in 15 hours and 20 minutes, with three stops. In 1962, Terminal 1 and Runway 12/30 were opened to accommodate growth and technological advancements in the aviation industry. A second eight-gate terminal (Terminal 2) was opened in 1985 and was expanded to a total of 13 passenger gates in 2007.

OAKLAND INTERNATIONAL AIRPORT TODAY

OAK is the second busiest of the three international airports serving the Bay Area based on total passengers served on a 12-month rolling basis. The Bay Area is the third largest U.S. aviation market behind metropolitan New York and the Los Angeles Basin. In 2019, OAK ranked 39th in the U.S. in terms of total passengers and 14th in the U.S. in terms of air cargo tonnage.⁷ It was the busiest Bay Area cargo airport with a market share of 57%. In 2020, OAK served 19% of the passengers originating or destined for the three Bay Area airports.

The Airport facilities are located on approximately 2,600 acres of land and include terminals, airfields, a consolidated rental car center, parking, air cargo, corporate and general aviation, a municipal golf course, and maintenance facilities. The Airport's commercial passenger terminals (Terminals 1 and 2) have a total of 29 gates and include the International Arrivals Building. The main commercial runway, Runway 12/30, primarily serves commercial air carrier operations and corporate jet departures. In addition, there are runways used primarily for corporate and general aviation purposes.



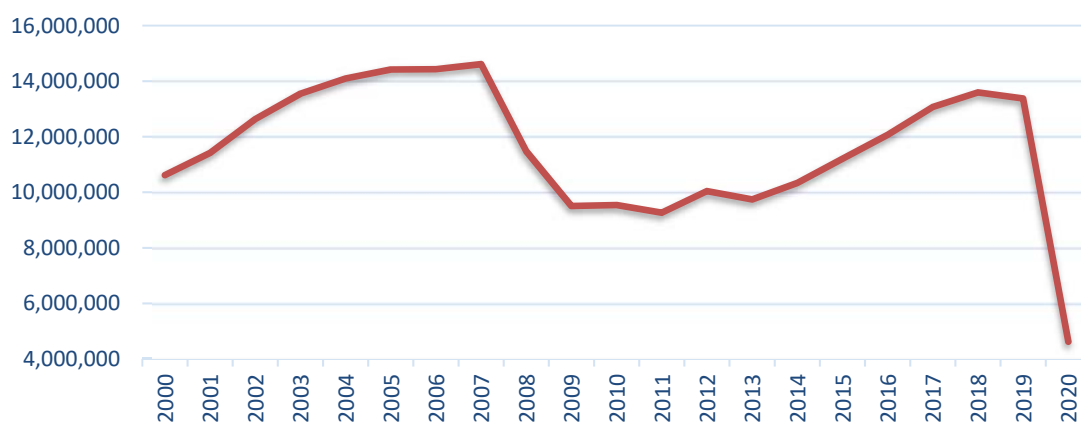
⁷ Based on reported data from individual airports and Airports Council International - North America.

PASSENGER SERVICE

OAK provides easy-to-use airport facilities and convenient access to the entire Bay Area. In CY 2020, the Airport served 4.6 million passengers. Although this was down 65% from CY 2019 levels due to COVID-19, OAK retained a greater percentage of its passenger traffic during the pandemic than the other two major Bay Area airports. For May 2021, OAK has scheduled nonstop service to 45 destinations with an average of 109 daily departures.

Passenger service at OAK continues to be fluid as air carriers monitor and respond to changes in passenger demand patterns. Southwest Airlines remains OAK's dominant carrier through the pandemic, and in CY 2020, had a 78% market share at OAK.

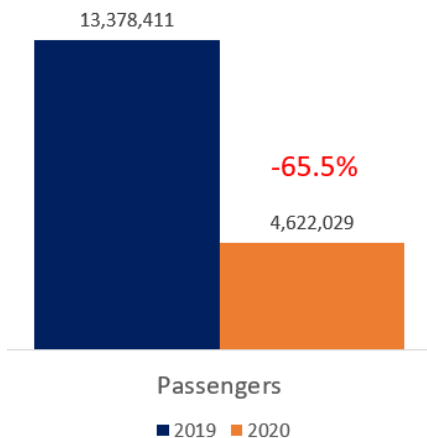
Aviation Passenger Statistics
CY 2000 through CY 2020



New nonstop service added or announced recently in the FY 2021 time period includes: Southwest to Eugene, Palm Springs, and Santa Barbara; new entrant Frontier to Denver, Las Vegas, and Phoenix; Delta to Los Angeles; JSX (formerly JetSuiteX) to Salt Lake City; Allegiant to Bozeman, Montana; and Spirit to Orange County. Many of the routes that were suspended due to COVID-19 have been restored to service as the recovery continues.



IMPACT OF COVID-19



As passenger traffic declined, all related Airport revenue streams were severely impacted. The most significant was in-terminal concessions – retail, restaurants, bars, cafés, wine bars, and the lounge. These operations were allowed to close and will not fully reopen until passengers return in greater numbers.

Other impacted revenue streams include: the rental car companies, which are operating with most of their fleets in long-term storage; third-party aviation service providers – passenger, baggage, ground and cargo handling; aircraft cabin cleaning, washing, and maintenance and repair; ground service equipment maintenance and repair; facilities custodial; aviation security; private security screening; skycap and wheelchair services; inflight catering; and, airplane fueling. These service providers have furloughed significant numbers of their staffs.

For the foreseeable future, minimum annual guarantee (MAGs) for these concessionaires may be suspended with just percentage-of-gross revenues being paid.

CORPORATE AVIATION

OAK has two fixed-base operators (FBOs) that serve local, national, and international corporate and dignitary customers with full-service facilities. FBOs provide fueling, maintenance, charter aircraft passenger services, and aircraft parking and storage on OAK's airfield and in Port-owned hangars. The two FBOs are: KaiserAir, Inc. (KaiserAir) which has operated at OAK since 1954; and Signature Flight Support (Signature), which commenced operations in late 2011 and acquired the holdings of Business Jet Center in 2013. Along with handling general aviation and corporate clients, KaiserAir also operates its proprietary (Part 121) aircraft with weekly scheduled flights to Hawaii. As OAK's newer FBO, Signature brings its expertise from operations at almost 200 airports across the U.S., Canada, Europe, Africa, Asia, and South America. Signature has completed a \$12 million investment in its leased facilities and expects to make significant capital investments during its lease term in an effort to improve Port-owned hangars and other airfield and support facilities. JSX (formerly JetSuiteX) has continued to grow its non-stop service from OAK to Burbank, Orange County, Phoenix, Las Vegas, and other destinations, operating through Signature's facilities on 30-seat jets.

AIR CARGO

In addition to its status as a major passenger airport, OAK serves the top two global air cargo leaders, Federal Express (FedEx) and United Parcel Services (UPS). OAK is the North American West Coast hub for FedEx. FedEx performs intermodal sorting and distribution of freight and overnight packages around the world. OAK also serves as the primary Northern California air cargo facility for UPS with a major off-Airport sort facility on land leased from the Port and on-Airport transfer and loading facilities.

In CY 2020, OAK handled approximately 1.29 billion pounds of air cargo (freight and mail), a 0.5% decrease from CY 2019. FedEx is the major operator of freight aircraft with an average of 22 departures per day and nearly 1 billion pounds of cargo handled in CY 2020. UPS operated an average of eight departures a day and handled 289 million pounds of cargo in CY 2020. Passenger airlines, general aviation aircraft, and a small number of charter aircraft carry the remaining cargo at OAK.

Aviation Operations At -A-Glance

Major All-Cargo Carriers:	FedEx UPS	
Number of Daily Departures: (passenger and cargo)	160 average (May 2021) 225 peak (CY 2019)	
Acreage:	2,600 acres (approximate)	
Passenger Facilities:	Two terminals (556,000 sq ft) 29 boarding gates	
Runways:	10,000 feet 5,458 feet 6,212 feet 3,376 feet	
Number of Employees:	8,500 Port and tenant employees (approximate) About one-third of tenant employees are in cargo-related jobs.	
Largest Airport Employers:	Southwest Airlines FedEx UPS Port of Oakland	Approximately: 2,900 (includes crew base staff) 1,300 320 261 (Aviation Division)
Public Parking:	7,000 vehicle capacity	
Cargo Sort Facilities:	FedEx UPS	
U.S. Customs:	International Arrivals Building (42,000 sq ft)	
Domestic Airlines (Marketing Carriers)		International-Only Airlines
Alaska Airlines Allegiant Air Contour Airlines Delta Air Lines Frontier Airlines Hawaiian Airlines	JSX KaiserAir Southwest Airlines Spirit Airlines	Azores Airlines (seasonal) Volaris



MARITIME

To accommodate growing international shipping demand in the first part of the 20th century, City voters approved bonds in 1925 to finance the construction and development of a municipal port overseen by an autonomous Board of Port Commissioners. Two years later, the Port was officially established as an independent department of the City. The maritime facilities would serve the Port for the next 40 years with relatively few changes, until containerized shipping dramatically altered maritime operations in the 1960s. The Port became one of the pioneers of large-scale containerization in the U.S. by becoming the first major port on the U.S. West Coast to build marine terminals for container ships.



PORT OF OAKLAND SEAPORT

To meet regional, national, and global cargo transport needs for the 21st century, the Port completed a major maritime expansion program in 2002, converting an area formerly occupied by the U.S. Navy into new container terminals, intermodal rail facilities, roadways, and public waterfront open space. Following this expansion, between 2003 and 2007, the Port acquired approximately 241 acres of land and water of the former Oakland Army Base (OAB), ideally located adjacent to then-existing Seaport facilities. Over time, the Port and its tenants are developing the former OAB into new maritime facilities, including a state-of-the-art logistics center known as the Seaport Logistics Complex.

INTERNATIONAL GATEWAY TODAY



The Seaport serves as a major gateway for international containerized trade, connecting U.S. markets with Asia, Central and South America, Europe, Australia/New Zealand, Indian Subcontinent, and Africa. Among other California container ports, the Seaport offers some of the shortest transit times to and from Asia, its primary regional trading partner.

In addition to Asia, other major trading partners (with direct service routes) include Europe, the Mediterranean, Australia/New Zealand, and Central and South America. The Seaport is primarily a second port of call, which, combined with its proximity to Asia and California's primary growing region, makes it a strong export seaport, moving California agricultural products and other U.S. goods overseas to foreign markets.

As a second port of call, the Seaport experiences import cargo growth primarily in direct relation to the strength of the local and regional economies, while export cargo varies with additional global economic factors such as the strength of the U.S. currency and consumer demand in foreign markets. In 2021, the Seaport has once again become a first port of call for some ocean carriers, which is expected to result in incremental growth of import cargo.

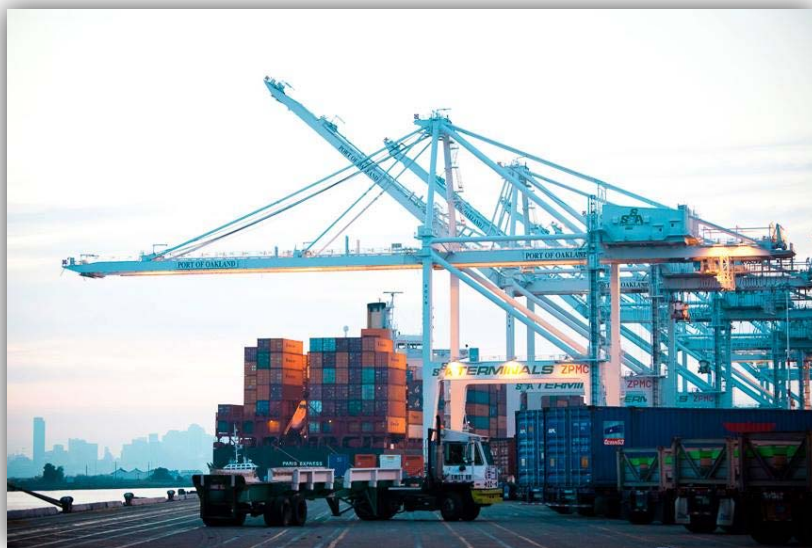
In CY 2020, approximately 2.46 million TEUs, or about 1.38 million containers, moved through the Seaport – a decrease of approximately 1.6% from CY 2019. In CY 2020, imports accounted for approximately 52% of all full TEU activity, while exports represented 48%. On the U.S. West Coast, this “balance” of imports and exports is unique to the Seaport. In CY 2020, approximately 93% of the Port's trade was with international regions/partners and approximately 7% was domestic. Asia is the Port's largest trading

partner; in CY 2020, about 76% of the full TEUs that moved through the Port either originated from or were destined for Asia.

Total cargo throughput in CY 2020 declined 1.6% relative to CY 2019 – full imports grew 2.1%, full exports declined 0.3%, and empty containers declined 9.5% – due to supply chain disruptions associated with COVID-19. However, the overall impacts of COVID-19 were far lower than anticipated. Anticipated growth rates in FY 2022, discussed later in this Budget Summary, reflect growth in consumer demand and incremental cargo from recent changes to distribution patterns within the transpacific trade, which currently are anticipated to continue through FY 2021 and beyond.

The Seaport is served by the Oakland Harbor federal navigation waterway, which generally consists of the Entrance Channel, the Outer Harbor, and the Inner Harbor. Directly alongside this waterway, the Port offers 18⁸ deep-water berths (most with 50 feet/15 meters of water depth), four active marine terminals (operated by four terminal operators under six separate agreements), 33 container cranes (of which 23 are Port-owned), and approximately 21,404 linear feet of deep water. Portions of the Outer Harbor Terminal (Berths 20-26), which closed to vessel operations in the spring of 2016, largely have been incorporated into the adjacent TraPac Terminal (formerly Berths 30-32, now Berths 25-33). In FY 2022, the balance of the Outer Harbor Terminal may be used by TraPac and a potential new bulk terminal tenant. The Charles P. Howard Terminal (Howard Terminal), previously operated as a container terminal, remains in use by tenants that provide maritime support services. The Port is currently limited in its ability to lease Howard Terminal for long-term uses because the Port is party to an Exclusive Negotiation Term Sheet For Howard Terminal with the Athletics Investment Group LLC d/b/a the Oakland Athletics, LLC for the potential development of Howard Terminal into a baseball park and mixed commercial/residential use.

All major ocean container carriers serve the Port, linking the Bay Area with direct all-water service routes to most of the world's major producing, consuming, and trading economies. The Seaport is backed by a network of local roads and interstate freeways, warehouses, and two Class I railroads – Burlington Northern Sante Fe Railway Company (BNSF) and Union Pacific Railroad (UP) that, together, link the Seaport to national markets, including the Midwestern U.S.



⁸ Functional berths based on current average vessel size.

SEAPORT FACILITIES



Maritime Operations At-A-Glance		
CY 2020 Cargo Vessel Arrivals:	1,258	
Deepwater Ship Berths:	18	
Container Gantry Cranes:	33 (23 Port-owned)	
Container Terminals Acreage:	780 acres (approximate)	
Railroads:	BNSF Railway Company Union Pacific Railroad	
Freeways Serving Port:	Interstate 80 (north & eastbound) 880 (southbound) 580 (eastbound) 980 (eastbound)	
Container Terminals	Operator	Berths
Ben E. Nutter Terminal	Everport Terminal Services, Inc.	35-38
Charles P. Howard Terminal	Various, ancillary uses only at this time	67-68
Matson Terminal	SSA Terminals, LLC	60-63
Oakland Int'l Container Terminal	SSA Terminals (Oakland), LLC	55-59
Outer Harbor Terminal	TraPac, LLC and various ancillary uses	20-24
TraPac Terminal	TraPac, LLC	25-33
Shipping Lines		
American President Lines (APL)	Maersk Line	Pasha
ANL	Matson	Polynesia Line
CMA-CGM	Mediterranean Shipping Company (MSC)	SeaLand
COSCO SHIPPING Lines	Ocean Network Express (ONE)	SM Line
Evergreen Line	Orient Overseas Container Line (OOCL)	Wan Hai Lines
Hapag-Lloyd		Yang Ming Line
Hyundai Merchant Marine		Zim
Major Exports		
Beverages	Iron/Steel	Prepared Fruits and Vegetables
Cereals	Meats	Waste Paper
Dairy Products	Oil Seeds/Oleaginous Fruits	Wood Pulp
Edible Fruits/Nuts	Plastic and Articles of Plastic	
Major Imports		
Articles of Iron/Steel	Furniture	Plastic and Articles of Plastic
Beverages	Glass/Glassware	Toys, Games, Sporting Equipment
Clothing	Industrial Machinery	Vehicles and Parts
Consumer Electronics	Paper, Paperboard, and Wood Products	
Electrical Machinery		

Source: Port of Oakland and U.S. Department of Commerce, Bureau of Census.

COMMERCIAL REAL ESTATE



A festival at Jack London Square

CRE includes approximately 837 acres of land along the Oakland Estuary that is not used for aviation or maritime purposes. Much of this land, particularly land located between the ferry terminal at Jack London Square (JLS) and Hegenberger Road, was historically used for industrial purposes. Over time, it is being transformed with new development, including entertainment uses, hotels, offices, shops, restaurants, industrial developments, as well as public recreational areas and open space.

Most of CRE's properties are leased to developers or tenants under long-term agreements, wherein the developer or tenant is responsible for the development, subleasing, operation, and maintenance of the improvements on the properties. The primary challenge for CRE is to enhance profitability of the Port's real estate portfolio in an environment of intense competition, competing interest group pressures, complex regulatory oversight, and the impacts of COVID-19.

CRE properties are categorized into four distinct geographic areas – JLS, Embarcadero Cove, Oakland Airport Business Park/Distribution Center, and Brooklyn Basin. Within each of these areas, there are a number of public parks and open space areas which, in total acreage, comprise approximately 75% of the total land area within the CRE portfolio. The most significant new development activity is occurring at JLS and Brooklyn Basin, as summarized below.

JACK LONDON SQUARE

The Port property that likely has the greatest direct visibility and familiarity to most Bay Area residents and visitors is JLS, a mixed-use, waterfront commercial development located along the Oakland Estuary at the foot of Broadway, approximately one-half mile from the City's downtown. The history of JLS dates back to the Gold Rush days when sailing ships carrying cargo, and ferry boats serving San Francisco and Oakland, docked at the foot of Broadway. In 1852, when the State Legislature incorporated the Town of Oakland, the first meeting of the board of Town Trustees was held in this location. JLS is named for American author Jack London, who wrote "The Sea Wolf" and many other popular books. Jack London spent much of his boyhood on the Oakland waterfront. The JLS area is steeped in a rich history of maritime activity.

Over the last 20 years, the Port has worked to strengthen JLS's traditional reputation as a restaurant, administration, and transportation center with the addition of complementary retail and entertainment venues. In March 2016, the Port approved the assignment of numerous long-term ground leases in JLS from Jack London Square Ventures to CIM Group. CIM Group is a prominent, nationally recognized, real estate investment company with substantial experience in developing and operating mixed-use complexes in urban areas throughout the U.S.

The Port is working with CIM Group on the remaining Jack London Square Phase II properties (JLS Phase II Project). The JLS Phase II Project is designed to emphasize JLS's natural character, intensify the activity in JLS, and enhance the public access and pedestrian experience along the waterfront. Portions of the JLS Phase II Project are complete. Once the JLS Phase II Project is fully constructed and operational, it is

expected to provide important public benefits, including 650 jobs during the construction phase (some have already materialized), up to 2,000 permanent jobs, an additional \$2.9 million in annual taxes for the City, and attractive new public waterfront access. These figures were developed prior to the COVID-19 pandemic and are expected to be revised downward.

In FY 2019, the CIM Group continued its efforts to attract tenants to the remaining available retail spaces in JLS and complete the associated tenant improvement work for those tenants. CIM Group secured new land-use entitlement approvals for two multi-family residential buildings adjacent to JLS on privately owned land, which, once constructed, will enhance the foot traffic at JLS. The first of these two buildings, Channel House - a 333-unit apartment building, was recently completed. CIM Group also recently secured final design review approvals for development of the previously approved hotel on the final remaining vacant JLS Phase II Project ground lease parcel owned by the Port. The second residential building as well as the planned hotel have both been approved by the City Planning Division but have not yet received building permit approvals from the City of Oakland.

Despite a competitive real estate market, approximately 95% of the Port-owned space at JLS is leased and new tenants have recently opened or plan to open soon, including:

- Seabreeze Café, a new restaurant occupying the former Il Pescatore space;
- Bridgegood, a graphic and digital arts workforce training company, located in the ground floor of the 530 Water Street building; and
- Oakland Assembly, a food-oriented market hall and restaurant collection intended to occupy the ground floor space of the 55 Harrison Street building by late 2021.

BROOKLYN BASIN

Over the next few years, the Brooklyn Basin waterfront district, an older, underutilized industrial area centrally located on the Oakland Estuary minutes from JLS and downtown Oakland, is expected to continue the substantial redevelopment currently underway to create a new residential neighborhood by a private developer, Zarsion-OHPI, LLC (ZOHP). The concept for the area is to transform the underutilized former maritime industrial district into a revitalized, mixed-use waterfront community known as Brooklyn Basin. The Brooklyn Basin Project site comprises approximately 64 acres of waterfront property bounded by Embarcadero Road, Oak Street, Tenth Avenue, and the Oakland Estuary. Approximately one half of the property is owned by ZOHP and the other half is still owned by the Port and leased to ZOHP. This project is expected to be completed in three to five phases over the next five to ten years.

The Brooklyn Basin Project will include housing (up to 3,100 units), up to 200,000 square feet of neighborhood serving retail space, public open space and parks (approximately 32 acres), and two renovated recreational marinas designed to maximize access to the shoreline and Oakland Estuary. Most of the pre-existing buildings on the site have now been demolished and the project infrastructure and a portion of the environmental remediation have been completed. Vertical construction of the first phase of residential units (approximately 450 units) and the first portion of the open space (approximately 8 acres) commenced in late 2017 and is almost complete, and the first market rate residential building containing approximately 241 units was completed in 2019 and is currently occupied. The second phase of the Brooklyn Basin Project, including additional residential units and open space, will commence vertical construction in the third quarter of FY 2021.

ZOHP estimates that the Brooklyn Basin Project will be a \$1.5 billion investment. Former California Governor Edmund G. Brown Jr. estimated that the Brooklyn Basin Project, when complete, would have the potential to deliver 10,000 short and long-term jobs.



Rendering of Future Brooklyn Basin Project

PARKS AND PUBLIC ACCESS

The Port's waterfront has evolved through the decades to include industrial, commercial, and recreational uses as well as significant public access areas. In 1999, the Port and the City approved The Oakland Estuary Policy Plan, which established public access policies for 5.5 miles of urban waterfront located between the Seaport and Airport. See *Parks and Open Spaces* section under Environmental Stewardship for more information. Approximately 630 acres of public parks and public access are located within CRE's portfolio of properties, comprising over 75% of the CRE portfolio of holdings. While these open space properties do not generate revenue for the Port, they provide an important waterfront recreational amenity for the public throughout the region. In the summer of 2016, the Port executed several Right of Entry Agreements with the City to enable the City to construct the last few small waterfront Bay Trail segments on CRE properties where gaps in the trail existed. To date, all but one of these new trail segments has been installed by the City. The City used Measure DD bond funds to construct these last few segments. Once the last new City segment is finished, the Bay Trail will be constructed on all waterfront properties within the CRE portfolio.

Commercial Real Estate Operations At-A-Glance		
Land Area Managed:	837 acres (approximate)	
Public Parking:	1,346 Port-owned spaces in Jack London Square	
Gross Sales: ¹	\$68.5 million	
Public Access and Open Space:	630 acres (approximate) 75% of total CRE land acreage	
Major Developments Planned or Constructed by Private Developer		
Jack London Square Phase II Project:		
Retail/Entertainment/Office Space	300,000 sq ft	completed
Public Parking Garage	1,100 spaces	completed
Full-Service Hotel	150 rooms	planned
Public Access Improvements throughout JLS		completed
Brooklyn Basin (Formerly called Oak-to-Ninth Avenue):		
Residential Units	3,100 units	under construction
Commercial Space	200,000 sq ft	planned
Marinas	2	planned
Open Space	32 acres	under construction
Current Tenant Mix		
Office Agreements	15	
Restaurant Agreements	9	
Retail Agreements	12	
Warehouse Agreements	10	
Hotel Agreements	5	
Various Other Agreements	34(Parking, Billboards, Radio Towers, Land, etc.)	
Land Use Standards ²		
The majority of CRE properties are subject to City land use jurisdiction, which is unique to the CRE holdings, as well as Tidelands Trust restrictions.		
The properties in the Oakland Airport Business Park are subject to Port land use authority.		
A few of the other regulatory agencies which may have regulations applicable to CRE properties are:		
San Francisco Bay Conservation and Development Commission	U.S. Coast Guard	
Regional Water Quality Control Board – San Francisco Region	U.S. Army Corps of Engineers	
California Air Resources Board	Federal Aviation Administration	
California Department of Toxic Substances Control		

¹ Sales generated by Port tenants and subtenants for CY 2020.

² May also apply to Aviation and Maritime properties.

UTILITIES

The Port provides utility services (electrical, gas, water, and sewer service) to Port facilities (both tenant-operated and Port-operated) in support of the Port's Aviation, Maritime, and CRE business lines. Capital projects related to utilities are included in the Port's 5-Year Capital Improvement Plan (CIP) related to these business lines.

The Port operates a publicly owned electric utility (POU) ranking 35th out of 50 in size in California. All Aviation customers are served by the Port POU, with approximately 200 customers. Approximately 80% of Maritime customers and a small number of CRE customers are served by the Port POU. The remaining customers are served by PG&E. The primary goal of the Port as a POU is to purchase energy at a wholesale rate, and resell at a retail rate to fund energy, infrastructure, and operational expenses. Port POU customers realize rates approximately 20% lower than those of surrounding utilities that include compliance with regulatory requirements, transmission payments, reliability, and clean energy programs.

The Port is the only major seaport and airport in California that operates a POU. While the responsibility of operating a POU creates complexities to Port business, it allows the Port to be a leader in demonstrating its commitment to local businesses, clean energy, and offering a cost-effective service to Port customers. In 2018, the State legislature passed Senate Bill 100, which increases the renewable portfolio standard (RPS) from 50% to 60% by 2030 and further mandates that by 2045, 100% of the electricity purchased for resale is procured from greenhouse gas (GHG)-free resources. Last year, the Port as a POU supplied 58.5% of Port customers electrical needs from carbon free and renewable energy; well surpassing State goals.

The Port provides and sells natural gas on a very limited, pass-through basis from the local investor-owned utility, PG&E. The Port provides water distribution and sanitary sewer collection infrastructure, through which EBMUD provides water commodity and sewer treatment services.

SECURITY



Airport and Seaport security continue to be a national concern. As reported in the media, the Federal Bureau of Investigation (FBI) and U.S. Department of Homeland Security (DHS) assess that U.S. commercial aviation continues to be a key target for certain foreign terrorist organizations. Perimeter security and insider threats (those posed by airport employees with access to sensitive areas at airports) are two current issues that all U.S. airports are working on in order to enhance the multiple layers of security. The Port continues to work with the Transportation Security Administration (TSA) to introduce risk-based screening and security initiatives to OAK.

At the Seaport, recently completed advanced security projects include completion of an Emergency Operations Center and upgrades to the Radio Frequency Identification (RFID) based Truck Positioning System. Looking ahead, the Port plans to modernize existing core systems, as well as incorporate various Advanced Traffic Management System (ATMS) capabilities. The overall goal of these efforts is to improve safety, security, and resilience and promote better information sharing among stakeholders during security or other significant events.

The Port works with local, regional, State, and federal law enforcement agencies and the private sector for security purposes. At OAK, the Port works with the TSA, U.S. Customs and Border Protection (CBP), and the Alameda County Sheriff's Office to implement TSA and other security-related regulations and best practices, and to evaluate and address law enforcement and security-related issues. The Airport also uses a private security firm for additional security needs. At the Seaport, the Port works with the U.S. Coast Guard, CBP, California Highway Patrol, Oakland Police Department (OPD), Alameda County Sheriff's Office, and maritime tenants and customers to enhance and enforce security measures. Security requirements and regulations continue to evolve as various agencies, such as the DHS, respond to and learn from anticipated threats and security events. The cost of meeting security guidelines is rising as more requirements are put into place and as newly installed infrastructure must be operated and maintained at direct cost to the Port. For areas within the CRE portfolio, including public areas such as JLS, the Port relies on private security firms to help ensure safety of the public and security of Port facilities, in cooperation with the OPD.

Where applicable, the Port will continue to apply for federal and State grants to fund security system enhancements and to operate and maintain existing infrastructure protection systems.

In the Information Technology (IT) Division, Port staff continues to elevate its cybersecurity posture. IT does regular vulnerability assessments and has a current roadmap to strengthen its defense. Employees are regularly trained on how to watch for new attack methods and how to spot them both in business and in their personal lives.

COMMUNITY CONNECTION

The Port embraces its role as a socially responsible enterprise, recognizes that its business and operations can profoundly affect the community and the environment, and takes special care to promote the economic, social, and environmental well-being of the City and its neighboring communities. The Port is constantly seeking to improve and enhance its community engagement, building on some of the following programs:

- For over 19 years, the Port has provided summer jobs, work experience, and exposure to a careers program. An internship can be a student's very first job or a stepping-stone in a career path that can help open doors and opportunities for the future.
- The Port regularly engages with the community year-round at internship fairs, business expos, community festivals, and community meetings. The Port co-hosted the annual "Port Day" at Children's Fairyland and "Aviation Day" for local students at OAK. However, following the COVID-19 shelter-in-place orders, community outreach activities were switched to online gatherings or eliminated altogether.
- The Port uses several platforms and tools to communicate with the public. The Port's website <https://www.portoakland.com/> includes a Chat feature, as well as an online request and response system for public records. The Port encourages the public to find the Port on each of the following platforms: Facebook, Instagram, Twitter, and YouTube.
- Prior to the COVID-19 pandemic, the Port offered unique opportunities to learn about its Seaport operations through harbor tours, which were free and open to the public. Videos showing the Port's community engagement are also available on the Port's YouTube channel.
- To ensure that its economic benefits are shared in surrounding communities, each year the Port provides community investments through a variety of grants for charitable and community-based organizations. In an effort to support the goals of its four enterprises, Airport, CRE, Seaport, and

Utilities, its grants are made in three program areas: (1) Economic Vitality; (2) Environmental Sustainability; and (3) Workforce Development and Education.

- As the Port operates, it ensures that its neighboring communities benefit from its success. The development agreement with Oakland-Development LLC (CenterPoint) to develop a logistics facility with modern distribution centers on Port property that once housed the OAB, includes a groundbreaking jobs policy envisioned as an economic driver and job generator. Among the stipulations are: preferences for hiring local residents; special consideration for disadvantaged residents including the chronically unemployed, single parents, formerly incarcerated, and military veterans; and funding for a local, community-based workforce development partner, the West Oakland Job Resource Center, to train workforce candidates and provide the opportunity to refer job applicants.
- The Port holds project-specific meetings in various locations across the City and the region or online (during shelter-in-place orders) to exchange information and obtain community input on the impact of various Port projects, job opportunities, and overall community benefits of the project.
- The Port works with its stakeholders, including business partners, customers, regulatory agencies, environmental organizations, and the local community to develop and implement environmental stewardship programs, which reduce air pollutant emissions from goods movement and promote a healthier environment and quality of life for the Port's neighboring communities. The Port has developed public engagement plans for the Seaport Air Quality 2020 and Beyond Plan, the West Oakland Truck Management Plan, and the OAB redevelopment.
- The Port created the Aviation Stakeholder Committee to assist in the development of the Master Plan for OAK. Since completion of the Master Plan in 2006, the committee continues to meet quarterly to strengthen the relationships between OAK and its neighboring communities. Additionally, OAK began stakeholder engagement on the proposed terminal modernization and development project in November 2020.
- The Port participates in the Truckers Working Group (TWG), the longest-standing regular forum for community engagement on Port trucking issues. The TWG is attended primarily by the Port, motor carriers serving the Seaport, truck drivers, brokers, shippers, terminal operators, and ocean carriers. Community members and government/regulatory agencies also attend routinely. The Port also continues to manage the Port Efficiency Task Force (PETF), working with its supply chain tenants and other partners to find ways to minimize congestion and increase operational efficiency.
- The Port participates regularly in the Jack London Improvement District Board meetings, which are held monthly, to engage with neighboring businesses, residents, and community leaders on issues related to CRE properties in JLS as well as issues affecting the entire Jack London District in Oakland.



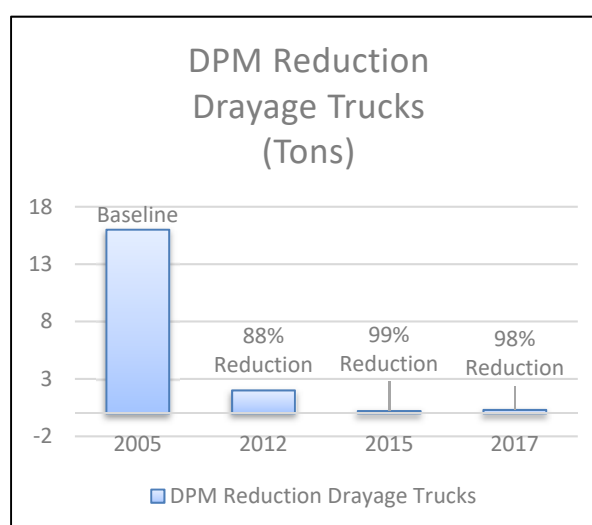
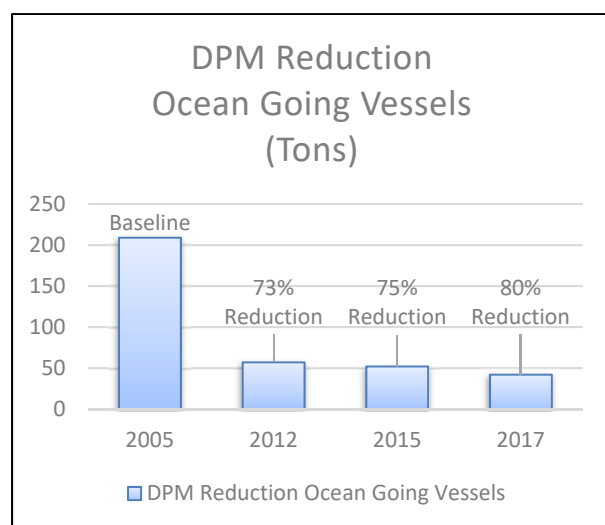
Community Meeting on Zoom

ENVIRONMENTAL STEWARDSHIP

AIR QUALITY

The Port has numerous programs to reduce emissions and improve air quality such as electrified airport ground support equipment, seaport cargo handling equipment retrofits, drayage truck replacements, shore power for ocean going vessels, and gateside power for aircraft. The Port continues to seek efficiencies in the design of its infrastructure and facilities layout, such as marine terminals and access roads, as well as information technology systems to provide for less-congested operations at the Seaport and Airport, thereby contributing to emissions reductions.

In 2008, the Port adopted the Maritime Air Quality Policy Statement (Policy Statement) and in 2009, the resultant Maritime Air Quality Improvement Plan (MAQIP), which established the goal to reduce the health risk related to diesel particulate matter (DPM) at the Seaport by 85% by 2020 compared to a 2005 baseline. The Port's overall DPM emissions reductions from the baseline year 2005, which includes emission reduction from ocean going vessels, drayage trucks, tugs, rail, and other cargo handling equipment, resulted in 80% DPM reduction by 2017. The Port is currently conducting its 2020 Seaport Emissions Inventory update and results are anticipated later in 2021.



In 2019, the Port approved its new maritime air quality plan – the Seaport Air Quality 2020 and Beyond Plan. Among the issues addressed in this plan are GHG reductions, local exposure reduction and the transition of diesel equipment to new technologies, including zero and near-zero emissions equipment.

At the Airport, the Port embarked on a variety of air quality initiatives that minimize the impact of airport operations on local air quality. On the landside, the Airport uses compressed natural gas (CNG)-fueled shuttle buses and provides publicly available alternative fuel infrastructure, including a CNG fueling station and 21 parking stalls dedicated to electric vehicle charging. On the airside, the Airport offers pre-conditioned air, 400Hz power and charging for electric ground support equipment (GSE) at each of the 29 gates used by OAK's air carriers; this provides air carriers with an opportunity to minimize emissions from jet fuel while parked at the gate and to transition to all-electric GSE.

Port tenants make many of the decisions that affect air quality at OAK. The Port continues to work closely with its tenants to educate and implement a variety of innovative and environmentally beneficial programs.

PARKS AND OPEN SPACES

The City of Oakland's waterfront has evolved through the decades to include industrial, commercial, and recreational uses as well as significant public access and restored natural habitat areas. The following are the major public access and open space areas along the Oakland waterfront (social distancing required in parks during shelter-in-place orders related to COVID-19):

- *Port View Park and Middle Harbor Shoreline Park (MHSP)* – These two parks, located in the Middle Harbor area of the Seaport, are physically connected. Together, they comprise approximately 40 acres of park and open space property adjacent to the Seaport's large marine terminals. MHSP features include an informal amphitheater, significant open space and natural areas, interpretive exhibits, an observation tower, nature trails, and views of the Bay and surrounding communities. MHSP provides observation points where visitors can view active marine terminal operations and shore birds. Port View Park has the added attractions of a play area for children, a small history museum (open by appointment), bayside walkways, and a public fishing pier.
- *Union Point Park* – Union Point Park comprises nine acres of property located in the San Antonio/Fruitvale district. It is leased by the Port to the City to create waterfront-oriented recreational open space near the San Antonio and Fruitvale neighborhoods, which have a high density of children.
- *Martin Luther King, Jr. Regional Shoreline* – This shoreline park comprises approximately 600 acres of land and water area in the Oakland Airport Business Park. The Port leases this park to the East Bay Regional Park District (EBRPD). The regional shoreline offers facilities for picnicking, fishing, hiking, bicycling, boating, viewing of natural habitat areas, and related bird watching.
- *Estuary Park and the Jack London Aquatic Center* – Estuary Park is a seven-acre City park located on property leased from the Port. The Port helped fund the construction of the Jack London Square Aquatic Center, a 16,000 square-foot multi-purpose boathouse and community center located adjacent to Estuary Park at the entrance to the Lake Merritt Channel.
- *Portions of the San Francisco Bay Trail* – 19 miles of the 450 miles of San Francisco Bay Trail will be located in the City and Port when this regional public access project is completed. The Port has already constructed and improved numerous segments of the San Francisco Bay Trail on Port-owned properties located between JLS and Embarcadero Cove, as well as other public access segments within JLS and connector trails, such as the Class I bicycle trail along Ron Cowan Parkway at OAK. Significant portions of the Bay Trail have also been constructed by the Port and the City to link bicycle and pedestrian access between the cities of Emeryville, Alameda, Oakland, and San Leandro.
- *Brooklyn Basin* – Construction of approximately 32 acres of public open space on land leased from the Port is planned as part of the mixed-use development project at Brooklyn Basin. Construction of the park and open space areas is anticipated to occur in phases. Some of this public open space is open as of spring 2021, including the Township Commons. When completed, the park and open space areas will provide significant new public access for the Brooklyn Basin area of the Oakland Estuary for Oakland residents and visitors.



Middle Harbor Shoreline Park Coastal Cleanup

WETLAND AND HABITAT RESTORATION

The Port is committed to providing open space and, where feasible, habitat restoration as part of its development activities and operations.

Over the years, the Port has been directly involved in several regional wetland restoration projects, including Arrowhead Marsh at Martin Luther King Jr. Regional Shoreline, Sonoma Baylands in Sonoma County, Damon Slough Seasonal Wetlands within the Oakland Airport Business Park, and the Hamilton Base Wetlands Restoration Project in Marin County. The Port continues to support U.S. Army Corps of Engineers activities to complete the 180-acre Middle Harbor Enhancement Area (MHEA), a former U.S. Navy vessel berthing area in the Middle Harbor, located adjacent to MHSP. The MHEA demonstrates the benefits of reuse of dredged materials (from the Port's -50-foot harbor deepening/dredging project) to restore in-bay shallow water tidal habitat areas for plant and animal life and shoreline resiliency.

GREEN DESIGN

The Port includes green building features in its new developments and facilities, starting with the OAK Terminal 2 concourse extension, which was the first airport passenger terminal awarded the Leadership in Energy and Environmental Design (LEED) Silver Certification by the U.S. Green Building Council. The Airport's 236-foot air traffic control tower was designed to LEED-Gold standards and incorporates significant green systems, including solar power, geothermal heating, and rainwater storage. The design and construction of OAK's Terminal 1 Retrofit and Renovation Program has followed LEED principles and standards such as high recycled content of building materials, use of certified wood, reuse of construction materials, on-going green cleaning program, and use of daylight harvesting, occupancy sensors, and light-emitting diode (LED) lighting. The mezzanine portion of the construction received LEED-Gold certification in January 2019.

The Port Sustainability Policy implementation procedures promote the consideration of sustainability features, such as solar energy, water recycling, and reuse of materials, in development projects at the Port.

STORM WATER MANAGEMENT

The Port is implementing the requirements of the State's National Pollutant Discharge Elimination System (NPDES) permits including, but not limited to, discharge of storm water from certain construction activity, certain industrial activity, and from the Port's municipal separate storm sewer system (MS4).

- **Construction and Industrial Activities:** The Port works with its tenants to help prevent contaminants from entering the Bay from industrial operations and construction projects. The Port conducts pollution prevention training sessions, performs inspections, and monitors storm water discharge at various sites at the Port.
- **MS4:** In 2013, the Port established its MS4 program to reduce pollutants in storm water discharges and eliminate unauthorized non-storm water discharges to the Port's MS4. General elements of the MS4 program include public education and outreach, public involvement and participation, illicit discharge detection and elimination, construction site storm water runoff control, post-construction storm water management, and program effectiveness assessment. To support implementation and administration of the MS4 program, the Board adopted the Port Storm Water Ordinance on January 15, 2015.

The Port is actively engaged with State and Regional Water Quality Control Boards in the effort to draft the next 5-year Municipal General Permit that applies to the Port. The new permit will have new provisions including implementation of a Full Trash Capture Program and programs to address pollutants of concern.

GROUNDWATER AND HAZARDOUS MATERIALS MANAGEMENT

The Port actively conducts soil, groundwater, and soil gas remediation activities across all business lines to comply with federal and State law and protect human health and the environment with oversight from various local, State, and federal regulatory agencies. The Port also oversees storage, transportation, and disposal of Port-generated hazardous, non-hazardous, and universal wastes in accordance with all local, State, and federal regulations to permitted disposal facilities.

SOCIAL RESPONSIBILITY

The Port administers policies and programs that contribute to the vitality of the City and surrounding communities. The Port aims to facilitate inclusion, fairness, equity, and access to economic opportunities, programs, and services of the Port for the people and businesses in the Port community. Port activities include:

- Engaging key stakeholders in policy and program development to promote the Port's social responsibility goals including promoting local hiring, utilizing local and small businesses, supporting initiatives that promote economic vitality, environmental stewardship, and workforce development;
- Administering and managing federal, State, local, and Port policies and regulatory requirements as they relate to economic and equal employment opportunity;
- Ensuring that the Port and its contractors, vendors, and tenants fulfill their regulatory compliance requirements (i.e., federal, State, local, and Port mandates);
- Strengthening the Port's commitment to strategic collaboration and outreach with key stakeholders (Port staff, contractors, tenants, vendors, and community partners and residents) to promote equitable workforce development strategies and maximize economic opportunity and development in the Port's community; and
- Defining, developing, and administering a comprehensive community education and engagement program in support of Port projects that are most critical to the Port's mission, goals, and objectives. More information about these programs is available on the Port's website, <https://www.portoakland.com/>.

ECONOMIC IMPACT

The Port is a driver of economic activity and growth in the region. Economic development is at the center of the Port's work, primarily driven by cargo activity at the Seaport, passenger and air freight activity at OAK, various leasing activity in the CRE area, as well as through revenue generated from Utility sales. The Port's investment in marine terminals, airport infrastructure, commercial real estate, and utility services helps support these business lines. According to the Port's economic reports, the Port, along with its tenants and customers:

- Supported more than 84,000 jobs across the region (direct, indirect, and induced); 20% of those jobs being Oakland-based;
- Touched more than 1 million jobs across the country (trade, travel, and tourism related jobs);

- Created an overall annual economic value—from business revenue, consumer spending, and total value of goods and services—of \$130 billion;
- Directly generated \$698 million in annual local, State, and federal taxes; and
- Directly generated more than \$5.6 billion in personal income.

Trade, travel, and tourism related jobs generated by the Port have numerous positive characteristics, including:

- The majority of Port-related jobs are above-average wage jobs;
- Port-related jobs generally cannot be outsourced overseas; and
- Port opportunities range from entry-level to advanced-degree jobs.

The Port's economic impact numbers are based on the last comprehensive study⁹ of Port activity levels, which was conducted in 2018 based on 2017 calendar year data.

These numbers will undoubtedly trend downward in the immediate future due to local to global impacts from the COVID-19 pandemic. At the time of this publication, there is not enough information available to know how long business, jobs, and economic recovery will take.

FINANCIAL POLICY GUIDELINES

GENERAL GUIDELINES

- The basis on which the budget is prepared is consistent with the basis of accounting used, as promulgated by the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 1700.116. The operating budget is presented on the accrual basis of accounting, wherein revenues are recognized when they are earned, not when received, and expenses are recognized when they are incurred, not when paid.
- The Port adopts a balanced budget in which total sources equal or exceed total expenditures.
- All known expected revenues and expenses are reflected.
- Expected future revenue, which may not have signed contracts, is budgeted to the extent such expectation is reasonable.
- Incremental revenue from new capital projects, some of which are completed and others of which are expected to be completed within the budget period, are included as revenue only to the extent such expectation is reasonable.
- The capital planning process and development of the 5-Year CIP is primarily focused on regulatory compliance, life and safety, and revenue maintenance projects. The Board approves a Capital Budget every year, and if costs exceed a pre-determined amount, the Board must grant contract authority before funds can be disbursed or encumbered.
- Funding sources for operating and capital expenditures are identified, including Port-generated cash, debt proceeds, grant proceeds, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), and Cap & Trade and Low Carbon Fuel Standard (LCFS) credit sales.
- The City Charter requires the Port to send its adopted budget to the City by the third Monday in July.

⁹ Economic Impact of the Port of Oakland – 2018, Martin Associates.

BOND COVENANT

- The Port's Bond Indentures require a minimum debt service coverage ratio (DSCR) of 1.25 for Senior Lien and 1.10 for Intermediate Lien debt service.

BOARD RESERVES

- Port Operating Reserve Fund established at 12.5% of operating expense budget.
- Port Bond Reserve Fund (separate from Debt Service Reserve Funds held by Trustee) established at \$30 million.
- Capital Reserve Fund established at \$15 million.

FINANCIAL REPORTING PRACTICE

- Financial statements are prepared in accordance with accounting principles generally accepted in the U.S., as promulgated by GASB and audited by independent external auditors.
- A Comprehensive Annual Financial Report (CAFR) is prepared which includes: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and other statistical data.
- Monthly unaudited financial statements and quarterly capital budget variance reports are prepared and distributed to the Board to monitor performance and determine if corrective action is needed.
- The external auditors prepare an annual management letter addressed to the Board.
- The Port is an independent department of the City and accounted for as a discrete component unit of the City. The Port maintains separate accounting records and issues a CAFR that is incorporated into, but reported separately, in the CAFR of the City.
- The Port does not use fund accounting. For budgeting purposes, the Port reports all of its operations similar to a single enterprise fund.

An aerial photograph showing a large container ship with a blue and red hull being moved by a barge in a canal. The ship is being towed by a tugboat, and the water is green. The text "OPERATING BUDGET" is overlaid in a white box.

OPERATING BUDGET

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 revenues and expenses and for Port-wide non-operating income and expenses. The Port's operating budget is intended solely for planning purposes, and nothing in this operating budget should be construed as an assurance of actual results. Actual results will vary and may vary materially.

Preliminary budget policies are determined early in the cycle by the Port's senior management team. Preliminary budget meetings provide the opportunity for discussion and review of operational needs, and proposed increases in revenues and expenses. Budget instructions, forms, and worksheets based upon the outcome of these meetings are distributed in March to all divisions responsible for budget preparation. Each division is also responsible for preparing a seasonally-adjusted proposed budget.

The upcoming fiscal year operating budget is adopted through resolution of the Board. The operating budget may only be amended by a resolution of the Board. During the fiscal year, monthly variance reports are prepared comparing actual monthly results to seasonally-adjusted monthly budgets. Copies of the adopted budget are provided to various City officials in accordance with the City Charter.

In conjunction with the development of its operating budget, the Port also develops financial forecasts for the subsequent four fiscal years, which are provided for informational and conceptual purposes only. Actual results will vary and may vary materially.

FY 2022 BUDGET CALENDAR

JANUARY – MARCH 2021

- Planning and policy meetings
- Preliminary budget meetings
- Budget Guidelines – preparation and distribution

FEBRUARY – APRIL 2021

- Baseline budget preparation
- Divisions submit revenue and operating budgets
- Preliminary operating budget analysis and compilation, including iterations

MAY – JUNE 2021

- Preliminary proposed budget
- Distribute Draft Budget Summary Book for review by Divisions and Executive Management
- Final budget revisions and budget document preparation
- Presentation of proposed FY 2022 Budget to Board for Board approval on June 24

JULY – AUGUST 2021

- Budget Summary Book distribution via Port's website
- Copy of Adopted Budget filed with the City by 3rd Monday of July
- Budget Detail Book production and distribution via Port's intranet

Operating Budget Highlights and Assumptions

OBJECTIVES

- Develop a balanced budget in which total sources equal or exceed total expenditures.
- Develop an operating budget that targets a minimum intermediate lien debt service coverage ratio (DSCR) of $1.40 \times^{10}$.
- Maintain a minimum General Fund cash balance at the end of each fiscal year equal to approximately 365 days-cash-on-hand (DCOH)¹¹, taking into account future anticipated needs such as capital improvements and accrued liabilities.

GENERAL

- FY 2022-26 Operating Revenues for Aviation, Maritime, CRE, and Utilities incorporate a gradual abatement of COVID-19 and are based on divisional input incorporating known market and competitive factors, existing contracts, and the anticipated execution of future contracts. Projected revenues assume that Port tenants will comply with their contractual obligations.
- FY 2022 Operating Expenses include costs to address the Port's aging infrastructure, deferred maintenance, and future land use. While COVID-19 continues to impact operations at the Airport, Seaport and CRE, expenses incorporate other known and anticipated cost increases and decreases, with an emphasis on cost control to the greatest extent possible.
- FY 2023 through FY 2026 Operating Expense incorporate known and anticipated cost increases and decreases but in general, assumes that expenses unless otherwise identified will grow by 3% per annum.
- No assurances can be given that projections and future results discussed in the operating budget will be achieved. Future results, for example, could be adversely impacted by such factors as (i) the timing and strength of the recovery from the COVID-19 pandemic, (ii) decreases in revenues and/or business activity levels, (iii) a potential renewed trade war with China, including the imposition of additional tariffs on imported Chinese goods or U.S. exports, (iv) unanticipated increases in expenditures, (v) tenant defaults, (vi) unavailability of assumed funding sources, (vii) construction delays or cost overruns, or (viii) other adverse and unforeseen events or conditions affecting the Port.

FY 2022 REVENUE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2021 Budget, unless otherwise noted.

- Port-wide Operating Revenues are projected to be \$372.7 million; \$32.7 million (+9.6%) higher than FY 2021 Budget, and \$22.0 million (+6.3%) higher than FY 2021 anticipated operating revenues of \$350.6 million.
- Projected Aviation Revenues of \$156.3 million are \$2.7 million (+1.8%) higher in comparison to FY 2021 Budget, and \$12.4 million (+8.6%) higher than FY 2021 anticipated revenues of \$143.9 million.

¹⁰ Intermediate Lien DSCR is Net Revenues (as defined in the Bond Indentures) divided by debt service on Senior and Intermediate Lien Bonds and Department of Boating and Waterways Loan.

¹¹ Including Board Reserves. See *Debt Service and Cash Flow* section

Aviation Revenues reflect a recovery in passenger activity at OAK following an unprecedented decline due to COVID-19. FY 2022 passenger volumes are forecasted at 55% of peak FY 2019 levels.

- Total passengers are projected to be 7.5 million or 43.5% higher than FY 2021 anticipated passengers of 5.2 million.
- Terminal rent revenues are projected to decrease by \$2.7 million primarily due to a prior year true up resulting from actual expenditures falling short of budget.
- Ground transportation revenues are projected to decrease by \$1.8 million as Transportation Network Company (TNC) revenues are anticipated to decrease by \$1.6 million (-35.6%) (\$1.0 million increase compared to FY 2021 anticipated revenues) and other ground transportation revenues falling by \$0.2 million (-9.3%).
- Parking revenues are projected to increase \$3.5 million (+24.1%) (\$5.8 million increase compared to FY 2021 anticipated revenues) reflecting the recovery in passenger traffic.
- Car rental revenue is projected to decrease \$1.7 million in FY2022 compared to FY2021 Budget, and \$1.7 million from FY2021 anticipated actuals of \$4.5 million due to \$2.7 million in anticipated concessions aid from American Rescue Plan Act (ARPA) that is recognized as non-operating income for accounting purposes and negates an otherwise increase of \$1.0 million compared to FY 2021 Budget.
- Lease revenues are projected to increase by \$1.3 million primarily due to higher space rentals of \$0.7 million and higher cargo rents of \$0.6 million.
- Terminal concession revenues are projected to decrease by \$3.8 million (\$2.8 million lower compared to FY 2021 anticipated revenues) due to \$2.8 million in anticipated concessions aid from ARPA that is recognized as non-operating income for accounting purposes and negates an otherwise decrease of \$1.0 million compared to FY 2021 Budget.
- Airfield revenues are anticipated to increase by \$7.8 million due to higher operating expenses and no prior year true-up offsetting the amount of net cost recovered through the landing fee rates. Landing fees rates in FY 2021 included a \$2.5 million true-up that lowered net cost recovered through the landing fee rates.
- Projected Maritime Revenues of \$176.9 million are \$22.1 million (+14.3%) higher in comparison to FY 2021 Budget, and \$9.1 million (+5.5%) higher in comparison to FY 2021 anticipated revenues of \$167.8 million.
 - Full TEUs are projected to be 2.08 million; 5.5% higher compared to FY 2021 anticipated actuals. Empty TEUs are projected to increase 1.0% from FY 2021 anticipated actuals to reflect stabilization of trade flows. Total TEUs (fulls and empties) are projected to be 2.6 million or 4.5% higher than FY 2021 anticipated actuals.
 - Marine Terminal revenue is projected to increase by \$2.4 million from FY 2021 anticipated actuals primarily due to higher volume and resulting increases in variable rent. Relative to FY 2021 Budget, marine terminal revenues are anticipated to increase by \$6.5 million due to the net effect of cargo gains and scheduled rent increases.
 - Revenue from Rail Terminals is projected to increase \$0.2 million from FY 2021 anticipated actuals due increased volume related to new Oakland first port of call services. Relative to FY 2021 Budget, Rail Terminal revenues are anticipated to increase by \$0.4 million due to higher volume.

- Revenue from other (non-marine and non-rail) tenants is projected to be approximately \$6.8 million higher than FY 2021 anticipated actuals and approximately \$15.2 million higher than FY 2021 Budget primarily due to scheduled rent increases and anticipated new tenancies.
- Projected CRE Revenues of \$14.6 million are \$1.0 million (-6.5%) lower in comparison to FY 2021 Budget due to lower parking and percentage rent revenues partially offset by a decrease in bad debt reserve. In comparison to FY 2021 anticipated revenues of \$13.8 million, FY 2022 projected revenues are 6.2% higher due to higher parking and percentage rent revenues.
 - CRE revenues are based on anticipated lease expirations, new leases, percentage rents, and scheduled rent adjustments.
- Projected Utilities Revenues of \$24.8 million are \$8.9 million (+56.3%) higher in comparison to FY 2021 Budget due primarily to higher electricity usage and sales and the recognition of certain revenues not recognized previously as operating revenues. In comparison to FY 2021 anticipated revenues of \$25.2 million, FY 2022 projected revenues are 1.7% lower.
 - Electricity revenues increase \$3.7 million in comparison to the FY 2021 Budget due to higher retail usage in Marine Terminals of \$2.5 million, wholesale usage of \$0.4 million at the Seaport Logistics, wholesale at Harbor Transportation Center (HTC) of \$0.4 million, electrical system transmission charge of \$0.4 million, and wholesale at North Field of \$0.2 million partially offset by lower shore power of \$0.2 million. Electricity revenues are higher by \$0.6 million relative to anticipated FY 2021 actuals of \$18.9 million.
 - Domestic gas revenue is anticipated flat in comparison to FY 2021 Budget. In comparison to FY 2021 anticipated revenues, FY 2022 revenues are \$0.1 million due to increase usage at the Airport.
 - Low Carbon Fuel Standard (LCFS) sales increase by \$1.5 million compared to FY 2021 Budget and by \$0.2 million in comparison to FY 2021 anticipated actuals.

FY 2022 OPERATING EXPENSE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2021 Budget, unless otherwise noted.

- Port-wide Operating Expenses before Depreciation and Amortization are budgeted at \$255.7 million, an increase of \$20.8 million (+8.9%), driven by Port wide initiatives to address aging infrastructure, deferred maintenance and repairs, higher cost of utility sales, Seaport and Airport planning studies, parking and ground transportation operations, consulting, airport security, and insurance premiums.
- Personnel costs are budgeted to increase by \$0.5 million (+0.4%); personnel costs represent 50% of the Operating Expense Budget before Depreciation and Amortization.
 - 515 Full-time Equivalents (FTEs); unchanged from FY 2021 Budget.
 - Salaries are higher by \$6.1 million (+9.9%) due to a lower vacancy factor resulting from additional staffing requirements needed to deliver the FY 2022 Operating and Capital Budget, step increases, and the elimination of 16 furlough days included in the FY 2021 Budget.
 - The Port's employer pension contribution is anticipated to increase \$2.0 million to \$28.4 million resulting from higher payroll partially offset by a projected decrease in pension rate from approximately 42.2% to 41.9% on July 1, 2021, and no additional pension expense for GASB 68 compared to \$6.0 million budgeted in FY 2021.

- FY 2022 medical costs are projected to net decrease based on medical premium rates as of January 1, 2021, and an assumed increase in rates on January 1, 2022, of 5.0% for medical and 3% for dental, vision, and employee assistance program (EAP) offset by changes in employee-elected coverage levels.
- Retiree medical costs are projected to decrease by \$2.8 million based on the most recent actuarial study and anticipated adjustments to OPEB expense related to GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.
- Engineering overtime higher by \$0.3 million to meet the anticipated higher Capital Budget.
- Workers' compensation budgeted to decrease by \$0.5 million based on most recent actuarial study projecting claims and costs.
- A vacancy factor of 31 FTEs is assumed due to retirements, normal attrition, and normal lags in hiring.
- Contractual services are budgeted to increase \$12.3 million (+14.8%). Utilities Cost of Sales are budgeted to increase by \$6.5 million (+79.0%). General and Administrative expenses are budgeted to increase \$4.3 million (+24.5%). Supplies are budgeted to increase \$1.0 million (+20.4%).
 - Electricity usage and rates increase by \$6.5 million.
 - Maritime planning studies contribute to an increase of \$2.7 million.
 - Maintenance and repairs higher by \$1.8 million to support deferred maintenance initiatives.
 - Parking and ground transportation operations higher by \$1.7 million.
 - Maritime major maintenance increases by \$1.5 million.
 - Security costs at the Airport increase by \$1.2 million (+5.3%).
 - Increased Alameda County Sheriff's Office of \$1.5 million due to contractual escalations and anticipated need to reinstate services.
 - Lower U.S. Customs and Border Protection of \$0.3 million.
 - Cooperative marketing and advertising at the Airport higher by \$0.9 million.
 - Aviation planning studies increase by \$0.7 million.
 - Insurance premiums anticipated to increase by \$0.7 million
 - Maritime maintenance dredging costs increase by \$0.6 million due to increased volumes and disposal costs.
 - Airport Rescue and Firefighting (ARFF) higher by \$0.4 million.
 - All other expenses are budgeted to increase in aggregate by \$5.4 million.

FY 2022 NON-OPERATING REVENUE & EXPENSE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2021 Budget, unless otherwise noted.

- Interest income of \$1.0 million is lower by \$3.7 million due to a decrease in the assumed interest rate on Port funds to 0.2% compared to 1.4% in FY 2021 Budget.
- Interest expense of \$15.9 million, which includes letter of credit (LOC) fees and accounting accruals, is lower by \$17.1 million (-51.9%) due in part to the Port's debt refinancing in December 2020 and February 2021.

- The Port assumes a 1.3% interest rate for its outstanding Commercial Paper (CP) Notes.
- Passenger Facility Charges (PFCs) of \$14.5 million is \$2.6 million (+21.5%) higher compared to FY 2021 Budget, reflecting the anticipated recovery in projected passenger activity level for FY 2022. PFCs are approved by the FAA and used to fund eligible capital improvement for specific projects at OAK. See *Capital Budget and 5-Year Capital Improvement Plan* section.
- Customer Facility Charges (CFCs) of \$2.8 million is \$0.5 million (+21.5%) higher compared to FY 2021 Budget due to higher anticipated rental car transactions. CFCs are used to reimburse rental car shuttle bus operating costs and to fund improvements of the rental car facility at OAK. See *Capital Budget and 5-Year Capital Improvement Plan* section.
- Other income (expense) includes \$26.9 million in Aviation grants (CARES, CRRSA, and ARP) used to offset Aviation Debt Service, operating expenses, and to provide airport concessionaires rent relief, (\$2.8) million in payments to the City for general services and Lake Merritt maintenance, (\$2.4) million settlement of prior year grant matter, and (\$0.9) million in retroactive CalPERS retirement contribution for Airport servicemen.
- Gain (loss) on sale (disposal) of capital assets reflect a loss on demolition of capital assets budgeted at \$4.0 million and abandoned capital assets of \$0.3 million.
- Grants from government agencies include anticipated Aviation grants for reimbursement of certain capital expenditures. See *Capital Budget and 5-Year Capital Improvement Plan* section.

FY 2023 TO 2026 REVENUE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Port-wide Operating Revenues projected to increase from \$372.7 million in FY 2022 to \$465.2 million in FY 2026, for a compound annual growth rate of 5.7%.
- Aviation Revenues projected to increase from \$156.3 million in FY 2022 to \$218.6 million in FY 2026 for a compound annual growth rate of 8.7%.
 - Enplanements assumed to increase by 43% in FY 2022 and by 29% in FY 2023 before moderating to 10% annually in FY 2024 through FY 2026.
 - Landing fees and terminal rent revenues are in general projected to increase due to forecasted increases in operating and capital costs and increases in airline terminal leased space.
 - Parking revenues are forecasted to increase 29% in FY 2023 and moderating to between 10.5% to 10% annually in FY 2024 through FY 2026.
 - TNC revenues increase 32% in FY 2023, 11% in FY 2024, 11% in FY 2025, and 10% in FY 2026 reflecting passengers return to using TNC services to and from the Airport.
 - Lease revenues projected in accordance with existing or anticipated lease terms.
- Maritime Revenues projected to increase from \$176.9 million in FY 2022 to \$201.4 million in FY 2026, for a compound annual growth rate of 3.3%.
 - Full TEUs assumed to increase 1.0% per year.
 - An annual increase to certain Tariff rates, commensurate with inflation, is assumed for certain tenancies.
 - Marine terminal revenues are projected in accordance with existing or anticipated lease terms, and with the anticipated distribution of cargo throughput among terminals. Leases due to expire are

generally expected to renew at similar terms. Marine terminal revenues include reimbursement by one terminal operator for costs incurred by the Port to raise certain gantry cranes.

- Revenue from other tenants (non-marine terminal and non-rail terminal) assumes scheduled or anticipated lease terms, rent increases driven by anticipated Tariff increases, anticipated new tenancies, and anticipated loss of tenancies due to development activities.
- Rail terminal revenue is based on 1% activity growth in FY 2023 - FY 2026, as well as current and anticipated lease terms.
- CRE Revenues projected to increase from \$14.6 million in FY 2022 to \$20.0 million in FY 2026, for a compound annual growth rate of 8.2%. CRE revenues assume improving parking revenues, projected increase in percentage rents, and minimum rent adjustments due to projected lease renewals and scheduled rent adjustments, partially offset by vacancy potential.
- Utilities Revenues are projected to increase from \$24.8 million in FY 2022 to \$25.3 million in FY 2026, for a compound annual growth rate of 0.5%. Electricity, water (sewer), and gas anticipated to increase 1% annually. Electrical system transmission charge is projected to decrease from \$0.5 million in FY 2022 to \$0.1 million in FY 2023 and then grow by 1% annually. Cap & Trade anticipated to decrease 5.1% annually due to the phase out of program.

FY 2023 TO 2026 OPERATING EXPENSE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Operating Expenses before Depreciation and Amortization are assumed to increase from \$254.1 million in FY 2022 to \$296.7 million in FY 2026, for a compound annual growth rate of 3.9% per year from FY 2022 through FY 2026.
- Personnel costs assumed to increase at a compound annual growth rate of 2.8% from FY 2022 through FY 2026.
 - FTEs assumed unchanged at 515.
 - Medical premiums assumed to increase 5% per year during this timeframe.
 - CalPERS employer pension contribution rate assumed to be 41.9% in FY 2022 rising to an estimated 44.3% in FY 2024 and then declining to 38.5% in FY 2025 and to 35.9% in FY 2026 based on CalPERS projections reflecting updated mortality study and reduction in discount rate from 7.5% to 7.0%. The Port's projections reflect estimated pension payments to CalPERS and does not reflect the impact of adjustments to pension expense related to GASB No. 68, *Accounting and Financial Reporting for Pensions*.
 - Adjustments to salaries based on labor MOUs through FY 2022, and thereafter adjusted by approximately CPI.
 - Assume vacancy factor of 31 FTEs due to retirements, normal attrition, and normal lags in hiring.
- Contractual services, general and administrative costs, and supplies take into account anticipated changes, but otherwise assume expenses will grow at 3% per year. Contractual services are assumed to decline at a compound annual growth rate of -0.2% based on one-time expenditures during this time period and fluctuations in major maintenance and maintenance dredging. General and administrative costs, and supplies increase 2.2%, and 1.8%, respectively, for this time period.
- Utility Cost of Sales changes are driven by anticipated changes in customer usage and rates.

FY 2023 TO 2026 NON-OPERATING REVENUE & EXPENSE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Interest income is anticipated to increase in FY 2023 by 67%, in FY 2024 by 54%, in FY 2025 by 48%, and in FY 2026 by 24% as interest earnings rate assumed at 0.4% in FY 2023, 0.7% in FY 2024, 1.1% in FY 2025, and 1.4% in FY 2026.
- Interest expense anticipated to decrease due to scheduled repayment of bond principal and projected repayment of CP notes (see Debt Service and Cash Flow section) offset by higher assumed interest rate on Port's outstanding CP Notes of 1.4%, 1.6%, 2.0%, and 2.2%, respectively, in FY 2023 through FY 2026.
- PFCs projected to increase at the same rate as projected passenger growth rate.
- CFCs projected to increase at the same rate as projected passenger growth rate.
- Other income (expense) assumes Aviation grants (CARES and ARPA) used to offset Aviation Debt Service and operating expenses through FY 2025 and (\$2.8) million for City general services and Lake Merritt maintenance increases 4.0% annually.
- Loss on abandoned and demolished assets assumed to be \$1.5 million in FY 2023 and \$1.8 million in FY 2024 due to demolition of old and obsolete buildings at the Airport and demolition of cranes, buildings and obsolete equipment at the Seaport. Losses anticipated at \$7.8 million in FY 2025 and \$5.3 million in FY 2026 due primarily to the design and demolition of the Oakland Maintenance Center at the Airport (2-year project) and additional demolition of cranes, buildings, and equipment at the Seaport.
- Grants from government agencies include anticipated Aviation and Maritime grants for reimbursement of certain capital expenditures and based on the 5-Year CIP. See *Capital Budget and 5-Year Capital Improvement Plan* section.

DEPRECIATION AND AMORTIZATION

The budget for Depreciation and Amortization reflects the anticipated in-service date and life expectancy of capital assets.

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 THROUGH 2026
(In \$Thousands)

Division	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Variance 2022B vs. 2021B B/(W)	% Variance 2022B vs. 2021B B/-W
Operating Revenue									
Aviation	\$ 183,100	\$ 153,650	\$ 156,349	\$ 186,526	\$ 195,403	\$ 209,305	\$ 218,579	\$ 2,699	1.8%
Maritime	159,633	154,830	176,930	187,753	192,673	195,295	201,352	22,100	14.3%
CRE	16,484	15,646	14,633	16,956	19,191	19,608	19,997	(1,013)	-6.5%
Utilities	16,698	15,850	24,768	24,590	24,810	25,035	25,268	8,918	56.3%
Total Operating Revenue	375,915	339,975	372,680	415,824	432,077	449,243	465,196	32,704	9.6%
Operating Expenses									
Aviation	(104,983)	(101,696)	(106,750)	(111,004)	(113,439)	(114,206)	(117,532)	(5,054)	-5.0%
Maritime	(29,400)	(32,007)	(39,774)	(40,011)	(36,210)	(35,754)	(35,159)	(7,767)	-24.3%
Commercial Real Estate	(7,028)	(7,756)	(7,602)	(7,855)	(8,114)	(8,286)	(8,502)	154	2.0%
Utilities Cost of Sales	(7,251)	(8,184)	(14,647)	(14,793)	(14,940)	(15,088)	(15,238)	(6,463)	-79.0%
Executive	(6,363)	(5,832)	(6,560)	(6,699)	(6,910)	(6,854)	(6,988)	(728)	-12.5%
Board	(595)	(568)	(605)	(638)	(652)	(652)	(669)	(37)	-6.6%
Audit	(1,732)	(1,727)	(1,826)	(1,877)	(1,937)	(1,928)	(1,956)	(99)	-5.7%
Legal	(4,816)	(5,156)	(5,542)	(5,780)	(5,964)	(5,974)	(6,079)	(386)	-7.5%
Chief Executive Office	(37,209)	(36,649)	(41,864)	(40,713)	(42,701)	(42,598)	(42,533)	(5,216)	-14.2%
Finance & Administration	(17,333)	(17,070)	(19,288)	(19,912)	(20,558)	(20,856)	(21,188)	(2,218)	-13.0%
Non-Departmental Expenses	(10,109)	(23,255)	(20,053)	(23,531)	(24,024)	(24,532)	(24,947)	3,202	13.8%
Absorption of Labor & Overhead to Capital Assets	5,439	4,978	8,784	9,048	9,319	9,599	9,886	3,806	76.5%
Depreciation & Amortization	(113,984)	(125,179)	(112,358)	(113,946)	(113,888)	(116,791)	(115,632)	12,821	10.2%
Total Operating Expenses	(335,363)	(360,101)	(368,085)	(377,709)	(380,018)	(383,920)	(386,535)	(7,984)	-2.2%
Operating Income (A)	40,552	(20,125)	4,595	38,114	52,059	65,324	78,661	24,720	122.8%
Non-Operating Items									
Interest Income	11,014	4,800	1,048	1,754	2,696	3,984	4,939	(3,752)	-78.2%
Interest Expense	(34,162)	(33,052)	(15,910)	(13,818)	(13,030)	(11,970)	(10,177)	17,142	51.9%
Passenger Facility Charges (PFC's)	16,285	11,942	14,510	18,659	20,523	22,577	24,836	2,568	21.5%
Customer Facility Charges (CFC's)	3,890	2,311	2,808	3,611	3,972	4,370	4,807	497	21.5%
Customer Facility Charge Expenses	(4,741)	(2,311)	(2,808)	(3,611)	(3,972)	(4,370)	(4,807)	(497)	-21.5%
Gain (Loss) on Sale (Disposal) of Capital Assets	(2,616)	(365)	(4,275)	(1,450)	(1,750)	(7,825)	(5,300)	(3,910)	-1071.2%
Other Income (Expenses)	8,631	18,545	20,823	18,994	18,714	(996)	(3,235)	2,279	12.3%
(B)	(1,698)	1,869	16,197	24,139	27,153	5,769	11,063	14,328	766.6%
Capital Contributions									
Grants from Government Agencies (C)	7,377	17,470	26,372	22,260	20,288	18,664	19,608	8,902	51.0%
CHANGE IN NET ASSETS (A+B+C)	\$ 46,231	\$ (786)	\$ 47,163	\$ 84,513	\$ 99,500	\$ 89,757	\$ 109,332	\$ 47,950	6096.7%
Net Assets, Beginning of the Year	1,263,686	1,309,917	1,309,130	1,356,294	1,440,806	1,540,307	1,630,063	(786)	-0.1%
Net Assets, End of the Year	\$ 1,309,917	\$ 1,309,130	\$ 1,356,294	\$ 1,440,806	\$ 1,540,307	\$ 1,630,063	\$ 1,739,395	\$ 47,163	3.6%

Senior Lien Debt Service Coverage Ratio	2.22	1.91	3.80	5.11	7.68	6.69	6.24
Intermediate Lien Debt Service Coverage Ratio	1.56	1.40	1.81	2.32	2.54	2.29	2.42
Aggregate Debt Service Coverage Ratio	1.50	1.38	1.68	2.16	2.33	2.09	2.21
Funded FTE's (Full-Time Equivalent)	460	514	515	515	515	515	515

OPERATING EXPENSES BY CATEGORY

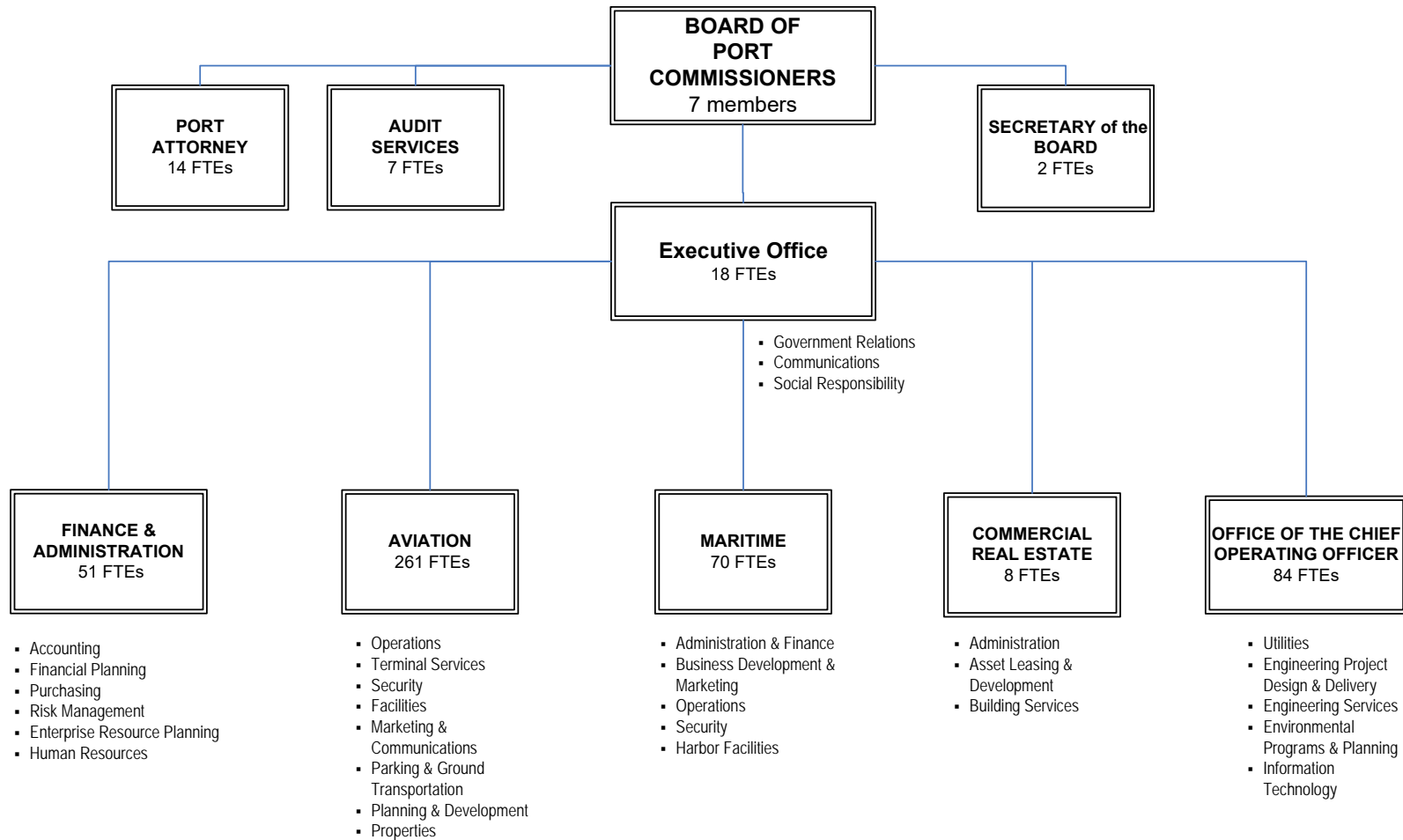
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 THROUGH 2026

(\$ Thousands)

	Actual 2019-20	Budget 2019-20	Budget 2020-21	Budget 2021-22	Variance 2022B vs. 2021B/(W)	% Variance 2022B vs. 2021B/(W)	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
			[A]	[B]	[B-A=C]					
Personnel Services	\$121,488	\$131,530	\$126,625	\$127,100	(\$474)	(0.4%)	\$135,588	\$139,751	\$139,642	\$141,745
Contractual Services	78,187	101,443	83,019	95,423	(12,324)	(14.8%)	95,196	92,949	93,439	94,469
Supplies	5,764	4,534	4,814	5,795	(981)	(20.4%)	5,702	5,867	6,043	6,230
General & Administrative	14,611	21,512	17,620	21,940	(4,320)	(24.5%)	21,852	22,270	22,851	23,452
Utilities	7,251	8,015	8,184	14,647	(6,463)	(79.0%)	14,793	14,940	15,088	15,238
Departmental Credits	(5,922)	(7,395)	(5,340)	(9,097)	3,756	70.3%	(9,368)	(9,647)	(9,934)	(10,231)
Operating Expenses before Depreciation	221,379	259,639	234,922	255,728	(20,806)	(8.9%)	263,764	266,130	267,128	270,904
Depreciation & Amortization	113,384	119,036	125,179	112,358	12,821	10.2%	113,946	113,888	116,791	115,632
Total Operating Expenses	\$335,363	\$378,675	\$360,101	\$368,085	(\$7,984)	(2.2%)	\$377,709	\$380,018	\$383,920	\$386,535

PORT OF OAKLAND ORGANIZATION CHART FISCAL YEAR 2021-22

515 FUNDED FTES (FULL-TIME EQUIVALENTS)



STAFF SUMMARY

The Port continues to evaluate its staffing needs in order to ensure operational and customer needs are achieved while balanced against available financial resources.

FY 2022 staffing levels are unchanged from FY 2021. In FY 2021, staffing levels increased to 515 FTEs from 514 FTEs resulting from the newly created position of the Chief Operating Officer. In FY 2020, staffing levels increased to 514 FTEs from 507 FTEs resulting from the addition of new positions in Aviation. A summary of staffing by Division is provided in the chart on the following page.

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STAFF SUMMARY

(FULL-TIME EQUIVALENT)

	Actual 2019-20 ¹	Budget 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
<u>FTEs</u>								
Aviation	235	263	263	261	261	261	261	261
Maritime	64	69	69	70	70	70	70	70
Commercial Real Estate	8	8	8	8	8	8	8	8
Operations Office	73	82	83	84	84	84	84	84
Finance and Administration	43	51	51	51	51	51	51	51
Executive Office	16	18	18	18	18	18	18	18
Port Attorney	13	14	14	14	14	14	14	14
Audit Services	6	7	7	7	7	7	7	7
Office of Board of Port Commissioners	2	2	2	2	2	2	2	2
Total FTEs¹	460	514	515	515	515	515	515	515

¹ FY 2019-20 Total FTEs represents the number of FTEs on payroll on June 30, 2020.

PERSONNEL COSTS BY DIVISION¹

(\$ Thousands)

	Actual 2019-20	Budget 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Aviation	53,581	53,410	51,530	51,010	53,333	55,077	54,965	55,859
Maritime	16,234	15,911	16,060	16,902	17,674	18,249	18,184	18,466
Commercial Real Estate	1,987	1,863	1,854	1,811	1,895	1,957	1,945	1,973
Executive Office	4,720	4,857	3,866	4,228	4,468	4,612	4,589	4,655
Operations Office	20,417	19,688	19,608	20,908	21,822	22,530	22,433	22,769
Board of Port Commissioners	490	457	466	479	501	517	514	521
Audit Services	1,794	1,682	1,696	1,756	1,837	1,897	1,886	1,913
Port Attorney	4,278	4,481	3,980	4,365	4,569	4,716	4,689	4,755
Finance and Administration	11,867	11,682	10,732	12,077	12,638	13,049	12,989	13,182
Non-Departmental ²	6,119	17,768	16,832	13,563	16,850	17,146	17,449	17,654
Total Personnel Services³	121,488	131,530	126,625	127,100	135,588	139,751	139,642	141,745

¹ Includes, but not limited to: salaries, fringe benefits, retiree medical costs, workers' compensation, overtime, temporary help, wellness program, professional development, continuing education, training, college tuition program, and meal allowance. Vacancy factor of 25 FTEs assumed in FY 2020 Budget, 41 FTEs assumed in FY 2021 Budget, and 31 FTEs assumed in FY 2022 Budget and in the FY 2023-26 projections. Vacancy factor is due to normal attrition and lags in hiring.

² Non-Departmental personnel costs include, but are not limited to, retiree medical expenses, workers' compensation costs, vacation and sick leave accruals, retroactive pension costs, and unemployment insurance.

³ Totals may not add up due to rounding.

PERSONNEL COSTS

(\$ Thousands)

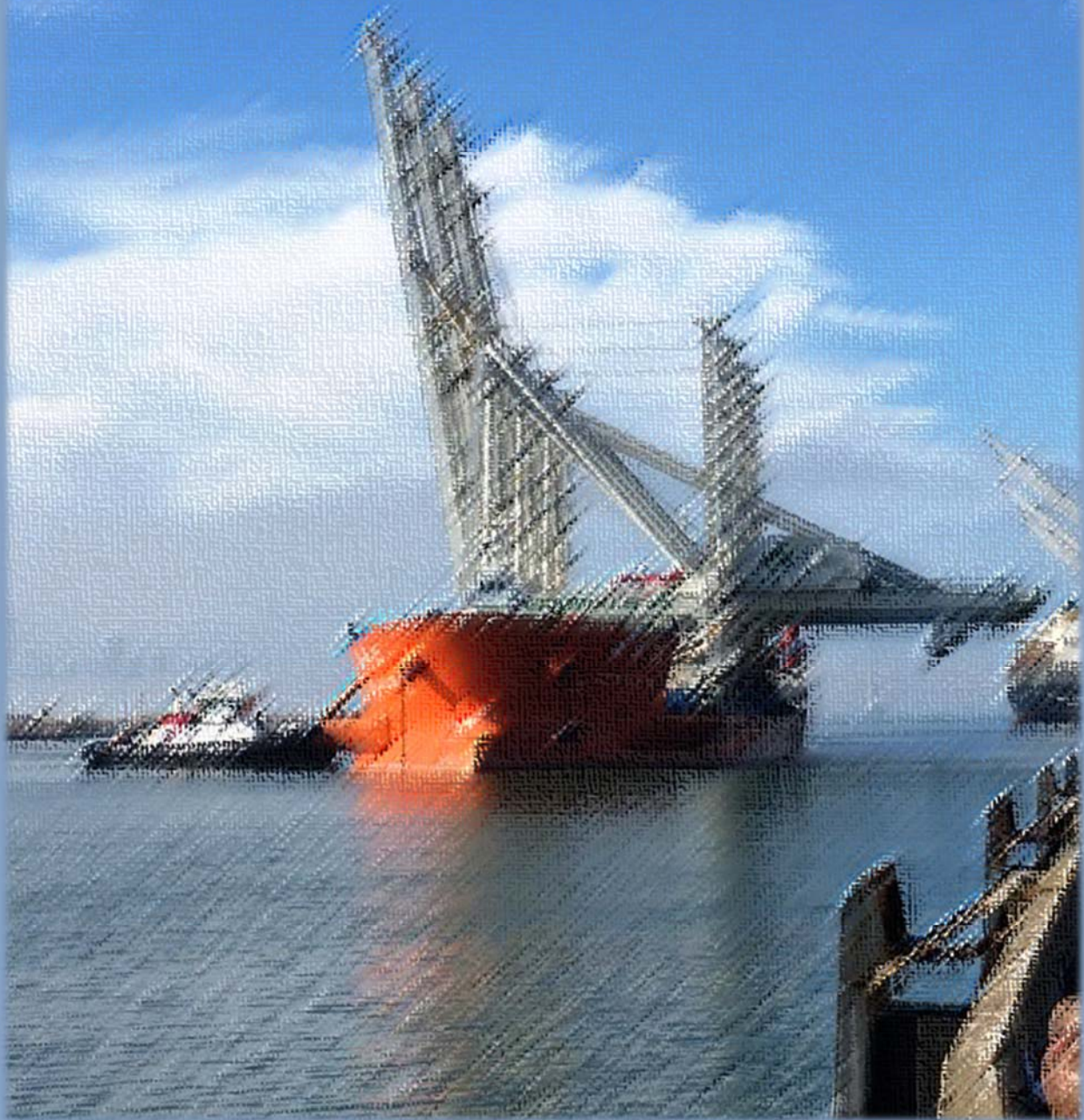
	Actual 2019-20	Budget 2019-20	Budget 2020-21	Budget 2021-22
Salaries and Wages	61,776	65,230	61,639	67,767
Pension	37,455	32,166	32,769	28,790
Health Care – Retirement	6,855	13,478	12,152	9,350
Health Care – Active	9,163	10,115	9,690	10,726
Overtime	4,697	3,930	3,615	3,886
Workers' Compensation	(3,059)	1,970	2,360	1,870
Vacation/Sick Leave	1,868	1,900	1,900	1,919
Medicare	994	946	894	983
Life, Disability, Accident Insurance	798	777	763	935
Training and Education	307	713	486	470
Other	634	306	357	403
Total Personnel Costs¹	121,488	131,530	126,625	127,100
FTEs	460 ²	514	515	515
Vacancy Factor ³	n/a	25	41	31

¹ Totals may not add up due to rounding.

² On June 30, 2020, there were 460 FTEs on payroll.

³ Due to normal attrition, lags in hiring, and hiring freeze in FY 2020-21.

DIVISION BUDGETS





AVIATION ADMINISTRATION

Aviation Administration manages, promotes, and develops air transportation facilities for use by the traveling public and tenants in a manner that prioritizes safety, security, customer experience, and maximizes OAK's economic contribution to the City and the surrounding region, while caring for Oakland's community and environment.

AIRPORT OPERATIONS

Airport Operations provides 24/7 safety, security, crash, fire and emergency medical services; assigns and manages aircraft gates; manages noise and environmental issues; manages airfield surfaces; and coordinates with Airport Facilities Maintenance and Planning and Development regarding the maintenance and improvement of facilities. Staff inspects and maintains the Airport's operational facilities to ensure compliance with FAA, TSA, CBP, and other regulatory requirements. Staff also assists in ensuring facilities are safe, secure, and serve Airport customers by monitoring terminal and landside areas such as checkpoint and ticket counter activities.

AIRPORT TERMINAL SERVICES

Airport Terminal Services manages passenger terminal facilities and operations 24/7, interacts with airlines for space requirements, assigns ticket counters, ensures that terminal facilities serve Airport customers, manages custodial services, manages the Airport signage program, and coordinates with TSA regarding

the security checkpoint screening area and CBP regarding international processing of passengers. Additionally, this team manages the volunteer and airport music program.

AVIATION SECURITY

Aviation Security administers security, which includes Airport-worker training, background vetting, and the issuance of identification badges. This department also develops contingency plans for security-related emergencies at OAK, administers contracts with outside agencies to provide law enforcement and security guard services, manages and operates the Airport's automated access control and video management systems, and coordinates with the TSA on terminal and perimeter security matters and the operation of the security checkpoints.

AVIATION FACILITIES MAINTENANCE

Aviation Facilities Maintenance performs maintenance, repair and construction of all Airport grounds, facilities, and physical plant components for the entire 2,600-acre campus and ensures compliance with numerous federal safety and security regulations and standards. This includes building exteriors, pavement (including runways, taxiways, and roadways), drainage, fences, dikes, and landscaping; all utility systems including electrical power distribution, water, and sewer systems; and the interior of the Airport terminals which includes electrical, lighting, heating, ventilating and air conditioning systems, baggage handling systems, elevators, escalators, and passenger loading bridges.

AVIATION PARKING AND GROUND TRANSPORTATION

Aviation Parking and Ground Transportation manages Airport public and employee parking facilities and ground transportation services, including operations, revenue control, shuttle services, and related management contracts supporting a safe, secure, and convenient customer and employee experience on the landside area of the Airport.

AVIATION MARKETING AND COMMUNICATIONS

Aviation Marketing and Communications develops, executes, and manages programs intended to maintain and grow passenger and cargo traffic levels at OAK. The department also manages aviation communications with media and related stakeholders, associated social media programs and Airport/airline customer relation programs, including quarterly Airport user satisfaction surveys, and the volunteer Airport information booth program.

AVIATION PLANNING AND DEVELOPMENT

Aviation Planning and Development evaluates and identifies Airport facility needs, develops plans and capital improvements to meet local and federal compliance regulations. The team also explores funding programs and manages implementation of all approved aviation capital projects to achieve scope, schedule, and budget objectives.

AVIATION PROPERTIES

Aviation Properties manages the leasing, acquisition, and disposition of on-airport properties, including all commercial airline agreements; principal land and building leases; in-terminal concession, telecommunication services and rental car agreements; as well as agreements with FBOs, the airline fuel consortium, aircraft ground handlers, cargo operators, outdoor advertising, and a municipal golf course. This department also coordinates with Aviation Planning and Development for the redevelopment of non-terminal facilities and other underutilized assets.

OAK Passenger Activity and Market Share by Carrier

<i>Marketing Airline</i>	<i>Total Passengers Served in CY 2020</i>	<i>Market Share In CY 2020</i>
<i>Southwest¹</i>	3,617,968	78.3%
<i>Spirit</i>	246,135	5.3%
<i>Volaris</i>	214,177	4.6%
<i>Alaska/Horizon²</i>	162,527	3.5%
<i>Hawaiian</i>	85,644	1.9%
<i>SkyWest Airlines³</i>	79,780	1.7%
<i>Allegiant</i>	79,208	1.7%
<i>Delta Airlines</i>	40,192	0.9%
<i>JetBlue</i>	39,816	0.9%
<i>American</i>	38,179	0.8%
<i>Contour Airlines</i>	10,651	0.2%
<i>Charter/Other</i>	7,752	0.2%
Total	4,622,029	100.0%



¹ Includes Southwest International.

² Horizon Air and Alaska Airlines are wholly owned subsidiaries of Alaska Air Group.

³ Skywest Airlines is a regional carrier operating at OAK under a contract with Delta Airlines, American Airlines, and Alaska Airlines.

OAK Passenger and Cargo Statistics

	CY 2020	CY 2019	% Change
PASSENGERS			
Enplaned	2,306,739	6,689,457	-65.5%
Deplaned	<u>2,315,290</u>	<u>6,688,954</u>	<u>-65.4%</u>
Total	4,622,029	13,378,411	-65.5%
FREIGHT (in 000 lbs)			
Inbound	641,600	645,546	-0.6%
Outbound	<u>636,308</u>	<u>635,263</u>	<u>0.2%</u>
Total	1,277,908	1,280,809	-0.2%
MAIL (in 000 lbs)			
Inbound	6,453	8,986	-28.2%
Outbound	<u>3,044</u>	<u>4,614</u>	<u>-34.0%</u>
Total	9,497	13,600	-30.2%
TOTAL AIR CARGO (Freight & Mail) (in 000 lbs)	1,287,406	1,294,409	-0.5%
LANDED WEIGHT (in 000 lbs)	7,751,902	11,217,796	-30.9%
AIRCRAFT OPERATIONS	158,451	242,757	-34.7%



Aviation Activity Levels

	(Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Total Passengers	9,494	6,163	7,488	9,630	10,593	11,652	12,818
% Growth	(30.3%)	(35.1%)	21.5%	28.6%	10.0%	10.0%	10.0%
Enplaned Passengers	4,736	3,082	3,744	4,815	5,296	5,826	6,409
% Growth	(30.4%)	(34.9%)	21.5%	28.6%	10.0%	10.0%	10.0%
Airline Seats % Growth	13,550	12,218	9,725	12,190	13,323	14,749	16,328
	(21.0%)	(9.8%)	(20.4%)	25.3%	9.3%	10.7%	10.7%
Landing Weight	9,673,324	8,075,114	8,920,000	9,653,000	10,146,000	10,540,000	10,835,000
% Growth	(15.1%)	(16.5%)	10.5%	8.2%	5.1%	3.9%	2.8%
Parking Transactions	609	395	492	627	685	752	826
% Growth	(36.6%)	(35.1%)	24.6%	27.4%	9.3%	9.8%	9.8%

- Budgeted FY 2022 passengers are 7.5 million or 21.5% higher than FY 2021 Budget and 43.5% higher than anticipated FY 2021 passengers of 5.2 million.
- Passenger growth is projected to recover by 28.6% in FY 2022-23 following a 47.5% increase anticipated in FY 2022 over FY 2021 forecasted levels. Passenger growth moderates to 10% annually in FY 2024 through FY 2026.
- Budgeted FY 2022 airline seat capacity is 9.7 million or 20.4% lower than FY 2021 Budget, and 21.8% higher than anticipated FY 2021 seat capacity of 8.0 million.
- Budgeted FY 2022 landing weight is 8.9 million pounds or 10.5% higher than FY 2021 Budget, and 11.9% higher than anticipated FY 2021 landing weight of 8.0 million pounds.
- Budgeted FY 2022 parking transaction volume is 492,000 or 24.6% higher than FY 2021 Budget, and 41.8% higher than anticipated FY 2021 parking transactions of 347,000. Parking transaction volume is anticipated to increase 27.4% in FY 2023, 9.3% in FY 2024, and then annually by 9.8% in FY 2025 through FY 2026.

Aviation Operating Revenues

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Airfield Revenue	34,481	36,501	44,259	47,475	48,635	50,157	51,110
Terminal Rent	64,236	52,501	49,776	58,972	60,991	66,931	69,427
Parking and Ground Access	31,222	21,255	22,892	29,633	32,775	36,103	39,696
Other Airport Rentals	33,505	31,708	32,986	33,657	34,171	35,627	36,048
Car Rental	12,101	4,518	2,820	7,139	7,838	8,638	9,503
Terminal Concessions	5,177	4,179	396	6,458	7,761	8,575	9,482
Fueling Revenue	2,313	3,174	3,028	3,095	3,126	3,158	3,190
Miscellaneous & Other Charges	980	414	442	347	355	364	373
Subtotal	184,013	154,250	156,599	186,776	195,653	209,555	218,829
Bad Debt Reserve	(912)	(600)	(250)	(250)	(250)	(250)	(250)
TOTAL	183,100	153,650	156,349	186,526	195,403	209,305	218,579

- FY 2022: Assumes a 21.5% increase in enplaned passengers compared to FY 2021 Budget of 3.1 million and a 43.5% increase relative to FY 2021 anticipated actuals of 2.6 million. Assumed aircraft landed weight increases by 10.5% compared to FY 2021 Budget of 8.1 million pounds and increases by 11.9% relative to anticipated FY 2021 actuals of 8.0 million pounds. Concessions and rental car revenues calculated on a percentage sales basis.
 - Total FY 2022 Aviation revenues budgeted at \$156.3 million, an increase of \$2.7 million or 1.8% over FY 2021 Budget of \$153.6 million and \$12.4 million or 8.6% higher than anticipated FY 2021 actuals of \$143.9 million.
 - Airfield revenue is projected to increase \$7.8 million in FY 2022 compared to FY 2021 Budget, and \$7.8 million relative to anticipated actuals of \$36.5 million. The increase is due to higher operating expenses and no prior year true-up offset which increases the amount of net cost center costs recovered through the landing fee rates.
 - Terminal rent is projected to decrease \$2.8 million in FY 2022 compared to FY 2021 Budget, but increase \$0.9 million from FY 2021 anticipated actuals of \$48.9 million. Terminal rent is lower primarily due to a prior year true-up offset to the benefit of the Airlines and increase in rentable terminal space.
 - Parking and ground access revenues are projected to increase \$1.6 million in FY 2022 compared to FY 2021 Budget, and \$7.0 million relative to FY 2021 anticipated actuals of \$15.9 million. The increase in FY 2022 Budget is driven by passenger enplanement growth.
 - Other Airport rentals are projected to increase \$1.3 million in FY 2022 compared to FY 2021 Budget, and \$0.6 million relative to FY 2021 anticipated actuals of \$32.4 million. Other airport rentals increase due to higher anticipated space rents and cargo rents.
 - Car rental revenue is projected to decrease \$1.7 million in FY 2022 compared to FY 2021 Budget, and decrease \$1.7 million from FY 2021 anticipated actuals of \$4.5 million due to \$2.7

million in rent to be paid with anticipated concessions aid from the American Rescue Plan (ARP) Act which is recognized as non-operating income rather than operating revenues for accounting purposes and negates an otherwise increase of \$1.0 million in car rental revenues compared to FY 2021 Budget.

- Terminal concession revenues are budgeted at \$0.4 million and projected to decrease by \$3.8 million (\$2.8 million lower compared to FY 2021 anticipated revenues) due to \$2.8 million in rent to be paid with anticipated concessions aid from ARP Act which is recognized as non-operating income rather than operating revenues for accounting purposes and negates an otherwise decrease of \$1.0 million compared to FY 2021 Budget. FY 2022 Concession revenues continue to be impacted by delays in the build out of space by the new food and beverage concessionaires operating at OAK.
- Fueling revenue is projected to decrease \$0.1 million in FY 2022 compared to FY 2021 Budget and increase \$0.9 million relative to FY 2021 anticipated actuals of \$2.1 million.
- FY 2023-FY 2026: Revenue is based on forecasted passenger growth, aircraft landed weight, and airline seat capacity and current or anticipated lease terms. Highlights include:
 - Higher Airfield revenue and terminal rent increases reflect higher anticipated operating expenses partially offset by lower capital costs due to use of various Federal Grants (CARES Act, CRRSA Act, and ARP Act) to reimburse for a portion of debt service payable in FY 2023 to FY 2024.
 - Parking and ground access revenues projected to increase based on forecasted passenger growth.
 - Other Airport rentals increase based on contractual lease adjustments.

Aviation Operating Expenses

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel							
Services	53,581	51,530	51,010	53,333	55,077	54,965	55,859
Contractual							
Services	46,460	46,345	50,831	52,618	53,160	53,888	56,163
Supplies	3,397	2,339	2,461	2,535	2,611	2,689	2,770
General & Administrative	1,545	1,482	2,448	2,518	2,591	2,664	2,740
TOTAL	104,983	101,696	106,750	111,004	113,439	114,206	117,532
<i>FTEs</i>							
(headcount)	235	263	261	261	261	261	261

Personnel Services

- FY 2022: Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense (\$2.7 million) related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2022. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022. Overtime decreases \$0.1 million. Vacancy factor of 21 FTEs or \$4.0 million assigned directly to Aviation due to normal attrition compared to vacancy factor of 20 FTEs or \$3.5 million in FY2021.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2024-25 and 35.9% in FY 2025-26. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

Contractual Services

- FY 2022: \$4.5 million higher mainly due to increases in Alameda County Sheriff's Office (ACSO) expense of \$1.4 million, maintenance and repairs of \$1.2 million, parking lot and ground transportation operations of \$0.9 million, aviation planning studies of \$0.7 million, ARFF of \$0.3 million, and management consultants of \$0.1 million partially offset by lower CBP expenses of \$0.3 million.
- FY 2023: \$1.8 million higher mainly due to increases in ASCO of \$1.5 million, parking and ground transportation operations of \$0.4 million, ARFF of \$0.3 million, repairs and maintenance related expenses of \$0.1 million, and security of \$0.1 million partially offset by lower aviation planning studies of \$0.7 million.
- FY 2024 through FY 2026: Expenses reflect anticipated changes, otherwise, assume expenses will increase approximately 3% each year. Airport planning study expenditures expected to decrease in FY 2024 by \$1.8 million and in FY 2025 by \$1.4 million. ACSO assumed to increase 5% annually.

Supplies

- FY 2022: Increase due primarily to higher maintenance material costs and janitorial supplies.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

General & Administrative

- FY 2022: Expenses higher by \$1.0 million due the reinstatement of cooperative marketing expenses of \$0.5 million and higher marketing and advertising expenses of \$0.4 million.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.



The Maritime Division leases, manages, promotes, and develops maritime-related logistics facilities, services and programs, which stimulate international trade and generate revenue – all to support the mission of the Port and promote economic growth in the Bay Area, Northern California, and beyond.

MARITIME ADMINISTRATION AND FINANCE

Maritime Administration and Finance assists in the overall management of the Division, including strategic planning, facility planning, budgeting, and real estate agreements. More specifically, the department provides:

- Negotiation and administration of major lease agreements;
- Facility pricing, contract negotiations and compliance, billing, Tariff administration, and audit support;
- Financial analysis and projections, including budget development and monitoring, as well as statistical data collection and analysis;
- Long-term operational and facility planning;
- Analysis of environmental, legislative, and regulatory initiatives; and
- Day-to-day management of administrative matters.

MARITIME OPERATIONS

Maritime Operations is responsible for day-to-day knowledge of field conditions and acts as liaison with maritime tenants and agency partners such as CBP, San Francisco Bar Pilots, and Marine Exchange of the San Francisco Bay Region. This department:

- Markets and administers short-term lease agreements for various facilities;
- Coordinates rail access and planning, as well as the Port's dredging program;
- Ensures that Port Tariff requirements and agreement terms are enforced;
- Identifies and monitors maintenance needs, and helps ensure that Seaport facilities are maintained appropriately, working closely with Engineering Project Design & Delivery and Harbor Facilities (see below);
- Coordinates with tenants on various operational matters, such as traffic management and extended terminal gate hours; and
- Manages various projects that are operationally focused.

MARITIME BUSINESS DEVELOPMENT AND MARKETING

Maritime Business Development and Marketing develops, recommends, and implements a broad range of targeted marketing and business development programs to address the commercial, operational, and strategic needs of the Seaport and its customers. Specifically, the department:

- Seeks opportunities in domestic and foreign markets, formulates and executes market entry strategies, and gathers and analyzes statistical data and other market intelligence;
- Actively markets vacant land within the Seaport and manages the business development process from solicitation of the optimum business partner to execution of final agreements;
- Identifies, targets, and influences cargo flows using intermodal services and other multimodal logistics capabilities to promote Oakland as a preferred gateway to/from foreign and domestic markets; and
- Manages a marketing communication program that focuses on strategies to grow market share through differentiation of Oakland from other gateways.

MARITIME SECURITY

Maritime Security is responsible for day-to-day liaison with maritime tenants and agency partners for matters related to the security of Seaport operations and facilities. This department:

- Acts as a liaison between the U.S. Coast Guard, CBP, local law enforcement, and the Port's marine terminal operators for security regulations and enforcement strategies;
- Ensures compliance with all mandates of the Federal Maritime Transportation Security Act and U.S. Coast Guard regulations related to maritime security;
- Monitors security and communications systems and coordinates patrol services in response to Seaport incidents; and
- Plans, develops, implements, and evaluates Seaport security programs, projects, and public safety activities in the Seaport.

MARITIME PROJECT MANAGEMENT SERVICES

Maritime Project Management (PM) Services is responsible for day-to-day oversight and delivery of various projects ranging from major maintenance to construction of new capital assets. This department:

- Oversees and works with other Port divisions to deliver a wide range of projects, and/or oversee tenant-constructed projects;
- Develops and manages the Division's CIP budget;
- Identifies and pursues grant funding opportunities to deliver projects;
- Contributes to long-term facility planning and business objectives by identifying project needs, opportunities, and constraints; and
- Assists with lease negotiations when development is expected to occur.

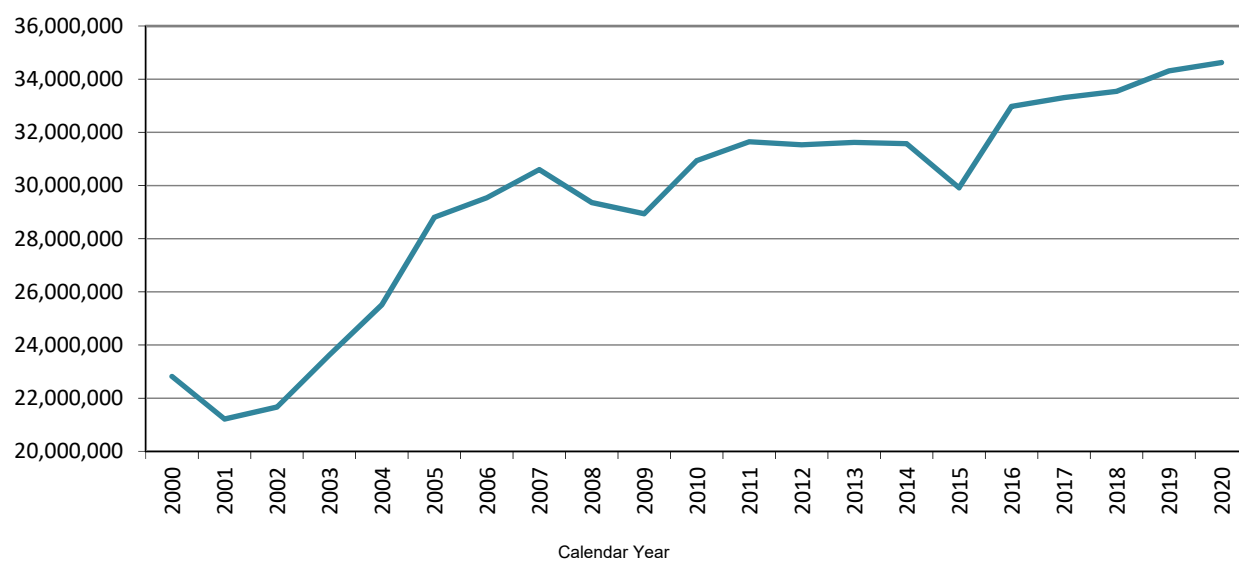
HARBOR FACILITIES

Harbor Facilities is responsible for maintaining Port-owned utilities, facilities, and equipment primarily in the Maritime and CRE areas and, to a lesser extent, at OAK and the Airport Business Park. Harbor Facilities also provides support during construction of capital projects, performs regular and preventive maintenance, administers certain major maintenance projects, and provides first response and stabilization during emergencies and natural disasters. Below are the major functions of the department:

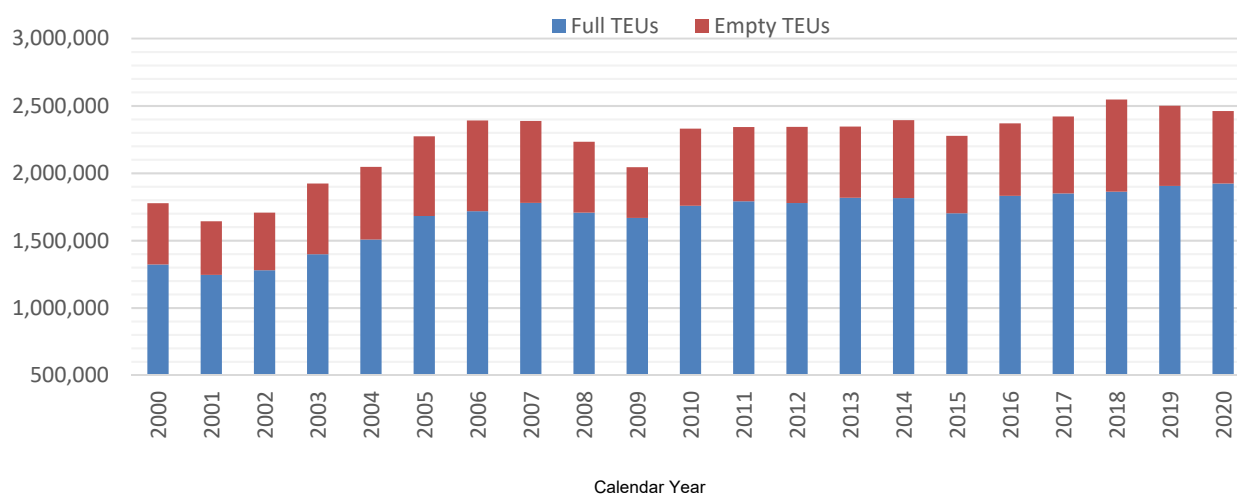
- *Facilities Management* plans, leads, organizes and controls the department's budget, programs, resource management, and cost allocation;
- *General Maintenance* performs a wide variety of maintenance services such as roofing, paving, building maintenance, signage, landscaping/gardening/weed-abatement, and maintenance and sweeping of Port-controlled roads;
- *Utilities* maintains most Port-owned water and power distribution systems within the Seaport and CRE areas. Responsibilities include maintenance and/or installation of fire prevention services; electrical substations and sewer lift station lighting; electrical and mechanical systems for certain buildings; and above/underground utilities;
- *Fleet Maintenance* maintains and services Port vehicles, construction equipment, and aircraft crash and fire rescue vehicles;
- *Diving Services* plans, coordinates, and performs inspection and repair of the Port's waterfront marine structures throughout the Maritime area, as well as in the CRE areas and the Runway 12/30 approach light structure, tide gates, and security buoys at OAK. The Diving Services group is capable of providing services such as on-call response for aircraft and ferry boat accidents in the San Francisco Bay, and first response on waterside oil spill containment.

Maritime Cargo Statistics CY 2000 – CY 2020

Revenue Tons¹



Total TEUs²



¹ Containerized cargo (full TEUs) only; excludes bulk cargo. Figures in metric tons.

² Although de minimis, TEUs include restows and shifts in CY 2000 through CY 2011. Starting in CY 2012, restows and shifts are no longer counted.

United States Container Port Activity by TEU Volume

PORT	CY 2020 TEUS	CY 2019 TEUS	% <i>Change</i>
Los Angeles (CA)	9,213,396	9,337,632	-1.3%
Long Beach (CA)	8,113,315	7,632,032	+6.3%
New York/New Jersey (NY/NJ)	7,585,819	7,471,131	+1.5%
Savannah (GA)	4,682,249	4,599,172	+1.8%
NW Seaport Alliance (WA)	3,320,379	3,775,303	-12.0%
Houston (TX)	2,989,347	2,987,291	0.0%
Hampton Roads (VA)	2,813,415	2,937,962	-4.2%
Oakland (CA)	2,461,262 ¹	2,500,461	-1.6%

Source: AAPA 2020 Container Port data; Respective port websites

Oakland Container Activity

TYPE	CY 2020 TEUS ¹	CY 2019 TEUS	% <i>Change</i>
FULL			
IMPORT	995,977	975,210	+2.1%
EXPORT	927,799	931,019	-0.3%
TOTAL FULL	1,923,776	1,906,229	+0.9%
TOTAL EMPTY	537,486	594,232	-9.5%
TOTAL TEUS	2,461,262	2,500,461	-1.6%

¹ Includes estimates.

Maritime Activity Levels

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Number of Vessel Calls	1,340	1,339	1,200	1,200	1,200	1,200	1,200
Total TEUs ¹	2,413,664	2,197,857	2,649,761	2,676,259	2,703,021	2,730,052	2,757,352
Total TEU Growth	-6.8%	-8.9%	20.6%	1.0%	1.0%	1.0%	1.0%
Full TEUs	1,885,303	1,708,945	2,083,337	2,104,170	2,125,212	2,146,464	2,167,929
Full TEU Growth	-0.2%	-9.4%	32.7%	1.0%	1.0%	1.0%	1.0%
Empty TEUs	528,361	488,911	566,424	572,088	577,809	583,587	589,423
Empty TEU Growth	-24.7%	-7.5%	15.9%	1.0%	1.0%	1.0%	1.0%

¹ TEU – Twenty-Foot Equivalent Unit. Does not include restows and shifts.

- Changes in activity are not always directly correlated with changes in revenue because of Minimum Annual Guarantees (MAGs) and other terms of lease agreements.
- The number of cargo vessel calls is difficult to project in future years. In recent years, vessel calls have been declining. This is especially true in FY2021 as the current fiscal year is seeing a drop in vessel calls due to U.S. West Coast port congestion and the resulting disruption to ocean carrier schedules, both caused by an unforeseen surge in imports from Asia. For simplicity, vessel calls in FY 2022 through FY 2026 are held flat at 1,200, which was the anticipated FY 2021 vessel calls prior to the recent congestion. Alone, vessel calls are not a direct indicator of cargo activity or revenue.
- Budgeted FY 2022 Total TEUs is 4.5% higher than Anticipated FY 2021 Total TEUs of approximately 2.54 million TEUs or 20.6% higher than FY 2021 Budget and 9.8% higher than FY2020 Actual.
 - Budgeted FY 2022 Full TEUs is 5.5% higher than Anticipated FY 2021 Full TEUs of 1.98 million or 21.9% higher than FY 2021 Budget and 10.5% higher than FY 2020 Actual.
 - Budgeted FY 2022 Empty TEUs is 1.0% higher than Anticipated FY 2021 Empty TEUs of 0.56 million or 15.9% higher than FY 2021 Budget and 7.2% higher than FY 2020 Actual.
- FY 2022: Total budgeted cargo is anticipated to increase by approximately 20.6% in FY 2022 relative to FY 2021 Budget (and 4.5% relative to FY 2021 anticipated actuals), due to much higher import cargo than anticipated, new first port of call vessel services from Asia that will yield incremental cargo, and strong U.S. consumer demand into calendar year 2022.
- FY 2023: Total budgeted cargo in FY 2023 is anticipated to increase by approximately 1.0% relative to FY 2022 Budget. The baseline assumption is 1.0% growth in Full TEUs and 1.0% growth in Empty TEUs.

- FY 2024-26: Full TEU growth assumed at 1.0% annually. Empty TEU growth assumed at 1.0% annually. Anticipated full cargo growth rates in FY 2024 through FY 2026 are assumed at 1.0%, reflecting some conservatism about cargo growth once current and near-term surges have stabilized.

Maritime Operating Revenues

	(\$ Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Marine Terminals	122,672	120,203	126,729	133,372	135,920	136,759	139,898
Rail Terminals	2,513	3,384	3,788	3,917	4,201	4,464	4,509
Other Revenue	34,095	31,192	46,362	50,338	52,426	53,946	56,743
Miscellaneous	452	301	301	376	376	376	451
Subtotal	159,732	155,080	177,180	188,003	192,923	195,545	201,602
Bad Debt Reserve	(99)	(250)	(250)	(250)	(250)	(250)	(250)
TOTAL	159,633	154,830	176,930	187,753	192,673	195,295	201,352

- FY 2022: Assumes 4.5% increase in TEUs (both full and empty) at marine terminals relative to FY 2021 anticipated actuals of 2.5 million TEUs. Rail activity assumed to increase 27.8% relative to FY 2021 anticipated actuals of 0.1 million TEUs.
 - Total FY 2022 Maritime revenues budgeted at \$176.9 million, an increase of \$22.1 million or 14.3% over FY 2021 Budget of \$154.8 million and \$9.1 million or 5.5% higher than anticipated FY 2021 actuals of \$167.8 million.
 - Marine Terminals revenue is projected to increase by approximately \$2.4 million in FY 2022 from FY 2021 anticipated actuals of \$124.4 million, and approximately \$6.5 million relative to FY 2021 Budget. These increases are due primarily to higher variable revenue at each marine terminal resulting from projected increases in cargo throughput, and a contractual increase in fixed rent at one marine terminal.
 - Rail Terminal cargo activity in FY 2022 Budget is approximately 27.8% higher than FY 2021 anticipated actuals of 0.1 million TEUs due to the annualized effect of first port of call vessel services that began midway in FY 2021. Revenue from Rail Terminals is based on the projected increase to cargo volumes, scheduled rate increases per current lease terms, and other contract terms. FY 2022 budgeted revenue at rail terminals is approximately \$0.2 million higher than FY 2021 anticipated actuals of \$3.6 million. FY 2022 budgeted revenue is approximately \$0.4 million higher than FY 2021 Budget also because of additional cargo from anticipated first port of call vessel services.
 - Other Revenue in FY 2022 is projected to be approximately \$6.8 million higher than FY 2021 anticipated actuals of \$39.6 million and approximately \$15.2 million higher than FY 2021 Budget. The increase relative to FY 2021 anticipated actuals is due to the anticipated commencement of a long-term lease for a bulk terminal operator, an increase in the space leased by a marine terminal operator under a short-term agreement, new short-term and medium-term tenancies, new vessel layup tenancies, and a 5% increase on certain tariff rates effective in FY 2022. The increase relative to FY 2021 Budget additionally includes numerous

new tenancies that were previously unanticipated, expansion of existing tenancies, and revenue from one of the Port's truck parking/container depot facilities that remained in operation longer than anticipated.

- Miscellaneous revenue stays generally flat in FY 2022 based on projections of fees collected from Licensed Motor Carriers under the Port's Comprehensive Truck Management Plan (CTMP).
- FY 2023 - FY 2026: Revenue is based on forecasted cargo activity growth, and current or anticipated lease terms. Highlights include:
 - Marine Terminals revenue is based on forecasted full and empty TEU growth of 1.0% annually, and current or anticipated lease terms. Cargo from new first port of call services starting in FY 2021 and FY 2022 is anticipated to sustain in FY 2023 through FY 2026.
 - Rail Terminal cargo activity is budgeted to grow approximately 10.4% in FY 2023, which accounts for some cargo bound for inland destinations from first port of call services; rail cargo volume then grows by approximately 1% each year in FY 2024 through FY 2026. Because of contract terms (notably the effect of calendar vs. fiscal year), Rail Terminal revenue grows modestly in FY 2023 through FY 2026.
 - Revenue from other tenants (non-marine terminal and non-rail terminal) assume scheduled or anticipated lease terms, rent increases driven by anticipated Tariff increases, anticipated new tenancies, and anticipated loss of tenancies due to development activities.
 - Miscellaneous revenue increases in FY 2023 and FY 2026 due to anticipated increases in the CTMP registry fee.

Maritime Operating Expenses

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel Services	15,911	16,060	16,902	17,674	18,249	18,184	18,466
Contractual Services	17,679	13,308	18,652	18,511	14,206	13,705	12,712
Supplies	1,795	2,253	2,834	2,919	3,007	3,096	3,189
General & Administrative	503	426	1,426	947	790	812	838
Dept'l (Credits) Charges	(38)	(39)	(40)	(41)	(42)	(44)	(45)
TOTAL	35,849	32,007	39,774	40,011	36,210	35,754	35,159
<i>FTEs (headcount)</i>	<i>64</i>	<i>69</i>	<i>70</i>	<i>70</i>	<i>70</i>	<i>70</i>	<i>70</i>

Personnel Services

- FY 2022: Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2022. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022. Vacancy factor of 4 FTEs or \$0.8 million assigned directly to Maritime due to normal attrition compared to 4 FTEs or \$0.9 million budgeted in FY 2021.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

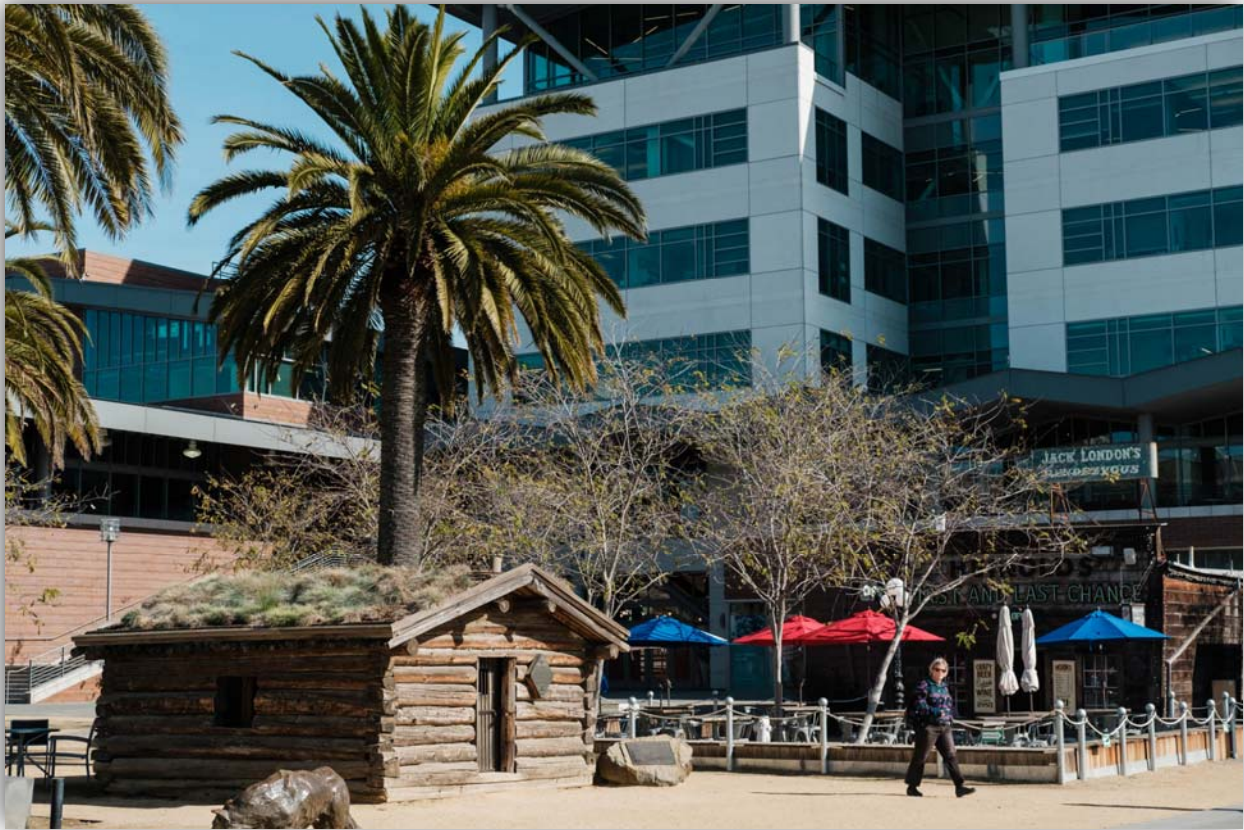
Contractual Services

- FY 2022: Higher by \$5.3 million primarily due to higher consulting of \$2.7 million, maintenance and repairs of \$1.8 million, ancillary services (including truck parking) of \$1.1 million, and disposal services of \$0.2 million partially offset by lower maintenance reimbursements to tenants of \$0.5 million.
- FY 2023: Lower by \$0.1 million due to lower consulting of \$1.0 million, maintenance and repairs of \$0.5 million offset by increased payments to the City of \$1.2 million, increased ancillary services (including truck parking) of \$0.1 million, and higher security of \$0.1 million.
- FY 2024: Lower by \$4.3 million primarily due to lower maintenance and repairs of \$3.3 million, decreased payments to the City of \$0.6 million, lower consulting expenses of \$0.4 million, and lower reimbursements to tenants of \$0.1 million partially offset by increased ancillary services (including truck parking) of \$0.1 million.
- FY 2025: Lower by \$0.5 million primarily due to lower consulting of \$0.4 million, decreased payments to the City of \$0.4 million partially offset by higher maintenance and repairs of \$0.2 million and increased ancillary services (including truck parking) of \$0.1 million.

- FY 2026: Lower by \$1.0 million primarily due to lower maintenance reimbursements to tenants of \$1.5 million partially offset by higher maintenance and repair of \$0.4 million and increased ancillary services (including truck parking) of \$0.1 million.

General & Administrative

- FY 2022: Higher by \$1.0 million due the assumption of a long-term land lease for tenant's property at the former OAB of \$0.5 million, first port of call incentives of \$0.2 million, increased travel of \$0.2 million, and higher books & subscriptions, dues & memberships, and sponsorships (net \$0.1 million).
- FY 2023: Lower by \$0.5 million assumption for another long-term land lease for property at the former OAB of \$0.2 million from the City and no anticipated first port of call incentives.
- FY 2024 through FY 2026: Expenses are assumed to increase on average 3% each year.



The Commercial Real Estate (CRE) Division manages, promotes, develops, and enhances the City's urban waterfront for economic benefit and public enjoyment. CRE customers include:

- Tenants and individuals who manage, develop, and/or lease Port land, buildings, marinas, and other facilities;
- Employees and patrons of those businesses;
- Users of the public spaces such as plazas, piers, paths, and promenades; and
- Other Port divisions and departments.

The CRE Division performs several major functions: marketing and managing Port assets; providing information, services, and special events to the public; planning and facilitating new development on the urban waterfront; and providing building services support to all Port divisions.

Commercial Real Estate Operating Revenues

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Jack London Square	7,727	7,414	6,597	8,027	9,325	9,529	9,742
Embarcadero Cove	3,348	3,194	3,114	3,475	3,764	3,827	3,853
Business Park and Distribution Center	3,770	3,747	3,410	3,904	4,491	4,577	4,666
Brooklyn Basin and Other Areas	1,659	1,640	1,657	1,695	1,757	1,821	1,881
Subtotal	16,605	16,097	14,778	17,101	19,366	19,753	20,142
Bad Debt Reserve	(19)	(350)	(145)	(145)	(145)	(145)	(145)
TOTAL	16,586	15,646	14,633	19,956	19,191	19,608	19,997

FY 2022, CRE revenues budgeted at \$14.6 million, decrease of \$1.0 million or 6.5% over FY 2021 Budget of \$15.6 million and \$0.9 million or 6.2% higher than anticipated FY 2021 actuals of \$13.8 million.

Jack London Square

- FY 2022: Lower parking, office, and retail tenant vacancies, and lower percentage rents from hotels and retail. Decrease in bad debt reserve to account for negotiated rent deferrals.
- FY 2023 through FY 2026: Increase in parking revenues, percentage rents, and minimum rent adjustments due to projected lease renewals, new tenants, and scheduled rent adjustments.

Embarcadero Cove

- FY 2022: Lower hotel percentage rents.
- FY 2023 through FY 2026: Increase in percentage rents, and minimum rent adjustments due to projected lease renewals and scheduled rent adjustments offset by vacancy potential.

Business Park and Distribution Center

- FY 2022: Lower hotel percentage rents.
- FY 2023 through FY 2026: Increase in percentage rents, and minimum rent adjustments due to projected lease renewals and scheduled rent adjustments offset by vacancy potential.

Brooklyn Basin and Other Areas

- FY 2022 through FY 2026: Projected increase in percentage rents, and minimum rents due to projected lease renewals and scheduled rent adjustments.

Commercial Real Estate Operating Expenses

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel Services	1,987	1,854	1,811	1,895	1,957	1,945	1,973
Contractual Services	4,936	5,679	5,569	5,820	5,994	6,173	6,357
Supplies	22	30	30	31	32	33	34
General & Administrative	295	405	404	327	357	367	377
Dept'l (Credits) Charges	(213)	(213)	(213)	(219)	(226)	(232)	(239)
TOTAL	7,028	7,756	7,602	7,855	8,114	8,286	8,502
<i>FTEs (headcount)</i>	8	8	8	8	8	8	8

Personnel Services

- FY 2022: Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2022. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

Contractual Services

- FY 2022: Lower anticipated parking lot operations of \$0.3 million partially offset by one time cost to restack offices at 530 Water Street operating costs of \$0.2 million.
- FY 2023: Increased parking lot operations expenses anticipated.
- FY 2024 through FY 2026: Expenses assumed to increase approximately 3% each year.

General & Administrative

- FY 2023: Elimination of leasing commissions partially offset by higher promotional expenses and postage.
- FY 2024 through FY 2026: Property costs vary based on anticipated needs. Other expenses assumed to increase by 3% each year.



Utilities is a unit within the Office of the Chief Operating Officer (COO) that operates the Port publicly owned utility system (electrical), and manages the administration of utilities (electrical, gas, water, and sewer). Utilities purchases electric power in the wholesale and retail markets, ensures that the Port complies with applicable California Energy Commission (CEC), California Air Resources Board (CARB), and the California Public Utilities Commission (CPUC) rules and regulations. Utilities also helps plan, operate, and upgrade the Port's utility systems in an effective and efficient manner in compliance with all rules and regulations. It also obtains renewable energy for Port utility customers, takes measures to reduce the Port's GHG emissions by procuring electricity contracts from generators that emit less carbon, operates in the Cap & Trade market, and promotes energy efficiency. The following tables highlight utility revenues by commodity type.

Utilities Revenue by Type

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Electricity – Retail	621	443	2,976	3,005	3,034	3,063	3,093
Electricity – Wholesale	8,802	7,858	8,815	8,903	8,992	9,082	9,173
Electricity – Capacity	142	150	546	147	149	150	152
Shore Power	6,946	7,148	6,984	7,054	7,125	7,196	7,268
Gas	69	107	98	99	100	101	102
Water (Sewer)	118	144	127	128	129	131	132
Cap & Trade			368	351	330	311	298
AB 1890			354	357	361	364	368
LCFS			4,500	4,545	4,590	4,636	4,683
TOTAL	16,998	15,850	24,768	24,590	24,810	25,035	25,268

FY 2022 Utilities revenues budgeted at \$24.8 million, a decrease of \$0.4 million or 1.6% than anticipated FY 2021 actuals of \$25.2 million. FY 2022 budget comparisons to FY 2021 budget are not meaningful due to the inclusion of \$5.2 million in Cap & Trade, AB 1890, and sale of LCFS credits in the FY 2022 Budget that were previously excluded from prior year Utility revenues.

Electricity Retail

- FY 2022: Increase due to new and additional administrative services by Port Utilities.
- FY 2023 through FY 2026: Increases annually by 1%.

Electricity Wholesale

- FY 2022: Increase due to new customers and increased usage by existing customers.
- FY 2023 through FY 2026: Usage anticipated to increase annually at 1%.

Electricity Capacity

- FY 2022: Higher due to a one-time fee charged to two new customers.
- FY 2023 through FY 2026: Transmission fees to Treasure Island increase annually by 1%.

Shore Power

- FY 2022: Lower usage anticipated due to fewer vessel calls.
- FY 2023 through FY 2026: Usage anticipated to increase annually by 1%.

Gas

- FY 2022: Lower anticipated usage at the Airport.
- FY 2023 through FY 2026: Rates anticipated to increase annually by 1%.

Water & Sewer

- FY 2022: Lower mostly due to the Port repairing system leaks and decreased usage at the Airport.
- FY 2023 through FY 2026: Rates anticipated to increase annually by 1%.

Cap & Trade

- FY 2022: Increases due to change in revenue recognition as this was not previously budgeted.
- FY 2022 through FY 2026: Decreases due to the phase out of the State sponsored program.

AB 1890

- FY 2022: Increases due to change in revenue recognition as this was not previously budgeted.
- FY 2023 through FY 2026: Usage anticipated to increase annually by 1%.

Low Carbon Fuel Standard Credit (LCFS) Sales

- FY 2022: Increases due to change in revenue recognition as this was not previously budgeted.
- FY 2023 through FY 2026: Usage anticipated to increase annually by 1%.

The following tables highlight the cost of sales by business line and commodity. The cost of sales correlates to use and revenues.

Cost of Sales by Business Line

	(\$ Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Aviation	1,753	2,142	2,376	2,403	2,427	2,451	2,475
Maritime	5,396	5,941	12,170	12,288	12,411	12,535	12,661
CRE	102	102	102	102	102	103	103
TOTAL	7,251	8,184	14,647	14,793	14,940	15,088	15,238

Cost of Sales by Type

	(\$ Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Electricity – Retail	610	443	2,976	3,005	3,034	3,063	3,093
Electricity – Wholesale	4,480	4,995	6,644	6,711	6,778	6,846	6,914
Shore Power	1,983	2,500	3,664	3,701	3,738	3,775	3,813
Gas	69	108	95	96	97	98	99
Water	108	139	91	92	93	94	95
Cap & Trade			175	177	179	180	182
AB 1890			322	325	328	331	335
LCFS			680	687	694	700	708
TOTAL	7,251	8,184	14,647	14,793	14,940	15,088	15,238

The Office of the Chief Operating Officer is responsible for Port-wide operations and compliance with government regulations and Board policies. These functions include a variety of technical disciplines and coordination with staff across the organization. Divisions include Engineering, Utilities, Environmental Programs and Planning, and Information Technology.

ENGINEERING

Engineering supports the development, renewal, and compliance of the physical infrastructure of the Port through asset management planning, design, and construction of Port facilities. Engineering's primary role is to develop and manage the capital projects and programs of the Port. Engineering serves a more limited role in supporting the revenue divisions with tenant projects and coordinates with Facilities Departments which have a significant role in ongoing asset management through their maintenance activities.

Engineering provides scoping, engineering design, engineering project management, construction management, cost estimating, scheduling, facility inspections/assessments, review and inspection of tenant improvements, and technical studies to support the Port's revenue divisions' infrastructure and development needs. Preparation of plans and specifications are accomplished largely through outside professional services contracts with oversight and management being provided by staff. In conjunction with the Social Responsibility Division (SRD), the Engineering team ensures that there is compliance with the non-discrimination and small and local business utilization policy. Also, working with other divisions, the Engineering team supports the application for and implementation of outside grants/funding sources as these relate to Aviation and Maritime projects.

Engineering also manages the water depth of the channels and berths to provide for safe and efficient maritime navigation at the Port. This responsibility includes the Port's berth maintenance dredging program, coordination with the U.S. Army Corps of Engineers for the federal channel maintenance dredging, and deepening projects as applicable.

Engineering is also responsible for the structural integrity and major operational maintenance of Port-owned container cranes, including project management and construction administration, construction inspection, testing, loading, delivery, unloading, and commissioning of cranes.

Engineering provides a variety of engineering-related support services to the Port, Port tenants, and the public, including.

- **Contract Administration** - administering the consultant and construction contracts that are issued by the Division and assisting in the management of the Maritime and Aviation Project Labor Agreement (MAPLA) as well as maintaining a comprehensive project contract file archive.
- **Document Control** - administering the bid process for public works contracts and long-term management of project manuals and engineering documents.
- **Geomatics (Surveys and Land Records)** - providing survey, mapping, and land records management services to support the Port's development needs.

ENVIRONMENTAL PROGRAMS AND PLANNING

Environmental Programs and Planning has primary responsibility to promote Port business development, including the 5-Year CIP, through environmental stewardship and ensuring environmental compliance with all federal, State, and local statutes and regulations in all Port plans, activities, operations, and development programs and projects. Core functions include:

- Environmental planning and assessment as Lead Agency pursuant to the California Environmental Quality Act and review under the National Environmental Policy Act; developing and implementing mitigation monitoring and reporting programs; reviewing and commenting on other agencies' projects as a Responsible Agency; developing long-term strategies, plans and programs to address critical environmental issues, such as air quality, climate change, storm water, truck operations, and sea-level rise;
- Regulatory programs and permitting for Port operations, maintenance, and capital improvement projects; coordination with regulatory agencies including but not limited to: the Alameda County Department of Environmental Health, U.S. Army Corps of Engineers, Department of Toxic Substances Control, Regional Water Quality Control Board, Bay Area Air Quality Management District, Bay Conservation and Development Commission, California Air Resources Board, National Oceanic and Atmospheric Administration (NOAA) Fisheries, U.S. Fish and Wildlife Service, California Department of Fish and Wildlife, State Lands Commission, State Water Resources Control Board, California Native American Heritage Commission, and FAA;
- Environmental hazardous materials management and remediation, including soil and groundwater pollution clean-up and prevention; air quality planning, programs and inventories; sediment management; handling, abatement, and disposal of hazardous materials and waste; environmental remediation of contaminated Port property; and environmental liability insurance recovery support technical services;
- Environmental policy and advocacy before public regulatory bodies, trade associations, community and environmental organizations; and supporting community relations and media activities to raise awareness of Port environmental stewardship activities, programs, and accomplishments;
- Technical planning services, expertise, and management to support the Port's current and long-range planning efforts, including master plans, specific plans, site plans, use plans and transportation plans; and
- Port development permits, City building permits, and code compliance support for the Port, its tenants and other landowners within the Port Area.

INFORMATION TECHNOLOGY

Information Technology (IT) is responsible for the planning, development, management, operation, security, and maintenance of the Port's business systems, special systems and technology portfolio. The department collaborates with Port divisions and Port stakeholders to provide long-term technology planning and guidance; facilitates business system integration into Port operations supporting Port business objectives and strategies; manages resources to ensure that the Port's business systems run efficiently with minimal downtime; maintains the integrity and security of Port business systems; and supports the Port's continuity of operations by preparing and exercising contingency and disaster recovery plans.

Office of the Chief Operating Officer Operating Expenses

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel Services	20,417	19,608	20,908	21,822	22,530	22,433	22,769
Contractual Services	10,854	10,964	13,072	11,110	12,223	12,046	11,469
Supplies	157	104	383	122	125	129	133
General & Administrative	5,948	6,082	7,561	7,720	7,883	8,051	8,223
Dept'l (Credits) Charges	(167)	(110)	(60)	(60)	(60)	(60)	(60)
TOTAL	37,209	36,649	41,864	40,713	42,701	42,598	42,533
<i>FTEs (headcount)</i>	73	83	84	84	84	84	84

Personnel Services

- FY 2022: Assumes the addition of 2 FTEs transferred from other divisions. Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2021. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022. Vacancy factor of 4 FTEs or \$1.2 million assigned directly to Operations Office due to normal attrition compared to 7 FTEs or \$1.7 million budgeted in FY 2021.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

Contractual Services

- FY 2022: Higher maintenance dredging of \$0.6 million, engineering consulting of \$0.5 million, computer systems of \$0.5 million, environmental costs \$0.4 million, and IT maintenance and repairs (\$0.2 million).
- FY 2023 through FY 2026: Maintenance dredging volumes assumed flat with disposal rates fluctuating by anticipated disposal sites. All other expenses assumed to increase approximately 3% each year.

Supplies

- FY 2022: Primarily the purchase of new laptops for Port wide distribution of \$0.2 million, higher engineering electrical supplies, and office furniture in the COO's office.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

General & Administrative

- FY 2022: Higher port use Electricity of \$1.1 million due to increased renewable energy purchases, higher transmission fees, and expired contracts replaced with more costly contracts. Increases in Port use water and sewage \$0.2 million and port use gas of \$0.1 million due to higher rates.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year while Utility costs increase annually by approximately 1%.

Departmental Credits

- FY 2021-23 through FY 2026: Environmental Permit Fee recoveries anticipated flat.

The Finance and Administration Division provides the Port with short and long-term financial guidance in the areas of financial planning, financial management, capital project funding, and internal and external financial reporting. This division is also responsible for risk management, purchasing, information technology (ERP), and human resources.

FINANCE

- **Accounting** is overseen by the Port Controller and provides centralized accounting and financial statement reporting services for the entire Port. Accounting develops and maintains a system of internal controls to help maintain reliable financial reporting and plays an important role in safeguarding assets and preventing and detecting fraud. The primary functions of the department include: producing and delivering invoices to tenants, processing payments to suppliers, preparing and distributing payroll, custody and maintenance of the general ledger, preparing monthly financial statements, managing of grant reimbursements, and managing the annual external audits which includes the production of the Port's CAFR. Additionally, Accounting works closely with the Port's Audit Services Division on internal audits and with Financial Planning on certain reports and studies.
- **Financial Planning** facilitates and monitors the Port's operating and capital budgets, prepares financial analyses and forecasts, and develops and coordinates the funding of capital projects. The department is also responsible for Aviation Rates and Charges, cash management, debt management, and debt compliance.
- **Purchasing** facilitates and manages the acquisition of supplies, equipment and services for the Port, except for those items and services which are procured through construction bids (public works).
- **Risk Management** is responsible for identifying, evaluating and recommending risk transfer of insurable loss exposures faced by the Port. The department coordinates and directs various risk transfer functions, including risk analysis, insurance purchase, claims administration, selection of agents/brokers, and allocation of risk charges to operating departments. Risk Management reviews Port contracts, and recommends and tracks insurance protection levels for tenants, vendors, consultants, and suppliers. The department also administers the Port's Owner-Controlled Insurance Program (OCIP) for capital improvement projects.

ENTERPRISE RESOURCE PLANNING

The Enterprise Resource Planning (ERP) Group provides technical and functional support to users of the Oracle eBusiness Suite. The Port utilizes Oracle eBusiness Suite in the following business areas: Financials, Human Resources, Payroll, Projects & Grants, Procurement, Enterprise Asset Management, Property Management, and Maritime Tenant Revenue.

HUMAN RESOURCES

Human Resources (HR) is responsible for servicing and advising the Port on matters related to human resources administration.

- **Personnel and Employee Services** is responsible for the administration of the Personnel Rules and Procedures of the Port of Oakland (Port Personnel Rules) and the City Civil Service Rules; and maintains and administers provisions related to classification and compensation, recruitment and selection, certification, appointment, and performance management.
- **Payroll and Benefits** is responsible for the effective delivery of services related to payroll, wellness, and benefits administration.
- **Employee and Labor Relations** is responsible for the administration of the four labor contracts at the Port; engages with Port labor unions in the negotiation of successor contracts; when appropriate, meets and confers with labor unions over changes in wages, hours, and working conditions; assists and guides management in handling grievances, employee discipline matters, and employee relations issues; and provides support to the Port Attorney's Office for litigation or arbitrations arising out of employment related contract disputes.
- **Equal Opportunity** is responsible for policies and programs that ensure the Port is free of discrimination and harassment pursuant to rules and regulations promulgated by the Department of Fair Employment and Housing (DFEH) and the Equal Employment Opportunity Commission (EEOC). Equal Opportunity is also responsible for the Accessibility and Accommodation Program, which prohibits discrimination against persons with disabilities in employment, transportation, public accommodation, communications, governmental activities, and telecommunication.
- **Workers' Compensation** maintains and operates a self-insured, self-funded workers' compensation program in compliance with all applicable laws and statutes. Workers' Compensation investigates each industrial injury or illness, reports suspected fraudulent claims, monitors medical treatment, arranges medical consultations, determines eligibility for workers' compensation benefits, provides information on benefits to employees, communicates with Port management on return-to-work status and coordinates with reporting agencies and other Port divisions to resolve work-related illness or injury issues.
- **Organizational Effectiveness** is responsible for the delivery of an array of training programs designed to enhance staff morale and develop and promote an efficient and high performing workforce.
- **Employee Health and Safety** implements and administers the Port's Safety Program including pertinent safety monitoring and control, training, disaster/emergency response, accident prevention and other related functions to reduce safety hazards and loss for the Port. It also provides technical consultation to Port departments to ensure compliance with the Occupational Safety and Health Act and other federal, State, and local ordinances pertaining to hazardous waste, toxic substances, and safety.

Finance and Administration Operating Expenses

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel Services	11,867	10,732	12,077	12,638	13,049	12,989	13,182
Contractual Services	1,556	1,949	2,095	2,014	2,091	2,296	2,277
Supplies	64	65	65	67	69	72	74
General & Administrative	3,847	4,324	5,050	5,193	5,348	5,500	5,655
TOTAL	17,333	17,070	19,288	19,912	20,558	20,856	21,188
<i>FTEs (headcount)</i>	43	51	51	51	51	51	51

Personnel Services

- FY 2022: Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2021. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022. Vacancy factor eliminated compared to 6 FTEs budgeted in FY 2021 or \$1.1 million.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

Contractual Services

- FY 2022: Higher consulting related to pending labor negotiations (MOUs expire June 30, 2022) and bi-annual OPEB actuarial study and increased computer systems.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year except for actuarial services, which vary bi-annually due to reporting requirements related to the Port's retiree medical plan. Labor negotiator costs budgeted in FY 2025 and FY 2026 to coincide with the anticipated expiration of the labor MOUs.

Supplies

- FY 2023 through FY 2026: Supplies assumed to increase approximately 3% each year.

General & Administrative

- FY 2022: Higher insurance premiums.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

The Executive Office provides leadership, vision, inspiration, and direction to all Port divisions. This includes strategic and business planning, policy development, communications, social responsibility, community affairs, and government relations. The Executive Director, who is appointed by the Board, is the Port's top management official. In accordance with Board policies, the Executive Director is responsible for the formulation, interpretation, and implementation of Port policy.

COMMUNICATIONS

Communications provides timely, proactive, and cost-effective strategic communications to both internal and external stakeholders. The department's functions are designed to increase public awareness and understanding of the Port, its projects and policies. Communications:

- Develops and updates communication strategies that seek to promote and protect the Port's reputation;
- Handles media relations with local, regional, national, international, and trade-specific news outlets;
- Produces Port events and public presentations;
- Supports meaningful and timely employee communications; and
- Provides graphic reproduction services to all Port divisions.

GOVERNMENT RELATIONS

Government Relations works with other Port divisions to develop and implement legislative, regulatory and advocacy strategies, and to establish the Port's position on legislative and regulatory proposals. This department also takes the lead in identifying and securing other governmental agency funding for Port projects and programs. In addition, the department manages and coordinates the Port's relationships with local, regional, State, and federal governments.

SOCIAL RESPONSIBILITY

SRD aims to facilitate inclusion, fairness, equity, and access to economic opportunities, programs, and services of the Port for the people and businesses in the Port community through innovative policies and programs, strategic partnerships, and outreach. SRD:

- Promotes inclusion of small, local, and/or disadvantaged business enterprises in procurement and contracting opportunities at the Port;
- Promotes the hiring of local residents on Port-related projects;
- Promotes and facilitates job opportunities and sustainable wages for the local community;
- Defines, develops, and administers comprehensive community education and outreach programs, and manages the community benefits planning for the organization; and
- Ensures the Port's compliance with Title VI of the Civil Rights Act of 1964.

Executive Office Operating Expenses

(\$ Thousands)

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel							
Services	4,720	3,866	4,228	4,468	4,612	4,589	4,655
Contractual							
Services	1,090	1,349	1,593	1,522	1,567	1,513	1,559
Supplies	4	9	8	8	8	8	9
General & Administrative	549	608	731	701	722	743	765
TOTAL	6,363	5,832	6,560	6,699	6,910	6,854	6,988
<i>FTEs</i>							
(headcount)	16	18	18	18	18	18	18

Personnel Services

- FY 2022: Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2022. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022. Vacancy factor of 2 FTEs or \$0.4 million assigned directly to Executive Office due to normal attrition compared to 4 FTEs or \$0.7 million budgeted in FY 2021.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI. Reinstatement of the Summer Internship program.

Contractual Services

- FY 2022: Higher consulting for "Everyone's Port" campaign of \$0.1 million (three year program) and higher maintenance and higher MHSP management fees of \$0.1 (repairs and maintenance).
- FY 2023 through FY 2026: Lower consulting in FY 2023 for the "Everyone's Port" campaign anticipated. All other expenses assumed to increase approximately 3% each year.

General and Administrative

- FY 2022: Primarily higher community outreach related to Maritime land use and advertising for the "Everyone's Port" campaign.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

The Port Attorney's Office, as provided under City Charter Section 706, paragraph 20, passes upon the form and legality of all contracts within the jurisdiction of the Board; gives legal advice to the Board, its officers and employees on all matters within its jurisdiction; defends and prosecutes or compromises all actions at law or equity and special proceedings for or against the City related to Port activities or any Port officers in their official capacity; prepares all legal briefs and memoranda, contracts, ordinances, resolutions, and other documents of the Port; and makes all appearances in actions and proceedings on behalf of the Port. The Port Attorney, who reports directly to the Board, discharges these duties directly and through assistants and deputies. Duties are assigned among the staff attorneys on a case-by-case basis with some specialization in maritime, aviation, commercial real estate, environmental, insurance, litigation, public finance, construction, open meeting laws, tax, and labor/employment.

Operating Expenses

	(\$ Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2024-25
Personnel							
Services	4,278	3,980	4,365	4,569	4,716	4,689	4,755
Contractual							
Services	436	1,063	1,063	1,095	1,128	1,162	1,197
Supplies	10	10	10	10	11	11	11
General & Administrative	91	103	103	106	109	112	116
TOTAL	4,816	5,156	5,542	5,780	5,964	5,974	6,079
<i>FTEs</i>							
(headcount)	13	14	14	14	14	14	14

Personnel Services

- FY 2022: Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2022. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022. Vacancy factor eliminated compared to 1 FTE budgeted in FY 2021 or \$0.4 million.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

Contractual Services

- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

Supplies

- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

General & Administrative

- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

The Office of Audit Services provides independent and objective reviews and evaluations of the Port's financial and operational activities to assist the Board and management in the effective discharge of their oversight responsibilities. The Office of Audit Services also manages and administers the Port's Whistleblower Program.

INTERNAL AUDIT

Internal Audit conducts performance and compliance audits to ascertain the adequacy and effectiveness of the Port's internal controls over financial reporting, safeguarding of assets, compliance with all applicable laws and regulations, and efficiency of operations. Internal Audit furnishes constructive recommendations for process and internal control improvements. Internal Audit also conducts investigations of whistleblower hotline reports.

FIELD AUDIT

Field Audit conducts concession and compliance audits to verify that revenues received from Port tenants and expenditures reimbursed/paid to Port consultants/contractors are properly calculated and reported.

Operating Expenses

	(\$ Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel Services	1,794	1,696	1,756	1,837	1,897	1,886	1,913
Contractual Services	10	22	60	29	30	31	32
Supplies	0	1	1	1	1	1	1
General & Administrative	(72)	8	9	9	9	9	9
TOTAL	1,732	1,727	1,826	1,877	1,937	1,928	1,956
<i>FTEs (headcount)</i>	6	7	7	7	7	7	7

Personnel Services

- FY 2022: Assumes salaries adjusted for step increases and the elimination of 16 furlough days budgeted in FY 2021 partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2022. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

Contractual Services

- FY 2022: Replacement of audit software system (one-time expenditure)

- FY 2023 through FY 2025: Expenses assumed to increase approximately 3% each year.

General & Administrative

- FY 2022: Higher due to dues & registrations.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

The duty of the Board, as established in the City Charter, is to promote and assure the comprehensive development of the Port through continuity of control, management, and operation. Pursuant to the City Charter, the exclusive control and management of the Port is vested in the Board, comprised of seven members who are nominated by the Mayor of Oakland and appointed by the Oakland City Council. The Board is specifically charged with the tasks presented in Article 7 of the City Charter.

The Board Secretary and Assistant Secretary manage the functions of the Office of the Board of Port Commissioners. Key duties include assuring the public's right to know and participate in a meaningful way in the decision-making processes of the Port; publishing the Board Agendas, Minutes, Resolutions, and Ordinances in conformance with the City Charter, Ralph M. Brown Act, and the Port's Sunshine Ordinance; receiving and publicly opening all sealed bids; coordinating Public Information Requests; and managing on behalf of the Port and Board the annual filing of the Fair Political Practices Commission's Form 700 Statement of Economic Interest.

Operating Expenses

	(\$ Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel Services	490	466	479	501	517	514	521
Contractual Services	2	7	7	7	7	8	8
Supplies	4	3	3	9	3	3	9
General & Administrative	99	92	117	120	124	128	131
TOTAL	595	568	605	638	652	652	669
<i>FTEs (headcount)</i>	2	2	2	2	2	2	2

Personnel Services

- FY 2022: Salaries higher due to Board Secretary salary adjustment in FY 2021, the elimination of 16 furlough days budgeted in FY 2021, and step increase partially offset by the elimination of pension expense related to GASB 68. CalPERS pension employer contribution rate assumed to decrease to 41.9% from 42.8%. Medical premiums assumed to increase 5.0% on January 1, 2022. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2022.
- FY 2023 through FY 2026: CalPERS pension employer contribution rate assumed to increase to 44.2% in FY 2023 and 44.3% in FY 2024, respectively, before decreasing to 38.5% in FY 2025 and 35.9% in FY 2026. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. Salary adjustments are adjusted by approximately CPI.

Contractual Services

- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

Supplies

- FY2023: Replacement of 6 iPads and higher office supplies.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

General & Administrative

- FY 2022: Higher travel by Commissioners anticipated.
- FY 2023 through FY 2026: Expenses assumed to increase approximately 3% each year.

NON-DEPARTMENTAL

BUDGET 2021-22

Non-Departmental is a cost center that collects Port-wide non-discretionary expense items which are not initially allocated directly to Port divisions. These expenses include, but are not limited to, retiree medical expenses, workers' compensation costs, supplemental pension expense for high earning retirees, vacation and sick leave accruals, unemployment insurance, certain City services and assessments, insurance claims, utilities for Port usage, and certain legal and environmental costs. Also included is departmental credits, which is mostly labor and overhead costs allocated to the capital budget.

Operating Expenses

	(\$ Thousands)						
	Actual 2019-20	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Personnel Services	6,119	16,832	13,563	16,850	17,146	17,449	17,654
Contractual Services	2,123	2,333	2,400	2,469	2,542	2,618	2,696
General & Administrative	1,867	4,090	4,090	4,211	4,336	4,465	4,597
Departmental Credits	(5,439)	(4,978)	(8,784)	(9,048)	(9,319)	(9,599)	(9,886)
TOTAL	4,670	18,277	11,269	14,484	14,705	14,933	15,060

Personnel Services

- FY 2022: Lower OPEB expense (GASB 75) of \$3.0 million and lower workers' compensation accrual based on actuarial report of \$0.5 million partially offset by higher retiree medical costs of \$0.2 million based on actuarial report.
- FY 2023: Higher due to the elimination of a \$3.0 credit GASB 75 and projected retiree medical costs based on medical inflation in actuarial report.
- FY 2024 through FY 2026: Higher projected retiree medical costs based on medical inflation in actuarial report and higher workers' compensation costs based on projected increases in medical premiums and higher vacation sick/leave accrual.

Contractual Services

- FY 2022 through FY 2026: City services and JLID costs assumed to increase approximately 4% and 5%, respectively, each year while City of Oakland Landscaping and Lighting Assessment District (LLAD) is anticipated to remain flat.

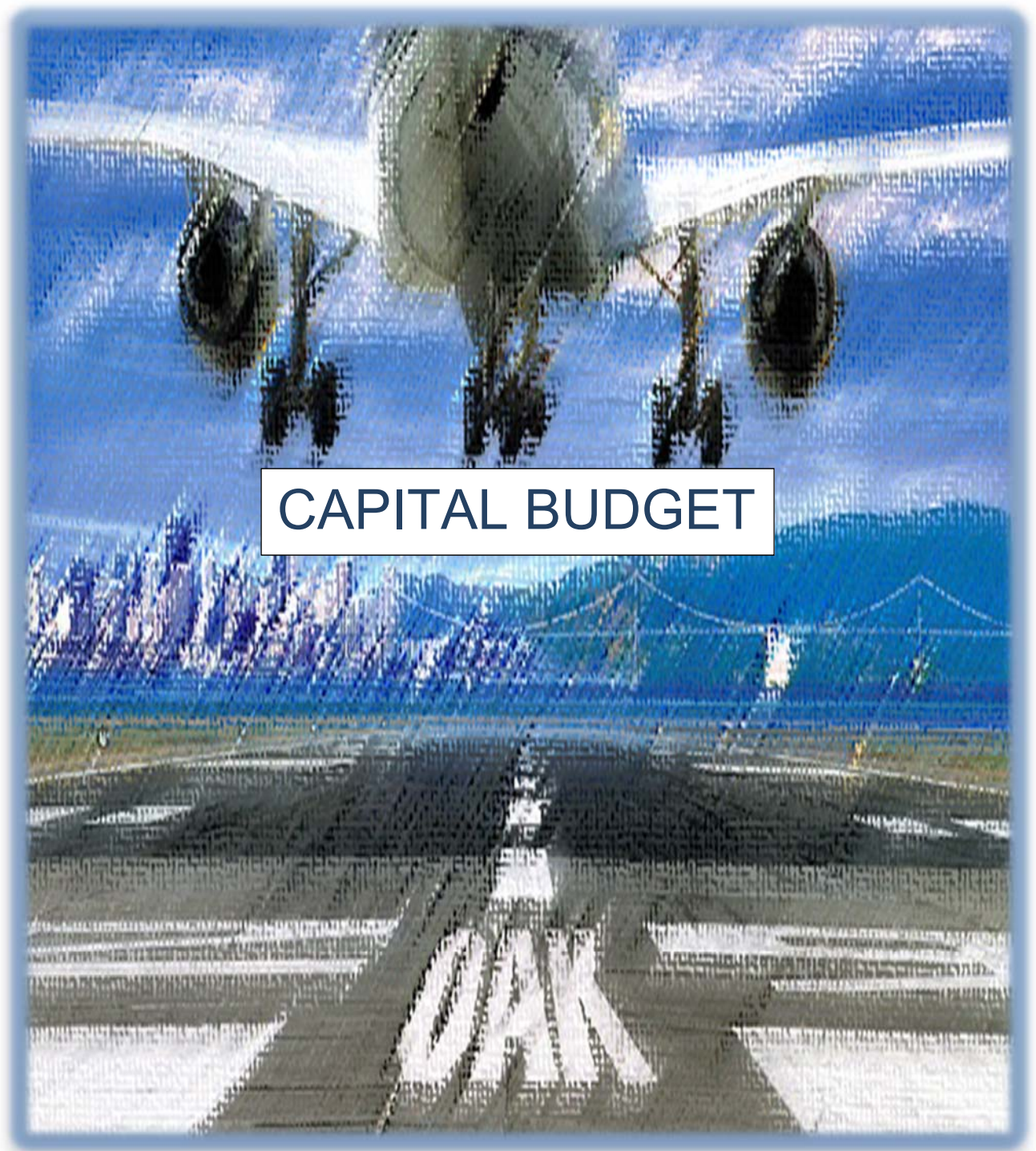
General & Administrative

- FY 2023 through FY 2026: Expenses assumed to increase approximately 3.0% each year.

Departmental Credits

- FY 2022: Significantly higher percentage of direct labor charged to capital projects by Engineering with the Port's priority to deliver the FY 2022 CIP.
- FY 2023 through FY 2026: Higher absorption of labor and benefits to capital projects due to assumed increases in underlying personnel costs and higher percentage of labor used to deliver the CIP.

- FY 2022-23 through FY 2025-26: Higher absorption of labor and benefits to capital projects due to assumed increases in underlying personnel costs and higher percentage of labor used to deliver the CIP.



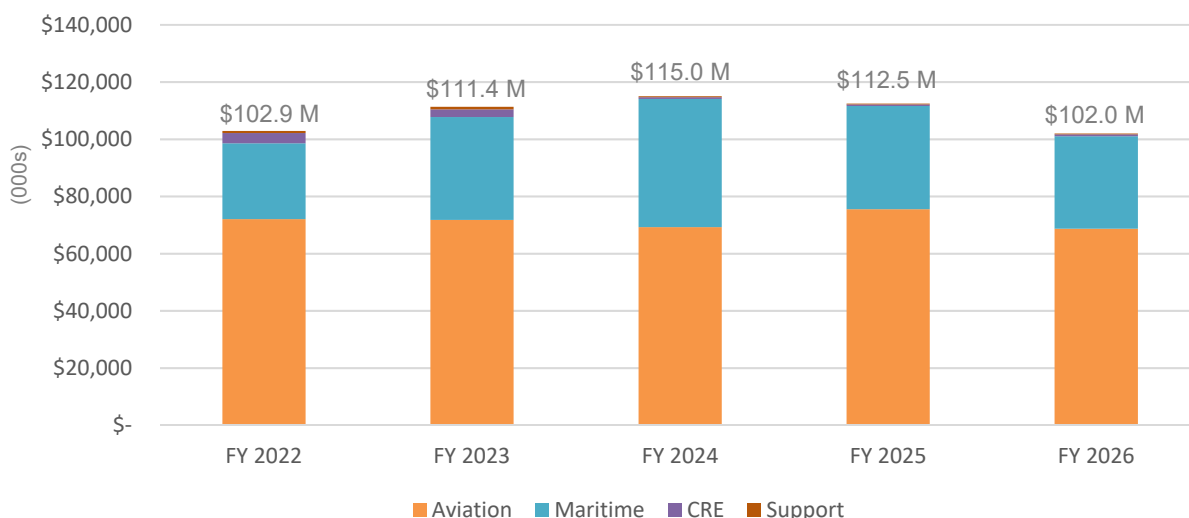
Capital Budget and 5-Year Capital Improvement Plan

Capital budget authorization of \$102.9 million is requested from the Board for the FY 2022 Capital Budget, which includes capital projects as summarized below. The amounts shown are expected expenditures in FY 2022 and do not include prior or subsequent fiscal year expenditures for projects spanning multiple fiscal years.

FY 2022 Capital Budget -- Projects Summary	FY 2022 Capital Budget (\$ millions)	%
Airfield Projects (primarily Taxiways)	\$22.4	21.8%
Maritime (Seaport) Utility Projects	16.7	16.2%
Aviation Utility Projects	12.4	12.1%
Aviation Security Projects	10.4	10.1%
Airfield Perimeter Dike Improvements	8.5	8.3%
Aviation Terminal Projects	7.2	7.0%
Aviation Ground Access & Parking Projects	6.2	6.0%
Maritime (Seaport) Capital Equipment	3.3	3.2%
Aviation Capital Equipment	3.2	3.1%
CRE: Various Building & Tenant Improvements	3.2	3.0%
Marine (Seaport) Terminals Projects	2.2	2.1%
Maritime (Seaport) Electric Vehicle (EV) Charging Stations	2.0	1.9%
Seaport Logistics Complex Projects	1.9	1.9%
Aviation Facilities Maintenance Projects	1.4	1.4%
Portwide Miscellaneous Facilities Projects	1.2	1.2%
Information Technology (IT) Equipment & Systems	0.4	0.4%
Maritime (Seaport) Roadways Projects	0.3	0.3%
Total	\$102.9	100%

5-Year Capital Improvement Plan

Summary of 5-Year CIP \$543.7 million



The Port maintains a 5-Year Capital Improvement Plan (CIP), which consists of anticipated expenditures and funding sources for capital projects the Port plans to undertake over the next five years. The 5-Year CIP is updated annually and is currently estimated at \$543.7 million (FY 2022-2026).

Capital planning is strategically designed to be responsive to both available financial *and* staffing resources. Staffing resources are the limiting factor in determining how much of what type of work can be accomplished in the CIP. Engineering staff have applied a resource allocation planning process in collaboration with the Revenue Divisions in order to realistically project the amount of work that can be accomplished in FY 2022 with existing staffing resources. In addition to CIP work, engineering staff work on a variety of expense funded repair, maintenance, and demolition work. A meaningful portion of Engineering work effort for Maritime is expense-funded including extensive support on tenant projects and lease negotiations, support for maintenance, shore power commissioning, and smaller expense projects. A smaller but still meaningful portion of the work effort for Aviation is expense-funded as well. The remaining work effort is dedicated to the CIP.

The capital budget has been developed to match staffing resources available based on a prioritization of staff resources for both expense and capital improvements. The 5-Year CIP reflects prioritization of health and life safety, regulatory compliance, policy and contractual obligations, and preservation and generation of revenue. The CIP particularly emphasizes projects that support the ongoing development of the Port's asset management program across multiple asset categories. The focus is to upgrade and maintain key infrastructure to be compliant with regulation and ensure revenue producing assets remain operational.

No assurances can be made that the sources identified to fund the CIP will be available to complete the projects included in the 5-Year CIP (see *Capital Project Funding Sources* section). The cost estimates for these projects are subject to various sources of uncertainty; as such, these estimates are subject to change. The variance from current cost estimates could be material and may result in the Port issuing additional

indebtedness, including Senior or Intermediate Lien Bonds not currently anticipated to fund the CIP, or delaying or not undertaking certain projects outlined in the CIP. The failure to complete certain projects included in the 5-Year CIP may significantly affect projected Port revenues.

Aviation Projects

As discussed previously, demand for air travel has been significantly disrupted globally, including at OAK, due to the COVID-19 pandemic. As passenger traffic recovers, the capital program for FY 2022 will focus primarily on projects currently in progress, as well as restarting some projects that were deferred in FY 2021 due to the pandemic. Certain projects have been prioritized for quick delivery to take advantage of lower passenger activity at OAK in order to minimize disruptions to operations both inside and outside the terminal.

The projects included in this 5-year period are deemed essential to maintaining safe and secure airport operating conditions (airfield pavement and lighting systems); and addressing compliance and infrastructure needs of sewer, water, and power system projects to provide uninterrupted critical services.

Consideration was also given to the funding source availability (i.e., grant-funded projects), availability of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and other strategic purposes. The projects included in this year's budget are deemed essential to maintaining safe and secure airport operating conditions.

The 5-Year CIP includes approximately \$357.4 million of projects at the Airport and is divided into several programmatic areas.

AIRPORT PERIMETER DIKE IMPROVEMENTS

The Airport Perimeter Dike (APD) separates the airfield from San Francisco Bay waters. The project includes both flood hazard protection and seismic strengthening and has been designed to be implemented in phases. The first phase addresses the flood hazard protection and the second phase addresses the seismic improvements. Initial design of both phases and the environmental review have been completed.

Phase 1—Flood Hazard Improvements

The Phase 1 flood hazard improvements are designed to protect the Airport against flood risk from severe storms and sea-level rise and to meet Federal Emergency Management Agency (FEMA) levee design standards. The APD project will address the risk of flooding at the South Field from extreme tides, sea level rise, storm surge, and wave runup from the Bay (south) side of the Airport.

Construction of the flood hazard protection improvements is underway and is expected to be completed by the end of CY 2021. The project cost for the first phase of construction is estimated at about \$20 million. Approximately \$5 million of the project costs will be funded by a State Local Levee Assistance Program (LLAP) grant. The LLAP was created in 2006 when California voters approved Proposition 84, which provided funds for programs to evaluate and repair local levees and flood control facilities.

Dec 22, 2020 at 11:04:13 AM
Edward White Way
Oakland CA 94621
United States
Oakland International Airport



Airport Perimeter Dike Improvements

Phase 2—Seismic Upgrades

The design and bid packaging for the Phase 2--Seismic Upgrades has been deferred to FY 2024. The Phase 2 upgrades will provide improvements necessary to protect the dike from catastrophic damage during a major earthquake by stabilizing and reinforcing the granular soils using stone columns. The Phase 2 improvements are estimated to cost approximately \$35 million. The total project cost including the design, environmental, and construction of Phase 1 and Phase 2 is estimated to be \$64 million and \$43.2 million is included in the 5-Year CIP.

AIRFIELD

Approximately \$92.2 million is included in the 5-Year CIP for airfield projects. The paved surfaces at the Airport represent one of the single largest assets the Port maintains. It is critical to safe and efficient operations that the pavement undergo regular maintenance and rehabilitation. Projects in this category include multiple pavement projects including taxiway, runway and apron improvements and Aircraft Rescue and Fire Fighting (ARFF) truck vehicle replacement. Key projects are described below.



Taxiway Bravo and Taxiway Victor/Taxiway Bravo Phases 2 and 3 Rehabilitation

Taxiway Bravo is operationally critical to the Airport, as it is the only taxiway connecting North Field and South Field. The full length of Taxiway Bravo -- approximately 5,700 feet between Taxiway Whiskey to the North Field bridge over Ron Cowan Parkway -- needs to be rehabilitated over the next few years. The pavement section was last rehabilitated in 2008 and the pavement is showing signs of distress including joint cracking, rutting, and pavement raveling. The rehabilitation will be constructed in phases to meet funding and implementation needs and has been prioritized to receive FAA Airport Improvement Program (AIP) grant funding.

Taxiway Victor is approximately 1,200 feet long and provides an important connection between Taxiway Whiskey and Taxiway Bravo. The pavement shows evidence of joint cracking and raveling of medium severity. The proposed rehabilitation includes a 6-inch mill and overlay with shoulders being overlaid as required to meet FAA grading standards.

In FY 2021, the design for Taxiway Victor/Bravo Phase 1 Rehabilitation was completed and construction began for an overall project budget of about \$15.8 million. As part of the federal CARES Act, AIP grants in Federal Fiscal Year (FFY) 2020 funded 100% of federally eligible project costs, covering the local share usually paid by the Port.

Taxiway Bravo, Phase 2 and 3

The remaining portion of Taxiway Bravo was originally programmed to be designed and constructed in two phases, but the FAA identified the availability of additional funding and advised the Port to accelerate the Phase 2 and 3 design to meet the AIP grant application deadlines. The remaining portion of Taxiway Bravo Rehabilitation (Phases 2 and 3) was designed and bid in FY 2021, enabling the Port to apply for full project funding in FFY 2021. Construction is scheduled to begin in May 2021 and is anticipated to be completed before the end of the year for a total project cost of \$14.8 million. As part of the American Rescue Plan (ARP), AIP grant funding in FFY 2021 is expected to again cover 100% of federally eligible costs, including local share.

Runway 10R/28L and 10L/28R Rehabilitation

The Runway 10R/28L pavement rehabilitation includes mill and overlay and reconstruction as needed. The runway was last rehabilitated in 2007 and is beginning to show signs of wear. The runway is scheduled for pavement maintenance to extend the useful life through 2025. Runway 10L/28R was last rehabilitated in 2003 and is due for upgrades in the next few years. For efficiency, the design for both runways has been programmed for FY 2024, with construction of Runway 10R/28L rehabilitation in FY 2025 and construction of Runway 10L/28R rehabilitation in FY 2026. Total budget included in the 5-Year CIP for design and construction is approximately \$24.0 million for Runway 10R/28L and \$21.0 million for Runway 10L/28R. This project has been programmed with the FAA for AIP funding.

Taxiway Tango Rehabilitation

The Taxiway Tango pavement rehabilitation addresses pavement distress on Taxiway Tango between Taxiways Sierra and Uniform. This taxiway was last rehabilitated in 2003, and the proposed improvements will include mill and overlay, shoulder upgrades and pavement markings. This project has been programmed with the FAA for FFY 2022 AIP funding and is included in the 5-Year CIP for design (FY 2022) and construction (FY 2023) for a total cost of \$7.8 million.

Taxiway Whiskey and Taxiway Delta Rehabilitation

Other taxiway projects scheduled for rehabilitation include Taxiway Whiskey and Taxiway Delta. These projects have been identified through the Airport Pavement Management System (APMS) program and prioritized based on the pavement condition and use. About 2,700 feet of Taxiway Whiskey work is needed to address pavement distress. The project includes mill and overlay and pavement markings. A total of \$7.2 million is budgeted for this project in the 5-Year CIP; it is anticipated that design and construction would occur in FY 2024.

Taxiway Delta is operationally critical for the Airport as it is the primary taxiway providing access to several hangars and aeronautical activity for about half of North Field. It was last rehabilitated in 2003 and requires

mill and overlay to address pavement deficiencies. A total of \$9.5 million is budgeted in the 5-Year CIP; it is anticipated that the design would begin in FY 2025 and construction would be completed in FY 2026. Both of these projects are anticipated to be AIP grant-funded.

ARFF Truck Vehicle Replacement

OAK is required by the FAA to station four Aircraft Rescue and Fire Fighting (ARFF) vehicles at the South Field to support OAK-based firefighting personnel. Vehicle replacement is needed to ensure the fleet is serviceable at all times to meet the Part 139 ARFF index. Rescue 2 was placed into service in 2001 and has met its FAA AIP useful life. Preparation of the specifications and bidding was completed in FY 2021 in anticipation of acquiring a new vehicle in FY 2023. The cost is estimated at \$1.2 million. AIP-grant funding is included in the FFY 2021 grant awards and is anticipated to cover approximately 95% of costs.



TERMINAL

The passenger terminal complex at OAK includes Terminal 1 (16 gates) and Terminal 2 (13 gates). Approximately \$68.9 million is included in the 5-Year CIP for terminal improvements, with \$7.2 million included in the FY 2022 budget. The terminal projects in the 5-Year CIP address on-going infrastructure and customer service improvements including heating, ventilation, and air conditioning (HVAC) upgrades, restroom refurbishment, and customer service and efficiency upgrades.

Terminal 1 HVAC and Roof Replacement

The Terminal 1 concourse (M103) needs the air handlers as well as the roof replaced on this building. This work was deferred last year, but now it is a priority project. Both the roof and the air handlers are part of the original construction in 1960. In order to efficiently design and construct these projects, it is proposed to combine them into one project. The plan would be to design the roof and air handlers in FY 2022 and construct in FY 2023 (during the summer months). A total of \$11.0 million has been budgeted in the 5-Year CIP.

Restroom Upgrades

The Airport initiated a program to remodel the terminal building restrooms in FY 2019. Restrooms in the Terminal 1 concourse have been in service for more than 15 years, and restrooms in Terminal 2 for more than 10 years. The growing passenger demand experienced during the past few years has put additional stress on these aging facilities, requiring increased staff time and resources to clean and maintain to acceptable standards. The program will include gender-neutral facilities, modernizing finishes and installing low water use fixtures that meet current standards, extend life cycle, and ease maintenance requirements in the future. The restroom program was deferred in FY 2021, but it is important to reinstate the design and construction starting in FY 2022. The 5-Year CIP includes \$26.2 million for restroom renovation, funded primarily with future Passenger Facility Charges (PFCs). The program will be implemented in a phased manner, with design and initial construction of the Terminal 1 family restrooms in FY 2022.

Terminal 2 Window Walls

The Port has prepared conceptual plans for modifications to the curbside window walls for Terminal 2. The modifications address improvements to the blast resistance of the window walls that separate the ticket

counter areas from the vehicle curbsides and could result in expanding the congested ticket counter queueing areas. Concepts were evaluated based on TSA requirements and industry best practices. The 5-Year CIP includes approximately \$15.4 million for the window wall improvements which will be phased over the 5-Year CIP period and the project is anticipated to be funded primarily with PFCs. Design of the improvements is expected to begin in FY 2023.

GROUND ACCESS AND PARKING

This category includes a range of Airport ground access-related projects intended to improve customer service, upgrade parking lot paving, and/or maintain revenues. It includes new access control for employee parking lots, the Airport Drive pavement overlay, expansion of electric vehicle charging stations in the public and employee parking lots and future shuttle bus procurement. About \$18.0 million is included in the 5-Year CIP for these projects.

Airport Drive Overlay

Airport Drive (Bessie Coleman Drive) is a nearly 4,900 linear foot, six-lane roadway from Doolittle Drive to the inbound-outbound split to and from the Airport terminals. Airport Drive was rehabilitated and widened as part of the Airport Roadway project in 1999. Since then, the roadway has been subject to surface and sub-surface deterioration. This pavement rehabilitation project is expected to include deep patch repair of deteriorated sections to extend the useful life of the roadway by about 20 years. Design is expected to be completed in FY 2021, and construction is expected to begin in spring 2022. The 5-Year CIP includes a budget of \$7.0 million. 100% of this is anticipated to be funded with CARES Act funding.

SECURITY

Approximately \$57.8 million is included in the 5-Year CIP for Airport security projects. Key projects include access control gate hardening, completion of the Terminal 2 baggage claim exit and installation of an integrated landside security camera system in the parking bowl, rental car center, and curbside locations.

Landside Security Camera

As part of OAK's effort to increase security and enhance passenger experience at the Airport, the Landside Security Camera Project has been initiated to expand the Airport's video surveillance systems at several landside locations. These public landside areas include the public parking lots, rental car center, and terminal curbside areas. Port staff developed a phased implementation plan, to implement construction over time, based on staff resource availability, prioritizing improvements at the Main Parking Lot, which provide Premier, Hourly, and Daily public parking to OAK customers in a first phase.

The Project design documents include installing camera technologies that are capable of delivering comprehensive coverage in order to enhance safety and security. Technologies will include fixed and pan-tilt-zoom cameras controlled by ground-based radar that provide general surveillance of the public parking lots to deter and investigate criminal activity. Design was completed in FY 2021 and construction is estimated to be completed in 2022. The total cost of construction for the Main Parking Area is about \$10.0 million. Future phases to address the terminal curbside and rental car parking areas are included in the 5-Year CIP with a \$26.0 million budget.

Terminal 2 Baggage Claim Exit

The Terminal 2 Security Exit is used as the main exit for pedestrian traffic to exit from the security side of the Airport into the public area of the terminal. It is located adjacent to the baggage claim area. The pedestrian traffic utilizing this exit may include, but is not limited to, arriving passengers, airline staff, vendors, and Airport employees. OAK could reduce its personnel operating expenses with layout reconfiguration, new security equipment, and/or technology upgrades while maintaining or increasing the existing level of security. The design may also serve to better organize passenger flows in this area. Design was completed in FY 2020, but construction has been deferred until FY 2022. \$8.6 million is included in the 5-Year CIP for this project and is planned to be funded with future PFCs.



Rendering of T2 Security Exit

UTILITIES

OAK has an extensive utility network, serving approximately 2,600 acres of land area. Water, stormwater, sewer, and electrical infrastructure are vital to the ongoing operation of Airport facilities; failures must be avoided through a combination of maintenance and on-going capital investment. Approximately \$70.2 million has been included in the 5-Year CIP for utility infrastructure projects. These projects include sewer line rehabilitation; sewer lift station upgrades and replacements; and electrical substation replacement and distribution upgrades.

Sanitary Sewer Infrastructure Improvements

As part of the Port's overall sanitary sewer condition assessment program (CAP) and OAK's continuing effort to upgrade aging infrastructure, the Airport began the process of assessing all sewer lines at the Airport in both the North and South Fields in FY 2020. Condition assessment including camera and visual review of almost 50,000 linear feet of gravity sewer lines took place between April and December 2020.

During this process, there were two urgent projects that went into design immediately. Construction of both projects will begin in spring 2021. Approximately 19,000 linear feet of sewer lines have structural defects (these are in the Grade 3, 4, and 5 range) for which design plans still need to be prepared. Design for these projects began in FY 2021, with construction being completed in FY 2025. \$29.6 million is included in the 5-Year CIP for these improvements.



Airport Lift Station Improvements

The Sanitary Sewer Improvements Comprehensive Report completed in January 2015, addressed the condition of the aging sewer lift stations servicing the Airport. Improvements have been prioritized based on need and master plan assessment. Approximately \$12.1 million has been included in the 5-Year CIP to improve the sewer ejector systems and repair and upgrade lift stations.

Earhart Road Sewer Line Replacement/Rehabilitation

The Earhart Road sewer line is in need of replacement and rehabilitation. Design is anticipated to be complete in spring 2021 with construction complete in FY 2022. The estimated project cost of \$7.3 million is included in the 5-Year CIP.

Airport Drive Sewer Line Replacement

The Airport Drive Sewer Line project was designed in FY 2020, but the project was paused last year to focus on higher priority sewer projects. The project will replace a 12" asbestos cement gravity driven pipe with a 10" high density polyethylene force main approximately 2,350-linear feet long. The Airport Drive Sewer Line is the main pipeline that carries all the sewer from the South Field to the Earhart Drive mainline, which ultimately deposits into an EBMUD lift station. This project is proposed to be constructed in FY 2023 with an estimated budget of \$4.2 million.

Substation 1 and 2 Upgrades

Substation 1 (SS-1) and 2 (SS-2) are located near Earhart Road and were installed in 1983. Substation 1 serves as the point of connection with PG&E and the main switchgear for the Airport. In the last few years, SS-1 and SS-2 had increasing numbers of electrical component failures including cables, relays and vacuum interrupting power breakers. Some of these components have been replaced while others are bypassed or inoperable. This infrastructure is critical to the power feed and distribution for the Airport. The scope of this project is to assess, rehabilitate, and replace the aging substations, switchgears, and distribution system as necessary for system reliability. Initial design began in FY 2021. \$13.9 million is included in the 5-Year CIP for this project.

FACILITIES MAINTENANCE

Approximately \$1.4 million is included in the 5-Year CIP for facilities maintenance projects including LED Lighting, and building upgrades.

OTHER PROJECTS

Approximately \$5.7 million is included in the 5-Year CIP for capital equipment purchases, and miscellaneous facility replacement projects.

Maritime Projects

The Port continues to rely increasingly on private investment to develop new facilities at the Seaport, which is expected to total approximately \$75 million over the next 5 years. During the same time period, the Port also continues to work closely with other agencies to pursue proposed critical infrastructure projects, notably:

- (a) major roadway improvements –7th Street Grade Separation - at an anticipated investment of over \$300 million by the Alameda County Transportation Commission (Alameda CTC); and
- (b) expansion of the Inner and Outer Harbor Turning Basins, which is being led by the United States Army Corps of Engineers (USACE) and currently undergoing feasibility review.

Therefore, the 5-Year CIP is not reflective of all the capital investment at the Seaport, but rather includes only those capital investments that the Port will perform and/or pay for directly. The Port continuously reinvests in its facilities to accommodate future growth, improve its overall competitiveness, and enhance security. Various projects are planned to continue or begin in FY 2022 across all areas of the Seaport. In

FY 2022 and over the next five years, capital projects at the Seaport are estimated to total \$26.5 million and \$175.7 million, respectively.

MARITIME 2020 AND BEYOND PLAN

The Maritime 2020 and Beyond Plan sets forth initiatives that are reflected prominently in the Maritime CIP -- from installing electric charging infrastructure for trucks, refrigerated containers, and ships, to ensuring the modernization and reliability of the Seaport's electrical infrastructure. Approximately one-third of the currently proposed 5-Year CIP for the Seaport, or \$56 million, is for emissions reduction projects or infrastructure investment needed to implement such projects when opportunities arise. These investments will continue to evolve over time as new initiatives are developed and included in future year budgets. The following table summarizes these projects in the 5-Year CIP.

PROJECT	EXPENDITURE FY 2022-2026 (\$ Thousands)
Additional Shore Power Outlets	\$5,350
480V Shore Power System for Smaller Vessels	300
Refrigerated Container Plugs	75
Maritime/17th Street Biofilter Landscaping	300
Two 115kV Main Substation Replacements	29,013
One 12kV Substation Replacement	6,350
Powerline Capacity Upgrade	2,800
Shore Power System Computer Replacement	1,030
LED Lighting Upgrades	200
Utility Billing Software Optimization / Smart Metering	500
Electric Vehicle Charging Stations	9,050
Other Air Quality (various)	1,000
TOTAL	\$55,968

SEAPORT LOGISTICS COMPLEX

Since acquiring approximately 241 acres of land and water at the OAB, the Port has been remediating the property, upgrading the infrastructure, and phasing in development. The bulk of the upland property acquired is located east of Maritime Street and is envisioned to become a world class trade and logistics center known as the Seaport Logistics Complex. This area of the Seaport is planned to include new import cross-dock, export transloading from railcar to container, a new intermodal container terminal, and related facilities. Redevelopment is being phased to match market demand and funding. The adjacent City-owned former OAB property at full build-out may include a new bulk and break-bulk marine terminal, warehouses, a truck service area, and a recycling center.

In 2016, the Port completed the first phase of the new rail terminal on Port-owned OAB property, which is anticipated to spur customer growth, particularly for heavy export products that can be brought to the Seaport in rail cars, transloaded, and placed into a container within the overweight corridor. In the near term, the rail yard will serve current transload providers in the Seaport and new logistics buildings on both the City and Port-owned properties of the former OAB. Eventually, the rail yard may be expanded to include intermodal service (handling of ocean containers), but no funding has been included for this work.

The Port envisions that the remainder of the Seaport Logistics Complex will be developed primarily by private developers and/or operators. In 2020, Centerpoint-Oakland Development I, LLC, substantially completed construction of a new, approximate 464,000-square foot logistics facility on 27 acres of land adjacent to the new rail yard. In addition to this and other anticipated private investment, the Port continues to directly invest in the Seaport Logistics Complex. More specifically, the Port plans to perform certain rail track improvements to provide enhanced warehouse connectivity; and grading, paving and utility work on other parcels for a variety of current and anticipated leaseholds. Therefore, the 5-Year CIP includes approximately \$11.1 million for the Seaport Logistics Complex.



Centerpoint Rendering

MARINE TERMINAL IMPROVEMENTS

Over the next 5 years, the Port expects to make a number of improvements to marine terminals in order to address aging infrastructure and the needs of larger ships. Key projects include wharf upgrades for Ultra Large Container Vessels (ULCVs) capable of carrying 18,000 TEUs or more, additional shore power connections, and reconstruction/modernization of the Berths 9-10 area that includes the Port's dredged material re-handling facility. Also, the Port is in negotiations with a private party for the proposed development of a new facility on approximately 18 acres of marine terminal property, to handle imported sand and aggregate primarily to serve the local and regional construction industry.

Approximately \$27.2 million is included in the 5-Year CIP for marine terminal improvements and crane upgrades. This includes \$5.1 million for additional shore power connections, \$10.2 million for wharf upgrades for ULCVs, and \$8.5 million for reconstruction of the Berths 9-10 area. The balance of \$3.4 million is for miscellaneous projects, including crane drive upgrades of \$2.0 million and \$0.6 million for anticipated improvements at a potential new bulk terminal facility.



MSC Anna, the largest ship ever to call at Oakland, docked at OICT on 4/16/2020

ROADWAY IMPROVEMENTS

Over the next 5 years, the Port also expects to make a number of improvements to various roadways and key access points to and within the Seaport, in order to address aging infrastructure and minimize congestion. Key projects include continuation of the Freight Intelligent Transportation System (FITS) component of the GoPort Program in partnership with the Alameda CTC and reconstruction of 14th Street, the principal ingress/egress to the Seaport Logistics Complex.

Approximately \$9.6 million is included in the 5-Year CIP for roadway projects, of which approximately \$9.3 million is to reconstruct 14th Street. This would modernize existing 14th Street to current standards and expand the street to two lanes in each direction, with additional passing and turning lanes to better accommodate Port tenants. The balance of \$0.3 million is for the GoPort Program FITS component. The 7th Street Grade Separation component of the GoPort Program is not included in the Port's CIP because the roadway will continue to be owned by the City.

GoPort Program

The Port is planning to construct or enhance roadways to better serve new developments and expansions. In particular, the Port is focused on the implementation of the GoPort Program in partnership with the Alameda CTC. The GoPort Program is a partnership between the Port and the Alameda CTC to design and implement the FITS program and a new, grade-separated 7th Street. The whole program is expected to cost about \$650 million, of which about \$330 million has been identified or secured from a combination of Measure BB Tax Measure, State/Local grants, and Port funds.

Freight Intelligent Transportation System (FITS) - FITS comprises a suite of demonstration technology-driven projects intended to enhance truck flows on arterial streets in and out of the Seaport and enhance security. Construction of initial improvements started in early 2020; it is expected the whole suite of projects

will be operational by fall 2022. Alameda CTC is performing both design and construction of the FITS project. Operation and maintenance will be the responsibilities of the Port for a minimum of 5 years.

7th Street Grade Separation Project - The Port is partnering with Alameda CTC to construct a new, grade-separated 7th Street, known as the 7th Street Grade Separation project (7SGS). 7SGS is divided into two segments: East (7SGSE), which runs between I-880 and Maritime Street, and West (7SGSW), which replaces 7th Street west of the Maritime/7th Street intersection and a portion of Maritime Street. The project is intended to reduce congestion, provide more efficient rail connections by eliminating certain at-grade conflicts, and enhance an existing pedestrian/bike path.

Design of 7SGSE is substantially complete, and commencement of construction has been delayed. Alameda CTC anticipates construction of 7SGSE could begin in mid-2022 or early 2023. 7SGSW is currently in conceptual design phase, and if funded, construction is anticipated to commence upon completion of 7SGSE. Alameda CTC is performing both design and construction of 7SGS. Operation and maintenance will be the responsibilities of the Port and City. Because the reconstructed 7th Street will remain a public (City-owned) street, this project is not included in the Port's 5-Year CIP.

DREDGING, UTILITIES, AND MISCELLANEOUS INFRASTRUCTURE

The Port is devoting significant resources to the maintenance and upgrade of core infrastructure, such as 115kv substations, sanitary sewer systems, and dredging – to address both aging infrastructure and new regulatory requirements. In addition, the Port is working with the USACE on the possible expansion of the two turning basins associated with the Oakland Harbor federal waterway that serves the Seaport - the Inner and Outer Harbor Turning Basins – in order to serve ULCVs.

The basins are used by vessels upon arrival or departure and are critical to Seaport operations today and in the future. However, the Basins were constructed in the late 1990s based on a much smaller size vessel than the vessels that call and/or are expected to call the Seaport in the near future. The expansion of the Basins is currently undergoing feasibility review. The Port's costs to support the USACE-led feasibility study are not included in the Port's 5-Year CIP at this time.

Other identified projects at the Seaport total approximately \$125.4 million in the 5-Year CIP. These projects include:

- Navigational Channel Deepening Project: The Port and the USACE plan to continue improving the MHEA, a shallow water habitat adjacent to the Port's MHSP, which was built by the Port as a mitigation measure for the Port's -50-foot dredging project. Additionally, the Port and USACE are working to complete the dredging project through formal project close out procedures. These expenditures continue to be delayed and, therefore, the Port continues to carry funding in the 5-Year CIP for these activities. The CIP includes \$13.0 million for dredging work.
- Utility work is a main component of the 5-Year CIP due to aging infrastructure and new requirements. Approximately \$99.3 million is included in the 5-Year CIP for new utilities or utility upgrades such as substation replacements and electrical capacity upgrades (\$51.5 million), sanitary sewer (\$43.8 million), and storm water trash capture systems (\$3.5 million).

- \$9.1 million for electric truck charging stations intended to support the anticipated deployment of additional electric drayage trucks to transport cargo within the Seaport. These are anticipated to be primarily funded primarily with LCFS funds or other grant funded sources.
- \$1.8 million is included for miscellaneous projects, which includes \$1.0 million for projects that will help reduce air pollutant emissions - these projects have yet to be defined and will be implemented as opportunities or needs arise – and about \$0.8 million for improvements to the Port's Harbor Facilities complex/building.
- \$3.3 million is included for capital equipment purchases, which primarily consists of replacing vehicles that are at the end of their useful lives.
- \$1.3 million is included for an elevator replacement and new landscaping at MHSP.



Electric Truck Charging Station

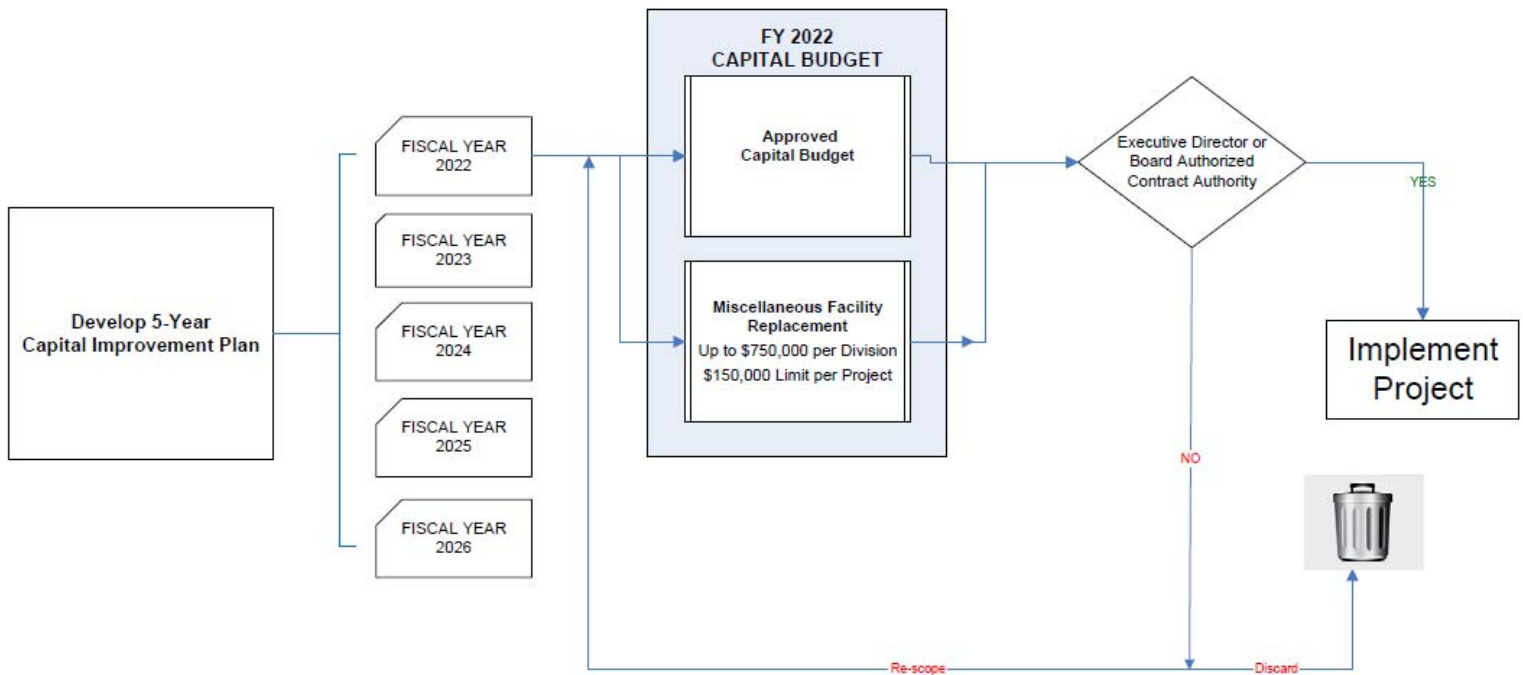
Commercial Real Estate Projects

The 5-Year CIP includes about \$8.1 million for projects related to CRE. Approximately \$6.5 million in the 5-Year CIP is included for building and tenant improvements, primarily in JLS and the Airport Business Park.

Support Division

The 5-Year CIP includes \$2.6 million for Port information technology system needs.

CAPITAL EXPENDITURE APPROVAL PROCESS



Capital Project Funding Sources

Capital projects at the Port are funded by grants, PFCs, CFCs, LCFS funds, Port-generated cash, and debt. A description of the anticipated funding sources for Port capital projects is described below.

The Port has not yet secured all the funding for the projects in the 5-Year CIP. Further, the Port can provide no assurance that anticipated grants will be received in full, that reimbursable Port costs will be reimbursed in a timely manner, or that changes in project circumstances will not preclude award or receipt of grant funds. The amount projected to be available from each funding source is based on the estimated cost of certain projects and various other assumptions. Such estimates and assumptions are subject to change. Any such changes could have an impact on the Port's plans for funding the 5-Year CIP, and such changes could be material. If grants, PFCs, CFCs, LCFS funds, and/or cash are not available as anticipated, the Port will need to use other sources of funds for these projects, such as additional Commercial Paper (CP) Note proceeds, additional Intermediate Lien Bonds or additional Senior Lien Bonds, or the Port will delay, not undertake or complete these projects. The failure to complete certain projects could significantly impact Port revenues.

FEDERAL AVIATION ADMINISTRATION AIRPORT IMPROVEMENT PROGRAM (AIP) GRANTS AND OTHER AVIATION GRANTS

AIP funds approximately 80% of AIP-eligible Airport projects. The Port is required to fund the remaining 20% from PFCs or internally generated cash. However, in an effort to mitigate the impacts of the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020, and includes \$10 billion to be awarded to affected airports. A portion of the CARES Act funding will be used to eliminate the 20% local matching requirements to qualify for 2020 federal capital improvement grants. The remainder may be applied to any airport expenses (both operating and non-

operating) that would otherwise be funded with airport revenues. The total amount of CARES funding expected to be allocated to the Airport is \$44.7 million in the CARES Act grant and approximately \$3.2 million, received as part of the AIP grants representing the Port's 20% local matching requirement for these grants. Earlier this year, the American Rescue Plan (ARP) was passed, providing additional aid for airports. This plan includes additional funding to cover the 20% local match for FFY 2021 AIP grants.

The Port is considering using CARES Act funding for eligible capital projects, funding an estimated \$6.1 million in FY 2022 and \$15.9 million in FY 2023.

From FY 2022 through FY 2026, total AIP grants for OAK (consisting of both AIP entitlement and discretionary funds) are estimated to be about \$74.9 million. In FY 2022, OAK anticipates using approximately \$18.9 million in AIP grants. The AIP grants will be used on grant-eligible portions of airfield and apron-related projects. In addition, the 5-Year CIP includes LLAP funds totaling \$1 million to pay for eligible portions of the Airport Perimeter Dike project.

PASSENGER FACILITY CHARGES (PFC)

PFCs are a user fee charged by the Airport and collected by the airlines when tickets are sold to revenue passengers enplaning at OAK. The current PFC is \$4.50 per enplaned revenue passenger. Passengers using frequent flyer award certificates and non-revenue passengers, such as airline employees, do not pay a PFC. Airlines retain \$0.11 (2.4%) per PFC and disburse the remaining amount collected to the Port. PFCs are due to the Port by the last day of the month following the month in which they are collected. Initiated at OAK in September 1992, PFCs are approved by the FAA and are used to fund eligible capital improvement projects. The Port received approximately \$16.3 million in PFCs in FY 2020.

The Port anticipates that approximately \$72.1 million in PFC revenues will fund the costs of certain projects currently in the 5-Year CIP. Amounts available for funding capital projects may vary from projections depending on how quickly air travel demand returns considering travel restrictions imposed to slow the spread of COVID-19, and passenger willingness to travel. FAA PFC imposition and use authority is needed for certain projects that are anticipated to occur later in the 5-Year CIP.

CUSTOMER FACILITY CHARGES (CFC)

CFCs can fund costs to finance, design, and construct a consolidated rental car facility and to finance, design, construct, and operate a common use transportation system. The Port's primary use of CFCs is to fund the operating costs for common use rental car buses.

In July 2016, the Port amended Ordinance No. 4079 to modify definitions, clarify specific terms, and to decrease the off-airport rental car CFCs rate from \$10.00 to \$8.00 per rental car contract. The on-airport rental car CFC rate remains at \$10.00 per rental car contract. The off-airport rental car fee is reviewed annually and adjusted when needed so that it covers the cost to operate the shuttle bus service between the consolidated rental car facility and the terminal. Actual costs to run the shuttle bus operation will vary each year and annual cost per rental car contract could vary significantly each year based on activity levels at the airport. CFCs are received approximately 20 days after the month in which they are collected. CFCs in FY 2020 totaled approximately \$3.9 million. Future CFCs are projected based on a historical ratio of CFC collections per deplaned passenger.

Amounts available to rental car shuttle busing operations may vary from projections depending on how quickly air travel demand returns considering travel restrictions imposed to slow the spread of COVID-19, and passenger willingness to travel.

LOW CARBON FUEL STANDARD (LCFS) FUNDS

California Air Resources Board's (CARB) LCFS regulation is designed to reduce greenhouse gas (GHG) emissions associated with the life cycle of transportation fuels used in California.

By participating in CARB's LCFS program, the Port earns credits from providing electricity for shore power and subsequently sells those credits in the LCFS market. Money earned in the program must be spent making the transportation system less carbon intensive and can be used to support more electrification. The Port registered its shore power equipment and electric car charging stations in the LCFS program and has been earning LCFS credits since January 2019.

At its last auction on August 13, 2020, the Port raised \$4.4 million in LCFS revenues through the sale of 23,729 LCFS credits generated over five quarters. Proceeds from the sale of LCFS credits are restricted and may only be used to fund expenses or projects that reduce the carbon intensity of transportation fuel in California. The Port anticipates that approximately \$13.1 million in LCFS revenue will fund eligible projects in the 5-Year CIP.

PORT CASH

Approximately \$351.3 million of cash on hand and cash generated from future operations is assumed and applied to the 5-Year CIP.

COMMERCIAL PAPER NOTE PROCEEDS

Based on the current 5-Year CIP, the Port does not anticipate issuing new commercial paper notes to fund projects that are PFC-eligible. Rather, future PFCs have been programmed to repay outstanding CP Notes over the next 5 years. However, increases in costs, decreases in PFC collection, or the addition of other PFC-eligible projects to the Port's 5-Year CIP, while not projected, may require the issuance of CP Notes as necessary.

FY 2021-22 CAPITAL BUDGET

Expenditure and Funding Sources

(\$ Thousands)

Uses	\$ (000s)	%
Aviation	72,072	70.0%
Maritime	26,515	25.8%
CRE	3,553	3.5%
Support	755	0.7%
Total Uses	\$ 102,895	100.0%

Sources	\$ (000s)	%
Aviation Grants ¹	26,372	25.6%
PFC Pay-Go ²	9,532	9.3%
LCFS Funds	2,380	2.3%
Cash	64,611	62.8%
Total Sources	\$ 102,895	100.0%

¹ The Port has not yet obtained grant funding for all capital projects.

² Assumes \$1 million of PFCs available at the beginning of FY 2022.

5-YEAR CAPITAL IMPROVEMENT PLAN

Expenditure and Funding Sources

FY 2021-22 to FY 2025-26

(\$ Thousands)

5-YEAR EXPENDITURE BY DIVISION

Divisions	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total Estimated Expenditure
Aviation	72,072	71,790	69,275	75,530	68,710	357,377
Maritime	26,515	35,983	44,808	36,080	32,335	175,721
CRE	3,553	2,655	620	555	679	8,062
Support	755	925	300	300	300	2,580
Total	102,895	111,353	115,003	112,465	102,024	543,740

5-YEAR FUNDING SOURCES

Funding Source	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Estimated Funding
Aviation Grants ¹	26,372	22,260	20,288	18,664	19,608	107,192
PFC Pay-Go ²	9,532	17,685	17,519	14,200	13,150	72,086
LCFS Funds	2,380	3,450	2,770	520	4,000	13,120
Cash	64,611	67,958	74,427	79,081	65,266	351,342
Total	102,895	111,353	115,003	112,465	102,024	543,740

¹ The Port has not yet obtained grant funding for all capital projects.

² Assumes \$1 million of PFCs available at beginning of FY 2022.

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2021-22 to FY 2025-26

(\$ Thousands)

Project No.	Project Description	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total Expenditure
AVIATION DIVISION							
PERIMETER DIKE IMPROVEMENTS							
A20039201	Airfield Perimeter Dike Improvements	8,500	0	0	0	0	8,500
New Project	Airfield Perimeter Dike Improvements - Seismic	0	0	440	17,200	17,100	34,740
AIRFIELD							
A20032310	Twy Bravo + Victor Rehab	8,300	0	0	0	0	8,300
A22021001	Taxiway Bravo Rehabilitation Ph 2 & 3	12,700	0	0	0	0	12,700
New Project	Twy Whiskey (bet. Bravo and W5)	0	0	7,200	0	0	7,200
New Project	Twy Delta	0	0	0	2,000	7,500	9,500
New Project	Runway 10R/28L Rehab	0	2,400	2,160	19,440	0	24,000
New Project	Runway 10L/28R Rehab	0	2,100	0	1,890	17,010	21,000
AA0032001	Replace Airfield Signs	100	0	0	0	0	100
New Project	Taxiway Tango Rehab (includes valve)	800	7,000	0	0	0	7,800
New Project	Airport Noise & Operation Monitoring System (ANOMS) Equipment Replacement	360	0	0	0	0	360
New Project	Aircraft Rescue and Fire Fighting (ARFF) Truck 2022	140	1,070	0	0	0	1,210
	Subtotal Airfield	22,400	12,570	9,360	23,330	24,510	92,170
TERMINAL							
New Project	M130 T2 Planning/Window Wall, Interior Improvements, Lighting	0	2,700	8,600	4,100	0	15,400
New Project	Air Operations Center (AOC) Modernization	200	800	0	0	0	1,000
New Project	Window Treatment/Glazing	600	0	0	0	0	600
A20183001	Moving Walkway Removal and Restoration	120	0	0	0	0	120
A20192002	T2R Flooring Replacement	1,000	0	0	0	0	1,000
New Project	T1 & T2 Shark Washout Containment	200	0	0	0	0	200
New Project	HVAC Automation Upgrade to N4	350	600	0	0	0	950
New Project	M103 Roof and Air Handler Replacement	500	8,000	2,500	0	0	11,000
New Project	M363-1 Air Handler Unit	0	0	500	0	0	500
New Project	M130-4 Air Handler Unit	0	0	525	0	0	525
A22021002	M130 Gutter Replacement	1,000	0	0	0	0	1,000
New Project	M367 Roof/Cover	200	0	0	0	0	200
A20099001	M371 Piping	400	0	0	0	0	400
New Project	South Field Terminal Switches	0	0	1,500	0	0	1,500
New Project	Electrical Upgrades to 480v System	100	100	100	100	100	500
New Project	Jet Bridge System	550	0	0	0	0	550
New Project	Passenger Boarding Bridge Replacement	0	200	3,000	2,000	0	5,200
New Project	New Concession Infrastructure Support	500	400	0	0	0	900
A20183002	Restroom Upgrades (M101, Gate 3&4, T2 Bag Claim) Advance Gate 3&4	915	5,250	4,000	0	0	10,165
New Project	Restroom Upgrades (T2, T2X, M103)	0	0	3,000	5,000	8,000	16,000
New Project	Self Service Kiosk PC Replacement and Software Upgrade	160	0	0	0	500	660
AA0030321	Airport Mapping & Interactive Wayfinding (MAP)	150	0	0	0	0	150
AA0030310	Content Management System	80	0	0	0	0	80
New Project	Main Distribution Frame (MDF) to Minimum Point of Entry Fiber (MPOE) Fiber	0	50	0	0	0	50
New Project	Enterprise Backup Solution	0	100	0	0	0	100
New Project	Terminal Signage Replacement	150	0	0	0	0	150
	Subtotal Terminal	7,175	18,200	23,725	11,200	8,600	68,900

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2021-22 to FY 2025-26

(\$ Thousands)

Project No.	Project Description	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total Expenditure
GROUND ACCESS AND PARKING							
New Project	PARCS Maintenance Trailer Replacement	0	150	0	0	0	150
New Project	Inbound Airport Drive Transportation Network Company (TNC) Signage	50	0	0	0	0	50
A10085101	Airport Drive Overlay	5,020	1,950	0	0	0	6,970
A20202004	Oakland Maintenance Center (OMC) Parking Lot Pavement Rehab	300	0	0	0	0	300
New Project	Infrastructure for Electric Charging (Parking and Shuttle)	200	800	1,000	0	0	2,000
New Project	Shuttle Bus Procurement/Replacement	0	500	2,000	2,000	3,000	7,500
New Project	OMC & Neil Armstrong Parking Lot Access Control	600	400	0	0	0	1,000
	Subtotal Ground Access and Parking	6,170	3,800	3,000	2,000	3,000	17,970
SECURITY							
A20032002	Security Enhancements T2 Baggage Claim Exit, So Field	200	6,350	2,000	0	0	8,550
AA0030204	CCTV Program Expansion (RAC, Parking, Curbside Design; Parking CON)	7,000	3,000	0	0	0	10,000
New Project	CCTV Program Expansion (Curbside, Terminal, RAC CON)	0	2,000	14,000	10,000	0	26,000
New Project	Terminal Modifications and Related Technology to Support Employee Screening	0	0	0	1,500	5,000	6,500
New Project	CCTV Installation and Upgrade, T1 & T2; M103 Cameras	0	850	1,700	0	0	2,550
New Project	Security Controller Swap	1,750	0	0	0	0	1,750
New Project	North Field Fiber Upgrades and Radios	350	350	0	0	0	700
New Project	Exit Biometric Technology	100	0	0	0	0	100
New Project	Identification Management System (IDMS)	700	700	0	0	0	1,400
A20202006	Security Gate Hardening	250	0	0	0	0	250
	Subtotal Security	10,350	13,250	17,700	11,500	5,000	57,800
UTILITIES							
A200520010	Rehab/Replace Earhart Road Sewer Main and Laterals	7,255	0	0	0	0	7,255
A20052009	Airport Drive Sewer Line Improvements/Upgrades	0	4,180	0	0	0	4,180
New Project	Southfield Airside Sewer Improvements	300	2,680	0	0	0	2,980
New Project	Southfield Landside Sewer Improvements	650	7,645	0	0	0	8,295
New Project	Northfield Sewer Improvements	0	750	8,800	8,800	0	18,350
New Project	Hangar 3 - Electrical Distribution	0	1,700	0	0	0	1,700
A12020754	Substation 1 and 2 Upgrades	870	1,000	1,000	1,000	10,000	13,870
AA00520013	Lift Station 1	0	2,215	0	0	0	2,215
A200520005	Lift Station 2	650	0	0	0	0	650
AA00520015	Pipe 505 (Construction), Pipe 38 (Design & Construction)	950	0	0	0	0	950
A20052007	AP12E and AP15E Ejector Station	945	0	0	0	0	945
AA00520012	ARFF Wash Rack Drain Replacement	500	0	0	0	0	500
A20052008	AP06P -08P Lift Station	0	1,500	0	0	0	1,500
New Project	AP155P Southwest Provisioning Bldg Lift Station	0	400	950	0	0	1,350
New Project	AP137P Tank Farm/Swissport Lift Station	0	400	900	0	0	1,300
New Project	AP911P ARFF Lift Station	0	400	900	0	0	1,300
New Project	AP912P Ground Run-up Equipment (GRE) Lift Station	0	400	1,000	0	0	1,400
New Project	Trash Capture (Storm Drains)	300	0	0	0	0	300
New Project	South Field Rwy Generator Replacement	0	200	1,000	0	0	1,200
	Subtotal Utilities	12,420	23,470	14,550	9,800	10,000	70,240

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2021-22 to FY 2025-26

(\$ Thousands)

Project No.	Project Description	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total Expenditure
FACILITIES MAINTENANCE							
New Project	LED Street Lighting - Airport Drive, parking lots	1,100	0	0	0	0	1,100
New Project	Remodel Alameda County Sheriff Restroom	250	0	0	0	0	250
	Subtotal Facilities Maintenance	1,350	0	0	0	0	1,350
AVIATION ADMIN							
N/A	Capital Equipment - Aviation	3,207	0	0	0	0	3,207
N/A	Miscellaneous	500	500	500	500	500	2,500
	Subtotal Aviation Admin	3,707	500	500	500	500	5,707
TOTAL AVIATION DIVISION		72,072	71,790	69,275	75,530	68,710	357,377
MARITIME DIVISION							
MARINE TERMINALS							
M20001	Wharf Upgrades for Ultra-Large Container Vessels	1,025	4,000	4,000	150	1,000	10,175
New Project	Pile Stabilization Program	0	150	650	0	0	800
New Project	Berth 9/10 Rehabilitation	0	0	0	1,000	7,500	8,500
M21001	Additional Shore Power Outlets at B55 and B59	775	3,113	1,212	0	0	5,100
New Project	OICT Reefer Plugs	75	0	0	0	0	75
New Project	Maritime/17th Street Landscaping	300	0	0	0	0	300
New Project	B21-22 Shore Power	0	0	250	0	0	250
	Subtotal Marine Terminals	2,175	7,263	6,112	1,150	8,500	25,200
CRANES							
M20005	B55-B59 OICT Crane Drive Upgrade (4 cranes)	0	150	1,800	0	0	1,950
	Subtotal Cranes	0	150	1,800	0	0	1,950
SEAPORT LOGISTICS COMPLEX							
M7RS06A01	OHIT Railyard Phase 2 (Intermodal) - Interim Use	50	0	0	0	0	50
M21011	OHIT Railyard Phase 2 (Intermodal) – Ancillary Yard Improvements	1,750	0	0	0	0	1,750
M20006	OAB Edge Conditions (Final)	45	0	0	0	0	45
M20014	800 Building Series Pavement Construction, Phase 2	0	300	1,000	0	0	1,300
New Project	Outer Claw Driveway	0	0	250	2,250	0	2,500
M20011	Rail Tracks (WGL1 and L2)	0	0	0	500	5,000	5,500
	Subtotal Seaport Logistics Complex	1,845	300	1,250	2,750	5,000	11,145
DREDGING							
MA0287102	-50 Ft Cost Share to US Army Corps of Engineers	0	0	0	10,000	0	10,000
MA0287117	-50 FT Cost Share to US Army Corps of Engineers (MHEA)	0	0	0	3,000	0	3,000
	Subtotal Dredging	0	0	0	13,000	0	13,000

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2021-22 to FY 2025-26

(\$ Thousands)

Project No.	Project Description	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total Expenditure
UTILITIES							
M19005	Sanitary Sewer Compliance: B20-24 Sanitary Sewer Lines Rehabilitation	1,570	0	0	0	0	1,570
M19004	Sanitary Sewer Compliance: OICT Oil/Water Separator @ East Power Shop & East Reefer Cleaning	285	0	0	0	0	285
M19019	Sewer Lift Stations (B55/56)	1,710	0	0	0	0	1,710
M20007	Sanitary Sewer Compliance: Pipeline Rehab @ Ben E. Nutter	550	2,000	0	0	0	2,550
M20008	Sewer Lift Stations @ OICT (B57/58/59)	1,670	0	0	0	0	1,670
M21010-01	Sanitary Sewer Compliance: Maritime Street Trunk Sewer Rehabilitation	1,260	1,865	3,533	0	0	6,658
M21010-02	Sanitary Sewer Compliance: Berth 55-58 Sewer Pipeline Rehabilitation	610	2,000	400	0	0	3,010
M21010-03	Sanitary Sewer Compliance: Former Oakland Army Base Sewer Pipeline & Lift Stations (R80, R804, R834) Rehabilitation	650	1,870	1,000	130	0	3,650
M21010-04	Sanitary Sewer Compliance: Middle Harbor Lift Stations (DP06, D10) Rehabilitation; Sewer Compliance: 7th Street Lift Stations (C07, C08) Rehabilitation	1,248	2,000	3,400	0	0	6,648
M21010-05	Sanitary Sewer Compliance: United States Customs and Border Protection, Berth 24-32, 7th Street Extension, and Middle Harbor Shoreline Park Sewer Pipeline Rehabilitation	806	2,000	4,200	700	0	7,706
M21010-06	Sanitary Sewer Compliance: Joint Intermodal Terminal Area, Berth 60-63 and Berth 59, Roundhouse, Schnitzer Steel, and Middle Harbor Road Area Sewer Pipeline Rehabilitation	1,330	2,000	4,200	800	0	8,330
M20009	115kV Main Substation Replacement (Davis)	840	580	6,400	6,400	1,335	15,555
M21009	115kV Main Substation Replacement (Cuthbertson)	840	580	4,438	6,400	1,200	13,458
New Project	SS-R-14 Substation Replacement (14th/Maritime)	350	6,000	0	0	0	6,350
New Project	Circuit 2 Powerline Capacity Upgrade	300	2,500	0	0	0	2,800
New Project	480V Power for Ship to Shore	0	300	0	0	0	300
New Project	Fire Sprinkler System Reconstruction @B20-21	0	250	750	2,000	0	3,000
M21004	Fire Water Loop Connection at OHIT (North)	480	850	1,775	0	0	3,105
New Project	Fire Water Loop Reconstruction at Roundhouse	0	500	2,000	0	0	2,500
New Project	General Upgrade of Vault Lids	300	1,200	1,200	0	0	2,700
New Project	Trash Capture Program	0	200	200	700	2,400	3,500
M21002	Shore Power System Computer Replacement	1,030	0	0	0	0	1,030
New Project	LED Lighting Upgrades	100	100	0	0	0	200
New Project	Utility Billing Software Optimization / Transition to Cloud Based / Smart Metering	500	0	0	0	0	500
New Project	JIT Oil/Water Separator	300	250	0	0	0	550
	Subtotal Utilities	16,729	27,045	33,496	17,130	4,935	99,335
ROADWAY							
New Project	14th Street Expansion/Reconstruction	0	0	300	500	8,500	9,300
M19007	RFID Readers (PSGP17 & Go Port)	54	0	0	0	0	54
M19010	Changeable Messages Signs	15	0	0	0	0	15
M19011	Communications - Fiber (Go Port)	42	0	0	0	0	42
M19012	Camera Upgrade to HD (Go Port)	30	0	0	0	0	30
M19013	Queue Detection (Go Port)	12	0	0	0	0	12

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2021-22 to FY 2025-26

(\$ Thousands)

Project No.	Project Description	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total Expenditure
M19014	Initial Advanced Traffic Mgmt System (ATMS) - signal upgrades (Go Port)	33	0	0	0	0	33
M19015	Basic Go Port Application (Go Port)	15	0	0	0	0	15
M19016	Adaptive Signal System	36	0	0	0	0	36
M19020	Advanced Rail Crossing	13	0	0	0	0	13
M19021	Smart Parking	14	0	0	0	0	14
M19022	Center to Center	25	0	0	0	0	25
M19023	Wifi (Go Port)	14	0	0	0	0	14
M19024	Weigh in Motion	11	0	0	0	0	11
M19025	Vehicle Detection	12	0	0	0	0	12
	Subtotal Roadway	326	0	300	500	8,500	9,626
OTHER							
New Project	Middle Harbor Shoreline Park (MHSP) Elevator Replacement w/Lift	150	750	0	0	0	900
New Project	New Landscaping at MHSP	0	75	350	0	0	425
New Project	New Catwalk at Harbor Facilities Building	0	0	0	400	400	800
New Project	Electric Vehicle (EV) Charging Stations	2,000	400	1,000	650	5,000	9,050
N/A	Air Quality (various)	0	0	500	500	0	1,000
N/A	Capital Equipment - Maritime	3,290	0	0	0	0	3,290
	Subtotal Other	5,440	1,225	1,850	1,550	5,400	15,465
TOTAL MARITIME DIVISION		26,515	35,983	44,808	36,080	32,335	175,721
COMMERCIAL REAL ESTATE DIVISION							
JACK LONDON SQUARE (JLS)							
P10000001	Tenant Improvements in JLS	0	1,336	0	55	504	1,895
C19002	HVAC Equipment Upgrades/Replacement at 530 Water Str	175	175	175	175	175	875
New Project	Gutter Replacement at 530 Water Street	0	0	0	0	0	0
New Project	530 Water Street Restack Planning	250	0	0	0	0	250
New Project	530 Water St Building Access Control System Upgrade	195	0	0	0	0	195
New Project	Boardwalk Replacement by Scott's Restaurant	800	0	0	0	0	800
C19001	JLS Improvements - Parking Revenue Control System	545	0	0	0	0	545
	Subtotal Jack London Square	1,965	1,511	175	230	679	4,560
EMBARCADERO COVE							
P20066302	Environmental Remediation / Permits Union Pt Basin Park	308	0	0	0	0	308
New Project	Tenant Improvements	105	51	0	0	0	156
	Subtotal Embarcadero Cove	413	51	0	0	0	464
BUSINESS PARK							
New Project	Tenant Improvements	0	543	120	0	0	663
New Project	Building Improvements	850	225	0	0	0	1,075
	Subtotal Business Park	850	768	120	0	0	1,738

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2021-22 to FY 2025-26

(\$ Thousands)

<u>Project No.</u>	<u>Project Description</u>	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>FY 24-25</u>	<u>FY 25-26</u>	<u>Total Expenditure</u>
OTHER							
N/A	Misc. Facility Replacement Projects	325	325	325	325	0	1,300
	Subtotal Other	325	325	325	325	0	1,300
TOTAL COMMERCIAL REAL ESTATE DIVISION		3,553	2,655	620	555	679	8,062
<u>SUPPORT DIVISIONS</u>							
EQUIPMENT AND SYSTEMS							
New Project	Website Redesign	125	125	0	0	0	250
New Project	Cyber Artificial Intelligence (AI) Monitoring and Detection	100	100	0	0	0	200
New Project	Enterprise Backup Solution	0	100	0	0	0	100
N/A	Capital Equipment	230	300	0	0	0	530
N/A	Misc. Facility Replacement Projects	300	300	300	300	300	1,500
	Subtotal Equipment and Systems	755	925	300	300	300	2,580
TOTAL SUPPORT DIVISIONS		755	925	300	300	300	2,580
TOTAL EXPENDITURE		102,895	111,353	115,003	112,465	102,024	543,740

DEBT SERVICE & CASH FLOW



Debt Service

The debt service as reflected in this budget is based on the scheduled annual principal and interest payments required of the Port's outstanding bonds and assumed interest and principal repayment schedule on outstanding commercial paper (CP) Notes.

OUTSTANDING AND PLANNED DEBT

The Port does not have taxing power and has issued debt secured by a pledge of Port revenues (with certain exceptions).

Outstanding Debt

The Port currently has Senior Lien Bonds (Series P and R), Intermediate Lien Bonds (Series D, E, G and H), and CP Notes outstanding.

Outstanding Debt	Unaudited June 1, 2021
Senior Lien Bonds	\$ 373,700,000
Intermediate Lien Bonds	344,600,000
CP Notes	58,175,000
Total	\$776,475,000

The current outstanding revenue bonds (Senior Lien and Intermediate Lien) were issued in 2012, 2017, 2020, and 2021 at fixed rates ranging from 0.67% to 5.00% with remaining principal repayments scheduled for FY 2022-2033. In FY 2021, the Department of Boating and Waterways (DBW) Loan issued to finance the 1999 renovation of Jack London Square Marinas was refunded using proceeds of the Series R bonds. Consequently, the Port does not have any DBW Loan outstanding.

The Port initiated a \$300 million CP program in 1998 to provide flexibility to borrow funds on short notice to (1) fund a portion of the capital program, (2) provide interim financing for cash management (e.g., lags in grant reimbursement), and (3) provide emergency funding. CP Notes may be repaid with cash, PFCs, other legally available sources or refinanced with long-term debt. The interest rate on the CP Notes is variable, resets every 1 to 270 days and is assumed to range between 1.30% and 2.20% in FY 2022 through FY 2026. Under the CP Indenture, the maximum CP Notes interest rate allowed is 12% with a maximum term of 270 days.

The Port has two letters of credit (LOC) with Bank of America N.A. (BANA) securing the CP Notes set to expire on June 30, 2023. One LOC facility secures \$150 million (Series ABC) in CP Notes and a second LOC facility secures \$50 million (Series DEF) in CP Notes.

The priority of payment for the Port's debt from top-to-bottom is as follows:

1. Senior Lien Bonds
2. DBW Loan
3. Intermediate Lien Bonds
4. CP Notes

Repayment of CP Notes

As of June 1, 2021, approximately \$41.1 million of the Port's outstanding CP Notes is non-PFC eligible; meaning PFCs cannot be used to pay principal and interest on these Non-PFC eligible CP Notes. Going forward, the Port plans to make annual principal repayments of \$5 million during the FY 2022-26 period as part of an overall plan to pay down its non-PFC eligible CP Notes Balance.

As of June 1, 2021, \$17.1 million of the Port's outstanding CP Notes is PFC-eligible and is expected to be redeemed from future PFC revenues. During the FY 2022-2026 forecast period, the Port has no plans to issue new PFC-eligible Notes to fund capital costs. However, increases in project costs and/or interest rates, unforeseen decreases in PFC collection, or the addition of other PFC-eligible projects to the Port's 5-Year CIP may require the issuance of additional CP Notes. By the end of FY 2026, it is anticipated that the outstanding balance of PFC-eligible Notes will be fully repaid.

DEBT COVENANTS

The Port has covenanted in the Bond Indentures and in the LOC Agreements to maintain Net Revenues (as defined in the Bond Indentures) at or above specified levels of the annual debt service paid by the Port each fiscal year. The minimum debt service coverage ratio (DSCR) for Senior Lien Bonds is 1.25x and the minimum DSCR for the Intermediate Lien Bonds is 1.10x. Under the LOC Agreements, the Port has also agreed to maintain a minimum Intermediate Lien DSCR of 1.10x. As a matter of Port policy, the Board has also established a minimum DSCR of 1.40x for the Intermediate Lien Bonds.

DEBT SERVICE COVERAGE RATIOS

The Senior Lien, Intermediate Lien, and Aggregate DSCRs are shown in the following table. The Intermediate Lien DSCR includes debt service on Senior Lien Bonds, DBW Loan, and Intermediate Lien Bonds. The Aggregate DSCR includes debt service on Senior Lien Bonds, DBW Loan, Intermediate Lien Bonds, and CP Notes that are to be repaid with operating revenues, including the Port's plan to make principal payments on CP Notes (both PFC eligible and non-PFC eligible) ranging between \$5.8 million and \$15.7 million, as part of an overall plan to pay down this debt. The Aggregate DSCR does not include debt service on CP Notes anticipated to be repaid with PFCs. The interest rate on the CP Notes is assumed to be 1.30% in FY 2022, increasing to 2.20% by FY 2026.

DEBT SERVICE COVERAGE FY 2019-20 to FY 2025-26

(\$ Thousands)

	<u>Actual</u> <u>2019-20</u>	<u>Budget</u> <u>2020-21</u>	<u>Budget</u> <u>2021-22</u>	<u>Projected</u> <u>2022-23</u>	<u>Projected</u> <u>2023-24</u>	<u>Projected</u> <u>2024-25</u>	<u>Projected</u> <u>2025-26</u>
Operating Revenues	\$375,915	\$339,975	\$372,680	415,824	432,077	449,243	465,196
Operating Expenses ¹	(221,379)	(234,922)	(246,114)	(253,707)	(255,609)	(265,013)	(270,903)
Interest Earned ²	10,766	4,741	1,046	1,750	2,689	3,973	4,925
Net Revenues	165,302	109,794	127,612	163,867	179,157	188,203	199,218
<u>Debt Service³</u>							
Debt Service – Senior Lien Bonds	47,184	57,633	33,569	32,077	23,336	28,111	31,901
Debt Service – Senior & Intermediate Lien Bonds & DBW Loan ⁴	93,130	78,585	70,519	70,522	70,521	82,335	82,332
Debt Service – Aggregate ⁵	100,665	79,447	75,988	75,956	76,932	90,124	89,992
<u>Debt Service Coverage Ratio:</u>							
Senior Lien ⁶	3.50	1.91	3.80	5.11	7.68	6.69	6.24
Intermediate Lien ⁷	1.77	1.40	1.81	2.32	2.54	2.29	2.42
Aggregate ⁸	1.64	1.38	1.68	2.16	2.33	2.09	2.21

¹ Excludes depreciation and amortization, as well as expenses reimbursed with CARES, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan (ARP) funds.

² Interest Earned is interest income in accordance with generally accepted accounting principles and does not include the interest earned on PFC and CFC funds.

³ The amounts listed do not include debt service paid from PFCs, other debt proceeds, or reimbursed with CARES, CRRSAA, or ARP funds. This is due to the fact that debt service paid from these sources are excluded from DSCR calculations pursuant to terms outlined in the Port's bond indentures. See Debt Service Schedule table on the succeeding page for debt service payment amounts before the application of other debt proceeds or other grant funds.

⁴ The DBW Loan was fully repaid in FY 2021.

⁵ Includes planned principal payments on outstanding CP Notes ranging between \$5 million and \$8 million per year during the FY 2022-26 time period, as part of an overall plan to repay this debt. It excludes principal payments made with PFC funds. The interest rate on CP Notes is assumed to be 1.30% in FY 2022, increasing to 2.20% by FY 2026.

⁶ Senior Lien DSCR equals Net Revenues divided by Debt Service – Senior Lien Bond.

⁷ Intermediate Lien DSCR equals Net Revenues divided by Debt Service – Senior & Intermediate Lien Bonds & DBW Loan.

⁸ Aggregate DSCR equals Net Revenues divided by Debt Service – Aggregate.

DEBT SERVICE SCHEDULE

FY 2021-22 to FY 2025-26

(\$Thousands)¹

Description	FY 2021-22			FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Principal	Interest ²	Total	Principal	Interest ²	Total	Principal	Interest ²	Total	Principal	Interest ²	Total	Principal	Interest ²	Total
<u>Senior Lien Revenue Bonds</u>															
2012 Refunding Bonds Series P	29,945	1,494	31,439												
2020 Refunding Bonds Series R	2,685	6,174	8,859	32,270	6,156	38,426	22,225	5,891	28,116	22,460	5,651	28,111	26,515	5,386	31,901
Subtotal Sr. Lien Rev. Bonds	32,630	7,668	40,298	32,270	6,156	38,426	22,225	5,891	28,116	22,460	5,651	28,111	26,515	5,386	31,901
<u>Intermediate Lien Revenue Bonds</u>															
2017 Refunding Bonds Series D	5,025	4,383	9,408	6,380	4,098	10,478	14,945	3,565	18,510	15,720	2,799	18,519	13,435	2,070	15,505
2017 Refunding Bonds Series E	1,775	1,880	3,655	2,335	1,777	4,112	2,060	1,667	3,727	2,160	1,562	3,722	2,485	1,445	3,930
2017 Refunding Bonds Series G	2,450	970	3,420	2,865	905	3,770	5,640	792	6,432	5,805	630	6,435	4,970	470	5,440
2021 Refunding Bonds Series H	16,450	9,101	25,551 ¹	17,270	8,278	25,548	18,135	7,415	25,550	19,040	6,508	25,548	20,000	5,556	25,556
Subtotal Int. Lien Rev. Bonds	25,700	16,334	42,034	28,850	15,058	43,908	40,780	13,439	54,219	42,725	11,499	54,224	40,890	9,541	50,431
Total Sr. & Int. Lien Rev. Bonds	58,330	24,002	82,332	61,120	21,214	82,334	63,005	19,330	82,335	65,185	17,150	82,335	67,405	14,927	82,332
Commercial Paper (Non-PFC) ³	5,000	469	5,469	5,000	435	5,435	6,010	401	6,411	7,436	353	7,789	7,436	224	7,660
Total including CP Notes (Non-PFC)	63,330	24,471	87,801	66,120	21,649	87,769	69,015	19,731	88,746	72,621	17,503	90,124	74,841	15,151	89,992
Commercial Paper (PFC) ⁴	4,758	222	4,980	805	173	978	2,826	185	3,011	8,214	174	8,388	497	11	508

¹ Summary amounts may not total due to rounding.

² Interest shown on this table is on a cash basis. On the Income Statement, Interest Expense is shown on an accrual basis.

³ The Port plans to make principal payments on outstanding CP Notes between \$5.8 million and \$15.7 million per year during the FY 2022-26 period, as part of an overall plan to repay this debt. The interest rate on CP Notes is assumed to be 1.30% in FY 2022, increasing to 2.20% by FY 2026.

⁴ Reflects CP Notes payable from PFCs. Preliminary, subject to change based on amount of PFCs available prior to redemption.

Cash Flow

FLOW OF FUNDS

The application of the Port's revenues is governed by certain provisions of the City Charter. All income and revenue from the operations of the Port or from Port facilities are to be deposited in a special fund in the City Treasury and to be designated as the "Port Revenue Fund" and to be applied as follows:

1. To pay principal and interest on any or all general obligation bonds of the City issued for Port purposes (no general obligation bonds are outstanding);
2. To pay the principal and interest on revenue bonds;
3. To pay all costs of maintenance and operation of the facilities together with general costs of administration and overhead allocable to such facilities;
4. To defray the expenses of any pension or retirement system applicable to the employees;
5. For necessary additions, betterments, improvements, repairs or replacements of any facilities;
6. To establish and maintain reserve or other funds to ensure the payment on or before maturing of any or all general obligation bonds of the City issued for any facility under the control of the Board. To establish and maintain reserve or other funds to insure the payment on or before maturity of any or all revenue bonds;
7. To establish and maintain such other reserve funds pertaining to the facilities of the Board as determined by a resolution(s) of the Board; and
8. For transfer to the General Fund to the City, to the extent that the Board determines that surplus moneys exist in such fund which is not then needed for any of the above purposes.

BOARD ESTABLISHED CASH RESERVES

The following reserves will be established as of July 1, 2021:

Board Reserves	
Port Bond Reserve	\$30,000,000
Operating Reserve	31,966,000
Capital Reserve	15,000,000
Total	\$76,966,000

The Board established Reserve Funds are to be used as follows:

1. Bond Reserve Fund – Fixed at \$30 million. Amounts may be withdrawn from the reserve fund for the following purposes:
 - a. to pay principal of, and interest on, indebtedness of the Port in the event that reserve funds established under the various indentures relating to such indebtedness and revenues of the Port are insufficient to pay such principal or interest then due and owing by the Port; or
 - b. to pay for emergency capital expenditures or extraordinary operating and maintenance expenditures of the Port.
2. Operating Reserve Fund – Adjusted each July 1 to equal 12.5% of the Port's approved annual operating expense budget (before depreciation and amortization). The Port may withdraw funds for unanticipated working capital requirements.
3. Capital Reserve Fund – Fixed at \$15 million. The reserve may be used for the following purposes:
 - a. to pay principal of, and interest on, indebtedness of the Port in the event that reserve funds established under the various indentures relating to such indebtedness and revenues of the Port are insufficient to pay such principal or interest then due and owing by the Port; or
 - b. to pay for extraordinary capital improvements or extraordinary operating and maintenance expenditures of the Port.

RESTRICTED CASH

Restricted cash are deposits whose use is designated for a specific purpose by federal or state legislation, bond indenture, or legal contract, and cannot be used for any other purpose. The Port's restricted cash includes the following:

1. Bond Reserve/Rebate Funds – As stated in the indentures, bond reserve funds are established and held by the bond trustee to pay debt service if the Port has insufficient funds. Rebate funds are held under the indentures to hold rebate payments to be made to the U.S. Treasury;
2. Bond Construction Funds – Funds received from bond proceeds to pay for qualifying capital improvement costs;
3. Passenger Facility Charge (PFC) – A user fee charged by OAK and collected by the airlines for revenue passengers enplaning air carrier flights. The FAA approves the PFCs which are used to fund eligible Airport capital improvements;
4. Customer Facility Charge (CFC) – A per-contract fee charged by rental car companies on behalf of OAK. CFCs are used to fund ground transportation (including buses and shuttle services) and construction related to rental car facilities;
5. Construction Escrows – A portion of the amount due to a contractor that is set aside in a construction escrow account until the project has been signed off and placed into service;
6. LCFS – A program implemented by CARB to decrease GHG emissions in the transportation sector. Program participants can generate credits by implementing projects to achieve this goal. Revenue from the credits may only be applied to fund additional GHG reduction efforts;

7. Public Benefits Programs – Per Assembly Bill (AB) 1890 the Port is required to collect and spend 2.85% of its electricity sales on cost effective energy efficiency, new renewable generation, low-income energy programs, and new electric technologies research and development. The spending of this program will be processed on a first come first serve basis for projects that meet program requirements and amounts are within available funds; and
8. Greenhouse Cap & Trade – Another program implemented by CARB, it sets a total permissible level of emissions in the states (i.e, the “cap”), and issues free allowances to businesses which are required to adhere to the “capped” level of emissions. Because the Port does not have any electricity generation facilities nor imports electricity directly from out-of-state, the Port does not have any compliance obligations. The generators that produce the electricity the Port purchases will likely include the cost of compliance with Cap and Trade. CARB recognizes this and as a result is giving free allowances to the Port to “offset” the increase cost of Assembly Bill (AB) 32. Revenues derived from the sale of allowances are restricted to spend on programs that further reduce greenhouse gas emissions such as renewable energy, infrastructure for transportation electrification, fuel switching/fuel substitution, SF6 reductions, etc.

STATEMENT OF CASH FLOWS

FY 2021-22 to FY 2025-26

(\$ Thousands)

	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
General Fund ¹	386,591	361,665	371,607	388,183	389,615
Port Bond Reserve Fund	30,000	30,000	30,000	30,000	30,000
Operating Reserve Fund	31,966	32,970	33,266	33,391	33,863
Capital Reserve Fund	15,000	15,000	15,000	15,000	15,000
Beginning Balance	463,557	439,635	449,873	466,575	468,478
Sources					
Operating Revenues	372,680	415,824	432,077	449,243	465,196
PFCs for Debt Service ²	4,980	978	3,011	8,388	508
Interest Income ³	543	1,246	2,186	3,469	4,422
Trsfr In (AB1890, Cap/Trade, LCFS) ⁴	-	-	-	-	-
Other ⁵	27,277	22,223	22,335	2,115	-
Total Receipts	405,480	440,271	459,609	463,215	470,126
AIP, PFC Pay-Go, CFC, Other Grants ⁶	35,904	39,945	37,807	32,864	32,758
Debt Proceeds ⁷	-	-	-	-	-
Debt Proceeds (PFC-Supported) ⁷	-	-	-	-	-
Total Capital and Financing Proceeds	35,904	39,945	37,807	32,864	32,758
TOTAL SOURCES	441,384	480,216	497,416	496,079	502,884
Uses					
Operating Expenses	(255,727)	(263,763)	(266,130)	(267,129)	(270,903)
Bond and DBW Debt Service					
Principal	(58,330)	(61,120)	(63,005)	(65,185)	(67,405)
Interest	(24,002)	(21,215)	(19,329)	(17,149)	(14,927)
Total Bond Debt Service	(82,332)	(82,335)	(82,334)	(82,334)	(82,332)
CP Notes					
Principal ⁸	(9,758)	(5,805)	(8,836)	(15,650)	(7,933)
Interest ⁹	(691)	(608)	(586)	(527)	(235)
Total CP Notes Payments	(10,449)	(6,413)	(9,422)	(16,177)	(8,168)
Capital Expenses ¹⁰	(102,895)	(111,353)	(115,003)	(112,465)	(102,024)
Trsfr Out (AB1890, Cap/Trade, LCFS)	(1,685)	(662)	(1,398)	(3,733)	(372)
Other Payments ¹¹	(12,218)	(5,453)	(6,427)	(12,339)	(10,477)
TOTAL USES	(465,305)	(469,979)	(480,714)	(494,176)	(474,276)
Net Cash Flow (Sources less Uses)	(23,921)	10,237	16,702	1,903	28,608
Ending Balance	439,635	449,873	466,575	468,478	497,086

1 Beginning General Fund balance for FY 2022 is an estimate. General Fund balances in subsequent years are projected.

2 PFCs anticipated to be used to pay for debt service related to PFC-eligible CP Notes.

3 Excludes non-cash interest accrual and interest income earned on PFC and CFC fund balances. Assumes interest rates of 0.20%, 0.40%, 0.70%, 1.10%, 1.40% in FY 2022 through FY 2026, respectively.

4 This line item, transferring in funds generated through AB 1890, Cap & Trade, and LCFS sources may fund either operating or capital expenditures.

5 Includes proceeds from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP), as well as cash received from deferred rents.

6 The Port has not yet obtained grant funding for all capital projects described, some of which may not be ultimately implemented by the Port. See *Capital Budget and 5-Year Capital Improvement Plan* section.

7 Assumes that the Port's CP program will be utilized.

8 Includes principal repayments of outstanding CP Notes in each year ranging between \$6 million and \$16 million, plus anticipated repayment of PFC-eligible CP Notes, based on 5-year CIP and PFC revenue projections. See *Capital Budget and 5-Year Capital Improvement Plan* section.

9 Assumes interest rates of 1.30%, 1.40%, 1.60%, 2.00%, 2.20% in FY 2022 through FY 2026, respectively and CP Notes balance at end of FY of \$48.4 million, \$42.6 million, \$33.8 million, \$18.1 million, and \$10.2 million, respectively.

10 Based on the Port's 5-year CIP. See *Capital Budget and 5-Year Capital Improvement Plan* section.

11 Includes LOC fees, certain non-op. City pymts., retroactive pension contributions for ARFF staff and deferred prior year maintenance.

STATEMENT OF CASH FLOWS - RESTRICTED

FY 2021-22 to FY 2025-26

(\$ Thousands)

	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Bond Reserve Funds	47,214	47,214	47,214	47,214	47,214
Bond Construction Funds	-	-	-	-	-
Passenger Facility Charge	1,000	1,000	1,000	1,000	1,000
Customer Facility Charge	-	-	-	-	-
Construction Escrows	3,000	3,000	3,000	3,000	3,000
Beginning Balance	51,214	51,214	51,214	51,214	51,214

Passenger Facility Charge (PFC)

Beginning Balance ¹	1,000	1,000	1,000	1,000	1,000
PFC Revenues	14,510	18,659	20,523	22,577	24,836
PFC Interest Income ²	2	4	7	11	14
PFC-Eligible Debt Proceeds ³	-	-	-	-	-
Less: Interest on PFC-Eligible CP Notes ⁴	(222)	(173)	(185)	(174)	(11)
Less: PFC Capital Expenditures ³	(9,532)	(17,685)	(17,519)	(14,200)	(13,150)
Less: Repayment of PFC-Eligible CP Notes	(4,758)	(805)	(2,826)	(8,214)	(497)
Ending Balance	1,000	1,000	1,000	1,000	12,192

Customer Facility Charge (CFC)

Beginning Balance ¹	-	-	-	-	-
CFC Revenues	2,808	3,611	3,972	4,370	4,807
CFC Interest Income ²	-	-	-	-	-
Less: CFC Capital Expenditures	-	-	-	-	-
Less: CFC Expenditures	(2,808)	(3,611)	(3,972)	(4,370)	(4,807)
Ending Balance	-	-	-	-	-

AB1890

Beginning Balance ¹	3,500	3,539	3,585	3,642	3,715
AB1890 Revenues	354	357	361	364	368
AB1890 Interest Income ²	7	14	25	40	52
Less: AB1890 Capital Expenditures	-	-	-	-	-
Less: AB1890 Expenditures	(322)	(325)	(328)	(332)	(335)
Ending Balance	3,539	3,585	3,642	3,715	3,799

Cap & Trade

Beginning Balance ¹	2,732	2,931	3,116	3,290	3,457
Cap & Trade Revenues	368	351	330	311	298
Cap & Trade Interest Income ²	5	12	22	36	48
Less: Cap & Trade Capital Expenditures	-	-	-	-	-
Less: Cap & Trade Expenditures	(175)	(177)	(179)	(180)	(182)
Ending Balance	2,931	3,116	3,290	3,457	3,621

LCFS

Beginning Balance ¹	3,994	5,442	5,872	7,039	10,533
LCFS Revenues	4,500	4,545	4,590	4,636	4,683
LCFS Interest Income ²	8	22	41	77	147
Less: LCFS Capital Expenditures	(2,380)	(3,450)	(2,770)	(520)	(4,000)
Less: LCFS Expenditures	(680)	(687)	(694)	(701)	(708)
Ending Balance	5,442	5,872	7,039	10,533	10,655

1 Beginning fund balances for FY 2022 are estimates; subsequent years are projected.

2 Assumes interest rates of 0.20%, 0.40%, 0.70%, 1.10% 1.40% in FY 2022 through FY 2026, respectively.

3 Based on the Port's 5-year CIP. See *Capital Budget and 5-Year Capital Improvement Plan* section.

4 Assumes interest rates of 1.30%, 1.40%, 1.60%, 2.00%, 2.20% in FY 2022 through FY 2026, respectively.

ACRONYMS & DEFINITIONS



Acronyms



ACTC	Alameda County Transportation Commission, a.k.a. Alameda CTC
AIP	Airport Improvement Program
AOA	Aircraft Operations Area
APDA	Alternative Project Delivery Approach
APD	Airport Perimeter Dike
APDD	Aviation Project Design & Delivery
APMS	Airport Pavement Management System
ARFF	Aircraft Rescue and Fire Fighting
ARMOA	Amended and Restated Memorandum of Agreement
ACSO	Alameda County Sheriff's Office
ATMS	Advanced Traffic Management System
AVI	Automated Vehicle Identification
BART	Bay Area Rapid Transit
BNSF	Burlington Northern-Santa Fe Railway Company
BRAC	Base Realignment and Closure
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees Retirement System
CAP	Condition Assessment Program

CARES	Coronavirus Aid, Relief, and Economic Security Act
CBP	U.S. Customs and Border Protection
CEC	California Energy Commission
CEQA	California Environmental Quality Act
CFC	Customer Facility Charge
CIP	Capital Improvement Plan
CNG	Compressed Natural Gas
CP	Commercial Paper
CPI	Consumer Price Index
CRE	Commercial Real Estate
CTMP	Comprehensive Truck Management Program
CT	Computed Tomography
CY	Calendar Year
DBE	Disadvantaged Business Enterprise
DBW	Department of Boating and Waterways
DFEH	Department of Fair Employment and Housing
DHS	U.S. Department of Homeland Security
DOE	U.S. Department of Energy
DPM	Diesel Particulate Matter
DSCR	Debt Service Coverage Ratio
EAP	Employee Assistance Program
EEOC	Equal Employment Opportunity Commission
EBMUD	East Bay Municipal Utility District
EBRPD	East Bay Regional Park District
EBSP	Electronic Baggage Screening Program
EDS	Explosives Detection Systems
EOC	Emergency Operations Center
EPA	U.S. Environmental Protection Agency
ERP	Enterprise Resource Planning
FAA	Federal Aviation Administration
FIS	Federal Inspection Services
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FITS	Freight Intelligent Transportation System
FTE	Full-Time Equivalent
FY	Fiscal Year

FBO	Fixed Base Operator
GASB	Governmental Accounting Standards Board
GHG	Greenhouse Gas
GSE	Ground Support Equipment
HR	Human Resources
HVAC	Heating, Ventilation, and Air Conditioning
IAB	International Arrivals Building
ILWU	International Longshore and Warehouse Union
IT	Information Technology
JLID	Jack London Improvement District
JLS	Jack London Square
LBA	Local Business Area
LCFS	Low Carbon Fuel Standard
LED	Light Emitting Diode
LEED	Leadership in Energy and Environmental Design
LIA	Local Impact Area
LLAP	State Local Levee Assistance Program
LOC	Letter of Credit
MAG	Minimum Annual Guarantee
MAPLA	Maritime and Aviation Project Labor Agreement
MAQIP	Maritime Air Quality Improvement Plan
MHEA	Middle Harbor Enhancement Area
MHSP	Middle Harbor Shoreline Park
MOU	Memoranda of Understanding
MPDD	Maritime Project Design & Delivery
NDSLBP	Non-Discrimination and Small Local Business Utilization Policy
NPDES	National Pollutant Discharge Elimination System
NEPA	National Environmental Policy Act
NOAA	National Oceanic and Atmospheric Administration
OAB	Oakland Army Base
OAK	Oakland International Airport
OCIP	Owner-Controlled Insurance Program
OIG	Oakland International Gateway (formerly known as Joint Intermodal Terminal - "JIT")
OTA	Other Transaction Agreement
PARCS	Parking Access and Revenue Control System
PETF	Port Efficiency Task Force

PFC	Passenger Facility Charge
PFSO	Port Facilities Security Officer
PG&E	Pacific Gas and Electric
PMA	Pacific Maritime Association
POU	Publicly Owned Utility
PSPS	Public Safety Power Shutoffs
RFID	Radio-Frequency Identification
RFP	Request for Proposals
RPS	Renewable Portfolio Standard
RSA	Runway Safety Area
SRD	Social Responsibility Division
STEM	Science, Technology, Engineering, and Mathematics
STEP	Secure Truck Enrollment Program
TEU	Twenty-Foot Equivalent Unit
TNC	Transportation Network Company
TSA	Transportation Security Administration
TWG	Truckers Working Group
ULCV	Ultra Large Container Vessel
UP	Union Pacific Railroad
UPS	United Parcel Service, Inc.
USACE	United States Army Corps of Engineers
VALE	Voluntary Airport Low Emissions
VSR	Vehicle Service Road
WAPA	Western Area Power Administration
ZE	Zero Emissions

Definitions



Aircraft operation - Refers to landing and subsequent takeoff (also known as a “turn”).

Airport Business Park - Business park near Oakland International Airport and Oakland-Alameda County Coliseum Complex. The park consists of 340 acres, of which 280 acres are privately owned.

Airport Improvement Program (AIP) - Federal program that provides funding from the Airport and Airway Trust Fund for airport development, airport planning, noise compatibility planning, and to carry out noise compatibility programs.

Americans with Disabilities Act (ADA) - Federal legislation that prohibits discrimination against all individuals with mental or physical disabilities.

Amortization - See *Depreciation and Amortization*

Balanced Budget – A budget in which revenues equal or exceed expenditures incurred during a given period.

Calendar Year (CY) – A twelve-month period starting with January 1 and ending with December 31, and which has 365 days in a non-leap year and 366 days in a leap year.

Capital Expenditure – A cost incurred to purchase, construct, transport or make ready a capital asset for its intended purpose if it meets the following conditions: can be directly identified with a specific capital asset; is incurred after the planning phase of a project has completed, and the Port has demonstrated its commitment to execute a construction plan or purchase the asset. The Port will only apply capitalization procedures to individual asset purchases that cost \$5,000 or more, and have an economic useful life of two or more years.

Component Unit in the City of Oakland Basic Financial Statement - The account the City uses to record the financial activities of the Port due to the enterprise nature of the Port's operations. The Port is a department of the City.

Comprehensive Annual Financial Report of the City of Oakland (CAFR) - Document published annually by the City detailing financial, statistical, budgetary, and demographic data to be distributed to the public. It includes the Port's financial information.

Comprehensive Truck Management Program (CTMP) - The CTMP is the Port's Comprehensive Truck Management Program, a plan to address air quality, safety and security, community impacts, and business operation issues related to trucks serving the Port's maritime facilities. The CTMP seeks to balance the needs of its customers with those of its neighboring community in an effort to improve commerce and quality of life for those living and working in and around the Seaport.

Consumer Price Index (CPI) - An inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

Contractual services - Professional and support personnel services used by the Port other than employees or temporary agencies.

Cranes, post-panamax - Container cranes designed to handle cargo vessels that are too large to fit through the Panama Canal. See *Post-panamax vessels*

Cranes, super post-panamax - Container cranes designed to handle cargo vessels that are too large to fit through the Panama Canal. See *Super post-panamax vessels*

Department - An organizational unit within the Port which is part of a division.

Departmental credits - The application of direct labor and overhead to capital projects or the transfer of expenses from one unit, department, or division to another.

Demonstration project – a project that provides the means to introduce and experience innovative ideas and approaches and prepare the way for replication and up-scaling.

Depreciation and Amortization - The value of an asset is reduced through use, deterioration, or obsolescence. Depreciation describes the decrease in the value of the asset over its estimated useful life. Tangible assets, such as buildings and equipment are depreciated. Amortization refers to intangible assets such as computer software and noise easements. Intangible assets are amortized over the estimated service capacity of the asset.

Division - A major administrative segment of the Port which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Dockage - The charge levied against a vessel for berthing space.

Dredging - Removal of sediments on the bottom of a waterway for the safe passage of vessels.

Embarcadero Cove - Recreational marina area on the waterfront south of Lake Merritt Channel which includes marinas, a public fishing pier, shops, offices, hotels, and restaurants.

Enterprise Fund - A fund established to account for government operations financed and operated in a manner similar to private business enterprises.

Federal Aviation Administration (FAA) - The federal agency responsible for regulating and funding U.S. airports.

Fiscal year (FY) - A twelve-month time period signifying the beginning and ending period for recording financial transactions. The Port has specified July 1 through June 30 as its fiscal year.

Fueling revenue - Port revenue for providing facilities for fuel storage (tank farm) and delivery (fuel hydrant system) for aircraft and ground vehicles. A fuel consortium of passenger and cargo airlines operating at OAK, under lease, reimburses the Port for all costs associated with its use of the fueling infrastructure. The consortium contracts with a third-party operator to provide fueling services.

Full-Time Equivalent (FTE) - A measure of employment used when the work force includes full-time employees.

General aviation - Aviation activity not air carrier related, such as private aircraft, business aircraft, and corporate aviation activities. OAK's North Field is considered a general aviation airport, although some air carrier activity takes place there.

General Services - See *Payments to the City, General Services*

Generally Accepted Accounting Principles (GAAP) - A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Governmental Accounting Standards Board (GASB) - The independent private-sector organization, formed in 1984 that establishes and improves financial accounting and reporting standards for state and local governments.

Inland Point Intermodal (IPI) - Refers to inland points (non-ports) that can be served by carriers (shipping lines) on a through bill of lading.

Jack London Square (JLS) - A 25-acre mixed-use development area at the foot of Broadway.

Lake Merritt payments - See *Payments to the City, Lake Merritt*

Leadership in Energy and Environmental Design (LEED) - A nationally recognized green building rating system established by the U.S. Green Building Council.

Loss on abandoned and demolished assets - Abandonment losses result on projects written off because it is not feasible to complete the project or the project does not result in an asset. Losses on demolished assets result when a depreciable asset is destroyed, usually to make way for another project.

Net assets - The amount by which the value of a company's assets exceeds its liabilities.

Non-operating items - Income or expenses that are not associated with operations. In the Port's financial reporting, these include interest income, interest expense, and other income and expenses that are either nonrecurring in nature or do not result from its ordinary operations.

Northern California - The northern portion of the State of California, defined generally as those areas including and north of the Monterey, Kings, Tulare, and Inyo counties.

Oakland International Gateway (OIG) - Facility that provides ocean carriers with a near-dock intermodal facility. OIG became operational in March 2002 and is operated by Burlington Northern-Santa Fe Railroad

under a ten-year lease agreement. Union Pacific Railroad is allowed access and usage. Formerly known as the Joint Intermodal Terminal (JIT).

Owner-Controlled Insurance Program (OCIP) - Port-managed program for consolidated purchase of insurance to, among other matters, assist small and local businesses to participate in Port capital projects.

Panamax vessels - Those vessels that fit through the Panama Canal and are no more than 13 containers wide. See *Post-panamax and Super post-panamax vessels*

Passenger traffic - Enplanements, deplanements, and connecting passenger activity. Enplanement is an originating passenger who boards a flight; deplanement is a passenger whose final destination is OAK; and connecting passenger is a passenger who uses OAK to connect between flights. Connecting passengers are considered enplanements for the purpose of collecting PFCs.

Payments to the City, General Services - General Services include police and fire services.

Payments to the City, Lake Merritt - Reimbursement to the City for expenditures of local funds for Lake Merritt tideland trust purposes.

Payments to the City, Special Services - Reimbursement to the City for services, such as City Clerk personnel, City Treasury, and special police services.

Personnel services - Expenditures related to employee compensation including wages and fringe benefits such as medical, dental, and retirement.

Post-panamax vessels - Those vessels that are more than 13 containers but less than 18 containers wide. See *Panamax and Super post-panamax vessels*

Super post-panamax vessels - Vessels that are at least 18 containers wide. See *Panamax and Post-panamax vessels*

Tidelands Trust - All Port of Oakland lands and assets are held in trust for the people of the State of California, subject to a public trust, commonly known as the Tidelands Trust. The State Lands Commission has jurisdiction over these lands. Permitted uses under the Tidelands Trust generally include maritime commerce, harbors and aviation, as well as uses of statewide interest, such as fishing, public recreation, and enjoyment of the waterfront.

Twenty-foot equivalent unit (TEU) - A TEU or Twenty-foot Equivalent Unit is an international standard of measurement for the volume of business that moves through a container port. Containers vary in length, from 20 feet to 53 feet with the majority of the containers being 40 feet. One forty-foot container is equal to two TEUs.