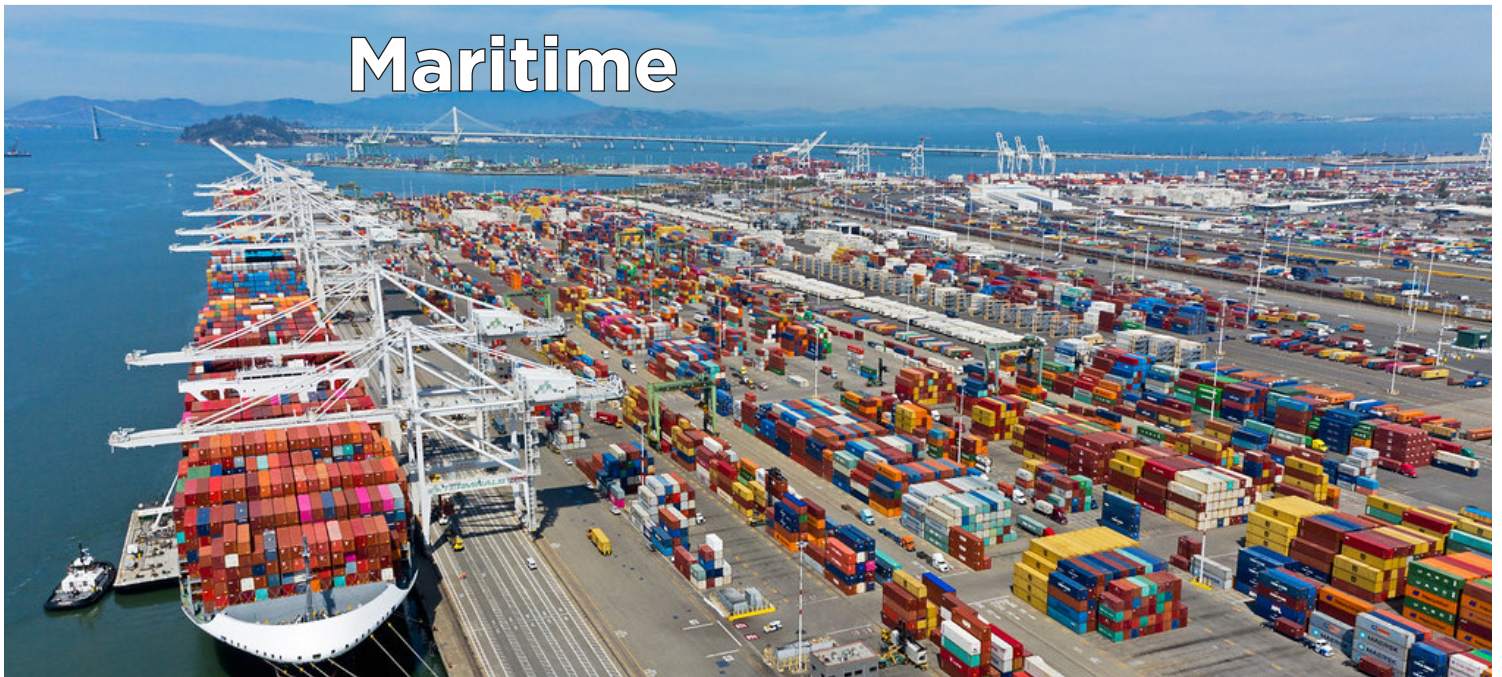




BUDGET SUMMARY



One-Year Operating and Capital Budget

Fiscal Year Ended June 30, 2023

Five-Year Operating Forecast and Capital Improvement Plan

Fiscal Years ending June 30, 2023 through 2027



PORT OF OAKLAND

ONE-YEAR OPERATING AND CAPITAL BUDGET FISCAL YEAR 2022-23

AND

FIVE-YEAR OPERATING FORECAST AND CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2022-23 THROUGH 2026-27

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

Executive Management

Danny Wan, Executive Director
Kristi McKenney, Chief Operating Officer
Bryan Brandes, Director of Maritime
Bryant L. Francis, Director of Aviation
Pamela Kershaw, Director of Commercial Real Estate
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June 23, 2022

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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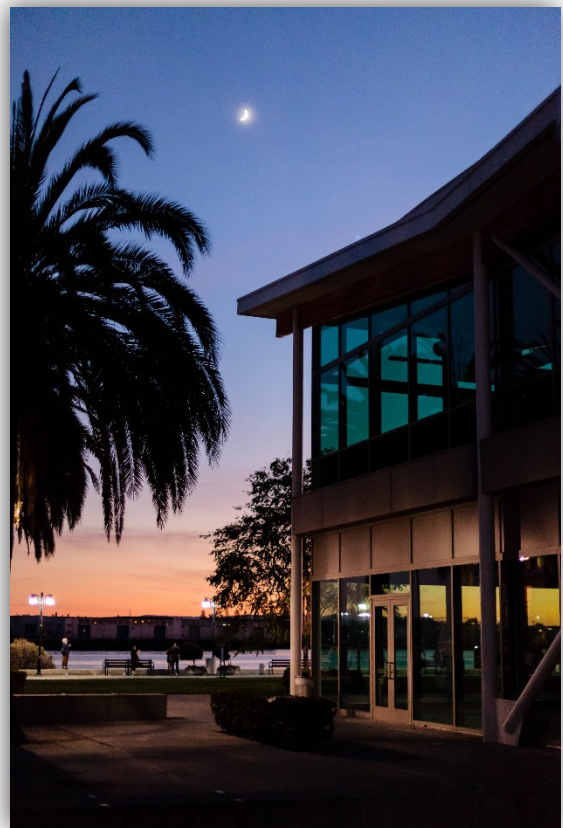
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June 24, 2022

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

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Barbara Leslie, *First Vice President*

Yui Hay Lee, *Second Vice President*

Cestra Butner, *Commissioner*

Michael Colbruno, *Commissioner*

Arabella Martinez, *Commissioner*

Joan Story, *Commissioner*

SUBJECT: Adopted Operating and Capital Budgets for Fiscal Year Ending June 30, 2023

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, 2023;
- ▲ One-year capital budget for fiscal year ending June 30, 2023;
- ▲ Five-year operating forecast for FY 2023 through FY 2027;
- ▲ Five-year Capital Improvement Plan (CIP) for FY 2023 through FY 2027; 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 2023 operating and capital budgets were adopted by the Board on June 23, 2022. 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 while 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, on-going or imminent revenue generating projects, asset management, and essential infrastructure investments. **Key financial objectives include:**

- ▲ Improve operating margin across all revenue divisions;
- ▲ Control Airport Cost per Enplanement (CPE);
- ▲ Target minimum Intermediate Lien Bond Debt Service Coverage Ratio of 1.40x;
- ▲ Project minimum June 30, 2023 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 \$79.4 million; and
- ▲ Maintain discipline of paying down outstanding commercial paper notes.

Key Factors

The FY 2023 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 continues to grow, remains strong and provides the Port the financial flexibility to adapt and respond to impacts of potential future COVID surges or from other unanticipated operational and financial challenges.
- ▲ Port operations are supported by a strong and diverse local economy. Historically, this favorable geographic position results in approximately 83% 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 four major lines of business has proven again to be a source of financial stability. In FY 2022, anticipated revenues across all business lines are better than budget with the recovery in Aviation leading the way. More of the same is expected in FY 2023 with operating revenues budgeted to increase across all four Port revenue divisions.
- ▲ Renewed focus on infrastructure investments both at the State and federal levels means additional third-party grant funding may be available to defray some of the cost of the Port's capital improvement plan. Some of these grants come in the form of entitlement grants which the Port receives an allocable share while other grants are discretionary and require the Port to compete against other ports and airports for funding.
- ▲ In the midst of these very challenging and unprecedented times, particularly at the Airport, the Port projects to end FY 2022 at a stable 2.35x Intermediate Lien debt service coverage ratio increasing to 2.40x by FY 2027. 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 \$15.1 million in federal aid (CARES, and ARP Act) grants will be strategically applied in FY 2023 to reimburse the Port for eligible bond debt service payments, operating expenses, and capital expenditures. The Port plans to apply the balance of the funds in FY 2024 to pay additional debt service, operating expenses and redeem certain outstanding bonds. 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 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 San Francisco 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 2022 schedule aims to operate 124 peak day flights from September to November 2022. 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. In particular, the Tri-Valley area which encompasses the cities of Dublin, Pleasanton, San Ramon, and Danville have experienced very large population growth in recent years as companies relocate to this geographical area of the East Bay.
- ▲ 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. However, congestion at the Seaport and related cancellations or reductions of ocean carrier services have resulted in lower cargo activity at the marine terminals which impact the amount of variable rent the Port collects from marine terminal operators. In FY 2023, growth in Maritime revenues will primarily be driven from increased revenues in rail terminal activities, short-term leases, scheduled rent increases from long-term lease tenants and new tenancies at the Seaport.
- ▲ Maritime anticipates first port-of-call services continuing in FY 2023 and beyond bringing incremental cargo shipments to the Seaport with the potential to grow discretionary cargo rail transport to regions outside the Bay Area.
- ▲ Commercial Real Estate (CRE) continues to serve a vibrant and growing local market. As more of the population engages in pre-pandemic activities, opportunities to host festivals at Jack London Square (JLS) has the potential to increase parking revenues and other variable rent in FY 2023.
- ▲ Utilities revenues continue to increase commensurate with increased electricity demand by Port tenants, and in response to electrification of drayage trucks, work vehicles and other equipment at both the Airport and Seaport.

CONCERNS AND CONSIDERATIONS

- ▲ Personnel costs increase due to the addition of 24 Full-Time Equivalents (FTEs) partially offset by an increase in vacancy factor to 45 FTEs from 31 FTE's in FY 2022. Pension costs are anticipated to be 41.1% of payroll in FY 2023 before decreasing to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before an uptick to 33.7% in FY 2027.

- ▲ Focus on regulatory compliance drive operating and capital expenses in FY 2023. Ability to complete and deliver major maintenance and capital projects in a timely manner is being addressed internally at the Port through process re-engineering and additional FTE hires. Nevertheless, the ability for Port staff to complete and deliver projects remain an on-going 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.
- ▲ Tight labor market in the Bay Area coupled with wage accretion and demand for flexible work arrangements make hiring to fill existing high FTE vacancies extremely challenging. The Port must make inroads in filling existing vacancies to eliminate operational bottlenecks and to make the goal of addressing years of deferred major maintenance and capital improvement plan a reality.
- ▲ The timing and magnitude of recovery in the airline industry, the addition of new services/routes or reinstatements of prior services remain unknown. While recent data has shown monthly passenger traffic at OAK average about 80-83% of FY 2019 levels (the last full FY before the COVID pandemic), growth to even higher percentages will be limited for as long as airlines struggle to add seat capacity to domestic aviation markets served by OAK. Upside potential for activity-based non-airline revenues to grow such as parking, ground transportation and food/retail concessions will remain limited until airlines are able to increase seat capacity to destinations served at OAK.
- ▲ As the world struggles to control the spread of COVID, new mutations of the virus may result in vaccine-resistant new variants or more transmissible variants that evade immunity, infect and spread more rapidly both in the U.S. and abroad. Such a scenario has the potential to stifle and derail the Airport's path to recovery and also impact other segments of Port operations such as a decrease in foot traffic at JLS or reduction in imports of container goods from major Asian trading partners as countries take actions to control the spread of COVID.
- ▲ Airport CPE must be managed to maintain OAK's competitiveness against neighboring airports: SJC and SFO.
- ▲ Supply chain issues, rampant 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 impact all four revenue divisions at the Port.
- ▲ 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.
- ▲ Elevated risk of potential labor and service disruptions at U.S. West Coast ports during ILWU contract negotiations.
- ▲ 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 2023 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 remain a real concern. The potential for renewed trade war with China, Russia's invasion of Ukraine including the potential of a more direct U.S. or NATO involvement in the conflict, and prolonged impact of COVID may negatively impact global trade and future business growth at the Port.
- ▲ Continuing electrification of Port's businesses will increase electricity demand and require significant infrastructure investment to increase electricity peak capacity.
- ▲ Historical drought in California and in other western states may lead to higher occurrences of wildfire over the next 12 months which may lead to a decrease in discretionary travel to the Bay Area to the extent local air quality is compromised from wildfire smoke. Drought may also lead to higher electricity prices in the spot market and potential of rolling blackouts as hydroelectric facilities are unable to operate due to historical low levels of water in reservoirs located across the western region of the United States.
- ▲ 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 but only to the extent the Bay Area can successfully manage future COVID surges.

➤ FY 2023 BUDGET

The table below summarizes the Port's FY 2023 budget.

USES AND SOURCES OF FUNDS (\$000s)

FY 2023 BUDGET	
Uses of Funds	
Operating Expenses (Cash Basis) ¹	\$275,144
Debt Service ²	83,380
Capital Expenses	112,404
Restricted Cash Transfer	1,313
Other Expenses ³	5,343
Increase to Cash Reserve	3,188
Total Uses	\$480,772
Sources of Funds	
Cash from Operations	\$408,023
Grant Reimbursement ⁴	51,530
Passenger Facility Charges (PFCs)	19,275
Interest Income	1,944
Total Sources	\$480,772

“ *Various federal grants will be strategically applied in FY 2023 to reimburse the Port for eligible bond debt service payments, operating expenses, and capital expenditures.* ”

¹ Excludes depreciation, and non-cash adjustments to pension liability.

² Includes \$10.0 million repayment of CP Notes and associated interest. Of this amount, approximately \$5.0 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 0.8% in FY 2023.

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 2023 budget to the FY 2022 budget is provided in the following table:

A COMPARISON OF FY 2023 BUDGET TO FY 2022 BUDGET (\$000s)

	FY 2023 Budget	FY 2022 Budget	Change in Comparison to FY2022 Budget
Operating Revenues	\$408,023	\$372,680	+\$35,343
Operating Expenses before Depreciation	\$268,144	\$255,727	+\$12,4176
Operating Income before Depreciation	\$139,879	\$116,952	+\$22,927
Operating Income	\$25,048	\$4,595	+\$20,453
Debt Service – Bonds	\$73,080	\$82,332	(\$9,252)
Debt Service – Commercial Paper (CP) Notes ⁵	\$10,301	\$10,449	(\$148)
Intermediate Lien Bond Debt Service Coverage Ratio	2.17x	1.81x	+0.36x
Capital Budget	\$112,404	\$102,895	+\$9,509
Board Established Reserves	\$79,393	\$76,966	+\$2,427
Full Time Equivalents (FTEs)	539	515	+24
Anticipated General Fund Balance Excluding Board Reserves on June 30	\$455,742	\$361,665	+\$94,077

Activity Levels

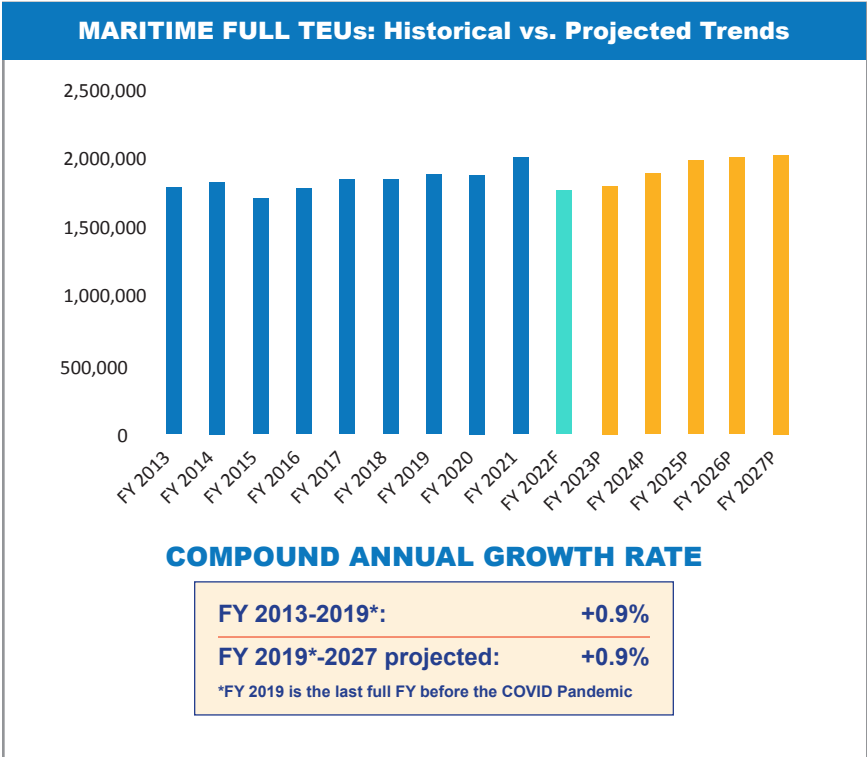
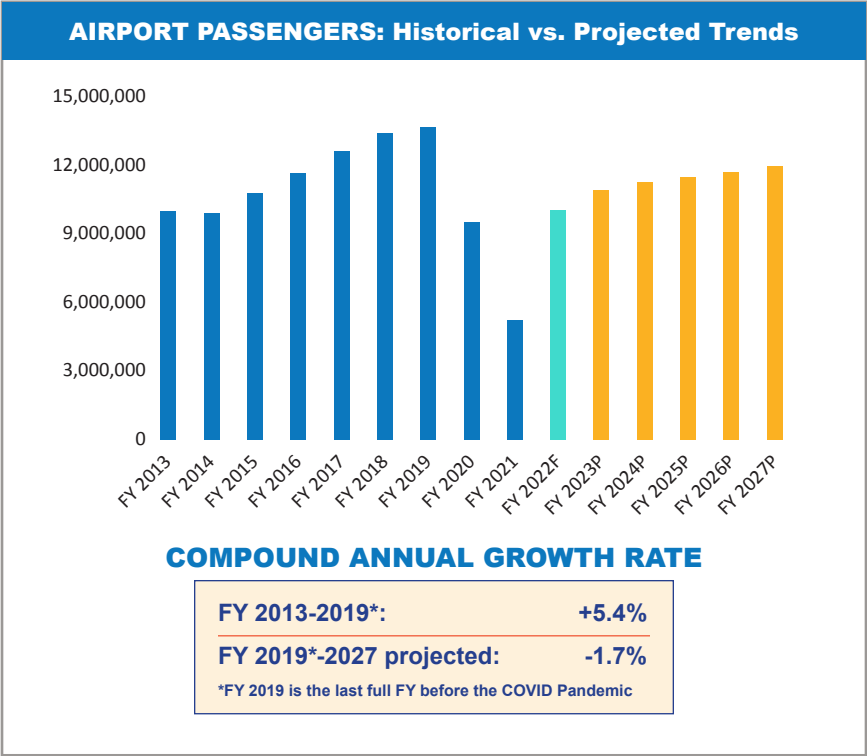
While activity levels are not directly correlated to both Aviation and Maritime revenues, they are important indicators of the strength of these business lines. Airport passengers are anticipated to increase 8.9% in FY 2023 over anticipated FY 2022 levels. Seaport Full TEUs are anticipated to increase 2.0% in FY 2023 over FY 2022 anticipated levels. The table below show FY 2021 actual, FY 2022 anticipated, and FY 2023 budgeted Airport passenger and Seaport Full TEU activity levels for comparison purposes.

ACTIVITY LEVELS

	FY 2021 Actual	FY 2022 Anticipated	YoY Change	FY 2023 Budget	YoY Change
Airport Passengers	5,222,881	10,000,000	+91.5%	10,892,617	+8.9%
Seaport Full TEUs	2,010,590	1,769,823	(12.0%)	1,805,219	+2.0%

⁵ Of the FY 2023 amount, approximately \$5.1 million of CP Notes and associated interest is anticipated to be paid from PFCs. The interest rate on the CP Notes is estimated to be 0.8% in FY 2023.

For the FY 2024-2027 projection period, Airport passenger growth is assumed to grow 3% in FY 2024 and 2% annually thereafter. Seaport Full TEUs are assumed to grow 5% per year in FY 2024 and FY 2025 before moderating to 1% per year in FY 2026 and FY 2027. The following charts show historical and projected Airport passengers and Seaport Full TEUs for FY 2013-2027.



Operating Revenues

FY 2023 budgeted operating revenues of \$408.0 million, are \$35.3 million, or 9.5% higher than FY 2022 budget. In comparison to FY 2022 anticipated operating revenues of \$398.7 million, FY 2023 operating revenues are projected to increase \$9.3 million or 2.3%. The table below provides FY 2021 actual, FY 2022 budget, FY 2022 anticipated, and FY 2023 budgeted operating revenues by business line for comparison purposes.

SUMMARY OF OPERATING REVENUES (\$000s)

	FY 2021 Actual	FY 2022 Budget	FY 2022 Anticipated	FY 2023 Budget	Change in Comparison to FY 2022 Budget	Change in Comparison to FY 2022 Anticipated
Aviation	\$149,024	\$156,349	\$182,068	\$185,778	+18.8%	+2.0%
Maritime	169,412	176,930	176,140	179,689	+1.6%	+2.0%
CRE	13,825	14,633	15,133	16,657	+13.8%	+10.1%
Utilities	21,880	24,768	25,348	25,899	+4.6%	2.2%
Total	\$354,140	\$372,680	\$398,689	\$408,023	+9.5%	+2.3%

 *The consolidated, diversified nature
of the Port's four major lines of business
has proven again to be a source of financial stability.* 

FY 2023 budgeted Aviation revenues assume (i) 8.9% increase in passengers compared to FY 2022 anticipated actuals, (ii) higher terminal rental revenues due to (a) increases in year-over-year terminal cost center capital and operating expenses including higher security and custodian costs, and (b) increase in leased airline space in Terminal 1, (iii) lower airfield revenues to reflect a decrease in airfield area net expenses driven by a combination of lower airfield cost center capital and operating expenses and higher non-airline airfield area revenue off-sets, (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 2022 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.

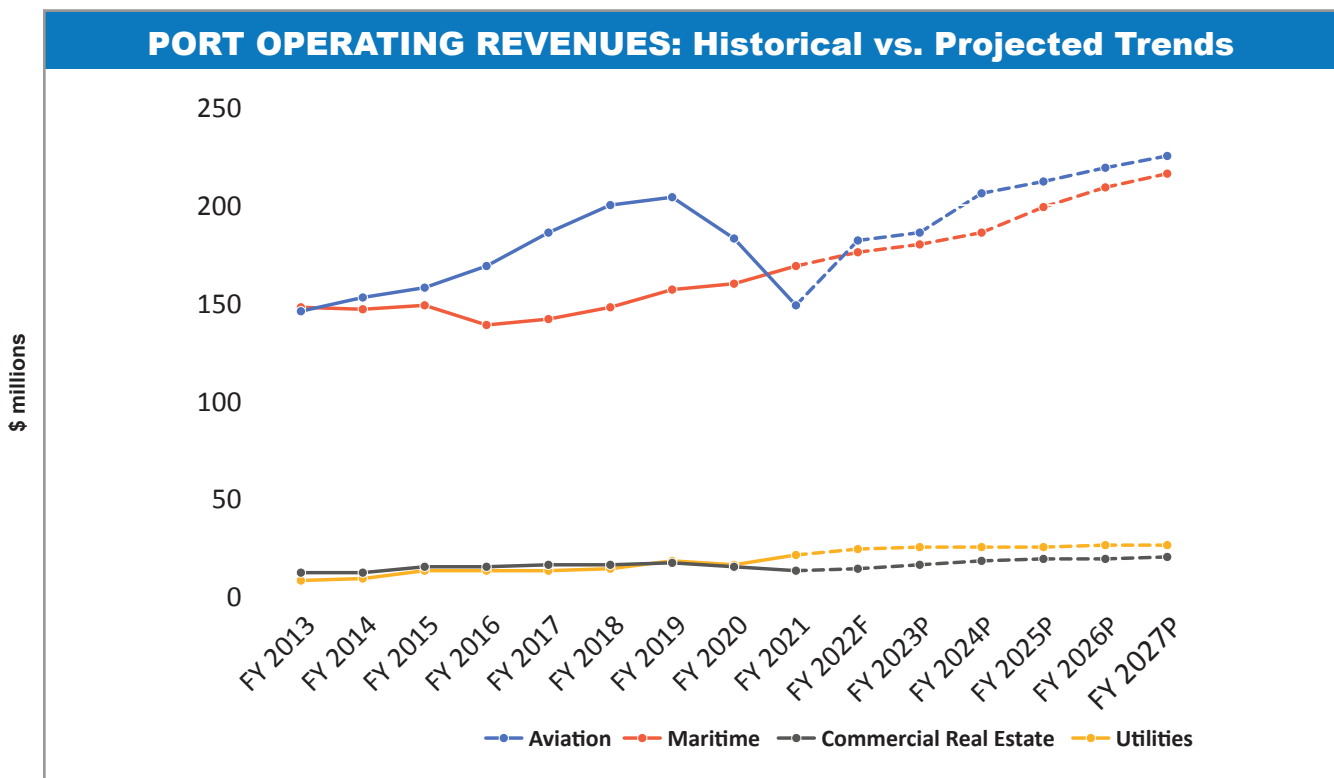
FY 2023 budgeted Maritime operating revenues assume Full TEUs are 2.0% higher and Empty TEUs are 2.0% higher in comparison to FY 2022 anticipated actuals, reflecting modest strength in global trade flows. Maritime revenues are based on assumed strengthening cargo volumes, continued first port-of-call services, projected cargo shifts between marine terminals, scheduled rent increases, and anticipated new tenancies.

FY 2023 budgeted CRE revenues are based on increased travel and indoor dining transactions leading to higher assumed parking revenues, percentage rent revenues, new leases and scheduled rent adjustments.

FY 2023 budgeted Utilities revenues are based on increased sales of electricity to existing Port tenants and new tenants.

FY 2024-2027 Operating Revenue Projections

Port-wide operating revenues are projected to increase from \$408.0 million in FY 2023 to \$488.9 million in FY 2027, for a forecasted compound annual growth rate of 4.6% 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 2013-2027.



	FY 2013-2019*	FY 2019*-2027 projected:
Aviation	5.8%	1.2%
Maritime	1.0%	4.1%
CRE	5.9%	2.1%
Utilities	12.0%	4.7%
Port-wide	3.9%	2.6%

*FY 2019 is the last full FY before the COVID Pandemic

Operating Expenses

Overall, Port operating expenses (excluding depreciation) are budgeted in FY 2023 at \$268.1 million, an increase of \$12.4 million or 4.9% in comparison to FY 2022 budget as summarized in the table below. The change is driven primarily by anticipated increases in Aviation security costs, personnel costs, Utilities cost of sales, Maritime major maintenance, parking and ground transportation, OAB mitigation cost share with the City, port wide maintenance and repairs, insurance premiums, and consulting services.

SUMMARY OF OPERATING EXPENSES (excl. Depreciation) (\$000s)

	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change in Comparison to FY 2022 Budget
Personnel Costs	\$110,135	\$127,100	\$129,589	\$2,489
Contractual Services	68,663	95,343	102,364	7,021
General & Administrative	15,838	21,940	23,463	1,523
Supplies	4,622	5,795	6,063	269
Utility Cost of Sales	10,402	14,647	16,283	1,636
Departmental Credits ⁶	(7,775)	(9,097)	(9,619)	(522)
Total	\$201,885	\$255,728	\$268,144	+\$12,416 or +4.9%



⁶ Primarily allocation of Engineer staffing costs and related overhead to capital expenses.

Personnel Costs

Personnel costs are approximately 48% of the Port's operating expenses (before depreciation) and are budgeted to be \$129.6 million, an increase of \$2.5 million or 2.0% in comparison to FY 2022 budget. Personnel cost increases reflect the addition of 24 FTEs leading to higher salaries and higher active health care costs, as summarized in the table below. FY 2023 budgeted salaries are \$67.8 million, or \$5.7 million higher reflecting increased staffing and salary adjustments based on current labor MOUs (Cost of living adjustments and step increases). The Port's employer pension expense is anticipated to decrease \$5.2 million to \$23.6 million due to a budgeted \$7.0 million pension credit (GASB 68) in FY 2023 and together with a decrease in pension rates from approximately 41.9% to 41.1% more than offset higher salaries from anticipated increases in staffing levels. Medical costs for retirees are budgeted at \$9.5 million and projected to increase \$0.2 million, reflecting updated annual required contributions based on the most recent actuarial report. Medical costs for active employees are budgeted at \$11.3 million and projected to increase by \$0.6 million reflecting actual medical premiums on January 1, 2022, an assumed increase in medical premiums of 5.0% on January 1, 2023, and updated/assumed employee-elected coverages. The personnel budget also reflects a vacancy factor of 45 FTEs to reflect normal attrition. Other changes in personnel costs are based on recent experience, recent actuarial reports, or known or assumed rate increases.

SUMMARY OF PERSONNEL COSTS (\$000s)

Personnel Costs	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change in Comparison to FY 2022 Budget
Salaries and Wages	\$58,906	\$67,767	\$73,455	\$5,688
Pension	23,964	28,790	23,608	(5,182)
Health Care – Retiree	6,007	9,350	9,500	150
Health Care – Active	9,099	10,726	11,284	558
Overtime	2,206	3,886	4,395	509
Workers Compensation	3,595	1,870	2,250	380
Vacation/Sick Leave Accruals	3,992	1,919	2,127	208
Other ⁷	2,367	2,791	2,969	178
Total	\$110,135	\$127,100	\$129,589	+\$2,489 +2.0%

⁷ 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.

Non-Personnel Operating Expenses

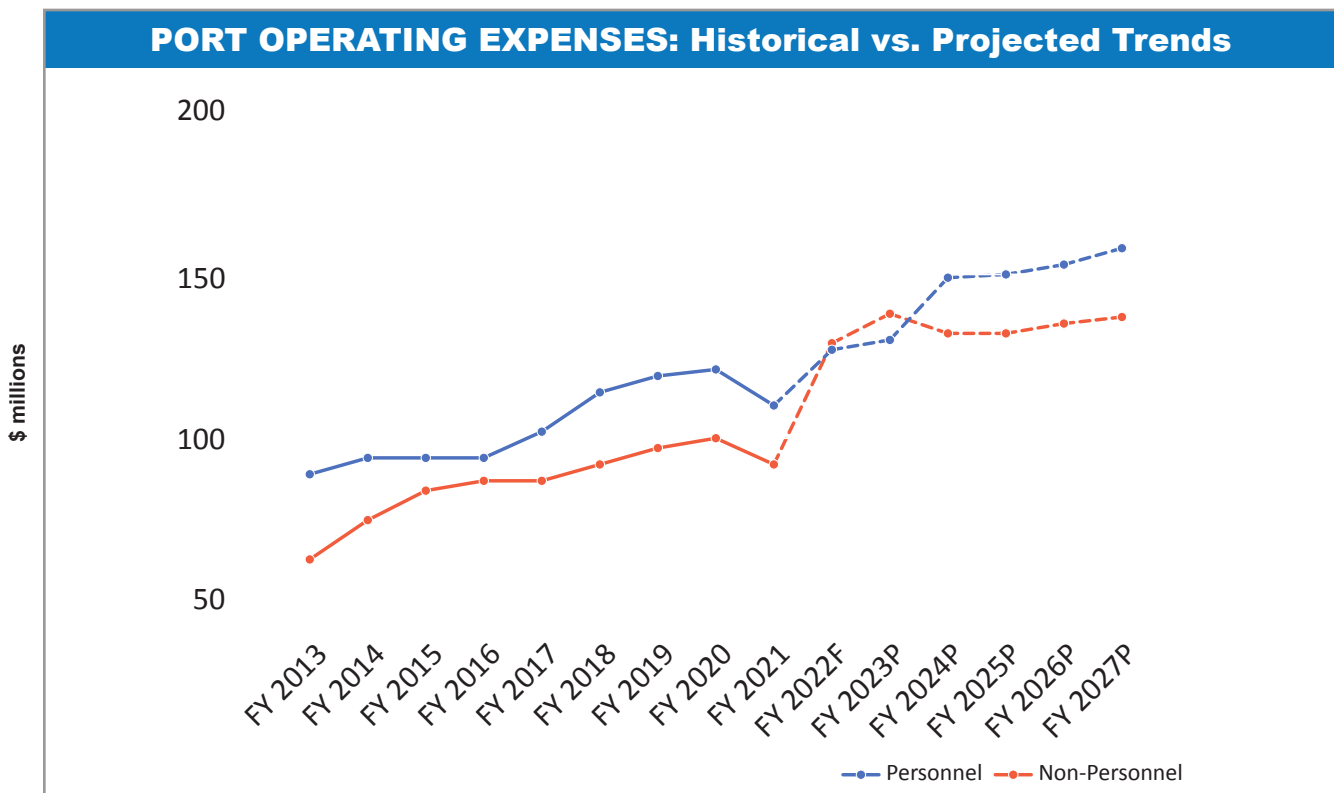
Non-personnel costs are budgeted in FY 2023 to increase by \$9.9 million, or 7.7% higher than the FY 2022 budget. Eight expenses, as listed in the table below, drive the increase in FY 2023 non-personnel costs.

SIGNIFICANT NON-PERSONNEL COST INCREASE (\$000s)

Item	Change in Comparison to FY 2022 Budget
Aviation Security	\$3,033
Utilities Cost of Sales	1,900
Maritime Major Maintenance	1,805
Parking and Ground Transportation	1,464
OAB Mitigation Cost Share	703
Maintenance and Repairs	689
Insurance Premiums	683
Financial and Environmental Consultants	577
All Other (Net Decrease)	(927)
Total Non-Personnel Cost Increase	\$9,927

FY 2024-2027 Operating Expense Projections

Port-wide operating expenses (excluding depreciation) are projected to increase from \$268.1 million in FY 2023 to \$295.0 million in FY 2027, for a forecasted compound annual growth rate of 2.4%. The forecast assumes FTEs increase by 18 to 557 in FY 2024, salary adjustments based on anticipated labor MOUs, medical premiums increasing 5.0%, pension costs decreasing modestly to 40.6% of wages in FY 2024 and decreasing significantly to 35.7% in FY 2025 and 33.6% in FY 2026 before a slight uptick to 33.7% in FY 2027, and no additional changes in unfunded pension or retiree medical liability. This results in personnel costs increasing at a compound annual rate of 5.1% from FY 2023 through FY 2027. Non-personnel costs are assumed to decline nominally at a compound annual rate of -0.3% between FY 2023 and FY 2027. 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 \$6.6 million in FY 2023 then fluctuates between to \$2.7 to \$3.5 million in the subsequent years while consulting increases in FY 2024 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 2013-2027.



COMPOUND ANNUAL GROWTH RATE

	FY 2013-2019*	FY 2019*-2027 projected:
Personnel	5.0%	3.6%
Non-Personnel	7.5%	4.4%
Port-wide	6.0%	4.0%

*FY 2019 is the last full FY before the COVID Pandemic

City Payments

The FY 2023 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	2023 Budget
Aircraft Rescue and Fire Fighting Services	\$6,559
General Services	1,522
Lake Merritt Maintenance	1,354
Maritime & Jack London Square Police Services	813
Landscape Lighting Assessment District	700
Personnel, City Clerk and KTOP Services	394
Treasury Services	386
Community Facilities District (CFD) Payment to City	300
Jack London Improvement District	177
Edgewater Median Maintenance ⁸	60
Fireboat/OPD Patrol Boat Maintenance	43
Computer Aided Dispatch (CAD) Reimbursement to City	13
Total	\$12,321
Parking and Utility Taxes	8,176
Total including Taxes	\$20,497

Capital Budget

The Board has authorized a capital budget totaling \$112.4 million for FY 2023, which includes the capital projects listed in the table on the following page. The amounts shown in the table are expected expenditures in FY 2023 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 2023 budget reflects prioritization of health and life safety, regulatory compliance, policy and contractual obligations, preservation and generation of revenue, asset management and essential infrastructure investments. 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 2023 taking into account targeted staffing resources.

⁸ A payment to the City is not made. Instead, the Port incurs this cost on behalf of City-owned property.

FY 2023 CAPITAL BUDGET (\$ millions)

FY 2023 Capital Budget -- Projects Summary	FY 2023 Capital Budget (\$ millions)	%
Airfield Projects (primarily Taxiways)	\$21.6	19.2%
Maritime (Seaport) Utility Projects	20.3	18.1%
Aviation Security Projects	17.1	15.2%
Aviation Utility Projects	9.5	8.5%
Aviation Terminal Projects	8.7	7.7%
Marine (Seaport) Terminals Projects	7.3	6.5%
Aviation Ground Access & Parking Projects	4.7	4.2%
CRE: Various Building & Tenant Improvements	4.7	4.2%
Aviation Capital Equipment	4.6	4.1%
Maritime (Seaport) Capital Equipment	3.2	2.8%
Information Technology (IT) Equipment & Systems	2.2	2.0%
Airfield Perimeter Dike Improvements	2.1	1.9%
Maritime Crane Upgrades	2.0	1.8%
Portwide Miscellaneous Facilities Projects	1.2	1.1%
Utility Electric Projects	0.8	0.7%
Aviation Facilities Maintenance Projects	0.6	0.5%
Maritime (Seaport) Roadways Projects	0.6	0.5%
Middle Harbor Shoreline Park (MHSP) Improvements	0.5	0.4%
Maritime: Various Air Quality Initiatives	0.5	0.4%
Seaport Logistics Complex Projects	0.2	0.2%
Total	\$112.4	100%

 *The FY 2023 budget reflects prioritization of health and life safety, regulatory compliance, policy and contractual obligations, preservation and generation of revenue, asset management and essential infrastructure investments.* 

Provided below is a summary of the Port's FY 2023 Capital Budget by business line and anticipated funding sources.

**FY 2023 ANTICIPATED CAPITAL EXPENSES –
Uses of Funds by Business Line
(\$ millions)**

FY 2023 Capital Budget	
Aviation	\$69.4
Maritime	34.7
Utilities	0.8
CRE	5.0
Support	2.5
Total	\$112.4

**FY 2023 ANTICIPATED CAPITAL EXPENSES –
SOURCES OF FUNDS
(\$ millions)**

FY 2023 Capital Budget	
Aviation Grants	\$18.8
Maritime Grants	13.5
PFC Pay-Go	14.2
LCFS Funds	2.5
Cash	63.4
Total	\$112.4

Board-Established Reserves

Pursuant to Board policy, the following reserves will continue to be maintained for FY 2023:

BOARD-ESTABLISHED RESERVES – (\$000s)

FY 2023	
Operating Reserve ⁹	\$34,393
Capital Reserve	15,000
Port Bond Reserve	30,000
Total Reserves	\$79,393

Debt Service and Debt Service Coverage Ratios

The Port's bond debt service payments and projected debt service coverage ratio for FY 2023 are provided in the table below.

DEBT SERVICE AND DEBT SERVICE COVERAGE RATIO (\$000s)

FY 2023	
Net Revenues¹⁰	\$153,376
Bond Debt Service (Senior & Intermediate)	\$73,079
Less: (bonds paid with CARES/ARP allocations)	(2,557)
Total	\$70,522
Bond Intermediate Lien Debt Service Coverage Ratio¹¹	2.17x

In FY 2023, the Port's debt service payment on its bonds is \$73.1 million. However, only \$70.5 million of revenue bond debt service will be paid from Port revenues while the remainder (or \$2.6 million) will be paid from the Port's allocation of CARES and ARP funds. In FY 2023, planned CP debt service (not included in the table above) 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 2023, the Intermediate Lien debt service coverage ratio is projected to be 2.17x based on the methodology specified in the Port's Intermediate Lien Bond Indenture.

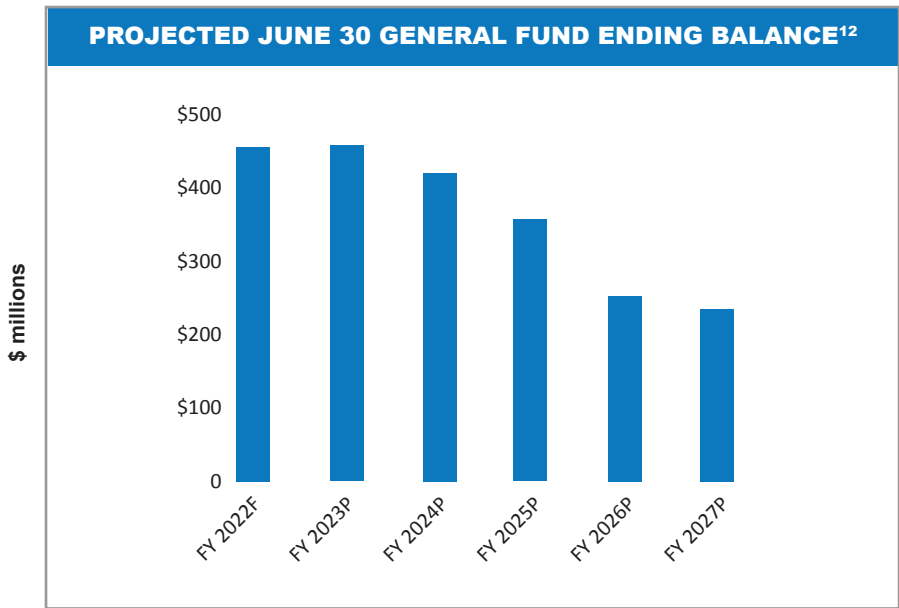
⁹ Established at 12.5% of Operating Budget (excluding depreciation).

¹⁰ Pursuant to the Port's Senior and Intermediate Lien Trust Indenture, "Net Revenues" represents Operating Revenues, less Operation & Maintenance Expense, plus interest income. However, Operation & Maintenance Expense payable from non-operating revenues are excluded from the calculation.

¹¹ 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.

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, 2022 through June 30, 2027. The projected General Fund balance reflects the FY 2023 operating and capital budgets as well as the Port’s updated 5-year financial forecast, including the 5-Year CIP.



¹² 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 2023 Budget.

Sincerely,

Julie Lam
Chief Financial Officer

OVERVIEW



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OVERVIEW

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PORT OF OAKLAND COMMISSIONERS



Andreas Cluver
President



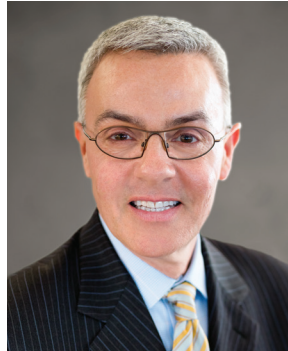
Barbara Leslie
First Vice-President



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.

SAN FRANCISCO BAY AREA MAP



Port of Oakland Overview

The Port of Oakland (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 million¹.

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 of Port Commissioners. 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 oversee 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 \$20.5 million in fiscal year (FY) 2023 for these services, as well as for maintenance of Tidelands Trust property, and for parking and utility taxes collected on the City's behalf.

¹ 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 enplaned passengers and airfield operations, with an average of 387 daily passenger and cargo arrivals and departures in calendar year (CY) 2021. As of the fourth quarter of CY 2021, the Airport had 135 peak day passenger aircraft departures to 38 domestic and international destinations. This will increase to as many as 167 daily departures to 45 destinations now scheduled for June 2022.

In CY 2021, OAK welcomed 8.1 million passengers. This is an increase of 76.2% from CY 2020 and a decrease of 39.1% from CY 2019. Total air cargo transported at OAK for CY 2021 was 1.4 billion pounds, an increase of 8.7% from CY 2020 air cargo totals. Passenger traffic at OAK is anticipated to continue to increase in FY 2023 as consumer demand for air travel recovers as the global Coronavirus (COVID-19) pandemic shifts to an endemic phase.

In FY 2021, Aviation generated approximately 42.1% of the Port's total operating revenues.² 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 Oakland 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 2021, approximately 2.45 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 47.8% of the Port's total operating revenues in FY 2021.³ Most of these operating revenues are derived from lease agreements with marine terminal operators. In FY 2021, the impacts of COVID-19 were far lower than anticipated; in fact, total cargo throughput in FY 2021 was 7.5% higher than FY 2020. In FY 2022, to date, congestion in the U.S. West Coast supply chain related to COVID-19 has disrupted cargo flows, and total cargo throughput at the Seaport in FY 2022 is projected to

² Based on FY 2021 audited financial statements.

³ Ibid.

be 13.5% lower than FY 2021. Looking ahead to FY 2023, the Port expects some congestion relief and maritime cargo activity is anticipated to be 2% higher than projected FY 2022 cargo activity.

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.

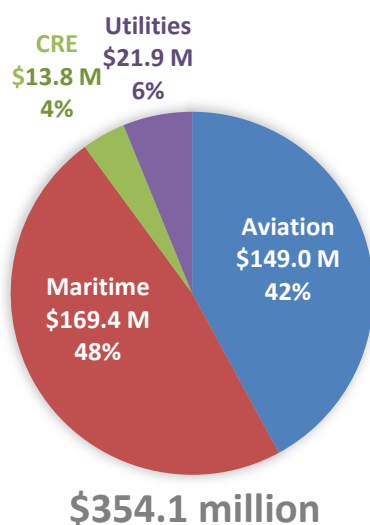
In FY 2021, CRE generated approximately 3.9% of the Port's total operating revenues.⁴ CRE revenues are derived primarily from lease agreements and parking revenues and have been significantly impacted by the COVID-19 pandemic. In FY 2021, the revenues generated from public parking facilities operated by CRE were approximately \$1 million, compared to the FY 2020 parking revenues of \$2.1 million and FY 2019 parking revenues of \$2.7 million.

Parking revenues are a reflection of visitors coming to dine in local restaurants and attend public events and movie theaters, as well as the number of office employees working on-site. As more office tenants return to the workplace and emerge from the pandemic, and as the number of restaurant diners and entertainment visitors return as a result of the lifting of COVID-19 use restrictions, we expect these parking numbers to continue to increase, and are already seeing the beginning of this trend upward.

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 2021, utility sales generated approximately \$21.9 million in revenue, with cost of sales at approximately \$10.4 million. Approximately 99% of the Port's utility revenues and 99% 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 2021, Port utilities generated approximately 6.2% of the Port's total operating revenues.⁵



⁴ Ibid.

⁵ Ibid.

Aviation

OAK has served the air travel and air cargo needs of the Bay Area for over 95 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. 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. Since World War II, OAK has been a crucial hub for flights within the State to and from Southern California. Flights by Pacific Southwest Airlines (PSA) and Air California (Air Cal) were predominant at the Airport. 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 and airfield activity. As of the third quarter of 2021, the Bay Area is now the eighth largest U.S. aviation market ranking behind Atlanta and before metropolitan Washington DC. This is a notable drop from third largest as recently as 2019. In 2020, OAK ranked 14th for air cargo tonnage and 38th in North America in terms of aircraft movements. According to U.S. Department of Transportation traffic statistics for the third quarter of 2021, OAK ranked 39th in the US for passenger traffic, serving approximately 25% of the passengers originating or destined for the three Bay Area airports. This is a six point market share increase from 2019.

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.

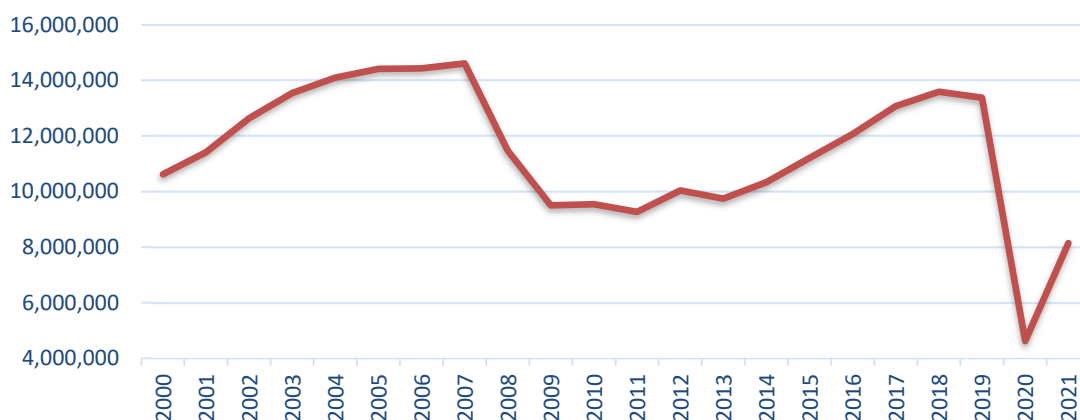
PASSENGER TRAFFIC AND AIR SERVICE

OAK provides easy-to-use airport facilities and convenient access to the entire Bay Area. In CY 2021, the Airport served 8.1 million passengers. This is an increase of 76% from CY 2020 and a decrease of 39% from CY 2019. Passenger service at OAK continues to rebuild and passenger flights at the Airport will increase to as many as 167 daily departures to 45 destinations now scheduled for June 2022.

Southwest Airlines remains OAK's dominant carrier through the pandemic, and in CY 2020, had a 75% market share at OAK.



Aviation Passenger Statistics
CY 2000 through CY 2021



New nonstop service added or announced recently in the FY 2022 time period includes: Southwest to Eugene and Bellingham; Delta to Detroit; Spirit to Philadelphia. New entrant Frontier Airlines completed one-year of service to Las Vegas, Denver, and Phoenix -- during which time the total number of departures from OAK doubled from 40 to 81 monthly departures.



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 \$20 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 2021, OAK handled approximately 1.4 billion pounds of air cargo (freight and mail), a 9.0% increase from CY 2020. FedEx is the major operator of freight aircraft with an average of 21 departures per day and nearly 1.1 billion pounds of cargo handled in CY 2021. UPS operated an average of seven departures a day and handled 266 million pounds of cargo in CY 2021. 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)	218 average (April 2022) 231 peak (CY 2021)	
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	JSX	Azores Airlines (seasonal)
Allegiant Air	KaiserAir	Volaris
Contour Airlines	Southwest Airlines	
Delta Air Lines	Spirit Airlines	
Frontier Airlines		
Hawaiian Airlines		



MARITIME

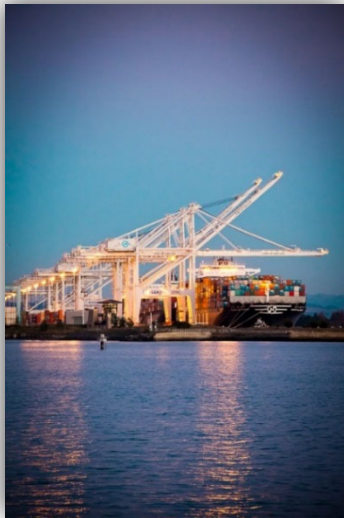
To accommodate growing international shipping demand in the first part of the 20th century, City voters approved bonds in 1925 to finance the construction and development of a municipal port overseen by an autonomous Board of Port Commissioners. Two years later, the Port was officially established as 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 on approximately 500 acres of a former U.S. Navy facility. Then, a few years later, 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 once again became a first port of call for some ocean carriers. Some first port of call services are continuing into 2022 and are expected to further continue into 2023.

In CY 2021, approximately 2.45 million TEUs, or about 1.35 million containers, moved through the Seaport – a decrease of approximately 0.5% from CY 2020. In CY 2021, imports accounted for approximately 55% of all full TEU activity, while exports represented 45%. On the U.S. West Coast, this “balance” of imports and exports is unique to the Seaport. In CY 2021, 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 2021, about 76% of the full TEUs that moved through the Port either originated from or were destined for Asia.

Although consumer demand was strong in CY 2021, COVID-19 caused congestion in the supply chain on the U.S. West Coast, which affected the flow of containers through the Seaport. In sum, total cargo throughput in CY 2021 was essentially flat (-0.5%) relative to CY 2020 – full imports grew 6.0%, full exports declined 8.1%, and empty containers increased 0.5%. The disruption to cargo flow is more noticeable on a FY basis: total cargo throughput in the first seven months of FY 2022 is down 10.2% relative to the same time period in FY 2021. FY 2022 throughput is projected to be approximately 13.5% lower than FY 2021 actuals. Anticipated growth rates in FY 2023 through FY 2027, discussed later in this Budget Summary, reflect sustained consumer demand and an anticipated return to approximately pre-COVID-19 cargo throughput by the end of FY 2026.

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 18⁶ 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 19 are Port-owned), and approximately 21,000 linear feet of deep water.

Portions of the Outer Harbor Terminal (Berths 20-26), which closed to vessel operations in spring 2016, have been incorporated into the adjacent TraPac Terminal (formerly Berths 30-32, now Berths 25-33) on a long-term basis. In FY 2023, the balance of the Outer Harbor Terminal is anticipated to be used by multiple tenants: a new bulk terminal for sand and aggregates on approximately 18 acres at Berths 20-22 (Eagle Rock Aggregates), continued use by TraPac on a short term basis if needed, and ancillary services such as container staging.

The Charles P. Howard Terminal (Howard Terminal), previously operated as a container terminal, remains in use by tenants that provide maritime support services, including layberthing, a temporary container depot recently established in coordination with the federal government to help alleviate supply chain congestion for agricultural exports in particular in the short run, longshore training facilities, and a truck/container depot. 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 stadium and mixed commercial/residential use project. The project is currently in the process of seeking land use entitlements from the City, with final City Council consideration of these land use entitlements expected to occur in mid to late 2022.

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 Santa Fe Railway Company (BNSF) and Union Pacific Railroad (UP) that, together, link the Seaport to national markets, including the Midwestern U.S.

⁶ Functional berths based on current average vessel size.

SEAPORT FACILITIES



Maritime Operations At-A-Glance

CY 2021 Cargo Vessel Arrivals:	878
Deepwater Ship Berths:	18
Container Gantry Cranes:	33 (19 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.	34-38
Charles P. Howard Terminal	Empty container depot & ancillary uses	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 (short-term); new bulk aggregate terminal (anticipated); various ancillary uses	20-24
TraPac Terminal	TraPac, LLC	25-33

Shipping Lines

American President Lines (APL)	Hyundai Merchant Marine	Orient Overseas Container Line (OOCL)
ANL	Maersk Line	Pasha
China United Lines	Matson	Polynesia Line
CMA-CGM	Mediterranean Shipping Company (MSC)	SeaLand
COSCO SHIPPING Lines	Ocean Network Express (ONE)	SM Line
Evergreen Line		Wan Hai Lines
Hapag-Lloyd		Yang Ming Line
		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, conflicting 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 entertainment center with the addition of complementary retail and abundant access to transportation options and public recreation spaces along the waterfront. 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 completed and is currently leasing units to new waterfront residents. 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 been submitted for building permit approvals from the City.

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;
- Impact Transportation, a logistics provider for the Seaport, has established a new administrative headquarters on the ground floor of the 530 Water Street building; and
- Bridgegood, a graphic and digital arts workforce training company, located in the ground floor of the 530 Water Street building.

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.

When completely built out, 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. All of the pre-existing buildings on the site have now been demolished with the exception of a small portion of the former 9th Avenue Terminal Shed, which currently houses small retail and dining uses, 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 complete, with the

first market rate residential building containing approximately 241 units completed in 2019 and currently occupied. A second affordable housing project on the site is currently almost complete. The second phase of the Brooklyn Basin Project, including additional residential units and open space, commenced vertical construction in the third quarter of FY 2021 and is expected to be completed in late 2022, with occupancy beginning in late 2022 – early 2023.

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 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 City segment is finished, the Bay Trail will be constructed on all Port-owned 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	\$96.4 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 in phases
Commercial Space	200,000 sq ft	under construction by phase
Marinas	2	planned
Open Space	32 acres	under construction in phases
Current Tenant Mix		
Office Agreements	15	
Restaurant Agreements	9	
Retail Agreements	11	
Warehouse Agreements	11	
Hotel Agreements	5	
Various Other Agreements	37 (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 2021.

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. All Aviation customers are served by the Port publicly owned electric utility (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. These rates 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. Operating a POU 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 83.1% 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) Department, Port staff continuously elevate the Port's cybersecurity posture. IT does regular vulnerability assessments and maintains a regularly updated roadmap to strengthen its defenses. Employees are regularly trained on how to watch for new attack methods and how to spot them both in their 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:

- Since 2000 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 in the future. For public health safety, the Port had to put its internship program on hold during the pandemic. The Port expects to reinstate the internship program in 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.portofoakland.com/> includes 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.

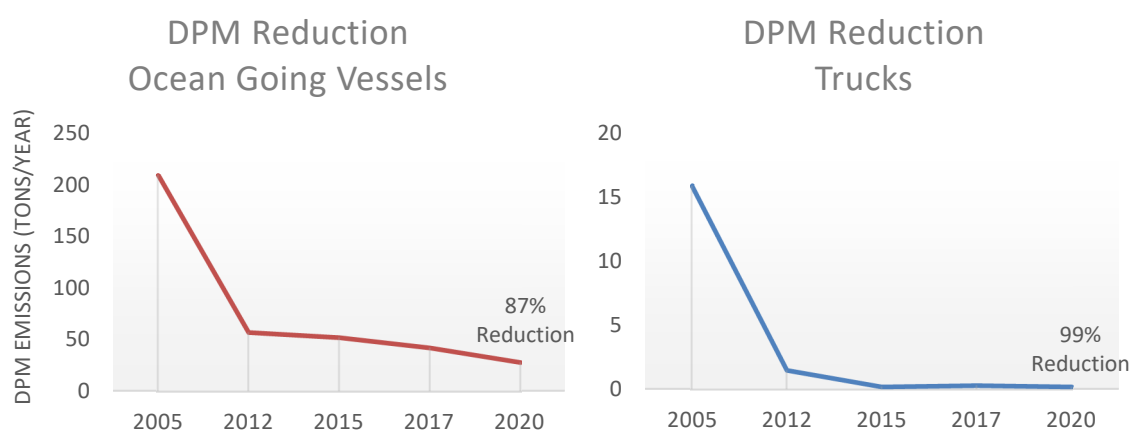
- To ensure that its economic benefits are shared in surrounding communities, each year the Port provides community investments through a variety of grants for charitable and community-based organizations. In an effort to support the goals of its four enterprises, Airport, CRE, Seaport, and Utilities, 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.

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 an 86% DPM reduction by 2020 surpassing the goal.



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. The Airport plans to replace 5 shuttle buses with electric-powered buses and intends to expand the availability of electric charging stations for customer and employee parking. 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:

- *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. The City is currently undergoing design planning and public outreach for a complete re-envisioning and redevelopment of this park.
- *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



*Middle Harbor Shoreline Park
Coastal Cleanup*

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, with more phases planned to complete construction and open in late 2022 or early 2023, with transfer to the City of the completed park phases occurring simultaneously with the opening of each phase. 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.

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 investments in marine terminals, airport infrastructure, commercial real estate, and utility services help support these business lines. According to the Port's economic reports (pre-pandemic) 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 study⁷ of Port activity levels, which was conducted in 2018 based on 2017 calendar year data. The COVID-19 pandemic's economic and jobs impacts on the Port will be available next fiscal year as the Port's latest economic impact study is underway at the time of this publication.

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.

⁷ Economic Impact of the Port of Oakland – 2018, Martin Associates.

- 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, revenue maintenance projects, asset management, and essential infrastructure improvements. 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.

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.
- An Annual Comprehensive Financial Report (ACFR) 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 ACFR that is incorporated into, but reported separately, in the ACFR 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.

OPERATING BUDGET



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OPERATING BUDGET

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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 2023 BUDGET CALENDAR

JANUARY – MARCH 2022

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

FEBRUARY – APRIL 2022

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

MAY – JUNE 2022

- 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 2023 Budget to Board for Board approval on June 23

JULY – AUGUST 2022

- 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 1.40x⁸.
- Maintain a minimum General Fund cash balance at the end of each fiscal year equal to approximately 365 days-cash-on-hand (DCOH)⁹, taking into account future anticipated needs such as capital improvements and accrued liabilities.

GENERAL

- FY 2023-27 Operating Revenues for Aviation, Maritime, CRE, and Utilities incorporate continued 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 2023 Operating Expenses include costs to address the Port's aging infrastructure, deferred maintenance, and future land use. COVID-19 continues to impact operations at the Airport, Seaport and CRE and expenses incorporate other known and anticipated cost increases and decreases, with an emphasis on cost control to the greatest extent possible.
- FY 2024 through FY 2027 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) potential labor and service disruptions at U.S. West Coast ports during ILWU contract negotiations, (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 2023 REVENUE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2022 Budget, unless otherwise noted.

- Port-wide Operating Revenues are projected to be \$408.0 million; \$35.3 million (+9.5%) higher than FY 2022 Budget, and \$9.3 million (+2.3%) higher than FY 2022 anticipated operating revenues of \$398.7 million.
- Projected Aviation Revenues of \$185.8 million are \$29.4 million (+18.8%) higher in comparison to FY 2022 Budget, and \$3.7 million (+2.0%) higher than FY 2022 anticipated revenues of \$182.1 million. Aviation Revenues reflect continued improvement in passenger activity at OAK following an

⁸ 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, if any.

⁹ Including Board Reserves. See *Debt Service and Cash Flow* section.

unprecedented decline due to COVID-19. FY 2023 passenger volumes are forecasted at 80% of FY 2019 levels.

- Total passengers are projected to be 10.9 million (+8.9%) higher than FY 2022 anticipated passengers of 10.0 million.
- Terminal rent revenues are projected to increase by \$5.5 million primarily due to a higher capital and operating costs partially offset by a prior year true up resulting from actual FY 2021 total expenditures falling short of FY 2021 budget.
- Ground transportation revenues are projected to increase by \$2.0 million as Transportation Network Company (TNC) revenues are anticipated to increase by \$1.4 million (+47.1%) (\$0.6 million increase compared to FY 2022 anticipated revenues) and other ground transportation revenues increasing by \$0.6 million (+109.1%) (\$0.1 million increase compared to FY 2022 anticipated revenues).
- Parking revenues are projected to increase \$13.4 million (+69.0%) (\$1.7 million increase compared to FY 2022 anticipated revenues) reflecting the recovery in passenger traffic and passenger preference to self-park.
- Car rental revenue is projected to increase \$6.2 million in FY 2023 compared to FY 2022 Budget, and \$0.8 million from FY 2022 anticipated Actuals of \$8.2 million. The FY 2022 Budget assumed \$2.7 million in anticipated concessions relief aid from the American Rescue Plan Act (ARPA) that did not materialize.
- Lease revenues are projected to increase by \$0.9 million primarily due to higher space rentals of \$0.7 million and higher cargo rents of \$0.2 million.
- Terminal concession revenues are projected to increase by \$1.4 million (\$2.9 million lower compared to FY 2022 anticipated revenues) due to \$5.6 million in anticipated concessions aid from American Rescue Plan (ARP) Act that is recognized as non-operating income for accounting purposes and negates an otherwise increase of \$1.0 million compared to FY 2022 Budget.
- Airfield revenues are anticipated to decrease by \$0.5 million due to lower net operating expenses partially offset by a \$0.3 million prior year (FY 2021) true-up of costs recovered through the landing fee rate.
- Projected Maritime Revenues of \$179.7 million are \$2.8 million (+1.6%) higher in comparison to FY 2022 Budget, and \$3.5 million (+2.0%) higher in comparison to FY 2022 anticipated revenues of \$176.1 million.
 - Full TEUs are projected to be 1.80 million, or 2.0% higher compared to FY 2022 Anticipated Actuals of 1.77 million Full TEUs. Empty TEUs are projected to be 0.48 million, an increase of 2.0% from FY 2022 Anticipated Actuals of 0.47 million to reflect stabilization of trade flows and continuing COVID-19 recovery. Total TEUs (full and empty) are projected to be 2.29 million, or 2.0% higher than FY 2022 Anticipated Actuals of 2.24 million.
 - Marine Terminal revenue is projected to increase by \$0.4 million from FY 2022 Anticipated Actuals of \$127.7 million primarily due to scheduled increases in fixed rent in FY 2023, and higher variable rent from cargo activity growth. Relative to FY 2022 Budget, marine terminal revenues are anticipated to decrease by \$6.1 million due to the net effect of cargo losses mitigated by scheduled fixed rent increases.

- Revenue from Rail Terminals is projected to increase \$0.5 million from FY 2022 Anticipated Actuals of \$4.3 million due to increased volume related to new Oakland first port of call services. Relative to FY 2022 Budget, Rail Terminal revenues are anticipated to increase by \$1.0 million due to higher cargo volume.
- Revenue from other (non-marine and non-rail) tenants is projected to be approximately \$2.8 million higher than FY 2022 Anticipated Actuals of \$43.1 million and approximately \$7.6 million higher than FY 2022 Budget primarily due to scheduled rent increases and the full 12-month impact of new tenancies that began during FY 2022.
- Projected CRE Revenues of \$16.6 million are \$2.0 million (+13.8%) higher in comparison to FY 2022 Budget due to higher parking and percentage rent revenues partially offset by an increase in bad debt reserve. In comparison to FY 2022 anticipated revenues of \$15.1 million, FY 2023 projected revenues are \$1.5 million (+10.1%) 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 \$25.9 million are \$1.1 million (+4.6%) higher in comparison to FY 2022 Budget due primarily to higher electricity usage and sales. In comparison to FY 2022 anticipated revenues of \$25.3 million, FY 2023 projected revenues are 2.2% higher.
 - Electricity revenues increase \$1.5 million in comparison to the FY 2022 Budget due to higher retail usage in Marine Terminals of \$1.3 million and wholesale at Harbor Transportation Center (HTC) of \$1.2 million partially offset by lower wholesale usage of \$0.4 million at the Seaport Logistics, electrical system transmission charge of \$0.4 million and shore power of \$0.2 million. Electricity revenues are higher by \$1.2 million relative to FY 2022 Anticipated Actuals of \$19.6 million.
 - Domestic gas revenue is anticipated lower in comparison to FY 2022 Budget. In comparison to FY 2022 anticipated revenues, revenues are slightly higher by \$15k due to increase usage at the Airport and in Maritime area.
 - CAP & Trade sales decrease by \$0.2 million compared to FY 2022 Budget and \$0.4 million compared to FY 2022 Anticipated Actuals. AB1890 sales decrease by \$0.1 million compared to FY 2022 Budget and \$0.3 million compared to FY 2022 Anticipated Actuals.

FY 2023 OPERATING EXPENSE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2022 Budget, unless otherwise noted.

- Port-wide Operating Expenses before Depreciation and Amortization are budgeted at \$268.1 million, an increase of \$12.4 million (+4.9%), driven by Port wide initiatives to address aging infrastructure, deferred maintenance and repairs, higher personnel costs, 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 \$2.5 million (+2.0%); personnel costs represent 48% of the Operating Expense Budget before Depreciation and Amortization.
 - 539 Full-time Equivalents (FTEs); increase of 24 FTEs from FY 2022 Budget.

- Salaries are higher by \$5.7 million (+8.4%) due to a 5% cost of living adjustment effective July 1, 2022, additional staffing requirements needed to deliver the FY 2023 Operating and Capital Budgets and step increases.
- The Port's employer pension contribution is anticipated to increase \$1.8 million to \$30.2 million resulting from higher payroll partially offset by a projected decrease in pension rate from approximately 41.9% to 41.1% on July 1, 2022 partially offset by a \$7.0 million reduction in estimated pension liability as required by GASB No. 68 (*Accounting and Financial Reporting for Pensions*).
- FY 2023 medical costs are projected to net decrease based on medical premium rates as of January 1, 2022, and an assumed increase in rates on January 1, 2023, 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 increase by \$0.2 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*.
- Aviation overtime higher by \$0.4 million to meet the anticipated increase in passenger activity.
- Workers' compensation budgeted to increase by \$0.4 million based on most recent actuarial study projecting claims and costs.
- A vacancy factor of 45 FTEs is assumed due to retirements, normal attrition, and normal lags in hiring.
- Contractual services are budgeted to increase \$7.0 million (+7.4%). Utilities Cost of Sales are budgeted to increase by \$1.6 million (+11.2%). General and Administrative expenses are budgeted to increase \$1.5 million (+6.9%). Supplies are budgeted to increase \$0.3 million (+4.6%).
 - Security costs at the Airport increase by \$3.0 million (+12.4%).
 - Increased Alameda County Sheriff's Office of \$2.5 million due to contractual escalations and increased wages and benefits to retain staff.
 - Increased Airport security systems costs of \$0.3 million.
 - Increased private security costs of \$0.2 million
 - Electricity usage and rates increase by \$1.9 million.
 - Parking and ground transportation operations higher by \$1.5 million.
 - Maritime major maintenance increases by \$1.8 million.
 - Maintenance and repairs higher by \$0.7 million to support deferred maintenance initiatives.
 - Insurance premiums anticipated to increase by \$0.7 million.
 - Oakland mitigation cost share at the former Oakland Army Base increases by \$0.7 million.
 - Maritime maintenance dredging costs decrease by \$1.4 million due to lower volumes partially offset by higher disposal costs.
 - All other expenses are budgeted to increase in aggregate by \$1.6 million.

FY 2023 NON-OPERATING REVENUE & EXPENSE BUDGET HIGHLIGHTS AND ASSUMPTIONS

Note: All comparisons are to FY 2022 Budget, unless otherwise noted.

- Interest income of \$2.5 million is higher by \$1.5 million due to an increase in the assumed interest rate on Port funds to 0.6% compared to 0.2% in FY 2022 Budget.
- Interest expense of \$14.0 million, which includes letter of credit (LOC) fees and accounting accruals, is lower by \$1.9 million (-12.2%) due to the Port's debt defeasance in December 2021.
 - The Port assumes a 0.8% interest rate for its outstanding Commercial Paper (CP) Notes.
- Passenger Facility Charges (PFCs) of \$21.1 million is \$6.6 million (+45.5%) higher compared to FY 2022 Budget, reflecting the anticipated recovery in projected passenger activity level for FY 2023. 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 \$4.1 million is \$1.3 million (+45.5%) higher compared to FY 2022 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 \$16.7 million in Aviation grants (CARES and ARP) used to offset Aviation operating expenses and to provide airport concessionaires rent relief and (\$2.9) million in payments to the City for general services and Lake Merritt maintenance.
- Gain (loss) on sale (disposal) of capital assets reflect a loss on demolition of capital assets budgeted at \$1.4 million and abandoned capital assets of \$0.3 million.
- Grants from government agencies include \$10.6 million in Aviation grants (CARES and ARP) used to offset Aviation Debt Service and certain capital projects, other anticipated Aviation grants for reimbursement of certain capital expenditures and \$13.4 million in Maritime grants for reimbursement of sanitary sewer capital improvements. See *Capital Budget and 5-Year Capital Improvement Plan* section.

FY 2024 TO 2027 REVENUE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Port-wide Operating Revenues projected to increase from \$408.0 million in FY 2023 to \$488.9 million in FY 2027, for a compound annual growth rate of 4.6%.
- Aviation Revenues projected to increase from \$185.8 million in FY 2023 to \$224.8 million in FY 2027 for a compound annual growth rate of 4.9%.
 - Enplanements assumed to increase by 3% in FY 2024 and by 2% annually in FY 2025 through FY 2027.
 - 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 12% in FY 2024 and moderating to between 0.7% to 1.3% annually in FY 2025 through FY 2027.
 - TNC revenues increase 2.8% in FY 2024, 1.9% in FY 2025, 2% in FY 2026 through FY 2027 in anticipation of passengers returning to TNC services to and from the Airport.
 - Lease revenues projected in accordance with existing or anticipated lease terms.

- Maritime Revenues projected to increase from \$179.7 million in FY 2023 to \$216.1 million in FY 2027, for a compound annual growth rate of 4.7%. Anticipated growth in FY 2024 through FY 2027 is higher than the Port's 10-year average growth because this period reflects a post-COVID recovery of cargo activity.
 - Full TEUs assumed to increase 5.0% in FY 2024, 5% in FY 2025, and 1% in FY 2026 through FY 2027.
 - An annual increase to certain Tariff rates, at least 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 or more favorable terms, commensurate with market values for industrial property. 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 or fair market value adjustments, anticipated new tenancies, and anticipated loss of tenancies due to development activities.
 - Rail terminal revenue is based on 1% activity growth in FY 2024 - FY 2027, as well as current and anticipated lease terms.
- CRE Revenues projected to increase from \$16.7 million in FY 2023 to \$21.1 million in FY 2027, for a compound annual growth rate of 6.1%. 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 \$25.9 million in FY 2023 to \$26.9 million in FY 2027, for a compound annual growth rate of 1.0%. Electricity, water (sewer), and gas anticipated to increase 1% annually. Electrical system transmission charge is projected to decrease from \$0.5 million in FY 2023 to \$0.1 million in FY 2024 and then grow by 1% annually.

FY 2024 TO 2027 OPERATING EXPENSE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Operating Expenses before Depreciation and Amortization are assumed to increase from \$268.1 million in FY 2023 to \$295.0 million in FY 2027, for a compound annual growth rate of 2.4% per year from FY 2023 through FY 2027.
- Personnel costs assumed to increase at a compound annual growth rate of 5.1% from FY 2023 through FY 2027.
 - FTEs assumed to increase to 557 in FY 2024 and remain unchanged thereafter.
 - Medical premiums assumed to increase 5% per year during this timeframe.
 - CalPERS employer pension contribution rate assumed to be 41.1% in FY 2023 decreasing to an estimated 33.6% in FY 2026 and then increasing slightly to 33.7% in FY 2027 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 extensions through FY 2024, and thereafter adjusted by approximately CPI.
- Assume vacancy factor of 45 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 increase at a compound annual growth rate of 0.4% based on one-time expenditures during this time period and fluctuations in major maintenance and maintenance dredging. General and administrative costs, and supplies increase 2.1%, and 2.7%, respectively, for this time period.
- Utility Cost of Sales changes are driven by anticipated changes in customer usage and rates.

FY 2024 TO 2027 NON-OPERATING REVENUE & EXPENSE PROJECTION HIGHLIGHTS AND ASSUMPTIONS

- Interest income is anticipated to increase in FY 2024 by 82% and in FY 2025 by 8% and decrease in FY 2026 by 1% and in FY 2027 by 7% as interest earnings rate assumed at 1.2% in FY 2024, 1.3% in FY 2025 to FY 2026, and 1.2% in FY 2027.
- 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 1.6%, 1.8%, 2.1%, and 2.1%, respectively, in FY 2024 through FY 2027.
- 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 ARP) used to offset operating expenses through FY 2025 and (\$3.0) million for City general services and Lake Merritt maintenance increases 4.0% annually.
- Loss on abandoned and demolished assets assumed to be \$3.5 million in FY 2024 due to the demolition of old and obsolete buildings at the Airport and demolition of cranes, buildings and obsolete equipment at the Seaport. Losses anticipated at \$12.1 million in FY 2025 due primarily to the design and demolition of the Oakland Maintenance Center (OMC) at the Airport (2-year project) and additional demolition of cranes, buildings, and equipment at the Seaport. FY 2026 assumes completion of the OMC demolition.
- Grants from government agencies include anticipated Aviation and Maritime grants for reimbursement of certain aviation debt service and 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, 2021 THROUGH 2027
(In \$Thousands)

Division	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Variance 2023B vs. 2022B B/(W)	% Variance 2023B vs. 2022B B/-W
Operating Revenue									
Aviation	\$ 149,024	\$ 156,349	\$ 185,778	\$ 205,743	\$ 211,545	\$ 219,381	\$ 224,769	\$ 29,428	18.8%
Maritime	169,412	176,930	179,689	186,133	199,326	208,916	216,098	2,759	1.6%
CRE	13,825	14,633	16,657	18,634	19,707	20,455	21,139	2,024	13.8%
Utilities	21,880	24,768	25,899	26,153	26,413	26,677	26,942	1,131	4.6%
Total Operating Revenue	354,140	372,680	408,023	436,663	456,992	475,428	488,949	35,343	9.5%
Operating Expenses									
Aviation	(86,007)	(106,750)	(111,027)	(120,243)	(120,510)	(122,557)	(125,767)	(4,277)	-4.0%
Maritime	(28,167)	(39,774)	(42,214)	(39,631)	(39,829)	(41,024)	(41,666)	(2,440)	-6.1%
Commercial Real Estate	(5,888)	(7,602)	(7,875)	(8,227)	(8,419)	(8,653)	(8,925)	(273)	-3.6%
Utilities Cost of Sales	(10,402)	(14,647)	(16,283)	(16,445)	(16,609)	(16,774)	(16,940)	(1,636)	-11.2%
Executive	(5,056)	(6,560)	(7,169)	(7,393)	(7,434)	(7,616)	(7,878)	(609)	-9.3%
Board	(501)	(605)	(674)	(734)	(742)	(765)	(786)	(69)	-11.4%
Audit	(1,556)	(1,826)	(1,785)	(2,003)	(2,011)	(2,054)	(2,129)	41	2.2%
Legal	(4,132)	(5,542)	(6,082)	(6,366)	(6,421)	(6,571)	(6,804)	(541)	-9.8%
Chief Executive Office	(31,960)	(41,864)	(43,000)	(51,332)	(51,151)	(52,465)	(53,913)	(1,136)	-2.7%
Finance & Administration	(15,835)	(19,288)	(20,379)	(21,889)	(22,115)	(22,688)	(23,454)	(1,091)	-5.7%
Non-Departmental Expenses	(19,853)	(20,053)	(20,810)	(21,769)	(22,181)	(22,609)	(23,054)	(757)	-3.8%
Absorption of Labor & Overhead to Capital Assets	7,470	8,784	9,155	14,700	15,214	15,747	16,298	371	4.2%
Depreciation & Amortization	(112,855)	(112,358)	(114,831)	(115,643)	(121,795)	(127,332)	(137,106)	(2,474)	-2.2%
Total Operating Expenses	(314,740)	(368,085)	(382,975)	(396,978)	(404,003)	(415,362)	(432,122)	(14,890)	-4.0%
Operating Income (A)	39,400	4,595	25,048	39,686	52,990	60,066	56,826	20,453	445.2%
Non-Operating Items									
Interest Income	508	1,048	2,521	4,580	4,951	4,888	4,545	1,473	140.5%
Interest Expense	(26,246)	(15,910)	(13,971)	(13,525)	(12,462)	(11,303)	(10,031)	1,939	12.2%
Passenger Facility Charges (PFC's)	10,913	14,510	21,106	21,739	22,174	22,617	23,070	6,596	45.5%
Customer Facility Charges (CFC's)	2,181	2,808	4,085	4,207	4,291	4,377	4,465	1,277	45.5%
Customer Facility Charge Expenses	(3,906)	(2,808)	(4,085)	(4,207)	(4,291)	(4,377)	(4,465)	(1,277)	-45.5%
Gain (Loss) on Sale (Disposal) of Capital Assets	(124)	(4,275)	(1,719)	(3,750)	(12,400)	(2,600)	(300)	2,556	59.8%
Other Income (Expenses)	31,226	9,011	13,793	7,436	(3,111)	(3,235)	(3,364)	4,782	53.1%
(B)	14,551	4,384	21,730	16,480	(847)	10,367	13,919	17,346	395.7%
Capital Contributions									
Grants from Government Agencies (C)	24,356	38,185	42,933	33,108	32,784	28,208	29,200	4,748	12.4%
CHANGE IN NET ASSETS (A+B+C)	\$ 78,308	\$ 47,163	\$ 89,711	\$ 89,273	\$ 84,926	\$ 98,641	\$ 99,945	\$ 42,548	90.2%
Net Assets, Beginning of the Year	1,309,917	1,309,130	1,356,294	1,446,004	1,535,278	1,620,204	1,718,845	(786)	-0.1%
Net Assets, End of the Year	\$ 1,388,224	\$ 1,356,294	\$ 1,446,004	\$ 1,535,278	\$ 1,620,204	\$ 1,718,845	\$ 1,818,790	\$ 41,761	3.1%
Senior Lien Debt Service Coverage Ratio	3.39	3.80	4.78	7.33	7.46	6.94	6.70		
Intermediate Lien Debt Service Coverage Ratio	2.29	1.81	2.17	2.43	2.29	2.46	2.40		
Intermediate with Rolling Coverage	2.26	2.28	2.28	2.28	2.05	2.06	1.95		
Aggregate Debt Service Coverage Ratio	2.17	1.68	2.03	2.26	2.15	2.31	2.26		
Funded FTE's (Full-Time Equivalent)	442	515	539	557	557	557	557		

OPERATING EXPENSES BY CATEGORY

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 THROUGH 2027

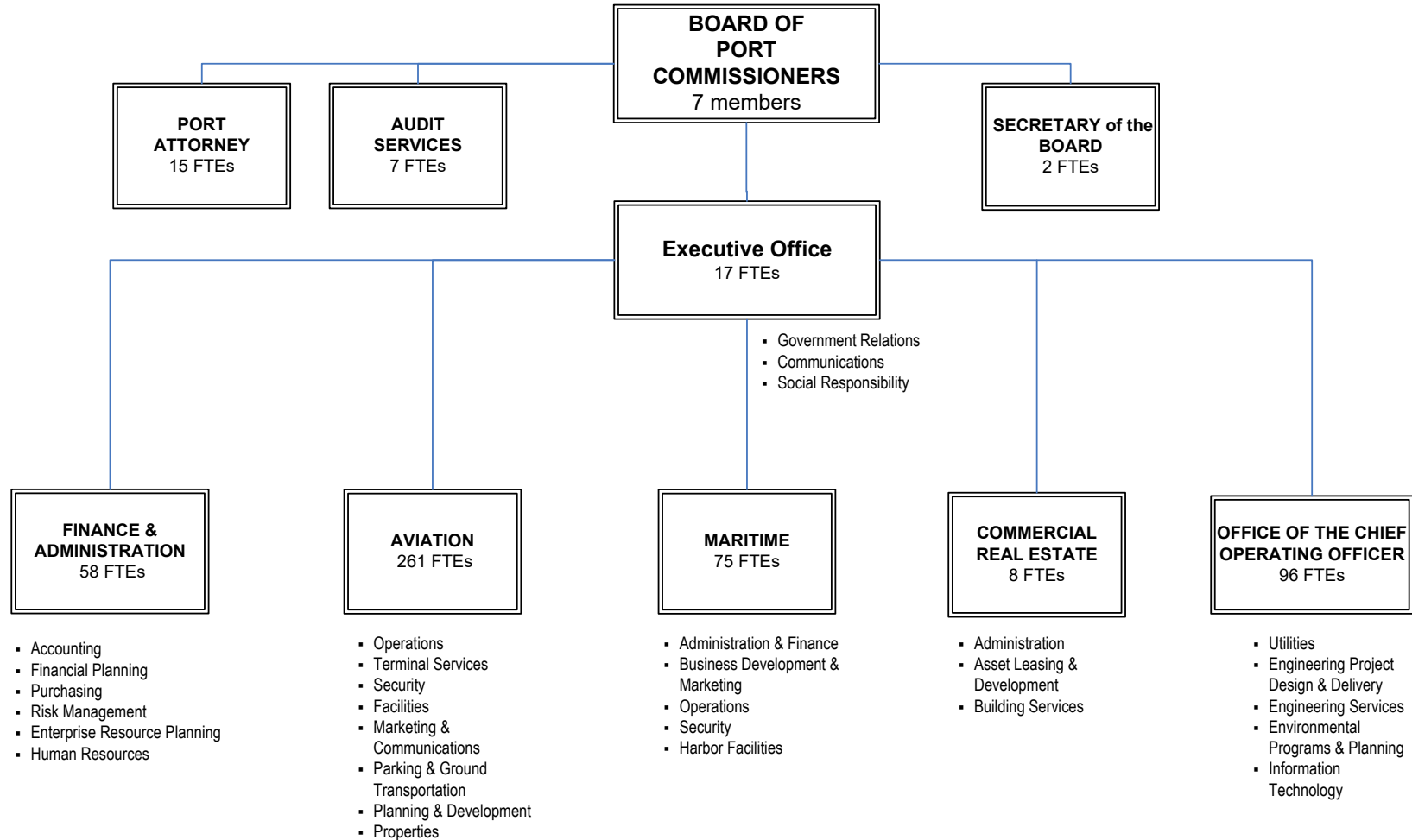
(\$ Thousands)

	Actual 2020-21	Budget 2020-21	Budget 2021-22	Budget 2022-23	Variance 2023B vs. 2022B/(W)	% Variance 2023B vs. 2022B/(W)	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
			[A]	[B]	[B-A=C]					
Personnel Services	\$110,135	\$126,625	\$127,100	\$129,589	(\$2,489)	(2.0%)	\$148,841	\$149,781	\$153,045	\$158,352
Contractual Services	68,663	83,019	95,343	102,364	(7,021)	(7.4%)	101,377	100,850	102,931	104,155
Supplies	4,622	4,814	5,795	6,063	(269)	(4.6%)	6,179	6,363	6,560	6,751
General & Administrative	15,838	17,620	21,940	23,463	(1,523)	(6.9%)	23,524	24,160	24,817	25,475
Utilities	10,402	8,184	14,647	16,283	(1,636)	(11.2%)	16,445	16,609	16,774	16,940
Departmental Credits	(7,775)	(5,340)	(9,097)	(9,619)	522	5.7%	(15,032)	(15,555)	(16,096)	(16,656)
Operating Expenses before Depreciation	201,885	234,922	255,728	268,144	(12,416)	(4.9%)	281,334	282,208	288,030	295,017
Depreciation & Amortization	112,855	125,179	112,358	114,831	(2,474)	(2.2%)	115,643	121,795	127,332	137,106
Total Operating Expenses	\$314,740	\$360,101	\$368,085	\$382,975	(\$14,890)	(4.0%)	\$396,978	\$404,003	\$415,362	\$432,122

PORT OF OAKLAND ORGANIZATION CHART

FISCAL YEAR 2022-23

539 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 2023 staffing levels increase to 539 FTEs or 24 FTEs above FY 2022. In FY 2022, 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 2020-21 ¹	Budget 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2027-27
<u>FTEs</u>								
Aviation	220	263	261	261	261	261	261	261
Maritime	64	69	70	75	75	75	75	75
Commercial Real Estate	8	8	8	8	8	8	8	8
Operations Office	72	83	84	96	114	114	114	114
Finance and Administration	42	51	51	58	58	58	58	58
Executive Office	14	18	18	17	17	17	17	17
Port Attorney	14	14	14	15	15	15	15	15
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	442	515	515	539	557	557	557	557

¹ FY 2020-21 Total FTEs represents the number of FTEs on payroll on June 30, 2021.

PERSONNEL COSTS BY DIVISION¹

(\$ Thousands)

	Actual 2020-21	Budget 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Aviation	42,876	51,530	51,010	49,502	55,309	55,688	56,984	59,092
Maritime	14,539	16,060	16,902	17,803	19,939	20,050	20,505	21,262
Commercial Real Estate	1,769	1,854	1,811	1,794	2,016	2,023	2,067	2,143
Executive Office	3,609	3,866	4,228	4,339	4,872	4,891	4,997	5,181
Operations Office	17,745	19,608	20,908	22,862	30,395	30,537	31,213	32,361
Board of Port Commissioners	448	466	479	485	545	547	559	579
Audit Services	1,545	1,696	1,756	1,748	1,965	1,971	2,014	2,088
Port Attorney	3,633	3,980	4,365	4,615	5,111	5,129	5,240	5,433
Finance and Administration	9,879	10,732	12,077	12,096	13,575	13,615	13,915	14,428
Non-Departmental ²	14,091	16,832	13,563	14,345	15,114	15,328	15,552	15,785
Total Personnel Services³	110,135	126,625	127,100	129,589	148,841	149,781	153,045	158,352

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 31 FTEs assumed in FY 2022 Budget, and 45 FTEs assumed in FY 2023 Budget and in the FY 2024-27 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 2020-21	Budget 2020-21	Budget 2021-22	Budget 2022-23
Salaries and Wages	58,906	61,639	67,767	73,455
Pension	23,964	32,769	28,790	23,608
Health Care – Retirement	6,007	12,152	9,350	9,500
Health Care – Active	9,099	9,690	10,726	11,284
Overtime	2,206	3,615	3,886	4,395
Workers' Compensation	3,595	2,360	1,870	2,250
Vacation/Sick Leave	3,992	1,900	1,919	2,127
Medicare	927	894	983	1,065
Life, Disability, Accident Insurance	819	763	935	968
Training and Education	172	486	470	504
Other	449	357	403	432
Total Personnel Costs¹	110,135	126,625	127,100	129,589
FTEs	442 ²	515	515	539
Vacancy Factor ³	n/a	40	31	45

¹ Totals may not add up due to rounding.

² On June 30, 2021, there were 442 FTEs on payroll.

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

DIVISION BUDGETS



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DIVISION BUDGETS

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AVIATION DIVISION



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

Marketing Airline	Total Passengers Served in CY 2021	Market Share in CY 2021
Southwest ¹	6,112,238	75.1%
Spirit	467,970	5.7%
Volaris	285,512	3.5%
SkyWest Airlines ³	269,278	3.3%
Hawaiian	255,593	3.1%
Alaska/Horizon ²	238,885	2.9%
Frontier Airlines	167,464	2.1%
Allegiant	118,490	1.5%
Delta Airlines	107,408	1.3%
JSX Public Charter	103,050	1.3%
Contour Airlines	13,554	0.2%
Charter/Other	2,878	0.0%
Total	8,140,320	100%

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 2021	CY 2020	% Change
PASSENGERS			
<i>Enplaned</i>	4,083,491	2,306,739	77.0%
<i>Deplaned</i>	<u>4,058,358</u>	<u>2,315,290</u>	<u>75.3%</u>
<i>Total</i>	8,142,320	4,622,029	76.2%
FREIGHT (000 lbs)			
<i>Inbound</i>	700,903	641,600	9.2%
<i>Outbound</i>	<u>688,467</u>	<u>636,308</u>	<u>8.2%</u>
<i>Total</i>	1,389,370	1,277,908	8.7%
MAIL (000 lbs)			
<i>Inbound</i>	8,072	6,453	25.1%
<i>Outbound</i>	<u>6,094</u>	<u>3,044</u>	<u>100.2%</u>
<i>Total</i>	14,166	9,497	49.2%
TOTAL AIR CARGO (Freight & Mail, 000 lbs)	1,403,536	1,287,406	9.0%
LANDED WEIGHT (000 lbs)	8,853,057	7,751,902	14.2%
AIRCRAFT OPERATIONS	242,757	158,451	77.0%

Aviation Activity Levels

(Thousands)

	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Total Passengers	5,223	7,488	10,893	11,221	11,446	11,675	11,908
% Growth	(45.0%)	43.4%	45.5%	3.0%	2.0%	2.0%	2.0%
Enplaned Passengers	2,628	3,744	5,446	5,610	5,722	5,836	5,953
% Growth	(44.5%)	42.5%	45.6%	3.0%	2.0%	2.0%	2.0%
Airline Seats % Growth	9,262	9,725	14,466	14,900	15,198	15,502	15,812
	(31.6%)	5.0%	48.8%	3.0%	2.0%	2.0%	2.0%
Landing Weight	7,852,557	9,719,000	10,424,228	10,736,955	10,951,695	11,170,729	11,394,142
% Growth	(18.8%)	23.8%	7.3%	3.0%	2.0%	2.0%	2.0%
Parking Transactions	347	492	730	743	752	763	775
% Growth	(43%)	41.8%	48.8%	1.8%	1.2%	1.5%	1.6%

- Budgeted FY 2023 passengers are 10.9 million or 45.5% higher than FY 2022 Budget and 8.9% higher than anticipated FY 2022 passengers of 10.0 million.
- Passenger growth is projected to increase by 3.0% in FY 2024 following an 8.9% increase in FY 2023 over FY 2022 anticipated levels. Passenger growth moderates to 2% annually in FY 2025 through FY 2027.
- Budgeted FY 2023 airline seat capacity is 14.5 million or 48.8% higher than FY 2022 Budget, and 8.8% higher than anticipated FY 2022 seat capacity of 12.3 million.
- Budgeted FY 2023 landing weight is 10.4 billion pounds or 7.3% higher than FY 2022 Budget, and 5.0% higher than anticipated FY 2022 landing weight of 9.9 billion pounds.
- Budgeted FY 2023 parking transaction volume is 730,000 or 48.8% higher than FY 2022 Budget, and 8.8% higher than anticipated FY 2022 parking transactions of 671,000. Parking transaction volume is anticipated to increase 1.8% in FY 2024, 1.2% in FY 2025, 1.5% in FY 2026, and 1.6% in FY 2027.

Aviation Operating Revenues

(\$ Thousands)

	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Airfield Revenue	35,704	44,259	43,749	44,521	45,096	48,003	50,344
Terminal Rent	51,690	49,776	55,292	65,325	69,526	72,307	73,355
Parking and Ground Access	17,149	22,892	38,247	38,782	39,121	39,579	40,130
Other Airport Rentals	32,279	32,986	33,916	34,546	35,195	36,867	38,097
Car Rental	5,756	2,820	9,024	11,280	11,280	11,280	11,280
Terminal Concessions	3,558	396	1,815	7,505	7,640	7,778	7,918
Fueling Revenue	2,174	3,028	3,759	3,802	3,700	3,580	3,652
Miscellaneous & Other Charges	600	442	226	232	238	237	243
Subtotal	148,910	156,599	186,028	205,993	211,795	219,631	225,019
Bad Debt Reserve	114	(250)	(250)	(250)	(250)	(250)	(250)
TOTAL	149,024	156,349	185,778	205,743	211,545	219,381	224,769

- **FY 2023:** Assumes a 45.6% increase in enplaned passengers compared to FY 2022 Budget of 3.7 million and a 8.9% increase relative to FY 2022 anticipated actuals of 5.0 million. Assumed aircraft landed weight increases by 7.3% compared to FY 2022 Budget of 9.7 billion pounds and increases by 5.0% relative to anticipated FY 2022 actuals of 9.9 billion pounds. Concessions and rental car revenues calculated on a MAG or percentage of sales basis, whichever is greater.
 - Total FY 2023 Aviation revenues budgeted at \$185.8 million, an increase of \$29.4 million or 18.8% over FY 2022 Budget of \$156.3 million and \$3.7 million or 2.0% higher than anticipated FY 2022 actuals of \$182.1 million.
 - Airfield revenue is projected to decrease \$0.5 million in FY 2023 compared to FY 2022 Budget, and decrease \$1.7 million relative to anticipated actuals of \$45.4 million. The decrease is due to lower landing fees nearly offset by higher non-airline airfield area revenues.
 - Terminal rent is projected to increase \$5.5 million in FY 2023 compared to FY 2022 Budget, and increase \$3.8 million from FY 2022 anticipated actuals of \$51.5 million. Terminal rent is higher primarily due to higher capital costs and operating expenses partially offset by a prior year true-up offset to the benefit of the Airlines and increase in airline leased terminal space.
 - Parking and ground access revenues are projected to increase \$15.4 million in FY 2023 compared to FY 2022 Budget, and \$2.5 million relative to FY 2022 anticipated actuals of \$35.7 million. The increase in FY 2023 Budget is driven by passenger enplanement growth.
 - Other Airport rentals are projected to increase \$0.9 million in FY 2023 compared to FY 2022 Budget, and \$1.1 million relative to FY 2022 anticipated actuals of \$32.8 million. Other airport rentals increase due to higher anticipated space rents and cargo rents.
 - Car rental revenue is projected to increase \$6.2 million in FY 2023 compared to FY 2022 Budget, and increase \$0.8 million from FY 2022 anticipated actuals of \$8.2 million driven by

higher passenger growth. FY 2022 budget assumed \$2.7 million in rent to be paid with anticipated concessions relief aid from the American Rescue Plan (ARP) Act which is recognized as non-operating income rather than operating revenues for accounting purposes and exacerbated an otherwise increase of \$3.5 million in car rental revenues compared to FY 2022 Budget.

- Terminal concession revenues are budgeted at \$1.8 million and projected to increase by \$1.4 million (\$2.9 million lower compared to FY 2022 anticipated revenues) due to \$5.6 million in rent to be paid with anticipated concessions relief 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 2022 Budget. FY 2023 Concession revenues improve as build out of space by the new food and beverage concessionaires operating at OAK progresses.
- Fueling revenue is projected to decrease \$0.2 million in FY 2023 compared to FY 2022 Budget and is flat relative to FY 2022 anticipated actuals.
- **FY 2024 - FY 2027:** 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, and ARP Act) to reimburse for a portion of debt service payable in FY 2024 to FY 2026.
 - 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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	42,877	51,010	49,502	55,309	55,688	56,984	59,092
Contractual Services	39,344	50,831	56,089	59,364	59,086	59,664	60,592
Supplies	2,622	2,461	2,768	2,851	2,937	3,025	3,116
General & Administrative	1,164	2,448	2,667	2,718	2,800	2,884	2,968
TOTAL	86,007	106,750	111,027	120,243	120,510	122,557	125,767
<i>FTEs (headcount)</i>	<i>220</i>	<i>261</i>	<i>261</i>	<i>261</i>	<i>261</i>	<i>261</i>	<i>261</i>

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$2.9 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023. Overtime increases \$0.4 million. Vacancy factor of 29 FTEs or \$4.3 million assigned directly to Aviation due to normal attrition compared to vacancy factor of 21 FTEs or \$4.0 million in FY 2022.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** \$5.2 million higher mainly due to increases in Alameda County Sheriff's Office (ACSO) expense of \$2.5 million, parking lot and ground transportation operations of \$1.3 million, airport security of \$0.5 million, maintenance and repairs of \$0.5 million, ARFF of \$0.3 million, and financial consultants of \$0.2 million.
- **FY 2024:** \$3.3 million higher mainly due to higher aviation planning studies of \$1.8 million and increases in ASCO of \$0.7 million, parking and ground transportation operations of \$0.2 million, ARFF of \$0.2 million, repairs and maintenance related expenses of \$0.1 million, and security of \$0.1 million.
- **FY 2024 through FY 2027:** Expenses reflect anticipated changes, otherwise, assume expenses will increase approximately 3% each year. Airport planning study expenditures expected to decrease in FY 2025 by \$1.9 million, in FY 2026 by \$1.1 million, and in FY 2027 by \$0.8 million. ACSO assumed to increase 5% annually.

Supplies

- **FY 2023:** Increase due primarily to higher electrical and janitorial supplies.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

General & Administrative

- **FY 2023:** Expenses higher by \$0.2 million due to increased special events spending.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

MARITIME DIVISION



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 long-term lease agreements;
- Facility pricing, contract negotiations and compliance, revenue billing, Tariff administration, and audit support;
- Financial analysis and projections, including budget development and monitoring, as well as statistical data collection and analysis;
- Strategic 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;
- Implements Port Tariff requirements;
- Identifies and monitors maintenance needs, and helps ensure that Seaport facilities are maintained appropriately, working in coordination with Engineering Project Design & Delivery and Harbor Facilities (see below); and
- Coordinates with tenants on various operational matters, such as traffic management and extended terminal gate hours.

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 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 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, including tenant-constructed projects;
- Manages various consultant contracts in support of planning and construction projects, and interfaces with regulatory agencies and stakeholders to ensure project delivery;
- Develops and manages the Division's CIP budget;
- Identifies and pursues grant funding opportunities to deliver projects; and

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.

United States Container Port Activity by Total TEU Volume

PORT	CY 2021 TEUs	CY 2020 TEUs	% <i>Change</i>
Los Angeles (CA)	10,677,610	9,213,396	15.9%
Long Beach (CA)	9,384,368	8,113,315	15.7%
New York/New Jersey (NY/NJ)	8,985,929	7,585,819	18.5%
Savannah (GA)	5,613,163	4,682,249	19.9%
NW Seaport Alliance (WA)	3,736,206	3,320,379	12.5%
Hampton Roads (VA)	3,522,834	2,813,415	25.2%
Houston (TX)	3,453,226	3,001,164	15.1%
Charleston (SC)	2,751,442	2,309,995	19.1%
Oakland (CA)	2,448,243	2,461,262	-0.5%

Source: AAPA 2021 Container Port data; Respective port websites

Oakland Container Activity¹

TYPE	CY 2021 TEUs ²	CY 2020 TEUs	% <i>Change</i>
FULL			
Import	1,055,614	995,977	6.0%
Export	<u>852,374</u>	<u>927,799</u>	<u>-8.1%</u>
Total FULL	1,907,988	1,923,776	-0.7%
TOTAL EMPTY	540,255	537,486	0.5%
TOTAL TEUs	2,448,243	2,461,262	-0.5%

¹ Numbers may not sum exactly due to rounding.

² Includes estimates.

Maritime Activity Levels

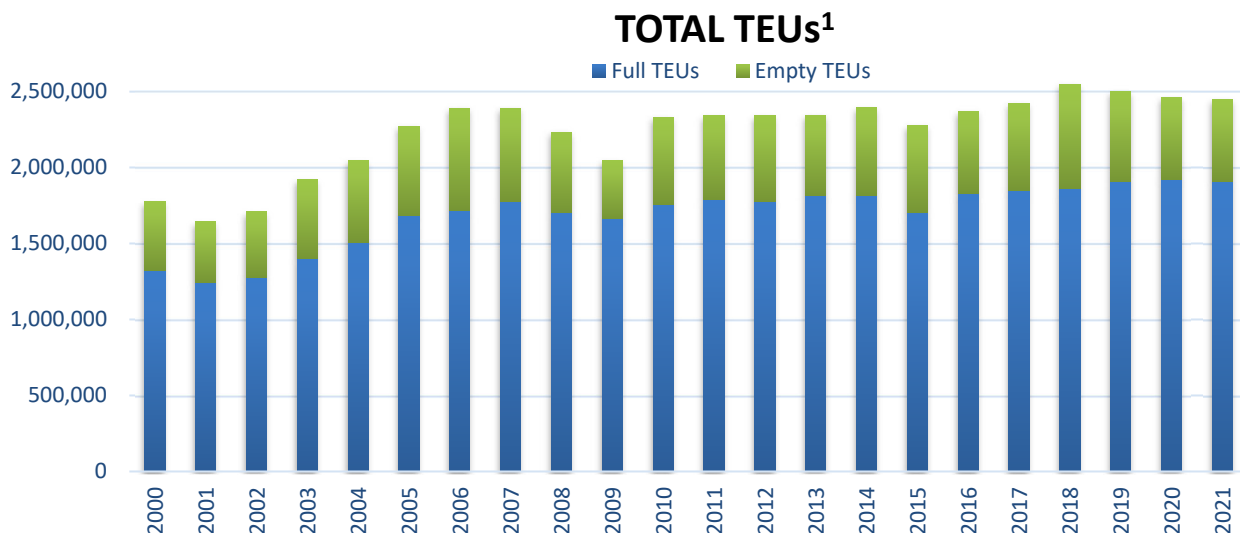
	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Number of Vessel Calls	1,113	1,200	725	725	725	725	725
Total TEUs ¹	2,594,855	2,649,761	2,289,453	2,403,925	2,524,122	2,549,363	2,574,856
Total TEU Growth	7.5%	2.1%	-13.6%	5.0%	5.0%	1.0%	1.0%
Full TEUs	2,010,590	2,083,337	1,805,219	1,895,480	1,990,254	2,010,156	2,030,258
Full TEU Growth	6.6%	3.6%	-13.3%	5.0%	5.0%	1.0%	1.0%
Empty TEUs	584,265	566,424	484,234	508,445	533,868	539,206	544,598
Empty TEU Growth	10.6%	-3.1%	-14.5%	5.0%	5.0%	1.0%	1.0%

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

- **FY 2023 Vessel Calls:** The number of cargo vessel calls is difficult to project in future years. In recent years, vessel calls have been declining. This remains true in FY 2022 and has been exacerbated by supply chain congestion on the U.S. West Coast resulting from the impacts of COVID-19. As a conservative estimate, vessel calls in FY 2023 are projected to decline 39.6% based on anticipated FY22 Actuals. For simplicity, vessel calls are then held flat through FY 2027. Alone, vessel calls are not a direct indicator of cargo activity or revenue.
- **FY 2023 Cargo Throughput:** Total cargo throughput at marine terminals (i.e., Total TEUs) is projected to be 13.6% lower than the FY 2022 Budget and 2.0% higher than anticipated FY 2022 Actual. Budgeted FY 2023 total cargo throughput reflects the start of a post-COVID-19 recovery after the FY 2022 anticipated decline, with cargo levels returning to approximately pre-COVID-19 levels by the end of FY 2026. More detail is as follows:
 - Budgeted FY 2023 Total TEUs is 2.29 million, which is:
 - 2.0% higher than Anticipated FY 2022 Total TEUs of approximately 2.24 million TEUs
 - 13.6% lower than FY 2022 Budget
 - 11.8% lower than FY 2021 Actual
 - Rail terminal cargo is budgeted at approximately 106,000 lifts in FY 2023.
 - Budgeted FY 2023 Full TEUs is 1.80 million, which is:
 - 2.0% higher than Anticipated FY 2022 Full TEUs of 1.77 million
 - 13.3% lower than FY 2022 Budget
 - 10.2% lower than FY 2021 Actual

- Budgeted FY 2023 Empty TEUs is 0.48 million, which is:
 - 2.0% higher than Anticipated FY 2022 Empty TEUs of 0.47 million
 - 14.5% lower than FY 2022 Budget
 - 17.1% lower than FY 2021 Actual
- **FY 2023 Rail Cargo:** Some of the cargo handled at the marine terminals is transported directly to adjacent rail yards for continued transport inland. For the yard owned by the Port, rail cargo throughput in FY 2022 is anticipated to slow in the second half of the FY, based on updated forecasts and consistent with historical trends. Rail throughput in FY 2023 is anticipated to grow 1.0% relative to FY 2022 Anticipated Actuals. The same rate of growth is assumed in each of FY 2024 through FY 2027.
- **FY 2024 – FY 2027:** Full and Empty TEU growth is assumed at 5% in each of FY 2024 and FY 2025, followed by 1% in each of FY 2026 and 2027. This growth reflects an anticipated recovery from supply chain disruption related to the COVID-19 pandemic. Under these assumptions, cargo throughput recovers to approximately pre-COVID levels by the end of FY 2026, and then cargo activity is assumed to return to the Seaport's historic rate of growth.

Maritime Cargo Statistics CY 2000 – CY 2021



¹ 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.

Maritime Operating Revenues

(\$ Thousands)

	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Marine Terminals	127,831	134,219	128,160	135,225	142,549	147,787	152,677
Rail Terminals	3,899	3,788	4,777	4,730	4,848	5,642	5,666
Other Properties	37,663	38,320	45,871	45,297	51,047	54,528	56,796
Other Revenue	371	853	1,132	1,132	1,132	1,209	1,209
Subtotal							
Bad Debt Reserve	(352)	(250)	(250)	(250)	(250)	(250)	(250)
TOTAL	169,412	176,930	179,689	186,133	199,326	208,916	216,098

- Changes in Maritime revenues are not always or entirely correlated with changes in activity (discussed above) because of the terms of lease agreements, all of which provide for fixed rent independent of cargo activity. Nevertheless, cargo activity is a direct indicator of the overall health of the Seaport.
- Budgeted FY 2023 **Total Maritime Revenue** is anticipated to be \$179.7 million, which is:
 - An increase of \$2.8 million or 1.6% higher than FY 2022 Budget.
 - An increase of \$3.5 million or 2.0% higher than Anticipated FY 2022 Actual of \$176.1 million.
- FY 2023 **Marine Terminals revenue** is budgeted at \$128.2 million in FY 2023, which is:
 - A decrease of \$6.1 million or 4.5% lower than FY 2022 Budget. This decline is due to lower than anticipated variable rent resulting from congestion at the Seaport and related cancellations or reductions of ocean carrier services, which resulted in lower activity at the marine terminals. The losses in variable rent are partially offset by short-term leasing of additional property by marine terminal operators and scheduled increases in fixed revenue at certain marine terminals.
 - An increase of \$0.4 million or 0.3% higher than Anticipated FY 2022 Actual of \$127.7 million. This increase is due to growth of cargo throughput in addition to the same sources of positive variance identified directly above.
- FY 2023 **Rail Terminals Revenue** is budgeted at \$4.8 million in FY 2023, which is:
 - An increase of \$1.0 million or 26.1% higher than FY 2022 Budget due to higher-than-expected cargo activity.
 - An increase of \$0.5 million or 11.0% higher than Anticipated FY 2022 Actual of \$4.3 million, due to scheduled rate increases and assumed changes in rail cargo activity.

- FY 2023 revenues from **Other Properties Revenue** is budgeted at \$45.9 million in FY 2023, which is:
 - An increase of \$7.6 million or 19.7% than FY 2022 Budget. This increase is due to a planned 10% increase to Tariff No. 2-A rental rates for short-term lease tenants, scheduled rent increases for long-term lease tenants, and new tenancies.
 - An increase of \$2.8 million or 6.4% higher than Anticipated FY 2022 Actual of \$43.1 million, due to the replacement of certain land uses with higher revenue-generating tenancies, and the full year impact of leases than began in FY 2022.
- FY 2023 **Other Revenue** increases by \$0.3 million in FY 2023 Budget relative to FY 2022 Budget due to an increase in the number of tenants paying utility assessment charges and an increase in registration fees for the Port's Comprehensive Truck Management Plan (CTMP). Other revenue is expected to remain relatively flat through FY 2025, and then increases in starting in FY 2026.
- FY 2024 – FY 2027: **Total Maritime Revenue** is based on forecasted cargo activity growth at the Seaport, and current or anticipated lease terms. Major factors include:
 - TEU growth of 5% in each of FY 2024 and FY 2025, followed by 1% in each of FY 2026 and FY 2027, as discussed earlier. This pattern of growth is projected to return the Seaport to its approximate pre-pandemic level of cargo throughput by the end of FY 2026, and positively affects variable rent from marine terminals handling containerized cargo.
 - Growth in revenue from the bulk cargo marine terminal, comprised of both fixed and variable rent.
 - Scheduled rent increases at all marine terminals.
 - Rail Terminal cargo activity growth discussed earlier, scheduled rent increases, and assumed rent increases upon lease expiration/renewal in FY 2025.
 - Revenue from Other Properties 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 2026 due to anticipated increases in CTMP registration fees.

Maritime Operating Expenses

(\$ Thousands)

	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	14,539	16,902	17,803	19,939	20,050	20,505	21,262
Contractual Services	11,471	18,652	20,243	15,857	15,832	16,456	16,220
Supplies	1,870	2,834	2,949	3,023	3,113	3,206	3,303
General & Administrative	332	1,426	1,264	859	882	908	933
Dept'l (Credits) Charges	(46)	(40)	(44)	(47)	(49)	(50)	(52)
TOTAL	28,166	39,774	42,214	39,631	39,829	41,024	41,666
<i>FTEs (headcount)</i>	<i>64</i>	<i>70</i>	<i>75</i>	<i>75</i>	<i>75</i>	<i>75</i>	<i>75</i>

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases, the addition of 5 FTEs, and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$1.1 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023. Vacancy factor of 2.5 FTEs or \$0.5 million assigned directly to Maritime due to normal attrition compared to 4 FTEs or \$0.8 million budgeted in FY 2022.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** Higher by \$1.6 million primarily due to higher major maintenance of \$1.8 million, Oakland mitigation cost share of \$0.7 million, and security of \$0.2 million partially offset by lower maintenance reimbursements to tenants of \$0.6 million and consulting \$0.5 million.
- **FY 2024:** Lower by \$4.4 million due to lower major maintenance of \$3.9 million and consulting of \$0.8 million partially offset by increased maintenance reimbursements to tenants of \$0.2 million.
- **FY 2025:** Flat compared to FY 2024 due to lower Oakland mitigation cost share of \$0.5 million, lower reimbursements to tenants of \$0.3 million, and consulting \$0.2 million offset by higher major maintenance of \$0.8 million and increased ancillary services (including truck parking) of \$0.1 million.
- **FY 2026:** Higher by \$0.6 million primarily due to increased reimbursements to tenants of \$0.3 million, higher consulting of \$0.2 million, and increased ancillary services (including truck parking) of \$0.1 million.

- **FY 2027:** Lower by \$0.2 million primarily due to lower major maintenance of \$0.5 million partially offset by higher maintenance and repairs of \$0.1 million and increased ancillary services (including truck parking) of \$0.1 million.

General & Administrative

- **FY 2023:** Lower by \$0.2 million due the assumption of a long-term land lease for tenant's property at the former OAB of \$0.5 million in FY 2022 partially offset by increased first port of call incentives of \$0.2 million and higher travel, special events, miscellaneous expenses, wireless communications, books & subscriptions, dues & memberships, and sponsorships (net \$0.1 million).
- **FY 2024:** Lower by \$0.4 million due to no anticipated first port of call incentives.
- **FY 2025 through FY 2027:** Expenses are assumed to increase on average 3% each year.

COMMERCIAL REAL ESTATE DIVISION



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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Jack London Square	6,433	6,597	8,075	9,130	9,860	10,437	11,061
Embarcadero Cove	2,930	3,114	3,528	3,774	3,852	3,882	3,952
Business Park and Distribution Center	3,180	3,410	3,524	4,132	4,337	4,423	4,511
Brooklyn Basin and Other Areas	1,799	1,657	1,724	1,794	1,853	1,908	1,990
Subtotal	14,342	14,778	16,852	18,829	19,902	20,650	21,334
Bad Debt Reserve	(517)	(145)	(195)	(195)	(195)	(195)	(195)
TOTAL	13,825	14,633	16,657	18,634	19,707	20,455	21,139

FY 2023, CRE revenues budgeted at \$16.6 million, reflect an increase of \$2.0 million or 13.8% over FY 2022 Budget of \$14.6 million and \$1.5 million or 10.1% higher than anticipated FY 2022 Actuals of \$15.1 million.

Jack London Square

- **FY 2023:** Higher parking, restaurants, office, and retail revenues and higher percentage rents from restaurants, office, and retail.
- **FY 2024 through FY 2027:** Increase in parking revenues, percentage rents, and minimum rent adjustments due to projected lease renewals, new tenants, and scheduled rent adjustments.

Embarcadero Cove

- **FY 2023:** Higher restaurant and hotel rents and higher percentage rents from hotels and restaurants.
- **FY 2024 through FY 2027:** Increase in percentage rents, and minimum rent adjustments due to projected lease renewals and scheduled rent adjustments.

Business Park and Distribution Center

- **FY 2023:** Higher hotel percentage rents and scheduled rent adjustments.
- **FY 2024 through FY 2027:** Increase in percentage rents, and minimum rent adjustments due to projected lease renewals and scheduled rent adjustment.

Brooklyn Basin and Other Areas

- **FY 2023:** Higher land rents due to scheduled rent increases and higher percentage rent from billboards.
- **FY 2024 through FY 2027:** Projected increase in percentage rents, and minimum rents due to projected lease renewals and scheduled rent adjustments.

Commercial Real Estate Operating Expenses

(\$ Thousands)

	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	1,769	1,811	1,794	2,016	2,023	2,067	2,143
Contractual Services	4,023	5,569	5,876	6,052	6,233	6,419	6,611
Supplies	13	30	30	31	32	33	34
General & Administrative	295	404	393	354	364	374	384
Dept'l (Credits) Charges	(212)	(213)	(219)	(226)	(232)	(239)	(246)
TOTAL	5,888	7,602	7,875	8,227	8,419	8,653	8,925
<i>FTEs (headcount)</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>8</i>

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$0.1 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** Higher anticipated parking lot operations of \$0.3 million and security of \$0.1 million partially offset by lower 530 Water Street operating costs of \$0.1 million.
- **FY 2024:** Increased parking lot operations and 530 Water Street operating costs anticipated.
- **FY 2025 through FY 2027:** Expenses assumed to increase approximately 3% each year.

General & Administrative

- **FY 2023:** Lower leasing commissions partially offset by higher promotional expenses.
- **FY 2024 through FY 2027:** Property costs vary based on anticipated needs. Other expenses assumed to increase by 3% each year.

UTILITIES – OFFICE OF THE CHIEF OPERATING OFFICER



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, manages billing Utility customers, and ensures the Port complies with applicable rules and regulations. Utilities also participates in the planning, operation, and upgrading of the Port's utility systems. Utilities 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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Electricity – Retail	2,765	2,976	4,302	4,344	4,387	4,430	4,473
Electricity – Wholesale	9,223	8,815	9,665	9,762	9,859	9,958	10,057
Electricity – Capacity	144	546	150	147	149	150	152
Shore Power	9,598	6,984	6,733	6,800	6,868	6,936	7,006
Gas	30	98	50	51	51	52	52
Water (Sewer)	120	127	117	118	119	121	122
Cap & Trade	0	368	184	186	188	189	191
AB 1890	0	354	218	220	222	225	227
LCFS	0	4,500	4,480	4,525	4,570	4,616	4,662
TOTAL	21,880	24,768	25,899	26,153	26,413	26,677	26,942

FY 2023 Utilities revenues budgeted at \$25.9 million, reflect an increase of \$1.1 million or 4.6% relative to FY 2022 Budget, and an increase of \$0.5 million or 2.2% than anticipated FY 2022 Actuals.

Electricity Retail

- **FY 2023:** Increase due to new and additional administrative services by Port Utilities.
- **FY 2024 through FY 2027:** Increases annually by 1%.

Electricity Wholesale

- **FY 2023:** Increase due to new customers and increased usage by existing customers.
- **FY 2024 through FY 2027:** Usage anticipated to increase annually at 1%.

Electricity Capacity

- **FY 2023:** Lower due to a one-time fees charged in FY 2022.
- **FY 2024 through FY 2027:** Transmission fees to Treasure Island increase annually by 1%.

Shore Power

- **FY 2023:** Lower usage anticipated due to fewer vessel calls.
- **FY 2024 through FY 2027:** Usage anticipated to increase annually by 1%.

Gas

- **FY 2023:** Lower anticipated usage at the Airport.
- **FY 2024 through FY 2027:** Rates anticipated to increase annually by 1%.

Water & Sewer

- **FY 2023:** Lower mostly due to the Port repairing system leaks and decreased usage at the Airport.
- **FY 2024 through FY 2027:** Rates anticipated to increase annually by 1%.

Cap & Trade

- **FY 2023:** Decreases due to normalizing to anticipated FY 2022 Actuals.
- **FY 2024 through FY 2027:** Increases annually by 1%

AB 1890

- **FY 2023:** Decreases due to normalizing to anticipated FY 2022 Actuals.
- **FY 2024 through FY 2027:** Usage anticipated to increase annually by 1%.

Low Carbon Fuel Standard Credit (LCFS) Sales

- **FY 2024 through FY 2027:** 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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Aviation	1,621	2,252	2,146	2,167	2,189	2,211	2,233
Maritime	8,679	11,116	13,092	13,223	13,355	13,489	13,624
CRE	102	102	102	102	102	102	102
Other	0	1,177	943	953	962	972	982
TOTAL	10,402	14,647	16,283	16,445	16,609	16,774	16,940

Cost of Sales by Type

	(\$ Thousands)						
	Actual 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Electricity – Retail	3,051	2,976	4,311	4,354	4,396	4,439	4,482
Electricity – Wholesale	4,563	6,644	7,391	7,464	7,539	7,615	7,691
Shore Power	2,654	3,664	3,483	3,518	3,553	3,588	3,624
Gas	30	95	41	41	42	42	42
Water	104	91	114	115	117	118	119
Cap & Trade	0	175	132	134	135	136	138
AB 1890	0	322	77	77	78	79	80
LCFS	0	680	734	742	749	757	764
TOTAL	10,402	14,647	16,283	16,445	16,609	16,774	16,940

OFFICE OF THE CHIEF OPERATING OFFICER

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 support, design, and construction of Port facilities. Engineering's primary role is to develop and manage capital and expense projects and programs of the Port. Engineering also supports the revenue divisions with tenant projects and coordinates with Facilities Departments which have a significant role in on-going asset management through their maintenance activities.

Engineering provides planning support, 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 Port 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 also 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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	17,745	20,908	22,862	30,395	30,537	31,213	32,361
Contractual Services	8,149	13,072	11,770	12,276	11,761	12,200	12,296
Supplies	95	383	229	190	195	201	207
General & Administrative	6,017	7,561	8,339	8,531	8,719	8,911	9,108
Dept'l (Credits) Charges	(46)	(60)	(200)	(60)	(60)	(60)	(60)
TOTAL	31,960	41,864	43,000	51,332	51,151	52,465	53,912
<i>FTEs (headcount)</i>	<i>72</i>	<i>84</i>	<i>96</i>	<i>114</i>	<i>114</i>	<i>114</i>	<i>114</i>

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases, the addition of 12 FTEs, and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$1.4 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023. Vacancy factor of 7.5 FTEs or \$1.6 million assigned directly to Operations Office due to normal attrition compared to 4 FTEs or \$1.1 million budgeted in FY 2022.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** Lower maintenance dredging and dredging consulting of \$1.6 million, engineering consulting of \$0.5 million partially offset by higher IT consulting of \$0.3 million, environmental costs of \$0.2 million, and computer systems of \$0.2 million.
- **FY 2024 through FY 2027:** Maintenance dredging volumes assumed flat with disposal rates fluctuating by anticipated disposal sites. Environmental costs decrease by \$0.5 million in FY 2024 and then increase by 3% annually. All other expenses assumed to increase approximately 3% each year.

Supplies

- **FY 2023:** Primarily the purchase of new laptops ordered for Port wide distribution of \$0.2 million in FY 2022, higher engineering electrical supplies, and office furniture assumed.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

General & Administrative

- **FY 2023:** Higher port use Electricity of \$0.4 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 of \$0.4 million and port use gas of \$0.1 million due to higher rates.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year while utility costs increase annually by approximately 1%.

Departmental Credits

- **FY 2023:** Higher Environmental Permit Fee recoveries anticipated.
- **FY 2024 through FY 2027:** Environmental Permit Fee recoveries revert to \$60k annually and anticipated flat thereafter.

FINANCE AND ADMINISTRATION DIVISION

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 ACFR. 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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	9,880	12,077	12,096	13,575	13,615	13,915	14,428
Contractual Services	1,731	2,095	2,418	2,333	2,335	2,419	2,490
Supplies	17	65	65	67	69	72	74
General & Administrative	4,207	5,050	5,799	5,913	6,095	6,283	6,462
TOTAL	15,835	19,288	20,379	21,889	22,115	22,688	23,454
<i>FTEs (headcount)</i>	42	51	58	58	58	58	58

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases, the addition of 7 FTEs, and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$0.8 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023. Vacancy factor of 6 FTEs or \$1.0 million assigned directly to Finance and Administration.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** Higher life safety costs for COVID-19 testing of \$0.2 million and financial consultants of \$0.2 million partially offset by lower consulting of \$0.1 million.
- **FY 2024 through FY 2027:** 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 2027 to coincide with the anticipated expiration of the labor MOUs.

Supplies

- **FY 2023 through FY 2027:** Supplies assumed to increase approximately 3% each year.

General & Administrative

- **FY 2023:** Higher insurance premiums.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

EXECUTIVE OFFICE

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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	3,609	4,228	4,339	4,872	4,891	4,997	5,181
Contractual Services	1,095	1,593	2,097	1,766	1,765	1,818	1,873
Supplies	2	8	7	7	7	7	8
General & Administrative	350	731	726	748	770	793	816
TOTAL	5,056	6,560	7,169	7,393	7,434	7,616	7,878
<i>FTEs (headcount)</i>	<i>14</i>	<i>18</i>	<i>17</i>	<i>17</i>	<i>17</i>	<i>17</i>	<i>17</i>

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases, transfer of 1 FTE to Operations Office, and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$0.3 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023. Vacancy factor eliminated compared to 2 FTEs or \$0.4 million budgeted in FY 2022.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** Higher communications consulting of \$0.2 million and governmental affairs consulting of \$0.2 million.
- **FY 2024 through FY 2027:** 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 2023:** Primarily lower community outreach related to Maritime land use offset by higher dues & registrations and special events.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

PORT ATTORNEY'S OFFICE

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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	3,633	4,365	4,615	5,111	5,129	5,240	5,433
Contractual Services	421	1,063	1,363	1,146	1,181	1,216	1,253
Supplies	1	10	5	5	5	5	6
General & Administrative	77	103	100	103	106	109	112
TOTAL	4,132	5,542	6,082	6,366	6,421	6,571	6,804
<i>FTEs</i>							
<i>(headcount)</i>	14	14	15	15	15	15	15

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases, the addition of 1 FTE, and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$0.3 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** One time increase of \$0.3 million for legal services related to establish Utilities as a revenue division.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

Supplies and General & Administrative

- **FY 2023 through FY 2027:** Expenses assumed to increase approximately 3% each year.

OFFICE OF AUDIT SERVICES

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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	1,545	1,756	1,748	1,965	1,971	2,014	2,088
Contractual Services	23	60	27	28	29	30	31
Supplies	0	1	1	1	1	1	1
General & Administrative	(12)	9	9	9	9	9	9
TOTAL	1,556	1,826	1,785	2,003	2,011	2,054	2,129
<i>FTEs</i>							
<i>(headcount)</i>	7	7	7	7	7	7	7

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$0.1 million reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023:** Lower computer systems due to the replacement of audit software system (one-time expenditure) in FY 2022
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

General & Administrative

- **FY 2023 through FY 2027:** Expenses assumed to increase approximately 3% each year.

OFFICE OF THE BOARD OF PORT COMMISSIONERS

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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	448	479	485	545	547	559	579
Contractual Services	2	7	11	11	12	12	12
Supplies	1	3	9	3	3	9	3
General & Administrative	50	117	170	175	180	185	191
TOTAL	501	605	674	734	742	765	786
<i>FTEs (headcount)</i>	2	2	2	2	2	2	2

Personnel Services

- **FY 2023:** Assumes salaries adjusted for a 5% cost of living adjustment (COLA) and step increases and the elimination of 16 furlough days budgeted in FY 2022. CalPERS pension employer contribution rate assumed to decrease to 41.1% from 41.9%. An estimated pension credit of \$32k reflects the impact of GASB No. 68 adjustments related to pension accruals. Medical premiums assumed to increase 5.0% on January 1, 2023. Dental, vision, and Employee Assistance Program (EAP) premiums assumed to increase 3% on January 1, 2023.
- **FY 2024 through FY 2027:** CalPERS pension employer contribution rate assumed to decrease to 40.6% in FY 2024, 35.7% in FY 2025, and 33.6% in FY 2026 before increasing slightly to 33.7% in FY 2027. Medical premiums assumed to increase 5%. Dental, vision, and EAP premiums assumed to increase 3% annually. FY 2024 salaries adjusted for a 5% COLA with future salaries adjusted by approximately CPI.

Contractual Services

- **FY 2023 through FY 2027:** Expenses assumed to increase approximately 3% each year.

Supplies

- **FY2023:** Replacement of 6 iPads and higher office supplies.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.
Replacement of 6 iPads anticipated in FY 2026.

General & Administrative

- **FY 2023:** Higher travel by Commissioners and increased legal advertising anticipated.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3% each year.

NON-DEPARTMENTAL

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 2020-21	Budget 2021-22	Budget 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Personnel Services	14,091	13,563	14,345	15,114	15,328	15,552	15,785
Contractual Services	2,404	2,400	2,469	2,542	2,618	2,696	2,778
General & Administrative	3,358	4,090	3,996	4,114	4,236	4,361	4,491
Departmental Credits	(7,470)	(8,784)	(9,155)	(14,700)	(15,214)	(15,747)	(16,298)
TOTAL	12,382	11,269	11,655	7,070	6,967	6,863	6,756

Personnel Services

- **FY 2023:** Higher workers' compensation accrual based on actuarial report of \$0.4 million, vacation/sick leave accrual of \$0.2 million, and retiree medical costs of \$0.2 million based on actuarial report.
- **FY 2024 through FY 2027:** 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 2023 through FY 2027:** 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:** Lower legal contingency assumed.
- **FY 2024 through FY 2027:** Expenses assumed to increase approximately 3.0% each year.

Departmental Credits

- **FY 2023:** Addition of 7 new Engineers mostly assumed to be charged to capital projects with the Port's priority to deliver the FY 2023 CIP.
- **FY 2024 through FY 2027:** Addition of 18 new Engineers in FY 2024 mostly assumed to be charged to capital projects with the Port's priority to deliver major capital projects in the 5-Year CIP.



CONTENTS

CAPITAL BUDGET AND 5-YEAR CAPITAL PLAN

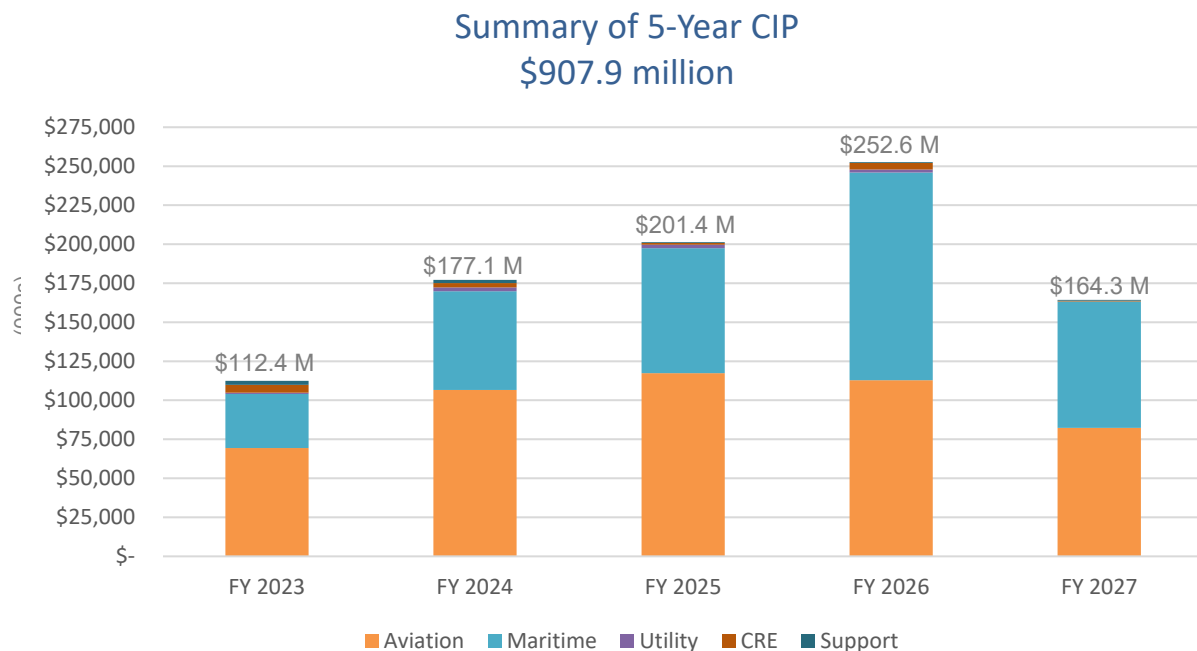
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Capital Budget and 5-Year Capital Improvement Plan

Capital budget authorization of \$112.4 million is requested from the Board for the FY 2023 Capital Budget, which includes capital projects as summarized below. The amounts shown are expected expenditures in FY 2023 and do not include prior or subsequent fiscal year expenditures for projects spanning multiple fiscal years.

FY 2023 Capital Budget -- Projects Summary	FY 2023 Capital Budget (\$ millions)	%
Airfield Projects (primarily Taxiways)	\$21.60	19.2%
Maritime (Seaport) Utility Projects	20.3	18.1%
Aviation Security Projects	17.1	15.2%
Aviation Utility Projects	9.5	8.5%
Aviation Terminal Projects	8.7	7.7%
Marine (Seaport) Terminals Projects	7.3	6.5%
Aviation Ground Access & Parking Projects	4.7	4.2%
CRE: Various Building & Tenant Improvements	4.7	4.2%
Aviation Capital Equipment	4.6	4.1%
Maritime (Seaport) Capital Equipment	3.2	2.8%
Information Technology (IT) Equipment & Systems	2.2	2.0%
Airfield Perimeter Dike Improvements	2.1	1.9%
Maritime Crane Upgrades	2.0	1.8%
Portwide Miscellaneous Facilities Projects	1.2	1.1%
Utility Electric Projects	0.8	0.7%
Aviation Facilities Maintenance Projects	0.6	0.5%
Maritime (Seaport) Roadways Projects	0.6	0.5%
Middle Harbor Shoreline Park (MHSP) Improvements	0.5	0.4%
Maritime: Various Air Quality Initiatives	0.5	0.4%
Seaport Logistics Complex Projects	0.2	0.2%
Total	\$112.4	100%

5-Year Capital Improvement Plan



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 fiscal years. The 5-Year CIP is updated annually and is currently estimated at \$907.9 million (FY 2023-2027).

Capital planning is strategically designed to be responsive to both available financial *and* staffing resources. Currently, 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 estimate the amount of work that can be accomplished in FY 2023 with existing plus additional staffing resources. In addition to CIP work, engineering staff time is spent on a variety of non-capital, 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 engineering 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 planned staffing resources 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, preservation and generation of revenue, asset management, and essential infrastructure improvements. 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.

LONG RANGE FINANCIAL PLAN

In addition to the capital projects highlighted in the 5-Year CIP, the Port continually evaluates the condition of its assets, the need for capital investments to maintain revenue, as well as opportunities for investments to grow revenue. Some of these capital projects are currently in the 5-Year CIP but will extend beyond the five-year horizon of the CIP, while others, if approved by the Board, would be additional projects.

The Port continues to evaluate the feasibility of performing and funding its future major capital projects. Capital expenditures above and beyond those currently in the 5-Year CIP will require not only funds but also additional Port staff. Examples of possible future CIP projects include:

- (a) an Airport Terminal Modernization and Development Project to modernize OAK facilities, meet industry standards, improve operational efficiency, and accommodate increases in passenger demand through modernization of existing Terminals 1 and 2, and construction of a new terminal building;
- (b) at the Seaport, a comprehensive land use planning study is underway to identify and model various planning scenarios, which will identify and assist in determining prioritization of significant infrastructure investments; and
- (c) in the Utilities revenue division, electric vehicle charging stations, solar and battery storage systems for peak energy demand optimization, and expansion of peak capacity to address expected increases in electricity demand associated with increased adoption of zero and near-zero emission technologies.

Aviation Projects

As discussed previously, demand for air travel has continued to recover over the past year, reaching over 70% of pre-pandemic activity. As passenger traffic recovers, the capital program for FY 2023 includes needed infrastructure upgrades, as well as restarting some projects that were deferred in FY 2021 and FY 2022 due to the pandemic.

The projects included in this 5-year period are 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 is also given to funding source availability (i.e., grant-funded projects), availability of federal Bipartisan Infrastructure Law (BIL) funding and other strategic purposes. The projects included in the FY 2023 capital budget are deemed essential to maintaining safe and secure airport operating conditions.

The 5-Year CIP includes approximately \$488.5 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 and protects the South Field of the Airport from storm events and rising Bay waters. The first phase of APD improvements were completed in January 2022 and enhanced the 4.5 mile structure to meet Federal Emergency Management Agency (FEMA) certification standards and meet projected mid-century sea-level rise impacts. The second phase of improvements to the Dike address seismic improvements.

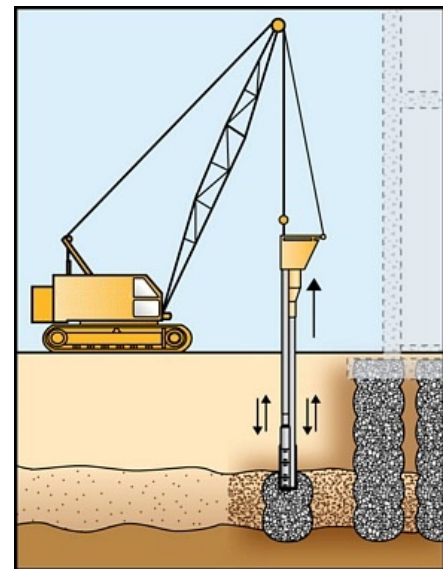
Phase 2—Seismic Upgrades

The second phase of the project will focus on the seismic resiliency of the APD. Earthquakes are an unavoidable feature of the Bay Area's risk landscape. Additionally, given the soil composition supporting the dike, structural upgrades are needed to reinforce and stabilize the dike structure. The Phase 2 upgrades will provide improvements necessary to protect the dike from catastrophic damage during a major earthquake by constructing dense aggregate columns to reinforce and densify granular soils.

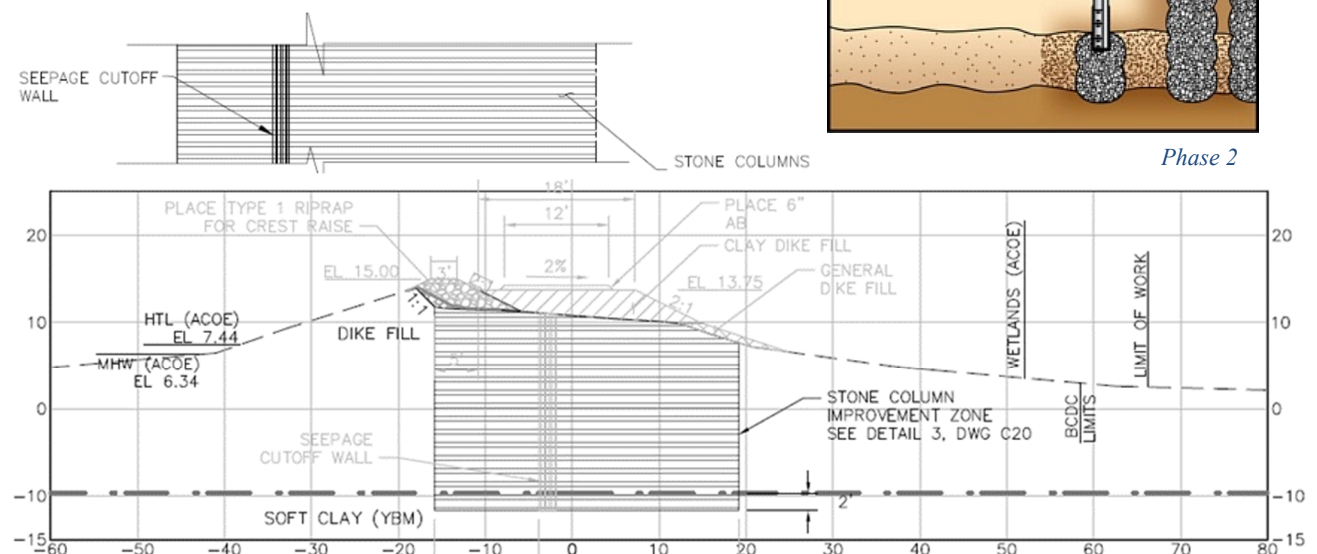
The Phase 2 improvements are estimated to cost approximately \$41.4 million and \$2.1 million has been included in the FY 2023 budget to complete the bid packages and initiate construction. This project has been accelerated, to take advantage of the availability of the BIL funding allocated to OAK, approximately \$15.0 million in both FY 2022 and FY 2023.



Phase 1



Phase 2



AIRFIELD

Approximately \$100.7 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 Tango

Taxiway Tango was identified by Port staff as the next priority for pavement rehabilitation to maintain safe aircraft operations at the OAK. The project covers the area of Taxiway T 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. Taxiway T is operationally critical to the Airport, as it is the only taxiway connecting the Terminal Complex to the South Field taxiways and Runway 12-30. Due to its frequent utilization and location, Taxiway T requires a critical time-sensitive schedule with multiple complex enabling phases, operational restrictions, and comprehensive stakeholder coordination to ensure operational continuity and safety throughout the project. Design of the project was completed in January 2022. Port staff anticipate starting construction in summer 2022 to reach substantial completion by November 2022, prior to the start of the holiday travel season. The Federal Aviation Administration (FAA) funds design and

construction of these improvements through the Airport Improvement Program (AIP) federal grant program to cover approximately 70% of the \$15.9 million project cost.

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 2023, 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 Whiskey Rehabilitation

Taxiway Whiskey has been identified for rehabilitation 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 \$10.5 million is budgeted for this project in the 5-Year CIP; it is anticipated that design and construction would occur in FY 2023.

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, the truck is currently in production and delivery is expected in early FY 2023. The cost is estimated at \$1.2 million. AIP-grant funding was received and is anticipated to cover approximately 95% of costs.

Airfield Geometric Improvements

The airfields at the Airport (North and South) were constructed at different times using the airfield design standards in place at the time. The Airport has addressed airfield geometry on a project-by-project basis with recent modifications implemented as part of the Runway Safety Area (RSA) Improvements. Given new FAA requirements, the Port initiated a study to assess the airfield and identify improvements needed to meet current design standards and geometric criteria.

This study has evaluated the history of surface incidents and has taken a comprehensive look at the taxiways, taxilanes, runways, markings, and other facilities airport-wide to identify deficiencies and perform conceptual-level (10%) design and cost estimates to meet current standards. The Preferred Alternative Program includes modifications and updates to the current pavement layouts for the North Field and South Field of the Airport. The program includes improvements, relocation, realignment, and construction of taxiways. These updates in alternative plans are meant to establish the current and future network-level maintenance and rehabilitation (M&R) needed for the airfield pavements at OAK.

\$29.0 million has been included in the 5-year CIP to address these improvements. The Port will seek AIP and other federal funding to partially fund these improvements.

TERMINAL

The passenger terminal complex at OAK includes Terminal 1 (16 gates) and Terminal 2 (13 gates). Approximately \$136.3 million is included in the 5-Year CIP for terminal improvements, with \$8.7 million included in the FY 2023 budget. The terminal projects in the 5-Year CIP address essential infrastructure and customer service improvements including heating, ventilation, and air conditioning (HVAC) upgrades, restroom refurbishment, and customer service and system 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 2023 and construct in FY 2024 (during the summer months). A total of \$18.1 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 planning was initiated in FY 2022.

Design is anticipated in FY 2023, with construction beginning in FY 2024. The 5-Year CIP includes \$26.2 million for restroom renovation. This project has been submitted for FAA BIL competitive Airport Terminal Program (ATP) funding in FY 2022 and may be eventually funded using ATP if successful or using 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 2024.

Terminal 1 Concourse Energy Efficiency Upgrade

This project addresses the Terminal 1 concourse, focuses on optimizing building system infrastructure and energy performance. Work includes a new insulated glazing system, new clerestories, new ceiling and lighting systems with daylight sensors and lighting control panels, and integration into an energy management control system. Increased daylighting and improved energy efficiency would be achieved by improving and integrating building systems. Additionally, material colors and content will support lighting levels and indoor air quality. The project will improve customer experience including attention to multi-sensory design, accessible and digital wayfinding, and customer experience improvements in materials, lighting, and air quality. This project has been submitted for FAA BIL competitive ATP funding in FY 2022, and \$17.0 million has been included in the 5-Year CIP.

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 \$13.7 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 2025.

Passenger Boarding Bridge Replacement

Passenger boarding bridges serving the terminal gates are reaching the end of their useful service life and need to be replaced. The 5-Year CIP includes \$7.2 million to replace bridges over the next 5 years.

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, and pavement rehabilitation on the terminal curbsides and the main parking areas. About \$54.9 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. Construction began in spring 2022 and should be completed in early FY 2023.

Electric Shuttle Bus Procurement and Infrastructure

Expansion of electrification initiatives is a top priority in order to meet air quality mandates. In FY 2022, the purchase of 5 electric buses for Airport shuttle fleet was initiated, to replace aging and non-operative bus fleet. Selection of a bus manufacturer is expected by summer 2022, with the new buses to be received in FY 2023. The estimated \$5.3 million cost for the 5 buses is anticipated to be partially funded with Zero-Emission Vehicles (ZEV) grant funding of about \$1.3 million. To support the operation of the new electric buses, a bus charging depot will be constructed, including design, procurement and installation of a new substation, transformer, and electric distribution for the chargers.

Expansion of passenger and employee vehicle charging stations is also anticipated during the 5-year period. About \$17.4 million is budgeted over the 5-Year CIP. In addition to the ZEV-grant funding, staff continues to seek alternative funding for electrification initiatives.



SECURITY

Approximately \$47.9 million is included in the 5-Year CIP for Airport security projects. Key projects include 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. Construction is estimated to be completed in summer 2022. 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 and are expected to be initiated in FY 2023.

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. This project was deferred in 2020 but has been re-initiated in FY 2022. Construction is expected to commence in early FY 2023. \$11.3 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 \$85.4 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. Lines with severe defects were addressed immediately as stand-alone repairs, with one more project being completed by winter 2022.

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 to be completed in FY 2027. \$32.3 million is included in the 5-Year CIP for these improvements.

The design and construction of these improvements will be completed in a phased approach. Phase 1 generally focuses on installing, rehabilitating, and/or lining manholes and cleanouts and properly plugging lines that are no longer in service to reduce inflow and infiltration. Construction of Phase 1 will be complete by winter 2022. Phases 2-4 generally focuses on repairing the structural defects, with the Phase 2 package centered around the South Field landside areas, Phase 3 centered around the South Field airside areas, and Phase 4 centered around the North Field.

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 \$10.2 million has been included in the 5-Year CIP to improve and upgrade lift stations. The assessment of Lift Station 1, design of the ARFF lift station, and the construction of Lift Stations 6 and 8 will be OAK's focus in FY 2023.

Airport Drive Sewer Line Replacement

The Airport Drive Sewer Line project was designed in FY 2020, but the project was paused 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 2025 with an estimated budget of \$5.1 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. Preliminary design has been prepared in FY 2022. Final design and construction will be accomplished over the next 5 years. \$25 million is included in the 5-Year CIP for this project.

FACILITIES MAINTENANCE

Approximately \$0.8 million is included in the 5-Year CIP for facilities maintenance projects including LED Lighting, and building upgrades.

OTHER PROJECTS

Approximately \$21.1 million is included in the 5-Year CIP for capital equipment purchases, and miscellaneous facility replacement projects.

Maritime Projects

The Seaport CIP reflects heavy investment in the modernization of core infrastructure such as sanitary sewer, electrical power systems, wharf, and dock upgrades to meet changing and growing regulatory compliance in addition to industry needs. In addition, the Port continues to work closely with other agencies to pursue proposed critical infrastructure projects, notably:

- (a) major roadway improvements – 7th Street Grade Separation East at an anticipated investment of over \$350 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 investments at the Seaport, but rather includes only those capital investments that the Port will perform and/or pay for directly. The Port continuously seeks to reinvest in its facilities to accommodate future growth, improve its overall competitiveness, and enhance security. Various projects are planned to continue or begin in FY 2023 across all areas of the Seaport. In FY 2023 and over the next five years, capital projects at the Seaport are estimated to total \$34.6 million and \$392.2 million, respectively.



MARINE TERMINAL IMPROVEMENTS

Over the next five years, the Port expects to perform several 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 recently approved the proposed development of a new 18-acre bulk marine terminal that will handle imported sand and aggregate primarily to serve the local and regional construction industry.

Approximately \$69.6 million is included in the 5-Year CIP for marine terminal improvements and crane upgrades. This includes \$12.7 million for additional shore power connections, \$40.4 million for wharf upgrades for ULCVs, and \$8.5 million for reconstruction of the Berths 9/10 area. The balance of \$8.1 million is for miscellaneous projects, including fender system upgrades of \$2.6 million, crane drive upgrades of \$2.5 million, a pile stabilization program of \$2.2 million, and \$0.6 million for anticipated improvements at the anticipated new bulk terminal.

SEAPORT LOGISTICS COMPLEX

Since acquiring approximately 241 acres of land and water at the Oakland Army Base (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 and container transload facilities, export transloading from railcar to container, new rail facilities including a potential 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 to serve current transload providers in the Seaport and new logistics buildings on both the City and Port-owned properties of the former OAB.

The Port envisions the remainder of the Seaport Logistics Complex will be developed primarily by private developers and/or operators; as an example, Centerpoint-Oakland Development I, LLC, completed construction of a new, approximate 464,000-square foot logistics facility on 27 acres, which is now leased to a logistics company for the operation of a transload facility. In addition to this and other anticipated private investment, the Port continues to directly invest in the Seaport Logistics Complex. More specifically, the 5-Year CIP includes \$2.7 million for a project to augment existing transload operations. The 5-Year CIP also includes approximately \$0.3 million for design work associated for areas within the Seaport Logistics Complex contemplated for future redevelopment.



Centerpoint Rendering

ROADWAY IMPROVEMENTS

Over the next five years, the Port also expects to realize several improvements to various roadways and key access points to and within the Seaport, which are expected to address aging infrastructure and reduce congestion. Key projects include the completion of the Freight Intelligent Transportation System (FITS) component of the GoPort Program in partnership with the Alameda CTC (see below) and proposed reconstruction of 14th Street, the principal ingress/egress to the Seaport Logistics Complex.

Approximately \$12.7 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 with multiple lanes to better accommodate the industrial transportation needs of Seaport tenants. The balance of the roadway improvements includes a \$2.8 million Seaport vehicular entry control point project and \$0.6 million for the GoPort Program FITS component.

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, the City of Oakland, and the Alameda CTC to design and implement the FITS program and a new grade separated 7th Street between Bay Street and Maritime Street. Majority of the funding for these projects comes from a combination of Measure BB Tax Measure revenues and State/Local grants, plus a small contribution of 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

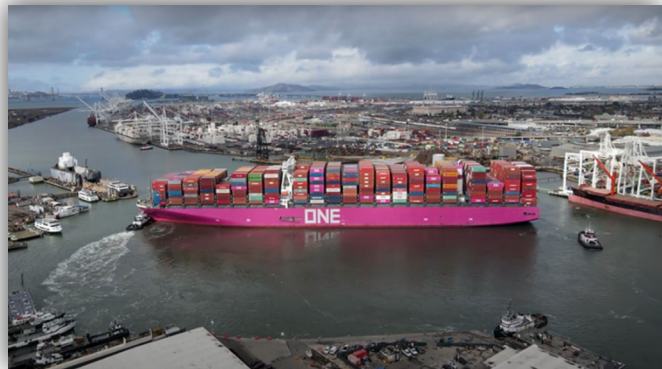
security. Construction of initial improvements started in early 2020; it is expected the whole suite of projects will be operational by fall 2023. Alameda CTC is performing both design and construction of the FITS project. Operation and maintenance will be the responsibilities of the Port for a minimum of 5 years. Total project cost is anticipated to exceed \$40 million with funding from a combination of the Measure BB Tax Measure, State/Local grants, and Port funds.

7th Street Grade Separation Project - The 7th Street Grade Separation project (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 existing pedestrian/bike access.

Design of 7SGSE is substantially complete, and commencement of construction has been delayed. Alameda CTC anticipates construction of 7SGSE could begin in late 2022 or early 2023. 7SGSW is in the 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. The total project cost (East and West segments) is anticipated to exceed \$650 million with funding from a combination of the Measure BB Tax Measure, State/Local grants, and a small contribution of Port funds. Design of the 7SGSW project is in the conceptual phase as funding for construction has not yet been identified.

DREDGING, UTILITIES, AND MISCELLANEOUS INFRASTRUCTURE

The Port is devoting significant resources to the maintenance and upgrade of core infrastructure, such as substations and other electrical infrastructure in addition to sanitary sewer systems to address both aging infrastructure and new regulatory requirements.



In addition, the Port has partnered with the USACE to study, and potentially construct, the widening of the two turning basins inside the Oakland Harbor, which is the federal waterway that serves the Seaport. Vessels use the Inner and Outer Harbor Turning Basins (Basins) to turn-around upon arrival or departure; the Basins are critical to Seaport operations today and in the future. However, the Basins were designed and constructed in the early 2000s for smaller vessels than those in operation today and in the future. Due to the inadequate diameter of the Basins, vessels are restricted in when and how they can turn. A feasibility study is underway to review expansion of the Basins to reduce these restrictions and thereby reduce vessel transit inefficiencies. This study is anticipated to conclude mid-2023. Pending various discretionary approvals and Federal funding, the design of expanded Basins is anticipated to commence late 2023 and conclude early 2026. Construction is anticipated to start in mid-2027 and finish in late 2029. The USACE and Port will share the cost of the Basin expansion, which preliminarily totals about \$440 million. The Port's total anticipated cash outlay to widen the Basins is currently estimated at about \$140 million; however, the current CIP only includes \$90.2 million through FY 2027 (construction dollars beyond FY 2027 are not reflected).

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

- Middle Harbor Shoreline Park Improvements: Approximately \$16 million is included in the 5-Year CIP for core park improvements that will include a new elevator at the observation tower, new landscaping and pathways, an education hub, and associated utilities to serve the Park. The MHSP was constructed as part of the Port's Vision 2000 development program in the early 2000s and is subject to various regulatory requirements.
- 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, also completed in the early 2000s. 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 \$13.3 million for dredging work.
- Utility work is a main component of the 5-Year CIP due to aging infrastructure and new requirements. Approximately \$159.5 million is included in the 5-Year CIP for new utilities or utility upgrades such as substation replacements and electrical capacity upgrades (\$114.5 million), sanitary sewer (\$41.2 million), and storm water trash capture systems (\$3.8 million).
- \$2.5 million for electric vehicle charging stations intended to support the anticipated deployment of additional electric equipment to transport and handle cargo within the Seaport. These are anticipated to be primarily funded primarily with Low Carbon Fuel Standard (LCFS) funds or other grants.



- \$3.9 million is included for miscellaneous projects, which includes \$2.5 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 \$1.4 million for improvements to the Port's Harbor Facilities complex/building.
- \$9.8 million is included for capital equipment purchases, which primarily consists of replacing vehicles at the end of their useful lives.

MARITIME “2020 AND BEYOND” PLAN

Of all the projects included within the 5-Year CIP, approximately one-third, or \$133.4 million, support the initiatives in the Maritime 2020 and Beyond Plan, which is intended to reduce air pollutant emissions and move the Seaport toward a near-zero or zero-emission future. These investments will continue to evolve over time as initiatives are better defined and new initiatives are developed. The following table summarizes projects in the 5-Year CIP that also support the Maritime 2020 and Beyond Plan initiatives.

PROJECT	EXPENDITURE FY 2023-2027 (\$ Thousands)
Two 115kV Main Substation Replacements	\$89,000
One 12kV Substation Replacement w/ resiliency components	23,000
B20/21 Shore Power	6,450
Additional Shore Power Outlets	6,200
Powerline Capacity Upgrade	2,500
Electric Vehicle Charging Stations	2,500
Other Air Quality (various)	2,500
Maritime/17th Street Biofilter Landscaping	625
Utility Billing Software Optimization / Smart Metering	500
LED Lighting Upgrades	100
TOTAL	\$133,375

Utilities Projects

The 5-Year CIP includes \$7.6 million in electric projects that include adding a solar array, multiple grid-scale battery storage projects, and a transformer system to increase capacity to an existing user of the Port electric power network.

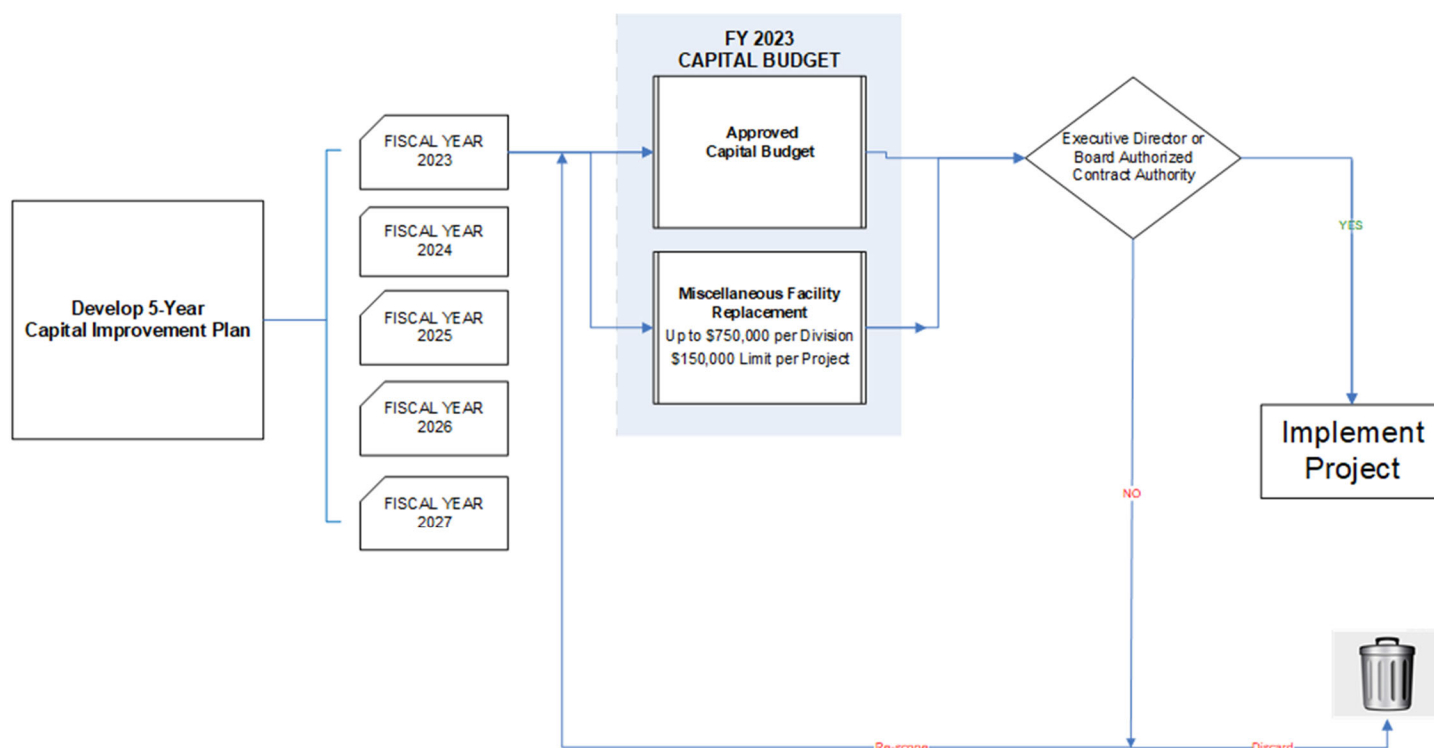
Commercial Real Estate Projects

The 5-Year CIP includes about \$13.5 million for projects related to CRE. Approximately \$11.5 million in the 5-Year CIP is included for building and tenant improvements, primarily in JLS and the Airport Business Park.

Support Division Projects

The 5-Year CIP includes \$6.2 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 Senior Lien Bonds or additional Intermediate 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 allocated to the Airport is \$44.7 million plus an additional approximately \$3.2 million, received as part of the AIP grants representing the Port's 20% local matching requirement for these grants. On March 11, 2021, 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 \$3.5 million in FY 2022, and \$1.5 million in FY 2023.

From FY 2023 through FY 2027, total AIP grants for OAK (consisting of both AIP entitlement and discretionary funds) are estimated to be about \$78.5 million. In FY 2023, OAK anticipates using approximately \$15.7 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 \$33.1 million in FAA Airport Infrastructure Grant (AIG) entitlement grant funds to pay for eligible portions of the Airport Perimeter Dike project, and an additional \$20.0 million in Airport Terminal Program (ATP) grants. Zero-Emission Vehicles (ZEV) grant funding of \$1.3 million will partially fund the purchase of 5 electric buses for the Airport shuttle fleet.

MARITIME GRANTS

The Port was awarded \$5.2 million in federal funding through a Maritime Administration Port Infrastructure Development Program (PIDP) grant known as the "Powering the Future" project. The total project cost is estimated at \$23.0 million, and is anticipated to include a new 12 MW substation and connecting circuit, a 4 MW solar array and supporting battery storage, a 2 MW fuel cell, and connectivity to a near-by EBMUD biomass-powered generator.

On June 30, 2021, Governor Newsom signed the state's 2020-21 Budget Act which included a one-time \$250.0 million deposit into the Coronavirus State Fiscal Recovery Fund for the purpose of mitigating the negative impacts from the COVID-19 pandemic including providing financial relief to public ports in California. The Port received an allocation of \$14.3 million and plans to utilize the grants to fund a portion of the cost of the sanitary sewer work located at the Seaport.

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 to cover administrative costs 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 \$10.9 million in PFCs in FY 2021.

The Port anticipates that approximately \$100.6 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. Additional FAA PFC imposition and use authority is needed for certain projects that are anticipated to occur in the 5-Year CIP and beyond.

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 2021 totaled approximately \$2.2 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 \$17.7 million in LCFS revenue will fund eligible projects in the 5-Year CIP.

PORT CASH

Approximately \$636.5 million of cash on hand and cash generated from future operations is assumed and applied to fund portions of the 5-Year CIP.

FY 2022-23 CAPITAL BUDGET

Expenditure and Funding Sources

(\$ Thousands)

Uses	\$ (000s)	%
Aviation	69,412	61.8%
Maritime	34,649	30.8%
Utilities	800	0.7%
CRE	5,005	4.5%
Support	2,538	2.3%
Total Uses	\$ 112,404	100.0%

Sources	\$ (000s)	%
Aviation Grants ¹	18,853	16.8%
Maritime Grants	13,451	12.0%
PFC Pay-Go ²	14,176	12.6%
LCFS Funds	2,480	2.2%
Cash	63,444	56.4%
Total Sources	\$ 112,404	100.0%

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

² Assumes \$1.0 million of PFCs available at beginning of FY 2023.

5-YEAR CAPITAL IMPROVEMENT PLAN

Expenditure and Funding Sources

FY 2022-23 to FY 2026-27

(\$ Thousands)

5-YEAR EXPENDITURE BY DIVISION

Divisions	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total Estimated Expenditure
Aviation	69,412	106,580	117,395	112,840	82,250	488,477
Maritime	34,649	63,301	80,080	133,115	81,050	392,195
Utilities	800	2,500	2,250	2,000	0	7,550
CRE	5,005	2,694	1,105	4,154	500	13,458
Support	2,538	2,035	535	535	535	6,178
Total	112,404	177,110	201,365	252,644	164,335	907,858

5-YEAR FUNDING SOURCES

Funding Source	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Estimated Funding
Aviation Grants ¹						
Airport Improvement Program (AIP)	15,713	9,728	20,664	21,608	10,800	78,513
Airport Infrastructure Grant (AIG)	1,680	19,520	11,920	-	-	33,120
Airport Terminal Program (ATP)	-	-	-	1,600	18,400	20,000
Coronavirus Aid, Relief, and Economic Security (CARES)	1,460	-	-	-	-	1,460
Zero-Emission Vehicles (ZEV) Grant	-	1,300	-	-	-	1,300
Maritime Grants ¹	13,451	-	200	5,000	-	18,651
PFC Pay-Go ²	14,176	19,578	25,581	24,000	17,225	100,560
LCFS Funds	2,480	8,040	5,600	1,200	400	17,720
Cash	63,444	118,945	137,400	199,236	117,510	636,535
Total	112,404	177,110	201,365	252,644	164,335	907,858

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

² Assumes \$1.0 million of PFCs available at beginning of FY 2023.

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2022-23 to FY 2026-27

(\$ Thousands)

Project No.	Project Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total Expenditure
AVIATION DIVISION							
PERIMETER DIKE IMPROVEMENTS							
A20039202	Airfield Perimeter Dike Improvements - Seismic	2,100	24,400	14,900	0	0	41,400
AIRFIELD							
A22021001	Taxiway Bravo Rehabilitation Ph 2 & 3	440	0	0	0	0	440
New Project	Taxiway Whiskey (bet. Bravo and W5)	1,500	9,000	0	0	0	10,500
New Project	Airfield Geometric Improvements	0	1,000	4,500	10,000	13,500	29,000
New Project	Runway 10R/28L Rehabilitation	2,400	2,160	19,440	0	0	24,000
New Project	Runway 10L/28R Rehabilitation	2,100	0	1,890	17,010	0	21,000
A22021010	Taxiway Tango Rehabilitation (includes valve)	13,590	0	0	0	0	13,590
New Project	Vehicle Service Road (VSR) Repair @ Taxiway Charlie	500	600	0	0	0	1,100
AA0079004	Aircraft Rescue and Fire Fighting (ARFF) Truck 2022	1,080	0	0	0	0	1,080
	Subtotal Airfield	21,610	12,760	25,830	27,010	13,500	100,710
TERMINAL							
New Project	M130 T2 Planning/Window Wall, Interior Improvements, Lighting	0	0	1,000	8,600	4,100	13,700
New Project	Air Operations Center (AOC) Modernization	500	0	0	0	0	500
New Project	Window Treatment/Glazing	125	0	0	0	0	125
New Project	Flooring Phase 2 (M130 Flooring)	100	480	0	0	0	580
New Project	T1 Carpet Replacement (M103)	150	1,100	0	0	0	1,250
New Project	T1 Ticketing Refresh	1,000	2,500	0	0	0	3,500
New Project	T1 & T2 Shark Washout Containment	200	800	0	0	0	1,000
A22021013	HVAC Automation Upgrade to N4	745	0	0	0	0	745
New Project	M103 Roof, Drain Pipe, and Air Handler Replacement	605	8,600	8,875	0	0	18,080
New Project	M363-1 Air Handler Unit	430	1,770	0	0	0	2,200
New Project	M130-4 Air Handler Unit	0	0	1,600	6,200	6,200	14,000
New Project	M101 Roof and Drain Pipe Replacement	1,100	3,000	0	0	0	4,100
New Project	M130 Vertical Pipe Rehabilitation	100	100	0	0	0	200
New Project	Ceiling Tile Replacement T2R & T2X Concourses	200	0	0	0	0	200
New Project	M103 Energy Efficient Retrofit/Upgrades (Ceiling work/Windows/Finishes)	0	0	0	2,000	15,000	17,000
New Project	Fire Alarm Replacement	0	0	500	4,500	5,000	10,000
New Project	Electrical Upgrades to 480v System	100	100	100	100	100	500
New Project	Jetway Flooring Replacement	0	500	500	0	0	1,000
New Project	Passenger Boarding Bridge Replacement	0	200	3,000	2,000	2,000	7,200
A22021014	New Concession Infrastructure Support	500	5,000	1,400	0	0	6,900
A20183002	Restroom Upgrades (M101, Gate 3&4, T2 Bag Claim) Advance Gate 3&4	1,000	5,000	4,000	0	0	10,000
New Project	Restroom Upgrades (T2, T2X, M103)	0	0	3,000	5,000	8,000	16,000
New Project	Monitoring Detection and Response System & Security Operation Center	600	0	0	0	0	600
AA0030311	Main Distribution Frame (MDF) to Minimum Point of Entry (MPOE) Fiber	50	0	0	0	0	50
New Project	GIS System & Hosting	100	0	0	0	0	100
New Project	Telecom System Path Forward	0	500	0	0	0	500
AA0030312	Enterprise Backup Solution	100	0	0	0	0	100
New Project	IT Infrastructure Replacement (Aviation portion)	500	1,000	0	0	0	1,500
New Project	Kiosk Replacement	500	0	0	0	0	500
New Project	Terminal Signage Replacement	0	160	2,000	2,000	0	4,160
	Subtotal Terminal	8,705	30,810	25,975	30,400	40,400	136,290

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2022-23 to FY 2026-27

(\$ Thousands)

Project No.	Project Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total Expenditure
GROUND ACCESS AND PARKING							
New Project	PARCS Maintenance Trailer Replacement	0	150	0	0	0	150
A10085101	Airport Drive Overlay	1,350	0	0	0	0	1,350
New Project	Landside/Curbside Paving Rehabilitation	0	800	5,800	6,400	0	13,000
New Project	Main Parking Bowl Paving Rehabilitation	0	0	790	9,800	10,600	21,190
New Project	Inbound Airport Drive Hardscape	250	250	0	0	0	500
New Project	Infrastructure for Electric Charging (Shuttle Bus)	900	6,100	0	0	0	7,000
New Project	Bus Lot Paving	500	0	0	0	0	500
AA20222005	Shuttle Bus Procurement/Replacement	900	4,500	0	500	4,500	10,400
New Project	OMC & Neil Armstrong Parking Lot Access Control	800	0	0	0	0	800
	Subtotal Ground Access and Parking	4,700	11,800	6,590	16,700	15,100	54,890
SECURITY							
A20032002	Security Enhancements T2 Baggage Claim Exit, South Field	10,100	1,200	0	0	0	11,300
AA0030204	CCTV Program Expansion (RAC, Parking, Curbside Design; Parking CON)	350	0	0	0	0	350
New Project	CCTV Program Expansion (Curbside, Terminal, RAC CON)	5,000	8,000	10,000	3,000	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	300	300	0	0	0	600
New Project	Security Controller Swap	350	350	0	0	0	700
AA0030322	North Field Fiber Upgrades and Radios (Wireless CBRS)	300	0	0	0	0	300
New Project	Identification Management System (IDMS)	700	400	0	0	0	1,100
New Project	Airport-wide Analog Camera Replacement	0	510	510	0	0	1,020
	Subtotal Security	17,100	10,760	10,510	4,500	5,000	47,870
UTILITIES							
A20052009	Airport Drive Sewer Line Improvements/Upgrades	0	80	5,000	0	0	5,080
AA00520018	Sanitary Sewer System Improvements, Phase 1	1,630	0	0	0	0	1,630
New Project	Southfield Airside Sewer Improvements, Phase 3	350	3,130	155	0	0	3,635
New Project	Southfield Landside Sewer Improvements, Phase 2	350	0	7,945	330	0	8,625
AA00520016	Sewer Pipe 508 Repair	1,000	0	0	0	0	1,000
New Project	Northfield Sewer Improvements, Phase 4	0	0	1,000	15,800	600	17,400
New Project	Hangar 3 - Electrical Distribution	0	0	800	1,000	800	2,600
A12020754	Substation 1 and 2 Upgrades	2,500	2,500	10,000	10,000	0	25,000
AA00520013	Lift Station 1	150	500	1,700	0	0	2,350
AA00520012	ARFF Wash Rack Drain Replacement	230	0	0	0	0	230
A20052008	AP06P -08P Lift Station	1,550	820	0	0	0	2,370
New Project	AP155P Southwest Provisioning Bldg Lift Station	0	0	0	400	950	1,350
New Project	AP137P Tank Farm/Swissport Lift Station	0	500	0	0	0	500
New Project	AP911P ARFF Lift Station	300	650	850	0	0	1,800
New Project	AP912P Ground Run-up Equipment (GRE) Lift Station	0	360	840	600	0	1,800
AA2021007	Trash Capture (Storm Drains) Loc 1	385	870	1,300	2,100	1,900	6,555
A22021008	Repair Storm Drain W @ Z	485	0	0	0	0	485
New Project	Green Infrastructure (post construction)	200	800	0	0	0	1,000
New Project	South Field Runway Generator Replacement	400	1,600	0	0	0	2,000
	Subtotal Utilities	9,530	11,810	29,590	30,230	4,250	85,410

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2022-23 to FY 2026-27

(\$ Thousands)

Project No.	Project Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total Expenditure
FACILITIES MAINTENANCE							
AA2022001	LED Street Lighting - Airport Drive, Parking Lots	110	0	0	0	0	110
New Project	Elevator Upgrades	200	240	0	0	0	440
New Project	Remodel Alameda County Sheriff Restroom	250	0	0	0	0	250
	Subtotal Facilities Maintenance	560	240	0	0	0	800
AVIATION ADMIN							
N/A	Capital Equipment - Aviation	4,607	3,500	3,500	3,500	3,500	18,607
N/A	Miscellaneous	500	500	500	500	500	2,500
	Subtotal Aviation Admin	5,107	4,000	4,000	4,000	4,000	21,107
TOTAL AVIATION DIVISION		69,412	106,580	117,395	112,840	82,250	488,477
MARITIME DIVISION							
MARINE TERMINALS							
M20001	Wharf Upgrades for Ultra-Large Container Vessels (OICT)	5,000	13,500	13,000	8,000	400	39,900
New Project	Wharf Upgrades for Ultra-Large Container Vessels (ETS)	0	0	0	50	400	450
New Project	Pile Stabilization Program	0	200	0	2,000	0	2,200
New Project	Berth 9/10 Rehabilitation	0	0	1,000	7,500	0	8,500
M21001	Additional Shore Power Outlets at B55 and B59	1,700	3,000	1,500	0	0	6,200
New Project	Maritime/17th Street Landscaping	75	550	0	0	0	625
New Project	B21-22 Shore Power	0	450	5,000	1,000	0	6,450
New Project	B10/20 Fender System	500	0	0	0	0	500
New Project	B20/21 Fender System	0	0	50	2,000	0	2,050
New Project	Outer Harbor Redevelopment	0	0	0	0	250	250
	Subtotal Marine Terminals	7,275	17,700	20,550	20,550	1,050	67,125
CRANES							
M20005	B55-B59 OICT Crane Drive Upgrade (4 cranes)	2,000	500	0	0	0	2,500
	Subtotal Cranes	2,000	500	0	0	0	2,500
SEAPORT LOGISTICS COMPLEX							
M7RS06A01	OHIT Railyard Phase 2 (Intermodal) - Interim Use	25	0	0	0	0	25
New Project	OAB Redevelopment	0	0	0	0	250	250
New Project	Centerpoint Yard Expansion	200	2,500	0	0	0	2,700
	Subtotal Seaport Logistics Complex	225	2,500	0	0	250	2,975
DREDGING							
MA0287102	-50 Ft Cost Share to US Army Corps of Engineers	50	50	50	50	10,050	10,250
MA0287117	-50 FT Cost Share to US Army Corps of Engineers (MHEA)	0	0	3,000	0	0	3,000
New Project	Inner/Outer Harbor Turning Basins Widening	0	4,800	9,500	40,300	35,600	90,200
	Subtotal Dredging	50	4,850	12,550	40,350	45,650	103,450

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2022-23 to FY 2026-27

(\$ Thousands)

Project No.	Project Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total Expenditure
UTILITIES							
M19005	Sanitary Sewer Compliance: B20-24 Sanitary Sewer Lines Rehabilitation	70	0	0	0	0	70
M19019	Sewer Lift Stations (B55/56)	25	0	0	0	0	25
M20007	Sanitary Sewer Compliance: Pipeline Rehab @ Ben E. Nutter	4,280	3,580	10	0	0	7,870
M21010-01	Sanitary Sewer Compliance: Maritime Street Trunk Sewer Rehabilitation (E/W)	30	0	0	0	0	30
New Project	Sanitary Sewer Compliance: Maritime Street Trunk Sewer Rehabilitation (N/S)	840	3,600	60	0	0	4,500
M21010-02	Sanitary Sewer Compliance: Berth 55-58 Sewer Pipeline Rehabilitation	940	1,850	0	0	0	2,790
M21010-03	Sanitary Sewer Compliance: Former Oakland Army Base Sewer Pipeline & Lift Stations (R80, R804, R834) Rehabilitation	1,200	2,100	240	0	0	3,540
M21010-04	Sanitary Sewer Compliance: Middle Harbor Lift Stations (DP06, D10) Rehabilitation; Sewer Compliance: 7th Street Lift Stations (C07, C08) Rehabilitation	3,900	4,300	0	0	0	8,200
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	1,180	6,100	1,600	0	0	8,880
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	1,500	2,900	900	0	0	5,300
M20009	115kV Main Substation Replacement (Davis) - Harbor	1,000	400	12,900	24,800	11,400	50,500
M21009	115kV Main Substation Replacement (Cuthbertson)	1,000	400	6,900	18,800	11,400	38,500
M22001	SS-R-14 Substation Replacement (14th/Maritime)	1,000	5,000	6,000	5,000	6,000	23,000
M22002	Circuit 2 Powerline Capacity Upgrade	2,500	0	0	0	0	2,500
New Project	Fire Sprinkler System Reconstruction @B20-21	0	250	750	2,000	0	3,000
M21004	Fire Water Loop Connection at OHIT (North)	0	850	1,775	0	0	2,625
New Project	Fire Water Loop Reconstruction at Roundhouse	0	500	3,000	0	0	3,500
New Project	General Upgrade of Vault Lids	0	500	1,200	0	0	1,700
New Project	Trash Capture Program	0	200	350	700	2,500	3,750
New Project	LED Lighting Upgrades	100	0	0	0	0	100
New Project	JIT Oil/Water Separator	250	600	0	0	0	850
New Project	Electric Vehicle (EV) Charging Stations	500	500	500	500	500	2,500
	Subtotal Utilities	20,315	33,630	36,185	51,800	31,800	173,730
ROADWAY							
New Project	14th Street Expansion/Reconstruction	0	300	500	8,500	0	9,300
M19007	RFID Readers (PSGP17 & Go Port)	150	10	0	0	0	160
M19010	Changable Messages Signs	7	1	0	0	0	8
M19011	Communications - Fiber (Go Port)	113	10	0	0	0	123
M19012	Camera Upgrade to HD (Go Port)	52	1	0	0	0	53
M19013	Queue Detection (Go Port)	10	1	0	0	0	11
M19014	Initial Advanced Traffic Mgmt System (ATMS) - signal upgrades (Go Port)	140	10	0	0	0	150
M19015	Basic Go Port Application (Go Port)	20	1	0	0	0	21
M19016	Adaptive Signal System	20	1	0	0	0	21
M19020	Advanced Rail Crossing	8	1	0	0	0	9
M19021	Smart Parking	8	1	0	0	0	9

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2022-23 to FY 2026-27

(\$ Thousands)

Project No.	Project Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total Expenditure
M19022	Center to Center	15	1	0	0	0	16
M19023	Wifi (Go Port)	8	1	0	0	0	9
M19024	Weigh in Motion	8	1	0	0	0	9
M19025	Vehicle Detection	5	1	0	0	0	6
New Project	Port Entry Control - Crash Barrier System	0	0	250	2,500	0	2,750
	Subtotal Roadway	564	341	750	11,000	0	12,655
OTHER							
New Project	Middle Harbor Shoreline Park (MHSP) - Facilities	90	250	475	475	0	1,290
New Project	MHSP - Landscaping, Pathways, and Port Arnold Pier	150	75	4,680	4,680	0	9,585
New Project	MHSP - Mole (Elevator)	175	1,405	1,330	0	0	2,910
New Project	MHSP - Utilities	100	50	1,060	1,060	0	2,270
New Project	New Catwalk at Harbor Facilities Building	0	0	400	1,000	0	1,400
	N/A Air Quality (various)	500	500	500	500	500	2,500
	N/A Capital Equipment - Maritime	3,205	1,500	1,600	1,700	1,800	9,805
	Subtotal Other	4,220	3,780	10,045	9,415	2,300	29,760
TOTAL MARITIME DIVISION		34,649	63,301	80,080	133,115	81,050	392,195
UTILITIES DIVISION							
ELECTRIC PROJECTS							
New Project	OAK Battery Storage System - OAK	0	0	1,250	0	0	1,250
New Project	Utility Billing Software Optimization / Transition to Cloud Based / Smart Metering	750	750	0	0	0	1,500
New Project	Treasure Island Switchgear and 25kV Transformer	0	0	1,000	2,000	0	3,000
New Project	Battery Storage Array - 1	0	1,250	0	0	0	1,250
New Project	Middle Harbor Shoreline Park Solar	50	500	0	0	0	550
	Subtotal Electric Projects	800	2,500	2,250	2,000	0	7,550
TOTAL UTILITY DIVISION		800	2,500	2,250	2,000	0	7,550
COMMERCIAL REAL ESTATE DIVISION							
JACK LONDON SQUARE (JLS)							
P10000001	Tenant Improvements in JLS	0	764	0	504	0	1,268
C19002	HVAC Equipment Upgrades/Replacement at 530 Water Str	175	175	175	175	175	875
New Project	Sanitary Sewer Rehab	975	975	425	3,150	0	5,525
New Project	530 Water St Building Access Control System Upgrade	250	0	0	0	0	250
New Project	Boardwalk Replacement by Scott's Restaurant	1,200	0	0	0	0	1,200
C19001	JLS Improvements - Parking Revenue Control System	250	0	0	0	0	250
	Subtotal Jack London Square	3,055	1,914	600	3,829	175	9,573
EMBARCADERO COVE							
P20066302	Environmental Remediation / Permits Union Pt Basin Park	308	0	0	0	0	308
New Project	Tenant Improvements	0	0	0	0	0	0
	Subtotal Embarcadero Cove	308	0	0	0	0	308

5-YEAR CAPITAL IMPROVEMENT PLAN

Annual Expenditure by Project

FY 2022-23 to FY 2026-27

(\$ Thousands)

<u>Project No.</u>	<u>Project Description</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>FY 24-25</u>	<u>FY 25-26</u>	<u>FY 26-27</u>	<u>Total Expenditure</u>
BUSINESS PARK							
New Project	Tenant Improvements	392	180	180	0	0	752
New Project	Building Improvements	925	275	0	0	0	1,200
	Subtotal Business Park	1,317	455	180	0	0	1,952
OTHER							
N/A	Misc. Facility Replacement Projects	325	325	325	325	325	1,625
	Subtotal Other	325	325	325	325	325	1,625
TOTAL COMMERCIAL REAL ESTATE DIVISION		5,005	2,694	1,105	4,154	500	13,458
<u>SUPPORT DIVISIONS</u>							
EQUIPMENT AND SYSTEMS							
SQ0001017	Website Redesign	258	0	0	0	0	258
New Project	Cyber Artificial Intelligence (AI) Monitoring and Detection	600	0	0	0	0	600
New Project	Enterprise Backup Solution	105	0	0	0	0	105
New Project	Geographic Information System (GIS) Consultant	100	0	0	0	0	100
New Project	GIS System & Hosting	150	0	0	0	0	150
New Project	Telecom System Path Forward or Phone Replacement	0	500	0	0	0	500
New Project	Infrastructure Replacement Port Wide	500	1,000	0	0	0	1,500
N/A	Capital Equipment	525	235	235	235	235	1,465
N/A	Misc. Facility Replacement Projects	300	300	300	300	300	1,500
	Subtotal Equipment and Systems	2,538	2,035	535	535	535	6,178
TOTAL SUPPORT DIVISIONS		2,538	2,035	535	535	535	6,178
TOTAL EXPENDITURE		112,404	177,110	201,365	252,644	164,335	907,858

DEBT SERVICE & CASH FLOW

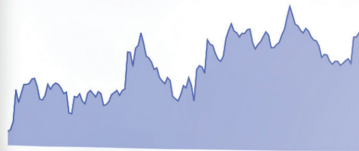
Financial report

Balance sheet

Assets	1,734,826
Current assets	88,905
Non-current assets	1,645,921
Liabilities	166,630
Current liabilities	110,327
Non-current liabilities	56,303
Equity	74,393
Paid-in capital	72,921
Retained earnings	1,472

Equity statement

Current year	1,774,576
Comprehensive income	15,897
Issue of share capital	88,905
Dividends	23,853
Previous year	166,630
Comprehensive income	110,327
Issue of share capital	56,303
Dividends	67,676



Income statement

Revenues	12,978,516
Net sales	12,873,892
Investment	104,624
Expenses	6,372,535
Research and Development	1,385,395
Operating expenses	4,439,118
Marketing	548,022
Net income	6,505,981

Cash flow statement

Operations	12,978,516
Earnings	12,873,892
Depreciation	104,624
Investing	6,372,535
Real estate	1,385,395
Equipment	4,439,118
Financing	6,505,981
	6,505,981



CONTENTS

DEBT SERVICE & CASH FLOW

Debt Service	115
Cash Flow	121

Debt Service

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. Debt service in this document also assumes that the Port will undertake a transaction in January 2024 to redeem a portion of certain bonds maturing in FY 2025 and FY 2026.

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 R), Intermediate Lien Bonds (Series D, E, G and H), and CP Notes outstanding. The Port's Senior Lien Bonds are rated A+, A1 and A+ by Fitch, Moody's and Standard & Poor's, respectively. The Intermediate Lien Bonds are rated A, A2 and A by Fitch, Moody's and Standard & Poor's, respectively. In addition, the Port maintains a rating of A3 from Moody's and an A rating from Fitch in connection with its CP program, however, the CP notes themselves take on the rating of the letter of credit provider supporting the CP program. In this case, the ratings on the CP notes are F1+, P-1, and A-1 from Fitch, Moody's and Standard & Poor's, respectively. Please see below for a more detailed explanation of the Port's CP program and the letter of credit provider.

Outstanding Debt	Unaudited June 1, 2022
Senior Lien Bonds	\$ 331,785,000
Intermediate Lien Bonds	310,340,000
CP Notes	42,535,000
Total	\$ 684,660,000

The current outstanding revenue bonds (Senior Lien and Intermediate Lien) were issued in 2017, 2020, and 2021 at fixed rates ranging from 0.67% to 5.00% with remaining principal repayments scheduled for FY 2023 through FY 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 0.8% and 2.10% in FY 2023

through FY 2027. 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, 2022, approximately \$30.2 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 \$5.0 million during the FY 2023-27 period as part of an overall plan to pay down its non-PFC eligible CP Notes Balance.

As of June 1, 2022, \$12.3 million of the Port's outstanding CP Notes is PFC-eligible and is expected to be redeemed from future PFC revenues. During the FY 2023-2027 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. Absent any new issuances of PFC-eligible CP Notes, it is anticipated that the outstanding balance of PFC-eligible Notes will be fully repaid by the end of FY 2025.

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 that are to be paid with net operating revenues. The Aggregate DSCR includes debt service on Senior Lien Bonds, DBW Loan, Intermediate Lien Bonds, and CP Notes that are to be repaid with net operating revenues, including the Port's plan to make annual principal payments on CP Notes (non-PFC eligible) ranging between \$5.0 million and \$10.0 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 0.8% in FY 2023, increasing to 2.10% by FY 2027. Excluded from the DSCR calculation are operating expenses paid from non-operating revenues

DEBT SERVICE

The table on page 119 lists bond and commercial paper debt service amounts through the end of the forecast period, while the subsequent chart on page 120 summarizes the Port's debt service profile through the final maturity of its outstanding debt. In both cases, debt service has been reduced in the years starting FY 2023 through FY 2026, in order to reflect the impact of a bond defeasance/redemption transaction completed in FY 2022, as well as an additional redemption transaction contemplated in FY 2024. After FY 2026, bond debt service returns to a relatively level profile at approximately \$82 million per year through FY 2030. After that year, all of the Port's Intermediate Lien debt will have matured and debt service is shown to follow a decreasing path through FY 2033, when the last of the Port's outstanding bonds matures. The chart on page 120 also illustrates estimated debt service coverage through the forecast period of the Budget Summary, relative to the minimum DSCR of 1.40x established by Port policy.

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DEBT SERVICE COVERAGE FY 2020-21 to FY 2026-27

(\$ Thousands)

	<u>Actual 2020-21</u>	<u>Budget 2021-22</u>	<u>Budget 2022-23</u>	<u>Projected 2023-24</u>	<u>Projected 2024-25</u>	<u>Projected 2025-26</u>	<u>Projected 2026-27</u>
Operating Revenues	\$354,139	\$372,680	\$408,023	\$436,663	\$456,992	\$475,428	\$488,949
Operating Expenses ¹	(191,781)	(246,114)	(257,095)	(269,908)	(282,208)	(288,030)	(295,016)
Interest Earned ²	491	1,046	2,448	4,410	4,803	4,812	4,491
Net Revenues	162,849	127,612	153,376	171,165	179,587	192,210	198,424
<u>Debt Service³</u>							
Debt Service – Senior Lien Bonds	48,033	33,569	32,077	23,336	24,082	27,703	29,629
Debt Service – Senior & Intermediate Lien Bonds & DBW Loan ⁴	71,071	70,519	70,522	70,521	78,306	78,134	82,651
Debt Service – Aggregate ⁵	75,183	75,988	75,724	75,844	83,579	83,348	87,759
<u>Debt Service Coverage Ratio:</u>							
Senior Lien ⁶	3.39	3.80	4.78	7.33	7.46	6.94	6.70
Intermediate Lien ⁷	2.29	1.81	2.17	2.43	2.29	2.46	2.40
Aggregate ⁸	2.17	1.68	2.03	2.26	2.15	2.31	2.26

¹ Excludes depreciation and amortization, as well as expenses reimbursed with Coronavirus Aid Relief and Economic Security (CARES), Coronavirus Response and Relief Supplemental Appropriations (CRRSA), 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, CRRSA 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 \$5.0 million and \$10.0 million per year during the FY 2023-27 time period, as part of an overall plan to repay this debt. It excludes principal and interest payments made with PFC funds. The interest rate on CP Notes is assumed to be 0.8% in FY 2023, increasing to 2.10% by FY 2027.

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 2022-23 to FY 2026-27

(\$Thousands)¹

Description	FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27		
	Principal	Interest ³	Total	Principal	Interest ³	Total	Principal	Interest ³	Total	Principal	Interest ³	Total	Principal	Interest ³	Total
<u>Senior Lien Revenue Bonds</u>															
2020 Refunding Bonds Series R ²	26,865	6,070	32,935	18,345	5,849	24,194	18,540	5,542	24,082	22,380	5,323	27,703	24,645	4,984	29,629
Subtotal Sr. Lien Rev. Bonds	26,865	6,070	32,935	18,345	5,849	24,194	18,540	5,542	24,082	22,380	5,323	27,703	24,645	4,984	29,629
<u>Intermediate Lien Revenue Bonds</u>															
2017 Refunding Bonds Series D	5,030	3,907	8,937	11,785	3,486	15,271	15,720	2,799	18,519	13,435	2,070	15,505	6,285	1,577	7,862
2017 Refunding Bonds Series E	1,550	1,723	3,273	1,365	1,650	3,015	2,160	1,562	3,722	2,485	1,445	3,930	15,715	990	16,705
2017 Refunding Bonds Series G	2,865	905	3,770	5,640	792	6,432	5,805	630	6,435	4,970	470	5,440	2,550	354	2,904
2021 Refunding Bonds Series H	16,015	8,150	24,165	16,820	7,349	24,169	19,040	6,508	25,548	20,000	5,556	25,556	20,995	4,556	25,551
Subtotal Int. Lien Rev. Bonds	25,460	14,685	40,145	35,610	13,277	48,887	42,725	11,499	54,224	40,890	9,541	50,431	45,545	7,477	53,022
Total Sr. & Int. Lien Rev. Bonds	52,325	20,755	73,080	53,955	19,126	73,081	61,265	17,041	78,306	63,270	14,864	78,134	70,190	12,461	82,651
Commercial Paper (Non-PFC) ⁴	5,000	202	5,202	5,000	323	5,323	5,000	273	5,273	5,000	214	5,214	5,000	109	5,109
Total including CP Notes (Non-PFC)	57,325	20,957	78,282	58,955	19,449	78,404	66,265	17,314	83,579	68,270	15,078	83,348	75,190	12,570	87,760
Commercial Paper (PFC) ⁵	5,000	99	5,099	5,000	117	5,117	2,342	42	2,384	--	--	--	--	--	--

¹ Summary amounts may not total due to rounding.

² A redemption of a portion of 2020 Series R Refunding Bonds has been programmed to occur in FY 2024, and the bonds targeted for redemption consist of \$3,920,000 from the May 1, 2025 maturity as well as \$4,135,000 from the May 1, 2026 maturity. As a result, debt service in FY 2024 through FY 2026 has been reduced from comparable amounts reported in the prior FY 2022 Budget Summary and elsewhere.

³ Interest shown on this table is on a cash basis. On the Income Statement, Interest Expense is shown on an accrual basis.

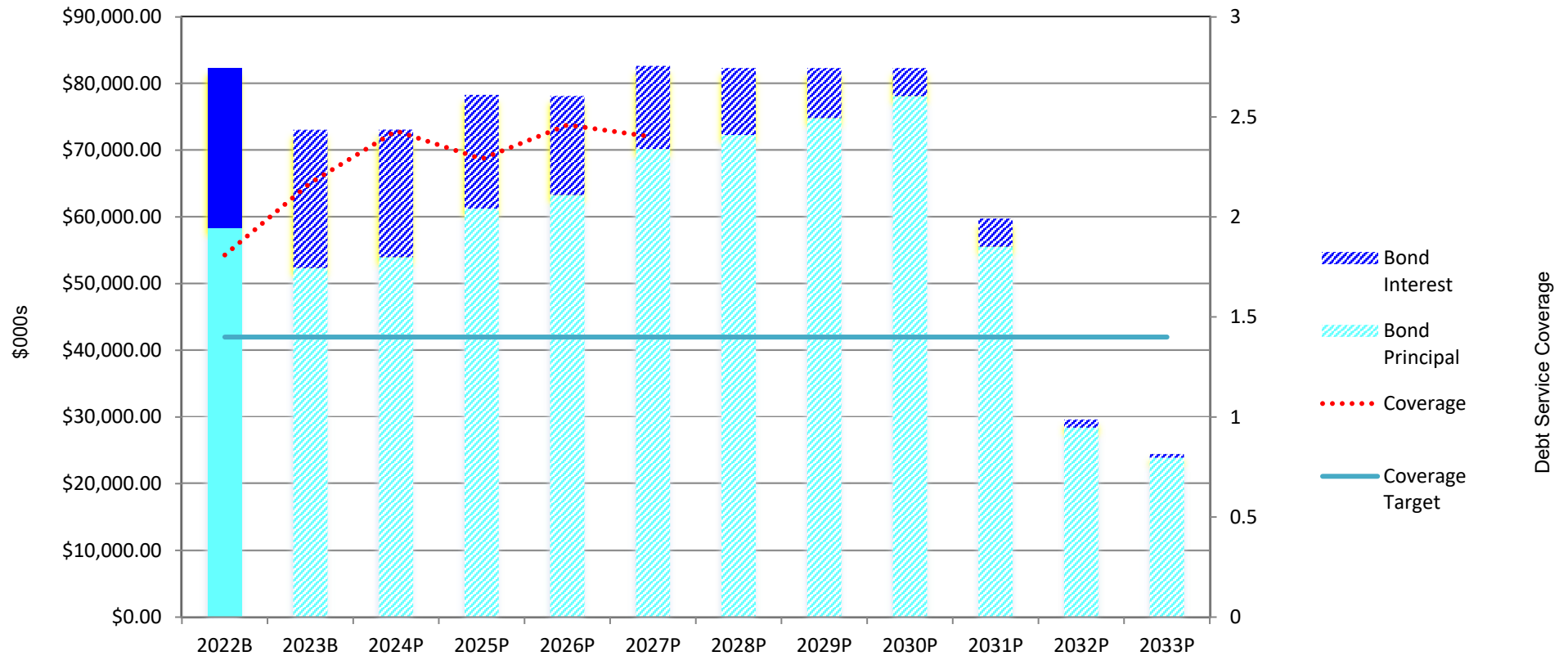
⁴ The Port plans to make principal payments on outstanding CP Notes between \$5.0 million and \$10.0 million per year during the FY 2023-27 period, as part of an overall plan to repay this debt. The interest rate on CP Notes is assumed to be 0.8% in FY 2023, increasing to 2.10% by FY 2027.

⁵ Reflects CP Notes payable from PFCs. Preliminary, subject to change based on amount of PFCs available prior to redemption.

BOND DEBT SERVICE PROFILE

FY 2021-22 to FY 2032-33

(\$Thousands)



□ Debt Service Coverage (DSC) measures the Port's ability to meet day-to-day operating costs and debt service payments and resiliency to weather downturns in the economy and Port businesses. DSC is net revenues divided by debt service (excluding repayments of outstanding CP Notes, as well as debt service funded by grants such as CARES, CRRSA or ARP). Net revenues are operating revenues less operating expenses (excluding depreciation and CARES, CRRSA and ARP grant-funded operating expenses).

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, 2022:

Board Reserves	
Port Bond Reserve	\$30,000,000
Operating Reserve	34,393,000
Capital Reserve	15,000,000
Total	\$79,393,000

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

1. Bond Reserve Fund – Fixed at \$30.0 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 \$15.0 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 by the bond trustee 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. Low Carbon Fuel Standard (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, (AB 32) it sets a total permissible level of emissions in the state (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 AB 32. Revenues derived from the sale of allowances are restricted to spending on programs that further reduce greenhouse gas emissions such as renewable energy, infrastructure for transportation electrification, fuel switching/fuel substitution, reductions in the use of sulfur hexafluoride (a greenhouse gas), etc.

STATEMENT OF CASH FLOWS

FY 2022-23 to FY 2026-27

(\$ Thousands)

	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
General Fund ¹	453,329	455,742	418,893	355,221	251,938
Port Bond Reserve Fund	30,000	30,000	30,000	30,000	30,000
Operating Reserve Fund	34,393	35,167	35,276	36,004	36,877
Capital Reserve Fund	15,000	15,000	15,000	15,000	15,000
Beginning Balance	532,722	535,909	499,169	436,225	333,815
Sources					
Operating Revenues	408,023	436,663	456,992	475,428	488,949
PFCs for Debt Service ²	5,099	5,117	2,384	-	-
Interest Income ³	1,944	3,906	4,300	4,309	3,988
Trsfr In LCFS ⁴	-	4,147	1,713	-	-
Other ⁵	19,226	14,041	-	-	-
Total Receipts	434,292	463,875	465,389	479,737	492,937
AIP, PFC Pay-Go, CFC, Other Grants ⁶	46,480	50,126	58,365	52,208	46,425
Debt Proceeds ⁷	-	-	-	-	-
Debt Proceeds (PFC-Supported) ⁷	-	-	-	-	-
Total Capital and Financing Proceeds	46,480	50,126	58,365	52,208	46,425
TOTAL SOURCES	480,772	514,001	523,754	531,945	539,362
Uses					
Operating Expenses	(275,144)	(281,335)	(282,208)	(288,030)	(295,016)
Bond and DBW Debt Service					
Principal	(52,325)	(53,955)	(61,265)	(63,270)	(70,190)
Interest	(20,755)	(19,126)	(17,041)	(14,864)	(12,461)
Total Bond Debt Service	(73,080)	(73,081)	(78,306)	(78,134)	(82,651)
CP Notes					
Principal ⁸	(10,000)	(10,000)	(7,342)	(5,000)	(5,000)
Interest ⁹	(300)	(441)	(316)	(214)	(109)
Total CP Notes Payments	(10,300)	(10,441)	(7,658)	(5,214)	(5,109)
Capital Expenses ¹⁰	(112,404)	(177,110)	(201,365)	(252,644)	(164,335)
Trsfr Out (LCFS)	(1,313)	-	-	(2,702)	(3,570)
Other Payments ¹¹	(5,343)	(8,774)	(17,162)	(7,631)	(5,698)
TOTAL USES	(477,584)	(550,741)	(586,698)	(634,356)	(556,379)
Net Cash Flow (Sources less Uses)	3,188	(36,740)	(62,944)	(102,410)	(17,017)
Ending Balance	535,909	499,169	436,225	333,815	316,798

1 Beginning General Fund balance for FY 2023 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 0.60%, 1.20%, 1.30%, 1.30%, 1.20% in FY 2023 through FY 2027, respectively.

4 This line item, transferring in funds Low Carbon Fuel Standard (LCFS) sources may fund either operating or capital expenditures.

5 Includes proceeds from CARES and ARP.

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 \$5.0 million and \$10.0 million, including 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 0.80%, 1.60%, 1.80%, 2.10%, 2.10% in FY 2023 through FY 2027, respectively and CP Notes balance at end of each fiscal year of \$32.5 million, \$22.5 million, \$15.2 million, \$10.2 million, and \$5.2 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 payments and deferred prior year maintenance.

STATEMENT OF CASH FLOWS - RESTRICTED

FY 2022-23 to FY 2026-27

(\$ Thousands)

	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Bond Reserve Funds	46,626	46,626	46,626	46,626	46,626
Bond Construction Funds	-	-	-	-	-
Passenger Facility Charge	12,305	14,210	11,424	5,782	4,474
Customer Facility Charge	-	-	-	-	-
Construction Escrows	935	935	935	935	935
Low Carbon Fuel Standard	7,875	9,188	5,042	3,328	6,030
Beginning Balance	67,741	70,960	64,027	56,671	58,065

Passenger Facility Charge (PFC)

Beginning Balance ¹	12,305	14,210	11,424	5,782	4,474
PFC Revenues	21,106	21,739	22,174	22,617	23,070
PFC Interest Income ²	74	171	149	75	54
PFC-Eligible Debt Proceeds ³	-	-	-	-	-
Less: Interest on PFC-Eligible CP Notes ⁴	(99)	(117)	(42)	-	-
Less: PFC Capital Expenditures ³	(14,176)	(19,578)	(25,581)	(24,000)	(17,225)
Less: Repayment of PFC-Eligible CP Notes	(5,000)	(5,000)	(2,342)	-	-
Ending Balance	14,210	11,424	5,782	4,474	10,372

Customer Facility Charge (CFC)

Beginning Balance ¹	-	-	-	-	-
CFC Revenues	4,085	4,207	4,291	4,377	4,465
CFC Interest Income ²	-	-	-	-	-
Less: CFC Capital Expenditures ³	-	-	-	-	-
Less: CFC Expenditures	(4,085)	(4,207)	(4,291)	(4,377)	(4,465)
Ending Balance	-	-	-	-	-

AB1890

Beginning Balance ¹	3,756	3,919	4,108	4,307	4,508
AB1890 Revenues	218	220	223	225	227
AB1890 Interest Income ²	23	47	53	56	54
Less: AB1890 Capital Expenditures ³	-	-	-	-	-
Less: AB1890 Expenditures	(77)	(78)	(78)	(80)	(80)
Ending Balance	3,919	4,108	4,307	4,508	4,709

Cap & Trade

Beginning Balance ¹	3,191	3,263	3,354	3,450	3,548
Cap & Trade Revenues	184	186	188	189	191
Cap & Trade Interest Income ²	19	39	44	45	43
Less: Cap & Trade Capital Expenditures ³	-	-	-	-	-
Less: Cap & Trade Expenditures	(132)	(134)	(135)	(136)	(138)
Ending Balance	3,263	3,354	3,450	3,548	3,644

Low Carbon Fuel Standard (LCFS)

Beginning Balance ¹	7,875	9,188	5,042	3,328	6,030
LCFS Revenues	4,480	4,525	4,570	4,616	4,662
LCFS Interest Income ²	47	110	66	43	72
Less: LCFS Capital Expenditures ³	(2,480)	(8,040)	(5,600)	(1,200)	(400)
Less: LCFS Expenditures	(734)	(742)	(749)	(757)	(764)
Ending Balance	9,188	5,042	3,328	6,030	9,601

1 Beginning fund balances for FY 2023 are estimates; subsequent years are projected.

2 Assumes interest rates of 0.60%, 1.20%, 1.30%, 1.30% 1.20% in FY 2023 through FY 2027, 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 0.80%, 1.60%, 1.80%, 2.10%, 2.10% in FY 2023 through FY 2027, respectively.

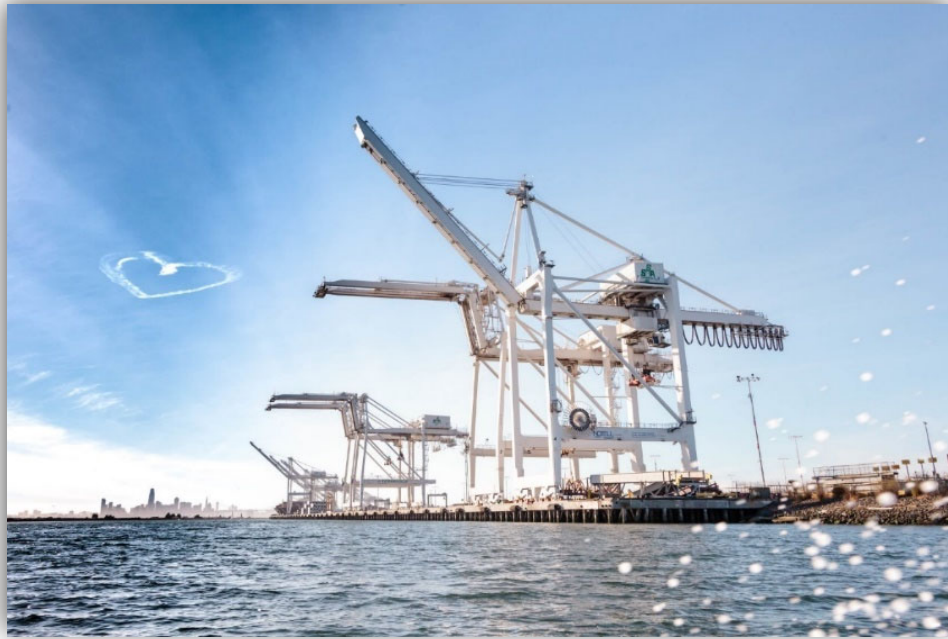
GLOSSARY



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Acronyms

ACFR	Annual Comprehensive Financial Report
ACTC	Alameda County Transportation Commission, a.k.a. Alameda CTC
AIG	Airport Infrastructure Grant
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
ATP	Airport Terminal Program
AVI	Automated Vehicle Identification
BART	Bay Area Rapid Transit

BIL	Federal Bipartisan Infrastructure Law
BNSF	Burlington Northern-Santa Fe Railway Company
BOD	Basis of Design
BRAC	Base Realignment and Closure
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
COVID-19	Coronavirus disease of 2019
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
PIDP	Maritime Administration Port Infrastructure Development Program
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
ZEV	Zero-Emission Vehicles

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.

COVID-19 - Coronavirus disease of 2019 (COVID-19) is the official name given by the World Health Organization (WHO) to the disease caused by SARS-CoV-2, the new coronavirus that surfaced in 2019 and spread around the globe.

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.

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*

Pandemic - an epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people.

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*

Taxilane - the portion of the Airport apron area, or any other area, used for access between taxiways and aircraft parking or storage area

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.