



# FY 2021 REFORECAST

# Agenda

- Opening Message
- Updated Revenue Projections
- Expense Reductions
- Reserves



# Real Estate Revenue – Budget vs Reforecast

	FY21 Budget - Reforecast (08.25.2020)															
	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Total			
	FY21 Budget	Reforecast	Variance (\$)	FY21 Budget	Reforecast	Variance (\$)	FY21 Budget	Reforecast	Variance (\$)	FY21 Budget	Reforecast	Variance (\$)	FY21 Budget	Reforecast	Variance (\$)	Variance (%)
Concession Revenue	11,962,040	13,218,646	1,256,606	12,889,045	12,439,595	(449,450)	16,677,644	12,536,008	(4,141,636)	18,372,871	12,839,460	(5,533,411)	59,901,600	51,033,709	(8,867,891)	-14.80%
Seaport Concession	1,105,002	334,312	(770,690)	900,372	223,578	(676,794)	982,224	212,200	(770,024)	1,105,002	212,340	(892,662)	4,092,600	982,431	(3,110,169)	-75.99%
Fixed Rent	4,929,542	4,929,542	-	5,254,363	5,254,363	-	4,954,337	5,338,667	384,330	4,916,758	5,301,704	384,946	20,055,000	20,824,276	769,276	3.84%
Seaport CAM	376,056	371,242	(4,814)	306,416	371,242	64,826	334,272	371,242	36,970	376,056	371,242	(4,814)	1,392,800	1,484,967	92,167	6.62%
Seaport Marketing	101,142	102,197	1,055	82,412	102,197	19,785	89,904	102,197	12,293	101,142	102,197	1,055	374,600	408,789	34,189	9.13%
Seaport Parking	381,159	182,199	(198,960)	310,574	134,437	(176,137)	338,808	205,000	(133,808)	381,159	322,255	(58,904)	1,411,700	843,891	(567,809)	-40.22%
ACH Parking	56,574	56,574	-	56,574	56,574	-	56,574	-	(56,574)	56,578	-	(56,578)	226,300	113,148	(113,152)	-50.00%
Advertising	22,401	17,495	(4,906)	22,401	17,495	(4,906)	22,401	17,495	(4,906)	22,797	17,804	(4,993)	90,000	70,290	(19,710)	-21.90%
Park Usage Fees	345,500	10,365	(335,135)	89,830	7,186	(82,644)	82,920	9,950	(72,970)	172,750	29,368	(143,383)	691,000	56,869	(634,131)	-91.77%
ReimbCst/Cost Recovery	30,000	30,000	-	30,000	30,000	-	30,000	30,000	-	30,000	30,000	-	120,000	120,000	-	0.00%
Waived Fees-TAP	(109,930)	(3,298)	106,632	(30,078)	(2,406)	27,672	(84,095)	(10,091)	74,004	(160,897)	(27,352)	133,545	(385,000)	(43,148)	341,852	-88.79%
<b>Total Real Estate</b>	<b>19,199,486</b>	<b>19,249,275</b>	<b>49,789</b>	<b>19,911,909</b>	<b>18,634,262</b>	<b>(1,277,647)</b>	<b>23,484,989</b>	<b>18,812,668</b>	<b>(4,672,321)</b>	<b>25,374,216</b>	<b>19,199,017</b>	<b>(6,175,199)</b>	<b>87,970,600</b>	<b>75,895,222</b>	<b>(12,075,378)</b>	<b>-13.73%</b>

# Real Estate Concession Revenue Methodology

Original FY21 Budget - Concession Revenue Discount Recovery Rates																
	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June
Convention Hotels	90%	100%	100%	90%	80%	65%	50%	35%	20%	15%	15%	15%	10%	10%	10%	10%
Other Hotels	85%	100%	100%	90%	80%	65%	50%	35%	20%	15%	15%	15%	10%	10%	10%	10%
Restaurants	75%	100%	100%	85%	75%	60%	45%	30%	15%	15%	15%	15%	10%	10%	10%	10%
Marinas	10%	10%	15%	15%	15%	15%	15%	15%	15%	10%	10%	10%	10%	10%	10%	10%
Retail	75%	100%	100%	85%	75%	60%	45%	30%	15%	15%	15%	15%	10%	10%	10%	10%
Sportfishing	85%	100%	100%	85%	75%	60%	45%	30%	15%	15%	15%	15%	10%	10%	10%	10%
Yacht Clubs	20%	25%	25%	25%	20%	20%	20%	20%	20%	15%	15%	15%	10%	10%	10%	10%
Tourism	95%	100%	100%	85%	75%	60%	45%	30%	15%	15%	15%	15%	10%	10%	10%	10%
Marine Sales & Service	20%	20%	30%	30%	25%	25%	20%	20%	20%	15%	15%	15%	10%	10%	10%	10%
Other	75%	100%	100%	85%	75%	60%	45%	30%	15%	15%	15%	15%	10%	10%	10%	10%
FY 20					FY21											
Base Case Bottom-Out																

Revised Expected - Concession Revenue Discount Recovery Rates																
	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June
Convention Hotels	71%	94%	93%	95%	95%	85%	80%	75%	75%	70%	70%	65%	60%	55%	50%	50%
Other Hotels	50%	86%	80%	72%	64%	59%	54%	44%	39%	34%	29%	24%	24%	24%	24%	24%
Restaurants	54%	93%	85%	54%	50%	50%	50%	40%	40%	40%	30%	30%	30%	20%	20%	20%
Marinas	2%	10%	5%	-5%	0%	0%	0%	5%	5%	5%	5%	5%	10%	10%	10%	10%
Retail	54%	85%	44%	43%	40%	40%	35%	35%	30%	30%	30%	25%	25%	25%	20%	20%
Sportfishing	41%	92%	88%	4%	0%	0%	5%	5%	10%	10%	10%	10%	5%	5%	5%	5%
Yacht Clubs	22%	33%	28%	29%	30%	30%	30%	30%	30%	25%	25%	25%	20%	20%	20%	20%
Tourism	92%	100%	98%	100%	95%	85%	80%	75%	70%	70%	65%	55%	45%	35%	30%	30%
Marine Sales & Service	8%	22%	30%	5%	5%	5%	5%	10%	10%	10%	10%	10%	15%	15%	15%	15%
Other	-3%	77%	65%	61%	55%	50%	40%	35%	35%	35%	30%	30%	25%	25%	20%	20%
FY 20					FY21											
Base Case Bottom-Out																

# Parking Revenue – Budget vs Reforecast

	BUDGET FY 2021	REFORECAST BUDGET FY 2021	\$ Change
<b>Parking</b>			
Structures/Lots			
Convention Center Garage	\$ 4,284,000	\$ 2,164,962	\$ (2,119,038)
Navy Pier	1,676,300	1,480,710	(195,590)
Bayfront Parking Garage	1,018,300	713,217	(305,083)
B Street Pier	388,800	268,863	(119,937)
Pac Hwy Lots	482,400	332,916	(149,484)
Harbor Island Lot	300,000	150,000	(150,000)
Meters	2,507,400	3,030,363	522,963
Citations	636,200	768,713	132,513
Fixed Rent	356,400	356,400	-
<b>Total Parking Revenue</b>	<b>\$ 11,649,800</b>	<b>\$ 9,266,144</b>	<b>\$ (2,383,656)</b>

This forecast results in a reduction of \$2.4M from the FY 2021 Budget. These numbers include July actuals where available and the updated assumptions below.

- Parking at Convention Center and Bayfront reduced to reflect Conventions not starting until January 2021. Prior to January, Parking revenue at these locations is limited to employee parking inclusive of BAE agreement.
- Navy Pier & B St. Pier have recovery timeframe pushed out appropriately to be consistent with July results
- Harbor Island Lot assumes new lease with airport (in Real Estate revenues) beginning in January
- Meters & Citations reflect updated meter occupancy levels from what we observed in July and early August

# Maritime Revenue – Budget vs Reforecast

Maritime- FY21 Budget Reforecast (08.25.2020)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Concession	56%	51%	43%	37%	24%	51%	22%	22%	36%	35%	40%	51%
Cruise	100%	100%	100%	100%	100%	100%	100%	21%	23%	22%	18%	8%
Pasha	50%	50%	50%	50%	50%	50%	30%	30%	30%	30%	30%	30%

ASSUMPTIONS	ORIG. Budget FY 21	BASE Budget FY 21	Previous WORST FY 21	Reforecast WORST FY 21 (8.25.20)
<b>CRUISE:</b> Activity Months	SEP-JUN	DEC-JUN	JAN-JUN	FEB-JUN
Vessel Calls	137	82	72	63
Passengers	450,000	270,273	181,148	126,540
Cruise Revenues	\$5,905,300	\$3,543,400	\$2,716,800	\$2,153,800
<b>PASHA:</b> Tariff Charges	\$10,740,000	\$7,518,000	\$7,395,300	\$6,459,100
Variance from ORIG. Budget		-30%	-30%	-50% JUL-DEC -30% JAN-JUN
<b>NEW:</b> Dole Storage Space Rental	\$0	\$0	\$0	\$206,500

Concession Revenue is revised to primarily based on monthly minimum rents.

Cruise activities are assumed to commence in Feb instead of Jan with fewer cruise calls and reduced vessel occupancy to 60%.

Pasha autos are assumed to reduce from 30% to 50% in Jul-Dec 2020 in case of additional OEM plant shut down and logistics delay due to COVID-19.

TAMT revenue has remained consistent and commercial team is actively seeking additional spot cargo opportunities.

# Operating Revenue Reductions

• <b>FY 2021 Operating Revenue Budget</b>	<b>\$152,903,500</b>
• <b>Reductions</b>	
• Real Estate Reduction	(\$8,523,756)
• Seaport Reduction	(\$3,551,622)
• Parking Reduction	(\$2,383,656)
• Maritime Reduction	(\$2,315,400)
• Aquaculture Increase	\$150,000
<b>Reductions Total</b>	<b>(\$16,624,434)</b>
• <b>Adjusted FY 2021 Operating Revenue Budget</b>	<b>\$136,279,066</b>

# Personnel Expense Reductions

• <b>FY 2021 Personnel Budget</b>	<b>\$101,681,100</b>
• <b>Reductions</b>	
• Vacancies Since Budget Approval (17)	(\$1,905,500)
• Hiring Freeze Additional Vacancies	(\$1,581,250)
• Current Recruitments	\$755,000
• Group Health Savings	(\$900,000)
<b>Reductions Total</b>	<b>(\$3,631,750)</b>
• <b>Adjusted FY 2021 Personnel Budget</b>	<b>\$98,049,350</b>



# Non-Personnel Expense Reductions

• <b>FY 2021 Non-Personnel Budget</b>	<b>\$45,652,200</b>
• <b>Reductions</b>	
• Parking Management Fees	(\$700,000)
• PASHA Management Fees	(\$264,725)
• Cruise Security	(\$170,000)
• Operational Savings	(\$360,000)
• Seaport Activation	(\$275,000)
• Travel Savings	(\$174,500)
<b>Reductions Total</b>	<b>(\$1,944,225)</b>
• <b>Adjusted FY 2021 Non-Personnel Budget</b>	<b>\$43,707,975</b>

# Capital Expenditure Reductions

• <b>FY 2021 Other Sources &amp; Uses of Funds and Reserves Budget</b>	<b>(\$8,525,100)</b>
• <b>Capital Expenditure Reductions</b>	
• <b>Equipment Outlay Deferrals</b>	(\$1,000,000)
• <b>TMP Savings</b>	
• Replacing Switches	(\$250,000)
• <b>Major Maintenance Savings</b>	
• Roof Replacement HPD	(\$300,000)
• Electrical Improvements at TAMT	(\$450,000)
• Structural Repairs at NCMT Berth 24-3	(\$100,000)
• Vertical Pile Repairs to Navy Pier	(\$100,000)
<b>Reductions Total</b>	<b>(\$2,200,000)</b>
• <b>Adjusted FY 2021 Other Sources &amp; Uses of Funds and Reserves Budget</b>	<b>(\$6,325,100)</b>

# Updated Budget in Brief

	BUDGET FY 2021	% Change	REFORECAST BUDGET FY 2021	\$ Change	% Change
<b><u>Operating Revenue</u></b>					
Real Estate Development- Portfolio Management	\$ 87,970,600	-24.3%	\$ 75,895,222	\$ (12,075,378)	-13.7%
Port as a Service	11,649,800	-28.4%	9,266,144	(2,383,656)	-20.5%
Maritime	33,415,200	-16.8%	31,099,800	(2,315,400)	-6.9%
Harbor Police Department	16,659,600	0.2%	16,659,600	-	0.0%
Aquaculture & Blue Technology	-	0.0%	150,000	150,000	0.0%
Miscellaneous	3,208,300	-6.5%	3,208,300	-	0.0%
<b>Total Operating Revenue</b>	<b>\$ 152,903,500</b>	<b>-20.7%</b>	<b>\$ 136,279,066</b>	<b>\$ (16,624,434)</b>	<b>-10.9%</b>
<b><u>Non-Operating Revenue</u></b>					
Grants - Capital Project Reimbursement	\$ 6,047,500	-59.9%	\$ 6,047,500	\$ -	0.0%
Grant Revenue - Other	1,737,000	43.2%	1,737,000	-	0.0%
Investment Revenue	800,000	-52.9%	400,000	(400,000)	-50.0%
Other	4,176,000	-0.6%	5,176,000	1,000,000	23.9%
<b>Total Non-Operating Revenue</b>	<b>\$ 12,760,500</b>	<b>-42.5%</b>	<b>\$ 13,360,500</b>	<b>\$ 600,000</b>	<b>4.7%</b>
<b>Total Revenue</b>	<b>\$ 165,664,000</b>	<b>-22.9%</b>	<b>\$ 149,639,566</b>	<b>\$ (16,024,434)</b>	<b>-9.7%</b>
<b><u>Expenses</u></b>					
Salaries & Wages	\$ 60,411,400	-4.8%	\$ 58,635,762	\$ (1,775,638)	-2.9%
Burden	41,269,700	3.4%	39,413,588	(1,856,113)	-4.5%
Non-Personnel Expense (NPE)	45,652,200	-27.9%	43,707,975	(1,944,225)	-4.3%
Municipal Service Agreements (MSA)	8,329,800	2.3%	8,329,800	-	0.0%
Major Maintenance - Expense	510,000	-21.5%	510,000	-	0.0%
Non-Operating NPE	3,315,800	-12.1%	3,315,800	-	0.0%
Capitalized Labor	(2,350,000)	-41.1%	(2,350,000)	-	0.0%
<b>Total Expense</b>	<b>\$ 157,138,900</b>	<b>-10.3%</b>	<b>\$ 151,562,925</b>	<b>\$ (5,575,975)</b>	<b>-3.5%</b>
<b>Earnings Before Depreciation</b>	<b>\$ 8,525,100</b>	<b>-78.5%</b>	<b>\$ (1,923,359)</b>	<b>\$ (10,448,459)</b>	<b>-122.6%</b>
<b>Percent to Total Revenue</b>	<b>5.1%</b>		<b>-1.3%</b>	<b>-6.4%</b>	
<b>Other Sources &amp; Uses of Funds and Reserves</b>	<b>\$ (8,525,100)</b>	<b>-77.4%</b>	<b>\$ (6,325,100)</b>	<b>\$ 2,200,000</b>	<b>-25.8%</b>
<b>Unrestricted Sources Over Uses of Funds</b>	<b>\$ 0</b>	<b>-100.0%</b>	<b>\$ (8,248,459)</b>	<b>\$ (8,248,459)</b>	<b>0.0%</b>

# Reserves Balance

Description	Cumulative		
	Unrestricted	Operating	Total
Reserves	\$ 16.1	\$ 68.1	\$ 84.2
Reduction in Operating Reserve From Reduction of FY 2021 Expenses	6.3	(6.3)	
<b>Total Reserves Available</b>	<b>\$ 22.4</b>	<b>\$ 61.8</b>	<b>\$ 84.2</b>
Seaport Village Tenant Improvements Funding Rolled Forward	2.8		2.8
Coast Guard Build Out Rolled Forward	2.0		2.0
Major Maintenance Program Carry Over (not used in FY 2020)	0.8		0.8
Subtotal	\$ 28.0	\$ 61.8	\$ 89.8
FY 2020 Preliminary Results	\$ (9.9)		\$ (9.9)
<b>Reserves Balance FY 2020</b>	<b>\$ 18.1</b>	<b>\$ 61.8</b>	<b>\$ 79.9</b>
FY 2021 Requirements:			
Operating Deficit	\$ (9.9)		(9.9)
Seaport Village Activation and Enhancements	(0.6)		(0.6)
Seaport Village Tenant Improvements	(2.8)		(2.8)
Chula Vista Development Set Aside	(2.0)		(2.0)
Major Maintenance Program Carry Over	(0.8)		(0.8)
Coast Guard Build Out	(2.0)	(0.2)	(2.2)
<b>Anticipated Additional FY 2021 Shortfall</b>	<b>-</b>	<b>(8.2)</b>	<b>(8.2)</b>
Total FY 2021 Requirements	\$ (18.1)	\$ (8.4)	\$ (26.5)
Total Reserves Required FY 2020 and FY 2021	\$ (28.0)	\$ (8.4)	\$ (36.4)
<b>Total Projected Cumulative and Operating Reserves Balances FY 2021</b>	<b>\$ -</b>	<b>\$ 53.4</b>	<b>\$ 53.4</b>



# Next Steps