

# HIGHLIGHTS

**Staffing Overview**  
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**Expense**  
**Debt Management**  
**Equipment Outlay**  
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**Environmental Fund Program**  
**Marine Terminal Impact Fund**  
**Capital Improvement Program**  
**Major Maintenance Program**  
**Technology Strategic Plan**  
**Technology Management Program**  
**Marketing Sponsorships & Grants**

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## STAFFING OVERVIEW

### PERMANENT POSITIONS

DEPARTMENT	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET
Business Information & Technology Services	29	29	0
Engineering - Construction	40	35	(5)
Environmental & Land Use Management	27	29	2
Financial Services	23	23	0
General Services & Procurement	111	111	0
Government & Civic Relations	6	5	(1)
Harbor Police Department	154	153	(1)
Human Resources	17	18	1
Maritime	32	30	(2)
Marketing & Communications	17	16	(1)
Office of the District Clerk	24	22	(2)
Port Attorney	12	13	1
Port Auditor	5	6	1
Real Estate	34	33	(1)
<b>TOTAL STAFFING</b>	<b>531</b>	<b>523</b>	<b>(8)</b>

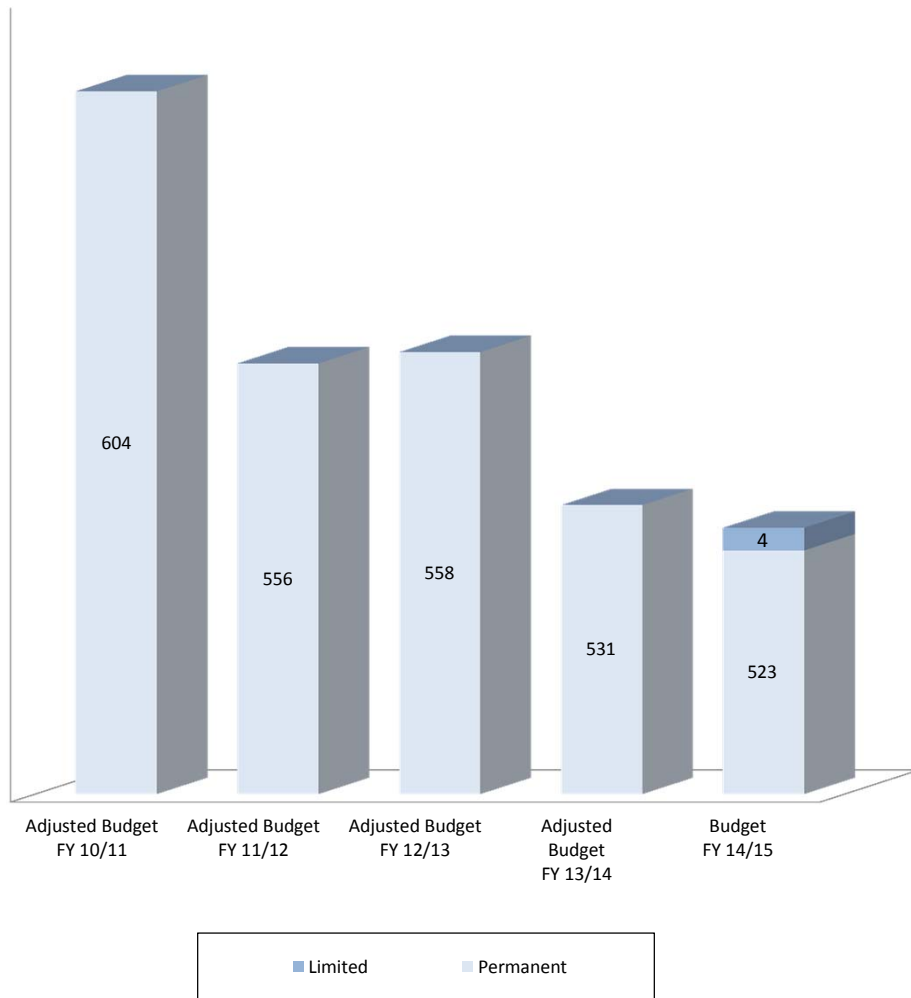
### LIMITED POSITIONS

DEPARTMENT	JOB TITLE	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET
Environmental & Land Use Management	Senior Redevelopment Planner	0	1	1
Marketing & Communications	Web Content Specialist	0	1	1
Marketing & Communications	Manager, Marketing and Communications	0	1	1
Real Estate	Principal, Special Projects	0	1	1
<b>TOTALS</b>		<b>0</b>	<b>4</b>	<b>4</b>

### STUDENT POSITIONS

DEPARTMENT	JOB TITLE	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET
Business Information & Technology Services	Intern	5	5	0
Engineering - Construction	Intern	1	1	0
Environmental & Land Use Management	Intern	2	2	0
Financial Services	Intern	1	1	0
Human Resources	Intern	1	1	0
Marketing & Communications	Intern	1	1	0
<b>TOTALS</b>		<b>11</b>	<b>11</b>	<b>0</b>

# CHANGE IN STAFFING



# REVENUE HIGHLIGHTS

## Trends in Revenue

Total operating and non-operating revenue for the District is budgeted at \$144.6M. Revenue for the two major operating centers, Real Estate and Maritime, will increase as further discussed below. Non-operating revenue from the NEVP Capital Project contribution from the Civic San Diego reported under Miscellaneous will decrease by \$5.0M due to the NEVP project winding down.

Trends affecting revenue are described below by operating center.

## Revenue by Operating Center

Revenues were projected by benchmarking major tenants and using industry analysis to predict trends in revenue. Assumptions concerning prospective revenue from new and renegotiated leases were included. Revenue for leases scheduled to terminate are reduced by the probability that they will not be renewed. For leases with an option to expand facilities; revenue is reduced or increased by the probability that the expansion will impact ongoing operations.

Since concession revenues vary with economic conditions, the revenue team performed a detailed analysis using recent data from multiple sources, other published hotel industry forecasts, cruise ship activity projections, and convention bookings for 2013 and 2014. Actual year-to-date revenue, published hotel industry forecasts, cruise ship activity projections, and convention bookings were all reviewed and considered in developing the FY 14/15 forecast. Key tenants were interviewed regarding their forecasts.

## Maritime

Maritime is projected to increase approximately \$744k, or 2.1%, from FY 13/14 budgeted revenue.

Projected changes in revenue will occur primarily in the following areas:

- **Storage Space Rental** is budgeted at \$2.4M, an increase of \$1.3M or 112.3% from last year's budget. This is primarily due to further increase in storage revenues from PASHA's operations at the National City Marine Terminal (NCMT). FY 14/15 automobile storage revenue is budgeted at \$2.0M. It also includes \$140k in new revenue projected for some expansion of PASHA's operating areas.
- **Parking** is budgeted at \$340k, an increase of \$316k, from the prior fiscal year. This includes

\$300k projected from the new public parking operation at the B Street Pier which commenced in January 2014. Other parking revenue includes parking permit fees from the Cruise Ship Terminal and Tuna Harbor at G Street.

- **Cruise Ship Passenger Security Charges** is budgeted at \$1.1M, an increase of \$152k or 16.3% from last year's budget. Cruise ship security costs are charged to cruise lines with 15% mark up to reimburse District's expense in providing guard services for cruise passengers, luggage, cruise stores, and truck screening. The budgeted vessel calls will increase from 75 to 80.
- **Dockage** is budgeted at \$1.6M, a decrease of \$212k or 11.9% from last year's budget. The decrease is primarily caused by a decrease in spot cargo vessels at TAMT.
- **Fixed Rent** is budgeted at \$13.6M, a decrease of \$748k, or 5.2% from the prior fiscal year. The majority of the decrease is associated with reduced space occupied by lumber tenants in National City.
- **Wharfage** is budgeted at \$13.7 million and is comparable with last year's budget. Of the \$13.7M wharfage budget, \$7.4M is guaranteed by agreements. Automobile throughput is projected to increase in NCMT with additional automobile units budgeted for some expanded areas. Pasha is re-evaluating its San Diego-Hawaii transport line which currently handles automobiles and general cargos. FY 14/15 wharfage for this Hawaiian service is budgeted conservatively to include automobiles only. The wharfage increase from automobiles is partially offset by less spot cargos.

## Real Estate

Real Estate anticipates an increase of approximately \$898k, or 1.0%, compared with the FY 13/14 budget.

Differences from the FY13/14 revenue budget are projected in the following areas:

- **Concession Revenue** is budgeted at \$56.4M, an increase of \$1.9M, or 3.4%. This increase is primarily due to higher revenue projections for existing restaurants and other concession tenants. Overall, hotel revenues are expected to remain flat due to construction commencing on Marriott Hall in December 2014.

- **Parking Meters** is budgeted at \$1.0M, an increase of \$207k, or 25.1%. This increase is mainly due to the additional meters on North Harbor Drive.
- **Other Rental Revenue** is budgeted at \$188k. This is an option payment for the development of Lane Field South.
- **Miscellaneous Other Operating Revenue** is budgeted at \$148k, a decrease of \$243k, or 62.2%. The District commissions business and feasibility studies from third party consultants, which sometimes are fully reimbursable from the tenants and are covered by reimbursable agreements. The decrease is due to reduced third party consultant fees that will be passed on to tenants.
- **Parking** is budgeted at \$7.3M, a decrease of \$336k or 4.4 % from the prior year. This decrease is attributable to Lane Field parking spaces being reduced from 590 spaces to 212 spaces.
- **Fixed Rent** is budgeted at \$21.8M, a decrease of \$777k, or 3.4%. This decrease is primarily due to the South Bay Power Plant lease that ended in December 2013.

### Harbor Police

The Harbor Police Department, in addition to serving the District, is the primary law enforcement agency at the San Diego County Regional Airport Authority (SDCRAA). The cost reimbursement for the direct police costs provided to the SDCRAA is \$13.5M while the General and Administrative cost (G&A) reimbursement reported under the Miscellaneous section below is \$2.0M, bringing the total reimbursement to \$15.5M. These cost reimbursements are reported under Public Services Provided account. The total level of service will remain the same as last year.

Projected changes in revenue will occur primarily in the following areas:

- **Citations** which include citations for parking and traffic violations are projected at \$550k, an increase of \$280k, or 103.7 %. This increase is due to the changes in the parking enforcement program which is projected to increase based on recent trends.

- **Operating Grant revenue** is expected to decrease by \$318k.

### Miscellaneous

- **North Embarcadero Visionary Plan (NEVP) Capital Project Contribution**, which represents Civic San Diego's (formerly Centre City Development Corporation) share of construction cost for the NEVP Phase I project, is budgeted at \$1.8M, a decrease of \$5.0M, or 74.1%. The NEVP project is winding down and is expected to be completed in the first half of FY 14/15.
- **Grants – Capital Projects Reimbursement** is decreasing by \$876k due to decreasing federal grants award.
- **Reimbursed Cost/Cost Recovery** is budgeted at \$742k, a decrease of \$740k, or 49.9%. The current trend indicates a lower realization of cost recovery from the budget, therefore FY 14/15 is budgeted at the current projected amount.
- **Reimbursed Legal Fees** are no longer budgeted in FY 14/15 unless the reimbursement is 100% assured by insurance companies.
- **Partnership/Cost Sharing Reimbursement** is budgeted at \$778k and consists of reimbursement from SDG&E Energy Efficiency Partnership for \$315k, Water Quality Implementation Plan for \$390k, and \$73k from Regional Harbor Monitoring Program.
- **Operating Grant revenue** is expected to decrease by \$124k.
- **Public Services Provided** which represents reimbursements for G&A costs associated with the SDCRAA agreement for Harbor Police services, is budgeted at \$2.0M.

## REVENUE BY OPERATING CENTER AND ACCOUNT

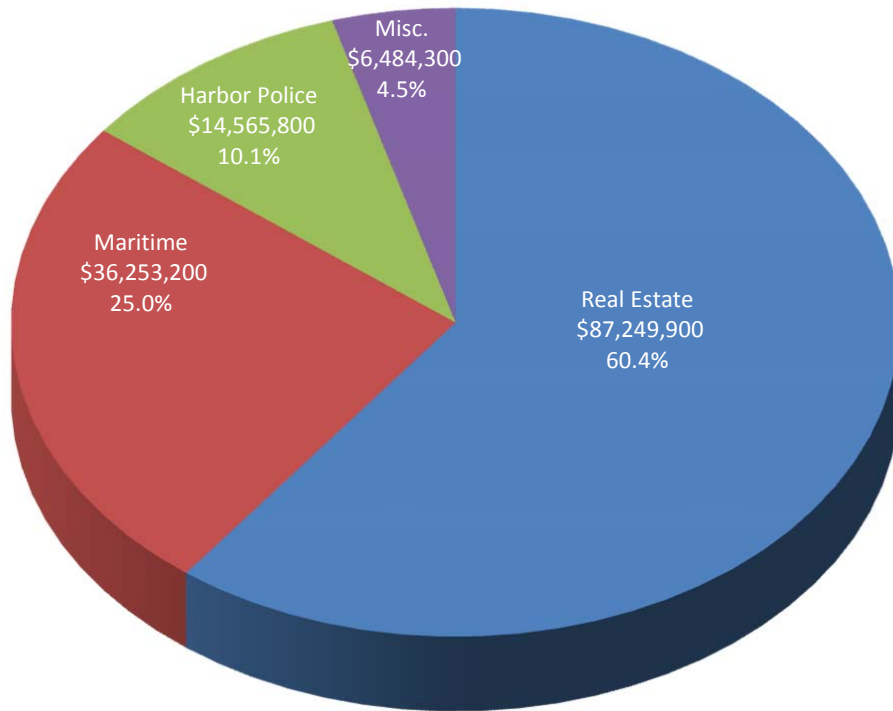
	ACTUAL RESULTS FY 12/13	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET	% CHANGE
<b><u>MARITIME</u></b>					
Fixed Rent	\$ 14,127,254	\$ 14,379,000	\$ 13,631,400	\$ (747,600)	-5.2%
Concession Revenue	1,566,442	1,709,000	1,666,100	(42,900)	-2.5%
Storage Space Rental	1,772,280	1,135,000	2,409,400	1,274,400	112.3%
Other Rental Revenue	291,819	541,300	533,000	(8,300)	-1.5%
Rents	<u>\$ 17,757,795</u>	<u>\$ 17,764,300</u>	<u>\$ 18,239,900</u>	<u>\$ 475,600</u>	<u>2.7%</u>
Bunkering	\$ 49,266	\$ 45,800	\$ 47,300	\$ 1,500	3.3%
Cruise Ship Passenger Fees	1,289,115	1,163,800	1,135,300	(28,500)	-2.4%
Cruise Ship Passenger Security Charges	989,210	933,800	1,085,700	151,900	16.3%
Dockage	1,937,666	1,781,300	1,569,300	(212,000)	-11.9%
Environmental Surcharge	8,170	7,700	7,300	(400)	-5.2%
Parking	18,563	24,000	340,000	316,000	1316.7%
Wharfage	11,269,732	13,683,900	13,701,000	17,100	0.1%
Miscellaneous Other Operating Revenue	11,263	3,600	13,000	9,400	261.1%
Fees & Service Charges	<u>\$ 15,572,985</u>	<u>\$ 17,643,900</u>	<u>\$ 17,898,900</u>	<u>\$ 255,000</u>	<u>1.4%</u>
Utilities Furnished	\$ 111,314	\$ 74,700	\$ 88,400	\$ 13,700	18.3%
Services	<u>\$ 111,314</u>	<u>\$ 74,700</u>	<u>\$ 88,400</u>	<u>\$ 13,700</u>	<u>18.3%</u>
Grant Revenue	\$ 27,097	\$ 26,000	\$ 26,000	\$ -	0.0%
Grants	<u>\$ 27,097</u>	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ -</u>	<u>0.0%</u>
Service Charges	\$ 4,083	\$ -	\$ -	\$ -	-
Interest - Miscellaneous	10,556	-	-	-	-
Non-Operating Revenue	<u>\$ 14,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>TOTAL MARITIME</b>	<b>\$ 33,483,830</b>	<b>\$ 35,508,900</b>	<b>\$ 36,253,200</b>	<b>\$ 744,300</b>	<b>2.1%</b>
<b><u>REAL ESTATE</u></b>					
Fixed Rent	\$ 22,931,523	\$ 22,619,100	\$ 21,842,200	\$ (776,900)	-3.4%
Concession Revenue	51,369,662	54,549,400	56,402,700	1,853,300	3.4%
ACH Parking Facility Funding	215,002	215,000	218,800	3,800	1.8%
Other Rental Revenue	37,108	-	187,500	187,500	-
RE Revenue from Rent Reduction	4,000	-	-	-	-
Rents	<u>\$ 74,557,295</u>	<u>\$ 77,383,500</u>	<u>\$ 78,651,200</u>	<u>\$ 1,267,700</u>	<u>1.6%</u>
Parking	\$ 6,717,598	\$ 7,656,200	\$ 7,319,800	\$ (336,400)	-4.4%
Parking Meters	904,462	826,600	1,034,000	207,400	25.1%
Park Usage Fees	144,658	95,500	97,400	1,900	2.0%
Miscellaneous Other Operating Revenue	33,973	390,300	147,500	(242,800)	-62.2%
Fees & Service Charges	<u>\$ 7,800,691</u>	<u>\$ 8,968,600</u>	<u>\$ 8,598,700</u>	<u>\$ (369,900)</u>	<u>-4.1%</u>
Grant Revenue	\$ 246,500	\$ -	\$ -	\$ -	-
Grants	<u>\$ 246,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Damages Recovered	\$ 4,377	\$ -	\$ -	\$ -	-
Non-Operating Revenue	<u>\$ 4,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>TOTAL REAL ESTATE</b>	<b>\$ 82,608,863</b>	<b>\$ 86,352,100</b>	<b>\$ 87,249,900</b>	<b>\$ 897,800</b>	<b>1.0%</b>

## REVENUE BY OPERATING CENTER AND ACCOUNT

	ACTUAL RESULTS FY 12/13	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET	% CHANGE
<b><u>HARBOR POLICE</u></b>					
Fixed Rent	\$ 10,530	\$ 14,000	\$ 7,000	\$ (7,000)	-50.0%
Rents	\$ 10,530	\$ 14,000	\$ 7,000	\$ (7,000)	-50.0%
Citations	\$ 395,263	\$ 270,000	\$ 550,000	\$ 280,000	103.7%
Piers & Floats	88,842	100,000	90,000	(10,000)	-10.0%
Miscellaneous Other Operating Revenue	50,424	50,000	50,000	-	0.0%
Fees & Service Charges	\$ 534,529	\$ 420,000	\$ 690,000	\$ 270,000	64.3%
Public Services Provided	\$ 13,921,666	\$ 13,449,400	\$ 13,450,300	\$ 900	0.0%
Services	\$ 13,921,666	\$ 13,449,400	\$ 13,450,300	\$ 900	0.0%
Grant Revenue	\$ 845,865	\$ 736,500	\$ 418,500	\$ (318,000)	-43.2%
Grants	\$ 845,865	\$ 736,500	\$ 418,500	\$ (318,000)	-43.2%
Misc Other Non-Operating Revenue	\$ 127	\$ -	\$ -	\$ -	-
Asset Forfeiture Proceeds-Harbor Police	100,665	-	-	-	-
Non-Operating Revenue	\$ 100,792	\$ -	\$ -	\$ -	-
<b>TOTAL HARBOR POLICE</b>	<b>\$ 15,413,382</b>	<b>\$ 14,619,900</b>	<b>\$ 14,565,800</b>	<b>\$ (54,100)</b>	<b>-0.4%</b>
<b><u>MISCELLANEOUS</u></b>					
Permit & License Fees	\$ 1,500	\$ -	\$ -	\$ -	-
Miscellaneous Other Operating Revenue	8,541	-	-	-	-
Miscellaneous Other Operating Revenue	\$ 10,041	\$ -	\$ -	\$ -	-
Public Services Provided	\$ 1,949,024	\$ 2,054,900	\$ 2,036,300	\$ (18,600)	-0.9%
Reimbursed Cost/Cost Recovery	-	1,481,400	741,500	(739,900)	-49.9%
Services	\$ 1,949,024	\$ 3,536,300	\$ 2,777,800	\$ (758,500)	-21.4%
Grant Revenue	\$ 909,321	\$ 319,000	\$ 195,500	\$ (123,500)	-38.7%
Grants - Expense Reimbursement	2,117	-	-	-	-
Grants Revenue -Sub-Grantee	1,008,129	-	-	-	-
Partnership/Cost Sharing Reimbursement	-	971,900	778,300	(193,600)	-19.9%
Grants	\$ 1,919,567	\$ 1,290,900	\$ 973,800	\$ (317,100)	-24.6%
Damages Recovered	\$ 14,351	\$ -	\$ -	\$ -	-
Grants - Capital Project Reimbursement	4,996,663	1,337,400	461,300	(876,100)	-65.5%
Donated Revenue	1,271,780	65,000	-	(65,000)	-100.0%
Insurance Proceeds	22,446	-	-	-	-
Reimbursed Legal Fees	539,624	365,000	-	(365,000)	-100.0%
Legal Settlements	6,250	-	-	-	-
Misc Other Non-Operating Revenue	189,195	100,000	50,000	(50,000)	-50.0%
Restitution	237	-	-	-	-
Sale of Surplus Items - Proceeds	64,691	60,000	60,000	-	0.0%
NEVP Capital Project Contribution	5,174,580	6,800,000	1,761,400	(5,038,600)	-74.1%
Non-Operating Revenue	\$ 12,279,817	\$ 8,727,400	\$ 2,332,700	\$ (6,394,700)	-73.3%
Gain/Loss On Sale of Investments	\$ 46,469	\$ -	\$ -	\$ -	-
Interest - Investments	677,385	380,000	400,000	20,000	5.3%
Interest - Unamortized Bond Premium	(156,680)	-	-	-	-
Unrealized Gain/Loss On Inv. (GASB 31)	(206,298)	-	-	-	-
Interest - Miscellaneous	95,952	-	-	-	-
Investment Revenue	\$ 456,828	\$ 380,000	\$ 400,000	\$ 20,000	5.3%
Discounts Earned	\$ 5,024	\$ -	\$ -	\$ -	-
Other Revenue	\$ 5,024	\$ -	\$ -	\$ -	-
<b>TOTAL MISCELLANEOUS</b>	<b>\$ 16,620,301</b>	<b>\$ 13,934,600</b>	<b>\$ 6,484,300</b>	<b>\$ (7,450,300)</b>	<b>-53.5%</b>
<b>TOTAL REVENUE</b>	<b>\$ 148,126,376</b>	<b>\$ 150,415,500</b>	<b>\$ 144,553,200</b>	<b>\$ (5,862,300)</b>	<b>-3.9%</b>



## REVENUE BY OPERATING CENTER

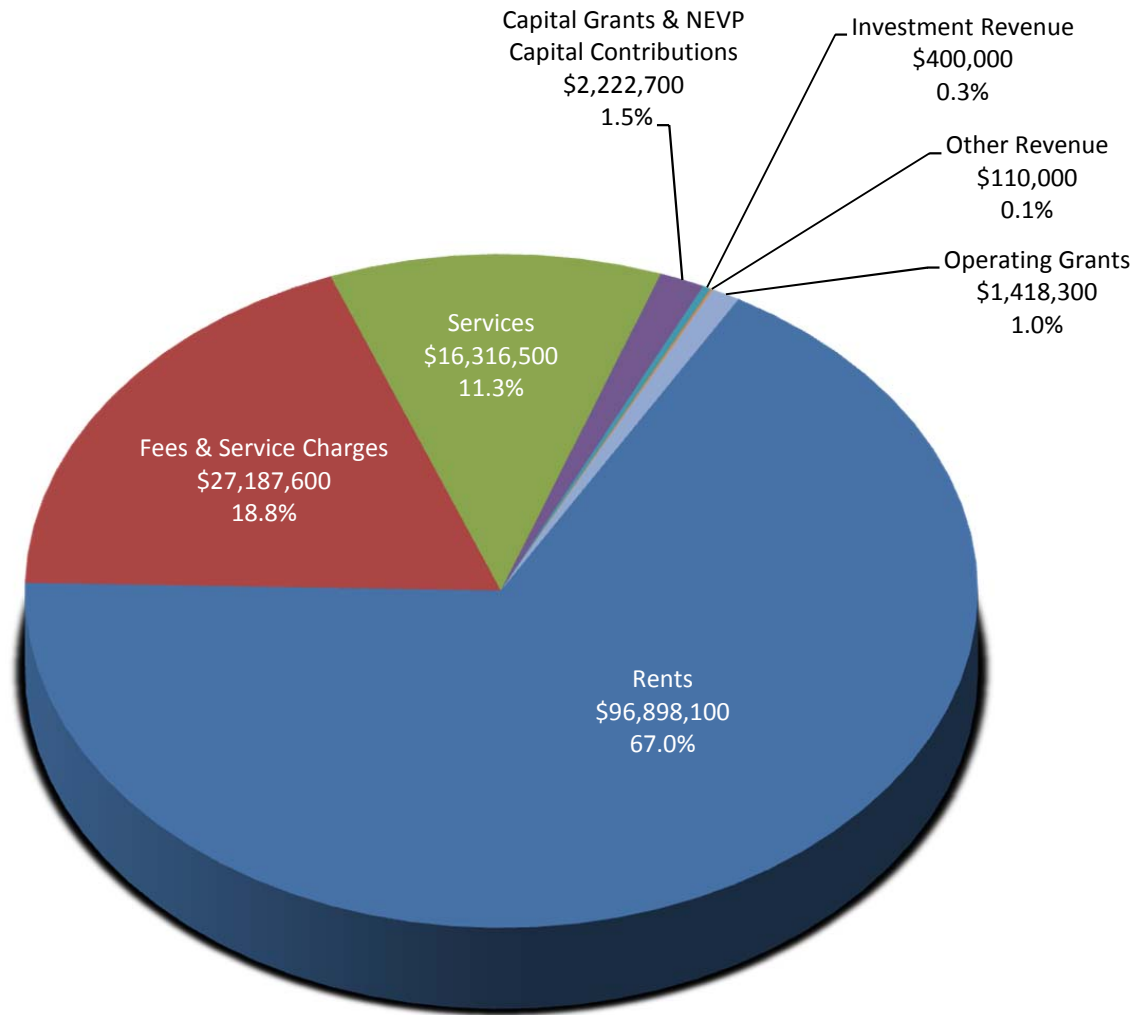


**TOTAL REVENUE**  
**\$144,553,200**

## REVENUE BY ACCOUNT

	ACTUAL RESULTS FY 12/13	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET	% CHANGE
Fixed Rent	\$ 37,069,307	\$ 37,012,100	\$ 35,480,600	\$ (1,531,500)	-4.1%
Concession Revenue	52,936,104	56,258,400	58,068,800	1,810,400	3.2%
Storage Space Rental	1,772,280	1,135,000	2,409,400	1,274,400	112.3%
ACH Parking Facility Funding	215,002	215,000	218,800	3,800	1.8%
Other Rental Revenue	328,927	541,300	720,500	179,200	33.1%
RE Revenue from Rent Reduction	3,999	-	-	-	-
<b>Rents</b>	<b>\$ 92,325,619</b>	<b>\$ 95,161,800</b>	<b>\$ 96,898,100</b>	<b>\$ 1,736,300</b>	<b>1.8%</b>
Bunkering	\$ 49,266	\$ 45,800	\$ 47,300	\$ 1,500	3.3%
Citations	395,263	270,000	550,000	280,000	103.7%
Cruise Ship Passenger Fees	1,289,115	1,163,800	1,135,300	(28,500)	-2.4%
Cruise Ship Passenger Security Charges	989,210	933,800	1,085,700	151,900	16.3%
Dockage	1,937,666	1,781,300	1,569,300	(212,000)	-11.9%
Environmental Surcharge	8,170	7,700	7,300	(400)	-5.2%
Permit & License Fees	1,500	-	-	-	-
Parking	6,736,161	7,680,200	7,659,800	(20,400)	-0.3%
Parking Meters	904,462	826,600	1,034,000	207,400	25.1%
Park Usage Fees	144,658	95,500	97,400	1,900	2.0%
Piers & Floats	88,842	100,000	90,000	(10,000)	-10.0%
Wharfage	11,269,732	13,683,900	13,701,000	17,100	0.1%
Miscellaneous Other Operating Revenue	104,201	443,900	210,500	(233,400)	-52.6%
<b>Fees &amp; Service Charges</b>	<b>\$ 23,918,246</b>	<b>\$ 27,032,500</b>	<b>\$ 27,187,600</b>	<b>\$ 155,100</b>	<b>0.6%</b>
Public Services Provided	\$ 15,870,690	\$ 15,504,300	\$ 15,486,600	\$ (17,700)	-0.1%
Utilities Furnished	111,314	74,700	88,400	13,700	18.3%
Reimbursed Cost/Cost Recovery	-	1,481,400	741,500	(739,900)	-49.9%
<b>Services</b>	<b>\$ 15,982,004</b>	<b>\$ 17,060,400</b>	<b>\$ 16,316,500</b>	<b>\$ (743,900)</b>	<b>-4.4%</b>
Grant Revenue	\$ 2,028,783	\$ 1,081,500	\$ 640,000	\$ (441,500)	-40.8%
Grants - Expense Reimbursement	2,117	-	-	-	-
Grants Revenue -Sub-Grantee	1,008,129	-	-	-	-
Partnership/Cost Sharing Reimbursement	-	971,900	778,300	(193,600)	-19.9%
<b>Grants</b>	<b>\$ 3,039,029</b>	<b>\$ 2,053,400</b>	<b>\$ 1,418,300</b>	<b>\$ (635,100)</b>	<b>-30.9%</b>
Damages Recovered	\$ 18,728	\$ -	\$ -	\$ -	-
Grants - Capital Project Reimbursement	4,996,663	1,337,400	461,300	(876,100)	-65.5%
Donated Revenue	1,271,780	65,000	-	(65,000)	-100.0%
Insurance Proceeds	22,446	-	-	-	-
Reimbursed Legal Fees	539,624	365,000	-	(365,000)	-100.0%
Legal Settlements	6,250	-	-	-	-
Misc Other Non-Operating Revenue	189,322	100,000	50,000	(50,000)	-50.0%
Service Charges	4,083	-	-	-	-
Restitution	237	-	-	-	-
Sale of Surplus Items - Proceeds	64,691	60,000	60,000	-	0.0%
Asset Forfeiture Proceeds-Harbor Police	100,665	-	-	-	-
NEVP Capital Project Contribution	5,174,580	6,800,000	1,761,400	(5,038,600)	-74.1%
Gain/Loss On Sale of Investments	46,469	-	-	-	-
Interest - Investments	677,385	380,000	400,000	20,000	5.3%
Interest - Unamortized Bond Premium	(156,680)	-	-	-	-
Unrealized Gain/Loss On Inv. (GASB 31)	(206,298)	-	-	-	-
Interest - Miscellaneous	106,508	-	-	-	-
Discounts Earned	5,024	-	-	-	-
<b>Non-Operating Revenue</b>	<b>\$ 12,861,477</b>	<b>\$ 9,107,400</b>	<b>\$ 2,732,700</b>	<b>\$ (6,374,700)</b>	<b>-70.0%</b>
<b>TOTAL REVENUE</b>	<b>\$ 148,126,375</b>	<b>\$ 150,415,500</b>	<b>\$ 144,553,200</b>	<b>\$ (5,862,300)</b>	<b>-3.9%</b>

# REVENUE BY ACCOUNT



**TOTAL REVENUE**  
**\$144,553,200**

# EXPENSE HIGHLIGHTS

## Trends in Expense

Direct Expense is budgeted at \$136.8M and is approximately \$2.9M, or 2.1%, lower than the FY 13/14 adjusted budget.

## Personnel Expense

Overall, Personnel Expense will increase by \$2k from the previous year's adjusted budget. This is primarily due to increased overtime for law enforcement operations and increased temporary personnel to support the records retention policy effort for the Engineering – Construction department. These increases are partially offset by a reduction in Salaries & Wages and Burden expense resulting from the elimination of four full-time positions. Total staff for FY 14/15 is projected to be 523 permanent positions and 4 limited positions. Budgeted expenses consist of Salaries & Wages, Overtime, Temporary Personnel, and Burden.

- **Salaries & Wages** (not including Overtime or Temporary Personnel) will decrease \$213k, or 0.5%, primarily due to the elimination of four full-time positions.
- **Overtime** will increase by \$202k, or 14.9%, primarily due to an increase in law enforcement operations for the Harbor Police Department.
- **Temporary Personnel** will increase by \$90k primarily due to support of additional short-term tasks.
- **Burden** will decrease by \$76k compared to the prior fiscal year.

## Non-Personnel Expense

Overall, Non-Personnel Expense (NPE) will increase by \$3.8M, or 7.6%. Large budget-to-budget variances are projected in the following NPE accounts:

**Marketing/Outreach** is a newly created expense category that includes the Marketing Sponsorship program, corporate/community outreach efforts, and other marketing services. Previously, these items were budgeted in Services – Professional & Other, Advertising, and Promotional Services. The consolidation to Marketing/Outreach will increase flexibility and allow better management of marketing and outreach efforts. Marketing/Outreach is budgeted at \$1.2M for FY 14/15.

**Services – Professional & Other** will increase by \$981k, or 9.3%. Port Attorney will increase \$595k due to new projects, environmental remediation, and anticipated trial litigation. Maritime will increase by \$475k mainly due to the implementation of the Maritime Oil Terminal Engineering and Maintenance Standards (MOTEMS)

project and increases in security screening costs at the cruise and cargo terminals. Engineering – Construction will increase \$337k due to the Major Maintenance Asset Management and CIP Workshop efforts. Real Estate will increase by \$180k due to costs associated with the Chula Vista Bayfront Master Plan (CVBMP) effort and increases in benchmarking studies. The increase was partially offset by decreases in the following departments: Marketing & Communications decreased by \$655k mainly due to budgeting marketing sponsorships, events, and printing services to the newly created Marketing/Outreach expense category in FY 14/15. Environmental & Land Use Management decreased by \$282k mainly due to a reduction in consulting services for the Regional Harbor Monitoring Program.

**Services – Operator Retention** will increase by \$595k, or 20.8%, due to increased forecasted vehicle throughput at National City Marine Terminal (NCMT), which results in increased revenue tariff sharing with PASHA.

**Retiree Health Benefits (Paid)** will increase by \$573k, or 21.5%, mainly due to the rising cost of healthcare.

**Facilities Maintenance – Outside Services** will increase by \$536k, or 21.0%, primarily due to new maintenance needs at North Embarcadero and landscaping projects along Harbor Drive.

**Equipment Maintenance – Outside Services** will increase by \$342k, or 42.8%, mainly due to new annual maintenance on network storage and communication infrastructure.

**Equipment & Systems** will increase by \$341k, or 61.6%, primarily due to an increase in security efforts and meeting compliance standards on communication equipment.

**Public Art Program** will increase by \$317k mainly due to budgeting Public Art efforts in the Facility Maintenance – Outside Services expense category in the prior fiscal year. In addition, the continued implementation of the Curatorial Strategy and planning phase for the Bridge Lighting project is planned in FY 14/15, both of which were deferred last fiscal year.

**Utilities – Gas & Electric** will increase by \$277k, or 16.5%, due to anticipated increases in gas and electric expenses.

**Other Miscellaneous Operating Expense** will increase by \$250k, or 161.0%, mainly due to the addition of an operating expense contingency.

**Services – Legal** will decrease by \$329k, or 9.3%, primarily due to a decrease in outsourced legal services for business related projects. With the addition of one Deputy

General Counsel IV, a larger number of legal projects will be accomplished internally.

**Advertising** will decrease by \$556k, or 94.2%, as a result of budgeting advertising efforts for marketing services, maritime and cruise, and corporate outreach and media services in the newly created Marketing/Outreach expense category in FY 14/15.

**Major Maintenance** will decrease \$848k, or 36.6%, mainly due to a shift of projects in FY 14/15 from expense to maintenance projects that are capital in nature.

## **Capitalized Labor**

Capitalized labor is internal labor costs (personnel and overhead) that are directly incurred in the development or construction of approved capital projects. Generally Accepted Accounting Principles (GAAP) requires capitalization of these costs and since these costs are already included in the Salaries & Wages and the associated NPE for overhead, capital labor is considered a reduction in expense when capitalized. Capitalized labor for FY 14/15 is included in the CIP budget.

## **Non-Operating Expense**

Overall, Non-Operating Expense will decrease \$4.5M, or 52.2%. Non-Operating Expenses are from expense sources that are related to financing, investing, and other activities that do not constitute the principal ongoing activities of the District's operations. Large budget-to-budget variances are projected in the following Non-Operating Expense accounts:

**Convention Center Financial Assistance** will decrease by \$4.5M, or 100.0%, due to the completion of the Memorandum of Understanding (MOU) agreement that was initiated in 1994 with the City of San Diego for the San Diego Convention Center Expansion Project.

**Interest Expense - Series A 2013 Bonds:** The \$26.5M Series B 2004 Bonds were refunded on November 20, 2013, which resulted in the issuance of \$25.5M of Series A 2013 Bonds. The expected interest expense for the Series A 2013 Bonds is \$1.1M for FY 14/15. The Series B 2004 Bonds were considered legally defeased as per GASB 7 criteria.

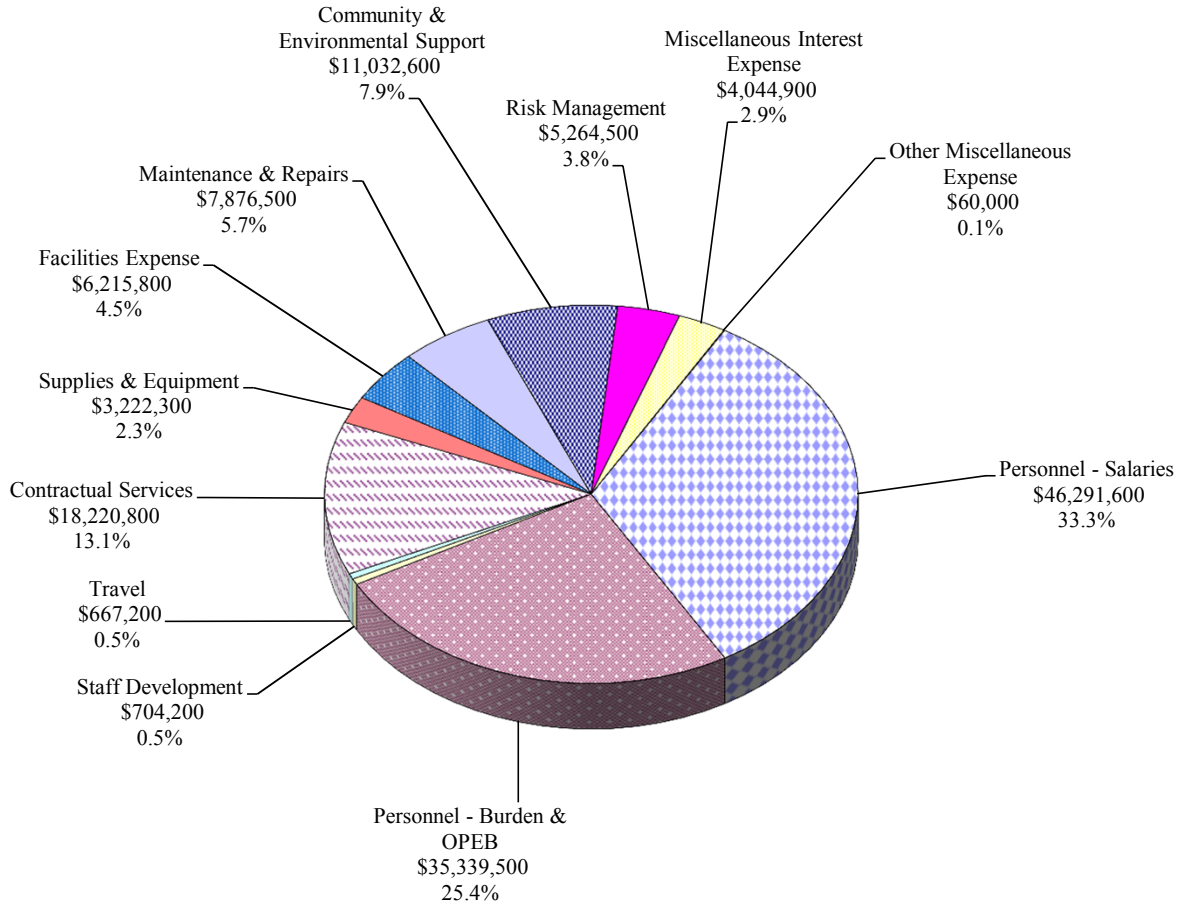
## EXPENSE BY ACCOUNT

LINE ITEM	ACTUAL		ADJUSTED		BUDGET	INC/(DEC)	
	RESULTS		BUDGET			FY 14/15-13/14	%
	FY 12/13		FY 13/14		FY 14/15	BUDGET	CHANGE
Salaries & Wages	\$ 44,163,534	\$	44,853,300	\$	44,640,400	\$ (212,900)	-0.5%
Overtime	1,850,268		1,358,800		1,561,200	202,400	14.9%
Temporary Personnel	270,607		-		90,000	90,000	-
<b>Salaries &amp; Wages Expense</b>	<b>\$ 46,284,409</b>	<b>\$</b>	<b>46,212,100</b>	<b>\$</b>	<b>46,291,600</b>	<b>\$ 79,500</b>	<b>0.2%</b>
Burden Expense	\$ 28,786,357	\$	30,197,400	\$	30,119,900	\$ (77,500)	-0.3%
OPEB Annual Required Contribution (GASB)	4,467,016		5,219,600		5,219,600	-	0.0%
<b>Subtotal Personnel Expense</b>	<b>\$ 79,537,782</b>	<b>\$</b>	<b>81,629,100</b>	<b>\$</b>	<b>81,631,100</b>	<b>\$ 2,000</b>	<b>0.0%</b>
Awards - Service	\$ 33,274	\$	-	\$	2,500	\$ 2,500	-
Books & Periodicals	60,824		34,000		45,800	11,800	34.7%
Employee Recognition	23,768		27,800		27,100	(700)	-2.5%
Memberships & Dues	290,394		172,800		285,700	112,900	65.3%
Health and Wellness	4,324		-		6,000	6,000	-
Recruiting	33,513		-		-	-	-
Seminars & Training	293,954		211,900		277,100	65,200	30.8%
Tuition Reimbursement Program	44,395		59,600		60,000	400	0.7%
<b>Staff Development</b>	<b>\$ 784,446</b>	<b>\$</b>	<b>506,100</b>	<b>\$</b>	<b>704,200</b>	<b>\$ 198,100</b>	<b>39.1%</b>
Mileage Reimbursement	\$ 293,328	\$	196,400	\$	198,500	\$ 2,100	1.1%
Travel	353,426		498,100		468,700	(29,400)	-5.9%
<b>Travel</b>	<b>\$ 646,754</b>	<b>\$</b>	<b>694,500</b>	<b>\$</b>	<b>667,200</b>	<b>\$ (27,300)</b>	<b>-3.9%</b>
Services - Professional & Other	\$ 8,701,648	\$	10,582,900	\$	11,563,800	\$ 980,900	9.3%
Services - Legal - Port Attorney	3,048,298		1,746,000		3,201,600	1,455,600	83.4%
Services - Legal - Business Division	-		1,785,000		-	(1,785,000)	-100.0%
Services - Operator Retention	2,722,399		2,860,200		3,455,400	595,200	20.8%
<b>Contractual Services</b>	<b>\$ 14,472,346</b>	<b>\$</b>	<b>16,974,100</b>	<b>\$</b>	<b>18,220,800</b>	<b>\$ 1,246,700</b>	<b>7.3%</b>
Breakage & Obsolescence	\$ 1,706	\$	-	\$	-	\$ -	-
Equipment & Systems	747,205		553,400		894,100	340,700	61.6%
Technology Strategic Plan - Projects	504,156		372,000		383,200	11,200	3.0%
Equipment Rental/Leasing	213,020		431,700		276,300	(155,400)	-36.0%
Office & Operating Supplies	297,578		267,600		292,400	24,800	9.3%
Postage & Shipping	30,074		47,100		44,300	(2,800)	-5.9%
Safety Equipment & Supplies	149,080		200,900		258,000	57,100	28.4%
Small Tools	32,548		37,200		37,200	-	0.0%
Fuel & Lubricants	785,054		740,500		777,000	36,500	4.9%
Parking Meter Supplies	7,355		13,000		12,900	(100)	-0.8%
Blueprints	1,581		2,000		500	(1,500)	-75.0%
Uniforms	245,228		218,700		246,400	27,700	12.7%
<b>Supplies &amp; Equipment</b>	<b>\$ 3,014,584</b>	<b>\$</b>	<b>2,884,100</b>	<b>\$</b>	<b>3,222,300</b>	<b>\$ 338,200</b>	<b>11.7%</b>
Space Rental	\$ 286,008	\$	345,000	\$	338,100	\$ (6,900)	-2.0%
Telephone & Communications	766,378		800,900		815,100	14,200	1.8%
Utilities-Gas & Electric	1,443,035		1,681,500		1,958,800	277,300	16.5%
Utilities-Water	1,091,436		1,170,600		1,170,600	-	0.0%
Facility Management Services	1,854,182		2,030,900		1,933,200	(97,700)	-4.8%
<b>Facilities Expense</b>	<b>\$ 5,441,040</b>	<b>\$</b>	<b>6,028,900</b>	<b>\$</b>	<b>6,215,800</b>	<b>\$ 186,900</b>	<b>3.1%</b>
Facilities Maintenance-Supplies	\$ 559,073	\$	492,800	\$	481,300	\$ (11,500)	-2.3%
Facilities Maintenance-Outside Services	2,334,302		2,557,000		3,093,400	536,400	21.0%
Major Maintenance Expense	1,053,936		2,317,500		1,470,000	(847,500)	-36.6%
Equipment Maintenance-Supplies	245,969		198,300		244,200	45,900	23.1%
Equipment Maintenance-Outside Services	682,085		799,400		1,141,700	342,300	42.8%
As - Needed Maintenance	442,545		394,400		622,700	228,300	57.9%
Software Maintenance	645,872		985,300		823,200	(162,100)	-16.5%
<b>Maintenance &amp; Repairs</b>	<b>\$ 5,963,783</b>	<b>\$</b>	<b>7,744,700</b>	<b>\$</b>	<b>7,876,500</b>	<b>\$ 131,800</b>	<b>1.7%</b>

## EXPENSE BY ACCOUNT

LINE ITEM	ACTUAL RESULTS FY 12/13	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET	% CHANGE
Advertising	\$ 769,226	\$ 590,000	\$ 34,100	\$ (555,900)	-94.2%
Marketing/Outreach	-	-	1,195,000	1,195,000	-
Promotional Services	336,438	191,000	246,900	55,900	29.3%
Promotional Materials	128,994	21,000	29,800	8,800	41.9%
Svcs - Fire, Police, Rescue, Emergency	7,141,882	7,234,900	7,391,500	156,600	2.2%
Eligible Environmental Fund Expenditures	2,401,272	556,000	620,000	64,000	11.5%
Grant Funded Expenditures	-	518,350	271,100	(247,250)	-47.7%
Remediation	1,000,000	75,000	75,000	-	0.0%
Refuse & Hazardous Waste Disposal	161,001	103,000	103,000	-	0.0%
Joint Programs/Studies Assistance	(14,718)	758,600	749,200	(9,400)	-1.2%
Public Art Program	74,000	-	317,000	317,000	-
<b>Community &amp; Environmental Support</b>	<b>\$ 11,998,095</b>	<b>\$ 10,047,850</b>	<b>\$ 11,032,600</b>	<b>\$ 984,750</b>	<b>9.8%</b>
Bad Debt Expense	\$ 1,619	\$ -	\$ -	\$ -	-
Insurance	1,172,993	1,345,600	1,275,000	(70,600)	-5.2%
Insurance Claims	1,000	10,000	10,000	-	0.0%
Permits/Certificates/License	12,416	46,000	73,600	27,600	60.0%
Legal Settlements	93,973	-	-	-	-
Retiree Health Benefits (Paid)	2,596,851	2,667,400	3,240,800	573,400	21.5%
GASB 45 Retiree Health Benefits (Accrued)	407,449	-	-	-	-
Preservation of Benefits Plan (POB)	273,000	330,000	260,000	(70,000)	-21.2%
Other Miscellaneous Operating Expenses	418,516	155,200	405,100	249,900	161.0%
Other Miscellaneous -Sub-Grantee's Expen	1,008,129	-	-	-	-
<b>Risk Management</b>	<b>\$ 5,985,946</b>	<b>\$ 4,554,200</b>	<b>\$ 5,264,500</b>	<b>\$ 710,300</b>	<b>15.6%</b>
<b>Subtotal Non-Personnel Expense</b>	<b>\$ 48,306,993</b>	<b>\$ 49,434,450</b>	<b>\$ 53,203,900</b>	<b>\$ 3,769,450</b>	<b>7.6%</b>
<b>Capitalized Labor</b>	<b>\$ (3,383,947)</b>	<b>\$ -</b>	<b>\$ (2,152,000)</b>	<b>\$ (2,152,000)</b>	<b>-</b>
<b>Subtotal Operating Expense</b>	<b>\$ 124,460,828</b>	<b>\$ 131,063,550</b>	<b>\$ 132,683,000</b>	<b>\$ 1,619,450</b>	<b>1.2%</b>
Convention Center Financial Assistance	\$ 4,500,000	\$ 4,500,000	\$ -	\$ (4,500,000)	-100.0%
<b>Financial Assistance</b>	<b>\$ 4,500,000</b>	<b>\$ 4,500,000</b>	<b>\$ -</b>	<b>\$ (4,500,000)</b>	<b>-100.0%</b>
Interest-SDCRAA, Carnival, Key Gov't & Other	\$ 2,383,070	\$ 2,270,900	\$ 2,488,000	\$ 217,100	9.6%
Interest Expense - Series A 2004 Bonds	554,952	492,700	426,100	(66,600)	-13.5%
Interest Expense - Series B 2004 Bonds	1,268,427	1,265,900	-	(1,265,900)	-100.0%
Interest Expense - Series A 2013 Bonds	-	-	1,130,800	1,130,800	-
<b>Miscellaneous Interest Expense</b>	<b>\$ 4,206,450</b>	<b>\$ 4,029,500</b>	<b>\$ 4,044,900</b>	<b>\$ 15,400</b>	<b>0.4%</b>
Seized Asset/Forfeitures-Harbor Police	\$ 78,471	\$ -	\$ -	\$ -	-
Other Misc Non-Operating Expense	(50)	-	-	-	-
Contingency	3,078	60,000	60,000	-	0.0%
<b>Other Miscellaneous Expense</b>	<b>\$ 81,499</b>	<b>\$ 60,000</b>	<b>\$ 60,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Subtotal Non-Operating Expense</b>	<b>\$ 8,787,949</b>	<b>\$ 8,589,500</b>	<b>\$ 4,104,900</b>	<b>\$ (4,484,600)</b>	<b>-52.2%</b>
<b>TOTAL DIRECT EXPENSE</b>	<b>\$ 133,248,777</b>	<b>\$ 139,653,050</b>	<b>\$ 136,787,900</b>	<b>\$ (2,865,150)</b>	<b>-2.1%</b>

## EXPENSE BY ACCOUNT



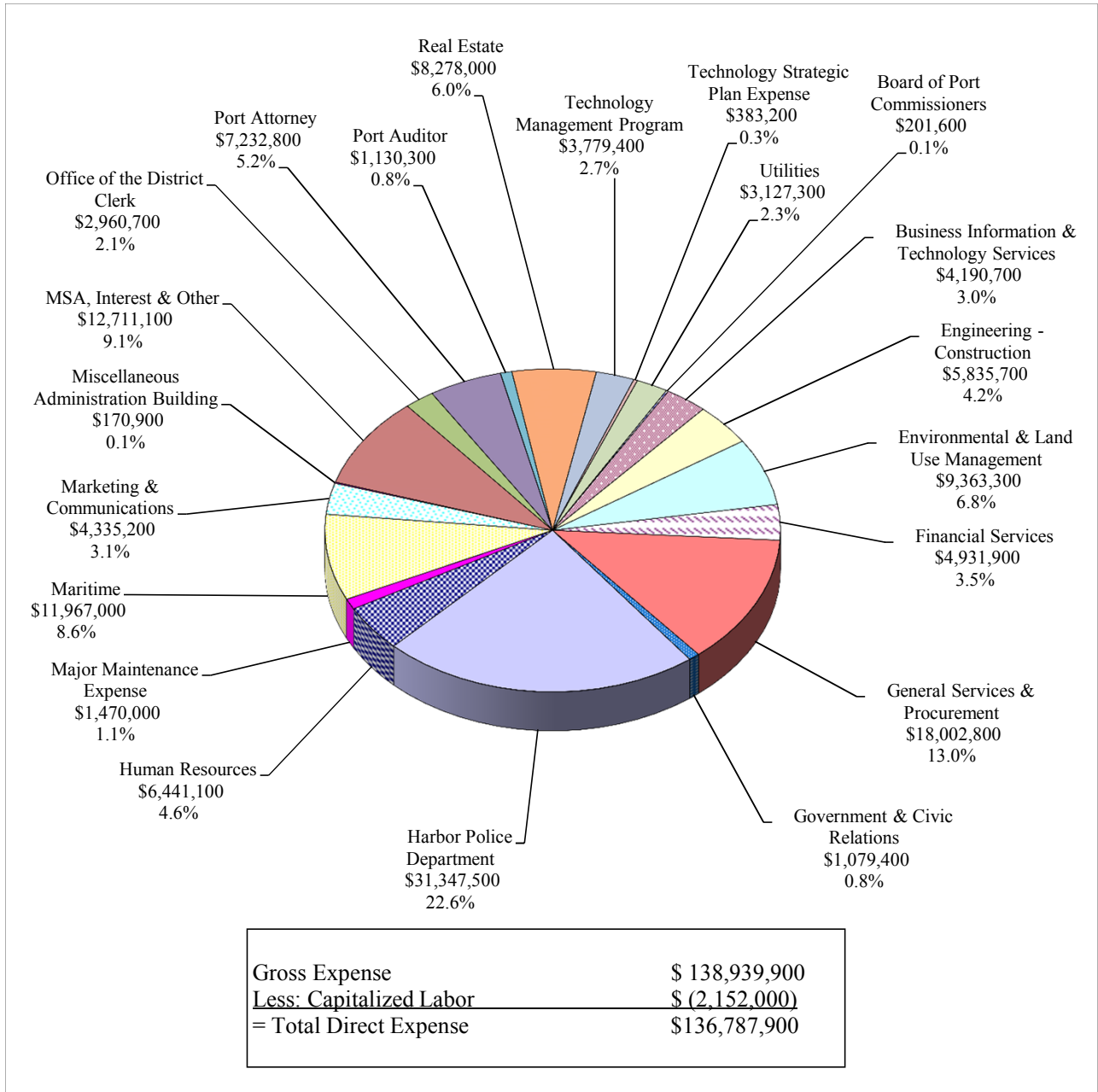
Gross Expense	\$ 138,939,900
<u>Less: Capitalized Labor</u>	<u>\$ (2,152,000)</u>
<b>= Total Direct Expense</b>	<b>\$136,787,900</b>



## EXPENSE BY DEPARTMENT/COST CENTER

DEPARTMENT/COST CENTER	ACTUAL RESULTS FY 12/13	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15	INC/(DEC) FY 14/15-13/14 BUDGET	% CHANGE
Board of Port Commissioners	\$ 164,396	\$ 195,700	\$ 201,600	\$ 5,900	3.0%
Business Information & Technology Services	4,092,834	4,554,700	4,190,700	(364,000)	-8.0%
Engineering - Construction	5,760,927	5,913,600	5,835,700	(77,900)	-1.3%
Environmental & Land Use Management	6,230,854	8,931,600	9,363,300	431,700	4.8%
Financial Assistance	4,500,000	4,500,000	-	(4,500,000)	-100.0%
Financial Services	3,090,165	5,006,900	4,931,900	(75,000)	-1.5%
General Services & Procurement	16,941,681	17,267,300	18,002,800	735,500	4.3%
Government & Civic Relations	2,294,719	1,197,650	1,079,400	(118,250)	-9.9%
Harbor Police Department	30,325,162	30,983,600	31,347,500	363,900	1.2%
Human Resources	8,003,871	5,813,700	6,441,100	627,400	10.8%
Major Maintenance Expense	1,053,936	2,317,500	1,470,000	(847,500)	-36.6%
Maritime	10,681,541	11,080,300	11,967,000	886,700	8.0%
Marketing & Communications	5,942,302	4,051,800	4,335,200	283,400	7.0%
Miscellaneous Administration Building	166,247	173,300	170,900	(2,400)	-1.4%
MSA, Interest & Other	13,198,333	12,271,700	12,711,100	439,400	3.6%
Office of the District Clerk	2,873,855	3,173,200	2,960,700	(212,500)	-6.7%
Port Attorney	6,629,012	6,429,900	7,232,800	802,900	12.5%
Port Auditor	614,505	996,800	1,130,300	133,500	13.4%
Public Art	592,563	-	-	-	-
Real Estate	7,563,221	8,224,800	8,278,000	53,200	0.6%
Technology Management Program	2,874,911	3,347,000	3,779,400	432,400	12.9%
Technology Strategic Plan Expense	504,156	372,000	383,200	11,200	3.0%
Utilities	2,533,535	2,850,000	3,127,300	277,300	9.7%
<b>Subtotal Direct Expense</b>	<b>\$ 136,632,724</b>	<b>\$ 139,653,050</b>	<b>\$ 138,939,900</b>	<b>\$ (713,150)</b>	<b>-0.5%</b>
<b>Capitalized Labor</b>	<b>\$ (3,383,947)</b>	<b>\$ -</b>	<b>\$ (2,152,000)</b>	<b>\$ (2,152,000)</b>	<b>-</b>
<b>TOTAL DIRECT EXPENSE</b>	<b>\$ 133,248,777</b>	<b>\$ 139,653,050</b>	<b>\$ 136,787,900</b>	<b>\$ (2,865,150)</b>	<b>-2.1%</b>

## EXPENSE BY DEPARTMENT/COST CENTER



# DEBT MANAGEMENT HIGHLIGHTS

## Highlights of Capital Borrowing Plans

**Revenue Bonds.** The District issued revenue bonds on October 28, 2004. The debt issuance consisted of \$23.0M Series A and \$26.5M Series B bonds for a total of \$49.5M. The bonds were issued to reimburse the District for previously incurred expenditures on Capital Improvement Program (CIP) projects approved by the Board of Port Commissioners.

On November 20, 2013, the District refunded its \$26.5M Series B 2004 Bonds which resulted in the issuance of \$25.5M Series A 2013 Revenue Bonds. The refunding proceeds were placed in an irrevocable escrow to provide for the payment of the remaining principal and interest due until the callable date of September 1, 2014. The Series B 2004 Bonds were legally defeased as of November 20, 2013 per GASB 7 criteria. This advance refunding will generate approximately \$2.5M in cash flow savings over the life of the bonds.

**Promissory Note to the SDCRAA.** As part of the January 2003 transfer of the airport, the District issued a \$50.0M promissory note to SDCRAA. In accordance with the May 20, 2004 settlement agreement, the note is being amortized over 25 years beginning in January 2006 at a fixed interest rate of 5.5% per annum.

**Civic San Diego (formerly, Center City Development Corporation).** In April 2007, the City of San Diego and the Redevelopment Agency of the City of San Diego, acting through Civic San Diego, executed a Joint Exercise of Power Agreement (JPA) to design and implement the NEVP Phase I project.

The first amendment to the JPA was executed on February 28, 2011. Project costs for the first phase are shared equally between the District and Civic San Diego at \$14.3M each. Project costs have subsequently increased to \$15.6M each. The first amendment provides for Civic San Diego to advance or loan the District its share of capital contribution up to approximately \$8.6M. The District commenced repaying Civic San Diego \$850,000 annually on July 1, 2013 at an interest rate of 4.77% per annum.

**Debt Service Payments FY 14/15.** Payments are estimated at \$7.7M (see table below).

**Debt Limits.** According to the Port Act, the District may not incur general obligation bonded debt that exceeds 15.0% of the assessed value of its real and personal property. There are also statutory debt limits that further constrain the District borrowing. At this time, the District does not have any general obligation bonds outstanding. The District has never failed to pay its principal and interest payments when due.

## DEBT PAYMENT REQUIREMENTS

	Principal	Interest	Budget FY 14/15
SDCRAA Promissory Note	\$ 1,528,500	\$ 2,156,000	\$ 3,684,500
2004 Revenue Bonds (Series A)	1,650,000	426,100	2,076,100
2013 Revenue Bonds (Series A)	-	1,130,800	1,130,800
Civic San Diego	518,000	332,000	850,000
<b>TOTAL</b>	<b>\$ 3,696,500</b>	<b>\$ 4,044,900</b>	<b>\$ 7,741,400</b>

## EQUIPMENT OUTLAY

Equipment outlay is budgeted at \$2.0M for FY 14/15. Equipment outlay includes items costing over \$5,000 and are expected to have a useful life of more than one year.

DEPARTMENT	DESCRIPTION	QTY	BUDGET FY 14/15
General Services & Procurement	EQUIPMENT TRAILER	1	\$ 30,000
General Services & Procurement	FLAT BED UTILITY TRAILER	6	48,000
General Services & Procurement	FORKLIFT	1	50,000
General Services & Procurement	FULL-SIZE EXTRA CAB PICK UP TRUCK	1	28,000
General Services & Procurement	ONE-TON CREW CAB UTILITY BODY TRUCK	2	76,000
General Services & Procurement	ONE-TON UTILITY BODY TRUCK WITH CRANE	1	40,000
General Services & Procurement	PORTABLE WATER VALVE OPERATOR	1	7,000
General Services & Procurement	PROGRAMMABLE LOGIC CONTROL SYSTEM*	1	350,000
			<b>\$ 629,000</b>
Gov't/Community Relations	PORT SECURITY GRANT - MATCHING FUND		<b>\$ 150,000</b>
Harbor Police	AIS TRANSPONDERS FOR SAFEBOATS*	3	\$ 20,100
Harbor Police	FIRE/TACTICAL TRAINING SIMULATOR*	1	380,000
Harbor Police	ONBOARD AIR SYS - FIRESTORM VESSEL*	2	25,000
Harbor Police	STONEGARDEN VEHICLE*	1	70,000
Harbor Police	BUILDOUT FOR K-9 VEHICLE**	1	27,000
Harbor Police	K-9 SUV**	1	33,600
Harbor Police	INFLATABLE RESCUE BOAT***	1	25,000
Harbor Police	PA SYSTEM WIRELESS ACCESS***	1	5,000
Harbor Police	THERMAL IMAGING BINOCULARS***	2	20,000
Harbor Police	12 PASSENGER TRANSPORT VAN	1	31,000
Harbor Police	911 TEXTING SYSTEM	1	10,000
Harbor Police	CANINE KENNEL	1	6,500
Harbor Police	DELIVERY TRUCK	1	41,000
Harbor Police	HYBRID MID-SIZED SEDAN	4	120,000
Harbor Police	PATROL VEHICLE, SUV	5	170,000
Harbor Police	PATROL VEHICLE, SUV BUILD-OUT	5	157,000
Harbor Police	TRAILER MOUNTED SPEED DETECTION SYSTEM	1	8,600
			<b>\$ 1,149,800</b>
Maritime	MID-SIZED PICK-UP TRUCK-SUPER CAB	2	<b>\$ 59,000</b>
Technology Management Program	CISCO ADV SVCS INTERNET ROUTER	1	<b>\$ 35,000</b>
<b>TOTAL EQUIPMENT OUTLAY</b>			<b>\$ 2,022,800</b>

\* Partially grant funded.

\*\* Items carried over from prior year.

\*\*\* Per the Municipal Services agreement with the City of Imperial Beach, the District provides equipment for Lifeguard Services.

## PUBLIC ART FUND HIGHLIGHTS

The District's vision for public art is to build and maintain a critically acclaimed collection of public artworks that embodies the essence of the District's maritime, environmental, and civic character. To realize this vision, the Public Art Program provides leadership, advocacy, and stewardship of the collection to enhance the visual excitement, aesthetic appeal, and cultural richness of the tidelands.

For FY 14/15, the Public Art Program will focus on stewardship of the District-owned Tidelands Collection, which includes the on-going annual conservation and maintenance efforts and inventory and records. In addition, staff will

continue to professionally oversee and manage public art projects funded under the District's two unique percent-for-art programs: CIP percent for art pursuant to BPC Policy No. 609 – Public Art and tenant percent for art, pursuant to BPC Policy No. 608 – Tenant Percent for Art.

A 13-member Public Art Committee serves in an advisory capacity, making recommendations to staff and the Board on matters relating to the development and stewardship of public art on tidelands.

## SUMMARY OF PUBLIC ART FUND

	ACTUAL RESULTS FY 12/13	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15
<b>Beginning Balance</b>	<u>\$ 2,611,883</u>	<u>\$ 2,403,800</u>	<u>\$ 839,200</u>
<u>Income Sources</u>			
Public Art Set-Aside (1)	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Pre-funded Set-Aside (2)	(1,000,000)	-	-
Public Art Set-Aside Reduction (3)	-	(600,000)	(850,000)
Interest Income (4)	12,937	3,700	4,000
<b>Total Income:</b>	<u>\$ 212,937</u>	<u>\$ 603,700</u>	<u>\$ 354,000</u>
<u>Expenditures</u>			
Public Art	\$ 374,034	\$ 599,100	\$ 317,000
Transfer Costs (5)	45,816	65,900	30,700
Transfer to Operating Budget (6)	-	1,500,000	-
Depreciation (7)	1,205	3,300	2,300
<b>Total Expenditures:</b>	<u>\$ 421,054</u>	<u>\$ 2,168,300</u>	<u>\$ 350,000</u>
<b>Ending Balance</b>	<u>\$ 2,403,765</u>	<u>\$ 839,200</u>	<u>\$ 843,200</u>

**Notes:**

- (1) In May 2008, BPC Policy No. 609 was amended to establish an annual appropriation of \$1.2M for the Public Art Fund.
- (2) In FY 12/13, the BPC waived BPC Policy No. 609 and authorized a reduction in the FY 12/13 annual deposit for the Public Art Fund from \$1.2M to \$200K.
- (3) In FY 13/14, the BPC waived BPC Policy No. 609 and authorized a reduction in the FY 13/14 annual deposit for the Public Art Fund from \$1.2M to \$600K.
- (4) Monies placed in the Fund shall be accounted for separately from other District funds.
- (5) Primarily includes support services from General Services and Engineering-Construction and also insurance allocations.
- (6) In May 2013, the BPC authorized the transfer of \$1.5M from the Public Art Fund to fund the FY 13/14 budget.
- (7) Depreciation is for the Bob Hope Tribute audio and control system equipment.

## ENVIRONMENTAL FUND PROGRAM HIGHLIGHTS

The mission of the District's Environmental Policy (BPC Policy No. 730) is to provide the funding and decision-making direction that is necessary to select and execute projects aimed at improving the condition of the bay and surrounding tidelands. In approving the policy, the Board of Port Commissioners created both the Environmental Advisory Committee and the Environmental Fund. A key component of the Committee and Fund is to support a variety of projects that are beneficial to the bay and meet the District's goal of being an environmental steward. Projects of the Environmental Fund specifically address habitat restoration, environmental education, research and monitoring, air quality and conservation, water and sediment quality, and endangered species.

The Environmental Fund is funded in accordance with BPC Policy No. 730, which sets aside one-half of one percent (1/2 of 1%) of the District's projected gross revenues for that year. The gross revenue shall not include anticipated grants from any source or any other restricted revenue source.

Since the inception of the Environmental Fund in June 2006, 66 projects have been funded of which 58 have been completed at a cost of \$4.2M.

	<b>BUDGET FY 14/15</b>
Chula Vista School District Education Program	\$ 13,000
Chula Vista Wildlife Reserve	10,000
Eelgrass Surveys	50,000
Electric Vehicles	21,000
Emory Cove	5,000
Fish Survey - Baywide	25,000
Living Coast Discovery Center	20,000
Mitigation Banking	75,000
New Environmental Projects	224,000
School Storm Water Education	72,000
Shoreline Erosion Study	30,000
Wildlife Advisory Committee	75,000
<b>TOTAL ENVIRONMENTAL FUND PROGRAM</b>	<b>\$ 620,000</b>

## SUMMARY OF ENVIRONMENTAL FUND

	ACTUAL RESULTS FY 12/13	ADJUSTED BUDGET FY 13/14	BUDGET FY 14/15
<b>Beginning Balance</b>	<b>\$ 4,442,269</b>	<b>\$ 2,286,400</b>	<b>\$ 1,833,900</b>
<u>Income Sources</u>			
Port Revenues for Environmental Fund (1)	\$ 118,429,300	\$ 124,210,900	\$ 124,684,100
Set-Aside Percentage	0.005	0.005	0.005
Total Set-Aside	\$ 592,100	\$ 621,100	\$ 623,400
Interest Income (2)	20,534	6,400	8,500
<b>Total Income:</b>	<b>\$ 612,634</b>	<b>\$ 627,500</b>	<b>\$ 631,900</b>
<u>Expenditures</u>			
Non-Capital Project Costs (3)	\$ 2,401,272	\$ 556,000	\$ 620,000
Deferred MM Projects (4)	-	524,000	-
Capital Project Costs (5)	367,242	-	-
<b>Total Expenditures:</b>	<b>\$ 2,768,514</b>	<b>\$ 1,080,000</b>	<b>\$ 620,000</b>
<b>Ending Balance</b>	<b>\$ 2,286,389</b>	<b>\$ 1,833,900</b>	<b>\$ 1,845,800</b>

**Notes:**

- (1) According to BPC Policy No. 730, for the purpose of the Environmental Fund gross revenue calculation, gross revenue shall be based upon projected revenues, and shall not include anticipated grants from any source or any other restricted revenue source.
- (2) Monies placed in the Fund shall be accounted for separately from other District funds and any earnings thereon shall accrue to the Program.
- (3) Refer to section 4 page 21 for Environmental & Land Use Planning's Expense Budget Breakdown account "660135 Eligible Environmental Fund Expenditures" for details.
- (4) In FY 13/14, the BPC deferred Major Maintenance projects which included two projects totaling \$524K funded from the Environmental Fund.
- (5) Includes Capital Improvement Projects (CIP) and Major Maintenance capital projects included in the CIP and MM budgets, respectively.



## MARINE TERMINAL IMPACT FUND HIGHLIGHTS

In July 2010, the Board established a Marine Terminal Impact Fund (MTIF). The purpose of the MTIF is to invest in projects that will help offset the negative impacts of the District's marine terminals on neighboring communities

The Board established an initial set-aside of \$500,000 with additional funds to be set aside annually starting in FY 10/11. The annual set-aside is calculated at one-half of one percent (1/2 of 1%) of the actual gross revenues earned from the Tenth Avenue Marine Terminal and the National City Marine Terminal. The actual amount of the funding will be posted after the end of the each fiscal year when the gross revenues from each terminal are known.

	<b>ACTUAL RESULTS FY 12/13</b>	<b>ADJUSTED BUDGET FY 13/14</b>	<b>BUDGET FY 14/15</b>
<b>Beginning Balance</b>	\$ 777,798	\$ 777,800	\$ 767,800
<u>Income Sources</u>			
TAMT & NCMT Revenues	\$ -	\$ 18,000,000	\$ 18,000,000
Set-Aside Percentage	0.005	0.005	0.005
Total Set-Aside	\$ -	\$ 90,000	\$ 90,000
Expenditures	_____	_____ 100,000	_____ 100,000
<b>Ending Balance</b>	<b>\$ 777,798</b>	<b>\$ 767,800</b>	<b>\$ 757,800</b>

## CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

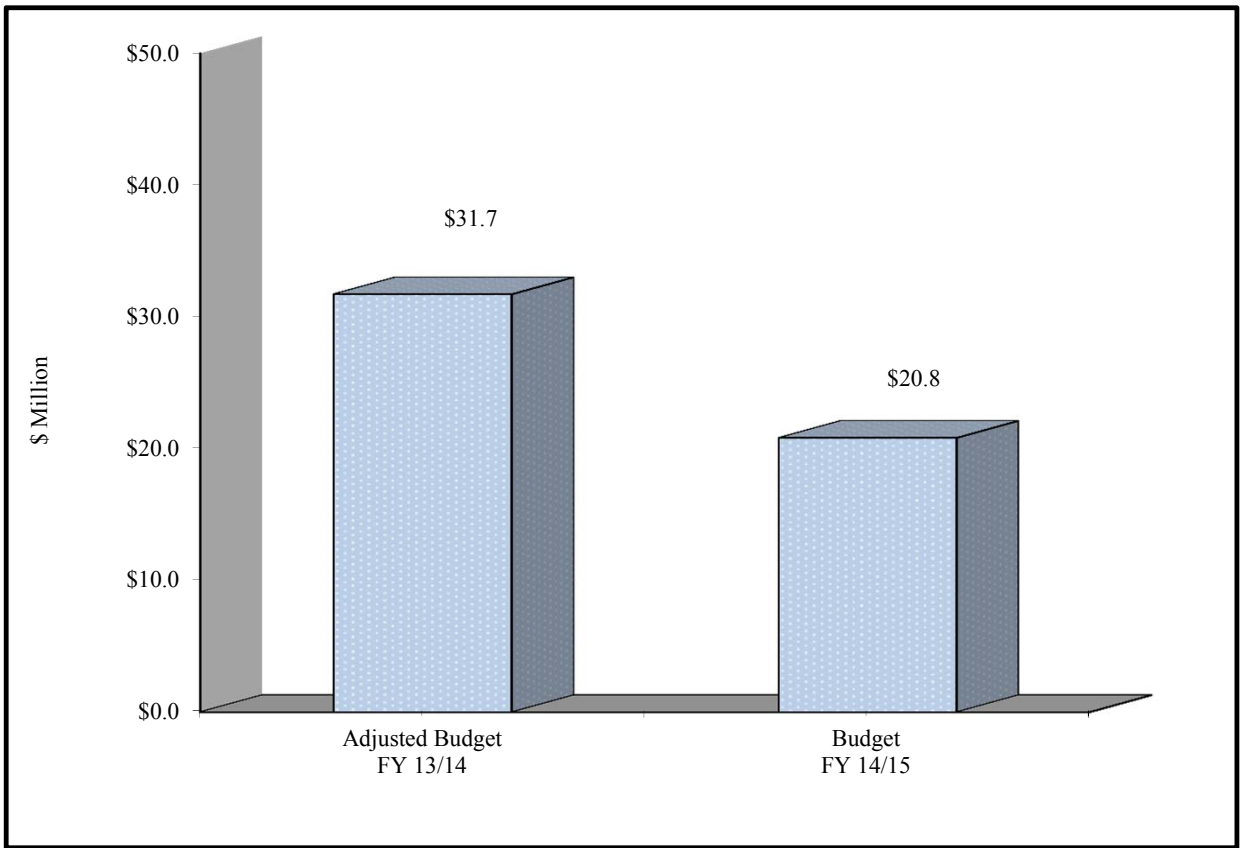
Capital Improvement Projects for FY 14/15 are shown below. Refer to the District's Capital Improvement Program (CIP) book (available from the Office of the District Clerk), for a complete list and description of each project.

The total approved CIP project budgets span multiple fiscal years. The amounts shown represent the estimated expenditures for FY 14/15.

<b>Project No.</b>	<b>Project Description</b>	<b>Budget FY 14/15</b>
P0212-1	Chula Vista Bayfront - H Street Extension	\$ 3,691,600
P0235-2	NEVP Phase I - Construction (District Share)	2,386,400
P0235-3	NEVP Phase I - Construction (Civic San Diego's Contribution) *	2,386,400
P0454-1	America's Cup Harbor Improvements - Phase I, North Harbor Drive Realignment	2,055,000
P0470-1	National City Adventure Center	1,880,000
P0040-5	Chula Vista Bayfront - South Campus Demolition, Phase 4A	1,730,000
P0460-1	Chula Vista Bayfront - Pre-Design	1,080,000
P0467-1	TAMT Phase II Demolition - Transit Shed #1, Bay A, B & C Design	771,400
P0309-4	Chula Vista Bayfront - South Campus Offsite Drainage	589,500
CP-0004-01	Boat Launch & Self Cleaning Station	470,000
P0469-1	N.C. Marina District Vision Plan Prelim Planning	400,000
P0413-1	Broadway Pier Surface Enhancements	364,300
CP-0002-01	Directional Sign/Way Finding	200,000
P0466-1	Pond 20 Short Term Aesthetic Improvements	120,000
P0468-1	Imperial Beach Remaining Street End Improvements	100,000
CP-0006-01	Tidelands Avenue & Civic Center Dr. Resurfacing **	100,000
CP-0001-01	Date Avenue Street End Improvements	75,000
CP-0003-01	South Seacoast Restroom Feasibility Study	75,000
P0420-1	DHS Grant Round 11 (Broadway Pier Security Fence)	56,400
CP-0005-01	Cesar Chavez Park Activation Study	50,000
P0333-1	Shelter Island Boat Ramp Rehabilitation	27,100
P0351-1	B Street Pier Mooring Dolphin	15,000
N/A	Capital Labor	2,152,000
<b>TOTAL CAPITAL IMPROVEMENT PROGRAM ***</b>		<b>\$ 20,775,100</b>

**Notes:** \* NEVP Phase I has been budgeted for both the District's 50% share and Civic San Diego's 50% contribution.  
 \*\* Project funded from the Marine Terminal Impact Fund (MTIF).  
 \*\*\* The FY 2014-2018 CIP total remaining budget balance is \$52,572,700 as of December 31, 2013.

# CAPITAL IMPROVEMENT PROGRAM



## MAJOR MAINTENANCE PROGRAM HIGHLIGHTS

As presented at the Capital Improvement Program/Major Maintenance Workshop held February 4, 2014, cost ranges are based on the project's life cycle phase. Ranges listed below are as follows: carry over projects (-10% +20%) and new proposed projects (-15% to +30%).

The following list of Major Maintenance projects for FY 14/15 will be implemented in accordance with BPC Policy No. 130.

PROJECT NO.	PROJECT NAME	FY14/15 COST RANGE	FY14/15 PROPOSED PHASE	BUDGET FY14/15
MC-0001-01	Point Loma Pavement Repair	\$522,000 - \$696,000	Construction	\$ 580,000
P0462-1	32nd Street and Water Street Pavement Repair	\$450,000 - \$600,000	Construction	500,000
P0314-1	NCMT Fire Alarm System Replacement	\$405,000 - \$540,000	Construction	450,000
P0471-1	TAMT Berths 10-3, 10-4, 10-7 and 10-8 Fuel and Water Vaults Modifications	\$298,000 - \$455,000	Design & Partial Construction	350,000
P0400-2	NCMT Berth 24-10 Structural and Mooring Repair	\$135,000 - \$180,000	Design Review	150,000
MC-0003-01	Pacific Highway Pedestrian Bridge Walking Surface Repairs	\$111,000 - \$169,000	Design & Construction	130,000
P0311-2	Administration Building Elevator Repairs	\$94,000 - \$143,000	Design	110,000
P0461-1	Coronado Tidelands Park Playground Equipment Improvements (District Share Only)	\$99,000 - \$132,000	Port Share	110,000
MC-0004-01	City of San Diego - Harbor Drive Americans with Disabilities Act (ADA) Improvements (District Share Only)	\$85,000 - \$130,000	Port Share	100,000
MC-0005-01	B Street Pier South Side Bull Rail Replacement	\$85,000 - \$130,000	Design & Partial Construction	100,000
MC-0006-01	TAMT High Mast Lighting Installation	\$85,000 - \$130,000	Design	100,000
MC-0007-01	TAMT San Diego Refrigerated Services (SDRS) Fence Installation	\$85,000 - \$130,000	Design & Construction	100,000
MC-0008-01	B Street Pier West End Fender Pile and Whaler Replacement	\$85,000 - \$130,000	Design	100,000
MC-0009-01	NCMT Guard Shack Roof Replacement	\$68,000 - \$104,000	Design & Partial Construction	80,000
MC-0010-01	TAMT Truck Scale Replacement	\$68,000 - \$104,000	Design	80,000
MC-0014-01	SDUPD Parks and Facilities LED Lighting Retrofits Phase I (SDGE Grant Reimbursement: External Design \$50,000)	\$51,000 - \$78,000	Design	60,000
MC-0011-01	Administration Building 4th and 5th Floors Electrical Panels Upgrade	\$43,000 - \$65,000	Design	50,000
MC-0012-01	TAMT Corrosion Protection System Anodes Replacement	\$43,000 - \$65,000	Design	50,000
MC-0013-01	HP Administration Building Window Replacement and Shelter Island Harbor Control Building Doors and Windows Replacement	\$34,000 - \$52,000	Design	40,000
P0425-2	Coral Tree Replacement - Pre-design	\$26,000 - \$39,000	Pre-design	30,000
N/A	Major Maintenance-Capital (MM-CAP) Contingency		N/A	300,000
<b>TOTAL MM-CAP</b>				<b>\$3,570,000</b>

## MAJOR MAINTENANCE PROGRAM HIGHLIGHTS

PROJECT NO.	PROJECT NAME	FY14/15 COST RANGE	FY14/15 PROPOSED PHASE	BUDGET FY14/15
P0417-1	Tidelands, Various Locations, ADA Accessibility Improvements Phase III	\$810,000 - \$1,080,000	Construction	\$ 900,000
P0393-1	Tidelands, Various Locations, Energy Efficiency Retrofits	\$315,000 - \$420,000	Construction	350,000
P0316-1	TAMT Water Line Valves Replacement	\$45,000 - \$58,000	Construction	50,000
ME-0001-01	TAMT Dole Facility Pavement Maintenance	\$34,000 - \$52,000	Design	40,000
P0440-1	Shelter Island Fishing Pier Ramp and Float Repair Phase I	\$26,000 - \$39,000	Pre-design	30,000
N/A	Major Maintenance-Expense (MM-EXP) Contingency		N/A	100,000
<b>TOTAL MM-EXP</b>				<b>\$1,470,000</b>
<b>TOTAL MAJOR MAINTENANCE PROGRAM</b>				<b>\$5,040,000</b>

**Notes:** Due to an accounting re-classification, the TAMT Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) project and associated budget of \$160k was transferred to Maritime's NPE budget.  
The Shelter Island Harbor Control Building Generator Replacement project of \$500k was deferred.

# TECHNOLOGY STRATEGIC PLAN

FY 14/15 marks the third year of the five-year Technology Strategic Plan (TSP). Below are the projects that have been completed to date and the proposed projects for FY 14/15.

1<sup>st</sup> Year Completed Projects:

- BITS Project Management Office
- Desktops upgraded to Windows 7
- GroupWise email replaced with Microsoft Exchange in the cloud
- Information Technology Governance
- Online Travel and Expense Reimbursement

2<sup>nd</sup> Year Completed Projects:

- Automated Board Agenda Application - Phase I
- Board Room Equipment Replacement
- E-Government Website/Portal
- Enterprise Content Management System (ECMS) - Document Management
- Maritime Operations Information System (MOIS) Replacement

Project Name	Budget FY 14/15
<b>TSP Capital Projects</b>	
Audit Management Software	\$ 21,000
Automated Board Agenda Application - Phase II	10,000
Budget Management & Planning	75,000
Customer Relationship Management (CRM) - Requirements	25,000
Disaster Recovery (DR) Mirrored Site	320,000
ECMS - Records Management, Imaging, Automated Workflow, and Email	150,000
E-Gov Internet Enhancement	25,000
Enhanced Planned Maintenance	250,800
Enterprise Project Task Management	60,000
IT Security Program Services	100,000
Lease Negotiation and Real Estate - Requirements	140,000
Park Permits and Event Management	30,000
Public Record Request	48,000
Reporting and Data Warehouse	75,000
SAP Accounts Payable Electronic Approval	80,000
<b>Total TSP Capital Projects</b>	<b>\$ 1,409,800</b>
<b>TSP Non-Capital Projects</b>	
Desktop Refresh	\$ 123,200
Project Implementation Resources	260,000
<b>Total TSP Non-Capital Projects</b>	<b>\$ 383,200</b>
<b>TOTAL</b>	<b>\$ 1,793,000</b>

# TECHNOLOGY MANAGEMENT PROGRAM

The Technology Management Program (TMP) is a strategic, operationally responsive, and fiscally responsible approach to manage District technologies. It allows the District to standardize systems and leverage cost savings opportunities through economies of scale. Additionally, it facilitates coordinated

implementation schedules of planned technology refresh strategies that will keep the District up-to-date. It uses a cost-benefit analysis method and governance model to make technology investment decisions, ensuring the highest likelihood of a return on investment.

	<b>Budget FY 14/15</b>
<b>Non-Personnel Expense</b>	
Services - Professional & Other	\$ 1,390,800
Equipment & Systems	598,400
Telephone & Communications	511,600
Equipment Maintenance-Outside Services	531,500
Software Maintenance	747,100
<b>Total Non-Personnel Expense</b>	<b>\$ 3,779,400</b>
<b>Equipment Outlay</b>	
Cisco Advanced Services Internet Router	\$ 35,000
<b>Total Equipment Outlay</b>	<b>\$ 35,000</b>
<b>TMP Capital Projects</b>	
Cisco Voice over Internet Protocol V10 Upgrade	\$ 250,000
<b>Total TMP Capital Projects</b>	<b>\$ 250,000</b>
<b>TOTAL</b>	<b>\$ 4,064,400</b>

# SPONSORSHIPS & GRANTS

## Sponsorships from the Tidelands Activation Program

The District’s Tidelands Activation Program (TAP) is designed to increase activation and recreation along the waterfront through community events; and support signature events that generate significant, documented levels of economic benefit and/or promotional value to the District. The Program includes direct funding and/or the waiving of all or portions of District facility fees and costs of District provided services.

Event sponsorships through the TAP are approved on an annual basis by the Board of Port Commissioners. For FY 14/15 the Marketing & Communications department has budgeted a total of \$550k for event sponsorships, which includes \$145k each for the Big Bay Balloon Parade and Big Bay Boom fireworks show.

## Grants from Other Agencies to the District

Grant Revenue is included in the revenue budget. The District may pursue grants from other agencies where the District may be qualified and the grant would provide for a strategic service. Some grants are omitted from the budget because the grant application is pending and receipt of the grant is uncertain. Grants that are expected to be received in FY 14/15 include the following:

**Grants for Harbor Police Operations.** The District will receive grants from the following sources: 1) High Intensity Drug Trafficking reimbursement for overtime, 2) Transportation Safety Administration K-9 grant, 3) Marine Task Force Officer reimbursement, 4) Joint Terrorism Task Force grant, 5) San Diego County Operation Stonegarden program, and 6) Department of Homeland Security for Fire/Tactical Training Simulator, Emergency Communications Center Equipment, and Interoperable Radio/P25 Compliance.

**Miscellaneous Grants.** The District will receive grant funds from the Regional Water Quality Control Board for removal of copper-based hull paint and US Fish & Wildlife Service for predator control.

**Grants for Maritime.** The District will receive grant funds from the Department of Fish and Game for Harbor Safety Committee Secretariat program.

## Anticipated Grants

Grant	Budget FY 14/15
Capital Grants – Harbor Police	\$ 461,300
Operating Grants – Harbor Police	418,500
Operating Grants – Environmental	195,500
Operating Grants – Maritime	26,000
<b>TOTAL</b>	<b>\$1,101,300</b>

**Partnership/Cost Sharing Reimbursement for Environmental Projects.** The District will receive reimbursements from: San Diego Bay Watershed Program for studying bacteria and Chollas Total Maximum Daily Load; SDG&E for Efficiency Partnership program to enhance the District’s capacity to incorporate energy efficiency throughout the District; and Regional Harbor Monitoring Program for a coordinated monitoring program among San Diego Region.

Partnership/Cost Sharing Reimbursement	Budget FY 14/15
San Diego Bay Watershed Program	\$390,300
SDG&E	315,000
Regional Harbor Monitoring Program	73,000
<b>TOTAL</b>	<b>\$778,300</b>