

Presidio Trust

Summary of Revenue, Expenses and Reserves to Operate & Renew the Presidio

FY 2022 Budget Revision

Approved by the Board on March 24, 2022

		1	2	3 4	
		Fiscal Year 2022 Original Budget	Fiscal Year 2022 Revised Budget	Revised vs Original Change (2-1=3)	
				\$	%
BUSINESS PERFORMANCE					
1	Business Revenue	121,306	119,965	(1,341)	-1%
2	Expenses to Operate Businesses	(42,517)	(42,033)	484	-1%
3	Annual Reserve for Renewal of Buildings	(12,032)	(12,032)	0	0%
4	Surplus/Loss to Operate & Renew Businesses	66,756	65,899	(857)	-1%
PARK PERFORMANCE					
5	Revenue from Park Operations	21,191	21,601	410	2%
6	Expenses to Operate & Renew the Park	(72,729)	(72,042)	687	-1%
7	Annual Reserve for Renewal of Utilities & Infrastructure	(8,658)	(8,658)	0	-
8	Annual Reserve for Renewal of Land, Forest & Other Park Assets	(9,105)	(9,105)	0	-
9	Surplus/Loss to Operate & Renew the Park	(69,301)	(68,205)	1,096	-2%
SUMMARY OF AGENCY PERFORMANCE					
10	Surplus/Loss From Businesses	66,756	65,899	(857)	-1%
11	Surplus/Loss from the Park	(69,301)	(68,205)	1,096	-2%
12	Contingency for Unexpected Events	(5,500)	(5,500)	0	0%
13	Surplus/Loss from Businesses + Park	(8,045)	(7,805)	239	-3%
AGENCY PERFORMANCE INCLUDING EXTERNAL FUNDING					
14	External Funding	73,950	73,375	(575)	-1%
15	Total Surplus/Loss for the Year	65,905	65,570	(336)	-1%

Summary Information					
Total Operating Revenue		142,497	141,566	(931)	-1%
Total Operating Expenses (excludes the renewal reserves)		(120,746)	(119,576)	1,171	-1%
Surplus/Loss without renewal reserve & capital improvement projects		21,751	21,990	239	1%

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Detailed Statement of Revenue, Expenses and Project Costs (Obligation Basis)

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		Fiscal Year 2022 Original Budget	Fiscal Year 2022 Revised Budget	Revised vs Original Change (2-1=3)		
				\$	%	
Business Division	1A	Residential Revenue	61,310	62,010	700	1%
	1B	Commercial Revenue	41,376	39,335	(2,041)	-5%
	1C	Hospitality Revenue	18,619	18,619	0	0%
	1	Total Business Revenue	121,306	119,965	(1,341)	-1%
	2	Less: Business Division Operating Expenses	(25,174)	(24,578)	595	-2%
3	Less: Land & Building Stewardship Expenses related to Business Division Operations	(9,209)	(9,209)	0	0%	
4	Less: Portion of Administrative Expenses (30%)	(6,638)	(6,750)	(111)	2%	
5	Business Division Net Operating Income (NOI)	80,284	79,427	(857)	-1%	
Other Divisions	6A	Land & Building Stewardship Revenue (Utilities, SDC)	18,170	18,227	56	0%
	6B	Park Revenue (e.g. Parking, Special Park Uses)	3,021	3,375	354	12%
	6	Other Revenue (service district charges, utilities, parking, special events, permits)	21,191	21,601	410	2%
	7	Less: Land & Building Stewardship Operating Expenses	(39,592)	(38,874)	718	-2%
	8	Less: Park Development & Visitor Engagement Operating Expenses	(14,157)	(13,928)	229	-2%
	9	Less: Portion of Administrative Expenses (70%)	(15,490)	(15,749)	(260)	2%
	10	Other Divisions NOI	(48,047)	(46,951)	1,096	-2%
	11	Less: Business & Operations Improvement Projects Pool	(2,332)	(2,332)	0	-
	12	Trust NOI Before Renewal Reserve	29,905	30,144	239	1%
	13A	Renewal Reserve for Buildings	(12,032)	(12,032)	0	-
13B	Renewal Reserve for Utilities & Other Infrastructure	(8,658)	(8,658)	0	-	
13C	Renewal Reserve for Land, Forest & Other Park Assets	(9,105)	(9,105)	0	-	
13	Total Allocation to the Renewal Reserve	(29,795)	(29,795)	0	-	
14	Net Results After Annual Reserves	109	349	239	219%	
Agency Activities	15	Other Agency Revenue (interest and prior year deobligations)	2,487	2,487	0	0%
	16	Less: Debt Service	(5,141)	(5,141)	0	0%
	17	Contingency for Unexpected Events	(5,500)	(5,500)	0	0%
	18	Net Results After Agency Activities	(8,045)	(7,805)	239	-3%
	19A	Federal Appropriations	47,000	7,000	(40,000)	-85%
	19B	Grants	26,950	26,375	(575)	-2%
	19C	Loans	0	40,000	40,000	N/A
	19	External Funding Sources	73,950	73,375	(575)	0%
	20	Net Results After External Funding Sources	65,905	65,570	(336)	-1%
	21	Renewal Projects	(29,308)	(31,551)	(2,243)	8%
	22	Capital Improvement Projects	(18,191)	(54,413)	(36,222)	199%
	23	Total Renewal/Capital Projects	(47,499)	(85,964)	(38,465)	81%
	24	Renewal Reserve Add-Back	29,795	29,795	0	0%
25	Trust Net Results	48,202	9,401	(38,801)	-80%	
26	Carryforward (savings from prior years)	60,853	112,352	51,499	85%	
27	Trust Net Results after Carryforward	109,055	121,753	12,698	12%	

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Cash Reserve Allocation

FY 2022 Budget Revision

Approved by the Board on March 24, 2022

Allocation of Reserves	End of Fiscal Year 2021		Fiscal Year 2022					Fiscal Year 2023	
	Condition Index ("CI") ⁶	Total Additional Renewal \$\$ to Achieve 80% Condition Index Target ⁷	Beginning Amount	Addition/Reduction During the Year ⁸	Use During the Year ⁹	Additional Spending ¹⁰	Ending Condition Index ⁶	Total Additional Renewal \$\$ to Achieve 80% Condition Index Target ⁷	Beginning Amount
1 Renewal & Capital Reserves			67,268	93,772	(66,892)				95,150
2 Renewal Reserve ¹	66%	186,009	5,585	29,795	(31,551)	1,002	66%	188,986	4,832
2A Buildings	79%	3,923	99	12,032	(13,133)	1,002	80%	1,885	0
2B Utilities & Other Infrastructure	43%	139,999	992	8,658	(7,867)	0	43%	145,604	1,783
2C Land, Forest & Other Park Assets	69%	42,087	4,494	9,105	(10,550)	0	70%	41,497	3,049
3 Capital Improvements Reserve ²			24,825	30,916	(35,342)				20,400
4 Reserve for Future Renewal and Capital Improvements			36,857	33,061	0				69,918
5 Operating Reserves			45,084	591	0				45,674
6 Security Deposits and Pre-paid Rent ³			11,829	0	0				11,829
7 Estimated Bad Debt from COVID ⁴			3,361	0	0				3,361
8 Operating Reserve ⁵			29,894	591	0				30,484
9 Totals	66%	186,009	112,352	94,363	(66,892)	1,002	66%	188,986	140,824

1 Renewal is the replacement of an existing asset with a similar-performing asset, such as replacing an electrical substation or a water main. Per the Board reserve policy, starting in FY22, each year we will allocate money from our operating income to the renewal reserve to maintain a stable funding stream for renewal projects; this will keep the park from deteriorating. For FY22, we will contribute at least 2% of the current replacement value of Trust assets to the renewal reserves. (We are assuming an average 50 year expected service life for our assets.) We will refine the amounts needed for renewal and the annual reserve amounts as we implement renewal planning software.

2 Capital improvements are improvements to existing park assets or the creation of new park assets. This reserve includes funding for existing multi-year capital improvement projects, such as the Tunnel Tops park project and the East Mason warehouse rehabilitation project, that are continuing beyond FY21. This reserve also includes funds for capital improvement projects slated to be performed in FY22 and FY23.

3 Estimate based on most recent security deposit and pre-paid rent balances through July 2021. Currently forecasting no change in balance; however, we will develop forecasting methodology to refine projection in the future.

4 Estimated bad debt from COVID is money we have set aside to cover unexpected rent or other payment defaults from tenants due to the disruption in the economy from the pandemic. We anticipate forecasting partial application of this funding in the revised budget to be submitted in November 2021 after the close of the fiscal year. We expect to resolve outstanding issues with tenants through FY22, applying funding from the reserve as needed. If all outstanding tenant issues are resolved by the end FY22, we will reduce any unneeded or unused portion of the reserve, making it available for other uses.

5 Per the Board reserve policy, we aim to have three months of operating expenses set aside in a reserve to keep the park going in the event of significant unexpected events such as natural disasters, economic downturns or pandemics. Having these funds were critical to the Trust's survival during the economic downturn from the COVID-19 pandemic since we were not eligible for loans or other financial assistance.

6 The Condition Index indicates the percentage of our assets that are within their expected service life. Our target is an industry standard of 80%. Ideally the target would be 100%, however that would require over \$400M to cover all of our deferred maintenance.

7 Total amount needed to invest in renewal of assets to reach 80% condition index target, this accounts for roughly half of our total deferred maintenance total of over \$400M.

8 Amount added to or reduced from a reserve.

9 Amount used for the purpose of the reserve.

10 Amount spent in addition to the required annual reserve in column H, which contributes to an improvement in the condition index and reduction in deferred maintenance.

Presidio Trust

Renewal + Capital Improvement Plan (Obligation Basis)

FY 2022 through FY 2026

Approved by the Board on March 24, 2022

Renewal Plan										
(Dollars in Thousands)										
			(1)	(2) =	(3) +	(4) +	(5) +	(6) +	(7)	(8)
	Project Type	Project	Original Project Budget	FY22-26 Revised Project Budget	FY22 Revised Budget	FY23	FY24	FY25	FY26	Revised vs Original Change 2 - 1 = 8
1		Building Renewal								
2	Total	Building Renewal	26,921	25,942	13,133	12,809				(979)
2A	Renewal	Capital turns and cyclic renewal	25,491	25,491	12,682	12,809				
2B	Renewal	Other Building Renewal	1,430	451	451					(979)
3		Subtotal - Building Renewal	26,921	25,942	13,133	12,809	-	-	-	(979)
4		Utilities & Other Infrastructure								
5	Total	Utilities Renewal	17,615	17,445	7,646	9,799				(170)
5A	Renewal	Utilities studies and condition assessments	3,063	3,050	450	2,600				(13)
5B	Renewal	Utilities renewal and upgrades	5,272	10,692	4,542	6,149				5,419
5C	Renewal	Electrical substation 70 consolidation	6,773	1,560	1,560					(5,213)
5D	Renewal	Electrical substation 107 switchgear upgrade	2,507	2,143	1,093	1,050				(364)
6	Renewal	Technology Renewal	506	221	221					(285)
7		Subtotal - Utilities & Other Infrastructure	18,121	17,666	7,867	9,799	-	-	-	(455)
8		Land, Forest & Other Park Assets								
9	Renewal	Landscape Renewal	10,780	4,797	4,323	475				(5,983)
10	Total	Transportation-related projects	10,780	13,150	5,352	7,798				2,370
10A	Sponsored	Federal Highway Administration (FHWA) funding for transportation program (e.g., pavement, traffic calming, ADA accessibility, etc.)	4,620	8,733	4,533	4,200				4,113
10B	Renewal	Bus fleet conversion to battery electric	6,160	780		780				(5,380)
10C	Renewal	Other transportation-related renewal		3,636	818	2,818				3,636
11	Renewal	Other Park Assets Renewal	77	876	876					799
12		Subtotal - Land, Forest, & Other Park Assets	21,637	18,823	10,550	8,273	-	-	-	(2,814)
13		Total	66,679	62,432	31,551	30,881	-	-	-	(4,247)
14		Total - Trust Funded	62,059	53,699	27,018	26,681	-	-	-	(8,360)
15		Total - Sponsored	4,620	8,733	4,533	4,200	-	-	-	4,113

Capital Improvement Plan

(Dollars in Thousands)			(1)	(2)	(3) =	(4) +	(5) +	(6) +	(7) +	(8)	(9)
	Project Type	Project	Original Project Budget Approved	Revised Project Budget	FY22-26 Project Budget	FY22 with Carryforward	FY23	FY24	FY25	FY26	Revised vs Original Project Budget 2 - 1 = 9
1		Strategic Goal #1: Be Visited and Loved by All									
2	Total	Tunnel Tops, including Youth Campus	143,812	143,045	28,767	6,667	19,405	2,695			(767)
2A	Sponsored	Funds raised by the Golden Gate National Parks Conservancy	96,587	96,637	1,071	1,054	18				50
2B	Capital	Presidio Trust funds	20,275	20,283	1,570	1,570					8
2C	Sponsored	California grant funds for Outpost Meadows	26,950	26,125	26,125	4,043	19,388	2,695			(825)
3	Capital	Public access improvements	721	791	364	364					70
4	Capital	Improvements to visitor sites	1,229	2,156	1,890	1,890					927
5		Subtotal - Strategic Goal #1: Be Visited and Loved by All	145,762	145,992	31,020	8,920	19,405	2,695	-	-	230
6		Strategic Goal #2: Be a Model of Environmental Stewardship									
7	Total	Restoration of Quartermaster Reach Marsh and connection to Crissy Field Marsh	23,043	23,047	126	126					4
8	Capital	Mountain Lake water overflow control project	4,295	4,295	1,371	1,371					(0)
9		Subtotal - Strategic Goal #2: Be a Model of Environmental Stewardship	27,338	27,342	1,497	1,497	-	-	-	-	4
10		Strategic Goal #3: Be a Model of Operational Excellence in Public Service									
11	Capital	East Mason rehabilitation for leasing	10,190	34,306	33,292	31,398	1,234	540	120		24,116
12	Capital	Relocation of Trust staff, tenant improvements and commissions of Buildings 103, 36, 1051, and 49	3,500	3,481	2,962	2,962					(19)
13	Total	Transportation-related projects	12,234	1,785	276	276					(10,449)
13A	Sponsored	Federal Highway Administration (FHWA) funding for transportation program (e.g., pavement, traffic calming, ADA accessibility, etc.)	8,434	0							(8,434)
13B	Sponsored	Other sponsored funds for Transportation-related projects	490	0							(490)
13C	Capital	Presidio Trust funds	3,311	1,785	276	276					(1,525)
14	Capital	Gorgas warehouses rehabilitation for leasing	15,103	15,103	739	739					(0)
15	Total	Tenant and residential improvements	1,113	526	226	226					(587)
16	Capital	Other remediation sites > \$25K	1,096	1,085	225	225					(11)
17	Capital	Remediation site - Lendrum Court	7,761	7,761	114	114					(0)
18		Subtotal - Strategic Goal #3: Be a Model of Operational Excellence in Public Service	50,998	64,047	37,835	35,941	1,234	540	120	-	13,049
19		Foundational to All Our Work/Risk Mitigation									
20	Total	Park Reconstruction due to Doyle Drive	42,281	41,333	3,567	3,567					(948)
20A	Capital	Presidio Trust funds	41,880	40,932	3,166	3,166					(948)
20B	Sponsored	Funds transferred from Caltrans	401	401	401	401					0
21	Sponsored	Funding of and Contracting for Building 643 Improvements	7,398	7,398	970	970					(0)
23		Subtotal - Foundational to All Our Work/Risk Mitigation	49,679	48,731	4,538	4,538	-	-	-	-	(948)
24	Capital	Capital Projects Pool	8,984	7,728	7,728	3,517	4,211				(1,256)
25		Total	282,761	293,840	82,618	54,413	24,850	3,235	120	-	11,079
26		Total - Trust Funded	137,386	158,164	53,794	47,689	5,445	540	120	-	20,778
27		Total - Sponsored	145,375	135,676	28,824	6,724	19,405	2,695	-	-	(9,699)