

Presidio Trust

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

Fiscal Year 2023 Preliminary Budget

Presented to the Board on September 22, 2022

		\$K			Favorable/ Unfavorable
		1	2	3	4
		Fiscal Year 2022 Budget	Fiscal Year 2023 Preliminary Budget	Fiscal Year 2023 vs 2022 Change (2-1=3)	
				\$	%
BUSINESS PERFORMANCE					
1	Business Revenue	119,965	129,546	9,582	8%
2	Expenses to Operate Businesses	(33,788)	(37,157)	(3,369)	10%
3	Annual Reserve for Renewal of Buildings	(12,032)	(12,513)	(481)	4%
4	Surplus/(Loss) to Operate & Renew Businesses	74,145	79,876	5,731	8%
PARK PERFORMANCE					
5	Revenue from Park Operations	21,601	23,523	1,922	9%
6	Expenses to Operate & Renew the Park	(80,288)	(83,993)	(3,705)	5%
7	Annual Reserve for Renewal of Utilities & Infrastructure	(8,658)	(9,005)	(346)	4%
8	Annual Reserve for Renewal of Land, Forest & Other Park Assets	(9,105)	(9,469)	(364)	4%
9	Surplus/(Loss) to Operate & Renew the Park	(76,450)	(78,943)	(2,493)	3%
SUMMARY OF AGENCY PERFORMANCE					
10	Surplus/(Loss) From Businesses	74,145	79,876	5,731	8%
11	Surplus/(Loss) from the Park	(76,450)	(78,943)	(2,493)	3%
12	Contingency for Unexpected Events	(5,500)	(3,500)	2,000	-36%
13	Addition to Operating Reserve	0	(1,268,512)	(1,269)	-
14	Surplus/(Loss) from Businesses + Park	(7,805)	(3,836)	3,969	-51%
AGENCY PERFORMANCE INCLUDING EXTERNAL FUNDING					
15	External Funding	73,375	7,000	(66,375)	-90%
16	Total Surplus/(Loss) for the Year	65,570	3,164	(62,406)	-95%
Summary Information					
	Total Operating Revenue	141,566	153,069	11,503	8%
	Total Operating Expenses (excludes reserves)	(119,576)	(124,650)	(5,074)	4%
	Surplus/(Loss) before reserves & capital improvement projects	21,990	28,419	6,429	29%

Presidio Trust

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

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			Fiscal Year 2022 Budget	Fiscal Year 2023 Preliminary Budget	Fiscal Year 2023 vs 2022 Change (2-1=3)		
						\$	%
Business Division	1A	Residential Revenue	62,010	64,832	2,822	5%	
	1B	Commercial Revenue	39,335	43,140	3,805	10%	
	1C	Hospitality Revenue	18,619	21,574	2,955	16%	
	1	Total Business Revenue	119,965	129,546	9,582	8%	
	2	Less: Business Division Operating Expenses	(24,578)	(26,788)	(2,210)	9%	
	3	Less: Land & Building Stewardship Expenses related to Business Division Operations	(9,209)	(10,369)	(1,159)	13%	
	4	Business Division Net Operating Income (NOI)	79,427	92,389	12,962	16%	
Other Divisions	5A	Land & Building Stewardship Revenue (Utilities, SDC)	18,227	19,124	897	5%	
	5B	Park Revenue (e.g. Parking, Special Park Uses)	3,375	4,399	1,025	30%	
	5	Other Revenue (service district charges, utilities, parking, special events, permits)	21,601	23,523	1,922	9%	
	6	Less: Land & Building Stewardship Operating Expenses	(38,874)	(43,964)	(5,090)	13%	
	7	Less: Park Development & Visitor Engagement Operating Exp	(13,928)	(14,179)	(251)	2%	
	8	Less: Trust Administrative Expenses	(22,499)	(20,891)	1,608	-7%	
		9	Other Divisions NOI	(46,951)	(55,512)	(8,561)	18%
		10	Less: Business & Operations Improvement Projects Pool	(2,332)	(2,364)	(31)	1%
	11	Trust NOI Before Renewal Reserve	30,144	34,514	4,370	14%	
	12A	Renewal Reserve for Buildings	(12,032)	(12,513)	(481)	4%	
	12B	Renewal Reserve for Utilities & Other Infrastructure	(8,658)	(9,005)	(346)	4%	
	12C	Renewal Reserve for Land, Forest & Other Park Assets	(9,105)	(9,469)	(364)	4%	
	12	Total Allocation to the Renewal Reserve	(29,795)	(30,987)	(1,192)	4%	
	13	Net Results After Annual Reserves	349	3,527	3,178	911%	

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				\$	%	
Agency Activities	14	Other Agency Revenue (interest and prior year deobligations)	2,487	4,738	2,251	91%
	15	Less: Debt Service	(5,141)	(5,132)	9	0%
	16	Less: Insurance	0	(2,200)	(2,200)	-
	17	Less: Contingency for Unexpected Events	(5,500)	(3,500)	2,000	-36%
	18	Less: Addition to Operating Reserve	0	(1,269)	(1,269)	-
	19	Net Results After Agency Activities	(7,805)	(3,836)	3,969	51%
	20A	Federal Appropriations	7,000	7,000	0	0%
	20B	Grants	26,375	0	(26,375)	-100%
	20C	Loans	40,000	0	(40,000)	-100%
	20	External Funding Sources	73,375	7,000	(66,375)	-90%
	21	Net Results After External Funding Sources	65,570	3,164	(62,406)	-95%
	22	Renewal Projects	(31,551)	(37,942)	(6,391)	20%
	23	Capital Improvement Projects	(54,413)	(33,344)	21,070	-39%
	24	Total Renewal/Capital Improvement Projects	(85,964)	(71,285)	14,678	-17%
25	Renewal Reserve Add-Back	29,795	30,987	1,192	4%	
26	Trust Net Results	9,401	(37,135)	(46,536)	-495%	
27	Carryforward (savings from prior years)	112,352	169,381	57,029	51%	
28	Trust Net Results after Carryforward	121,753	132,246	10,493	9%	

Presidio Trust

Cash Reserve Allocation

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\$K

Allocation of Reserves		Current Condition		Fiscal Year 2023						Fiscal Year 2024
		Condition Index ("CI") ⁵	Total Additional Renewal \$\$ Needed to Achieve 80% Condition Index Target ⁶	Projected Beginning Amount	Addition/Reduction During the Year ⁷	Use During the Year ⁸	Deferred Maintenance Spending Beyond Existing Reserve ⁹	Ending Condition Index ⁵	Total Additional Renewal \$\$ Needed to Achieve 80% Condition Index Target ⁶	Beginning Amount
1	Renewal & Capital Reserves			127,436	39,037	(83,184)				88,874
2	Renewal Reserve ¹	65%	193,575	18,144	30,987	(37,942)	5,585	67%	182,594	16,774
2A	<i>Buildings</i>	79%	4,539	2,580	12,513	(20,678)	5,585	81%	(5,660)	0
2B	<i>Utilities & Other Infrastructure</i>	42%	150,340	7,949	9,005	(12,887)	0	44%	140,584	4,067
2C	<i>Land, Forest & Other Park Assets</i>	68%	49,881	7,615	9,469	(4,377)	0	68%	47,670	12,707
3	Capital Improvements Reserve ²			40,985	54,901	(45,242)				50,644
4	Reserve for Future Renewal and Capital Improvements			68,307	(46,851)	0				21,456
5	Operating Reserves			41,944	1,428	0				43,372
6	Security Deposits and Pre-paid Rent ³			10,782	0	0				10,782
7	Operating Reserve ⁴			31,162	1,428	0				32,590
8	Totals	66%	193,575	169,381¹⁰	40,465	(83,184)	5,585	67%	182,594	132,246

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 FY23, we will contribute 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 that are continuing beyond FY22. This reserve also includes funds for capital improvement projects slated to be performed per the Renewal and Capital plan.

3 Estimate based on most recent security deposit and pre-paid rent balances through July 2022. Currently forecasting no change in balance; however, we will develop forecasting methodology to refine projection in the future.

4 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.

5 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 \$500M to cover all of our deferred maintenance.

6 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 \$500M.

7 Amount added to or reduced from a reserve.

8 Amount used for the purpose of the reserve.

9 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.

10 Current and anticipated cash available beginning fiscal year 2023.

**Presidio Trust
Renewal + Capital Improvement Plan (Obligation Basis)
FY 2023 through FY 2027**

Presented to the Board on September 22, 2022

Renewal Plan

Note: The renewal plan includes recurring activities to renew assets as they reach end of life and as such includes only future year investments.

			\$K					
			FY 2023 and After					
			(1) =	(2) +	(3) +	(4) +	(5) +	(6)
	Project Type	Project	FY23-27 Project Budget	FY23	FY24	FY25	FY26	FY27
1		Building Renewal						
2	Total	Building Renewal	20,678	20,678				
2A	Renewal	Capital turns and cyclic renewal	20,628	20,628				
2B	Renewal	Other Building Renewal	50	50				
3		Subtotal - Building Renewal	20,678	20,678	-	-	-	
4		Utilities & Other Infrastructure						
5	Total	Utilities Renewal	20,280	12,887	5,987	1,188	218	
5A	Renewal	Utilities studies and condition assessments	3,898	1,286	1,206	1,188	218	
5B	Renewal	Utilities renewal and upgrades	1,848	1,848				
5C	Renewal	Electrical substation 70 consolidation	295	125	170			
5D	Renewal	Electrical substation 107 switchgear upgrade	5,625	1,022	4,602			
5E	Renewal	Electrical substation 680 switchgear and transformer replacement	3,263	3,263				
5F	Renewal	Cemetery Water Main Relocation	3,059	3,050	9			
5G	Renewal	Emergency Back Feed	2,293	2,293				
7		Subtotal - Utilities & Other Infrastructure	20,280	12,887	5,987	1,188	218	
8		Land, Forest & Other Park Assets						
9	Renewal	Landscape Renewal	520	520				
10	Total	Transportation-related projects	7,302	3,592	3,710			
10A	Sponsored	Federal Highway Administration (FHWA) funding for transportation program (e.g., pavement, traffic calming, ADA accessibility, etc.)	3,853	853	3,000			
10B	Renewal	Bus fleet conversion to battery electric	214	210	5			
10C	Renewal	Other transportation-related renewal	3,234	2,529	705			
11	Renewal	Other Park Assets Renewal	266	266				
12		Subtotal - Land, Forest, & Other Park Assets	8,087	4,377	3,710	-	-	
13		Total	49,045	37,942	9,697	1,188	218	
14		Total - Trust Funded	45,192	37,089	6,697	1,188	218	
15		Total - Sponsored	3,853	853	3,000	-	-	

Capital Improvement Plan

			\$K								
			FY 2022 and Before		FY 2023 and After						
			(1) -	(2) =	(3)	(4) =	(5) +	(6) +	(7) +	(8) +	(9)
Project Type	Project		Total Project Budget Approved	Spending + Budget through FY22	Remaining Budget to be Spent	FY23-27 Project Budget	FY23	FY24	FY25	FY26	FY27
1	Strategic Goal #1: Be Visited and Loved by All										
2	Total	Tunnel Tops, including Youth Campus	116,920	116,903	18	18	18				
2A	Sponsored	Funds raised by the Golden Gate National Parks	96,637	96,620	18	18	18				
3	Total	Presidio Improvement Projects, including Outpost Meadow	26,225	4,143	22,083	22,083	17,139	4,791	108	45	
3A	Sponsored	California grant funds for Outpost Meadow	20,800	2,218	18,582	18,582	16,635	1,919	28		
3B	Sponsored	California grant funds for Petlenuc Village, etc.	5,325	1,825	3,500	3,500	503	2,872	80	45	
3C	Capital	Presidio Trust funds	100	100							
4	Capital	Public access improvements	791	791							
5	Total	Improvements to visitor sites	2,156	2,156							
6	Subtotal - Strategic Goal #1: Be Visited and Loved by All		119,867	119,850	22,100	22,100	17,156	4,791	108	45	-
7	Strategic Goal #2: Be a Model of Environmental										
8	Total	Restoration of Quartermaster Reach Marsh and connection to Crissy Field Marsh	23,047	23,047							
8A	Capital	Presidio Trust funds	18,457	18,457							
8B	Sponsored	Sponsored funds for Quartermaster Reach Marsh	4,590	4,590							
9	Capital	Mountain Lake water overflow control project	4,295	4,295							
10	Subtotal - Strategic Goal #2: Be a Model of Environmental Stewardship		27,342	27,342	-	-	-	-	-	-	-
11	Strategic Goal #3: Be a Model of Operational Excellence in Public Service										
12	Capital	East Mason rehabilitation for leasing	34,306	31,475	2,831	2,831	2,171	540	120		
13	Capital	Relocation of Trust staff, tenant improvements and commissions of Buildings 103, 36, 1051, and 49	3,581	3,481	101	101	101				
14	Capital	Buildings 2, 40 and 102 rehabilitation for leasing	40,750	750	40,000	40,000	3,300	34,700	2,000		
15	Total	Transportation-related projects	2,194	1,785	409	409	409				
16	Capital	Gorgas warehouses rehabilitation for leasing	15,103	15,103							
17	Total	Tenant and residential improvements	526	526							
18	Capital	Other remediation sites > \$25K	1,085	1,085							
19	Capital	Remediation site - Lendrum Court	7,761	7,761							
20	Subtotal - Strategic Goal #3: Be a Model of Operational Excellence in Public Service		105,307	61,966	43,341	43,341	5,981	35,240	2,120	-	-
21	Foundational to All Our Work/Risk Mitigation										
22	Total	Park Reconstruction due to Doyle Drive	41,333	41,333							
23	Sponsored	Funding of and Contracting for Building 643 Improvements	17,605	7,398	10,207	10,207	10,207				
24	Subtotal - Foundational to All Our Work/Risk Mitigation		58,938	48,731	10,207	10,207	10,207	-	-	-	-
26	Total		314,121	260,556	75,648	75,648	33,344	40,031	2,228	45	-
27	Total - Trust Funded		168,238	146,980	43,341	43,341	5,981	35,240	2,120	-	-
28	Total - Sponsored		145,884	113,576	32,307	32,307	27,363	4,791	108	45	-

Items shaded in gray are anticipated to be completed fiscal year 2022