

DUE DECEMBER 31 Pursuant to Public Resources Code § 6306

Fiscal/Calendar Year: 2020-2021

Grantee Name: San Diego Unified Port District

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1. Funds

a. Is a separate fund maintained for trust assets, liabilities, revenues and expenditures?

YES NO

If “Yes”, please list the name(s) of the fund(s).

If “No”, under what fund are they accounted for?

The District is comprised of a single enterprise fund

b. Are separate financial statements prepared for the trust?

YES NO

If “Yes,” describe the organization of the separate financial statement.

If “No,” in which financial statements are they included? (Name of the document(s) and the applicable page number(s)).

Please see the audited Annual Comprehensive Financial Report FY June 30, 2021/20, pages 44-46.

2. Revenue

a. What was the gross revenue received or generated from trust land or trust assets during the past fiscal year?

Please see attachment

b. Please list all sources of revenue and the amount of revenue generated from each source (e.g., permits, rentals, percentage of lease, etc.).

Please see attachment

3. Expenses

- a. What was the total expenditure of funds received or generated from trust land or assets during the past fiscal year?

Please see attachment

- b. What expenses were allocated or charged directly to the trust? Please list the source of the expenditure and the amount expended.

Please see attachment

- c. Have there been any capital improvements over \$250,000 within the current fiscal year? Are any capital improvements over \$250,000 expected in the next fiscal year?

Please see attachment

- d. Describe any other disposition of trust funds or assets or any other disposition of the trust lands or trust assets themselves. Include any internal funds that were transferred to other grantees, to the management of entity or under the management of another political subdivision of the grantee under an agreement, settlement, or memorandum of understanding.

None

4. Beginning and Ending Balance

Please list the beginning and ending balances for the tidelands trust fund(s) for this past fiscal year.

Please see attachment

San Diego Unified Port District

Attachment to

Granted Public Trust Lands Standardized Reporting Form

Fiscal Year 2020-2021

Question #2:

a. Please see "Statements of Revenues, Expenses, and Changes in Net Position" on page 46 of the audited Annual Comprehensive Financial Report FY June 30, 2021/20. The total operating revenue for year ended June 30, 2021 was \$143,609,826.

b.

Fixed Rent	\$	37,778,487
Concession Revenue		56,440,442
Seaport Village Common Area Maintenance Fee		1,168,287
Storage Space Rental		1,503,718
Dockage		2,123,145
Parking		4,847,661
Parking Meters		3,216,226
Wharfage		10,520,025
Public Services Provided		22,430,783
Others		3,581,052
	\$	<u>143,609,826</u>

Question #3:

a. Please see "Statements of Revenues, Expenses, and Changes in Net Position" on page 46 of the audited Annual Comprehensive Financial Report FY June 30, 2021/20. The total operating expense for year ended June 30, 2021 was \$182,652,883.

b.

Real Estate	\$	27,566,700
Port as a Service		4,357,645
Maritime operations		15,366,633
Harbor Police		42,273,008
Other operating expenses		28,104,193
Depreciation and amortization		27,225,825
General and administrative expenses		37,758,879
	\$	<u>182,652,883</u>

- c. The Port's capital improvement expenditures for year ended June 30, 2021 exceeded \$250,000, and in FY 21/22 it is anticipated they will exceed this amount again. See Management's Discussion and Analysis page 32 for a list of the major capital projects during fiscal year 2021.

Question #4:

Please see "Statement of Revenues, Expenses, and Changes in Net Position" on page 46 of the audited Annual Comprehensive Financial Report FY June 30, 2021/20. The beginning balance of FY 20/21 was \$363,164,051 and the ending balance of FY 20/21 was \$326,740,555.

SAN DIEGO UNIFIED PORT DISTRICT
Management's Discussion and Analysis (Unaudited)
Fiscal Years Ended June 30, 2021 and June 30, 2020

Capital Assets

The District's net book value was \$575.9 million as of June 30, 2021, \$591.3 million as of June 30, 2020, and \$585.5 million as of June 30, 2019. The funds used for capital improvements are derived from several sources, including the District's unrestricted funds, federal and state grants, capital contributions from external sources, long-term debt, and current revenue sources.

Capital Assets
(Expressed in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Nondepreciable assets:			
Land	\$ 277,151	\$ 252,803	\$ 252,803
Construction-in-progress	44,818	65,612	48,250
Depreciable/amortizable assets:			
Land improvements	7,650	7,650	7,650
Buildings and structures	638,515	637,316	628,786
Machinery and equipment	84,018	83,504	102,995
Roads and parking lots	128,363	122,645	122,638
Intangible	17,433	16,617	5,635
Total assets	<u>1,197,948</u>	<u>1,186,147</u>	<u>1,168,757</u>
Accumulated depreciation/amortization	<u>(622,037)</u>	<u>(594,810)</u>	<u>(583,223)</u>
Capital assets, net	<u><u>\$ 575,911</u></u>	<u><u>\$ 591,337</u></u>	<u><u>\$ 585,534</u></u>

Capital Assets – Fiscal year 2021 compared to 2020:

The District invested a total of \$11.5 million in construction-in-progress during fiscal year 2021 (refer to Note 3 to the basic financial statements for the summary of capital assets activity). Some of these projects were completed and capitalized during the fiscal year.

Following are amounts expended during fiscal year 2021 for some of the major capital projects:

- \$2.3 million, U.S. Coast Guard Tenant Improvements
- \$2.0 million, Chula Vista Bayfront Site Preparation
- \$1.0 million, Seaport Village Tenant Improvement
- \$590 thousand, Computer Aided Dispatch
- \$566 thousand, Tenth Avenue Marine Terminal Microgrid Infrastructure
- \$440 thousand, Chula Vista Bayfront - South Campus Demolition
- \$382 thousand, Curtain Wall Repairs and Backfilling at B Street Pier
- \$365 thousand, Mesh Data Communications
- \$329 thousand, Retaining Wall at Centennial Park
- \$329 thousand, District Document Management System
- \$297 thousand, Cold Ironing Phase 2 at B Street and Broadway Piers
- \$2.9 million, all other capital projects

SAN DIEGO UNIFIED PORT DISTRICT
Management's Discussion and Analysis (Unaudited)
Fiscal Years Ended June 30, 2021 and June 30, 2020

Capital Assets – Fiscal year 2020 compared to 2019:

The District invested a total of \$32.3 million in construction-in-progress during fiscal year 2020 (refer to Note 3 to the basic financial statements for the summary of capital assets activity). Some of these projects were completed and capitalized during the fiscal year.

On January 1, 2020, the California State Lands Commission (CSLC) granted the District approximately 8,300 additional acres of submerged lands within San Diego Bay as authorized through the passage of Senate Bill 507 (SB 507). The District assumed all leases within these newly granted submerged lands on the date of conveyance and required the District to transfer to the CSLC the gross annual revenues generated from the existing leases on the lands granted. Due to the terms of SB 507 and the lack of an appraisal standard to develop a fair value on these submerged lands, a nominal value of \$1 was recorded as Land assets.

Following are amounts expended during fiscal year 2020 for some of the major capital projects:

- \$9.0 million, Tenth Avenue Maritime Terminal (TAMT) Transit Shed Demolition and Site Improvements
- \$6.5 million, Chula Vista Bayfront Site Preparation
- \$3.0 million, Business Solution Platform Implementation
- \$2.1 million, Tuna Harbor Dock 2 & 3 Structure Repairs
- \$2.0 million, B Street Pier Structural Repairs
- \$1.2 million, Seaport Village Building Repairs
- \$862 thousand, San Diego Bay Regional Fiber Optic Infrastructure Phase 4A
- \$695 thousand, Tuna Harbor Dock 1 Structure Repairs
- \$541 thousand, B Street Pier Curtain Wall Repairs and Backfilling
- \$404 thousand, TAMT Microgrid Infrastructure Improvement
- \$382 thousand, HPD Headquarters Storage Modifications
- \$375 thousand, SAP Digital Transformation, Phase 1
- \$347 thousand, Computer Aided Dispatch
- \$343 thousand, National City Marina District Vision Plan Preliminary Planning
- \$342 thousand, Chula Vista Bayfront Goodrich South Campus Demolition
- \$272 thousand, Harbor Island & Imperial Beach Signage Replacement
- \$242 thousand, District Document Management System
- \$238 thousand, Concur Travel Management Implementation
- \$234 thousand, TAMT Stormwater Treatment System Design
- \$3.2 million, all other capital projects

SAN DIEGO UNIFIED PORT DISTRICT
Management's Discussion and Analysis (Unaudited)
Fiscal Years Ended June 30, 2021 and June 30, 2020

Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position provide insight as to the nature and source of the change in financial position. The District's summarized results of operations for the fiscal years ended June 30, 2021, 2020, and 2019 are presented below:

**Condensed Statements of
Revenues, Expenses, and Changes in Net Position**
(Expressed in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues:			
Real Estate	\$ 78,171	\$ 92,134	\$ 107,234
Guest Experiences - Parking	7,947	13,338	17,058
Maritime	33,785	37,760	38,650
Harbor Police	19,898	16,159	17,069
Other operating revenues	3,809	3,106	3,820
Total operating revenues	<u>143,610</u>	<u>162,497</u>	<u>183,831</u>
Operating expenses:			
Direct expenses			
Real Estate	27,567	31,773	28,787
Guest Experiences - Parking	4,358	4,522	5,267
Maritime	15,366	17,829	17,401
Harbor Police	42,273	43,619	40,331
Other operating expenses	28,104	22,490	29,359
Depreciation and amortization	27,226	27,551	26,412
General and administrative expenses	37,759	46,397	48,469
Total operating expenses	<u>182,653</u>	<u>194,181</u>	<u>196,026</u>
Income/(loss) from operations	<u>(39,043)</u>	<u>(31,684)</u>	<u>(12,195)</u>
Nonoperating revenues	4,496	12,605	12,471
Nonoperating expenses	3,100	12,628	3,056
Nonoperating income/(loss)	<u>1,396</u>	<u>(23)</u>	<u>9,415</u>
Capital grants and contributions	1,223	9,733	28,168
Change in net position	<u>(36,424)</u>	<u>(21,974)</u>	<u>25,388</u>
Beginning net position	363,164	385,138	359,750
Ending net position	<u>\$ 326,740</u>	<u>\$ 363,164</u>	<u>\$ 385,138</u>

The major components of the District's operating revenues include concession fees, land and building leases, Harbor Police and General and Administrative (G&A) cost reimbursements for services provided to the San Diego County Regional Airport Authority (SDCRAA), wharfage, parking fees, storage space rentals, cruise ship passenger and security fees, and dockage fees.

SAN DIEGO UNIFIED PORT DISTRICT
Management's Discussion and Analysis (Unaudited)
Fiscal Years Ended June 30, 2021 and June 30, 2020

The District's operating expenses consist primarily of personnel expenses, contractual services, community and environmental support (including municipal services for fire, police, and medical emergency), and maintenance and repairs.

Nonoperating revenues include interest income, damages recovered, grant revenues, asset forfeiture proceeds, low carbon fuel standard revenue, car rental transaction fees, and miscellaneous other nonoperating revenues.

The major components of nonoperating expenses are legal settlement expense, interest expense, and financial assistance expense.

Capital grants and contributions include Transportation Investment Generating Economic Recovery (TIGER), State of California Natural Resources Agency, and Port Security capital grants.

Operating Revenues – Fiscal year 2021 compared to 2020:

(Expressed in thousands)	2021	2020	\$ Change Increase (Decrease)	% Change
Real Estate	\$ 78,171	\$ 92,134	\$ (13,963)	(15.2)%
Guest Experiences - Parking	7,947	13,338	(5,391)	(40.4)%
Maritime	33,785	37,760	(3,975)	(10.5)%
Harbor Police	19,898	16,159	3,739	23.1 %
Other operating revenues	3,809	3,106	703	22.6 %
Total operating revenues	<u>\$ 143,610</u>	<u>\$ 162,497</u>	<u>\$ (18,887)</u>	(11.6)%

- Real Estate operating revenues of \$78.2 million decreased \$13.9 million from \$92.1 million. The decrease was primarily due to the negative impact from the COVID-19 pandemic, particularly in the hospitality industry. Concession revenues were significantly affected as the COVID-19-related restrictions were in effect, resulting in cancellations of conventions, lack of business travel, and group events. Also heavily impacted were Parking (Seaport Village) and Park Usage Fees, both a result of limited visitation to tidelands areas due to state-imposed restrictions on public gatherings due to COVID-19.
- Guest Experiences - Parking operating revenues of \$7.9 million decreased \$5.4 million from \$13.3 million. Parking revenue decreased due to significantly reduced visitation to the tidelands areas, and the associated need for parking, as a result of the COVID-19 pandemic. Additionally, reduced hotel occupancy and cancellations of convention center events for the entire fiscal year contributed to the revenue reductions.
- Maritime operating revenues of \$33.8 million decreased \$4.0 million from \$37.8 million. The decrease was primarily due to storage space rental revenue and cruise operations cancelled in fiscal year 2021 as a result of COVID-19 pandemic. These decreases partially offset by higher revenues from automobile wharfage, fixed rent from new leases and retroactive rent increases at the National Distribution Center.
- Harbor Police operating revenues of \$19.9 million increased \$3.7 million from \$16.2 million. The increase was primarily due to a prior year adjustment for airport police services and billing adjustments related to increased benefit and overhead costs.
- Other operating revenues of \$3.8 million increased \$703 thousand from \$3.1 million. The increase was primarily due to the reimbursement of general and administrative costs related to airport police services and SDG&E for efficiency partnership program.

SAN DIEGO UNIFIED PORT DISTRICT
Management's Discussion and Analysis (Unaudited)
Fiscal Years Ended June 30, 2021 and June 30, 2020

Operating Revenues – Fiscal year 2020 compared to 2019:

(Expressed in thousands)	<u>2020</u>	<u>2019</u>	<u>\$ Change Increase (Decrease)</u>	<u>% Change</u>
Real Estate	\$ 92,134	\$ 107,234	\$ (15,100)	(14.1)%
Guest Experiences - Parking	13,338	17,058	(3,720)	(21.8)%
Maritime	37,760	38,650	(890)	(2.3)%
Harbor Police	16,159	17,069	(910)	(5.3)%
Other operating revenues	3,106	3,820	(714)	(18.7)%
Total operating revenues	<u>\$ 162,497</u>	<u>\$ 183,831</u>	<u>\$ (21,334)</u>	<u>(11.6)%</u>

- Real Estate operating revenues of \$92.1 million decreased \$15.1 million from \$107.2 million. The decrease was primarily due to the negative impact from the COVID-19 pandemic, particularly in the hospitality industry. Concession revenues were significantly affected as the COVID-19-related restrictions were, in effect, resulting in cancellations of conventions, lack of business travel, and group events.
- Guest Experiences - Parking operating revenues of \$13.3 million decreased \$3.7 million from \$17.1 million. Parking revenue decreased due to significantly reduced visitation to the tidelands areas and the associated need for parking as a result of the COVID-19 pandemic. Additionally, reduced hotel occupancy and cancellations of convention center events in the fourth quarter of the fiscal year contributed to the revenue reductions.
- Maritime operating revenues of \$37.8 million decreased \$890 thousand from \$38.7 million. Cruise activity shut down abruptly in March due to COVID-19. This resulted in lost revenue, partially offset by unanticipated security fee revenue related to extended cruise ship terminal docking due to the CDC no sail order. Additionally, auto imports were impacted due to the shutdown and/or slowdown of manufacturing plants and dealerships also due to COVID-19, resulting in lower wharfage revenue.
- Harbor Police operating revenues of \$16.2 million decreased \$910 thousand from \$17.1 million. The decrease was primarily due to a reduction in airport police services.
- Other operating revenues of \$3.1 million decreased \$714 thousand from \$3.8 million. The decrease was primarily due to lower regional harbor monitoring program reimbursement.

SAN DIEGO UNIFIED PORT DISTRICT
Management's Discussion and Analysis (Unaudited)
Fiscal Years Ended June 30, 2021 and June 30, 2020

Operating Expenses - Fiscal year 2021 compared to 2020:

(Expressed in thousands)	<u>2021</u>	<u>2020</u>	<u>\$ Change Increase (Decrease)</u>	<u>% Change</u>
Direct expenses				
Real Estate	\$ 27,567	\$ 31,773	\$ (4,206)	(13.2)%
Guest Experiences - Parking	4,358	4,522	(164)	(3.6)%
Maritime	15,366	17,829	(2,463)	(13.8)%
Harbor Police	42,273	43,619	(1,346)	(3.1)%
Other operating expenses	28,104	22,490	5,614	25.0 %
Depreciation and amortization	27,226	27,551	(325)	(1.2)%
General and administrative expenses	37,759	46,397	(8,638)	(18.6)%
Total operating expenses	<u>\$ 182,653</u>	<u>\$ 194,181</u>	<u>\$ (11,528)</u>	(5.9)%

- Real Estate operating expenses of \$27.6 million, before depreciation and G&A expense, decreased \$4.2 million from \$31.8 million. The decrease was mainly due to reduced spending on professional services, as well as delayed or cancelled tenant improvements at Seaport Village related to COVID-19 pandemic.
- Guest Experiences - Parking operating expenses of \$4.4 million, before depreciation and G&A expenses, decreased \$164 thousand from \$4.5 million. The decrease was primarily due to facility management services, which covers the operation of staffed parking lots and is directly tied to revenue, as operator fees are based on a percentage of revenues. Revenue at all tidelands parking lots has been impacted by the COVID-19 pandemic.
- Maritime operating expenses of \$15.4 million, before depreciation and G&A expenses, decreased \$2.5 million from \$17.8 million. The decrease was primarily due to cruise ship passenger security fees and maintenance expenses related to the cruise terminal as a result of the shut down of cruise operations.
- Harbor Police operating expenses of \$42.3 million, before depreciation and G&A expenses, decreased \$1.3 million from \$43.6 million. The decrease was primarily from worker's compensation, group health insurance, and reduction in professional services expenditures due to the COVID-19 pandemic.
- Other operating expenses of \$28.1 million, before depreciation and G&A expenses, increased \$5.6 million from \$22.5 million. The increase was primarily due to increase in pension expense per GASB Statement No. 68, partially offset by the reduction in Other Postemployment Benefit (OPEB) expenses per GASB Statement No. 75.
- Total depreciation and amortization expenses of \$27.2 million decreased \$325 thousand from \$27.6 million.
- G&A expenses of \$37.8 million decreased by \$8.6 million from \$46.4 million, primarily due to reduced personnel and non-personnel operating expenses due to the COVID-19 pandemic. Overall personnel-related expenses saw a year-over-year decrease of \$3.2 million, and non-personnel expenses saw a year-over-year decrease of \$4.8 million. Personnel expense reductions were driven by vacancies resulting from a mix of natural attrition, and suspension of hiring for all non-critical positions. Additionally, the District instituted a two percent salary reduction for unrepresented employees earning more than \$75,000 per year effective July 1, 2020. Non-personnel expense reductions were driven mainly by Marketing/Outreach, Professional Services, Legal Services, and Equipment, Systems, and Maintenance - all reduced by COVID-related delays or cancellations.

SAN DIEGO UNIFIED PORT DISTRICT
Management's Discussion and Analysis (Unaudited)
Fiscal Years Ended June 30, 2021 and June 30, 2020

Operating Expenses - Fiscal year 2020 compared to 2019:

(Expressed in thousands)	2020	2019	\$ Change Increase (Decrease)	% Change
Direct expenses				
Real Estate	\$ 31,773	\$ 28,787	\$ 2,986	10.4 %
Guest Experiences - Parking	4,522	5,267	(745)	(14.1)%
Maritime	17,829	17,401	428	2.5 %
Harbor Police	43,619	40,331	3,288	8.2 %
Other operating expenses	22,490	29,359	(6,869)	(23.4)%
Depreciation and amortization	27,551	26,412	1,139	4.3 %
General and administrative expenses	46,397	48,469	(2,072)	(4.3)%
Total operating expenses	<u>\$ 194,181</u>	<u>\$ 196,026</u>	<u>\$ (1,845)</u>	(0.9)%

- Real Estate operating expenses of \$31.8 million, before depreciation and G&A expenses, increased \$3.0 million from \$28.8 million. The increase was mainly due to the additional cost of operations associated with the ownership of Seaport Village, primarily upkeep and tenant improvements, partially offset by savings in marketing/outreach.
- Guest Experiences - Parking operating expenses of \$4.5 million, before depreciation and G&A expenses, decreased \$745 thousand from \$5.3 million. The decrease was primarily due to facility management services, which covers the operation of staffed parking lots and is directly tied to revenue, as operator fees are based on a percentage of revenues. Revenue at all tidelands parking lots has been impacted by the COVID-19 pandemic.
- Maritime operating expenses of \$17.8 million, before depreciation and G&A expenses, increased \$428 thousand from \$17.4 million. The increase was primarily due to unforeseen security expenses and shore power connection fees related to extended cruise ship docking at cruise ship terminal as a result of COVID-19 impacted no sail orders issued by the CDC. The shore power connection fees and security fees were reimbursed by cruise lines with a 15% markup on the security fees.
- Harbor Police operating expenses of \$43.6 million, before depreciation and G&A expenses, increased \$3.3 million from \$40.3 million. The increase was primarily from the following: personnel related expenses, safety equipment & supplies, space rentals, and telephone and communications partially offset by decreases in overtime cost, grant funded expenditures, and professional services.
- Other operating expenses of \$22.5 million, before depreciation and G&A expenses, decreased \$6.9 million from \$29.4 million. The decrease was primarily due to a reduction in pension expense per GASB Statement No. 68, and Other Postemployment Benefit (OPEB) expenses per GASB Statement No. 75. The decrease was also attributable to regional harbor monitoring program and worker's compensation expense classifications.
- Total depreciation and amortization expenses of \$27.6 million increased \$1.1 million from \$26.4 million mainly due to depreciation for the Seaport Village facility.
- G&A expenses of \$46.4 million decreased by \$2.1 million from \$48.5 million, primarily due to lower information technology and telecommunication and professional services expenses. Information technology and telecommunication expenses were significantly higher in fiscal year 2019 due to a cyber security incident.

SAN DIEGO UNIFIED PORT DISTRICT
 Statements of Revenues, Expenses and Changes in Net Position
 Fiscal Years Ended June 30, 2021 and June 30, 2020

	2021	2020
Operating revenues:		
Real Estate	\$ 78,170,385	\$ 92,134,149
Guest Experiences - Parking	7,947,255	13,337,510
Maritime	33,785,207	37,759,676
Harbor Police	19,898,025	16,159,422
Other operating revenues	3,808,954	3,106,325
Total operating revenues	143,609,826	162,497,082
Operating expenses:		
Direct expenses:		
Real Estate	27,566,700	31,773,432
Guest Experiences - Parking	4,357,645	4,522,287
Maritime	15,366,633	17,828,616
Harbor Police	42,273,008	43,619,058
Other operating expenses	28,104,193	22,489,887
Depreciation and amortization	27,225,825	27,551,296
General and administrative expenses	37,758,879	46,396,119
Total operating expenses	182,652,883	194,180,695
Loss from operations	(39,043,057)	(31,683,613)
Nonoperating revenues (expenses):		
Interest income	559,702	2,743,978
Settlement income (expenses)	(93,869)	(8,390,980)
Net change in the fair value of investments	(134,233)	(42,473)
Interest expense	(2,462,794)	(2,696,973)
Financial assistance	(420,785)	(772,195)
Other nonoperating expenses	(122,660)	(768,307)
Other nonoperating revenues	4,070,792	9,903,515
Nonoperating revenues (expenses), net	1,396,153	(23,435)
Loss before capital grants and contributions	(37,646,904)	(31,707,048)
Capital grants and contributions	1,223,408	9,733,095
Change in net position	(36,423,496)	(21,973,953)
Net position, beginning of year	363,164,051	385,138,004
Net position, end of year	\$ 326,740,555	\$ 363,164,051

See accompanying notes to the basic financial statements.