

# Port Everglades Adopted Budget for FY2021

September 29, 2020



# Introduction

- Like most entities, Port Everglades began experiencing the negative impacts of the COVID-19 pandemic in mid-March
- Prior to the pandemic, the Port was trending toward a record-breaking year with total operating revenues through February increasing by 9%
- Through July, total volumes and operating revenues have decreased in nearly all categories which will be detailed on the following slides
- In response to these volume and revenue decreases, the Port identified approximately \$12.2 million in mid-year operating expense budget reductions with adjustments included in the 3<sup>rd</sup> supplemental budget in September



# Year-to-Date Performance thru August - Volume Statistics

Statistic	August Actual - FY2019	August Actual - FY2020	(%)
Cruise passengers	3,748,486	2,539,542	(32)%
Cargo TEUs	971,770	871,237	(10)%
Cargo tons	6,267,767	5,238,190	(16)%
Petroleum barrels	115,837,842	99,190,429	(14)%
Bulk and breakbulk tons	1,626,502	1,282,063	(21)%
Multi-day cruise ship calls	645	467	(28)%
Total ship calls	3,739	3,481	(7)%

# Year-to-Date Operating Revenues thru August

Revenue Category	August Actual - FY2019	August Actual - FY2020	(%)
Cruise	\$57,583,202	\$41,279,482	(28)%
Containerized cargo	31,821,073	29,218,624	(8)%
Petroleum	34,419,703	30,623,153	(11)%
Real estate	16,951,340	17,814,768	5%
Parking	8,442,931	5,493,495	(35)%
Breakbulk	3,642,013	3,671,465	1%
Bulk	4,580,657	3,652,857	(20)%
Lay-in	1,588,322	5,270,588	232%
Other	1,322,501	1,212,164	(8)%
<b>Total</b>	<b>\$160,351,742</b>	<b>\$138,236,596</b>	<b>(14)%</b>

# FY2021 Revenue Assumptions - Cruise

Since the preliminary recommended budget was submitted, there have been several developments related to the global COVID-19 pandemic that have negatively impacted cruise revenue estimates for FY2021 as follows:

- On June 19, 2020, the Cruise Line International Association (CLIA) announced a voluntary extension of the cruise suspension existing at the time from August 1, 2020 to September 15, 2020
- On July 7, 2020, Carnival Cruise Line announced the redeployment of Carnival ships from Port Everglades to PortMiami and Port Canaveral for the upcoming season
- On July 17, 2020 Holland America announced the sale of the ships Amsterdam and Rotterdam which had been scheduled to call at Port Everglades during the upcoming season
- On July 16, 2020, the CDC announced an extension of the cruise no-sale order until September 30, 2020
- On July 22, 2020, Princess Cruises announced a voluntary suspension of cruise operations to the Caribbean and elsewhere until December 15, 2020
- On August 5, 2020, CLIA announced a voluntary extension of the cruise suspension until October 31, 2020



# FY2021 Revenue Assumptions - Cruise

As a result of the continued uncertainty over when cruise operations will resume, the Port is recommending to reduce the FY2021 cruise revenue budget by \$20,736,050 to \$12,475,000\* which reflects the following:

- Sailing of remaining multi-day cruises beginning on December 1, 2020 at 30% capacity through June 30, 2021, and increasing to 50% capacity July through September
- Forecast assumes additional revenue from new customer Viking Cruises for cruises between January and March expected to be billed at tariff rates
- The Port is also recommending a corresponding decrease in the budget for cruise parking revenues from \$3,758,000 to \$1,526,000

\*This amount is merely a projection based upon current circumstances but in no way is intended to modify or amend the contractual obligations of any or all of the cruise lines



# FY2021 Revenue Assumptions - Other

The Petroleum and Containerized Cargo revenue estimates for FY2021 are derived from the baseline "likely" forecasts included in the adopted Master/Vision Plan:

- Petroleum assumes a baseline of 125,084,752 barrels with decreases of 10%, 25%, and 10% for gas, jet, and other fuel types, respectively resulting in an estimate of 107,179,792 barrels at an average of \$0.32 per barrel or \$34,223,040
- Containerized cargo assumes a 10% decrease to the baseline of 1,105,000 TEUs (613,889 shipmove equivalent) which equals 994,500 TEUs (552,500 shipmove equivalent) at an average of \$57.90 per shipmove or \$31,987,070
- In addition to the above, the adopted budget for real estate totals \$17,743,000 for lease agreements effective in FY2021
- All other revenue sources including bulk, breakbulk, lay-in, finance charges, Foreign Trade Zone, rail revenues, and public safety assume 3% tariff increases over the FY2020 budget

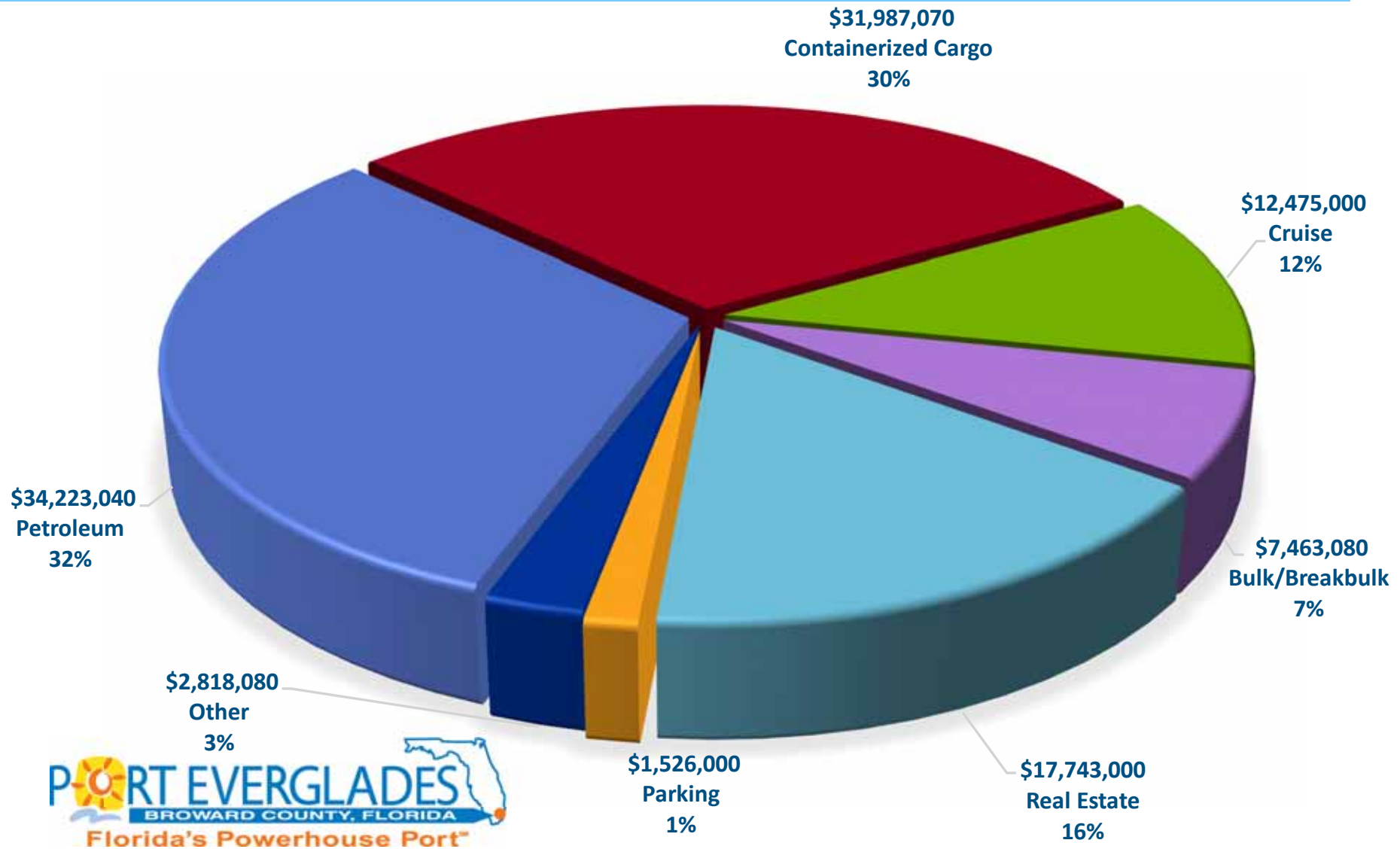


# Revenue Budget Comparison for FY2021

Category	FY20 Adopted Budget	FY21 Adopted Budget	(+/-)	(%)
Cruise	\$61,290,280	\$12,475,000	(\$48,815,280)	(80%)
Petroleum	\$38,385,160	\$34,223,040	(\$4,162,120)	(11%)
Containerized Cargo	\$36,542,410	\$31,987,070	(\$4,555,340)	(12%)
Real Estate	\$17,914,670	\$17,743,000	(\$171,670)	(1%)
Bulk/Breakbulk	\$7,245,740	\$7,463,080	\$217,340	3%
Parking	\$7,493,260	\$1,526,000	(\$5,967,260)	(80%)
Other	\$2,737,280	\$2,818,080	\$80,800	3%
<b>Total</b>	<b>\$171,608,800</b>	<b>\$108,235,270</b>	<b>(\$63,373,530)</b>	<b>(37%)</b>



# Summary of Adopted Operating Revenues for FY 2021 - \$108,235,270



# FY2021 Operating Expense Budget Assumptions

If the recommended revenue budget for FY2021 is revised downward to \$108,235,270, the Port is proposing the following in order to adopt a budget that meets at least the minimum debt service coverage requirements of 1.25x/1.10x:

- 1) Reduce the recommended operating expense budget by \$9,658,280 (detail by category on the next slide)
- 2) Use \$18,500,000 of the Port's unrestricted cash and investments (approximately \$150 million as of June 30, 2020) to legally defease debt to decrease pressure on next year's coverage



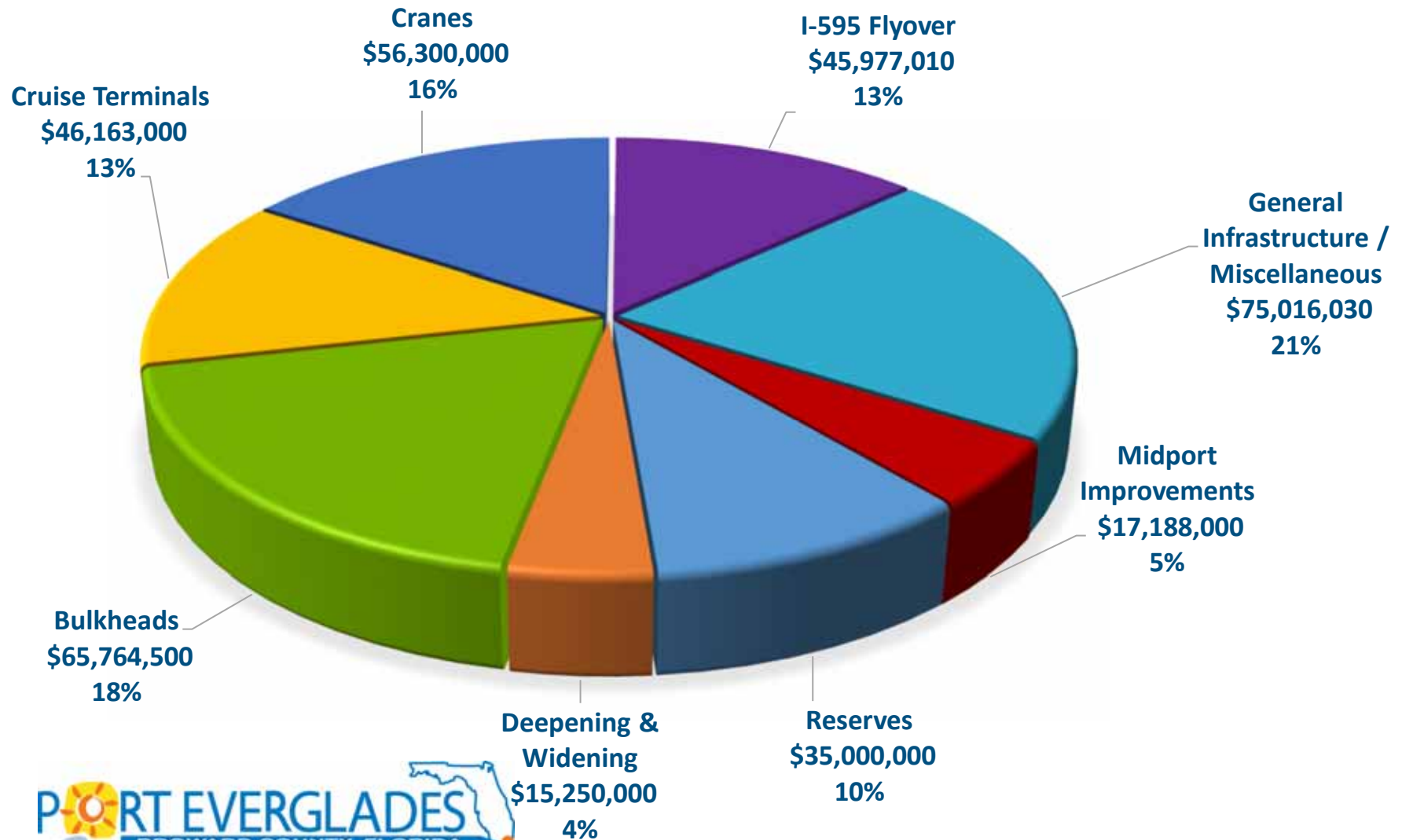
# Expense Budget Comparison for FY2021

Expense Category	FY21 Original Recommended Budget	Change	FY21 Revised Recommended Budget
Security	\$ 22,374,090	(\$2,855,200)	\$19,518,890
Fire/EMS	\$10,360,670	\$367,220	\$10,727,890
Personnel	\$23,805,560	(\$3,187,270)	\$20,618,290
Crane Operations	\$9,840,170	\$0	\$9,840,170
Repairs, Maintenance, Materials & Supplies	\$9,837,800	(\$1,989,590)	\$7,848,210
Insurance	\$7,607,740	\$0	\$7,607,740
Professional Services	\$3,515,150	(\$1,205,200)	\$2,309,950
Utilities	\$4,771,060	\$0	\$4,771,060
County Services & Cost Chargeback	\$3,760,030	\$0	\$3,760,030
Other	\$4,798,190	(\$788,240)	\$4,009,950
<b>Total</b>	<b>\$ 100,670,460</b>	<b>(\$9,658,280)</b>	<b>\$91,012,180</b>

# FY2021 - FY2025 Recommended CIP



# Summary of FY2021- FY2025 CIP - \$356,658,540



# Major Capital Project Updates

- The Southport Turning Notch/Crane Rail Infrastructure project is progressing with nearly 73% of the project complete as reported in the June construction report
- Three low-profile super post-Panamax cranes are expected to be delivered to Port Everglades in the first quarter of FY2021, with commissioning expected in mid-January
- CenterPoint Port Everglades, LLC has obtained the Certificates of Occupancy for both buildings of the new Port Everglades International Logistics Center (PE-ILC)
- Construction of new fly-over ramps to access the Terminal 2 & 4 parking garage from the Convention Center and Terminal 2 is underway, with project completion expected in mid-December

