

DUE DECEMBER 31

Pursuant to Public
Resources Code § 6306

Granted Public Trust Lands Standardized Reporting Form



Fiscal/Calendar Year: Fiscal ending June 30, 2016

Grantee Name: San Francisco Port District
Contact Person: John J. J. Woo, Fiscal Officer/Interim Deputy Director, Finance & Administration
Contact Phone: 415-274-0515
Mailing Address: Port of San Francisco
Pier 1, The Embarcadero
San Francisco, California 94111

1. Funds

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

YES NO

If "No", under what fund are they accounted for? If "Yes," please list the name(s) of the fund(s)

Port of San Francisco, an enterprise fund of the City and County of San Francisco

- b. Are separate financial statements prepared for the trust?

YES NO

If "No," in which financial statements are they included? (Name of the document(s) and the applicable page number(s)) If "Yes," describe the organization of the separate financial statement.

Port Commission, City and County of San Francisco, dba Port of San Francisco

2. Revenue

- a. What was the gross revenue received or generated from trust land or trust assets during the past fiscal year? Total Revenues \$126,551,000 (pg 4); Operating Revenues \$99,733,000 (pgs 4 and 23)

- b. Please list all sources of revenue and the amount of revenue generated from each source (e.g. permits, rentals, percentage of lease) See Income Statement (pg 23) and Note 2 descriptions (pg 29)

3. Expenses

- a. What was the total expenditure of funds received or generated from trust land or assets during the past fiscal year? Total Expenses \$91,476,000 (pg 4); Operating Expenses \$86,820,000 (pgs 4 and 23)

- b. What expenses were allocated or charged directly to the trust? Please list the source of the expenditure and the amount expended. See Income Statement for Operating and Nonoperating Expenses (pg 23) and Statement of Cash Flows (pgs 24-25)

- 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?

Yes, see capital asset discussions (pgs 8-9) and Note 6 (pgs 35-36). Yes, major improvements are expected in the next year.

- 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 another entity or under the management of another political subdivision of the grantee per an agreement, settlement, or Memorandum of Understanding.

Jurisdiction transfer for Daggett Street and other related party transactions described in Note 14 (pgs 52-53)

4. Beginning and Ending Balance

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

Net Position beginning balance of \$352,595,000 and ending balance of \$387,670,000 (pgs 4, 21 and 23)

For all questions, please give the page number where the information can be found in your accompanying financial document. Please use additional pages as necessary.

PORT COMMISSION
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PORT OF SAN FRANCISCO
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2016 and 2015

Condensed Financial Information – Port of San Francisco

Comparative Net Position (in thousands)

	June 30,			2016-2015	2015-2014
	2016	2015	2014		
Current and other assets	\$ 191,839	\$ 152,032	\$ 151,355	\$ 39,807	\$ 677
Capital assets	430,850	444,105	439,773	(13,255)	4,332
Total assets	<u>622,689</u>	<u>596,137</u>	<u>591,128</u>	<u>26,552</u>	<u>5,009</u>
Deferred outflows of resources	<u>6,467</u>	<u>5,555</u>	<u>-</u>	<u>912</u>	<u>5,555</u>
Current liabilities	23,454	24,788	39,020	(1,334)	(14,232)
Noncurrent liabilities	210,874	209,459	180,819	1,415	28,640
Total liabilities	<u>234,328</u>	<u>234,247</u>	<u>219,839</u>	<u>81</u>	<u>14,408</u>
Deferred inflows of resources	<u>7,158</u>	<u>14,850</u>	<u>-</u>	<u>(7,692)</u>	<u>14,850</u>
Net position:					
Net investment in capital assets	304,396	315,037	312,572	(10,641)	2,465
Restricted	26,152	6,511	16,389	19,641	(9,878)
Unrestricted	<u>57,122</u>	<u>31,047</u>	<u>42,328</u>	<u>26,075</u>	<u>(11,281)</u>
Total net position	<u>\$ 387,670</u>	<u>\$ 352,595</u>	<u>\$ 371,289</u>	<u>\$ 35,075</u>	<u>\$ (18,694)</u>

Changes in Net Position (in thousands)

	Year Ended June 30,			2016-2015	2015-2014
	2016	2015	2014		
Revenues:					
Operating revenues	\$ 99,733	\$ 95,296	\$ 85,739	\$ 4,437	\$ 9,557
Nonoperating revenues	2,737	3,114	1,401	(377)	1,713
Capital contributions	24,081	1,560	9,721	22,521	(8,161)
Total revenues	<u>126,551</u>	<u>99,970</u>	<u>96,861</u>	<u>26,581</u>	<u>3,109</u>
Expenses:					
Operating expenses	86,820	83,683	83,596	3,137	87
Nonoperating expenses	<u>4,656</u>	<u>4,512</u>	<u>4,585</u>	<u>144</u>	<u>(73)</u>
Total expenses	<u>91,476</u>	<u>88,195</u>	<u>88,181</u>	<u>3,281</u>	<u>14</u>
Change in net position	35,075	11,775	8,680	23,300	3,095
Net position, beginning of year	<u>352,595</u>	<u>340,820</u>	<u>362,609</u>	<u>11,775</u>	<u>(21,789)</u>
Net position, end of the year	<u>\$ 387,670</u>	<u>\$ 352,595</u>	<u>\$ 371,289</u>	<u>\$ 35,075</u>	<u>\$ (18,694)</u>

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Total service reimbursements to other City departments were \$19,124,000 in 2016, a net increase of \$2,027,000 over 2015. This follows a \$1,526,000 increase in 2015 over 2014. In 2004, the Port Commission adopted the findings of a nexus study that analyzed the balance of payments between the Port and City. That study established a record of certain past expenditures and provided a systematic means for determining the balance of payments for future periods. The Port and City continue to evaluate and refine the methodologies used for the reimbursement and allocation of direct and indirect costs. A nexus study update is in the budget plan. City direct services are generally settled through the City's interdepartmental work order process. The interdepartmental expense line fluctuates greatly with the volume of project-related activities. The additional costs incurred in 2016 and 2015 were largely attributable to supplemental services procured from the Department of Public Works for services or projects at Port facilities, from Parking and Traffic for the operation and maintenance of on-street parking program as well as parking enforcement, and from the Police Department for traffic management at the cruise terminal. Drydock maintenance of one fireboat was completed in 2016 (\$593,000).

Pollution remediation obligations are covered in the environmental matters section of the Contingencies footnote (Note 18). The increase variances in pollution remediation expense for 2016 and 2015 are due to the more recent evaluation and re-estimate of the accrued costs.

Nonoperating revenues and expenses, other than interest income and expense, tend to fluctuate widely based on largely nonrecurring transaction activities or events. Investments are reported at fair value and the corresponding change in fair value reported along with interest income. Operating grants consist of financial assistance received from various agencies for noncapital purposes, like special studies, disaster response training, and environmental investigations. This grant category also covers the funding from the Federal Railroad Administration for rebuilding the Quint Street Lead, a freight rail spur track that is jointly owned by the two major railroad companies that serve the Port. Reimbursable expenditures for preliminary costs of \$249,000 against a total grant award of \$2,970,000 have been incurred. Also among nonoperating revenues and expenses are the gains and losses realized from the disposition of Port assets. Insurance proceeds totaling \$14,116,000 have been received pursuant to a fire insurance claim filed by the Port (Note 16). Final settlement of the insurance claim was reached in April 2015.

Capital Asset and Debt Administration

Capital Assets

The Port's capital assets as of June 30, 2016 and 2015, respectively, were \$430.9 million and \$444.1 million, net of accumulated depreciation. Principal capital assets include land, certain street and road improvements, pier promenades, pier substructure, buildings and related improvements, vehicles, equipment and furniture. More information concerning the Port's capital assets can be found in Note 6 on pages 35-36 of this report.

Significant project appropriations cover capital projects planned and in-progress, including the pending expenditure of the debt issuances discussed below and the general obligation bond proceeds allocated to open space projects along the waterfront. As of June 30, 2016, the budget file indicates over \$99 million in appropriations for Port capital projects. The Port had firm purchase and contract commitments at June 30, 2016 of approximately \$15.1 million for capital projects.

Major capital asset related events of 2016 included the following:

- ***Pier 35 Building and Roof.*** This \$2.2 million project provided for the upgrade of two elevators and essential water intrusion work (roofing, flashing, window and door weather stripping repairs) in

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several areas in the Pier 35 bulkhead and the shed building. Pier 35 is a historic building, which serves as the Port's secondary cruise terminal and has office tenants in the bulkhead building.

- ***Pier 49, Wharf J1 Under-Pier Sewer Replacement.*** This \$1.1 million project's scope included the replacement of all existing under-pier gravity main and branch sewer lines serving six Port tenant restaurants at Pier 49 Wharf J1. The sewer system under Wharf J1 had exceeded its constructed useful life. Plumbing modifications added over the years created a complex piping system which became difficult to operate and maintain. This replacement of the sewer system provides reliable service to the affected Port tenants and protects the environment. Completion of this project also fulfills the objective in the Port's Ten-year Capital plan to maintain under-pier utility infrastructure in a "state of good repair."
- ***Security Improvements.*** Security improvements through the installation and deployment of closed-circuit television (CCTV) and integrated access control/intrusion detection systems at key Port facilities continue in phases, largely based on priority and available funding. In 2016, \$3.9 million of such security improvements were recognized as completed. Current funding is largely from the Port Security Grant Program segment of the Department of Homeland Security's Infrastructure Protection Program. This federal funding expands on the fiber optic security network build-out initially funded by the California Port & Maritime Security Grant Program in 2007 and 2008.
- ***Water Taxi Dock at Pier 15.*** The Exploratorium completed construction of a water taxi dock for the Port off the south apron of Pier 15. In accordance with the development lease, the new \$0.6 million dock is owned by the Port. The dock provides pier access for water taxis that operate in the San Francisco Bay.
- ***Bayview Gateway.*** The opening of the Bayview Gateway was celebrated with a ribbon-cutting ceremony on September 18, 2015. It is a one-acre passive green open space at the intersection of Cargo Way and Third Street near Pier 90. Its location provides a welcoming gateway to the Bayview Community with new landscaping containing drought-tolerant plants and fruit-bearing trees, plaza areas, open access to the waterfront, and improved pedestrian amenities. Its design also intends to reflect the natural and cultural history of the neighborhood and to be compatible with the Port's cargo and maritime industrial operations. There is a new walkway along Islais Creek between the Third Street and Illinois Street bridges, and places for picnicking and enjoying the view of the *Bayview Rise* art mural. Sustainable design is carried through the open space with locally sourced construction and landscape materials, and a drainage system that processes and retains 100% of the site's storm-water runoff. The Bayview Gateway project was funded with \$4.6 million from the 2008 Clean and Safe Neighborhood Parks General Obligation Bond. A future phase for the open space will bring public art to the corner of Third Street and Cargo Way.

Major capital asset related events of 2015 included the following:

- ***Blue Greenway Signage System.*** The Blue Greenway is a City and Port project to improve and expand the public open space network along the central and southern waterfront, extending from China Basin Channel to the San Francisco southern county line. When fully completed, this network is envisioned to consist of thirteen miles of contiguous pedestrian and bicycling routes with a series of parks and respite areas at which to enjoy and access the Bay. The Port, with assistance from a design team, developed a wayfinding system to (a) improve recognition of the network of open spaces and the alignment of the Blue Greenway before it is completely designed, funded, and built; (b) help build an identity to the system for today's users and potential users; and (c) through removable panels, allow for future area interpretation on the signs as the Blue Greenway evolves over a long

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Statements of Net Position (Continued)

June 30, 2016 and 2015

(dollar amounts in thousands)

	2016	2015
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,207	\$ 3,477
Accrued interest payable	1,618	1,652
Accrued payroll	1,284	1,103
Accrued vacation and sick leave pay (Note 8)	1,295	1,367
Accrued workers' compensation (Notes 8 and 19)	416	408
Estimated claims payable (Notes 8, 18 and 19)	625	1,056
Current maturities of long-term obligations (Note 8)	2,456	2,370
Current portion of loan from City department (including accrued interest payable of \$1 and \$4, respectively) (Notes 8 and 14)	65	112
Pollution remediation obligations (Notes 8 and 18)	60	71
Prepaid rents and advance payments	2,107	2,365
Rent credits due to tenants	2,132	2,166
Lessee and other deposits	8,189	8,641
Total current liabilities	23,454	24,788
Noncurrent liabilities:		
Accrued vacation and sick leave pay (Note 8)	896	853
Accrued workers' compensation (Notes 8 and 19)	2,311	2,374
Estimated claims payable (Notes 8, 18 and 19)	350	350
Long-term obligations - net of current maturities (Note 8)	89,006	91,526
Loan from City department, net of current portion (Notes 8 and 14)	-	64
Pollution remediation obligations (Notes 8 and 18)	10,969	10,703
Net pension liability (Note 10 and 20)	21,291	16,574
Other postemployment benefits obligation (Notes 8 and 12)	21,644	20,091
Prepaid rents, advance payments and other liabilities	14,757	15,146
Rent credits due to tenants	49,650	51,778
Total noncurrent liabilities	210,874	209,459
Total liabilities	234,328	234,247
Deferred inflows of resources -		
Deferred inflows of resources related to pensions (Note 10)	7,158	14,850
Net position		
Net investment in capital assets	304,396	315,037
Restricted for capital projects	26,152	6,511
Unrestricted	57,122	31,047
Total net position	\$ 387,670	\$ 352,595

The accompanying notes are an integral part of these financial statements.

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Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2016 and 2015
(dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>
Operating revenues (Note 9):		
Commercial and industrial	\$ 53,519	\$ 51,328
Parking	21,504	22,312
Cargo	5,281	4,931
Cruise	7,663	4,928
Ship repair	2,543	2,045
Fishing	2,062	2,185
Harbor services	1,768	1,996
Other maritime	1,779	2,305
Other	3,614	3,266
Total operating revenues	<u>99,733</u>	<u>95,296</u>
Operating expenses:		
Personal services	30,846	29,406
Contractual services	5,895	4,978
Utilities	2,146	2,395
Materials and supplies	1,468	1,689
Depreciation and amortization	21,924	22,787
General and administrative	4,058	4,266
Services provided by other City departments (Note 14)	19,124	17,097
Pollution remediation (Note 18)	266	78
Other	1,093	987
Total operating expenses	<u>86,820</u>	<u>83,683</u>
Operating income	<u>12,913</u>	<u>11,613</u>
Nonoperating revenues (expenses):		
Interest and investment income	884	970
Operating grants	177	458
Gain from fire insurance settlement (Note 16)	-	1,686
Disposition of Drydock #1 (Note 18)	-	134
Dispositions, net (Note 14)	1,676	(426)
Interest expense	(4,656)	(4,220)
Total net nonoperating revenues (expenses)	<u>(1,919)</u>	<u>(1,398)</u>
Change in net position before capital contributions	<u>10,994</u>	<u>10,215</u>
Capital contributions -		
Grants from government agencies and other contributions	<u>24,081</u>	<u>1,560</u>
Change in net position	<u>35,075</u>	<u>11,775</u>
Net position, beginning of the year	<u>352,595</u>	<u>340,820</u>
Net position, end of the year	<u>\$ 387,670</u>	<u>\$ 352,595</u>

The accompanying notes are an integral part of these financial statements.

PORT COMMISSION
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Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015
(dollar amounts in thousands)

	2016	2015
Cash flows from operating activities:		
Cash received from tenants for rent	\$ 74,384	\$ 89,205
Cash received from customers and others	22,917	17,300
Deposits received from tenants and customers	949	1,578
Cash paid to employees for services	(28,706)	(28,213)
Cash paid to employee retirement system	(4,293)	(4,948)
Cash paid to suppliers for goods and services	(16,985)	(17,113)
Cash paid to City for services	(19,212)	(17,185)
Customer deposits returned	(1,269)	(467)
Net cash provided by operating activities	27,785	40,157
Cash flows from noncapital financing activities:		
Insurance proceeds	-	1,686
Operating grants	310	228
Net cash provided by noncapital financing activities	310	1,914
Cash flows from capital and related financing activities:		
Acquisition and construction of facilities and equipment	(6,801)	(34,409)
Dredging	(869)	(2,911)
Payments of long-term debt	(2,478)	(2,704)
Interest and debt issue cost payments on long-term debt	(4,789)	(4,468)
Capital contribution from City - proceeds from Parks Bond	21,787	-
Capital grants received	694	6,876
Other capital contributions	1,215	800
Proceeds from City for jurisdiction transfer of Daggett Street	1,675	-
Proceeds from insurance for damaged equipment	9	-
Proceeds from sale of equipment and materials	2	5
Net cash provided by (used in) capital and related financing activities	10,445	(36,811)
Cash flows from investing activities:		
Interest and investment income	830	986
Net cash provided by investing activities	830	986
Change in cash and cash equivalents	39,370	6,246
Cash and cash equivalents, beginning of year	143,853	137,607
Cash and cash equivalents, end of year	\$ 183,223	\$ 143,853

The accompanying notes are an integral part of these financial statements.

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Statements of Cash Flows (Continued)
For the Years Ended June 30, 2016 and 2015
(dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 12,913	\$ 11,613
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	22,120	22,787
Change in allowance for doubtful accounts	(28)	(166)
Net effects of (increase) decrease in:		
Receivables	(823)	(195)
Tenant deposits held outside City Treasury	30	15
Materials and supplies	(133)	253
Prepaid charges, advances and other assets	(52)	10
Net effects of increase (decrease) in:		
Accounts payable and accrued expenses	(568)	(607)
Accrued payroll	181	(1,166)
Accrued vacation and sick leave pay	(29)	(72)
Accrued workers' compensation	(55)	8
Estimated claims payable	(431)	(424)
Pollution remediation obligations	255	20
Other postemployment benefits obligation	1,553	2,000
Rent credits, prepaid rent and other liabilities	(3,261)	10,681
Net pension liability and related deferred outflows/inflows of resources	(3,887)	(4,600)
Net cash provided by operating activities	<u>\$ 27,785</u>	<u>\$ 40,157</u>
Noncash capital and related financing activities:		
Acquisition of capital assets in accounts payable and accrued expenses	\$ 1,354	\$ 1,056
Tenant improvements financed by rent credits	241	400
Water taxi dock improvement contributed by tenant	634	-
Reclassification of advance to USACE for dredging study	-	(250)
Change in estimate of the disposition of Drydock #1	-	(134)
Asset disposal costs and abandoned capital improvement projects	(10)	(431)
Reconciliation of cash and equivalents to the statement of net position:		
Cash and investments held in City Treasury		
Unrestricted	\$ 131,012	\$ 109,139
Restricted	41,955	23,678
Cash and investments held outside City Treasury		
Unrestricted	5	5
Restricted	10,555	11,365
Cash and equivalents	183,527	144,187
Less: Investment outside of City Treasury not meeting the definition of cash equivalents	(304)	(334)
Total cash and cash equivalents	<u>\$ 183,223</u>	<u>\$ 143,853</u>

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements
For the Years Ended June 30, 2016 and 2015

6. Capital Assets

A summary of changes in capital assets for years ended June 30, 2016 and 2015 are as follows (in thousands):

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 105,582	\$ -	\$ -	\$ 105,582
Construction in progress	19,315	8,006	13,415	13,906
Total capital assets, not being depreciated	<u>124,897</u>	<u>8,006</u>	<u>13,415</u>	<u>119,488</u>
Capital assets, being depreciated:				
Facilities and improvements	566,792	12,197	8,833	570,156
Machinery and equipment	24,705	323	68	24,960
Intangible assets	2,264	-	-	2,264
Dredging	5,201	869	2,911	3,159
Waterfront Land Use Plan	2,779	-	-	2,779
Infrastructure	29,115	895	-	30,010
Total capital assets, being depreciated	<u>630,856</u>	<u>14,284</u>	<u>11,812</u>	<u>633,328</u>
Less accumulated depreciation for:				
Facilities and improvements	280,511	17,313	8,833	288,991
Machinery and equipment	13,680	1,395	58	15,017
Intangible assets	1,698	259	-	1,957
Dredging	3,311	1,574	2,911	1,974
Waterfront Land Use Plan	2,409	165	-	2,574
Infrastructure	10,039	1,414	-	11,453
Total accumulated depreciation	<u>311,648</u>	<u>22,120</u>	<u>11,802</u>	<u>321,966</u>
Total capital assets, being depreciated, net	<u>319,208</u>	<u>(7,836)</u>	<u>10</u>	<u>311,362</u>
Capital assets, net	<u>\$ 444,105</u>	<u>\$ 170</u>	<u>\$ 13,425</u>	<u>\$ 430,850</u>

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Notes to Financial Statements
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6. Capital Assets (Continued)

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 105,582	\$ -	\$ -	\$ 105,582
Construction in progress	49,924	23,945	54,554	19,315
Total capital assets, not being depreciated	<u>155,506</u>	<u>23,945</u>	<u>54,554</u>	<u>124,897</u>
Capital assets, being depreciated:				
Facilities and improvements	518,768	48,024	-	566,792
Machinery and equipment	18,561	7,222	1,078	24,705
Intangible assets	2,264	-	-	2,264
Dredging	3,379	2,911	1,089	5,201
Waterfront Land Use Plan	2,779	-	-	2,779
Infrastructure	29,114	1	-	29,115
Total capital assets, being depreciated	<u>574,865</u>	<u>58,158</u>	<u>2,167</u>	<u>630,856</u>
Less accumulated depreciation for:				
Facilities and improvements	263,833	16,678	-	280,511
Machinery and equipment	12,862	1,466	648	13,680
Intangible assets	1,436	262	-	1,698
Dredging	1,573	2,827	1,089	3,311
Waterfront Land Use Plan	2,244	165	-	2,409
Infrastructure	8,650	1,389	-	10,039
Total accumulated depreciation	<u>290,598</u>	<u>22,787</u>	<u>1,737</u>	<u>311,648</u>
Total capital assets, being depreciated, net	<u>284,267</u>	<u>35,371</u>	<u>430</u>	<u>319,208</u>
Capital assets, net	<u>\$ 439,773</u>	<u>\$ 59,316</u>	<u>\$ 54,984</u>	<u>\$ 444,105</u>

Facilities and improvements include pier substructures, which have an estimated useful life greater than 50 years. The cost of such long-lived assets totaled \$21,915,000 as of June 30, 2016 and 2015. The cost of fully depreciated assets still in use was approximately \$171,631,000 and \$167,820,000 at June 30, 2016 and 2015, respectively. The Port received proceeds from sales of equipment and materials of \$2,000 in 2016 and \$5,000 in 2015. Total interest expense was \$4,688,000 and \$4,590,000 for fiscal years 2016 and 2015, of which \$32,000 and \$370,000 was capitalized, respectively. The decreases in machinery and equipment for fiscal year 2015 included \$431,000 from the early disposition of on-street parking equipment purchased for the Port's pilot program, replaced in coordination with the final City program.

7. Other Assets

Other unrestricted noncurrent assets represent the long-term portion of lease or other agreement obligations to be collected principally from tenants and customers in future years.

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13. Redevelopment Agency (Continued)

A portion of the Rincon Point South Beach Redevelopment Project Area is within the Port Area and the Agency held leasehold interests to certain Port properties. Prior to AB1484, it was planned for the Port to resume management and control on July 1, 2012 of its property, including the leasehold improvements completed by the Agency. The Port and the Office of Community Investment and Infrastructure, Successor Agency to the Redevelopment Agency, have negotiated a memorandum of agreement covering the termination of Port agreements and providing for the transfer of certain assets and operations of the Rincon Point South Beach Project to the Port. While the agreement has been approved by the Port and Successor Agency governing commissions, the Oversight Board to the Successor Agency and the California State Department of Finance in 2015, the agreement is executory pending the completion of all closing conditions.

14. Related Party Transactions

The Port receives services from, and provides services to, various City departments that are categorized in the various operating expense line items in the statements of revenues, expenses and changes in net position. The Port continues to evaluate its payments to the City's General Fund and various City departments for services that support activities within the Port area and refine the methodologies used for the allocation of City direct and indirect costs. In fiscal year 2016, the \$19,124,000 in services provided by other City departments included \$2,903,000 of insurance premiums and \$538,000 in workers' compensation expense. In fiscal year 2015, the \$17,097,000 in services provided by other City departments included \$2,570,000 of insurance premiums and \$587,000 in workers' compensation expense.

Services provided by City departments include: fireboat operations and maintenance from the Fire Department, legal and litigation-related services from the City Attorney's Office, street cleaning, direct and contractual services from the Department of Public Works, services provided by the City Purchaser, contract compliance review services by the City Administrator's Contract Monitoring Division, security services from the Police Department, risk management consulting services through the City Risk Manager, parking meter system maintenance and collection services from and through the San Francisco Municipal Transportation Agency, communications and network services from the Department of Technology and real estate services from the Department of Real Estate. Charges for electrical service provided by the SFPUC, included in utilities on the statements of revenues, expenses and changes in net position, were \$1,558,000 and \$1,795,000 in fiscal years 2016 and 2015, respectively.

Rental revenues from City departments included in operating revenues were approximately \$2,263,000 and \$2,168,000 in fiscal years 2016 and 2015, respectively.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
PORT OF SAN FRANCISCO
Notes to Financial Statements
For the Years Ended June 30, 2016 and 2015

14. Related Party Transactions (Continued)

Pursuant to a memorandum of understanding dated August 31, 2015, a jurisdiction transfer from the Port to the San Francisco Real Estate Division of property commonly known as Daggett Street was completed to facilitate an open space improvement in connection with an adjacent residential development project. Daggett Street, located within the former tide and submerged lands of Mission Bay, was subject to the public trust for commerce, navigation and fisheries and is among the trust properties transferred to the City pursuant to the Burton Act. This jurisdiction transfer is consistent with the provisions of Senate Bill 815 (State statutes of 2007, Chapter 660), allowing for the termination of the public trust on certain street fragments and their sale or transfer out of Port ownership for fair market value subject to certain conditions, which have been met for Daggett Street. In fiscal year 2016 and in connection with all secured approvals, the Port received a transfer fee of \$1,675,000.

In November 2012, the City voters passed Proposition B, approving a \$195 million General Obligation Bond known as the 2012 San Francisco Clean and Safe Neighborhood Parks Bond. After deductions for issue costs, this bond allocates \$34.5 million for parks and open spaces on Port property. Previously in February 2008, the City voters approved an earlier bond issue for park and open space projects that included \$33.5 million for waterfront projects. Since these bonds are a citywide obligation, the proceeds received by the Port are recorded as capital contributions. In February 2016, the Port received \$13.2 million of proceeds from the 2012 bond and \$8.5 million from the 2008 bond for waterfront projects. No amounts were received in fiscal year 2015.

Pursuant to a memorandum of understanding (MOU), the SFPUC advanced funds to provide for the design and construction of certain energy efficiency projects at identified Port facilities (Note 8). With the anticipation that retrofit costs will be recovered through future energy cost savings, the advances are being repaid over a four year period after project completion, with interest at 3.5% per annum. In 2012, the Port and the SFPUC entered into an MOU to facilitate the installation of a shoreside power system at the Pier 70 ship repair facility. Among other things, the SFPUC committed to provide the Port a project rebate of \$1.5 million, or a pro-rata amount, based on a pre-established threshold for metered electricity consumption by the shoreside power system during the first ten years of operation. A prorated rebate amount of \$295,000 has been accrued at June 30, 2016 and \$208,000 at June 30, 2015 as a noncurrent receivable, a component of Unrestricted other noncurrent assets.