



# PORT EVERGLADES 2014 MASTER/VISION PLAN

---

## APPENDIX K: AFFORDABILITY ANALYSIS WORKSHEETS

PRESENTED BY



## AFFORDABILITY ANALYSIS

The Port Everglades master planning and vision process yielded a set of capital improvements needed to maintain existing assets in a state of good repair, as well as strategic investments that will enhance the Port's ability to serve its cruise and cargo business lines. These projects were then programmed over the 20-year planning horizon, according to the immediacy of the need and the Port's ability to afford the investment. The affordability analysis on the following page demonstrates the Port's ability to afford the candidate investments as programmed across years, taking into consideration expected operating income, expected operating expenses, available funds, anticipated grants, and required reserves.

The affordability examination is necessary to demonstrate that the Port can 1) meet the requirements of existing bond covenants from past investments that were financed in part through debt, and 2) maintain existing operations while undertaking these new investments. To obtain this estimate, a comprehensive analysis was performed by the Finance Division with support from the master planning team to determine potential revenues and expenses over the 10-year period. Net income was then compared with the potential debt the Port would have to carry forward to finance the projects.

**Described more fully in Element 6 of the Plan, the results of the affordability analysis illustrate that the bond covenant debt service coverage test requirements met and exceeded the required 110 percent and 125 percent tests for all years of the analysis: Fiscal Years 2015 through FY 2024.**

PORT EVERGLADES DEPARTMENT												
PROJECTED REVENUES, EXPENSES AND DEBT SERVICE COVERAGE												
(Dollars in Thousands)												
	Actual Fiscal Year 2013	Projected Fiscal Year 2014	Projected Fiscal Year 2015	Projected Fiscal Year 2016	Projected Fiscal Year 2017	Projected Fiscal Year 2018	Projected Fiscal Year 2019	Projected Fiscal Year 2020	Projected Fiscal Year 2021	Projected Fiscal Year 2022	Projected Fiscal Year 2023	Projected Fiscal Year 2024
Petroleum	\$ 27,530	\$ 27,391	\$ 29,648	\$ 31,858	\$ 33,029	\$ 34,235	\$ 35,475	\$ 37,330	\$ 40,140	\$ 43,704	\$ 48,407	\$ 54,278
Cruise	62,153	56,601	57,791	56,595	59,266	63,388	67,831	73,088	78,699	84,643	90,931	97,725
Container	31,671	32,558	33,083	35,423	37,036	46,266	57,235	70,007	84,990	102,005	121,122	142,330
Bulk	1,701	2,076	2,135	1,889	1,965	2,044	2,125	2,209	2,296	2,385	2,476	2,571
Breakbulk/Neobulk	2,130	1,685	1,732	2,338	2,434	3,253	4,164	5,169	6,269	7,468	8,767	10,120
Rail	113	120	243	254	265	277	289	302	315	328	342	356
Lay-in	569	1,011	1,040	1,086	1,135	1,185	1,236	1,290	1,345	1,402	1,461	1,521
Real Estate	12,779	15,054	14,628	15,143	15,673	16,217	16,777	17,352	17,944	18,551	19,175	19,817
Foreign Trade Zone	725	743	774	794	814	834	855	876	898	921	944	967
Parking	6,998	7,710	7,970	8,333	8,708	9,096	9,496	9,911	10,339	10,781	11,239	11,711
Public Safety	182	153	168	176	184	192	200	209	218	227	237	247
Miscellaneous Finance	768	150	150	157	164	171	179	187	195	203	212	220
<b>Total Operating Revenues (1)</b>	<b>147,319</b>	<b>145,252</b>	<b>149,362</b>	<b>154,046</b>	<b>160,672</b>	<b>177,157</b>	<b>195,863</b>	<b>217,928</b>	<b>243,645</b>	<b>272,617</b>	<b>305,312</b>	<b>341,864</b>
<b>Total Operating Expenses (2)</b>	<b>(76,124)</b>	<b>(78,408)</b>	<b>(80,760)</b>	<b>(83,183)</b>	<b>(85,678)</b>	<b>(93,478)</b>	<b>(102,552)</b>	<b>(113,733)</b>	<b>(126,937)</b>	<b>(142,052)</b>	<b>(159,340)</b>	<b>(178,913)</b>
Gross Margin	71,195	66,844	68,602	70,863	74,993	83,679	93,311	104,196	116,708	130,565	145,972	162,952
Net eligible non operating revenues	667	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Net amount available for debt service</b>	<b>\$ 71,862</b>	<b>\$ 67,844</b>	<b>\$ 69,602</b>	<b>\$ 71,863</b>	<b>\$ 75,993</b>	<b>\$ 84,679</b>	<b>\$ 94,311</b>	<b>\$ 105,196</b>	<b>\$ 117,708</b>	<b>\$ 131,565</b>	<b>\$ 146,972</b>	<b>\$ 163,952</b>
<b>Existing plus new debt covenant tests:</b>												
Eligible bond covenant revenue	\$ 71,862	\$ 67,844	\$ 69,602	\$ 71,863	\$ 75,993	\$ 84,679	\$ 94,311	\$ 105,196	\$ 117,708	\$ 131,565	\$ 146,972	\$ 163,952
Debt Service (125% Test)	28,758	28,758	28,758	28,762	30,209	33,912	37,614	50,308	63,006	63,008	63,007	63,008
Debt Service (110% Test)	32,046	32,059	32,062	32,060	33,514	37,215	40,919	53,611	66,313	66,312	66,313	66,314
Test (125%)	2.50	2.36	2.42	2.50	2.52	2.50	2.51	2.09	1.87	2.09	2.33	2.60
Test (110%)	2.24	2.12	2.17	2.24	2.27	2.28	2.30	1.96	1.78	1.98	2.22	2.47
<b>Debt service computation:</b>												
Existing senior lien debt service payments	28,758	28,758	28,758	28,762	19,225	19,230	19,235	19,230	19,229	19,231	19,229	19,231
Debt service on new capital funds (2016 issuance)(3)					10,984	10,984	10,984	10,984	10,984	10,984	10,984	10,984
Debt service on new capital funds (2018 issuance)(3)						3,698	7,395	7,395	7,395	7,395	7,395	7,395
Debt service on new capital funds (2020 issuance)(4)								12,699	25,398	25,398	25,398	25,398
Sub-total senior lien debt service payments	28,758	28,758	28,758	28,762	30,209	33,912	37,614	50,308	63,006	63,008	63,007	63,008
Subordinate lien debt service payments	3,288	3,301	3,304	3,298	3,305	3,304	3,305	3,302	3,307	3,303	3,306	3,305
<b>Total debt service payments</b>	<b>\$ 32,046</b>	<b>\$ 32,059</b>	<b>\$ 32,062</b>	<b>\$ 32,060</b>	<b>\$ 33,514</b>	<b>\$ 37,215</b>	<b>\$ 40,919</b>	<b>\$ 53,611</b>	<b>\$ 66,313</b>	<b>\$ 66,312</b>	<b>\$ 66,313</b>	<b>\$ 66,314</b>
<small>(1) Revenue projections for FY2015 - FY2024 are inclusive of estimates of volume and tariff increases for existing business lines as well as revenue impacts associated with proposed 2014 Master/Vision Plan projects</small>												
<small>(2) Base operating expenses are projected to increase by 3% over the previous year for FY2014 - FY2024. Estimated operating cost impacts associated with Master/Vision Plan projects have been additionally included for FY2018-FY2024</small>												
<small>(3) Projected borrowing needs associated with preliminary/recommended CIP for FY2015-FY2019</small>												
<small>(4) Debt issuance assumes net funding of Master/Vision Plan projects in FY2020-FY2024 after grants</small>												
Source: The Port Everglades Department												

