

## CITY OF LOS ANGELES

## INTER-DEPARTMENTAL CORRESPONDENCE

DATE: August 27, 2012

TO: Honorable Mayor Antonio R. Villaraigosa  
Office of the Mayor, Mail Stop 370

Honorable Members of the Trade, Commerce, and Tourism Committee  
c/o Ms. June Lagmay, City Clerk  
Office of the City Clerk, Mail Stop 160-01

Honorable Wendy Greuel, City Controller  
Office of the City Controller, Mail Stop 183

FROM: Geraldine Knatz, Ph.D., Executive Director  
Harbor Department, Mail Stop 260



SUBJECT: **FY 2012/13 BUDGET AND CAPITAL PLAN, ADOPTED ANNUAL  
BUDGET, AND DEBT ACCOUNTABILITY REPORTS**

In accordance with Section 610 of the City of Los Angeles Charter Code, attached are the Harbor Department's Fiscal Year (FY) 2012/13 Budget and Capital Plan, which includes the FY 2012/13 Adopted Annual Budget Report, and the FY 2012/13 Debt Accountability Report.

Should you have any questions or require additional information, please contact Eileen Yoshimura, Director of Financial Management at (310) 732-7759, or Soheila Sajadian, Director of Debt and Treasury at (310) 732-3756.

GK/MC/KP/EY:jy

Attachments (1a, 1b, & 2)

cc: Gerry F. Miller, Chief Legislative Analyst  
Miguel Santana, City Administrative Officer  
Christine Y. Hollis, Legislative Analyst  
Board of Harbor Commissioners  
Michael Christensen, Deputy Executive Director, Harbor  
Molly Campbell, Deputy Executive Director, Harbor  
Karl K.Y. Pan, Chief Financial Officer, Harbor

City of Los Angeles, Harbor Department

**BUDGET AND CAPITAL PLAN REPORT**

**FY 2012/2013**

**August 27, 2012**

CITY OF LOS ANGELES, HARBOR DEPARTMENT  
BUDGET AND CAPITAL PLAN REPORT

## **INTRODUCTION**

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This report is submitted, in accordance with Section 11.28.3 of Ordinance No. 172353, to the Honorable Members of the Trade, Commerce, and Tourism Committee.

## **HARBOR DEPARTMENT BUDGET**

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The City of Los Angeles Harbor Department's (Department or Port) Adopted Budget for Fiscal Year (FY) 2012/13 of \$954.1 million reflects the level of revenues and proposed spending required to support the Department's primary objectives under its newly adopted Strategic Plan. These include retaining its status as a leader in global trade, developing and fostering strong relationships with customers and the community, and ensuring the level of fiscal strength required to maintain the Port's competitive position. This year's budget dedicates resources towards developing and maintaining world-class infrastructure, retaining and growing market share, updating the Port Master Plan, including the Terminal Island Plan, and implementing a comprehensive Stakeholder Outreach Plan that seeks to maintain a consistent "one voice" messaging across the organization.

Operating Revenues for FY 2012/13 are budgeted to reach \$398.6 million, a 1.7% decrease from the prior fiscal year's adopted budget, primarily due to lower land rental income as previous fiscal year's unmet expectations regarding rent increases continue given the difficult economy and lower Clean Truck revenues, as the latter program winds down. Shipping revenues, comprising approximately 87% of operating revenues for the Port are budgeted to be relatively flat as the volume of container trade is expected to be approximately 8.0 million Twenty-foot Equivalent Units (TEUs) in FY 2012/13, slightly below the volume for FY 2011/12. While FY 2011/12 container volumes of 8.2 million totaled slightly higher than planned, it is expected that uncertainty in the economy will likely place downward pressure on cargo volumes and the consequent overall operating revenues.

Aligned with the strategic priority to remain competitive and fiscally strong, the Port continues to seek alternative sources of funding by pursuing both public and private grants. The Port has applied or intends to apply for \$84 million in grant money to help fund a diverse range of projects, such as the City Dock No. 1 Marine Research facility, Los Angeles Waterfront development, Shore-Side electrical powering, West Basin Rail-yard, I-110 Freeway Connector Improvements, and Port-wide Fiber Optic Infrastructure. If secured, these projects will contribute to the creation of additional jobs and will continue efforts to green Port operations.

The Adopted Budget also includes Operating Expenses of approximately \$213 million, representing a 5.6 percent decrease from the previous fiscal year's adopted budget of \$227 million. It also includes a Non-Operating Expense Budget of \$29 million, a Capital Budget of \$341 million, and a Future Commitments budget of \$32 million.

Major components of the Port's Operating Expense Budget include Salaries and Benefits expense of \$108.2 million, which represent 50.8 percent of the total Adopted

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BUDGET AND CAPITAL PLAN REPORT

Budget. This budgeted amount reflects a decrease of \$2.4 million, or 2.2 percent, over the previously adopted budget. While the Adopted Budget reflects an increase to the level of authorized positions over the previous fiscal year by 1.0 percent, the decrease in Salaries and Benefits expense resulted primarily from reductions in budgeted overtime and pension contribution rates. Additionally, the Operating Expense Budget funds approximately \$36 million in net Port payments for services provided by various City departments. This amount reflects a 10.4 percent decrease over the amount adopted for FY 2011/12 given lower overhead costs associated with services.

The Port continues its commitment to environmental programs and initiatives by appropriating an anticipated \$16.1 million in FY 2012/13 towards these efforts. Approximately \$6.3 million is budgeted for various Clean Air Action Plan initiatives, which include the Vessel Speed Reduction, Technology Advancement, Clean Truck, and new Environmental Ship Index programs.

The Adopted Budget will also fund approximately \$7.7 million for maintenance dredging of Port waterways, wharf maintenance, asphalt and paving, marine improvements, building maintenance, and roof repair.

## CAPITAL PLAN

The total adopted Capital Budget of \$340.7 million includes \$285.7 million for the Capital Improvement Program (CIP), \$8.6 million for capital equipment, and \$46.4 million for other capitalized expenses such as overhead and interest. The CIP is vital in meeting the Department's commitment to maintain and develop world-class infrastructure and facilities. In FY 2012/13, two-thirds of the CIP budget will be spent on construction. Upon completion, these Port assets will in turn add operational efficiencies to terminal tenants through enhancements and improvements and add value to the community through waterfront development. Additionally, the Port's CIP benefits employment and will provide for the creation of approximately 4,643 jobs during the current fiscal year.

### Terminal Development Projects

As the leading container port in the nation, the Port must remain competitive by sustaining and developing state-of-the-industry, value-added facilities to help maintain its essential role in the local, regional, and national economies. As such, approximately 46 percent of the CIP, or \$132.4 million is dedicated to infrastructure improvement projects at existing Port terminals.

Approximately \$29.3 million will be spent at the Berths 135-147 TraPac Container Terminal. Project components include the construction of four new terminal buildings and a new main gate for \$9.8 million, and \$17.7 million for both the design and physical development of backlands throughout the terminal.

CITY OF LOS ANGELES, HARBOR DEPARTMENT  
BUDGET AND CAPITAL PLAN REPORT

The China Shipping expansion project, which will increase terminal capacity and efficiency, is funded at \$38.2 million and will be spent primarily on the construction phase. Elements of this phase include a new operations building, backland development throughout the terminal, southern extension of the wharf at Berth 100, and an Alternative Maritime Power™ (AMP™) installation at Berth 100, which allows ships to run on electric power while docked at the Port.

Additional AMP™ installations will be constructed at numerous container terminals this fiscal year as part of the Port's plan to reduce diesel emissions in compliance with regulations adopted by the California Air Resources Board. A total of \$54.7 million is allocated towards AMP installations at the Yang Ming, YTI, Evergreen, APL, and APM terminals.

Other terminal development projects include \$2.6 million in funding for the audit, design, and construction of liquid bulk oil cargo handling facilities in accordance with the Port's Strategic Plan and pursuant to requirements of the State Lands Marine Oil Terminal Engineering Maintenance Standards, and \$1.3 million allocated for the construction of a new system of catwalk structures and a concrete mooring point at the Exxon Mobil Facility located at Berth 239. Another \$6.3 million is budgeted for, among others, expansion and improvements at Berths 301-306 APL Terminal, upgrades at Berths 222-236 Evergreen Terminal, Environmental Impact Report (EIR) for the Al Larson Boat Shop at Berths 240-267, and design feasibility studies for Pier 500.

#### Waterfront Development Projects

Approximately 7 percent of the Adopted CIP budget, or \$18.5 million, will be spent on Los Angeles Waterfront Projects. Construction on the Downtown Harbor Water Cut will create a new downtown harbor between 5<sup>th</sup> and 6<sup>th</sup> Streets that will be available for berthing guest boaters and Tall Ships visiting San Pedro. This will be the first project to be constructed under the approved Los Angeles Waterfront Plan, and also the first to utilize the Port's new Project Labor Agreement – a plan which will provide job opportunities to local and disadvantaged residents while ensuring safe and quality jobs. Construction will continue in FY 2012/13 on the Southern Pacific Slip enhancement and will begin on parking lot improvements at Berths 87-93, required to accommodate visitors to the historic USS Iowa battleship. Funding has also been budgeted for the design of the Front Street Beautification project, the Downtown Harbor landside improvements, the 3<sup>rd</sup> Street Crossing/Traffic Signal and Rail Improvements, the Urban Marine Research Center at City Dock No. 1, and the Maritime Marine Museum Concrete Wharf.

#### Transportation and Infrastructure Projects

A variety of transportation and infrastructure projects designed to improve the effective movement of goods and vehicular traffic throughout the Port and its surrounding roads and highways make up 28 percent, or \$80.4 million of the Adopted CIP Budget. This includes approximately \$40.4 million for the construction of the Berth

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200 Rail Yard project and \$17.2 million for the South Wilmington Grade Separation project.

Additional transportation projects in FY 2012/13 include construction of the John S. Gibson Access Ramp to the I-110, I-110/SR 147 Connector Improvements, and Terminal Island Street Improvements. Approximately \$844 thousand will also fund the completion of an EIR for the Proposed Southern California International Gateway (SCIG) project.

The Channel Deepening Program, which will deepen the Main Channel and turning basins to allow for larger cargo vessels to call at the Port's container terminals, will be funded in the amount of \$11.2 million and completed in FY 2012/13.

Port Security

The CIP budget will fund \$5.5 million for security projects that protect the Harbor community and the economic interests of the Port and its customers. The Port continues its dedication to security investments as evidenced by nine separate security projects scheduled for finalization in FY 2012/13. Included among these projects are the Port's Fiber Optic Network Program Phase 1, the Front Street Inspection Facility, the Maritime Law Enforcement Training Center, the Port Police Computer Aided Dispatch and Records Management System, the 120 W "C" Street Port Police Canine Facility, and the Port-wide Surveillance Radar project.

Other Maritime Services

Approximately \$48 million has been budgeted for other maritime services including Harbor Department facilities improvements (e.g., Administration Building, Berth 161 facilities), Department-wide improvements (e.g., replacement of legacy financial system, billing system enhancements), deferred maintenance projects, and other projects such as heating, ventilation and air conditioning replacement at the Maritime Museum, roof replacements at the Marine Lookout Station and Warehouse No. 1, as well as a Port-wide contingency for unanticipated projects, among others.

Attached is a copy of the Department's Annual Budget for Fiscal Year 2012/13, which highlights the Department's major priorities and projects. If you have any questions or need additional information, please contact Molly Campbell, Deputy Executive Director at (310) 732-3827 or Karl Pan, Chief Financial Officer at (310) 732-7703.

City of Los Angeles Harbor Department

Fiscal Year 2012-2013

# Adopted Annual Budget

June 7, 2012





PORT OF LOS ANGELES  
**ANNUAL BUDGET**  
FISCAL YEAR 2012/2013

**AS ADOPTED**  
June 7, 2012

**Los Angeles Board of Harbor Commissioners**

Cindy Miscikowski, President  
David Arian, Vice President  
Robin M. Kramer, Commissioner  
Douglas P. Krause, Commissioner  
Sung Won Sohn, Ph.D., Commissioner

Geraldine Knatz, Ph.D., Executive Director





Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2012/2013 Adopted Budget

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Port of Los Angeles  
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## Fiscal Year 2012/13 Adopted Budget

***We are America's Port® – the nation's #1 container port and the global model for sustainability, security and social responsibility.***

### OVERVIEW

Positive signs of economic recovery were evident in Calendar Year (CY) 2011, as the Port of Los Angeles (Port) experienced record-breaking export volumes in terms of loaded containers, and a year-over-year increase in imports. Maintaining its position as the nation's #1 container port (ranked by Twenty-foot Equivalent Unit or TEU volume) for CY 2011, the Port also reported significant progress on capital improvement, job, and environmental initiatives. In addition, the Port's adoption of a new five-year Strategic Plan in April 2012 sets the stage for future growth and success, particularly as competition intensifies from other ports both in the U.S. and internationally.

### Cargo Volume

For the second year in a row, the Port set an export volume record. Container export volumes (of loaded containers, or those carrying merchandise or export products) for CY 2011 surged 14.5 percent to 2,109,394 TEUs, compared to 1,841,273 TEUs the prior year. To foster export growth, the Port's Trade Connect program continued to proactively assist businesses throughout the region with exporting basics, including identifying and evaluating overseas markets, and the costs, risks, trade financing, and logistics associated with exporting.

The Port's import volume (of loaded containers) also increased 2.3 percent to 4,066,763 TEUs in CY 2011, up from 3,973,933 TEUs in CY 2010. Total annual volumes, including empty containers, rose 1.4 percent.

In CY 2011 the Port continued to handle more cargo containers than any other seaport in the United States, helping Los Angeles (L.A.) – the nation's largest Customs District – move more than \$381.0 billion of goods by sea.

### Economic Growth and Development

With the upward shift in cargo volumes and economic activity, port officials remain optimistic about the Port's continued fiscal and competitive strength. In 2011, the Port made significant progress on various elements of its Capital Improvement Program (CIP), including major tenant improvements. The Port completed a major phase of its terminal expansion project for China Shipping, which allows for the berthing of two ships simultaneously. The \$48.0 million expansion phase added a new 925-foot section of wharf with alternative maritime power (AMP) capabilities, 18 additional acres of backland, and four state-of-the-art container cranes for increasing cargo throughput.

The Port also made significant progress on the L.A. Waterfront revitalization and other projects identified in its CIP.

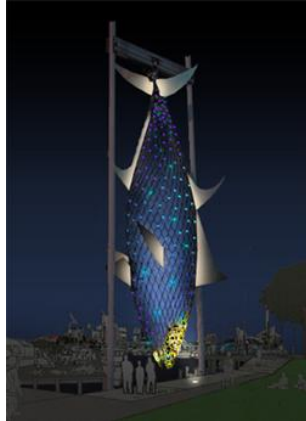
- In June 2011 the Port unveiled the new \$55.0 million Wilmington Waterfront Park, a 30-acre landscaped area spanning approximately nine blocks and nearly doubling the amount of public open space in Wilmington.
- Commemorating 100 years of service to the Port and the local community, the L.A. Port Police opened a new San Pedro headquarters building in July. The 50,000-square-foot, three-story building cost approximately \$60.5 million, and was officially certified gold in Leadership in Energy and Environmental Design (LEED) by the U.S. Green Business Council.
- The L.A. Board of Harbor Commissioners approved a \$13.5 million construction contract to ready a prominent, downtown-adjacent section of the San Pedro waterfront for a new public open space and harbor area. The approved Downtown Harbor Cut project will create the necessary land and harbor infrastructure to accommodate development of a new town square and waterfront promenade.



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## Fiscal Year 2012/13 Adopted Budget

- Construction began on the \$6.5 million Southern Pacific Slip/Ghost Fish development project, a landscaped plaza at Berth 73 featuring a 40-foot "Ghost Fish" sculpture and improved public waterfront access for both pedestrians and vehicles. The new waterfront plaza is expected to be completed by fall 2012.



- The Port completed its second phase of improvements at the Cabrillo Way Marina's West Channel/Cabrillo Beach Recreational Complex. This new \$130.0 million, 700-slip marina project encompasses more than 80 acres of land and water in the West Channel area of the outer harbor.

Major capital improvements targeted for substantial completion in FY 2012/13 include the Main Channel Deepening project, Harry Bridges Boulevard Improvements, and a Port Police Substation and Maritime Law Enforcement Training Center. Construction will continue on the Port Security Program and the Downtown Harbor Water Cut project, among others. Several new projects for FY 2012/13 will include AMP installation and/or construction at numerous berths, the Berth 200 Rail Yard, South Wilmington Grade Separation, as well as major development at the TraPac and China Shipping terminals.

Jobs related to capital improvement were also a focus in 2011. The L.A. Board of Harbor Commissioners approved a port-wide, five-year blanket labor agreement with local construction trade unions in March 2011. The unprecedented agreement – which will result in thousands of jobs for local and disadvantaged workers and help build critical infrastructure – covers 95 percent of the Port's projected \$1.3 billion five-year capital budget.

In July, the Port took advantage of historically low interest rates and successfully refunded its \$91.8 million 2001 Series A and B bonds. By issuing lower interest rate bonds to replace higher rate ones in its portfolio, the Port was able to generate interest expense savings of approximately \$16.5 million, or an average of \$1.1 million annually, for the Port over the next 15 years. The Port currently maintains an "AA" bond rating – the highest of any U.S. port without taxing authority – and issues bonds to finance capital improvements.

### Environmental Leadership

Focused on facilitating cargo movement that generates less pollution, the Port continued to make green growth a reality in 2011.

Its Clean Truck Program (CTP) – initiated in 2008 to reduce harmful diesel particulate emissions from trucks serving the San Pedro Bay Ports – reached a major milestone in January 2012, announcing that more than 16,000 polluting short-haul or "drayage" trucks had been removed from service. To encourage the switch to cleaner vehicles, the Port offered truck owners and operators compliant vehicle purchase incentives over a three-year period and enacted a progressive non-compliant truck ban with associated fees. The Port exceeded its goal of reducing harmful emissions from trucks—achieving an estimated 80 percent reduction—and accomplished this feat ahead of schedule.

In addition, the Port's 2011 Air Quality Report Card revealed a sharp reduction in emissions from cargo-handling operations at the Port between 2005 and 2010, including a 69 percent reduction in diesel particulate matter (DPM), even as cargo volumes rose by 5 percent during the same period. The Port's aggressive Clean Air Action Plan (CAAP), which includes the CTP, was credited with guiding these reductions and helping to improve the air and quality of life for adjacent as well as other communities in L.A. County.



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## Fiscal Year 2012/13 Adopted Budget

During the year, the Port also engaged in other efforts to foster use of new green technology. In 2011, the Port was the first, worldwide, to provide AMP to three separate cruise lines. In August, the ports of L.A. and Long Beach released a roadmap for identifying, developing, and demonstrating zero emission technologies for moving cargo. The roadmap includes projects to develop and demonstrate trucks that are all-electric, hydrogen fuel-cell powered, or diesel-hybrid. To date, the Port has invested approximately \$6.0 million for these projects, with a commitment to continue evaluating and potentially funding other zero emission technologies.

### Strategic Plan Adoption

New and innovative approaches, as well as a forward-thinking, long-term vision, are critical if the Port is to maintain its position as the nation's trade gateway to the Pacific Rim. Competition for Trans-Pacific cargo is expected to intensify, particularly with the growth of ports in Canada, Mexico, and in other U.S. regions, as well as the soon-to-be-completed Panama Canal expansion in 2014.

Recognizing that retaining and growing market share are key to the Port's future success, in April 2012 the L.A. Board of Harbor Commissioners approved a new five-year Strategic Plan. The 2012-2017 plan focuses on three major result areas – Competitive Operations, Strong Relationships, and Financial Strength – and maps out priorities, strategic objectives, and initiatives to help the Port achieve its vision for the future.

- **Competitive Operations**

To best meet the increasing competitive challenges faced from rival ports, initiatives in this category focus on developing and maintaining world-class infrastructure, including critical state-of-the-art terminals and infrastructure projects identified in the Port's CIP.

Other initiatives include retaining and growing market share, and advancing technology and

sustainability that will result in more efficient cargo handling, an improved quality of life for the Port's labor force, and more diversified job opportunities. Optimizing land use will also be a priority, including preserving and expanding cargo handling activities on Terminal Island.

- **Strong Relationships**

Creating a positive workplace culture is another focus of the Port's Strategic Plan. Initiatives in this area will include improvements in overall employee engagement, achieved through strengthened internal communication channels, leadership and employee development, and improved communication and dialogue about the Port's overarching strategic priorities. A knowledgeable, well-trained, confident workforce is essential for supporting the Port's ability to effectively respond to future challenges.

The Port will also look to enhance stakeholder and community awareness and support under the plan. Activities will include increased outreach and dissemination of information via the media and through use of emerging technologies, as well as increasing the Port's visibility locally, nationally, and internationally. Hands-on training in areas such as security, emergency response, and customer service will also be a focus.

- **Financial Strength**

To ensure the confidence of both stakeholders and investors, the Port has put a priority on strengthening its financial performance and practices over the next five years. Initiatives include improving overall financial reporting, control and efficiency, as well as enhancing cash flow through consistent revenue growth, expense controls, and cost-effective borrowing.

Diversification and maximization of grant funding will also be pursued, with an eye to increasing non-traditional sources of funding by 6 to 10 percent by 2017. The Port will also look to increase grant funding for maintenance, upgrade and replacement



## Fiscal Year 2012/13 Adopted Budget

of existing equipment and systems by 5 percent per year through FY 2014/15.

### FY 2012/13 FINANCIAL OVERVIEW

The \$954.1 million Adopted Budget for FY 2012/13 was formulated to align with the Port's newly adopted Strategic Plan. Adherence to this plan will help synchronize the expenditure of funds with the Port's short and long-term strategic goals.

As such, the Adopted FY 2012/13 Budget places focus on three key components of the Strategic Plan, which include developing and maintaining competitive operations, optimizing and leveraging financial resources, and creating and retaining strong relationships with both external and internal stakeholders.

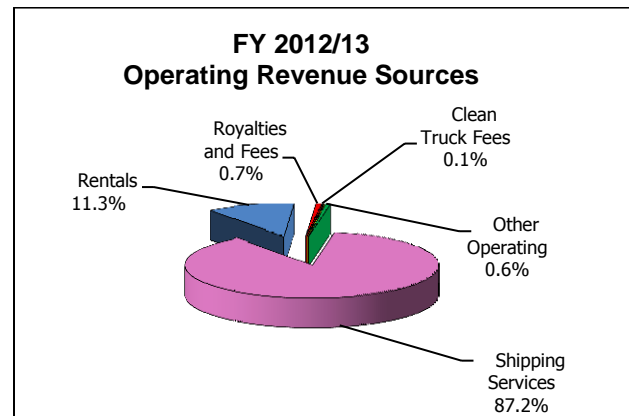
The formulation of the Adopted Budget was also based on compliance with the Port's Financial Policy to maintain \$235.0 million in minimum cash reserves and a 2.0x minimum debt service coverage. Additionally, the Adopted Budget was established to maintain a 45 percent minimum operating margin, a key performance measurement under the Port's Strategic Plan.

Components of the \$954.1 million Adopted Operating Budget include \$213.1 million in operating expenses. In addition, the Adopted Budget includes non-operating expenses of \$28.6 million, and a capital budget of \$340.7 million, the latter including the CIP, as well as costs for overhead and capital equipment. The Adopted Budget also includes \$161.4 million in Restricted Funds, and approximately \$260.3 million in the Unappropriated Balance.

### Revenues

The total projected operating revenues for FY 2012/13 of \$398.6 million remain relatively flat to anticipated operating receipts for the current year. Based on tenant feedback, cargo volumes are projected to be slightly higher than current fiscal year estimates. As such, Shipping Services revenue,

the primary driver of Port revenues, is anticipated to be slightly higher at \$347.5 million.



However, lower CTP receipts are anticipated to offset this increase, driving total operating revenues relatively flat to current year estimates. Lower CTP revenue is primarily due to the transition of the program from one which helped exchange older, polluting vehicles for newer, cleaner models to a more administratively functioning program.

The Port's Adopted Budget also includes \$81.0 million in grant reimbursements, which will fund a diverse range of critical Port projects. To assist efforts to augment internal funding sources with external resources, the Port anticipates receiving about \$56.5 million in grant receipts towards capital improvements; \$1.5 million for capital equipment; \$2.2 million for operating projects; and \$20.8 million in pass-through grant receipts.

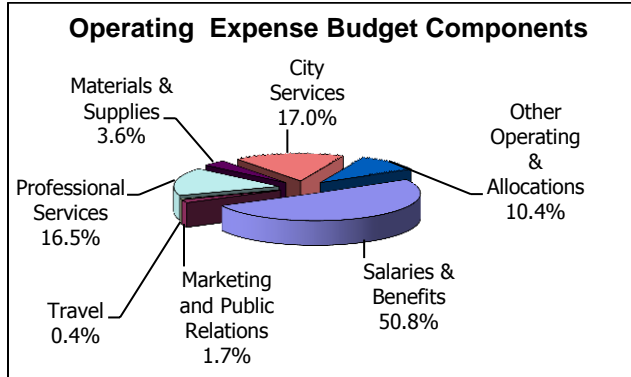
### Operating Expenses

The total FY 2012/13 Adopted Operating Expense Budget is approximately \$213.0 million, representing a 5.6 percent decrease from the FY 2011/12 Adopted Budget of \$225.6 million, and a 4 percent increase over the amount estimated to be spent during the current fiscal year. Primary factors for the decrease from last year's Adopted Budget include lower City Service payments, pension contribution rates, litigation expenses, environmental incentives, and professional services.



## Fiscal Year 2012/13 Adopted Budget

It also includes reductions to spending for the CTP, which continues to fund the administrative components of the program.



The majority of the Operational Budget, or about 75 percent, will be used to assist the Port in meeting the critical strategic objective of developing, strengthening, and maintaining competitive operations. Another 12.6 percent of the total Operating Budget will be dedicated toward strengthening financial performance. An equal amount will be expended to build strong relationships, including efforts to increase stakeholder and community awareness and support, and to create a positive workforce culture.

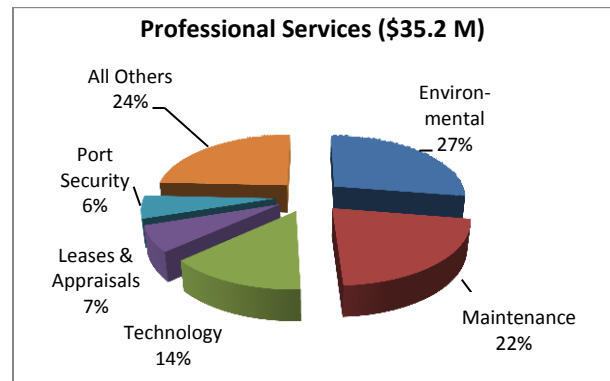
- **Salaries and Benefits**

Approximately \$108.2 million, or 50.8 percent of the Adopted Budget, is budgeted for Salaries and Benefits expense. This expense, which represents the largest component of the overall Operating Budget, will assist in meeting various facets of the Port's recently adopted Strategic Plan, whether the focus is on internally or externally-centered efforts or programs.

Additional positions have been included in the FY 2012/13 Operating Budget to maintain newly completed capital projects, such as the Wilmington Waterfront Park and the Port Police Headquarters. However, overall, Salaries and Benefits expense for FY 2012/13 represents a slight decrease of 2.2 percent from last year's Adopted Budget, due

primarily to reductions in budgeted overtime and employee benefits expense. The Port will also leverage its internal resources in several ways, including increasing training expense in FY 2012/13. This will help support a skilled, adequately educated and trained workforce which, in turn, can assist the Port in achieving its strategic projects and operational priorities.

- **Professional Services**



Approximately 16.5 percent of the Adopted Budget, or \$35.2 million, will fund professional services, representing a decrease of \$1.4 million or 3.8 percent from the FY 2011/12 Adopted Budget. The Port has dedicated a portion of its professional services budget to help realize its strategic objective of advancing sustainability and technology. As such, \$6.7 million is funded for various environmental studies and programs, with an additional \$3.0 million to fund remediation of various Port-owned sites, which will also enhance the financial strength of the Port by optimizing future land use potential.

Approximately \$4.9 million is budgeted to equip the Port with state-of-the-art technology, to help run its critical business operations and the security sensitive requirements of the post 9-11 governmental and maritime environment.

Additionally, approximately \$1.5 million is budgeted for maintenance dredging of Port waterways and \$6.2 million in deferred and ongoing maintenance expenses. These funds will assist in meeting critical



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(City of Los Angeles Harbor Department)

## Fiscal Year 2012/13 Adopted Budget

strategic objectives of retaining and growing market share through investments in maintaining its competitiveness.

- **Materials and Supplies**

The Port anticipates spending \$7.6 million for general, administrative materials and supplies, as well as the operation and maintenance of existing and newly developed recreational and commercial structures and facilities. This amount represents an increase of 4.4 percent from last year's Adopted Budget, and approximately 11.3 percent increase over the current year level of spending, due to increased maintenance costs of newly developed tenant and community-related facilities, among other costs.

These expenses, in part, represent the Port's commitment to the strategic objectives of retaining and growing market share and increasing stakeholder and community awareness. These are reflected in the Port's obligations to maintain tenant facilities and infrastructure, as well as community areas, such as the San Pedro Promenade, Wilmington Waterfront Park, 22<sup>nd</sup> Street Park, and other newly developed areas.

- **City Services**

Each year, the Port utilizes the services of other City of L.A. (City) departments, such as Fire, Recreation and Parks, City Attorney, Public Works, and Information Technology Departments. The \$36.1 million budgeted for FY 2012/13 City Services includes work performed by certain City Departments to fulfill the Port's obligation under the State Tidelands Trust, including services provided by Recreation and Parks, which operates and maintains various maritime museums, Cabrillo Beach, Point Fermin, and other parks, on behalf of the City and the Port.

### Capital Improvement Program

The Adopted CIP Budget for FY 2012/13 is \$285.7 million and includes \$21.0 million in labor expenses

for Port staff working on capital projects. Through the implementation of the CIP, the Port continues its proactive commitment to develop world class infrastructure and facilities in order to maintain competitive operations and to solidify its financial strength. In FY 2012/13, two-thirds of CIP dollars will be spent on actual construction. Therefore an increasing amount of planned projects will become realized assets, adding value to the community through waterfront development and increased operational efficiencies to terminal tenants and customers through enhancements and improvements.

- **Terminal Development Projects**



Approximately 46 percent of the CIP Budget or \$132.4 million is dedicated to development projects at existing port terminals. Major terminal expansions continue at both the TraPac and China Shipping Container Terminals.

In total, \$29.3 million is budgeted to be spent on projects at the TraPac terminal. Project components include the construction of four new terminal buildings and a new main gate for \$9.8 million, and \$17.7 million for both the design and physical development of backlands throughout the terminal.

Another \$38.2 million has been allocated to the expansion efforts at the China Shipping Terminal. This project continues in its construction, as 86 percent of all budgeted CIP funds for China Shipping are for this purpose. Project components include



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\$3.5 million for a new marine operations building, \$18.8 million for backland development throughout the terminal, \$13.2 million for the southern extension of the wharf at Berth 100, and \$1.4 million for an AMP installation at Berth 100. As part of the Port's plan to reduce diesel emissions in compliance with regulations adopted by the California Air Resources Board (CARB), construction of AMP installations at multiple container terminals will commence in FY 2012/13. A total of \$54.7 million in funding is provided for AMP installations at the Yang Ming, YTI, Evergreen, APL, and APM terminals.

In accordance with the Port's Strategic Plan and pursuant to requirements of the State Lands Marine Oil Terminal Engineering Maintenance Standards (MOTEMS), \$2.6 million has been funded for the audit, design, and construction of liquid bulk oil cargo handling facilities. Specifically, \$1.3 million has been funded for the construction of a new system of catwalk structures and a concrete mooring point at the Exxon Mobil Facility located at Berth 239.

- **Waterfront Development Projects**

Approximately 7 percent of the Adopted CIP budget or \$18.5 million will be spent on L.A. Waterfront Projects. In FY 2012/13, \$11.3 million is funded for the construction of the Downtown Harbor Water Cut, which will be the first project to be constructed under the approved L.A. Waterfront plan, and also the first to utilize the Port's new Project Labor Agreement—a plan which will provide job opportunities to local and disadvantaged residents while ensuring safe and quality projects. The Downtown Harbor Cut project will create a new downtown harbor between 5<sup>th</sup> and 6<sup>th</sup> Streets which will be available for berthing guest boaters and Tall Ships visiting San Pedro. This project will also provide the foundation for the later development of a new town square and promenade on the water as part of the overall L.A. Waterfront Plan.



Downtown Harbor Project

In addition, construction continues in FY 2012/13 on the Southern Pacific Slip enhancement and begins on parking lot improvements at Berths 87-93 required to incorporate the operations of the historic USS Iowa Battleship. Funding has also been budgeted for the design of the Front Street Beautification project, the Downtown Harbor landside improvements, the 3<sup>rd</sup> Street Crossing/Traffic Signal and Rail Improvements, the Urban Marine Research Center at City Dock No. 1, and the Maritime Museum Concrete Wharf.

- **Transportation and Infrastructure Projects**

Twenty-eight percent of the Adopted CIP Budget or \$80.4 million is for transportation projects designed to improve the movement of goods and vehicular traffic throughout the Port and its surrounding roads and highways.

Approximately \$40.4 million is included in the CIP Budget for the construction of the Berth 200 Rail Yard project and \$17.2 million for the South Wilmington Grade Separation project. Additional transportation projects in FY 2012/13 include construction for the John S. Gibson Access Ramp to the I-110, I-110/SR 147 Connector Improvements, and Terminal Island Street Improvements. Also, approximately \$844 thousand will be used for the completion of an Environmental Impact Report (EIR)





Port of Los Angeles  
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## Fiscal Year 2012/13 Adopted Budget

for the Proposed Southern California International Gateway (SCIG) project.

The Adopted Budget includes approximately \$11.2 million for the completion of the Port's Channel Deepening Program which will deepen the Main Channel and turning basins to -53 MLLW (Mean Lower Low Water), allowing for larger cargo vessels to call at the Port's container terminals.

- **Port Security Projects**

The CIP Budget for security projects is \$5.5 million. The Port remains steadfastly committed to protecting the Harbor community and the economic interests of the Port and its customers. As a testament to the Port's commitment to security investment, nine different security projects are scheduled to be finalized in FY 2012/13, which include the Port's Fiber Optic Network Program Phase 1, the Front Street Inspection Facility, the Maritime Law Enforcement Training Center, the Port Police Computer Aided Dispatch and Records Management System, the 120 W "C" Street Port Police K9 Facility, and the Port-wide Surveillance Radar project. Other security projects include the continuation of Port Police Tactical Radio Improvements, and the design and initial construction of the Port's Fiber Optic Network Phase 2.

### **Environmental Initiatives and Programs**

The Port continues its commitment to environmental programs and initiatives and has budgeted over \$16.1 million for these purposes. About \$6.3 million will be spent for various CAAP initiatives, including \$2.0 million for the successful Vessel Speed Reduction Program and an estimated \$450 thousand for the new Environmental Ship Index (ESI) incentive program. ESI is a voluntary international clean ship indexing program developed by the International Association of Ports and Harbors that assigns clean ship ratings to vessels, so that ports can provide incentives to top performers. The Port will be the

first North American and Pacific Rim port to implement an ESI incentive program.

Another \$1.5 million is dedicated to the Technology Advancement Program (TAP), which is a joint venture with the Port of Long Beach. This program encourages development of innovative, yet viable technology to enhance environmental quality and is part of the Port's CAAP. Another \$50 thousand is allocated for the new Marina Engine Exchange program designed to eliminate the oldest, dirtiest engines from marina-berthed vessels.

Additionally, \$2.2 million will be spent on the CTP, primarily for concession and grant administration, enforcement, data collection and analysis, outreach, and other support services.

The Adopted Budget also includes almost \$2.7 million which will fund hazardous materials-related activities and services, such as emergency response, site assessments and environmental compliance audits. Approximately \$1.8 million is allocated for various Air Quality and Climate Change measures, including zero emission technologies, emission inventories and air monitoring. Other environmental priorities to be funded in FY 2012/13 include almost \$1.5 million for water quality projects and initiatives involving the Water Resource Action Plan (WRAP), regulatory compliance efforts, and biological resources management. Specifically, \$700 thousand will be used for technical work to support implementation of recently adopted Total Daily Maximum Load Requirements, \$325 thousand for WRAP control measures, and almost \$300 thousand for biological resource assessment and management.

For environmental assessments, over \$900 thousand is budgeted for mitigation monitoring and reporting, cultural resource assessments, and non-EIR environmental clearances. The Adopted Budget also includes \$3.0 million for remediation of Port property for current as well as future development and use.



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## Fiscal Year 2012/13 Adopted Budget

### Planning and Economic Development

The Port is a major job-generator and a driving force of the region's economy. As such, the Port's CIP, for example, will create approximately 4,643 jobs during the next fiscal year, while the Operational Budget is expected to support 1,868 jobs.

The Adopted Budget includes professional services funds to develop and implement a San Pedro Waterfront commercial development strategy for Ports O' Call. Combined with the redevelopment of Warehouse Nos. 9 and 10 and the commercial development opportunity at Cabrillo Marina, these properties will create construction jobs as well as permanent retail and facility-related jobs once the projects are complete.

The Adopted Budget also includes \$175 thousand for PortTechLA, a maritime technologies development center designed to identify emerging technologies and contribute to incubating new businesses from those technologies that will be applicable in the maritime industry. PortTechLA continues to attract and mentor companies with technologies that will enable the Port, and ports worldwide, to meet their immediate and future environmental, energy, security, and logistic goals. Six more companies joined PortTechLA in FY 2011/12. Nine companies are currently clients, and it is anticipated that these companies will create new green collar jobs in the region.

A newly revised Port Master Plan will ensure that development and use of Port property is balanced and incorporates future operational requirements into the design and use of Port property.

### Business Development

The Port has instituted a multi-faceted business development strategy to ensure that it retains its competitive advantage. This includes a Business Development Plan which focuses on the business requirements of its customers, as obtained through a recently disseminated customer feedback survey. The Port is also creating a comprehensive customer

account management program to further meet the needs of its customers.

In addition to the interaction between Port staff and its direct customers and tenants, staff has broadened outreach efforts at marketing the Port advantage to the Beneficial Cargo Owners, or the business segment primarily responsible for the cargo movement so critical to Port business. These include the major retailers and others along the distribution chain for which the cargo is intended, prior to purchase by the consumer.

The Port has also partnered with other agencies to develop and enhance export opportunities through the Port of L.A. gateway. Its Trade Connect program introduces new-to-export and small to medium sized businesses to the basic resources they need to export their products. Currently, approximately 85 percent of all California businesses do not export. Assisting them to export diversifies their markets, assists local economic recovery, and increases cargo movement through our Southern California gateway.

### Financial Strength

Aligned with the strategic priorities to remain competitive and fiscally strong, in FY 2012/13, the Port will continue to seek alternative sources of revenue by pursuing both traditional (e.g. Federal, State, and Local) and non-traditional (e.g. Foundations and Endowments) grants to fund construction, environmental, economic and community development, transportation, infrastructure, and security initiatives. In an effort to expand the use of alternate sources of funding, the Port has applied or intends to apply for additional grant money for a diverse range of projects, such as the City Dock No. 1 Marine Research facility, L.A. Waterfront development, Shore-Side electrical powering, West Basin Rail-yard, I-110 Freeway Connector Improvements, and Port-wide Fiber Optic Infrastructure. Approximately \$84.0 million in grant applications are currently in the pipeline for such projects. These projects will



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## **Fiscal Year 2012/13 Adopted Budget**

contribute toward the creation of additional jobs and some will continue our efforts in greening the Port.

In FY 2011/12, the Port continued its efforts to secure approximately \$13.5 million in grant funding for its West Basin Rail-yard Infrastructure from the L.A. Metropolitan Transit Authority, about \$56.0 million for its Cargo Transportation and Alameda Corridor West Terminus Intermodal Improvements, \$2.0 million for its Maritime Law Enforcement Training Center and \$10.9 million from the U.S. Department of Homeland Security, Port Security Grants Program, \$23.0 million for its AMP projects from the Southern California Air Quality Management District, and close to \$1.0 million for its Urban Areas Security Initiatives. In aggregate, in FY 2012/13, the Port anticipates approximately \$81.0 million in grant receipts for operating, capital, and pass-through grant related projects.

Focus will also continue to be placed on updating Port leases, some of which are past due for compensation resets, and some which require amendments to incorporate new terms and conditions. This process provides an opportunity to incorporate revised financial terms as well as updated environmental and other best practices into the lease terms.

Implementation of the Port's new Enterprise Resource Planning (ERP) system commenced in FY 2011/12, with the first phase scheduled for completion in FY 2012/13. When fully implemented, the ERP system will integrate multiple financial modules, allowing for improved financial reporting and controls while also providing quick access to real-time data.

### **Communication and Employee Development**

To help further the strategic objective of increasing stakeholder and community awareness and support, the Port plans to spend approximately \$3.6 million for public relations efforts. These efforts, in turn, will assist in meeting the critical objective of remaining competitive in a rapidly changing and increasingly complex economic environment.

In order to foster a positive workplace culture, the Port has multiple efforts it will fund, including funding ongoing and new programs, such as the tuition reimbursement program, and individual and group training efforts. The FY 2012/13 Adopted Budget will fund approximately \$2.0 million for these types of employee benefits, as well as creating and funding a comprehensive POLA Leadership Academy. Other efforts to strengthen a positive workplace culture include promoting various employee recognition programs and career and educational development opportunities.

### **Community Investments**

Each year, the Port dedicates a portion of its operating and capital expenditure budgets to supporting the local community. In addition to assisting with economic growth in the region, the Port additionally funds a broad spectrum of local events and organizations, as well as expending money to construct and maintain both recreational and other facilities, for use by the community. The range of these expenses includes supporting local youth and other community organizations, which are aligned with and support the Port's own goals and objectives, as well as hosting or sponsoring a wide range of programs and events, of interest to the public.



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## **Fiscal Year 2012/13 Adopted Budget**

The Port also supports the operation and maintenance of various recreational facilities, including Cabrillo Beach, the Maritime Museum, and the Point Fermin Lighthouse, as well as funding other items critical to the operation and safety of the Port and community, including fire and community policing activities.



Wilmington Waterfront Park

With the newly adopted Strategic Plan as its roadmap, and in spite of a difficult economic environment, the Port remains the port of choice given a strong infrastructure and competitive costs. The Port also continues to be a significant driver to the local economy by creating jobs, as well as managing its finances to achieve its objectives in a cost efficient manner. Together with its internal and external stakeholders, the Port looks forward to a new fiscal year with a renewed focus on maintaining its position as the nation's #1 container port.

***The Port of Los Angeles  
A Cleaner Port, A Brighter Future***

Harbor Department, City of Los Angeles  
Fiscal Year 2012/13 Adopted Annual Budget

**HARBOR REVENUE FUND REPORT**

**RECEIPTS AND CASH**

Actual FY 2010/11	Adopted Budget FY 2011/12	Estimated FY 2011/12	Description	Adopted Budget FY 2012/13
<b>\$ 431,595,704</b>	<b>\$ 401,238,288</b>	<b>\$ 400,333,921</b>	<b>Unrestricted Funds Available</b>	<b>\$ 363,171,888</b>
<b>146,737,801</b>	<b>139,943,538</b>	<b>169,603,014</b>	<b>Restricted Funds (1)</b>	<b>161,429,666</b>
<b>578,333,504</b>	<b>541,181,826</b>	<b>569,936,934</b>	<b>Total Cash Available</b>	<b>524,601,553</b>
400,503,327	405,372,670	399,495,117	Operating Receipts	398,591,936
12,127,425	30,030,907	20,508,884	Non-Operating Receipts	30,938,343
<b>\$ 990,964,256</b>	<b>\$ 976,585,403</b>	<b>\$ 989,940,935</b>	<b>Total Receipts &amp; Cash</b>	<b>\$ 954,131,832</b>

**APPROPRIATIONS**

Actual FY 2010/11	Adopted Budget FY 2011/12	Estimated FY 2011/12	Description	Adopted Budget FY 2012/13
\$ 103,693,038	\$ 110,630,901	\$ 105,384,583	Salaries and Benefits	\$ 108,220,621
3,054,968	3,954,663	3,762,149	Marketing & Public Relations	3,614,245
843,702	872,575	797,942	Travel Expenses	925,419
30,809,720	36,597,936	34,816,899	Outside Services	35,216,511
6,555,906	7,311,485	6,858,813	Materials & Supplies	7,635,070
31,435,710	40,324,948	37,964,958	City Services	36,149,991
(9,082,899)	(6,210,000)	(9,000,000)	Allocations to Capital	(9,000,000)
42,386,863	32,135,777	24,203,576	Other Operating Expenses (2)	30,290,200
<b>209,697,008</b>	<b>225,618,285</b>	<b>204,788,920</b>	<b>Total Operating Expenses</b>	<b>213,052,057</b>
16,393,858	32,957,828	28,804,798	Non-Operating Expenses (3)	28,605,115
<b>226,090,866</b>	<b>258,576,113</b>	<b>233,593,718</b>	<b>Total Operating Budget</b>	<b>241,657,172</b>
48,796,942	48,052,935	47,371,528	Capitalized & Allocated Expenditures	46,358,194
245,072	0	0	Land & Property Acquisition	0
5,032,720	13,263,560	13,142,790	Equipment	8,611,532
231,315,306	229,720,433	190,404,710	Construction & Capital Improvement	285,705,381
<b>285,390,040</b>	<b>291,036,928</b>	<b>250,919,028</b>	<b>Total Capital Budget</b>	<b>340,675,107</b>
<b>511,480,906</b>	<b>549,613,041</b>	<b>484,512,746</b>	<b>Total Operating &amp; Capital Budget</b>	<b>582,332,279</b>
<b>9,546,417</b>	<b>29,484,882</b>	<b>(19,173,365)</b>	<b>Balance Sheet Transactions (4)</b>	<b>1,252,782</b>
<b>(100,000,000)</b>			<b>New Debt Issuance (5)</b>	<b>(70,000,000)</b>
<b>421,027,323</b>	<b>579,097,923</b>	<b>465,339,381</b>	<b>Total Regular Budget</b>	<b>513,585,061</b>
	34,512,163	0	Future Commitments	32,016,231
<b>421,027,323</b>	<b>613,610,086</b>	<b>465,339,381</b>	<b>Total Adjusted Budget</b>	<b>545,601,292</b>
			Earmarked Special Projects	-
169,603,013	119,678,931	161,429,666	Restricted Cash	148,196,259
400,333,920	243,296,386	363,171,888	Unappropriated Balance/Carried Forward (6)	260,334,281
<b>\$ 990,964,256</b>	<b>\$ 976,585,403</b>	<b>\$ 989,940,935</b>	<b>Total Harbor Department Budget</b>	<b>\$ 954,131,832</b>

Note: Rounding of figures may occur.

- (1) Includes Security Lending Collateral, China Shipping Settlement Funds, Debt Service Reserve Fund, and etc.
- (2) Includes equipment rental maintenance, equipment rental, memberships & subscriptions, and taxes & assessments.
- (3) Includes interest expenses, CP liquidity provider fees, debt issuance costs, bond counsel fees, and debt related advisory fees.
- (4) Includes capital related grant receipts, collection of ICTF investment income, principal repayments on bonds & notes, cash payments on employees' retirement & health benefits, transactions related to restricted funds, and reversals of non-cash items.
- (5) Represents an estimate of the level of potential borrowing in the fiscal year.
- (6) Represents the net amount of the total Unrestricted Cash Fund and Future Commitments as of June 30, 2013.

Harbor Department, City of Los Angeles  
Fiscal Year 2012/13 Annual Budget (Adopted)  
COMPARATIVE STATEMENT OF OPERATIONS

	Adopted Budget FY 2011/12	Adopted Budget FY 2012/13
Operating Revenues		
Shipping Services	\$ 348,122,493	\$ 347,497,907
Rentals	49,533,065	45,173,820
Royalties and Fees	2,693,055	2,924,989
Clean Truck Fees	2,040,132	500,004
Other Operating	2,983,925	2,495,216
	<hr/>	<hr/>
<b>Total Operating Revenues</b>	<b>405,372,670</b>	<b>398,591,936</b>
	<hr/>	<hr/>
Operating Expenses		
Salaries & Benefits	110,630,901	108,220,621
Marketing and Public Relations	3,954,663	3,614,245
Travel	872,575	925,419
Outside Services	36,597,936	35,216,511
Materials & Supplies	7,311,485	7,635,070
City Services	40,324,948	36,149,991
Allocations to Capital	(6,210,000)	(9,000,000)
Other Operating Expenses	32,135,777	30,290,200
	<hr/>	<hr/>
<b>Total Operating Expenses</b>	<b>225,618,286</b>	<b>213,052,057</b>
	<hr/>	<hr/>
<b>Income from Operations before Depreciation</b>	<b>179,754,385</b>	<b>185,539,879</b>
	<hr/>	<hr/>
Depreciation	(91,814,372)	(98,600,608)
	<hr/>	<hr/>
<b>Income from Operations</b>	<b>87,940,013</b>	<b>86,939,271</b>
	<hr/>	<hr/>
Non-Operating Revenues	30,030,907	30,938,343
Non-Operating Expenses	(32,957,828)	(28,605,115)
	<hr/>	<hr/>
<b>Net Income</b>	<b>\$ 85,013,092</b>	<b>\$ 89,272,499</b>
	<hr/> <hr/>	<hr/> <hr/>

**Harbor Department, City of Los Angeles  
Fiscal Year 2012-13 Annual Budget (Adopted)**

Report of Revenues (3-Digit)  
Report #201

6/7/2012

	Actuals FY 2010-11	Adopted FY 2011-12	Estimates FY 2011-12	Budget Total FY 2012-13
410 - Dockage	5,848,193	5,102,296	5,375,633	5,421,494
411 - Wharfage	317,621,250	323,327,292	321,885,999	323,062,687
412 - Storage				
413 - Demurrage	237,792	211,265	212,328	217,174
414 - Pilotage	7,417,191	7,130,427	7,437,140	7,515,856
415 - Assignment Charges	12,373,802	12,351,213	11,252,168	11,280,696
416 - Cranes	-87			
<b>41 - Shipping Services</b>	<b>343,498,142</b>	<b>348,122,493</b>	<b>346,163,268</b>	<b>347,497,907</b>
420 - Land Rentals	42,692,836	46,863,281	41,830,485	41,987,264
421 - Wharf & Shed	787,243	1,268,234	1,251,552	1,257,560
422 - Building Rentals	494,161	457,102	490,204	490,200
423 - Warehouse Rentals	1,453,650	944,448	1,438,518	1,438,796
<b>42 - Rentals</b>	<b>45,427,890</b>	<b>49,533,065</b>	<b>45,010,759</b>	<b>45,173,820</b>
430 - Fees, Concession, & Royalties	8,709,377	4,608,815	5,696,812	3,269,687
431 - Oil Royalties	158,696	124,372	153,767	155,306
<b>43 - Royalties &amp; Fees</b>	<b>8,868,073</b>	<b>4,733,187</b>	<b>5,850,579</b>	<b>3,424,993</b>
490 - Other Operating Revenue	2,709,222	2,983,925	2,470,511	2,495,216
<b>49 - Other Operating Revenues</b>	<b>2,709,222</b>	<b>2,983,925</b>	<b>2,470,511</b>	<b>2,495,216</b>
<b>Total Operating Revenues</b>	<b>400,503,327</b>	<b>405,372,670</b>	<b>399,495,117</b>	<b>398,591,936</b>
710 - Interest Income-Cash Equiv.	6,382,462	7,076,721	5,517,000	5,510,250
<b>71 - Interest Income</b>	<b>6,382,462</b>	<b>7,076,721</b>	<b>5,517,000</b>	<b>5,510,250</b>
720 - Interest Income - Notes	817,432	684,942	684,942	545,272
<b>72 - Interest Income - Notes</b>	<b>817,432</b>	<b>684,942</b>	<b>684,942</b>	<b>545,272</b>
730 - Interest Income - Bonds	557,415	1,270,000	700,800	200,000
<b>73 - Interest Income - Bonds</b>	<b>557,415</b>	<b>1,270,000</b>	<b>700,800</b>	<b>200,000</b>
740 - Investment Income	-1,652,862	1,800,000	1,800,000	1,800,000
<b>74 - Investment Income</b>	<b>-1,652,862</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>1,800,000</b>
760 - Non-Operating Revenue	5,958,296	18,999,244	11,767,892	22,882,821
<b>76 - Non-Operating Revenues</b>	<b>5,958,296</b>	<b>18,999,244</b>	<b>11,767,892</b>	<b>22,882,821</b>
790 - Other Non-Operating Revenue	64,682	200,000	38,250	
<b>79 - Other Non-Operating Revenues</b>	<b>64,682</b>	<b>200,000</b>	<b>38,250</b>	<b>0</b>
<b>Total Non-Operating Revenues</b>	<b>12,127,425</b>	<b>30,030,907</b>	<b>20,508,884</b>	<b>30,938,343</b>
<b>Report 201 Total</b>	<b>412,630,753</b>	<b>435,403,577</b>	<b>420,004,001</b>	<b>429,530,279</b>

**Harbor Department, City of Los Angeles  
Fiscal Year 2012-13 Annual Budget (Adopted)**

Report of Expenses (3-Digit)  
Report #202

6/7/2012

	Actuals FY 2010-11	Adopted FY 2011-12	Estimates FY 2011-12	Budget FY 2012-13
510 - Salaries - Regular	57,983,668	61,583,071	59,219,335	62,070,779
511 - Salaries - Overtime	4,446,919	4,955,596	4,246,636	4,649,601
516 - Employee Benefits	39,657,201	42,501,524	40,094,318	39,540,547
517 - Paid Employee Benefits	1,605,251	1,590,710	1,824,295	1,959,694
<b>51 - Salaries and Benefits</b>	<b>103,693,038</b>	<b>110,630,901</b>	<b>105,384,583</b>	<b>108,220,621</b>
520 - Advertising & Public Relations	2,567,148	3,410,663	3,234,149	3,070,245
521 - Domestic Trade Rep.	65,873	85,000	69,000	85,000
522 - Foreign Trade Rep.	421,947	459,000	459,000	459,000
523 - Customer Service Center				
<b>52 - Marketing &amp; Public Relations</b>	<b>3,054,968</b>	<b>3,954,663</b>	<b>3,762,149</b>	<b>3,614,245</b>
530 - Domestic Travel	502,894	356,753	342,206	388,969
531 - Foreign Travel	280,412	422,500	368,500	447,750
532 - Local Travel	67,232	93,122	87,036	88,500
533 - Credit Card Charges	-6,837	200	200	200
<b>53 - Travel Expenses</b>	<b>843,702</b>	<b>872,575</b>	<b>797,942</b>	<b>925,419</b>
540 - Maintenance Services	5,786,721	7,346,077	5,708,472	6,872,296
541 - Office Equipment Maint Services	2,439,156	2,851,504	2,945,190	3,486,673
542 - Misc Professional Services	19,246,716	21,584,749	22,539,113	20,638,722
543 - Data Processing Services	2,175,814	2,558,515	2,280,201	2,639,000
544 - Financial Services	1,161,314	2,257,091	1,343,923	1,579,820
545 - Construction Services				
<b>54 - Outside Services</b>	<b>30,809,720</b>	<b>36,597,936</b>	<b>34,816,899</b>	<b>35,216,511</b>
550 - Maintenance & Other Supplies	4,061,725	4,309,116	4,056,843	4,410,213
551 - Admin. & Oper. Supplies	2,494,181	3,002,369	2,801,970	3,224,857
<b>55 - Materials &amp; Supplies</b>	<b>6,555,906</b>	<b>7,311,485</b>	<b>6,858,813</b>	<b>7,635,070</b>
570 - City Services	31,435,710	40,324,948	37,964,958	36,149,991
<b>57 - City Services</b>	<b>31,435,710</b>	<b>40,324,948</b>	<b>37,964,958</b>	<b>36,149,991</b>
580 - Allocations	-9,082,899	-6,210,000	-9,000,000	-9,000,000
<b>58 - Allocations</b>	<b>-9,082,899</b>	<b>-6,210,000</b>	<b>-9,000,000</b>	<b>-9,000,000</b>
590 - Equipment Rental - Maint	409,053	410,472	436,750	478,865
591 - Equipment Rental - Non-Maint	55,175	114,000	44,000	44,000
592 - Memberships & Subscriptions	493,392	580,124	563,596	622,794
593 - Insurance	2,681,915	3,660,500	3,307,700	3,683,000
594 - Telephone	1,307,063	1,823,286	1,816,846	1,808,838
595 - Utilities	5,243,282	5,895,000	5,841,000	6,186,000
596 - Claims & Settlements	4,633,348	9,416,000	2,600,000	8,300,000
597 - Taxes, Assessments, & Fees	537,222	855,345	574,884	579,653
598 - Provision for Bad debt	1,491,000			
599 - Other Operating Expense	25,535,412	9,381,050	9,018,800	8,587,050
<b>59 - Other Operating Expenses</b>	<b>42,386,863</b>	<b>32,135,777</b>	<b>24,203,576</b>	<b>30,290,200</b>
<b>Total Operating and Admin Expenses</b>	<b>209,697,008</b>	<b>225,618,285</b>	<b>204,788,920</b>	<b>213,052,057</b>
610 - Depreciation Expense	90,468,078	91,814,372	97,696,069	98,600,608
<b>61 - Depreciation</b>	<b>90,468,078</b>	<b>91,814,372</b>	<b>97,696,069</b>	<b>98,600,608</b>
820 - Int. Expense - Notes	86,153	63,369	63,369	39,560
<b>82 - Int. Expense - Notes</b>	<b>86,153</b>	<b>63,369</b>	<b>63,369</b>	<b>39,560</b>
830 - Int. Expense - Bonds	3,426,967	3,111,894	2,440,612	2,169,878
831 - Int. Expense - Comm. Paper	191,159	330,260	600,000	1,200,000
<b>83 - Int. Expense - Bonds</b>	<b>3,618,125</b>	<b>3,442,154</b>	<b>3,040,612</b>	<b>3,369,878</b>
890 - Other Non-Operating Expense	12,689,580	29,452,306	25,700,819	25,195,678
<b>89 - Other Non-Operating Expenses</b>	<b>12,689,580</b>	<b>29,452,306</b>	<b>25,700,819</b>	<b>25,195,678</b>
<b>Total Non-Operating Expenses</b>	<b>16,393,858</b>	<b>32,957,828</b>	<b>28,804,798</b>	<b>28,605,115</b>
<b>Report 202 Total</b>	<b>316,557,763</b>	<b>350,390,485</b>	<b>331,289,788</b>	<b>340,257,789</b>





**Harbor Department City of Los Angeles  
Fiscal Year 2012/13 Adopted Annual Budget  
Capital Projects Report**

**Terminals**

**B. 90-93 World Cruise Center**

Passenger Terminal Hi-Line and Second Level Repaving will be completed this fiscal year. \$ 5,938

**B. 100-102 Development (China Shipping)**

The Berth 100-102 (China Shipping) Development is a three-phase program to construct a container terminal with 2,500 feet of wharf with AMP, 134 acres of backland, two bridges and two buildings. Phase 1 and IIA are complete. Construction of Phase IIB which consist of 17 acres of backland development and a Marine Operations Building will begin construction in December 2012. Phase III consisting of 375' of south wharf extension, AMP, and 14 acres of backland will begin construction in August 2012. The relocation of Catalina Express is scheduled for completion in September. \$ 38,245,090

**B. 118-131 - Development (Yang Ming)**

Construction will begin on the AMP at Berth 125-129. \$ 5,896,276

**B. 135-147 Development (TraPac)**

The Berth 135-147 (TraPac) Development will redevelop approximately 110 acres of existing container terminal property and develop an additional 50 acres of new property bringing the new terminal to approximately 226 acres. The wharf improvements at Berth 145-147 and the AMPs at Berth 136-139, 144 and 145-147 have been completed. Construction of the four new terminal buildings consisting of a LEED Gold Administration Building, Yard Operations Building, Guardhouse, and Driver Service Building; main gate; and 15 acres of backland development will begin in FY 2013. Design will continue on the development of 67 acres of additional backland. \$ 29,289,796

**B. 212-221 Development (YTI)**

Construction will begin on the AMP at Berth 212-216. \$ 8,521,308

**B. 222-236 Development (Evergreen)**

Panzerbelt and cable trench upgrade and replacement, as well as AMP at Berth 230-232 is scheduled to commence this fiscal year. \$ 5,340,462

**B. 240-267 - Development**

The Al Larson Boat Shop EIR continues with completion slated for the end of the year. \$ 237,167

**B. 301-306 Development (APL)**

The proposed Berth 301-306 (APL) Development will expand the terminal by 56 acres to a total acreage of 347, construct approximately 1,250 linear feet of wharf to accommodate 100' gauge crane rail, backland improvements, expand 10,000 sq. ft of the shop area and 10,000 sq. ft of office space, two new roadability canopies, a maintenance building, and AMP. The Berth 302-305 AMP installation is scheduled to begin construction this fiscal year. Design of the wharf, backland development, buildings, and main gate will continue. EIR is scheduled for completion towards the end of 2012. \$ 25,066,510

**B. 400-409 Development (Maersk)**

Construction will begin on the AMP at Berth 401-406. \$ 15,796,735

**Pier 500**

The Pier 500 program at this time consists of obtaining biological mitigation credits that can be applied to future harbor fill and design feasibility studies for development of a Pier 500 container terminal.

\$ 1,097,263

**Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)**

Liquid Bulk Oil Cargo Handling Facilities are under the jurisdiction of the California State Lands Commission which mandates that liquid bulk oil facilities be in compliance with State Lands Marine Oil Terminal Engineering Maintenance Standards (MOTEMS). The berths affected are 148-149, 163, 164, 167-169, 187-191, 238, and 239. Berth 239 consisting of the removal and replacement of existing catwalks, catwalk supports, and mooring point No. 1 will begin construction this fiscal year. Design continues on the remainder of the berths.

\$ 2,563,805

**Miscellaneous Terminal Improvements**

Slope revetment at Berth 205, and terminal upgrade environmental studies at Berth 195-200A will be completed this fiscal year.

\$ 377,082

**TOTAL TERMINAL IMPROVEMENTS \$ 132,437,432**

**Transportation Projects**

**Transportation Improvements**

Construction will begin on the Berth 200 Rail Yard and Track Connections, South Wilmington Grade Separation, John S. Gibson Intersection and NB I-110 Ramp Access, I-110/SR 47 Connector and the Terminal Island Street Improvements Projects this fiscal year. Design is moving forward on the C Street/I-110 Access Ramp Improvements Project.

**TOTAL TRANSPORTATION PROJECTS \$ 69,182,645**

**Security Projects**

Construction of the Inspection Facility at 705 N. Front Street, Maritime Law Enforcement Training Center Boats Purchase, and the Port-wide Surveillance Radar projects will be completed this fiscal year. The Port Police Tactical Radio Communication Improvements project will continue this year and the 2nd Phase of the POLA Fiber Optic Network Project will begin construction.

**TOTAL SECURITY PROJECTS \$ 5,463,790**

**Community**

**Port-Wide Public Enhancement**

Design of a 2,655 foot pathway along Front Street from the Vincent Thomas Bridge to Pacific Avenue will continue in this fiscal year.

\$ 105,441

**Los Angeles Waterfront**

The Los Angeles Waterfront Program envisions infrastructure improvements and development of various land uses including public waterfront and open space areas, commercial development, transportation, and parking facilities. Specific improvements to San Pedro which will be completed this fiscal year include the Southern Pacific Slip Enhancements, Downtown Harbor Water Cuts Phase I, Berth 87-92 USS Iowa Parking Lot Improvements, and Demolition of the Liquid Bulk Terminal at Berth 70-71. Design and planning will continue on the Downtown Harbor Landside Improvements Phase I, City Dock No. 1 Urban Marine Research Center - Phase I Wharf and Building, and the 3rd Street Crossing/Traffic Signal and Rail Improvements Projects.

\$ 18,550,051

**Environmental Enhancements**

Environmental enhancements include environmental work at Inner Cabrillo Beach for water quality improvements. \$ 521,167

**TOTAL COMMUNITY PROJECTS \$ 19,176,659**

**Channel Deepening Program**

The Channel Deepening Program is deepening the main channel and turning basins to - 53' mllw to improve deep draft navigation and maximize the beneficial use of dredged material.

**TOTAL CHANNEL DEEPENING PROGRAM \$ 11,233,599**

**Maritime Services**

**Harbor Department Facilities**

Harbor Department Facility improvements include the start of construction of a number of projects at Berth 161 including Marine Ways Modifications, Test Lab HVAC Replacement, and Warehouse Siding Replacement. Improvements to the Administration Building include the completion of the lighting fixture upgrade, restroom renovations and HVAC replacement. This year there are a number of department-wide improvements including the purchase of office furniture for the 2nd, 3rd and 4th floors, replacements of the financial system with an ERP system, Sharepoint 2010 Upgrade and Klein Billing System Enhancements. \$ 12,420,590

**Miscellaneous Projects**

Projects listed under miscellaneous are not included in any specific program listed above. Some of the projects included are the Berth 72 Municipal Fish Market Renovation Phase 1, 2 and 3, Maritime Museum HVAC Replacement, and Warehouse No. 1 and Marine Lookout Station Roof Replacement. \$ 3,108,466

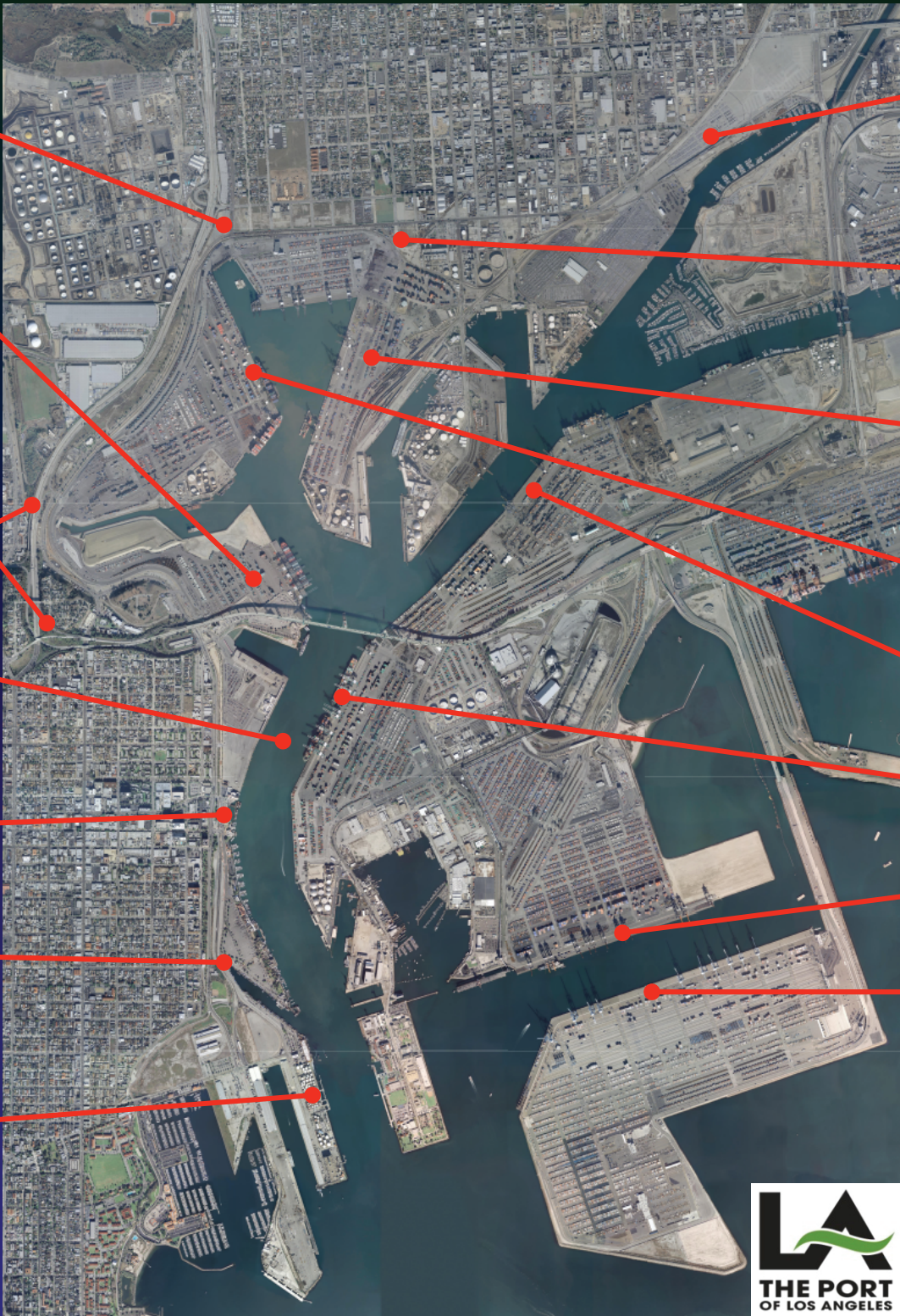
**Port-wide Capital Contingency Projects**

This category is for projects which will come up throughout the fiscal year. It includes consultants, hiring hall expenses, materials, equipment, services from other city departments and administrative expenses. It also includes funding for deferred maintenance projects for the Construction and Maintenance Division. \$ 32,682,200

**TOTAL MARITIME SERVICES \$ 48,211,256**

**\*TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries) \$ 285,705,381**

\*Excludes overhead, operating equipment and capitalization & allocated expenditures.



**“C” Street and I-110 Fwy**

**West Basin China Shipping B-100-102**

**110 Fwy/47 Fwy/ Harbor Blvd Ramps**

**Main Channel Deepening Project**

**Downtown Harbor**

**S.P. Slip “Ghost Fish”**

**B. 70-72 Liquid Bulk Terminal Demolition**

**Berth 200 Rail Yard**

**South Wilmington Grade Separation**

**TraPac Berths 136-147**

**B 125-129 AMP**

**B 212-216 AMP**

**B 230-232 AMP**

**B 302-305 AMP**

**B 401-406 AMP**

# Capital Improvement Projects





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**Port of Los Angeles**  
**(Harbor Department, City of Los Angeles)**  
**Statement of Debt Accountability**  
**Fiscal Year 2012-13 Budget**

<u>Description</u>	<u>Original Amount</u> <u>Issued/Borrowed</u>	<u>Amount</u> <u>Outstanding</u> <u>6-30-2012</u>	<u>Debt</u> <u>Service</u> <u>FY 2012-13</u>
<b>Existing Bonded Debt:</b>			
Harbor Revenue Bonds, Issue 2002, Series A	\$ 63,520,000	\$ 24,290,000	\$ 24,957,975
Harbor Revenue Bonds, Issue 2005, Series A	29,930,000	28,370,000	2,672,980
Harbor Revenue Bonds, Issue 2005, Series B	30,110,000	26,720,000	2,564,150
Harbor Revenue Bonds, Issue 2005, Series C-1	43,730,000	7,880,000	389,300
Harbor Revenue Bonds, Issue 2006, Series A	200,710,000	50,130,000	2,506,500
Harbor Revenue Bonds, Issue 2006, Series B	209,815,000	93,425,000	7,913,125
Harbor Revenue Bonds, Issue 2006, Series C	16,545,000	14,310,000	1,427,250
Harbor Revenue Bonds, Issue 2006, Series D	111,300,000	80,275,000	6,006,750
Harbor Revenue Bonds, Issue 2009, Series A	100,000,000	93,335,000	7,911,969
Harbor Revenue Bonds, Issue 2009, Series B	100,000,000	100,000,000	5,250,000
Harbor Revenue Bonds, Issue 2009, Series C	230,160,000	229,640,000	24,184,888
Harbor Revenue Bonds, Issue 2011, Series A	58,930,000	58,930,000	2,903,800
Harbor Revenue Bonds, Issue 2011, Series B	<u>32,820,000</u>	<u>32,820,000</u>	<u>1,618,300</u>
Sub-totals	<u>\$ 1,227,570,000</u>	<u>\$ 840,125,000</u>	<u>\$ 90,306,986</u>
<b>Commercial Paper (Notes):</b>			
Series B Notes, (Exempt Facility Non-AMT)	\$ 100,000,000	\$ 100,000,000	-
<b>Loans:</b>			
California Boating & Waterways, Note No.C#83-21-147	\$ 4,000,000	\$ 804,243	\$ 292,568
California Boating & Waterways, Note No.C#82-21-148	<u>4,000,000</u>	<u>561,609</u>	<u>299,897</u>
Sub-totals	<u>\$ 8,000,000</u>	<u>\$ 1,365,852</u>	<u>\$ 592,465</u>
<b>Total Indebtedness</b>	<u>\$ 1,335,570,000</u>	<u>\$ 941,490,852</u>	<u>\$ 90,899,451</u>

\* The Port plans to redeem its 2002A Bonds in August 2012. The amount of Commercial Paper issuance is projected at approximately \$50M to \$70M during fiscal year 2013.