



Transmittal 1



City of Los Angeles Harbor Department

PROPOSED ANNUAL BUDGET

2015/16



PORT OF LOS ANGELES

PROPOSED

ANNUAL BUDGET

FISCAL YEAR 2015/16

Los Angeles Board of Harbor Commissioners

Ambassador Vilma Martinez, President

David Arian, Vice President

Patricia Castellanos, Commissioner

Anthony Pirozzi, Jr., Commissioner

Edward R. Renwick, Commissioner

Eugene Seroka, Executive Director



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

Fiscal Year 2015/16 Proposed Annual Budget

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

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

As America's premier port, the Port of Los Angeles (Port) is committed to developing innovative, strategic, and sustainable operations that benefit the economy, as well as the quality of life for the inhabitants of the City of Los Angeles, the State of California, and the nation.

Staff also remains committed to the Port's Mission, which guides the day-to-day focus of our activities: "We deliver value to our customers by providing superior infrastructure and promoting efficient operations that grow our port as North America's preferred gateway."

FISCAL YEAR 2014/15 IN REVIEW

Despite unprecedented challenges due to transformational changes in the shipping line business, the Port recorded the third busiest year in its history, holding on to its position as the #1 container port in the United States by volume for the 15th consecutive year.

Fitch Ratings and Standard & Poor's "AA" long-term bond ratings for the Port were further confirmation of continued financial strength and stability. "AA" is the highest rating given to a port without taxing authority. The Port also retained a comparable "Aa2" Moody's Investor Services rating.

NEW LEADERSHIP

In June 2014, after a global search to fill the top Port leadership position, the Los Angeles City Council unanimously approved the appointment of shipping industry veteran Gene Seroka as the new executive director. Seroka has more than 25 years of experience in shipping, logistics, and global executive management.

Under Seroka's leadership, the Port updated its 2012-2017 Strategic Plan (2014 Strategic Plan

Update) and realigned the Port executive management team and organizational structure to strategically focus on the plan's four objectives:

- ***World-Class Infrastructure that Promotes Growth*** – including developing a Capital Improvement Program (CIP) that improves the Port's operational strength and financial sustainability, as well as delivering terminal and infrastructure projects on time and on budget.
- ***An Efficient, Secure, and Environmentally Sustainable Supply Chain*** – including facilitating supply chain efficiencies and terminal velocity with supply chain partners; implementing security and safety strategies that support goods movement and mitigate risk; and continuing the Port's environmental stewardship.
- ***Improved Financial Performance of Port Assets*** – including increasing cargo revenue by attracting new volumes; establishing long-term volume commitments; and increasing utilization of Port facilities.
- ***Strong Relationships with Stakeholders*** – including enhancing world-class customer service; attracting LA Waterfront visitors; and making the Port the employer of choice.





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The year was also the first full year of service for a majority of Los Angeles Board of Harbor Commissioners (Board), who were appointed by Los Angeles Mayor Eric Garcetti in late 2013. Commissioners include Ambassador Vilma Martinez, who serves as Board President, Patricia Castellanos, Anthony Pirozzi, Jr., and Edward Renwick. Board Vice President David Arian has served on the Board since 2010.

CARGO VOLUME DETAIL

Container volumes at the Port increased 6.0% in Calendar Year (CY) 2014 over the previous year, with total volumes reaching 8.3 million Twenty-Foot-Equivalent Units (TEUs), compared to 7.9 million TEUs in 2013. Only CY 2007 with 8.4 million TEUs, and CY 2006 with 8.5 million, exceeded CY 2014 volumes. On a Fiscal Year (FY) basis, FY 2013/14 total annual TEUs increased by 5.5% over the prior FY to 8.2 million. The Port's import volume of inbound loaded containers totaled 4.2 million TEUs or 6.2% more when compared to 3.9 million in FY 2012/13.

ECONOMIC GROWTH AND DEVELOPMENT

In line with its objective to develop world-class infrastructure that promotes growth, the Port moved forward on several infrastructure and construction projects in FY 2014/15.

The Port's economic growth and development projects included:

- **West Basin Rail Yard** – The Port completed construction of its \$160 million rail project at Berth 200, which improves a vital link between the Port and the Alameda Corridor. The project also greatly enhances the Port's connection to the nation's freight network. The rail yard was constructed using Port revenue funds supplemented by \$16 million in U.S. Department of Transportation grant money; \$51 million secured from the State Proposition 1B Trade Corridor Improvement Fund; and \$22 million from METRO-awarded federal funds.

- **TraPac** – Progress continued on this \$510 million expansion program, which involves a wide range of improvements at the TraPac container terminal. Upgrades include construction of more than 700 linear feet of new wharf; upgrading more than 1,000 linear feet of existing wharf; increasing water depths at Berths 144-147; installing new cranes; redeveloping approximately 110 acres of existing terminal backland and developing 50 acres of new backland; road and gate improvements; building a new on-dock rail facility; providing terminal automation; and constructing a new administration building and other ancillary buildings. The expansion is expected to be completed in 2017.

- **Transportation Improvement Program (TIP)** – Construction continues on several TIP projects to improve freeway access to port facilities and streamline traffic movement. The primary strategy of this \$383 million program is to better accommodate existing and future traffic conditions and separate port truck traffic from roadways heavily used by the general public. The majority of this program is being funded by federal, state, and regional METRO grants in cooperation with Caltrans. Construction is expected to be completed by FY 2016/17. TIP projects still under construction include the I-110/SR-47 Interchange (\$20 million), I-110/C Street (\$50 million), and I-110/John S. Gibson Access (\$31 million) projects.

A recently completed TIP project, the South Wilmington Grade Separation Bridge, opened to vehicular traffic in Spring 2015.

At a total project cost of \$84 million, the bridge eliminates the conflict between





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vehicular traffic and two railroad crossings along Fries Avenue and Avalon Boulevard, and provides uninterrupted vehicular access to the South Wilmington area. The new grade separation facilitates emergency vehicle access, eliminates truck queues and traffic delays, and increases pedestrian safety. The project also eases access to facilities south of Harry Bridges Boulevard, including a new entrance to the Port's TraPac Terminal.

- **Yusen Terminals Inc. (YTI)** – The Board approved an Environmental Impact Statement/ Environmental Impact Report (EIS/EIR) on a berth-improvement project for YTI. Construction is scheduled to begin in Summer 2015 to deepen and improve terminal facilities, allowing the terminal operator to accommodate next-generation vessels and increase cargo volume at its site. YTI's \$49 million project includes increasing water depth at Berths 214-216 from -45 to -53 feet, and improving Berths 217-220 wharves to accommodate 100-foot gauge gantry cranes, Alternative Marine Power (AMP™), and also deepening the berth to a depth of -47 feet. The project will also add additional on-dock rail yard capacity for YTI.
- **Yang Ming** – The Port initiated the environmental review process on a proposed berth improvement project at Yang Ming in 2014. Yang Ming, a Taiwanese marine transport company, plans to enhance its terminal facilities and deepen its berth to accommodate 14,000 TEU vessels and increase cargo volume. As part of the agreement, the Port plans to invest \$122 million in improvements at the terminal, including construction of a new 1,260 linear-foot wharf at Berths 126-129, dredging to a depth of -53 feet at the newly constructed wharf, AMP™, and expansion of the West Basin Intermodal Container Transfer Facility.

LA WATERFRONT AND COMMUNITY PROGRAMS

The LA Waterfront is an emerging visitor destination located in the Port-adjacent areas of San Pedro and Wilmington. For the last decade, the Port has been at the forefront of LA Waterfront redevelopment, investing hundreds of millions of dollars in public access infrastructure, community events, and programs to attract local and out of area visitors to the LA Waterfront.

Consistent with its strategic objective to develop a more financially sustainable CIP, in FY 2014/15, the Port began development of a new framework for funding public projects and programs, including those along the LA Waterfront. The "Public Access Investment Plan" is intended to link public-related capital projects to the Port's operating income in order to have a more defined, accountable, and sustainable approach to public investment. After gathering input during a series of community meetings, the plan was approved by the Board in February 2015. Current and future projects specified in the plan include:

- Sampson Way and 7th Street intersection improvements;
- Town Square at 6th Street connecting Downtown Harbor to Ports O' Call;
- Ports O' Call Promenade and parking;
- Wilmington Waterfront Promenade and repurpose or demolition of former Catalina Freight building;
- Harry Bridges Boulevard beautification between Island Avenue and Avalon Boulevard; and
- Wilmington Waterfront Pedestrian Bridge

Approved projects will be incorporated into the Port's 10-year CIP planning program.

In FY 2014/15, the Port also made progress on several LA Waterfront revitalization initiatives:

- **Downtown Harbor and Town Square** - The Port unveiled this completed LA Waterfront centerpiece project, located on Harbor Boulevard between 5th and 6th Streets in San




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Pedro. Situated between the World Cruise Center and Ports O' Call at the foot of the San Pedro Historic Waterfront District, Downtown Harbor is a vibrant, new public harbor and plaza that connects downtown San Pedro to the LA Waterfront. Construction began in March 2012 at a total construction cost of \$32 million.

- **Ports O' Call** – The Port completed a financial feasibility analysis for the proposed Ports O' Call redevelopment, a 30-acre retail-commercial focal point of LA Waterfront. The proposed developer for the project is the Los Angeles Waterfront Alliance (Waterfront Alliance), a collaboration of the Ratkovich Company and Jerico Development, Inc. The Port requested an independent assessment of the project's financial feasibility, specifically focused on the potential performance of the Waterfront Alliance's proposed large-scale anchor attraction and retail, dining, and entertainment facilities. The report concluded that a medium-scale, 215,000 square-foot development would be the most financially feasible. Negotiations continue between the Port and the Waterfront Alliance.
- **AltaSea** – In FY 2014/15, development continued at AltaSea, the site of the proposed waterfront marine research facility at the Port's 35-acre City Dock No. 1. AltaSea is being developed through a public-private partnership. The Port, which in 2013 signed a 50-year lease agreement to transform the site, has approved \$57 million of Port site-related capital improvements. Phase I planning and permitting has begun, with construction targeted to begin in 2017 and complete by 2019. The total project budget is \$217 million. The lease agreement requires that \$53 million be raised in order for the Port to begin design and construction, thus ensuring Phase I facility occupancy by the end of 2019.

As part of its strategic objective to strengthen relationships and attract more visitors to the LA Waterfront, the Port played major roles in several new high-profile events along the LA Waterfront in FY 2014/15:

- **Tall Ships Festival** – The Port hosted this event that showcased domestic and international sailing ships, a ship parade, musical performances, booths, and attractions. The festival began with the West Coast debut of the World's Largest Rubber Duck.  Event attendance was estimated to be between 225,000-250,000.
- **World Cup on the Waterfront** – The Port hosted a first-ever event, live streaming the 2014 FIFA World Cup™ final at Wilmington Waterfront Park.

Other community events supported by the Port during the year included *Cars & Stripes Forever!*, the Lobster Festival, free movie nights, Navy Days, and the Red Bull Global Rally Cross, among others.

Also, in FY 2014/15, the Port distributed an estimated \$1 million in non-taxpayer funded community grants through a newly piloted Community Investment Grant Program. The program supported 53 initiatives, programs, and events benefiting Los Angeles Harbor communities. The new program structure was well received and will continue in 2015.

ENVIRONMENTAL LEADERSHIP

The Port continued to make major strides on the environmental front during FY 2014/15.

- **Emission Reductions** – The Port reported another consecutive year of significant pollution reductions from ships, trucks, trains, cargo-handling equipment, and harbor craft. Due to aggressive clean air measures, the Port's 2013 Air Emissions Inventory showed that the Port had set new records with diesel particulate



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matter (DPM) down 80%, nitrogen oxides (NO_x) down 57%, and sulfur oxides (SO_x) down 90% over eight years. The findings also reflect significant progress in curbing greenhouse gases (GHG), down 23% since the San Pedro Bay Ports Clean Air Action Plan was adopted in 2006.

- **Environmental Summit** – Demonstrating its continued environmental stewardship, the Port held its first-ever Environmental Summit in January 2015, which brought together environmental leadership, community leaders, regulatory agencies, labor organizations, and cargo industry representatives to discuss ongoing environmental initiatives and priorities. Also discussed were future programs and potential initiatives for ensuring balanced and sustainable Port growth and operational efficiency in the years ahead.

- **Shore-side AMP™** – The Port has invested millions of dollars preparing terminals for shore-side power regulations and to comply with the new California regulation effective January 1, 2014 requiring that at least 50% of fleet vessels calling on ports to use shore-side power and reduce at-berth emissions. Ships equipped to connect to AMP™ at the Port are able to do so at eight marine container terminals and the Port's World Cruise Center. Approximately \$196 million has been invested over the last decade to equip 25 container and cruise berths with AMP™ shore-side power infrastructure.



**ALTERNATIVE
MARITIME POWER**

FY 2015/16 PROPOSED ANNUAL BUDGET OVERVIEW

The FY 2015/16 Proposed Budget was formulated to align with the cohesive policy direction provided by the 2014 Strategic Plan Update and its four primary objectives. The Proposed Budget includes Capital, Operating, and other appropriations totaling \$1,001.1 million. The total Capital Budget of \$263.2 million will enable timely delivery of terminal and infrastructure projects as well as improve the Port's operational strength. Concurrently, the Port will continue to devote resources towards improving cargo-handling processes through recently introduced initiatives such as the gray chassis "pool of pools" and a "Peel Off" Program which are each expected to increase cargo velocity within the port complex.

The total Operating Budget of \$241.4 million aims to maximize the value of the Port's assets by increasing cargo revenue and utilization of the Port's facilities while at the same time strengthening relationships with stakeholders by enhancing customer services and attracting visitors to the LA Waterfront. Rounding out the remainder of the FY 2015/16 Proposed Budget appropriations are \$354.0 million in unappropriated funds, \$97.5 million in restricted cash, and \$45.0 million in debt repayments and accounting-related accrual adjustments.

The Capital, Operating, and other appropriations included within the FY 2015/16 Proposed Budget will be funded through \$1,001.1 million of receipts and cash-on-hand. Operating Receipts will continue to be driven by cargo-related activities as Shipping Services Revenues are anticipated to comprise over 85% of \$428.6 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$49.3 million in Capital Grant Receipts and Non-Operating Receipts such as interest/investment income, settlements, rebates, and other reimbursements totaling \$8.6 million. Total cash of \$514.6 million, comprised of \$401.8 million in unrestricted funds and \$112.8 million in restricted funds, is anticipated to be available within the FY 2015/16 Proposed Budget. This level of total



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cash available represents a 29.4% increase relative to the FY 2014/15 Adopted Budget, which is driven primarily by the issuance of \$362.3 million in debt during FY 2014/15 to reimburse the Port for capital expenditures.

To ensure the Port maintains its strong financial position, the Proposed Budget outcomes meet Board-approved financial policy requirements to maintain minimum levels of cash reserves and debt service coverage. Approximately 4,890 direct and indirect jobs are also projected to be created, of which 3,200 are attributable to capital spending.

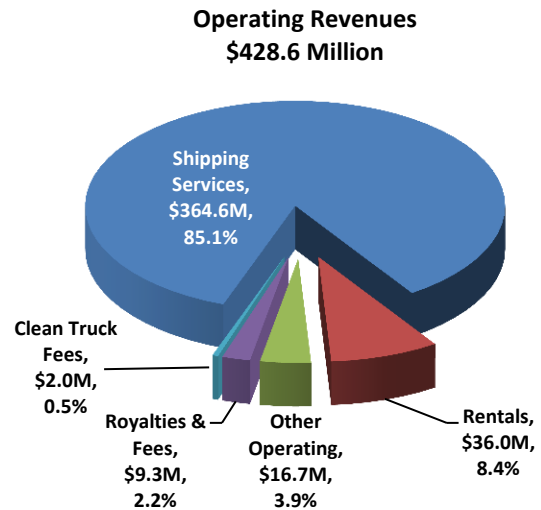
OPERATING BUDGET

- Operating Revenues**

The FY 2015/16 Proposed Budget includes total Operating Revenues of \$428.6 million which represent a 2.4% increase relative to the FY 2014/15 Adopted Budget and a 1.5% increase relative to FY 2014/15 Estimates. The increase in total Operating Revenues as compared to the FY 2014/15 Adopted Budget, primarily results from anticipated growth in AMP™-related utility reimbursements, which will offset 98% of the corresponding AMP™-related electricity expenses budgeted within the FY 2015/16 Operating Expenses.

Although higher AMP™-related utility reimbursements are expected to account for a portion of the \$6.1 million increase in total Operating Revenues relative to FY 2014/15 Estimates, the majority of this dollar increase is forecasted to be driven by an increase in Shipping Services Revenues and overall cargo volumes. During FY 2014/15, Shipping Services Revenues were negatively impacted by TEUs qualifying for lower rates as higher cargo volumes moved through terminals with lower overall TEU rates and lower cargo volumes moved through terminals with higher overall TEU rates which therefore resulted in lower Shipping Service Revenues than budgeted in the FY 2014/15 Adopted Budget. In FY 2015/16, cargo flow through the Port is expected to stabilize while recently introduced initiatives such as the chassis

“pool of pools” and the “Peel Off” Program as well as the resolution of labor-related issues are all anticipated to contribute positively to the processing of cargo in FY 2015/16.



For FY 2015/16, Shipping Services Revenues comprise 85.1% of Operating Revenues and remain its largest component, followed by Rentals and Other Operating Revenues. Although Shipping Services are projected to grow by \$4.0 million, or 1.1%, relative to FY 2014/15 Estimates, FY 2015/16 Proposed Operating Revenues are expected to increase relative to the Adopted Budget primarily due to growth in AMP™-related utility reimbursements as a greater proportion of container, cruise, and reefer vessels are expected to utilize shore-side power versus auxiliary diesel engines while at berth in compliance with California Air Resources Board regulations. The reimbursements, however, as indicated earlier, cover only 98% of the Port’s corresponding AMP™-related electricity expenditures.

- Operating Expenses**

The FY 2015/16 Proposed Budget includes total Operating Expenses of \$233.5 million which represent a 1.8% decline relative to the FY 2014/15

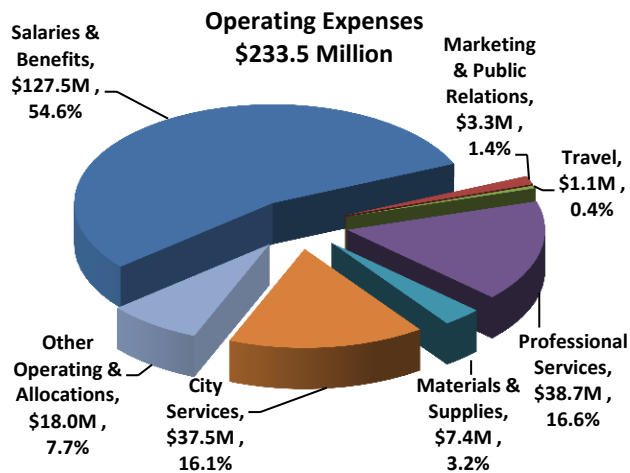


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Adopted Budget and a 3.2% increase relative to FY 2014/15 Estimates. Despite increases in Salaries & Benefits, Professional Services, and City Services in the Proposed FY 2015/16 Budget as compared to the FY 2014/15 Adopted Budget, a 1.8% year-to-year decline is forecasted to result due to the expiration of the \$10.5 million Ocean Common Carrier Incentive Program. Relative to FY 2014/15 Estimates, total Operating Expense growth within the FY 2015/16 Proposed Budget is driven by mandated MOU increases within Salaries & Benefits as well as City Services, higher outside legal counsel costs, and higher AMP™-related electricity expenditures. FY 2014/15 Estimates are lower than FY 2015/16 Adopted Budget primarily due to lower than budgeted Salaries & Benefits resulting from higher than expected attrition, and lower Professional Services due to project timing.

million comprise 16.1% of total expenses and represent an increase of 2.4% relative to the FY 2014/15 Adopted Budget. Due largely in part to higher anticipated outside counsel costs, Professional Services within the FY 2015/16 Proposed Budget are expected to increase by \$3.6 million, or 10.2%, versus the FY 2014/15 Adopted Budget. Driven by an expected increase in shore-side power utilization as shipping lines seek to comply with California Air Resources Board regulations, utility expenses are anticipated to increase by \$2.0 million, or 10.6%, relative to FY 2014/15 Estimates.

CAPITAL BUDGET



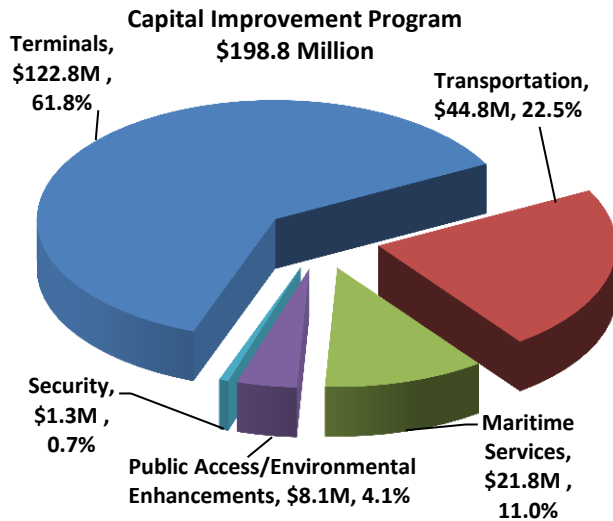
As the largest component of Operating Expenses comprising 54.6% of the total, Salaries & Benefits are budgeted at \$127.5 million (net of \$17.5 million in direct capitalization). This level of Salaries & Benefits would represent a \$5.0 million, or 4.1%, increase relative to the FY 2014/15 Adopted Budget, largely due to mandated Salary and Benefit adjustments for an average of 940 full-time, filled positions. City Services (or services to the Port provided by other City departments) totaling \$37.5



In alignment with the first objective of the 2014 Strategic Plan Update, the FY 2015/16 Proposed Capital Budget of \$263.2 million will allow for the continued development of the Port's *World-Class Infrastructure that Promotes Growth*. The core business of the Port is facilitating the movement of cargo, therefore continued investment in state-of-the-art terminal infrastructure will allow it to remain viable in the increasingly competitive global trade arena. Comprising 26% of the total budget, proposed capital expenditures include \$198.8 million of direct costs in the Capital Improvement Program for projects that have been approved and those pending approval, indirect costs of \$60.1 million in capitalized interest and overhead allocations, and \$4.3 million for capital equipment.

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❖ **Capital Improvement Program (CIP)**



The Port's FY 2015/16 Capital Improvement Program supports the Port's strategic initiative to develop a CIP that improves operational strength and financial sustainability by devoting almost 85% of CIP dollars to terminal development and transportation projects that will continue to modernize terminal infrastructure while also facilitating the improved movement of goods and vehicles throughout the Port. Similar to the prior year, a large portion of the CIP budget, approximately 63%, is funded for new and in-progress construction services, with the remaining 37% for staff Salaries & Benefits, technical consulting services, and other miscellaneous material and construction-related costs.

• **Terminal Improvement Projects**

In FY 2015/16, about \$122.8 million or 62% of the CIP Budget is allocated for terminal development.

Major construction advances at the TraPac Terminal, as over \$82.7 million is funded in FY 2015/16 to continue to move forward with the terminal's expansion. Backland expansion and improvement projects, including installation of automation equipment, proceed at the terminal for \$39.2 million. Construction will be nearing completion on

the terminal's new semi-automated on-dock rail yard for \$33.1 million, and also on multiple buildings throughout the terminal including the yard operations building, guardhouse, pedestrian bridge, driver service building, and main gate for \$6.7 million, while design will be completed and construction will begin on the crane maintenance building for \$3.7 million.



Large-scale redevelopment is underway at the YTI Terminal for \$20.9 million in FY 2015/16, with construction beginning on multiple projects including wharf upgrades, berth dredging, crane rail extensions, electrical improvements, expansion of the terminal's Intermodal Container Transfer Facility, and backland improvements for \$18.0 million. Installation of a new AMP™ system at Berths 212-216 that will expand the existing single-berth system into a new three berth capable facility will complete in FY 2015/16 for \$164 thousand while construction begins for improvements to the AMP™ system at Berths 217-220 for \$2.8 million.

At the China Shipping Terminal, total FY 2015/16 funding is \$3.0 million for construction of the marine operations and crane maintenance buildings.

Approximately \$2.3 million is budgeted for initial design and development for projects at the Everport Terminal, with \$1.5 million for an EIR and other planning documents for the site, \$444 thousand for wharf and backland improvements, \$274 thousand for a leak detection and warning system, and \$93 thousand for an AMP™ upgrade and retrofit.

Funding for other projects at container terminals includes: \$1.6 million at the APL Terminal for AMP™ design, fender replacement completion, and the design of wharf and backland development; \$1.4



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million at Yang Ming for the design of wharf upgrades, completion of an AMP™ installation, environmental and planning documents, and electrical upgrades; and \$335 thousand for the completion of pavement replacement throughout Pier 400.

At the Port's World Cruise Center, \$868 thousand has been funded for the upgrade and retrofit of an AMP™ installation, the initial design of security improvements required by U.S. Customs and Border Protection, and replacement of the water line at Berth 93.

Pursuant to requirements of the State Lands Marine Oil Terminal Engineering Maintenance Standards, \$9.4 million has been appropriated for the audit, design, and construction of required upgrades at liquid bulk oil cargo handling facilities throughout the Port. Six million dollars is funded for design and environmental assessments, while \$3.4 million is for the completion of wharf repairs at Berths 187-190.

- **Transportation and Infrastructure Projects**

Just over 22% of the Proposed CIP Budget or \$44.8 million is budgeted for transportation improvement projects throughout the port complex in order to facilitate faster and safer rail, truck, and vehicular operations and to promote the improved movement of trade goods.

In order to facilitate improved vehicular traffic flow to-and-from the I-110 freeway, funding for construction continues in FY 2015/16 for the following projects: \$18.9 million for the C Street/I-110 access ramp improvements which will provide free-flowing right turn lanes to accommodate heavy right-turn truck volumes, \$10.5 million for the John S. Gibson Intersection & Northbound I-110 ramp access improvements which will improve road geometry and allow trucks to make wider turns, and \$6.8 million for the I-110/SR-47 Connector improvements which will add an additional lane to the SR-47 connector to the northbound I-110 freeway.

Though the South Wilmington Grade Separation Bridge and Berth 200 Rail Yard were put into service in FY 2014/15, \$7.5 million is budgeted in FY 2015/16 for necessary final project close-outs.

In FY 2015/16 other transportation projects funded for a total of \$1.1 million include the completion of street improvements on Terminal Island and initial reviews and studies for road, bridge, and interchange configurations.

- **Public Access/Environmental Enhancement Projects**

Approximately \$8.0 million is funded for Public Access/Environmental Enhancement projects, encompassing the San Pedro and Wilmington Waterfronts areas.

In FY 2015/16, \$5.1 million is appropriated for the San Pedro Waterfront. In total, \$2.9 million has been budgeted for projects associated with the Ports O' Call development, composing \$1.7 million for the Sampson Way roadway improvements which will improve traffic flow into Ports O' Call, \$850 thousand for design work at the Ports O' Call Promenade and Town Square, and \$316 thousand for conceptual planning and parking lot design work at the site. Additional work along the San Pedro Waterfront consists of \$1.2 million for a wharf retrofit and Signal Street improvements at Berth 57, \$787 thousand for environmental assessments at the AltaSea site, and \$304 thousand for miscellaneous improvement projects along the waterfront.

Along the Wilmington Waterfront, \$1.1 million is budgeted for FY 2015/16 including \$790 thousand for the design of the Wilmington Waterfront Promenade which will provide public improvements near Banning's Landing including reconstruction of the site's seawall, public plazas, parking lots, and the realignment of Water Street. Other projects in Wilmington total \$268 thousand and consist of the construction of the Wilmington Waterfront Park slope improvements, finalization of the documentation for the Wilmington Waterfront Park



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street vacations, and demolition of the warehouse, buildings, and other facilities at Berths 184-185.

Also, \$1.3 million is appropriated for construction of the Front Street Beautification Project which will create a 2,655 linear-foot pathway, complete with landscaping and pedestrian lighting, along Front Street from the Vincent Thomas Bridge to Pacific Avenue.

Environmental Enhancements throughout the Port are funded at \$624 thousand and comprise biological surveys, completion of the development of a three-acre eelgrass mitigation site at Cabrillo Beach, preliminary design and planning for an eelgrass mitigation site at Pier 300, completion of sewage pump station modifications and upgrades at Cabrillo Beach, and the design of a recycled water system that will run throughout the Port.

• Security Projects & Maritime Services

In FY 2015/16 \$1.3 million is budgeted for the completion of the IT Cyber Security Improvements Phase II, which will build upon previously completed projects to expand capabilities and enhance the detection, prevention, response and overall Maritime Domain Awareness capabilities of the Port and its information technology infrastructure.

Approximately \$21.8 million has been budgeted in the CIP's Maritime Services category for the unallocated CIP fund, which is set aside for unanticipated projects that may be required in FY 2015/16, and also miscellaneous projects throughout the harbor district including sites such as the Badger Avenue Bridge, the Maritime Museum, Banning's Landing, Liberty Hill Plaza, the Harbor Administrative Building, and other departmental facilities.

STRATEGIC INITIATIVES HIGHLIGHTS

In addition to delivering critical terminal and infrastructure projects under the proposed CIP, the Port's Proposed Operating Budget supports the Port's 2014 Strategic Plan Update goals through various initiatives.

• Cargo Marketing

The container shipping industry is continually evolving; the recent formation of mega shipping alliances and the rapid increase in ship sizes have fundamentally altered the relationship between shipping lines and terminal operators. Up to this point, the long-standing proprietary terminal model has weathered the storm of consolidation. However, in order to achieve the network efficiencies mega shipping alliances and their upsized ships offer, instances of ship calls to non-proprietary terminals have increased substantially. The rapid development of mega shipping alliances has placed some shipping lines in a position where ships deployed in services have outgrown the berthing capacity of their proprietary terminals. In FY 2015/16, the Cargo Marketing Division will continue to identify strategies that address this changing dynamic in the container shipping sector.

Service disruptions at West Coast ports in FY 2014/15 have highlighted the need to reexamine the Port's business approach and look beyond the traditional landlord-model, by which day-to-day operations are handled solely by the Port's direct customers. Instead the Port will explore a hybrid model where it aims to assist in the optimization of the supply chain including supporting the development of innovative technologies that promote increased cargo velocity.

Supply chain optimization solutions include establishment of the interoperable chassis "pool of pools" which provides for better chassis utilization by allowing trucking companies to have different chassis start/stop locations, and the creation of a "Peel Off" Program which allows for expedited container pick-up. Developing supply chain optimization solutions is a Port-wide, multi-divisional effort involving active engagement of all supply chain stakeholders, specifically Beneficial Cargo Owners (BCOs), labor, shipping lines, marine terminal operators, rail roads, and truck service providers.

Traditionally, Cargo Marketing Division staff maintains regular contact with the Port's direct



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customer base, and other supply chain stakeholders on a national and international basis to protect and grow the Port's market share and develop new business opportunities. These activities will continue, however with the changing dynamic in the container shipping sector, as well as the Port's role in the supply chain optimization arena, efforts will be focused on joint marketing and developing supply chain solutions with the Port of Long Beach. A recent update to the Federal Maritime Commission Discussion Agreement between the Ports of Los Angeles and Long Beach allows further collaboration between the two ports in developing supply chain optimization solutions.

In support of these efforts, approximately \$435 thousand has been budgeted in FY 2015/16 for foreign and domestic travel, and business promotional activities. Business development trips are generally coordinated by the Cargo Marketing Division, and often led by one or two of the Port's Commissioners.

- **Trade Connect Program**

The Port's signature export education program, Trade Connect, continues to meet an identified need in the regional and global business community with offerings to assist small-to-medium sized businesses. With a Proposed Budget of approximately \$834 thousand for FY 2015/16, Trade Connect brings together resources for research and reference along with support from a wide range of public and professional organizations in addition to subject matter experts that are in a position to assist prospective exporters and new to export companies. The program supports the Mayor's regional export initiative (Metropolitan Export Initiative) to coordinate export development in the region as part of President Obama's National Export Initiative by connecting overseas buyers with Southern California region suppliers in order to increase trade and create jobs.

The program also continues to build strong relationships by partnering with international

organizations, local chambers, and economic development agencies, with a vision to attract international companies involved in trade to establish connections locally and regionally that will open doors to exporting and manufacturing or distribution investments.

Future plans include continued participation in trade education forums, expanded outreach to businesses and manufacturers as well as the development of new curricula focused on current trade issues.

- **Planning and Strategy**

The Port continues to focus on meeting its Strategic Goals and Mayoral initiatives to maximize market share, optimize land use, and enhance operational efficiency. As such, \$130 thousand within the FY 2015/16 Proposed Budget continues to support the creation of the new long-term San Pedro Bay Cargo Forecast currently under joint development with the Port of Long Beach and scheduled for completion in early 2016 as well as the procurement of trade data to help guide the Port's decision making.

Planning staff developed and continues to update the Port Master Plan to direct the long-term strategic development of the Port. Staff manages compliance with the Port Master Plan by processing applications for port permits and preparing Coastal Development Permits. Staff also analyzes and develops data on competition, economic impacts, and goods movement related to the 2014 Strategic Plan Update.

- **Environmental Initiatives and Programs**

Environmental initiatives remain a key focus within the FY 2015/16 Proposed Annual Budget that support the Port's goal to uphold its status as the nation's #1 container port and the global model for sustainability, security, and social responsibility. To this end, the FY 2015/16 Proposed Budget contains nearly \$17.4 million in funding dedicated to achieving these goals.

Since its creation in November 2006, the Clean Air Action Plan (CAAP) continues to shape many of the



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strategies at the Port to reduce air emissions and promotes the development of innovative, viable technology to improve environmental quality in the area by targeting major sources of air pollution. In supporting the CAAP, the Proposed Budget incorporates incentive programs designed to encourage pollution reduction, such as the Vessel Speed Reduction Incentive Program funded at \$2.0 million, Technology Advancement Program funded at \$800 thousand, Environmental Shipping Index funded at \$150 thousand, and Marine Engine Exchange Program funded at \$100 thousand.



One of the most significant and successful efforts under the AAP is the Clean Truck Program (CTP), the Port's primary means of reducing truck emissions. In FY 2015/16, the CTP is funded at approximately \$1.0 million, which includes program administration and preparation of special studies. An

additional \$1.5 million supports other air quality and climate change measures, including zero emissions technology evaluation, emission inventories, and air monitoring.

The environmental review process is a critical and major first step in the delivery of terminal and infrastructure projects in the Port. While the majority of environmental budget for California Environmental Quality Act and National Environmental Policy Act review is captured in the Capital Budget, \$1.1 million is budgeted in the Operating Budget to support tenant applications for projects, cultural resources surveys, and permit/lease renewals that promote the development and use of port property.

The Proposed Budget includes funding for the daily management of customer operations and activities and includes almost \$3.5 million for environmental assessments of Port properties, coordination of underground storage tank and pipeline removals, determination of environmental conditions prior to development including the needed cleanup of contaminated soil and groundwater, performance of baseline assessments to establish existing environmental conditions prior to leasing land, management of emergency response to releases and illegal dumping on port property, and preparation of technical and regulatory documents and reports.

Since its development in 2009, the Water Resources Action Plan (WRAP) continues to implement control measures targeted at water and sediment pollution, along with programs for National Pollutant Discharge Elimination System permit compliance and storm water permit compliance through the Tenant Outreach Program. WRAP and other water-related programs make up \$190 thousand of the Proposed FY 2015/16 Budget.

With the promulgation of the federally mandated Total Maximum Daily Load regulations (TMDL), the Environmental Management Division works closely and collaboratively with the State Water Resources Control Board, Regional Water Quality Control Board, and Southern California Coastal Water Research Project, to implement special studies and develop strategies to modify and comply with, the TMDL requirements. The TMDL program compliance budget is approximately \$1.5 million. Cost sharing with the Port of Long Beach on special studies has greatly reduced the Port's expenditures, as well as presenting a unified and influential front to the regulatory agencies.

- **Community/Waterfront**

In alignment with the Port's 2014 Strategic Plan Update for *Strong Relationships With Stakeholders*, \$24.9 million from the Port's FY 2015/16 Proposed and Capital Budgets include an array of programs



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and projects benefitting the harbor community and continued investment in the LA Waterfront.

In early 2015, following a series of community meetings and feedback sessions, the Port developed a Public Access Investment Plan. The plan was created to provide a transparent, sustainable and predictable framework for the Port's continued commitment of funds to public access projects, community-serving operating and maintenance costs, and programs and initiatives that benefit the community. Public input to this plan helped identify specific non-cargo, community and visitor-serving projects that the Port will fund from cargo revenue as part of a \$400 million commitment in capital and non-capital dollars over the next 10 years.

Also, in support of the Mayor's commitment to bring more visitors to the LA Waterfront, the Port has budgeted approximately \$812 thousand for an active slate of community events in FY 2015/16, which include the annual *Cars & Stripes Forever!* event with an audience of 25,000 people, the world-famous Lobster Festival which brings 30,000 to 40,000 visitors to the waterfront, and newer events such as movie and concert nights and a Port-hosted Science, Technology, Engineering, and Math (STEM) event for local youths and their families.



Community-serving programs which are funded at \$619 thousand in the coming year include local education initiatives from the School Boat Tour Program to the Port's TransPORTer mobile education exhibit.

Fiscal Year 2015/16 will also see the second full year of the Port's Community Investment Grants which

make up to \$1 million available to local non-profits seeking to enhance the community and harbor experience in harmony with the Port's Strategic Goals and Tidelands Trust guidelines. In the prior year, nearly 40 projects and programs were funded through this program and it is anticipated that a similar number of initiatives will be funded for FY 2015/16.

- **Waterfront and Commercial Real Estate**

The Port has brought together staff who manage LA Waterfront properties with those who plan public access/economic development programs to form a new Waterfront and Commercial Real Estate division. This division will maximize strategic implementation of the emerging world-class waterfront that will feature views of a working port and reflect the unique history of the local community. As such, the Proposed Budget of \$5.4 million continues to support the overall redevelopment of Ports O' Call and various commercial development opportunity sites, implement public access infrastructure improvements, coordinate public access events, promote economic development programs, and provide funding for the operation of the Port's Cruise Terminal.

- **Port Security**



In the past fiscal year, the Port was challenged with labor disputes, chassis shortages, TEU congestion, and a terminal fire. These events underscored the



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Port's key role to implement security and safety strategies that support goods movement and mitigate risk. It is with this strategic initiative in mind that \$35.6 million is budgeted in FY 2015/16 to fund Port Police operations.

Most importantly, Port Police staffing will be optimized to support the Port's public safety and emergency management missions. While a managed hiring program drives the budget, strategic savings have allowed for less than a 2% increase in required operational funding for FY 2015/16.

Other operational drivers include approximately \$2.7 million that will be invested in the Port's central security system, of which \$2 million is eligible for grant reimbursement. The bulk of the investment will go towards federally mandated system maintenance. The remainder will allow Port Police to expand the capabilities of the current system to support Port activities.

The central security system also includes \$600 thousand in funding for a comprehensive Emergency Preparedness Training and Management Program that will be implemented to include strategic partnering with local and federal law enforcement agencies and provide training for all Port employees, both sworn and civilian. These programs coupled with the continuation of all of Port Police's specialized missions serve to ensure the Port's emergency readiness and ability to provide a focused response to all threats and hazards in the Port. The goal is safety and security of the Port and its surrounding communities, while supporting continuous operations and successful public activities.

- **Employee Recruitment, Retention, and Development**

Continued investment in employee programs such as tuition reimbursement, vanpool, and public transit subsidies will help the Port to retain its committed employee base and help fulfill the initiative of being the employer of choice by providing opportunities for professional development and promoting

excellence. To that end, approximately \$490 thousand has been earmarked in the new budget for such programs. Providing developmental feedback to staff is a high priority and will be demonstrated by maintaining a strong commitment to the employee evaluation process. The Human Resources Division will continue to work with the executive leadership team and division directors to develop training programs that address knowledge gaps and strengthen communication throughout the organization. The Port has set aside almost \$26 thousand in support of those training programs in FY 2015/16.

PROPOSED BUDGET SUMMARY

In FY 2015/16, with a new leadership team, and the 2014 Strategic Plan Update as its primary guide, Port staff will continue to strive to maintain the Port's position as the nation's premier port. The FY 2015/16 Proposed Budget provides the funding and framework necessary for staff to accomplish the objectives and initiatives of the 2014 Strategic Plan Update and to ensure the financial viability of the Port. In particular, the FY 2015/16 Proposed Budget will support Port leaders in their efforts to work with a wide variety of partners and stakeholders in order to develop strategies that will improve throughput and optimize the San Pedro Bay and the nation's supply chain.

"We deliver value to our customers by providing superior infrastructure and promoting efficient operations that grow our port as North America's preferred gateway."

City of Los Angeles Harbor Department
Fiscal Year 2015/16 Proposed Annual Budget

HARBOR REVENUE FUND REPORT

RECEIPTS AND CASH

Actual FY 2013/14	Adopted Budget FY 2014/15	Estimated FY 2014/15	Description	Proposed Budget FY 2015/16
\$ 351,792,844	\$ 299,402,329	\$ 262,728,827	Unrestricted Funds Available	\$ 401,846,517
105,765,698	98,233,221	97,114,125	Restricted Funds (1)	112,745,940
457,558,542	397,635,550	359,842,952	Total Cash Available	514,592,457
425,950,801	418,399,624	422,450,849	Operating Receipts	428,588,311
20,957,782	8,171,547	13,863,679	Non-Operating Receipts	8,632,564
80,373,776	114,611,440	90,552,346	Capital Grant Receipts	49,272,764
25,000,000	0	362,275,000	Proceeds from Debt Issuance	0
\$1,009,840,901	\$938,818,161	\$1,248,984,826	Total Receipts & Cash	\$ 1,001,086,096

APPROPRIATIONS

Actual FY 2013/14	Adopted Budget FY 2014/15	Estimated FY 2014/15	Description	Proposed Budget FY 2015/16
\$ 118,052,678	\$ 122,467,798	\$ 116,496,349	Salaries and Benefits	\$ 127,450,352
2,842,105	3,734,196	3,376,188	Marketing & Public Relations	3,301,780
603,837	933,201	786,174	Travel Expenses	1,045,776
27,612,963	35,143,500	34,730,493	Outside Services	38,744,655
7,250,423	7,858,272	7,937,460	Materials & Supplies	7,420,121
35,355,946	36,647,682	36,169,591	City Services	37,519,851
(10,525,849)	(16,700,000)	(16,952,198)	Allocations to Capital (overhead)	(17,912,151)
24,160,334	47,607,973	43,763,524	Other Operating Expenses (2)	35,913,772
205,352,437	237,692,622*	226,307,581	Total Operating Expenses	233,484,156
43,070,867	8,847,354	5,266,004	Non-Operating Expenses (3)	7,886,130
248,423,304	246,539,976	231,573,585	Total Operating Budget	241,370,286
46,571,221	62,950,941	59,570,627	Capitalized & Allocated Expenditures	60,113,299
0	0	0	Land & Property Acquisition	0
6,719,981	6,029,119	5,240,117	Equipment	4,284,154
326,766,705	270,758,561	242,013,225	Construction & Capital Improvement	198,836,703
380,057,907	339,738,621**	306,823,969	Total Capital Budget	263,234,156
628,481,211	586,278,597	538,397,554	Total Operating & Capital Budget	504,604,442
(4,718,262)	(25,561,313)	6,019,815	Accrual Adjustments	9,481,654
26,235,000	29,300,877	189,975,000	Debt Repayments	35,500,000
649,997,949	590,018,161	734,392,369	Total Budget	549,586,096
97,114,125	93,000,000	112,745,940	Restricted Cash	97,500,000
262,728,827	255,800,000	401,846,517	Unappropriated Balance/Carried Forward	354,000,000
\$ 1,009,840,901	\$ 938,818,161	\$ 1,248,984,826	Total Harbor Department Budget	\$ 1,001,086,096

Note: Rounding of figures may occur.

- (1) Includes Construction Fund, Debt Service Reserve Fund, China Shipping Funds, Clean Truck Fund, etc.
- (2) Includes equipment rental maintenance, equipment rental, memberships & subscriptions, and taxes & assessments.
- (3) Includes interest expenses, commercial paper liquidity provider fees, debt issuance costs, bond counsel fees, and debt related advisory fees.

* Includes \$10.2 million in Unappropriated Balance transfers and \$10.2 million in Capital Budget transfers. For a total \$20.4 million increase to the Operating Budget, approved by the Board in FY 2014/15.

** Includes \$10.2 million in reductions to the Capital Budget resulting from transfers to the Operating Budget, approved by the Board in FY 2014/15.

City of Los Angeles Harbor Department
Fiscal Year 2015/16 Proposed Annual Budget

COMPARATIVE STATEMENT OF OPERATIONS

	<u>Adopted Budget FY 2014/15</u>	<u>Proposed Budget FY 2015/16</u>
Operating Revenues		
Shipping Services	370,413,771	364,573,651
Rentals	41,584,971	36,000,653
Royalties and Fees	2,319,498	9,307,157
Clean Truck Fees	1,459,130	1,975,791
Other Operating	2,622,254	16,731,059
	<u>418,399,624</u>	<u>428,588,311</u>
Total Operating Revenues		
Operating Expenses		
Salaries & Benefits (net of capitalization)	122,467,798	127,450,352
Marketing and Public Relations	3,734,196	3,301,780
Travel	933,201	1,045,776
Outside Services	35,143,500	38,744,655
Materials & Supplies	7,858,272	7,420,121
City Services	36,647,682	37,519,851
Allocations to Capital (overhead)	(16,700,000)	(17,912,151)
Other Operating Expenses	47,607,973	35,913,772
	<u>237,692,622 *</u>	<u>233,484,156</u>
Total Operating Expenses		
Income from Operations before Depreciation	180,707,002	195,104,155
Depreciation	<u>120,392,014</u>	<u>130,133,006</u>
Income from Operations	60,314,988	64,971,149
Non-Operating Revenues	8,171,547	8,632,564
Non-Operating Expenses	<u>8,847,354</u>	<u>7,886,130</u>
Net Income	<u>\$ 59,639,181</u>	<u>\$ 65,717,583</u>

Note: Rounding of figures may occur.

* Includes \$10.2 million in Unappropriated Balance transfers and \$10.2 million in Capital Budget transfers. For a total of \$20.4 million in transfers to the Operating Budget, approved by the Board in FY 2014/15.

City of Los Angeles Harbor Department
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REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2013-14	ADOPTED FY 2014-15	ESTIMATE FY 2014-15	PROPOSED FY 2015-16
410 - Dockage	4,930,181	4,904,358	4,920,440	5,164,780
411 - Wharfage	349,953,202	345,180,324	331,654,836	335,023,588
412 - Storage				
413 - Demurrage	223,249	216,255	232,835	234,749
414 - Pilotage	7,539,512	7,621,490	7,542,030	7,692,870
415 - Assignment Charges	13,592,228	12,288,435	16,040,740	16,402,682
417 - Lay Day Fees	975,000	202,909	213,120	54,982
41 - Shipping Services	377,213,372	370,413,771	360,603,999	364,573,651
420 - Land Rentals	38,189,027	38,288,176	34,721,275	35,036,263
421 - Wharf & Shed	576,102	576,279	594,126	597,097
422 - Building Rentals	1,210,865	1,258,056	251,293	252,872
423 - Warehouse Rentals	179,512	1,462,460	113,852	114,421
42 - Rentals	40,155,506	41,584,971	35,680,546	36,000,653
430 - Fees, Concessions, & Royalties	4,963,042	3,589,503	10,800,783	10,912,758
431 - Oil Royalties	(76,647)	189,125	362,931	370,190
43 - Royalties & Fees	4,886,395	3,778,628	11,163,714	11,282,948
490 - Other Operating Revenue	3,695,528	2,622,254	15,002,590	16,731,059
49 - Other Operating Revenue	3,695,528	2,622,254	15,002,590	16,731,059
Total Operating Revenues	425,950,801	418,399,624	422,450,849	428,588,311
710 - Interest Income - Cash Equivalent	4,011,325	2,833,351	3,890,333	2,611,164
71 - Interest Income	4,011,325	2,833,351	3,890,333	2,611,164
720 - Interest Income - Notes	409,867	252,842	242,907	94,715
72 - Interest Income - Notes	409,867	252,842	242,907	94,715
730 - Interest Income - Bonds	247,360	293,354	341,878	461,685
73 - Interest Income - Bonds	247,360	293,354	341,878	461,685
740 - Investment Income	2,113,111	2,000,000	2,000,000	2,000,000
74 - Investment Income	2,113,111	2,000,000	2,000,000	2,000,000
760 - Non-Operating Revenue	8,894,905	1,692,000	6,323,561	2,400,000
76 - Non-Operating Revenues	8,894,905	1,692,000	6,323,561	2,400,000
790 - Other Non-Operating Revenue	5,281,214	1,100,000	1,065,000	1,065,000
79 - Other Non-Operating Revenues	5,281,214	1,100,000	1,065,000	1,065,000
Total Non-Operating Revenues	20,957,782	8,171,547	13,863,679	8,632,564
Report 201 Total	446,908,583	426,571,171	436,314,528	437,220,875

City of Los Angeles Harbor Department
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REPORT OF EXPENSES

REPORT OF EXPENSES (3-DIGIT) REPORT #202	ACTUALS FY 2013-14	ADOPTED FY 2014-15	ESTIMATE FY 2014-15	ADOPTED FY 2015-16
510 - Salaries - Regular	65,284,360	67,873,559	65,256,695	69,472,287
511 - Salaries - Overtime	5,393,773	5,578,899	5,544,047	5,572,999
516 - Employee Benefits	45,943,019	47,361,536	44,321,421	50,989,241
517 - Paid Employee Benefits	1,431,526	1,653,804	1,374,186	1,415,825
51 - Salaries and Benefits	118,052,678	122,467,798	116,496,349	127,450,352
520 - Advertising & Public Relations	2,415,805	3,296,896	3,136,438	3,226,780
521 - Domestic Trade Representative	69,583	85,000	70,000	
522 - Foreign Trade Representative	356,717	352,300	169,750	75,000
52 - Marketing & Public Relations	2,842,105	3,734,196	3,376,188	3,301,780
530 - Domestic Travel	305,182	432,411	352,182	457,561
531 - Foreign Travel	233,048	416,700	352,350	509,100
532 - Local Travel	65,607	84,090	80,642	79,115
533 - Credit Card Charges			1,000	
53 - Travel Expenses	603,837	933,201	786,174	1,045,776
540 - Maintenance Services	4,829,818	6,622,515	6,744,916	6,449,362
541 - Office Equipment Maintenance Services	1,974,755	2,962,870	2,972,129	2,792,962
542 - Miscellaneous Professional Services	15,302,717	20,180,118	19,606,345	21,575,331
543 - Data Processing Services	2,206,581	3,297,000	3,347,000	3,542,000
544 - Financial Services	1,627,865	2,080,997	2,060,103	4,385,000
545 - Construction Services	1,671,227			
54 - Outside Services	27,612,963	35,143,500	34,730,493	38,744,655
550 - Maintenance & Other Supplies	5,058,671	5,189,517	5,296,747	4,700,267
551 - Administrative & Operating Supplies	2,191,752	2,668,755	2,640,713	2,719,854
55 - Materials & Supplies	7,250,423	7,858,272	7,937,460	7,420,121
570 - City Services	35,355,946	36,647,682	36,169,591	37,519,851
57 - City Services	35,355,946	36,647,682	36,169,591	37,519,851
580 - Allocations	(10,525,849)	(16,700,000)	(16,952,198)	(17,912,151)
58 - Allocations	(10,525,849)	(16,700,000)	(16,952,198)	(17,912,151)
590 - Equipment Rental - Maintenance	363,805	438,260	473,800	414,735
591 - Equipment Rental - Non-Maintenance	89,096	109,201	103,984	96,232
592 - Memberships & Subscriptions	562,359	575,631	594,532	851,111
593 - Insurance	3,114,059	3,680,000	3,290,400	3,567,250
594 - Telephone	1,593,731	1,812,763	1,788,863	1,810,313
595 - Utilities	11,331,988	18,676,400	18,560,878	20,519,540
596 - Claims & Settlements	1,959,308	2,350,000	2,500,000	3,323,500
597 - Taxes, Assessments, & Fees	551,024	666,551	459,127	489,891
598 - Provision for Bad Debt	(1,544,420)	200,000	200,000	200,000
599 - Other Operating Expense	6,139,384	19,099,167	15,791,940	4,641,200
59 - Other Operating Expenses	24,160,334	47,607,973	43,763,524	35,913,772
Total Operating and Administrative Expenses	205,352,437	237,692,622*	226,307,581	233,484,156
610 - Depreciation Expense	124,039,463	120,392,014	120,392,014	130,133,006
61 - Depreciation	124,039,463	120,392,014	120,392,014	130,133,006
830 - Int. Expense - Bonds	1,364,913	673,080	531,393	861,248
831 - Int. Expense - Commercial Paper	164,786	260,000	68,151	54,840
83 - Int. Expense - Bonds	1,529,699	933,080	599,544	916,088
890 - Other Non-Operating Expense	41,541,168	7,914,274	4,666,460	6,970,042
89 - Other Non-Operating Expenses	41,541,168	7,914,274	4,666,460	6,970,042
Total Non-Operating Expenses	43,070,867	8,847,354	5,266,004	7,886,130
Report 202 Total	372,462,770	366,931,990	351,965,600	371,503,291

*Includes \$10.2 million in Unappropriated Balance transfers and \$10.2 million in Capital Budget transfers. For a total of \$20.4 million in transfers to the Operating budget, approved by the Board in FY 2014/15.

**City of Los Angeles Harbor Department
Fiscal Year 2015/16 Proposed Annual Budget**

CAPITAL PROJECTS REPORT

Terminals

<i>Berths 90-93 World Cruise Center</i>	\$	868,221
<i>Berths 100-102 Development (China Shipping)</i>	\$	3,028,671
<i>Berths 121-131 Development (Yang Ming)</i>	\$	1,439,822
<i>Berths 135-147 Development (TraPac)</i>	\$	82,717,757
<i>Berths 212-224 Development (YTI)</i>	\$	20,935,879
<i>Berths 222-236 Development (EverPort)</i>	\$	2,271,952
<i>Berths 300-306 Development (APL)</i>	\$	1,583,753
<i>Berths 400-409 Development (Maersk/Cut)</i>	\$	335,780
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	9,434,125
<i>Miscellaneous Terminal Improvements</i>	\$	187,392
TOTAL TERMINAL IMPROVEMENTS		\$ 122,803,352

Transportation Projects

<i>Transportation Improvements</i>	\$	44,829,618
TOTAL TRANSPORTATION PROJECTS		\$ 44,829,618

Security Projects

TOTAL SECURITY PROJECTS		\$ 1,337,181
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Public Access/Environmental Enhancements

<i>Port-wide Public Enhancements</i>	\$	1,256,021
<i>Los Angeles Waterfront</i>	\$	6,179,739
<i>Environmental Enhancements</i>	\$	624,343
TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS		\$ 8,060,103

Maritime Services

<i>Harbor Department Facilities</i>	\$	3,830,045
<i>Miscellaneous Projects</i>	\$	2,102,178
<i>Unallocated Capital Improvement Program Fund</i>	\$	15,874,226
TOTAL MARITIME SERVICES		\$ 21,806,449

*TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries)		\$ 198,836,703
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*Excludes overhead, operating equipment and capitalization & allocated expenditures.

**City of Los Angeles Harbor Department
Fiscal Year 2015/16 Proposed Annual Budget**

CAPITAL PROJECTS REPORT

Terminals

Berths 90-93 World Cruise Center

Design will be completed on the Berths 91-93 Alternative Maritime Power (AMP™) and the Customs and Border Protection Improvements at Berth 93. The replacement of the water line at Berth 93 will be completed. \$ 868,221

Berths 100-102 Development (China Shipping)

The Marine Operations Building and Crane Maintenance Building are scheduled to begin construction December 2015 with completion in April 2017. \$ 3,028,671

Berths 121-131 - Development (Yang Ming)

The Yang Ming electrical upgrades is scheduled for completion this fiscal year. The Environmental Impact Report (EIR) and start of design is scheduled to begin for the wharf upgrades at Berths 121-131. \$ 1,439,822

Berths 135-147 Development (TraPac)

The Berths 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 223 acres. A number of projects are scheduled for completion in the near future including the new LEED Gold Administration Building, Yard Operations Building, Guardhouse, pedestrian bridge, Driver Service Building and main gate in July 2015; the Intermodal Container Transfer Facility (ICTF) in early 2016; and 72 acres of automated backland development in early 2017. Construction will begin on the Crane Maintenance Building in August of 2015 and design will be completed on the 5 additional acres of backland expansion in early 2016. \$ 82,717,757

Berths 212-224 Development (YTI)

The Berths 212-221 Development includes wharf upgrades consisting of berth dredging at Berths 214-216 to -53 feet mean lower low water (MLLW), installation of sheet piles, and 1,500 feet of landside crane rail extension at Berths 217-220; backland improvements, AMP™, and expansion of the Terminal Island Container Transfer Facility (TICTF) with one additional load track. Design on these elements will be completed in early 2015 and construction will begin in July of 2015 with completion in Spring 2017. \$ 20,935,879

Berths 222-236 Development (EverPort)

The EIR is in process for this project. Design of the wharf and backland improvements which includes dredging, grading, pavement, striping, lighting and electrical infrastructure for 3 additional cranes will be completed in Summer 2016. The leak detection and warning system is scheduled for construction completion in Summer 2016. \$ 2,271,952

Berths 300-306 Development (APL)

The proposed Berths 301-306 (APL) Development will expand the terminal by approximately 50 acres, and modify existing terminal elements. Scheduled at this time is the design portion of the wharf improvements, AMP™, and 4 acres of backland improvements adjacent to the wharf for early 2017. The remainder of the improvements are pending scope confirmation from tenant. \$ 1,583,753

Berths 400-409 Development (Maersk/Cut)

Replacement of a 15 foot wide strip of asphalt concrete paving and reinforced concrete runways in the backland will be completed in Winter 2015. \$ 335,780

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 MOTEMS. The berths affected are 148-149, 163, 164, 167-169, 187-191, and 238. Repairs at Berths 163, 164 and 187-190 will be completed in Summer 2016. Agreements have been met with a number of terminals, and environmental documents and design have been started and will continue this fiscal year. Once an agreement has been reached with the other terminals, design will begin as well.

\$ 9,434,125

Miscellaneous Terminal Improvements

Several miscellaneous projects will be completed this fiscal year which include: the sea wall improvements at Berth 194; warehouse re-roof at Berths 179-180; door and windows upgrade, and painting the warehouses at Berths 154-155; power pole relocation at Berth 46; and water and sewer line replacement at Berths 153-155.

\$ 187,392

TOTAL TERMINAL IMPROVEMENTS \$ 122,803,352

Transportation Projects

Transportation Improvements

Construction will be completed this fiscal year on the I-110/SR 47 Connector Improvements, and the John S. Gibson Intersection and NB I-110 Ramp Access Improvements projects. Construction will continue on the C Street/I-110 Access Ramp Improvements projects with completion scheduled for early 2017. Review of the Southern California International Gateway (SCIG) Bridge and Road, and the State Route 47/Vincent Thomas Bridge and Front St./Harbor Blvd Interchange Reconfiguration Study will continue this fiscal year.

\$ 44,829,618

TOTAL TRANSPORTATION PROJECTS \$ 44,829,618

Security Projects

The Information Technology Cyber Security Improvements Phase II project which will expand capabilities and enhance detection, prevention, response and overall Maritime Domain Awareness capabilities of the Harbor Department will be completed this fiscal year.

TOTAL SECURITY PROJECTS \$ 1,337,181

Public Access/Environmental Enhancements

Port-Wide Public Enhancement

Design will be completed and construction will begin on a 2,655 foot pathway along Front Street from the Vincent Thomas Bridge to Pacific Avenue this fiscal year.

\$ 1,256,021

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. The environmental portion of the Berth 57 - AltaSea project will be completed this year. Sampson Way Roadway Improvements at the intersection of Harbor Boulevard and 7th Street will complete design in Fall 2015 with construction beginning in Spring 2016. Design will begin on the San Pedro Waterfront - Ports O' Call Promenade and Town Square, and the San Pedro Waterfront - Paid Parking for Ports O' Call Village and Bluff Parking Lot. Wilmington will see slope improvements at the Wilmington Waterfront Park, and planning and design efforts will commence for the Wilmington Waterfront Promenade.

\$ 6,179,739

Environmental Enhancements

Environmental enhancements include the biological surveys of the Los Angeles and Long Beach Harbors, Eelgrass Mitigation at Cabrillo Beach and Pier 300/Seaplane Lagoon, and design of the Department of Water and Power (DWP) Recycled Water Line project.

\$ 624,343

TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS

\$ 8,060,103

Maritime Services

Harbor Department Facilities

Harbor Department Facility improvements include the completion of the Harbor Department Building - Drain Mainlines Replacement, Berth 161 Marine Ways Modifications, Liberty Hill Plaza - Fire Life Safety System Replacement, Web-Based Construction Management System, Berth 161 - Electrical Equipment Retrofit, and Berth 161 - Yard Repaving and Rail Removal. Design will be completed on the Harbor Administration Building - HVAC Replacement. This year there are a number of department-wide improvements including the Klein Billing and Port Pilot Systems Enhancement, Sharepoint 2010 Upgrade, and Klein Billing System Phase II.

\$ 3,830,045

Miscellaneous Projects

Projects listed under miscellaneous are not included in any specific program listed above. Projects included are the Berth 72 Municipal Fish Market Drainage Improvements, Badger Avenue Bridge Rehabilitation, Berth 84 - Maritime Museum Wharf Rehabilitation, Liberty Hill Plaza HVAC System Upgrade, and Ports O' Call American Disability Act Compliant Restrooms.

\$ 2,102,178

Unallocated Capital Improvement Program Fund

This category is for unanticipated projects which are initiated throughout the fiscal year. It includes construction services, 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 and to cover fiscal year project shortfalls.

\$ 15,874,226

TOTAL MARITIME SERVICES

\$ 21,806,449

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries)**

\$ 198,836,703

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



**"C" Street/I-110
Fwy Ramps**

**B. 121-131 Terminal
Redevelopment**

**B. 100-102 Terminal
Improvements**

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

**Sampson Way
Intersection**

**Ports O' Call
Promenade**

**Ports O' Call
Parking Lot**

AltaSea

B. 200 Rail Connections

**South Wilmington
Grade Separation**

Wilmington Waterfront

**B. 136-147 Terminal
Redevelopment**

**B. 214-220 Terminal
Redevelopment**

**B. 226-236 Terminal
Redevelopment**

**B. 306 Terminal
Wharf Design**

**FY 15/16 Capital
Improvement Program
Major Projects**





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