



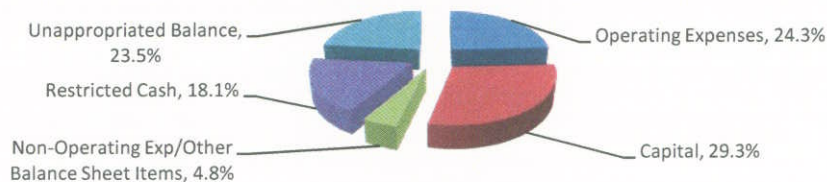
DATE: MAY 11, 2010
FROM: FINANCE DIVISION
SUBJECT: RESOLUTION NO. _____ - FISCAL YEAR 2010/11
PROPOSED ANNUAL BUDGET

SUMMARY:

Transmitted herewith is the proposed Fiscal Year (FY) 2010/11 Annual Budget for revenues, expenses, and capital for the City of Los Angeles Harbor Department (Harbor Department) - see Transmittal No. 1. This proposed budget reflects the Harbor Department's effort to balance its planned priorities with the costs associated with implementing them, along with the anticipated amounts of revenues. The proposed budget is consistent with the preliminary information provided to the Board of Harbor Commissioners (Board) during the budget hearing held on March 16, 2010; significant changes subsequent to the hearing are delineated herein.

The total proposed budget of \$909,585,784 for Fiscal Year 2010/11 represents a \$223.2 million or 19.7% decrease from the \$1,132,812,022 Fiscal Year 2009/10 Adopted Budget and a \$34.1 million or 3.6% decrease from the \$943,689,470 estimated expenditures for the current fiscal year. Of the total budget, the key components are (and as depicted in the following chart):

Proposed Budget by Key Components (\$909.6 M)



- \$266.3 million or 29.3% for Capital;
- \$221.3 million or 24.3% for Operating Expenses;
- \$213.4 million or 23.5% as the Unappropriated Balance carried forward;
- \$164.9 million or 18.1% as Restricted Cash (including future commitments); and
- \$43.7 million or 4.8% as the Non-Operating Expenses and other balance sheet items (i.e., bond issuance costs).

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Adopt the proposed Fiscal Year 2010/11 Annual Budget for the Harbor Department and appropriate funds in accordance therewith (see Transmittal No. 1);
2. Authorize the Executive Director, or designee, to make any technical adjustments consistent with Board action(s) to the Fiscal Year 2010/11 budget documents, so as to provide for the implementation of this budget; and
3. Adopt Resolution No. _____.

DISCUSSION:

The proposed FY 2010/11 Annual Budget was formulated based on the proposed priorities, financial metrics based on the Harbor Department's Financial Policy, and input from the Board.

Proposed Priorities – The proposed priorities for FY 2010/11 are:

- Customer Retention and Attraction – Promoting and demonstrating the “Port of LA (Los Angeles) Advantage”, with the goal of retaining and growing business in an era that is increasingly competitive for the Port of Los Angeles (Port) and even more challenging for its customers;
- Project Delivery – Keeping revenue-generating projects on schedule including TraPac and China Shipping, while advancing important but less revenue-generating projects like the Wilmington and San Pedro waterfront initiatives;
- Alternative Sources of Revenue – Finding and securing new revenue sources, while allocating more resources to pursue both public and private grants for construction, environmental, economic development, transportation, and security initiatives;
- Human Resources Management – Focusing on employee development and utilizing resources in the most efficient and effective manner possible in light of City of Los Angeles and Harbor Department staff reductions and departures; and