

HARBOR COMMISSIONERS ADOPT \$497.9 MILLION BUDGET FOCUSING ON PRIME PORT DIRECTIVES

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SAN PEDRO (CA) –The Board of Harbor Commissioners adopted today a \$497.9 million fiscal year 2002/2003 budget that focuses on issues of safety and security, environmental concerns, community outreach and operational efficiencies for the Port of Los Angeles.

The budget will include safety and security enhancements such as, \$1 million for the design and implementation for a security I.D. system, \$3 million for nine separate environmental studies to benchmark emission levels and \$14 million in community outreach programs to support local facilities such as, Cabrillo Aquarium and Maritime Museum.

Harbor Commission President Nicholas Tonsich said, "These four issues are priorities not only for the Port, but also for Port customers and our neighbors. We take these concerns seriously and this budget reflects our continuing commitment," concluded Tonsich.

"The Port's budget reflects my priority for safety and security, community and the environment," stated Mayor Jim Hahn. "Most importantly, our focus has been to add more sworn officers, as well as providing necessary funds for the design and implementation of a Port-wide identification system as recommended by my Security Task Force."

The 2002/2003 budget contains an Operating Budget of \$165.8 million, a Capital Budget of \$374.4 million and \$21.2 million in future year commitments. Operating Revenues for 2002/2003 are anticipated to reach \$298.5 million, with growth in trade volumes expected at 11.8% over last year's volume. Operating Expenses for 2002/2003 are estimated at \$117.3 million, an increase of \$21.3 million from last year's budget.

"We are pleased with the balance we've achieved in this budget," stated Executive Director Larry Keller. "We have balanced the operations and smart growth of the port with the environmental and community needs. This budget also emphasizes security at the Port. We are committed to the safety of Port passengers, workers and goods," concluded Keller.

Security: The post-September 11 era of sustained high-level security has caused a significant increase of \$2 million in operating costs for personnel and equipment. This year's budget will allocate funds to support heightened security measures including increased staffing resources and related equipment for Port Police. The Port continues to work with local and federal agencies as well as the Mayor's Security Task Force to determine appropriate measures including the need for a port-wide identification system.

Environmental: As part of the Port's policy of smart growth and no-net increase in air emissions, the Port is committing \$5 million to nine separate environmental studies which will determine benchmark levels for various environmental variables such as traffic and emissions. These studies will serve as the basis for developing programs and procedures for mitigation and reduction efforts. The Port will continue to proactively build on environmental initiatives throughout 2002-2003. This includes the continuation of a Clean Air Policy for alternate fuel vehicles and equipment (30% of fleet) and participation in regional air quality programs increase is sixfold.

Community Outreach: The Department's proposed budget has increased its community outreach program and commercial/retail development on the waterfront in San Pedro. The \$3 million Port Beautification Program includes Phase II of the Crescent Avenue Pathway landscaping and the Pacific Avenue Bike Path, as well as other projects throughout the Port. The Port will continue to support numerous community organizations and activities through



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sponsorships, memberships and rent-free agreements. This also includes: \$8 million for the Wilmington Parkway, \$2.4 million in rent-free agreements with non-profit organizations and \$100,000 in support of the Port of Los Angeles Boys and Girls Club. In addition, the "Community Outreach" has been increased by \$5 million, from \$14 million during FY 2001-02 to \$19.5 million in 2002-03.

Operational Efficiencies: The Port's Capital Budget continues its commitment to meet cargo growth needs. This year's Capital Budget reflects a 33.7% decrease from \$564.5 million in 2001-02 versus \$374.4 million in FY 2002-03 primarily due to the near completion of Phase I of Pier 400. Capital improvements reflected in the 2002-2003 budget include: Channel Deepening Project; West Basin Development Program; Berths 136-147 Terminal Improvement; the completion of the World Cruise Center Renovation; and the Waterfront Red Car Line.

The Department does not expect to issue long-term debt during fiscal year 2002/2003, but does expect to utilize short-term revenue certificates to support previously planned expansion programs.

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