



425 S. Palms Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL/TDD 310 SEA-PORT www.portoflosangeles.org

Antonio R. Villaraigosa Mayor, City of Los Angeles

Board of Harbor Commissioners

S. David Freeman President

Jerilyn López Mendoza Vice President

Kaylynn L. Kim

Douglas P. Krause

Joseph R. Radtsich

Geraldine Knatz, Ph.D

Executive Director

July 13, 2009

Re: Invoice Discount

Dear Sir:

As the Harbor Department of the City of Los Angeles begins its 2010 fiscal year, we face economic challenges not seen since the Great Depression. As you have read and seen, the City of Los Angeles and the Department have taken some very difficult steps to confront these new realities. Each month we continue to see declines in container volumes, with the month of May seeing a decline of over 16% and with a full fiscal year that ended on June 30<sup>th</sup> fall off that is likely to exceed 10%. We are anticipating that this deterioration will continue and in turn has and will continue to create a steady drop in revenues for the Department.

We have undertaken steps throughout the 2009 fiscal year to control our expenses both by managing our staff levels and controlling our operating expenditures. Continuing in this manner, for the 2010 fiscal year, we have requested and our Commission has approved a 10% reduction to our salaries budget and reduced our overall operating budget by close to 6%.

Despite these reductions, the Harbor remains committed to a vision of a vibrant and green port. We have responded affirmatively to the rallying cry of Mayor Villaraigosa to share and participate in a provident program. In that vein, we are seeking your participation as well.

We request that you voluntarily include a five percent discount on all invoices for services that you provide to the Harbor Department from July 1, 2009 through June 30, 2010. While all of the terms and conditions of your current contract with the Department remain in full force and effect, this discount would apply to all the work your firm performs as well as those carried out by your subcontractors and subconsultants and would be in addition to any payment discounts already provided.

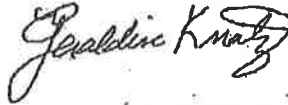


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Please sign below in the space provided indicating your agreement to participate in this program and return the original to us. This letter, once countersigned by you and returned to the Department, will have the force and effect of a written modification or amendment to your contract. All the other terms and conditions of your agreement will remain in full force and effect.

We thank you in advance for your consideration and participation. If you should have any questions about this matter, please contact Karl Pan, the Chief Financial Officer of the Department at 310-732-7703.

Sincerely,



GERALDINE KNATZ, Ph.D.  
Executive Director



Thomas T. Kim  
First Name Last Name

Title: Sr. Vice President

U.S. Army Corps of Eng., L.A. Dist. Reg. Div.-S.  
Villaneda