



THE PORT
OF LOS ANGELES



A M E R I C A ' S P O R T ®

Proposed Budget for Adoption

Fiscal Year 2026/2027

Presented by:

Jeffrey Strafford
Chief Financial Officer

Presented to:

Board of Harbor Commissioners
June 11th, 2026



Request of the Board

- Staff Requests that the Board of Harbor Commissioners:
 - Adopt the Fiscal Year 2026/27 Proposed Annual Budget of **\$3,370,437,519** for the City of Los Angeles Harbor Department and appropriate funds in accordance herewith, pursuant to Section 511(b) of the City Charter; and
 - Approve the transfer of \$7,457,108 to the Harbor Special Operating Fund.

Today's Focus

- Budget Overview & Financial Metrics
- Changes since April Board Meeting
- Operating Revenue & Expense and Capital Budget
- Debt Service and Budgeted Cash Flow





Budget Overview & Financial Metrics

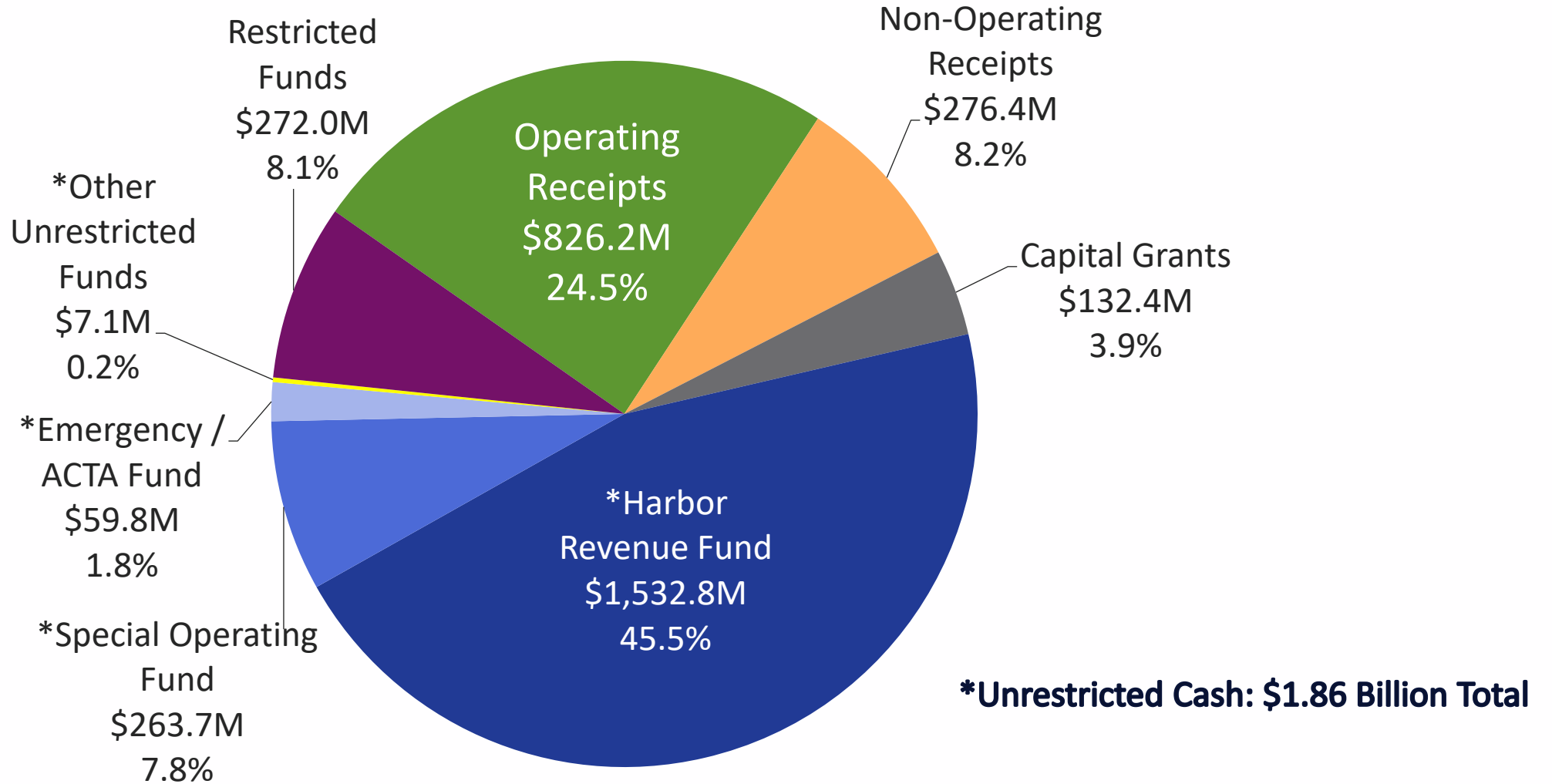


FY 2026/27 Sources of Funding & Appropriations

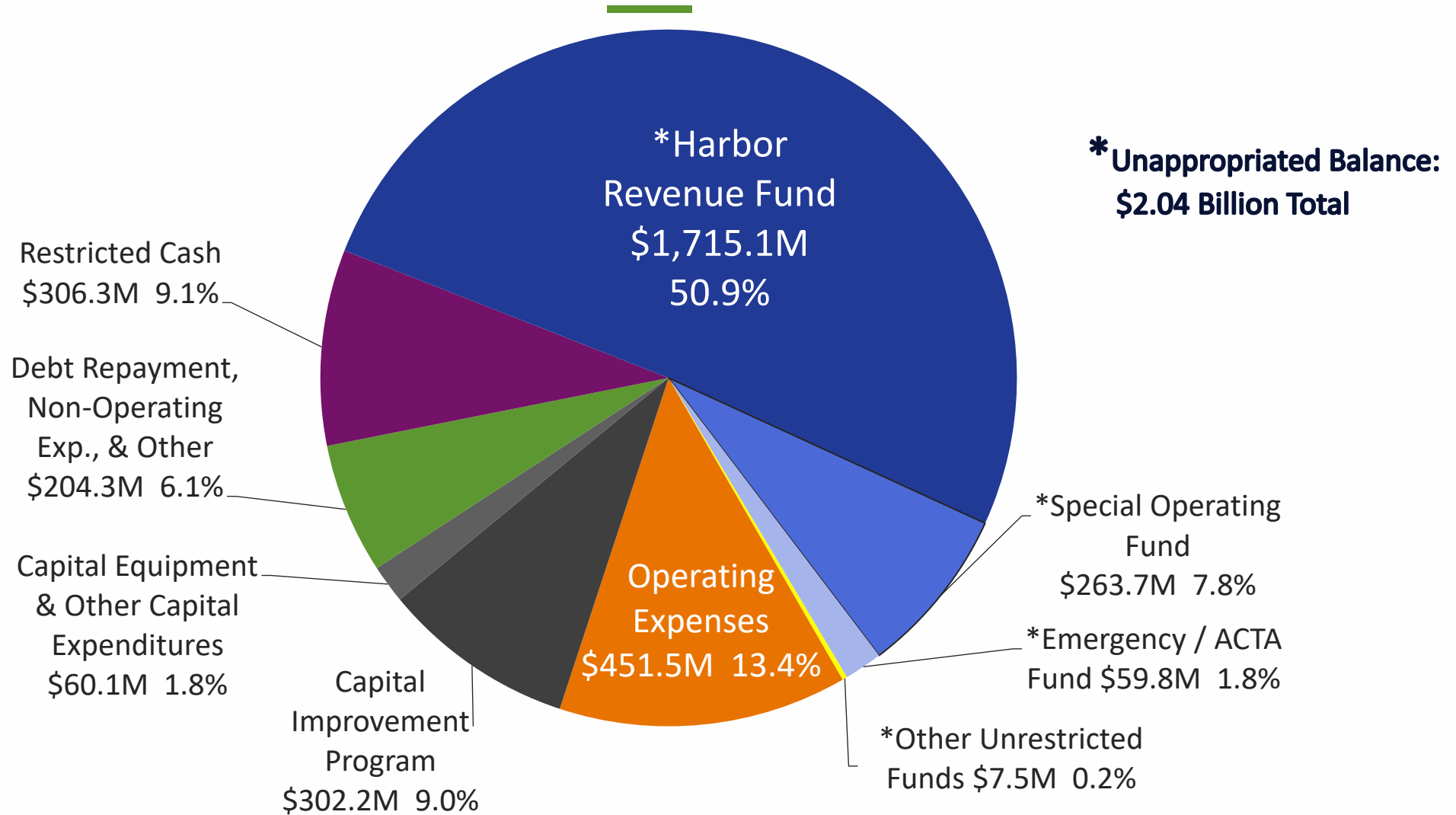
Sources:	
Operating Receipts	\$ 826,159,805
Non-Operating Receipts	276,448,802
Grant Receipts (Capital)	132,440,191
Debt Issuance Proceeds	--
Available Cash (Beginning Balance):	
Unrestricted Funds	1,863,383,150
Restricted Funds	272,005,571
Total Sources	\$ 3,370,437,519

Appropriations:	
Operating Expenses	\$ 451,481,048
Non-Operating Expenses	166,885,118
Capital Budget	362,327,313
Debt Repayments & Other	37,376,263
Projected Year-End Balances:	
Unappropriated Balance	2,046,062,358
Restricted Cash	306,305,419
Total Appropriations	\$ 3,370,437,519

FY 2026/27 Proposed Funding Sources: \$3.4B



FY 2026/27 Proposed Appropriations: \$3.4B



Financial Performance Goals




Key Financial Metric	Minimum	Proposed FY 2026/27
Debt Rating	AA	AA+
Debt Service Coverage	2.0x	12.7x
Operating Margin	45.0%	45.4%
Days Cash on Hand	500	500+



Changes since April 2026

Operating Revenue - Changes since April

Proposed FY 2027 cargo volumes increased by 0.2M from 9.1M to 9.3M since the April 2026 board presentation.

OPERATING REVENUE CHANGES		 \$41.1M, 5.2%
Proposed Total Operating Revenue, April 2026		\$ 785,027,524
Increases:		
Harbor Maintenance Tax – Higher HMT receipts		14,695,900
Wharfage – Higher cargo volumes and cruise volumes		14,165,333
Parking Fees – Higher due to higher cruise volumes		4,886,063
Clean Truck Fees – Higher due to higher cargo volumes		3,329,816
Other – higher MOTEMs reimbursement, Rentals and Other Revenues		4,055,169
Proposed Total Operating Revenue, June 2026		\$ 826,159,805

Operating Expense - Changes since April

OPERATING EXPENSE CHANGES

▲ \$3.5M, 0.8%

Proposed Total Operating Expenses, April 2026

\$ 448,007,358

Additions / (Reductions):

Increased incentive payments for the Truck Turn Time and OCC Incentive Programs 5,131,013

Increased AMP related electricity costs (due to increased cargo volume projections) 1,981,552

Funding for consulting costs related to system support, surveys, & studies 1,200,000

Additional funding for the China Shipping Greenhouse Gas Program 1,000,000

Funding for C&M Yard Security Booth and office equipment 107,585

Funding for training related to Port Police systems 16,002

Salaries & Benefits Changes (1 new position & savings rate increased from 5.6% to 8.5%) (5,962,462)

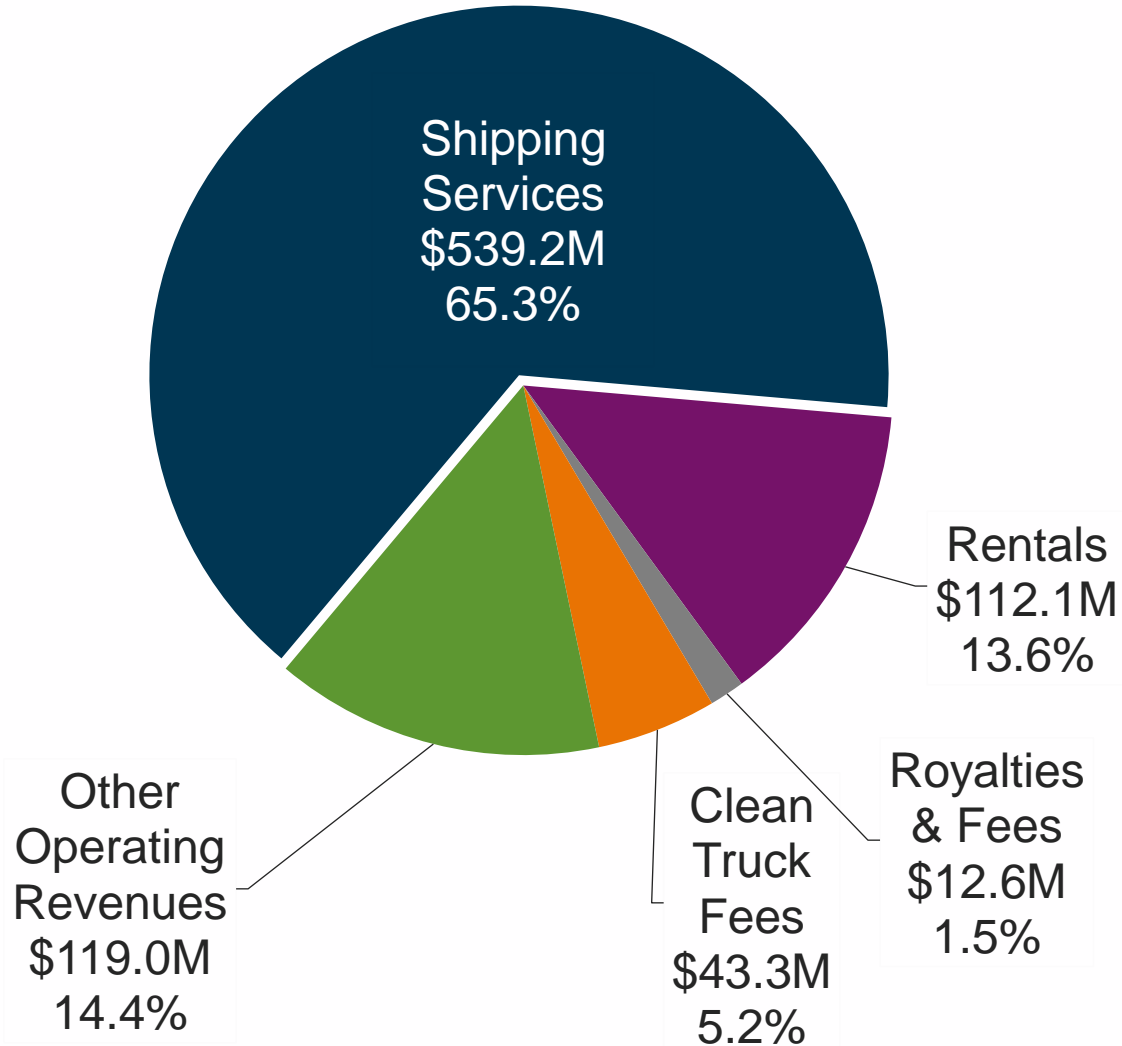
Proposed Total Operating Expenses, June 2026

\$ 451,481,048



**FY 2026/27
Proposed
Revenue,
Expenses, &
CIP**

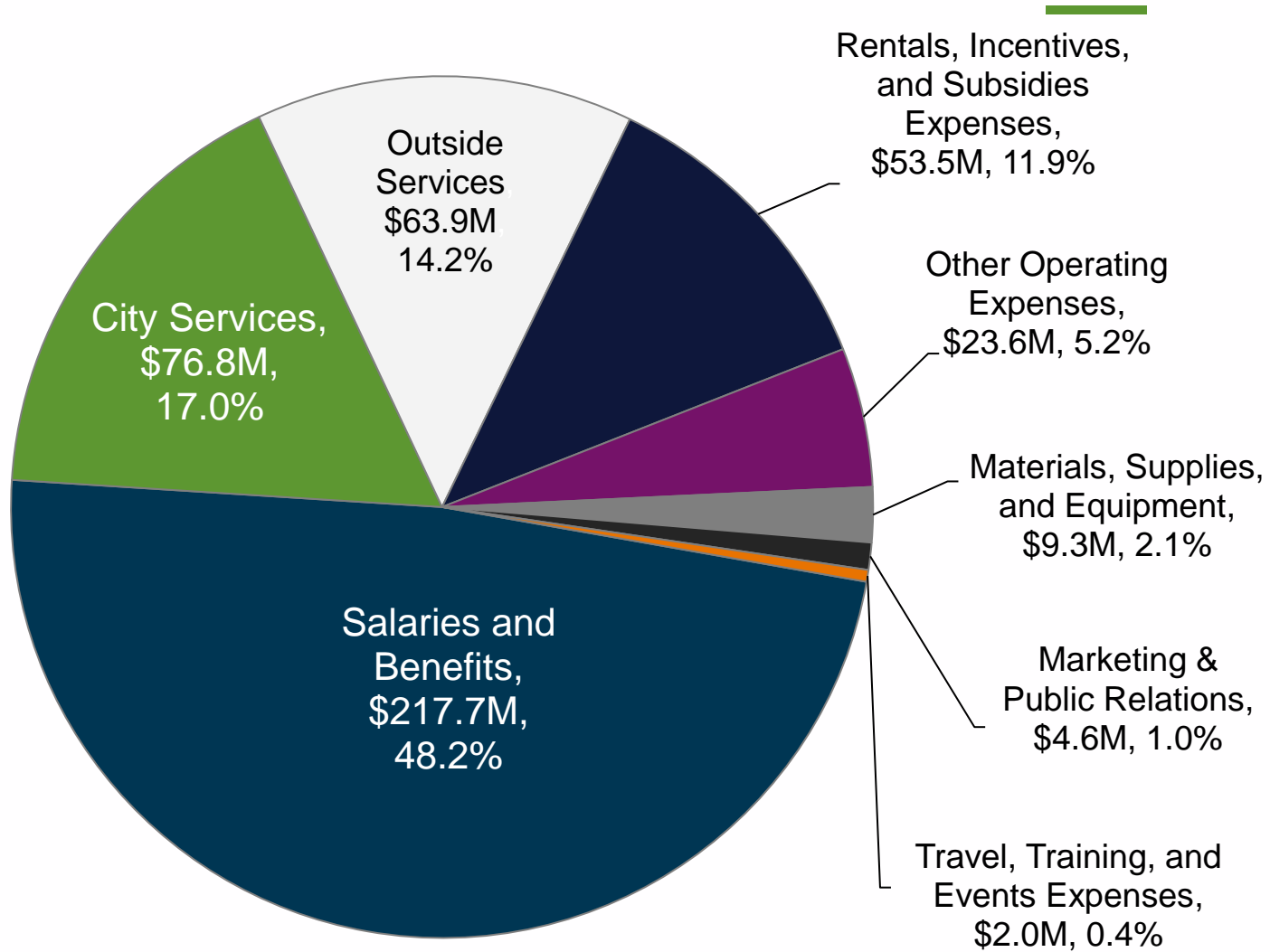
FY 2026/27 Operating Revenue: \$826.2M



Highlights:

- **FY 2026/27 Cargo Volumes: 9.3 million TEUs**
 - ▲ 13.4% increase vs FY 2025/26 Adopted Budget
 - ▼ 7.0% reduction vs. FY 2025/26 Forecast
- **FY 2026/27 Shipping Services: \$539.2 million**
 - ▲ 14.6% increase vs. FY 2025/26 Adopted Budget
 - ▼ 2.1% reduction vs. FY 2025/26 Forecast

FY 2026/27 Operating Expense Categories: \$451.5M



Highlights:

- ▲ 5.7% Increase Relative to FY 2025/26 Adopted Budget
- ▲ 10.3% Increase Relative to FY 2025/26 Forecast

- **Major Increases:** ▲
 - ✓ \$11.0M Clean Truck Fund Rate Subsidies
 - ✓ \$8.2M Salaries & Benefits
 - ✓ \$4.1M City Services
 - ✓ \$4.4M Utilities
 - ✓ \$2.0M China Shipping – Greenhouse Gas
 - ✓ \$1.3M Cruise Center Operations
 - ✓ \$1.1M Residential Sound Insulation Prog.
- **Major Reductions:** ▼
 - ✓ (\$11.00M) Overhead Allocations



Capital Improvement Program (CIP) FY 2026/27: \$302.2M

	Adopted Budget FY 2025/26	Forecast FY 2025/26	Proposed Budget FY 2026/27	Δ% Proposed to Adopted Budget	Δ% Proposed to Forecast
(\$ in Thousands)					
Capital Improvement Program:					
Terminal Improvements	\$ 83,806	\$ 73,233	\$ 117,594	40.3%	60.6%
Transportation Projects	52,974	56,826	35,486	(33.0%)	(37.6%)
Security Projects	4,546	5,652	3,976	(12.5%)	(29.6%)
Public Access / Env. Enhancements	23,168	13,414	94,831	309.3%	606.9%
Maritime Services	66,830	30,807	50,360	(24.6%)	63.5%
Total CIP Budget	\$ 231,325	\$ 179,932	\$ 302,247	30.7%	68.0%



Wilmington Waterfront West End Restroom and Site Restoration **\$3.7M**

Zero Emissions Port Electrification & Operation (ZEPEO) **\$7.7M**

Berth 126-129 Wharf Redevelopment **\$3.5M**

MOTEMS Program (Ongoing) **\$22.1M**

SR 47/Vincent Thomas Bridge & Front St./Harbor Blvd. Interchange Reconfiguration **\$27.4M**

Harbor Administration Bldg – HVAC Replacement **\$9.6M**

208 East 22nd St Parking Lot Improvements **\$9.0M**

Berths 49-51 Outer Harbor Cruise Development **\$34.7M**

Wilmington Waterfront Avalon Pedestrian Bridge and Promenade Gateway **\$56.6M**

POLA Goods Movement Workforce Training Facility **\$5.8M**

Terminal Island Rail Infrastructure (TIRI) Improvements **\$0.5M**

Navy Way and Seaside Ave. Interchange Improvements **\$2.4M**

Terminal Island Maritime Support Facility **\$5.6M**

Maritime Support Facility Access/TI Rail System Grade Separation **\$1.7M**

Berths 302- 305 On Dock Rail Expansion **\$30.2M**

Terminal Island Facilities Demolition & Improvement (TIFDI) Projects **\$7.1M**

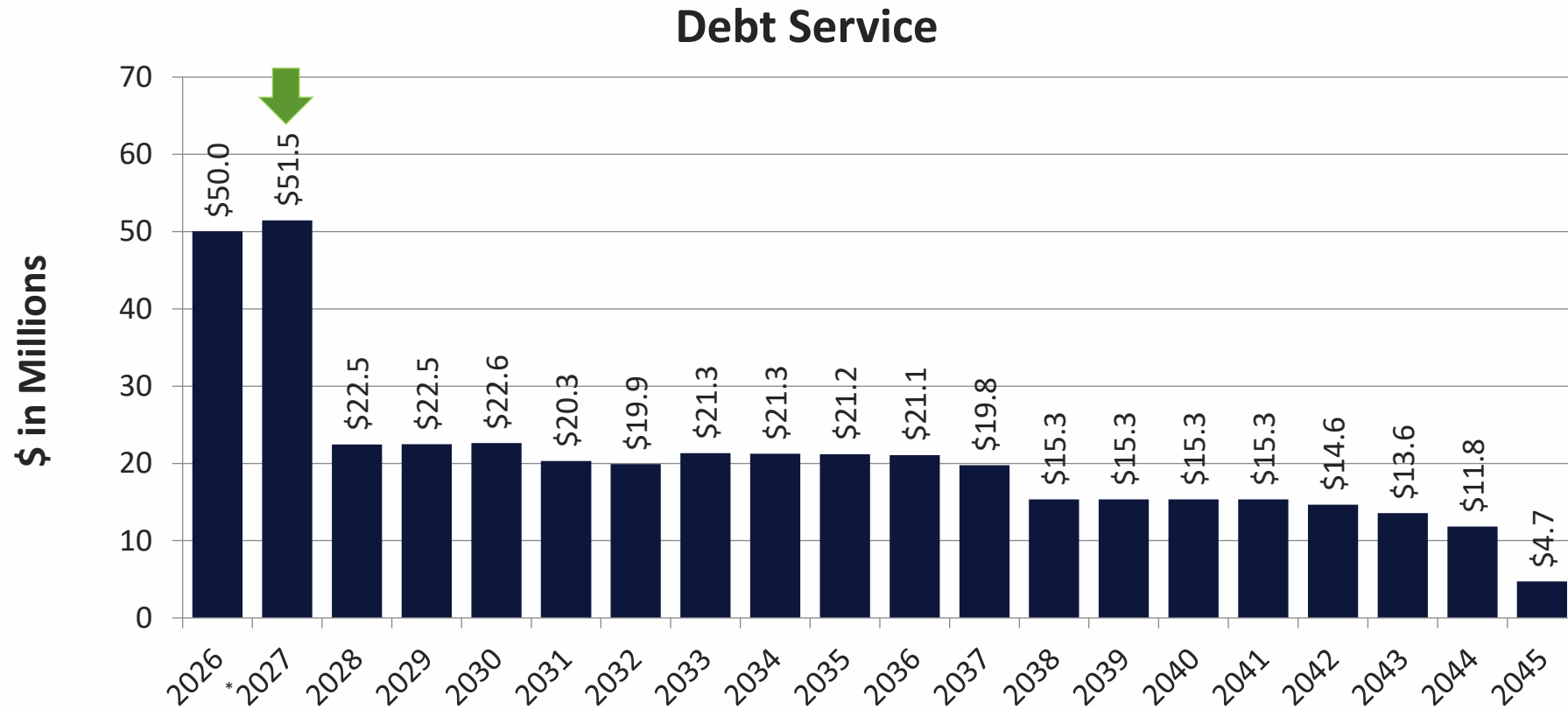
FY 2026/27 Capital Improvement Projects



**FY 2026/27
Debt Service
&
Budgeted
Cash Flow**

Debt Service Profile

- POLA currently has \$261.5 million in senior lien fixed rate outstanding debt rated AA+ by S&P.
- Proposed FY 2027 debt service of \$51.5 million, represents \$39.4 million of principal payment and \$12.1 million of interest payment.



Budgeted Cash Flow

(\$ in millions)	Actual FY 2024/25	Forecast FY 2025/26	Proposed FY 2026/27	Variance Prop. Vs. Forecast Fav. (Unfav.)
Operating Revenue	\$798.7	\$760.7	\$826.2	▲ \$65.5
Less: Operating Expenses	(346.4)	(409.3)	(451.5)	▲ (42.2)
Operating Income	\$452.3	\$351.4	\$374.7	▲ \$23.3
Less: Debt service	(166.9)	(50.0)	(51.5)	▲ (1.5)
Subtotal	\$285.4	\$301.4	\$323.2	▲ \$21.8
Less: Capital Improvement Plan	(122.7)	(179.9)	(302.2)	▲ (122.3)
Less: Capital Equipment & Allocations	(43.9)	(38.3)	(60.1)	▲ (21.8)
Cash Earned (Needs), before Grants & Other	\$118.8	\$83.2	(\$39.1)	▼ (\$122.3)
Plus: Capital Grant Receipts	15.1	29.7	132.4	▲ 102.7
Plus: Other Items, Net*	113.2	99.1	123.7	▲ 24.6
Cash from Operations and Investments**	\$247.1	\$212.0	\$217.0	▲ \$5.0

* FY 26 Other Items, Net consists of interest income earned from Harbor Revenue Fund. FY 27 Other Items, Net also includes proceeds from an expected land sale.

** Increase in FY 27 cash from operations is expected to occur primarily due to higher Harbor Maintenance Tax Receipts, higher capital grant receipts, and proceeds from an anticipated land sale which will be only partially offset by higher capital spending.

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