



**THE PORT
OF LOS ANGELES** LA

AMERICA'S PORT®

Proposed Budget for Adoption

Fiscal Year 2025/2026

Presented by:

Jeffrey Strafford
Chief Financial Officer

Presented to:

Board of Harbor Commissioners
June 12th, 2025



Request of the Board

- Staff Requests that the Board of Harbor Commissioners:
 - Adopt the Fiscal Year 2025/26 Proposed Annual Budget of **\$2,705,630,103** for the City of Los Angeles Harbor Department and appropriate funds in accordance herewith, pursuant to Section 511(b) of the City Charter.

Today's Focus

- Budget Overview & Financial Metrics
- Changes since April Board Meeting
- Sources of Funding for Proposed Budget
- Appropriations for Proposed Budget





Budget Overview & Financial Metrics



FY 2025/26 Sources of Funding & Appropriations

Sources:		Appropriations:	
Operating Receipts	\$ 657,587,468	Operating Expenses	\$ 427,084,553
Non-Operating Receipts	244,567,818	Non-Operating Expenses	130,035,063
Grant Receipts (Capital)	75,667,503	Capital Budget	278,124,617
Debt Issuance Proceeds	--	Debt Repayments & Other	39,233,138
Available Cash:		Projected Year-End Balances:	
Unrestricted Funds	1,535,576,796	Unappropriated Balance	1,597,922,214
Restricted Funds	192,230,518	Restricted Cash	233,230,518
Total Sources	\$ 2,705,630,103	Total Appropriations	\$ 2,705,630,103

Financial Performance Goals



Key Financial Metric	Minimum	Proposed FY 2025/26
Debt Rating	AA	AA+
Debt Service Coverage	2.0x	9.5x
Operating Margin	45.0%	35.1%
Days Cash on Hand	500	500+



**Changes
since
April 2025**

Operating Revenue - Changes since April

Proposed FY 2026 cargo volumes decreased by 1.02M from 9.22M to 8.20M since the April 2025 board presentation.

OPERATING REVENUE CHANGES	▼ \$55.6M, -7.8%
Proposed Total Operating Revenue, April 2025	\$ 713,167,138
(Reductions):	
Wharfage – lower cargo volumes	(\$40,212,323)
Clean Truck Fees – lower cargo volumes	(\$9,805,783)
Alternative Maritime Power (AMP) Electricity Reimbursements – lower cargo volumes	(\$3,795,935)
Pilotage – lower cargo volumes	(\$1,620,889)
Other	(\$144,742)
Proposed Total Operating Revenue, June 2025	\$ 657,587,466

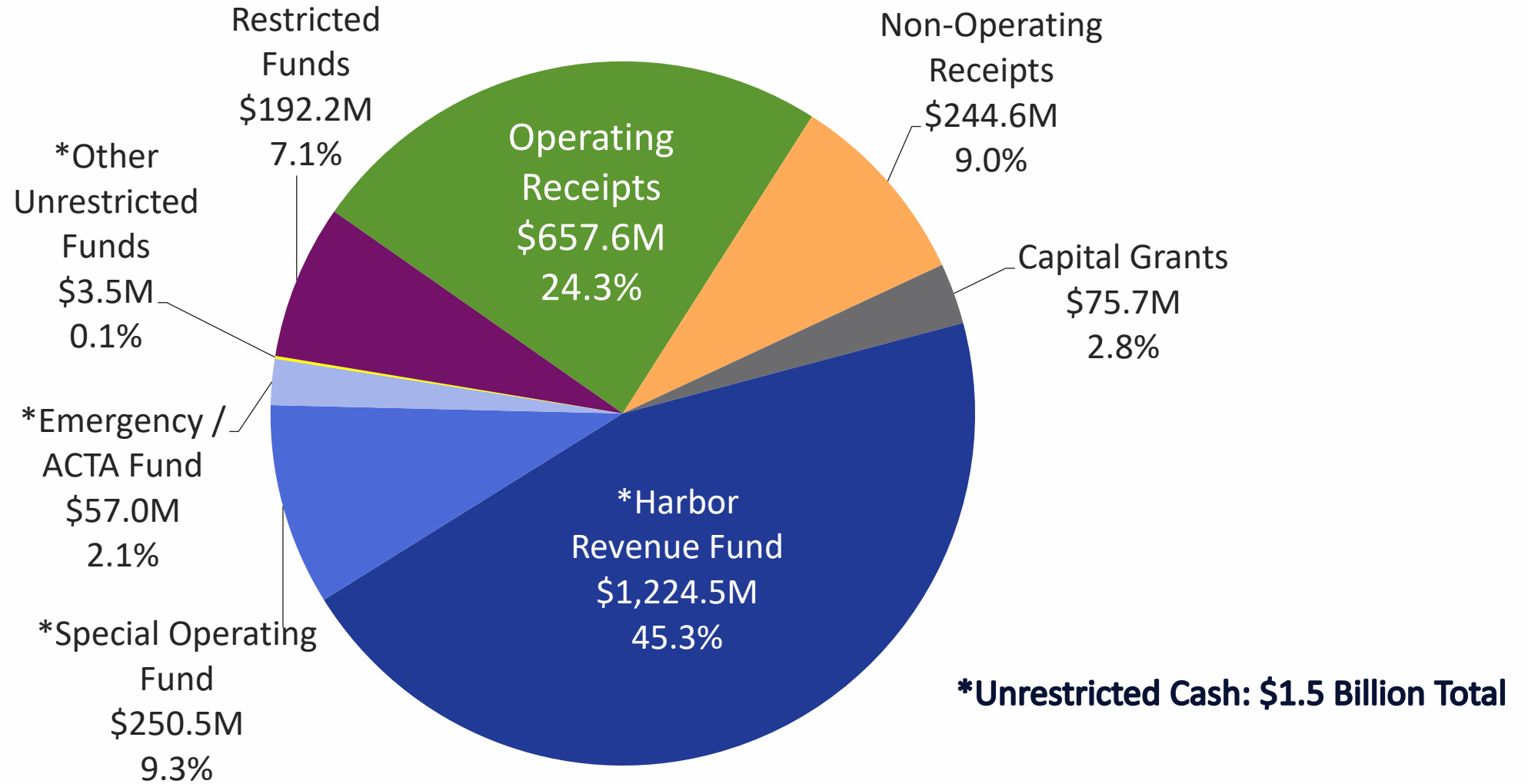
Operating Expense - Changes since April

OPERATING EXPENSE CHANGES		▲ \$10.4M, 2.5%
Proposed Total Operating Expenses, April 2025		\$ 416,644,656
Additions / (Reductions):		
Salaries & Benefits Changes (reduced salary and benefit savings rate from 8.5% to 2.8%)		\$13,750,845
Additional funding for Technology Advancement Program (TAP)		\$500,250
Consulting Costs related to IT equipment		\$118,793
Funding for Congressional Visit to the Port, Sponsorships, and Travel		\$46,889
Reduction in Equipment Reimbursements		(\$38,100)
City Service Payments – Recreation and Parks (reduced overhead rate)		(\$841,648)
Lower AMP Related Electricity costs offset by increase in Water Utility Costs		(\$3,097,132)
Proposed Total Operating Expenses, June 2025		\$ 427,084,553

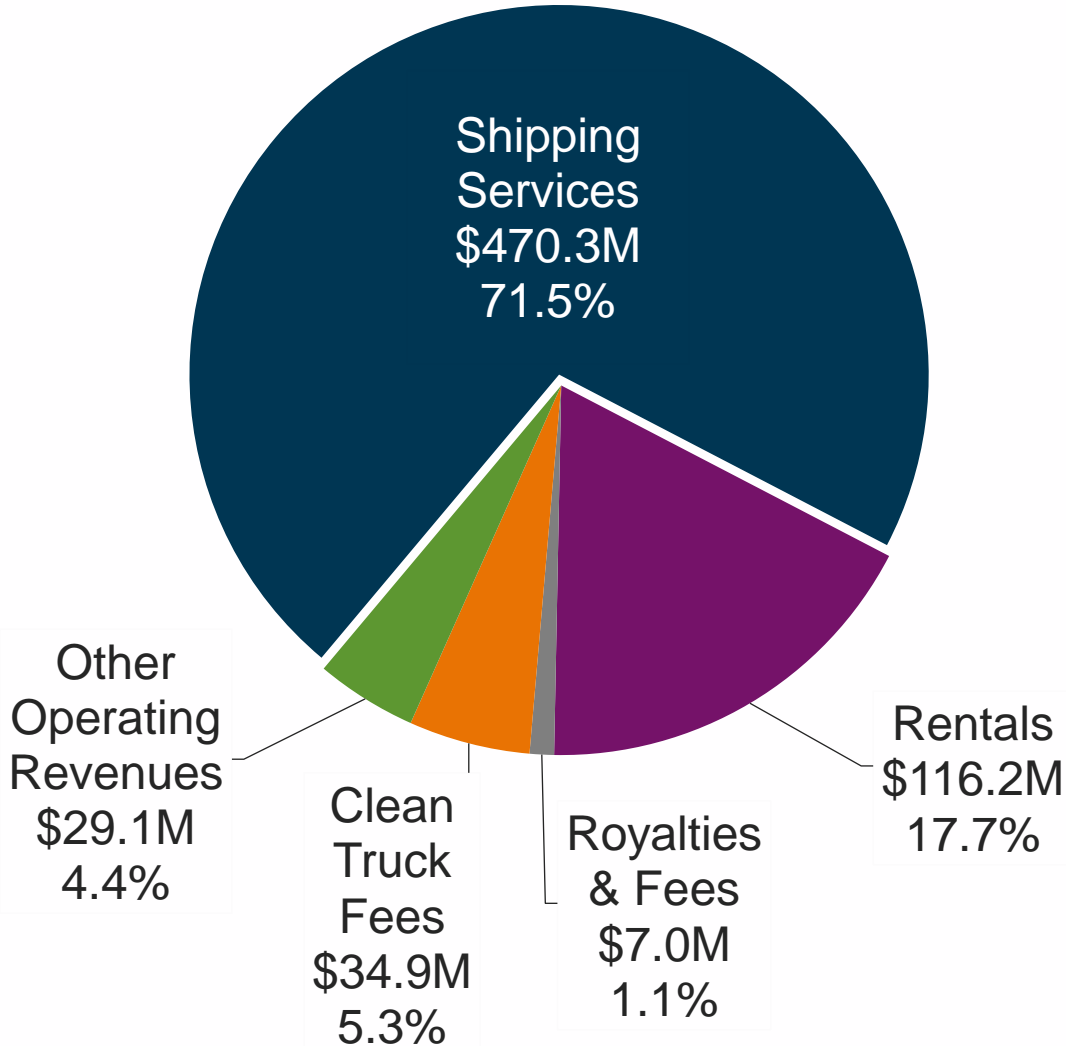


**Sources of
Funding for
FY 2025/26
Proposed
Budget**

FY 2025/26 Proposed Funding Sources: \$2.7B



FY 2025/26 Operating Revenues: \$657.6M

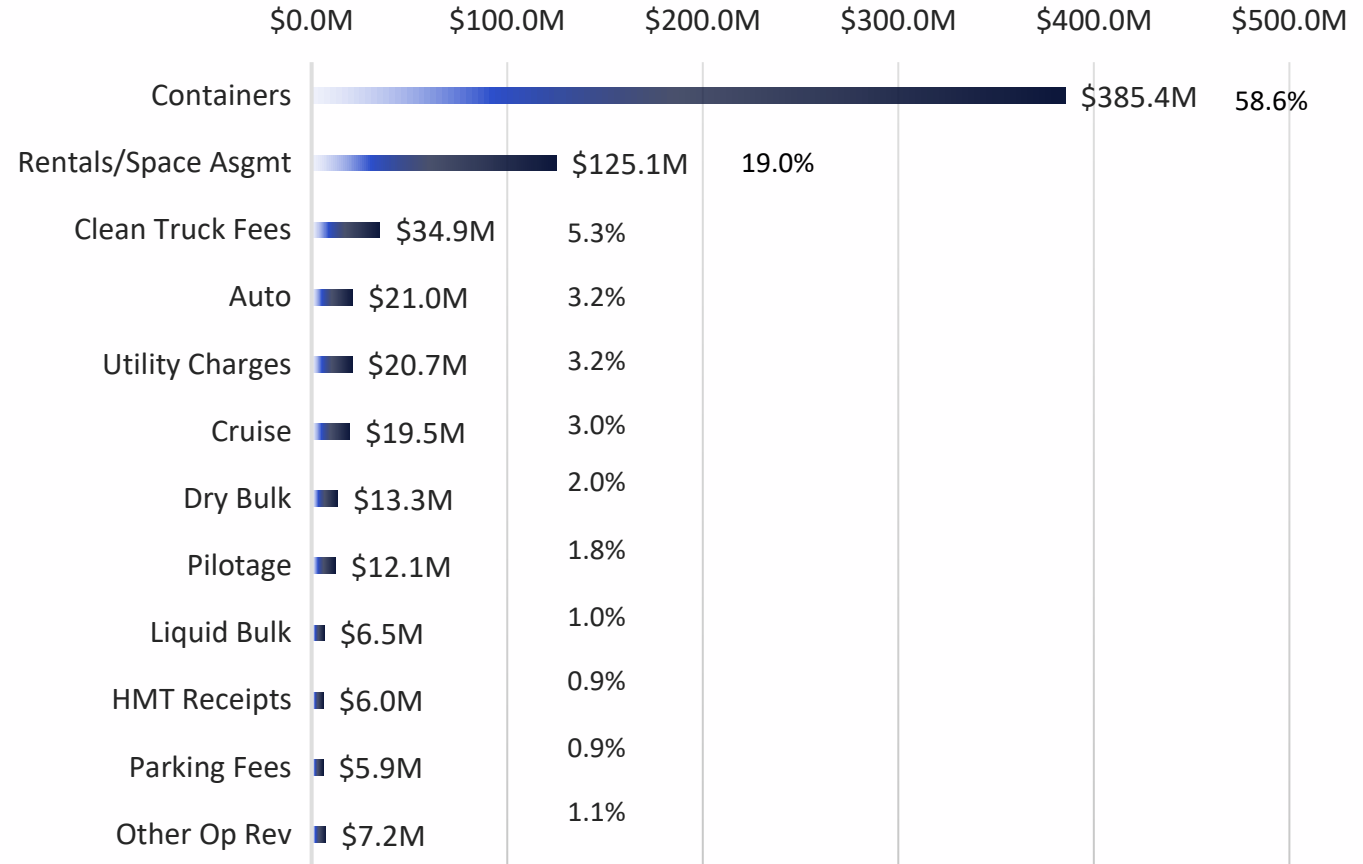


Highlights:

- **FY 2025/26 Cargo Volumes: 8.2 million TEUs**
 ▼ 9.9% decrease vs FY 2024/25 Adopted Budget
 ▼ 18.0% decrease vs. FY 2024/25 Estimates
- **FY 2025/26 Shipping Services: \$470.3 million**
 ▼ 6.5% decrease vs. FY 2024/25 Adopted Budget
 ▼ 11.9% decrease vs. FY 2024/25 Estimates

FY 2025/26 Lines of Business

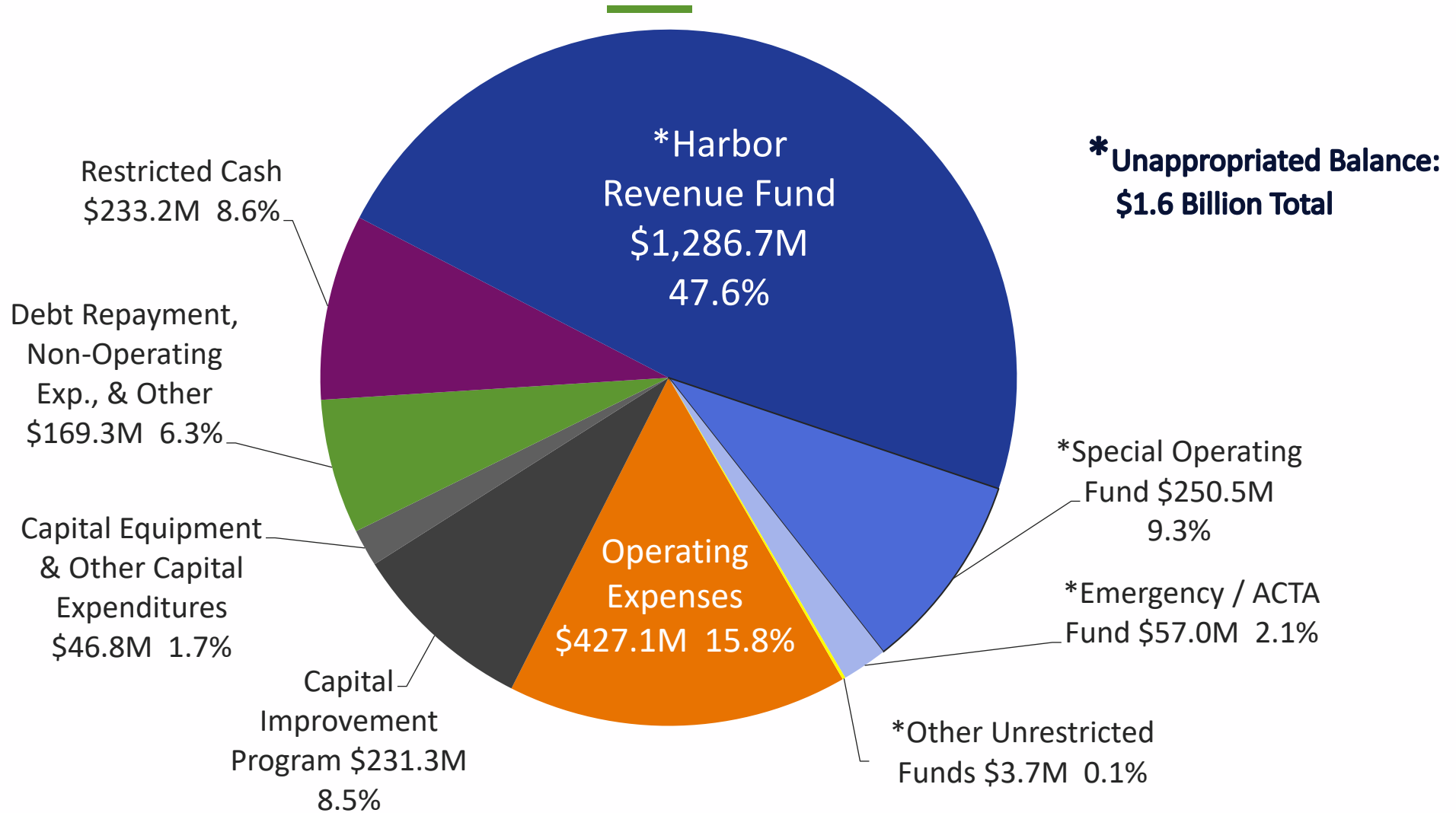
(\$ in Thousands)	Forecast FY 24/25	Proposed FY 25/26
Containers	\$450,689	\$385,398
Rentals & Space Assignments	\$122,145	\$125,133
Clean Truck Program Fees	\$42,590	\$34,924
Auto	\$20,349	\$20,959
Utility Charges	\$16,323	\$20,716
Cruise	\$19,500	\$19,500
Dry Bulk	\$8,214	\$13,274
Pilotage	\$14,787	\$12,125
Liquid Bulk	\$6,495	\$6,495
Harbor Maintenance Tax Receipts	\$60,606	\$6,000
Parking Fees	\$5,850	\$5,850
Other Operating Revenues	\$11,129	\$7,213
Total Operating Revenues	\$778,676	\$657,587



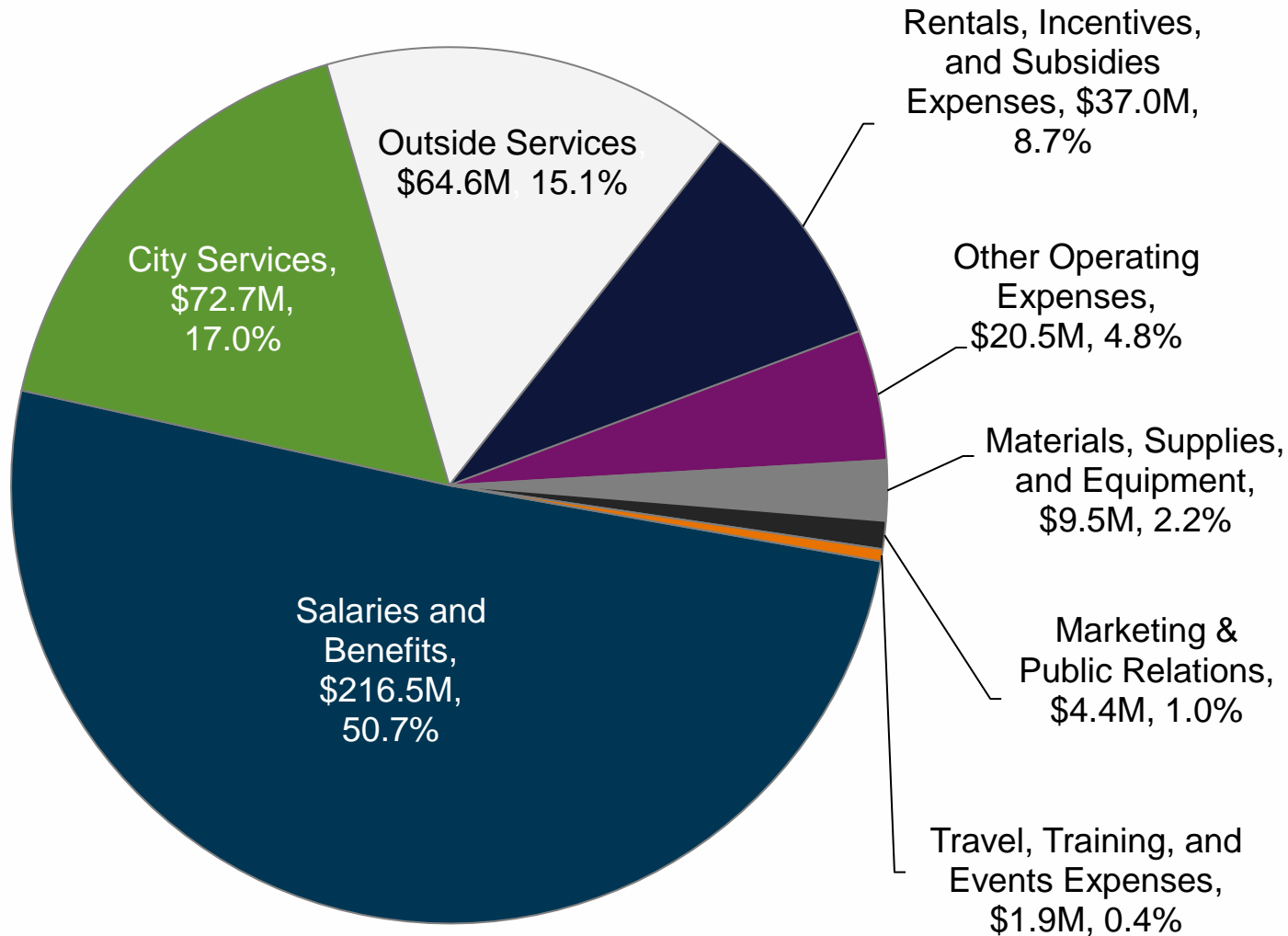


**Appropriations for
FY 2025/26
Proposed Budget**

FY 2025/26 Proposed Appropriations: \$2.7B



FY 2025/26 Operating Expense Categories: \$427.1M



Highlights:

▲ 2.5% Increase Relative to FY 2024/25 Adopted Budget

▲ 6.4% Increase Relative to FY 2024/25 Forecast

- **Major Increases:** ▲
 - ✓ \$17.1M Salaries & Benefits
 - ✓ \$4.2M City Services
 - ✓ \$1.6M Outside Services
- **Major Reductions:** ▼
 - ✓ \$7.1M Clean Truck Program Subsidies
 - ✓ \$5.0M Electric Services



Capital Improvement Program (CIP) FY 2025/26: \$231.3M

	Adopted Budget FY 2024/25	Forecast FY 2024/25	Proposed Budget FY 2025/26	Δ% Proposed to Adopted Budget	Δ% Proposed to Forecast
(\$ in Thousands)					
Capital Improvement Program:					
Terminal Improvements	\$ 52,247	\$ 53,491	\$ 83,806	60.4%	56.7%
Transportation Projects	49,545	43,515	52,974	6.9%	21.7%
Public Access / Env. Enhancements	52,405	38,877	23,168	(55.8%)	(40.4%)
Security Projects	6,406	8,422	4,546	(29.0%)	(46.0%)
Maritime Services	88,793	48,176	66,830	(24.7%)	38.7%
Total CIP Budget	\$ 249,397	\$192,481	\$ 231,325	(7.2%)	20.2%



Wilmington Waterfront West End Restroom and Site Restoration **\$336K**

Zero Emissions Port Electrification & Operation (ZEPEO) **\$8.6M**

Berth 126-129 Wharf Redevelopment **\$3.6M**

MOTEMS Program (Ongoing) **\$24.4M**

SR 47/Vincent Thomas Bridge & Front St./Harbor Blvd. Interchange Reconfiguration **\$47.6M**

Harbor Administration Bldg – HVAC Replacement **\$8.6M**

208 East 22nd St Parking Lot Improvements **\$856K**

Berths 49-51 Outer Harbor Cruise Development **\$4.0M**

Wilmington Waterfront Avalon Pedestrian Bridge and Promenade Gateway **\$3.0M**

POLA-POLB Goods Movement Workforce Training Facility **\$2.6M**

Navy Way and Seaside Ave. Interchange Improvements **\$2.2M**

Terminal Island Maritime Support Facility **\$4.3M**

Maritime Support Facility Access/TI Rail System Grade Separation **\$1.0M**

Berths 302- 305 On Dock Rail Expansion **\$26.3M**

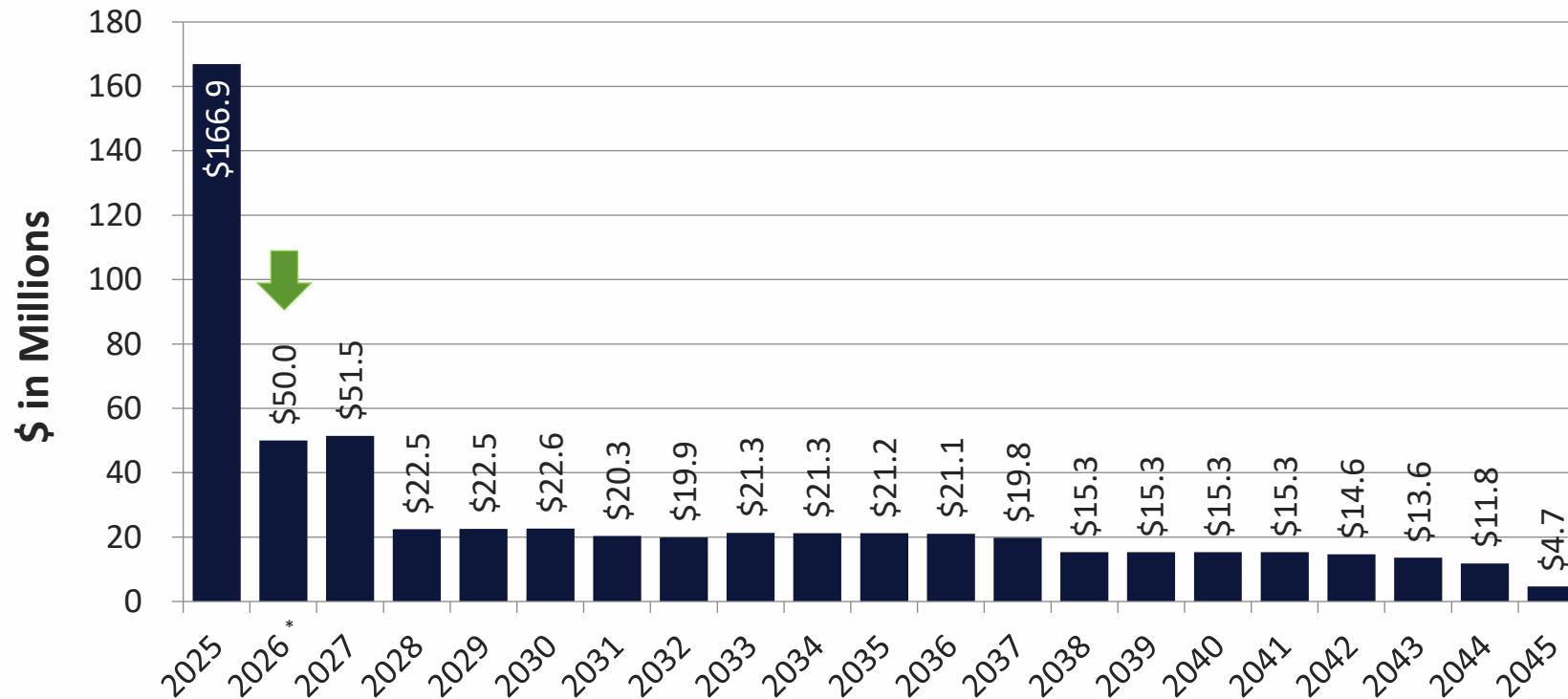
Terminal Island Facilities Demolition & Improvement (TIFDI) Projects **\$12.1M**

FY 2025/26 Capital Improvement Projects

Debt Service Profile

- POLA currently has \$297.6 million in senior lien fixed rate outstanding debt rated AA+ by S&P.
 - Represents a \$196.2 million decline from the \$493.8 million balance outstanding at the beginning of the year. This decline occurred as a result of: (i) a one-time defeasance of \$103.4 million in August 2024, (ii) a \$49.4 million reduction following a September 2024 refunding transaction, and (iii) a scheduled principal payment of \$43.4 million in July 2024.
- Proposed FY 2026 debt service of \$50.0 million represents a decline of \$116.9 million relative to FY 2025, due primarily to the non-recurrence of the \$103.4 million August 2024 defeasance transaction.

Debt Service



Budgeted Cash Flow

(\$ in millions)	Actual FY 2023/24	Forecast FY 2024/25	Proposed FY 2025/26	Variance Prop. Vs. Forecast Fav. (Unfav.)
Operating Revenues	\$707.0	\$778.7	\$657.6	↓ (\$121.1)
Less: Operating Expenses	(\$293.1)	(\$401.4)	(\$427.1)	↑ (\$25.7)
Operating Income	\$413.9	\$377.3	\$230.5	↓ (\$146.8)
Less: Debt service	(\$68.4)	(\$167.0)	(\$50.0)	↓ \$117.0
Sub Total	\$345.5	\$210.3	\$180.5	↓ (\$29.8)
Less: Capital Improvement Plan	(\$138.2)	(\$192.5)	(\$231.3)	↑ (\$38.8)
Less: Capital Equipment & Allocations	(\$32.0)	(\$32.6)	(\$46.8)	↑ (\$14.2)
Cash Earned (Needs), before Grants & Other	\$175.3	(\$14.8)	(\$97.6)	↓ (\$82.8)
Plus: Capital Grant Receipts	\$54.3	\$18.2	\$75.7	↑ \$57.5
Plus: Other Items, Net*	\$67.4	\$48.1	\$125.3	↑ \$77.2
Cash from Operations and Investments**	\$297.0	\$51.5	\$103.4	↑ \$51.9

* FY 23/24 & FY 24/25 Other Items, Net primarily consists of interest income earned from Harbor Revenue Fund.

** Increase in FY 25/26 cash from operations is expected to occur primarily due to the non-recurrence of a \$103.35 million debt defeasance which occurred in FY 24/25, higher grant receipts and proceeds from an anticipated land sale which will be only partially offset by lower operating income and higher capital spending.

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THANK YOU



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