



CITY OF LOS ANGELES HARBOR DEPARTMENT  
PROPOSED ANNUAL BUDGET  
**2017/2018**



Port of Los Angeles  
(City of Los Angeles Harbor Department)

# Fiscal Year 2017/18 Proposed Annual Budget

## Contents

FISCAL YEAR 2016/17 IN REVIEW .....	1
FY 2017/18 PROPOSED ANNUAL BUDGET SUMMARY .....	6
OPERATING BUDGET .....	7
CAPITAL BUDGET.....	9
STRATEGIC INITIATIVES HIGHLIGHTS .....	11
HARBOR REVENUE FUND REPORT .....	17
COMPARATIVE STATEMENT OF OPERATIONS .....	18
REPORT OF REVENUES .....	19
REPORT OF EXPENSES .....	20
CAPITAL PROJECTS REPORT .....	21



PORT OF LOS ANGELES

PROPOSED  
**ANNUAL BUDGET**  
FISCAL YEAR 2017/18

Los Angeles Board of Harbor Commissioners

Ambassador Vilma Martinez, President  
David Arian, Vice President  
Patricia Castellanos, Commissioner  
Anthony Pirozzi, Jr., Commissioner  
Edward R. Renwick, Commissioner

Eugene D. Seroka, Executive Director



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

---

*We are America's Port® – the nation's #1 container port and the global model for sustainability, security, and social responsibility.*

---

As the busiest container port in the Western Hemisphere, the Port of Los Angeles (Port or Harbor Department) is the nation's premier gateway for international trade. As America's Port®, it serves as a global model for sustainability, security, and social responsibility.

Ranked the number one container port in terms of volume and cargo value for the 18th year in a row, the Port remains a vital economic engine both regionally and nationally. The San Pedro Bay port complex is now connected to one in nine jobs in the greater Los Angeles region.

### **FISCAL YEAR 2016/17 IN REVIEW**

In FY 2016/17, the Port reported unprecedented cargo volumes, setting new records and demonstrating strong customer and shipper confidence in the Port's management and operations.

In addition to a more robust economy and stronger business climate, the Port credits its cargo volume surge in part to its implementation of new Supply Chain Optimization (SCO) strategies, as well as a focus on innovative technologies to streamline goods movement. The Port currently handles more containers per ship call than any other port complex in the world.

Over the last 18 months, Port SCO-initiated programs have involved integration and facilitation of new SCO efficiency models and performance metrics. Port management has also led several targeted initiatives to promote stronger cooperation among the Port's supply chain partners. These included a new strategic partnership with the USC Marshall Center for Global Supply Chain Management and the U.S. Department of Commerce, aimed at improving global competitiveness and use of digital technologies to improve information flow to port users and stakeholders.

This past year Port Executive Director Eugene Seroka served on two federal panels - the U.S.

Department of Commerce Advisory Committee on Supply Chain Competitiveness, and the Federal Maritime Commission Supply Chain Innovation Working Group - further boosting the Port's visibility and leadership on the supply chain issue. Additionally, a new executive-in-residence FUSE Corps fellow and global logistics expert was brought on board in October 2016 to help develop additional supply chain efficiency strategies for the Port.

Helping pave the way for 21<sup>st</sup> Century technology advancement in U.S. container trade, this past year the Port took on several data-driven technology initiatives to advance SCO. Among these was a joint information technology (IT) portal pilot program with GE Transportation to digitize cargo data currently collected manually, which is expected to greatly improve cargo movement predictability. The Port also began work to develop a new bay-wide reservation system to optimize truck movements in and around the Port, which is expected to improve efficiency.

While making great strides on the SCO and technology integration fronts, this past year the Port also made significant progress on several major terminal infrastructure projects, as well as on key LA Waterfront projects and environmental initiatives. These highlights will be detailed later in this report.

### ***Cargo Volume Detail***

Cargo volumes at the Port reached 8,856,782 Twenty-Foot Equivalent Units (TEUs) in Calendar Year (CY) 2016, marking the busiest year ever for a Western Hemisphere port. The previous record was set in 2006, when the Port handled 8,469,853 TEUs.

New cargo records set by the Port in CY 2016 included tallying the best December and fourth quarter volumes in the Port's 110-year history. The Port also set a Western Hemisphere record for the most containers processed by a port in a month, as well as a new vessel tonnage record. The latter involved 338 ship moves of vessels that collectively exceeded 22.3 million tons, made possible due to a combination of ship repositions and the continuing trend of mega ships calling at the Port.



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

In line with that upward trend, CY 2017 cargo volumes also got off to a strong start, with a 10% increase in the first quarter compared to 2016. The increases were the result of a combination of strong export volumes, a post-Lunar New Year surge of cargo from Asia in January, and merchandise shipments by U.S. retailers ahead of new vessel alliance deployments that began in April.

In September 2016, Standard & Poor's, Moody's Investor Services, and Fitch Ratings reaffirmed the Port's "AA" and "Aa2" long-term bond ratings, providing further confirmation of the Port's continued financial strength and stability. "AA" is the highest rating given to a port without taxing authority.

### ONGOING CAPITAL IMPROVEMENTS

In FY 2016/17, the Port made substantial progress on several major construction projects to improve terminal efficiency and provide for more reliable, seamless cargo movement.

#### *Close Out Phase:*

- TraPac** – Construction at TraPac, a subsidiary of Japan-based Mitsui O.S.K. Lines Ltd., of nearly all elements of the terminal's five-year, \$510 million Port infrastructure improvements program is approaching completion. Construction of on-dock rail and the final phase of backland improvements were completed in 2016, making the Port home to the first automated terminal and rail facility on the West Coast. The project's Intermodal Container Transfer Facility at Berths 142-147 was also named the recipient of the American Public Works Association



Creativity and Innovation BEST Award earlier this year. Other construction elements previously completed include wharf extensions, deepening of the water depth at Berths 144-147, installation of new cranes, upgrade and electrification of backlands, road construction, and gate improvements. The last element - a new crane maintenance building - is expected to be completed in June 2017.

#### *Under Construction:*

- Yusen Terminals Inc. (YTI)** – Construction of terminal improvements began at YTI t in 2015 to enhance Yusen's ability to service the biggest ships in the trans-Pacific trade lanes. The project has involved the redevelopment of Berths 212-224, including berth dredging, installation of sheet piles, landside crane extensions, backland improvements, electrical upgrades, and AMP® connections, all of which were substantially completed April 14, 2017. Expansion of YTI's Terminal Island Container Transfer Facility began construction on April 14, 2017, and concrete wharf improvements at Berths 214-220 are expected to begin in Summer 2018. Port investment in this berth-improvement project is estimated at \$67 million.

#### *Under Environmental Review:*

- Yang Ming Container Terminal Improvements** - The environmental review process on a proposed berth-improvement project at the terminal operated by Yang Ming, a Taiwanese marine transport company, is expected to be completed in Summer 2017. Environmental Impact Report (EIR) approval will bring Yang Ming one step closer in its plans to enhance its terminal facilities and deepen its berths to accommodate 14,000 TEU vessels and increase cargo volume. Port improvements planned as part of its agreement with Yang Ming will include construction of a new 1,260 linear-foot wharf at Berths 126-129, dredging to a depth of -53 feet at the newly constructed wharf, and expansion of the existing on-dock rail yard.



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

- Everport Container Terminal Improvements**
  - The Port is currently preparing an EIR/Environmental Impact Statement (EIS) for this proposed improvement project at Berths 226-236. The EIR/EIS is expected to be completed by December 2017, and design work by March 2018 for wharf and backland improvements. The improvements entail dredging, grading, paving, striping, lighting, electrical infrastructure for three additional cranes, AMP® upgrades, and retrofits, as well as other terminal infrastructure reconstruction.

### LA WATERFRONT AND COMMUNITY PROGRAMS

The LA Waterfront is an emerging and growing tourist destination, now attracting hundreds of thousands of visitors each year.

Over the last decade, the Port has invested approximately \$600 million in waterfront public access infrastructure, community events and programs. Planning for these projects and programs are guided by the Port's "Public Access Investment Plan," put into place in 2014 to provide a more sustainable approach to funding public projects and programs, including those along the LA Waterfront.

Key public access projects along the LA Waterfront include:

- Harbor Boulevard Roadway Improvement Project** – Construction has begun to realign Harbor Boulevard (currently known as Sampson Way) to include a new signalized intersection at Harbor Boulevard and Miner Street, south of 7th Street near the Ports O' Call Village. Harbor Boulevard will soon flow into Ports O' Call Village, with direct access to the LA Waterfront. Also added will be marked crosswalks with pedestrian access and way finding cues to provide improved community access to LA Waterfront amenities and the expanded San Pedro Plaza Park. Construction is expected to be completed in 2018 at a total project cost of \$14.8 million, paid by the Port, including \$4.9

million in grant funding from the Los Angeles County Metropolitan Transportation Authority. Once the roadway work is finished, construction on the adjacent planned Downtown Harbor Town Square and LA Waterfront Promenade is expected to get underway later that same year.

- San Pedro Public Market** - Originally built in 1963, Ports O' Call Village was a popular regional destination for many years. With 150,000 square feet of under-utilized property, the 30-acre parcel could expand to 300,000 square feet of commercial, retail, and restaurant space, with an additional 75,000-square foot conference center. The ultimate build-out size of the redevelopment site will depend on market demand and recommendations from the master developer. Plans for the San Pedro Public Market include 16 acres of restaurants, shopping, fresh markets, office space, and a waterfront promenade with ample outdoor space and an open-air amphitheater for live entertainment. With the LA City Council providing the final go-ahead in June 2016, construction could start as early as Summer 2018 at a partial project cost of up to \$100 million, paid by the developer, LA Waterfront Alliance (The Ratkovich Company and Jerico Development). The San Pedro Public Market is expected to open in 2020.

- Wilmington Waterfront**



This "window on the waterfront" project for the Wilmington community includes a waterfront promenade, pedestrian plaza, parking lot, realignment of Water Street adjacent to the railroad tracks, and parking northwest of



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

Banning's Landing Community Center. Improvements will include landscaping, irrigation, signage, lighting, as well as site furnishings such as public seating, bike racks, and public drinking fountains. In February, the Harbor Commission approved T.Y. Lin International Group to design the project's pedestrian bridge, Avalon Promenade, and gateway. Public meetings on the project were held in March. Construction is expected to begin in 2018 at a total project cost of \$52.7 million, paid by the Port.

- **AltaSea** – In March the Los Angeles Harbor Commission approved two coastal permits to allow AltaSea, the proposed waterfront marine research facility, at the Port's 35-acre City Dock 1, to renovate a large warehouse on the Port-leased property. The initial phased development planned for the site include an interpretive center, a public promenade, and research center.

### ***Community and Education***

One of the four overarching objectives of the Port's 2012-17 Strategic Plan (Strategic Plan Update) calls for building strong relationships with Port stakeholders.

The Port's extensive and wide-reaching community relations programs and events are important ways of ensuring that the Port meets this objective, as well as continuing to promote and attract visitors to the LA Waterfront.

During FY 2016/17, the Port saw record numbers of visitors to the LA Waterfront, boosted largely by its hosting of the first annual **LA Fleet Week**. The multi-day event over Labor Day weekend attracted an estimated 200,000 visitors to the LA Waterfront, and featured a number of free attractions, including public military ship tours, military displays, a kids' STEM – Science, Technology, Engineering, and Mathematics Expo, a Veterans Village, and live entertainment. The event also generated a significant economic boost for San Pedro and

Wilmington businesses and restaurants over the event's four-day run.

As in years past, the Port held several other major events to build community and generate awareness about the LA Waterfront, including the 8<sup>th</sup> annual **Cars & Stripes Forever!** car show and fireworks display, the annual summertime **Lobster Festival**, and the annual **Lunar New Year Festival** held at CRAFTED, a marketplace for handmade goods, located in San Pedro.

In total, the Port's major community events drew an estimated 335,000 visitors to the LA Waterfront during FY 2016/17.

This past year, the Port also continued its support of educational initiatives focused on promoting understanding of the Port and its operations, as well as fostering interest in potential maritime study or careers. These programs include the **Youth Boat Tour Program**, **Think Watershed Field Trips**, and the **TransPORTer mobile exhibit**, among others. Annual Port sponsorships and grants also supported several high-profile youth educational programs, including the **Los Angeles Maritime Institute's TopSail Youth Program** and the **International Trade Education Program (ITEP)** benefiting local-area students. The Port estimates that more than 35,000 youth now participate in Port-related educational initiatives annually.

Also selected in August was the first cohort of local university graduate students for the Port's new **"Fellows Program,"** an educational initiative focused on developing the next generation of maritime and port leaders. Separately, a curriculum partnership was put into place with the Port, **California State University, Dominguez Hills**, and **Los Angeles Harbor City College** to enhance global logistics curriculum, transfer opportunities, and internships to better prepare interested students for careers in Port operations and logistics.

As part of its **Community Investment Grant Program**, the Port awarded grants totaling \$1 million in non-taxpayer funds to 27 organizations in



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

FY 2016/17. Over the last three years, the Community Investment Grants Program has distributed more than \$3 million to 112 organizations.

### *Environmental Leadership*

The Port continues to be recognized nationally and around the globe for its environmental stewardship in the maritime and goods movement industries, as well as for its commitment to advancing business practices and programs that promote a more sustainable, cleaner environment.

- **2017 Clean Air Action Plan (CAAP)** – Marking the 10<sup>th</sup> anniversary of the landmark San Pedro Bay Ports CAAP approved in 2006, the Ports of Los Angeles and Long Beach held a joint meeting in late 2016 and public workshops in early 2017 to discuss the next iteration of the plan. Proposed elements in the CAAP 2017 Discussion Document include deployment of zero and near-zero emission trucks and cargo-handling equipment, expansion of programs that reduce ship emissions, freight infrastructure investment, comprehensive energy planning, and incentives for advancing testing and commercialization of zero and near-zero vehicles. After thorough public comment and review, the ports will present the 2017 CAAP update to their governing boards for final consideration in the second half of 2017.
- **Green OMNI Terminal** – Work continued on the Green Omni Terminal Demonstration Project at Pasha Stevedoring and Terminals L.P. The project involves a full-scale, real-time demonstration of zero and near-zero emission technologies at a working marine terminal. At full build out, Pasha will be the world's first marine terminal able to generate all of its energy needs from renewable sources. The project is funded in part by a \$14.5 million grant from the California Air Resources Board for reducing greenhouse gases and other pollutants.
- **Annual Emissions Report** – The Port's annual inventory of air emissions released in August 2016 (2015 data) showed the Port largely continuing to preserve clean air gains that have reduced key pollutants, lowered health risk in surrounding communities, and improved the quality of life in the greater Los Angeles area. Overall, diesel particulate matter emissions remained down an unprecedented 85% from all sources related to port operations compared to 2005, replicating the Port's record set for the previous year. Likewise, sulfur oxides emissions were down 97%, nearing total elimination. Nitrogen oxides emissions were down 51%, just one percent shy of the 52% reduction rate of the previous year.
- **Green Bonds** – Further expanding its commitment to sustainability, the Port issued \$35.2 million in green bonds as part of a larger debt refinancing in September 2016. The move marked the first time a U.S. port had entered the growing sustainability bond market where investors support projects and companies making positive social and environmental change. The green bonds were part of an overall \$201.6 million bond issue that will net the Port a record present value savings of \$32.5 million, an average of \$1.9 million annually through 2040. During the process, all three top credit rating agencies reaffirmed the Port's "AA" or "Aa2" investment rankings.
- **Environmental Grants** – The Port secured a \$5.8 million California Energy Commission grant to purchase and test a new fleet of 25 zero and near-zero emission yard tractors at the Everport marine container terminal. The grant also funds a companion project to equip 100 drayage trucks with emission-reducing smart technology. In December, the U.S. Environmental Protection Agency also awarded the Port an \$800,000 grant to deploy more clean cargo-moving commercial equipment. The award covers 25-40% of the cost to replace and upgrade 18 pieces of yard equipment at the APM Terminals Pacific Ltd. and TraPac LLC terminals, who are



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

funding the lion's share of the \$3 million project. The new equipment is expected to be in service by the end of 2017.

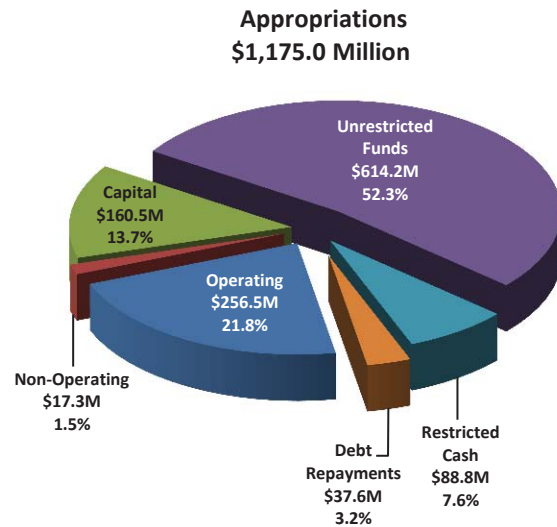
- Sustainable Initiatives** - As part of a continuing effort to engage the public in sustainable freight programs and environmental developments, the Port introduced its Sustainable Freight Initiative in Summer 2016. The initiative included launching a new dedicated website where visitors can track air quality mitigation measures, and submit questions directly to Port environmental staff. The Port also launched stakeholder open houses and environmental community meetings to provide a greater level of communication on Port emission-reducing projects and encourage more direct stakeholder engagement in Port sustainability initiatives.

### FY 2017/18 PROPOSED ANNUAL BUDGET OVERVIEW

As in previous fiscal years, the FY 2017/18 Proposed Budget (Proposed Budget) was formulated to align with the cohesive policy direction provided by the Strategic Plan Update and its four primary objectives:

- World-Class Infrastructure that Promotes Growth;*
- An Efficient, Secure, and Environmentally Sustainable Supply Chain;*
- Improved Financial Performance of Port Assets; and*
- Strong Relationships with Stakeholders.*

The Proposed Budget includes Capital, Operating, and other appropriations totaling \$1,175.0 million.



The total Operating Budget, which contains both operating and non-operating expenses, of \$273.8 million aims to maximize the value of the Port's assets by increasing cargo revenue and the overall utilization of the Port's facilities while at the same time strengthening relationships with stakeholders by enhancing customer services and attracting visitors to the LA Waterfront.

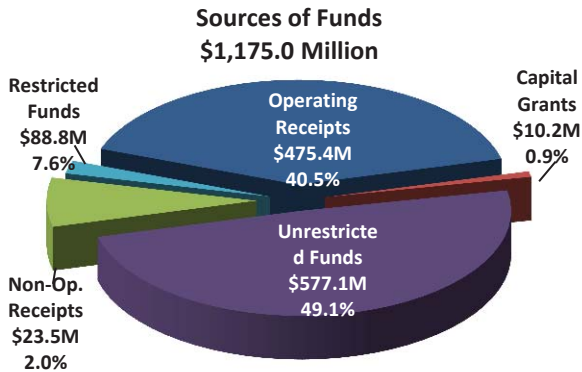
The total Capital Budget of \$160.5 million will improve the Port's operational strength by enabling the Port to continue devoting resources towards terminal and infrastructure improvements to accommodate larger vessels as well as facilitate efficient cargo-handling processes.

Rounding out the remainder of the Proposed Budget appropriations are \$614.2 million in unappropriated funds, \$88.8 million in restricted cash, and \$37.6 million in debt repayments.



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget



The Capital, Operating, and other appropriations included within the Proposed Budget will be funded through \$1,175.0 million in receipts and cash-on-hand. Operating Receipts will continue to be driven by cargo-related activities as Shipping Services Revenues are anticipated to comprise approximately 83.4% of \$475.4 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$10.2 million in Capital Grant Receipts and Non-Operating Receipts such as interest/investment income, settlements, rebates, and other reimbursements totaling \$23.5 million. Total cash of \$665.9 million, comprised of \$577.1 million in unrestricted funds and \$88.8 million in restricted funds, is anticipated to be available within the Proposed Budget. This level of total cash available represents a 16.3% increase relative to FY 2016/17 Estimated Actuals (Estimates).

To ensure the Port maintains its strong financial position, the Proposed Budget outcomes meet Board-approved financial policy requirements to maintain minimum levels of cash reserves and debt service coverage. The Proposed Budget is projected to create approximately 1,920 direct and indirect jobs (not including Harbor Department employees), of which 1,240 are attributable to capital spending.

## OPERATING BUDGET

### *Operating Revenues*

The Proposed Budget includes total Operating Revenues of \$475.4 million which represent a 5.0% increase relative to the FY 2016/17 Adopted Budget and a 5.8% increase relative to Estimates. The increase in total Operating Revenues as compared to the FY 2016/17 Adopted Budget primarily results from anticipated growth in Shipping Services Revenues derived from growth in cargo volumes and higher pilotage fees, as well as higher land rental revenues.

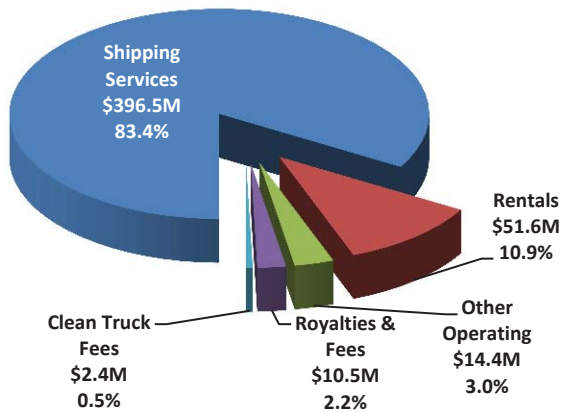
Shipping Services Revenue growth is expected to account for much of the \$26.1 million increase in total Operating Revenues relative to Estimates, while the remainder of this dollar increase is forecasted to be driven by increased reimbursements for AMP<sup>®</sup> usage, as well as higher pilotage fees and increased land rental revenue. During FY 2016/17, cargo volumes have increased relative to both budget and the prior year. In addition to continuing SCO efforts underway in both the domestic and international arenas, the Port realized continued volume gains from the implementation of initiatives such as the chassis "Pool of Pools" and the "Peel-Off" Programs as well as initiatives by customers moving cargo in advance of the formation of new shipping alliances which are part of a constantly evolving industry. Although shipping industry consolidation, the reorganization of shipper alliances, and the influx of larger ships onto the Trans-Pacific trade route could each pose risks to future cargo volume growth at the Port, the continued implementation of initiatives targeting improved terminal velocity are expected to beneficially impact organic cargo volume growth through the port complex. Looking forward to FY 2017/18, cargo volumes are expected to grow by 5.6% relative to the FY 2016/17 Adopted Budget and by 2.8% relative to Estimates.



**Port of Los Angeles  
(City of Los Angeles Harbor Department)**

**Fiscal Year 2017/18 Proposed Budget**

**Operating Revenues  
\$475.4 Million**



In FY 2017/18, Shipping Services Revenues are expected to comprise 83.4% of Operating Revenues and remain its largest component, followed by Rentals and Other Operating Revenues. FY 2017/18 Shipping Services are anticipated to grow by \$13.9 million, or 3.6% relative to the FY 2016/17 Adopted Budget and \$22.5 million, or 6.0% relative to Estimates. As stated previously, this anticipated growth in Shipping Services is expected to be driven by increased cargo volumes following the continued implementation of various supply chain initiatives designed to improve terminal velocity across the port complex.

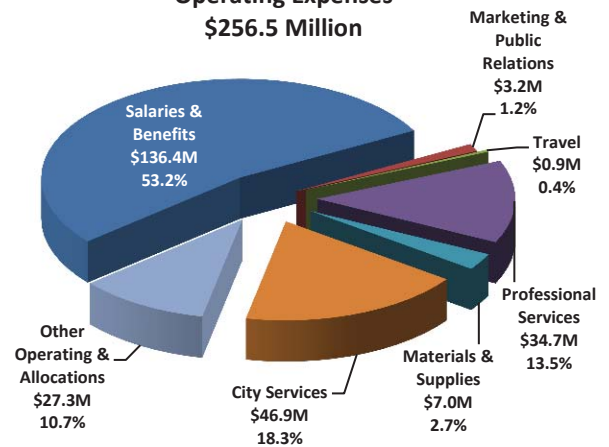
***Operating Expenses***

The Proposed Budget includes total Operating Expenses of \$256.5 million which represent a 3.0% increase relative to the FY 2016/17 Adopted Budget and a 8.0% increase relative to Estimates.

The \$7.4 million increase in total Operating Expenses relative to the FY 2016/17 Adopted Budget and the \$18.9 million increase relative to Estimates are expected to be driven mostly by increases in Salaries & Benefits, City Services, and Other Operating Expenses. Relative to both the FY 2016/17 Adopted Budget and Estimates, the increase in Salaries & Benefits will be driven by mandated Memorandum of Understanding (MOU)

Salary & Benefit increases and a lower expected vacancy rate, as staffing levels have been budgeted to increase from the average levels observed over the course of FY 2016/17. City Services, payments made to other City of Los Angeles departments providing services to the Harbor Department, including the Los Angeles Fire Department, Recreation and Parks, and the Office of the City Attorney, are forecasted to increase by 2.5% relative to the FY 2016/17 Adopted Budget and 4.2% relative to Estimates.

**Operating Expenses  
\$256.5 Million**



As the largest component of Operating Expenses, comprising 53.2% of the total, Salaries & Benefits are budgeted at \$136.4 million (net of \$14.8 million in direct capitalization). This level of Salaries & Benefits would represent a \$5.9 million, or 4.5%, increase relative to the FY 2016/17 Adopted Budget, largely due to mandated Salary & Benefit adjustments for an average of 932 full-time, filled positions. City Services totaling \$46.9 million comprise 18.3% of total expenses and represent an increase of 2.5% relative to the FY 2016/17 Adopted Budget. Professional Services within the Proposed Budget are expected to decrease by \$1.5 million, or 4.0%, versus the FY 2016/17 Adopted Budget. Driven by an increase in customer and environmental incentives, provisions for workers compensation and bad debt, and other expenditures, Other Operating Expenses and Allocations are expected to increase by \$2.2 million or 8.5% relative to the FY 2016/17 Adopted Budget.



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

### CAPITAL BUDGET

The FY 2017/18 Proposed Capital Budget of \$160.5 million will allow for the continued development of the Port's *World-Class Infrastructure* at sites including container, cruise, and cargo terminals, and community access developments in San Pedro and Wilmington. These developments aim to facilitate the efficient flow of trade groups throughout the Port, and also the attraction of visitors to the LA Waterfront. Comprising 14% of the total departmental budget, adopted capital expenditures include \$97.7 million of direct costs in the Capital Improvement Program (CIP) for projects that have been approved and those pending approval, indirect costs of \$45.9 million in capitalized interest and overhead allocations, \$16.0 million for capital equipment, and \$1.0 million for land and property acquisition.



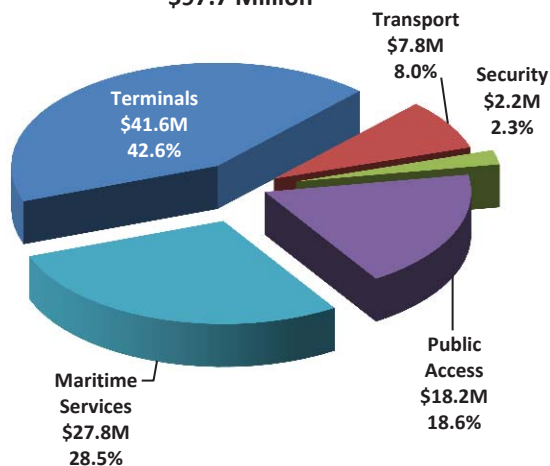
- **Terminal Improvement Projects**

In FY 2017/18, \$41.6 million, or 43% of the Proposed CIP Budget, is allocated for terminal development.

The Port's World Cruise Center is funded at \$11.2 million to finalize multiple projects throughout the cruise terminal. The installation of two new AMP<sup>®</sup> connection vaults and the upgrade of the existing AMP<sup>®</sup> system to include new transformers equipped with the Automatic Load Tap Changing (ALTC) feature are funded at \$8.9 million. The ALTC feature will automatically match the shore supplier output voltage to the specific voltage required by each unique cruise ship that calls at the terminal. At the Berth 93 Cruise Terminal, \$2.1 million is funded for the design and construction of security improvements required at the U.S. Customs and Border Protection facility. Funds have also been budgeted for miscellaneous improvements with \$0.2 million allocated to replacing the passenger terminal walking deck and roof, and installing, modernizing, and replacing elevators at the terminal.

Over \$8.1 million is funded in to complete a number of YTI Container Terminal projects. Expansion of on the Intermodal Container Transfer Facility at Berths 212-224 is funded at \$4.7 million to complete construction which involves expansion of approximately 2,900 linear feet and backland reconstruction including striping and fencing. The wharf upgrades at Berths 214-220 consist of berth

**Capital Improvement Program**  
\$97.7 Million





Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

dredging, installing sheet and king piles, a landside crane rail extension, and backland improvements with over \$1.7 million of funds allocated. Funding of \$1.0 million is allocated for final construction of AMP<sup>®</sup> improvements which includes constructing four new AMP<sup>®</sup> boxes, re-feeding conduit and wiring for existing AMP<sup>®</sup> boxes, and installing new switchgears. Remaining funds totaling \$0.6 million are required to replace the underground valves at Berth 212, complete repairs and improvements of the concrete wharf at Berths 214-220, and replace the main breakers for switchboards throughout the terminal.

About \$2.6 million is funded for projects at the TaPac Container terminal with \$1.5 million allocated to for construction of roughly 72 acres of automated backland, \$0.4 million for a new semi-automated on-dock rail yard, \$0.5 million for the Berth 142 Crane Maintenance Building, \$0.2 million for other buildings including a yard operations building and a guardhouse as part of the terminal's overall redevelopment program.

At the Everport Terminal \$1.9 million has been budgeted for wharf and backland improvements, infrastructure reconstruction, preparation of planning and environmental documents, and an AMP<sup>®</sup> upgrade and retrofit. Over \$1.4 million has been funded for the preparation of supplemental EIRs and other planning documents at the Yang Ming and China Shipping Container Terminals.

Funding of \$8.5 million has been allocated for other miscellaneous terminal improvements. Approximately \$6.4 million has been funded to rehabilitate, repair, or restore wharves at Berths 196-199, 200A, and 179-181. After construction has been completed, the wharves will be restored to their original design capabilities. Seawall improvements at Berths 240A, B, and C have been funded at \$1.7 million. Additionally, \$0.3 million has been funded for various projects at Pier 400, and \$60,000 has been funded to design and plan a new dredge disposal facility. In compliance with the Marine Oil Terminal Engineering and Maintenance Standards, \$7.9 million has been appropriated for

the design, planning, and construction of required upgrades at liquid bulk oil cargo handling facilities throughout the Port.

### • **Transportation and Infrastructure Projects**

Transportation Improvement projects are funded at \$7.8 million, or 8% of the Proposed CIP Budget in FY 2017/18 in order to facilitate faster and safer rail, truck, and vehicular operations and to promote the improved movement of trade goods.

At the Berth 200 Rail Yard, the construction of a drainage collection system and relocation of waterlines beneath railroad tracks to adhere to Department of Water and Power design standards is funded at \$2.0 million. Funding of \$1.6 million has been allocated to the construction of the I-110 access ramp which will accommodate heavy truck volumes by providing free-flowing right turn lanes, while also allowing for improved connectivity to Harry Bridges Boulevard.

Additionally, \$4.2 million has been allocated to miscellaneous transportation improvements, including preparation of the interchange reconfiguration project at SR-47/Vincent Thomas Bridge and Front Street/Harbor Boulevard, 4,951 linear feet of rail road track extensions of the TraPac lead track and San Pedro main line track, and resurfacing projects on Water Street, Reeves Avenue, Miner Street, Pier A Street, and Swinford Street.

### • **Public Access/Environmental Enhancement Projects**

Public Access/Environmental Enhancement projects which encompass sites including the San Pedro and Wilmington Waterfronts areas are budgeted at \$18.2 million, or 19% of the FY 2017/18 Proposed CIP budget.

Preparation for the planned development of the San Pedro Public Market (Market) continues in FY 2017/18. Construction of the Harbor Boulevard Roadway Improvement project continues at \$8.7



**Port of Los Angeles  
(City of Los Angeles Harbor Department)**

## **Fiscal Year 2017/18 Proposed Budget**

million which will allow for organized traffic flow into the Market. Design and construction of the Market's Promenade and Town Square is funded at \$2.0 million. Additional work along the San Pedro Waterfront consists of \$1.9 million for demolition, clean-up, a wharf retrofit, and roadway and waterway improvements. Also \$0.6 million is funded for environmental assessments at the AltaSea site.

Over \$3.0 million has been funded for Wilmington Waterfront projects including \$1.7 million for projects at the Wilmington Waterfront Promenade which will provide public improvements near Banning's Landing comprising reconstruction of the site's seawall, public plazas, parking lots, and the realignment of Water Street. Planning and design for a new pedestrian bridge along Avalon Boulevard to the Waterfront Promenade has been funded at \$1.0 million. Additional funding of \$0.3 million has been allocated for other projects such as the addition of new and refurbishment of existing directional signs, and the completion of street and alley vacations, landscaping, and minor grading along the new slope borders at Harry Bridges Boulevard and the I-110/C Street Interchange.

Also, \$1.9 million has been allocated to construct a multi-use concrete walkway along Front Street from the Vincent Thomas Bridge to Pacific Avenue. The project includes grading and paving, along with the installation of new fencing and railroad crossings and lighting.

- **Security Projects and Maritime Services**

For FY 2017/18, \$2.2 million is funded to finalize Phase 2 of the Port Fiber Optic Program as well as continuing work on the brand new radio system for the Port Police. With respect to the radio system, work is comprised of implementing the new system infrastructure, hardware, software, GPS location, tracking, and mapping.

The CIP Maritime Services is funded at \$27.8 million, with \$15.0 million for unallocated CIP funds, which are set aside for unanticipated projects that may be required throughout FY 2017/18. Over \$0.7 million

has been appropriated to complete projects in various Harbor Department facilities including purchasing an Emergency HVAC backup unit for the IT Division, enhancing the Klein Billing and Port Pilot systems, and purchasing a new Web-based Construction Management System. An additional \$12.1 million is funded for miscellaneous projects throughout the harbor district including sites such as the Maritime Museum, Badger Avenue Bridge, Ports O' Call, the Municipal Fish Market, and other departmental facilities.

### **STRATEGIC INITIATIVES**

While the execution of the CIP remains a primary priority of the Strategic Plan Update, the allocation of funding in the Port's Proposed Operating Budget also supports the plan through numerous programs, and initiatives. The fulfillment of these initiatives and programs allow the Harbor Department staff to bring the policy direction provided in the Strategic Plan Update to fruition for the benefit of the Harbor Department and external stakeholders alike.

#### ***Cargo Marketing***

Due to the persisting imbalance between the supply and demand of capacity, the container shipping industry continues to face another period of potential losses and low profitability. Mergers and acquisitions in the container shipping line industry are continuing. Recently, Maersk Line acquired Hamburg Sud, the Hapag Lloyd and United Arab Shipping Company merger process remains ongoing, and the three major Japanese liner shipping companies - NYK, MOL, and K-Line are in the process of merging their container operations to form a new joint company.

The new alliance formations between shipping lines are influencing at which marine terminals specific service strings will call, and thus impacting overall container volumes at the Port. The new alliance formations between shipping lines CMA CGM/APL, Cosco, Evergreen, and OOCL (Ocean Alliance); Maersk Line, MSC, and now Hyundai Merchant Marine (2M-H alliance); and Hapag Lloyd, K-Line,



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

MOL, NYK, and Yang Ming Line (THE Alliance) will be in full effect when FY 2017/18 commences. Shipping line interests in marine terminals are playing favorably for the Port in capturing a larger market share of THE Alliance.

In FY 2017/18, the Cargo Marketing Division will continue to pursue strategies to place the Port in a position that complements the new alliance structures and resulting container service volumes. These strategies include exploring opportunities to further improve cargo velocity at terminals by exploring the use of on-Port property neutral chassis depots serving a multitude of marine terminals. As an ongoing effort, the Cargo Marketing Division also coordinates the department's Supply Chain Optimization committees and working groups.

Approximately \$385,000 has been budgeted in support of these efforts within the Cargo Marketing Division in FY 2017/18 for foreign and domestic travel, and business promotional activities. The Cargo Marketing Division generally coordinates business development trips which are often led by one or two Port Commissioners.

### ***Trade Connect Program***

As the Port is Southern California's gateway to international trade, the Harbor Department is committed to helping businesses bring their goods to international markets.

Exports are especially important to the Los Angeles regional economy. During 2015 more than \$62 billion in exports flowed through the San Pedro Bay Port Complex with another \$50 billion in exports passing through Los Angeles International Airport. Beyond its current export base, Southern California has the potential to significantly increase its exports by leveraging the region's manufacturing bases as well as its ideal strategic location for reaching the entire Pacific Rim.

Since its inception in 2007, the Port's Trade Connect program has developed courses to reach U.S. exporters in Southern California and beyond. The

program's innovative seminars and workshops include: introductory Trade Connect workshops, the Export University series, the TradeX programs (a platform for companies with new product innovations), regional overseas market forums, product-specific forums and more. In close cooperation with the U.S. Food and Drug Administration and the Customs Border Protection, Trade Connect has outreached to food and beverage importers to explain the New Food Safety Modernization Act, which is the first major update of federal food safety laws since 1938. To date, all Trade Connect programs have drawn more than 36,000 attendees.



On October 19, 2016, the Mayor of Los Angeles launched his Export Program to help Los Angeles companies expand their business internationally. The initiative will support local manufacturing entities to access international trade opportunities and prepare their businesses to export products to other countries. Trade Connect is a major component of this initiative and the program is positioned to guide local manufacturers to the necessary resources required to be prepared to export goods, to help exporters address key challenges, and to connect program participants with a variety of specialized training and counseling services available through City, State, and Federal partners. The Trade Connect program provides outreach and education to companies on behalf of the Mayor's Office in support of the Mayor's Export Plan for a strong export market--which is crucial to the overall viability of our economy here in Los Angeles and across America. As part of the Port's Strategic Initiative to attract new cargo volumes, the Trade Connect program continues to provide new-to-export and prospective exporters with training for small and midsize businesses.

As both an export resource and catalyst for international trade, of Trade Development Division's total FY 2017/18 budget of over \$814,000, approximately \$104,000 will be utilized for new



Port of Los Angeles  
(City of Los Angeles Harbor Department)

## Fiscal Year 2017/18 Proposed Budget

Trade Connect program innovations and expanding collaborative efforts with local government agencies, private sector professional associations, chambers of commerce, and business organizations, thereby continuing to contribute significantly to the trade ecosystem.

### ***Planning and Strategy***

The Planning and Strategy Division (Planning) continues to be the research arm of the Port, providing valuable data and recommendations to various divisions to help guide future Port development. Planning staff is in the process of updating the Port Master Plan through a series of amendments which will better align the plan with the long-term strategic goals of the Port. The goal of the update is to increase land use flexibility while also allowing future cargo development. Planning staff continues to process applications for port permits and prepare Coastal Development Permits in order to ensure that activities and land uses are consistent with the Plan. Planning has also budgeted \$15,000 in FY 2017/18 for on-call services to ensure that liquid bulk facilities throughout the Port are in compliance with the Risk Management Plan.

Planning procures trade data with an annual budget of approximately \$174,000. Staff uses this data to assist in analyzing alliance trends, maximizing market share, and reporting on the competitive position and economic impacts of the Port. In addition, Planning has budgeted \$45,000 in FY 2017/18 to support the Port's efforts in creating the 2050 Plan, which will provide a framework for Port development through the year 2050.

### ***Environmental Stewardship***

The Proposed Budget of \$15.1 million for the Environmental Management Division (EMD) contains nearly \$11.1 million in funding that aligns with the Port's initiative to continue environmental stewardship through implementation of programs with clear and measurable standards. Such programs are focused on Air Quality, compliance

with the California Environmental Quality Act (CEQA), Water Quality, and Site Restoration and Assessment Services.

The environmental review process is a critical first step in the delivery of all types of development projects at the Port. While the majority of environmental budget for CEQA and the National Environmental Policy Act review is captured in the Capital Budget, over \$507,000 is budgeted in the Operating Budget to assess industrial as well as waterfront projects. Funds are also budgeted for the development of environmental protocols, completion of cultural resources surveys, sustainability planning and reporting, permit/lease renewals, and mitigation compliance for tenant leases.

The Port has partnered with the Port of Long Beach (POLB) to conduct a comprehensive biological baseline

survey of both harbors every five years, with the next survey scheduled for 2018. This important



survey effort highlights the prolific community of sea life and birds found in the harbor, and the data is used in many ways, including CEQA documents and to inform biological mitigation requirements for Port development projects. The biological baseline program is funded at \$260,000 in FY 2017/18. Other activities such as finalizing the Harbor Bank Enabling Instrument, monitoring of the Pier 400 Least Tern nesting site, the Cabrillo Shallow Water Habitat, and the Cabrillo Beach eelgrass mitigation site, are funded at \$212,000.

The Port continues to collaborate closely with POLB and the State/Regional Water Boards on Total Maximum Daily Load (TMDL) regulations focused on sediment, water, and fish tissue contamination in the harbor. Through a linked



**Port of Los Angeles  
(City of Los Angeles Harbor Department)**

## **Fiscal Year 2017/18 Proposed Budget**

hydrodynamic/bioaccumulation model, the Port will determine management actions to address contamination and comply with TMDL requirements. In addition, microbiological investigations at Inner Cabrillo Beach are underway to address the bacteria TMDL in that location. The TMDL program compliance budget is funded at \$640,000 in FY 2017/18. Other water and sediment-related programs, including National Pollutant Discharge Elimination System (NPDES) program compliance, the Tenant Outreach Program to assess tenant storm water compliance, and the Clean Marina Program, make up \$235,000 of the FY 2017/18 budget.

The largest component of EMD's operational budget is for Site Restoration and Assessment Services. This includes funding for the daily management of customer operations and activities and includes almost \$3.7 million for environmental assessments of Port properties, coordination of underground storage tank (UST) and pipeline removals, determination of environmental conditions prior to development including the needed cleanup of contaminated soil and groundwater, performance of baseline assessments to establish existing environmental conditions prior to leasing land, management of emergency response to releases and illegal dumping on Port property, and preparation of technical and regulatory documents and reports. Examples of some of these projects include: baseline assessment for Berths 191-193 prior to the proposed development of Orcem Cement Facility; environmental oversight of UST removal and remediation activities at Berth 31; assisting the City Attorney with technical environmental data on restoration of Berths 148-151; and managing Environmental Management System ISO 14001 at the Construction & Maintenance Yard.

With the second update of the Clean Air Action Plan (CAAP) scheduled to be completed in 2017, new air emissions reduction measures and goals will be established to promote the development of innovative, viable technology to improve environmental quality in the area. The Proposed

Budget includes \$250,000 to begin the implementation of the new measures of the updated CAAP.

Two air quality programs require on-going monitoring and updating:

- The Port's Air Quality Monitoring Program involves measuring ambient air pollution levels at four air quality monitoring stations located throughout San Pedro and Wilmington. The data is tracked at all four sites 24 hours a day, seven days a week, 365 days per year. Ambient air quality is tracked and made public through the Port's website. The data collected helps improve the Port's emission and health risk reduction programs.
- The Emissions Inventory is used primarily to benchmark achievement of the San Pedro Bay Standards that establish long-term goals for emissions and health-risk reductions for the overall port complex. The Port is committed to update the emissions inventory on an annual basis for public disclosure of Port-related emissions and to identify changes that have occurred compared to previous years.

Both programs have been monitored and updated annually since 2005 and are funded in FY 2017/18 at \$505,000 and \$350,000, respectively.

The Clean Truck Program (CTP) is a central element of the CAAP and is funded at \$1.1 million for program administration and special studies. A slight increase from last year's budget reflects the implementation of new measures being developed with the updated CAAP. It is important to note that all expenditures related to the CTP are offset by CTP revenues received from Concession Fees, Annual Truck Fees, and Day Passes

Under the CAAP, the Ports identified pollutions reduction incentive programs as viable implementation strategies to meet the standards



**Port of Los Angeles  
(City of Los Angeles Harbor Department)**

## **Fiscal Year 2017/18 Proposed Budget**

established by the CAAP. These programs reflect the second largest component of EMD's operational budget and include the Vessel Speed Reduction Incentive Program funded at \$1.6 million, the Technology Advancement Program funded at \$800,000, the Environmental Shipping Index funded at \$300,000, and the Marina Engine Exchange Program funded at \$50,000.

### ***Security and Public Safety Strategies***

Port Police's continued focus on operational excellence in all of its public safety and emergency management initiatives has allowed the operating budget to remain relatively flat at \$37.0 million. This fiscal year, funding priorities will include ensuring appropriate deployment levels, maintaining mission critical equipment and technology, and supporting the Port's ability to operate 24 hours a day and maintain strong relationships with stakeholders.

Port Police staffing is aligned with the Port's increasing investments in waterfront development and community events and programs. Strategic recruitment efforts will be employed to hire to the Board approved staffing levels of 140 sworn and 42 security employees. The majority of the division's Salaries and Benefits budget of \$32.7 million is for general salaries and benefits, however funding from this appropriation source will also ensure the professional development of personnel per California Peace Officer Standards and Training requirements, as well as the maintenance of specialized certifications and associated perishable skills.

Of the \$2.5 million budgeted for the Port security surveillance system, \$1.9 million for maintenance and repairs will be grant reimbursable.

Funding in the amount of \$360,000 is allocated towards the support of miscellaneous professional services, the maintenance of ancillary systems equipment, and computer software.

Additional costs related to supporting the safe and continuous operation of the Port are budgeted at

\$1.1 million. Funds will be used for tactical, training, and safety materials and supplies associated with Port Police's land and waterside activities, such as patrol operations, hazardous materials inspections, and narcotics and underwater threat detection. Additional surveillance costs via aerial inspections will support the detection of environmental crimes.

Approximately \$280,000 in remaining funding will support general operation of the Port Police, Maritime Law Enforcement Training Center activities, and collaboration with outside agencies and organizations to better serve the Port and its surrounding communities.

Capital equipment investment of \$4.0 million in FY 2017/18 prioritizes marine operations through the purchases of a multi-purpose dive vessel and sonar equipment. Both will ensure more effective waterside emergency response as well as a safer environment for larger container vessels anticipated to call at the Port. Other major capital equipment purchases focus on public safety and will include the upgrade of the mobile communications system and the implementation of new technology that will allow officers to access law enforcement data more efficiently.

### ***Community and Waterfront Programs***

The Waterfront and Commercial Real Estate division's FY 2017/18 operating budget of almost \$5.8 million will support projects to manage, build, activate, and develop over 400 acres of land and water along the LA Waterfront. Division initiatives will focus on facilitation of public/private development opportunities along the LA Waterfront and implementation of the San Pedro Public Market and AltaSea developments.

The Division's major budget drivers include \$1.9 million for operation of the World Cruise Center, \$475,000 for the new Bike Share Program, and \$390,000 for the expanded Property Business Improvement District.



**Port of Los Angeles  
(City of Los Angeles Harbor Department)**

## **Fiscal Year 2017/18 Proposed Budget**

The Community Relations Division's Proposed Budget supports a wide variety of programs and projects which not only serve to strengthen the Port's relationships with external stakeholders, but also promote and attract visitors to the LA Waterfront.

The Division's educational programs reached more than 35,000 students from elementary school through graduate studies in 2016. Key among these were the free harbor tours the Port provides on a weekly basis and the "World Trade Week" general public boat tours in May. Other educational programs of note include: the Port of Los Angeles Youth Leadership Conference which hosts over 100 middle school students for a day of hands-on learning about the various career paths at the Port; the 53-foot "TransPORTer" mobile education exhibit which makes appearances at schools and special events throughout the Southland; and appearances by the Port's Speakers Bureau team at various school and community meetings.



Last fiscal year, Community Relations added an annual LA Fleet Week to the Port's event roster, which attracted more than 200,000 visitors to the LA Waterfront. The Labor Day Weekend tradition continues in 2017 when even more visitors are expected, as partnerships with the military, non-profit organizations, and a variety of companies and businesses are strengthened and grown. In addition to LA Fleet Week, the Port will continue to host a variety of community events including Cars & Stripes Forever!, Happy Harbor Halloween, movie nights, and Wilmington Winter Wonderland.

The Port's Community Investment Grants program continues for FY 2017/18 with a total of up to \$1 million available to local non-profits seeking to enhance the community and harbor experience in alignment with the Port's Strategic Goals and Tidelands Trust guidelines. In its fourth year, the Community Investment Grants program has distributed more than \$3 million to 112 organizations.

### ***Employee Recruitment, Retention, and Development***

In FY 2017/18, the Port continues to build on its Destination Employer initiative by following the successful FY 2016/17 Supervisory Workshop Courses with the launch of the Port Prep Academy. This training program will leverage the expertise of industry subject matter experts in providing insight, ideas, and knowledge to Department staff at all levels. In addition, the Port has set aside approximately \$508,000 towards continued investment in employee programs such as tuition reimbursement, medical services, vanpool, and public transit subsidies that will help the Port with its recruitment and retention efforts.



Aligned with the Strategic Plan Update, the Port's FY 2017/18 Proposed Annual Budget will provide the required funds necessary for departmental staff to carry out the plan's objectives and the department's commitments in the new fiscal year. The Proposed Budget will enable staff to operate and maintain the Port in a fiscally sound manner while continuing to provide solid infrastructure and efficient operations that work to improve throughput and optimization of the San Pedro Bay in addition to focusing on public access projects that aim to increase visitors to the LA Waterfront. It is through this dedication to service and stakeholders that the Port strives to maintain its position as the leading seaport in North America.

---

***"We deliver value to our customers by providing superior infrastructure and promoting efficient operations that grow our port as North America's preferred gateway."***

---

## HARBOR REVENUE FUND REPORT

## RECEIPTS AND CASH

Actual FY 2015/16	Adopted Budget FY 2016/17	Estimated FY 2016/17	Description	Proposed Budget FY 2017/18
\$ 441,833,989	\$ 432,084,652	\$ 445,289,373	Unrestricted Funds Available	\$ 577,070,655
132,223,698	126,401,652	127,108,921	Restricted Funds (1)	88,783,758
<b>574,057,687</b>	<b>558,486,304</b>	<b>572,398,294</b>	<b>Total Cash Available</b>	<b>665,854,413</b>
441,248,871	452,808,652	449,338,431	Operating Receipts	475,428,311
16,272,833	16,830,926	18,119,558	Non-Operating Receipts	23,516,144
40,488,906	31,936,754	33,693,671	Capital Grant Receipts	10,152,961
43,282,255	108,985,000	229,588,582	Proceeds from Debt Issuance	0
<b>\$1,115,350,552</b>	<b>\$1,169,047,636</b>	<b>\$1,303,138,536</b>	<b>Total Receipts &amp; Cash</b>	<b>\$ 1,174,951,829</b>

## APPROPRIATIONS

Actual FY 2015/16	Adopted Budget FY 2016/17	Estimated FY 2016/17	Description	Proposed Budget FY 2017/18
\$ 123,609,185	\$ 130,536,057*	\$ 129,437,547	Salaries and Benefits	\$ 136,433,079
2,808,928	3,269,031	3,118,417	Marketing & Public Relations	3,192,962
701,342	916,090	846,064	Travel Expenses	904,711
30,917,927	36,118,375	32,599,265	Outside Services	34,663,146
6,829,244	7,266,198	6,872,959	Materials & Supplies	7,008,463
40,608,775	45,740,648*	45,000,698	City Services	46,902,454
(16,227,501)	(13,697,381)	(16,612,741)	Allocations to Capital (overhead)	(13,717,849)
37,013,565	38,892,746	36,254,071	Other Operating Expenses (2)	41,065,312
<b>226,261,465</b>	<b>249,041,764**</b>	<b>237,516,280</b>	<b>Total Operating Expenses</b>	<b>256,452,278</b>
8,759,545	19,093,857	11,990,506	Non-Operating Expenses (3)	17,310,900
<b>235,021,010</b>	<b>268,135,621</b>	<b>249,506,786</b>	<b>Total Operating Budget</b>	<b>273,763,178</b>
57,443,510	58,574,374	54,156,634	Capitalized & Allocated Expenditures	45,862,570
0	0	0	Land & Property Acquisition	1,000,000
1,464,371	5,596,268	5,471,268	Equipment	16,012,468
148,328,967	146,091,066	116,386,139	Construction & Capital Improvement	97,669,411
<b>207,236,848</b>	<b>210,261,708</b>	<b>176,014,041</b>	<b>Total Capital Budget</b>	<b>160,544,449</b>
<b>442,257,858</b>	<b>478,397,329</b>	<b>425,520,827</b>	<b>Total Operating &amp; Capital Budget</b>	<b>434,307,627</b>
13,854,400	12,503,307	(49,176,704)	Accrual Adjustments	0
86,840,000	160,940,000	260,940,000	Debt Repayments	37,615,000
<b>542,952,258</b>	<b>651,840,636</b>	<b>637,284,123</b>	<b>Total Budget</b>	<b>471,922,627</b>
127,108,921	97,300,000	88,783,758	Restricted Cash	88,783,758
445,289,373	419,907,000**	577,070,655	Unappropriated Balance(UB)/Carried Forward	614,245,444
<b>\$ 1,115,350,552</b>	<b>\$ 1,169,047,636</b>	<b>\$ 1,303,138,536</b>	<b>Total Harbor Department Budget</b>	<b>\$ 1,174,951,829</b>

Note: Rounding of figures may occur.

(1) Includes Construction Fund, Debt Service Reserve Fund, China Shipping Funds, Clean Truck Fund, etc.

(2) Includes equipment rental maintenance, equipment rental, memberships & subscriptions, and taxes & assessments.

(3) Includes interest expenses, commercial paper liquidity provider fees, debt issuance costs, bond counsel fees, and debt related advisory fees.

\* In FY 2016/17 the Board approved a transfer of \$3.3 million from Salaries and Benefits to City Services.

\*\* In FY 2016/17 the Board approved a transfer of \$5.1 million from the UB to Non-Operating Expenses.

**COMPARATIVE STATEMENT OF OPERATIONS**

	Adopted Budget FY 2016/17	Proposed Budget FY 2017/18
Operating Revenues		
Shipping Services	382,616,654	396,531,142
Rentals	41,705,516	51,603,361
Royalties and Fees	10,326,347	10,483,600
Clean Truck Fees	2,264,188	2,388,304
Other Operating	15,895,947	14,421,904
<b>Total Operating Revenues</b>	<b><u>452,808,652</u></b>	<b><u>475,428,311</u></b>
Operating Expenses		
Salaries & Benefits (net of capitalization)	130,536,057 *	136,433,079
Marketing and Public Relations	3,269,031	3,192,962
Travel	916,090	904,711
Outside Services	36,118,375	34,663,146
Materials & Supplies	7,266,198	7,008,463
City Services	45,740,648 *	46,902,454
Allocations to Capital (overhead)	(13,697,381)	(13,717,849)
Other Operating Expenses	38,892,746	41,065,312
<b>Total Operating Expenses</b>	<b><u>249,041,764</u></b>	<b><u>256,452,278</u></b>
<b>Income from Operations before Depreciation</b>	<b><u>203,766,888</u></b>	<b><u>218,976,033</u></b>
Depreciation	172,004,641	178,695,642
<b>Income from Operations</b>	<b><u>31,762,247</u></b>	<b><u>40,280,391</u></b>
Non-Operating Revenues	16,830,926	23,516,144
Non-Operating Expenses	19,093,857 **	17,310,900
<b>Net Income</b>	<b><u>\$ 29,499,316</u></b>	<b><u>\$ 46,485,635</u></b>

Note: Rounding of figures may occur.

\* In FY 2016/17 the Board approved a transfer of \$3.3 million from Salaries and Benefits to City Services.

\*\* In FY 2016/17 the Board approved a transfer of \$5.1 million from the UB to Non-Operating Expenses.

## REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2015-16	ADOPTED FY 2016-17	ESTIMATE FY 2016-17	PROPOSED FY 2017-18
410 - Dockage	5,629,199	6,094,826	3,867,351	3,886,816
411 - Wharfage	341,765,059	351,491,192	347,607,756	370,605,238
412 - Storage	-	-	-	-
413 - Demurrage	215,979	247,844	205,995	206,125
414 - Pilotage	7,063,631	9,235,328	9,031,766	11,475,019
415 - Assignment Charges	12,857,776	14,517,449	13,320,801	10,357,944
417 - Lay Day Fees	937,500	1,030,015	-	-
<b>41 - Shipping Services</b>	<b>368,469,144</b>	<b>382,616,655</b>	<b>374,033,669</b>	<b>396,531,141</b>
420 - Land Rentals	45,763,360	40,682,034	46,385,899	50,824,830
421 - Wharf & Shed	499,087	648,471	458,175	467,926
422 - Building Rentals	221,058	258,064	219,513	224,716
423 - Warehouse Rentals	87,532	116,947	84,247	85,889
<b>42 - Rentals</b>	<b>46,571,037</b>	<b>41,705,516</b>	<b>47,147,834</b>	<b>51,603,361</b>
430 - Fees, Concessions, & Royalties	12,970,197	12,590,535	12,719,568	12,841,135
431 - Oil Royalties	69,610	-	29,873	30,769
<b>43 - Royalties &amp; Fees</b>	<b>13,039,807</b>	<b>12,590,535</b>	<b>12,749,441</b>	<b>12,871,904</b>
490 - Other Operating Revenue	13,168,883	15,895,947	15,407,487	14,421,904
<b>49 - Other Operating Revenue</b>	<b>13,168,883</b>	<b>15,895,947</b>	<b>15,407,487</b>	<b>14,421,904</b>
<b>Total Operating Revenues</b>	<b>441,248,871</b>	<b>452,808,652</b>	<b>449,338,431</b>	<b>475,428,311</b>
710 - Interest Income - Cash Equivalent	4,834,387	3,695,929	5,227,335	4,609,180
<b>71 - Interest Income</b>	<b>4,834,387</b>	<b>3,695,929</b>	<b>5,227,335</b>	<b>4,609,180</b>
720 - Interest Income - Notes	32,669	-	-	-
<b>72 - Interest Income - Notes</b>	<b>32,669</b>	<b>-</b>	<b>-</b>	<b>-</b>
730 - Interest Income - Bonds	507,379	393,807	480,989	476,180
<b>73 - Interest Income - Bonds</b>	<b>507,379</b>	<b>393,807</b>	<b>480,989</b>	<b>476,180</b>
740 - Investment Income	6,496,041	2,000,000	2,276,702	2,410,303
<b>74 - Investment Income</b>	<b>6,496,041</b>	<b>2,000,000</b>	<b>2,276,702</b>	<b>2,410,303</b>
760 - Non-Operating Revenue	4,140,314	10,340,000	9,880,099	15,700,500
<b>76 - Non-Operating Revenues</b>	<b>4,140,314</b>	<b>10,340,000</b>	<b>9,880,099</b>	<b>15,700,500</b>
790 - Other Non-Operating Revenue	262,043	401,190	254,433	319,981
<b>79 - Other Non-Operating Revenues</b>	<b>262,043</b>	<b>401,190</b>	<b>254,433</b>	<b>319,981</b>
<b>Total Non-Operating Revenues</b>	<b>16,272,833</b>	<b>16,830,926</b>	<b>18,119,558</b>	<b>23,516,144</b>
<b>Report 201 Total</b>	<b>457,521,704</b>	<b>469,639,578</b>	<b>467,457,989</b>	<b>498,944,455</b>

Note: Rounding of Figures may occur.

City of Los Angeles Harbor Department  
Fiscal Year 2017/18 Proposed Annual Budget

**REPORT OF EXPENSES**

REPORT OF EXPENSES (3-DIGIT) REPORT # 202	ACTUALS FY 2015-16	ADOPTED FY 2016-17	ESTIMATE FY 2016-17	PROPOSED FY 2017-18
510 - Salaries - Regular	67,111,919	73,889,084	73,459,229	75,990,628
511 - Salaries - Overtime	5,968,611	5,236,883	5,344,101	5,162,039
516 - Employee Benefits	49,037,980	50,148,873	49,145,518	53,986,779
517 - Paid Employee Benefits	1,490,675	1,261,219	1,488,700	1,293,633
<b>51 - Salaries and Benefits</b>	<b>123,609,185</b>	<b>* 130,536,057</b>	<b>129,437,547</b>	<b>136,433,079</b>
520 - Advertising & Public Relations	2,782,143	3,234,031	3,083,417	3,157,962
521 - Domestic Trade Representative	-	-	-	-
522 - Foreign Trade Representative	26,786	35,000	35,000	35,000
<b>52 - Marketing &amp; Public Relations</b>	<b>2,808,928</b>	<b>3,269,031</b>	<b>3,118,417</b>	<b>3,192,962</b>
530 - Domestic Travel	313,571	386,120	350,330	430,711
531 - Foreign Travel	285,575	454,780	422,079	402,400
532 - Local Travel	60,812	74,190	73,656	71,100
533 - Credit Card Charges	41,384	1,000	-	500
<b>53 - Travel Expenses</b>	<b>701,342</b>	<b>916,090</b>	<b>846,064</b>	<b>904,711</b>
540 - Maintenance Services	7,062,036	6,994,797	6,003,209	7,913,732
541 - Office Equipment Maintenance Services	2,815,256	3,146,187	3,142,470	3,195,373
542 - Miscellaneous Professional Services	15,708,993	21,270,075	19,099,238	18,921,700
543 - Data Processing Services	3,459,100	2,291,000	2,325,540	2,566,495
544 - Financial Services	1,872,542	2,416,316	2,028,808	2,065,846
545 - Construction Services	-	-	-	-
<b>54 - Outside Services</b>	<b>30,917,927</b>	<b>36,118,375</b>	<b>32,599,265</b>	<b>34,663,146</b>
550 - Maintenance & Other Supplies	4,588,069	4,722,195	4,476,057	4,831,530
551 - Administrative & Operating Supplies	2,241,176	2,544,003	2,396,902	2,176,933
<b>55 - Materials &amp; Supplies</b>	<b>6,829,244</b>	<b>7,266,198</b>	<b>6,872,959</b>	<b>7,008,463</b>
570 - City Services	40,608,775	42,444,639	45,000,698	46,902,454
<b>57 - City Services</b>	<b>40,608,775</b>	<b>* 45,740,648</b>	<b>45,000,698</b>	<b>46,902,454</b>
580 - Allocations	(16,227,501)	(13,697,381)	(16,612,741)	(13,717,849)
<b>58 - Allocations</b>	<b>(16,227,501)</b>	<b>(13,697,381)</b>	<b>(16,612,741)</b>	<b>(13,717,849)</b>
590 - Equipment Rental - Maintenance	422,427	356,235	428,427	563,741
591 - Equipment Rental - Non-Maintenance	80,750	99,119	99,119	75,037
592 - Memberships & Subscriptions	820,154	892,827	882,505	942,749
593 - Insurance	3,096,779	3,262,000	3,175,000	3,335,000
594 - Telephone	1,631,626	1,815,010	1,866,480	1,752,406
595 - Utilities	14,138,362	19,057,879	15,747,380	18,661,496
596 - Claims & Settlements	244,609	2,105,000	2,105,000	2,328,500
597 - Taxes, Assessments, & Fees	429,411	535,132	578,674	749,967
598 - Provision for Bad Debt	6,741,802	6,548,744	6,710,379	7,111,283
599 - Other Operating Expense	9,407,646	4,220,800	4,661,107	5,545,133
<b>59 - Other Operating Expenses</b>	<b>37,013,565</b>	<b>38,892,746</b>	<b>36,254,071</b>	<b>41,065,312</b>
<b>Total Operating and Administrative Expenses</b>	<b>226,261,465</b>	<b>249,041,764</b>	<b>237,516,280</b>	<b>256,452,278</b>
610 - Depreciation Expense	163,933,407	172,004,641	176,935,496	178,695,642
<b>61 - Depreciation</b>	<b>163,933,407</b>	<b>172,004,641</b>	<b>176,935,496</b>	<b>178,695,642</b>
830 - Int. Expense - Bonds	507,379	915,857	467,396	500,000
831 - Int. Expense - Commercial Paper	-	100,000	-	-
<b>83 - Int. Expense - Bonds</b>	<b>507,379</b>	<b>1,015,857</b>	<b>467,396</b>	<b>500,000</b>
890 - Other Non-Operating Expense	8,252,166	18,078,000	11,523,110	16,810,900
<b>89 - Other Non-Operating Expenses</b>	<b>8,252,166</b>	<b>** 18,078,000</b>	<b>11,523,110</b>	<b>16,810,900</b>
<b>Total Non-Operating Expenses</b>	<b>8,759,545</b>	<b>19,093,857</b>	<b>11,990,506</b>	<b>17,310,900</b>
<b>Report 202 Total</b>	<b>398,954,418</b>	<b>440,140,264</b>	<b>426,442,284</b>	<b>452,458,821</b>

Note: Rounding of figures may occur.

\* In FY 2016/17 the Board approved a transfer of \$3.3 million from Salaries and Benefits to City Services.

\*\* In FY 2016/17 the Board approved a transfer of \$5.1 million from the UB to Other Non-Operating Expenses.



CAPITAL PROJECTS REPORT  
(DETAIL)**Terminals****Berths 90-93 World Cruise Center**

Construction completion of the Berths 91-93 Alternative Maritime Power (AMP) Upgrade and Retrofit project is anticipated in early 2018. The Berth 93 Customs and Border Protection Improvements Project will begin construction in the Summer of 2017. \$ 11,158,737

**Berths 100-102 Development (China Shipping)**

The Supplemental China Shipping Environmental Impact Report (EIR) is expected to be completed in late 2017. \$ 393,538

**Berths 121-131 - Development (Yang Ming)**

The Yang Ming EIR is expected to be completed in Summer 2017. \$ 1,123,981

**Berths 135-147 Development (TraPac)**

Completion of the Crane Maintenance Building is expected in August of 2017 and final closeout of the 72 acres of automated backland development is scheduled for early 2018. \$ 2,563,002

**Berths 212-224 Development (YTI)**

The redevelopment at Berths 212-224 consisting of berth dredging at Berths 214-216 to -53 feet mean lower low water (MLLW) and Berths 217-220 to -47 feet MLLW, installation of sheet piles, landside crane rail extension, backland improvements, electrical improvements, 480V main breaker replacement, and AMP are expected to be completed in mid 2017. The expansion of the Terminal Island Container Transfer Facility (TICTF) with one new loading track, approximately 2,900 linear feet, two turnouts, and backland reconstruction will begin construction in the Spring of 2017 with completion in late 2017. The concrete wharf inspection and improvements at Berths 214-220 will advertise in late 2017 with construction beginning in the Summer of 2018. \$ 8,057,894

**Berths 222-236 Development (EverPort)**

The EIR is expected to be completed in December 2017. Design will be completed in March of 2018 for the wharf and backland improvements which includes dredging, grading, paving, striping, lighting, electrical infrastructure for 3 additional cranes; AMP upgrades and retrofit; and terminal infrastructure reconstruction which includes fixing pile cracks, concrete cracks, concrete delamination and rebar corrosion, and replacement of the electrical infrastructure. \$ 1,975,296

**Berths 400-409 Development (Maersk/Cut)**

The expansion joint replacement project will be completed in early 2018. \$ 312,598

**Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)**

Liquid Bulk Oil Cargo Handling Facilities are under the jurisdiction of the California State Lands Commission which mandates that liquid bulk oil facilities be in compliance with Marine Oil Terminal Engineering Maintenance Standards (MOTEMS). These berths are 148-151, 163, 164, 167-169, 187-191, and 238. Repairs at Berths 163 and 164 will be completed in the Summer of 2017. Design of improvements at Berth 238 and Berths 148-151 will begin in the Summer of 2017. Design will be completed in Spring 2018 for Berths 167-169, and Summer 2018 for Berth 164. Repairs at Berths 148-149 and Berths 187-190 will begin in early 2018. \$ 7,852,742

**Miscellaneous Terminal Improvements**

The Berths 196-199 and 2000A Wharf Rehabilitation project will begin construction in Summer of 2017, and the Berth 240 A, B, and C Seawall Improvements and the Berths 179-181 Wharf and Bollard Repair projects will begin in late 2017. \$ 8,199,421

**TOTAL TERMINAL IMPROVEMENTS \$ 41,637,209**



CAPITAL PROJECTS REPORT  
(DETAIL)**Maritime Services****Harbor Department Facilities**

The Klein Billing System will continue development this fiscal year and the new Web-Based Construction Management System is scheduled for completion.

\$ 749,031

**Miscellaneous Projects**

Projects listed under miscellaneous are not included in any specific program listed above. Projects included are the Badger Avenue Bridge Rehabilitation, Berth 84 - Maritime Museum Wharf Rehabilitation, Berth 85 - Port Police Float System Replacement, Berths 270-271 - Sea Wall Enhancement, Badger Avenue Bridge Conley Joints Purchase, Berth 72 - Municipal Fish Market Door Replacement, and the FY 17/18 C&M Deferred Maintenance Projects.

\$ 12,080,764

**Unallocated Capital Improvement Program Fund**

This category is for unanticipated projects which are initiated throughout the fiscal year. It includes construction services, consultants, hiring hall expenses, materials, equipment, services from other city departments, and administrative expenses.

\$ 15,000,000

**TOTAL MARITIME SERVICES** \$ 27,829,795

**\*TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries)** \$ 97,669,411

\*Excludes overhead, operating equipment and capitalization, and allocated expenditures.



**B. 200 Rail Yard Track  
Connections Enhancements**

**B. 196-200A Wharf  
Rehabilitation**

**Avalon Promenade &  
Gateway**

**Wilmington Promenade**

**B. 214-220 ICTF  
Expansion**

**B. 226-236 Terminal  
Redevelopment**

**B. 121-131 Terminal  
Redevelopment**

**MOTEMS  
Repairs**

**B. 93 Customs  
Improvements**

**B. 91-93 AMP  
Upgrade**

**B. 84 Wharf  
Rehabilitation**

**Sampson Way  
Intersection**

**San Pedro Public  
Market Promenade  
& Town Square**

**AltaSea**

# Capital Improvement Projects