



**Fiscal Year 2015/2016
Proposed Annual Budget
Presentation for Board of Harbor Commissioners**

March 5, 2015



Today's Focus

- Goals for the FY 2015/16 Budget
- Budget Cash Flow
- Operating Revenues
- Operating Expenses
- Capital Expenditures
- Next Steps for Approval of Budget
- Bureau Budgets

Goals for FY 2015/16 Budget

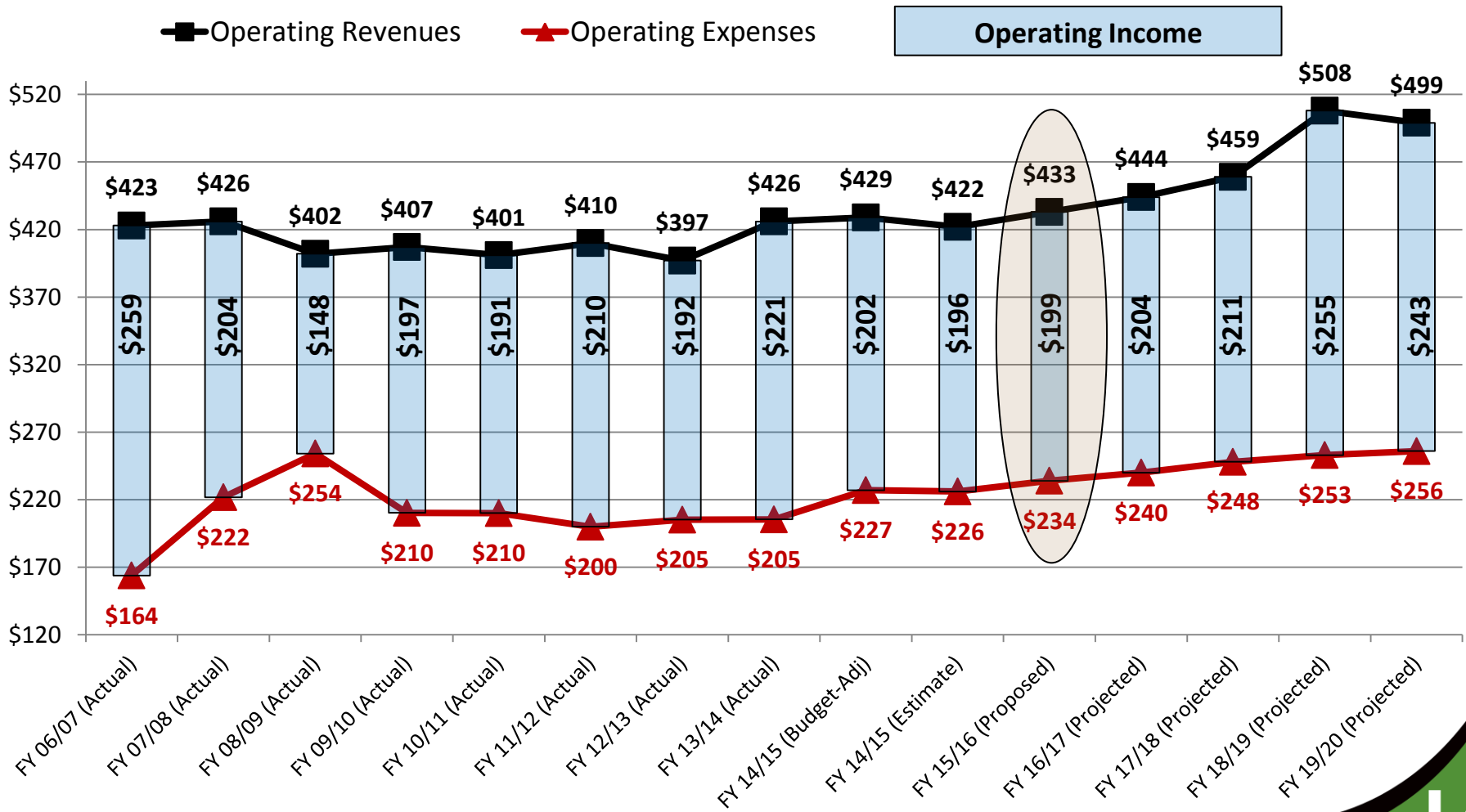
- Allocate resources to support objectives of strategic plan
- Focus on core business and financial sustainability
- Reduce negative cash flow / required cash needs
- Manage expense growth relative to revenue growth

Proposed Budget Cash Flow

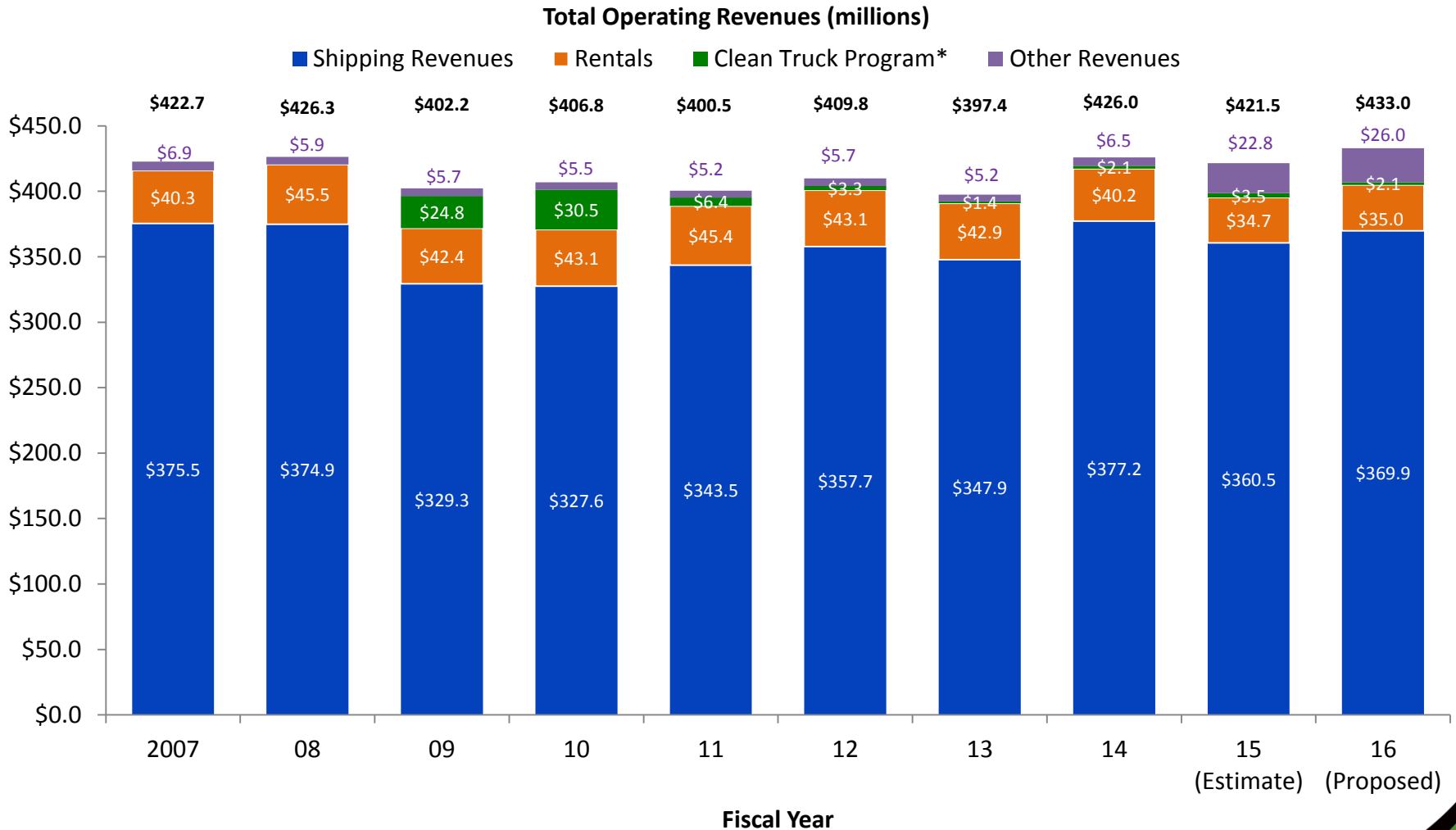
(\$ in millions)	Estimates FY 2014/15	Proposed FY 2015/16	Var Amt.	Var %
Cargo Volumes (TEUs)	8.355	8.502	0.15	↑ 1.8%
Operating Revenues	\$421.5	\$433.0	\$11.5	↑ 2.7%
Less: Operating Expenses	-226.3	-234.1	7.8	↑ 3.4%
Operating Income	195.2	198.9	3.7	↑ 1.9%
Less: Debt service	-69.8	-84.7	14.9	↑ 21.3%
Sub Total	125.4	114.2	-11.2	↓ -8.9%
Less: CIP	-242.0	-199.0	-43.0	↓ -17.8%
Less: Capital Equip. & Alloc.	-23.0	-22.2	0.8	↑ 3.5%
Required Cash Needs*	-\$-139.6	-\$-107.0	\$32.6	↓ -23.4%

*The Required Cash Needs for the FY 2014/15 Adopted Budget were \$-172.4M. Therefore, the Required Cash Needs for the FY 2015/16 Proposed Budget have been **reduced by \$65.4M or 37.9%** when compared to the FY 2014/15 Adopted Budget.

Operating Revenues and Expenses Past, Present, Proposed, Projected



Operating Revenues Total \$400M Annually



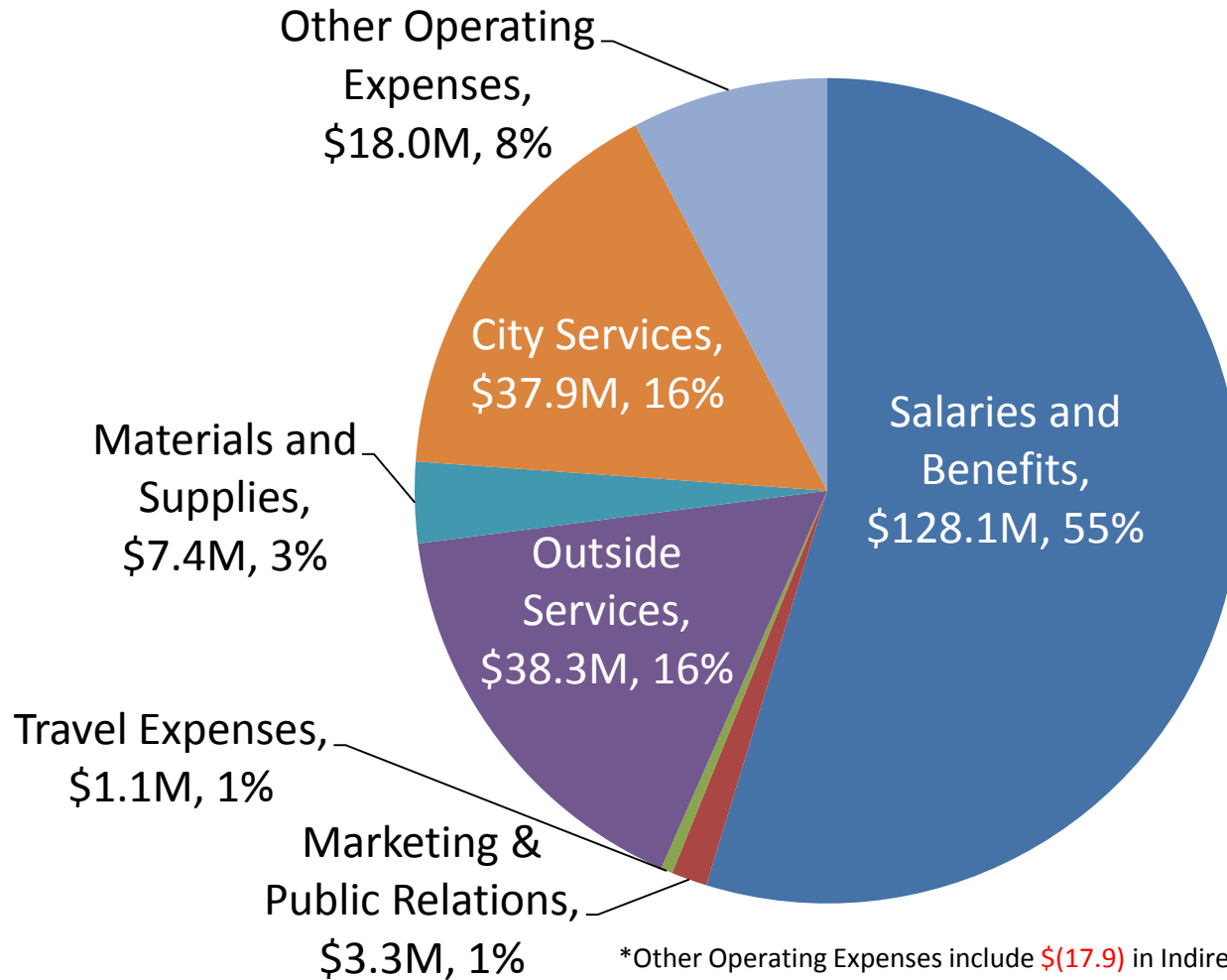
*Collection of Clean Truck Program fees began FY 2008/2009

Revenue Enhancements

- Parking Rate Increase
 - Stepped increases over multiple years
 - ✓ \$486K revenue increase in Calendar Year (CY) 2015
 - ✓ \$244K additional revenue increase for CY 2016
 - ✓ \$146K additional revenue increase for CY 2017
 - Approved by Board on 2/19/15
- Tariff and Permit Modifications and Opportunities

FY 15/16 Operating Expense Categories

\$234.1M



*Other Operating Expenses include \$(17.9) in Indirect Allocations to Overhead. Without Allocations, Other Operating Expenses are \$35.9M.

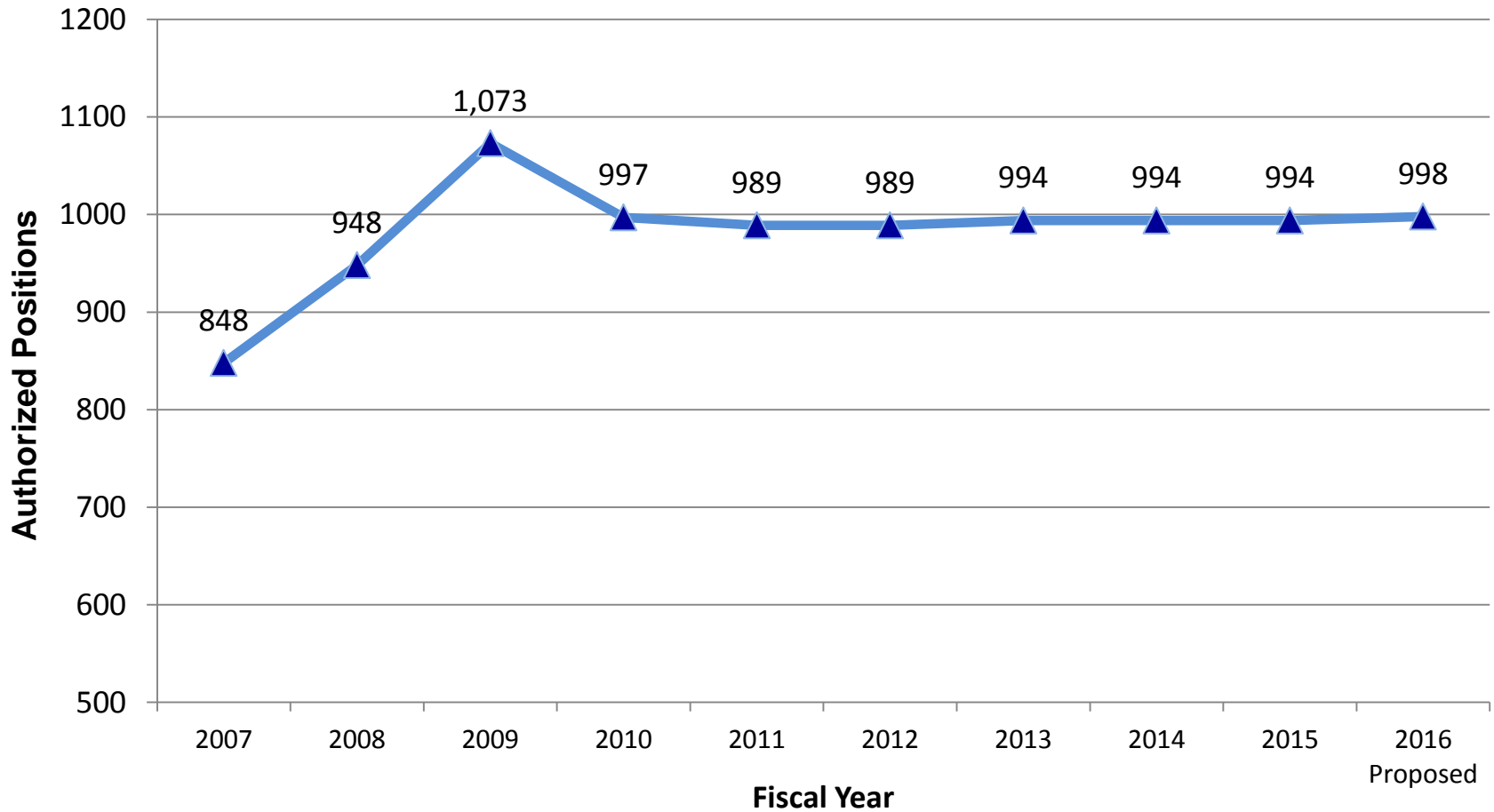
Increases in Operating Expenses for FY 15/16

- Salaries and Benefits \$5.7M
 - ✓ \$1.3M Cost of Living Adjustments (COLA) and Step Increases
 - ✓ \$2.1M Reduced Direct Allocations for Salaries and Benefits to Capital
 - ✓ \$1.9M Pensions
 - ✓ \$0.4M Medical Benefits & Other Benefits
- Outside Legal Counsel \$2.9M
- C&M and Maintenance Improvement Program Outside Services \$975K
 - ✓ \$465K Electrical Safety Audit Implementation
 - ✓ \$110K Fire Life Safety
 - ✓ \$100K Sidewalk Repair Program
 - ✓ \$300K Environmental Documents for building demolition
- AMP \$1.7M
 - ✓ \$1.7M increase for Electricity Expenses (98% of which are reimbursable)
- City Services \$1.2M
 - ✓ \$1.2M COLAs/MOU mandated increases for City workers performing City Services
- Mitigation Payment \$774K
 - ✓ \$774K Trapac MOU for YTI Development

Reductions in Operating Expenses for FY 15/16

- Attrition Increased to 5.8%
- Expiration of Carrier Incentive Program **\$(3.5M)**
- Increased Overhead Allocations to Capital **\$(2.2M)**
- Outside Service Reductions:
 - ✓ **\$(592K)** Environmental Assessment Services
 - ✓ **\$(302K)** IT Hardware/Software Maintenance Services
 - ✓ **\$(281K)** Red Car suspension due to construction in area
 - ✓ **\$(184K)** Studies for Planning & Economic Development Division
 - ✓ **\$(135K)** HR Recruiting and Executive Training
 - ✓ **\$(155K)** Professional Services for Communications Division
- Customer Environmental Subsidies & Incentives **\$(450K)**
- Clean Truck Program Administrative Costs **\$(321.7K)**
- Trade Representation brought in-house **\$(164.8K)**

Authorized Positions FY 2007 – FY 2016 (Proposed)



FY 15/16 City Services

\$37.9M

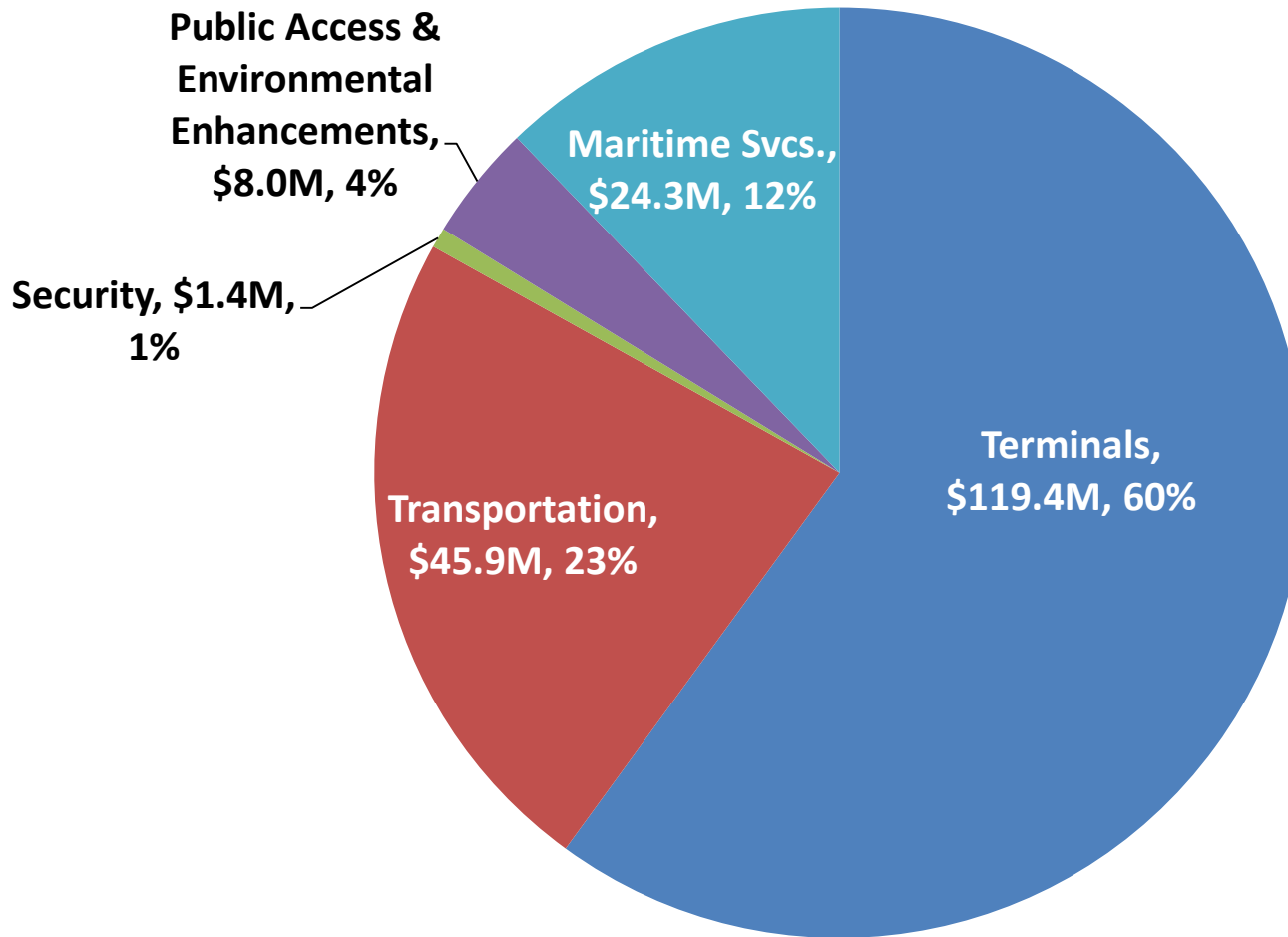
City Department	\$	%	Description
Fire	\$21.0M	56%	LAFD Fire Services
Rec. & Parks	8.2M	22%	Parks & Facilities Maintenance (Parks, Aquarium, Museums, Beaches, Lifeguards, Construction Services, Rangers)
City Attorney	4.9M	12%	In-house Legal Counsel
Public Works	693K	2%	Refuse Hauling, Sewer Connection, Disposal Permits
Controller	671K	2%	Payroll, FMS, Disbursements, etc.
Personnel	503K	1%	Employee Relations and Records Management
Other	1.9M	5%	Business Assistance Virtual Network (BAVN), Video Production Services, Investment Management, Lab & Special Testing, Mayor's Liaison, City Clerk Publications, Printed Materials

FY 15/16 Proposed Outside Services

\$38.3M

Division	\$	%	Primary Drivers
Environmental Mgmt.	\$8.8M	23%	Remediation/Site Restoration, Water Quality, Air Quality, CEQA
C&M	6.5M	17%	Hiring Hall; Buildings, Wharves, Grounds, & Equipment Maintenance Services; Underwater Diving
Information Technology	4.8M	12%	Information Systems Consulting, Hardware & Software Computer Maintenance
City Attorney	4.1M	11%	Outside Legal Counsel
MIP	3.3M	9%	Hiring Hall, Maint. Dredging, Asphalt & Paving
Port Police	3.1M	8%	Security Camera Maintenance and Repair
Real Estate	2.6M	7%	Cruise Terminal Operations
Engineering	1.2M	3%	Red Car & Computer System Maintenance
All other Divisions	3.9M	10%	Mayoral Trade Mission, Data Acquisition, Financial Services, Information Consulting Services

Proposed Capital Improvement Program (CIP) Budget FY 2015/16 \$199.0M*



*Includes Salaries and Benefits

Public Access Investment Plan

LA Waterfront Projects

CIP Summary (\$000)

Project Elements	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	Total CIP Cost
Sampson Way & 7th St Intersection	\$1.9	\$8.6	\$2.8	\$0.1			\$13.4
Ports O'Call Bluff Parking Expansion and Reconfiguration	\$0.2	\$4.5	\$1.0				\$5.7
Town Square at 6th Street and Promenade	\$0.9	\$1.1	\$16.8	\$14.0	\$0.3		\$33.1
Wilmington Waterfront Phase 1A-South and Catalina Freight	\$1.0	\$2.5	\$10.0	\$15.0	\$15.2	\$9.0	\$52.7
CIP Yearly Expenditures	\$4.0	\$16.7	\$30.6	\$29.1	\$15.5	\$9.0	\$104.9

6-Yr Average = \$17.5

Total CIP	\$104.9
------------------	----------------

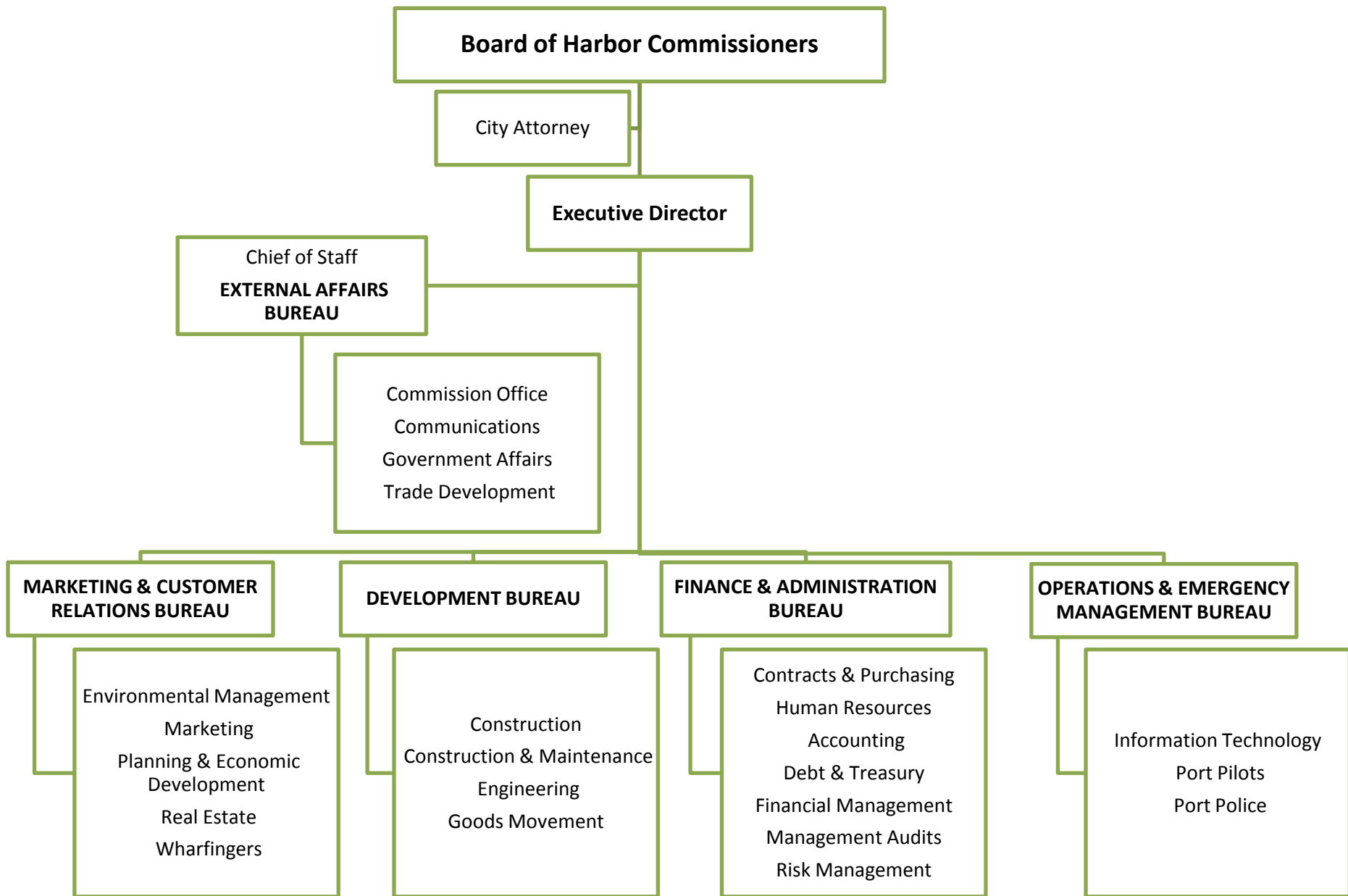
Potential Unappropriated Balance (UB) Items for FY 15/16

Description	\$
ACTA Maintenance Yard Relocation	\$6.0M
Potential Cost of Living Adjustments (COLAs)	4.8M
East Wilmington Land Acquisitions	2.35M
Potential Litigation & Claims	1.95M
Container Incentive Program	1.0M
Computer Hardware and Software	492K
TOTAL	\$16.5M

Scheduled Next Steps

Milestones	Timeframe
Proposed Budget to Mayor/Council	End of March 2015
City of L.A. Budget & Finance Committee Budget Hearings	April/May 2015
Board of Harbor Commissioners Meeting – FY 15/16 Budget Adoption	June 2015

Port of Los Angeles Organizational Chart



BUREAU BUDGETS

MARKETING & CUSTOMER RELATIONS BUREAU

Environmental Management

Marketing

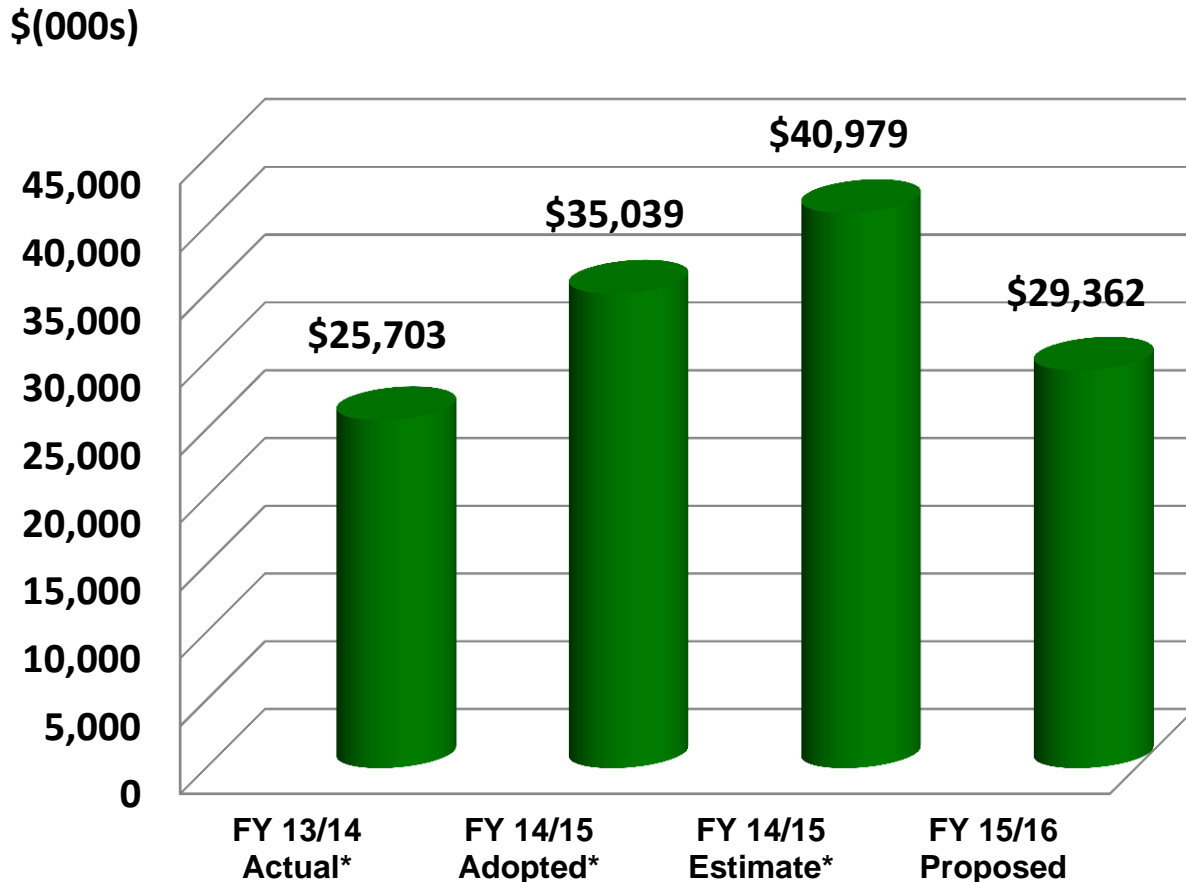
Planning & Economic Development

Real Estate

Wharfingers

Marketing & Customer Relations Bureau Operating Budget-at-a-Glance

Net Operating Expenses



Budget Highlights

- FY 15/16 Proposed Net Operating Expenses: \$29.4M
 - 28.3% decline relative to FY 14/15 Estimate
 - 16.2% decline relative to the FY 14/15 Adopted Budget
- Summary of changes relative to FY 14/15 Adopted and Estimate:
 - Incentive program has not been proposed
 - ✓ -\$3.5M vs. Adopted
 - ✓ -\$10.5M vs. Estimate
 - Trade Development moved to External Affairs
 - ✓ -\$700K vs. Adopted
 - ✓ -\$700K vs. Estimate

* FY 13/14 Actual, FY 14/15 Adopted and FY 14/15 Estimate information includes the Trade Development Division which has been included in the External Affairs Bureau for purposes of the FY 15/16 Proposed Budget.

FY 2015/16 Goals & Initiatives for Marketing & Customer Relations Bureau Align with Strategic Plan Objectives

Objective 2: An Efficient, Secure, and Environmentally Sustainable Supply Chain

- Perform site assessments and complete environmental analyses expeditiously in support of development activities
- Conduct special technical studies in coordination with the Regional Water Quality Control Board to limit future Total Maximum Daily Load liabilities.
- Update the Clean Air Action Plan and continue to meet long-term San Pedro Bay Standards.
- Facilitate development and use of zero and near-zero emission technologies.
- Promote technological efficiency, energy management and overall sustainable Port operations

FY 2015/16 Goals & Initiatives for Marketing & Customer Relations Bureau Align with Strategic Plan Objectives

Objective 3: Improved Financial Performance of Port Assets

- Grow to maintain Port status as the number one container port in the nation by volume
- Provide trade intelligence data to attract new business and maximize market share
- Develop a new San Pedro Bay Long-Term Cargo Forecast with the Port of Long Beach
- Increase the utilization of Port facilities
- Ensure that Port properties are revenue efficient and reflect current land values and market-based compensation

FY 2015/16 Goals & Initiatives for Marketing & Customer Relations Bureau Align with Strategic Plan Objectives

Objective 4: Strong Relationships with Stakeholders

- Complete term sheet and lease negotiations with the LA Waterfront Alliance
- Manage all Port properties for compliance
- Track all vessel movements and billing of invoices for collection of revenue due to the Port
- Manage towing, impound, storage and lien sale services of abandoned and derelict vessels left in the harbor
- Ensure timely assessment of shipping fees, compilation of cargo statistics and daily customer service to tenants

Marketing & Customer Relations Bureau Division Budgets

Division (\$ in thousands)	Budgeted Positions	Gross Expenses				Capital Expenses (CAPEX)	Operating Exp (Gross Exp - CAPEX)
		Salaries & Benefits	Outside Services	Other Operating Exp	Total Gross Exp	Allocations to Capital Budget	Net Operating Exp
Environmental Management	26	\$ 3,862	\$ 8,782	\$ 4,338	\$ 16,982	\$ (2,334)	\$ 14,648
Marketing	10	1,816	570	564	2,950		2,950
Planning & Economic Development	12	1,928	170	199	2,297	(26)	2,271
Real Estate	23	3,424	2,570	887	6,880		6,880
Wharfingers	23	2,567	2	44	2,613		2,613
TOTAL	94	\$ 13,597	\$ 12,093	\$ 6,031	\$ 31,721	\$ (2,359)	\$ 29,362

Totals may differ due to rounding

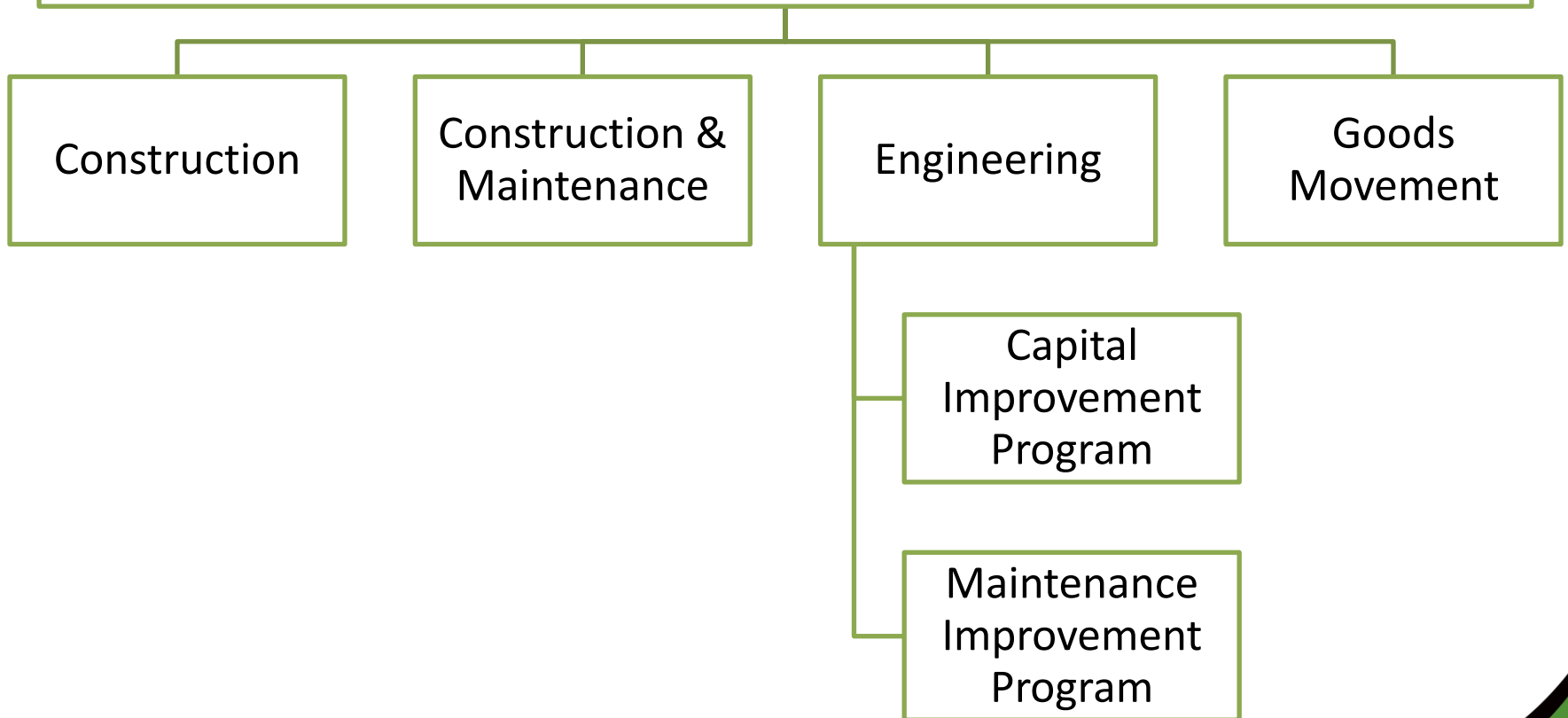
- **Environmental Management**

- Salaries & Benefits: \$3.4M, net of capital allocations (\$496K)
- Outside Services and Other Operating Expenses:
 - ✓ Site Restoration Services (\$3.4M) include: Port-wide environmental emergency response services (\$1.0M), waste management services (\$1.0M) and baseline assessments (\$350K)
 - ✓ Water Quality Services (\$2.2M) include: Total Maximum Daily Load regulations special studies (\$760K) and Inner Cabrillo Beach Bacteria (\$700K)
 - ✓ Air Quality & California Environmental Quality Act Services (\$2.9M)
 - ✓ Environmental Incentives (\$3.1M) include: Vessel Speed Reduction Program (\$2.0M) and Technology Advancement Program (\$800K)
 - ✓ Clean Truck Program (\$1.0M)

Marketing & Customer Relations Bureau Division Budgets

- **Marketing**
 - Salaries & Benefits: \$1.8M
 - Mayoral Trade Missions (\$450K) and Travel (\$374K)
- **Planning & Economic Development**
 - Salaries & Benefits: \$1.9M
 - Outside Services include: Consulting services for LA Waterfront Development (\$100K) and Long-Term San Pedro Bay Cargo Forecast (\$60K)
 - Subscription to UBM Global Trade for import/export data (\$165K)
- **Real Estate**
 - Salaries & Benefits: \$3.4M
 - Cruise terminal operating agreement (\$2.1M), jointly-owned railroad property management (\$190K) and Port Pantry operations (\$108K)
 - Property rentals and leases (\$545K) and San Pedro Historic Waterfront Business Improvement District (\$220K)
- **Wharfingers**
 - Salaries & Benefits: \$2.6M

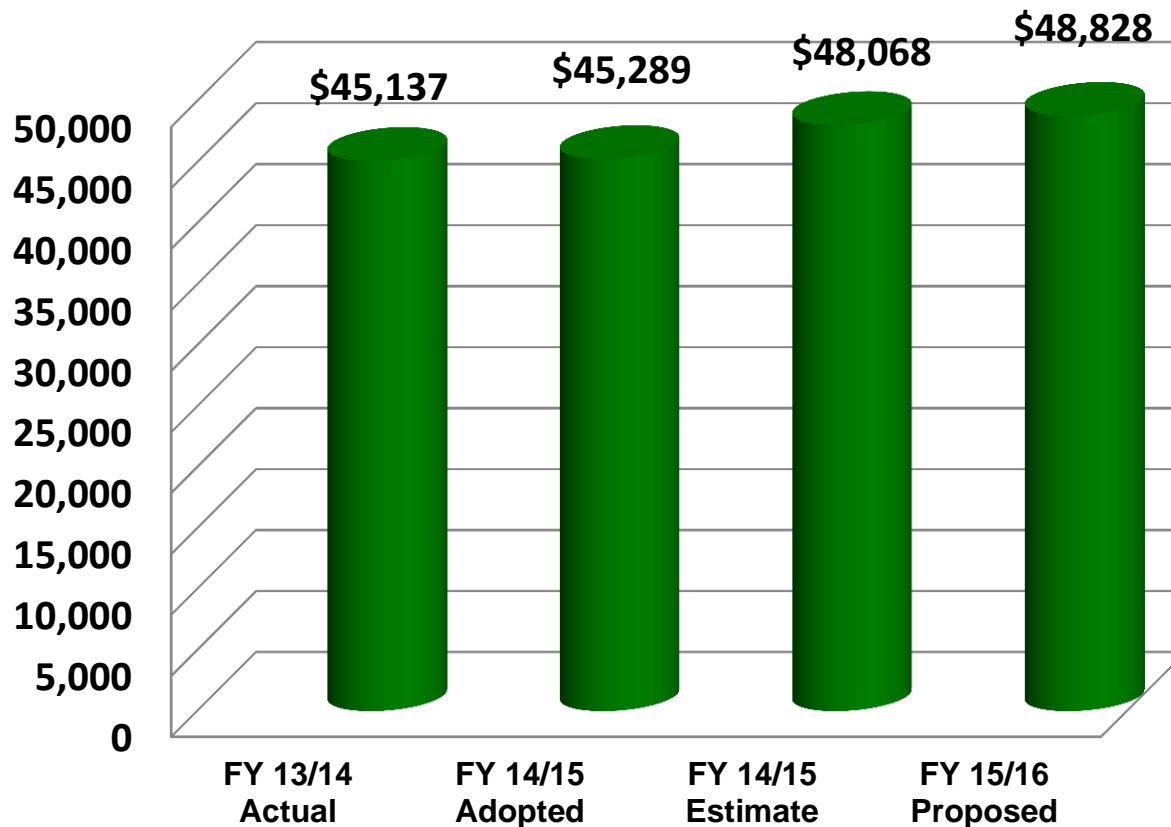
DEVELOPMENT BUREAU



Development Bureau Operating Budget-at-a-Glance

Net Operating Expenses

\$(000s)



Budget Highlights

- FY 15/16 Proposed Net Operating Expenses: \$48.8M
 - 1.6% increase relative to FY 14/15 Estimate
 - 7.8% increase relative to the FY 14/15 Adopted Budget
- Summary of changes relative to FY 14/15 Adopted and Estimate:
 - Lower Salaries & Benefits to be capitalized
 - ✓ +\$1.9M vs. Adopted
 - Salary increases
 - ✓ +\$1.8M vs. Adopted
 - Electrical Safety Audit
 - ✓ +\$465K vs. Estimate

FY 2015/16 Goals & Initiatives for Development Bureau Align with Strategic Plan Objectives

Objective 1: Develop World-Class Infrastructure that Promotes Growth

- Develop a Capital Improvement Program (CIP) that improves the Port's operational strength and financial sustainability
 - The FY 15/16 Proposed CIP includes \$199M for terminal, transportation, security, public access, and maritime services projects
 - Refer to subsequent slides for further details
- Deliver terminal and infrastructure projects on time and within budget
 - Monitor and report through the Project Development Committee
 - Design to minimize future maintenance
- Optimize maintenance to extend infrastructure life and utility
 - Continue to implement findings of the Electrical Safety Audit
 - Complete proposed deferred maintenance projects in the upcoming fiscal year

Development Bureau Division Budgets

Division (\$ in thousands)	Budgeted Positions	Gross Expenses				Capital Expenses (CAPEX)	Operating Exp (Gross Exp - CAPEX)
		Salaries & Benefits	Outside Services	Other Operating Exp	Total Gross Exp	Allocations to Capital Budget	Net Operating Exp
Construction	71	\$ 11,682	\$ 275	\$ 289	\$ 12,245	\$ (8,945)	\$ 3,300
Engineering	92	14,682	1,169	228	16,080	(9,079)	7,001
Construction & Maintenance	285	32,535	6,468	5,869	44,872	(10,948)	33,924
Maintenance Improvement Program	-	5	3,349	249	3,603	-	3,603
Goods Movement	5	871	152	17	1,039	(40)	1,000
TOTAL	453	\$ 59,775	\$ 11,413	\$ 6,652	\$ 77,840	\$ (29,012)	\$ 48,828

Totals may differ due to rounding

- **Construction**

- Salaries & Benefits: \$4.0M, net of capital allocations (\$7.7M)
- Outside Services primarily relate to database and software licensing costs (\$204K)
- Other Operating Expenses include: Materials and supplies (\$147K) and travel (\$58K)

- **Engineering**

- Salaries & Benefits: \$7.5M, net of capital allocations (\$7.2M)
- Outside Services primarily relate to the Red Car operation (\$831K)
- Other Operating Expenses include: Materials and supplies (\$144K) and travel (\$43K)

Development Bureau Division Budgets

- **Construction & Maintenance**

- Salaries & Benefits: \$30.5M, net of capital allocations (\$2.0M)
- Outside Services include: Hiring Hall salaries and benefits (\$1.9M) and the following maintenance needs (\$4.5M):
 - ✓ Building repairs and upgrades: \$1.7M
 - ✓ Wharves: \$1.1M
 - ✓ Equipment: \$704K
 - ✓ Fountain maintenance, refuse disposal and landfill dumping: \$496K
 - ✓ Electrical equipment safety and job hazard analyses: \$275K
 - ✓ Computerized Maintenance Management System: \$140K
 - ✓ Rail: \$85K
 - ✓ Fencing: \$75K
- Other Operating Expenses primarily relate to materials and supplies (\$4.9M) with an additional \$483K proposed for Bureau of Sanitation and Street Lighting services

Development Bureau Division Budgets

- **Maintenance Improvement Program**

- Outside Services include: Deferred maintenance costs (\$995K), asphalt, paving and pavement management program (\$800K), main channel dredging (\$500K), Pan-Pacific demolition EIR (\$300K), wharf maintenance and program (\$250K) bridge inspections (\$145K) and sidewalk repair program (\$60K)
- Other Operating Expenses primarily relate to materials and supplies (\$207K)

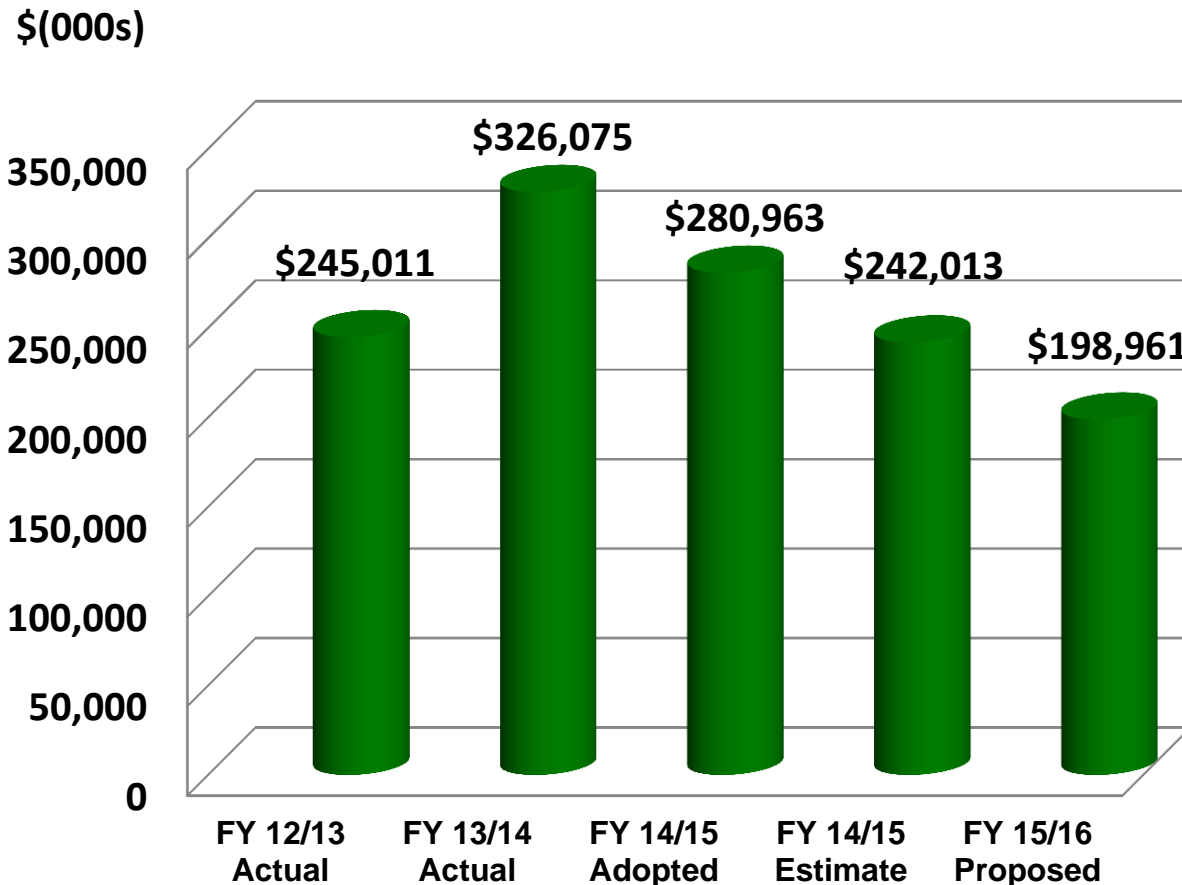
- **Goods Movement**

- Salaries & Benefits: \$831K, net of capital allocations (\$40K)
- Outside Services primarily relate to transportation planning services (\$152K)

CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Program Budget-at-a-Glance

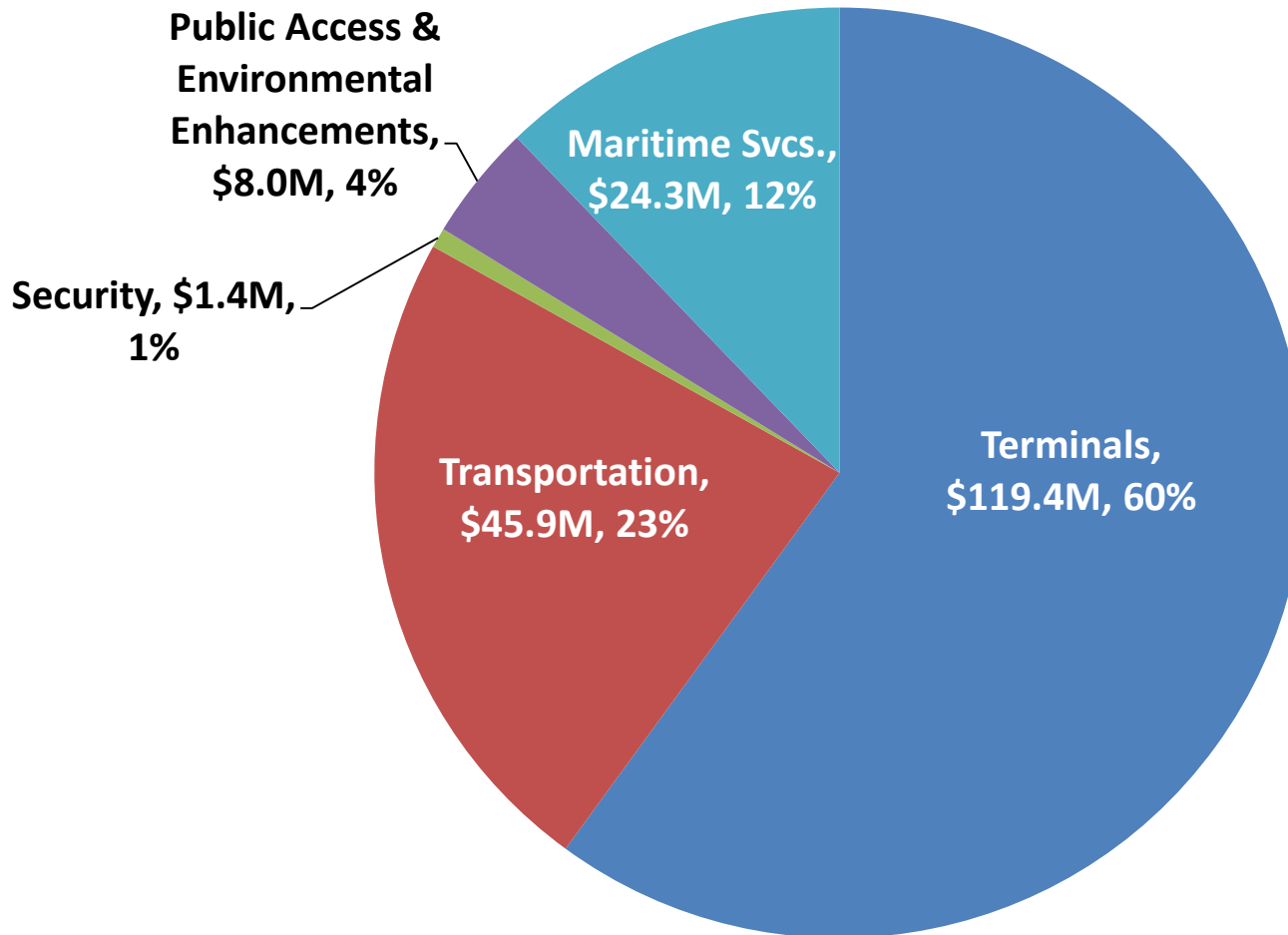
Net Operating Expenses



Budget Highlights

- FY 15/16 Proposed CIP: \$199.0M
 - 17.8% decline relative to FY 14/15 Estimates
 - 29.2% decline relative to the FY 14/15 Adopted Budget
- Key Expenditures:
 - TraPac Development: \$81.2M
 - Transp. Improvements: \$45.9M
 - YTI Development: \$19.8M
 - MOTEMS: \$10.5M
 - Public Access and Environmental Enhancements: \$8.0M

Proposed Capital Improvement Program (CIP) Budget FY 2015/16 \$199.0M*



*Includes Salaries and Benefits

New Evaluations and Design Starts for Major Projects Proposed in FY 15/16 Budget

(\$ in Millions)

Project Title	Proposed Budget FY 15/16	Project Total
Wilmington Waterfront Promenade/Catalina Freight Building Site Repurpose	\$1.00	\$52.0
Ports O'Call Promenade and Town Square	0.85	32.9
LADWP Recycled Water Line	0.29	10.0
Ports O'Call Bluff Parking Expansion and Reconfiguration	0.23	5.7
Berth 93 Cruise Terminal – Customs and Border Protection Improvements	0.17	2.7
Total	\$2.54M	\$103.3M

Design Continuations/Finishes for Major Projects Proposed in FY 15/16 Budget

(\$ in Millions)

Project Title	Proposed Budget FY 15/16	Project Total
Berth 306 (APL) Wharf and Backland – Only Wharf Design in FY 15/16	\$1.6	\$172.0
Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) Program	6.0	169.6
Berth 57 (AltaSea) – pending alternative analysis	2.6	59.2
Berths 226-236 (Everport) Terminal Improvements	2.3	46.5
Sampson Way Roadway & 7 th Street Intersection Improvements*	1.9	13.6
Berth 134-135 (TraPac) 5 Acre Backland Improvement	0.4	10.7
Front Street Beautification*	0.9	6.9
Berth 161 – Marine Ways Modifications*	1.5	1.9
Badger Avenue Bridge Rehabilitation*	0.5	1.7
Total	\$17.7M	\$482.1M

* Planned design completions

Planned Construction Starts for Major Projects Proposed in FY 15/16 Budget

(\$ in Millions)

Project Title	Proposed Budget FY 15/16	Project Total
Berths 214-220 (YTI) Redevelopment/AMP Improvements	\$19.8	\$63.7
Berths 100-102 (WBCT) Marine Operations & Crane Maintenance Buildings	3.0	19.5
Berth 142 (TraPac) Crane Maintenance Building	3.7	5.7
Sampson Way Roadway & 7 th Street Intersection Improvements	1.9	13.6
Front Street Beautification	0.9	6.9
Berth 161 – Marine Ways Modifications	1.5	1.9
Badger Avenue Bridge Rehabilitation	0.5	1.7
Total	\$31.3M	\$113.0M

Construction Continuations/Finishes for Major Projects Proposed in FY 15/16 Budget

(\$ in Millions)

Project Title	Proposed Budget FY 15/16	Project Total
Berths 142-143 (TraPac) Improvements – Phases 2-4	\$38.7	\$143.4
Berths 142-147 (TraPac) Intermodal Container Transfer Facility (ICTF)	33.2	85.9
Berths 136-139 (TraPac) Terminal Buildings and Gate*	5.1	80.0
C-Street/I-110 Access Ramp Improvements	18.4	51.0
John S. Gibson Intersection & Northbound I-110 Ramp Access Improvements	10.4	32.1
I-110/SR-47 Connector Improvement	6.4	21.0
Miscellaneous Deferred Maintenance Projects	6.0	6.0
Berth 187-190 – MOTEMS Repairs*	3.3	3.6
IT Cyber Security Improvements – Phase II	1.3	2.4
Berth 161 Marine Ways Modifications*	1.5	1.9
Berths 163-164 MOTEMS Repairs	1.3	1.8
Ports O’Call – Americans with Disabilities Act Compliance Repairs*	0.8	0.8
Total	\$126.4M	\$429.9M

* Planned construction completions

Unallocated Capital Improvement Program Fund (\$ in Millions)

Category	Proposed Budget FY 15/16
Unanticipated Construction	\$4.0
Consultants	3.5
In-House Labor Allocations	2.2
Parts and Materials	4.0
Other	5.0
Subtotal	\$18.7
Deferred Maintenance	(6.0)
Total	\$12.7M

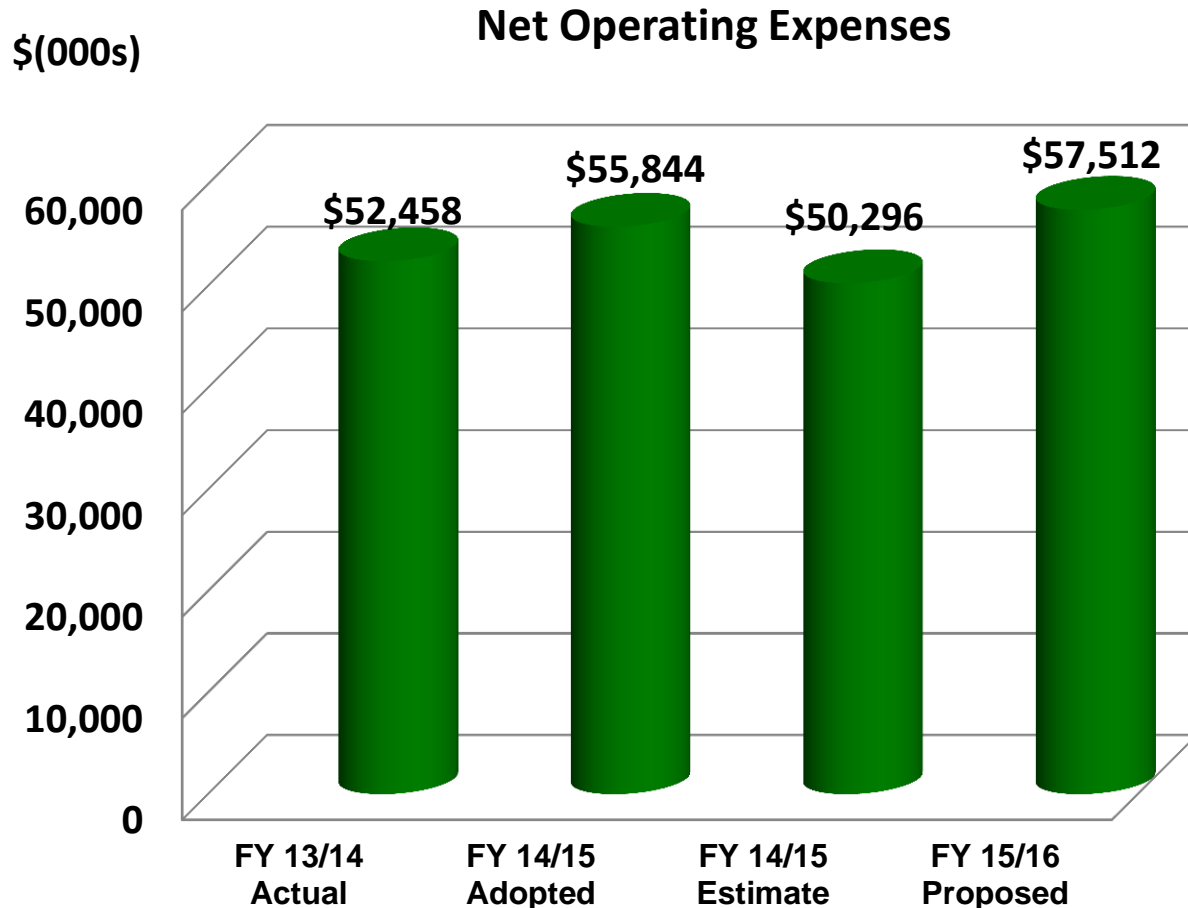
OPERATIONS & EMERGENCY MANAGEMENT BUREAU

Information
Technology

Port Pilots

Port Police

Operations & Emergency Management Bureau Operating Budget-at-a-Glance



Budget Highlights

- FY 15/16 Proposed Net Operating Expenses: \$57.5M
 - 14.3% increase relative to FY 14/15 Estimate
 - 3.0% increase relative to the FY 14/15 Adopted Budget
- Summary of changes relative to FY 14/15 Adopted and Estimate:
 - Higher Salaries and Benefits and filling vacancies
 - ✓ +\$1.3M vs. Adopted
 - ✓ +\$6.8M vs. Estimate
 - Higher Port Security Services
 - ✓ +\$600K vs. Estimate

FY 2015/16 Goals & Initiatives for Operations & Emergency Management Bureau Align with Strategic Plan Objectives

Objective 2: An Efficient, Secure, and Environmentally Sustainable Supply Chain

- Maintain critical computer and telecommunications services that support the Port's objectives and keep business going
- Provide safe and continuous movement of commercial ships in and out of the Port, supporting customers' operational schedules
- Implement security and public safety strategies that support goods movement, emergency management and risk mitigation

Operations & Emergency Management Bureau Division Budgets

Division (\$ in thousands)	Budgeted Positions	Gross Expenses				Capital Expenses (CAPEX)	Operating Exp (Gross Exp - CAPEX)
		Salaries & Benefits	Outside Services	Other Operating Exp	Total Gross Exp	Allocations to Capital Budget	Net Operating Exp
Information Technology	45	\$ 7,534	\$ 4,811	\$ 1,766	\$ 14,110	\$ (2,639)	\$ 11,471
Port Pilots	30	10,229	71	140	10,439		10,439
Port Police	228	30,904	3,072	1,624	35,601		35,601
TOTAL	303	\$ 48,667	\$ 7,954	\$ 3,530	\$ 60,151	\$ (2,639)	\$ 57,512

Totals may differ due to rounding

- **Information Technology**

- Salaries & Benefits: \$7.4M, net of capital allocations (\$100K)
- IT Consulting: \$2.6M, Software Maintenance: \$1.9M, Telephone: \$1.5M

- **Port Pilots**

- Salaries & Benefits: \$10.2M
 - ✓ Offset by \$7.7M in pilotage revenues

- **Port Police**

- Salaries & Benefits: \$30.9M
- Port Security Service expenses: \$2.7M (\$2M eligible for grant reimbursement)
- Law Enforcement/Dive/HazMat equipment, supplies and maintenance: \$810K

EXTERNAL AFFAIRS BUREAU

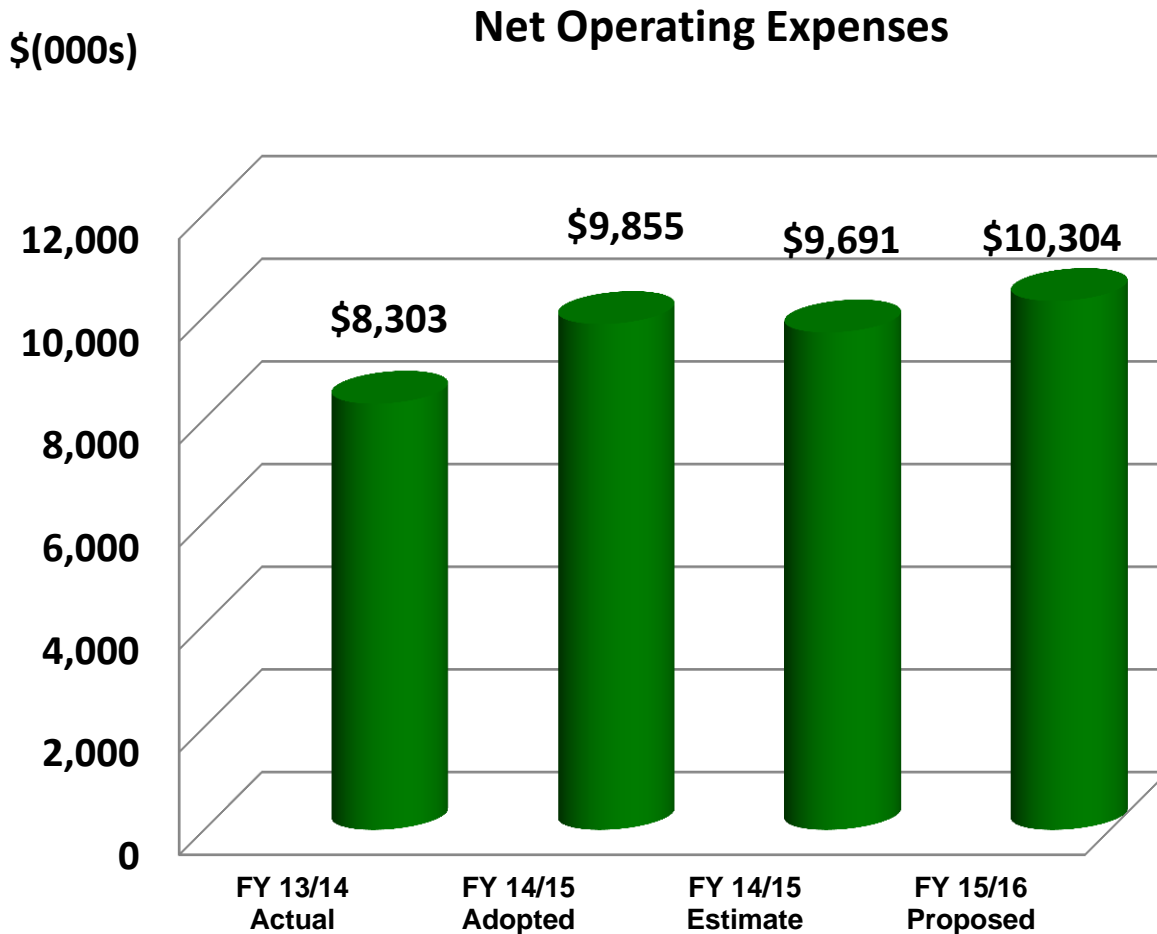
Commission
Office

Communications
- Public Relations
- Media Relations
- Graphics Services

Government
Affairs

Trade
Development

External Affairs Bureau Operating Budget-at-a-Glance



Budget Highlights

- FY 15/16 Proposed Net Operating Expenses: \$10.3M
 - 6.3% increase relative to FY 14/15 Estimate
 - 4.6% increase relative to the FY 14/15 Adopted Budget
- Summary of changes relative to FY 14/15 Adopted and Estimate:
 - Inclusion of Trade Development division budget within Proposed
 - ✓ +\$700K vs. Adopted
 - ✓ +\$700K vs. Estimate

FY 2015/16 Goals & Initiatives for External Affairs

Bureau Align with Strategic Plan Objectives

Objective 4: Strong Relationships with Stakeholders

- Attract visitors to the L.A. Waterfront of Wilmington and San Pedro
 - Participate in various community groups, chambers of commerce and neighborhood councils
 - Support the activation and growth of the L.A. Waterfront in an effort to attract a minimum of 100,000 visitors for events
 - Spotlight the L.A. Waterfront as a tourist destination
- Educate stakeholders about the Port through consistent, relevant and compelling narrative and programs
 - Place newsworthy stories across various media platforms to attain earned media value of at least \$5 million during the course of the year
 - Continue to promote the Trade Connect program to increase U.S. export opportunities
 - Develop relationships with administrative and elected officials
 - Continue to establish Port leadership on important policy issues
- Provide administrative support to the Board of Harbor Commissioners

External Affairs Bureau Division Budgets

Division (\$ in thousands)	Budgeted Positions	Gross Expenses			Operating Expenses
		Salaries & Benefits	Outside Services	Other Operating Exp	
Public Relations	12	\$ 1,892	\$ 202	\$ 3,587	5,681
Media Relations	4	545	164	31	740
Graphics	9	991	118	183	1,291
Communications Subtotal	25	\$ 3,428	\$ 483	\$ 3,801	\$ 7,712
Commision Office	5	485	24	44	554
Government Affairs	4	777	500	83	1,360
Trade Development	3	561		117	678
TOTAL	37	\$ 5,251	\$ 1,006	\$ 4,046	\$ 10,304

Totals may differ due to rounding

- **Communications**

- Salaries & Benefits: \$3.4M
- Outside Services include: the cost of third-party audio-visual services, photographers, writers, ad agency fees and translation services (\$285K)
- Other Operating Expenses include: the Community Investment Program (\$1.2M), commercial trade and business ads (\$602K), Port memberships (\$341K), boat tours (\$270K), City Services (\$255K) and marketing expenses for business development (\$267K)

External Affairs Bureau Division Budgets

- **Commission Office**
 - Salaries & Benefits: \$485K
- **Government Affairs**
 - Salaries & Benefits: \$777K
 - Federal & state advocacy (\$390K) and transportation advisory services (\$110K)
- **Trade Development**
 - Salaries & Benefits: \$561K
 - Trade Connect – Asia (\$42K) and customer meetings, events, etc. (\$35K)

FINANCE & ADMINISTRATION BUREAU

Finance

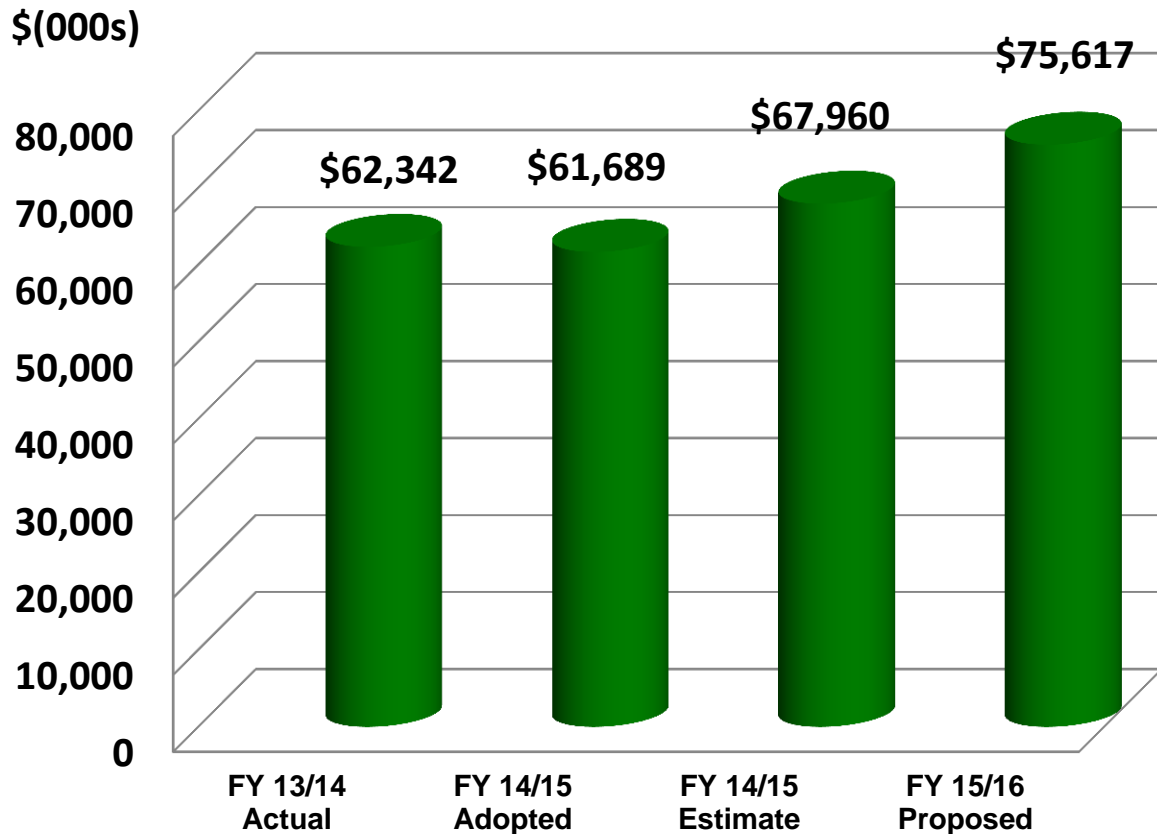
- Accounting
- Debt & Treasury
- Financial Management
- Management Audits
- Risk Management
- Harbor Dept. Operating

Contracts & Purchasing

Human Resources

Finance & Administration Bureau Operating Budget-at-a-Glance

Net Operating Expenses



Budget Highlights

- FY 15/16 Proposed Net Operating Expenses: \$75.6M
 - 11.3% increase relative to FY 14/15 Estimate
 - 22.6% increase relative to the FY 14/15 Adopted Budget
- Summary of changes relative to FY 14/15 Adopted and Estimate:
 - Higher electricity due to Alternative Maritime Power
 - ✓ +\$12.1M vs. Adopted
 - ✓ +\$1.9M vs. Estimate
 - Salary and Benefit true-ups and adjustments
 - ✓ +\$2.7M vs. Estimate
 - Higher LA City fire services
 - ✓ +\$1.0M vs. Adopted
 - ✓ +\$1.0M vs. Estimate

FY 2015/16 Goals & Initiatives for Finance & Administration Bureau Align with Strategic Plan Objectives

Objective 4: Strong Relationships with Stakeholders

- Make the Harbor Department the employer of choice by providing opportunities for professional development and promoting excellence
 - Implement comprehensive training program for staff development
 - Manage recruitment and retention initiative to minimize attrition
- Continue outreach for equity, access and inclusion for Port contracting/procurement opportunities
- Support the Port's overall strategic objectives
 - Provide timely, accurate and transparent financial reporting to stakeholders
 - Maintain 'AA' credit rating
 - Work with and across divisions to maximize return on Port's assets
 - Improve financial and internal controls and business processes
 - Control workers' compensation claims and expenses
 - Use City Services efficiently

Finance & Administration Bureau Division Budgets

Division (\$ in thousands)	Budgeted Positions	Gross Expenses				Capital Expenses (CAPEX)	Operating Exp (Gross Exp - CAPEX)
		Salaries & Benefits	Outside Services	Other Operating Exp	Total Gross Exp	Allocations to Capital Budget	Net Operating Exp
Accounting	28	\$ 3,272	\$ 540	\$ 25	\$ 3,838	\$ (9)	\$ 3,829
Debt & Treasury	5	821	75	28	923	(3)	920
Financial Management	12	1,929	0	21	1,950	(253)	1,697
Management Audits	3	496	250	5	751	(8)	743
Risk Management	10	1,302	223	3,780	5,304	(109)	5,194
Harbor Operating	-	-	-	55,761	55,761	(1,048)	54,713
Special Projects*	-	1,379			1,379		1,379
Finance Subtotal	58	\$ 9,199	\$ 1,088	\$ 59,619	\$ 69,906	\$ (1,431)	\$ 68,475
Contracts & Purchasing	20	2,428	480	277	3,185		3,185
Human Resources	19	3,594	109	254	3,957		3,957
TOTAL	97	\$ 15,222	\$ 1,676	\$ 60,151	\$ 77,049	\$ (1,431)	\$ 75,618

Totals may differ due to rounding

* Salaries & Benefits listed within the Special Projects division relate to provisional benefits (vacation/sick-time payouts and true-ups) which may be distributed throughout FY 2015/16.

Finance & Administration Bureau Division Budgets

- **Finance**

- Salaries & Benefits: \$9.2M
- Outside Services include: ERP consultants (\$425K), audit pool and fees (\$365K), insurance services (\$110K), and occupational health and safety (\$100K)
- Other Operating Expenses include: City Services (\$31.6M), electricity (\$17.9M), insurance (\$3.6M) and litigation claims/settlements (\$1.8M)

- **Contracts and Purchasing**

- Salaries & Benefits: \$2.4M
- Outside Services include: Canon photocopier rental services (\$260K) and the Bond Assistance Program (\$220K)
- Other Operating Expenses primarily relate to Public Works City Services (\$209K)

- **Human Resources**

- Salaries & Benefits: \$3.6M includes HR salaries and benefits (\$3.1M) as well as Port-wide tuition reimbursement (\$303K) and other Port-wide employee benefits (\$140K)
- Outside Services primarily relate to POLA employee and management education training (\$106K)
- Other Operating Expenses primarily relate to the vanpool program (\$185K)