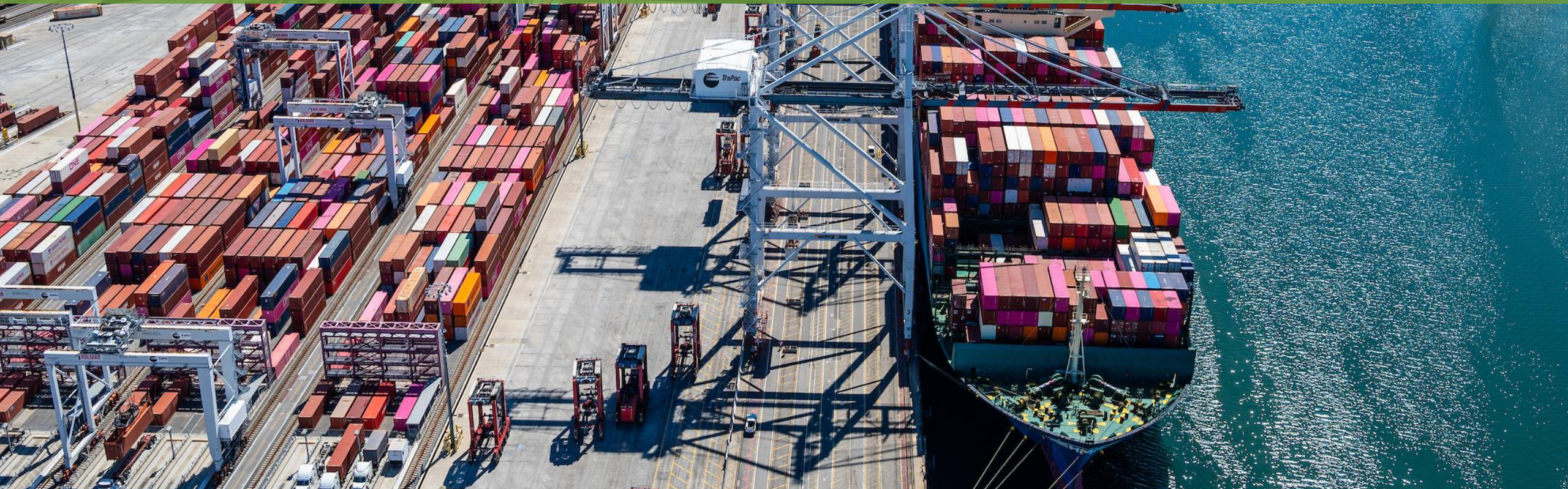


**THE PORT
OF LOS ANGELES** 

America's Port

Fiscal Year 2024/25
Consideration of
Proposed Budget for Adoption

June 6, 2024



- Budget Development Process
- Sources of Funding for Proposed Budget
- Appropriations for Proposed Budget



BUDGET DEVELOPMENT PROCESS

FOUNDATIONS OF BUDGET DEVELOPMENT PROCESS

Funding Priorities

- Department operations
- Capital projects
- Repayment of debt obligations
- Reserves

Strategic Plan Alignment

- Development of infrastructure that promotes growth
- Safe, secure, and sustainable supply chain
- Strong financial performance
- Strong relationships with stakeholders

Restricted Expenditures

- State Tidelands Trust restricts revenues and land for trust complain purposes - commerce, navigation, fishing, recreation, environmental activities that are water-dependent
- City Charter also restricts department funds to operations and development of the port complex

Financially Self-Supporting

- Proprietary department, financially self-sufficient
- No reliance on General Fund dollars or City taxes
- Revenues are derived from port operations

Timeline

- Fiscal year runs from July 1 – June 30
- Staff presents budget to the Board of Harbor Commissioners for a deep dive in April
- Board approves budget in June
- City Council can review budget, but does not approve it

Operating Expense Strategic Plan Alignment: \$403.7M



Financial Performance Goals



Key Financial Metric	Minimum	Proposed FY 2024/25
Debt Rating	AA	AA+
Debt Service Coverage	2.0x	4.9x
Operating Margin	45.0%	41.0%
Days Cash on Hand	500	500+

Changes Made Since April Board Presentation



OPERATING REVENUE CHANGES	▼ -\$0.4M, -0.1%
Proposed Total Operating Revenue, April 2024	\$685,163,751
Additions / (Reductions):	
Wharfage Revenues	(\$2,096,875)
Clean Truck Fee	\$1,647,517
Proposed Total Operating Revenue, June 2024	\$684,714,393

Changes Made Since April Board Presentation



OPERATING EXPENSE CHANGES	▲ \$1.7M, 0.4%
Proposed Total Operating Expenses, April 2024	\$ 402,044,338
Additions / (Reductions):	
Salaries & Benefits Changes (Payout for Personal Leave, 4 new positions, & 10 upgrades)	\$1,377,457
Real Estate Division Consultant Support	\$125,000
Cyber Security Operations Center (CSOC) Support	\$68,000
Audit Management Software	\$45,000
Server Replacement Support Services	\$35,236
Proposed Total Operating Expenses, June 2024	\$ 403,695,031

FY 2024/25: Sources of Funding & Appropriations



Sources:		Appropriations:	
Projected Starting Cash Balances:		Operating Expenses	\$ 403,695,031
Unrestricted Funds	\$ 1,357,114,186	Non-Operating Expenses	32,179,692
Restricted Funds	199,009,400	Capital Budget	298,081,044
		Debt Repayments & Other	289,753,582
Operating Receipts	\$ 684,714,392	Projected Year-End Balances:	
Non-Operating Receipts	46,839,579	Unappropriated Balance	\$ 1,336,322,363
Grant Receipts (Capital)	96,671,621	Restricted Cash	263,074,267
Proceeds from Debt Issuance	238,756,801		
Total Sources	\$ 2,623,105,979	Total Appropriations	\$ 2,623,105,979

Budget Cash Flow

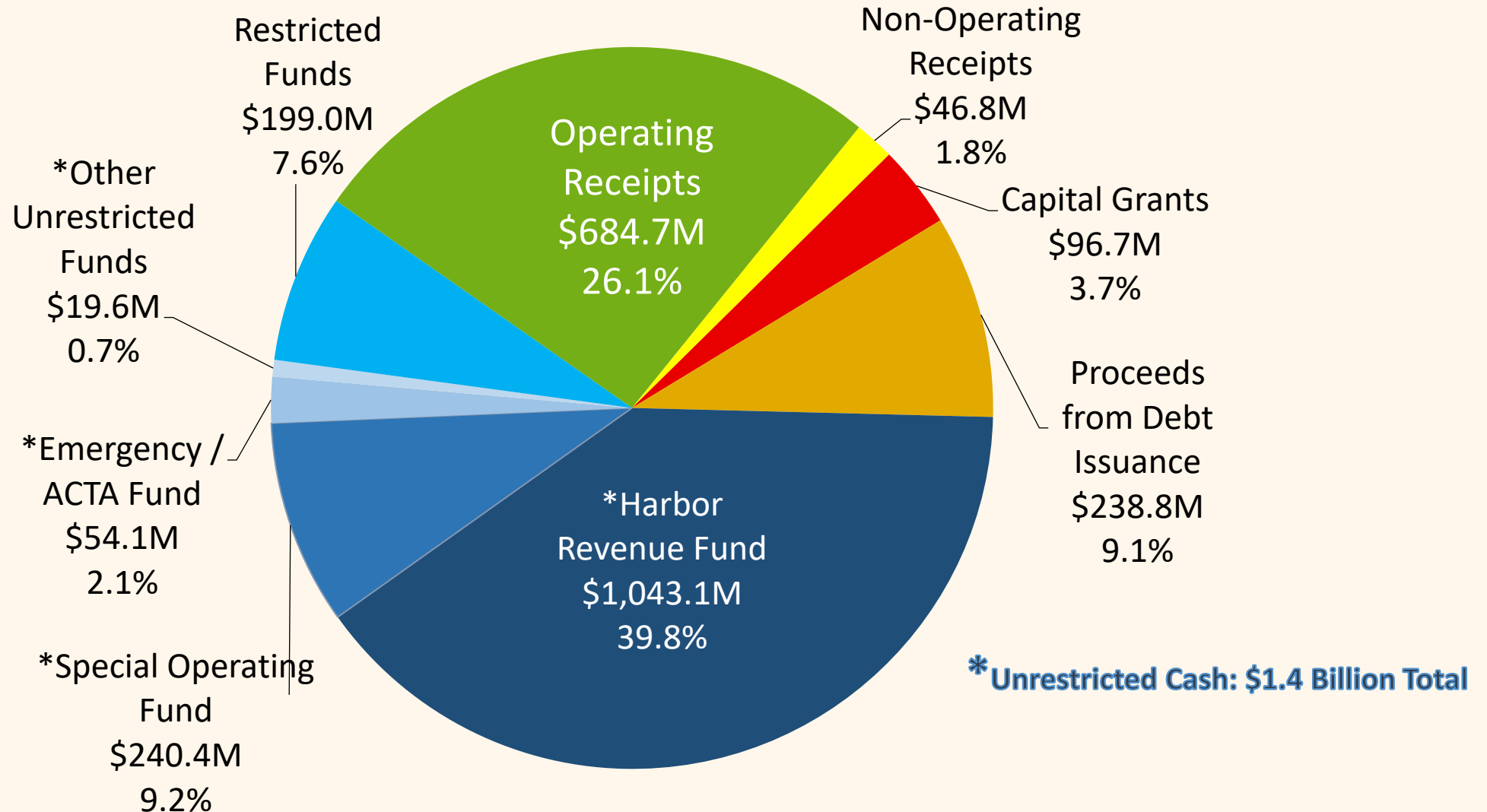
(\$ in millions)	Actual FY 22/23	Forecast FY 23/24	Proposed FY 24/25	Variance Prop. – Fore. Fav. (Unfav.)
Operating Revenues	\$656.4	\$687.7	\$684.7	▼ \$(3.0)
Less: Operating Expenses	(299.4)	(347.7)	(403.7)	▲ (56.0)
Operating Income	357.0	340.0	281.0	▼ (59.0)
Less: Debt service	(67.4)	(68.5)	(66.3)	▼ 2.2
Sub Total	289.6	271.5	214.7	▼ (56.8)
Less: Capital Improvement Plan	(109.4)	(194.3)	(257.7)	▲ (63.4)
Less: Capital Equipment & Allocations	(26.3)	(36.2)	(40.4)	▲ (4.2)
Cash Earned (Needs), before Grants & Other	153.9	41.0	(83.4)	▼ (124.4)
Plus: Capital Grant Receipts	43.5	57.1	96.7	▲ 39.6
Plus: Other Items, Net	(21.7)	78.8	30.0	▼ (48.8)
Cash from Operations and Investments*	\$175.7	\$176.9	\$43.3	▼ \$(133.6)

* FY 24/25 cash from operations is expected to remain positive, but decline relative to FY 23/24 primarily due to increases in operating expenses and capital spending being only partially offset by increased grant receipts.

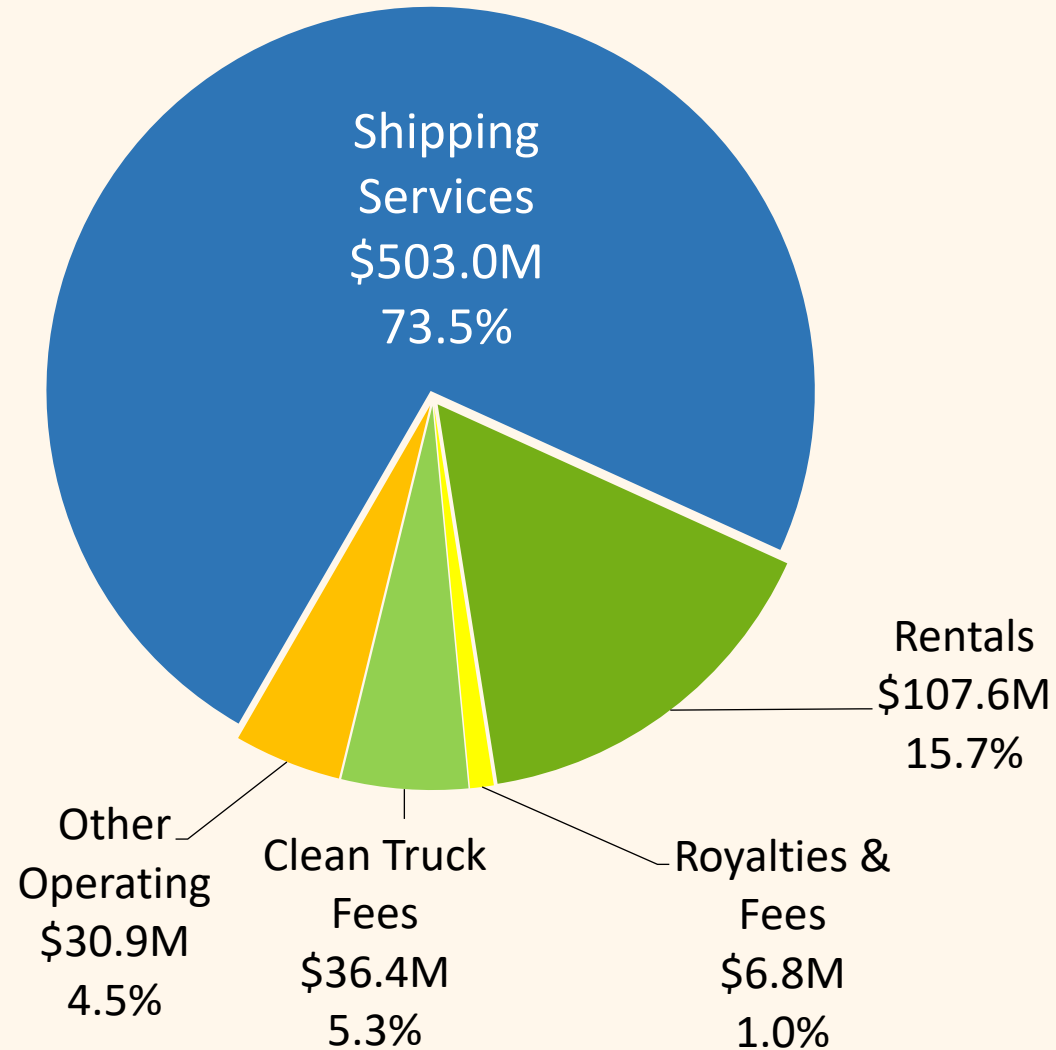


SOURCES OF FUNDING FOR FY 2024/25 PROPOSED BUDGET

Proposed Funding Sources FY 2024/25: \$2.62B



Operating Revenues FY 2024/25: \$684.7 Million



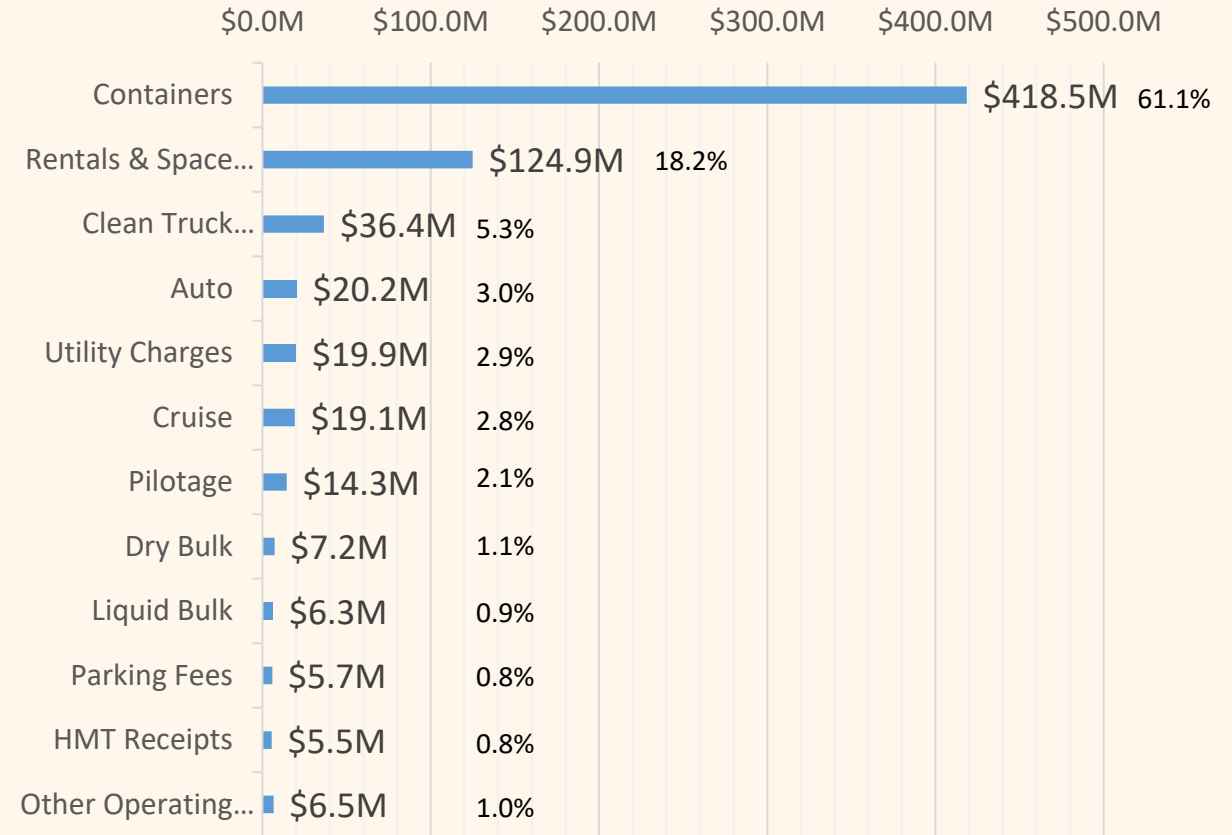
Highlights:

- **FY 2024/25 Cargo Volumes: 9.1 million TEUs**
 - ▲ 2.0% Increase Relative to FY 2023/24 Adopted Budget & Forecast
- **FY 2024/25 Shipping Services: \$503.0 million**
 - ▲ 0.6% Increase Relative to FY 2023/24 Forecast
 - ▲ 5.2% Increase Relative to FY 2023/24 Adopted Budget

Lines of Business FY 2024/25



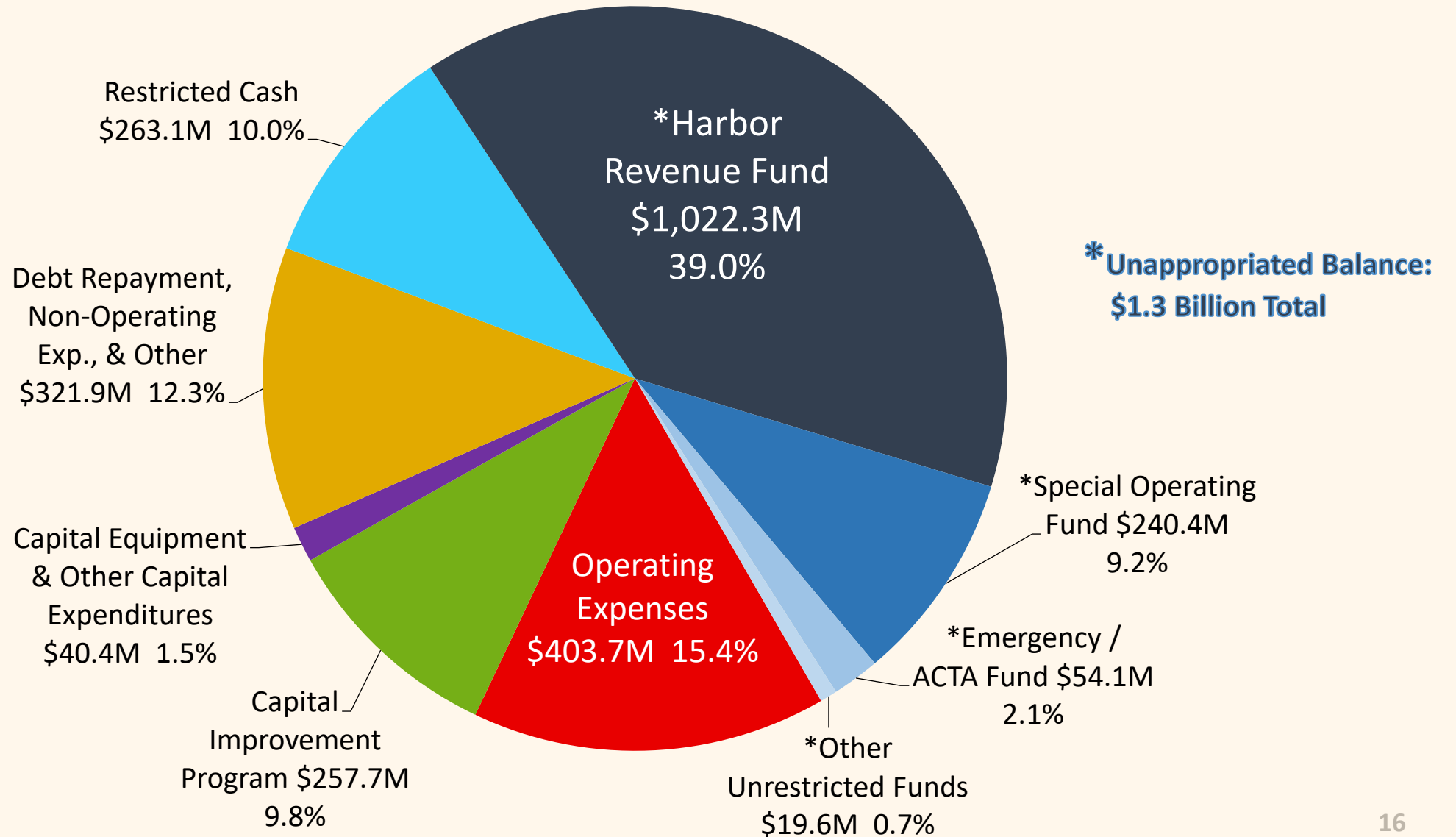
(\$ in Thousands)	Forecast	Proposed
	FY 23/24	FY 24/25
Containers	\$409,906	\$418,548
Rentals & Space Assignments	\$133,927	\$124,869
Clean Truck Program Fees	\$36,396	\$36,396
Auto	\$19,441	\$20,219
Utility Charges	\$19,543	\$19,934
Cruise	\$20,120	\$19,114
Pilotage	\$13,646	\$14,329
Dry Bulk	\$7,156	\$7,199
Liquid Bulk	\$6,528	\$6,336
Parking Fees	\$6,036	\$5,734
Harbor Maintenance Tax Receipts	\$5,500	\$5,500
Other Operating Revenues	\$9,478	\$6,537
Total Operating Revenues	\$687,678	\$684,714



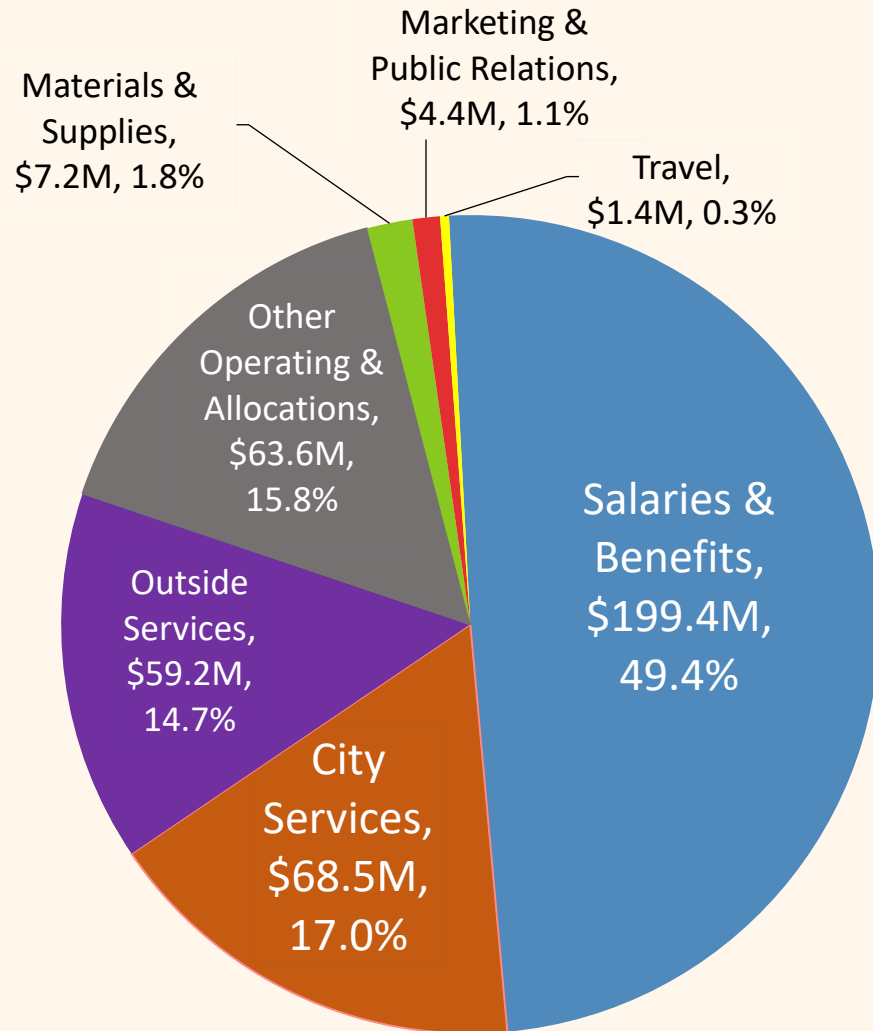


APPROPRIATIONS FOR
FY 2024/25 PROPOSED BUDGET

Proposed Appropriations FY 2024/25: \$2.62B



Operating Expenses FY 2024/25: \$403.7 Million



Highlights:

- **FY 2024/25 Operating Expenses: \$403.7 Million**
 - ▲ 8.4% Increase Relative to FY 2023/24 Adopted Budget
 - ▲ 16.1% Increase Relative to FY 2023/24 Forecast
- **Major Increases:** ▲
 - ✓ \$24.2M Salaries & Benefits
 - ✓ \$5.7M Outside Services
 - ✓ \$3.9M Container Incentives
 - ✓ \$2.8M Community Mitigation Contributions
 - ✓ \$1.7M City Services
- **Major Reductions:** ▼
 - ✓ \$4.0M Electric Services
 - ✓ \$3.1M Clean Truck Fund Rate Program

Capital Improvement Program (CIP) FY 2024/25: \$257.7M



(\$ in Thousands)	Adopted Budget FY 2023/24	Forecast FY 2023/24	Proposed Budget FY 2024/25	Δ% Proposed to Adopted Budget	Δ% Proposed to Forecast
Capital Improvement Program:					
Terminal Improvements	\$ 99,529	\$74,352	\$ 52,247	(47.5%)	(29.7%)
Transportation Projects	22,474	11,312	49,545	120.5%	338.0%
Security Projects	1,990	6,822	6,406	221.9%	(6.1%)
Public Access / Env. Enhancements	24,494	56,312	52,405	114.0%	(6.9%)
Maritime Services	68,032	45,460	97,071	42.7%	113.5%
Total CIP Budget	\$ 216,518	\$194,258	\$ 257,675	19.0%	32.6%

Zero Emissions Port Electrification & Operation (ZEPEO)
\$15.3M

Berths 177-182 Marine Improvements
\$16.9M

MOTEMS Program (Ongoing)
\$12.1M

State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd. Interchange Reconfiguration
\$44.3M

Security Projects
\$5.7M

Harbor Administration Building – HVAC Replacement
\$3.3M

San Pedro Waterfront Berths 74-83 Promenade – Phase II & Clean Up
\$14.5M

208 East 22nd St Parking Lot Improvements
\$904K

Wilmington Waterfront Avalon Pedestrian Bridge and Promenade Gateway
\$7.6M

POLA-POLB Goods Movement Workforce Training Facility
\$4.0M

Navy Way and Seaside Ave. Interchange Improvements
\$971K

Terminal Island Maritime Support Facility
\$3.2M

Maritime Support Facility Access/Terminal Island Rail System Grade Separation
\$951K

Terminal Island Facilities Demolition & Improvement (TIFDI) Projects
\$15.3M

Berths 302-305 On Dock Rail Expansion
\$6.1M

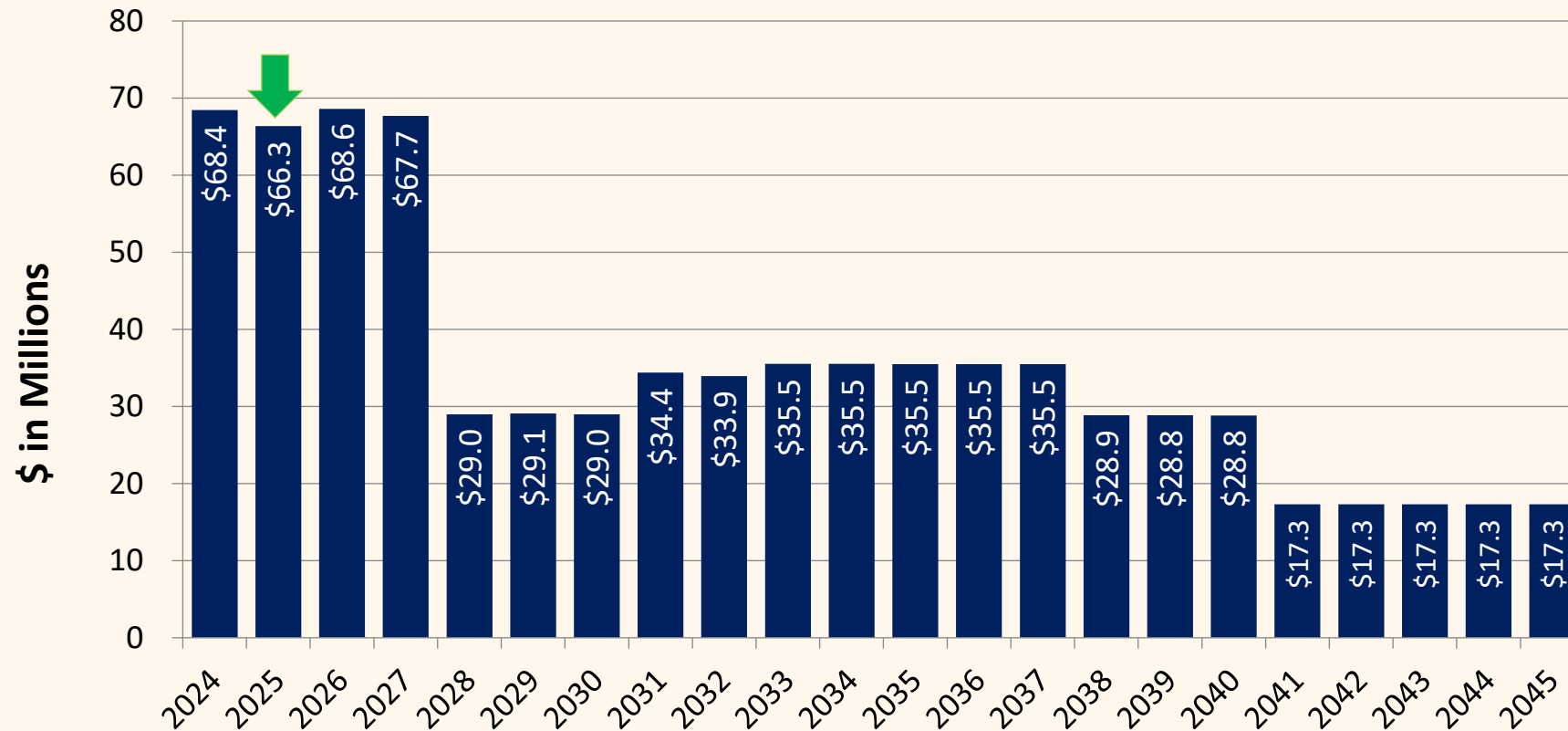


FY 2024/25 Capital Improvement Projects

Debt Service Profile

- POLA currently has \$493.8 million in senior lien fixed rate outstanding debt rated AA+ by S&P.
- \$264.7 M of 2014ABC Bond Series become callable on August 1, 2024

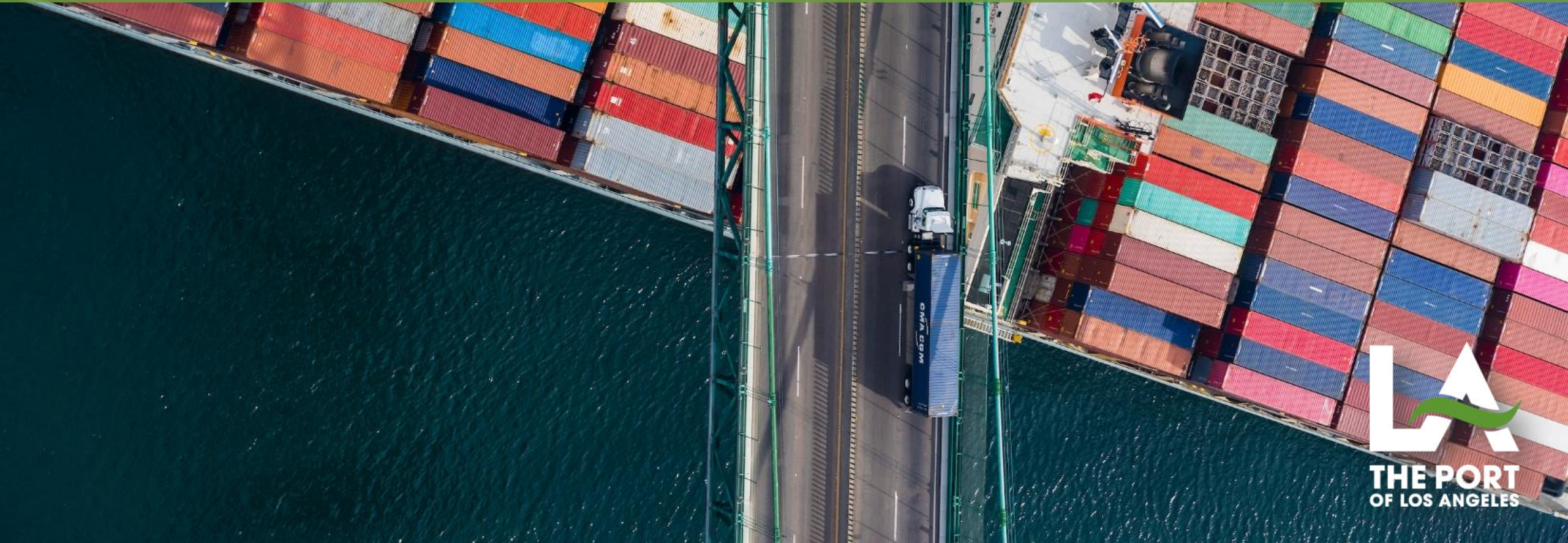
Debt Service



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