

City of Los Angeles Harbor Department

PROPOSED ANNUAL BUDGET 2016/2017





PORT OF LOS ANGELES

PROPOSED

ANNUAL BUDGET

FISCAL YEAR 2016/17

Los Angeles Board of Harbor Commissioners

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

Fiscal Year 2016/17 Proposed Annual Budget

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

The Port of Los Angeles (Port) is America's Port®, the nation's number one container port and leader in container volume and cargo value.

A gateway of connectivity and the busiest container port in the Western Hemisphere, the Port is a vital economic engine both regionally and nationally, and among Southern California's strongest industries in terms of jobs and economic activity.

As North America's preferred gateway, the Port is committed to delivering value to its customers through superior infrastructure and efficient operations. It is equally dedicated to sustaining a positive, healthy quality of life for inhabitants of its Port communities and the City of Los Angeles, and serving as a model for sustainability, security, and social responsibility for ports around the world.

FISCAL YEAR 2015/16 IN REVIEW

Fiscal Year (FY) 2015/16 represented a year of recovery throughout the Port complex. After experiencing severe congestion in late 2014 and early 2015, the Port has facilitated the development of various supply chain efficiency initiatives and has continued its involvement in domestic and international supply chain optimization efforts all aimed at increasing terminal velocity throughout the Port complex.

These efforts have begun to bear fruit through three quarters of the current fiscal year as cargo volumes have increased nearly 3.0% relative to the prior year-to-date period. In addition, the Port once again received favorable long term bond ratings of "AA" from Fitch Ratings and Standard & Poor's, and a comparable rating of "Aa2" from Moody's Investors Service. The Port's "AA" rating affirms the Port's commitments to retaining the confidence of the investor community through prudent financial management and accessing capital in the most cost effective manner possible.

Cargo Volume Detail

Container volumes at the Port decreased 2.2% in Calendar Year (CY) 2015 over the previous year, with total volumes reaching 8.2 million Twenty-Foot-Equivalent Units (TEUs), compared to 8.3 million TEUs in CY 2014. Still, the Port managed to surpass the 8 million TEU mark for only the fifth time in its 109-year history, and had the fourth busiest year on record. This allowed the Port to retain its position as the #1 container port by volume in the U.S. for the 16th consecutive year.

Record-breaking cargo volumes in the first quarter of CY 2016 - including the busiest February on record - are strong indicators of improved consumer confidence in the U.S. economy and shipper confidence in the Port. If the upward trajectory continues, the Port expects its cargo volumes will again exceed 8 million TEUs for CY 2016.

Arrival of the Big Ships

Adapting to the demands of a dynamic shipping industry is an important aspect of the Port's growth strategy. One such demand is serving increasingly larger vessels now calling on ports around the world.

Port supply chain efficiency improvements, cooperative working relationships with skilled longshore labor, and infrastructure upgrades over the last decade, most notably the Main Channel deepening to - 53 feet, have all allowed the Port to serve some of the most massive Ultra Large Container Vessels in the world.





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In December 2015, the largest container ships to ever to call at a North American port arrived at the Port of Los Angeles. The CMA CGM Benjamin Franklin which has a capacity of nearly 18,000 TEUs as well as the 15,000-TEU Maersk Edmonton docked at the Port in the same week. In both instances, working the mega-ships required advanced planning by the terminal operator, shipping lines, labor, trucking companies, and cargo owners. Due to this extensive advanced planning with stakeholders, 1,500 longshore labor personnel operating nine cranes which generated approximately 11,200 container moves over a 56 hour period serviced the Benjamin Franklin and completed the on-loading and off-loading of cargo 13 hours ahead of schedule.

Prior to the arrival of the CMA CGM Benjamin Franklin and Maersk Edmonton, longshore and land-side logistics partners at the Port's APM Terminals successfully processed three 13,000 TEU ships concurrently. The servicing of these ships produced more than 38,000 container moves over an 8-day period.

In order to ensure that it remains competitive and responsive to the needs of a changing maritime industry, the Port will continue to build capacity and maintain open communication with stakeholders to accommodate increasingly bigger ships.

ONGOING CAPITAL IMPROVEMENTS

Capital investments in world-class infrastructure and facilities continued in FY 2015/16 in order to facilitate the Port's long-term growth and success. Projects active throughout FY 2015/16 that continue today include:

- **TraPac** – A unit of Japan-based Mitsui O.S.K. Lines Ltd., TraPac is expanding through a \$510 million program that will extend its wharves to 4,600 linear feet; deepen water depth at Berths 144-147; install new cranes; upgrade and electrify backlands; and construct road and gate improvements, buildings, and a new on-dock rail facility. TraPac is making a significant capital investment in equipment and operating systems

as well. The majority of program elements have been constructed, with newly electrified terminal equipment already operating at the terminal. Construction of the on-dock rail is substantially complete and the final phase of the backland improvements is expected to be completed in March 2017.

- **Yusen Terminals Inc. (YTI)** – The YTI project consists of improvements to the wharf and backland, and expansion of the Terminal Island Container Transfer Facility (TICTF).

These improvements will allow YTI to service the



largest ships in the trans-Pacific trade lanes. The wharf improvements include deepening Berths 214-216 to a -53 foot depth, deepening Berths 217-220 to a -47 foot depth, and resurfacing 24 acres of backland with heavy duty pavement. In addition, Berths 217-220 will be improved to accommodate 100 foot gauge cranes and also include four new Alternative Maritime Power (AMP[®]) connections. Expansion of the TICTF includes one new loading track (approximately 2,900 linear feet). The Port's total investment is estimated at more than \$69 million. Construction started in 2015 and is expected to complete in 2017.

- **Transportation Improvements**

Construction is nearly complete on several complementary transportation projects to improve freeway access to port facilities, eliminate traffic movement conflicts, improve existing non-standard elements, and accommodate existing and future traffic conditions for port and background traffic. The primary strategy of this \$383 million program is the reduction and separation of port truck traffic from roadways heavily used by the general public. This program includes the recently completed South Wilmington Grade Separation



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(\$72 million) and Berth 200 Rail Yard (\$130 million), with construction continuing on the I-110/SR-47 Interchange (\$21 million), I-110/C Street (\$51 million), and I-110/John S. Gibson Access (\$32 million) projects. Significant components of these projects are being funded by Federal, State, and Metro grants, in cooperation with Caltrans and are on schedule to be completed in 2016.

- **Yang Ming** – The Port has initiated the environmental review process on this proposed berth-improvement project. Yang Ming is a Taiwanese marine transport company that operates the West Basin Container Terminal. The environmental process formally began with a Notice of Preparation released in 2014, the first step in Yang Ming's plan to enhance its terminal facilities and deepen its berths to accommodate 14,000 TEU vessels and increase cargo volume. As part of the agreement, the Port is planning improvements at the terminal as well, including 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. The environmental review process is expected to be completed in 2017.
- **Everport** – The Port is preparing an Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for this proposed improvement project at Berths 226-236. Design work has begun on Everport's proposed plan to deepen its berths and improve its terminal facilities, allowing the terminal operator to accommodate larger vessels. Everport's proposed \$47.7 million project includes deepening Berths 226-229 from -45 feet to a berth depth of -53 feet, and deepening Berths 230-232 from -45 feet to a berth depth of -47 feet. The project will also include paving an additional 1.5 acres of backland, installation of five new AMP® vaults, and electrical infrastructure for three additional cranes. The environmental review process is expected to be completed by early 2017.

LA WATERFRONT AND COMMUNITY PROGRAMS

Located in the Port adjacent areas of San Pedro and Wilmington, the LA Waterfront is an emerging and growing visitor destination.

Over the last decade, the Port has invested approximately \$600 million in waterfront public access infrastructure, community events, and programs. Since its implementation in February 2015, the Port's "Public Access Investment Plan" guides planning for these projects and programs. The plan was put into place to provide a more sustainable approach to funding public projects and programs, including those along the LA Waterfront.

Public Access Projects

Public access projects included in the Port's ten-year Capital Improvement Program (CIP) and currently underway include:

- **Wilmington Waterfront Promenade**
In October 2015, a contract for design, engineering, and landscaping design services was approved by the Board of Harbor Commissioners for this \$52.2 million promenade project, which will create a "window on the waterfront" for the Wilmington community. Measuring an estimated 1,300 feet in length and 30 feet wide, the promenade will provide spacious public access to the water's edge in front of and adjacent to the Banning's Landing Community Center. The project will include an approximate 2.5-acre public pedestrian plaza. A 1.25-acre parking court and/or event space will also be constructed between the promenade and Water Street. Additionally, landscaping and a parking lot will be added north of the new plaza.
- **Wilmington Waterfront Pedestrian Bridge**
The project entails construction of a pedestrian bridge across Avalon Boulevard, providing pedestrian access to the future Wilmington Waterfront Promenade. The planned steel



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structure will be approximately 1,300 feet long with required clearance for rail operations. Construction is expected to begin in 2018 at a total project cost of \$14.9 million.

- **Ports O' Call Redevelopment (San Pedro Public Market)** – A 30-acre retail-commercial project proposed by the L.A. Waterfront Alliance, a joint venture between the Ratkovich Company and Jerico Development, Ports O' Call has been renamed the San Pedro Public Market.



The first phase of redevelopment will include 16 acres of restaurants, shopping, fresh markets, and boutique-style office space, as well as more than half a mile of waterfront promenade. The San Pedro Public Market will also feature ample outdoor space – including an open-air amphitheater for live entertainment, interactive family-friendly attractions, and year-round events. The Port and the project developers held several public comment forums in FY 2015/16 on the proposed redevelopment. In May 2016, the Los Angeles Board of Harbor Commissioners currently approved a 50-year lease for the developer of the site. Port staff is currently designing a \$32.9 million promenade and Town Square improvement, with construction expected to be completed in 2021.

- **Sampson Way & 7th Street Intersection Improvements** – In September 2015, the Los Angeles County Metropolitan Transportation Authority authorized \$4.9 million in funding toward this \$13.6 million roadway improvement project which will improve traffic flow and better

connect the LA Waterfront and downtown San Pedro. For this project, Sampson Way is being realigned and will now be accessible from successive intersections near 7th Street. Construction on the project is scheduled to start in Fall 2016 and take approximately 18 months to complete. Funds awarded by LA Metro are to be available in FY 2016/17 and FY 2017/18.

- **AltaSea** – Another component of the public access project is AltaSea, a public-private partnership for a proposed waterfront marine research facility at the Port's 35-acre City Dock No. 1. In 2013, the Port signed a 50-year lease agreement with phased development that included an interpretive center, a public promenade, and a research center in the initial stages of development. Planning and permitting for Phase I of the project continued in FY 2015/16, and plans to accelerate the development phase to activate the site earlier than planned are underway.

Community and Education

Strengthening relationships and encouraging more visitors to the LA Waterfront is an ongoing strategic focus of the Port. In FY 2015/16, the Port has already exceeded its goal of 100,000 visitors, already attracting nearly 146,000 visitors as of March 2016 through a series of community events and educational programs.

Major events held this past year include the 7th annual **Cars & Stripes Forever!** car show and fireworks display; the annual summertime **Lobster Festival**; and the second annual **Lunar New Year Festival** held at the Downtown Harbor. Combined, the events drew an estimated 77,500 visitors to the LA Waterfront.

Other efforts to encourage Angelenos to visit the LA Waterfront included several Port-supported community-building, family-oriented activities throughout the year, such as **Bike Rodeos, Free Movie Nights, and Pet Parades.**



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In November 2015, Los Angeles Mayor Garcetti announced that Los Angeles has been selected as an official **Fleet Week** market for the U.S. Navy beginning in 2016. During Fleet Week - which will run through Labor Day - active military ships will dock at the Port, offering unprecedented public access to Navy vessels. The week-long annual event is expected to generate a significant economic boost for local San Pedro and Wilmington businesses.

The Port's support of educational initiatives - particularly those fostering interest in maritime and port-related study and careers - continued in FY 2015/16, with more than 40,000 youth participating in Port-related education programs and events. These programs include the **Student Boat Tour Program, Think Watershed Field Trips, the TransPORTer mobile exhibit, STEM** - Science, Technology, Engineering, and Mathematics - Funshop, Youth Leadership Conference, and the International Economic Summit, among others.

In FY 2015/16, the Port distributed an estimated \$1 million in non-taxpayer funded community grants to 32 organizations through its **Community Investment Grant Program**. Granted funds distributed through this program supported 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.

Environmental Leadership

The Port continues to be globally recognized for its landmark environmental programs, leadership, and for its successful balance of economic progress and environmental protection.

- **Emission Reduction** - During FY 2015/16, the Port set new records for cutting harmful emissions from port-related sources. Findings from its 10th consecutive year of tracking showed diesel particulate matter (DPM) down an unprecedented 85% and sulfur oxides (SOx)

bordering on total elimination, having plummeted 97% since 2005. The data also shows the Port has surpassed its 2014 emission reduction goals set in 2010 for DPM, SOx, and nitrogen oxides (NOx).

- **Clean Air Action Plan (CAAP) 3.0** - To ensure that progress continues in cleaning the air throughout the San Pedro Port Complex, especially with container volume projected to grow in the years ahead, the Port, along with the Port of Long Beach, is currently working on updating the CAAP. When first approved in 2006, CAAP was considered one of the most progressive plans in the nation for reducing air pollution from port-related sources. CAAP was updated again in 2010, and this latest iteration of the plan, known as CAAP 3.0, is expected to be finalized by the end of 2016.
- **Solar Power** - In March 2016, a 1.2-megawatt rooftop solar generation project was installed at CRAFTED at the Port of Los Angeles. In its first year, the solar project will generate 2 million kilowatt-hours of electricity, enough to power approximately 331 homes and cut 37.6 metric tons of carbon emissions.
- **Shore-side AMP® Power** - In 2004, the Port was first in the world to use Alternative Maritime Power - clean plug-in power for ships while at berth - at its terminals. Since then, it has invested over \$200 million dollars preparing terminals in order to meet increasingly stringent shore-side power regulations. With 24 AMP® equipped berths, the Port is expected to be in compliance with the regulatory requirements of 70% fleet vessel AMP® usage by 2017 and 80% by 2020.
- **Environmental Compliance Data** - To ensure compliance with required environmental mitigation measures and to help monitor environmental progress at terminals, the Port





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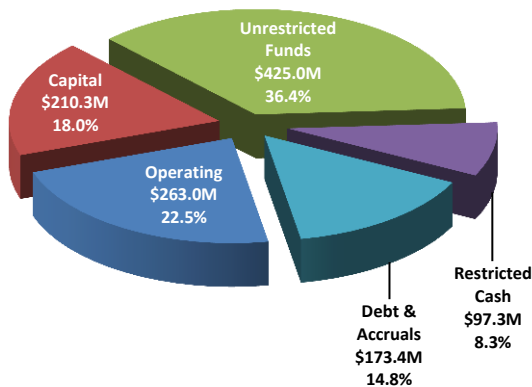
initiated an audit of mitigation measures at those terminals with mitigation requirements. Items documented include AMP® usage, participation in the Port’s voluntary Vessel Speed Reduction Program (VSRP), groundwater, soils, noise, and traffic, among other items.

Rounding out the remainder of the FY 2016/17 Proposed Budget appropriations are \$425.0 million in unappropriated funds, \$97.3 million in restricted cash, and \$173.4 million in debt repayments and accounting-related accrual adjustments.

FY 2016/17 PROPOSED ANNUAL BUDGET OVERVIEW

The FY 2016/17 Proposed Budget was formulated to align with the cohesive policy direction provided by the 2014 Strategic Plan Update and its four primary objectives. The Proposed Budget includes Capital, Operating, and other appropriations totaling \$1,169.0 million.

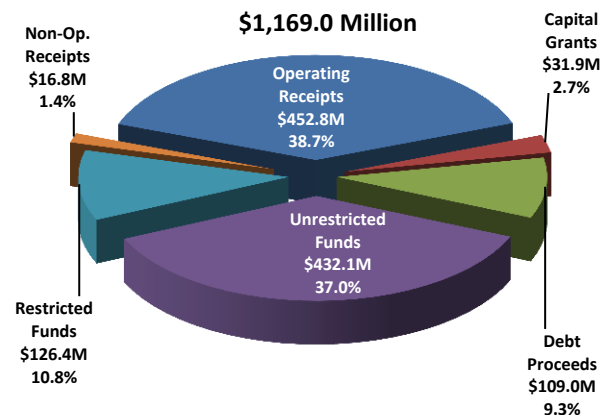
**FY 2016/17 Proposed Budget Appropriations
\$1,169.0 Million**



The total Operating Budget of \$263.0 million aims to maximize the value of the Port’s assets by increasing cargo revenue and 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 \$210.3 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.

**FY 2016/17 Proposed Budget Sources
\$1,169.0 Million**



The Capital, Operating, and other appropriations included within the FY 2016/17 Proposed Budget will be funded through \$1,169.0 million of 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 85% of \$452.8 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$31.9 million in Capital Grant Receipts and Non-Operating Receipts such as interest/investment income, settlements, rebates, and other reimbursements totaling \$16.8 million. Total cash of \$558.5 million, comprised of \$432.1 million in unrestricted funds and \$126.4 million in restricted funds, is anticipated to be available within the FY 2016/17 Proposed Budget. This level of total cash available represents a 2.7% decrease relative to FY 2015/16 Estimated Actuals (Estimates).

To ensure the Port maintains its strong financial position, the Proposed Budget outcomes meet Board-approved financial policy requirements to



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maintain minimum levels of cash reserves and debt service coverage. Approximately 3,940 direct and indirect jobs are also projected to be created, of which 2,300 are attributable to capital spending.

OPERATING BUDGET

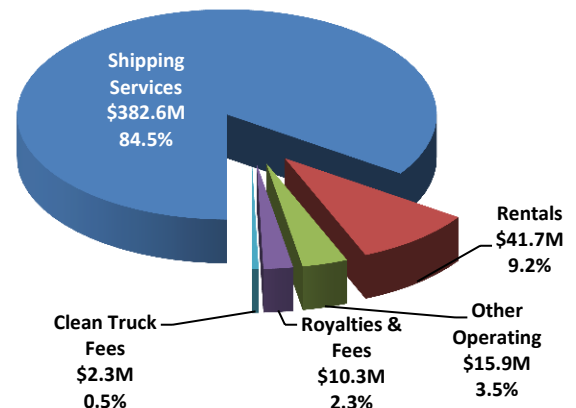
Operating Revenues

The FY 2016/17 Proposed Budget includes total Operating Revenues of \$452.8 million which represent a 5.7% increase relative to the FY 2015/16 Adopted Budget and a 4.0% increase relative to FY 2015/16 Estimates. The increase in total Operating Revenues as compared to the FY 2015/16 Adopted Budget primarily results from anticipated growth in Shipping Services revenues derived from expected growth in cargo volumes as well as higher land rental revenues.

Shipping Services revenue growth is expected to account for much of the \$17.5 million increase in total Operating Revenues relative to FY 2015/16 Estimates, while the remainder of this dollar increase is forecasted to be driven by increased reimbursements for AMP[®] usage and environmental document preparation, as well as higher pilotage revenues and increased space assignment charges. During FY 2015/16, Shipping Services revenues have increased as cargo volumes rose relative to both budget and prior year. This increase in cargo volumes has largely resulted from the easing of congestion throughout the Port complex following the resolution of labor-related issues in early 2015, the implementation of initiatives such as the chassis "pool of pools" and the "Peel-Off" Program as well as the Port's continued involvement in supply chain optimization efforts at both the domestic and international levels. Although shipping industry consolidation, the reorganization of shipper alliances, and the cascading of larger ships onto the Trans-Pacific trade lane each pose risks to future cargo volume growth at the Port, FY 2016/17 Shipping Services are anticipated to ultimately benefit as the aforementioned initiatives are

expected to contribute positively to the processing of cargo in FY 2016/17.

Operating Revenues
\$452.8 Million



In FY 2016/17, Shipping Services Revenues are expected to comprise 84.5% of Operating Revenues and remain its largest component, followed by Rentals and Other Operating Revenues. FY 2016/17 Shipping Services are anticipated to grow by \$18.0 million, or 4.9% relative to the FY 2015/16 Adopted Budget and \$11.6 million, or 3.1% relative to FY 2015/16 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 limit congestion throughout the Port complex.

Operating Expenses

The FY 2016/17 Proposed Budget includes total Operating Expenses of \$249.0 million which represent a 3.6% increase relative to the FY 2015/16 Adopted Budget and a 6.8% increase relative to FY 2015/16 Estimates.

The \$8.7 million increase in total Operating Expenses relative to the FY 2015/16 Adopted Budget and the \$15.9 million increase relative to FY 2015/16 Estimates are expected to be driven mostly by increases in Salaries & Benefits and a reduction in



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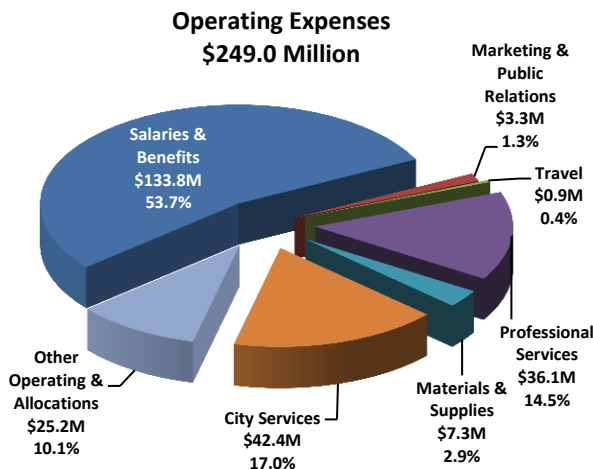
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capitalized expenditures. Relative to the FY 2015/16 Adopted Budget, the increase in Salaries & Benefits will be driven by mandated Memorandum of Understanding (MOU) Salary & Benefit increases. Relative to FY 2015/16 Estimates, these MOU increases will likewise drive FY 2016/17 Salaries & Benefits higher; however, FY 2016/17 Salaries & Benefits will increase further relative to FY 2015/16 Estimates as staffing levels have been budgeted to increase from the average levels observed over the course of FY 2015/16. A reduction in capitalized expenditures is expected to further drive FY 2016/17 total Operating Expenses higher as capital spending is anticipated to decrease relative to both the FY 2015/16 Adopted Budget and FY 2015/16 Estimates.

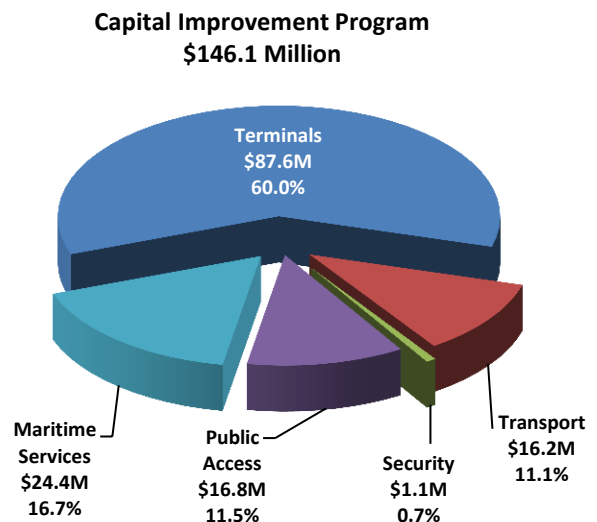
versus the FY 2015/16 Adopted Budget. Driven by a reduction in capitalized expenditures, other operating expenses and allocations are expected to increase by \$4.8 million, or 23.4%, relative to the FY 2015/16 Adopted Budget.

CAPITAL BUDGET

The FY 2016/17 Proposed Capital Budget of \$210.3 million will allow for the continued development of the Port's *World-Class Infrastructure that Promotes Growth*. To allow the Port's customers to thrive, the infrastructure developed at the Port must be designed to anticipate the dynamic and unique logistical requirements of seaborne trade. Comprising 18% of the total budget, proposed capital expenditures include \$146.1 million of direct costs in the CIP for projects that have been approved and those pending approval, indirect costs of \$58.6 million in capitalized interest and overhead allocations, and \$5.6 million for capital equipment.



As the largest component of Operating Expenses comprising 53.7% of the total, Salaries & Benefits are budgeted at \$133.8 million (net of \$14.5 million in direct capitalization). This level of Salaries & Benefits would represent a \$6.4 million, or 5.0%, increase relative to the FY 2015/16 Adopted Budget, largely due to mandated Salary & Benefit adjustments for an average of 930 full-time, filled positions. City Services (or services to the Port provided by other City departments) totaling \$42.4 million comprise 17.0% of total expenses and represent an increase of 1.6% relative to the FY 2015/16 Adopted Budget. Professional Services within the FY 2016/17 Proposed Budget are expected to decrease by \$2.6 million, or 6.8%,



As the Port's core business is dependent upon cargo, the FY 2016/17 Capital Improvement Program focuses investment in terminal development and transportation projects, devoting over 70% of CIP dollars to modernize cargo terminal infrastructure and facilitate the efficient movement of goods and vehicles throughout the Port. Similar to the prior



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year, a large portion of the CIP budget, 63.7%, is funded for new and in-progress construction services, with the remaining 36.3% for staff Salaries & Benefits, technical consulting services, and other miscellaneous material and construction-related costs.



- **Terminal Improvement Projects**

In FY 2016/17, \$87.6 million, or 60% of the CIP Budget, is allocated for terminal development.

Over \$33.5 million is funded in FY 2016/17 to continue to bring a number of TraPac Terminal projects to completion including: 72 acres of automated backland development, 4 acres of backland expansion, and the Crane Maintenance Building. With respect to backland development, \$22.6 million has been budgeted in order to complete the installation of light poles, fire hydrants, electric rail mounted runways, storm drains, utilities, and fencing by March 2017. Remaining funds totaling \$10.9 million are anticipated in order to, and among other things, complete construction of the Crane Maintenance Building by August 2017, complete 5 acres of backland expansion by July 2016, and close out remaining work left to be done at the Berths 142–147 Intermodal Container Transfer Facility following construction completion in April 2016.

Large-scale redevelopment will continue at the YTI Terminal for \$29.8 million in FY 2016/17, with

construction continuing on multiple projects including wharf upgrades, berth dredging, crane rail extensions, electrical improvements, expansion of the terminal's Intermodal Container Transfer Facility, and backland improvements for \$16.5 million. Funding of \$8.5 million has been proposed for the installation of a new AMP[®] system at Berths 214–220 while \$3.0 million has been allocated to begin construction of 2,900 linear feet of loading track and modifications of utilities within the backland area.

Approximately \$2.0 million is budgeted for initial design and development for projects at the Everport Terminal, with \$1.0 million for an EIR and other planning documents for the site, \$0.8 million for wharf and backland improvements, and \$0.2 million for an AMP[®] upgrade and retrofit.

At the Port's World Cruise Center, \$8.0 million has been funded for the upgrade and retrofit of an AMP[®] installation and initial construction of security improvements required by U.S. Customs and Border Protection.

Funds have also been budgeted for miscellaneous terminal improvements with \$6.0 million appropriated to begin wharf rehabilitation efforts at the WWL Auto Terminal located at Berths 196 – 200A. Construction is scheduled to begin in August 2016, and, upon completion, the wharves will be rehabilitated and restored to their original design capacities.

Pursuant to requirements of the State Lands Marine Oil Terminal Engineering Maintenance Standards, \$5.3 million has been appropriated for the audit, design, and construction of required upgrades at liquid bulk oil cargo handling facilities throughout the Port.

- **Transportation and Infrastructure Projects**

Approximately 11.1% of the Proposed CIP Budget, or \$16.2 million, is budgeted for transportation improvement projects throughout the port complex in order to facilitate faster and safer rail, truck, and



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vehicular operations and to promote the improved movement of trade goods.

In order to facilitate improved vehicular traffic flow to-and-from the I-110 freeway, funding for construction continues in FY 2016/17 for the following projects: \$7.4 million for the C Street/I-110 access ramp improvements which will provide free-flowing right turn lanes to accommodate heavy right-turn truck volumes, \$2.4 million for the John S. Gibson Intersection & Northbound I-110 ramp access improvements which will improve road geometry and allow trucks to make wider turns, and \$2.0 million for the I-110/SR-47 Connector improvements which will add an additional lane to the SR-47 connector to the northbound I-110 freeway.

In FY 2016/17 other transportation projects funded for a total of \$4.4 million include miscellaneous transportation improvements, the preparation of a traffic analysis studying an interchange reconfiguration at SR-47 and Front Street as well as resurfacing projects on Water Street, Reeves Avenue, Navy Way, and Miner Street.

- **Public Access/Environmental Enhancement Projects**

Approximately \$16.8 million is funded for Public Access/Environmental Enhancement projects, encompassing the San Pedro and Wilmington Waterfronts areas.

In FY 2016/17, \$10.2 million is appropriated for the San Pedro Waterfront. In total, \$8.4 million has been budgeted for projects associated with San Pedro Public Market (Market) development, comprising \$7.0 million for the Sampson Way roadway improvements which will improve traffic flow into the Market, \$1.0 million for design work at the Market's Promenade and Town Square which is expected to be completed in June 2017, and \$0.3 million for waterside improvements at Berths 80-83, as well as demolition clean-up throughout the Market's site. Additional work along the San Pedro Waterfront consists of \$1.3 million for a wharf

retrofit and Signal Street improvements at Berth 57 as well as \$0.5 million for environmental assessments at the AltaSea site.

Along the Wilmington Waterfront, \$1.7 million is budgeted for FY 2016/17 including \$1.0 million for the design of the Wilmington Waterfront Promenade which will provide public improvements near Banning's Landing including reconstruction of the site's seawall, public plazas, parking lots, and the realignment of Water Street. Design efforts related to the Wilmington Waterfront Promenade are expected to be completed by June 2017, with construction beginning roughly 6 months later. Other projects in Wilmington total \$0.7 million and consist of the initial design of the Wilmington Waterfront Pedestrian Bridge, Wilmington Waterfront Park slope improvements, and Wilmington Waterfront signage improvements.

Also, \$3.9 million is appropriated for continued construction of the Front Street Beautification Project which will create a 2,655 linear-foot pathway, complete with landscaping and pedestrian lighting, along Front Street from the Vincent Thomas Bridge to Pacific Avenue.

Environmental Enhancements throughout the Port are funded at \$1.0 million and comprise completion of the development of a 3-acre eelgrass mitigation site at Cabrillo Beach by April 2017.

- **Security Projects and Maritime Services**

In FY 2016/17, \$1.1 million is budgeted for the completion of design as well as construction of Phase 2 of the Port Fiber Optic Program. Work includes installation of the necessary links between the project's communication system and its users within the Port Police and Construction and Maintenance divisions.

Approximately \$10.0 million has been budgeted in the CIP's Maritime Services category for the unallocated CIP fund, which is set aside for unanticipated projects that may be required in FY 2016/17. In addition, \$6.9 million has been



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appropriated to complete deferred maintenance projects throughout the Harbor area. An additional \$7.5 million has been budgeted for miscellaneous projects throughout the harbor district including sites such as the Maritime Museum, Badger Avenue Bridge, the Harbor Administrative Building, and other departmental facilities.

STRATEGIC INITIATIVES

In addition to delivering critical terminal and infrastructure projects under the proposed CIP, the Port's Proposed Operating Budget supports the Port's 2014 Strategic Plan Update goals through various initiatives.

Cargo Marketing

The container shipping industry is facing yet another period of low profitability and potential losses due to the continued imbalance between the supply and demand of capacity. Although shipping lines have formed mega shipping alliances and ordered larger container vessels in order to reduce slot costs, the freight rate reductions resulting from vessel overcapacity are anticipated to far outweigh any cost savings achieved by shipping lines. In FY 2016/17, it is expected the Port will see the mergers and acquisitions between carriers that were announced during FY 2015/16 come to fruition, namely the merger between China Shipping and Cosco to form China Cosco Shipping, and the acquisition of APL by CMA CGM. In an effort to control cost and vessel capacity, more consolidation between carriers is expected in the near term.

These mergers and acquisitions will impact the existing shipping alliance structures and their service networks, which in turn may impact container volumes throughout the Port complex. Shipping alliances will look to right-size vessel size with the respective terminal, taking contractual obligations into consideration. In FY 2016/17, the Cargo Marketing Division will continue to vigorously pursue strategies to place the Port in a position that complements the new alliance structures and any container service volumes resulting from this.

In support of these efforts, approximately \$435 thousand has been budgeted within the Cargo Marketing Division in FY 2016/17 for foreign and domestic travel, and business promotional activities. Business development trips are generally coordinated by the Cargo Marketing Division, and often led by one or two of the Port's Commissioners.

Trade Connect Program

The export field is not the sole purview of large corporations and trading companies, in fact, according to the U.S. Department of Commerce, 96% of U.S. exporters are small to medium sized businesses.

Trade Connect at the Port was established in 2007 to fill a void in the marketplace for small and midsize business new-to-export training. The program conducts workshops and seminars that help educate companies in our region about how to export Made-in-America goods and services to international consumer and other markets. Topics covered include information on export opportunities and foreign markets, exporting costs and requirements, financing and insurance, documentation and logistics, among other subjects. To date, Trade Connect programs have drawn more than 25,000 attendees.



Using its FY 2016/17 budget of \$804 thousand, Trade Connect continues to leverage its momentum by offering innovative programs that range from learning the basics to bringing ideas and products to particular markets in the global economy. With the emerging international opportunities created by the globalization of numerous world economies and the harmonization of standards brought about by the negotiation of trade agreements, staff is renewing its focus to help local companies understand these impacts and take advantage of market openings and the benefits of increased trade and investment.



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Planning and Strategy

In continuing the Port's efforts to focus on long-term growth and efficiency, the Planning and Strategy Division (Planning), in conjunction with the Port of Long Beach, developed a new long-term San Pedro Bay Cargo Forecast. This forecast provides a wide range of macroeconomic and competitive scenarios through 2040 that will be used to guide future Port development and support existing projects.

Staff continues to procure trade data used to assist in maximizing market share and report on the competitive position and economic impacts of the Port. Planning staff actively manages compliance with the Port Master Plan by processing applications for port permits and preparing Coastal Development Permits. In FY 2016/17, staff intends to update the Port Master Plan through a series of amendments in order to better align with the long-term strategic development of the Port. In keeping with this long-term vision, \$90 thousand within the FY 2016/17 Proposed Budget will be used to support the development of the Port's 2040 Plan.

Environmental Stewardship

The FY 2016/17 Proposed Budget for the Environmental Management Division contains nearly \$17.6 million in funding that aligns with the Port's goal to uphold its status as the nation's #1 container port and the global model for sustainability, security, and social responsibility.

Developed in 2009, the Water Resources Action Plan (WRAP) continues to implement control measures targeted at water and sediment pollution, and complies with National Pollutant Discharge Elimination System storm water requirements through the Tenant Outreach Program. Initial planning with the Port of Long Beach for an updated WRAP is underway. WRAP and other water-related programs make up \$375 thousand of the Proposed FY 2016/17 Budget. In addition, monitoring of the

Pier 400 Least Tern nesting site and the Cabrillo Shallow Water Habitat is funded at \$220 thousand.

The promulgation of the federally mandated Total Maximum Daily Load regulations (TMDL) requires close collaboration with the State Water Resources Control Board, Regional Water Quality Control Board, and Southern California Coastal Water Research Project to implement special studies and develop strategies to modify and comply with, the TMDL requirements. The TMDL program compliance budget is approximately \$1.1 million. Cost sharing with the Port of Long Beach on special studies has greatly reduced the Port's expenditures and presents a unified and influential alliance to the regulatory agencies.

The FY 2016/17 budget contains \$250 thousand to complete the third iteration of the CAAP, which will build upon CAAP successes by introducing new air emission reduction measures and goals, and promoting the development of innovative, viable technology to improve environmental quality in the area. The Proposed Budget supports the CAAP by funding existing, pollution reduction incentive programs such as the Vessel Speed Reduction Incentive Program funded at \$1.6 million, Technology Advancement Program funded at \$800 thousand, Environmental Shipping Index funded at \$300 thousand, and Marina Engine Exchange Program funded at \$50 thousand.

With the issuance of the Zero Emission White Paper in 2015, the budget includes \$100 thousand toward research and development of zero emission technologies and \$25 thousand to assist with preparation of associated grant applications. The Clean Truck Program (CTP) is funded at \$944 thousand, which includes program administration and preparation of special studies and is completely offset by CTP revenues. An additional \$1.4 million supports other air quality and climate change measures, including the annual emissions inventory, air quality monitoring, and international collaboration.



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The Proposed Budget includes funding for the daily management of customer operations and activities and includes almost \$3.5 million for environmental assessments of Port properties, coordination of underground storage tank 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.

The environmental review process is a critical and major first step in the delivery of terminal and infrastructure projects in the Port. While the majority of environmental budget for California Environmental Quality Act and National Environmental Policy Act review is captured in the Capital Budget, \$3.1 million is budgeted in the Operating Budget to support tenant applications for projects, cultural resources surveys, permit/lease renewals that promote the development and use of port property, and mitigation compliance of tenant leases.

Security and Public Safety Strategies

The Port continues to serve as America's gateway for international commerce and is well on its way to becoming LA's premier waterfront destination. As such, it is the mission of the Los Angeles Port Police to meet the growing needs of such a dynamic port. In FY 2016/17, \$36.8 million will be dedicated to Port Police operations, all of which contribute to the success of all the Port's strategic initiative to

implement security and public safety strategies that support goods movement and mitigate risk in the supply chain.

In order to maintain appropriate service levels, Salaries & Benefits of \$32.2 million continue to be Port Police Division's main budget driver. The Port Police Division's adherence to its Board approved staffing plan will allow the agency to utilize its resources accordingly to ensure the flow of commerce and the safety of our stakeholders to travel, visit or operate in all areas of the Port, especially as the Waterfront hosts more businesses and special events.

Approximately \$2.9 million will be utilized mainly for cyber security enhancements and on-going security grant projects, such as the federally mandated system maintenance of the port-wide security and surveillance system. Of that budgeted amount, \$1.9 million is grant reimbursable.

The remaining \$1.8 million is budgeted to support the Port Police Division's special operations and emergency response missions. Major drivers include the purchase of specialized equipment necessary to the division's Dive, K-9, Hazardous Material, and Patrol Units. Funds will also be used to purchase general law enforcement-related equipment and supplies, in addition to as-needed aerial support and communication maintenance services. Additional drivers include continued emergency preparedness and required Peace Officers Standards and Training, along with all associated travel costs.

Community and Waterfront Programs



The Waterfront and Commercial Real Estate division's FY 2016/17 operating budget of \$5.5 million will support strategic plan initiatives that build value along the LA Waterfront and attract



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additional visitors to the Port's public access locations. Property management efforts include implementation of public access infrastructure at the waterfront, attracting private investment, and activating the waterfront via special events. Outside services include operations of the World Cruise Center and Cabrillo Marina.

In continuing the investment and support of the local harbor community and LA Waterfront, the Community Relations Division's FY 2016/17 Proposed Budget provides for a broad range of programs and projects which serve the surrounding communities of San Pedro and Wilmington and attract visitors to those public access areas.

FY 2016/17 will see the third year of the Port's Community Investment Grants program. Up to \$1 million is made available to local non-profits seeking to enhance the community and harbor experience in harmony with the Port's Strategic Goals and Tidelands Trust guidelines, and, to date, 85 organizations have received a total of \$2 million in grant funding.

With an active and successful slate of community events in support of the Mayor's commitment to bring more visitors to the LA Waterfront, the Port is adding a new flagship event over Labor Day – Los Angeles Fleet Week. This event is expected to bring more than 250,000 visitors to the LA Waterfront over a four-day period and will honor not only the military but also the veterans who have served. Adding this to the already full schedule of community events, FY 2016/17 promises to be a banner year along the LA Waterfront.

Educational initiatives continue to be a priority, and tens of thousands of students and community members per year participate in the School Boat Tour Program, Think Watershed "floating lab" boat tours, the TransPORTer mobile educational exhibit, and Speakers Bureau. New in FY 2015/16 was the Port Youth Leadership Conference which hosted 130 middle school students for a day of educational activities centered on the Port – from building bridges with candy and toothpicks, to trying their

hand at maneuvering boats into slips with the Port Pilot computer, to taking a harbor tour, the students had a one-of-a-kind learning experience.

Employee Recruitment, Retention, and Development

In FY 2016/17, the Port will work collaboratively with the City of Los Angeles Personnel Department to develop a Strategic Workforce Plan. In order to fulfill the initiative of being the employer of choice, this plan aims to solidify a committed employee base by providing opportunities for professional development and promoting excellence. To that end, the goal of the newly introduced Supervisory Workshop Courses will be to provide a stable foundation and strengthen the core skills of staff to be able to step into higher level positions as they become vacant. In addition, the Port has set aside approximately \$513 thousand towards continued investment in employee programs such as tuition reimbursement, vanpool, and public transit subsidies that will help the Port with its recruitment and retention efforts.



With the 2014 Strategic Plan Update as its primary guide, Port staff will continue to strive to maintain the Port's position as the nation's premier port. The FY 2016/17 Proposed Budget provides the funding and the framework necessary for staff to accomplish the objectives and initiatives of the 2014 Strategic Plan Update and to ensure the financial viability of the Port. In particular, the FY 2016/17 Proposed Budget will support Port leaders in their efforts to work with a wide variety of partners and stakeholders in order to develop strategies that will improve throughput and optimize the San Pedro Bay as well as the nation's supply chain.

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

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TRANSMITTAL 1

HARBOR REVENUE FUND REPORT

RECEIPTS AND CASH

Actual FY 2014/15	Adopted Budget FY 2015/16	Estimated FY 2015/16	Description	Proposed Budget FY 2016/17
\$ 262,728,827	\$ 401,846,517	\$ 441,833,989	Unrestricted Funds Available	\$ 432,084,652
97,114,125	112,745,940	132,223,698	Restricted Funds (1)	126,401,652
359,842,952	514,592,457	574,057,687	Total Cash Available	558,486,304
446,895,686	428,588,311	435,313,742	Operating Receipts	452,808,652
13,468,220	8,632,564	11,646,492	Non-Operating Receipts	16,830,926
111,851,864	49,272,764	44,729,812	Capital Grant Receipts	31,936,754
399,416,242	0	45,260,103	Proceeds from Debt Issuance	108,985,000
\$1,331,474,964	\$1,001,086,096	\$1,111,007,836	Total Receipts & Cash	\$ 1,169,047,636

APPROPRIATIONS

Actual FY 2014/15	Adopted Budget FY 2015/16	Estimated FY 2015/16	Description	Proposed Budget FY 2016/17
\$ 121,366,913	\$ 127,450,352	\$ 119,240,628	Salaries and Benefits	\$ 133,832,066
3,027,849	3,301,780	3,237,547	Marketing & Public Relations	3,269,031
559,011	1,045,776	989,171	Travel Expenses	916,090
30,923,613	38,744,655	38,343,038	Outside Services	36,118,375
6,769,843	7,550,121	7,464,986	Materials & Supplies	7,266,198
37,761,510	41,793,003	41,782,230	City Services	42,444,639
(18,444,024)	(17,912,151)	(16,312,508)	Allocations to Capital (overhead)	(13,697,381)
52,284,971	38,327,039	38,352,259	Other Operating Expenses (2)	38,892,746
234,249,686	240,300,575*	233,097,351	Total Operating Expenses	249,041,764
8,175,681	7,886,130	7,341,506	Non-Operating Expenses (3)	14,000,857
242,425,367	248,186,705	240,438,857	Total Operating Budget	263,042,621
63,430,286	60,113,299	59,904,766	Capitalized & Allocated Expenditures	58,574,374
0	0	0	Land & Property Acquisition	0
5,171,887	4,284,154	4,240,154	Equipment	5,596,268
237,156,306	192,020,284	158,896,309	Construction & Capital Improvement	146,091,066
305,758,479	256,417,737**	223,041,229	Total Capital Budget	210,261,708
548,183,846	504,604,442	463,480,086	Total Operating & Capital Budget	473,304,329
(41,636,569)	9,481,654	2,201,446	Accrual Adjustments	12,503,307
250,870,000	35,500,000	86,840,000	Debt Repayments	160,940,000
757,417,277	549,586,096	552,521,532	Total Budget	646,747,636
132,223,698	97,500,000	126,401,652	Restricted Cash	97,300,000
441,833,989	354,000,000	432,084,652	Unappropriated Balance/Carried Forward	425,000,000
\$ 1,331,474,964	\$ 1,001,086,096	\$ 1,111,007,836	Total Harbor Department Budget	\$ 1,169,047,636

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.

* Includes \$6.8 million in increases to the Operating Budget resulting from transfers from the Capital Budget, approved by the Board in FY 2015/16.

** Includes \$6.8 million in reductions to the Capital Budget resulting from transfers to the Operating Budget, approved by the Board in FY 2015/16.

COMPARATIVE STATEMENT OF OPERATIONS

	<u>Adopted Budget FY 2015/16</u>	<u>Proposed Budget FY 2016/17</u>
Operating Revenues		
Shipping Services	364,573,652	382,616,654
Rentals	36,000,652	41,705,516
Royalties and Fees	9,307,157	10,326,347
Clean Truck Fees	1,975,791	2,264,188
Other Operating	16,731,059	15,895,947
	<u>428,588,311</u>	<u>452,808,652</u>
Total Operating Revenues	428,588,311	452,808,652
Operating Expenses		
Salaries & Benefits (net of capitalization)	127,450,352	133,832,066
Marketing and Public Relations	3,301,780	3,269,031
Travel	1,045,776	916,090
Outside Services	38,744,655	36,118,375
Materials & Supplies	7,550,121	7,266,198
City Services	41,793,003	42,444,639
Allocations to Capital (overhead)	(17,912,151)	(13,697,381)
Other Operating Expenses	38,327,039	38,892,746
	<u>240,300,575 *</u>	<u>249,041,764</u>
Total Operating Expenses	240,300,575 *	249,041,764
Income from Operations before Depreciation	188,287,736	203,766,888
Depreciation	<u>130,133,006</u>	<u>172,004,641</u>
Income from Operations	58,154,730	31,762,247
Non-Operating Revenues	8,632,564	16,830,926
Non-Operating Expenses	<u>7,886,130</u>	<u>14,000,857</u>
Net Income	<u>\$ 58,901,164</u>	<u>\$ 34,592,316</u>

Note: Rounding of figures may occur.

* Includes \$6.8 million in Capital Budget transfers approved by the Board in FY 2015/16.

REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2013-14	ADOPTED FY 2014-15	ESTIMATE FY 2014-15	PROPOSED FY 2015-16
410 - Dockage	6,097,000	5,164,780	5,926,464	6,094,826
411 - Wharfage	336,089,757	335,023,588	344,093,879	351,491,192
412 - Storage	-	-	-	-
413 - Demurrage	329,492	234,749	244,734	247,844
414 - Pilotage	7,110,059	7,692,870	7,343,889	9,235,328
415 - Assignment Charges	14,365,104	16,402,682	12,517,065	14,517,449
417 - Lay Day Fees	907,500	54,982	930,000	1,030,015
41 - Shipping Services	364,898,912	364,573,652	371,056,031	382,616,654
420 - Land Rentals	45,254,924	35,036,263	39,169,994	40,682,034
421 - Wharf & Shed	626,377	597,097	635,458	648,471
422 - Building Rentals	237,267	252,872	253,394	258,064
423 - Warehouse Rentals	115,123	114,421	114,864	116,947
42 - Rentals	46,233,691	36,000,652	40,173,709	41,705,516
430 - Fees, Concessions, & Royalties	18,316,117	10,912,758	12,395,503	12,590,535
431 - Oil Royalties	171,667	370,190	66,429	-
43 - Royalties & Fees	18,487,785	11,282,948	12,461,932	12,590,535
490 - Other Operating Revenue	17,275,299	16,731,059	11,622,069	15,895,947
49 - Other Operating Revenue	17,275,299	16,731,059	11,622,069	15,895,947
Total Operating Revenues	446,895,686	428,588,311	435,313,742	452,808,652
710 - Interest Income - Cash Equivalent	4,143,528	2,611,164	4,686,598	3,695,929
71 - Interest Income	4,143,528	2,611,164	4,686,598	3,695,929
720 - Interest Income - Notes	307,220	94,715	132,319	-
72 - Interest Income - Notes	307,220	94,715	132,319	-
730 - Interest Income - Bonds	330,385	461,685	456,994	393,807
73 - Interest Income - Bonds	330,385	461,685	456,994	393,807
740 - Investment Income	3,068,621	2,000,000	1,398,217	2,000,000
74 - Investment Income	3,068,621	2,000,000	1,398,217	2,000,000
760 - Non-Operating Revenue	4,936,022	2,400,000	4,670,154	10,340,000
76 - Non-Operating Revenues	4,936,022	2,400,000	4,670,154	10,340,000
790 - Other Non-Operating Revenue	682,444	1,065,000	302,210	401,190
79 - Other Non-Operating Revenues	682,444	1,065,000	302,210	401,190
Total Non-Operating Revenues	13,468,220	8,632,564	11,646,492	16,830,926
Report 201 Total	460,363,905	437,220,875	446,960,233	469,639,578

Note: Rounding of Figures may occur.

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TRANSMITTAL 1

REPORT OF EXPENSES

REPORT OF EXPENSES (3-DIGIT) REPORT #202	ACTUALS FY 2014-15	ADOPTED FY 2015-16	ESTIMATE FY 2015-16	ADOPTED FY 2016-17
510 - Salaries - Regular	65,682,308	69,472,287	66,962,573	73,889,084
511 - Salaries - Overtime	6,159,324	5,572,999	6,064,138	5,236,883
516 - Employee Benefits	48,358,511	50,989,241	44,941,964	53,444,882
517 - Paid Employee Benefits	1,166,771	1,415,825	1,271,953	1,261,219
51 - Salaries and Benefits	121,366,913	127,450,352	119,240,628	133,832,066
520 - Advertising & Public Relations	2,872,476	3,226,780	3,202,547	3,234,031
521 - Domestic Trade Representative	56,346	-	-	-
522 - Foreign Trade Representative	99,028	75,000	35,000	35,000
52 - Marketing & Public Relations	3,027,849	3,301,780	3,237,547	3,269,031
530 - Domestic Travel	308,674	457,561	479,465	386,120
531 - Foreign Travel	195,482	509,100	436,160	454,780
532 - Local Travel	62,913	79,115	73,546	74,190
533 - Credit Card Charges	(8,059)	-	-	1,000
53 - Travel Expenses	559,011	1,045,776	989,171	916,090
540 - Maintenance Services	6,261,573	6,449,362	7,951,032	6,994,797
541 - Office Equipment Maintenance Services	2,250,071	2,792,962	2,675,935	3,146,187
542 - Miscellaneous Professional Services	17,127,443	21,575,331	20,948,804	21,270,075
543 - Data Processing Services	1,515,047	3,542,000	3,410,998	2,291,000
544 - Financial Services	1,192,937	4,385,000	3,356,269	2,416,316
545 - Construction Services	2,576,543	-	-	-
54 - Outside Services	30,923,613	38,744,655	38,343,038	36,118,375
550 - Maintenance & Other Supplies	4,708,898	4,830,267	4,792,631	4,722,195
551 - Administrative & Operating Supplies	2,060,945	2,719,854	2,672,355	2,544,003
55 - Materials & Supplies	6,769,843	7,550,121	7,464,986	7,266,198
570 - City Services	37,761,510	41,793,003	41,782,230	42,444,639
57 - City Services	37,761,510	41,793,003	41,782,230	42,444,639
580 - Allocations	(18,444,024)	(17,912,151)	(16,312,508)	(13,697,381)
58 - Allocations	(18,444,024)	(17,912,151)	(16,312,508)	(13,697,381)
590 - Equipment Rental - Maintenance	437,546	414,735	461,500	356,235
591 - Equipment Rental - Non-Maintenance	89,698	96,232	96,232	99,119
592 - Memberships & Subscriptions	551,243	851,111	836,944	892,827
593 - Insurance	3,112,678	3,567,250	3,093,000	3,262,000
594 - Telephone	1,804,912	1,810,313	1,841,543	1,815,010
595 - Utilities	18,873,845	20,519,540	16,397,423	19,057,879
596 - Claims & Settlements	2,503,443	3,323,500	2,951,614	2,105,000
597 - Taxes, Assessments, & Fees	415,660	489,891	504,191	535,132
598 - Provision for Bad Debt	10,842,385	2,016,792	6,939,537	6,548,744
599 - Other Operating Expense	13,653,560	5,237,675	5,230,275	4,220,800
59 - Other Operating Expenses	52,284,971	38,327,039	38,352,259	38,892,746
Total Operating and Administrative Expenses	234,249,686	240,300,575*	233,097,351	249,041,764
610 - Depreciation Expense	137,383,954	130,133,006	167,321,005	172,004,641
61 - Depreciation	137,383,954	130,133,006	167,321,005	172,004,641
830 - Int. Expense - Bonds	293,525	861,248	1,195,783	915,857
831 - Int. Expense - Commercial Paper	36,860	54,840	-	100,000
83 - Int. Expense - Bonds	330,385	916,088	1,195,783	1,015,857
890 - Other Non-Operating Expense	7,845,296	6,970,042	6,145,723	12,985,000
89 - Other Non-Operating Expenses	7,845,296	6,970,042	6,145,723	12,985,000
Total Non-Operating Expenses	8,175,681	7,886,130	7,341,506	14,000,857
Report 202 Total	379,809,323	378,319,711	407,759,863	435,047,264

Note: Rounding of figures may occur.

* Includes \$6.8 million in increases to the Operating Budget resulting from transfers from the Capital Budget, approved by the Board in FY 2015/16.

CAPITAL PROJECTS REPORT (SUMMARY)

Terminals

<i>B. 90-93 World Cruise Center</i>	\$	8,048,505
<i>B. 100-102 Development (China Shipping)</i>	\$	45,393
<i>B. 121-131 Development (Yang Ming)</i>	\$	1,617,669
<i>B. 135-147 Development (TraPac)</i>	\$	33,469,897
<i>B. 212-224 Development (YTI)</i>	\$	29,819,718
<i>B. 222-236 Development (EverPort)</i>	\$	1,984,083
<i>B. 300-306 Development (CMA-CGM)</i>	\$	571,280
<i>B. 400-409 Development (Maersk/Cut)</i>	\$	269,967
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	5,251,292
<i>Miscellaneous Terminal Improvements</i>	\$	6,560,293

TOTAL TERMINAL IMPROVEMENTS \$ 87,638,097

Transportation Projects

TOTAL TRANSPORTATION PROJECTS \$ 16,175,460

Security Projects

TOTAL SECURITY PROJECTS \$ 1,067,864

Public Access/Environmental Enhancements

<i>Port-wide Public Enhancements</i>	\$	3,887,087
<i>Los Angeles Waterfront</i>	\$	11,967,290
<i>Environmental Enhancements</i>	\$	987,090

TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS \$ 16,841,467

Maritime Services

<i>Harbor Department Facilities</i>	\$	2,664,140
<i>Miscellaneous Projects</i>	\$	11,704,038
<i>Unallocated Capital Improvement Program Fund</i>	\$	10,000,000

TOTAL MARITIME SERVICES \$ 24,368,178

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries)** \$ 146,091,066

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

CAPITAL PROJECTS REPORT (DETAIL)

Terminals

Berths 90-93 World Cruise Center

Construction will begin on the Berths 91-93 Alternative Maritime Power (AMP) Upgrade and Retrofit, and the Customs and Border Protection Improvements at Berth 93. \$ **8,048,505**

Berths 100-102 Development (China Shipping)

The Supplemental China Shipping Environmental Impact Report (EIR) is expected to be completed in late 2016. \$ **45,393**

Berths 121-131 - Development (Yang Ming)

The Yang Ming EIR is expected to be completed in Spring 2017. \$ **1,617,669**

Berths 135-147 Development (TraPac)

A number of projects are scheduled for completion in this fiscal year including the 72 acres of automated backland development in early 2017, 4 acres of backland expansion (grading, paving, and storm drain) in Spring 2017, and the Crane Maintenance Building in August of 2017. \$ **33,469,897**

Berths 212-224 Development (YTI)

The redevelopment at Berths 212-224 consisting of berth dredging at Berths 214-216 to -53 feet MLLW and Berths 217-220 to -47 feet mean lower low water (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 Fall 2016 and the design of the concrete wharf inspection and improvements at Berths 214-220 will begin in Summer 2016. \$ **29,819,718**

Berths 222-236 Development (EverPort)

The EIR is expected to be completed in December 2016. Design will be completed in January 2017 for the wharf and backland improvements which includes dredging, grading, paving, striping, lighting, electrical infrastructure for 3 additional cranes, and AMP upgrades and retrofit. \$ **1,984,083**

Berths 300-306 Development (CMA-CGM)

The proposed Berths 301-306 Development will expand the terminal by approximately 41 acres, and modify existing terminal elements. Scheduled at this time is the design portion of the wharf improvements, AMP, and 4 acres of backland improvements adjacent to the wharf for early 2017. The remainder of the improvements are pending scope confirmation from tenant. \$ **571,280**

Berths 400-409 Development (Maersk/Cut)

Replacement of a 15 foot wide strip of asphalt concrete paving and reinforced concrete runways in the backland will be completed in Winter 2016. \$ **269,967**

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 State Lands MOTEMS. The berths affected are 148-151, 163, 164, 167-169, 187-191, and 238. Repairs at Berths 163 and 164 will be completed in Summer 2016. Design of the repairs at Berths 187-190 will be completed in early 2017. Design will begin on the Berth 164 MOTEMS site in late 2016. \$ **5,251,292**

CAPITAL PROJECTS REPORT (DETAIL)

Miscellaneous Terminal Improvements

The Berths 196-199 and 200A Wharf Rehabilitation project will begin construction in Summer 2016. Design of the Berths 177-178 Wharf Restoration will begin in Summer 2016 and design completion of the Berths 240 A, B, and C Seawall Improvements will occur in Spring 2017.

\$ 6,560,293

TOTAL TERMINAL IMPROVEMENTS

\$ 87,638,097

Transportation Projects

Construction will be completed this fiscal year on the C Street/I-110 Access Ramp Improvements, the Berth 200 Rail Yard Track Connections, and the At-Grade Rail Crossing Protection System for Anaheim Street Rail Crossing of McFarland Lead Track projects. Review of the State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd Interchange Reconfiguration Study will be completed this fiscal year. Design will begin on a number of projects this fiscal year including the West Basin Lead Track Gap Closure, Navy Way Speed Hump Maintenance and Restriping, Water Street Resurfacing, Reeves Avenue Resurfacing, and Miner Street Resurfacing.

TOTAL TRANSPORTATION PROJECTS

\$ 16,175,460

Security Projects

The continuation of the Port of Los Angeles (POLA) Fiber Optic - Phase 2 project will be completed this fiscal year.

TOTAL SECURITY PROJECTS

\$ 1,067,864

Public Access/Environmental Enhancements

Port-Wide Public Enhancement

Construction will continue with the 2,655 foot pathway along Front Street from the Vincent Thomas Bridge to Pacific Avenue this fiscal year.

\$ 3,887,087

Los Angeles Waterfront

The Los Angeles Waterfront Program envisions infrastructure improvements and development of various land uses including public waterfront and open space areas, commercial development, transportation, and parking facilities. Sampson Way Roadway Improvements at the intersection of Harbor Blvd. and 7th St. will begin construction in late Summer 2016. Design will begin on the San Pedro Waterfront - Sampson Way (7th St. to 22nd St.) Roadway Improvements. Design will continue on the San Pedro Waterfront - Berth 57 - Wharf Retrofit and Signal Street Improvements, San Pedro Waterfront - Ports O' Call Promenade and Town Square, San Pedro Waterfront - Berth 79 - Buildings and Floats Demolition, San Pedro Waterfront - Berths 80-83 - Buildings and Floats Demolition, San Pedro Waterfront - Berth 78 - Chevron Clean-up, and the San Pedro Waterfront - Berths 80-83 - Waterside Improvements. Wilmington will see design completion of the Wilmington Waterfront Promenade, Berths 184-185 - Catalina Freight Demolition, and the Wilmington Waterfront Signage Improvements projects. Slope improvements and street vacations at the Wilmington Waterfront Park will be completed. The Wilmington Waterfront Pedestrian Bridge will begin design in Fall 2016.

\$ 11,967,290

Environmental Enhancements

Environmental enhancements include eelgrass mitigation at Cabrillo Beach.

\$ 987,090

TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS

\$ 16,841,467

CAPITAL PROJECTS REPORT (DETAIL)

Maritime Services

Harbor Department Facilities

Harbor Department Facility improvements include the completion of the Berth 161 Marine Ways Modifications, Berth 68 - Port Pilot Station Dispatch Center Window Replacement, Berth 68 - Port Pilot Station Back Up Generator and Electrical Upgrade, and the Harbor Department Building - Elevator Gearbox Replacement. The Klein Billing and Port Pilot Systems Enhancement will continue this fiscal year.

\$ 2,664,140

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, Port of Los Angeles Police Headquarters - Shooting Range Lighting Upgrade and the FY 2016/17 Construction & Maintenance Deferred Maintenance Projects.

\$ 11,704,038

Unallocated Capital Improvement Program Fund

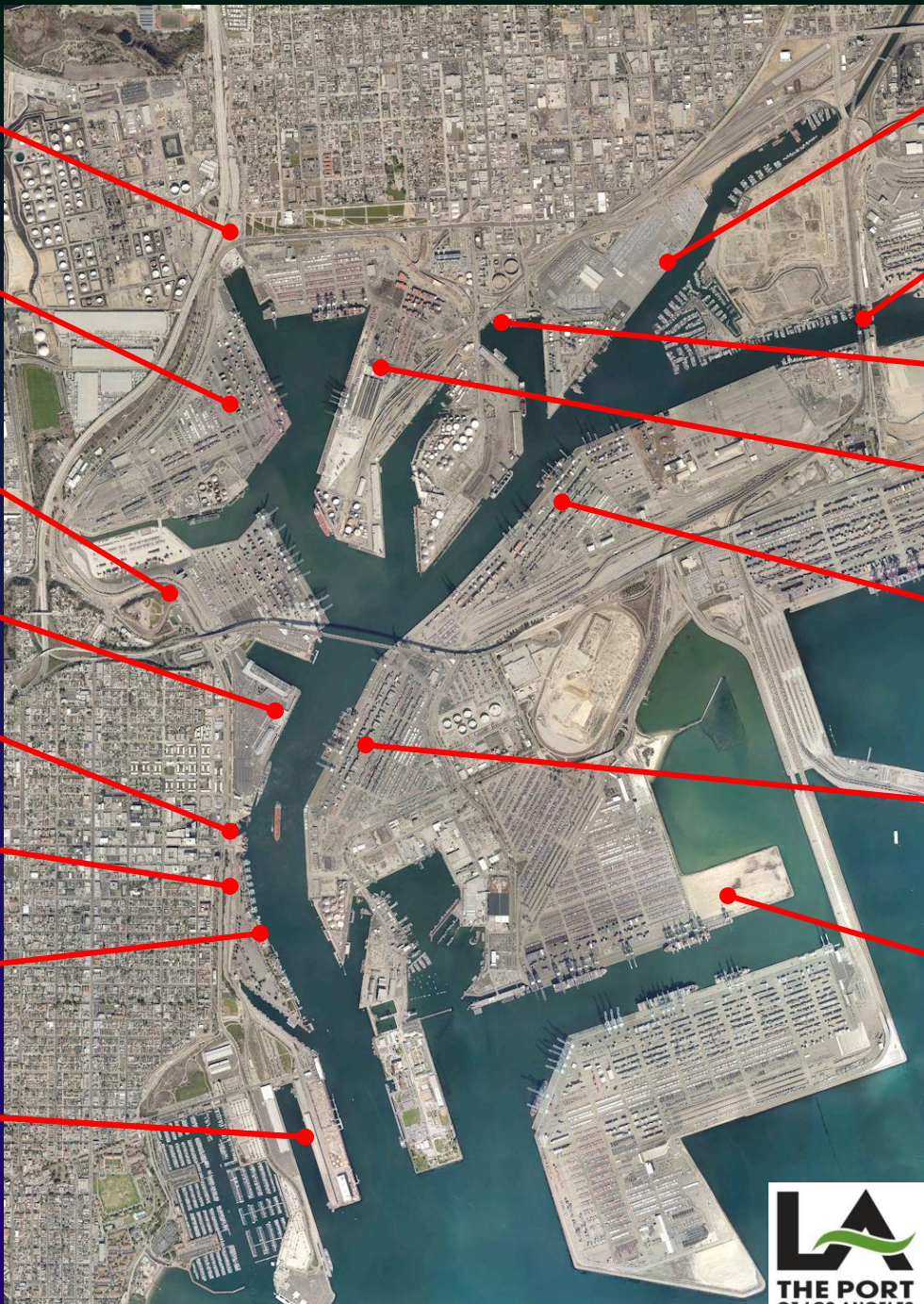
This category is for unanticipated projects which are initiated throughout the fiscal year. It includes construction services, consultants, hiring hall expenses, materials, equipment, services from other city departments, and administrative expenses.

\$ 10,000,000

TOTAL MARITIME SERVICES \$ 24,368,178

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries) \$ 146,091,066**

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



**"C" Street/I-110
Fwy Ramps**

**B. 121-131 Terminal
Redevelopment**

**Front Street
Beautification**

**Berth 91-93 AMP
Upgrade**

**Berth 84 Wharf
Rehabilitation**

**Sampson Way
Intersection**

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

AltaSea

**Berth 196-200A Wharf
Rehabilitation**

**Badger Bridge
Rehabilitation**

**Wilmington Promenade
And Pedestrian Bridge**

**B. 136-147 Terminal
Redevelopment**

**B. 214-220 Terminal
Redevelopment**

**B. 226-236 Terminal
Redevelopment**

**B. 306 Terminal
Wharf Design**



**FY 16/17 Capital
Improvement Program
Major Projects**