

**DATE: MARCH 12, 2026**

**FROM: FINANCIAL PLANNING AND ANALYSIS**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - REQUEST FOR FISCAL YEAR  
2025/26 BUDGETARY TRANSFER**

**SUMMARY:**

Staff requests approval of budgetary transfers in the amount of \$7,050,349 to cover anticipated budgetary shortfalls within the Other Operating Expenses category for the Harbor Operations Division; and the Materials, Supplies, and Equipment Expenses category for the Construction & Maintenance Division (C&M). Within the Adopted Operating Expense Budget, \$7,050,349 of surplus funds are expected to be available in the Salaries and Benefits category to offset the anticipated shortfalls. If approved, the proposed transfer of funds will result in no change to the overall Fiscal Year (FY) 2025/26 Adopted Operating Expense Budget of \$427,084,553 as funds are being transferred between budget categories within the Operating Expense Budget. Payment of Other Operating Expenses; and Materials, Supplies, and Equipment Expenses are the financial responsibility of the City of Los Angeles Harbor Department (Harbor Department).

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the following budgetary transfers to resolve a projected shortfall in the respective operating expense accounts:
  - a. Transfer \$4,743,848 from the Adopted Operating Expense Budget, Fund 702, Division 90000, Account 513000 as follows:
    - i. \$4,743,848 to Fund 702, Division 90000, Account 581010;

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- b. Transfer \$1,269,909 from the Adopted Operating Expense Budget, Fund 702, Division 32010, Account 511000 as follows:
    - i. \$1,026,259 to Fund 702, Division 90000, Account 581010, and
    - ii. \$243,650 to Fund 702, Division 32010, Account 552020;
  - c. Transfer \$1,036,592 from the Adopted Operating Expense Budget, Fund 702, Division 32010, Account 513000 as follows:
    - i. \$837,242 to Fund 702, Division 90000, Account 581010, and
    - ii. \$199,350 to Fund 702, Division 32010, Account 552020;
3. Direct the Board Secretary to transmit the Resolution to the Mayor for approval pursuant to Section 343(b) of the City Charter;
  4. Direct the Board Secretary to notify the City Clerk of such transfer pursuant to Section 343(d) of the City Charter at the time such transfer is made; and
  5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – The Harbor Department’s Operating Expense Budget is grouped into the following eight budget categories: Employee Salaries and Benefits; Marketing and Public Relations; Travel, Training, and Events; Outside Services; Materials, Supplies, and Equipment; Rentals, Incentives, and Subsidies; City Services; and Other Operating Expenses. Board approval is required for the transfer of funds from one budget category to another as stated in Charter Section 343(b): “The general manager of any department having control of its own funds may make application in writing to the board having control and management over the department for a transfer of amounts from one budget item to another in the annual budget of the department, or to a new item created after adoption of the annual budget. Upon board approval, the Controller shall make the transfer, but no transfer of an amount exceeding thirty-five thousand dollars (\$35,000) or other amount established by ordinance shall be made unless approved in writing by the Mayor.” Approval from the Mayor is also required as the transfers requested in this resolution exceed the limits set by the Charter Section 343(b) and the amount established by ordinance (Los Angeles Administrative Code Section 5.36).

The proposed transfer request is required to fund electricity and equipment fuel expenditures within the Harbor Department, as follows:

***Transfer of \$6,607,349 to Other Operating Expenses*** – Staff anticipates a \$6,607,349 shortfall related to electricity expenses incurred within the Harbor Operating Division. While the Harbor Department incurs electricity expenses for electricity used at Harbor

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Department facilities, a majority of the electricity budget is for electricity used by terminal operators as part of the Alternative Maritime Power (AMP) program. The AMP program allows vessels docked at the Port of Los Angeles (Port) to plug into shore-side electrical power in-lieu of running on the ship's power while berthing, which reduces air emissions in the harbor area. Additional funding is being requested as electricity rates have increased by nearly 20 percent since the adoption of the FY 2025/26 Budget. Furthermore, cargo volumes are projected to be 11 percent higher than the FY 2025/26 Adopted Budget, leading to higher AMP usage. While the Harbor Department is reimbursed for nearly all AMP expenses incurred, the Harbor Department records AMP expenses incurred separately from AMP reimbursements received. As a result, sufficient funding does not currently exist to cover the increased AMP expenses incurred by the Harbor Department in advance of being reimbursed by the terminal operators.

Staff has identified surplus funding within the Salaries & Benefits category to offset these anticipated shortages.

**Transfer of \$443,000 to Materials, Supplies, and Equipment** – Staff anticipates a \$443,000 shortfall related to equipment fuels that is budgeted within C&M but used by many divisions throughout the Port. This projected shortfall of \$443,000 is due to rising fuel prices driven by the conflict in the Middle East and higher-than-expected fuel consumption caused by increased number of ship arrivals, expanded Port Police patrols both on land and water, and elevated construction activity. This account provides the essential diesel, unleaded, and marine fuel required for waterway patrol vessels, service vehicles, and heavy construction equipment, all of which are vital to maintaining the Harbor Department's safety, infrastructure, and assets. Approval of this request will ensure that our fleet remains fully operational throughout the remainder of the fiscal year, preventing service interruptions.

Staff has identified surplus funding within the Salaries & Benefits category to offset these anticipated shortages.

**Surplus** – The FY 2025/26 Adopted Operating Expense Budget of \$427,084,553 includes funding for eight budget categories, and as of March 2026 staff forecasts that a total surplus of \$7,050,349 will be available within the Salaries & Benefits category to fund shortages. Therefore, if the proposed transfers are approved, the total FY 2025/26 Operating Expense Budget will remain at \$427,084,553 as funding will be transferred between accounts within the Operating Expense Budget.

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The proposed action is the approval of budgetary transfers to cover anticipated budgetary shortfalls, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed \$7,050,349 transfer would not result in a change to the total FY 2025/26 Operating Expense Budget as funding will be transferred between accounts within the Operating Expense Budget. If the proposed transfer is approved, there would be changes to several budget categories within the FY 2025/26 Operating Expense Budget as summarized below:

TABLE 1: FY 2025/26 ADOPTED BUDGET WITH PROPOSED TRANSFERS

<b>Operating Budget</b>	<b>Adopted FY 2025/26</b>	<b>Current Transfer Request</b>	<b>Adjusted FY 2025/26</b>
Employee Salaries & Benefits	216,518,117	(7,050,349)	209,467,768
Marketing & Public Relations	4,408,690	-	4,408,690
Travel, Training and Events	1,909,464	-	1,909,464
Outside Services	64,625,435	-	64,625,435
Materials, Supplies & Equipment	9,481,289	443,000	9,924,289
Rental, Incentives & Subsidies	36,967,594	-	36,967,594
City Services	72,662,124	-	72,662,124
Other Operating Expenses	20,511,840	6,607,349	27,119,189
<b>TOTAL</b>	<b>427,084,553</b>	<b>-</b>	<b>427,084,553</b>

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**CITY ATTORNEY:**

The Office of the City Attorney has reviewed this report, and the proposed action raises no legal issues at this time.

FIS Approval: JS  
CA Approval: JC

*Jeffrey Strafford*

JEFFREY STRAFFORD  
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Director, Financial Planning & Analysis

APPROVED:

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