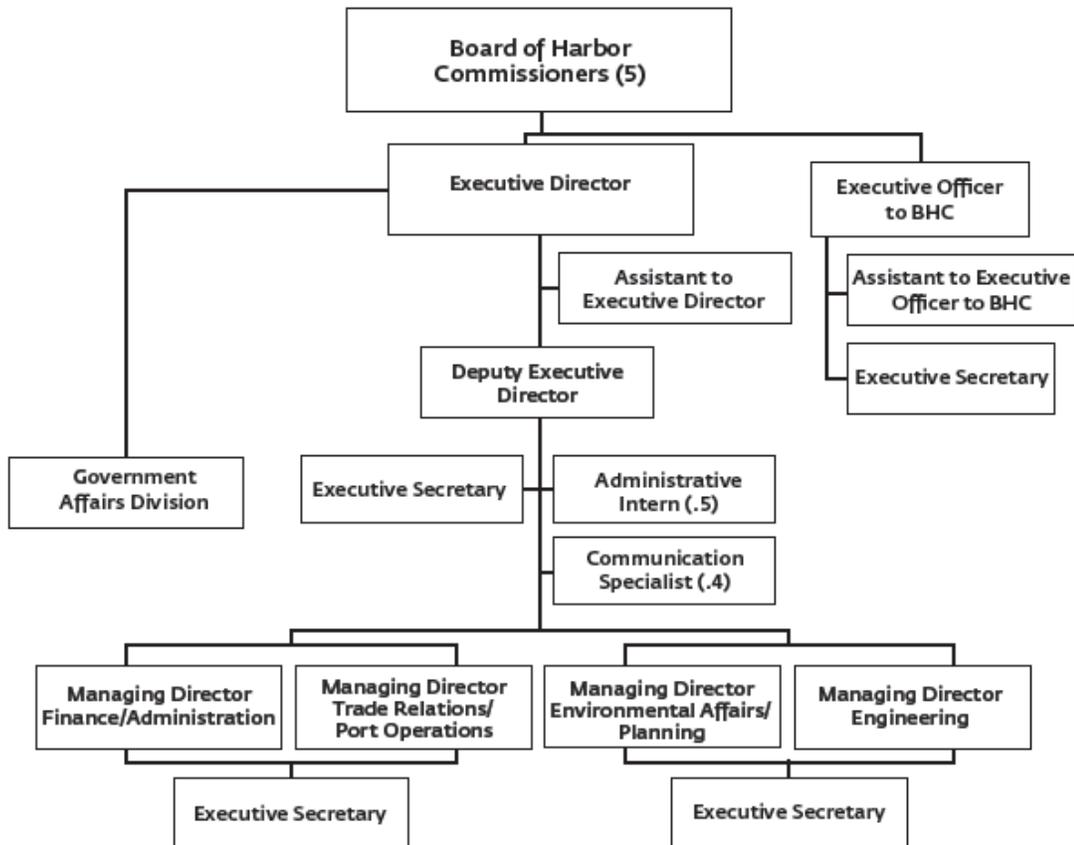


Harbor



The Port of Long Beach is an innovative provider of state-of-the-art seaport facilities and services that enhance economic vitality and improve quality of life and the environment.

Financial Summary by Category

	Actual	Adopted*	Adjusted**	Estimated**	Adopted*
	FY 12	FY 13	FY 13	FY 13	FY 14
Revenues:					
Property Taxes	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses and Permits	67,927	-	-	-	-
Fines and Forfeitures	216	-	-	-	-
Use of Money & Property	3,296,050	6,549,000	6,549,000	6,549,000	5,389,000
Revenue from Other Agencies	24,527	191,796,000	191,796,000	191,796,000	298,265,000
Charges for Services	336,651,206	338,210,000	338,210,000	338,210,000	376,208,000
Other Revenues	70,635,329	-	-	-	-
Interfund Services - Charges	-	-	-	-	-
Intrafund Services - GP Charges	-	-	-	-	-
Harbor P/R Revenue Transfers	(1,005)	-	-	-	-
Other Financing Sources	-	200,000,000	200,000,000	200,000,000	200,000,000
Operating Transfers	-	-	-	-	-
	-----	-----	-----	-----	-----
Total Revenues	410,674,251	736,555,000	736,555,000	736,555,000	879,862,000
Expenditures:					
Salaries, Wages and Benefits	50,521,322	60,283,481	60,283,481	60,283,481	65,425,752
Overtime	1,349,932	1,479,711	1,479,711	1,479,711	1,587,704
Materials, Supplies and Services	359,676,272	46,370,646	42,971,863	46,370,646	49,497,210
Internal Support	21,383,989	25,685,139	25,685,139	25,685,139	26,738,144
Capital Purchases	(4,436,317)	711,017,392	732,726,402	711,017,392	780,426,026
Debt Service	76,979,207	80,397,543	80,397,543	80,397,543	81,369,878
Transfers to Other Funds	16,694,347	16,825,000	16,825,000	16,825,000	18,372,667
Prior Year Encumbrance	-	-	-	-	-
	-----	-----	-----	-----	-----
Total Expenditures	522,168,750	942,058,912	960,369,139	942,058,912	1,023,417,381
Personnel (Full-time Equivalents)	480.40	505.40	505.40	505.40	557.80

*Amounts exclude all-years carryover. See budget ordinance in the front section of this document.

**Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

Personal Services

Classification	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 13 Adopted Budget	FY 14 Adopted Budget
Executive Director	1.00	1.00	1.00	275,000	276,059
Accountant II	2.00	1.00	1.00	73,410	73,395
Accountant III	2.00	3.00	3.00	239,251	243,040
Accounting Clerk II	1.00	-	1.00	-	47,389
Accounting Clerk III	2.00	2.00	1.00	97,826	50,975
Accounting Technician	2.00	3.00	3.00	170,068	170,193
Administrative Aide I	-	1.00	1.00	54,915	54,904
Administrative Aide II	2.00	2.00	2.00	113,797	114,881
Administrative Aide III	2.00	3.00	4.00	194,227	256,560
Administrative Analyst I	6.00	2.00	2.00	156,144	141,881
Administrative Analyst II	3.00	6.00	7.00	465,632	563,706
Administrative Analyst III	6.00	8.00	9.00	677,006	743,233
Administrative Intern-NC/H36	12.00	15.50	13.50	542,382	472,315
Administrative Intern-NC/H42	1.50	-	-	-	-
Assistant Administrative Analyst I	3.00	2.00	3.00	121,716	171,078
Assistant Administrative Analyst II	13.00	14.00	13.00	948,640	881,402
Assistant Chief Financial Officer	2.00	2.00	1.00	251,518	130,053
Assistant Director of Communications	1.00	1.00	1.00	111,173	111,173
Assistant Director of Construction Mgmt	-	-	1.00	-	139,057
Assistant Director of Design Engineering	-	-	1.00	-	139,057
Assistant Director of Homeland Security	1.00	1.00	1.00	133,956	133,956
Assistant Director of Environmental Planning	2.00	2.00	1.00	234,094	117,047
Assistant Director of Human Resources	1.00	1.00	1.00	120,047	120,047
Assistant Director of Information Management	1.00	1.00	1.00	123,651	123,651
Assistant Director of Program Management	-	-	1.00	-	139,057
Assistant Director of Real Estate	1.00	1.00	1.00	113,347	113,347
Assistant Director of Security Support	-	-	1.00	-	133,955
Assistant Executive Director	1.00	1.00	-	225,884	-
Assistant Managing Director of Engineering	1.00	1.00	1.00	158,465	158,465
Assistant Managing Director GDB Project	-	-	1.00	-	139,057
Assistant Managing Director PM & CM	-	-	1.00	-	139,057
Assistant Marketing Manager	1.00	1.00	1.00	77,201	77,186
Assistant Terminal Services Manager	1.00	1.00	1.00	80,051	80,036
Assistant to the Executive Director	1.00	1.00	1.00	72,713	75,065
Building Maintenance Engineer	3.00	3.00	3.00	217,848	225,103
Capital Projects Coordinator II	-	1.00	2.00	86,791	178,162
Capital Projects Coordinator III	2.00	4.00	7.00	398,946	676,364
Capital Projects Coordinator II	-	-	2.00	-	181,708
Cargo Audit Clerk III	1.00	1.00	2.00	50,984	94,544
Carpenter	1.00	1.00	1.00	59,242	62,253
Chief Construction Inspector	1.00	1.00	1.00	99,441	99,441
Chief Port Security Officer	1.00	1.00	1.00	103,260	103,240
Chief Surveyor	1.00	1.00	1.00	109,576	109,576
Chief Financial Officer	1.00	1.00	1.00	144,130	144,130
Civil Engineering Associate	8.00	8.00	8.00	644,979	646,980
Civil Engineering Assistant	3.00	5.00	6.00	312,271	372,976
Subtotal Page 1	94.50	104.50	116.50	8,059,584	9,224,754

Personal Services

Classification	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 13 Adopted Budget	FY 14 Adopted Budget
Subtotal Page 1	94.50	104.50	116.50	8,059,584	9,224,754
Civil Engineer	15.00	16.00	18.00	1,560,973	1,652,429
Clerk Typist I	4.00	-	-	-	-
Clerk Typist II	15.00	13.00	14.00	570,602	592,881
Clerk Typist III	10.00	13.00	14.00	613,387	658,823
Clerk Typist IV	1.00	1.00	1.00	52,169	52,247
Clerk Typist II-NC	-	3.00	2.00	103,647	70,478
Clerk Typist III-NC	-	-	1.00	-	37,949
Communications Officer	4.00	4.00	5.00	378,628	490,550
Construction Inspector I	2.00	2.00	2.00	141,110	125,170
Construction Inspector II	13.00	13.00	13.00	1,085,587	1,002,159
Construction Supervisor	1.00	1.00	1.00	73,535	73,521
Contract Administrator I	1.00	1.00	1.00	33,164	59,210
Deputy Chief Harbor Engineer I	1.00	2.00	2.00	243,321	243,653
Deputy Chief Harbor Engineer II	4.20	3.20	5.20	376,748	610,434
Deputy Executive Director	-	-	1.00	-	225,884
Director of Communications	1.00	1.00	1.00	148,490	148,490
Director of Buildings	-	-	1.00	-	139,057
Director of Program Controls	-	-	1.00	-	139,057
Director of Risk Management	1.00	1.00	1.00	129,414	129,414
Director of Trade Relations	1.00	1.00	1.00	131,557	131,557
Director of Construction Management	1.00	1.00	1.00	143,059	143,059
Director of Engineering Design	1.00	1.00	1.00	139,057	139,057
Director of Environmental Services	1.00	1.00	1.00	143,057	143,057
Director of Governmental Affairs	1.00	1.00	1.00	131,878	131,878
Director of Planning	1.00	1.00	1.00	133,803	133,803
Director of Program Management	1.00	1.00	1.00	143,059	143,059
Director of Real Estate	1.00	1.00	1.00	136,795	136,795
Director of Transportation Planning	1.00	1.00	1.00	131,154	131,154
Director of Human Resources/Special Svcs	1.00	1.00	1.00	143,059	143,059
Director of Information Management	1.00	1.00	1.00	143,059	143,059
Director of Maintenance	1.00	2.00	1.00	286,119	143,059
Director of Security	1.00	-	1.00	-	160,615
Electrical Engineer	1.00	1.00	1.00	97,014	98,990
Electrician	4.00	4.00	4.00	251,366	249,794
Engineering Tech II	2.00	1.00	1.00	63,053	63,053
Environmental Remediation Specialist I	1.00	1.00	1.00	98,990	98,990
Environmental Remediation Specialist II	2.00	2.00	1.00	219,152	109,576
Environmental Specialist	1.00	-	-	-	-
Environmental Specialist Associate	4.00	4.00	4.00	327,236	331,825
Environmental Specialist Assistant	4.00	4.00	2.00	256,143	135,241
Environmental Specialist I	2.00	2.00	3.00	196,029	283,129
Environmental Specialist II	5.00	4.00	3.00	411,915	308,752
Equipment Mechanic II	2.00	3.00	3.00	199,773	199,738
Equipment Operator II	5.00	5.00	5.00	245,549	235,514
Subtotal Page 2	----- 213.70	----- 222.70	----- 241.70	----- 17,742,238	----- 19,613,974

Personal Services

Classification	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 13 Adopted Budget	FY 14 Adopted Budget
Subtotal Page 2	213.70	222.70	241.70	17,742,238	19,613,974
Executive Secretary of the Board	1.00	1.00	1.00	140,057	140,057
Executive Secretary of the Board	4.00	4.00	4.00	242,978	266,644
Financial Reporting/Controls Officer	1.00	1.00	1.00	104,304	104,284
Garage Supervisor	1.00	-	-	-	-
Garage Service Attendent I	2.00	1.00	1.00	43,882	46,373
Garage Service Attendent II	2.00	1.00	1.00	49,681	49,671
Gardener II	3.00	2.00	2.00	92,179	90,409
General Maintenance Assistant	8.00	8.00	8.00	395,696	393,398
Geographic Information Systems Analyst I	2.00	1.00	1.00	64,180	67,435
Geographic Information Systems Analyst II	1.00	2.00	2.00	147,375	147,375
Geographic Information Systems Analyst III	1.00	1.00	1.00	81,948	81,948
Geographic Information Systems Tech I	2.00	2.00	2.00	118,441	118,420
Harbor Maintenance Mechanic I	3.00	3.00	3.00	164,128	162,846
Harbor Maintenance Mechanic II	4.00	4.00	4.00	233,647	237,344
Harbor Maintenance Supt II	1.00	1.00	1.00	93,284	93,267
Housing Specialist II	1.00	-	-	-	-
Maintenance Assistant I	7.00	7.00	7.00	269,726	269,689
Maintenance Assistant II	4.00	4.00	4.00	160,781	155,259
Maintenance Assistant III	4.00	4.00	4.00	175,984	188,802
Maintenance Planner II	-	3.00	3.00	236,108	239,868
Maintenance Supervisor	2.00	2.00	2.00	138,866	138,843
Manager of Accounting	1.00	1.00	1.00	101,483	101,483
Manager of Air Quality	-	-	1.00	-	113,000
Manager of Business Applications	-	-	1.00	-	120,000
Manager of Business Development	-	-	1.00	-	111,525
Manager of Business Development-FTZ	-	-	1.00	-	111,525
Manager of Port Projects	2.00	10.00	-	1,062,476	-
Manager of Security Operations	-	-	2.00	-	218,000
Manager of Security Systems	-	-	1.00	-	130,000
Manager of Sustainable Practices	-	-	1.00	-	105,000
Manager of Tenant Services	-	-	1.00	-	100,000
Manager of Contract Administration	1.00	1.00	1.00	115,049	115,049
Manager of Emergency Management	1.00	1.00	1.00	90,037	90,037
Manager of Environmental Remediation	-	-	1.00	-	113,000
Manager of Facilities Management	1.00	1.00	1.00	87,535	87,535
Manager of Fleet/Environmental Services	1.00	1.00	1.00	91,154	91,154
Manager of Grants Administration	-	-	1.00	-	105,000
Manager of Infrastructure Maintenance	1.00	1.00	1.00	98,165	98,165
Manager of Rail Transportation	1.00	1.00	1.00	122,348	122,348
Manager of CEQA/NEPA Projects	-	-	1.00	-	113,000
Manager of Internal Controls	-	-	1.00	-	121,465
Manager of Master Planning	-	-	1.00	-	113,000
Manager of Network Operations	-	-	1.00	-	120,000
Manager of Safety/Business Continuity	1.00	1.00	1.00	101,456	101,456
Manager of Transportation Planning	-	-	2.00	-	224,192
Manager of Water Quality	-	-	1.00	-	113,000
Managing Director	4.00	4.00	4.00	726,140	726,140
Marketing Manager	2.00	3.00	2.00	309,781	206,480
Mechanical Supervisor	1.00	1.00	2.00	85,265	161,944
Subtotal Page 3	284.70	300.70	327.70	23,686,375	26,539,404

Personal Services

Classification	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 13 Adopted Budget	FY 14 Adopted Budget
Subtotal Page 3	284.70	300.70	327.70	23,686,375	26,539,404
Members-Boards/Commissions	-	-	-	26,000	26,000
Motor Sweeper Operator	1.00	1.00	1.00	58,894	58,884
Office Automation Analyst II	3.00	3.00	3.00	227,511	217,790
Office Automation Analyst III	3.00	3.00	2.00	246,232	163,617
Office Automation Analyst IV	1.00	1.00	1.00	82,975	86,400
Office Systems Analyst II	5.00	2.00	4.00	213,208	415,423
Office Systems Analyst III	11.00	13.00	12.00	1,567,772	1,466,826
Painter II	1.00	1.00	1.00	59,221	59,210
Painter Supervisor	1.00	1.00	1.00	67,921	67,909
Park Maintenance Supervisor	1.00	1.00	1.00	68,849	68,837
Payroll Personnel Assistant III	1.00	-	1.00	-	54,985
Plumber	5.00	6.00	6.00	388,781	391,747
Plumber Supervisor	1.00	1.00	1.00	77,645	77,631
Port Communications Specialist II	0.40	0.40	0.40	20,786	8,311
Port Communications Specialist III	1.00	-	-	-	-
Port Communications Specialist IV	3.00	4.00	4.00	314,736	316,443
Port Communications Specialist V	6.00	7.00	8.00	607,926	672,295
Port Financial Analyst I	-	-	1.00	-	83,487
Port Financial Analyst III	3.00	3.00	3.00	334,639	334,576
Port Leasing Sales Officer IV	1.00	-	-	-	-
Port Leasing Sales Officer V	3.00	4.00	4.00	406,348	396,847
Port Planner IV	2.00	2.00	1.00	223,093	111,525
Port Risk Manager II	1.00	1.00	1.00	98,130	98,110
Port Security System Operator II	5.00	8.00	8.00	527,732	534,589
Port Security System Operator III	5.00	4.00	5.00	293,247	372,348
Principal Construction Inspector	4.00	4.00	4.00	344,562	344,562
Program Scheduler	-	1.00	3.00	103,928	282,764
Project Estimator	-	-	1.00	-	59,222
Recreation Center Supervisor II	1.00	1.00	1.00	59,242	62,253
Safety Specialist II	-	-	2.00	-	137,701
Secretary	17.00	17.00	19.00	881,002	965,113
Senior Accountant	1.00	-	-	-	-
Senior Civil Engineer	14.00	17.00	24.40	1,773,461	2,511,158
Senior Electrical Engineer	1.00	1.00	1.00	109,576	109,576
Senior Electrical Inspector	1.00	1.00	1.00	84,503	76,728
Senior Engineering Tech I	1.00	1.40	2.00	73,230	149,087
Senior Engineering Tech II	0.40	1.00	1.40	78,442	87,680
Senior Equipment Operator	3.00	2.00	2.00	137,852	137,827
Senior Port Leasing Officer	1.00	1.00	1.00	108,659	108,640
Senior Program Manager	4.00	4.00	4.00	468,295	485,218
Senior Structural Engineer	1.00	1.00	1.00	114,901	114,901
Senior Survey Technician	6.00	6.00	6.00	424,872	412,022
Senior Surveyor	2.00	2.00	2.00	143,719	160,128
Senior Traffic Engineer	1.40	1.40	1.40	141,761	122,447
Special Services Officer I	6.00	5.00	5.00	252,022	241,021
Subtotal Page 4	----- 413.90	----- 433.90	----- 479.30	----- 34,898,049	----- 39,191,243

Personal Services

Classification	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 13 Adopted Budget	FY 14 Adopted Budget
Subtotal Page 4	413.90	433.90	479.30	34,898,049	39,191,243
Special Services Officer I-NC	-	5.00	9.00	206,922	333,722
Special Services Officer III	36.00	36.00	39.00	259,584	2,236,666
Special Services Officer IV	9.50	9.50	9.50	644,414	646,970
Storekeeper	1.00	1.00	1.00	54,915	54,904
Structural Engineer	1.00	-	-	-	-
Supervisor-Stores/Property	1.00	1.00	1.00	63,605	63,810
Survey Technician	4.00	6.00	6.00	366,453	338,316
Surveyor	5.00	5.00	6.00	402,848	479,147
Terminal Services Rep I	6.00	4.00	4.00	225,018	224,975
Traffic Engineering Associate II	1.00	1.00	1.00	82,956	82,956
Transportation Planner I	1.00	-	-	-	-
Transportation Planner III	-	2.00	1.00	181,597	91,432
Transportation Planner IV	1.00	1.00	1.00	111,546	111,525
Subtotal Salaries	480.40	505.40	557.80	39,335,608	43,855,667
Overtime	-	-	-	1,479,711	1,587,704
Fringe Benefits	-	-	-	18,056,133	19,729,527
Administrative Overhead	-	-	-	1,530,364	1,840,558
Attrition/Salary Savings	-	-	-	-	-
To Be Negotiated Savings	-	-	-	1,361,377	-
Total	480.40	505.40	557.80	61,763,192	67,013,456

Key Contacts

A.J. Moro, P.E., Acting Executive Director

Dr. Noel Hacegaba, Interim Deputy Executive Director

Steven Rubin, Managing Director, Finance and Administration Bureau

Vacant, Managing Director, Environmental Affairs and Planning Bureau

Douglas Thiessen, Managing Director, Engineering Bureau

Vacant, Managing Director, Trade Relations and Port Operations Bureau

Samara Ashley, Director, Government Affairs

Karl Adamowicz, Director, Real Estate

Douglas L. Albrecht, Director, Information Management

Richard Baratta, Director, Risk Management

Margaret Huebner, Director, Human Resources

Sam Joumbat, Chief Financial Officer

Gary Cardamone, Director, Construction Management

Vacant, Assistant Managing Director, Engineering Bureau

Neil Morrison, Director, Engineering Design

Douglas Sereno, Director, Program Management

Art Wong, Director (Acting), Communications and Community Relations

Randy Rich, Director, Maintenance

Randy Parsons, Director, Security

Donald Snyder, Director, Trade Relations

Richard Cameron, Director, Environmental Planning

Larry Cottrill, Director, Master Planning

Eric Shen, Director, Transportation Planning

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OUR VISION:

The Port of Long Beach is a world leader in goods movement, environmental stewardship, and economic prosperity

With the nation's economy now beginning to stabilize, the Port of Long Beach, with its deep water channels, rail access, and continuing investment in state-of-the-art facilities, is in a prime position to build upon last year's growth and continue as the preferred gateway for Asia-Pacific trade.

As in past years, the proposed budget relies on no taxes and is 100% supported by a combination of Port-related revenues, bond financing, and existing funds. The proposed budget of \$1.02 billion is approximately 6.6% higher than FY 2013. This is primarily due to a \$44 million increase in capital expenditures and a \$19 million increase in operating expenses. The proposed budget adds fifty-two additional positions, increasing budgeted headcount from 510 to 562, primarily to support the ongoing investment in capital projects and enhance security operations. Expenses are also increasing due to a significant increase in funding for deferred maintenance within the Port, maintenance dredging, and engineering studies and support. The capital investments in facilities and infrastructure are expected to support more than 7,000 jobs throughout the region.

Operating Revenue (\$375 million) in FY 2014 is projected to be 2.1% higher than the FY 2013 estimate, following a 9.0% gain (to \$367 million) over the FY 2013 budget. FY 2014 Container Terminal Revenue is expected to rise 2.0% to \$293 million. Container traffic will make up approximately 78% of Operating Revenue. Non-operating Revenue will increase by \$92 million in FY 2014, primarily due to increases of \$49 million in grant revenue and \$43 million in grant reimbursements for the Gerald Desmond Bridge Replacement Project.

The Port is committed to managing its internal operations effectively and demonstrating continued progress toward the long-term goals of its Strategic Plan, which consists of:

- Environmental Stewardship
- Safety and Security
- Community, Industry, and Government Relations
- Infrastructure and Transportation
- Trade and Development
- Financial Strength
- Organizational Effectiveness

These seven strategic objectives reflect the Port's ongoing commitment to achieving its goals. With slow, but steady business growth projected over the next decade, and billions for capital projects on the drawing board, the role of the Port will continue to be a major contributor to the region's economic growth.

FIGURE I-A

Sources of Funds: FY 2014

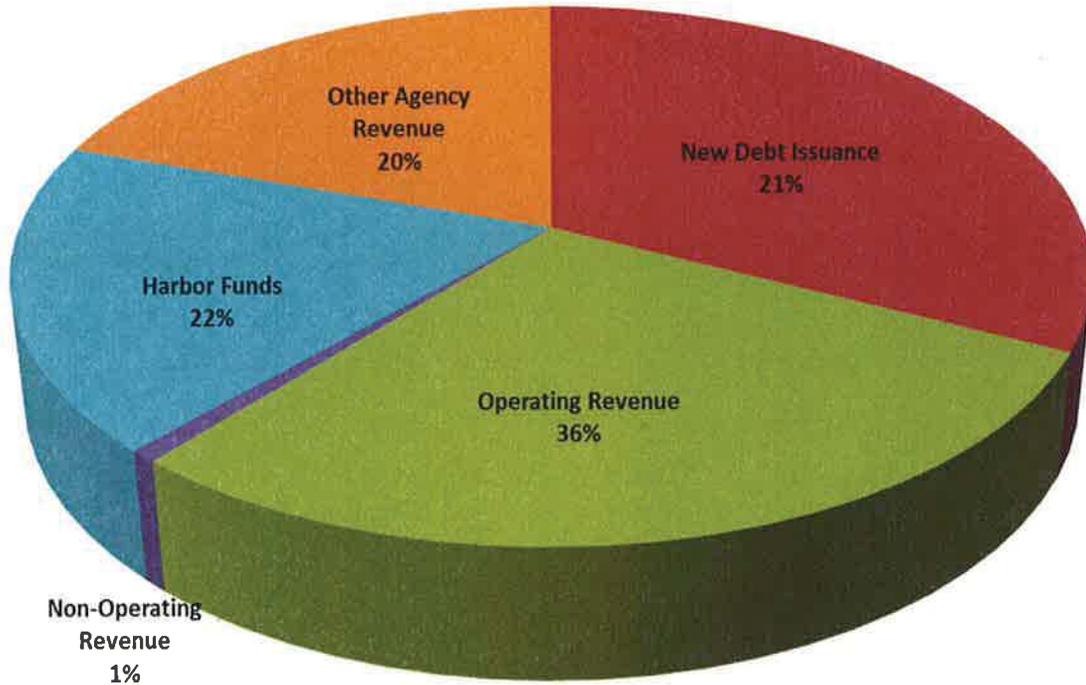


FIGURE I-B

	FY 2014 Proposed Budget	FY 2013 Adopted Budget	Change	Percent Change
Operating Revenue	375,208	337,210	37,998	11%
Non-Operating Revenue	6,389	7,549	(1,159)	-15%
Revenue From Other Agencies	<u>298,265</u>	<u>191,796</u>	<u>106,469</u>	<u>56%</u>
Total Revenue	679,862	536,554	143,307	27%
New Debt Issuance	200,000	200,000	0	0%
Harbor Funds	<u>143,468</u>	<u>223,813</u>	<u>(80,345)</u>	<u>-36%</u>
Total	<u>1,023,330</u>	<u>960,367</u>	<u>62,964</u>	<u>7%</u>

FIGURE II-A

Uses of Funds: FY 2014

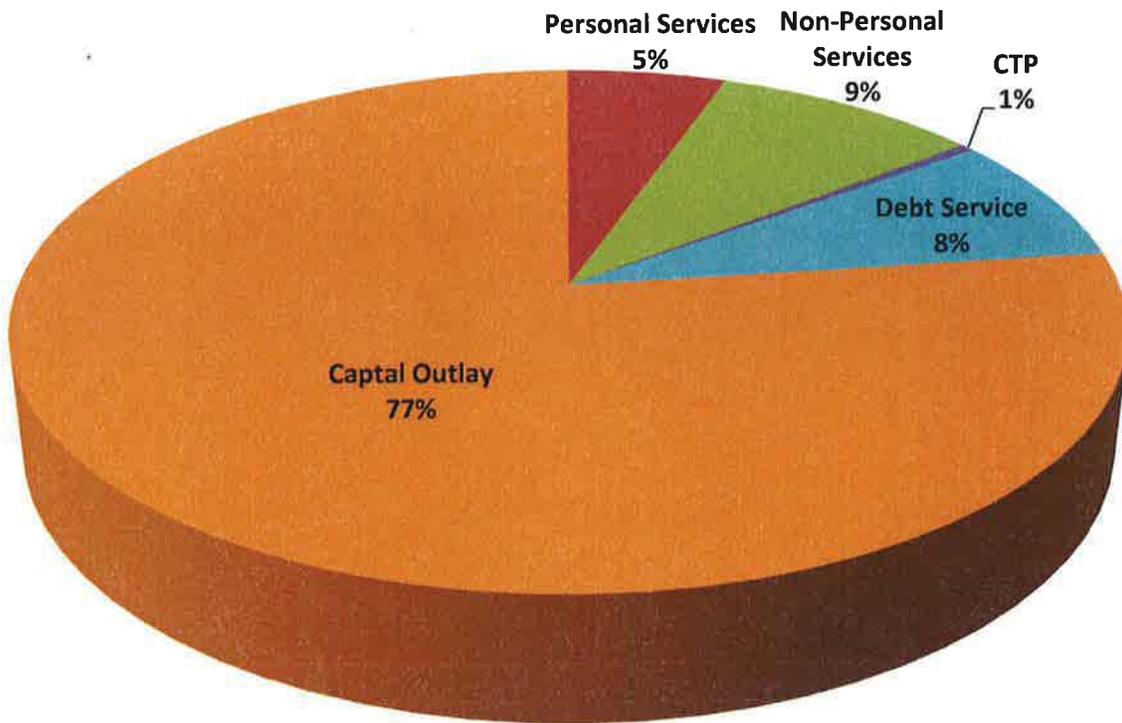


FIGURE II-B

Uses of Funds (\$000): Budget To Budget Comparison

	FY 2014 Proposed Budget	FY 2013 Adopted Budget	Change	Percent Change
Personal Services	55,461	50,325	5,135	10%
Non-Personal Services	93,938	81,614	12,324	15%
Clean Truck Program	4,900	4,315	585	14%
Debt Service	81,370	80,398	973	1%
Capital Outlay	<u>787,662</u>	<u>743,715</u>	<u>43,947</u>	<u>6%</u>
Total	<u>1,023,330</u>	<u>960,366</u>	<u>62,965</u>	<u>7%</u>

ENVIRONMENTAL STEWARDSHIP

Goal: Implement practices that minimize or eliminate the environmental impacts and health risks of Port operations and development

In FY 2014, the Port of Long Beach will continue to fund a number of industry-leading programs to continue its commitment to be one of the most environmentally friendly seaports in the world. The FY 2014 budget allocates \$73 million to environmental programs aimed at improving air and water quality, cleaning soil and undersea sediments, protecting wildlife habitat, and creating a “sustainable” Port for the benefit of future generations.

Technology Advancement Program

The Port’s Technology Advancement Program (TAP), a joint effort with the Port of Los Angeles, provides funding toward demonstration projects of new and emerging air pollution reduction technologies. To date, the ports have funded 26 demonstration projects, including zero emissions trucks, hybrid tug boats, retrofit devices for terminal equipment and locomotives, and other alternative fueled heavy equipment. The Port has budgeted \$2 million for TAP air pollution reduction technology projects in FY 2014.

Water Resources Action Plan (WRAP)

In August 2009, the ports of Long Beach and Los Angeles adopted the Water Resources Action Plan (WRAP), which outlines the ports’ water quality programs and strategies for maintaining and improving harbor waters. In addition, the EPA and Regional Water Quality Control Board adopted a Total Maximum Daily Load (TMDL) for the harbor in 2012. In support of these efforts, the Port has budgeted over \$1.5 million to implement water quality programs during FY 2014. Work conducted in response to the TMDL requirements will include conducting special studies to gain a better understanding of the water quality and sediment in the harbor, the bioaccumulation of pollutants in fish, and the links to the health of the harbor ecosystem. In addition, the Port will continue to support the tenant storm water program, and will also continue to implement a comprehensive litter control program which will include an education and outreach campaign targeted at those that work in the Port, along with efforts to prevent trash from accumulating on land and in the water. The Port will continue efforts to identify new technologies and pollution prevention techniques to reduce water pollution.

Project Mitigation Funds

To further reduce the air quality and noise impacts of port-related projects, the Environmental Planning Division will continue to administer mitigation grant programs that will award funds to local programs through a competitive application process. Grants will be focused in four main areas: Schools and Related Sites; Healthcare and Senior Facilities; Green House Gases (GHG) Emission Reductions; and Zero Emission programs.

Environmental Capital Projects

Among the \$57.0 million for environmental capital projects is the Port’s \$39.5 million investment in ship-to-shore power. Also known as “cold-ironing”, this technology allows ships to plug into electrical power while at berth, thus eliminating a significant amount of harmful diesel emissions that result from running auxiliary engines while berthed. The Port is actively constructing the land-side electrical infrastructure to meet CARB’s January 2014 regulatory mandate for vessels to start plugging in. When completed, the total cost for the program is projected to exceed \$200 million.

TRADE DEVELOPMENT

Goal: To understand the core business of the Port and its supply chain partners, customers, and competitors, in order to attract new business opportunities and support existing customers.

Business Development

The focus of business development is to aggressively, but selectively attract and facilitate new business opportunities that help diversify Port business and ensure high utilization of Port assets.

Customer Service

Port staff meets on a continual basis with its domestic and international customers to identify and implement operational programs to more efficiently move cargo throughout the Port. Partnerships with our customers helped the Port of Long Beach to be named by the readers of CargoNews Asia as the best seaport in North America for the sixteenth time in the past eighteen years.

Industry Outreach

In FY 2014 the Port will continue to participate and organize numerous events so that its customers and the public can better understand the current state of the global trade. One event – the annual Pulse of the Ports Conference – gathers representatives from the retail, agricultural, trucking, and shipping industries, to discuss the upcoming year's cargo forecast, goods movement, and other trade issues that are important to the San Pedro Bay Ports. The Port will also continue to work closely with industry groups such as the National Retail Federation, the Intermodal Association of North America, and the National Industrial Transportation League, to improve Port services so that it remains competitive in a global marketplace.

The Ports of Long Beach and Los Angeles are also facilitating a Chassis Operations Group, which brings together industry stakeholders to recommend an improved chassis operating model for Southern California ports. This will improve operating efficiency that will in turn increase our competitiveness. The goals are to:

- create a gray chassis fleet in which any chassis works in any transaction;
- allow chassis to be stored, maintained, and dispatched outside of the marine terminals

In addition, the ports are having discussions with terminal operators and motor carriers to improve truck turn time through terminals. By creating a system which tracks turn time results, the two ports hope that additional efficiencies will be achieved when specifically focusing on activities or policies which unnecessarily increase carrier time in the Harbor.

Overseas Representation

The FY 2014 budget will continue the Port's investment in its overseas marketing offices. With many of the ocean carriers calling on Southern California headquartered in Greater China, Japan, Europe, South Korea, Australia and Latin America, the Port retains marketing representatives in all of these regions to help promote strong relationships with current and potential foreign trade partners and customers. Maintaining contact with international customers will be especially important in FY 2014, as the Port's projected infrastructure improvements continue to facilitate global trade.

INFRASTRUCTURE & TRANSPORTATION

Goal: Provide infrastructure for an efficient and modern seaport complex and promote innovative solutions for the environment

The Port will continue to modernize and upgrade its facilities and infrastructure in 2014. The Port's capital program will focus on addressing increased cargo-handling efficiency with new technology and sustainable infrastructure, while building on its commitment to the environment and the community. The large \$788 million capital program demonstrates the Port's unwavering commitment to maintain its leadership role in an increasingly competitive market.

Major Capital Projects

The Port's plan to invest \$4.5 billion over the next decade will stimulate the economy by creating thousands of direct construction jobs and indirect service and commercial opportunities. Major projects planned for FY 2014 include the following:

Major Capital Projects

	FY 2014 Proposed Budget	FY 2013 Adopted Budget
Gerald Desmond Bridge	284,110	193,400
Middle Harbor (Piers D/E/F)	214,446	261,208
Security Projects	61,465	33,860
Pier G	60,122	47,802
Environmental Projects	57,077	86,314

Gerald Desmond Bridge Replacement

The groundbreaking ceremony was held in January 2013, for the Gerald Desmond Bridge Replacement Project and work is fully underway to replace the aging viaduct. Federal, State, and Local funding of \$846 million has been secured to help finance the project under the State's "Design/Build" program. Shimmick Construction Co., FCC Construction S.A., and Impregilo S.P.A. (SFI), the prime contractors, are completing the design and will start the deep foundations for the bridge pillars in 2014. Construction of the bridge, piers, and approaches will be well underway in 2014 with all work scheduled to be completed in 2016.

Middle Harbor Development

The Middle Harbor Project is a 9-year, approximately \$1.2 billion modernization of the shipping terminals on Piers D, E, and F. The project will consolidate two outdated facilities, into a single, modern, 345-acre container terminal. The project will add on-dock rail capacity, shore-side electrical power, and dredge deeper channels to accommodate the newest 16,000 TEU container ships, which will have the effect of cutting air pollution in half. The new terminal is designed to move twice the amount of cargo as compared to current

facilities. Eight projects will be in construction during FY 2014, including wharf and backlands construction, two new terminal buildings, and the north gate. The first cranes and automated guided vehicles are expected to be tested in FY 2014.

COMMUNITY, INDUSTRY, & GOVERNMENT RELATIONS

Goal: Engage the community, international trade industry, elected officials, and government agencies to build positive relationships that foster mutual understanding

The Port works with a large and diverse group of stakeholders from local residents and the business community, to neighboring areas and municipal governments, to international businesses, and state and federal agencies. Awareness, communication, and mutual understanding are the keys to building positive relationships with these diverse groups. The proposed budget includes funding to promote the Port's maritime and commercial interests, educate stakeholders, and support community events in and around Long Beach.

Community and Media Outreach

In the upcoming year, the Port will continue to expand its ability to reach the community with live and archived webcasts of Port Commission meetings and events. The FY 2014 budget also continues to fund the Port's multi-media outreach activities, including the newsletter *Re:Port* and the cable television program "Pulse of the Port," as well as many interactive web and social-media efforts. The Port has also worked diligently to promote and provide information on its programs and operations through live presentations, interactive online platforms, and local, national, and business media. In FY 2014, these efforts will continue as the Port moves forward with the construction of the new Gerald Desmond Bridge, Middle Harbor, and many other initiatives.

The FY 2014 Budget includes \$0.7 million for the continued support of local community events. In prior years, these included noteworthy events such as the Long Beach Sea Festival, the Toyota Grand Prix of Long Beach, and community events including the Belmont Shore Christmas Parade and the Martin Luther King Jr. Day Parade.

Education

The Port, consistent with its mission and values, is committed to helping develop the next generation of maritime industry leaders and innovators by helping students further their educations. In FY 2014, the Port plans to fund \$61,500 in scholarships. Since 1993, 272 Long Beach area high school seniors majoring in a host of port-related fields, such as engineering, international trade, and environmental science, has been awarded almost \$500,000 in college scholarships. The Port also sponsors a Summer High School Intern Program, drawing from the Long Beach Unified School District. This highly competitive program sponsors twenty students who are paired with individual mentors for eight weeks, perform meaningful work assignments on selective projects, and earn a work readiness certificate.

SAFETY & SECURITY

Goal: Enhance safety and security within the Port and address impacts on the surrounding community in collaboration with outside agencies

Safety and security are top priorities at the Port, as is working closely with local, state, and federal agencies and port stakeholders to plan and coordinate security measures. The FY 2014 Budget includes approximately \$95 million to enable the Port to meet the ongoing challenge of maintaining a safe and secure port complex. This includes \$23 million to pay for services provided by the Long Beach Police and Fire departments, both of which are key partners in ensuring a safe and secure Harbor.

The Port is working closely with the Long Beach Fire Department to replace two fire stations and two fireboats. A total of \$51.6 million is included in the FY 2014 budget for this effort. Funding for 75% of the cost of the construction of one fire boat (\$18 million) was obtained through the U.S. Department of Homeland Security Port Security Grant Program.

Other projects of note receiving funding in FY 2014 include improving interagency coordination at the Joint Command and Control Center by upgrading the virtual port system, and developing and deploying additional physical security systems throughout the port complex.

Security Grants

The Port has received more than \$134 million in grant awards since 2002. These grants have been helpful in funding physical security systems and communication infrastructure improvements, information sharing and coordination, equipment, training, and preparedness. Throughout FY 2014, Port staff will continue to seek funding from multiple sources in order to support strategic goals for port security.

FINANCIAL STRENGTH

Goal: Ensure that the Port is financially self-sustaining and fiscally strong

The Port of Long Beach is one of the most successful seaports in the world and revenue is projected to increase as traffic slowly grows from past years' levels. However, in order to ensure that funding for major environmental, security, and infrastructure programs continue to be available in the future, the Port must maintain a strong fiscal position and manage its financial resources responsibly.

The Port has embarked on a major capital program, with its net capital spending over the next ten years expected to reach \$4.5 billion. While cargo volumes have recovered from the deep recession days, the Port still faces significant demands on its resources. These include repairing and replacing aging infrastructure and modernizing terminals to efficiently accommodate the next generation of large container vessels.

Debt

The Port in FY 2014 will continue to effectively manage its \$952.6 million debt portfolio, with \$81.4 million in scheduled principal and interest payments. Due to its dominant West Coast market position, naturally deep water, state-of-the-art facilities, diverse revenue stream, and

stable finances, the Port's debt continues to be highly rated by all three major rating agencies: Moody's (Aa2); Standard and Poor's (AA); and Fitch (AA) – all with stable outlook.

The Port's FY 2012 year-end Debt Service Coverage Ratio (DSCR) was approximately 3.1, which is well above the ratio of 1.25 required by its bond covenants. In October 2011, the Board of Harbor Commissioners passed an ordinance which requires the Port to maintain a minimum DSCR of 2.0 and a minimum unrestricted cash balance equivalent to 600 days of the prior year's operating expenses before depreciation and amortization. This ordinance was listed as a key ratings driver in the May 2012 Fitch ratings report affirming the Port's "AA; Stable Outlook" rating. The Port anticipates the DSCR will remain above 3.0 at the end of FY 2013. It is anticipated that in order to fund the Port's substantial investments in capital and environmental programs, the cash reserves will be significantly reduced, requiring the issuance of additional debt in 2013, 2014, and beyond.

The Port anticipates that in FY 2013 it will establish revolving lines of credit with two banks -- Union Bank of California and Bank of America. This will be in accordance with the Port's planned borrowing amount of \$200 million budgeted for FY 2013. The FY 2014 budget includes another \$200 million of borrowing in the form of Bond Anticipated Notes (BAN) associated with the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan that the Port is currently pursuing. These will be two of several debt issuances that over the next few years will total about \$1.7 billion.

Financial Reporting

The Port received a clean (unqualified) audit opinion and, for the 29th consecutive year, a Certificate of Achievement for Excellence in Financial Reporting for its FY 2012 Comprehensive Annual Financial Report (CAFR). The Port will continue to strive to achieve this prestigious recognition for financial reporting.

ORGANIZATIONAL EFFECTIVENESS

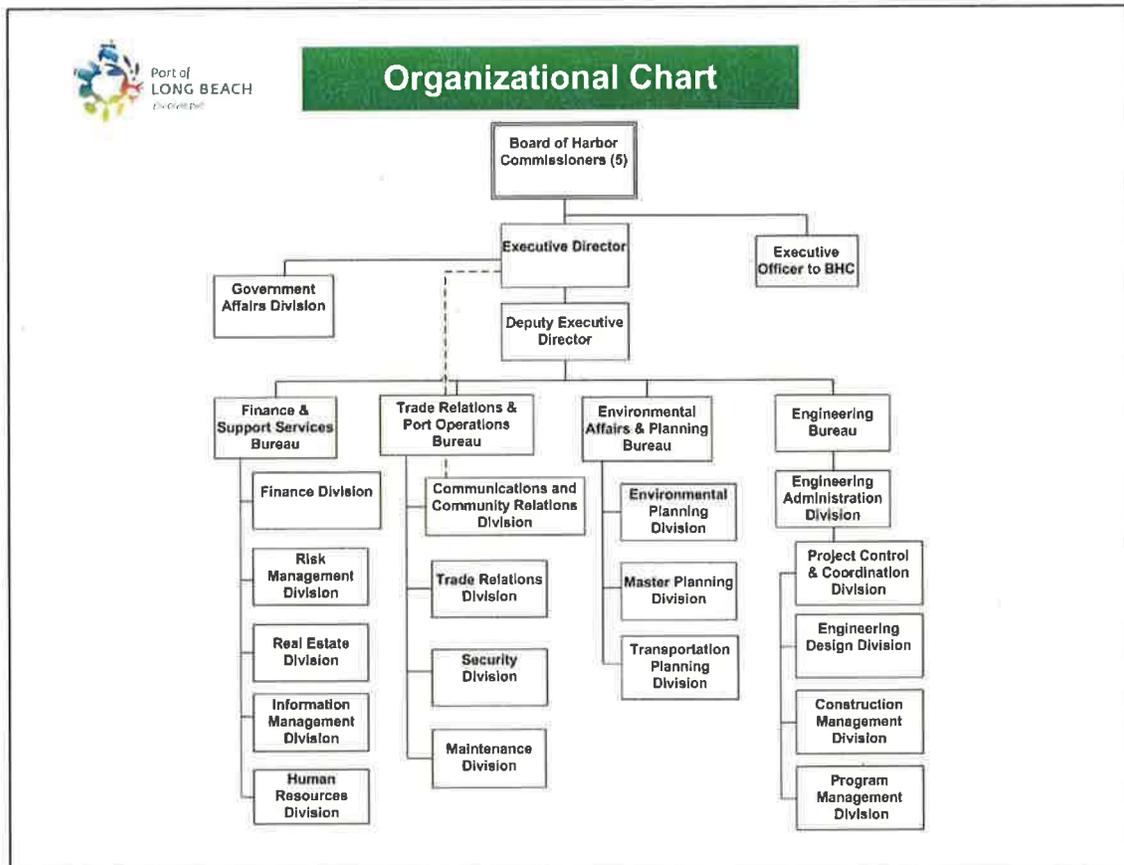
Goal: Operate a safe, effective, and efficient organization that fosters an inclusive, open, and team-oriented culture

Staffing

Port employees are fundamental to the organization's ongoing success. The Port is committed to continuing to cultivate a culture that values employees and helps them maximize their potential. The Port invests in its staff by providing training and development opportunities with its state-of-the-art Portwise Center for Learning, using HR best practices for recruiting a diverse and talented staff, and implementing policies and programs that will continue improving the quality of its professional environment, as well as the employee work-life balance.

The Port's policy is to maintain a lean staff and to stay efficient and nimble. In FY 2013, the Port initiated a study of the Engineering Bureau. With the unprecedented \$4.5 billion capital program over the next decade, it was necessary to ensure the Engineering Bureau is positioned well to effectively and efficiently manage this program. PMA/Intueor was

selected as the consultants to perform the study. The results were extensively discussed and agreed with senior and engineering management and presented to the Board of Harbor Commissioners. One of the study's recommendations was to restructure the Engineering Bureau and add resources. The study recommended adding 35 FTE's. The proposed FY 2014 budget proposes adding a total of 52 FTE's which includes an additional 33 employees in the Engineering Bureau and 12 in the Security Division. The latter was a result of an assessment by the newly hired Security Division Director and the need for better operating integration with the Long Beach Police Department. Total budget staffing in FY 2014 is 562 positions.



In January 2006, a Port of Long Beach organizational assessment report was issued by blueConsulting, a firm with organizational expertise retained by the Port to conduct a study. All the recommendations in that report have since then been implemented. The Harbor Commission has recently asked staff to launch another organizational assessment. A two-member committee of the board was tasked with overseeing the effort.

Business Systems Improvements

The proposed FY 2014 Budget includes \$1.9 million in capital spending to continue the Information Management Business Plan (IMBP) for the Port. The IMBP will be completing a number of significant projects that will help the Port achieve its strategic goals. In the coming year, the Information Management Division will be implementing a new web-based

port management dash board system. These “dashboards” will gather and display data for executive and management review in a variety of easy to use formats. These improvements will both improve data availability and related decision making capabilities.

In addition, the Port will continue to enhance its new billing system, the program management system, the cost management system, and the electronic document and records management system. Those systems are all interconnected to provide integrated, accurate, and complete information to enhance port productivity and customer service.

CONCLUSION

As the proposed FY 2014 Budget demonstrates, the Port remains committed to making its vision for the future a reality. Major investments in facility modernization and continued partnership with its business and community stakeholders will enable the Port to build upon its successes in an increasingly competitive environment. As a significant economic engine, the Port will continue to support growth and prosperity in the City of Long Beach and the region.

Harbor Department

III. Revenues and Expenditures

	FY 2013 Estimated Actual	FY 2013 Adopted Budget	FY 2014 Proposed Budget
<u>SOURCES OF FUNDS AVAILABLE (\$000)</u>			
REVENUES FOR FISCAL YEAR			
OPERATING REVENUES	367,453	337,210	375,208
NON-OPERATING REVENUES			
INTEREST INCOME	3,650	3,549	2,889
EQUITY INCOME IN JOINT VENTURE	2,500	3,000	2,500
CLEAN TRUCKS PROGRAM	1,386	1,000	1,000
REVENUE FROM OTHER AGENCIES	206,213	191,796	298,265
	<u>213,749</u>	<u>199,345</u>	<u>304,654</u>
NEW DEBT ISSUANCE	200,000	200,000	200,000
FUND BALANCE	171,897	223,813	143,468
TOTAL SOURCES OF FUNDS AVAILABLE	<u>953,100</u>	<u>960,367</u>	<u>1,023,330</u>

Uses of Funds (Expenditures \$000)

PERSONAL SERVICES	45,532	50,325	55,461
NON-PERSONAL			
PORT OPERATIONS	34,835	36,056	44,098
INTERDEPARTMENTAL CHARGES	26,004	25,859	28,080
CLEAN TRUCKS PROGRAM	4,784	4,315	4,900
FURNITURE, FIXTURES, AND EQUIPMENT	2,571	1,875	2,888
HEADQUARTERS RELOCATION	500	1,000	500
OPERATING TRANSFERS	16,825	16,825	18,373
	<u>85,519</u>	<u>85,930</u>	<u>98,838</u>
DEBT	80,619	80,398	81,370
CAPITAL OUTLAY	741,430	743,715	787,662
TOTAL ESTIMATED EXPENDITURES	<u>953,100</u>	<u>960,367</u>	<u>1,023,330</u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH
BUDGET FISCAL YEAR 2014
STATEMENT OF ANTICIPATED REVENUES

Attachment II

	FY 2013	FY 2013	FY 2014	% CHANGE	
	Estimated Actual	Approved Budget	Proposed Budget	Est. Act / Cur. Bud.	Prop. Bud / Est. Act.
OPERATING REVENUES					
FACILITIES					
CONTAINER TERMINALS	287,445	256,830	293,294	11.9%	2.0%
PETROLEUM AND LIQUID BULK TERMINALS	18,441	16,853	18,988	9.4%	3.0%
DRY BULK TERMINALS	27,799	24,440	28,643	13.7%	3.0%
STEEL TERMINALS	7,352	9,372	7,352	-21.5%	0.0%
VEHICLE TERMINALS	12,369	12,033	12,616	2.8%	2.0%
LUMBER TERMINALS	725	815	725	-11.1%	0.0%
MISCELLANEOUS TERMINALS	3,188	3,621	3,251	-12.0%	2.0%
TOTAL FACILITIES	357,318	323,964	364,868	10.3%	2.1%
RENTALS	7,986	10,856	8,148	-26.4%	2.0%
MISCELLANEOUS	2,150	2,390	2,192	-10.0%	2.0%
TOTAL OPERATING REVENUES	367,453	337,210	375,208	9.0%	2.1%
CLEAN TRUCK PROGRAM FEES	1,386	1,000	1,000	38.6%	-27.8%
NON OPERATING REVENUES					
INVESTMENT INCOME					
INTEREST INCOME	3,650	3,549	2,889	2.8%	-20.8%
ICTF	2,500	3,000	2,500	-16.7%	0.0%
TOTAL INVESTMENT INCOME	6,150	6,549	5,389	-6.1%	-12.4%
FUNDS FROM OTHER AGENCIES					
SECURITY GRANTS	12,716	10,990	19,583	15.7%	54.0%
OTHER GRANTS	22,372	26,400	64,860	-15.3%	189.9%
EXPENSE REIMBURSEMENT	171,125	154,406	213,822	10.8%	25.0%
TOTAL REV. FROM OTHER AGENCIES	206,213	191,796	298,265	7.5%	44.6%
TOTAL NON OPERATING REVENUES	213,749	199,345	304,654	7.2%	42.5%
TOTAL REVENUE	581,202	536,555	679,862	8.3%	17.0%

Harbor Department

PLANNED EXPENDITURES

	FY 2013 Estimated Actual	FY 2013 Adopted Budget	FY 2014 Proposed Budget	% CHANGE	
				Est. Act / Cur. Bud	Prop. Bud / Cur. Bud.
PERSONAL SERVICES	45,532,149	50,324,614	55,460,891	-9.5%	10.2%
NON-PERSONAL SERVICES					
OPERATIONS	34,835,259	36,055,646	44,097,590	-3.4%	22.3%
INTERDEPARTMENTAL CHARGES	26,003,906	25,858,002	28,079,735	0.6%	8.6%
FURNITURE, FIXTURES, AND EQUIPMENT	2,571,100	1,875,000	2,888,000	37.1%	54.0%
HEADQUARTERS RELOCATION	500,000	1,000,000	500,000	-50.0%	-50.0%
OPERATING TRANSFERS	16,825,000	16,825,000	18,372,667	0.0%	9.2%
SUBTOTAL	80,735,265	81,613,648	93,937,993	-1.1%	15.1%
CLEAN TRUCK PROGRAM	4,783,525	4,315,000	4,899,620	10.9%	13.5%
SUBTOTAL NON-PERSONAL	85,518,790	85,928,648	98,837,612	-0.5%	15.0%
DEBT SERVICE	80,618,917	80,397,543	81,369,878	0.3%	1.2%
OPERATING BUDGET	211,669,857	216,650,805	235,668,381	-2.3%	8.8%
CAPITAL OUTLAY	741,429,697	743,715,288	787,662,000	-0.3%	5.9%
TOTAL HARBOR DEPARTMENT	953,099,554	960,366,093	1,023,330,381	-0.8%	6.6%