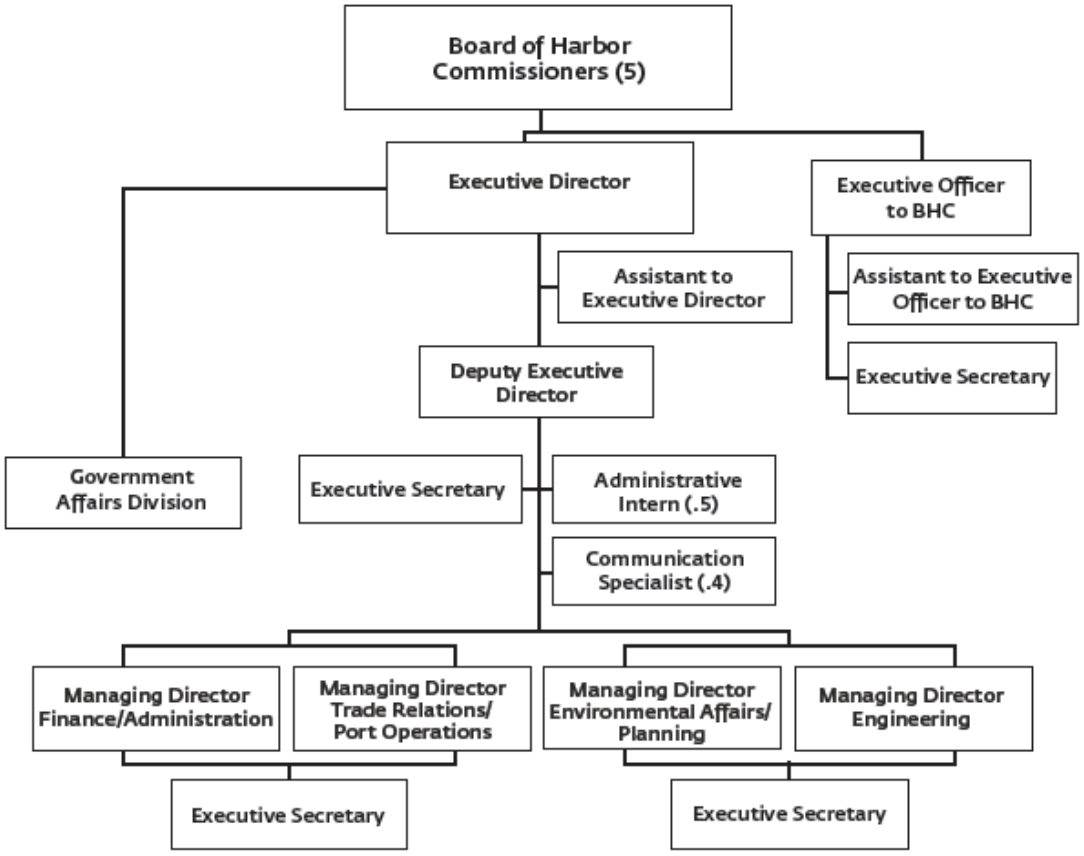
Harbor



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 FY 11	Adopted* FY 12	Adjusted** FY 12	Estimated** FY 12	Adopted* FY 13
Revenues:					
Property Taxes	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses and Permits	19,540	-	-	-	-
Fines and Forfeitures	54	-	-	-	-
Use of Money & Property	8,223,557	7,698,000	7,698,000	7,698,000	6,549,000
Revenue from Other Agencies	500,000	110,321,000	110,321,000	110,321,000	191,796,000
Charges for Services	350,159,354	349,449,000	349,449,000	349,449,000	338,210,000
Other Revenues	9,357,534	-	-	-	-
Interfund Services - Charges	-	-	-	-	-
Intrafund Services - GP Charges	-	-	-	-	-
Harbor P/R Revenue Transfers	-	-	-	-	-
Other Financing Sources	-	300,000,000	300,000,000	300,000,000	200,000,000
Operating Transfers	-	-	-	-	-
Total Revenues	368,260,039	767,468,000	767,468,000	767,468,000	736,555,000
Expenditures:					
Salaries, Wages and Benefits	47,834,016	54,441,157	54,441,157	54,441,157	60,283,481
Overtime	1,525,872	1,458,013	1,458,013	1,458,013	1,479,711
Materials, Supplies and Services	220,787,195	48,133,350	48,133,350	48,133,350	46,370,646
Internal Support	21,605,607	23,528,868	23,528,868	23,528,868	25,685,139
Capital Purchases	(826,162)	619,921,270	619,921,270	619,921,270	711,017,392
Debt Service	76,327,768	80,414,342	80,414,342	80,414,342	80,397,543
Transfers to Other Funds	49,847,939	-	-	-	16,825,000
Prior Year Encumbrance	-	-	-	-	-
Total Expenditures	417,102,235	827,897,000	827,897,000	827,897,000	942,058,912
Personnel (Full-time Equivalents)	471.00	480.40	480.40	480.40	505.40

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

**Numbers as published in the FY 13 Proposed Budget released August 1, 2012.

Personal Services

Classification	FY 11 Adopt FTE	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 12 Adopted Budget	FY 13 Adopted Budget
Executive Director	1.00	1.00	1.00	299,123	275,000
Accountant II	2.00	2.00	1.00	129,656	73,410
Accountant III	2.00	2.00	3.00	153,230	239,251
Accounting Clerk II	-	1.00	-	40,318	-
Accounting Clerk III	3.00	2.00	2.00	93,593	97,826
Accounting Technician	2.00	2.00	3.00	105,021	170,068
Administrative Aide I	-	-	1.00	-	54,915
Administrative Aide II	2.00	2.00	2.00	111,602	113,797
Administrative Aide III	2.00	2.00	3.00	117,653	194,227
Administrative Analyst I	3.00	6.00	2.00	424,073	156,144
Administrative Analyst I -NC	2.00	3.00	6.00	233,106	465,632
Administrative Analyst II	7.00	6.00	8.00	485,388	677,006
Administrative Analyst III	1.00	-	-	-	-
Administrative Intern-NC/H36	12.50	12.00	15.50	391,953	542,382
Administrative Intern-NC/H42	1.00	1.50	-	51,806	-
Assistant Administrative Analyst I	3.00	3.00	2.00	162,136	121,716
Assistant Administrative Analyst II	9.00	13.00	14.00	808,267	948,640
Assistant Chief Financial Officer	1.00	1.00	1.00	74,722	80,051
Assistant Chief Terminal Services Mgr	2.00	2.00	2.00	260,106	251,518
Assistant Director of Homeland Security	1.00	1.00	1.00	133,956	133,956
Assistant Director of Communications	1.00	1.00	1.00	111,173	111,173
Assistant Director of Environmental Planning	2.00	2.00	2.00	234,094	234,094
Assistant Director of Information Management	1.00	1.00	1.00	123,651	123,651
Assistant Director of Real Estate	1.00	1.00	1.00	113,347	113,347
Assistant Director of Human Resources	1.00	1.00	1.00	120,047	120,047
Assistant Executive Director	1.00	1.00	1.00	225,884	225,884
Assistant Managing Director of Engineering	1.00	1.00	1.00	158,465	158,465
Assistant Marketing Manager	1.00	1.00	1.00	72,132	77,201
Assistant to the Executive Director	1.00	1.00	1.00	72,713	72,713
Building Maintenance Engineer	3.00	3.00	3.00	195,609	217,848
Capital Projects Coordinator II	-	-	1.00	-	86,791
Capital Projects Coordinator III	-	2.00	4.00	193,296	398,946
Cargo Audit Clerk III	1.00	1.00	1.00	47,590	50,984
Carpenter	1.00	1.00	1.00	58,083	59,242
Chief Construction Inspector	1.00	1.00	1.00	99,441	99,441
Chief Port Security Officer	1.00	1.00	1.00	94,859	103,260
Chief Surveyor	1.00	1.00	1.00	109,576	109,576
Chief Wharfinget	1.00	-	-	-	-
Chief Financial Officer	1.00	1.00	1.00	144,130	144,130
Civil Engineering Associate	7.00	8.00	8.00	648,559	644,979
Civil Engineering Assistant	4.00	3.00	5.00	188,310	312,271
Civil Engineer	13.00	15.00	16.00	1,447,151	1,560,973
Clerk Typist I	6.00	4.00	-	152,018	-
Clerk Typist II	15.00	15.00	13.00	607,292	570,602
Clerk Typist III	8.00	10.00	13.00	447,201	613,387
Subtotal Page 1	129.50	138.50	146.50	9,740,331	10,804,547

Personal Services

Classification	FY 11 Adopt FTE	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 12 Adopted Budget	FY 13 Adopted Budget
Subtotal Page 1	129.50	138.50	146.50	9,740,331	10,804,547
Clerk Typist IV	1.00	1.00	1.00	48,779	52,169
Clerk Typist II-NC	-	-	3.00	-	103,647
Communications Officer	4.00	4.00	4.00	364,739	378,628
Construction Inspector I	1.00	2.00	2.00	138,216	141,110
Construction Inspector II	13.00	13.00	13.00	996,822	1,085,587
Construction Supervisor	1.00	1.00	1.00	68,719	73,535
Contract Administor I	1.00	1.00	1.00	55,279	33,164
Deputy Chief Harbor Engineer I	2.00	1.00	2.00	122,326	243,321
Deputy Chief Harbor Engineer II	3.20	4.20	3.20	520,314	376,748
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 Communications	1.00	1.00	1.00	148,490	148,490
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 Governemental Affairs	1.00	1.00	1.00	131,878	131,878
Director of Human Resources/Special Svcs	-	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	1.00	2.00	143,059	286,119
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	2.00	1.00	1.00	136,795	136,795
Director of Security	1.00	1.00	-	148,724	-
Director of Transportation Planning	1.00	1.00	1.00	131,154	131,154
Electrical Engineer	1.00	1.00	1.00	94,294	97,014
Electrician	3.00	4.00	4.00	231,824	251,366
Engineering Tech II	3.00	2.00	1.00	126,107	63,053
Environmental Remediation Specialist I	1.00	1.00	1.00	98,990	98,990
Environmental Remediation Specialist II	2.00	2.00	2.00	219,152	219,152
Environmental Specialist	1.00	1.00	-	72,702	-
Environmental Specialist Assistant	4.00	4.00	4.00	244,363	256,143
Environmental Specialist Associate	3.00	4.00	4.00	317,415	327,236
Environmental Specialist I	2.00	2.00	2.00	189,429	196,029
Environmental Specialist II	5.00	5.00	4.00	502,035	411,915
Equipment Mechanic II	3.00	2.00	3.00	122,288	199,773
Equipment Operator II	5.00	5.00	5.00	232,477	245,549
Executive Secretary of the Board	1.00	1.00	1.00	140,057	140,057
Executive Secretary	5.00	4.00	4.00	242,978	242,978
Financial Reporting/Controls Officer	1.00	1.00	1.00	97,432	104,304
Garage Supervisor	1.00	1.00	-	71,427	-
Garage Services Attendant I	1.00	2.00	1.00	84,351	43,882
Garage Services Attendant II	2.00	2.00	1.00	104,993	49,681
Gardener II	3.00	3.00	2.00	159,222	92,179
General Maintenance Assistant	8.00	8.00	8.00	365,720	395,696
Subtotal Page 2	225.70	235.70	240.70	17,862,009	18,811,016

Personal Services

Classification	FY 11 Adopt FTE	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 12 Adopted Budget	FY 13 Adopted Budget
Subtotal Page 2	225.70	235.70	240.70	17,862,009	18,811,016
Geographic Information Systems Analyst I	1.00	2.00	1.00	129,834	64,180
Geographic Information Systems Analyst II	2.00	1.00	2.00	73,166	147,375
Geographic Information Systems Analyst III	-	1.00	1.00	81,655	81,948
Geographic Information Systems Tech I	3.00	2.00	2.00	110,558	118,441
Harbor Maintenance Mechanic I	2.00	3.00	3.00	142,878	164,128
Harbor Maintenance Mechanic II	5.00	4.00	4.00	230,181	233,647
Harbor Maintenance Supt II	1.00	1.00	1.00	87,075	93,284
Housing Specialist II	-	1.00	-	51,259	-
Maintenance Assistant I	8.00	7.00	7.00	251,780	269,726
Maintenance Assistant II	4.00	4.00	4.00	147,594	160,781
Maintenance Assistant III	4.00	4.00	4.00	167,055	175,984
Maintenance Planner II	-	-	3.00	-	236,108
Maintenance Supervisor	2.00	2.00	2.00	129,699	138,866
Manager of Accounting	2.00	1.00	1.00	101,483	101,483
Manager of Contract Administration	-	1.00	1.00	115,049	115,049
Manager of Emergency Management	1.00	1.00	1.00	90,037	90,037
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 Infrastructure Maintenance	1.00	1.00	1.00	98,165	98,165
Manager of Port Projects	2.00	2.00	10.00	207,476	1,062,476
Manager of Rail Transportation	1.00	1.00	1.00	122,348	122,348
Manager of Safety/Business Continuity	1.00	1.00	1.00	101,456	101,456
Managing Director	4.00	4.00	4.00	729,739	726,140
Marketing Manager	2.00	2.00	3.00	192,776	309,781
Mechanical Supervisor	1.00	1.00	1.00	79,660	85,265
Members-Boards/Commissions	-	-	-	26,000	26,000
Motor Sweeper Operator	1.00	1.00	1.00	55,052	58,894
Office Automation Analyst II	-	3.00	3.00	208,916	227,511
Office Automation Analyst III	5.00	3.00	3.00	227,127	246,232
Office Automation Analyst IV	3.00	1.00	1.00	73,652	82,975
Office Systems Analyst II	4.00	5.00	2.00	496,899	213,208
Office Systems Analyst III	9.00	11.00	13.00	1,216,715	1,567,772
Painter II	1.00	1.00	1.00	53,597	59,221
Painter Supervisor	1.00	1.00	1.00	63,560	67,921
Park Maintenance Supervisor	1.00	1.00	1.00	61,144	68,849
Payroll Personnel Assistant III	1.00	1.00	-	35,975	-
Plumber	5.00	5.00	6.00	298,417	388,781
Plumber Supervisor	1.00	1.00	1.00	72,701	77,645
Port Communications Specialist II	0.50	0.40	0.40	25,711	20,786
Port Communications Specialist III	2.00	1.00	-	72,549	-
Port Communications Specialist IV	3.00	3.00	4.00	221,274	314,736
Port Communications Specialist V	6.00	6.00	7.00	489,215	607,926
Port Financial Analyst III	3.00	3.00	3.00	305,261	334,639
Port Leasing Sales Officer IV	-	1.00	-	88,936	-
Port Leasing Sales Officer V	3.00	3.00	4.00	283,465	406,348
Port Planner IV	2.00	2.00	2.00	208,245	223,093
Subtotal Page 3	326.20	338.10	354.10	26,066,029	28,678,912

Personal Services

Classification	FY 11 Adopt FTE	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 12 Adopted Budget	FY 13 Adopted Budget
Subtotal Page 3	326.20	338.10	354.10	26,066,029	28,678,912
Port Risk Assistant II	2.00	-	-	-	-
Port Risk Manager II	1.00	1.00	1.00	91,598	98,130
Port Security System Operator I	5.00	-	-	-	-
Port Security System Operator II	-	5.00	8.00	291,416	527,732
Port Security System Operator III	5.00	5.00	4.00	313,451	293,247
Principal Construction Inspector	4.00	4.00	4.00	344,562	344,562
Program Scheduler	-	-	1.00	-	103,928
Recreation Center Supervisor II	1.00	1.00	1.00	58,679	59,242
Secretary	17.00	17.00	17.00	804,615	881,002
Senior Accountant	1.00	1.00	-	72,889	-
Senior Civil Engineer	12.00	14.00	17.00	1,472,939	1,773,461
Senior Electrical Engineer	1.00	1.00	1.00	109,576	109,576
Senior Electrical Inspector	1.00	1.00	1.00	78,990	84,503
Senior Engineering Tech I	1.00	1.00	1.40	74,544	73,230
Senior Engineering Tech II	0.40	0.40	1.00	21,681	78,442
Senior Equipment Operator	3.00	3.00	2.00	200,755	137,852
Senior Port Leasing Officer	1.00	1.00	1.00	101,427	108,659
Senior Program Manager	4.00	4.00	4.00	468,295	468,295
Senior Structural Engineer	1.00	1.00	1.00	114,901	114,901
Senior Survey Technician	6.00	6.00	6.00	421,423	424,872
Senior Surveyor	2.00	2.00	2.00	157,608	143,719
Senior Traffic Engineer	1.40	1.40	1.40	153,407	141,761
Special Services Officer I	5.00	6.00	5.00	262,741	252,022
Special Services Officer I-NC	-	-	5.00	-	206,922
Special Services Officer III	36.00	36.00	36.00	1,979,497	2,097,284
Special Services Officer IV	11.00	9.50	9.50	581,841	644,414
Storekeeper	1.00	1.00	1.00	51,259	54,915
Structural Engineer	1.00	1.00	-	94,294	-
Supervisor-Stores/Property	1.00	1.00	1.00	56,497	63,605
Survey Technician	4.00	4.00	6.00	253,230	366,453
Surveyor	5.00	5.00	5.00	401,804	402,848
Terminal Services Rep I	6.00	6.00	4.00	300,757	225,018
Traffic Engineering Associate II	1.00	1.00	1.00	82,956	82,956
Traffic Engineer	1.00	-	-	-	-
Transportation Planner I	-	1.00	-	74,485	-
Transportation Planner II	-	-	2.00	-	181,597
Transportation Planner IV	2.00	1.00	1.00	104,122	111,546
Subtotal Salaries	470.00	480.40	505.40	35,662,269	39,335,608
Overtime	-	-	-	1,458,013	1,479,711
Fringe Benefits	-	-	-	17,678,902	18,056,133
Administrative Overhead	-	-	-	1,291,047	1,530,364
Attrition/Salary Savings	-	-	-	(191,061)	-
To Be Negotiated Savings	-	-	-	-	1,361,377
Total	470.00	480.40	505.40	55,899,170	61,763,192

Key Contacts

J. Christopher Lytle, Executive Director

Vacant, Deputy Executive Director

Steven Rubin, Managing Director, Finance and Administration Bureau

Robert G. Kanter, Ph.D., Managing Director, Environmental Affairs and Planning Bureau

Douglas Thiessen, Managing Director, Engineering Bureau

Sean Strawbridge, 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 Joumblat, Chief Financial Officer

Gary Cardamone, Director, Construction Management

Al Moro, Assistant Managing Director, Engineering Bureau

Neil Morrison, Director, Engineering Design

Douglas Sereno, Director, Program Management

Heather Morris, Director, Communications and Community Relations

Randy Rich, Director, Maintenance

Steve Ruggiero, Director (Acting), 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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Port of
LONG BEACH
The Green Port

The Harbor Department of the City of Long Beach

Annual Budget - Fiscal Year 2013

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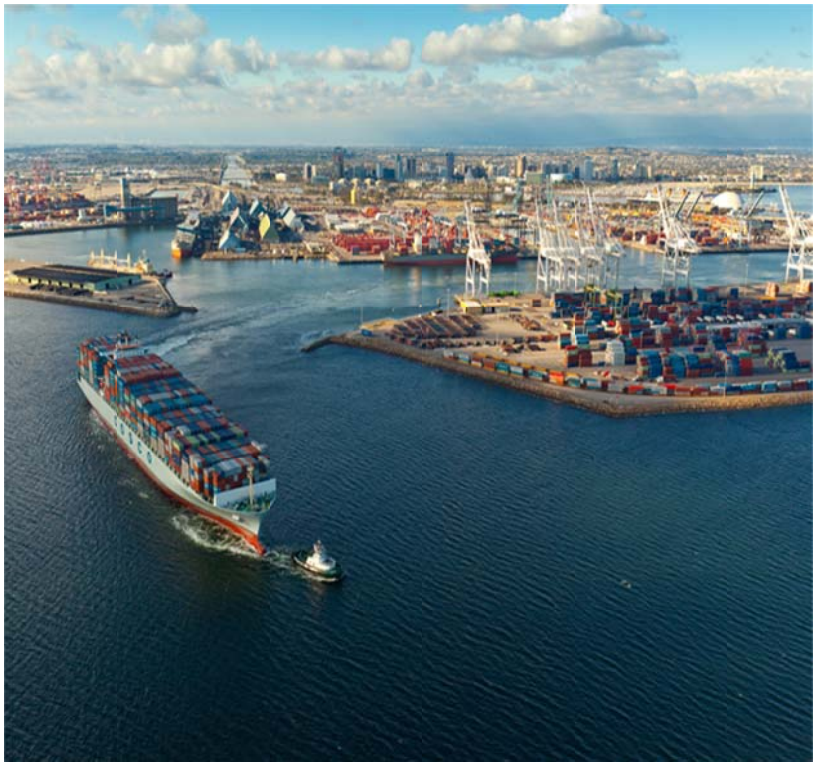
I. Executive Summary

OUR VISION:

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

Despite continued economic uncertainty, the Port of Long Beach (Port) remains in a strong market position as the country's second largest container port. This is due primarily to its 50-foot deep channel harbor, state-of-the-art facilities, superior customer service, excellent road access and rail connectivity facilitated by the Alameda Corridor, and the Intermodal Container Transfer Facility.



After two straight years of cargo gains, the Port has seen a decline in cargo volumes during the first six months of fiscal 2012, dropping 9.1% as compared to the same period last year. While this downward trend is not expected to continue, we believe that the uncertainty in the market will cause volumes to remain relatively flat through FY 2013. We anticipate a small decline in Operating Revenue for FY 2012 and have budgeted FY 2013 Operating Revenue to be flat as compared to FY 2012.

Port management is attuned to industry changes and is in constant contact with existing and potential customers. Marketing programs designed to bring incremental cargo to the Port are continually evaluated for their ability to successfully promote the Port's unique location and benefits. Critical to this success, the Port needs to:

- Increase cargo throughput
- Maximize revenue through enhanced marketing programs
- Continue to prudently manage expenditures
- Invest in infrastructure to provide more efficient and technologically advanced facilities

The Port constantly and critically reviews its operations. The fiscal 2013 budget proposes an 8% increase in the non-personal budget, mainly due to lease/relocation/furniture expenses for the new Port headquarters and an increase in the Long Beach Police Department budget as a result of additional services. As an example of continued fiscal prudence, the Port Operations segment of the FY 2013 non-personal budget was reduced by 5% compared to the FY 2012 budget. The FY 2013 budget includes twenty-five new positions primarily to support its investment in capital projects. These capital investments in facilities and infrastructure will increase in FY 2013 to $720 million and will support more than 7,000 jobs in the region.

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 Commerce
- Financial Strength
- Organizational Effectiveness

These seven strategic objectives reflect the Port's ongoing commitment to achieving its goals. The FY 2013 budget is a continuation of the financial plan that commits the resources to achieve them. The proposed Budget totals $942 million, up approximately $102 million, or 12.2%, from the FY 2012 budget. This increase is due entirely to the Port's investment in its long-term capital programs including The Gerald Desmond Bridge and Middle Harbor projects.

As in past years, the proposed Budget relies on no taxes and is 100% supported by a combination of Port-related revenues and existing funds. FY 2013 Container Terminal Revenue, which makes up 76.2% of total Operating Revenue, will remain steady as compared to the FY 2012 estimate.

Interest income, will continue to be low because of the Federal Reserve's policies that encourage a low interest rate environment. In April 2012, the Port's Gerald Desmond Bridge (GDP) project was selected as one of five projects to be invited to apply for a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to help finance the Gerald Desmond Bridge. This loan, if approved, will be the first of several debt issuances over the next few years, that will total about $1.5 billion. In May 2012, Fitch Ratings affirmed its 'AA' rating on the Port's long-term debt with "Stable Outlook". Figures I and II on the following pages summarize the Port's respective breakdown of funds.

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 as a major contributor to the region's economic growth appears assured. Summarized on page 7 are highlights of the budget.

FIGURE I-A

Sources of Funds: FY 2013

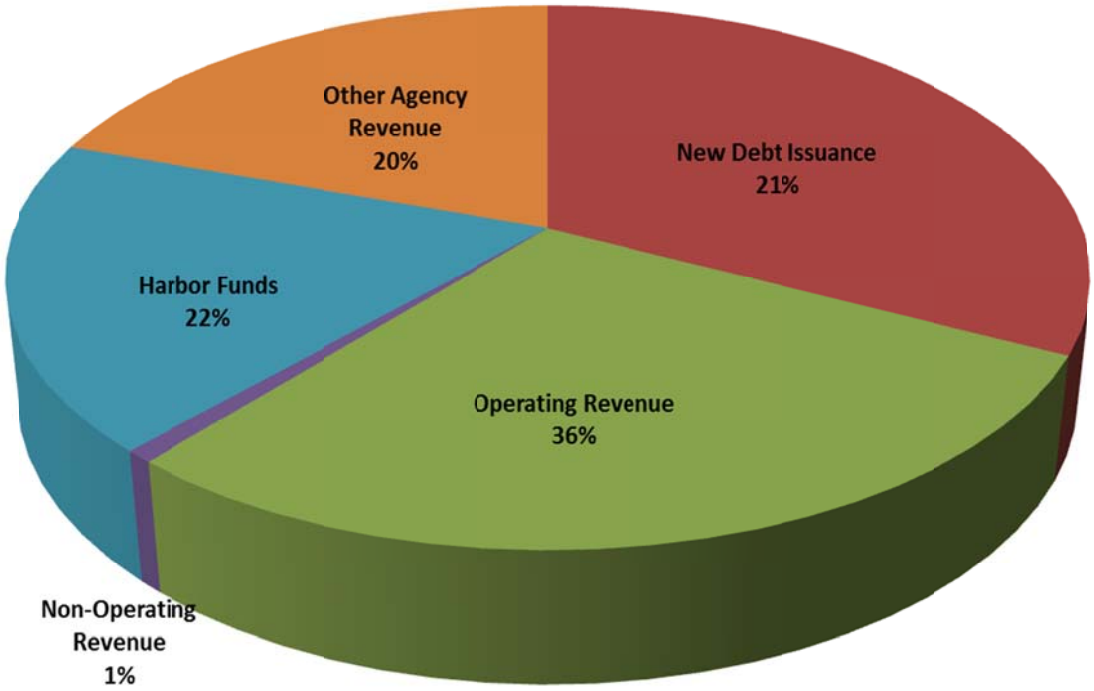


FIGURE I-B

Sources of Funds

	FY 2013 Adopted Budget	FY 2012 Approved Budget	Change	Percent Change
Operating Revenue	337,210	347,899	(10,689)	-3%
Non-Operating Revenue	7,549	9,248	(1,699)	-18%
Revenue From Other Agencies	191,796	110,321	81,475	74%
Total Revenue	536,555	467,468	69,087	15%
New Debt Issuance	200,000	300,000	(100,000)	-33%
Harbor Funds	205,502	72,350	133,152	184%
Total	942,057	839,818	102,239	12%

FIGURE II-A

Uses of Funds: FY 2013

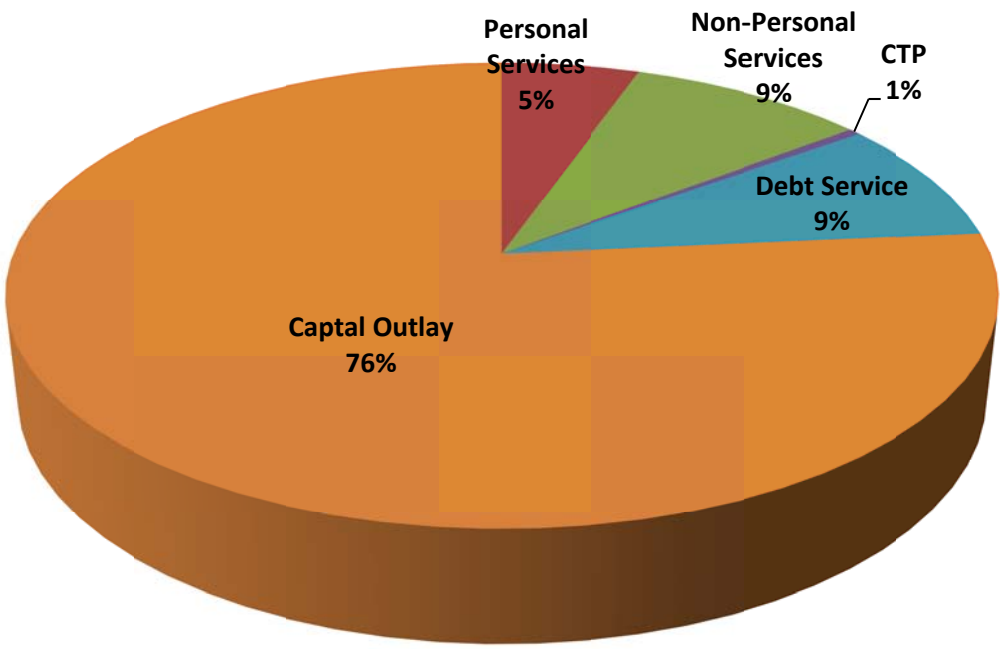


FIGURE II-B

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

	FY 2013 Adopted Budget	FY 2012 Approved Budget	Change	Percent Change
Personal Services	50,325	44,302	6,022	14%
Non-Personal Services	86,614	80,039	6,575	8%
Clean Truck Program	4,315	5,108	(793)	-16%
Debt Service	80,398	80,414	(16)	0%
Capital Outlay	720,405	629,955	90,450	14%
Total	942,057	839,818	102,239	12%

HIGHLIGHTS OF THE PROPOSED FY 2013 BUDGET

- Adopted budget totals $942.1 million, a 12% increase over the FY 2012 adopted budget
- Increase is driven by an additional $90 million in Capital Expenditures (Middle Harbor, Gerald Desmond Bridge, Ship-to-Shore power)
- Flat revenues projected compared with FY 2012 estimate
- Addition of 25 positions, primarily to support multi-billion dollar capital program
- 5% reduction in non-staff Port Operations costs
- Includes bargaining units salary increases; no management increases
- $8.5 million for LBPD support, an increase of $1.8 million for additional services
- Tidelands Transfer budget at $16.8 million, 5% of estimated FY 2012 operating revenue
- Planned FY 2012 borrowing of $300 million deferred and reduced to $200 million in FY 2013

II. Strategic Alignment of Goals and Resources

ENVIRONMENTAL STEWARDSHIP

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

In FY 2013, the Port of Long Beach will continue to fund a number of industry-leading projects and programs to fulfill its commitment to be one of the most environmentally friendly seaports in the world. The FY 2013 budget allocates $104 million to environmental infrastructure projects and other 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.

Clean Air Action Plan (CAAP)

In November 2006, the respective boards of the Ports of Long Beach and Los Angeles adopted the CAAP. This landmark plan was developed jointly with the Port of Los Angeles, in cooperation with the U.S. Environmental Protection Agency (USEPA), California Air Resources Board (CARB) and the South Coast Air Quality Management District (SQAMD).

The CAAP commits both the Ports of Long Beach and Los Angeles to reduce harmful air pollutants and associated health impacts to local communities. It addresses all port-related emission sources – ships, trains, trucks, terminal equipment and harbor craft – with individual strategies that target each source. The CAAP was updated in 2010, and established additional long term goals for emissions and health risk reduction, including a goal of 85% reduction in health risk associated with port-operations by 2020, compared to 2005 conditions.

Green Flag Program

In addition to reducing emissions from trucks, in FY 2013 the Port will continue to work with its customers to reduce ship emissions as part of its pioneering Green Flag voluntary vessel speed reduction program. This program has been tremendously successful, with significant support by the shipping line operators. By early 2012, 97% of the vessels calling at the port had volunteered to slow down their vessel speed within 20 nautical miles of the Port, and 84% of all vessels had slowed down within 40 nautical miles. In 2010, this program led to over 1,600 tons of nitrogen oxide (NO_2) reductions, over 400 tons of sulfur oxide (SO_2) reductions, and over 70 tons of diesel particulate matter (DPM) reductions, in addition to that of other pollutants. The cost of this program in FY 2013 is estimated to be $2.4 million.

Green Ship Award Program

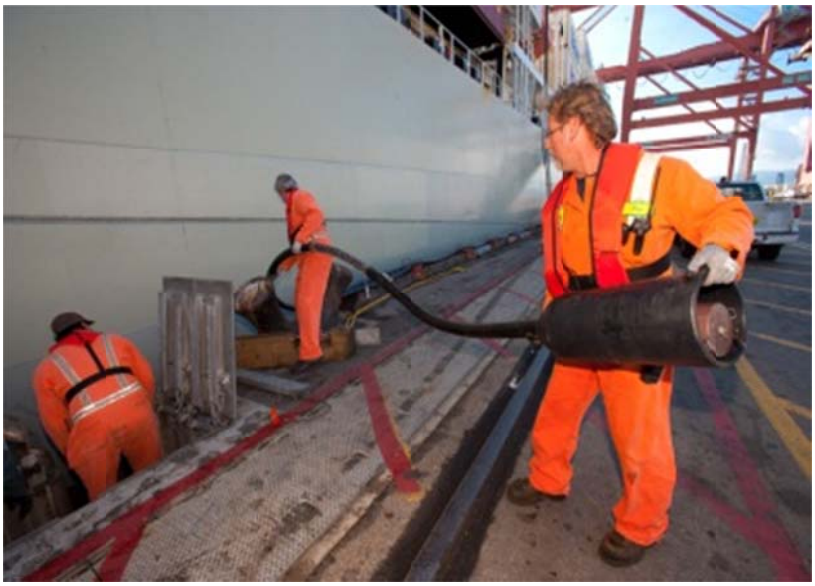
In May 2012, the Board of Harbor Commissioners approved the “Green Ship Award Program” aimed at improving air quality by attracting the world’s newest and cleanest vessels. The Green Ship Program will pay operators as much as $6,000 per ship visit for bringing vessels with the cleanest engines to Long Beach. The program specifically targets reductions of smog-causing NO_2 emissions which affects respiratory breath. Under the program, vessels with main engines meeting Tier 2 or Tier 3 standards established by the International Maritime Organization (IMO) will be eligible for incentives ranging from $2,500 to $6,000 per ship call.

Tier 2 engines were introduced in 2011, and Tier 3 engines will be introduced in 2016. The Green Ship Program’s goal is to have by 2023, 50% of all calls at the Port of Long Beach be from Tier 2 vessels and 40% from Tier 3, which would reduce NO_2 emissions from ships by 2,700 tons a year.

Technology Advancement Program

In FY 2008, the Port launched the Technology Advancement Program, a joint effort with the Port of Los Angeles. The program provides funding toward demonstration projects of new and emerging air pollution reduction technologies for port operations. In the CAAP, the ports committed to make funding available each year for new technology projects. To date, the ports have funded 21 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 $3.7 million for air pollution reduction technology projects in FY 2013.

Shore-to-Ship Power



Also known as "cold-ironing", shore-to-ship power allows ships to plug into electrical power while at berth, thus eliminating a significant amount of harmful diesel emissions that previously resulted from running auxiliary engines while berthed. The Port has completed cold ironing projects for container ships on Piers G and C, and tanker ships on Pier T, to meet CARB's January 2014 mandate. The FY 2013 budget also includes a total of $65.6 million to be spent on design and/or construction of shore-to-ship power infrastructure on Piers A, G, J, and T. The total expected cost for the Port's Cold Ironing program is projected to exceed $200 million.

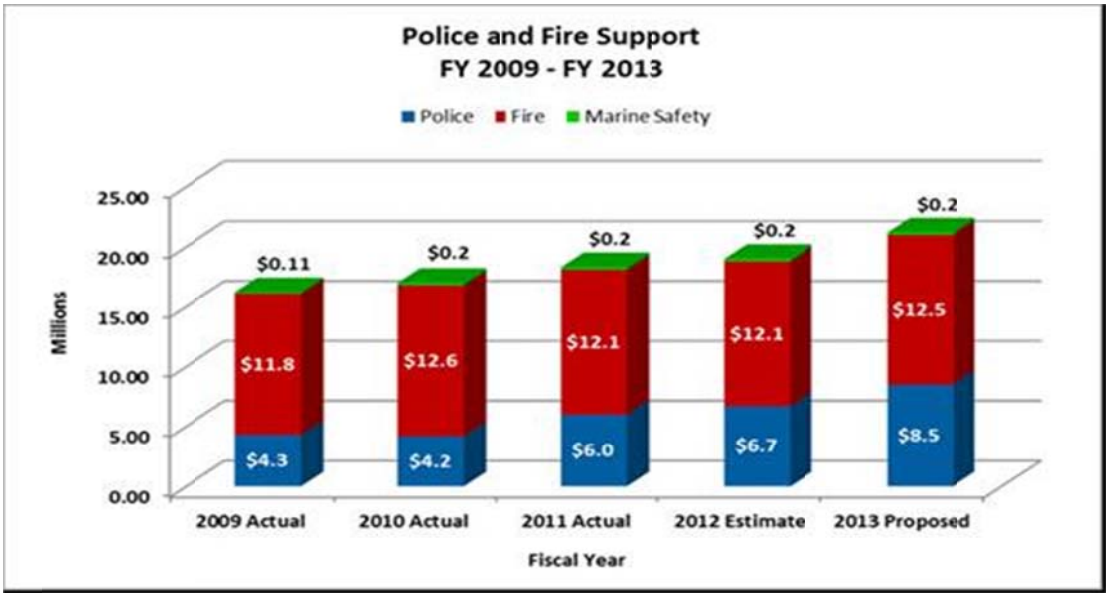
SAFETY & SECURITY

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 stakeholders to plan and coordinate security measures. The FY 2013 budget includes approximately $64.9 million to enable the Port to meet the ongoing challenges of maintaining a safe and secure port complex. Projects of note receiving funding in FY 2013 include enhancing maritime domain awareness and inter-agency coordination through the Joint Command & Control Center's Virtual Port System, providing continued support for the City of Long Beach Police and Fire Departments, and developing and deploying physical security systems throughout the Port's facilities.

Police, Fire, and Marine Safety Support

The proposed Budget includes $21.2 million to pay for services provided by the Long Beach Police and Fire departments, along with the City's Marine Safety Division. These agencies are key partners in ensuring a safe and secure Harbor District. In addition, in 2009 the Port entered into a MOU with the Fire Department to study and fund two new fire stations and two new fireboats. Funding for the fire stations and fire boats in the amount of $22.8 million is included in the FY 2013 budget for this effort. Grant funding of $18.0 million for the cost and design of one fireboat was obtained through the Department of Homeland Security Port Security Grant Program.



Maritime Domain Awareness

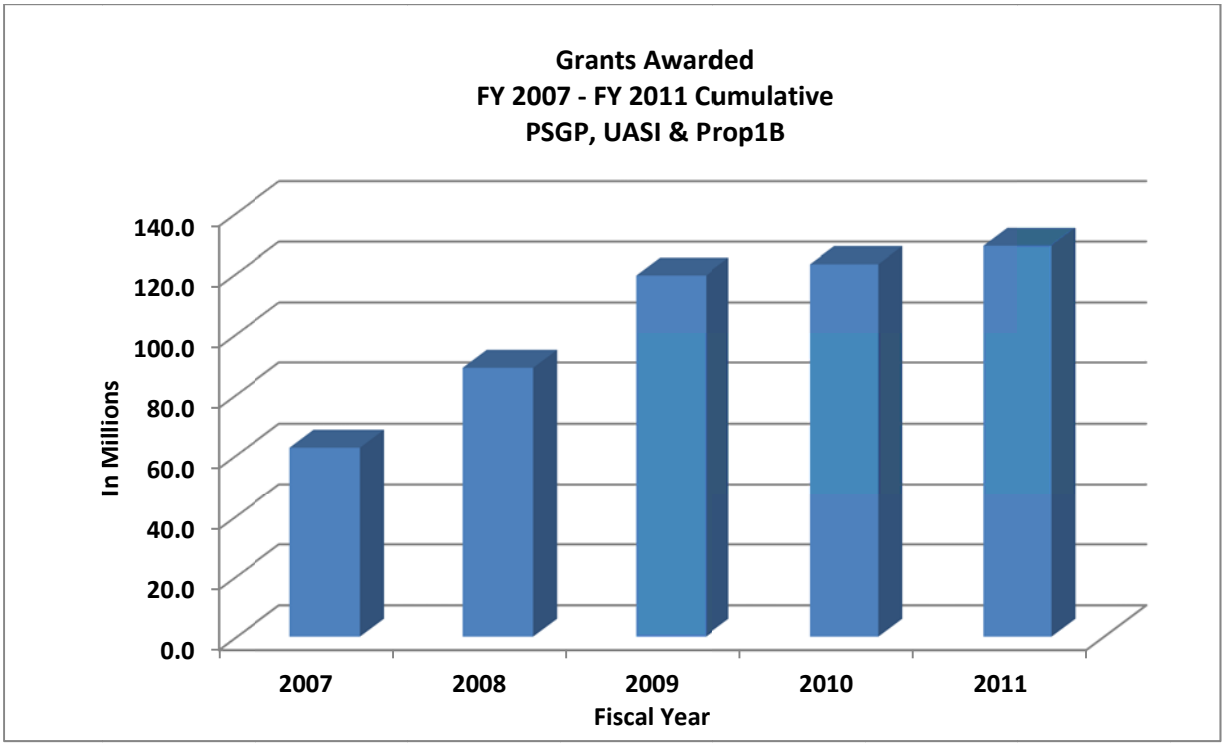
With the assistance of federal Port Security Grant funding, the Port will implement the Virtual Port System, a comprehensive geographically-referenced information system that will gather and synthesize data to provide a complete picture of the port domain. The system output will be shared and disseminated to partner agencies involved in port security to enhance daily operations and incident response.

Physical Security Enhancements

The Port operates in an open environment in which public activities such as recreational boating, fishing, and diving can occur in the same waters as mega-cargo vessels, petroleum tanker vessels, and cruise ships. Additionally, while the Maritime Transportation Security Act requires the marine terminals to secure their facilities, the roadways leading up to these terminals are open to the public. In 2013, the Port has budgeted $1.0 million to enhance physical security throughout the Harbor including improved lighting, fencing, and barriers. The FY 2013 budget includes an increase in the Port's MOU with the Police Department from $6.7 million to $8.5 million for additional Police support.

Security Grants

The Port has been very successful at obtaining security grants, receiving more than $120 million in grant awards since 2002. These grants have been helpful in funding physical security system and infrastructure improvements, emergency management and business continuity equipment and inter-agency assessment, planning, coordination and preparedness. Throughout FY 2013, Port staff will continue to seek funding from multiple sources in order to support strategic goals for port security.



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 approximately $11.6 million in funding to promote the Port's maritime and commercial interests, educate stakeholders, and support community events in and around Long Beach.

Education

The Port is committed to helping develop the next generation of maritime industry leaders and innovators by helping students further their educations, consistent with the Port's mission and values. This includes continuing its partnership with the Long Beach Unified School District by helping to create additional seaport- and international trade-related lessons for high school and middle school students. These lessons are distributed to teachers in Long Beach and across the nation. For Long Beach schools, the lesson plans will be combined with Port tours and classroom visits by Port staff. The FY 2013 budget also proposes funding to continue student internship opportunities in the maritime industry, through a partnership with Long Beach City College and the Pacific Gateway Workforce Investment Network.

In FY 2013, the Port plans to fund $61,500 in scholarships. Since 1993, 243 Long Beach area high school seniors majoring in a host of port-related fields, such as environmental science, engineering, and international trade, have been awarded nearly $500,000 in college scholarships.

Community and Media Outreach

Community outreach and engagement efforts designed to help educate the public, create awareness about the importance of port operations, and build support for key port initiatives, will continue in FY 2013 through ongoing presentations to community and civic groups, along with active participation in community festivals, parades and other events.

In the upcoming year, the Port will continue to expand its ability to reach the community with live and archived webcasts of Port meetings and events. The FY 2013 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 worked diligently to educate the public about its programs and operations both directly – through in-person presentations and interactive online platforms – and in-directly via the local, national and business media. In FY 2013, these efforts will continue as the Port moves forward with the approximately $1.0 billion construction of the Gerald Desmond Bridge replacement, construction of Middle Harbor, potential approval of a proposed development at Pier S, proposed rail facilities, and many other environmental and development initiatives.

The FY 2013 budget includes nearly $0.5 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.

SBE/VSBE Program

The Port's Small Business Enterprises (SBE)/Very Small Business Enterprises (VSBE) program promotes the participation of SBEs and VSBEs on procurements by setting individual contract goals on applicable construction and professional services contracts and purchases in order to achieve an annual, Port-wide SBE/VSBE goal of 25%. Since 2004, nearly $200 million has been paid out to SBEs and VSBEs via prime contracts, subcontracts, and purchase orders. In FY 2013, the Port will again reach out to small and very small businesses in all professional fields in order to ensure that they are afforded the opportunity to benefit from these expenditures.

INFRASTRUCTURE & TRANSPORTATION

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

More than any time in its history, the Port will aggressively invest in modernizing and upgrading its facilities and infrastructure in 2013. The Port's capital program, over the next 10 years, 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 projected capital program of over $720 million demonstrates the Port's

bold and innovative investment in the future while maintaining its commitment to moving cargo in the most cost effective, technologically advanced, and sustainable manner.

Major Capital Projects

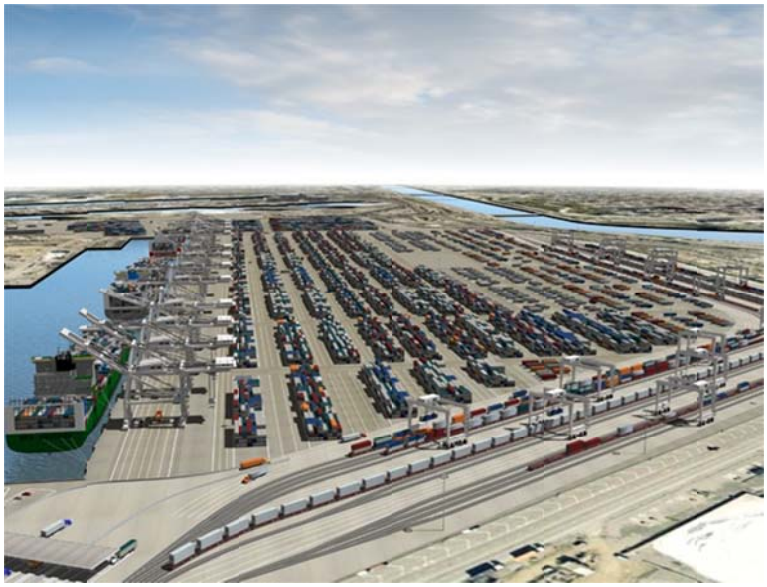
The Port's investment in modern facilities and transportation and utility infrastructure targets efficiency gains and cargo growth while managing to mitigate harmful environmental effects and community impacts. As always, the security and safety of the public will remain an important part of the Port's overall infrastructure and transportation plan. The Port's plan to invest $4.4 billion over the next ten years will stimulate the economy by creating thousands of direct construction jobs and indirect service and commercial opportunities. Significant projects planned for FY 2013 include the Middle Harbor Redevelopment Project, the Gerald Desmond Bridge replacement project, new fire stations and fire boats, Pier G terminal redevelopment project, four separate shore-to-ship power projects, the Port's New Maintenance Facilities, and the implementation of capital improvement programs for roadways, sanitary sewers, and drainage improvements.

FIGURE V

Major Capital Projects

	FY 2013 Adopted Budget	FY 2012 Approved Budget
Environmental Projects	86,314	27,464
Middle Harbor (Piers D/E/F)	261,208	205,546
Pier G	47,802	42,389
Security Projects	33,860	26,111
New Maintenance Administration Building	29,436	16,646
Gerald Desmond Bridge	193,400	69,853
Streets, Bridges & Rail	40,020	6,868

Middle Harbor Development



The Middle Harbor Project is a 10-year, approximately $1.2 billion modernization of the shipping terminals on Piers D, E and F. The project will consolidate the Pier E terminal (170 acres), the Pier F terminal (101 acres), 18 acres of underutilized land north of the Gerald Desmond Bridge and Ocean Boulevard, and the Berth E24 subsided oil area (five acres), into a single, modern, 345 acre container terminal. The project will add on-dock rail capacity, shore-side electrical power and deeper channels to accommodate the newest container ships, which will have the effect of cutting emissions in half. The new terminal has been designed to move twice the amount of cargo that is moved through the current facilities. Eight projects are expected to be in construction in the upcoming FY 2013, including the Phase 1 Wharf Construction, the filling of Slip 1 and the construction of the North Operations and Information Technology Building, which will be the nerve center for full terminal automation.

In 2012, the Port signed the industry's greenest lease to date, a 40-year, $4.6 billion agreement with Orient Overseas Container Line (OOCL) for the Middle Harbor property. This is the largest agreement of its kind for any U.S. seaport.

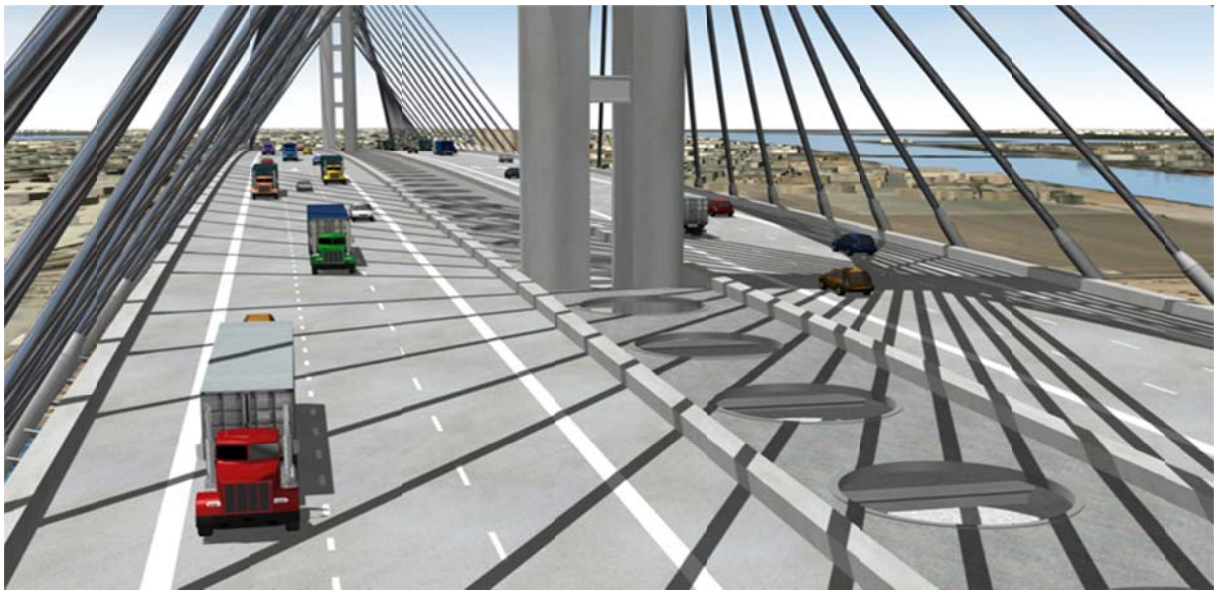
Pier G Terminal Redevelopment

The Pier G Terminal Redevelopment Project is a multi-year, approximately $980 million renovation of the container terminal on that pier. By filling the slip between the former Piers G & J, the Pier G Terminal Redevelopment Project will create a modern, integrated 270-acre terminal. This project, under the Port's first green lease, will include substantial environmental mitigations and operating conditions, including shore-side electrical power and green LEED® certified buildings.

The Pier G Terminal Redevelopment Project is being constructed in two phases to maintain the operations of the current tenant, ITS. Construction completed in 2012 includes the North Rail Yard Renovation, which increased the terminal's rail capacity by 85%, the North Slip Fill, and three major terminal buildings -- the Marine Operations Building, the ITS Administration Building and the Maintenance and Repair (M&R) Building. The Operations Building was awarded LEED® Gold certification by the US Green Building Council, the first Port building to achieve this certification. The Administration and the M&R Building are targeted to achieve Gold certification in 2012. Projects expected to be completed in 2013 include the shore-to-ship power retrofit of the terminal's eastern berth and the final phases of the SCE electrical infrastructure. Completion is expected by 2019, provided that all portions of the scheduled program are undertaken.

Gerald Desmond Bridge Replacement

The Gerald Desmond Bridge Replacement Project will replace its aging namesake with California's first six-lane cable-stayed bridge. The EIR approval in August 2010, enabled the project to reach another significant milestone in 2011 when the Port received authorization by the California Transportation Commission (CTC) to use the Design/Build project delivery method. A $200 million State Highway Operation and Protection Program (SHOPP) grant from the State of California and the commitment of $114 million in Port funds by the Board of Harbor Commissioners provided the final amounts needed to fully fund the project. To meet the deadlines to commit the State funding, the CTC approved the project as one of the State's first "design/build" projects. The new bridge will be higher to allow additional clearance for ships and wider to ease the flow of cars and trucks. Construction is expected to begin in FY 2013, and will be built in partnership with Caltrans, who will be involved in all stages of procurement, design and construction. Work is scheduled to be completed in 2016. In May 2012, the Board made a "Best Value" selection from among several qualified bidders and a contract award is expected in July 2012.



New Maintenance Facility

The Port awarded a construction contract to build the new Maintenance Facilities located across the street from the Harbor Department's Administration Building. The current facilities are outdated and decentralized and need to be relocated to accommodate the Gerald Desmond Bridge Replacement. New offices, meeting areas, industrial shops, storage areas, and equipment/vehicle parking are being constructed while targeting a LEED Gold certification for the building. Some of the environmental features include innovative storm water management, enhanced day lighting, locally sourced materials, and a photovoltaic array. Completion is expected by 2014.

Existing Infrastructure Capital Improvement Programs

Roadways – Using the recently implemented Pavement Management System and Capital Improvement Program, the Port will systematically upgrade and improve the Port's roadway system for better traffic flow and the movement of goods and services. This ongoing process will likely continue over the next twenty years.

Sanitary Sewers – Beginning in 2013, the Port will implement the 2012 Sewer Master Plan and Capital Improvement Program for Port-wide sanitary sewer improvements. This will be an ongoing improvement and maintenance program now and in the future.

Storm Drains – Also beginning in 2013, the Port will implement the 2012 Master Plan and Capital Improvement Program for Port-wide storm drain improvements. This program will also be a regular part of the Capital Improvement Program well into the future.

Rail Infrastructure Projects

A key component of the Port's truck trip reduction program is increased movement of cargo by rail. Towards that goal, in 2013, the Port will begin construction on several key rail projects. These include the Track Realignment at Ocean Blvd, which will provide additional lead tracks to terminals located in the southeasterly portion of the Port, and the Pier F Support Yard, which provides rail tracks for storage of approximately 20 additional rail cars. In addition, with environmental clearance, the Pier G Metropolitan Stevedore Track Improvements Project will increase overall rail efficiencies in the Pier G terminal area.

TRADE DEVELOPMENT

Goal: ***To understand the core business of the Port, and its supply chain partners, customers, and competitors, so that it can attract new business opportunities and support its existing customers, so that the Port, the City of Long Beach, and the region continue to thrive.***

The Port's success as an international hub for trade and commerce continues to provide numerous economic benefits to the City of Long Beach, the region, the state, and the U.S. as a whole. As the second busiest seaport in North America, the Port of Long Beach in 2011 moved approximately $155 billion in goods, welcomed more than 4,898 vessels, and processed more than 6.0 million TEU's (Twenty-foot Equivalent Units). The Port remains one of the largest economic engines in Southern California by creating approximately 30,000 jobs in Long Beach, 316,000 jobs in the five-county Southern California region, and more than 1.4 million jobs across the U.S. This employment generates upward of $5 billion in local, state and federal taxes, and nearly $14.5 billion in regional wages. The Port is committed to continuing its leadership in international trade, ensuring that the economic benefits of goods movement continue to be a major contributor to the local, regional, state, and national economies.

Business Development

The Port's asset portfolio must be diverse and well utilized, so that it ensures sustainable operations, and provides unquestionable value to stakeholders. The focus of the Business Development section is to aggressively but selectively attract and facilitate new business opportunities that help diversify the Port traffic, and ensure high utilization of Port assets. Programs that fall under the umbrella of Business Development at the Port include:

- Trade and Export Assistance through the Long Beach International Trade Office
- The 50 member Foreign Trade Zone
- Beneficial Cargo Owner (BCO) Outreach
- Asset Optimization

In FY 2013, the Port will significantly ramp up these activities and other Business Development programs to more proactively and effectively engage regional and national stakeholders and in so doing increase Port business and Port revenue.

Customer Service

In addition to being the cornerstone of Port operations, customers are key partners in the Port's efforts to implement industry-leading environmental, security, and community outreach programs. The Trade Division's efforts also include the fostering of relationships between various stakeholders to bring about business practices that enhance the efficiency of Port operations and management.

As a landlord port, the Port of Long Beach is responsible for ensuring that its customers have both the information and resources they need to efficiently move their cargo. The Board of Harbor Commissioners and senior Port staff continue to meet regularly with its customers domestically and internationally. These partnerships have helped Long Beach for nine of the last ten years, to be named by CargoNews Asia, the best seaport in North America. This honor, based on a poll of more than 12,500 of the publication's readers, is a key success indicator of the level of Port customer satisfaction.

Industry Outreach

In FY 2013 the Port will continue to participate and organize numerous events, so that its customers and the public can better understand the current state of global trade. This outreach is conducted regionally, nationally and on a global scale with:

- Ocean Carriers
- Cargo Owners
- Logistic Providers
- Supply Chain Partners

One event – the annual Pulse of the Ports Conference – will bring together representatives from the retail, agricultural, trucking and shipping industries. Topics will include the upcoming year's cargo forecast, goods movement, and other trade issues that are important to the San Pedro Bay. The Port will also continue to work closely with industry groups such as the Agriculture Transportation Coalition, Footwear Conference, Retail Industry Leaders Association, Intermodal Association of North America, and the Journal of Commerce Trans-Pacific Maritime Conference, to foster and enhance our services to a global marketplace.

Overseas Representation

The FY 2013 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 2013, as the Port's projected infrastructure improvements continue to facilitate global trade while complying and surpassing both environmental goals and regulations.

Market Information

International trade is an unpredictable and constantly evolving business. Staying on top of market information and performing detailed analyses of this information is critical to strategic decision making and requires a substantial amount of time, effort, and resources. In FY 2013, the Trade Development division will significantly enhance its research and analysis capabilities so that the Port remains ahead of the competition in adapting to changes in the global marketplace. This effort will not only involve building additional in-house capacity and expertise, but will require Trade staff to work extensively with outside industry experts.

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 remains relatively strong, despite the recent decline in trade. However, in order to ensure that funding for major environmental, security, infrastructure, and community projects and 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 be over $4.4 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; funding the Alameda Corridor Transportation Authority (ACTA) shortfall; complying with the state's Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS); Clean Trucks Program lease subsidies: and funding any cost over runs on the Gerald Desmond Bridge.

Debt

The Port in FY 2013 will continue to effectively manage its $648.7 million debt portfolio, with $80.4 million in scheduled debt 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) is projected to be approximately 3.2, 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 further to maintain 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. The Port will continue to maintain healthy cash reserves over the next several years. However, it is anticipated that in order to fund the Port's substantial investments in capital and environmental programs, these reserves will be significantly reduced, requiring the issuance of additional debt in 2013 and beyond.

Financial Reporting

For fiscal 2011 the Port received a clean (unqualified) audit opinion and for the 28th consecutive year, a Certificate of Achievement for Excellence in Financial Reporting for its FY 2010 Comprehensive Annual Financial Report (CAFR). The Port will continue to strive to achieve this recognition for financial reporting.

ORGANIZATIONAL EFFECTIVENESS

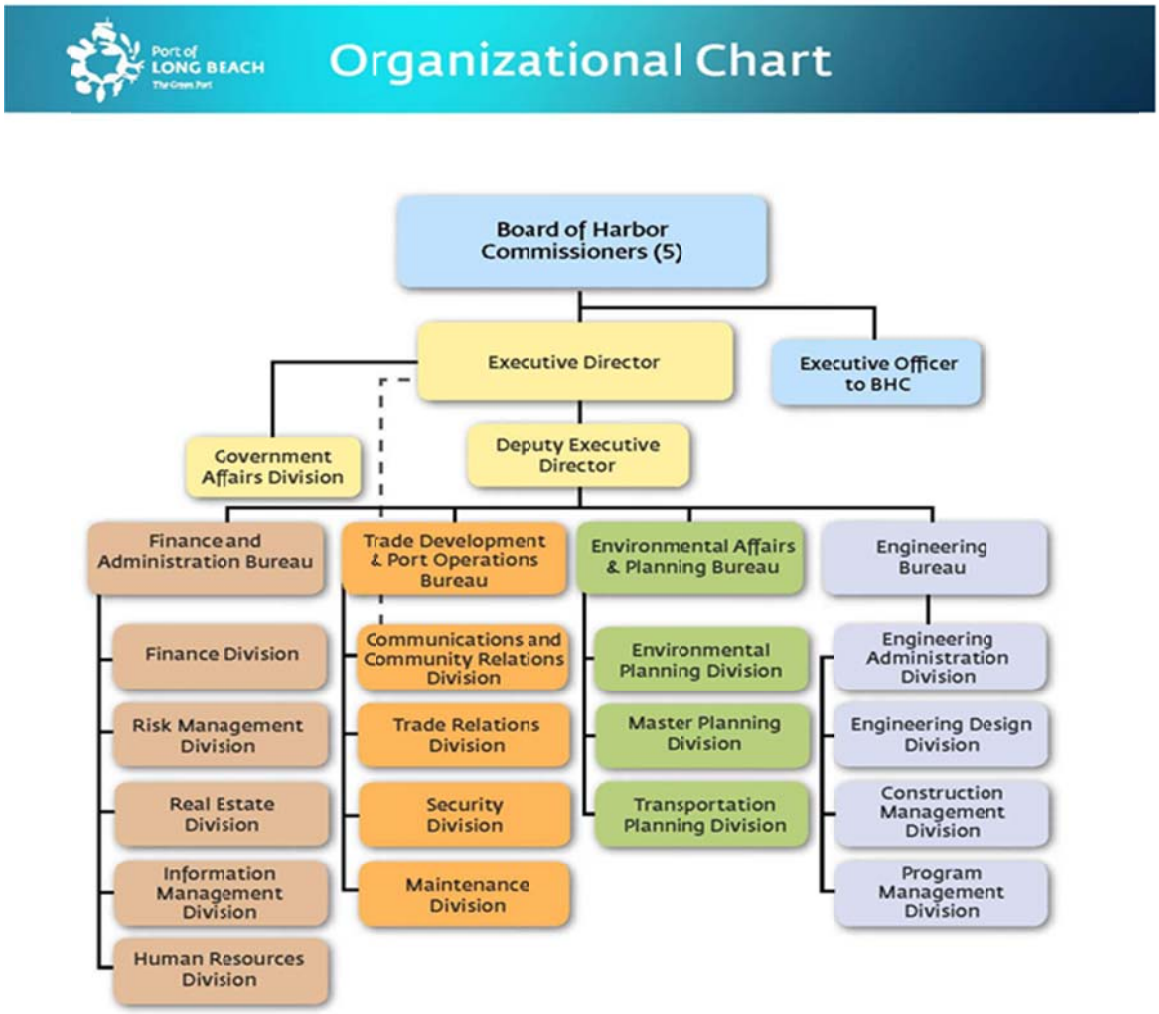
Goal: Operate a safe, effective, and efficient organization that fosters an inclusive, Open, and team-oriented culture

Staffing

The Port's highly skilled and dedicated employees are fundamental to the organization's ongoing success. This is accomplished by 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, to stay efficient, and nimble. This remains true even as the Port proposes to add an additional twenty-five positions as it embarks on its ambitious modernization projects. The majority of these new positions will support the Port's 10 year capital plan and reduce reliance on contractors. In FY 2012, the Port was able to fill seven of the new positions by absorbing Redevelopment Agency (RDA) staff after the program was eliminated.

FIGURE VII



Also in FY 2012, the Port has embarked on a project to perform a comprehensive evaluation of the Port's engineering organization and capital project delivery process. The primary project goal is to ensure that the Port is prepared to effectively and efficiently execute its capital improvement program now and in the future. The desired output of this effort is to assess the Engineering Bureau's capacity to deliver the projected capital improvement program, to identify improvement opportunities in the areas of operational and financial effectiveness and efficiency, while maintaining compliance with professional and statutory requirements.

Business Systems Improvements

The proposed FY 2013 budget includes $3.8 million in capital spending to continue the Information Management Business Plan (IMPB) for the Port. The IMBP will be completing a number of significant projects that will help the Port achieve its strategic goals. Those projects include a new customer relationship management system and a plan for port-wide asset management system. IM will also implement a new web-based port management dash board system. Dashboards will gather data from the new systems and present information in a variety of easy to use formats that will both improve data availability and related decision making capabilities.

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

CONCLUSION

As the proposed FY 2013 budget demonstrates, the Port remains committed to making its vision for the future a reality. Its major investments in facility modernization, and its continuing to work with strategic and community partners, the Port will continue to build upon its successes in an increasingly competitive environment and provide support to the City of Long Beach as the significant economic engine that the Port represents.