



Harbor Commissioners Approve \$644 Million Port Budget

Spending plan to fund environmental projects, reduce debt

July 24, 2007

The Board of Harbor Commissioners on Monday, July 23 approved a \$644 million budget that includes \$116 million for major environmental and air quality projects at the Port of Long Beach.

A 35 percent increase over the previous year's spending plan, the budget is driven by the Port's ongoing commitment to reduce air pollution from port-related sources, such as the port truck replacement and retrofitting program and plug-in, shore-side power for ships at berth. Another factor in the increased spending is an initiative to reduce outstanding debt.

"This is a strong budget that reflects the Port's aggressive commitment to environmental stewardship," said Richard D. Steinke, the Port's Executive Director. "It aligns closely with our strategic plan and, through debt reduction, will further strengthen our financial outlook."

Environmental projects in the budget for fiscal year 2007-2008, which begins Oct. 1, include nearly \$37 million to begin replacing and retrofitting the oldest, dirtiest trucks among the 16,000 big rigs that serve the ports of Long Beach and Los Angeles. The money is part of the San Pedro Bay ports' five-year, \$200-million commitment to the Clean Trucks Program. The budget also includes about \$26 million for shore-side power projects and other environmental technologies to improve air quality.

Other highlights of the proposed budget include:

- \$70 million for Pier G terminal improvements, including shore-side electricity infrastructure. The Pier G project will reduce air pollution by 90 percent or more at the pier over the next decade.
- More than \$30 million for the Middle Harbor Redevelopment Project, which will bring shore-side electricity to Piers D, E and F, and expand on-dock rail capacity to reduce truck trips and air pollution.
- A \$15.4 million transfer to the City of Long Beach's Tidelands Operating Fund, used to support beach and marina programs. The transfer is largest ever from the Port to the tidelands fund, and would bring the total transferred since 1995 to \$100 million. The amount is 10 percent of the Port's net income, consistent with the City Charter.
- More than \$1 million for community events, outreach and educational programs, scholarships and sponsorships.

- About \$75 million in security funding, including :
 - \$15 million for the city police and fire departments (the funds cover 100 percent of the costs of police and fire services in the Harbor District).
 - \$11 million toward a new, \$21-million Security Command and Control Center.
 - \$3.4 million toward a new fire station, an \$11 million project under construction on Terminal Island.
 - \$12 million for the initial implementation of a fiber optic network to enhance information exchange and security operations.
 - \$2 million to integrate all the security systems and cameras in the Port. (The fiber optic and security camera projects are largely supported by the Federal Port Security Grant program.)

The Port, which is a department of the City of Long Beach, receives no city taxes to operate. Port operations are supported by revenue from terminal leases and fees charged to terminal operators and shipping lines. Grants, interest income and oil revenue round out Port revenue. In addition, Port-related trade generates more than \$5 billion a year in local, state and general federal taxes.

Overall revenue in the coming fiscal year is expected to increase by 2 percent over 2006-2007, while container terminal fees – which make up most of the Port's operating revenue – are expected to increase by 4 percent. The Port is proposing to draw \$143 million from the existing Harbor Fund to pay for the large increase in environmental expenditures and to retire additional debt.

The Port budget now goes to the Long Beach City Council for approval.

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