



Proposed Budget for Fiscal Year 2013

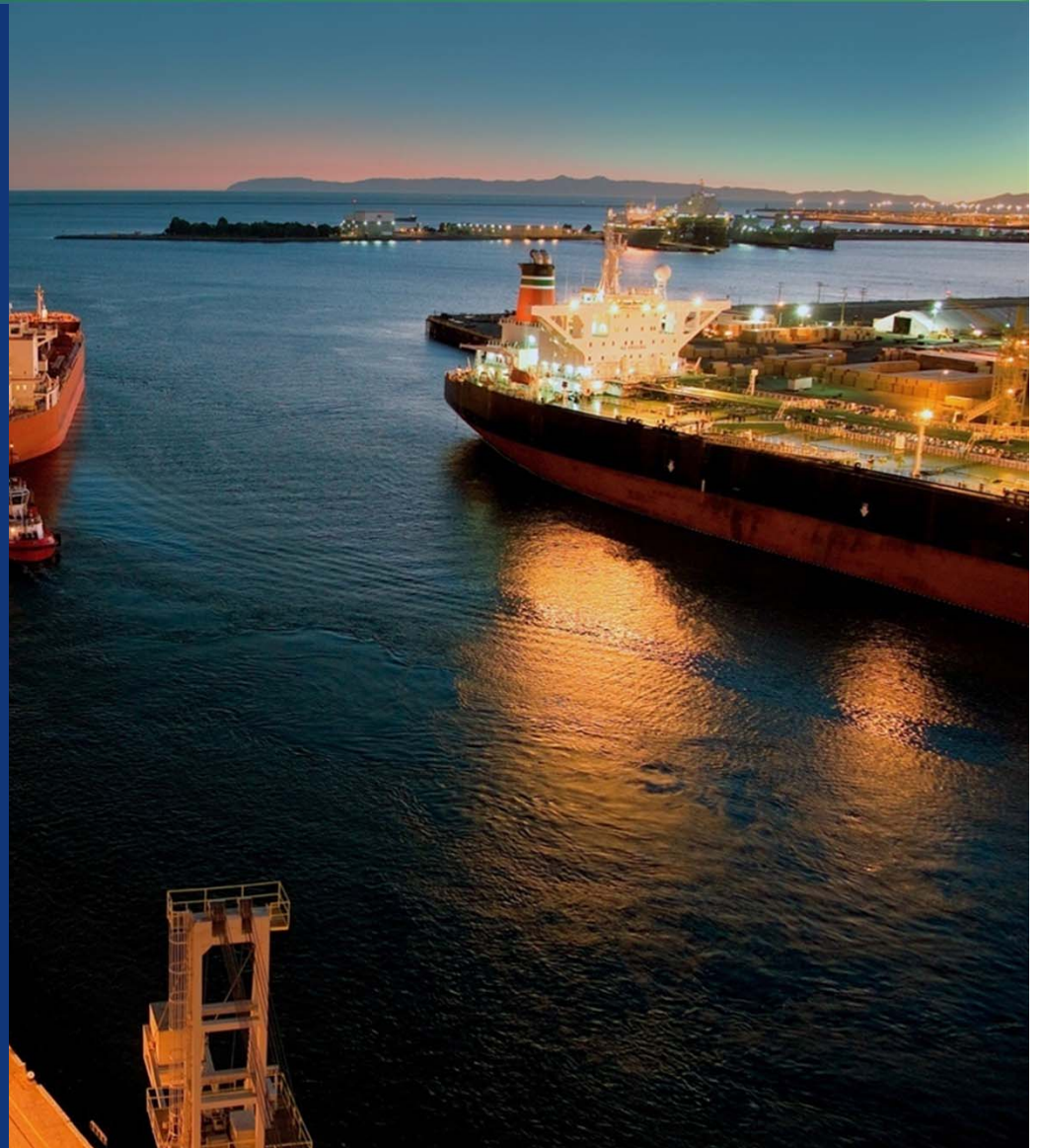


Port of
LONG BEACH
The Green Port

Sam Joumblat
Chief Financial Officer

Agenda

- Budget Highlights
- Revenue Assumptions
- Sources of funds
- Expenditure Assumptions
- Uses of funds
- Capital Program
- Conclusion



FY 2013 Budget Highlights

- **Proposed FY2013 budget Totals \$942 million, 12% increase over FY2012 adopted budget**
- **Increase is driven by an additional \$90 million in Capital Expenditures**
- **Flat revenues projected compared with FY2012 estimate**
- **Addition of 25 positions, primarily to support the multi-billion dollar capital program and reduce reliance on contractors**
- **5% reduction in non-staff Port Operations budget**
- **Includes bargaining units salary increases; no management increases**
- **Tidelands Transfer budget at \$16.8 million, 5% of estimated FY2012 operating revenue**
- **Planned FY2012 borrowing of \$300 million deferred and reduced to \$200 million in FY 2013**

Revenue Assumptions

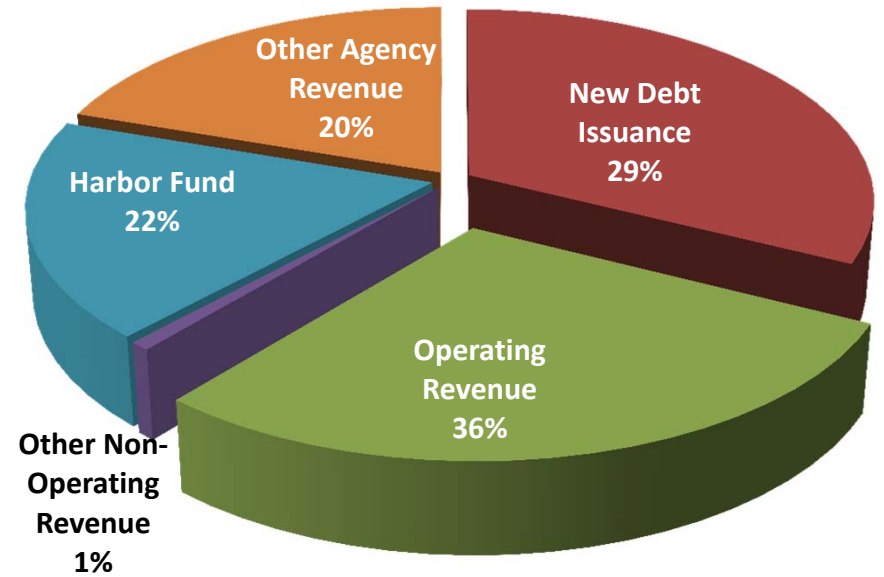
- **Container volume will improve for the balance of FY2012 and FY2013, but at a slow pace**
- **Revenue estimate from container terminals assumed 4% lower in FY12 than FY11 actual and no increase in FY13 from FY12 estimate**
- **Significant increase in Non-Operating Revenue resulting from Gerald Desmond Bridge spending and ensuing grant reimbursement**
- **Low interest rate environment will persist in FY2013**
- **First quarter of FY12 was the last Clean Truck fees collected**



Sources of Funds

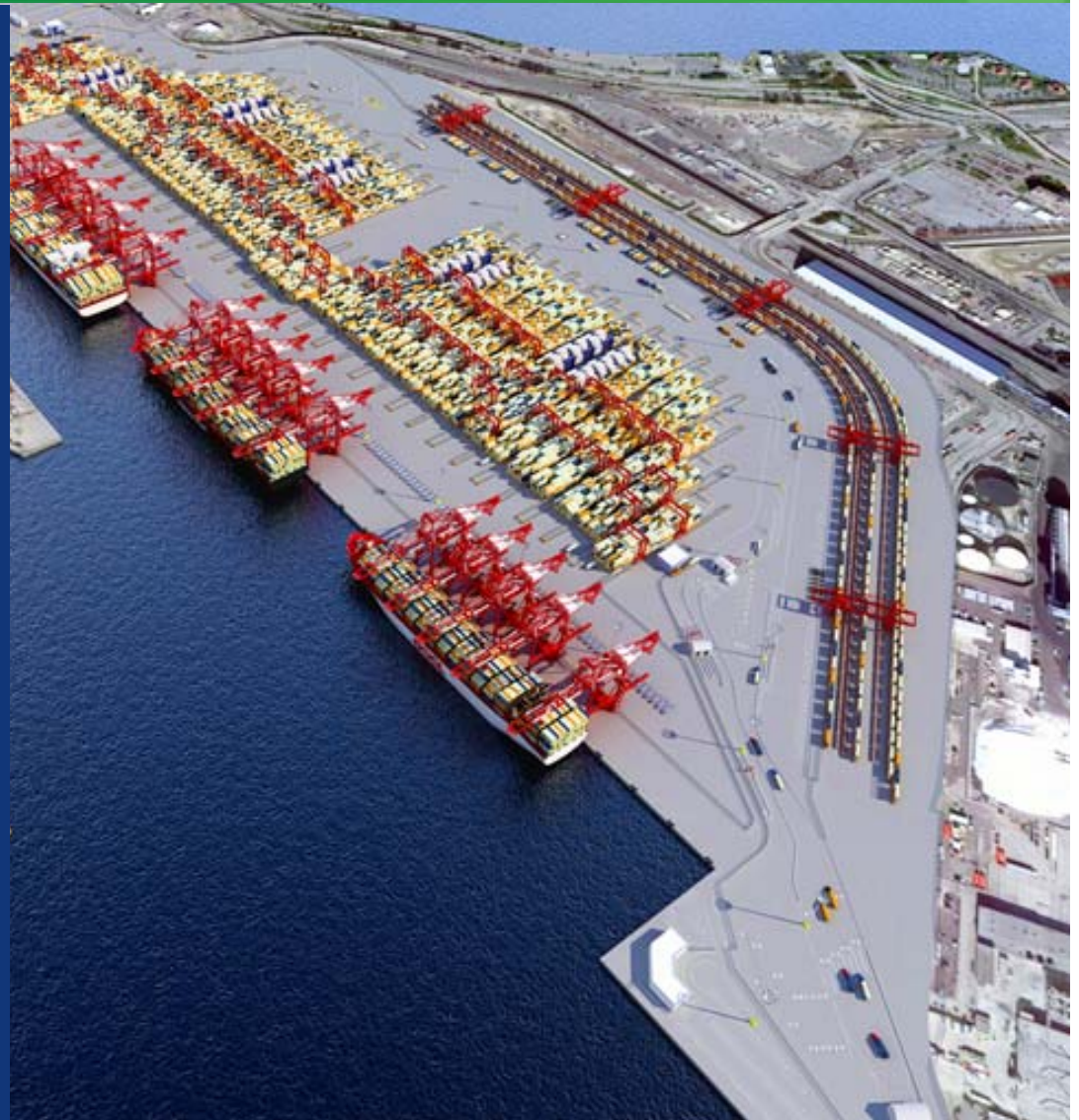
Sources of Funds (Funds Available \$000)

Revenues for Fiscal Year		
Operating Revenues		337,210
Non-Operating Revenues		
Interest Income	3,549	
Equity Income in Joint Venture	3,000	
Clean Trucks Program	1,000	
Funds From Other Agencies	191,796	199,345
New Debt Issuance		200,000
Fund Balance		205,502
Total Sources of Funds Available		<u>942,057</u>



Expenditure Assumptions

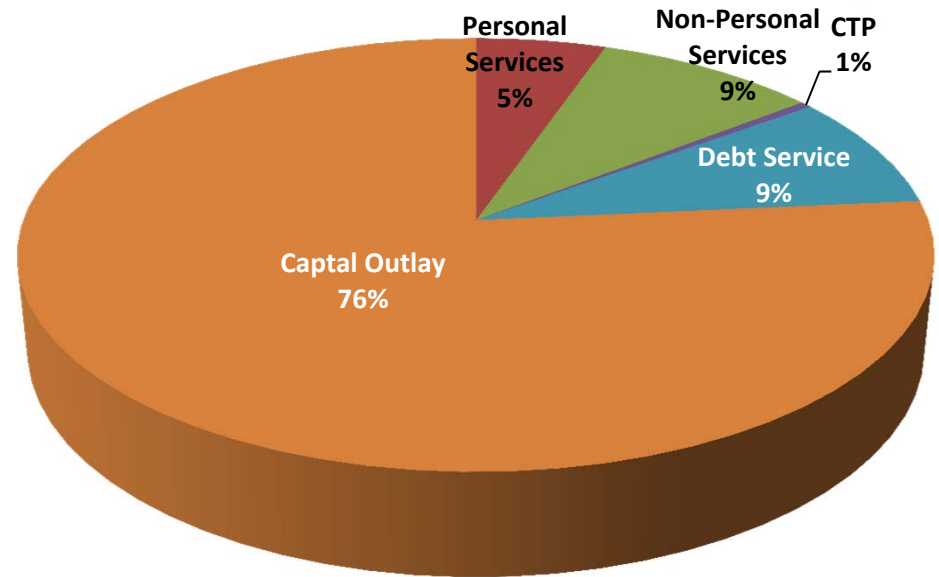
- **Budget administration headquarters lease/relocation/furniture of \$1 million in FY12 and \$6 million in FY13 as a placeholder until the final decision is made**
- **ACTA's RRIF loan will be closed in FY12 which will eliminate the need for shortfall advance from the Port in FY13**
- **Because of the timing of the ACTA RRIF loan, we still anticipate a \$3 million shortfall advance in FY12**



Uses of Funds

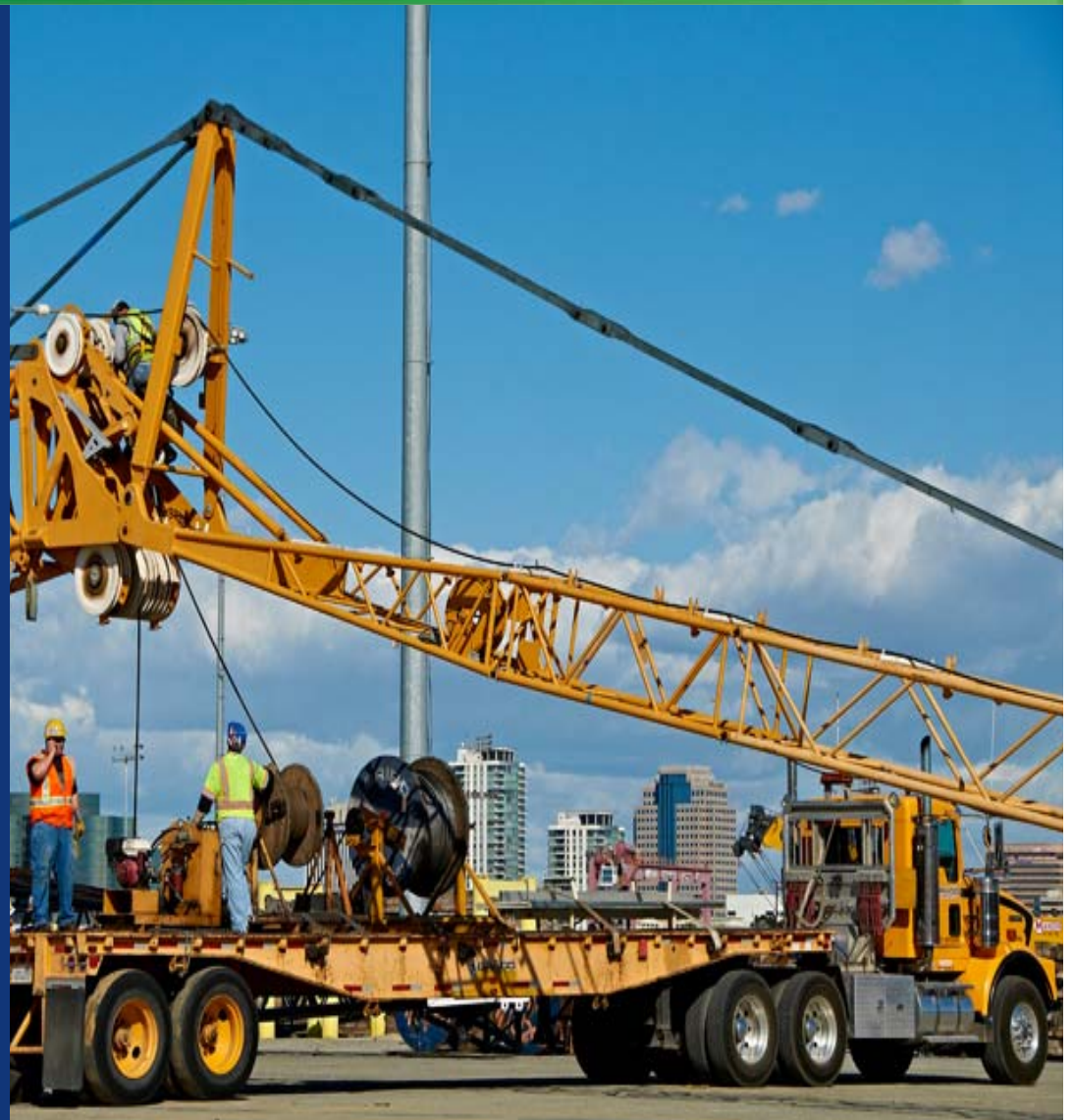
Uses of Funds (Expenditures \$000)

Personal Services		50,325
Non-personal Expenditures		
Port Operations	36,056	
Interdepartmental Charges	25,858	
Furniture, Fixtures, Equipment	1,875	
Headquarters Lease/Furniture/Move	6,000	
Operating Transfers	<u>16,825</u>	86,614
Clean Trucks Program		4,315
Debt Service		80,398
Capital Outlay		<u>720,405</u>
Total Estimated Expenditures		<u><u>942,057</u></u>



Capital Expenditures

- Because of delays and favorable bidding environment, FY12 capital spending estimate is below budget
- Any cash not spent will stay in the Harbor Fund and will be spent in future years
- Ten year capital program estimate remains at \$4.4 billion
- Impact of under spending capital budget is a delay in borrowing

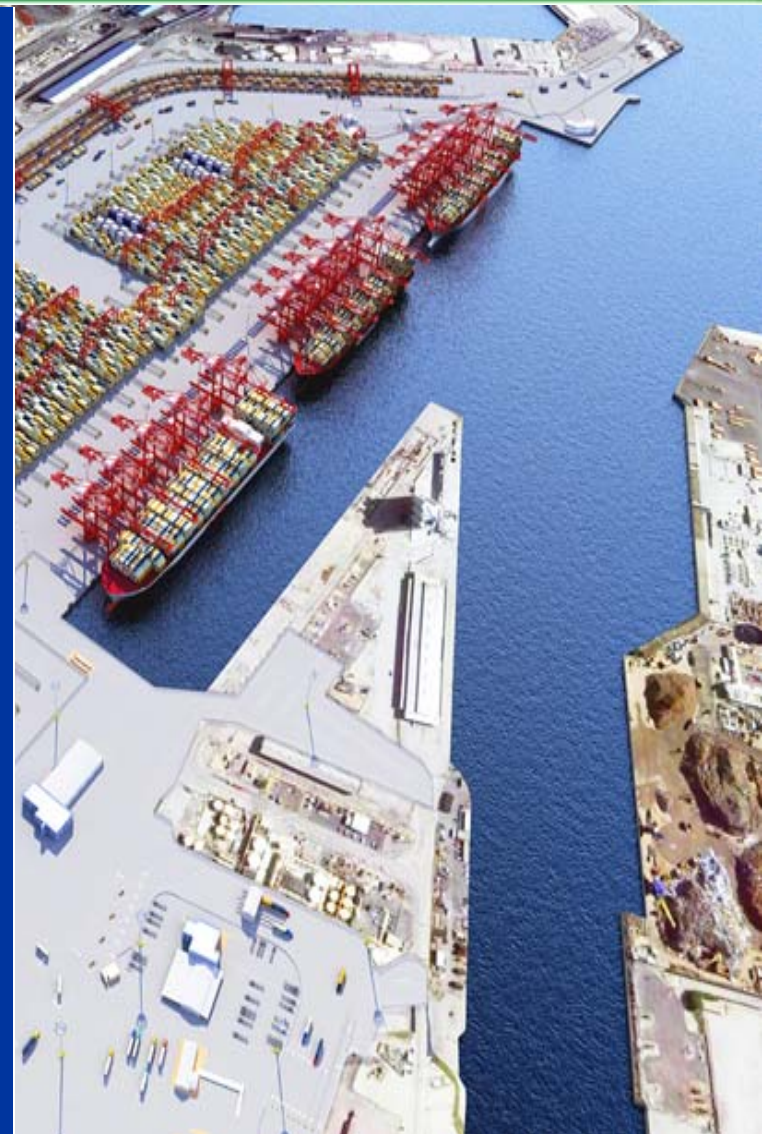


Capital Budget

\$ = 000

**FY2013
Budget**

Middle Harbor	261,208
Gerald Desmond Bridge	193,400
Cold Ironing	65,596
Pier G	47,802
Other Street, Bridges & Rail	40,020
Security Projects	33,860
Maintenance Facility	29,436
Wetlands Mitigation	10,000
Middle Harbor Mitigation Program	9,000
Information Management	3,827
Back Channel Navigation	3,174
Other	23,082
Total Projects	720,405



Conclusion

- **Cargo volumes were recovering last fiscal year, however, latest cargo trends and economic indicators point to an uncertain future**
- **The capital program of \$4.4 billion over the next 10 years had somewhat of a slow start but should pick up the pace in FY13**
- **Any deferred spending on capital project will cause the cash to stay in the Harbor Fund to be spent in future years, thus deferring borrowing needs**
- **Management continues to exercise conservative fiscal prudence over Port resources**