January 25, 2016

Gene Seroka, Director
Port of Los Angeles
425 S. Palos Verdes Street
San Pedro, CA  90731

cc:
Augie Bezmalinovich, Port of Los Angeles
Councilman Joe Buscaino
David Roberts, Director of Economic Development

Re:  Northwest San Pedro Neighborhood Council’s Resolution Concerning
LOS ANGELES WATERFRONT AND OTHER PROJECT FUNDING

Dear Representatives,

In August 2015, the San Pedro Neighborhood Council approved of the attached resolution regarding Port funding to the Los Angeles waterfront.

We would like a reply to this resolution at your earliest convenience.

Sincerely,

Ray Regalado
NWSPNC President
on behalf of the Board of Directors of the
Northwest San Pedro Neighborhood Council
RESOLUTION CONCERNING LOS ANGELES WATERFRONT AND OTHER PROJECT FUNDING
August 10, 2015

Whereas the Los Angeles Harbor Department has committed to $100 million in funding for six Los Angeles Waterfront projects in its Five Year Capital Improvement Plan (CIP) published in June 2015,

Whereas the Harbor Department policy is to invest 10 percent of its net operating income before depreciation in future waterfront development projects,

Whereas the Harbor Department has stated that this 10 percent commitment of funding based on net revenue would be considered a floor and not a funding ceiling,

Whereas the Department has under run planned CIP funding recently, and obtains Board of Harbor Commissioner approval to reprogram CIP funds for other purposes but still has unused CIP funding. For example, this year the Board approved the reprogramming of $30 million in 2015 CIP funds, and the Director reported to the Board in July that the Department estimated that $56 million 2015 CIP funds would not be spent, which would have been funded by borrowing and/or income from revenues,

Whereas the “cash and cash equivalents” provided in the Harbor Departments Financial summary as of March 31, 2015 increased from $289 million as of March 31, 2014 to $413 million as of March 31, 2015, while operating expenses increased from $167 million to $180 million for the same period,

Whereas, the reserve maintained by the Port to ensure a AA bond rating, equivalent to 500 days operating expenses, is estimated to be about $247 million,

Whereas the Port’s “cash and cash equivalents,” as of March 31, 2015, appears to exceed the required reserve amount by approximately $167 million,

Now therefore, be it resolved, that the Northwest San Pedro Neighborhood Council (NWSPNC) requests that the Harbor Department explain:

1. Why underutilized CIP funds cannot be reprogrammed to Los Angeles Waterfront development projects,

2. Why “cash and cash equivalents” exceeding the 500 day reserve amount cannot be considered as a funding source for future Waterfront Development or other projects included in approved EIRs for San Pedro and Wilmington.

3. What additional funding sources, aside from grant funding, would the Port consider to augment the 10 percent net revenue commitment?

The NWSPNC also requests that once the design concept has been agreed to by the Port and the developer of Ports O’ Call, that the Port develop a Master Plan, budget and schedule for future Los Angeles Waterfront projects and that this planning and reprogramming of projects outlined in the approved EIRs include representatives from the Harbor area neighborhood councils.