



July 11, 2011

President Susan Wise
Port of Long Beach Harbor Commission
925 Harbor Plaza
Long Beach, CA 90801

Subject: City of Long Beach Request for Annual Transfer

Dear President Wise:

We are writing to oppose the City of Long Beach's request for \$16,920,700. The Port has been very generous to the City of Long Beach with financial support. In recent years, the Port has paid the debt on the Aquarium of the Pacific, extended the debt on the Convention Center, provided funds for the Colorado Lagoon and paid millions of dollars to local nonprofits. In addition, based on the Port's FY 2011 and FY 2012 budgets, the Port will have provided the City of Long Beach more than \$100 million in oil revenues, oil lease revenues and two annual transfers. We are not aware of any financial impact analysis conducted by the City or the Port with regard to any transfer of funds from the Port to the City.

The international trade community appreciates the need for the Port to support the City of Long Beach. That support can only exist if the Port remains economically healthy and competitive. It is for these reasons that the Port needs to use these funds to invest in infrastructure that will generate thousands of new jobs and help the local economy. The Port's FY 2012 budget plans for \$630 million in capital expenditures. In order to fund these capital expenditures, the Port must issue \$300 million in new public debt and draw down reserves by \$60 million.

The current volumes at the Port are beginning to soften and we are not seeing the double digit growth volumes of the past. The Port is facing competitive threats with the expansion of the Panama Canal and the aggressive infrastructure investments and marketing of ports in the US Gulf and East Coast, Canada and Mexico.



Based on these risk factors, the fiscally prudent action would be for the Port to retain the \$16,920,700 and use these funds for infrastructure projects such as the Middle Harbor, Gerald Desmond Bridge and cold ironing. These projects will create jobs, improve the environment and prepare the Port for the future.

Sincerely,

Foreign Trade Association

FuturePorts

Harbor Association of Industry and Commerce

Los Angeles Customs Brokers and Freight Forwarders Association

Pacific Merchant Shipping Association

Propeller Club of the United States, Port of Los Angeles-Long Beach

cc: Long Beach Mayor Foster
Long Beach City Council Members
Executive Director, Mr. Richard Steinke



The **Foreign Trade Association** represents over 250 member firms both small, medium and large exporters and importers and includes such diverse industry segments as automobile importers, banking, airlines, insurance, attorneys, manufacturers, logistics consultants, and shipping firms. These firms have employees ranging from five to five thousand employees.

FuturePorts' members include businesses and stakeholders from all over California who have an interest in a robust goods movement supply chain. From engineering and construction companies to transportation providers, FuturePorts' members have a vested interest in the ports, as their livelihood depends on the ports, and they are neighbors with the ports.

The **Harbor Association of Industry and Commerce** was formed in 1975 as an industrial trade association in the South Bay and harbor areas of Southern California to speak with a united voice on issues such as energy, infrastructure, environmental and land-use regulations. HAIC has a membership that includes 147 companies with combined employment exceeding 250,000 positions.

The **Los Angeles Customs Brokers and Freight Forwarders Association** represent some 5,000 individuals employed by the customs broker and freight forwarder businesses in the LA area.

The **Pacific Merchant Shipping Association** is focused on global trade. PMSA operates offices in San Francisco, Long Beach and Seattle, and represents owners and operators of marine terminals and U.S. and foreign vessels operating throughout the world.

The **Propeller Club** has over 250 individual members representing the maritime transportation industry, including industry sectors such as ports, terminal operators, carriers, freight forwarders, customs brokers, consultants, admiralty attorneys and others that service the maritime transportation industry