

CITY OF LOS ANGELES HARBOR DEPARTMENT

Proposed Annual Budget

FY 2022/2023





PORT OF LOS ANGELES

PROPOSED

ANNUAL BUDGET

FISCAL YEAR 2022/23

Los Angeles Board of Harbor Commissioners

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Prepared by the Financial Planning & Analysis Division



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Annual Budget

Contents

FISCAL YEAR 2021/22 IN REVIEW	1
FY 2022/23 PROPOSED ANNUAL BUDGET OVERVIEW	9
OPERATING BUDGET	10
CAPITAL BUDGET.....	12
STRATEGIC INITIATIVES HIGHLIGHTS.....	17
HARBOR REVENUE FUND REPORT	26
COMPARATIVE STATEMENT OF OPERATIONS	27
REPORT OF REVENUES	28
REPORT OF EXPENSES	29
CAPITAL PROJECTS REPORT	30



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

We are America's Port® – the nation's #1 container port and the global model for security, sustainability, and social responsibility.

The busiest container port in the Western Hemisphere, the Port of Los Angeles (Port) serves as a global model for security, sustainability, and social responsibility. For more than two decades, America's Port® has sustained its rank as the number one container port by volume in the U.S., and remains a major economic driver at the local, regional and national level for jobs, commerce, and tourism. The Port has been at the forefront of promoting an efficient, sustainable supply chain throughout the world, and is considered a leader in its adoption of new technologies to improve the reliability, predictability, and efficiency of cargo flow across global seaborne trade.

YEAR IN REVIEW

While international trade drives the world economy, it is subject to continual and often unpredictable changes brought about by political, technological, economic, and other forces. This past year, the Port faced many challenges in this regard that required both resiliency and leadership in response. Unprecedented global supply chain congestion, the COVID-19 Omicron variant, war in Eastern Europe, rising oil prices, and other world affairs were among the many challenges impacting the international trade arena and maritime industry.

The fiscal year (FY) 2021/22 kicked off with continued and unabated cargo surges at the Port, due to unprecedented consumer demand after the first COVID-19 wave, which pushed supply chain congestion to a new level. By September 2021, overall cargo volume was already up 30% compared to the previous year. The Port's Executive Director, Gene Seroka, played a key role in bringing together both public and private sector stakeholders to address the challenge, working closely with top-level government officials in the Biden-Harris Administration and the California (CA) Governor's Office, the private sector, longshore labor, terminal operators, truck drivers, and other supply chain partners to coordinate solutions to keep cargo flowing. In January, Seroka was named the recipient of the Connie Award, one of the maritime industry's top honors, for his many contributions to the industry,

as well as his leadership more recently through the pandemic and global supply chain challenges.

The Port ended the fiscal year achieving noticeable improvements in vessel backlog reductions, and set new cargo volume records. Improved cargo velocity was assisted by strong cooperation from longshore labor, terminal operators, truck drivers, and others who set new records for accelerating cargo throughput. The approval and potential imposition of a dwell fee for shippers on lingering containers was also credited with reducing cargo congestion at the Port. The past year was also one of continued Port investment in capital improvements, cargo technology platforms, digital and cyber security infrastructure, workforce development, and the launch of industry-leading environmental programs, such as the Clean Truck Fund program, which targets a zero-emission port drayage fleet by 2035.

CARGO VOLUMES

Unprecedented consumer demand for goods remained steady throughout the year. Breaking its previous calendar year record set in 2018 by 13%, the Port processed 10.7 million twenty-foot equivalent units (TEUs) during calendar year (CY) 2021, a Western Hemisphere record. This followed a strong finish to the previous FY 2020/21, in which 10.9 million TEUs were processed between July 2020 and June 2021. While economic and supply chain headwinds are materializing, 10.2 million TEUs are estimated for FY 2021/22.

Through three quarters of FY 2021/22, the Port processed 7.9 million TEUs from July 2021 through March 2022, a decline of 0.1 million TEUs or a 1.3% decrease compared to the same period last fiscal year. Loaded imports of 4.0 million TEUs for the fiscal year-to-date period through March represented a 4.5% decrease relative to the same nine months of the prior fiscal year.

From July 2021 through March 2022, loaded exports continued their decline to 0.8 million, a 26.5% drop from July 2020 through March 2021. The ratio of loaded imports to exports averaged nearly 4.9 to 1



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

over the same period, continuing the trend of a lopsided one-way trade of imports through the Port.

SUPPLY CHAIN

Addressing disruptions and bottlenecks in the global supply chain was an overriding issue and priority for the Port this past year, as was supporting efforts to increase government investment in ports and port infrastructure nationwide.

- **Stakeholder Collaboration** – The Port executive team participated in meetings on the supply chain at the highest levels of government, including White House meetings and various strategy sessions with the Biden-Harris Administration, and meetings with CA Governor Newsom’s Office.

Working with the Port and other stakeholders across the supply chain, the federal government announced in March the launch of the Freight Logistics Optimization Works (FLOW) pilot project, a major supply chain initiative to help speed up delivery times through data sharing and freight information exchange. This followed passage of the bipartisan federal Infrastructure Investment and Jobs Act, which allocated \$16.7 billion for ports and inland waterways. In January, CA Governor Newsom also proposed \$2.3 billion in the state budget for port projects.

Port staff, working with its supply chain partners, has identified \$1.3 billion worth of key projects for federal and state investment, including cargo support facilities, grade separations, digital investments, and a first-of-its-kind Goods Movement Workforce Training Center.

- **Digital Infrastructure Enhancements** – Improvements to the Port’s digital infrastructure, especially the ability to forecast and track cargo in real time, also played a key role in addressing the cargo congestion challenge. In February, the Port Optimizer™ — the Port’s dynamic cloud-based digital information portal that integrates maritime shipping data for supply chain

stakeholders — received several planning and performance upgrades. The Port Optimizer™ can now provide visibility for 70% of the import data for the San Pedro Bay port complex, and offers stakeholders six different data forecasting and tracking features, including average dwell times for both trucks and on-dock rail for Port terminals.

In the coming year, the Port plans to add further enhancements to the Port Optimizer™ to support export visibility, warehouse and distribution center coordination, and gate productivity. Furthermore, the Port is working with the Biden-Harris Administration to support a national port data initiative to improve supply chain efficiency and global competitiveness.

- **Container Dwell Fee** – To further improve cargo movement amid supply chain congestion, on October 25th, the Ports of Long Beach and Los Angeles approved a temporary ocean carrier surcharge assessment for import containers dwelling at marine terminals for more than a specified number of days. The policy was developed in coordination with the Biden-Harris Supply Chain Disruptions Task Force, the U.S. Department of Transportation, and supply chain stakeholders.



The announcement of the dwell fee alone immediately prompted shippers and terminals to start moving containers more quickly. In just shy of four months, the two ports reported a



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

combined decline of 71% in aging cargo on the docks. Program progress is monitored regularly and currently no date has been set to impose the import container dwell fee.

- **Boosting Exports** – By the end of CY 2021, loaded exports at the Port had dropped 36.8% to 82,741 TEUs, the lowest number since September 2004. Empty container repositioning back to Asia was at its highest, up almost 11.0% compared to December 2020.

To help begin shoring up exports, in February the International Dairy Foods Association, shipping company Compagnie Maritime d’Affretement and Compagnie Generale Maritime (CMA CGM), and the Port announced a collaborative effort — the Dairy Exports Working Group — to prioritize and expand export of U.S. dairy products internationally. The group has already reported notable progress moving more cargo to Southeast Asia, South America, and other export destinations.

WORKFORCE DEVELOPMENT

Workforce development is a critical component and contributor to the goods movement industry, from longshore labor and truck drivers to warehouse workers. Still in the planning phase, the Port’s future Goods Movement Training Campus will focus on worker skill development, up-skilling and re-skilling to



address the rapidly changing needs of the maritime industry. In January, the proposed campus received a huge boost with a three-year, \$110.0 million commitment from CA Governor Newsom within his proposed FY 2022/23 budget. The campus will be the

first in the U.S. specifically dedicated to the goods movement industry, and will also serve as a state resource for training workers on greener and zero-emission technologies.

CYBER SECURITY

Protecting its infrastructure and the supply chain from malicious cyber threats that could disrupt the flow of goods across the nation remains a top priority for the Port.

In 2014, the Port set the maritime industry standard by establishing a Cyber Security Operations Center, created to help protect the Port’s internal networks. In just the past two years, this Center has tracked nearly 40 million intrusion attempts per month, double the number since the start of the COVID-19 pandemic.

Recognizing this growing threat, in January the Port debuted a new Cyber Resilience Center, designed to serve as an early warning system and information sharing network for Port stakeholders in detecting threats, protecting data, and improving recovery capabilities. Co-designed and operated by International Business Machines (IBM), the Center serves both as a hub for the Port to receive, analyze, and share information among its stakeholders, as well as a platform for stakeholders to automatically share cyber threat indicators and potential defense measures with each other.

Offered as a service to Port partners, such as terminal operators, shipping lines, truck, rail, labor, and others, the Center provides a new level of cyber intelligence, collective knowledge sharing, and heightened protection against cyber threats within the supply chain community.



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

TERMINAL & INFRASTRUCTURE CAPITAL PROJECTS

Completed:

- Harbor Boulevard: Miner to San Pedro (SP) Slip Roadway Improvement Project** – Construction began in 2020 to realign and extend the recently constructed Harbor Boulevard (formerly Sampson Way) and transform it into a scenic boulevard along the west perimeter of the new West Harbor development. This \$8.9 million project improves public access throughout the LA Waterfront, enhancing its connection with downtown San Pedro and the surrounding community. Work included lane reconfiguration, utilities, street work, grading, paving, striping, lighting, trees, and landscaping, among other improvements. Construction was completed in the summer of 2021.
- San Pedro Promenade and Town Square** – Project construction kicked off in January 2020, and includes a new public promenade running parallel to the Los Angeles Main Channel for nearly one mile, meeting a new town square at 6th Street. New amenities include public seating, landscaping, hardscape, signage, architectural finishes, a restroom, and a floating dock. This project will be followed by a second phase to extend the promenade to the southerly end of the West Harbor development. Total project cost of Phase I, which was completed in September 2021, was \$54.1 million, with a \$1.3 million grant from the federal government administered by the State of California, Division of Boating and Waterways. Phase 1 was completed in September 2021.
- Berths 226-236 – Everport Container Terminal Improvements** – This \$68.3 million project involved deepening berths and improving Everport's terminal facilities to accommodate larger vessels. Depth at Berths 226-229 went from -45 to -53 feet and at Berths 230-232 to -47 feet. Other improvements included construction



of an additional 1.5 acres of backland, electrical upgrades for five new Alternative Maritime Power (AMP®) connections, and electrical infrastructure for three additional container cranes. Project funding included a \$5.4 million California Proposition 1B Trade Corridors Improvement Fund (TCIF) grant. Started in September 2019, the project was completed in March 2022.

Under Construction:

- West Harbor** – Plans for the \$54.2 million West Harbor project include 42 acres of ample outdoor space for restaurants, retail, fresh markets, office space, waterside activities, and an open-air amphitheater for live entertainment. The Ratkovich Company and Jerico Development are expected to invest approximately \$100.0 million in this redevelopment. The first phase of City improvements — comprised of the San Pedro Promenade and Town Square project mentioned above — has been completed. Adding to a growing list of signed tenants, the developers announced in March additional signings: the Harbor Breeze excursion company, Pitfire Pizza, Olala Crepes, and Win-Dow, a takeout window concept. Construction of West Harbor Phase I is slated to start in 2022 with completion set for 2023.
- Wilmington Waterfront Promenade** – Creating a “window on the waterfront” for the Wilmington community, this \$70.8 million promenade project includes the realignment of Water Street parallel to existing railroad tracks and construction of a community park adjacent to



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

the Banning's Landing Community Center. The nine-acre project will feature a waterfront promenade, public pier, public dock, public restrooms with a green roof, playground, and parking lots, in addition to other onsite public amenities and numerous improvements along Water Street. Started in November 2020, the project is slated to be completed in 2023.

- **Berths 167-169 – MOTEMS – Shell Oil –** Currently being constructed by the Port, this \$44.8 million project entails construction of a new marine oil platform at the Shell Oil Terminal to bring it into compliance with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS). These standards are in place to protect public health, safety, and the environment. Work will include demolition of the timber wharves, and construction and operation of a new MOTEMS-compliant wharf at Berth 168, with minor infrastructure improvements to connect the new loading platform to the existing landside pipelines and utilities. The proposed project would also include a new 30-year lease. Construction started in July 2021 and is expected to be completed in 2024.
- **Alameda Corridor Gap Closure Expansion –** This \$17.3 million project provides a second mainline track, eliminating a short gap in trackage between the West Basin area of the Port and the Alameda Corridor. The new second mainline track will also significantly reduce delays for trains servicing the West Basin Container Terminal (WBCT), TraPac, and Pasha Terminals along with



other current and future customers. The project will construct approximately 5,000 track feet of rail parallel to the existing San Pedro main track, and includes modification to the West Basin Intermodal Container Transfer Facility (ICTF) lead track to accommodate a second lead. Relocation and protection of existing underground utilities, relocation of power poles, utility meters, and perimeter fencing are also included. The project budget includes \$6.0 million in California Trade Corridor Enhancement Program (TCEP) federal funding by the State of California. Started in April 2021, construction is expected to be completed in 2022.

- **Pier 400 Corridor Storage Tracks Expansion Project –** The existing Pier 400 rail storage yard is in need of expansion in order to accommodate future rail volumes on Terminal Island. The project scope includes a concrete rail bridge with lighting, six new railroad storage tracks, an asphalt access roadway, new crossovers, and switches, as well as modifications to the existing compressed air system of the Pier 400 Rail Storage Yard and Bridge. Work also includes the relocation of a portion of the Pier 400 lead track onto Port property, realignment of the track connection to the existing rail storage yard, modifications to Reeves Avenue, and relocation of the existing at-grade crossing at Nimitz Avenue to Reeves Avenue. The project is currently budgeted at \$73.2 million and was awarded approximately \$21.6 million of TCEP federal funding by the State of California. Construction started at the beginning of 2022.

In Design:

- **San Pedro Waterfront – Berths 74-83 Promenade Phase II –** The project consists of a 30-foot-wide and 1,100-foot-long promenade along the water's edge from Berths 74 and 78-79 (approximately 1,100 feet for the Jankovich and San Pedro Fish Market Restaurant areas). The promenade is along the former Ports O' Call site and will be part of the West Harbor development. Project cost is \$16.5 million and is scheduled to



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

begin construction at the end of 2022 with completion expected in 2024.

- Berths 177-178 Wharf Restoration** – The Port is finalizing the design to construct approximately 382 linear feet of concrete wharf, which will include additional seismic analysis for compliance with Port seismic codes. The existing wharf will be demolished and replaced by a new, higher capacity rectangular one with spectra for three earthquake levels. Project cost is \$11.4 million and construction is expected to start early 2023.
- Berths 238-239 – MOTEMS – PBF Energy** – The Port is finalizing design of a new marine oil platform at the PBF Energy Oil Terminal. The primary goal of the proposed \$35.0 million new marine oil terminal at Berth 238 is to comply with MOTEMS standards to protect public health, safety, and the environment. The new terminal will consist of a new 125 feet by 58 feet unloading platform, berthing and mooring dolphins, catwalks, and an access ramp. The project will also require the demolition of the two existing unloading platforms located at Berths 238 and 239, and other existing mooring and berthing dolphins. The proposed project would also include a new 30-year lease. Construction is expected to start early 2023.
- Berths 302-305 – On-Dock Railyard Expansion** – An expansion of the existing railyard at Berths 302-305 will add five new tracks equating to approximately 12,000 linear feet. Currently in design, this \$52.4 million project will increase the capacity of the existing on-dock railyard. Funding includes an \$18.1 million federal Maritime Administration (MARAD) grant and a \$19.2 million federal grant awarded by the State of California and Metro. Construction is expected to start in 2023.
- State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Boulevard (Blvd) Interchange Reconfiguration** – This interchange is an important access link to the LA Waterfront, the residential community of San Pedro, Terminal Island and West Basin Container Terminal. The \$70.5 million project, which includes \$70.2 million in grant funding, would improve traffic safety and operational deficiencies at the interchange. Improvements include replacing the existing westbound off-ramp from the VTB currently located on the south side with a new off-ramp located on the north side; realignment of the existing westbound on-ramp onto the SR 47 and Interstate 110 connector; modifying the westbound off-ramp onto Harbor Blvd.; and modifying the eastbound on-ramp onto the VTB toward Terminal Island. Construction is expected to start in late 2022.



- Avalon Pedestrian Bridge and Gateway Projects** – A companion piece to the Wilmington Waterfront Promenade project, the first phase of this project will be the design and construction of a pedestrian bridge along Avalon Boulevard to provide pedestrian access to the future Wilmington Waterfront Promenade. The bridge will be followed by a second phase consisting of an entry plaza with a gateway feature, landscaping, hardscape, parking, restrooms, and architectural finishes. Total project cost for Phase I is \$23.8 million, which is partially offset with a Measure M grant of \$8.05 million from Metro. Design of the Phase I bridge is expected to be completed in 2023.



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

- Berth 46 – Outer Harbor Cruise Terminal AMP®** – This \$35.0 million project includes the design and installation of a new 11 kilovolt (KV) AMP® system for cruise ships at Berth 46. Work includes construction of a new Los Angeles Department of Water and Power (LADWP) 34.5 KV industrial station, new 34.5 KV switchgear, a new 18 mega volt ampere transformer equipped with Automatic Load Tap Change (ALTC) to automatically adjust the necessary transformer tap changes under load, new 11 KV AMP® switchgear, two new 11 KV wharf AMP® outlets, and an 11 KV AMP® mobile cable management for cruise ship connections. In addition, this project requires the extension of a new LADWP 34.5 KV circuit through an existing LADWP underground conduit (from 22nd Street to Berth 46 along Miner Street). Design is expected to be complete sometime in 2023.

ENVIRONMENTAL & SUSTAINABILITY INITIATIVES

The Port is recognized internationally for its environmental and sustainability programs, which focus on reducing air emissions, improving water quality, cultivating new green technologies, and promoting cleaner operations. Since 2005, port-related air pollution emissions in San Pedro Bay have dropped 89% for diesel particulate matter, 64% for nitrogen oxides, and 98% for sulfur oxides. Reducing greenhouse gasses from port-related sources and accelerating progress toward a zero-emission future was among the Port's environmental priorities during FY 2021/22.

- Clean Truck Fund** – A key component of the Port's updated Clean Air Action Plan (CAAP) is the Clean Truck Fund (CTF) program. The CTF was established to promote and incentivize phasing out older, more polluting trucks serving the San Pedro Bay port complex.

Under the CTF, on April 1, 2022, the Ports of Los Angeles and Long Beach began collecting a \$10 per twenty-foot equivalent unit fee on loaded drayage trucks entering or leaving container

terminals. As directed by the CTF spending plans adopted separately by each port in March, the funds collected will go exclusively to the development and deployment of zero-emission (ZE) trucks and infrastructure, including truck voucher incentives and infrastructure funding.

The CTF fee is expected to generate up to \$90.0 million combined by both ports in its first year. The unprecedented program moves the two ports closer to their CAAP goal of being serviced by a 100% ZE drayage truck fleet by 2035.

- Green Technology Demonstration Projects** – The Port continues to support technology advancement with a particular focus on near-zero and ZE vehicle and equipment demonstrations, as well as the development of supporting infrastructure such as charging equipment. The Port is currently either leading or participating in 16 regional projects with multiple partners and global brands to demonstrate low nitrogen oxide (NOx) and ZE trucks, yard tractors, forklifts, a locomotive, and other equipment.
- Transpacific Green Shipping Corridor** – In January, the Port announced a partnership to create the world's first transpacific green shipping corridor between U.S. and Chinese ports. Together with the Port of Shanghai and the C40 Cities organization, this initiative aims to reduce greenhouse gas emissions from cargo movement between the two ports throughout the 2020s, with the goal to begin transitioning to zero-carbon fueled ships by 2030. The two ports, as well as industry partners such as shipping lines and cargo owners in China and the U.S., have committed to deliver a green corridor implementation plan by the end of 2022.

THE LA WATERFRONT & COMMUNITY

The LA Waterfront continues to grow as a popular local and tourist destination, thanks to significant investments by the Port. The Port also plays a pivotal role in facilitating community engagement and participation.



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

As outlined in the Capital Projects section of this report, considerable progress was made this year on several signature LA Waterfront infrastructure projects, including the Wilmington Waterfront, the West Harbor development, and the completion of Phase I of the Town Square and Promenade in September.

While many COVID-19 pandemic restrictions were still in effect during the early months of FY 2021/22, which resulted in the cancellation of several in-person events, the second half of the year saw COVID-19 restrictions ease and activities pick up once again on the LA Waterfront.

- **Return of the Cruise Industry** – Departure of the Grand Princess cruise in September from the Port was the start of a big comeback for cruise ship operations at the World Cruise Center on



the LA Waterfront. The Port is forecasting more than 200 sailings during the 2022 calendar year, the most since 2008. Cruise travel continues to be an important driver of Los Angeles tourism, bringing in as many as 20,000 travelers to the LA Waterfront on a busy cruise weekend. Each cruise ship call generates more than \$1.0 million in economic activity.

- **Events & Sponsorships** – After nearly two years of extensive pandemic safety protocols and closures, the Port was once again able to support local events, including the popular LA Fleet Week® over Memorial Day weekend 2022, and Holidays by the Sea last December.

The Port was also a key supporter of the first-ever Juneteenth celebration at the Cabrillo Beach Youth Waterfront Sports Center, sponsoring its firework show. The unique event not only commemorated the historical emancipation of enslaved people in the U.S., but celebrated a hopeful path forward for today's youth. The event included promotion of the Los Angeles Maritime Institute TopSail Science, Technology, Engineering and Math (STEM) Youth Program, a maritime-focused initiative that also receives funding from the Port.

- **Community Grants** – For FY 2021/22, the Port awarded \$1.0 million in grants to 27 local organizations to support programs, projects, and events benefiting both local and statewide communities in the areas of local workforce development, education, environment, and the LA Waterfront. A total of 49 organizations applied for funding from the Port's Community Investment Grant Program this past year, which has now awarded a total of 235 community grants totaling \$8.0 million over the last nine fiscal years.



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

FY 2022/23 PROPOSED ANNUAL BUDGET OVERVIEW

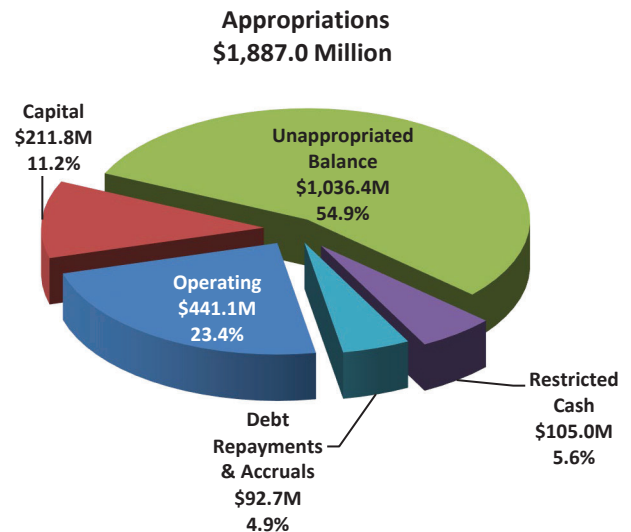
Since the pandemic began in 2020, the world has undergone many changes and experienced much volatility. A few months into the pandemic, the Port experienced a slowdown in cargo volumes and ended FY 2019/20 down 11.6% in TEUs compared to the previous fiscal year. In contrast, the Port ended FY 2020/21 at a record all-time high of 10.9 million TEUs, attributable to the rapid recovery in global trade and the pent-up demand for consumer goods as spending moved away from services, entertainment, and vacations. This consumer demand and the impacts of the pandemic to the workforce also led to unprecedented supply chain congestion felt throughout the world in FY 2021/22.

Having exercised financial prudence during the pandemic, the Harbor Department was in a strong position financially throughout the preparation the FY 2022/23 Proposed Budget. With an expectation of shifting consumer demand towards services as pandemic related restrictions recede, high levels of inflation, and other major geo-political factors at play, the Proposed Revenue Budget reflects TEU projections lower than the record high of the last two fiscal years. Within the Proposed Expense Budget, the department continues to manage increasing costs where possible as well as make significant investments in environmental sustainability. Finally, the Port’s strong financial performance allows for continued investment in infrastructure, sustainability, and public access within the Proposed Capital Budget.

As in previous years, the Port has used the four strategic objectives outlined in the 2018-2022 Strategic Plan as a guide when developing the budget:

1. *World-Class Infrastructure that Promotes Growth;*
2. *A Secure, Efficient, and Environmentally Sustainable Supply Chain;*
3. *Improved Financial Performance of Port Assets; and*
4. *Strong Relationships with Stakeholders.*

The Proposed Budget includes Capital, Operating, and other appropriations totaling \$1,887.0 million.



To support the daily operations of the Harbor Department in FY 2022/23, \$441.1 million has been set aside for the Total Operating Budget, which includes both Operating and Non-Operating expenses. This portion of the budget will fund the daily operations of the Port including ensuring the safe flow of ship traffic, the delivery of first-class customer service to tenants, and security and public safety in support of goods movement. Operating funds will also be utilized in maintaining Port facilities and infrastructure, performing property management, assessing the environmental impacts of Port activity and promoting sustainability, strengthening relationships with stakeholders, and improving the financial performance of the Port. With a total Capital Budget of \$211.8 million, the Harbor Department will continue the process of modernizing the Port’s container and cruise terminals, enhancing public access infrastructure at the waterfront, improving transportation in and out of the Port, and making environmental and security enhancements. Rounding out the remainder of the Proposed Budget appropriations are \$1,036.4 million in unappropriated funds, \$105.0 million in restricted cash, and \$92.7 million in debt repayments and accruals. The Proposed Budget is projected to create approximately 3,585 direct and indirect jobs (not including Harbor



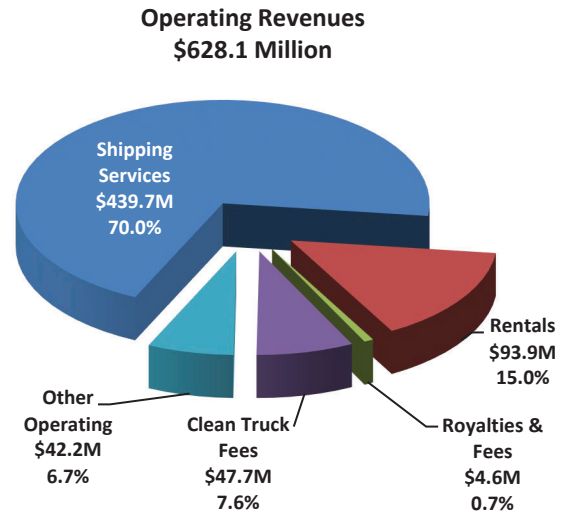
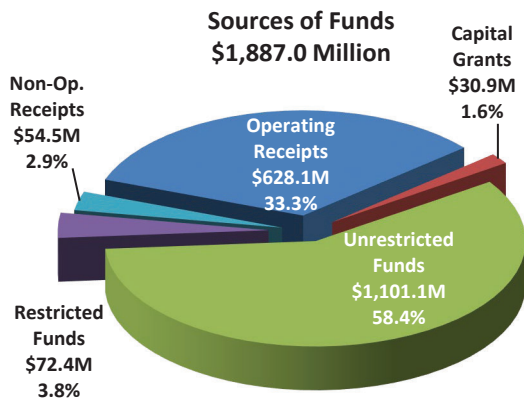
**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2022/23 Proposed Budget

Department employees), of which 2,757 are attributable to capital spending.

OPERATING BUDGET

Operating Revenues



The Capital, Operating, and other appropriations included within the Proposed Budget will be funded through \$1,887.0 million in receipts and cash-on-hand. Operating Receipts will continue to be driven by cargo-related activities as Shipping Services Revenue is anticipated to comprise the largest portion of the \$628.1 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$30.9 million in Capital Grant Receipts and \$54.5 million in Non-Operating Receipts such as state pass-through revenue, interest/investment income, non-operating grants, settlements, rebates, and other reimbursements. Total cash of \$1,173.5 million, comprised of \$1,101.1 million in unrestricted funds and \$72.4 million in restricted funds, is anticipated to be available within the Proposed Budget. This level of total cash available represents a 12.8% increase relative to total cash of \$1,040.2 million available at the beginning of FY 2020/21. As dictated by the Board of Harbor Commissioners (Board) approved financial policy and to ensure that the Port upholds its strong financial position, minimum levels of cash reserves for debt service coverage will be maintained.

The Proposed Budget includes total Operating Revenues of \$628.1 million, which represents a 17.8% increase relative to the FY 2021/22 Adopted Budget and a 1.1% increase relative to the FY 2021/22 Forecast. As part of the Proposed Budget, cargo volumes of 9.85 million TEUs are anticipated to be processed in FY 2022/23. This level of cargo volume represents a 1.5% increase relative to the 9.7 million TEUs assumed within the FY 2021/22 Adopted Budget and a 3.7% decline relative to the 10.22 million TEUs estimated for FY 2021/22.

In FY 2022/23, Shipping Services Revenues are projected to comprise 70.0% of Operating Revenues and remain its largest component, followed by Rentals Revenues at 15.0%, Clean Truck Fees at 7.6%, and Other Operating Revenues at 6.7%. Relative to the FY 2021/22 Adopted Budget, Clean Truck Fees are expected to comprise a greater share of total Operating Revenues as \$45.0 million of additional revenues are forecasted to be received in FY 2022/23 with collections of the newly adopted Clean Truck Fund Rate that began on April 1, 2022. Other Operating Revenues are likewise expected to comprise a greater share of total Operating Revenues



**Port of Los Angeles
(City of Los Angeles Harbor Department)**

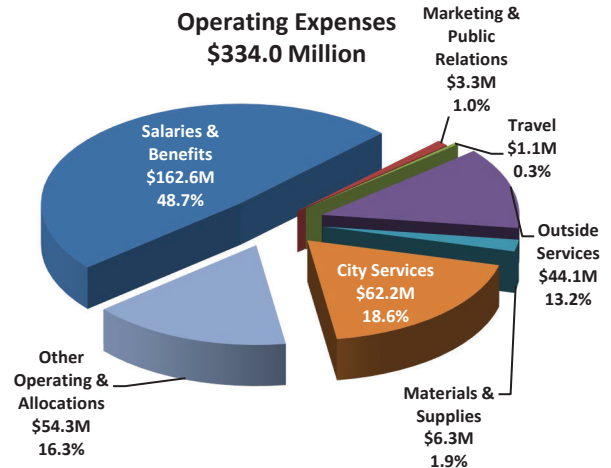
Fiscal Year 2022/23 Proposed Budget

due to the anticipated receipt of higher tenant reimbursements associated with wharf retrofits at certain marine oil terminals.

The 17.8% increase in total Operating Revenues as compared to the FY 2021/22 Adopted Budget is driven by generally higher receipts across all revenue categories. The increase in Shipping Services is anticipated to be driven mainly by higher cargo volumes. Rentals Revenues are expected to increase due to annual Consumer Price Index (CPI) adjustments, various compensation resets completed in the past year, and ongoing efforts to convert short-term space assignments into longer-term entitlements. The increase in Other Operating Revenues is expected to occur due to higher utility reimbursements, reimbursements for construction at the marine oil terminals to ensure compliance with MOTEMS, and Harbor Maintenance Tax receipts. Clean Truck Fee Revenues are expected to increase due to the implementation of the new Clean Truck Fund Rate. Lastly, higher Royalties & Fees revenue are primarily driven by higher parking fees from cruise activity.

The 1.1% increase in total Operating Revenues as compared to the FY 2021/22 Forecast primarily results from higher Clean Truck Fees, Rentals, and Other Operating Revenues being partially offset by a decrease in Shipping Services. Clean Truck Fee Revenues are anticipated to increase due to the new Clean Truck Fund Rate. Rentals Revenues are expected to increase due to annual CPI adjustments, various compensation resets completed in the past year, and ongoing efforts to convert short-term space assignments into longer-term entitlements. Other Operating Revenues are anticipated to increase due to higher reimbursements for the MOTEMS-related construction. Royalties & Fees are expected to increase due to higher cruise passenger parking fees as the cruise industry is expected to recover from the impacts of the pandemic. Shipping Services Revenue is anticipated to decrease primarily due to lower cargo volumes.

Operating Expenses



The FY 2022/23 Proposed Budget includes total Operating Expenses of \$334.0 million, which represents a 6.8% increase relative to the FY 2021/22 Adopted Budget and 8.7% increase relative to the FY 2021/22 Forecast. The increase in total Operating Expenses relative to the FY 2021/22 Adopted Budget and FY 2021/22 Forecast is a result of higher Other Operating Expenses, Outside Services, City Services, Salaries & Benefits, Travel, and Marketing & Public Relations; and a reduction in Overhead Allocations to Capital, which are indirect expenses across all operating expense categories that support the global Capital Improvement Program (CIP). These increases are partially offset by a reduction in Materials & Supplies.

With a proposed budget of \$162.6 million (net of \$16.8 million in direct capitalization), or 48.7% of the total Operating Budget, Salaries & Benefits is the largest component of the Port's Operating Budget. Relative to the FY 2021/22 Adopted Budget, there is an increase of \$1.2 million, or 0.7%, resulting primarily from employee memorandum of understanding (MOU) mandated increases to salaries, salary step increases and position upgrades; higher pension and health care contributions; and increases to employee bonuses, which have been offset by the one-time Separation Incentive Program (SIP) payout budgeted in FY 2021/22, a reduction to overtime,



**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2022/23 Proposed Budget

higher direct salaries and benefits to capital, and higher salaries and benefits attrition savings. The FY 2022/23 increase to the Salaries & Benefits budget would have been \$6.5 million higher, but the Harbor Department elected to leave 40 of the 80 SIP retired positions vacant for another year as a cost savings measure.

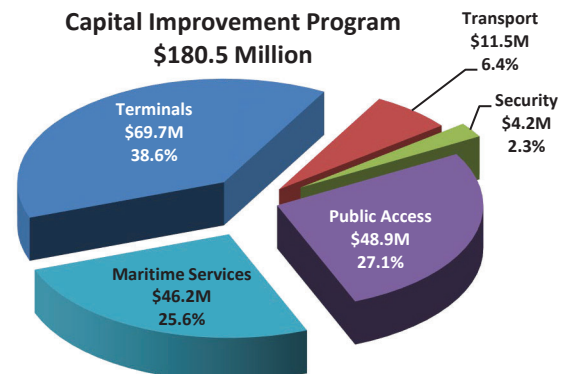
The other two service-related budget categories within the operating budget are City Services and Outside Services. City Services — services provided to the Harbor Department by other City of Los Angeles departments such as the Fire Department, Recreation & Parks, and the Office of the City Attorney — totaling \$62.2 million or 18.6% of total operating expenses will be increasing by \$3.6 million or 6.1% relative to the FY 2021/22 Adopted Budget. Outside Services – services provided to the Harbor Department by consultants and professional/technical service providers – totaling \$44.1 million or 13.2% of total operating expenses will be increasing by \$7.7 million or 21.0% relative to the FY 2021/22 Adopted Budget. This increase in Outside Services is largely attributed to higher spending for maintenance dredging, professional legal services, the Cyber Resilience Center, environmental assessment services, wharf maintenance, and security system maintenance.

Within Other Operating Expenses and Allocations to Capital, an \$8.7 million or 19.2% increase relative to the FY 2021/22 Adopted Budget results largely from an \$11.5 million increase for the Clean Truck Spending Program to pay for zero emissions clean trucks and the associated infrastructure. This increase is partially offset by a \$4.2 million decrease to the Electric Services budget as the use of AMP®, allowing ships to plug into shore-side power, is projected to decrease in FY 2022/23 with the decrease in cargo volume. Within the Marketing & Public Relations budget category, there was a \$477,608 or 16.7% increase compared to the FY 2021/22 Adopted Budget largely due to a \$500,000 increase to the Community Investment Grants Program, which provides funding to local non-profit organizations that show a nexus to the Tidelands

Trust guidelines, raising the annual budget to \$1.6 million. As the end of the pandemic nears, the FY 2022/23 Travel budget has been increased by \$466,558 or 72.9%, which brings it back up to pre-pandemic levels of funding. Finally, there was a \$930,527 decrease within the Materials & Supplies budget category due to high equipment fuel costs in FY 2021/22 and a reshuffling of funds between budget categories within the Maintenance Improvement Program.

CAPITAL BUDGET

The FY 2022/23 Proposed Capital Budget of \$211.8 million demonstrates the Port’s commitment to the continued development of the Port’s world-class infrastructure at its container and cruise terminals; improving the quality of life and economy of the San Pedro and Wilmington areas through public access investments; promoting the efficient movement of goods through improvements in transportation; and ensuring security at the Port. Comprising 11.2% of the department’s total budget, the FY 2022/23 Proposed Capital Budget includes \$180.5 million of direct costs in the CIP, \$19.5 million in overhead allocations, and \$11.8 million in capital equipment.





Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

Terminal Improvement Projects

In FY 2022/23, a budget of \$69.7 million, or 38.6% of the Proposed CIP Budget, is allocated for projects related to terminal improvements.

- **Pier 400 Corridor Storage Tracks Expansion** – Construction to accommodate future rail volumes continues at Pier 400 in FY 2022/23 with funding of \$34.3 million. Improvements include constructing a new rail bridge over the existing channel, five new railroad storage tracks, an asphalt access roadway, new crossovers and switches, and modifications to the existing compressed air system.
- **Marine Oil Terminal Engineering Maintenance Standards (MOTEMS) Projects** – MOTEMS is mandated by the California State Lands Commission for liquid bulk oil facilities to make certain repairs and upgrades to prevent oil spills and protect public health and the environment. In order to conform to MOTEMS, \$17.5 million has been budgeted in FY 2022/23 for upgrades and repairs at three liquid bulk facilities. With construction continuing through FY 2022/23, work at Shell (Berths 167-169) is funded at \$11.1 million. This project consists of the installation of a new concrete loading platform, access trestle, and steel catwalks, with construction completion estimated for January 2024. At Berths 238-239 (PBF Energy), work consists of a new loading/unloading platform, access ramp, catwalks, and fenders with a budget of \$6.2 million for the fiscal year. Additionally, \$111,852 has been budgeted for an environmental assessment on Berths 187-190 (Vopak), which is set to be completed in December 2022.
- **Pasha Terminal** – For FY 2022/23, \$11.4 million in funding has been allocated for improvements for the terminals at Berths 171-181 (Pasha). Design and construction of 382 linear feet of concrete wharf is funded \$6.7 million. This higher capacity, rectangular wharf will provide more utility to the tenant. This project includes additional seismic analysis to comply with the POLA seismic code and will begin construction in February 2023. Replacement of the terminal's main electrical equipment has been budgeted for \$4.6 million in FY 2022/23. This project has an estimated completion set for November 2023. Smaller terminal improvements including wharf and bollard repair, and the construction of in-ground roof drain piping on the administration building at Berths 174-181 have been funded at \$71,225 for FY 2022/23.
- **Miscellaneous Terminal Improvements** – A total of \$6.5 million is budgeted in FY 2022/23 for various other improvements to terminals throughout the Port. The Port has allocated \$3.0 million in funding for multiple projects at the World Cruise Center (Berths 90-93) including a roof replacement at the passenger terminal, a mobile gangways hydraulic cylinder replacement, a photovoltaic system inverter replacement, and escalator modernization. At Berths 302-305 (Fenix), \$1.6 million is funded for multiple terminal improvements, the largest project being the On-Dock Railyard Expansion. The design for the installation of new tracks, reuse of three existing tracks, grading, paving, electrical improvements, and fire protection continues through FY 2022/23. Additionally, crane switchgear modernization is scheduled to complete construction in July 2022. The Port has budgeted a total of \$899,047 for various projects at the Everport Terminal (Berths 222-236) in FY 2022/23. These projects include wharf and backland improvements, AMP® upgrade and retrofit, terminal infrastructure reconstruction, mitigation cultural resource investigation, and an advanced cargo handling demonstration. Additionally, funding of \$973,396 has been allocated to smaller terminal improvement



Port of Los Angeles
(City of Los Angeles Harbor Department)

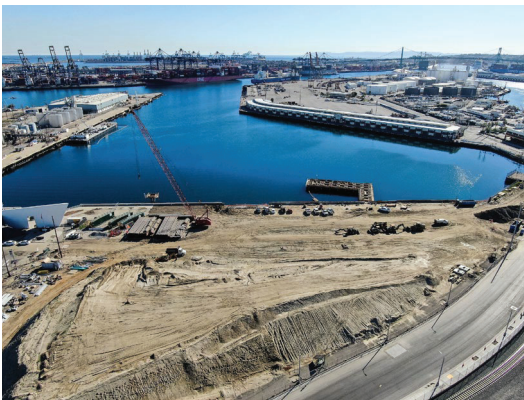
Fiscal Year 2022/23 Proposed Budget

projects. These miscellaneous projects include terminal redevelopment on Berths 121-131, boatyard site preparations on Berth 44, and pavement improvements and demolition of a marine administration building.

Public Access/Environmental Enhancement Projects

A total of \$48.9 million, or 27.1% of the FY 2022/23 Proposed CIP Budget, is allocated for Public Access projects at the San Pedro and Wilmington areas, and Environmental Enhancement projects.

- Wilmington Waterfront** – For continued development at the Wilmington Waterfront \$27.9 million has been funded in FY 2022/23. At the Wilmington Waterfront Promenade, construction consists of 1,200 feet of waterfront promenade, a public plaza, and parking. With construction set to complete in February 2023, this project has a budget of \$25.3 million. Additionally, \$1.4 million has been allocated for upgrading the Wilmington



Youth Sailing Aquatic Center, which includes paving, fencing striping, site lighting, signage, and installation of a boat hoist and gangway. The Avalon Pedestrian Bridge project, still in the design stage, has a budget of \$686,762 in FY 2022/23. Funding of \$456,929 is allocated to other projects along the Wilmington Waterfront, including design

for the Avalon Gateway and removal of the LADWP marine tank farm within Parcel B.

- San Pedro Waterfront** – In FY 2022/23, a total of \$10.5 million has been allocated to various projects at the San Pedro Waterfront. Construction of the San Pedro Waterfront - Berths 74-83 Promenade Phase II is scheduled to begin construction in winter 2022. With a budget of \$7.2 million, this project consists of constructing a 30-foot wide and 1,100-foot long promenade along the water's edge. In agreement with the San Pedro Public Markets, LLC, the Harbor Department is responsible for installation of a new utility electric service in the area formerly known as Ports O' Call. With \$1.4 million budgeted for FY 2022/23, construction will continue through the fiscal year. At Berth 78, construction is set to begin in winter 2022 with \$969,385 in funding for soil remediation. Additionally, \$947,654 has been budgeted for various projects on the waterfront including the closeout of Phase 1 of the Ports O' Call Promenade and Town Square, re-grouting and waterproofing/coating of the reflection pond and fanfare fountain at the Waterfront Gateway, and an environmental assessment of the AltaSea project at Berth 57.
- Miscellaneous Environmental Enhancements** – Funding of \$6.8 million has been set aside for multiple Environmental Enhancement projects around the Port. A new demonstration project located at Berth 100 to evaluate if wireless zero emission charging infrastructure will be the future standard for Port operations is set to finish in January 2023, with a budget of \$3.8 million. At Berth 46, the design and installation of a new 11 kilovolt AMP® system is budgeted at \$1.2 million. The Port has also allocated \$851,239 in funding for FY 2022/23 for the retrofitting of existing earth switchgears for AMP® connections on multiple berths with construction set for completion in July 2022.



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

An additional \$951,301 has been set aside for smaller Environmental Enhancement projects, which include storm water management Best Management practices in the Inner Cabrillo Beach parking lot to comply with Los Angeles Regional Water Quality Control Board requirements, installation of air quality measuring equipment at four monitoring stations, and electrical charging infrastructure improvements on Pier 400.

- **Front Street Beautification** – With design finalized in April 2022, the Port has budgeted \$3.7 million in FY 2022/23 for construction of the Front Street Beautification project. This project will see the construction of a twenty-two foot wide landscaped area with a multi-use path along the north side of Front Street adjacent to the China Shipping Terminal, and will fulfill a China Shipping Environmental Impact Report (EIR) Mitigation measure.

Maritime Services

A Proposed CIP Budget of \$46.2 million or 25.6% of the proposed budget is set aside for Maritime Services. This category consists of improvements and repairs to Harbor Department facilities and other Port locations, as well as for the purchase of larger capital equipment. Included in the \$46.2 million budget is \$12.0 million for unallocated funding for unanticipated projects that may arise throughout the fiscal year.

- **Harbor Department Facilities** – Of the \$46.2 million budgeted for Maritime Services, \$12.9 million has been set aside for Harbor Department Facility improvements. A total of \$11.0 million has been budgeted for improvements and repairs at the Harbor Administration Building (HAB). The construction for the heating, ventilation, and air conditioning (HVAC) replacement at the HAB will begin in winter 2022 with funding of \$8.5 million set aside in FY 2022/23. With \$1.6 million budgeted, the Board Hearing Room and Executive Session Room will be

remodeled to improve spacing needs and bring both areas into compliance with the Americans with Disability Act (ADA) via ADA compliant seating areas and an ADA compliant access ramp. Other projects at the HAB are budgeted at \$733,284, which include an employee restroom and shower remodel on the first floor, work space solutions and reconfiguration on multiple floors, the Cyber Resilience Center Remodel, spare conduits for telecommunication requirements, and patio lighting.

A handful of projects will continue at the department's Construction and Maintenance yard (C&M) with a budget of \$1.3 million. Construction on the remodel for an existing 8,304 square foot former administration building will start in August 2022 with funding of \$648,058 in FY 2022/23. Two compressors for the Compressed Natural Gas (CNG) fueling system will be replaced in the yard with a budget of \$514,875 in FY 2022/23. Other projects at Berth 161, totaling \$101,951, include floating dock electrical upgrades, a partial block wall removal, ice machine installation, and parking lot improvements.

Various other projects for Harbor Department Facilities including an atrium skylight replacement at the Liberty Hill Plaza, uninterruptible power supply (UPS) battery replacement at the Port Police Headquarters, wharf modifications at the Port Pilot Station on Berth 68, water leaks and damage repair on Banning's Landing, and a few other smaller projects have been budgeted at \$791,217.

- **Miscellaneous Maritime Services Projects** – An assortment of smaller projects are funded at \$12.4 million in FY 2022/23 for other improvements throughout the Port. Construction on a workboat, barge, and crane to support the Port's C&M division's wharf maintenance and repair program



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

started in May 2022 with a budget of \$5.8 million in FY 2022/23. The Port has budgeted \$1.2 million for an environmental impact report (EIR) to be prepared for a new 20-acre Goods Movement Workforce Training Facility, located at Anchorage and Shore Road. In February 2023, construction will begin on Berth 182 to repair a slope that has eroded. This project is funded at \$1.1 million in FY 2022/23. For the repair of water damage to the clock tower on Berth 153, \$803,357 has been budgeted in FY 2022/23. Funding of \$766,079 has been allocated to repair the sidewalks within the Harbor Department's purview. Additional Maritime Services related projects are funded for a total of \$2.8 million, including storm drain restoration on South Seaside Avenue, a barge landing ramp upgrade on Berth 95, demolition of a facility at Starkist, and other smaller projects.

- **Software System Upgrades** – To upgrade numerous software systems used at the Harbor department, a total of \$8.9 million has been budgeted in FY 2022/23. To allow for new, enhanced, and improved functionalities for various accounting and financial modules, the Department is migrating to a new Oracle Enterprise Resource Planning (ERP) Cloud system. A total of \$7.4 million has been budgeted for this project, which has an implementation start date of July 2022 with an estimated completion of June 2023. The Port Pilot's radio system will also be upgraded with a budget of \$981,073. Furthermore, an additional \$526,846 has been allocated for the enhancement of the department's Billing System software and Port Pilot System software.

Transportation Improvement Projects

In order to promote faster, safer, and more efficient movement of trade goods, \$11.5 million, or 6.4% of the FY 2022/23 Proposed CIP Budget, has been funded for Transportation Improvement projects.

- **State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Boulevard (Blvd) Interchange Reconfiguration** – The construction of the SR 47/VTB & Front Street/Harbor Blvd Interchange Reconfiguration project, which entails the replacement of the existing westbound (WB) off-ramp from the VTB with a new off-ramp, realignment of the existing WB on-ramp onto the SR 47 and the I-110 connector, and modification of the eastbound (EB) on-ramp onto the VTB toward Terminal Island will begin in December 2022 with an expected completion date of December 2025. This project is budgeted at \$6.8 million in FY 2022/23 and will improve traffic flow and safety on the highly trafficked interchange.
- **Alameda Corridor Southern Terminus Gap Closure** – The design and construction of approximately 5,000 feet of railroad track parallel to the existing San Pedro Main track has been funded at \$2.3 million in FY 2022/23. With construction completion projected for July 2022, this project will help reduce train delays coming in and out of the area. The total project cost is \$17.3 million, which will be offset by a \$6.0 million grant secured from the TCEP.
- **Rail Crossing Replacement at Berth 115** – For FY 2022/23, \$1.3 million has been budgeted to complete the design and construction of the rail crossing replacement at the West Basin Container Terminal entrance. With construction set to start in December 2022, work will include the removal of existing railroad track, concrete panels, and subgrade in addition to the replacement of approximately 325 linear feet of rail crossing.
- **Miscellaneous Transportation Improvement Projects** – Various other transportation projects have been budgeted in the amount of \$1.1 million in FY 2022/23. Reconstruction projects on Mormon Island



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

are funded at \$396,542. A budget of \$329,366 has been allocated for improvements to the CALTRANS pedestrian path and parking lot. In addition, \$232,669 has been budgeted to design and install 140 electric vehicle (EV) charging ports at multiple Harbor Department facilities. Multiple smaller transportation improvement projects have been budgeted for a total of \$207,665.

Security Projects

A total of \$4.2 million, or 2.3% of the Proposed CIP Budget, has been budgeted for security-related projects around the Port.

- **Port Cyber Resilience Center (CRC)** – To reduce the ecosystem risk of cyber incidents that could disrupt the flow of cargo, \$2.9 million has been budgeted in FY 2022/23 to finish construction of the CRC. With an estimated completion of December 2022, work includes building facility infrastructure, installing computer hardware and software, testing, and implementation.
- **Perimeter Security Enhancements** – The Port Police Headquarters building is receiving perimeter security upgrades including window protection, additional fencing, gate modifications, swing gate improvements, and additional lighting with a \$497,981 budget in FY 2022/23. Construction is set to begin in January 2023, with an estimated completion date of November 2023.
- **Port Police Radio System** – The Port Police 700 Megahertz (MHz) Radio System project to develop and install a brand new radio system began in October 2016 for a total project cost of \$15.5 million that has been partially offset by a \$3.5 million grant from the Urban Area Security Initiative. This project will enhance resiliency, redundancy, and interoperability with other law enforcement agencies. To complete

construction of the project in September 2023, \$472,094 has been budgeted in FY 2022/23.

- **Miscellaneous Security Projects** – Two other security projects have been budgeted at \$392,226 in FY 2022/23. To support daily operations of the Los Angeles Port Police, enhance public and officer safety, and support efficient use of resources and effective tactical deployment, a total of \$222,943 has been budgeted to procure and install an Integrated Computer Aided Dispatch and Records Management System. Additionally, funding of \$169,283 has been allocated for a new fiber optic line for the Port's of Los Angeles Harbor Administration Building to the 110 Freeway On/Off Ramp. This line will be used to connect and operate the security cameras along the multi-use path for North Gaffey Street.

STRATEGIC INITIATIVES

As the economy continues to recover from the impacts of the COVID-19 pandemic, the Port will continue programs and initiatives in support of the Strategic Plan that will generate business, promote growth in an environmentally sustainable manner, strengthen relationships with our stakeholders, and ensure that strict security measures are continuously in place.

Cargo Marketing

Ongoing COVID-19 global pandemic impacts to the supply chain continued to affect the Port during FY 2021/22. In the summer of 2020, volumes at the Port began to surge, driven by an increase in the demand for consumer goods as spending shifted away from entertainment, travel, and vacations during the pandemic. From summer 2020 through spring 2021, container volume growth was so significant that container vessels were not able to enter the port to dock directly at a berth upon arrival, and instead were required to remain outside the breakwater at anchor. At the start of March 2022, there were 33 container



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

vessels that remained outside the “Safety and Air Quality Area,” a reduction of approximately 70 percent as compared to the height of the supply chain disruption three months earlier in December 2021, when 109 vessels were waiting to enter the port complex.

Throughout the ongoing pandemic, Cargo Marketing Division staff continued to assist Beneficial Cargo Owners (BCOs) in expediting the processing of high demand goods at marine terminals. The use of the Port Optimizer™, the Port’s digital tool in providing visibility within the supply chain, continued by BCOs and/or their agents to identify the status of container shipments in order to plan the subsequent movement of cargo accordingly. Port Optimizer™ products continue to evolve in an effort to assist BCOs in moving goods as efficiently as possible. Increased data is now provided under the “Control Tower” feature, supplying details on quantities of cargo volumes – by mode, including past, current, and future container volumes moving through the Port.

The Port remains focused on growing its business across multiple sectors in the coming fiscal year. The Cargo Marketing Division will continue to promote the Board approved Truck Turn Time, Dual Transaction, Ultra-Large Container Vessel, and Ocean Common Carrier incentive programs in an ongoing effort to encourage shipping lines to move additional cargo volume through the Port. For FY 2022/23, \$11.5 million has been allocated for these container incentive programs. In April of 2022, staff recommended that the Board approve an amendment to Port of Los Angeles Tariff No. 4, increasing most tariff items by the West Region Consumer Price Index. If approved, the amendment would result in an increase to the Port’s overall operating revenues.

In FY 2022/23, the Cargo Marketing Division will continue to engage with the Port’s direct customers, the terminal operators across business sectors, to collaborate where possible to secure additional cargo volume for the Port. Existing cargo fluidity programs will be evaluated for their effectiveness and revised as necessary. Engaging with other supply chain stakeholders, such as the shipping lines, railroads,

and the trucking community will also remain a top priority. On the physical infrastructure side, Cargo Marketing staff will work with other Port divisions on the business details of planned terminal improvement projects in the container, break-bulk, and cruise sectors.

The cruise industry remains a critical part of business activity at the Port. Cargo Marketing staff will maintain close relationships with the cruise industry to coordinate current and future vessel berthing plans. Coming out of the 18-month cruise shutdown due to COVID-19, interest has revived in expanding cruise terminal facilities to handle the larger ships that are more common in the West Coast market. In FY 2021/22, Royal Caribbean started homeporting a vessel again at the Port after a 12-year absence. Current forecasts indicate the Port’s cruise vessel calls will increase to more than 200 in FY 2021/22, and to approximately 250 in FY 2022/23.

With a FY 2022/23 proposed budget of \$15.8 million, Cargo Marketing will expand upon the aforementioned customer outreach activities and continue working in conjunction with supply chain stakeholders to expedite cargo movement aimed at maintaining the Port’s position as the leading gateway for international trade to the U.S.

Trade Connect Program

The Trade Development Division’s (Trade Development) Trade Connect Program serves as the Port’s educational trade outreach program that encourages increased exports through the Port. This program helps to improve the financial performance of Port assets by engaging the international diplomatic community, trade organizations, and business community to increase U.S. exports.

The Trade Connect Program is tailored to small and medium-sized businesses to consider export markets. The program’s innovative seminars include introductory courses on the basics of commercial transactions, foreign markets, financing, documentation and logistics; to advanced seminars on international demand for specific products and



**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2022/23 Proposed Budget

emerging global consumer markets. Due to the COVID-19 pandemic, the Trade Connect Program shifted to a virtual format providing a web-based series of seminars that continued to assist businesses with export market opportunities during the ongoing pandemic. In FY 2022/23, the Trade Connect Program will continue its web-based series of seminars and make a return to in-person seminars when it is safe to do so. This dual approach will reach more companies across the U.S., assisting them in learning about export opportunities in order to add exports to their overall business plans.

With nearly \$28.5 billion in exports passing through the Port in 2021, exports remain a vital part of the Los Angeles regional economy. Due to Southern California's large manufacturing base, there is potential to continue increasing exports to expand into numerous world markets. It is estimated that 85% of manufacturers in California do not export to foreign markets. This presents an opportunity to grow exports by helping these companies incorporate foreign markets into their business marketing plans.

Within its purview, Trade Development has incorporated the function of intergovernmental relations with foreign governments, advancing the Port's influence on expanding trade markets, while working intently with the international diplomatic community. This has resulted in the Port signing international agreements with key strategic ports to increase trade and promote supply chain efficiencies, environmental stewardship, digitization, increased security protocols, and infrastructure development.

Additionally, Trade Development interacts with professional associations, trade specific and business organizations, and works closely with government agencies to promote specialized business opportunities in key commodity areas, with an emphasis on export cargoes. The Trade Connect Program has reached a wider audience to promote overall trade, and frequently partners with other programs held by government agencies and the diplomatic corps to promote export trade. In 2022, the Director of Trade Development was appointed by Gina Raimondo, the U.S. Secretary of Commerce, to

the District Export Council of Southern California. This appointment elevates the representation of the Port at the national level and as a key strategic leader in international trade.



As stated by Mayor Eric Garcetti, "the Port of Los Angeles is an engine for our local, regional, and national economy - and the Trade Connect Program is a source of export training and support for our vital entrepreneurs and small businesses. Trade Connect makes our city's status as a crossroads of global commerce real in the life of L.A.'s workers and employers - helping them expand the reach of their products and services, increase their revenue, support jobs, grow our economy, and connect to marketplaces and customers across borders, oceans, and continents." By assisting Los Angeles area companies expand their businesses by exporting internationally, this program continues to support Mayor Garcetti's initiative to promote international trade objectives to improve the region's overall economic viability through the creation of a stronger export base. As an essential element of this initiative, the Trade Connect Program has directed local manufacturers to the resources required to export products, helped exporters address key challenges, and connected program participants with a variety of specialized training and counseling services available through city, state, and federal partners.

In FY 2022/23, \$621,401 has been allocated for the Trade Connect Program within Trade Development's Proposed Budget. The program will continue facilitating the expansion of the area's export operations as part of the Port's strategic initiatives to attract new cargo volumes and work closely with key stakeholders, such as business trade organizations, the international diplomatic community, and various governmental entities.



**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2022/23 Proposed Budget

Planning and Strategy

The Planning and Strategy Division's (Planning) \$1.7 million FY 2022/23 Proposed Budget supports the efforts of its team of Harbor Planning and Economic Analysts who serve as the department's land use planners, researchers, and economists in their work to help guide future development at the Port. Planning maintains the Port Master Plan, which establishes the policies and guidelines for development at the Port which are consistent with the California Coastal Act. In FY 2022/23, the division will be preparing project-specific amendments to the Port Master Plan in addition to continuing its work with the California Coastal Commission staff on larger changes to accommodate the Port's long-term development goals and to introduce policies guiding the Department's adaptation to sea level rise.

Planning continues to manage the processing of applications for Port land use permits and issues Coastal Development Permits. Applications for permits are now primarily made via web-based submissions. In FY 2022/23, Planning will coordinate with the Information Technology Division to develop a SharePoint-based workflow across all Harbor Department divisions working with land use permits in an effort to streamline the process.

Planning reports on the competitive position and the economic impacts of the Port, commodity flows, and shifts in global trade. The data from these reports is used by the Port to help grow market share. The division has budgeted \$184,782 to procure trade data necessary to perform this research. Planning has also budgeted \$24,000 in FY 2022/23 for studies in support of long-range facility planning to provide a framework for Port development in the coming decades. Additionally, on-call risk management consulting services have been funded at \$7,597 to ensure that the Port's liquid bulk facilities remain in compliance with the Risk Management Plan and that any prospective developments are sited according to Port guidelines.

Workforce Development

In FY 2021/22, LRWD continued to lead the day-to-day operations of the City of Los Angeles' Logistics Victory Los Angeles (LoVLA) initiative to provide personal protective equipment to the region's healthcare facilities, academic institutions, and other essential workers and businesses in the region as part of the City's response to the COVID-19 pandemic. Additionally, LRWD worked with companies that operate at the port or elsewhere in the supply chain to provide education on state and federal programs available to support workforce development. LRWD also partnered with other Port divisions in FY 2021/22 to coordinate state and federal responses to supply chain congestion issues and to ensure that considerations were given to the port and goods movement workforce in any related state and federal policy decisions.



In FY 2022/23, the Port's workforce training efforts will look to address the goods movement industry as a whole. As the economy continues to recover from the COVID-19 pandemic, there is a national spotlight on the goods movement industry and its workforce. The Labor Relations & Workforce Development (LRWD) Division is working across the industry to provide programmatic and advocacy support. LRWD will focus on working with companies across the goods movement sector to increase the number of individuals hired into related career paths. In addition, LRWD is coordinating the Port's work across different divisions to build a 20-acre Goods Movement



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

Training Campus at the port. The LRWD will work with a total Proposed Budget of \$421,332 in FY 2022/23 to further these goals.

Environmental Stewardship

The Environmental Management Division (EMD) consists of four technical groups: Water Quality, Air Quality, Site Restoration and Assessment, and California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA). EMD's Proposed Budget for FY 2022/23 of approximately \$29.0 million supports the Port's sustainability goal, which seeks to balance the "three-legged stool" of sustainability: environmental, social, and economic sustainability.

As in previous years, Air Quality Services continues to be the Port's largest environmental program and is budgeted at \$20.5 million in FY 2022/23. This amount includes funding for consultant services, environmental incentives, and Clean Truck Program (CTP) administration. Funding is also allocated for continued implementation of measures within the 2017 Clean Air Action Plan (CAAP) including support for the various programs to be developed under the recently Board-approved Clean Truck Fund (CTF) Rate Spending Plan, management of existing and the application for additional grants, and the successful administration of the Technology Advancement Program (TAP) to support the deployment of zero emission (ZE) technologies.

A new air quality initiative, known as the Los Angeles/Shanghai Green Shipping Corridor, has the Port, Port of Shanghai, and C40 (a network of mayors from nearly 100 cities collaborating to take climate crisis action) working with leading industry partners to reduce greenhouse gas emissions from the movement of cargo along one of the world's largest cargo routes. Key goals of this new partnership include the phasing in of low, ultra-low, and zero-carbon fueled ships through the 2020s, with the world's first zero-carbon trans-Pacific container ships introduced by 2030; the development of best management practices to help reduce emissions and improve efficiency for all ships using this international trade corridor; and reducing supply chain emissions

from port operations, improving air quality in the Ports of Shanghai and Los Angeles and adjacent communities. The Green Shipping Corridor is underway and will require staff and consultant support and expertise in the coming year and beyond to develop and implement the corridor, which is budgeted in FY 2022/23 at \$100,000. Additionally, the Air Quality Group continues managing several ZE demonstrations including two funded by California Air Resources Board grants, two funded by California Energy Commission grants, and one funded by an Environmental Protection Agency grant totaling nearly \$70.0 million. To ensure the CAAP clean air goals are maintained by the Port, the Air Quality Group tracks the emissions associated with Port operations through an annual emissions inventory, which is budgeted in FY 2022/23 at \$340,000. Changes in local air quality are tracked through a four-station air quality monitoring network developed and maintained by the Port, budgeted in FY 2022/23 at \$615,000. Funding has also been set aside for consultant services that support advisory and regulatory agency communications, grants administration, greenhouse gas monitoring, and inventories, among others.

The Air Quality Group is responsible for implementing air quality reduction incentive programs, which continue to be among the most successful CAAP strategies. These incentive programs, budgeted at \$3.8 million, include the Vessel Speed Reduction Incentive Program, which rewards vessel operators for reducing their speed as they approach and depart the port, thereby reducing emissions; the grants disbursed under the TAP, which provide funds to support developing and demonstrating technologies that reduce emissions from port operations; and the Environmental Shipping Index, which rewards operators for deploying the cleanest vessels to the Port.

As a prominent element of the CAAP, the CTP is funded at \$2.6 million for program administration and special studies. In addition to revenues from Concession Fees, Annual Truck Fees, and Day Passes that exceed the cost to administer the program, on April 1, 2022, the Port began collecting the Board



**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2022/23 Proposed Budget

approved CTF Rate of \$10 per TEU. In FY 2022/23, the Port will begin allocating these funds for the purchase of clean trucks and associated infrastructure with \$12.5 million being appropriated for FY 2022/23.

The Site Restoration budget includes services to help facilitate the Port's continued environmental stewardship and compliance pertaining to hazardous waste management, contaminated properties, and property redevelopment. Site Restoration and Assessment Services are budgeted at \$2.6 million for outside services in FY 2022/23. Approximately \$1.3 million is allocated for site assessment and restoration services for both regulated and non-regulated properties throughout the Port; baseline environmental assessments to support the Real Estate Division for lease agreements and property transfers; tenant oversight for applications for Port projects and pipeline abandonments; operation, maintenance, and compliance of the New Dock Pump Station; and continued management of the International Organization for Standardization (ISO) 14001 Environmental Management System for the Construction and Maintenance (C&M) maintenance yard. The remaining \$1.3 million is allocated to hazardous materials and waste management, including response to hazardous spills and illegal dumping; biohazard cleanup; lead and asbestos survey and abatements; underground storage tank compliance; waste management services relating to waste collection and disposal at the C&M Yard; and annual State Law Assembly Bill (AB) 939 data collection and reporting for the Bureau of Sanitation.

The Water Quality Services program, which addresses water, sediment, and biological resources, is budgeted at \$1.1 million for FY 2022/23. Just under half the budget, \$525,000, is allocated to various biological resource programs, including \$200,000 to begin planning and sampling for the 2023 Biological Surveys of Los Angeles and Long Beach Harbors, \$200,000 for monitoring the endangered California Least Tern Nesting site, and the balance for other biological programs including establishing Advanced Permittee Responsible Mitigation at the Cabrillo Eelgrass site, remote sensing of kelp, and performing biological surveys to ensure proper management of

land and water-based biological resources. Additionally, \$430,000 is allocated for the Water Quality Services team to continue the Tenant Outreach Program, which assesses tenant storm water compliance, implements projects to comply with Safe, Clean Water (Measure W) and the Statewide Trash Amendments, performs required water quality monitoring, and continues Clean Marina Program outreach. Sediment-related programs are budgeted at \$125,000 to continue work collaborating with the Port of Long Beach and the State/Regional Water Boards on Total Maximum Daily Load (TMDL) regulations, and perform baseline sediment characterizations.



With a proposed budget of \$585,000 for FY 2022/23, the CEQA/NEPA technical group analyzes proposed and continuing Port projects to determine potential environmental impacts. Of this amount, \$300,000 is allocated toward the preparation of environmental documents, which may include but are not limited to Environmental Impact Reports (EIRs), Negative Declarations/Mitigated Negative Declarations (NDs/MNDs), and technical studies. Additionally, \$225,000 has been allocated for the continued assistance with litigation support for the City Attorney's office. EMD has allocated \$50,000 in FY 2022/23 for historic assessments in compliance with the Port's Built Environment Historic, Architectural and Cultural Resource Policy. Finally, \$10,000 has been included in the proposed budget for Environmental Compliance and Mitigation Analysis for Port projects and permits.



**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2022/23 Proposed Budget

Security and Public Safety Strategies

Critical system enhancements will continue to be the focus of Port Police in FY 2022/23, which support the overall objective of maintaining a secure, efficient, and environmentally sustainable supply chain. Port Police initiatives include providing secure cyber and telecommunication services that support business continuity, maintaining world-class navigational safety and operational standards, and implementing strategies that support goods movement, emergency management, risk mitigation, and disaster recovery. The Division will accomplish these goals with a FY 2022/23 Proposed Operating Budget of approximately \$47.3 million, a Projected CIP Budget of \$1.2 million, and a Proposed Capital Equipment Budget of \$4.3 million. The division's Proposed Capital Equipment Budget includes funding for the replacement of two patrol and two training Port Police boats.



The Port Police Division will continue to invest in the design and implementation of several major technology projects in FY 2022/23. Projects will include the 700 MHz Radio System; the Computer Aided Dispatch and Records Management System (CAD/RMS); the Mobile Audio and Video System (MAVS), which includes digital in-car and body-worn video cameras; both fixed and mobile License Plate Recognition (LPR) systems; network infrastructure upgrades; vehicle/vessel radio communications upgrades; a state-of-the-art 911 call processing system; advanced hand-held and vehicle mounted information management devices; and a digital

evidence management system. These types of advanced law enforcement technology investments remain as part of Port Police's highest priorities.

The division's operational expenses include funding for land and waterborne patrol, underwater dive operations, facility security, community outreach, crime investigation, commercial traffic management, and the capability to respond to labor issues and public safety at special events. Public safety management and maintenance is a never-ending, 24/7 operation. Therefore, staffing is critical in ensuring the continued mission performance of the agency. Port Police is currently authorized for 226 positions, including 139 sworn officers, 42 security officers, and 45 civilians. Due to the combined impacts of the COVID-19 pandemic, the Separation Incentive Program (SIP), and other projected retirements, hiring and backfilling vacancies will be another major area of focus for Port Police in the upcoming fiscal year.

Community and Waterfront Programs

Community Relations' in-person engagements were suspended again in FY 2021/22 due to ongoing COVID-19 related health precautions. Plans to restart events for FY 2022/23 are well underway and are being viewed with great anticipation by port staff, customers, and community stakeholders. The Community Relations Division plans to kick-off FY 2022/23 with the annual *Cars & Stripes Forever!* event that is scheduled to take place in July of 2022. With a Proposed Budget of \$6.0 million, the Community Relations Division will transition back to a full complement of community and educational programs, including: school boat tours and educational events; conference support; business and community sponsorships; advertising and promotion; public meetings; and a variety of popular port events such as the Port's flagship *LA Fleet Week*, which will now take place over Memorial Day weekend. The division is especially excited to plan events and activities around the much-anticipated grand opening of the Wilmington Waterfront in the first quarter of 2023, the first of three new public projects in Wilmington.



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

Community Relations will continue to produce virtual content for its educational portfolio, which became very popular during the COVID-19 suspension of in-person engagements. The division garnered more than 10,000 views of its virtual boat tour and in-house-produced content shown on local cable channels throughout the greater Los Angeles area. This virtual content enables the port to expand its audience, growing top-of-mind awareness for the Port and continued, diversified engagement with community, business, and educational stakeholders throughout the greater Los Angeles metropolitan area.



The Port's Community Investment Grants program, administered by Community Relations, will also continue in FY 2022/23. The program allocates more than \$1.5 million to a variety of programs, projects, and events for local non-profit organizations that show a nexus to the Tidelands Trust guidelines. More than \$8.0 million in Community Investment Grants has been awarded since the program began in FY 2013/14.

Employee Recruitment, Retention, and Development

The Port remains committed to its goal of being the employer of choice within the greater Los Angeles area. In FY 2022/23, \$425,373 has been allocated toward continued investment in employee programs such as tuition reimbursement, vanpool, public transit subsidies, and the Employee Assistance Program, which have assisted the Port with its recruitment and retention efforts.

The 2020 nationwide demonstrations for social justice led to Mayor Garcetti's Racial Equity Executive Directive No. 27 and Executive Directive No. 34. These directives call for departments to make diversity, equity, and inclusion (DEI) a priority in every departmental function and implement a new Citywide Workplace Equity Policy that combines current workplace conduct policies with increased accountability for all City employees. DEI is important because the Port has a social responsibility to ensure that the workforce reflects the diverse communities it serves.

With the goal of increasing diversity, the Harbor Department is in partnership with the City of Los Angeles' Historically Black Colleges and Universities committee to achieve diversity in engineering and other fields of study where minority representation may not be present. The Port will also continue recruitment for trainee and vocational positions through the City's Targeted Local Hire (TLH) program to help the Port in diversifying its workforce. The TLH program targets and recruits individuals from vulnerable and underserved populations in order to create an alternate job pathway into City civil service careers.

Two years after the start of the COVID-19 pandemic, which disrupted many aspects of daily life, the economy, and the ways that companies and governments conduct business, the Port finds itself in a position of financial strength. This can be attributed to the record level of cargo that came through the Port after the pandemic shifted spending from services, entertainment, and vacations to goods, as



Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2022/23 Proposed Budget

well as to the Port's financial prudence during this time of uncertainty. The FY 2022/23 Proposed Budget reflects the Port's commitment to the four strategic objectives of the Strategic Plan, which include investing in world-class infrastructure that promotes growth; ensuring that the supply chain is secure, efficient, and environmentally sustainable; improving the financial performance of Port assets; and building strong relationships with stakeholders. In FY 2022/23, the Port will take the financial gains earned in the last two years and continue to make investments in infrastructure, sustainability, and public access to further cement its status as the nation's premier container port.



"We deliver value to our customers by providing superior infrastructure and promoting efficient operations that maintain our essential role in the nation's economy and transportation network as North America's preferred gateway and a catalyst for job growth."

HARBOR REVENUE FUND REPORT**RECEIPTS AND CASH**

Actuals FY 2020-21	Adopted Budget FY 2021-22	Forecast FY 2021-22	Description	Proposed Budget FY 2022-23
\$ 928,705,939	\$ 973,424,302	\$ 1,012,011,754	Unrestricted Funds Available	\$ 1,101,121,513
65,519,544	66,821,327	65,621,841	Restricted Funds (1)	72,411,567
994,225,483	1,040,245,629	1,077,633,595	Total Cash Available	1,173,533,080
572,010,868	533,270,201	621,431,856	Operating Receipts	628,101,943
3,408,943	72,724,637	45,755,620	Non-Operating Receipts	54,483,422
7,116,169	26,214,335	16,116,929	Capital Grant Receipts	30,871,093
-	37,717,383	-	Proceeds from Debt Issuance	-
\$1,576,761,463	\$1,710,172,185	\$1,760,938,000	Total Receipts & Cash	\$ 1,886,989,538

APPROPRIATIONS

Actuals FY 2020-21	Adopted Budget FY 2021-22	Forecast FY 2021-22	Description	Proposed Budget FY 2022-23
\$ 156,742,375	\$ 161,451,114	\$ 160,781,762	Salaries and Benefits	\$ 162,613,862
1,552,929	2,857,921	2,807,185	Marketing & Public Relations	3,335,529
77,910	639,785	456,254	Travel Expenses	1,106,343
27,604,165	36,486,470	36,241,796	Outside Services	44,139,735
4,827,246	7,273,912	6,684,285	Materials & Supplies	6,343,384
49,995,801	58,618,332	56,545,907	City Services	62,193,582
(19,094,404)	(19,491,318)	(19,491,318)	Allocations to Capital (overhead)	(19,476,292)
52,262,069	65,050,684	63,239,040	Other Operating Expenses (2)	73,783,548
273,968,091	312,886,900*	307,264,911	Total Operating Expenses	334,039,691
26,606,542	104,620,245*	77,084,092	Non-Operating Expenses (3)	107,031,411
300,574,633	417,507,145	384,349,003	Total Operating Budget	441,071,102
19,094,404	19,491,318	19,491,318	Capitalized & Allocated Expenditures (4)	19,476,292
-	-	-	Land & Property Acquisition	-
5,523,240	6,165,809	5,566,498	Equipment	11,804,844
111,633,696	188,692,952	117,115,119	Construction & Capital Improvement	180,545,622
136,251,340	214,350,079	142,172,935	Total Capital Budget	211,826,758
436,825,973	631,857,224	526,521,938	Total Operating & Capital Budget	652,897,860
16,891,895	(36,196,179)	(27,452,018)	Accrual Adjustments	52,485,912
45,410,000	88,335,000	88,335,000	Debt Repayments	40,210,000
499,127,868	683,996,045	587,404,920	Total Budget	745,593,772
65,621,841	66,579,363	72,411,567	Restricted Cash	105,036,567
1,012,011,754	959,596,777*	1,101,121,513	Unappropriated Balance (UB)/Carried Forward	1,036,359,199
\$ 1,576,761,463	\$ 1,710,172,185	\$ 1,760,938,000	Total Harbor Department Budget	\$ 1,886,989,538

Note: Rounding of figures may occur.

- (1) Includes Construction Fund, Debt Service Reserve Fund, China Shipping Funds, Clean Truck Fund, etc.
- (2) Includes customer incentives, equipment rental and maintenance, memberships, subscriptions, environmental remediation, taxes, assessments, etc.
- (3) Includes interest expenses, commercial paper liquidity provider fees, debt issuance costs, bond counsel fees, and debt related advisory fees.
- (4) Includes overhead expenses which are allocated to capital projects.

* The FY 2021/22 Adopted Budget includes a \$6.2 million transfer to Operating Expenses from the Unappropriated Balance, a \$6.7 million transfer to Operating Expenses from Non-Operating Expenses, and a \$3.4 million transfer across Operating Expense categories, which were approved by the Board in FY 2021/22 and increased the initially adopted budget in July 2022 from \$300.1 million to \$312.9 million.

COMPARATIVE STATEMENT OF OPERATIONS

	Adopted Budget FY 2021/22	Proposed Budget FY 2022/23
Operating Revenues		
Shipping Services	428,981,520	439,655,422
Rentals	84,645,548	93,944,277
Royalties and Fees	1,825,297	4,589,306
Clean Truck Fees	1,950,000	47,698,956
Other Operating Revenues	15,867,836	42,213,982
Total Operating Revenues	<u>533,270,201</u>	<u>628,101,943</u>
Operating Expenses		
Salaries & Benefits (net of capitalization)	161,451,114	162,613,862
Marketing and Public Relations	2,857,921	3,335,529
Travel	639,785	1,106,343
Outside Services	36,486,470	44,139,735
Materials & Supplies	7,273,912	6,343,384
City Services	58,618,332	62,193,582
Allocations to Capital (overhead)	(19,491,318)	(19,476,292)
Other Operating Expenses	65,050,684	73,783,548
Total Operating Expenses	<u>312,886,900*</u>	<u>334,039,691</u>
Income from Operations before Depreciation	<u>220,383,301</u>	<u>294,062,252</u>
Depreciation	161,543,133	160,249,541
Income from Operations	<u>58,840,168</u>	<u>133,812,711</u>
Non-Operating Revenues	72,724,637	54,483,422
Non-Operating Expenses	104,620,245*	107,031,411
Net Income	<u>\$ 26,944,560</u>	<u>\$ 81,264,722</u>

Note: Rounding of figures may occur.

** The FY 2021/22 Adopted Budget includes a \$6.2 million transfer to Operating Expenses from the Unappropriated Balance, a \$6.7 million transfer to Operating Expenses from Non-Operating Expenses, and a \$3.4 million transfer across Operating Expense categories, which were approved by the Board in FY 2021/22 and increased the initially adopted budget in July 2022 from \$300.1 million to \$312.9 million.

REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2020/21	ADOPTED FY 2021/22	FORECAST FY 2021/22	PROPOSED FY 2022/23
410 - Dockage	4,508,508	4,000,000	6,200,000	5,500,000
411 - Wharfage	435,513,366	405,101,454	443,885,384	412,097,972
412 - Storage	-	-	-	-
413 - Demurrage	206,429	205,018	136,109	115,000
414 - Pilotage	10,681,827	12,589,279	13,343,517	13,702,513
415 - Assignment Charges	12,937,461	7,085,769	23,928,694	8,239,937
417 - Lay Day Fees	-	-	-	-
41 - Shipping Services	463,847,591	428,981,520	487,493,704	439,655,422
420 - Land Rentals	78,773,347	82,908,925	86,142,899	92,094,513
421 - Wharf & Shed	916,003	928,930	939,673	972,961
422 - Building Rentals	131,620	134,255	215,104	261,712
423 - Warehouse Rentals	658,425	673,438	590,930	615,091
42 - Rentals	80,479,395	84,645,548	87,888,606	93,944,277
430 - Fees, Concessions, & Royalties	3,925,066	3,745,297	9,809,882	52,238,262
431 - Oil Royalties	53,511	30,000	73,027	50,000
43 - Royalties & Fees	3,978,577	3,775,297	9,882,909	52,288,262
490 - Other Operating Revenue	23,705,305	15,867,836	36,166,637	42,213,982
49 - Other Operating Revenue	23,705,305	15,867,836	36,166,637	42,213,982
Total Operating Revenues	572,010,868	533,270,201	621,431,856	628,101,943
710 - Interest Income - Cash Equivalent	12,380,259	15,483,427	14,489,791	14,496,971
71 - Interest Income	12,380,259	15,483,427	14,489,791	14,496,971
720 - Interest Income - Notes	-	-	-	-
72 - Interest Income - Notes	-	-	-	-
730 - Interest Income - Bonds	809,057	858,269	511,042	511,384
73 - Interest Income - Bonds	809,057	858,269	511,042	511,384
740 - Investment Income	(13,602,781)	2,598,452	3,000,000	3,000,000
74 - Investment Income	(13,602,781)	2,598,452	3,000,000	3,000,000
760 - Non-Operating Revenue	3,606,213	53,544,489	22,232,888	36,235,067
76 - Non-Operating Revenues	3,606,213	53,544,489	22,232,888	36,235,067
790 - Other Non-Operating Revenue	216,195	240,000	5,521,899	240,000
79 - Other Non-Operating Revenues	216,195	240,000	5,521,899	240,000
Total Non-Operating Revenues	3,408,943	72,724,637	45,755,620	54,483,422
Total Revenues	575,419,811	605,994,838	667,187,476	682,585,365

Note: Rounding of figures may occur.

REPORT OF EXPENSES

REPORT OF EXPENSES (3-DIGIT) REPORT #202	ACTUALS FY 2020/21	ADOPTED FY 2021/22	FORECAST FY 2021/22	PROPOSED FY 2022/23
510 - Salaries - Regular	82,795,507	90,090,702	86,266,683	89,552,855
511 - Salaries - Overtime	7,042,263	7,333,718	7,403,916	5,974,354
516 - Employee Benefits	65,740,682	62,677,219	65,956,559	65,767,288
517 - Paid Employee Benefits	1,163,923	1,349,475	1,154,604	1,319,365
51 - Salaries and Benefits	156,742,375	161,451,114	160,781,762	162,613,862
520 - Advertising & Public Relations	1,552,929	2,847,921	2,807,185	3,325,529
522 - Foreign Trade Representation	-	10,000	-	10,000
52 - Marketing & Public Relations	1,552,929	2,857,921	2,807,185	3,335,529
530 - Domestic Travel	25,218	316,230	234,854	511,808
531 - Foreign Travel	1,484	248,000	170,750	518,960
532 - Local Travel	54,665	75,555	50,650	75,575
533 - Credit Card Charges	(3,457)	-	-	-
53 - Travel Expenses	77,910	639,785	456,254	1,106,343
540 - Maintenance Services	4,258,337	7,818,037	6,596,051	11,519,929
541 - Office Equipment Maintenance Services	3,417,103	4,617,001	4,427,712	5,145,744
542 - Miscellaneous Professional Services	14,026,909	16,721,970	16,443,666	18,390,722
543 - Data Processing Services	4,782,597	5,149,396	5,751,728	5,792,908
544 - Financial Services	2,417,465	2,180,066	3,022,639	3,290,432
545 - Construction Services	(1,298,246)	-	-	-
54 - Outside Services	27,604,165	36,486,470	36,241,796	44,139,735
550 - Maintenance & Other Supplies	3,172,738	5,268,619	4,821,982	4,189,014
551 - Administrative & Operating Supplies	1,654,508	2,005,293	1,862,303	2,154,370
55 - Materials & Supplies	4,827,246	7,273,912	6,684,285	6,343,384
570 - City Services	49,995,801	58,618,332	56,545,907	62,193,582
57 - City Services	49,995,801	58,618,332	56,545,907	62,193,582
580 - Allocations	(19,094,404)	(19,491,318)	(19,491,318)	(19,476,292)
58 - Allocations	(19,094,404)	(19,491,318)	(19,491,318)	(19,476,292)
590 - Equipment Rental - Maintenance	389,534	637,906	495,000	679,282
591 - Equipment Rental - Non-Maintenance	81,569	29,471	29,471	29,471
592 - Memberships & Subscriptions	1,064,409	1,245,834	1,231,574	1,360,219
593 - Insurance	2,985,469	4,010,139	3,831,662	4,686,000
594 - Telephone	1,750,039	1,807,084	1,806,169	1,816,384
595 - Utilities	23,297,664	32,076,872	40,334,680	27,922,863
596 - Claims & Settlements	14,254,713	2,750,000	2,250,000	2,250,000
597 - Taxes, Assessments, & Fees	841,458	1,699,000	1,389,808	1,095,438
598 - Provision for Bad Debt	256,489	500,000	500,000	500,000
599 - Other Operating Expense	7,340,725	20,294,378	11,370,676	33,443,891
59 - Other Operating Expenses	52,262,069	65,050,684	63,239,040	73,783,548
Total Operating and Administrative Expenses	273,968,091	312,886,900*	307,264,911	334,039,691
610 - Depreciation Expense	153,303,972	161,543,133	163,360,584	160,249,541
61 - Depreciation	153,303,972	161,543,133	163,360,584	160,249,541
830 - Interest Expense - Bonds	21,763,061	33,167,610	30,633,002	27,166,950
83 - Interest Expense - Bonds	21,763,061	33,167,610	30,633,002	27,166,950
890 - Other Non-Operating Expenses	4,843,481	71,452,635	46,451,090	79,864,461
89 - Other Non-Operating Expenses	4,843,481	71,452,635	46,451,090	79,864,461
Total Non-Operating Expenses	26,606,542	104,620,245*	77,084,092	107,031,411
Total Expenses	453,878,605	579,050,278	547,709,587	601,320,643

Note: Rounding of figures may occur.

* The FY 2021/22 Adopted Budget includes a \$6.2 million transfer to Operating Expenses from the Unappropriated Balance, a \$6.7 million transfer to Operating Expenses from Non-Operating Expenses, and a \$3.4 million transfer across Operating Expense categories, which were approved by the Board in FY 2021/22 and increased the initially adopted budget in July 2022 from \$300.1 million to \$312.9 million.

**CAPITAL PROJECTS REPORT
(SUMMARY)****Terminals**

<i>Berths 90-93 World Cruise Center</i>	\$	2,989,911
<i>Berths 121-131 Development (Everglades)</i>	\$	596,542
<i>Berths 171-181 Development (Pasha)</i>	\$	11,371,188
<i>Berths 212-224 Development (YTI)</i>	\$	14,889
<i>Berths 222-236 Development (Everport)</i>	\$	899,047
<i>Berths 300-306 Development (Fenix/CGA CGM)</i>	\$	1,633,760
<i>Berths 400-409 Development (Maersk)</i>	\$	34,343,788
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	17,478,890
<i>Miscellaneous Terminal Improvements</i>	\$	361,965
TOTAL TERMINAL IMPROVEMENTS	\$	69,689,980

Transportation Projects

TOTAL TRANSPORTATION PROJECTS	\$	11,542,378
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Security Projects

TOTAL SECURITY PROJECTS	\$	4,230,527
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Public Access/Environmental Enhancements

<i>Port-wide Public Enhancements</i>	\$	3,705,646
<i>Los Angeles Waterfront</i>	\$	38,439,369
<i>Environmental Enhancements</i>	\$	6,750,159
TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS	\$	48,895,174

Maritime Services

<i>Harbor Department Facilities</i>	\$	21,762,270
<i>Miscellaneous Projects</i>	\$	12,425,291
<i>Unallocated Capital Improvement Program Fund</i>	\$	12,000,000
TOTAL MARITIME SERVICES	\$	46,187,561

*TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries)	\$	180,545,622
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* Excludes overhead, operating equipment, and capitalization & allocated expenditures.

CAPITAL PROJECTS REPORT (DETAILED)

Terminals

Berths 90-93 World Cruise Center

The cruise terminal will have a few upgrades in FY 22/23 including an elevator renovation, emergency lighting inverter replacement, mobile gangways hydraulic cylinder replacement, and photovoltaic system inverter replacement.

\$ 2,989,911

Berths 121-131 - Development (Everglades)

Prepare planning and environmental documents for the Berths 121-131 Terminal Redevelopment projects which includes the Draft Environmental Impact Statement (EIS)/Environmental Impact Report (EIR) analysis, release of Draft EIS/EIR and public hearing, and release of Final EIS/EIR which is scheduled for December 2022.

\$ 596,542

Berths 171-181 Development (Pasha)

Pasha Terminal improvements include 382 linear feet of concrete wharf upgrade to comply with the Port of Los Angeles seismic code, replacement of the terminal's main electrical equipment, construction of a new switchgear yard, and re-roof of the office building. The wharf project will begin construction and the electrical upgrade project will complete construction in FY 23/24.

\$ 11,371,188

Berths 212-224 Development (YTI)

Installation of a leak detection system and upgrade of the electrical feeders at the Yusen Container Terminal are scheduled for completion in FY 21/22.

\$ 14,889

Berths 222-236 Development (Everport)

Major improvements to the wharf and backland including dredging, grading, paving, striping, lighting, electrical infrastructure for three additional cranes, demolition of buildings, five Alternative Maritime Power (AMP) vaults, retrofitting of existing high voltage AMP system, terminal infrastructure reconstruction, replacement of the electrical infrastructure, and expansion of an existing substation which includes installation of two electrical chargers and three electrical yard tractor chargers was completed in FY 21/22. The funding set aside in FY 22/23 is for the closeout of the project.

\$ 899,047

Berths 300-306 Development (Fenix/CGA CGM)

Crane switchgear modernization began July 2020 with completion expected in July 2022. Design of the On-Dock Railyard Expansion which includes 5 new tracks, reuse of 3 existing tracks, grading, paving, electrical improvements and fire protection is scheduled to be completed in September 2022 with construction to follow in July 2023.

\$ 1,633,760

Berths 400-409 Development (Maersk)

The extension to the existing rail bridge, five new railroad storage tracks, an asphalt access roadway, new crossovers and switches as well as modifications to the existing compressed air system at the Pier 400 Rail Storage Yard will continue construction with completion expected in January 2024.

\$ 34,343,788

Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)

Phase 1 of the Berths 167-169 MOTEMS (Shell) project consisting of a new concrete loading platform, access trestle, and steel catwalks will complete construction in May 2023. The Berths 238-239 (PBF Energy) project consisting of a new loading/unloading platform, access ramp, catwalks, and fenders started construction in early January 2022.

\$ 17,478,890

**CAPITAL PROJECTS REPORT
(DETAILED)****Miscellaneous Terminal Improvements**

Damage assessments are scheduled to be completed for the repair of concrete wharves at both Berths 57-60 and Berths 153-155 in early 2023 due to delays with on-call consultants.

\$ 361,965

TOTAL TERMINAL IMPROVEMENTS

\$ 69,689,980

Transportation Projects

The Alameda Corridor Southern Terminus Gap Closure project consisting of 5,000 feet of new track parallel to the existing San Pedro Main track began construction in March 2021 with completion expected in May 2022. The design of the State Route 47 (SR 47)/Vincent Thomas Bridge & Front Street/Harbor Boulevard Interchange Reconfiguration project which entails the replacement of the existing westbound (WB) off-ramp from the Vincent Thomas Bridge (VTB) with a new off-ramp, realignment of the existing WB on-ramp onto the SR 47 and I-110 connector, and modification of the eastbound (EB) on-ramp onto the VTB toward Terminal Island will be completed in May 2022. Construction will be completed on the 22nd Street, Via Cabrillo Marina and Shoshonean Road Lighting Upgrades Project, Anchorage Road Lighting Upgrade Project, Terminal Way and Barracuda Street Removal of Abandoned Railroad Tracks Project, and the South Access Road Speed Calming Improvements Project in FY 22/23. Preparation of a revised environmental assessment for the Southern California International Gateway (SCIG) project was completed in January 2022.

TOTAL TRANSPORTATION PROJECTS

\$ 11,542,378

Security Projects

The Port Police - Integrated Computer Aided Dispatch and Records Management System project began in November 2019 and was completed in September 2021. The Port Police 700 MHz Radio System Phase II project began in May 2020 with completion expected in September 2022, and the Port Cyber Resilience Center project began in January 2021 with completion expected in December 2022.

TOTAL SECURITY PROJECTS

\$ 4,230,527

Public Access/Environmental Enhancements**Port-Wide Public Enhancement**

Design continues on the 22-foot wide landscaped area along the north side of Front Street from the Vincent Thomas Bridge to Pacific Avenue in FY 21/22. Construction began in early 2022.

\$ 3,705,646

Los Angeles Waterfront

Construction of the San Pedro Waterfront - Berths 74-83 Promenade Phase II is scheduled to begin construction in Fall 2022 with completion expected in March 2024. The projects consists of a 30-foot wide and 1,100 foot long promenade along the water's edge. The Wilmington area saw construction begin in November 2020 on the Wilmington Waterfront Promenade which consists of 1,200 feet of waterfront promenade, a public plaza, and parking. The Wilmington Waterfront - Avalon Pedestrian Bridge project which includes a 1,300 foot pedestrian bridge along Avalon Boulevard from the general vicinity of the Avalon Triangle to the Wilmington Waterfront Promenade will see design completed in the late 2022. The Wilmington Waterfront - Avalon Gateway which includes 12 acres of visitor serving open space south of Harry Bridges Boulevard to the Pacific Harbor Line railroad tracks will begin design in late 2022.

\$ 38,439,369

**CAPITAL PROJECTS REPORT
(DETAILED)****Environmental Enhancements**

A new demonstration project located at Berth 100 to evaluate if a wireless zero emission-charging infrastructure will be the future standard for Port operations began construction in October 2021. Design was completed in late 2021 on the installation of a new 11 KV Alternative Maritime Power (AMP) system for cruise ships at Berth 46. Retrofitting existing earth switchgears at various terminals throughout the port began construction in November 2021 with completion scheduled for July 2022.

\$ 6,750,159

TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS

\$ 48,895,174

Maritime Services**Harbor Department Facilities**

The construction for the heating, ventilation, and air conditioning (HVAC) replacement at the Administration Building will begin in late 2022 due to the need to rebid the project. The migration of the Port's Oracle Enterprise Resources Planning (ERP) financial system to the cloud for new, enhanced, and improved functionality will begin in the summer of 2022 with an estimated completion date of June 2023. Design for the remodel of the Board Hearing Room and Executive Session Room is projected to be completed in May 2022 with construction beginning in November 2022. Other continuing projects include the upgrade of the Port Pilot radio system, the remodel of the former administration building at Berth 161, the Klein Billing and Port Pilot system enhancement, the replacement of the compressed natural gas (CNG) compressor at Berth 161, and the skylight replacement at the Liberty Hill Plaza atrium.

\$ 21,762,270

Miscellaneous Projects

Projects listed under miscellaneous are not included in any specific program listed above. Projects included are the Sidewalk Repair Program within POLA Facilities, Berth 182 Slope Erosion Repair, 1050 Ways Street (StarKist) - Demolition and Storage Lot Conversion, South Seaside Avenue Storm Drain Restoration, Berth 95 - Catalina Channel Express - Barge Landing Ramp Update, and the FY 22/23 C&M Deferred Maintenance Projects. These projects should complete construction during FY 22/23.

\$ 12,425,291

Unallocated Capital Improvement Program Fund

This category is for unanticipated projects which are initiated throughout FY 22/23. It includes construction services, consultants, hiring hall expenses, materials, equipment, services from other city departments and administrative expenses.

\$ 12,000,000

TOTAL MARITIME SERVICES

\$ 46,187,561

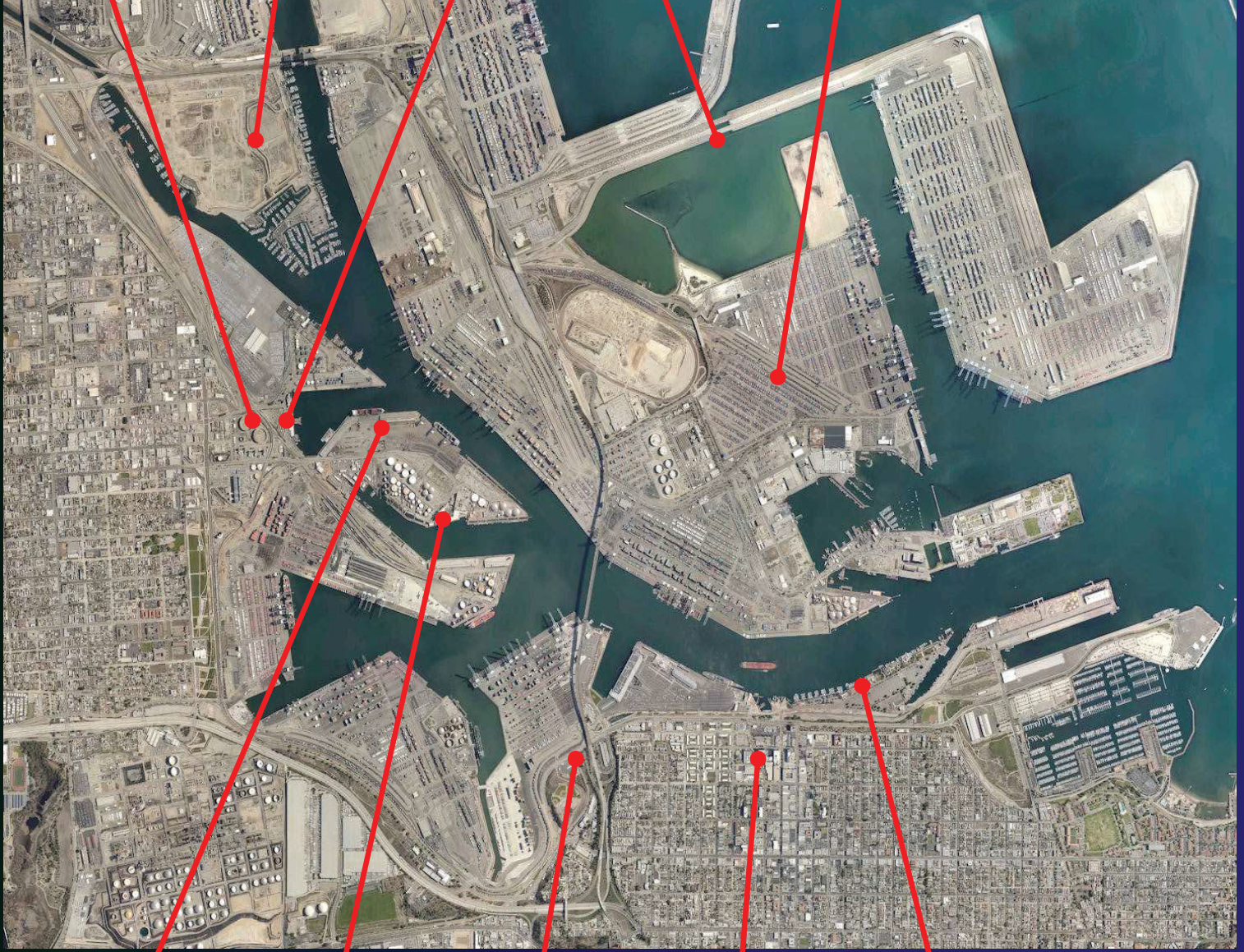
***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET**

\$ 180,545,622

(Including Salaries)

* Excludes overhead, operating equipment, and capitalization & allocated expenditures.

FY 2022/23 Capital Improvement Projects



Avalon Pedestrian
Bridge
\$687K

Joint Ports
Goods Movement
Training Campus
\$1.2M

Wilmington Promenade
\$25.2M

Pier 400
Corridor Storage Track
Expansion
\$34.3M

Berth 302-305
On-Dock Rail Expansion
\$939K

Berths 177-178
Wharf Restoration
\$6.7M

MOTEMS
Improvements
\$17.5M

Transportation/
Beautification
Improvements
\$10.5M

Harbor Department
Building –
HVAC Replacement
\$8.5M

San Pedro Waterfront
Promenade Phase II
\$8.2M



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