

City of Los Angeles Harbor Department



2020/2021

ADOPTED ANNUAL BUDGET



**THE PORT
OF LOS ANGELES** 



PORT OF LOS ANGELES

ADOPTED
ANNUAL BUDGET
FISCAL YEAR 2020/21

Los Angeles Board of Harbor Commissioners

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Lucia Moreno-Linares, Commissioner
Anthony Pirozzi, Jr., Commissioner

Eugene D. Seroka, Executive Director

Prepared by the Financial Planning & Analysis Division



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

Fiscal Year 2020/21 Adopted Annual Budget

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

The Port of Los Angeles (Port) is the nation's busiest gateway based on container volumes and value of trade, moving more cargo than any other port in the Western Hemisphere.

Known as America's Port®, it serves as a global hub for commerce both regionally and nationally, and is among Southern California's strongest industries in terms of economic activity and job creation. It is recognized around the globe as a model for innovation, security, and sustainability.

YEAR IN REVIEW

Fiscal year (FY) 2019/20 represented one of the most unusual and challenging periods of any in the Port's 113-year history, with two major and unprecedented world events impacting nearly every aspect of the U.S. economy.

The first was a U.S.-China trade war that implemented tariffs on a wide range of industries, commodities, and products. This created great uncertainties and disruptions across the global supply chain for the first half of FY 2019/20.

This disruption was quickly followed in the second half of FY 2019/20 with the outbreak of the coronavirus (COVID-19) global public health crisis. Measures to slow the spread of the novel virus initiated first in China around the New Year, and then in early March 2020 across the U.S. resulted in unprecedented economic impacts, including mass temporary closures of businesses and retailers, significant disruptions in manufacturing sectors and the supply chain, as well as skyrocketing domestic unemployment.

CARGO VOLUMES

The Port started FY 2019/20 strong, achieving record-breaking single-month cargo numbers in both July and August 2019, moving 912,154 and 861,081 Twenty-Foot Equivalent Units (TEUs) respectively.

However, in September, the U.S. trade war with China—the world's second largest economy and America's largest source of imported products—

began to negatively impact cargo flows at the Port. While third quarter calendar year (CY) 2019 cargo volumes increased by 3.7% relative to the third quarter of CY 2018, fourth quarter CY 2019 cargo volumes fell 16.5% relative to the same period in CY 2018.

Despite a relentless focus on supply chain efficiency, optimization, and workforce development coordination throughout the year, as well as year-over-year growth in cargo volumes in each of the first three quarters, the dramatic volume decline in the fourth quarter ultimately drove CY 2019 cargo volumes down by 1.3% relative to CY 2018. The 9,337,632 TEUs processed in CY 2019 declined from the all-time high of 9,458,749 TEUs processed in CY 2018 as both loaded imports and loaded exports declined on a year-over-year basis.

Compounding the negative impact of the U.S. trade war with China, in December 2019 and through the early weeks of January 2020, a deadly respiratory virus, COVID-19, infected populations throughout China, closed factories and cut the supply of goods traversing trans-Pacific shipping lanes. Making matters worse, COVID-19 quickly spread across the globe. The U.S. reported its first coronavirus case in February 2020, and by mid-March, all 50 states had reported cases of COVID-19. The quick spread of the virus would ultimately force city, county, and state leaders in many areas throughout the U.S. to implement stay-at-home orders and social distancing policies.

With Chinese factory closures reducing the supply of trans-Pacific goods in the early part of the first quarter in CY 2020 and the U.S. disease mitigation policies curtailing demand in the latter-half of the quarter, first quarter CY 2020 cargo volumes sharply declined by 18.5% relative to CY 2019. Through April 2020, the 2,488,748 TEUs handled over the first four months of CY 2020 represented a 15.5% year-over-year decline. While all Port container terminals have continued to remain open through May and the Chinese manufacturing sector has begun to ramp-up production, the uncertainty in U.S. demand is anticipated to dampen cargo volumes over the course of CY 2020.



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PORT LEADERSHIP

During the unprecedented trade war and COVID-19 crises, the Port of Los Angeles and its Executive Director Gene Seroka took on a visible leadership role. From the outset of the trade war, Seroka became a leading voice nationally in opposition to tariffs, citing their potential impact on jobs, key industries, and the nation's economy. In November in Washington D.C., the Port released a study showing that tariffs threaten nearly 1.5 million U.S. jobs and more than \$186.0 billion in economic activity nationwide.

The Port and Seroka were also on the forefront of the COVID-19 crisis, strongly encouraging supply chain partner coordination and uninterrupted delivery of needed goods and supplies. Seroka gave regular COVID-19 briefings to keep supply chain partners and the public informed on Port operations. The Port was instrumental in working with the City of Los Angeles, Mayor Garcetti, and the U.S. Navy to coordinate the stationing of the USNS Mercy at the Port to serve as an additional hospital site during the crisis.

Seroka was also designated Chief Logistics Officer for the City of Los Angeles on March 31, 2020, taking on additional duties and creating the Logistics Victory Los Angeles (LovLA) working group to coordinate logistics, transportation, and delivery of critical materials and supplies within the City during the crisis. In late April 2020, to meet the surge in demand for COVID-19 respiratory protective gear, Los Angeles Mayor Eric Garcetti and LovLA signed an agreement with Honeywell to purchase 24 million N95 masks as part of a City stockpile of personal protective equipment (PPE).



STRENGTHENED PARTNERSHIPS

Despite uncertainties on the international trade front, the Port pursued several trade partnership agreements with other ports during FY 2019/20 to further strengthen international trade cooperation, information sharing, and sharing of best practices in areas such as the environment, sustainability, and digitization of the supply chain. Cooperative memorandums of understanding (MOUs) were initiated and signed with the Port of Copenhagen Malmö, the Indonesia Port Corporation, and the Nagoya Port Authority.

A new agreement was also signed with the Port of Long Beach, solidifying a closer working relationship to boost overall competitiveness of the San Pedro Bay Complex. The Los Angeles/Long Beach Complex currently moves 37% of the nation's containerized imports and 25% of its exports, and accounts for more than 3 million jobs nationwide.

CAPITAL PROJECTS

Continuous improvements to Port infrastructure, terminals, and transportation systems are essential to maintaining a competitive advantage in a dynamic and ever-evolving international trade environment. The Port completed several infrastructure projects in FY 2019/20, with others in various stages of approvals, design, and construction.

During the past year, progress was also made on a number of LA Waterfront capital projects. From 2005 to mid-July of 2020, the Port will have invested more than \$700.0 million in waterfront development, event programming, and waterfront maintenance, with an additional \$275.0 million in Port funding anticipated through 2025 under the Port's Public Access Investment Plan (PAIP). The PAIP funds Port investment based on a percentage of the Port's operating income.



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Completed:

- **Berths 196-199 – WWL Wharf Rehabilitation** – The repairs to wharves at the WWL Auto Terminal commenced in August 2017, and involved the reconstruction of wharves to their original design capacity, as well as the repair and replacement of damaged concrete and timber piles, cap beams, joists, bracing, and decks. The project is scheduled to be completed in June 2020 for a total cost of \$14.3 million.
- **Berth 200 – Rail Yard and Track Connections Enhancement** – This \$7.0 million enhancement project will bring the locomotive fueling system at Berth 200 into compliance with the Regional Water Quality Control Board's regulatory requirements. A storm water collection and discharge system will be constructed, which includes the installation of two lift stations, piping, a storm water detention tank, control valve, and oil water separator. Completion is scheduled for June 2020.

Under Construction:

- **Berths 226-236, Everport Container Terminal Improvements** – Starting in September 2019, the \$65.2 million Everport Container Terminal Improvement Project involves the deepening of its berths and terminal facility improvements, which will allow the terminal operator to accommodate the larger next-generation vessels. The project will increase berth depth from -45 to -53 feet at Berths 226-229, and increase berth depth to -47 feet at Berths 230-232. The project also involves the construction of an additional 1.5 acres of backland and electrical improvements for five new Alternative Maritime Power (AMP®) connections, as well as electrical infrastructure for three additional container cranes. Total project cost is \$65.2 million, though \$5.4 million is expected to be reimbursed from a Proposition 1B Trade Corridors Improvement Fund (TCIF) grant. Estimated completion is in late 2021.



- **San Pedro Public Market** – Plans for the San Pedro Public Market include 16 acres of restaurants, shopping, fresh markets, office space, and a waterfront promenade with ample outdoor space and an open-air amphitheater for live entertainment. The project developer—San Pedro Public Market LLC (The Ratkovich Company and Jerico Development)—is expected to invest approximately \$100.0 million in this redevelopment, which is expected to open in 2021.
- **LA Waterfront Town Square and Promenade** – Breaking ground in January 2020, this project will serve as a key connector to the San Pedro Public Market and other LA Waterfront attractions. Designed by Port staff in collaboration with James Corner Field Operations—designer of the High Line urban park in New York City—the \$57.7 million project will entail an almost one-mile additional segment of public promenade parallel to the Port's Main Channel, meeting the new town square at 6th Street and Harbor Boulevard. Construction began in January 2020 and is expected to be completed by July 2021.
- **Harbor Boulevard—Miner to SP Slip Roadway Improvements Project** – This roadway improvement project will transform Harbor Boulevard along the west perimeter of the new San Pedro Public Market, realigning and extending the segment (formerly known as Sampson Way) from the intersection at Miner St. and ending at the SP Slip. This project will



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improve public access throughout the waterfront area by better connecting the waterfront with downtown San Pedro and the surrounding community. Work includes design and construction of two travel lanes in each direction from the new Harbor Boulevard intersection at Miner Street to the SP Slip. Work also includes utilities, street work, grading, paving, striping, lighting, street trees, landscaping, and other street improvements. The \$8.9 million project is scheduled to start construction in May 2020.

- **POLA Sidewalk Repair Program** – The Port is committed to repairing sidewalks and curb ramps within the Harbor District and those adjacent to Port facilities. Its ongoing Sidewalk Repair Program involves the assessment, plan, design and repair of sidewalks, driveways, and curb ramps that do not comply with the 2010 Standards for Accessible Design or the current Title 24 of the California Building Code. In FY 2019/20, the Port spent more than \$150,000 repairing more than 1,500 sq. ft. of sidewalk, and 3 driveways and curb ramps. This program is expected to be completed in June 2022.

In Design:

- **Berths 302-305 – On-Dock Rail Expansion Project** – This project will increase on-dock intermodal railyard capacity by a projected 520,000 TEUs. This enables more cargo to be loaded onto trains via the on-dock railyard within the terminal instead of off-dock railyards. Shifting the loading of these containers to on-dock rail enables the BNSF railway and Union Pacific Railroad to transport import and export containers to/from the Port of Los Angeles (POLA) and the rest of the nation in a safer, more efficient, rapid, and cost-effective manner, via the Alameda Corridor. The project cost is approximately \$40.5 million and the Port is receiving a grant totaling \$18.2 million dollars from the Fiscal Year 2019 United States Department of Transportation (US DOT) Port

Infrastructure Development Program (PIPD). Design completion is scheduled for October 2021.

- **Berths 167-169 – MOTEMS – Shell Oil** – The Port is finalizing design of a new marine oil platform at the Shell Oil Terminal. The primary goal of the proposed \$44.8 million project is to comply with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) to protect public health and safety, as well as the environment. Work includes demolition of the existing timber wharves and construction and operation of a new MOTEMS-compliant wharf at Berth 167, 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 is expected to begin in December 2020.
- **Berths 238-239 – MOTEMS – PBF Energy** – The Port is also finalizing design of a new marine oil platform at the PBF Energy Oil Terminal to comply with MOTEMS health and safety regulations. The proposed \$25.7 million project will entail a new marine oil terminal at Berth 238, consisting of a new 125 ft. X 62 ft. unloading platform, berthing and mooring dolphins, catwalks and an access ramp. The project will also require the demolition of the two existing unloading platforms at Berths 238 and 239, as well as other existing mooring and berthing dolphins. The proposed project would also include a new 30-year lease. Construction is expected to begin in January 2021.
- **Wilmington Waterfront Promenade** – Creating a “window on the waterfront” for the Wilmington community, this project includes a waterfront promenade, pedestrian plaza, parking lot, realignment of Water Street adjacent to the railroad tracks, and parking northwest of Banning's Landing Community Center. Project improvements to the eight-acre site will include building demolition, landscaping, irrigation,

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signage, lighting, as well as site furnishings such as public seating, bike racks and public drinking fountains. Construction is expected to start in summer 2020 at a total project cost of \$53.4 million.



- **Avalon Promenade and Gateway Project –** This project involves the construction of a pedestrian bridge along Avalon Boulevard that will provide pedestrian access to the future Wilmington Waterfront Promenade. In February 2017, the Los Angeles Harbor Commission approved a three-year, \$1.5 million contract with engineering firm T.Y. Lin International to design the 1,300-foot-long walkway. The final design concepts include an arch bridge, entry plaza with an entry gateway feature, landscaping, hardscaping, parking, and other improvements. The total project cost is \$23.8 million with Measure M grant funding of \$8.1 million from Metro. Construction is expected to start in late 2021.
- **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

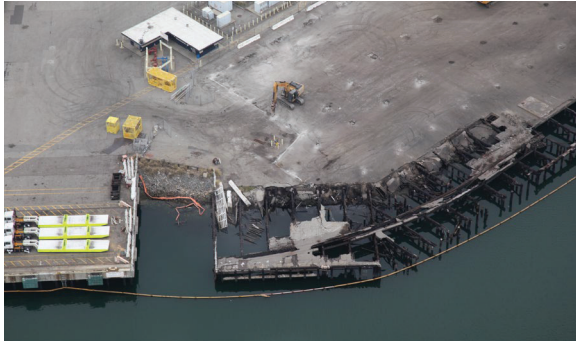
connection to the existing rail storage yard, modifications to Reeves Avenue, and relocation of the existing at-grade crossing at Nimitz Avenue to Reeves Avenue. The project is currently budgeted at \$49.8 million and was awarded approximately \$21.6 million of California Trade Corridor Enhancement Program (TCEP) federal funding by the State of California. Construction is expected to start in early 2021.

- **Alameda Corridor Gap Closure Expansion –** This project will provide a second mainline track to eliminate a short gap in track between the West Basin area of the Port and the Alameda Corridor, significantly reducing delays for trains servicing WBCT, TraPac, Pasha Terminals and other current and future customers. Approximately 5,000 track feet of rail will be constructed parallel to the existing San Pedro Main track, and include modifications to the West Basin ICTF as well. The project budget is currently \$14.1 million, which includes \$6.0 million in federal funding under the TCEP. Construction is expected to start in late 2020.
- **State Route (SR) 47/Vincent Thomas Bridge & Front Street/Harbor Boulevard Interchange Reconfiguration –** An important interchange providing access to the LA Waterfront, the residential community of San Pedro, Terminal Island, and the West Basin Container Terminal, this project will improve traffic safety and operational deficiencies of the current interchange. The \$31.1 million in improvements will include replacing the existing westbound off-ramp from the Vincent Thomas Bridge (VTB) from the south side to the north; realigning the existing westbound on-ramp onto the SR 47 and Interstate 110 connector; modifying the westbound off-ramp onto Harbor Boulevard; and modifying the eastbound on-ramp onto the VTB toward Terminal Island. Construction is expected to start in mid-2022.



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- **Berths 177-178 – Pasha Wharf Restoration**
— This project includes the design and construction of approximately 382 linear feet of concrete wharf (62-foot-wide). As the existing wharf was previously damaged by a fire, the remaining portions will be demolished and a new, rectangular wharf with a load capacity of 1,000 pounds per square foot (psf) will be constructed in its place. This \$9.4 million project is scheduled to start construction in June 2021.
- **Berth 100 – China Shipping Container Terminal Advanced Electrical Infrastructure Demonstration Project** — This is a demonstration project for the construction of twelve zero emission wireless electric charging stations to energize electric Cargo Handling Equipment known as yard trucks or yard hustlers to determine the feasibility of utilizing battery electric vehicles to efficiently operate container terminals. This \$8.5 million project is currently in design with construction anticipated to be completed by June 2022.

LA WATERFRONT

More than 15 years of Port investment in LA Waterfront improvements has had a significant impact on its growing popularity, with record levels of people visiting its many attractions, parks, promenades and beaches annually. In addition to ongoing LA Waterfront capital improvements (*see previous section*), other aspects of LA Waterfront development have shown similar progress.

CRUISE BUSINESS

At the start of FY 2019/20, the cruise business at the Port was on the rise, with record passenger numbers and an increase in large cruise ship calls. In 2019, the Port welcomed more than 650,000 cruise passengers—up 20% over 2018—and ship calls increased from 111 in 2018 to 124, a marked boost to the local economy. Two new cruise vessels—the 4,000-passenger Norwegian Joy and 3,600-passenger Royal Princess—added Los Angeles to their ports of call. By year-end 2019, the Port was on track to expect roughly 125 cruise ships and more than 700,000 cruise passengers in 2020.

However, the outbreak of COVID-19 in early 2020 dealt a huge blow to the global cruise business, and its lingering effects on ship calls and passenger numbers for Los Angeles for FY 2020/21 is uncertain at this time. On March 14th, the United States Centers for Disease Control and Prevention issued a No Sail Order for cruise ships. While the situation remains unclear, it is possible that the cruise business nationally may begin in August 2020, with limited sailings and a larger phased opening in September 2020 based on recent announcements by Carnival Corporation. It is still unclear how this limited opening by Carnival Corporation initially focusing on Caribbean itineraries will affect the Port's typical cruise season commencing in September and the Port's primary cruise customer Princess Cruise Lines (owned by Carnival Corporation).





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DEVELOPMENT OPPORTUNITIES

With the growing popularity of the LA Waterfront, several new development opportunities were announced during FY 2019/20 by the Port's Waterfront Commercial Development Group.

- **Cabrillo Way Marina** – In June 2019, the Port released a Request for Proposal (RFP) to develop new commercial and hospitality offerings at the 700-slip Cabrillo Way Marina. One of the most important commercial sites on the LA Waterfront, the Marina is situated on 87 acres of land and water adjacent to the 22nd Street Landing. In January 2020, the Port selected Cabrillo Way Partners (Bellwether and R.D. Olson) and has been in negotiations for a project term sheet since that time.
- **Outer Harbor Cruise Terminal** – With increasing interest in Los Angeles as a cruise departure point, in September 2019 the Port announced a new development opportunity for an Outer Harbor Cruise Terminal at Berths 46 and 50. The 12.5-acre parcel will most likely feature two terminal buildings designed to service 5,000+ passenger cruise ships. The RFP release has been delayed with the outbreak of COVID - 19 and related shutdown of the cruise terminal. The RFP will be released when cruise operations return to normal and the likely proposers are able to focus on future expansion.
- **Historic Warehouse No. 1** – In March 2019, the Port released a prospectus detailing the opportunities for commercial redevelopment and adaptive reuse of Historic Warehouse No. 1, one of the most iconic buildings at the Port and a prime waterfront location. A formal Request for Information (RFI) is expected to be released by the end of calendar year 2020 assuming a return to normal commercial development operations.
- **Boat Repair Facility** – In October of 2019, the Port entered into exclusive negotiations with Bellwether Financial Group to develop a new boat repair facility capable of servicing virtually all of the recreational boats on the West Coast. Located at Berth 44 on the south end of the Cabrillo Way Marina, the ultra-modern boat yard will incorporate state-of-the-art environmental water treatment technology and will boast “big boat” capabilities.

EVENTS

- **LA Fleet Week®** – In its fourth year, LA Fleet Week® has become a signature Labor Day Weekend attraction for the greater Los Angeles region. In 2019, the multi-day celebration of the U.S. Sea Services attracted an estimated 53,000 visitors to the LA Waterfront, providing a significant economic boost for the local community and businesses. Organized by the Port in partnership with the LA Fleet Week Foundation, the event features active duty ship tours, military displays and equipment demonstrations, live entertainment, and aircraft flyovers, among other attractions.





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- **Special Events** – Each year, the Port plans and supports special events to attract out-of-area visitors as well as local residents to the LA Waterfront. The Port also issues permits for commercial entities wishing to use the LA Waterfront for events, creating another revenue stream for the Harbor Department. Through early February 2020, the Port supported more than 29 public and non-public events, which attracted approximately 122,300 visitors to the area. Starting in mid-February, however, all events were suspended due to the COVID-19 pandemic.

ENVIRONMENT & SUSTAINABILITY

The Port continues to be recognized nationally and around the world for its environmental stewardship in the maritime and goods movement industries. It continues to be at the forefront of advancing business practices and programs that promote a more sustainable, cleaner environment.

- **Clean Air Action Plan (CAAP)** – Work continues on implementation of aggressive near-term and long-term strategies approved in the updated 2017 Clean Air Action Plan (CAAP) to reduce harmful air pollution from all port-related sources at the Ports of Los Angeles and Long Beach, and to work toward achieving zero emissions for trucks and terminal equipment at the San Pedro Bay Port Complex. Stakeholder advisory meetings were held in October 2019 and January 2020, with updates to the Clean Truck Program among the priorities discussed.
- **Clean Truck Program** – The CAAP established a goal of 100% zero-emissions trucks by 2035. A key component of the overall strategy to transition to a zero-emissions truck fleet was the establishment of a Clean Truck Fund Rate structure. After extensive input and issuance of an Economic Rate Study on the issue, the Boards of Harbor Commissioners for Long Beach and Los Angeles met jointly on March 9th and approved a resolution adopting a Clean Truck Fund Rate of

\$10 per TEU. Funds collected from the Clean Truck Fund Rate each year will be used to incentivize the turnover of the existing drayage trucking fleet to the cleaner trucks.

- **Air Emissions Inventory Report** – In September 2019, the Port released its latest figures on progress made since 2005 to cut emissions from ships, trains, trucks, harbor craft and cargo handling equipment. The 2018 Inventory of Air Emissions Report showed that the Port is meeting and exceeding all 2023 targets for reducing primary pollutants, even as cargo volumes rose 26% during the year. Nitrogen oxides (NOx) emissions remain 60% below 2005 levels, with an actual year-to-year decrease from 2017 of 1%. Sulfur oxides (SOx) emissions remain 98% below 2005 levels, with an actual year-to-year decrease from 2017 of 2%. Diesel particulate matter (DPM) emissions remain at 87% below 2005 levels, though actual emissions of DPM increased slightly from 2017 by 1%. Greenhouse gas (GHG) emissions are down 10% below 2005 levels, up 3% from 2017 levels.
- **Zero Emission Top Handler** – In October 2019, the Port unveiled the world's first zero-emissions top handler, showcasing two pre-commercial battery-electric top handlers that will undergo a 12-month testing at the Everport Container Terminal, which began in April 2020. The battery electric top handlers are a key component of the Port's \$7.7 million Everport Advanced Cargo Handling Demonstration Project. The California Energy Commission (CEC) is supporting the large-scale zero-emissions technology project with a \$4.5 million sustainability grant.

BUSINESS & SECURITY

- **Supply Chain Digitization** – The "Port Optimizer™" digital platform is a shared community data system created in 2016 in collaboration with GE Transportation, a Wabtec company. The digital platform significantly



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improves lines of sight on critical supplies and cargo moving through the Port. The Port has been a leading advocate for digitizing maritime shipping data and making that data more readily available to cargo owners and supply chain stakeholders. As of December 2019, the Port Optimizer™ carrier data covered 95% of the Port's containerized cargo, with nine of out the top 10 carriers now providing data into the platform, and all terminals at the Port connected.

- **IT Infrastructure Upgrades** – Several major IT infrastructure projects were completed in FY 2019/20. They included projects for network equipment replacement and operating system upgrades to continue to deliver high-availability IT services, and new next-generation tools in the cyber security operations center to protect the Port's IT environment.
- **New Cyber Resilience Center** – The Port is in the Request for Proposals procurement stage for a new Cyber Resilience Center (Center). The Center will serve as a focal point for cyber threat information-sharing across companies and stakeholders at the Port, helping to identify and prepare against cyber risks potentially impacting the cargo supply chain ecosystem.

COMMUNITY AND EDUCATION

Involvement and support of initiatives and programs in the communities surrounding the Port continues to be a priority.

- **Dave Arian Way Naming** – In February 2020, the Port renamed a portion of Miner Street in San Pedro "Dave Arian Way" as tribute to long-time Harbor Commissioner and labor leader who passed away in 2019. A bench at Berth 46 overlooking the Port's Outer Harbor was dedicated in his memory as well.

- **Community Investment Sponsorship Program** – In August 2019, the Port awarded \$1.0 million in grants to 30 local community organizations to support projects focused on local workforce development, education, the environment, and on promoting the LA Waterfront. The Port awarded \$32,000 in small grants, \$293,000 in the medium category, and three large grants totaling \$675,000. Large category grant recipients for FY 2019/20 included EXP for its Preparing the Next Generation Workforce Program; the Los Angeles Maritime Institute for its Topsail Youth Program; and the Boys & Girls Clubs of the Los Angeles Harbor for its Port Ocean & Land Awareness Program.
- **Education** – The Port supports a number of educational initiatives each year aimed at fostering a better understanding of the Port's cargo operations, international trade and commerce, and the importance of the marine environment and its ecosystems. During CY 2019, the Port hosted 210 groups totaling nearly 14,000 guests through the School Boat Tour Program, and another 4,002 on specially requested tours. Its educational and interactive traveling exhibit, the TransPORTer, made 14 appearances, reaching an estimated 41,200 individuals. With the outbreak of COVID-19 in the first quarter of 2020, all outreach programs and tours were suspended until the new school year in the fall of 2020, or until deemed safe thereafter.

FY 2020/21 ADOPTED ANNUAL BUDGET OVERVIEW

The FY 2020/21 Adopted Budget (Adopted Budget) has been developed during a time of great uncertainty as the world continues battling COVID-19 and the negative impacts caused by this pandemic. Formulating the budget this year presented more challenges than in past years as the Department

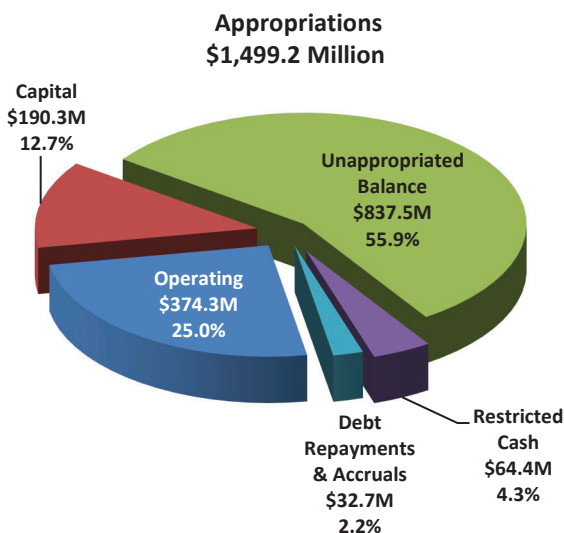


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cycled through multiple iterations of the budget as the financial outlook changed. With cargo volume expected to be down for the near term, revenue projections for FY 2020/21 were subsequently decreased. Amid such uncertainty, the Department exercised fiscal prudence by funding the most urgent priorities that foster the efficient flow of goods through the supply chain and that support the four strategic objectives outlined in the 2018-2022 Strategic Plan:

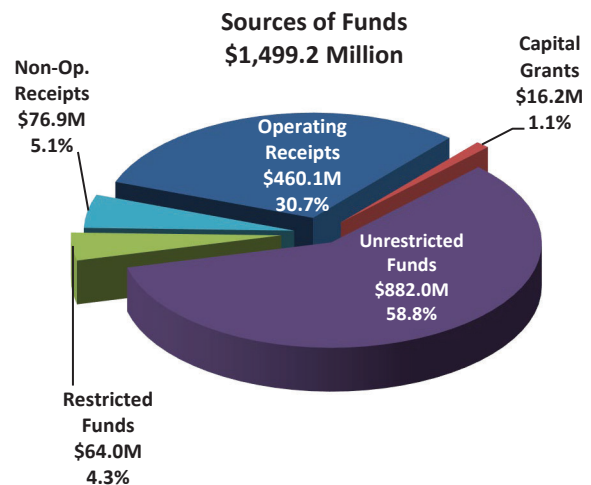
1. *World-Class Infrastructure that Promotes Growth;*
2. *A Secure, Efficient, and Environmentally Sustainable Supply Chain;*
3. *Improved Financial Performance of Port Assets; and*
4. *Strong Relationships with Stakeholders.*

The Adopted Budget includes Capital, Operating, and other appropriations totaling \$1,499.2 million.



To support the daily operations of the Harbor Department in FY 2020/21, \$374.3 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 programs aimed at expanding the Port's cargo business and the utilization of the Port's facilities;

strengthen relationships with stakeholders; develop innovative, strategic, and sustainable operations; and improve the financial performance of the Port. With a total Capital Budget of \$190.3 million, the Harbor Department will continue the process of modernizing Port infrastructure to ensure shippers have access to superior cargo terminals, outstanding rail transport, robust drayage resources, and access to a wide range of warehouse and distribution centers. Rounding out the remainder of the Adopted Budget appropriations are \$837.5 million in unappropriated funds, \$64.4 million in restricted cash, and \$32.7 million in debt repayments and accruals. The Adopted Budget is projected to create approximately 3,135 direct and indirect jobs (not including Harbor Department employees), of which 2,427 are attributable to capital spending.



The Capital, Operating, and other appropriations included within the Adopted Budget will be funded through \$1,499.2 million in receipts and cash-on-hand. Operating Receipts will continue to be driven by cargo-related activities as Shipping Services Revenues are anticipated to comprise approximately 79.9% of the \$460.1 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$16.2 million in Capital Grant Receipts and \$76.9 million in Non-Operating Receipts such as state pass-through revenue, interest/investment

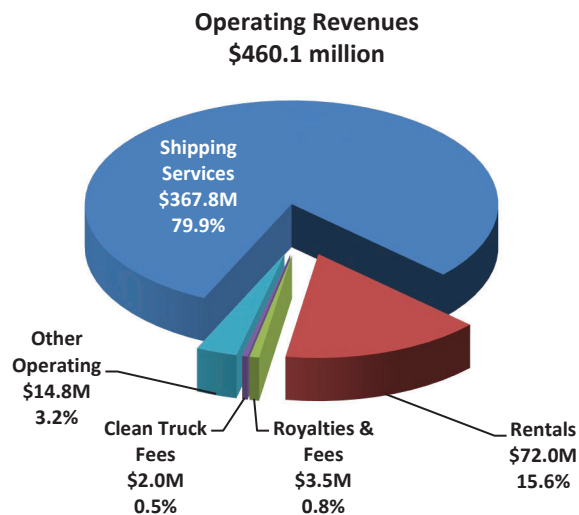


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income, non-operating grants, settlements, rebates, and other reimbursements. Total cash of \$946.0 million, comprised of \$882.0 million in unrestricted funds and \$64.0 million in restricted funds, is anticipated to be available within the Adopted Budget. This level of total cash available represents a 2.9% increase relative to total cash of \$919.2 million available at the beginning of FY 2019/20. As dictated by Board approved financial policy and to ensure that the Port upholds its strong financial position, minimum levels of cash reserves for debt service coverage have been maintained.

OPERATING BUDGET

Operating Revenues



The Adopted Budget includes total Operating Revenues of \$460.1 million, which represents a 7.9% decline relative to the FY 2019/20 Adopted Budget but a 1.8% increase relative to the FY 2019/20 Forecast. As part of the Adopted Budget, cargo volumes of 7,933,869 TEUs are anticipated to be processed in FY 2020/21. This level of cargo volume represents a 15.6% decrease relative to the 9,400,000 TEUs assumed within the FY 2019/20 Adopted Budget and a 3.7% decline relative to the 8,237,682 TEUs estimated for FY 2019/20.

In FY 2020/21, Shipping Services Revenues are projected to comprise 79.9% of Operating Revenues and remain its largest component, followed by Rentals Revenues at 15.6% and Other Operating Revenues at 3.2%. Rentals Revenues are expected to continue to comprise a growing share of total Operating Revenues as the incremental revenues gained from compensation resets and the continued focus on incorporating consumer price index (CPI) increases into leases, outpace the growth of wharfage within the Shipping Services Revenue category.

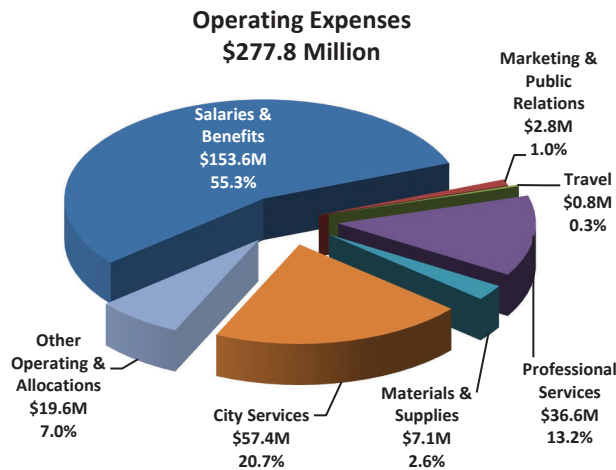
The 7.9% decrease in total Operating Revenues as compared to the FY 2019/20 Adopted Budget primarily results from lower Shipping Services, lower Other Operating Revenues, lower Clean Truck Program Fees and lower Royalties & Fees Revenues being only partially offset by increases in Rentals. The decline in Shipping Services is anticipated to be primarily driven by lower cargo volumes. The decline in Other Operating Revenues is expected to occur due to lower anticipated MOTEMS reimbursements; Clean Truck Program Fees are expected to decline due to fewer concession applications; and revenues from Royalties & Fees are anticipated to decline due to lower parking fees arising from a proliferation of available ride-sharing options. On the other hand, Rentals Revenues are expected to increase due to various compensation resets completed in the past year and annual CPI adjustments.

The 1.8% increase in total Operating Revenues as compared to the FY 2019/20 Forecast primarily results from higher Shipping Services being only partially offset by decreases in Rentals, Other Operating Revenues, and Clean Truck Fees. Shipping Services Revenues are anticipated to increase despite slightly lower cargo volumes due to the higher rates which will be realized following a scheduled CPI rate increase at a major container terminal. On the other hand, Rentals are expected to decline due to lower participation in gross receipts received from lessees who are anticipated to only slowly recover from the impact of COVID-19. Other Operating Revenues are anticipated to decrease due to lower Harbor Maintenance Tax receipts, while Clean Truck Fees are expected to decline due to lower Annual Truck Fees.



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Operating Expenses



The FY 2020/21 Adopted Budget includes total Operating Expenses of \$277.8 million, which represents a 0.1% decrease relative to the FY 2019/20 Adopted Budget and a 0.7% increase relative to FY 2019/20 Forecast. The \$0.2 million reduction in total Operating Expenses relative to the FY 2019/20 Adopted Budget is a result of lower Other Operating Expenses, Materials & Supplies, and Marketing & Public Relations, and an increase to Allocations to Capital, which are partially offset by increases to Salaries & Benefits, City Services, and Travel. The \$1.9 million increase relative to FY 2019/20 Forecast is expected to be driven mostly by increases in Salaries & Benefits, City Services, Outside Services, and Travel, which are partially offset by decreases in Other Operating Expenses, Materials & Supplies, and Marketing & Public Relations and an increase to Allocations to Capital.

With an adopted budget of \$153.6 million (net of \$13.5 million in direct capitalization), or 55.3% of the total Operating Budget, Salaries & Benefits is the largest component of the Port's operating budget. This increase of \$5.7 million or 3.8% relative to the FY 2019/20 Adopted Budget, results largely from Memorandum of Understanding (MOU) mandated increases to salaries, salary step increases, and position upgrades; higher pension and health care

contributions; and higher bonuses and miscellaneous employee benefits pay for an average of 915 full-time, filled positions. 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 \$57.4 million or 20.7% of total expenses will be increasing by 3.6% relative to the FY 2019/20 Adopted Budget.

In formulating the Adopted Budget, the Department focused on funding the most urgent priorities that support the 2018-2022 Strategic Plan. Despite the combined increase of 3.8% to the adopted Salaries & Benefits and City Services budgets relative to the FY 2019/20 Adopted Budget, a deep enough cut was made in other accounts, resulting in a meaningful decrease to the Adopted Budget in comparison to the prior year.

Within Other Operating Expenses and Allocations to Capital, a \$7.1 million or 26.7% decrease relative to the FY 2019/20 Adopted Budget resulted largely from a \$6.3 million decrease to container, cruise, and environmental incentives following a projected decline in cargo volume and cruise ship activity. As the Adopted Capital Budget for FY 2020/21 was increased, the Allocations to Capital were subsequently increased by \$2.0 million. These decreases to the Other Operating Expenses and Allocations budgets were partially offset by a \$0.6 million increase to electricity due to higher AMP® compliance, a \$0.3 million increase to Equipment Rental, an addition of \$0.2 million for Inventory Adjustments, along with a \$0.1 million increase to Water Services.

Other accounts that were decreased include Materials & Supplies, Marketing & Public Relations, and Outside Services. Material & Supplies saw a \$0.6 million or 7.4% decrease as the Department shifted its focus to essential maintenance activities for health and safety, and to maintaining infrastructure to keep the supply chain moving. With the number of community events being canceled due to COVID-19 restrictions, the Marketing & Public Relations budget was reduced by \$232,890 or 7.6%. The budget cut to the Outside



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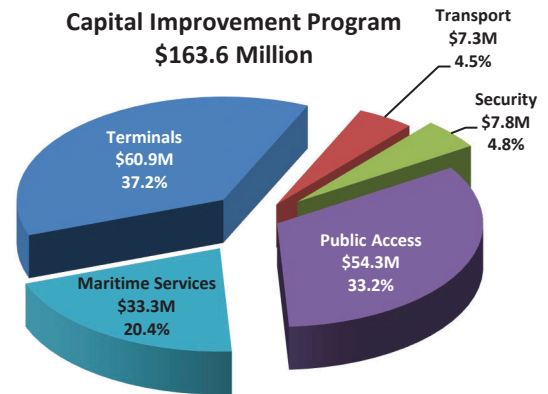
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Services account of \$52,911 or 0.1% would have been higher, if the budget cuts were not offset by the addition of the Medical Optimizer—an integral part of the Logistics Victory Los Angeles effort to link supplies of COVID-19 related medical equipment with hospitals and organizations that need them.

CAPITAL BUDGET

As with all other areas of the FY 2020/21 Adopted Budget, staff re-evaluated the Capital Budget after the downturn in the economy caused by the COVID-19 pandemic. Project schedules and contingencies were adjusted, and funding for unallocated capital projects was decreased. A 15% reduction to the FY 2020/21 Adopted Capital Budget as compared to the budget that was initially presented to the Board in April 2020 was achieved through this assessment without compromising lease agreements, regulatory requirements, public access investment obligations, security, safety, or critical infrastructure needs. The FY 2020/21 Adopted Capital Budget of \$190.2 million reflects the objectives set forth by the Port's 2018-2022 Strategic Plan.

The projects funded in FY 2020/21 will enable the Port to continue developing world-class infrastructure for container, cargo, and cruise terminals; deliver public access projects to the local community; make transportation improvements to promote efficient movement of goods; and implement systems to enhance security at the Port. Comprising 12.7% of the department's total budget, the FY 2020/21 Adopted Capital Budget includes \$163.6 million of direct costs in the Capital Improvement Program (CIP), \$18.3 million in overhead allocations, and \$8.3 million in capital equipment.



Terminal Improvement Projects

In FY 2020/21, the Adopted Budget for terminal improvement projects is \$60.9 million, or 37.2% of the Adopted CIP Budget.

- **Everport Container Terminal** – Major improvements at the Everport Container Terminal (Berths 222-236) to accommodate larger ships will continue in FY 2020/21 with a budget of \$38.1 million in the coming year. Construction continues on wharf and backland improvements with a budget of \$15.9 million, which includes dredging, 2 new bollards, 15 new fenders, grading, paving, electrical infrastructure for 3 additional





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cranes, and demolition of two marine buildings. Continuing construction on AMP® retrofits and upgrades along the berths is funded at \$10.7 million and includes five new wharf AMP® vaults and the retrofit of the existing high voltage AMP® system. In order to make the necessary repairs to extend the useful life of Berths 226 to 236, over \$9.3 million has been budgeted for underwater and above water wharf work. Rounding out the \$38.1 million FY 2020/21 Adopted Budget is \$2.2 million for the design and construction of the expansion of an existing substation at Everport that will accommodate the electrical charging needs of an advanced cargo handling demonstration. Construction for the Everport Container Terminal project is expected to be completed in the fall of 2021.

- **Marine Oil Terminal Engineering Maintenance Standards (MOTEMS) Projects** – The California State Lands Commission mandates that liquid bulk oil facilities comply with MOTEMS to prevent oil spills and protect public health and the environment. To comply with MOTEMS, repairs and upgrades at several liquid bulk facilities are budgeted at \$8.8 million in FY 2020/21. Funding in the amount of \$4.9 million has been budgeted to complete the design and start construction on a new marine oil terminal at PBF Energy terminals (Berths 238-239), which includes the demolition/removal of concrete platforms, catwalks and access ramps, construction of a new platform, access ramp, berthing and landside mooring dolphins, catwalks, and a new fender system. At the Shell Terminal (Berths 167-169), funding of \$3.5 million is allocated for the demolition of an existing timber wharf, which will be replaced with a new concrete loading platform, access trestle, mooring dolphins, and steel catwalks, with construction beginning at the end of 2020. Additionally, \$0.4 million is budgeted for projects at NuStar, Phillips 66, and Vopak,

which includes building new concrete platforms, trestles, dolphins, and catwalks.

- **Pasha Terminal** – In FY 2020/21, wharf restoration and enhancements at the Pasha Terminal (Berths 171-181) is budgeted at \$4.8 million. Replacing the main electrical equipment and construction of a new switchgear yard at Berths 176-179 is funded at \$3.3 million. Replacement and repairs of a deteriorated wharf and bollards at Berths 179-181 are budgeted at \$1.0 million. Funding of \$0.3 million is allocated for restoring the wharf at Berths 177-178 and to comply with seismic building codes. This work is set to begin construction in June 2021 and includes replacing the current structure and wharf to provide more utility to the tenant. A window upgrade and a roll-up door replacement on the transit shed on Berths 179-181 are budgeted at \$0.2 million.
- **APM Terminal Corridor Storage Tracks Expansion** – To accommodate larger rail volumes, the corridor storage track expansion at Pier 400 is funded at \$4.7 million in FY 2020/21. This project includes extending the existing rail bridge; and adding five new railroad storage tracks, an asphalt access roadway, new crossovers, and switches.
- **Miscellaneous Terminal Improvements** – A total of \$4.5 million has been budgeted in FY 2020/21 for various terminal improvements throughout the Port. At Berths 300-306, crane switchgear modernization, position valve indicator replacement, transportation improvements, and an on-dock railyard expansion are budgeted at \$1.9 million. The closeout of the demolition at the former Matson Building is funded at \$1.3 million. Various projects at the Yusen Container Terminal (Berths 212-224) are budgeted at \$0.9 million and include the installation of a leak detection system, the removal and relocation of ten landside



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crane stowage pin sockets, and an upgrade of the electrical feeders. Other miscellaneous terminal improvements are budgeted at \$0.4 million and include projects such as repairs and replacements at the World Cruise Center, wharf rehabilitation at Berths 196-199, and the closeout of various other projects.

Public Access/Environmental Enhancement Projects

With a budget of \$54.3 million, Public Access/Environmental Enhancement projects in the San Pedro and Wilmington Waterfront areas comprise 33.2% of the total FY 2020/21 Adopted CIP Budget.

- **San Pedro Public Market (Market)** – In FY 2020/21, a total of \$42.3 million has been allocated for numerous improvements at the Market. To provide locals and visitors exciting new ways to enjoy activity at the waterfront, major construction is underway at the San Pedro Public Market Promenade and Town Square with funding of \$32.8 million. Construction includes a 30-foot wide promenade, floating docks, Town Square improvements, restrooms, and installation of electrical utility services. To improve public access throughout the waterfront area and to connect it with downtown San Pedro and the surrounding community, \$6.8 million has been allocated towards the realignment and expansion of Harbor Boulevard, starting at Miner Street and ending at the SP Slip. Additionally, \$2.7 million has been budgeted for miscellaneous projects along the San Pedro Waterfront, including water feature improvements, construction of two travel lanes in each direction from SP Slip to Berth 73C, and phase II of the 30-foot wide public promenade.
- **Wilmington Waterfront Promenade** – To continue development at the Wilmington Waterfront, a total of \$9.7 million is funded for various improvements in FY 2020/21. The

demolition and removal of existing structures along with the construction on 1,200 feet of waterfront promenade will begin with a budget of \$8.8 million. Funding of \$0.3 million is allocated for the design of the Wilmington Youth Sailing and Aquatic Center. The design of a pedestrian bridge along Avalon Boulevard to the Wilmington Waterfront Promenade is funded at \$0.3 million and will start construction in the fall of 2021. An additional \$0.3 million is allocated for other projects at the Wilmington Waterfront, including site characterization assessments and construction completion on street and alley vacations/dedications.



- **Miscellaneous Environmental Enhancements** – Funding of \$2.3 million is allocated for environmental enhancement projects in FY 2020/21. Construction of a wireless zero-emission charging infrastructure to help determine the feasibility of wireless charging as a future standard for Port operation is set to begin construction in the spring of 2021 with a \$1.2 million budget. The design of a new 11-kilovolt AMP® system for the Outer Harbor Cruise Terminal budgeted at \$0.5 million will be completed in the summer of 2020 with construction beginning in spring of 2021. Other environmental enhancement projects include the installation of electrical equipment and infrastructure for an Electrical Top Pick inductive charging station at APM Terminal, and retrofitting existing earth switchgear connections at multiple berths are allocated for a total of \$0.6 million in funding.



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Security Projects

For FY 2020/21, security-related projects at the Port are funded at \$7.8 million, or 4.8% of the Adopted CIP Budget.

- **Port Police Radio System** – Installation of the new 700 megahertz (MHz) radio system will continue in FY 2020/21 with a budget of \$4.0 million. Work includes upgrading the radio system infrastructure, building a new radio site on Knoll Hill, implementing Global Positioning System (GPS) functionality, activating the upgraded system and deactivating the old system, and deploying cyber security enhancements to protect the data being transmitted. This new radio system will allow for interoperability with other law enforcement agencies and provide redundancy to minimize downtime. Total project cost is \$13.5 million excluding the nearly \$4.0 million cost for extended warranty and system upgrades that will be incurred starting the second year after the system has gone live. The Port has secured \$7.0 million in grant funding through the Urban Area Security Initiative. The project is expected to be completed in the fall of 2020.
- **Port Cyber Resilience Center (CRC)** – Implementation of the Cyber Resilience Center, the focal point for cyber threat information sharing between companies and stakeholders at the Port, will begin in FY 2020/21 with a budget of \$2.6 million. Information sharing will help combat cyber security attacks and minimize disruption to the flow of cargo at the Port. Work includes the design of the CRC, building the facility, and installing computer hardware and software. Construction of the project is expected to be completed in the winter of 2022.

- **Port Police Computer Aided Dispatch (CAD)/Records Management System (RMS)** – Funding of \$1.0 million is allocated to complete installation of the new CAD/RMS system, which is expected to be finished by the fall of 2020. The integrated CAD/RMS will be a powerful tool to support the daily operations of the Los Angeles Port Police. This system will support efficient use of resources, tactical deployment, crime analysis, community policing, and information sharing with regional law enforcement partners.
- **Miscellaneous Security Projects** – Final phases of construction and closeout for various security projects around the Port are funded for a total of \$0.2 million. These projects include the installation of a fixed license plate reader system; the addition of trees, walls, signage, and light poles in strategic locations in front of Port Police facilities to eliminate gaps where vehicles can drive through; and the installation of electrical equipment to power the new 911 Public Safety Answering Point system.

Transportation Improvement Projects

To promote faster, safer, and more efficient movement of trade goods, \$7.3 million, or 4.5% of the FY 2020/21 Adopted CIP Budget, is allocated for Transportation Improvement projects.

- **Alameda Corridor Southern Terminus Gap Closure** – In FY 2020/21, \$4.2 million is budgeted to build approximately 5,000 feet of railroad track parallel to the existing San Pedro Main track. Set to begin construction in December 2020, this project, once completed, will reduce delays for trains coming in and out of the area. The entire project is expected to cost \$14.1 million with \$6.0 million coming from a Trade Corridor Enhancement Program (TCEP) grant awarded by the California Transportation Commission in May 2018.



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- **State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Blvd Interchange Reconfiguration** – Modifying existing on and off ramps at SR 47/VTB and Front Street/Harbor Boulevard to provide better traffic flow is budgeted at \$0.9 million in funding for FY 2020/21. These modifications will improve safety, access, and efficient operation on these interchanges.
- **Swinford Street, Front Street, and Regan Street Resurfacing** – With a budget of \$0.8 million, construction is set to begin in July 2020 for work including the removal of damaged sections of asphalt concrete pavement; removal of inactive railroad crossings; new sidewalks; and modification of ramps, striping, signage, and traffic controls. Construction is expected to be completed in the spring of 2021.
- **Miscellaneous Transportation Improvement Projects** – Closeout for the new drainage collection system and relocation of waterlines at Berth 200, access ramp improvements on the C Street/I-110 off-ramp to accommodate heavier truck volumes, and other smaller transportation improvement projects are budget at \$1.4 million in FY 2020/21.

Maritime Services

Improvements and repairs to Harbor Department facilities and other locations around the Port; and the procurement of larger capital equipment purchases fall under the Maritime Services category. In FY 2020/21, \$33.3 million or 20.4% of the Adopted CIP Budget has been set aside for Maritime Services, which also includes \$12.0 million in unallocated funding for unanticipated projects initiated throughout the fiscal year.

- **Harbor Department Facilities** – Repairs and improvements at various Harbor Department Facilities has been budgeted at

\$12.6 million in FY 2020/21. Of the \$12.6 million, \$6.3 million has been set aside for improvements and repairs at the Harbor Administration Building (HAB) including \$3.3 million for the reconfiguration of workspaces to consolidate a majority of Harbor Department employees; \$2.0 million for the replacement of the Heating, Ventilation, and Air Conditioning (HVAC) system; and \$1.0 million for various repairs, replacements, and upgrades. Additionally \$2.1 million has been budgeted for improvements and repairs at the Harbor Department's Construction & Maintenance Yard, which include improvements to the electrical system, the replacement of the floating dock, renovation of the equipment operations building, employee parking lot improvement, and the replacement of the natural gas line. Funding of \$1.1 million has been budgeted for the enhancement of the Klein Billing and Port Pilot Systems, and the implementation of the Fleet Management System. The remaining \$3.1 million consists of repairs, replacements, and improvements to other Harbor Department facilities such as replacement of the air conditioning unit at the Port Police Headquarters, water leak and damage repair at Banning's Landing, installing an access control system at the Liberty Hill Plaza parking lot, and installing a code compliant fire sprinkler system at the Maritime Museum.

- **Replacement of Pilot Boats** – Funding in the amount of \$1.9 million has been budgeted to complete the construction of two new pilot boats, which will be replacing 25-year-old pilot boats that are nearing the end-of-life.
- **Miscellaneous Maritime Services Projects** – A budget of \$6.8 million has been adopted for smaller Maritime Services projects throughout Port property. Completion of a handful of CIP deferred maintenance projects is allocated at \$2.1 million. The repair and reconstruction of



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public sidewalks and appurtenances is budgeted at \$0.9 million. Slope erosion repair at Berth 182 is expected to be completed in the summer of 2021 and is budgeted at \$0.7 million. An additional \$3.1 million is allocated for numerous smaller projects including building cover replacement at Berths 54-55, streetlight fixture upgrades at Terminal Island, demolition and storage lot conversion at the old Starkist Cannery, and fender pile replacement and camel log placement at Berth 73.

STRATEGIC INITIATIVES

As we move into FY 2020/21, the Port will continue work on programs and initiatives in support of the Strategic Plan that induce business activity at the Port, promote growth in an environmentally sustainable manner, and strengthen relationships with our stakeholders. However, with the U.S. and many nations around the world still battling the COVID-19 pandemic, some of these programs and initiatives will either be modified or delayed to comply with health and safety guidelines, or moved forward when the economy improves.

Cargo Marketing

During FY 2019/20, the United States-China trade dispute and the COVID-19 global pandemic severely disrupted traditional trading patterns, negatively impacting Port cargo volumes. The Cargo Marketing staff significantly increased outreach to supply chain stakeholders during this time of uncertainty. Communication with supply chain stakeholders served to assure them that the Port is open for business. Additionally, outreach allowed staff to obtain information on distribution capabilities and anticipated container volumes that beneficial cargo owners may be shipping, as well as the routing of such cargo volumes. The use of the Port Optimizer™, the Port's digital tool in providing visibility within the supply chain, was promoted as well. Outreach to the truck, chassis, and railroad community was focused

on providing cargo volume projections two weeks prior to a vessel's arrival to ensure required assets are in place when necessary. In FY 2020/21, the Cargo Marketing Division will be working with a budget of \$4.4 million to further expand upon these outreach activities aimed at maintaining the Port's position as the leading gateway to the U.S.

The Cargo Marketing Division will continue to work with Port customers and key supply chain partners on near-term cargo fluidity initiatives and longer-term port development programs aimed at growing the Port's market position across business sectors. One such strategy includes developing centralized neutral chassis depots serving a multitude of marine terminals to improve cargo velocity. In an ongoing effort to encourage shipping lines to move additional cargo volume through the Port, \$1.0 million has been budgeted for the Ocean Common Carrier (OCC) Incentive Program, which provides a financial incentive for OCCs whose TEU volumes exceed the criteria set by the program. The Ultra-Large Container Vessel (ULCV) Incentive Program, budgeted at \$600,000, will continue in FY 2020/21 to offer a financial incentive for OCCs to bring their largest ships to call at the Port of Los Angeles. On the digital strategy front, work will continue on the rollout of the Port Optimizer™-a cloud-based software solution that securely delivers real-time maritime shipping data to beneficial cargo owners and supply chain stakeholders. This data will facilitate the alignment of people and resources to projected ship arrivals for greater efficiency at all levels of the supply chain.

Trade Connect Program

The Trade Development Division (Trade Development) helps to improve the financial performance of Port Assets by connecting U.S. businesses with overseas trade opportunities, particularly through exporting. Exports remain a vital part of the Los Angeles regional economy with nearly \$36.0 billion in exports passing through the Port in 2019. Due to its large manufacturing base, Southern California has the potential to continue increasing exports to expand into numerous world markets. It



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is estimated that 85% of manufacturers in California do not export to foreign markets. This presents an opportunity to expand exports by helping these companies incorporate foreign markets into their business marketing plans.



The Trade Connect Program, the Port's educational trade outreach program, targets small and medium sized

businesses dealing with specialized commodities to consider export markets. The program's innovative workshops 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 emerging global consumer markets. The Trade Development Division has begun working with the international diplomatic community, professional associations, trade and business organizations, and foreign governments to reach a wider audience for the promotion of overall trade with an emphasis on exporting cargo in specialized key commodity areas. Frequently, the Trade Connect Program will partner with other workshops held by government agencies and the diplomatic corps to promote export trade. To continue facilitating the expansion of the area's export operations as part of the Port's strategic initiative to attract new cargo volumes, over \$617,000 has been allocated in Trade Development's FY 2020/21 Adopted Budget for the continuation of the Trade Connect Program.

Planning and Strategy

As the research branch of the Department, the Planning and Strategy Division's (Planning) \$1.5 million FY 2020/21 Adopted Budget will continue to help guide future development at the Port by providing data and recommendations. Approximately \$188,000 has been budgeted to procure trade data, which will be used to analyze alliance trends, help grow market share, and report on the competitive position and economic impacts of the Port. This data will be of particular importance as the Port seeks to recoup losses sustained due to COVID-19-related

disruptions in the global supply chain. Planning has also budgeted \$24,000 in FY 2020/21 for studies to support the creation of the 2040 Long Range Facility Plan, which will provide a framework for Port development in the coming decades. The biennial Employment Survey, which measures the number of direct jobs created by Port tenants, was initiated in FY 2019/20 and will be completed in FY 2020/21. On-call consulting services and staff training has been funded for an additional \$7,600 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. Planning also maintains the Port Master Plan, which establishes the policies and guidelines for development at the Port consistent with federal, state, county, and city laws. In order to accommodate the Port's long-term development goals, the division is in the process of amending the Port Master Plan, working in conjunction with other Port staff and the California Coastal Commission. Planning also informs Port staff of the various land uses ascribed by the Port Master Plan as well as processing applications for Port permits and issuing Coastal Development Permits. In FY 2019/20, Planning completed the development and initial testing phases of the digitization of the permit application process, moving from paper forms to web-based submission. The goal is to streamline the application process and allow applicants to view the status of their applications online, thereby adding efficiencies and improving customer service. In FY 2020/21, Planning will continue the rollout and implementation of the application process, both internally and externally and monitor the project's success.

Workforce Development

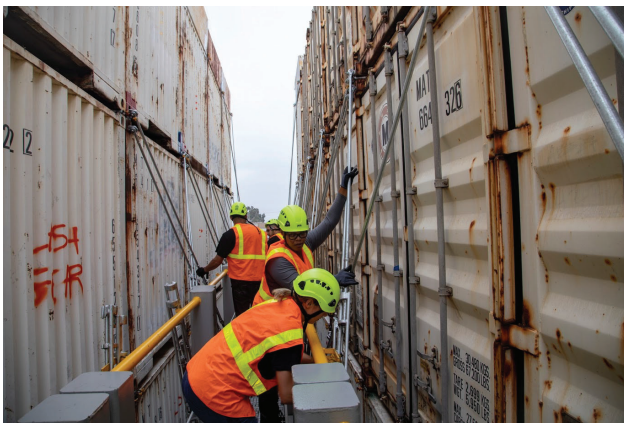
In FY 2020/21, the Port will continue focusing on human capital in support of its efforts to advance an efficient supply chain and to promote strong relationships with stakeholders. The Labor Relations & Workforce Development (LRWD) Division continues to support the workforce within the Port through innovative workforce development opportunities, and



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maintaining strong channels of communication with organized labor and other related stakeholders at the Port and throughout the supply chain industry within the region. The LRWD Division will work with a total Adopted Budget of approximately \$379,300 in FY 2020/21 to further these goals.



In FY 2019/20, the Port continued to support the new pilot training program established by the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) that focused on training entry-level longshore workers on how to affix or “lash” containers onto a containership. In addition, the Port expanded its training partnerships with the PMA and the ILWU by looking at opportunities to create new training or expanding existing training for marine clerks. The Port is also working with regional partners in the goods movement community to establish a regional ecosystem focused on workforce development. LRWD seeks to achieve these efforts through the continued use in FY 2020/21 of the Port of Los Angeles Human Resources (HR) Directors Cohort and the Port of Los Angeles Labor Collaborative. Formed in FY 2019/20, the Labor Collaborative brings together the leadership from the various unions that operate at the Port of Los Angeles together with port staff to provide updates on Department operations and new initiatives, and to establish a forum for dialogue with the various labor partners.

Environmental Stewardship

The Environmental Management Division’s (EMD) FY 2020/21 Adopted Budget of \$13.9 million supports the Port’s sustainability goals, which balances the environment, ethics, and the economy. Air Quality, Site Restoration and Assessment, Water Quality, and California Environmental Quality Act (CEQA) Services remain the four central areas of focus.

Air Quality Services continues as the Port’s largest environmental program and is budgeted at \$5.8 million in FY 2020/21. This amount includes funding for outside services, environmental incentives, and the Clean Truck Program. Of this total, \$1.3 million is allocated for outside services. The 2017 Clean Air Action Plan (CAAP) establishes new air emissions reduction measures and goals to promote the development of innovative, viable technology to improve the region’s environmental quality. The Adopted Budget includes \$185,000 to continue work on implementing measures within the CAAP, including feasibility assessment updates for cargo handling equipment and heavy duty vehicles, as well as leveraging grant opportunities, and implementing grant demonstrations to encourage the use of zero emission (ZE) and near-zero emission (NZE) technologies. The Air Quality Group is currently managing several ZE and NZE demonstrations including two California Air Resources Board (CARB) grants, three California Energy Commission (CEC) grants, and one Environmental Protection Agency (EPA) grant totaling nearly \$77.0 million. The Air Quality Group expects to apply for large grant opportunities in FY 2020/21, including a Large-Scale Drayage Truck Pilot Program that will bring over 50 ZE trucks to the Port. Progress toward CAAP goals is assessed through the annual emissions inventory and air quality monitoring network, budgeted in FY 2020/21 at \$330,000 and \$537,000, respectively. The remaining \$257,000 budget for outside services covers advisory communications support, grant administration, and greenhouse gas monitoring among others.

Among the most successful CAAP strategies are voluntary air quality reduction incentive programs.



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These incentive programs are budgeted at \$3.3 million and 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 Technology Advancement Program, which provides incentives for developing and demonstrating technologies that reduce emissions from port operations; and the Environmental Shipping Index, which rewards operators for going beyond compliance by bringing their newest and cleanest vessels to the Port.

As a central element of the CAAP, the Clean Truck Program (CTP) is funded at \$1.2 million for program administration and special studies. The Port continues to receive revenues for the CTP from Concession Fees, Annual Truck Fees, and Day Passes that offset the cost to administer the program.



Site Restoration and Assessment Services is budgeted at \$2.8 million for outside services in FY 2020/21. This includes \$1.3 million for waste management and emergency response, including but not limited to compliance of underground storage tanks; Port Police biohazard cleanup; management of emergency response to releases of chemicals and illegal dumping on Port properties; lead and asbestos survey and abatement on various Port properties; and removal and disposal of hazardous waste from derelict boats. Other key site restoration and assessment projects, funded at \$1.5 million, include management of the ISO 14001 certification – the international standard that specifies requirements for an effective

environmental management system – for the Construction and Maintenance Yard; City Attorney assistance with Berths 148-151 litigation through preparation of technical documents; Engineering Division assistance with the solar panel installation project; groundwater monitoring and product recovery for Berths 142-143 under oversight of the Water Board; operation and maintenance of the New Dock water treatment system under oversight of the Water Board; and preparation of the annual Assembly Bill 939 waste management and recycling report to the Bureau of Sanitation.

The Water Quality Services program, which addresses water, sediment, and biological resources, is budgeted at \$833,000 in outside services for FY 2020/21. Water and sediment-related programs make up \$428,000 of the division's Adopted Budget and include continued work collaborating with the Port of Long Beach (POLB) and the State/Regional Water Boards on Total Maximum Daily Load (TMDL) regulations, National Pollutant Discharge Elimination System program compliance, the Tenant Outreach Program to assess tenant storm water compliance, and compliance with the Statewide Trash Amendments.

The biological baseline studies project, which is cost-shared with the Port of Long Beach (POLB), is entering the last of its 4-year cycle and is budgeted at \$80,000 in FY 2020/21. The final report is expected to be completed within the first half of the fiscal year and will be used in managing biological resources at POLA; providing improvement metrics of water, sediment, and biological programs; and assessing potential impacts and mitigation requirements in CEQA documents. Other biological projects, funded at \$325,000 in FY 2020/21, include the monitoring of the Pier 400 Least Tern nesting site, as well as programs that support development and maintenance of port infrastructure through planning efforts and mitigation activities that offset development impacts to harbor waters, eelgrass, and other habitats.

The outside services budget for CEQA Services for FY 2020/21 is \$475,000. Of this amount, \$325,000 is



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allocated toward assessment of non-Capital development projects, as required by CEQA and/or the National Environmental Policy Act, and processing of CEQA exemptions. Additionally, \$125,000 supports the City Attorney's office in ongoing environmental litigation and \$25,000 funds historical, cultural, and archeological building and site assessment and review as required under the Port of Los Angeles Cultural Resource Policy.

Security and Public Safety Strategies

In FY 2020/21, Port Police will focused on its main objective of maintaining a secure supply chain and world-class safety standards by implementing security and public safety strategies that support goods movement, emergency management, risk mitigation, and quick recovery, while moving major technology projects forward. The Division will accomplish these goals with a FY 2020/21 Adopted Operating Budget of \$42.4 million, an Adopted Capital Budget of \$5.2 million, and an Adopted Capital Equipment Budget of \$2.1 million.



The Port Police's FY 2020/21 Adopted Budget continues investments and progress in designing and implementing several major technology projects, including the 700 MHz Radio, 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; 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. Reoccurring costs to maintain current operations that directly support the overall safety and security of the Port make up a significant portion of the division's budget. Included in these operations are land and waterborne patrol, underwater dive operations, facility security, community outreach, crime investigation, commercial traffic management, response to labor issues, and public safety at special events. This work is performed by sworn officers, security officers, and dispatchers 24 hours a day, 7 days a week, 365 days a year, along with support functions performed by civilian employees. Due to the 24-hour nature of Port Police operations, staffing is critical to ensuring the continued mission performance of the agency. Currently, Port Police is authorized for 140 sworn officers, 42 security officers, and 46 civilians.

Community and Waterfront Programs

With a FY 2020/21 Adopted Budget of \$5.4 million, the Community Relations Division will support an array of outreach programs engaging the Port's business and community stakeholders. These outreach programs also serve to activate the LA Waterfront attracting visitors from local and regional communities, and beyond. In FY 2019/20, more than 122,000 guests enjoyed waterfront events through early February 2020 before the remainder of planned events were cancelled due to COVID-19 concerns.

For these same reasons, it remains to be seen which of the annual community events will have to be cancelled in FY 2020/21, but the Port is cautiously optimistic that events will resume by the latter half of the fiscal year. Educational programs, including school boat tours, the Speakers Bureau program, and the Port's 53-foot mobile educational exhibit – TransPORTer, will also be temporarily put on hold. Staff will continue to assess the situation to determine when it will be safe to resume these events and programs.



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In alignment with the Port's Strategic Goals and Tidelands Trust guidelines, the Port's Community Investment Grants program continues in FY 2020/21 with up to \$1.0 million available to local non-profit organizations seeking to enhance the community and harbor experience. The Community Investment Grants program continues to be managed by the division. Since its inception in FY 2013/14, it has distributed more than \$6.0 million to non-profit organizations through 206 grant disbursements.



Focusing on maritime and visitor-serving uses, the Waterfront and Commercial Real Estate Division (WCRED) will continue to develop over 400 acres of property along the periphery of the Port adjacent to the local communities of San Pedro and Wilmington with an Adopted Budget of \$6.1 million in FY 2020/21. The comprehensive real estate program developed for FY 2020/21 will fund Port Strategic Plan objectives such as the development of world-class infrastructure through public-private partnerships. The financial performance of Port assets will be improved upon through the activation of underutilized property and the continued timely processing of all upcoming compensation resets of leases, revocable permits, and agreements. Relationships with stakeholders will be strengthened through the partnership the Port has with commercial development groups and local communities for the implementation of the Public Access Investment Plan.

WCRED is poised to move forward on public-private partnerships when the economy bounces back from the impacts of the COVID-19 virus. The San Pedro Public Market promenade, town square, and Harbor Boulevard extension are in construction and the Port is optimistic that private investment will follow close behind when regional food and beverage operations return to normal, and potential subtenants begin to re-examine expansion or relocation opportunities. Entitlement work on retail, dining, and entertainment amenities continue, including a potential 6,000 person amphitheater operated by Nederlander, which will have an environmental assessment completed in February of 2021.

AltaSea, a public-private ocean institute working for the advancement of ocean-related studies, continues to adapt its operations and evolve its mission to address current educational needs through its new Project Blue program that provides a safe learning environment for students during the Safer-at-Home directive issued during the COVID-19 pandemic. AltaSea partners from Holdfast Aquaculture and Blue Robotics deliver high-quality educational content for science-inclined students in middle and high school as part of the new program. Attracting a well-positioned higher education anchor remains on the top of the list for the coming year and discussions with several major universities is ongoing.

Exclusive negotiations on a Term Sheet are anticipated to be completed by December 2020 for the commercial development of the existing 700 slip Cabrillo Way Marina as well as for a new four-acre boatyard facility at Berth 44, which will provide much needed vessel repair services in the Los Angeles area. If economic conditions improve, new developer solicitations for the adaptive reuse of the historic 460,000 square foot Warehouse No. 1, and the development and operation of a new cruise terminal will be ready for release by February 2021. The new 12-acre, two-berth cruise terminal will be large enough to accommodate ships that are longer than 1,100 feet and carry more than 5,000 passengers.



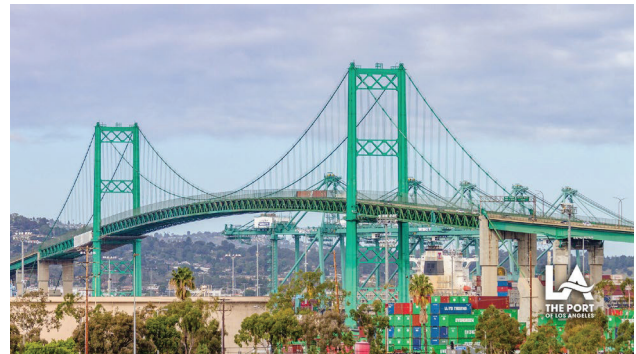
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Employee Recruitment, Retention, and Development

Over the years, the Port has maintained its commitment to its goal of being the employer of choice. In FY 2020/21, \$431,295 has been allocated toward continuous investment in employee programs such as tuition reimbursement, vanpool, public transit subsidies, and the Employee Assistance Program, which have helped the Port with its recruitment and retention efforts. Additionally, the Port's long existing Student Worker Program, which currently employs 64 year-round student workers will continue in FY 2020/21. This program provides a unique opportunity for professional on-the-job training, networking, and personal development for qualified undergraduate and graduate students. Many of the student workers have successfully transitioned into full-time civil service jobs with the Harbor Department and other departments with the City of Los Angeles upon completion of their degree programs.

As the world continues to tackle the unprecedented issues caused by the COVID-19 pandemic and the toll it has had and continues to have on the economy, the Port took a conservative approach to formulating the FY 2020/21 Adopted Budget. With this budget, the Port will focus on the most urgent priorities, which include ensuring that goods flow efficiently through the supply chain and that investment in port infrastructure continue to promote the Port's long term competitiveness.



"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."

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HARBOR REVENUE FUND REPORT

RECEIPTS AND CASH

Actuals FY 2018-19	Adopted Budget FY 2019-20	Forecast FY 2019-20	Description	Adopted Budget FY 2020-21
\$ 830,702,941	\$ 752,760,896	\$ 830,702,941	Unrestricted Funds Available	\$ 881,951,099
88,508,466	86,500,208	88,508,466	Restricted Funds (1)	64,010,351
919,211,407	839,261,104	919,211,407	Total Cash Available	945,961,450
506,426,285	499,717,401	452,009,853	Operating Receipts	460,090,279
72,366,990	55,607,461	26,506,084	Non-Operating Receipts	76,880,189
3,523,205	9,711,918	5,321,692	Capital Grant Receipts	16,228,421
-	204,624,101	193,405,000	Proceeds from Debt Issuance	-
\$1,501,527,887	\$1,608,921,985	\$1,596,454,036	Total Receipts & Cash	\$ 1,499,160,339

APPROPRIATIONS

Actuals FY 2018-19	Adopted Budget FY 2019-20	Forecast FY 2019-20	Description	Adopted Budget FY 2020-21
\$ 132,799,469	\$ 147,910,516	\$ 147,659,256	Salaries and Benefits	\$ 153,592,511
2,795,072	3,080,422	3,070,388	Marketing & Public Relations	2,847,532
798,658	721,754	683,465	Travel Expenses	779,015
35,391,808	36,619,761	35,356,896	Outside Services	36,566,850
7,052,988	7,667,488	7,697,437	Materials & Supplies	7,100,037
49,129,032	55,375,486	55,001,752	City Services	57,387,461
(18,571,713)	(16,295,716)	(16,295,716)	Allocations to Capital (overhead)	(18,295,716)
31,031,172	42,966,743	42,769,105	Other Operating Expenses (2)	37,848,414
240,426,486	278,046,454 *	275,942,583	Total Operating Expenses	277,826,104
11,105,777	82,402,306	45,733,670	Non-Operating Expenses (3)	96,434,344
251,532,263	360,448,760	321,676,253	Total Operating Budget	374,260,448
50,126,394	16,295,716	16,295,716	Capitalized & Allocated Expenditures (4)	18,295,716
764,204	9,148,155 **	9,148,155	Land & Property Acquisition	-
10,163,908	12,390,824	10,291,418	Equipment	8,336,131
47,111,916	144,431,911	75,345,562	Construction & Capital Improvement	163,636,301
108,166,422	182,266,606	111,080,851	Total Capital Budget	190,268,148
359,698,685	542,715,366	432,757,104	Total Operating & Capital Budget	564,528,596
178,602,795	(23,937,461)	(44,374,518)	Accrual Adjustments	(12,720,934)
44,015,000	267,110,000	262,110,000	Debt Repayments	45,410,000
582,316,480	785,887,905	650,492,586	Total Budget	597,217,662
88,508,466	72,631,824	64,010,351	Restricted Cash	64,426,707
830,702,941	750,402,256	881,951,099	Unappropriated Balance(UB)/Carried Forward	837,515,970
\$ 1,501,527,887	\$1,608,921,985	\$ 1,596,454,036	Total Harbor Department Budget	\$ 1,499,160,339

Note: Rounding of figures may occur.

- (1) Includes Construction Fund, Debt Service Reserve Fund, China Shipping Funds, Clean Truck Fund, etc.
- (2) Includes equipment rental maintenance, equipment rental, memberships & subscriptions, and taxes & assessments.
- (3) Includes interest expenses, commercial paper liquidity provider fees, debt issuance costs, bond counsel fees, and debt related advisory fees.
- (4) Includes interest payments and overhead expenses which are allocated to capital projects. Starting in FY 2019-20, due to a change in accounting standards, interest payments will no longer be capitalized and will therefore not be included in this line item. Instead, all interest payment will be included in Non-Operating Expenses.

* Includes \$3.6 million in transfers across the various Budget Categories, approved by the Board of Harbor Commissioners (Board) in FY 2019-20.

** Includes a \$9.1 million transfer to Land and Property Acquisition from the Unappropriated Balance, approved by the Board in FY 2019-20.

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COMPARATIVE STATEMENT OF OPERATIONS

	Adopted Budget FY 2019/20	Adopted Budget FY 2020/21
Operating Revenues		
Shipping Services	408,973,219	367,781,446
Rentals	64,768,274	71,965,752
Royalties and Fees	3,849,757	3,459,217
Clean Truck Fees	3,500,000	2,075,000
Other Operating Revenues	18,626,151	14,808,864
Total Operating Revenues	499,717,401	460,090,279
Operating Expenses		
Salaries & Benefits (net of capitalization)	147,910,516	153,592,511
Marketing and Public Relations	3,080,422	2,847,532
Travel	721,754	779,015
Outside Services	36,619,761	36,566,850
Materials & Supplies	7,667,488	7,100,037
City Services	55,375,486	57,387,461
Allocations to Capital (overhead)	(16,295,716)	(18,295,716)
Other Operating Expenses	42,966,743	37,848,414
Total Operating Expenses	278,046,454 *	277,826,104
Income from Operations before Depreciation	221,670,947	182,264,175
Depreciation	167,476,423	167,541,802
Income from Operations	54,194,524	14,722,373
Non-Operating Revenues	55,607,461	76,880,189
Non-Operating Expenses	82,402,306	96,434,344
Net Income	\$ 27,399,679	\$ (4,831,782)

Note: Rounding of figures may occur.

* Includes \$3.6 million in transfers across the various Budget Categories, approved by the Board in FY 2019/20.

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REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2018/19	ADOPTED FY 2019/20	FORECAST FY 2019/20	ADOPTED FY 2020/21
410 - Dockage	4,347,797	3,622,270	4,296,856	4,047,936
411 - Wharfage	383,525,549	382,094,901	330,269,385	343,112,879
412 - Storage	-	-	-	-
413 - Demurrage	201,603	215,000	200,427	200,427
414 - Pilotage	10,985,160	11,456,554	9,500,000	10,000,000
415 - Assignment Charges	11,244,139	11,584,494	10,574,760	10,420,204
417 - Lay Day Fees	22,500	-	30,000	-
41 - Shipping Services	410,326,748	408,973,219	354,871,428	367,781,446
420 - Land Rentals	65,291,191	64,080,521	73,188,867	71,213,271
421 - Wharf & Shed	528,787	539,227	542,197	529,091
422 - Building Rentals	55,429	56,319	110,479	132,961
423 - Warehouse Rentals	90,215	92,207	202,474	90,429
42 - Rentals	65,965,622	64,768,274	74,044,017	71,965,752
430 - Fees, Concessions, & Royalties	5,562,393	7,187,427	6,578,937	5,404,217
431 - Oil Royalties	134,367	162,330	125,000	130,000
43 - Royalties & Fees	5,696,760	7,349,757	6,703,937	5,534,217
490 - Other Operating Revenue	24,437,155	18,626,151	16,390,471	14,808,864
49 - Other Operating Revenue	24,437,155	18,626,151	16,390,471	14,808,864
Total Operating Revenues	506,426,285	499,717,401	452,009,853	460,090,279
710 - Interest Income - Cash Equivalent	14,574,946	11,052,102	16,711,452	15,609,804
71 - Interest Income	14,574,946	11,052,102	16,711,452	15,609,804
720 - Interest Income - Notes	-	-	-	-
72 - Interest Income - Notes	-	-	-	-
730 - Interest Income - Bonds	1,289,685	724,783	1,158,292	957,587
73 - Interest Income - Bonds	1,289,685	724,783	1,158,292	957,587
740 - Investment Income	19,535,367	2,054,359	2,191,814	2,096,262
74 - Investment Income	19,535,367	2,054,359	2,191,814	2,096,262
760 - Non-Operating Revenue	7,501,821	41,518,734	6,232,318	57,964,494
76 - Non-Operating Revenues	7,501,821	41,518,734	6,232,318	57,964,494
790 - Other Non-Operating Revenue	29,465,171	257,483	212,208	252,042
79 - Other Non-Operating Revenues	29,465,171	257,483	212,208	252,042
Total Non-Operating Revenues	72,366,990	55,607,461	26,506,084	76,880,189
Total Revenues	578,793,275	555,324,862	478,515,937	536,970,468

Note: Rounding of figures may occur.

City of Los Angeles Harbor Department
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REPORT OF EXPENSES

REPORT OF EXPENSES (3-DIGIT) REPORT #202	ACTUALS FY 2018/19	ADOPTED FY 2019/20	FORECAST FY 2019/20	ADOPTED FY 2020/21
510 - Salaries - Regular	70,565,237	81,250,046	87,566,960	84,336,706
511 - Salaries - Overtime	7,123,391	7,063,952	6,899,642	5,833,535
516 - Employee Benefits	53,947,124	58,307,675	51,990,762	62,136,985
517 - Paid Employee Benefits	1,163,717	1,288,843	1,201,892	1,285,285
51 - Salaries and Benefits	132,799,469	147,910,516	147,659,256	153,592,511
520 - Advertising & Public Relations	2,795,072	3,047,610	3,070,388	2,837,532
521 - Domestic Trade Representation	-	-	-	-
522 - Foreign Trade Representation	-	32,812	-	10,000
52 - Marketing & Public Relations	2,795,072	3,080,422	3,070,388	2,847,532
530 - Domestic Travel	300,990	359,198	318,760	387,490
531 - Foreign Travel	442,528	287,156	298,074	316,250
532 - Local Travel	58,296	75,400	66,631	75,275
533 - Credit Card Charges	(3,156)	-	-	-
53 - Travel Expenses	798,658	721,754	683,465	779,015
540 - Maintenance Services	6,591,174	7,278,619	6,282,370	7,363,693
541 - Office Equipment Maintenance Services	2,950,681	3,526,530	3,368,510	3,467,101
542 - Miscellaneous Professional Services	16,127,021	16,463,611	17,608,947	16,103,012
543 - Data Processing Services	8,489,932	7,417,870	6,176,438	7,852,879
544 - Financial Services	1,233,000	1,933,131	1,920,631	1,780,165
545 - Construction Services	-	-	-	-
54 - Outside Services	35,391,808	36,619,761	35,356,896	36,566,850
550 - Maintenance & Other Supplies	4,229,276	5,394,070	5,354,420	4,990,864
551 - Administrative & Operating Supplies	2,823,712	2,273,418	2,343,017	2,109,173
55 - Materials & Supplies	7,052,988	7,667,488	7,697,437	7,100,037
570 - City Services	49,129,032	55,375,486	55,001,752	57,387,461
57 - City Services	49,129,032	55,375,486	55,001,752	57,387,461
580 - Allocations	(18,571,713)	(16,295,716)	(16,295,716)	(18,295,716)
58 - Allocations	(18,571,713)	(16,295,716)	(16,295,716)	(18,295,716)
590 - Equipment Rental - Maintenance	536,400	473,032	613,590	808,901
591 - Equipment Rental - Non-Maintenance	60,406	83,350	83,350	93,200
592 - Memberships & Subscriptions	892,039	1,200,788	1,161,813	1,223,122
593 - Insurance	2,861,374	3,034,000	2,903,483	3,048,000
594 - Telephone	1,740,680	1,778,268	1,537,651	1,844,625
595 - Utilities	19,643,075	19,036,614	19,248,815	19,723,518
596 - Claims & Settlements	192,698	2,450,000	2,450,000	2,250,000
597 - Taxes, Assessments, & Fees	639,363	1,120,210	1,434,631	1,128,600
598 - Provision for Bad Debt	600,094	250,000	250,000	250,000
599 - Other Operating Expense	3,865,043	13,540,481	13,085,772	7,478,448
59 - Other Operating Expenses	31,031,172	42,966,743	42,769,105	37,848,414
Total Operating and Administrative Expenses	240,426,486	278,046,454*	275,942,583	277,826,104
610 - Depreciation Expense	161,976,632	167,476,423	167,476,423	167,541,802
61 - Depreciation	161,976,632	167,476,423	167,476,423	167,541,802
830 - Interest Expense - Bonds	1,289,685	32,991,199	36,290,744	33,659,850
831 - Interest Expense - Commercial Paper	-	-	-	-
83 - Interest Expense - Bonds	1,289,685	32,991,199	36,290,744	33,659,850
890 - Other Non-Operating Expenses	9,816,092	49,411,107	9,442,926	62,774,494
89 - Other Non-Operating Expenses	9,816,092	49,411,107	9,442,926	62,774,494
Total Non-Operating Expenses & Depreciation	173,082,409	249,878,729	213,210,093	263,976,146
Total Expenses	413,508,895	527,925,183	489,152,676	541,802,250

Note: Rounding of figures may occur.

* Includes a \$3.6 million in transfers across the various Budget Categories, approved by the Board in FY 19/20.

**Starting in FY 2019/20, due to a change in accounting standards, interest payments will no longer be capitalized and instead included as part of Non-Operating Expenses.

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CAPITAL PROJECTS REPORT (SUMMARY)

Terminals

<i>Berths 90-93 World Cruise Center</i>	\$	173,740
<i>Berths 100-102 Development (China Shipping)</i>	\$	33,292
<i>Berths 121-131 Development (Yang Ming)</i>	\$	10,096
<i>Berths 135-147 Development (TraPac)</i>	\$	3,617
<i>Berths 171-181 Development (Pasha)</i>	\$	4,810,228
<i>Berths 212-224 Development (YTI)</i>	\$	882,679
<i>Berths 222-236 Development (Everport)</i>	\$	38,058,698
<i>Berths 300-306 Development (Fenix)</i>	\$	1,941,276
<i>Berths 400-409 Development (Maersk)</i>	\$	4,719,430
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	8,844,486
<i>Miscellaneous Terminal Improvements</i>	\$	1,469,047

TOTAL TERMINAL IMPROVEMENTS \$ 60,946,590

Transportation Projects

TOTAL TRANSPORTATION PROJECTS \$ 7,289,964

Security Projects

TOTAL SECURITY PROJECTS \$ 7,796,931

Public Access/Environmental Enhancements

<i>Los Angeles Waterfront</i>	\$	51,928,194
<i>Environmental Enhancements</i>	\$	2,349,283

TOTAL PUBLIC ACCESS/ENVIRON. ENHANCEMENTS PROJECTS \$ 54,277,477

Maritime Services

<i>Harbor Department Facilities</i>	\$	14,576,982
<i>Miscellaneous Projects</i>	\$	6,748,357
<i>Unallocated Capital Improvement Program Fund</i>	\$	12,000,000

TOTAL MARITIME SERVICES \$ 33,325,339

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET** \$ 163,636,301
(Including Salaries)

*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 next fiscal year including parking lot improvements, and the replacement of a water heater boiler and promenade furnishings.

\$ 173,740

Berths 100-102 Development (China Shipping)

The Final Supplemental China Shipping Environmental Impact Report (EIR) is expected to be completed in December 2020.

\$ 33,292

Berths 121-131 - Development (Yang Ming)

Minor work to replace a failed underground 20-foot non-rising stem gate valve.

\$ 10,096

Berths 135-147 Development (TraPac)

Final close out of the Intermodal Container Transfer Facility is scheduled for mid-2020.

\$ 3,617

Berths 171-181 Development (Pasha)

Pasha Terminal improvements include refurbishment of 8 mooring bollards, replacement of approximately 3,700 square feet of timber deck and asphalt, and repair/replacement of bearing and fender piles scheduled to begin construction in October 2020. In addition, the terminal's main electrical equipment and construction of a new switchgear yard is scheduled to begin construction in the Summer of 2020. Design for the restoration of the 382 linear foot concrete wharf will be completed in November 2020 with construction beginning in June 2021.

\$ 4,810,228

Berths 212-224 Development (YTI)

Installation of a leak detection system, removal and relocation of 10 landside crane stowage pin sockets, and upgrade of the electrical feeders at the Yusen Container Terminal are scheduled to begin construction in FY 2020/21.

\$ 882,679

Berths 222-236 Development (Everport)

Everport will see major improvements to their terminal this year. Wharf and backland improvements began in September 2019 which include dredging, grading, paving, striping, lighting, electrical infrastructure for 3 additional cranes, demolition of buildings, 5 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 2 electrical chargers and 3 electrical yard tractor chargers. Work is expected to be completed in October 2021.

\$ 38,058,698

Berths 300-306 Development (Fenix)

Crane switchgear modernization began in October 2019 with completion expected in April 2021. 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 October 2021 with construction to follow in April 2022.

\$ 1,941,276

CAPITAL PROJECTS REPORT (DETAILED)

Terminals

Berths 400-409 Development (Maersk)

Design of an extension to the existing rail bridge, 5 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 be completed in Summer 2020 with construction beginning in January 2021.

\$ 4,719,430

Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)

Phase 1 design of the Berths 167-169 MOTEMS (Shell) project consisting of a new concrete loading platform, access trestle, and steel catwalks will be completed in June 2020 with construction beginning in December 2020. The design of the Berths 238-239 (PBF Energy) project consisting of a new loading/unloading platform, access ramp, catwalks and fenders will be completed in July 2020 with construction beginning in January 2021.

\$ 8,844,486

Miscellaneous Terminal Improvements

Demolition of the former Matson Building, Gate Office Building, In-Gate Canopy and Out-Gate Canopy at Berths 206-209 began construction in February of 2020 with completion expected in May 2020. Close out of the Berths 196-199 Wharf Rehabilitation project is expected in FY 2020/21.

\$ 1,469,047

TOTAL TERMINAL IMPROVEMENTS \$ 60,946,590

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 will begin construction in late 2020. The design of the State Route 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Boulevard 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 I-110 connector, and modification of the eastbound on-ramp onto the VTB toward Terminal Island will be completed in late 2020. Construction will begin on the Swinford Street, Front Street and Regan Street Resurfacing project in Summer of 2020 with completion expected in Spring 2021. Preparation of a revised environmental assessment for the Southern California International Gateway (SCIG) project will be completed in Fall 2020.

TOTAL TRANSPORTATION PROJECTS \$ 7,289,964

Security Projects

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

TOTAL SECURITY PROJECTS \$ 7,796,931

CAPITAL PROJECTS REPORT (DETAILED)

Public Access/Environmental Enhancements

Los Angeles Waterfront

Construction of the San Pedro Waterfront Ports O' Call Promenade and Town Square Phase I, Berths 80-83 Waterside Improvements, and the Town Square Public Restrooms projects began in January 2020 with construction completion expected in July 2021. The Ports O' Call Promenade includes a 30 foot wide, 2,500 foot long public promenade along the water's edge from Berths 74-83 and a Town Square located at 6th Street east of Harbor Boulevard. Berths 80-83 Waterside Improvements consists of new floating docks, gangways, piles, and utilities. The Town Square Public Restrooms project will locate public restrooms within the Town Square area near the Maritime Museum. The San Pedro Waterfront Harbor Boulevard from Miner Street to SP Slip Roadway Improvements project will begin construction in May 2020. The Wilmington area will see construction begin in July 2020 on the Wilmington Waterfront Promenade which consists of a 1,200 foot waterfront promenade, a public plaza, and parking. The Wilmington Waterfront Avalon Promenade and Gateway 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, and a 12 acre entry plaza will have design completed in the spring of 2021. The Wilmington Youth Sailing and Aquatic Center consisting of a 3,800 square foot community building and an 8,000 square foot boat storage area at Berth 183 will see design completed in early 2021 with construction beginning in summer of 2021.

\$ 51,928,194

Environmental Enhancements

A new demonstration project evaluating if a wireless zero emission-charging infrastructure will be the future standard for Port operations will begin construction in spring of 2021. Installation of electrical equipment and infrastructure for an Electric Top Pick Inductive Charging Station will be completed in December 2020. Design will continue on the installation of a new 11 kilovolt (kV) AMP system for cruise ships at Berth 46.

\$ 2,349,283

TOTAL PUBLIC ACCESS/ENVIRON. ENHANCEMENTS PROJECTS

\$ 54,277,477

CAPITAL PROJECTS REPORT (DETAILED)

Maritime Services

Harbor Department Facilities

A number of Harbor Department improvement projects will be completed this fiscal year including the 5th Floor Work Space Solutions project; the Klein Billing and Port Pilot Systems enhancements; the replacement of two Pilot Boats; the installation of two new air conditioning units at the Port Police Headquarters; the Berth 161 Equipment Operations Building Renovation; the Berth 161 Floating Dock replacement; Port Pilots Heating Ventilation and Air Conditioning (HVAC) upgrade; Maritime Museum Fire Sprinkler; Fire Alarm and Mass Notification System; and replacement of a natural gas line at Berth 161. The 4th Floor Work Space Solutions project will begin in the summer of 2020 and the HVAC replacement at the Administration Building will begin construction in early 2021.

\$ 14,576,982

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, Berths 87-93 High Mast Pole Lighting Upgrade, Terminal Island Street Light Fixture Upgrade, Berth 95 - Catalina Channel Express Parking Improvements, Berth 73 Fender Pile Replacement and Camel Log Placement, and the FY 2020/21 C&M Deferred Maintenance Projects.

\$ 6,748,357

Unallocated Capital Improvement Program Fund

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

\$ 12,000,000

TOTAL MARITIME SERVICES \$ 33,325,339

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries) \$ 163,636,301**

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



B. 176-179 – Electrical
Infrastructure Improvements
\$3.3M

Transportation
Improvements
\$2.7M

San Pedro Public
Market Promenade
& Town Square
\$32.8M

B. 200 Rail Yard Track
Connections Enhancements
\$420K

Alameda Corridor Southern
Terminus Gap Closure
\$4.1M

Avalon Promenade &
Gateway
\$308K

Wilmington Promenade
\$8.8M

MOTEMs Improvements
\$8.8M

Pier 400 Corridor Storage
Track Expansion
\$4.7M

B. 226-236 Terminal
Redevelopment
\$38.1M

FY 2020/21 Capital Improvement Projects