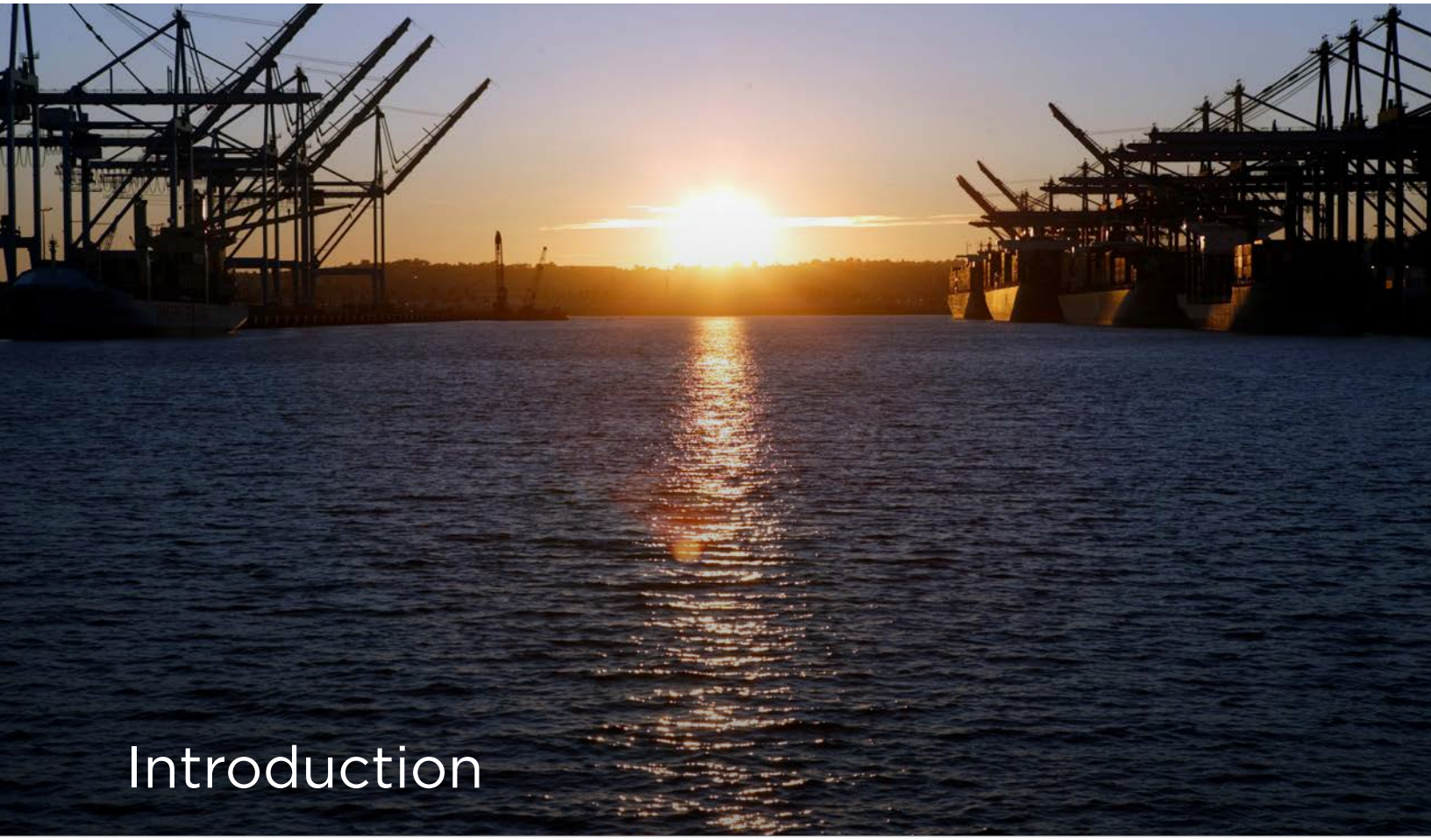
THE PORT OF LOS ANGELES

Port of Los Angeles

Sustainability Report

July 2011-June 2013



Introduction

In July of 2011, the Port of Los Angeles (the Port) published its inaugural sustainability report, providing a historic overview of programs that have been implemented over the years to improve sustainability at the Port. This report can be accessed through the Port of Los Angeles website. This document, the Port's second report, focuses on progress made on sustainability initiatives over the past two-year reporting period between July 2011 and June 2013 (Fiscal Year 2012, from July 1, 2011 through June 30, 2012, and Fiscal Year 2013 from July 1, 2012 through June 30, 2013).

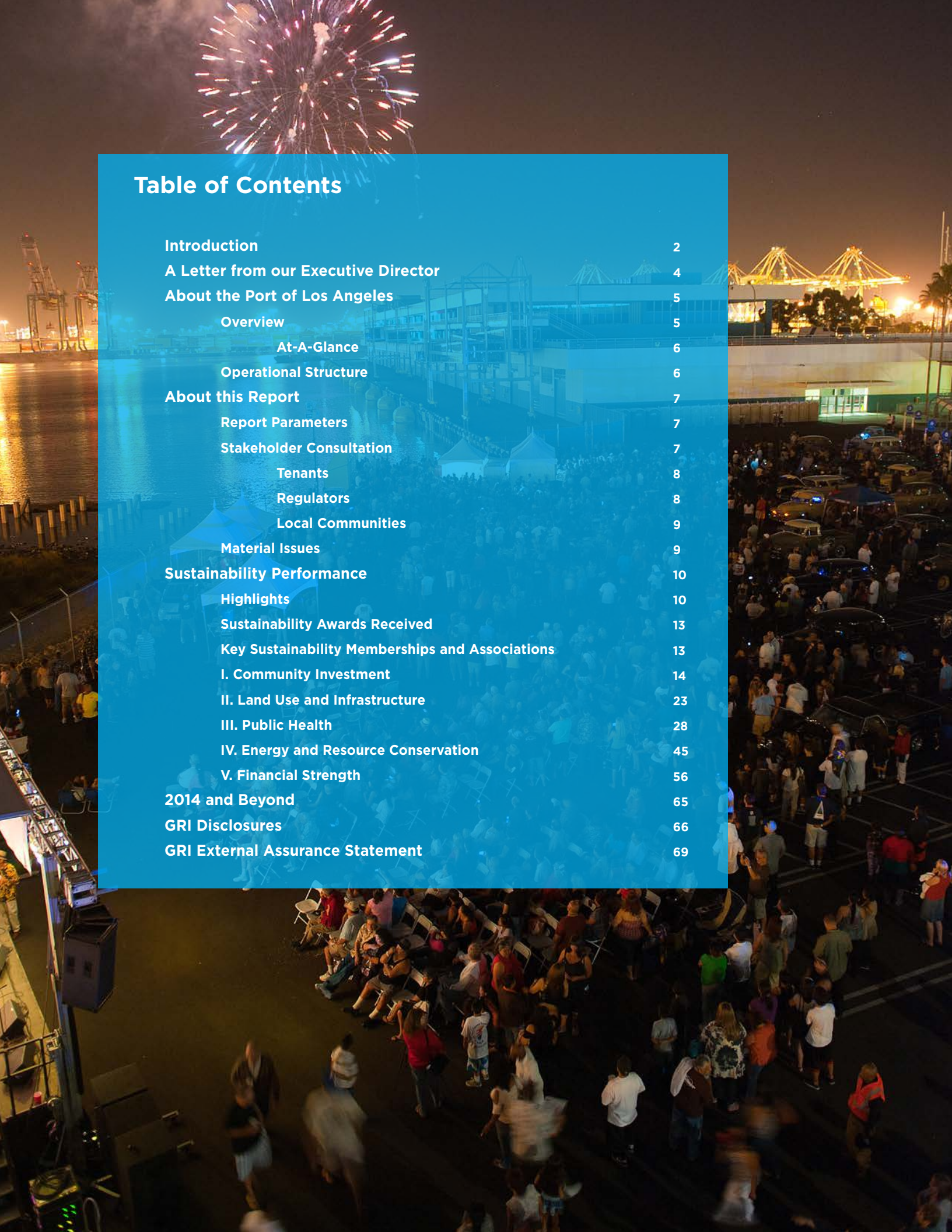
To continue to provide essential goods movement services and generate regional, national and global benefit, the Port of Los Angeles must carefully balance its economic, social and environmental activities. This report provides a summary of efforts made over the past two years to align with the newly adopted strategic plan and uphold the Port's "green growth" strategy: expanding operations while aggressively reducing impacts to the environment and community.

This is the Port's first sustainability report to be prepared in accordance with the Global Reporting Initiative (GRI) Guidelines. The GRI provides an internationally accepted standard for measuring and reporting on organizational sustainability. The use of the GRI framework has enabled the Port to apply a new set of globally agreed disclosures and metrics to its reporting, and to further systematize the reporting process. This report was prepared using the GRI's G3.1 Guidelines, and has been independently assured by sustainability consulting firm Clean Agency. The table of GRI disclosures and external assurance statement can be found in the final section of this report.

The Port has long been an industry leader on sustainability. This report will highlight the progress the Port has made over the past two years in sharing best practices and fostering collaboration on sustainability issues among ports worldwide.

This report begins with a letter from the Port's Executive Director, Geraldine Knatz, that highlights many of the Port's recent sustainability initiatives and key progress made over the past two years. The next two sections, "About the Port of Los Angeles" and "About this Report", provide an overview of the Port's scale and primary activities, and outline the programs and initiatives featured in this report.

The "Sustainability Performance" section details the Port's performance over the reporting period, organized into five major sustainability priority areas: Community Investment, Land Use and Infrastructure, Public Health, Energy and Resource Conservation and Financial Strength. The report concludes with a description of the Port's major goals and ambitions to increase sustainability efforts in the years to come.



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A letter from our Executive Director

Over the past decade, the Port of Los Angeles has been implementing landmark policies and initiatives that support environmentally and socially responsible growth. From local neighborhood forums to global port industry associations, the Port of Los Angeles has played a significant leadership role in research, outreach and action to support sustainable maritime operations.

In our changing global economy, the Port recognizes that retaining financial strength is essential to maintaining our leadership position on social and environmental responsibility. In this spirit, in 2011 we launched our next five-year strategic plan, outlining our short-term economic, environmental and social goals and the roadmap to achieving them.

Recognizing that our sustainability goals are inherently intertwined, our 2012-2017 strategic plan focuses on strengthening economic, social and environmental performance simultaneously. Our seven objectives for the next five years are to:

- Develop World Class Infrastructure
- Retain and Grow Market Share
- Advance Technology & Sustainability
- Optimize Land Use
- Create a Positive Workplace Culture
- Increase Stakeholder & Community Awareness and Support
- Strengthen Financial Performance

In the years to come, the Port will continue to expand the breadth of benefits we provide to our local and global communities. While retaining our position as the North American leader in containerized trade, the Port also aims to increase our reputation as a hub for cultural and artistic activities, as a cultivator of zero emissions technologies, and as a global resource for environmental best management practices.

Since our inaugural sustainability report was released in July of 2011, a number of capital development projects have commenced at the Port, including the expansion of the TraPac and China Shipping terminals. We also completed construction of the Cabrillo Marina Phase II project, the Downtown Harbor water cut and the Southern Pacific Slip on the San Pedro waterfront, and welcomed the Battleship USS Iowa and Crafted at the Port of Los Angeles.

With all Port activities, our guiding mission is to continue to facilitate economic growth while proactively mitigating potential negative impacts to local communities and the environment. To this end, some major sustainability highlights over the past two years include: the launch of the pioneering Environmental Ship Index, the groundbreaking Project Labor Agreement covering all of our Capital Improvement Projects for the next five years, and the award-winning community improvements along the LA waterfront.

The pages that follow detail progress on these programs and our ongoing efforts toward improving our economic, environmental and social performance. We hope you will continue to read on and learn how the Port of Los Angeles is working to meet the needs of a new era of international trade.

Geraldine Knatz,

Executive Director, Port of Los Angeles

About the Port of Los Angeles

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

Overview

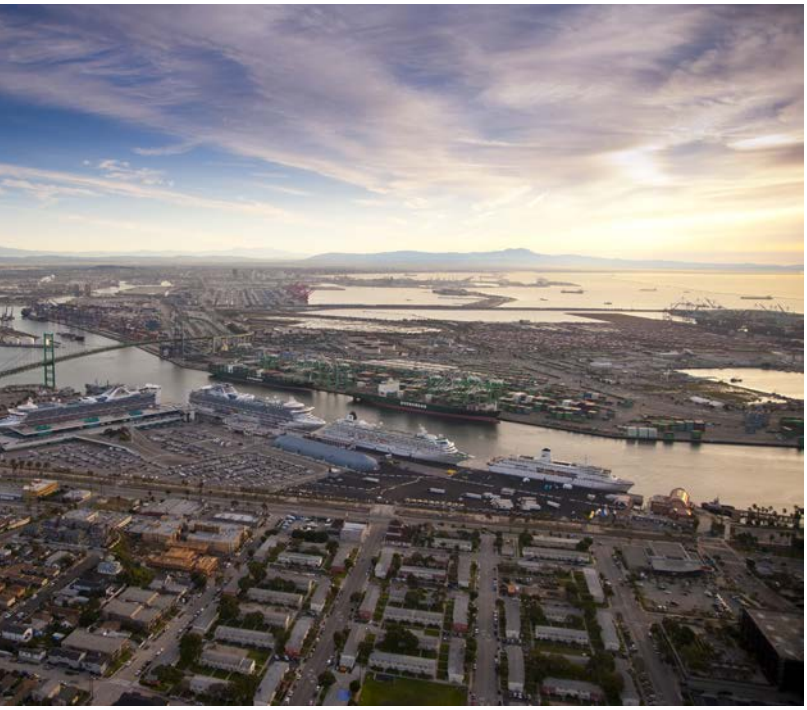
As the leading seaport in North America by shipping container volume and cargo value, the Port of Los Angeles (the Port) is a global leader in facilitating cross-border trade and commerce. Located in San Pedro Bay, 20 miles south of downtown Los Angeles, the Port is a crucial economic engine for the nation, contributing roughly $260 billion a year to the national economy and associated with the creation of approximately 3.6 million jobs.

As a landlord port, the Port leases property to tenants who operate their own facilities. Though containerized cargo is the primary economic engine driving Port activities, the Port also hosts a variety of other uses including:

- Non-containerized cargo terminals (including breakbulk, dry bulk, liquid bulk and automobile)
- Cruise Terminals
- Fishing
- Railroads
- Recreational marinas
- Retail stores and restaurants
- Maritime museum

A proprietary department of the City of Los Angeles that does not receive taxpayer dollars, the Port derives its revenues from property leases and fees for dockage, wharfage, storage, royalties, and other port services.

The Port of Los Angeles has been an engine of global trade for over a century. The Port provides access to multiple service providers in all parts of the logistics chain, and the highest frequency of intermodal access to 14 major freight hubs across the United States.



Board of Harbor Commissioners Pictured (from left): Commissioner Robin Kramer, Commissioner Dr. Sung Won Sohn, President Cindy Miscikowski, Vice President David Arian, and Commissioner Douglas P. Krause.

At-a-Glance

- Founded in 1907
- 7,500 acres of land and water along 43 miles of waterfront
- Warehouse and distribution facilities encompassing 660 million square feet
- 270 berths (including 10 Alternative Maritime Power (AMP) berths)
- 24 cargo and passenger terminals

Operational Structure

The Port is directed by a five-member Board of Harbor Commissioners (Board), whose members are appointed by the Mayor and approved by the Los Angeles City Council. The Board is responsible for overseeing all aspects of the Port's operations. Regular meetings of the Harbor Commission provide a forum for the public to address the Board, and for Port employees to bring resolutions to the Board for adoption.

The Board of Harbor Commissioners appoints the Executive Director, who is responsible for the day-to-day operations of the Port. All orders, rules and regulations adopted by the Board are implemented through the Executive Director. Five Deputy Executive Directors serve under the Executive Director and manage the Port's main organizational functions: Finance, Development, Operations, Business Development and External Relations.

The Environmental Management Division, housed under the Port's Development function, holds the primary responsibility for sustainability planning and reporting.

About this Report

Report Parameters

This document, the Port's second sustainability report, covers the Port's sustainability performance and progress during the timeframe of July 1, 2011-June 30, 2013 (Fiscal Year 2012, from July 1, 2011 through June 30, 2012, and Fiscal Year 2013 from July 1, 2012 through June 30, 2013). For instances in which data from the recently closed fiscal year (2013) has not yet been finalized, data from the most recent year available has been provided. The Port intends to release sustainability reports on an annual basis.

This report covers all facilities owned and controlled by the Los Angeles Harbor Department for the operation of Port activities, and all staff employed at the Port. In addition, the Port of Los Angeles takes on the responsibility of measuring, mitigating and reporting on cumulative impacts from tenant activities where possible. Though tenant activities are not under the Harbor Department's direct control, the Port has the ability to positively influence the sustainability of tenant activities through various mechanisms including lease agreements, outreach efforts and incentive programs. Therefore, the performance data contained in this report represents a combination of Harbor Department and tenant activities.

For questions or comments regarding this report, please contact Lisa Ochsner, Marine Environmental Manager for the Port of Los Angeles, at lochsner@portla.org.

Stakeholder Consultation

The Port's operations involve many diverse stakeholders locally, domestically and globally. The Port maintains continuous and transparent communications with all stakeholders on issues related to its environmental, economic and social performance through regular meetings, community forums, press releases, newsletters, the Port of Los Angeles website and social media. A diagram of key stakeholders with whom the Port regularly communicates is provided below.

Building strong and transparent relationships with all stakeholders is a key component of the Port's newly adopted strategic plan. There are three stakeholder groups that have played a particularly active role in determining the content for this report, as detailed below.

Tenants

As a landlord port, the Port does not directly control tenant operations. However, the Port has worked diligently over the years to foster strong relationships with tenants, and share with them best practices for sustainably managing their operations. In some cases, the Port requires tenants to adhere to specific practices and mitigation measures that are necessary to maintain the health of our local and global resources, for example through Sustainable Lease Agreements and conditions contained in the Clean Truck Program. The Port also extends its sustainability philosophy to tenants through programs designed to share best management practices, such as the Tenant Stormwater Outreach Program and friendly tenant site visits. Other programs provide incentives to tenants who voluntarily mitigate environmental and community impacts, for example the Environmental Ship Index and the Vessel Speed Reduction Incentive Program.

The Port actively seeks input from tenants to guide future planning decisions. Earlier this year, the Port initiated a customer feedback survey and applied the results to generate a new business development plan. The Port is also in the process of creating a comprehensive customer account management program to further meet the needs of its tenants and business partners.

Regulators

The Port of Los Angeles is particularly unique among global ports for its collaborative relationship with regulators. Rather than reactively responding to environmental legislation, the Port actively works with regulators to conduct research and pilot solutions that will most effectively address the environmental and social issues related to Port activities. The Port developed its landmark Clean Air Action Plan in collaboration with local, state, and federal air agencies. In addition, the Port has been instrumental in collaborating with legislators on sustainability-related legislation, including regulations to establish Total Maximum Daily Loads for harbor waters and requirements for low sulfur fuel use by ocean-going vessels.

About this Report

Local Communities

The Port recognizes its responsibility to actively mitigate the negative environmental and human health impacts associated with Port operations. The extensive environmental and social programs detailed in this report are designed to ensure that communities surrounding the Port experience net positive benefits from Port activities, and that community needs and concerns are met by the Port. When considering or initiating new development projects, the Port conducts workshops, meetings and hearings to provide community members with an opportunity to participate in key decisions and guide the direction of Port activities.

The Port has also recently created a Public Relations division to work directly with the public and government agencies.

Material Issues

The Port has identified five material issues that are most significant to Port stakeholders, and key to the Port's continuing sustainability progress. These issues were defined through collaborative meetings with representatives from the Port's major functional divisions, who are responsible for regular interaction with the Port's major stakeholder groups.

I. Community Investment: Building healthy and strong local and regional communities through economic and workforce development, provision of community benefits and public space amenities, and improving quality of life and mitigating environmental impacts.

II. Land Use and Infrastructure: Managing Port land for its highest and best use; developing and maintaining world-class infrastructure to meet the current and future needs of customers, community and environmental protection; and providing for the integration of industrial, commercial, recreational, and ecological spaces and facilities.

III. Public Health: Preventing and progressively reducing health-related impacts from Port operations to the greatest extent feasible.

IV. Energy and Resource Conservation: Conserving energy, water and land-based resources to the greatest extent possible through responsible stewardship, adaptive planning, technology advancement and operational best practices; generating renewable energy for Port operations.

V. Financial Strength: Securing, managing and deploying resources to meet financial performance goals in order to invest in, grow and maintain a world-class sustainable Port.

The information and performance data contained in this report has been organized according to these five issue areas.

Sustainability Performance

The Port operates a number of sustainability programs to achieve progress on these material issue areas. Over the past two years, the Port has celebrated accomplishments on existing sustainability programs, and has also introduced a number of new initiatives and planning documents to direct and accelerate sustainability progress in particular areas. This report covers all of the Port's major efforts to address sustainability during the reporting period.

Highlights

The chart below provides a quick, at-a-glance summary of some of the major achievements the Port has made in FY 2011/2012 and FY 2012/2013. The completion of the Port's 2012-2017 strategic plan straddles all of these material issue areas, and thus is not included in the chart below.

Major Sustainability Progress FY 2011/12-FY 2012/13

Community Investment	
Initiative	**Achievements**
LA Waterfront Project	• Completed construction on the Downtown Harbor water cut • Selected development partner for Ports O'Call redevelopment • Received three design and engineering awards for Wilmington Waterfront Park. Completed construction and opened park to the public. • Completed construction on Cabrillo Marina Phase II • Completed construction on the Southern Pacific Slip • Celebrated public opening of Crafted at the Port of Los Angeles • Brought historic ship USS Iowa to the Port • Hosted over 235,000 community members at public events at the Port • Presented design concept for AltaSea Marine Research Center
Community Mitigation Trust Fund	• Created new nonprofit organization Harbor Community Benefit Foundation to manage the trust fund • $350,000 in healthcare grants provided to community organizations with another $450,000 approved
Community Aesthetics Mitigation Program	• Completed construction of Banning Museum Transportation Exhibit • Wilmington Chamber of Commerce LED sign installed • Completed landscaping of "E Street Gateway" • Completed restoration of Angel's Gate Lighthouse • Completed first school program and cleanup under the Elementary Stormwater Education Program • Celebrated grand opening of Plaza Park Phase I and II

Land Use and Infrastructure	
Initiative	**Achievements**
Capital Improvement Program	• Completed eight major, large-scale construction projects under the Capital Improvement Plan
Land Use Planning	• Released a Draft Port Master Plan Update • Completed a Terminal Island Land Use Plan Study • Created and adopted a Built Environment Historic, Architectural and Cultural Resource Policy
Climate Adaptation	• Completed a Climate Adaptation Study in conjunction with the Rand Institute
Southern California International Gateway	• Board certified the final Environmental Impact Report and approved the project

Public Health	
Initiative	**Achievements**
Clean Air Action Plan (CAAP)	• Achieved 71% DPM reduction (over 2005 baseline), which is very close to meeting the CAAP 2014 DPM emission reduction standard of 72% • Exceeded the CAAP 2014 NOx mass emission reduction standard • On track to meet the CAAP 2014 SOx emission reduction standards and the 2020 Health Risk Reduction Standard
Environmental Ship Index (ESI)	• Launched program in May 2012 to reduce DPM, NOx, SOx and CO2 from ocean-going vessels • To-date 556 ship calls have received ESI incentives
Vessel Speed Reduction Program	• Continued to increase compliance rate with a 94% compliance rate within 20nm of the port and a 79% compliance rate within 40nm of the Port in 2012
Alternative Maritime Power	• Contributed to the United Nation's International Electro-technical Committee to publish the first global standards for AMP installation
Marina Engine Exchange Program	• Funded the replacement of nearly 30 outboard motors with cleaner engines, reducing annual air emissions by approximately 3,300 lbs of HC and NOx
Clean Truck Program	• With the final progressive ban in January 2012, 98% of truck trips now meet or exceed the 2007 on-road standard for both ports.
Rail Locomotives	• Supported rail provider PHL in retrofitting its 16 oldest locomotives to meet Tier 2 engine standards
Pacific Ports Clean Air Collaborative	• Hosted the third annual conference of this global clean air association in 2012, drawing 150 attendees
Climate Change Mitigation	• Decreased Scope 1 and 2 Greenhouse Gas (GHG) emissions by nearly 500 metric tons
Climate Leadership Award	• Received EPA Climate Leadership Award in the category of Supply Chain Leadership
World Ports Climate Initiative	• Contributed to the WPCI's web-based Carbon Calculator for ports, which was released in 2011
Mitigation Monitoring and Reporting Program	• Created compliance-tracking database to manage Mitigation Monitoring and Reporting Plans (MMRP) for the construction and operation of new development projects

Energy and Resource Conservation	
Initiative	**Achievements**
Water Resources Action Plan	• Implemented studies and control measures aimed at improving water quality at Inner Cabrillo Beach, including an expansion of the existing bird exclusion structure and pilot circulation studies • Worked with other responsible parties to establish a toxic pollution monitoring plan for Los Angeles and Long Beach harbors • Installed litter skimmers at three of the Port's marinas
Tenant Stormwater Outreach Program	• Adopted an electronic method of recording site visits and compliance-related data, which allows for greater efficiency and reduces paper use
California Least Tern* Site Program (*federally listed endangered bird species)	• Ongoing habitat protection activities led to the highest per nest fledgling survival rate in California in 2012
Energy Management Action Plan	• Commenced development of an Energy Management Action Plan to plan for future Port energy needs
Renewable Energy Program	• Installed an additional 0.6MW of solar capacity on Port lands, bringing the current total to 1.6MW
Zero Emissions Roadmap	• Released Zero Emissions Roadmap in conjunction with Port of Long Beach outlining strategies to increase use of zero emissions technologies
Technology Advancement Program	• Facilitated testing of the world's first zero-emissions drayage truck • Initiated testing on a promising alternative to Alternative Maritime Power (AMP) for ocean-going vessels
Other Green Technology Projects	• Began developing and demonstrating technologies for electric off-road cargo handling equipment and electric rubber-tired gantry cranes
Green Building Policy	• Received the Port's first ever gold-level LEED™ certification for Los Angeles Port Police Headquarters building
Waste Diversion	• Improved waste diversion rate from 91.75% in calendar year 2011 to 91.9% in calendar year 2012

Financial Strength	
Initiative	**Achievements**
Financial Performance	• Increased cargo volume, revenue and income over previous year
Trade Connect Program	• Increased number of events and attendance over previous year • Program received a 2012 Presidential E Star Award for Export Service
Strategic Sourcing Policies	• Initiated Local Business Preference Program • Awarded 31% of all construction and professional service contract awards to small business enterprises and 11% to very small business enterprises, exceeding the program goal
Project Labor Agreement	• Finalized five-year Port-wide agreement with building and trade unions with stipulations for hiring local residents and disadvantaged workers • 23 full time equivalent jobs created under the PLA between June 2011 and May 2013
Employee Communications and Recognition	• Instituted a formal employee communications program, as well as a quarterly recognition program for exemplary employees
Employee Commuting	• Achieved participation of approximately 16% of workforce in Port-sponsored vanpools
Employee Training	• 25 Port employees completed degrees under the tuition reimbursement program • Trained 180 employees through the Port's new POLA Leadership Academy

Sustainability Awards Received

- 2012 Containerisation International Environmental Award
- 2012 Lloyd's List Global Award in Environment Category
- 2012 International Trade Administration Presidential E Star Award for Export Service for Trade Connect Program
- 2012 Blue Frontier Campaign Peter Benchley Ocean Award for "Excellence in Solutions" received by Executive Director Geraldine Knatz, Ph.D.
- 2012 Construction Management Association of America (CMAA), Southern California Chapter

Project of the Year Award, Infrastructure/Public Parks for Wilmington Waterfront Park

- 2012 Construction Management Association of America (CMAA), Southern California Chapter Sustainable Projects Award for Cabrillo Way Marina Phase II
- 2011 USEPA Climate Leadership Award for Supply Chain Leadership
- 2011 American Public Works Association (APWA), Southern California Chapter Project of the Year Award for Wilmington Waterfront Park
- 2011 Engineering News-Record (ENR) California Magazine Best Project Award in the Landscaping/Urban Planning category for Wilmington Waterfront Park
- 2011 American Council of Engineering Companies (ACEC) Merit Award in Engineering Excellence for Wilmington Waterfront Park
- 2011 U.S. Green Building Council Leadership in Energy and Environmental Design Gold LEED™ Certification for Los Angeles Port Police Headquarters Building

Key Sustainability Memberships and Associations

The Port participates in a number of organizations dedicated to improving the sustainability of port operations domestically and globally. Key sustainability memberships include:

- International Association of Ports and Harbors
- World Ports Climate Initiative
- American Association of Port Authorities
- Pacific Ports Clean Air Collaborative
- West Coast Ports Sustainable Design and Construction Guidelines Technical Committee
- PIANC World Association for Waterborne Transport Infrastructure

I. Community Investment

The Port of Los Angeles takes its role as a global leader in containerized trade very seriously. The Port believes that with this leadership comes a responsibility to protect shared ecological resources and foster the development of healthy, livable communities in surrounding areas. The Port also fosters a number of job creation initiatives specifically designed to provide employment opportunities to local residents. These are described in detail in the Financial Strength section.

Key progress in the reporting period:

Community Investment	
Initiative	**Achievements**
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A. COMMUNITY DEVELOPMENT PROJECTS

The Port recognizes the importance of continuing to provide valuable benefits to the region and maintaining strong relationships with community members. In this vein, the Port's strategic priorities are to continue to expand the variety of functions the Port serves for local communities by providing a mix of recreational, commercial and industrial space.

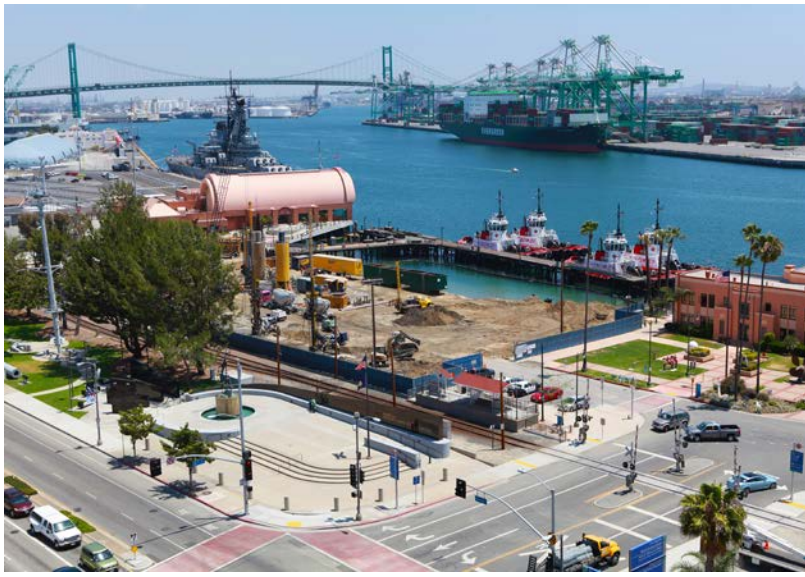
LA Waterfront Project

The LA Waterfront Project consists of a series of waterfront development and community enhancement projects blanketing more than 400 acres of existing Port of Los Angeles property in both San Pedro and Wilmington. Through ongoing development of the LA Waterfront, the Port aims to optimize waterfront resources, and to provide infrastructure and amenities to support healthy and vibrant local communities.

Downtown Harbor

The Downtown Harbor project is a centerpiece of the ongoing revitalization of the LA Waterfront. Located just north of the Los Angeles Maritime Museum, improvements under the Downtown Harbor project include the creation of a new harbor inlet for vessels to dock, and a surrounding town square, featuring landscaping, lighting and expansive promenades. In early 2013, the "water cut" phase of this project was completed, which has created the necessary land and harbor infrastructure to accommodate the planned town square and waterfront promenade. Construction of the Downtown Harbor Town Square and promenade commenced in March 2013, and is expected to be completed in 2014.

The Downtown Harbor is the first project to be built under the Port's new Project Labor Agreement, which was designed to ensure safe, quality development projects and job opportunities for local and disadvantaged residents.



Ports O'Call Redevelopment

The Port of Los Angeles is working toward redevelopment of the Ports O'Call village, a 30-acre San Pedro waterfront property located along the Port's Main Channel and adjacent to downtown San Pedro. The parcel was developed as Ports O'Call village in the 1960s, and was a popular tourist destination for many years.

In February 2013 the Port began exclusive negotiations with LA Waterfront Alliance to redevelop and revitalize the property. The Ports O' Call development concept submitted by LA Waterfront Alliance includes a mix of visitor-focused commercial retail and restaurants, a boutique hotel and conference center, open space for events, as well as a 13th Street gateway connecting the San Pedro community and the waterfront.

Wilmington Waterfront Park

The Wilmington Waterfront Park opened at the Port of Los Angeles in June 2011. This new 30-acre park nearly doubles the amount of public open space in Wilmington.

The park includes landscaped area with gentle slopes, lawns (grass and artificial), trees, bike paths, walkways, benches, water features, pedestrian bridges, restrooms, elevated observation points, a children's playground, barbeques, a picnic grove, and public art installations. Construction of the park began in 2009 and was completed in June 2011 at a total cost of $55 million.

The Port was honored with three engineering and design awards for Wilmington Waterfront Park. The Port received the 2011 Project of the Year Award from the Southern California Chapter of the American Public Works Association (APWA); 2011 Best Project Award in the Landscaping/ Urban Planning category from Engineering News-Record (ENR) California Magazine; and 2012 Merit Award in Engineering Excellence from the American Council of Engineering Companies (ACEC). The Wilmington Waterfront Park is currently one of five finalists from among a broad mix of exemplary projects across North America for the Urban Land Institute's 2013 Urban Open Space Award.

Cabrillo Marina Phase II

Cabrillo Way Marina is a 700-slip marina covering 87 acres of land and water in the West Channel/Cabrillo Beach Recreational Complex. The project updated a decades-old marina facility and added about a mile of public waterfront promenade. Construction began in 2009 and was completed in December 2011 at a total cost of $125 million, making it both the largest LA Waterfront and non-terminal construction project at the Port of Los Angeles.

I. Community Investment

Southern Pacific Slip

The Southern Pacific Slip/Ghost Fish waterfront improvement project, located just south of Ports O' Call in San Pedro, was completed in December of 2012. The project created a new public plaza featuring an iconic 40-foot tall "Ghost Fish" sculpture in the shape of a massive bluefin tuna -- the latest in a series of public art displays at the Port.

Crafted at the Port of Los Angeles

The creators of Bergamot Station Arts Center have transformed two 1940s-era warehouses into a bustling crafts marketplace called Crafted at the Port of Los Angeles.

Crafted hosts a community of one-of-a-kind local artists, handmade goods, gourmet concessions, live music and entertainment within classic World War II-era waterside warehouses. The indoor venue boasts 140,000 square feet between both warehouses, with 500 vendor stalls, spacious aisles and natural lighting, plus a large outdoor courtyard.

The first phase of Crafted opened in June of 2012, with full development of the complex expected in summer of 2014.

USS Iowa

The Port of Los Angeles is the new home for the historic battleship, USS Iowa. Commissioned in 1943, USS Iowa took part in every major military conflict from World War II until the post-Cold War period when it was de-commissioned in 1990. The 887-foot long vessel was seen as the "World's Greatest Naval Ship" of her era due to her big guns, heavy armor, fast speed, longevity and modern technology.

The Pacific Battleship Center offers guided tours of the USS Iowa. Educational programs include youth camps and overnight stays, where visitors can experience what it is like to be a sailor or Marine aboard a battleship. Subject to additional funding, the attraction may grow to include a two-story landside visitor's center with additional museum space and expanded educational offerings.

This new addition to the LA waterfront furthers the Port's goal to serve as an educational resource for the community. The floating museum was opened to the public in July 2012.

I. Community Investment

Community Events

From concerts and car shows to fireworks and festivals, events hosted by the Port of Los Angeles attract tens of thousands of visitors annually from all over the world.

Some of the Port's most popular events include Cars & Stripes Forever featuring classic cars, live music and fireworks, and the Port's annual "Lobster Festival" - the world's largest lobster festival - with a Guinness World Record to prove it.

Another standout event was July 2011's Navy Week, which drew over 40,000 attendees and featured four military vessels, an aircraft carrier, a cruiser, a destroyer, and a minesweeper. Navy week in 2012 was a smaller event, drawing a crowd of approximately 6,000.

A full schedule of events for the current season can be found online on the Port's community calendar.

Community Events	Attendance FY 2011/2012	Attendance FY 2012/2013
Cars & Stripes Forever!	17,500	23,000
Free Concerts at the Fountain	3,000	3,050
ILWU Hall Groundbreaking		700
Port Police Headquarters Open House	6,000	
Navy Week	40,000	6,000
Movie Night in Wilmington		1,000
Tall Ship Pallada visit	3,500	
APMT 10th Anniversary		1,500
Lobster Festival	40,000	40,000
Happy Harbor Halloween	5,500	5,500
Veterans Appreciation Event		5,000
Fountain Holiday Event	600	
Wilmington Winter Wonderland	2,500	2,500
Holiday Afloat Parade	800	1,000
Ghost Fish Opening		200
Pacific Ports Collaborative Conference	150	
Downtown Harbor Groundbreaking	300	
Annual Waterfront Update Meeting	225	
IAPH Conference		600
World Trade Week Free Public Boat Tours	7,000	5,000
Walkathon Positivo	2,500	
Scout Day		75
AltaSea Press Event		300
Lighthouse Event		250
Cars & Stripes Forever!	17,500	
Total	**147,075**	**95,675**

AltaSea Marine Research Center

In June of 2013, The Port announced a bold vision to transform City Dock No. 1, a 100-year-old pier on the LA Waterfront in San Pedro, into a world-class urban marine research and innovation center.

The 28-acre site, called AltaSea, will be developed through a public-private partnership between the Port, a non-profit organization, and a host of regional public and private universities.

The planned facility will feature circulating sea-water labs, offices, classrooms, lecture halls, support facilities, an interpretive center, and the world's largest seawater wave tank for studying tsunamis and rogue waves. The anchor tenant of Phase 1 will be the Southern California Marine Institute, a strategic alliance of 11 major universities in Southern California that have marine science academic and research programs.

With the AltaSea Marine Research Center, the Port of Los Angeles aims to create a preeminent center for marine-related research, education and business development. Once operational, the center will be a major economic engine, generating hundreds of jobs and millions of dollars in annual wages and taxes.

AltaSea
AT THE PORT OF LOS ANGELES

Community Mitigation Trust Fund

The Port of Los Angeles Community Mitigation Trust Fund (PCMTF) provides funding for community mitigation initiatives to be carried out in the communities of Wilmington and San Pedro following construction of specified Port of Los Angeles development projects.

Since the release of the Port's previous sustainability report, significant progress has been made under the PMCTF. In November of 2011, a new nonprofit called the Harbor Community Benefit Foundation (HCBF) was created to manage the trust fund of approximately $16 million. The mission of HBCF is to carry out public benefit projects that assess, protect, and improve public health, quality of life, and the natural environment of the local communities. The formation of HCBF is a groundbreaking collaboration between the Port of Los Angeles and the organized efforts of 17 environmental and community groups.

HBCF Projects:

Health Care Grant Program: The HCBF provides grants to health service providers to address health impacts from air pollution near the Port. In 2012, the Harbor Commission approved $350,000 in funding for four HCBF grantees. Projects included the opening of a respiratory clinic in the Wilmington Health Center, asthma education classes, exercise programs and a well-attended Wilmington Health Fair that will be held annually hereafter. In June 2013, the Los Angeles Harbor Commission approved $450,000 for a second round of grants to support six San Pedro and Wilmington community health programs that will use the funds to reduce asthma, treat patients and educate residents about respiratory health.

Noise Abatement Program: In April of 2012, HCBF initiated a study to establish the zones of greatest noise impact from the TraPac terminal and to provide a cost estimate, schedule, and recommendations for HBCF's Noise Abatement Program. The report, released in August 2012, is the first step toward developing a school and residential sound insulation program.

Land Use Study: In 2012, HBCF initiated a study to analyze off-port impacts on land use from Port of Los Angeles operations on the communities of Wilmington and San Pedro. This study will be used to inform future mitigation measures.

Air Filtration Program: $6 million from the PMCTF Trust fund will be used to install and maintain air filtration systems in several Wilmington and San Pedro Schools.

Community Aesthetics Mitigation Program

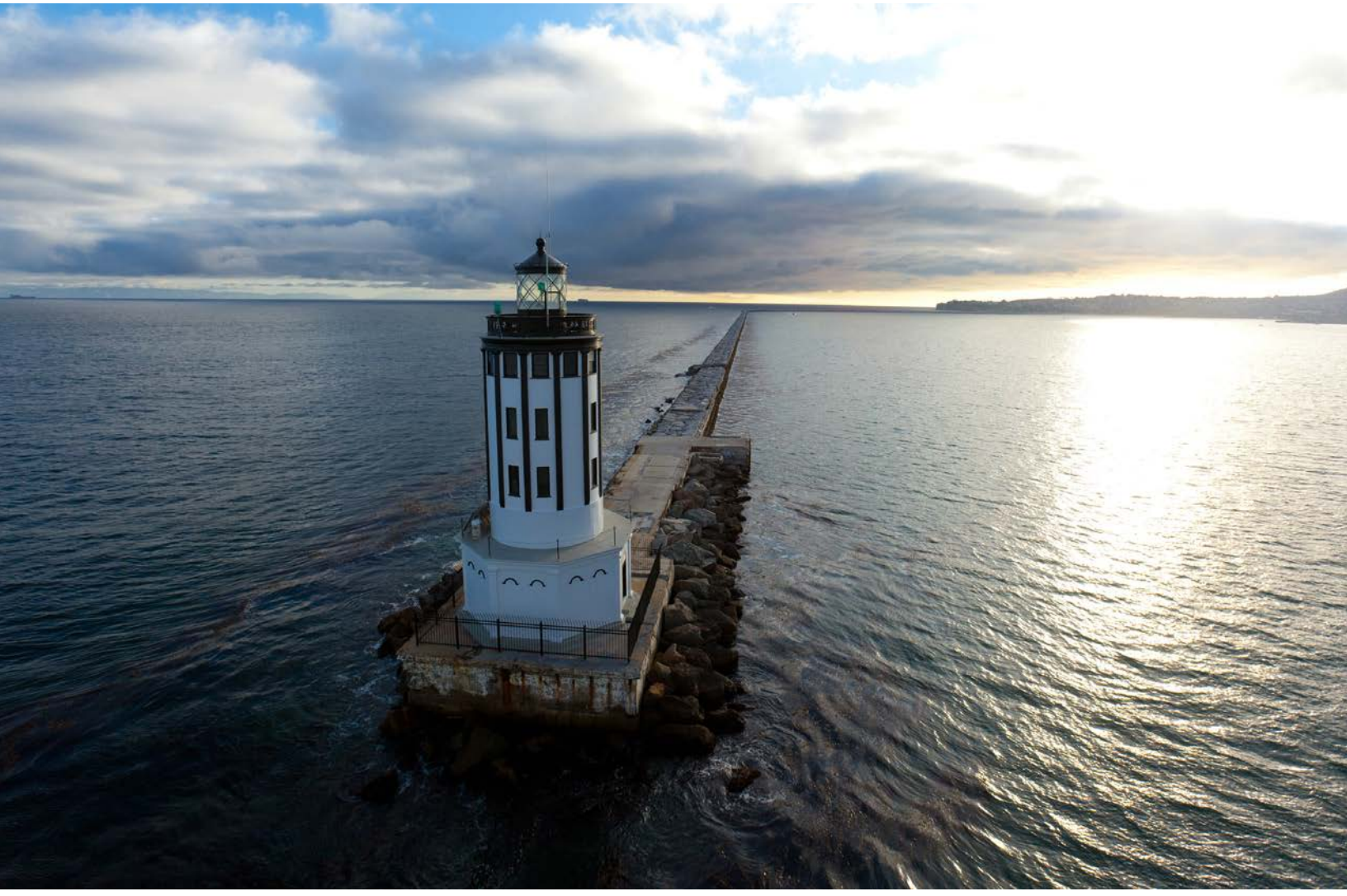
A 2003 settlement with China Shipping resulted in the creation of the Community Aesthetics Mitigation Program. With the final deposit in May 2011, a total of $34,032,024 has been injected into the fund, which supports community-driven beautification, education and open space projects in the San Pedro and Wilmington communities.

At the time of the settlement, fourteen projects were selected to receive funding from the program: ten in Wilmington, to which $13,666,012 in funding was allotted, and 4 in San Pedro, to which $20,366,012 in funding was allotted. This section details progress made in the reporting period on approved Community Aesthetics projects.

Wilmington Projects: Updates

Banning Museum Transportation Exhibit: In August 2011, construction was completed on the new transportation exhibit at the Banning Museum called "Improbable Gateway: The Los Angeles Transportation Legacy". It spotlights the vision of Phineas Banning and the development of transportation in Los Angeles and the Harbor area from stagecoach to rail. Since it opened, over 26,709 people have visited the exhibit.

Wilmington Chamber of Commerce LED Sign: In September 2011, the upgrade of the Wilmington Chamber of Commerce sign was completed. The new LED digital display enables Chamber staff to keep messages current, gets much more information out than before, and modernizes the look of the corner.



Alameda St. and Harry Bridges Blvd. Landscaping: Landscaping of the "E St. Gateway" located on E and Alameda Street was completed in June 2011.

L.A. Harbor Lighthouse Restoration: The Angel's Gate Lighthouse has marked the entrance to the Port of Los Angeles since 1913. Restoration of the historic Angel's Gate Lighthouse was completed in May of 2012. The lighthouse is inaccessible to the public, but can be viewed from Cabrillo Beach or from the waterside. The Cabrillo Beach Boosters plan to conduct tours of the lighthouse as fundraising for ongoing lighthouse maintenance.

Robert F. Kennedy Institute – Health Education: Funding has been allocated to the Robert F. Kennedy Institute to support ongoing workshops and events on community health issues such as respiratory illnesses, cancer and heart health.

Tall Ship Restoration for Youth Program Expansion: The LA Maritime Institute is in the final stages of restoring the Swift of Ipswich: a 70-yr old wooden Square Topsail Schooner. The Swift will be used to provide sailing trips for students after restoration is complete at the end of 2013.

Wilmington Marina Parkway: Funding will be used for a landscaping project along Anchorage and Shore Roads. It will include a concrete pathway, picnic tables, landscaping, lighting, and parking spaces, and will foster a more livable community for Marina users. Construction is underway is expected to be complete by the end of 2013.

YMCA Aquatic Center: Funding has been allocated to install a pool in the YMCA on Avalon Blvd. Construction is slated to begin in late summer 2013.

Wilmington Youth Sailing Center: A sailing center, to be used by local and inner-city youth sailing programs, is currently being designed.

Elementary Storm Water Education Program: Launched in fall 2012, this program enables educators to visit local primary schools to teach students about the importance of keeping pollutants out of storm drains. Community litter clean ups are also carried out as a component of the program. To date there has been one school program under this initiative, and one community litter clean up. The program will start again this fall.

San Pedro Projects: Updates

Northwest San Pedro Beautification: This beautification project involves extending the construction of sidewalk and grass along North Gaffey Street. Multiple projects and multiple agencies are involved in this initiative. An overall assessment is currently in progress to ensure that design concepts will mesh well together.

Plaza Park: Renovations to Plaza Park began in April 2012, with the goals of building new lighting, enhancing the path, and improving views of the harbor for visitors. The grand opening of phase 1 and 2 occurred July 1, 2013.

Hey Rookie Pool Renovation: This project will restore the Gaffey Street pool and grandstand to its original condition. The pool will be available for public recreational use and will also provide a beautiful and unique venue to host special events. Preliminary designs for this project are currently being developed, and the first public meeting to share a design concept will occur in fall of 2013.

Front Street Beautification: Funding has been made available to beautify the east side of Front Street in San Pedro. This project is currently in the design stage, and Port staff is making plans to present the design to the community.

B.
EDUCATIONAL PROGRAMS

Educating stakeholders on the goods movement process is an important priority for the Port. Educational programming is provided through public boat tours and the Port's relationship with the local charter high school.

Port Boat Tours

The Port provides several hundred tours annually to Port stakeholders. Approximately 4,000 visitors annually take part in regularly scheduled tours, with several thousand more participating in free tours over World Trade Week. The Port aims to increase the number of tours provided to visitors from 25 to 40 per quarter by June 2014.

Charter High School

The Port of Los Angeles High School (POLAHS) is an independent, college preparatory charter high school located in San Pedro. POLAHS is one block from the largest port complex in the United States, enabling educators to integrate San Pedro's port activity into an education plan that highlights the social, environmental, and technological components of our global economy.

Since the school's opening in 2006, the Port has contributed in various ways to POLAHS including dedicating a classroom, and renting and lending Port-owned office space for school use. Port staff provides periodic guidance to POLAHS students through educational tours, presentations, and by judging student research projects. POLAHS students have also contributed to the Port by serving as volunteers at Port events.

The Port provides a yearly sponsorship for POLAHS' Summer Maritime Institute Program, which educates teachers and administrators on the maritime industry. Additionally, for the past three years the Port has sponsored the Port of Los Angeles Harbor Community and Maritime Service Scholarship to assist students in pursuing post high school education and training with the goal of obtaining a career in a maritime-related field.

International Trade Education Programs

The Port of Los Angeles International Trade Academy is the first program in a series of academic clusters designed, developed and implemented by International Trade Education Programs, a nonprofit organization. Nearly 200 Banning High School students are involved in the Port of Los Angeles International Trade Academy.

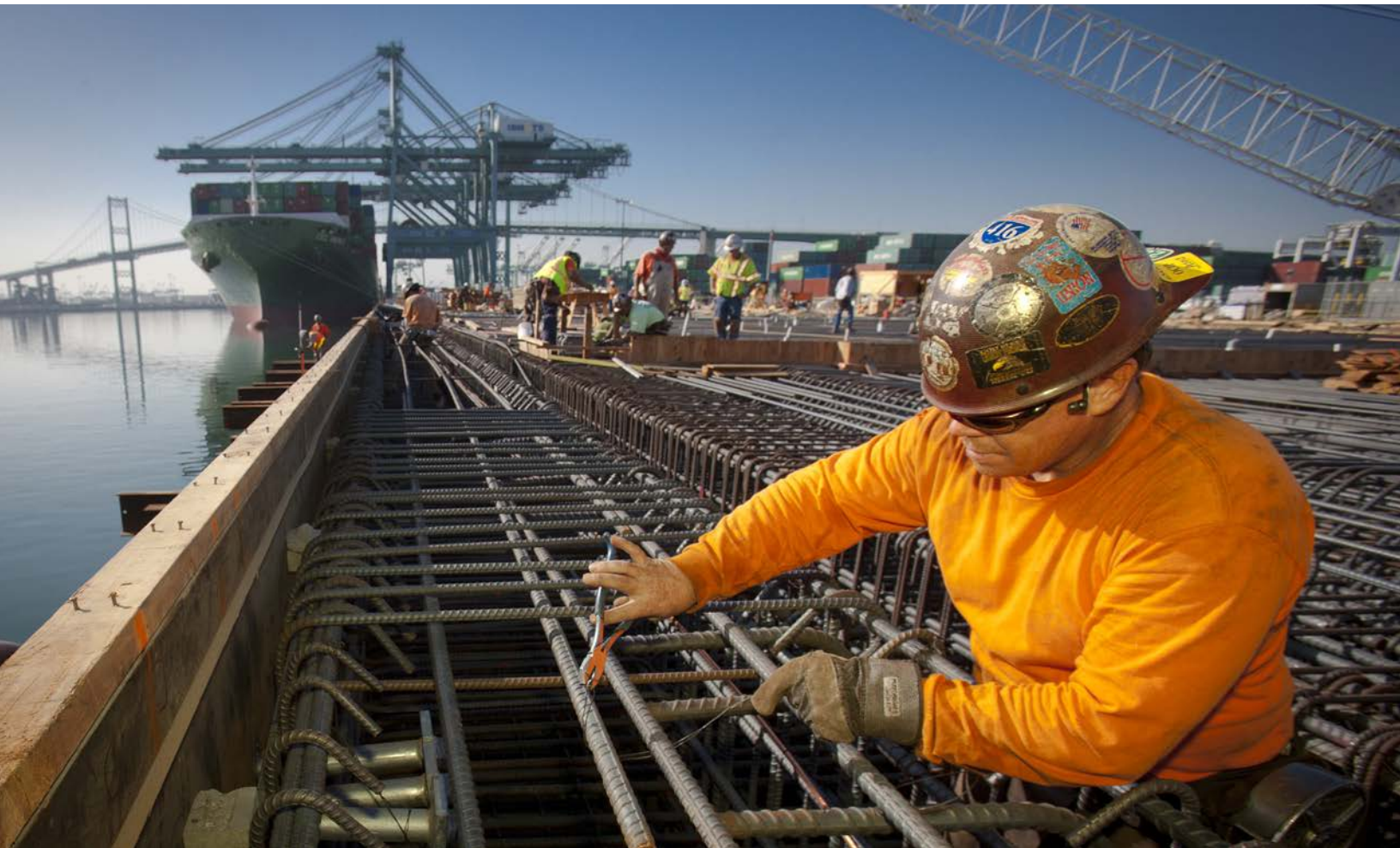
All classes and programs are designed to introduce students to the many careers in international trade. The Port of Los Angeles International Trade Academy helps to meet the workforce need of a growth industry, while providing invaluable educational opportunities to Banning High School students.

II. Land Use and Infrastructure

The Port places a very high priority on ensuring that Ports lands are put to their highest and best use, and on building and maintaining world-class infrastructure for its tenants. In this reporting period, the Port has made significant progress in developing new planning documents; in collaborating with tenants to protect resources surrounding the port; and in completing development projects that benefit multiple stakeholders.

Key progress in the reporting period:

Land Use and Infrastructure	
Initiative	**Achievements**
Capital Improvement Program	• Completed eight major, large-scale construction projects under the Capital Improvement Plan
Land Use Planning	• Released a Draft Port Master Plan Update • Completed a Terminal Island Land Use Plan Study • Created and adopted a Built Environment Historic, Architectural and Cultural Resource Policy
Climate Adaptation	• Completed a Climate Adaptation Study in conjunction with the Rand Institute
Southern California International Gateway	• Board certified the final Environmental Impact Report and approved the project



A.
CAPITAL IMPROVEMENT PROGRAM

As a landlord port, ongoing infrastructure improvements are a critical component of the Port's service to tenants. The Port's five year Capital Improvement Program budgets $1.35 billion for improvements to Port infrastructure over the next five years, including $728 million for terminal improvements, $323 million for transportation, $259 million for community and environmental projects, and $40 million for security enhancements. Major construction projects under the capital improvement program that are active or have been completed during the reporting period are listed in the chart below.

Key Capital Improvement Projects FY 2011/2012 and 2012/2013	
Waterfront Community Development Projects	
Cabrillo Way Marina - Phase II	Construction Completed FY 2011/2012
San Pedro Waterfront Enhancement - Southern Pacific Slip	Construction Completed FY 2012/2013
San Pedro Waterfront - Downtown Harbor - Landside Improvements	Construction In Progress
San Pedro Waterfront - Downtown Harbor - Water Cut	Construction Completed FY 2012/2013
Cabrillo Shallow Water Habitat	Scheduled completion 2013
Harry Bridges Boulevard Buffer	Construction Completed FY 2011/2012
Terminal Expansions and Improvements	
China Shipping Container Terminal Expansions	Construction in progress
Yang Ming Container Terminal AMP Installation	Construction in progress
Trapac Container Terminal Expansions and Improvements	Construction in progress
AMP Installations for Berths 222-236, 300-306 and 400-409	Construction in progress
Exxon Mobil Mooring Point 1	Construction in progress
Transportation Projects	
Harry Bridges Boulevard Improvements	Construction Completed FY 2011/2012
South Wilmington Grade Separation	Construction in progress
Berth 200 Rail Yard	Construction in progress
Main Channel Deepening Program	Construction Completed FY 2012/2013
Security	
Port of Los Angeles Police Headquarters	Construction Completed FY 2011/2012
POLA Fiber Optic Network Program	Completed in certain sections FY 2012/2013; ongoing in other areas

B.
PORT MASTER PLAN UPDATE

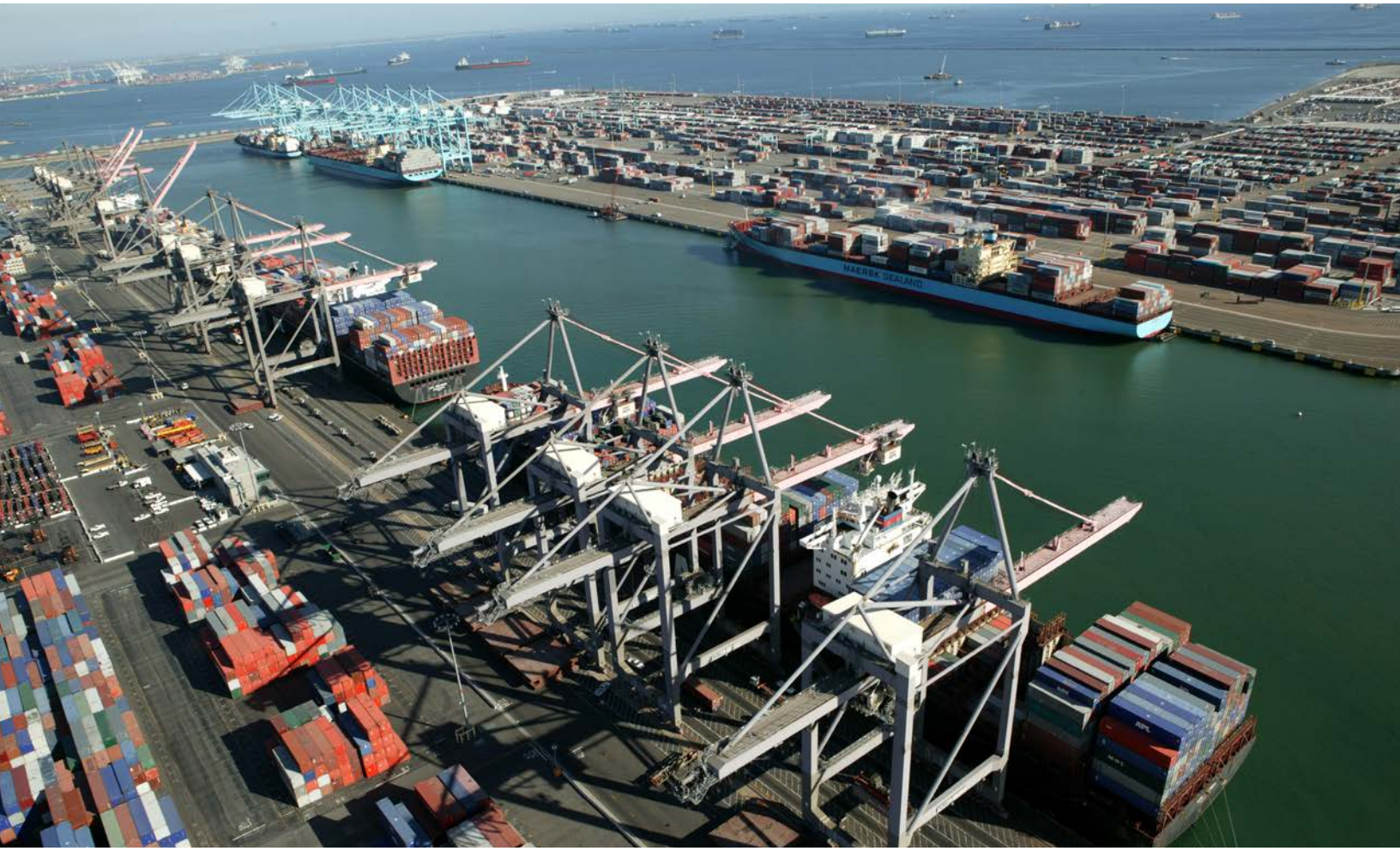
The Port Master Plan (Plan) serves as a long-range plan to develop policies and guidelines for future development within the coastal zone boundary of the Port of Los Angeles.

The original Master Plan became effective in April 1980. While amendments to the original Plan addressed changes relating to specific projects, the Master Plan Update, released in draft form in February 2013, represents the first comprehensive review and update to the Plan since its original certification. Through the update process the Plan was streamlined and reorganized, and planned commitments codified in one consolidated document.

Drafted for consistency with the California Coastal Act, the overarching goals as articulated in the Plan are to:

- Optimize Land Use
- Increase Cargo Terminal Efficiency
- Accommodate Diverse Cargoes
- Increase Public Access to the Waterfront, and
- Protect Historic Resources

The Master Plan Update reflects input from Port stakeholders, including tenants, Port customers, labor, governmental agencies, and the community. Community members provided input through a series of workshops and meetings in late 2012 and early 2013. The Plan will be brought before the Board for approval later in 2013.



Built Environment Historic, Architectural and Cultural Resource Policy

The built environment of the Port provides an opportunity to appreciate and honor the historic role played by the Port. In April of 2013, the Port of Los Angeles developed a Built Environment Historic, Architectural and Cultural Resource Policy, providing a comprehensive and proactive framework for the ongoing identification of historical resources and consideration for their preservation and reuse.

Principal elements of the plan include:

- Preparing and maintaining an inventory of historical, cultural and architectural resources of the Port;
- Completing a comprehensive survey to evaluate Port historical resources; and
- Establishing priorities for preservation and adaptive reuse of historical buildings, structures, districts and other sites owned by or located on property owned by the Harbor Department.

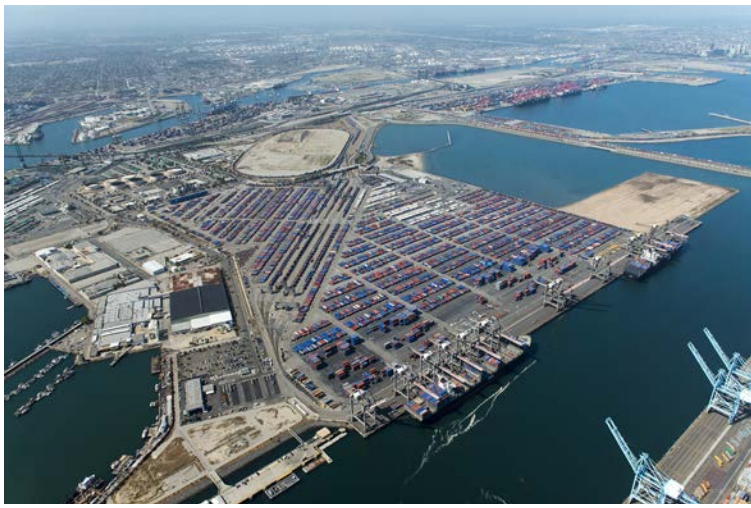
The first stage of this plan – an inventory of historical, cultural and architectural resources – will be completed by May of 2015.

Terminal Island Land Use Plan

Terminal Island is the largest planning area within the Port of Los Angeles. It includes 2,230 acres and an aggregate berth length of 8.3 miles.

The Port conducted extensive outreach to existing and possible tenants to identify future stakeholder needs for Terminal Island and to discuss options for development. The outcome of this process was the Terminal Island Land Use Plan, completed in January 2012. The plan attempts to optimize cargo-handling operations on Terminal Island by expanding container terminal capacity and liquid bulk capacity, while restricting non-cargo and non water-dependent uses (with the exception of the Terminal Island Treatment Plant, an institutional use).

Recommendations contained in the Terminal Island Land Use Plan were incorporated into the Port Master Plan Update.



C.
FRIENDLY TENANT SITE VISITS

Since 2008, Port staff has been conducting friendly tenant site visits to review current pollution prevention practices and offer recommendations for best management practices. Practices reviewed during these site visits may include hazardous and universal waste storage, areas maintenance, fueling, litter, recycling, grounds maintenance, structural best management practices, and employee training.

D.
CLIMATE ADAPTATION STUDY

In 2011, the RAND Institute, in partnership with the Port, conducted a study to create a decision-making model to harden infrastructure assets and identify potential impacts to Port activities resulting from climate change.

The study and model results indicate a low risk of impacts from sea level rise through 2050. However, the model can be revisited in future years to assess risk as more input information becomes available. The model can also be adapted for other entities to use. The study is available for public review at the California Energy Commission website.

E.
SOUTHERN CALIFORNIA INTERNATIONAL GATEWAY (SCIG)

In March of 2013, the Los Angeles Harbor Commission certified the final Environmental Impact Report for the proposed Southern California International Gateway (SCIG) intermodal railyard and approved the lease. This landmark rail infrastructure project would increase the efficiency and competitiveness of moving containerized cargo through the nation's busiest harbor complex to U.S. and global markets. The project would reduce truck traffic, freeway congestion and air pollution by eliminating approximately 1.3 million truck trips annually along a 24-mile stretch of the Long Beach (710) Freeway. Notable sustainable features of this project include (but are not limited to): all electric wide span rail mounted gantry cranes, low-emission switching locomotives engines, and liquefied natural gas (LNG) trucks with a commitment to move toward Zero Emissions vehicles when they become available.

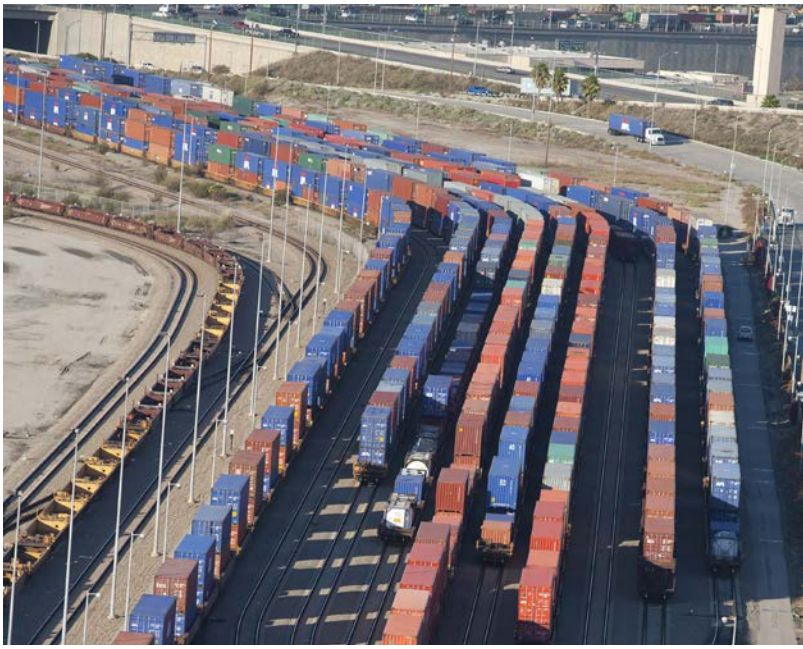
After the EIR was certified and the lease approved, seven appeals were filed challenging the decision, which were later denied by City Council. At present, appellants have filed seven lawsuits against the environmental review and project approval. The Port is currently negotiating to settle these suits and move the project forward. A staff presentation containing a detailed overview of the SCIG project is available from the Port's website.

F.
AAPA WEST COAST PORTS TECHNICAL COMMITTEE: SUSTAINABLE DESIGN AND CONSTRUCTION GUIDELINES

The American Association of Port Authorities (AAPA) West Coast Ports Technical Committee is an innovative collaborative of West Coast seaports with a shared goal of jointly developing tools to integrate sustainability into the planning, design, construction and operation of marine industrial development projects.

Participants of the Committee have been working collaboratively to develop Sustainable Design and Construction Guidelines for the design and construction phases of major port infrastructure projects.

The Guidelines will soon be translated into a technology tool that Ports can use for major infrastructure projects. Next steps for the Committee will be to complete the coding of this technology tool and make it available to the Port community for use. The anticipated release date for this tool is August 2013.



III. Public Health

The Port of Los Angeles is committed to preventing and progressively reducing health-related impacts from Port operations. Over the years the Port has accommodated increasing levels of trade while reducing cumulative air emissions. Given that the Port is located in an air basin that has not consistently met all federal air quality standards, air emissions is an area of great importance to the Port and its stakeholders.

The Port has developed a number of programs and initiatives to address health risk reduction. The San Pedro Bay Ports Clean Air Action Plan (CAAP), initially adopted in 2006, serves as the Port's overarching guide to air emissions prevention and mitigation.

Key progress in the reporting period:

Public Health	
Initiative	**Achievements**
Clean Air Action Plan (CAAP)	• Achieved 71% DPM reduction (over 2005 baseline), which is very close to meeting the CAAP 2014 DPM emission reduction standard of 72% • Exceeded the CAAP 2014 NOx mass emission reduction standard • On track to meet the CAAP 2014 SOx emission reduction standards and the 2020 Health Risk Reduction Standard
Environmental Ship Index (ESI)	• Launched program in May 2012 to reduce DPM, NOx, SOx and CO2 from ocean-going vessels • To-date 556 ship calls have received ESI incentives
Vessel Speed Reduction Program	• Continued to increase compliance rate with a 94% compliance rate within 20nm of the port and a 79% compliance rate within 40nm of the Port in 2012
Alternative Maritime Power	• Contributed to the United Nation's International Electro-technical Committee to publish the first global standards for AMP installation
Marina Engine Exchange Program	• Funded the replacement of nearly 30 outboard motors with cleaner engines, reducing annual air emissions by approximately 3,300 lbs of HC and NOx
Clean Truck Program	• With the final progressive ban in January 2012, 98% of truck trips now meet or exceed the 2007 on-road standard for both ports.
Rail Locomotives	• Supported rail provider PHL in retrofitting its 16 oldest locomotives to meet Tier 2 engine standards
Pacific Ports Clean Air Collaborative	• Hosted the third annual conference of this global clean air association in 2012, drawing 150 attendees
Climate Change Mitigation	• Decreased Scope 1 and 2 Greenhouse Gas (GHG) emissions by nearly 500 metric tons
Climate Leadership Award	• Received EPA Climate Leadership Award in the category of Supply Chain Leadership
World Ports Climate Initiative	• Contributed to the WPCI's web-based Carbon Calculator for ports, which was released in 2011
Mitigation Monitoring and Reporting Program	• Created compliance-tracking database to manage Mitigation Monitoring and Reporting Plans (MMRP) for the construction and operation of new development projects

A.
THE SAN PEDRO BAY PORTS CLEAN AIR ACTION PLAN (CAAP)

With the adoption of the CAAP, the Ports of Los Angeles and Long Beach initiated a historic partnership for health risk reduction and environmental impact mitigation. The CAAP sets air quality goals and details the Ports' strategy for reducing emissions from trucks, ships, harbor craft, locomotives and cargo handling equipment associated with Port activities.

The CAAP, the most comprehensive strategy to cut air pollution and reduce health risks ever produced for a global seaport complex, has served as a model for other ports around the world. The CAAP outlines best practices for emissions inventories, incentive programs, mitigation strategies and the advancement of green technologies.

The 2006 plan was updated in 2010 with even more aggressive targets and additional mitigation measures. The 2006 CAAP and the 2010 update are both available from the cleanairactionplan.org website.

Emissions Reduction Standards

Port-related activities generate three major air pollutants: Diesel Particulate Matter (DPM), Nitrous Oxides (NOx and Sulfur Oxides (SOx). These emissions result from the burning of diesel fuel in vessels, vehicles, and equipment utilized for goods movement and other port operations.

The 2006 CAAP set the goal of reducing air pollution by 45% over 2005 levels by 2012, which was reached three years ahead of schedule in 2009. The current air emission reduction goals, as specified in the 2010 CAAP Update and compared to a 2005 baseline, are:

- By 2014, reduce emissions by 72% for DPM, 22% for NOx, and 93% for SOx
- By 2023, reduce emissions by 77% for DPM, 59% for NOx, and 93% for SOx

Health Risk Reduction Standard

In addition to air emissions targets, the Ports have also developed a standard for reducing overall port-related health risk impacts, relative to 2005 conditions. By 2020, the Ports have committed to reducing the population-weighted cancer risk of ports-related DPM emissions by 85% in highly impacted communities located proximate to port sources and throughout the residential areas in the port region.

The sections below provide detail on progress against these reduction targets, and current measures the Ports employ to achieve emissions and health risk reductions.

Emissions Inventory

Each year Port employees conduct an air emissions inventory to track sources of air pollutants, estimate emissions levels, and track progress against goals. The 2005 Emissions Inventory serves as the baseline. The most recent emissions inventory was completed in 2011. The 2012 Emissions Inventory is currently being calculated and will be available in the Port's next sustainability report.

The following five air emissions sources are inventoried annually:

Source Category	Equipment Inventoried in 2011
Ocean-Going Vessels	2,072 inbound vessel calls
Harbor Craft	250 commercial harbor craft
Cargo Handling Equipment	2,042 pieces of equipment
Railroad Locomotives	7,911 train trips (approx) 4,392 inbound trains/year
Heavy Duty Vehicles	12,000 trucks registered

And emissions of the following six pollutants are estimated:

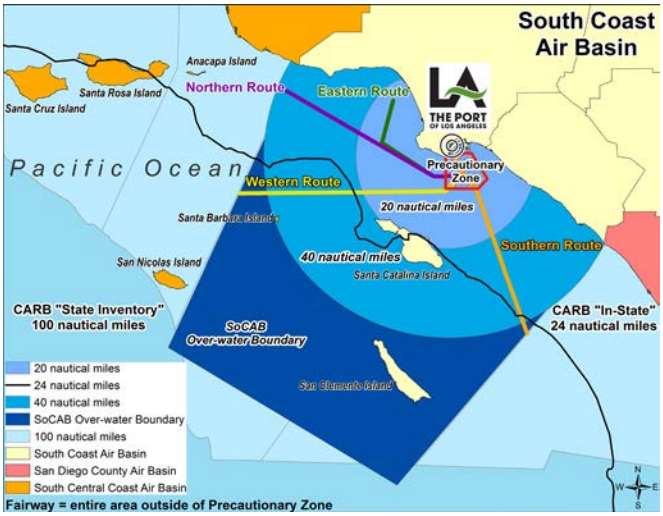
- Particulate matter (10-micron, 2.5 micron)
- Diesel particulate matter (DPM)
- Oxides of nitrogen (NOx)
- Oxides of sulfur (SOx)
- Hydrocarbons (HC)
- Carbon monoxide (CO)

Air emissions calculations are based on source specific data for equipment within each source category: ocean-going vessels, cargo handling equipment, harbor craft, rail, and heavy-duty vehicles. Emissions estimates are developed for each source category in a manner consistent with the latest estimating methodologies agreed upon by the Port and participating regulatory agencies.

The landside and over-water boundaries of the Emissions Inventory are presented in the images below.

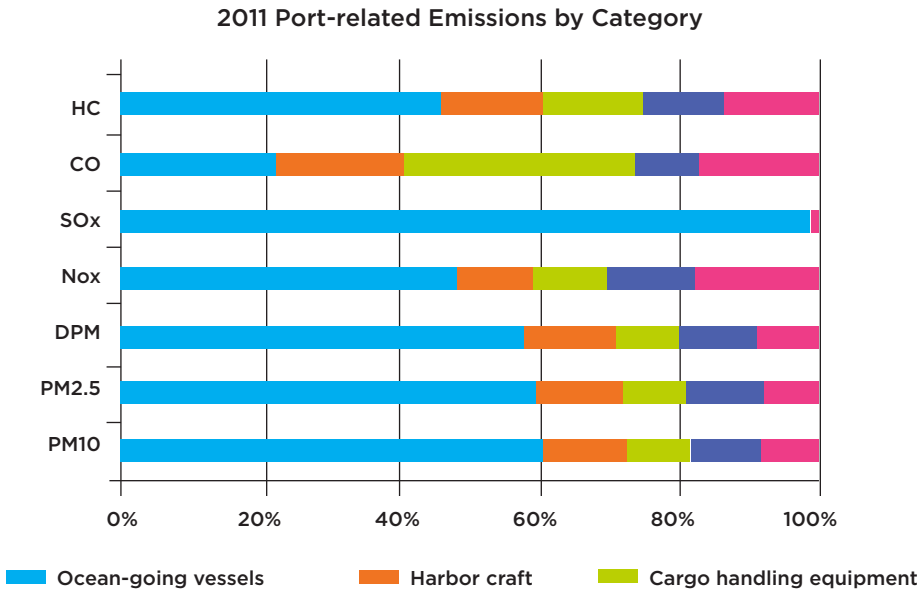
Figure ES.1: South Coast Air Basin Boundary

Figure ES.2: OGV Inventory Geographical Extent



Air Pollutants by Source Category

As illustrated in the chart below, ocean-going vessels (OGVs) are the single largest source of air emissions from Southern California goods movement. Emissions from this one source make up approximately half of all port-related air emissions.



The following table provides total estimated tons of air emissions for the past 7 years by source category.

Table ES.4: Port-wide Emissions Comparison, tpy

Year	PM_{10}	$PM_{2.5}$	DPM	NO_x	SO_x	CO	HC
2011	287	258	258	7,989	1,287	2,037	482
2010	304	272	276	8,212	1,319	1,995	276
2009	491	425	447	10,864	2,435	2,622	560
2008	763	655	693	15,024	3,802	3,461	719
2007	723	634	627	16,383	3,400	3,659	778
2006	1,047	896	947	18,526	5,725	4,185	866
2005	980	836	891	16,381	5,325	3,666	770
Previous Year (2010-2011)	-6%	-5%	-7%	-3%	-2%	2%	1%
CAAP Progress (2005-2011)	-71%	-69%	-71%	-51%	-76%	-44%	-37%

Progress Toward Goals

Since the launch of the CAAP, air pollution control measures have yielded substantial air emissions reductions. The Port is on track to meet the 2014 and 2023 air quality goals articulated in the 2010 CAAP update. Upon achievement of the 2014 goals, the Port will be in compliance with all air quality thresholds of the Clean Air Act.

Results from the annual air emissions inventory are used to create an annual "Air Quality Report Card"; an at-a-glance update of the Port's progress toward reducing air emissions. The most recent Air Quality Report Card was published in 2012, covering the period of 2005-2011.

THE PORT OF LOS ANGELES

AIR QUALITY REPORT CARD 2005 - 2011

PRIMARY POLLUTANTS DEFINED

DPM = Diesel Particulate Matter
NOx = Oxides of Nitrogen
SOx = Oxides of Sulfur
$PM_{2.5}$ = Particulate Matter less than 2.5 microns in diameter
PM_{10} = Particulate Matter less than 10 microns in diameter
CO_2 = Carbon Dioxide (A Green House Gas contributor)

OVERALL EMISSIONS REDUCTIONS CY 2005-2011

Pollutant	CY 2005-2011 %	CY 2005-2011 tons
DPM	71%	634
$PM_{2.5}$	69%	580
PM_{10}	71%	693
NOx	51%	8,392
SOx	76%	4,038

EMISSIONS PER 10,000 TEU HANDLED

Pollutant	CY 2005-2011 %	CY 2005-2011 tons
DPM	73%	0.86
$PM_{2.5}$	71%	0.80
PM_{10}	73%	0.95
NOx	54%	11.84
SOx	77%	5.5

OCEAN-GOING VESSEL EMISSIONS REDUCTIONS

Pollutant	CY 2005-2011 %	CY 2005-2011 tons
DPM	69%	333
$PM_{2.5}$	67%	304
PM_{10}	69%	395
NOx	30%	1,608
SOx	75%	3,895

HEAVY-DUTY VEHICLE/CLEAN TRUCK EMISSIONS REDUCTIONS

Pollutant	CY 2005-2011 %	CY 2005-2011 tons
DPM	91%	223
$PM_{2.5}$	91%	204
PM_{10}	91%	222
NOx	78%	4,948
SOx	91%	38

HARBOR CRAFT EMISSIONS REDUCTIONS

Pollutant	CY 2005-2011 %	CY 2005-2011 tons
DPM	36%	20
$PM_{2.5}$	36%	18
PM_{10}	36%	20
NOx	33%	441
SOx	92%	6

RAIL EMISSIONS REDUCTIONS

Pollutant	CY 2005-2011 %	CY 2005-2011 tons
DPM	46%	27
$PM_{2.5}$	48%	26
PM_{10}	46%	27
NOx	39%	660
SOx	94%	92

CARGO-HANDLING EQUIPMENT EMISSIONS REDUCTIONS

Pollutant	CY 2005-2011 %	CY 2005-2011 tons
DPM	56%	30
$PM_{2.5}$	54%	27
PM_{10}	54%	29
NOx	47%	735
SOx	83%	7

CO_2 EQUIVALENT REDUCTIONS BY SOURCE TYPE

Source Type	CY 2005-2011 %	CY 2005-2011 metric tons
Ocean-Going Vessels	23%	69,917
Harbor Craft	9%	5,298
Cargo Handling Equipment*	- 8%	- 10,457
Rail	16%	12,867
Heavy-Duty Vehicles	26%	121,498
TOTAL		**199,123**

** All percentages reflect a reduction in emissions except cargo handling equipment.*

SAN PEDRO BAY STANDARDS

- The San Pedro Bay Standards establish the long-term emissions-reduction and health risk-reduction goals for the ports of Los Angeles and Long Beach.
- Emission Reduction Standard for DPM, NOx, and SOx have target years of 2014 and 2023 to support state ambient air quality goals.
- Health Risk Reduction Standard has a target year of 2020 to align with CARB's Goods Movement Emission Reduction Plan.

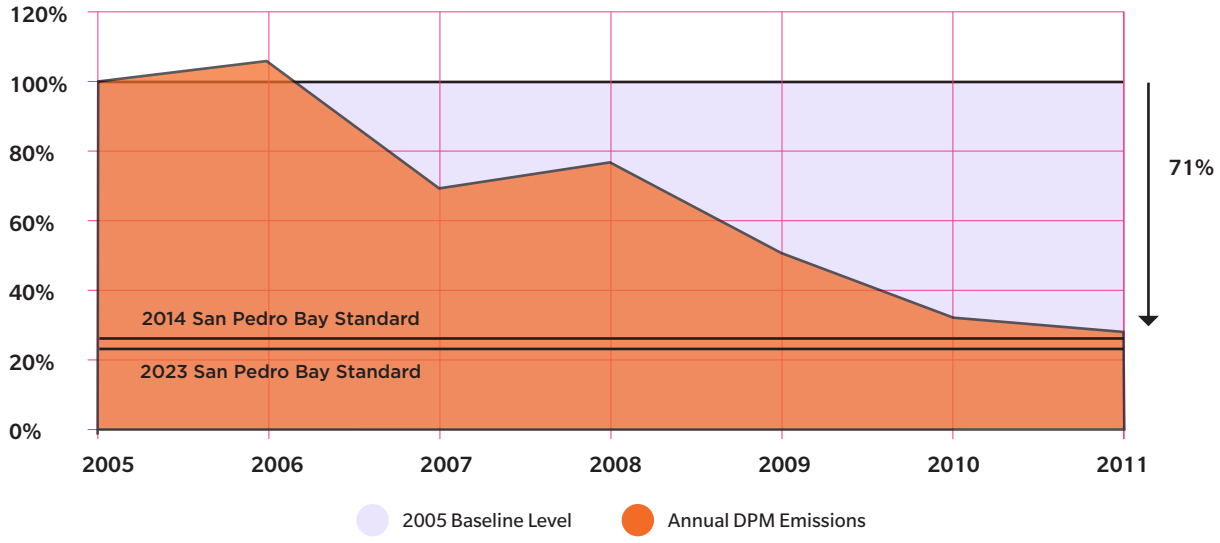
Clean Air Action Plan (CAAP) Goals *(% reduction compared to 2005)*	2014	2023
DPM	72%	77%
NOx	22%	59%
SOx	93%	93%

Health Risk Reduction Standard *(% reduction in residential cancer risk compared to 2005)*	2020	85%

2012-0569_07/12

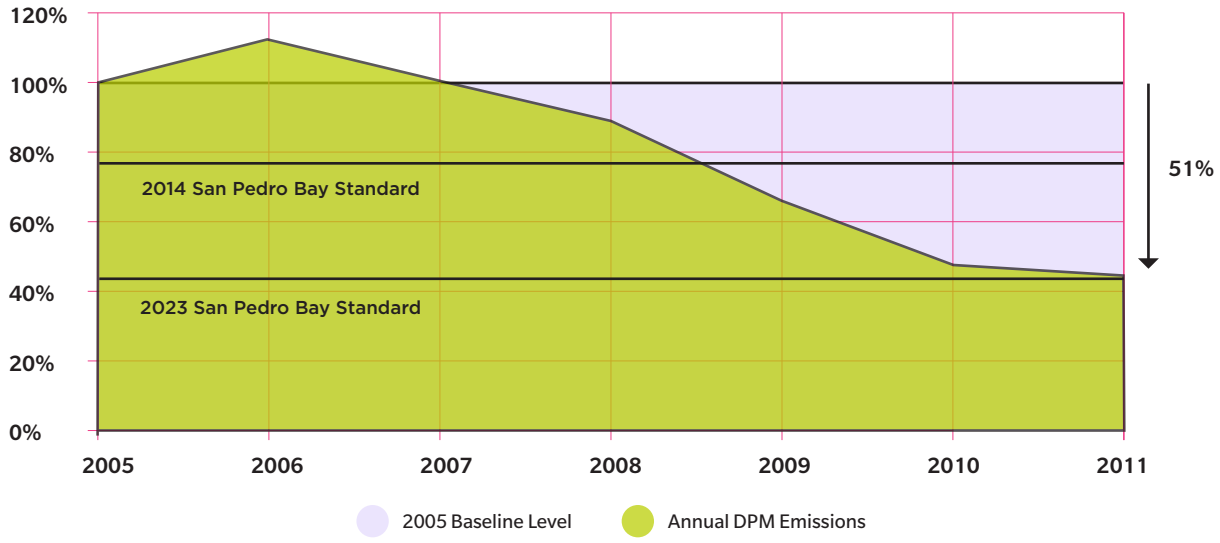
The graphs below display progress toward the emissions and health risk reduction goals set forth in the CAAP.

Figure ES.14: DPM Reductions to Date



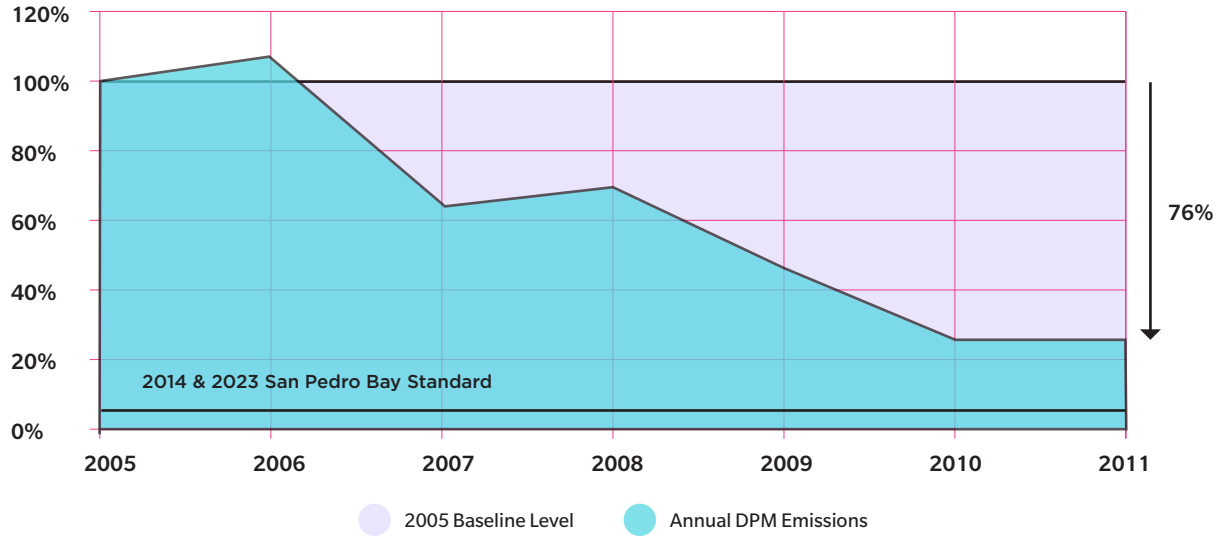
As presented above, by 2011, the Port has almost met the 2014 DPM emission reduction standard (72%) with a 71% emission reduction. The Port is also relatively close to meeting the 2023 DPM emission reduction standard.

Figure ES.15: NO_x Reductions to Date



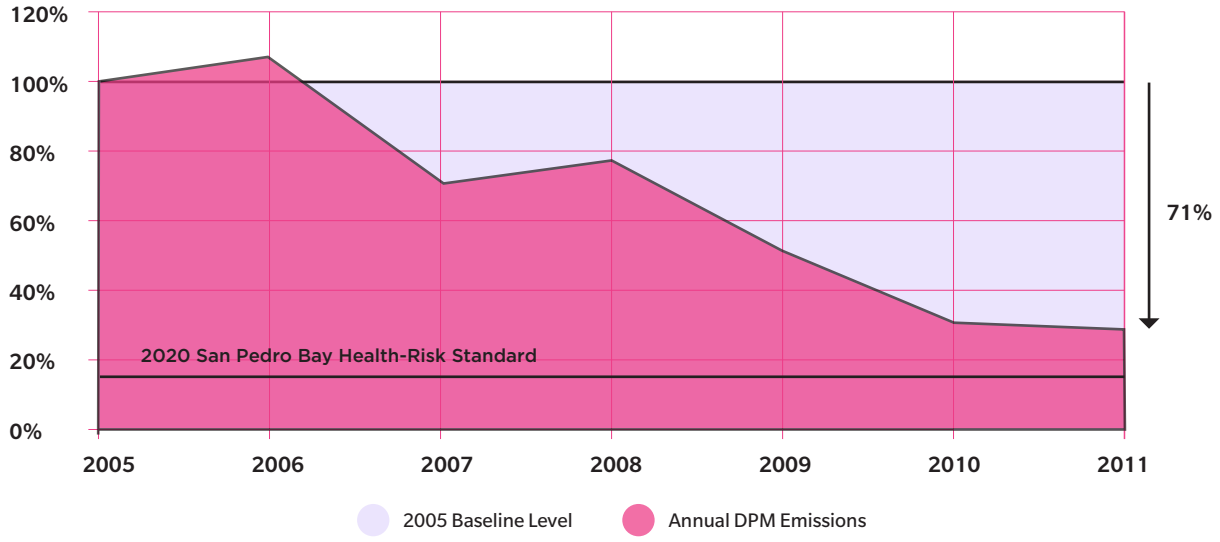
As presented above, the Port exceeded the 2014 NOx mass emission reduction standard in 2011 and is more than three quarters of the way towards meeting the 2023 standard.

Figure ES.16: SO_x Reductions to Date



As presented above, by 2011, the Port is more than three quarters of the way towards meeting the 2014 and 2023 SOx emission reduction standard.

Figure ES.17:Health Risk Reduction Benefits to Date



As shown above, by 2011 the Port is over three quarters of the way towards meeting the 2020 Health Risk Reduction Standard.

The Port achieves air emissions reductions through a variety of different control measures for each source category, as detailed below.

Air Emissions Source Control Measures: Ocean-Going Vessels

Because ocean-going vessels (OGV) are the single-largest source of air pollution from port-related activities, addressing this emissions source is essential for achieving current and future air quality targets. Over the past decade, the Port has been very active in developing innovative programs and partnerships to reduce OGV emissions.

Since the release of the Port's first sustainability report, significant progress has been realized on pre-existing OGV emissions reduction programs, such as the Vessel Speed Reduction Incentive Program, use of low sulfur fuel, and use of Alternative Maritime Power. Perhaps most excitingly however, the Port has been instrumental in launching a landmark clean technology incentive program for ocean-going vessels, the Environmental Ship Index.

Environmental Ship Index

With the launch of the Environmental Ship Index (ESI) in May 2012, the Port of Los Angeles became the first seaport in North America and the Pacific Rim to adopt a program that rewards ocean carriers for bringing their newest and cleanest vessels to the Port.

The ESI is a web-based tool developed by the World Ports Climate Initiative (WPCI), a project of the International Association of Ports and Harbors (IAPH). The Port of Los Angeles' Executive Director Geraldine Knatz, chairs the WPCI and is the current president of IAPH. Under her direction, the Port of Los Angeles has been instrumental in developing the global index.

The ESI program offers immediate and significant clean air benefits by rewarding vessel operators for voluntary engine, fuel and technology enhancements that reduce ship emissions. Operators whose vessels call at the Port can earn an incentive ranging from $750 to $5,250 per ship call by meeting one or all of the following three requirements:

1. Scoring 30 or more ESI points based on a vessel's engine specifications and emissions certification; use of low sulfur fuel, plug-in ready on-board shore power technology, and a Ship Energy Efficiency Management Plan (SEEMP)

2. Deploying ships with the cleanest engines (IMO Tier II or Tier III) to the Port of Los Angeles

3. Participating in a demonstration program to test and improve vessel emission reduction technology through the San Pedro Bay Ports Technology Advancement Program (TAP)

Since the program launched on July 1, 2012:

- 19 carriers have enrolled;
- 566 vessel calls received ESI incentives;
- The Port has delivered a total of $307,000 in incentives to qualifying vessel calls.

Currently, Port staff is working to expand participation in the ESI by encouraging more operators to enroll.

Vessel Speed Reduction Program

Reducing the speed at which OGVs travel reduces their fuel consumption and reduces air emissions. The Vessel Speed Reduction Program was established in 2001 as a voluntary program. Since 2008, the program has provided financial incentives to vessels that comply with a 12-knot speed limit within 20nm of the Port. In 2009, the Port extended the program to 40nm.

The compliance rate for this program continues to increase year after year. As of December 2012, the compliance rate within 20nm of the port was 94%, up from 92% in 2011. The compliance rate at 40nm was 79% in 2012, up from 70% in 2011.

In 2012, these actions reduced approximately 73 tons of DPM emissions, 740 tons of SOx emissions, and 981 tons of NOx emissions.

In May of 2012 and June of 2013, the Port of Los Angeles recognized its top performing shipping and cruise line customers for their support of this program. Lists of these VSRP honorees are available on the Port's news releases from 2012 and 2013.

Alternative Maritime Power (AMP)

AMP infrastructure allows ships to "plug-in" to shore power while at berth, instead of running on diesel generators. Reducing reliance on diesel fuel is an integral component of the Port's overall air pollution reduction strategy. On a per-call basis, AMP reduces NOx by approximately 0.887 tons, DPM by approximately 0.09 tons, SOx by approximately 0.742 tons and CO2 by approximately 37.5 metric tons.

To date, high voltage shore to ship connections for alternative maritime power have been installed at 10 berths. The Port is in the process of installing additional infrastructure, and by the end of 2014, another 14 berths will be AMP-ready. Regulations require 50% of vessel calls at each terminal to use AMP by 2014 and 80% of vessel calls by 2020. New terminal leases such as the APL Container Terminal at Berths 302-306 have higher AMP compliance requirements.

The Port of Los Angeles' leadership and early adoption of AMP technology led to their invitation to serve as the U.S. expert on the United Nation's International Electro-technical Committee (IEC). The IEC, which has worked for several years toward the development of global standards for AMP installation, reached a major milestone last year with the finalization of the first global IEC standard for AMP installation. This standard was published in June 2012.

Moving forward the Port aims to evaluate alternatives to AMP that lead to more rapid and efficient emissions reductions for vessels and terminals that are not AMP-ready. Details of one such technology are provided in the Technology Advancement Program section.

Air Quality Mitigation Incentive Program

Established in 2003 through the China Shipping Settlement Agreement with the communities of San Pedro and Wilmington, the Air Quality Mitigation Incentive Program (AQMIP) provides financial incentives to spur development and implementation of air pollution reduction projects.

The projects approved under the AQMIP have resulted in emission benefits within the communities of San Pedro and Wilmington. To date, the projects approved since 2004 have resulted in the reduction of 558 tons of NOx and 18.70 tons of diesel particulate matter annually.

The AQMIP is currently funding one program: the Seawater Scrubber Vessel System.

Seawater Scrubber Vessel System

In September of 2011, the Port of Los Angeles and California State University Long Beach Foundation formed an agreement to develop and test a new $1.8 million seawater scrubber vessel system that has the potential to reduce emissions by as much as 85 percent.

Seawater scrubbers feature advanced emission control technology in which seawater is used to scrub contaminants from a ship's auxiliary engines before exiting the exhaust stack of a ship. Once solid carbon contaminants have been removed, the seawater used during the process is then treated, cleansed and discharged. The solid contaminants are collected for later disposal.

Seawater scrubber systems have been shown to substantially reduce ship exhaust emissions, including 85 percent for particulate matter (PM), 50 percent for SOx, and three percent for NOx.

Rolls Royce Marine – a world leader in ship technology design and manufacturing – plans to integrate and test a Belco Technologies Corporation seawater scrubber system on a Horizon Lines containership, a vessel scheduled to make monthly calls to the Port of Los Angeles from Shanghai. The installation of the scrubber is expected to occur in September 2013.

Marina Engine Exchange Program

The Marina Engine Exchange Program launched in summer 2012. Under this program, the Port reimburses boat owners who use the Port's marinas 75 percent of the cost & labor (up to $2,000) to replace older 2-stroke outboard engines with new engines rated as 3-Star engines by the California Air Resources Board (CARB). The program is open to boat owners in each of the port's 17 marinas. Initially, the Port committed $50,000 to jumpstart the program, allowing for the replacement of nearly 30 outboard motors and resulting in the reduction of approximately 3,300 pounds of hydrocarbons and oxides of nitrogen annually. In April 2013, the Port announced an additional $50,000 in funding to enable more engine replacements.

Air Emissions Source Control Measures: Heavy Duty Vehicles

Clean Truck Program

Initiated in 2005, the landmark Clean Truck Program (CTP) has focused on improving air quality at the Port by replacing older polluting drayage trucks (trucks used to transport goods from the Port) with cleaner trucks, through a progressive ban on older technologies.

The final phase of the CTP ban was completed in 2012. As of January 1st 2012, all trucks that do not meet the 2007 Federal Clean Truck Emissions Standards are banned from the Port.

About the Fleet:

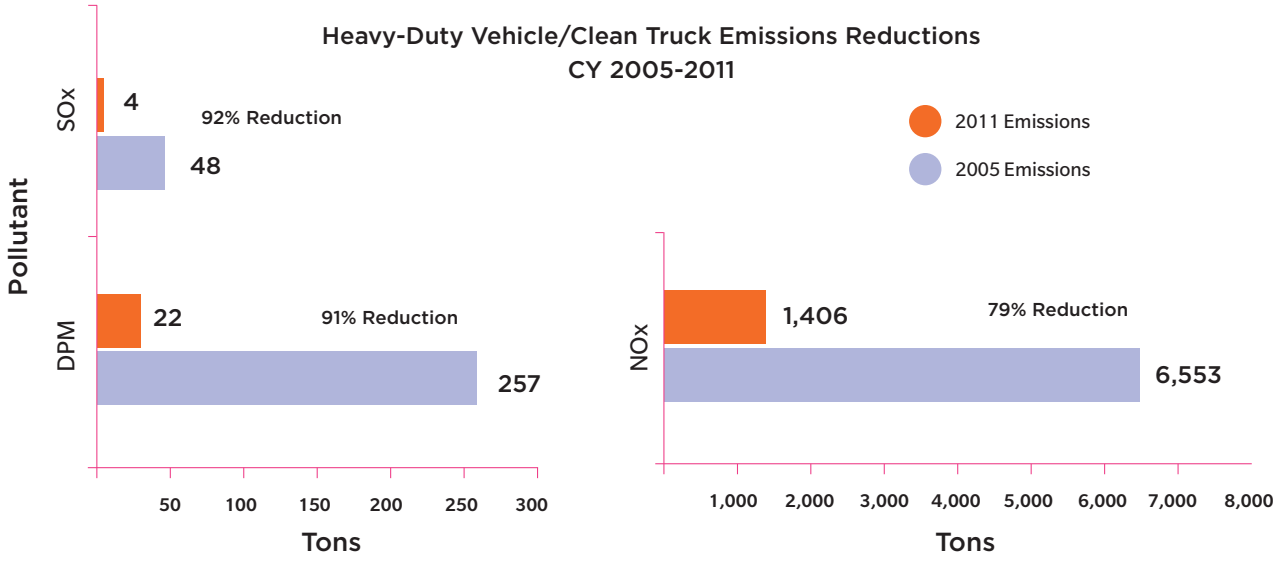
- Approximately 1000 Licensed Motor Carriers currently participating as concessionaires
- 12,000 trucks registered in the Port Drayage Truck Registry (as of June 2013; up from 11,395 in 2011 and 10,000 in 2010)
- 902 natural gas trucks (representing over 7% of container trips) and 1 propane truck

As described in the Strategic Plan, the Port aims to increase zero emissions trucks to 50% of the drayage fleet or to 100% of the trucks calling at the near dock rail yards by the end of FY 2019/2020.

Progress

The CTP set a goal for 80% emissions reductions from drayage operations by 2012. This goal was met in 2009, 3 years ahead of schedule. 98% of truck trips now meet or exceed the 2007 on-road standard for both ports.

Since 2005, the CTP program has been responsible for substantial emissions reductions from heavy-duty trucks, as illustrated in the graph below.



Source: 2011 Emissions Inventory. 2012 emissions reduction figures will be available in the Port's next sustainability report.

Future Goals for the Clean Truck Program

Following the successful implementation of the final progressive ban in January of 2012, the CTP is fully implemented, having achieved its mission of phasing out older, polluting truck technologies for drayage. Ongoing program enforcement will continue to be of paramount importance. On this front, the Port signed an MOU with the California Air Resources Board (CARB) in March 2012. Since then, the two parties have been working together to enforce compliance with CTP requirements and state drayage truck regulations inside and outside of the Port of Los Angeles.

As a result of a June 2013 Supreme Court decision, the Port will no longer enforce three provisions of the Clean Truck Program: the placard provision, the parking provision, and the employee driver hiring provision (which the Port previously announced it would refrain from enforcing under an earlier court ruling). As this decision has altered certain facets of the CTP, Port staff is currently exploring a number of future directions for the initiative.

Air Emissions Source Control Measures: Cargo Handling Equipment

To address emissions from cargo handling equipment, the Port drafted performance standards (detailed in the CAAP) calling for the progressive replacement of older cargo handling equipment with equipment that meets cleaner engine standards. These measures are implemented through lease conditions, and through port assistance for securing grant funding for technology improvements.

Over the past two years, implementation of these CAAP measures and CARB's Cargo Handling Equipment Regulation along with funding incentives has resulted in continued replacement of existing older equipment with cleaner units, retrofits, and repowers leading to lower emissions.

Air Emissions Source Control Measures: Harbor Craft

CAAP performance standards for harbor craft establish goals for early replacement of harbor craft engines with engines meeting cleaner standards. The Port provides assistance for securing grant funding for engine repowers.

Over the past two years, implementation of CARB's Commercial Harbor Craft Regulation along with funding incentives resulted in continued replacement of existing older vessels and engines with cleaner, lower emission units.

Air Emissions Source Control Measures: Rail Locomotives

The ports of Los Angeles and Long Beach now boast one of the cleanest locomotive fleets in the nation.

In the summer of 2011, the Pacific Harbor Line (PHL), which provides rail transportation, maintenance and dispatching services to the ports of Los Angeles and Long Beach, began retrofitting its locomotives with Tier 2 and Tier 3 engines, which have the capacity to significantly cut air emissions in the region. The ports of Los Angeles and Long Beach facilitated this project by entering into agreements with PHL that made it possible for the railroad company to commit to the long-term use of ultra low emission locomotives.

PHL has a total of 23 locomotives servicing the ports complex, and the current program is aimed at 16 of the oldest engines in the fleet. In early 2012, all 16 of these older locomotives were retrofitted to meet Tier 2 engine standards. Six additional gen-set locomotives that meet stringent Tier 3 standards have also been added to the ports' switching fleet. These new ultra low emission "Tier 3-plus" engines emit 85 percent less diesel particulate matter and 38 percent less nitrogen oxide than the previous generation engines they are replacing. Additional requirements will be implemented through any new or redeveloped rail yard projects.

CAAP Air Quality Excellence Awards

Since 2008, the CAAP Air Quality Excellence Awards (CAAP Awards) Program has provided the Ports of Los Angeles and Long Beach with a mechanism to recognize outstanding efforts by Port customers to reduce air emissions. Tenants and other organizations that serve the ports are eligible to be nominated.

Eighteen local maritime and cargo companies received CAAP Awards in 2011, 2012 and 2013 for taking extraordinary measures to cut air emissions, modernize facilities and implement innovative operations to reduce air pollution.

2011 winners (7):	2012 winners (6):	2013 winners (5)
Air Quality Improvement Leadership at the Corporate Level Clean Truck Coalition, LLC Ability/Tri-Modal Transportation Services, Inc Evergreen Line	**Air Quality Improvement Leadership at the Corporate Level** SA Recycling LLC APL Harley Marine Services	**Air Quality Leadership at the Corporate Level** Wallenius Wilhelmsen Logistics (WWL) OOCL USA Inc
Significant Early Action to Reduce Air Pollutant Emissions NK Line Sause Bros.	**Significant Early Action to Reduce Air Pollutant Emissions** Pacific Harbor Line BP Matson Navigation Company	**Innovative Air Quality Improvement Technologies** Foss Maritime Co. APL
Innovative Operations that Improve Air Quality Hamburg Sud Yusen Terminals Inc.		**Innovative Operations that Improve Air Quality** Knight Transportation

The Port commends these companies for their efforts to create a cleaner port community.

B.
PACIFIC PORTS CLEAN AIR COLLABORATIVE

The Pacific Ports Clean Air Collaborative (PPCAC) is a voluntary group of international participants from ports, private industries, and environmental agencies throughout Central America, North America, and Pacific Rim countries. The goal of the PPCAC is to collaborate on environmental issues of common concern, share best practices, and work jointly to develop port policies and mitigation measures. Historically, the group has focused primarily on air quality issues, but recent activity has expanded its focus to acknowledge broader sustainability challenges faced by the maritime industry.

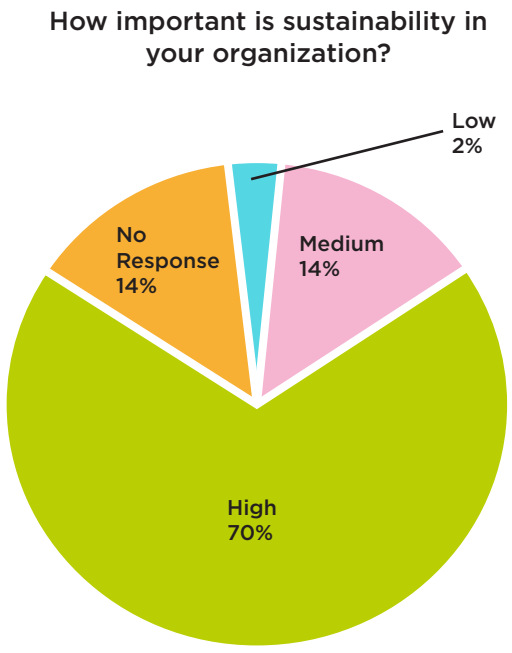
In 2011, the Port conducted a survey of PPCAC members, receiving 57 responses from ports, government agencies, shipping lines, marine terminal operators and manufacturers. The intent of the survey was to gauge members' level of concern regarding sustainability, and to identify topics of common interest with potential for industry-wide collaboration.

Over two-thirds of the survey's respondents identified sustainability as an area of high importance to their organization. The survey also revealed several sustainability issues for potential future global collaboration.

These survey results were presented at the third annual PPCAC conference, hosted by the Port of Los Angeles in February of 2012. The conference discussed the imperative for ports and maritime businesses to balance environmental, social, and economic priorities in order to prosper in the 21st century. The event drew approximately 150 participants representing ports from around the world, and representatives from shipping and cruise lines, terminal operators, regulatory agencies, think tanks and environmental consultancies.

In May of 2013, PPCAC held a working group meeting to continue expert exchanges on emerging environmental issues. Building upon the feedback received at this working group meeting, an expanded PPCAC will potentially be rolled out at a full conference in 2014. Broader membership would include new partner ports, shippers, shipping lines, and communities.

The Port of Los Angeles will continue to play an active role in PPCAC as a venue for collaboration on environmental issues of common concern to the goods movement industry.

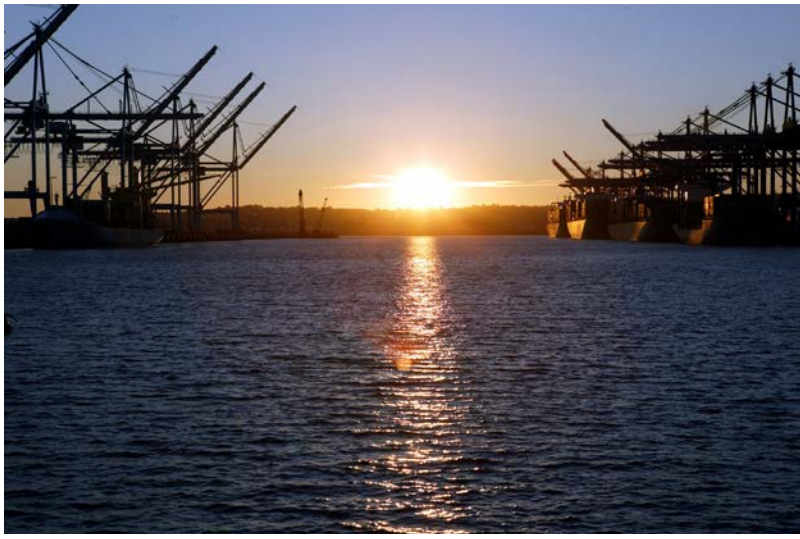


C.
CLIMATE CHANGE MITIGATION

City of Los Angeles Goal: Reduce greenhouse gas emissions by 35 percent below 1990 levels by 2030

The Port of Los Angeles takes an active approach to mitigating Greenhouse Gas (GHG) emissions from Port-related activities, and to collaborating with international ports on climate change mitigation strategies.

GHG emissions are inventoried annually as a part of the Air Emissions Inventory procedure. The Port's third-party verified emissions reports are available for download from the Climate Registry. GHG emissions data from the most recent year available (2011) is provided below.



Scope 1 and 2 GHG Emissions

For sources controlled by the Harbor Department, GHG emissions decreased by nearly 500 metric tons, from 9,793 MTCO2e in 2010 to 9,300 MTCO2e in 2011. This reduction is largely due to energy conservation measures at the Harbor Department, newer equipment and vehicles, and cleaner power from the LA Department of Water and Power.

Operational Control: North America

Direct Emissions (metric tons)	CO2e	CO2	CH4	N20	HFCs (CO2e)	PFCs (CO2e)	SF6
Stationary Combustion - Scope 1	521.9584	527.68174	0.08539	0.00802	0	0	0
Mobile Combustion - Scope 1	2,900.33407	2,843.34072	0.17197	0.1722	0	0	0
Process - Scope 1	0	0	0	0	0	0	0
Fugitive - Scope 1	71.61709	0.04235	0	0	71.57474	0	0
Total Direct Emissions	**3,493.90956**	**3,361.06481**	**0.25736**	**0.18022**	**71.57474**	**0**	**0**

Indirect Emissions (metric tons)	CO2e	CO2	CH4	N20	HFCs (CO2e)	PFCs (CO2e)	SF6
Purchased Electricity - Scope 2	5,806.29566	5,793.08353	0.14798	0.03259	0	0	0
Purchased Heating - Scope 2	0	0	0	0	0	0	0
Purchased Cooling - Scope 2	0	0	0	0	0	0	0
Purchased Steam - Scope 2	0	0	0	0	0	0	0
Total Direct Emissions	**5,806.29566**	**5,793.08353**	**0.14798**	**0.03259**	**0**	**0**	**0**

Calculated using the Climate Registry's General Reporting Protocol v. 1.1 (May 2008) and associated updates and clarifications.

Scope 3 GHG Emissions

For tenant sources, GHG emissions decreased by 1% between 2010 and 2011. Since 2005 there has been a 19% reduction in GHG emissions from tenant sources, mainly due to increased ship efficiency and increased participation in the vessel speed reduction incentive program.

Table ES.5: Port-wide GHG Emissions Comparison, tonnes

Year	CO_2e
2011	847,311
2010	853,666
2009	894,316
2008	1,025,197
2007	1,095,680
2006	1,224,649
2005	1,046,434
Previous Year (2010-2011)	-1%
CAAP Progress (2005-2011)	-19%

Climate Leadership Award

In February of 2012, the Port of Los Angeles was named a recipient of the U.S. Environmental Protection Agency's (EPA) inaugural Climate Leadership Award, recognizing organizations that have shown outstanding leadership in response to climate change. The EPA recognized the Port in the category of Supply Chain Leadership, noting the Port's greenhouse gas (GHG) reduction goals, its comprehensive tracking and GHG inventories, as well as its leadership and management of these emissions in the organizational value chain.

World Ports Climate Initiative Carbon Calculator

Working collaboratively with technical experts from a handful of other ports worldwide, the Port of Los Angeles developed a free Carbon Calculator that ports around the world can use to quantify carbon dioxide emissions from sources associated with their operations. The calculator, which was released to the public in November 2011, is tailored specifically for use by other ports, allowing them to estimate emissions from port-specific sources such as cargo handling equipment and harbor craft.

The Port of Los Angeles hopes that ports across the globe will take advantage of the calculator's Reduced Emissions Scenarios feature, which allows users to explore strategies for reducing their carbon footprint. Since launching in late 2011, ports in Singapore, Columbia, and other countries have used the tool to estimate emissions from their ports. The calculator can be accessed from the WPCI website at http://www.wpci.iaphworldports.org.

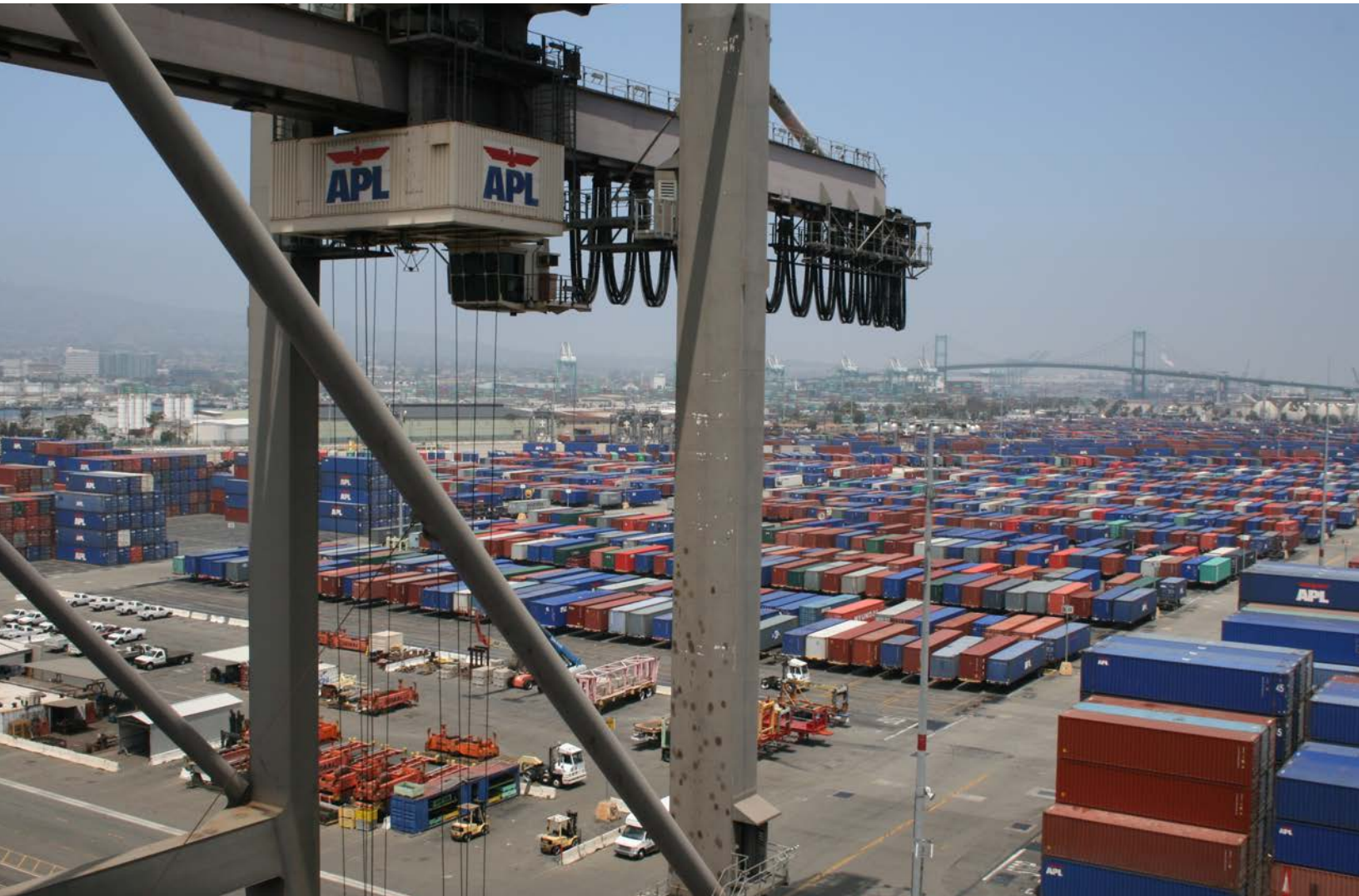
D.
SUSTAINABLE LEASE AGREEMENTS

Lease agreements are one of the key mechanisms the Port can use to encourage more sustainable operations from tenants. The Port Leasing Policy, established on February 1, 2006, requires that all new and renewed leases include applicable Port environmental requirements. Sustainability-related lease provisions differ for each tenant, depending on the nature and scale of their operations, however all new leases and renewed leases under this policy allow for substantial environmental mitigation, job creation and community benefits. An updated leasing policy has been generated that stipulates the requirement for tenants to adhere to the Port's numerous sustainability policies. This policy will take effect in 2013.

E.
MITIGATION MONITORING AND REPORTING PROGRAM

The Port's Environmental Management Division (EMD) is responsible for ensuring that mitigation measures in the approved environmental documents are implemented. EMD utilizes a database to track and monitor compliance with the Mitigation Monitoring and Reporting Plans (MMRP) for the construction and operation of new development projects. The database has the ability to track and report project compliance with construction and operational mitigation measures.

The EMD manages compliance with operational mitigation measures, primarily by collecting and analyzing tenant activity data acquired during the Port's annual emissions inventory process. Responsibility for tracking construction-related mitigation measures falls with the Port's Construction Division. In late summer or early fall of 2013, the Construction Division will hire a dedicated consultant who will provide on the ground verification and auditing of mitigation measures for all new construction projects.



IV. Energy and Resource Conservation

The Port of Los Angeles places paramount importance on maintaining efficient operations and preventing environmental degradation. The Port operates a number of programs to protect water-based resources, to monitor and foster healthy wildlife populations, to conserve energy and shift to renewable alternatives, and to promote the adoption of cleaner technologies and practices for port operations.

Key progress in the reporting period:

Energy and Resource Conservation	
Initiative	**Achievements**
Water Resources Action Plan	• Implemented studies and control measures aimed at improving water quality at Inner Cabrillo Beach, including an expansion of the existing bird exclusion structure and pilot circulation studies • Worked with other responsible parties to establish a toxic pollution monitoring plan for Los Angeles and Long Beach harbors • Installed litter skimmers at three of the Port's marinas
Tenant Stormwater Outreach Program	• Adopted an electronic method of recording site visits and compliance-related data, which allows for greater efficiency and reduces paper use
California Least Tern* Site Program (*federally listed endangered bird species)	• Ongoing habitat protection activities led to the highest per nest fledgling survival rate in California in 2012
Energy Management Action Plan	• Commenced development of an Energy Management Action Plan to plan for future Port energy needs
Renewable Energy Program	• Installed an additional 0.6MW of solar capacity on Port lands, bringing the current total to 1.6MW
Zero Emissions Roadmap	• Released Zero Emissions Roadmap in conjunction with Port of Long Beach outlining strategies to increase use of zero emissions technologies
Technology Advancement Program	• Facilitated testing of the world's first zero-emissions drayage truck • Initiated testing on a promising alternative to Alternative Maritime Power (AMP) for ocean-going vessels
Other Green Technology Projects	• Began developing and demonstrating technologies for electric off-road cargo handling equipment and electric rubber-tired gantry cranes
Green Building Policy	• Received the Port's first ever gold-level LEED™ certification for Los Angeles Port Police Headquarters building
Waste Diversion	• Improved waste diversion rate from 91.75% in calendar year 2011 to 91.9% in calendar year 2012

A. WATER

Water and sediment quality in San Pedro Bay has improved greatly over the last 40 years through increased monitoring, more aggressive state and federal regulation, better pollution source control and removal of accumulated contaminants in harbor sediment. However, to ensure healthy water resources the Port of Los Angeles must continue to mitigate for historic sediment contamination, flow of pollutants into the harbor from port land, and pollution from upstream sources beyond port boundaries.

The Port of Los Angeles has taken a collaborative approach to managing water resources. The Port has been actively involved in the establishment of total maximum daily loads (TMDLs) for the Los Angeles and Long Beach harbors, which measure the amount of pollutants that can be present in a water body without compromising its beneficial uses. TMDLs thus serve as important benchmarks to guide the Port's pollutant monitoring and mitigation efforts.

Water Resources Action Plan (WRAP)

The Water Resources Action Plan (WRAP), developed jointly by the Ports of Los Angeles and Long Beach and approved in 2009, serves as the overarching guide to ensuring that TMDLs are met and that water and sediment quality is preserved in the San Pedro Bay.

Under the WRAP, the Ports are focusing efforts on implementing programs and control measures that clean up legacy sediment contamination and reduce pollution from the two major sources under their control: landside runoff and on-water sources.

Recent progress on WRAP programs and control measures is provided below.

Tenant Stormwater Outreach Program

The Tenant Stormwater Outreach Program (TSOP) provides stormwater management guidance to Port tenants in order to help them comply with the National Pollutant Discharge Elimination System (NPDES) requirements and address potential sources of water pollution.

The Port outreaches to tenants to provide assistance with navigating the permits and to assess their level of compliance. The Port then produces a report for tenants with operational recommendations for stormwater management practices. Approximately 100 facilities annually receive outreach letters or site visits under this program.

In fiscal year 2013, 47 tenants were visited, 17 of which had an improved status over the previous year (28 remained the same and 2 had a decline in status).

Since the publication of the Port's previous sustainability report, notable TSOP advancements include the development of a more formalized tenant outreach procedure and an electronic method of recording site visits and compliance-related data, which allows for greater efficiency and reduces paper use.

A new TSOP database, expected to be completed this summer, will auto-generate ratings for tenants based on compliance with their respective NPDES permits. Port employees will contact tenants with poor compliance ratings more frequently, with ongoing recommendations for achieving better stormwater management. Additionally, a more sophisticated rating system has been developed to accompany this database system that will enable more detailed record-keeping and monitoring than has been possible in previous years.

In the future, the Tenant Stormwater Outreach Program will focus on promoting best practices across multiple environmental management areas.

Cabrillo Beach Water Quality Improvement Study

Inner Cabrillo Beach is the only recreational beach within a west coast major industrial port complex. A long sloping shoreline provides for calm waters and a shallow swimming area.

However, the beach has experienced a persistent problem with elevated bacterial concentrations. Over the past 13 years, the Port has worked proactively to implement corrective measures and best management practices to reduce sources of bacteria.

To date, the Port has spent approximately $21.5 million on studies and mitigation measures such as: improving beach management practices (e.g. beach grooming, trash removal), upgrading sanitary sewer systems, capping abandoned outfalls, diverting storm drains, conducting storm-water sampling, replacing all the sand on the main beach face, removing a rock groin to improve water circulation, conducting trials of various induced circulation pump systems, conducting extensive bacterial source tracking and ID studies, and building and expanding a bird exclusion structure.

The Port will continue to investigate the factors affecting bacteria concentrations and work to improve water quality at the beach. Since the release of the Port's previous sustainability report in July 2011, significant progress has been made on both of these fronts, as described below.

Understanding Bacterial Concentrations, Sources, and Localized Circulation

Bird Dropping Removal Pilot Program: Based on past studies that identified the nesting of local bird species as a significant source of bacteria, an intensive daily bird dropping removal program was implemented as a pilot project in 2011. Unfortunately, monitoring results showed no change in bacterial concentration or water quality. The program was therefore discontinued following completion of the 2011 pilot.

Beach Circulation Study: Previous bacterial monitoring had revealed that the bacterial exceedances at Cabrillo Beach were localized to areas just offshore from the beach. Hydrodynamic modeling has shown that natural conditions (low circulation in the shallow areas) are preventing bacteria from flushing out into open water. In addition, there is a lush and biologically productive eelgrass habitat beginning close to shore. Bacterial studies have indicated that indicator bacteria may regrow in the eelgrass.

These natural conditions impose inherent limits on the Port's ability to affect water quality through mitigation measures. Despite these limitations, however, the Port continued to implement mitigation measures and conduct scientific studies in the reporting period, as detailed below.

Improving Water Quality

Expanding the Existing Bird Exclusion Structure: Surveys have shown that 50% or more of indicator bacteria originate from birds. A redesigned bird exclusion structure (consisting of poles and wires) was constructed in 2010. Monitoring showed that birds avoid the area under the wires and move to other areas. The initial structure consisted of two rows of poles and wires, with the seaward row at the high tide line. Birds were observed resting and foraging near the waterline and it was decided to add a third row of poles extending into the intertidal zone. The extension of the structure into the intertidal zone was completed in July 2013 and monitoring will be performed in order to assess its effectiveness.

Facilitated Circulation System: Several pilot and special study enhanced circulation projects have been implemented at Inner Cabrillo Beach to determine the possible effectiveness of bacterial reduction programs. Building upon the results of these studies, the Port implemented two pilot circulation studies in the summer of 2012. The second such study used a variable speed pump mounted on a barge moored off the beach. The intake was placed well offshore in order to be clear of the eelgrass and ensure intake of bacteria-free water. The pump outlet was located very near the beach face and pointed at a 45-degree angle. Analysis of results did not show a difference between the compliance point and a reference station outside the influence of the pump. During the study, bacteria exceedances at the compliance point continued despite the infusion of clean water. Based on the results, it was concluded that there was not enough of a difference to warrant deployment of a permanent system. At this point, no further induced circulation studies are planned.

Additional WRAP Control Measures

The WRAP contains many other control measures intended to improve water and sediment quality and prevent water pollution. Key progress made during the reporting period is detailed below.

- A draft Design Guidance Manual, containing best practices for water resources management, is being modified to reflect new regulatory and permitting requirements.
- A list of stormwater and dust control improvement projects has been generated, and several recent renovations have incorporated features to reduce sediment movement offsite (for example, Beach House in Plaza Park).
- The Port is currently in the process of acquiring litter skimmers for marina waters. A pilot program with 3 trash skimmers (one in each of three marinas) was launched in 2012. Evaluation of the effective ness of the skimmers is ongoing.
- A Vessel Guidance Manual has been updated to reflect regulatory changes and has been distributed to shipping lines and vessel captains.
- The Port's Operations Sediment Management Plan is currently being revised to reflect a new strategy for water quality monitoring during dredging operations and will be completed later this year.
- Since the adoption of the Toxics TMDL in March of 2012, the Port has worked actively with other responsible parties to address the requirements of the TMDL and to design a monitoring plan for the greater harbor waters. Sediment sampling has been conducted and samples are currently being analyzed.

Future Plans for the WRAP

Later in 2013, the Ports of Los Angeles and Long Beach will reconvene to evaluate the need for updates to the WRAP. These updates will help ensure that the ports' water management strategy continues to reflect current regulations, as well as the most current scientific knowledge and best industry practices.

Clean Marinas Program

The Clean Marinas Program was developed to provide clean facilities to the boating community and protect waterways from pollution. Unlike most Port programs that are focused on large commercial vehicles and vessels, the Clean Marinas program focuses on small vessels that utilize the Port.

Through this program, the Port's Marinas have received valuable guidance related to water resources management. To date, 12 of the Port's 17 marinas have received certification through the Clean Marinas program. The Port aims to encourage all marinas at the Port to achieve Clean Marina certification.

B.
BIOLOGICAL RESOURCES

Los Angeles-Long Beach Harbor is home to a huge variety of marine life and birds. The Port therefore plays an important role as caretaker of the harbor environment and its wildlife. Pollution from regional runoff, vessel activity, and legacy sediment contamination still threaten water quality, and non-native species continue to enter the waters of southern California.

The Ports of Los Angeles and Long Beach, regulatory agencies, and industry partners have been working to meet these challenges with improved control programs and new regulations. With each capital development project completed at the Port comes the opportunity to initiate new habitat creation, restoration and/or species monitoring projects.

Recent progress on biological resource protection initiatives is detailed below.

Biological Surveys

The ports of Los Angeles and Long Beach cooperate to conduct periodic, harbor-wide surveys of the marine life within their boundaries and to monitor the condition of the harbor habitats.

The first comprehensive survey of the harbor was conducted in the early 1970s and additional surveys have been conducted periodically in the years since.

The latest survey in 2008 showed significant improvement in the conditions of wildlife habitat on Port lands. The most notable change was that the inner harbor areas resembled the outer harbor even more closely than they had in 2000. This steady improvement, despite greater port activity resulting from ever-increasing cargo volumes, shows the effectiveness of the many pollution control efforts that the ports and other entities have undertaken to improve ecosystem health in the harbor area.

The next survey will start this summer and last for a full year through all seasons.

California Least Tern Site Program

The least tern is a federally listed endangered bird subspecies that breeds primarily in Southern California. Least tern populations have been declining in Port areas over the last four years. In 2011, the Port of Los Angeles renewed a memorandum of understanding with the US Fish & Wildlife Service, the California Department of Fish & Game, and the U.S. Army Corps of Engineers to provide viable habitat for California Least Terns. The Port maintains, monitors and protects 15 acres of land for least terns to nest.

The Port continues to initiate mitigation measures to foster suitable habitat for least terns. In 2012, Port experts utilized a promising new weed control method that helped to make more space for the terns. Sand was also added to make the site more attractive to the birds.

Last year the Port had the greatest per nest fledgling survival rate in California. In the most recent nesting period there were 211 nest attempts and 35 fledglings. Monitoring occurs on a daily basis, and re-evaluation occurs after every nesting season.

Habitat Restoration Projects

The Port mitigates any losses resulting from Port development projects and over the years has completed a number of habitat restoration projects. Details are provided in the chart below:

Habitat	Location	Size of Habitat Protected/ Restored	Partners	Status
Cabrillo Saltwater Marsh	Harbor (near Cabrillo Marine Aquarium)	3.25 Acres	N/A	If required as mitigation to mudflat impacts from the San Pedro Waterfront Project, the marsh will be enhanced to add more mudflat habitat. This initiative and the timeline is dependent on if and when development occurs.
Cabrillo Shallow Water Habitat	Outer Harbor	365 acres in total	N/A	Phase 4 (the addition of 50 acres of shallow water habitat for fish and foraging space for birds) will be completed in 2013.
Bolsa Chica Wetlands	Orange County	300 Acres	CDFG, CA State Lands Commission, NMFS, USFWS, USACE, USEPA, Coastal Conservancy, Resource Agency, Port of Long Beach	Restoration complete.
Batiquitos Wetlands	North San Diego County	380 Acres	City of Carlsbad, CDFG, CA State Lands Commission, NMFS, USFWS	Restoration complete.
Artificial Reef	Outside of POLA breakwater	62 acres	California Department of Fish and Game, National Marine Fisheries Service, U.S. Army Corps of Engineers, Port of Long Beach, Montrose Settlements Restoration Program, and local commercial sport fishing interests	Completed in 2000.
Least Tern Habitat	Pier 400	15 Acres	US Fish & Wildlife Service, California Department of Fish & Game, and U.S. Army Corps of Engineers	Ongoing monitoring

C.
ENERGY

In recent years the Port placed an increased focus on managing energy use and planning for future energy needs. Port staff currently tracks energy usage at facilities owned and controlled by the Harbor Department (e.g. administrative buildings, certain attractions and scientific monitoring stations). In 2011, the most recent year for which data is available, the Harbor Department energy consumption figures were as follows:

Conventional Energy	Purchased Green Energy
10,940 MWH	3,205 MWH

The Port is also currently working to install a 300KW fuel cell system in the Harbor Administration Building. This system will be over 50% more efficient than grid energy, helping the Port to work toward its zero emissions goal. It is anticipated that this fuel cell system will be in place by 2014.

The Port does not currently track tenant electricity, however increasing collaboration with tenants on energy-related matters is an important priority of the new Energy Management Action Plan, described below.

Energy Management Action Plan (E-MAP)

In June of 2013, the Port announced the development of an Energy Management Action Plan (E-MAP). This plan will serve as the Port's blueprint to identify, develop and implement programs to improve energy efficiency, reliability, quality, cost and resiliency while keeping up with the accelerating electrification and energy demand at the Port.

To prepare the E-MAP, staff has begun to evaluate existing and future Port power needs and availability. This evaluation is currently in progress and expected to be complete later this year. Collaboration with tenants and utilities will be key to implementing the energy improvement initiatives identified through E-MAP.

Renewable Energy

Solar

The Port of Los Angeles has made a commitment to generate 10 MW of clean energy for the Los Angeles Department of Water and Power. The Port currently has 1.6MW of solar energy capacity installed at various locations throughout Port property, of which 0.6MW was installed in this most recent fiscal year. Evergreen shipping line, a Port tenant, has also helped to support the Port's renewable energy goal by installing 202KW of solar capacity on its building.

In 2013, the Port issued an RFP to lease Port land to developers who will install additional solar capacity under the city's feed-in tariff program.

Wind

The Port is currently in the process of conducting a wind power feasibility study, and has recently installed a meteorological tower over Pier 400 to gather on-site data. The study, which will provide direction for potential future wind power installations at the Port, is scheduled for completion by 2014.

D.
GREEN TECHNOLOGY ADVANCEMENT

Promoting and demonstrating zero-emissions technologies is a cornerstone of the Port's overall sustainability strategy. Green technology advancement is accomplished through a number of Port programs and collaborative initiatives, described below.

Zero Emissions Roadmap

In August of 2011, the Ports of Los Angeles and Long Beach released a report that establishes a framework for future identification, development, and testing of non-polluting technologies for moving cargo.

The "Roadmap for Moving Forward with Zero Emissions Technologies at the Ports of Long Beach and Los Angeles – Technical Report" is focused on three segments of port operations where technically feasible and economically viable solutions are most likely to develop: on-road container drayage, in-terminal container handling, and railroad locomotives. The roadmap identifies near-term and long-term actions that together have the potential to dramatically improve air quality throughout the region. The roadmap can be accessed through the Port's Clean Air Action Plan website.

The Port of Los Angeles is also committed to collaborating at the local, regional and state level to help bring about the infrastructure and services required to support a zero emissions goods movement industry. A prime example of this commitment is the Port's ongoing participation in the West Coast Collaborative, a public-private partnership to reduce diesel emissions.

Technology Advancement Program

The Technology Advancement Program (TAP) is designed to facilitate the development and demonstration of clean air technologies in the port environment. This collaborative effort between the ports and private industry aims to bring cleaner air and green jobs to California.

The TAP has brought the world two major innovations in clean transport: the world's first hybrid tugboat, completed in 2010, and the world's first zero-emission drayage truck.

The World's First Zero-Emission Hydrogen-Electric Drayage Truck

In July of 2011, Vision Industries delivered the world's first zero-emission hydrogen fuel cell-electric drayage truck to a national trucking company that is currently testing the vehicle in the ports of Los Angeles and Long Beach.

The vehicle is an electric truck with a battery recharged by a hydrogen fuel cell that generates electricity from a reaction of hydrogen and oxygen, with pure water as the only by-product. This technology currently has a range of 200 miles. An extended range (400 mile) vehicle demonstration is also planned. Should testing prove successful, this technology offers significant promise for reducing emissions in and around the Port.

OGV Alternative Maritime Power Alternatives

Alternative Maritime Power enables ships at berth to receive shore side electrical power while its main and auxiliary engines are turned off. As some ships and terminals are not able to accommodate AMP, the Port is working with industry and terminal operators to develop technology alternatives to AMP that achieve emissions reductions for ships at berth.

The final phase of testing for a promising system that captures and treats auxiliary generator exhaust from a container vessel at-berth is currently in progress. Initial studies suggest that this system may yield reductions of DPM and NOx as great as 90%, however these results are still preliminary.

Other Green Technology Projects

In addition to projects funded through the Technology Advancement Program, the Port also fosters green technologies by providing grant funding and by collaborating with the lead agencies developing the technologies. Information about other green technology projects the Port has supported during the reporting period are provided below.

Electric Drayage Trucks

The Port of Los Angeles is currently participating in the development of several electric on-road, heavy-duty trucks. The Port expects in the next couple of years to demonstrate 20 Zero Emission Trucks. The companies developing the various trucks are Balqon, Vision, TransPower, US Hybrid, and International Rectifier.

Electric Tractors

The Port is currently developing and demonstrating electric off-road cargo handling equipment (yard tractors). Balqon battery electric yard tractors will be demonstrated in 2013 at two container terminals (Seaside Transportation Services and APM), and by 2014 the Port expects to have additional electric yard tractors developed byTransPower, to be demonstrated at the APL container terminal.

Electric Rubber-Tired Gantry Crane (eRTGs)

Electric Rubber-Tired Gantry Cranes run on electric power rather than diesel fuel, eliminating localized air emissions and petroleum use. The technology has the capacity to reduce annual NOx emissions by 2.3 tons and PM emissions by 0.06 tons per crane. The technology would also eliminate the use of 10,000 gallons of diesel per crane per year, resulting in equivalent greenhouse gas reductions of 30 metric tons of CO2.

West Basin Container Terminal modified two existing diesel-powered rubber-tired gantry cranes and installed the necessary electric infrastructure to test the overall performance and operational applicability of eRTGs. In July 2012, the initial testing for the eRTGs was completed successfully, and in-use demonstration has commenced.

PortTechLA

PortTechLA is a non-profit technology commercialization center and incubator operated by a coalition comprised of the Port of Los Angeles, San Pedro and Wilmington Chambers of Commerce, and the City of Los Angeles. It is designed to accelerate the growth of companies offering clean technologies through assistance with the development, testing, commercialization, manufacture and marketing. PortTechLA currently has fourteen clients.

PortTechLA provides several crucial services to technology companies including management consulting, pitch development, discounted office space and access to funding. Entrepreneurs are connected with investors, company leaders and business opportunities through networking events including regular PortTechForum networking events and the annual PortTechEXPO. PortTechLA is currently planning for its fourth annual PortTechExpo event in September 2013. In addition to connecting technology companies with business prospects, this year's event is expanding to also feature clean technology demonstrations, interactive displays and the best technology advancements for ports and beyond.

In 2012 the non-profit organization expanded and relocated its offices to 302 West 5th Street, San Pedro. PortTechLA expects to receive approximately one million dollars in Community Development Corporation block grant funding over the next three years to help support operations, outreach, and continued job creation.

Hybrid Tour Boat

In February of 2012, The Port of Los Angeles received final approval from the U.S. Coast Guard to install a hybrid propulsion system on its 42-year-old harbor tour boat, the Angelena II.

Since 1988, the 73-foot Angelena II has been used to highlight the capabilities of the Port facilities with customers, constituents, public leaders, foreign dignitaries, media and stakeholders. The Angelena II provides an ideal demonstration project for this technology, as the vessel provides an important role in educating guests about the role of ports and the need to provide funding for projects such as dredging, security, transportation infrastructure and terminal expansion.

The Angelena II is the first harbor craft of its kind retrofitted with a hybrid propulsion system. This system reduces emissions and fuel usage by more than 95 percent. The Angelena II is not currently in operation, but is expected to resume service by the end of 2013.

E.
PROGRAMS FOR SUSTAINABLE DESIGN AND OPERATIONS

Though many of the Port's sustainability efforts are focused on generating sustainable transportation solutions, the Port has also created a number of policies to facilitate more sustainable design, construction and operation of Port-related facilities.

Green Building Program

The Port's Green Building Policy has been in place since 2008. Designed to promote responsible growth, the Policy sets forth the Port's intentions to pursue certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED™) program for new and existing buildings, and to incorporate best available technologies in all Port facilities to the maximum feasible extent.

In March of 2012, the Port of Los Angeles received its first ever gold-level certification under the LEED™ rating system for its new Los Angeles Port Police Headquarters building. More details about the sustainable design features of the Police Headquarters building are available in the news release issued to celebrate the certification.

This first gold LEED certification marks an important green building achievement for the Port. Other LEED™-registered buildings include the Port Administration Building and the Los Angeles City Fire Station No. 36 in San Pedro, and Los Angeles Harbor College's Northeast Academic Hall and Student Services in Wilmington.

Technology Review Lease Measure

Whenever the Port enters into a new long-term agreement with a tenant, it incorporates the periodic technology lease review measure. This measure requires tenants to check in with Port staff every five to seven years to review the newer, cleaner technologies that have developed in that timeframe that could be incorporated into their operations. Implementation occurs if and when both parties agree that new technologies are feasible. This serves as a mechanism for Harbor Department staff to encourage the use of the best, least polluting technologies at the Port.

Environmental Management System

The Port's Construction and Maintenance (C&M) Division has developed a comprehensive environmental management system for internal Port operations. In addition to maintaining ISO 14001 certification, the Division works on a number of health and safety improvement projects throughout the year. Progress on EMS activities is communicated to the C&M team through a variety of channels including newsletters, emails, and team meetings.

Each year, the C&M Division works toward accomplishing specific environmental health and safety goals for specific C&M practices, for example reducing the use of hazardous chemicals, or adding additional controls to prevent pollution to land and water.

Waste Diversion Initiative

Over the past decade the Port of Los Angeles has made great strides in the efficient use of materials and the diversion of waste from landfills. Currently, the Port well exceeds the state's compliance rate of 50% waste diversion.

	Waste Diversion Rate CY 2011	Waste Diversion Rate CY 2012
Port of Los Angeles	75%	79.1%
Port of Los Angeles + Construction & Demolition	91.75%	91.90%

Calculated according to AB 939 methodology

V. Financial Strength

As America's premier port, the Port of Los Angeles has a crucial role to play in benefiting the economies of the region and the nation it serves. The Port's 2012-2017 Strategic Plan outlines the Port's major goals and initiatives for strengthening financial performance. The section below contains a snapshot of some key programs designed to increase financial strength, and highlights of the Port's economic performance during the reporting period.

Key progress in the reporting period:

Financial Strength	
Initiative	**Achievements**
Financial Performance	• Increased cargo volume, revenue and income over previous year
Trade Connect Program	• Increased number of events and attendance over previous year • Program received a 2012 Presidential E Star Award for Export Service
Strategic Sourcing Policies	• Initiated Local Business Preference Program • Awarded 31% of all construction and professional service contract awards to small business enterprises and 11% to very small business enterprises, exceeding the program goal
Project Labor Agreement	• Finalized five-year Port-wide agreement with building and trade unions with stipulations for hiring local residents and disadvantaged workers • 23 full time equivalent jobs created under the PLA between June 2011 and May 2013
Employee Communications and Recognition	• Instituted a formal employee communications program, as well as a quarterly recognition program for exemplary employees
Employee Commuting	• Achieved participation of approximately 16% of workforce in Port-sponsored vanpools
Employee Training	• 25 Port employees completed degrees under the tuition reimbursement program • Trained 180 employees through the Port's new POLA Leadership Academy

A. FINANCIAL PERFORMANCE

Quick Facts and Statistics

- Provided $6 billion in tax revenue throughout California; $23 billion throughout the U.S.
- Generated $63 billion in trade value throughout California and $260 billion in the U.S.
- Maintains an "AA" bond rating – the highest of any U.S. port without taxing authority
- FY 2011/2012 Operating Margin of 51.2%
- Top 5 trading partners by cargo volume (FY 2011/2012):
    - o China/Hong Kong – $138 billion
    - o Japan – $46 billion
    - o South Korea – $17 billion
    - o Taiwan – $13 billion
    - o Vietnam – $10 billion

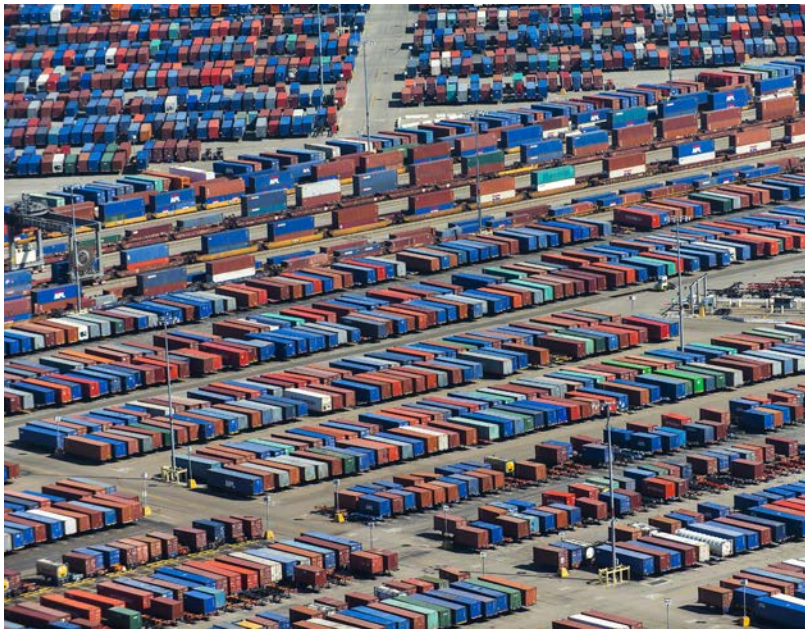
	FY11/12
Revenues	$409,787
Operating Costs	$199,806*
Employee Wages & Benefits	$125,473**
Payments to Providers of Capital	$44,012
Community Investments	$77,250***
Payments to Government	$0****

All figures in thousands. Sourced from audited financial statements (Comprehensive Annual Financial Report) for FY 2011/2012.
*Includes $104.9M in Salaries & Benefits (net of capitalization)
**Before capitalization
***This figure represents investments in community-focused capital improvement projects, operating projects and education (POLA High school) that are included as part of the Port's annual budget.
****The Port of LA is a governmental entity and does not pay taxes

Cargo Volumes

Total annual cargo volumes, including empty containers, rose 8.75 percent between FY 10/11 and FY 11/12, from 7.9 million to 8.1 million TEUs (twenty foot equivalent units). FY 12/13 container volumes are currently in the process of being calculated.

To manage increasing cargo volumes in a sustainable manner, the Port continues to transform its leasing practices to systemically improve port operations with the most aggressive environmental mitigations, best practices, and innovative technologies available in the industry.



B.
TRADE CONNECT PROGRAM

In 2007, the Port of Los Angeles initiated this pioneering trade development program for small and medium-sized enterprises. Through Trade Connect, the Port provides educational workshops to assist local business interested in expanding their operations to export internationally.

The intent of all Trade Connect workshops is to cover the costs, risks and steps involved in exporting. Offered in cooperation with governmental agencies and local officials, these workshops connect businesses with the entities that can provide participating businesses with the experts, resources and services they need to begin exporting goods internationally.

Over the past year the program has been expanded to include several advanced levels of engagement (e.g., 201, 301, 401 and 501). The Trade Connect program has been extremely popular among local businesses. The Program already has surpassed the goal detailed in the Strategic Plan of increasing the number of Trade Connect events in the next five years to 24 in 2016.

Total trade development-related outreach efforts for FY 2011/2012 and FY 2012/2013 are presented in the chart below.

Engagement Type	Number of Engagements FY 2011/2012	Attendance FY 2011/2012	Number of Engagements FY 2012/2013	Attendance FY 2012/2013
Basic Trade Connect 101	12	997	15	1,576
Emerging Markets 401	18	2,426	4	209
Commodity Specific 501	9	268	2	251
Trade Connect Topic Specific 201	0	0	4	254
Trade Connect Series 301	0	0	21	531
Trade Show Related Activities	2	265	0	0
Miscellaneous	8	1,551	4	3372
Total	49	5,507	50	6,193

Program staff is currently developing web-based video content for web-based broadcasting of Trade Connect events. The first Trade Connect Series (301) was taped for future broadcasting, as was the Mandarin and Spanish Language versions of Trade Connect. Other notable achievements in the reporting period include:

- Trade Connect received a Presidential E Star Award for Export Service
- The program has been accredited by the NCBFAA to provide continuing education and industry certification for the Certified Customs Specialist (CCS) Certification Program

C.
STRATEGIC SOURCING POLICIES

Local Business Preference Program

In early 2012, the Port established a Local Business Preference Program (LBPP). Similar to the LBPP adopted by the City of Los Angeles in October of 2011, this program augments the Harbor Department's efforts to increase local jobs and spending to benefit the businesses and residents surrounding the Port of Los Angeles.

Recognizing that the cost of doing business in the City of Los Angeles is more than 10% higher than other cities nationally, the LBPP was designed so that local businesses get an equal opportunity to compete for City business. The LBPP allows for local businesses to receive an eight percent (8%) preference for any contract opportunity that is competitively awarded. The local preference is applicable to all procurement, professional services, and construction contracts greater than $150,000. Further details are available through the Port's Contracts and Purchasing Division.

Small and Very Small Business Enterprise Program

In 2007, the Port adopted the Small Business Enterprise (SBE) Program to augment the Harbor Department's efforts to increase the participation of small businesses in Port contracts.

Based on the success rate of continually exceeding the Harbor Department's goal of 25% SBE participation, a Very Small Business Enterprise (VSBE) component was added to this program in December 2010. The new goal for this program is 25% SBE participation, including 5% VSBE participation, for all construction and professional service contract awards.

During Fiscal Year (FY) 2011/12 (the most recent year for which data is available), approximately $150.33 million in professional service agreements and construction contracts were awarded. Of this amount, approximately $46.65 million or 31% was awarded to SBEs, and $15.88 million or 11% was awarded to VSBEs.

Summary of SBE Awarded Contracts from July 1, 2011 through June 30, 2012

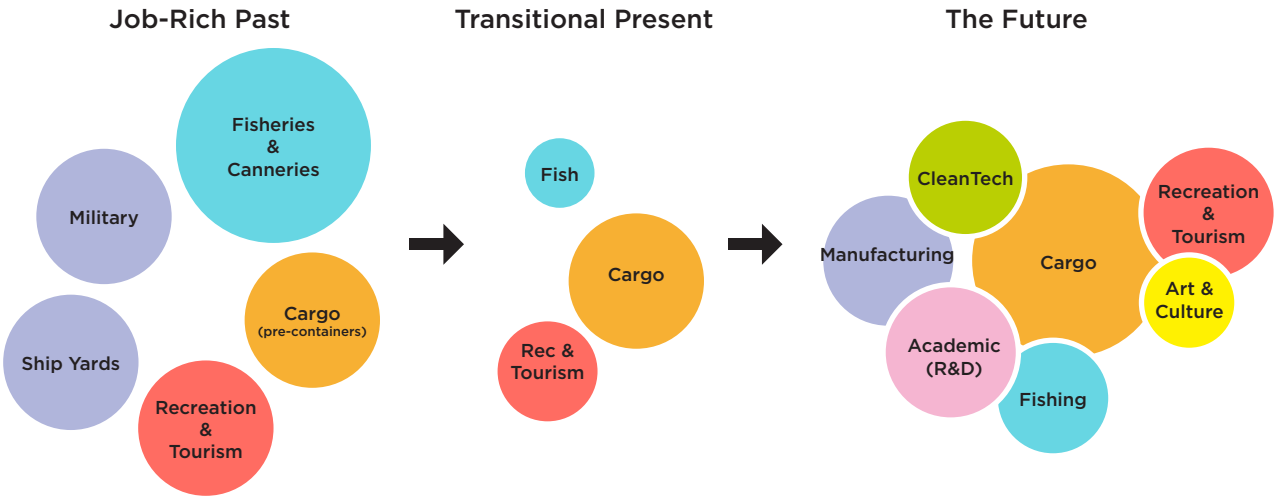
	Dollars Awarded*	% Of Total Dollars Awarded	% Of SBE Dollars Awarded
MBE	$13,282,010	8.83%	28.47%
WBE	$16,170,012	10.76%	34.66%
Non MBE/WBE	$17,196,364	11.44%	36.86%
SBE	$46,648,386	31.03%	100%

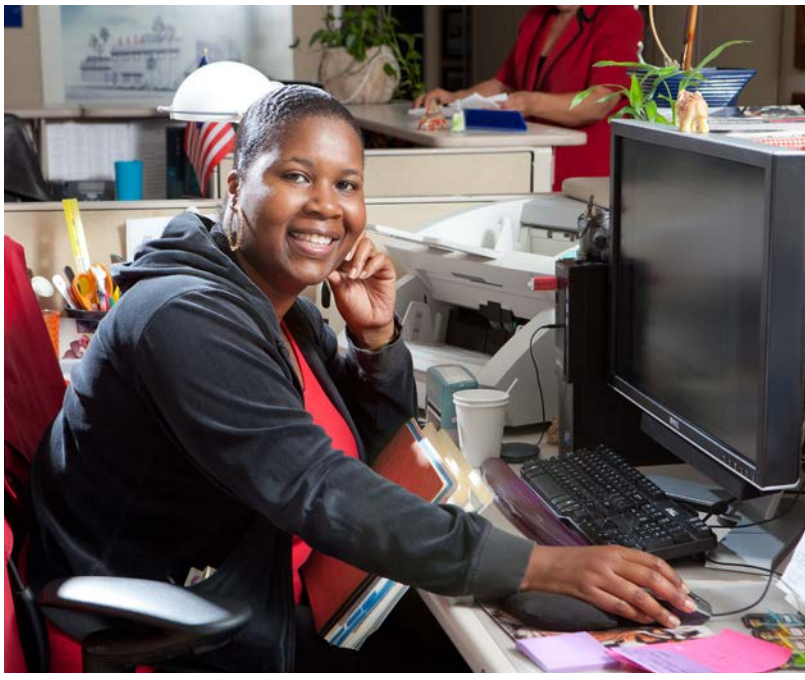
D.
JOB CREATION

The Port of Los Angeles generates approximately 896,000 regional jobs and $39.1 billion in annual wages and tax revenues. One in every eight Southern California jobs is linked to the Port.

Historically, a variety of jobs for the community existed over the first hundred years of the Port's operations related to the fisheries and canneries, military, cargo operations, shipbuilding, and recreation and tourism. Current job clusters at the Port are less diverse and focus on cargo (primarily containers), fishing, and recreation and tourism.

The Port aims to foster a more diversified job cluster focused not only on cargo handling, but on other activities such as clean technology development, academic research, commercial fishing, recreation and tourism. Efforts such as the LA Waterfront Program, Port Tech LA and Technology Advancement Program, and the AltaSea Marine Research Institute are helping the Port to achieve this goal.





Regional Employment Programs

The Port places a priority on creating quality employment opportunities for local residents. Significant progress was recently achieved on this front with the launch of the groundbreaking Project Labor Agreement.

Project Labor Agreement

In March of 2011, the City of Los Angeles Harbor Department negotiated a five-year Port-wide Project Labor Agreement (PLA) with the building and trade unions affiliated with the Los Angeles and Orange Counties Building and Construction Trade Council. This agreement is intended to promote efficiency of construction operations during the construction of various projects within the Harbor Department's Capital Improvement Program.

The Port-wide PLA seeks to address unemployment and underemployment in concentrated poverty neighborhoods, particularly in communities surrounding the Port, and also seeks to advance the skills of the local labor pool. To this end, the Port-wide PLA requires a hiring minimum of local resident workers and disadvantaged workers (those with specific low-income thresholds or with certain defined barriers to employment in particular LA zip codes).

On capital development projects included in the five-year Capital Improvement Project List, local residents will perform at least 30% of the total work hours, and disadvantaged workers will perform at least 10% of the total work hours. Additionally, apprentices will perform at least 20% of total work hours on each upcoming project, and residents in the targeted city areas will perform at least 50% of these apprenticeship hours.

A number of construction projects commenced under the PLA over the reporting period. Employment figures are provided in the chart below.

PLA: Full time equivalent jobs created for the period of June 2011 through May 2013

Spec No.	Hours	F.T.E. *
2626	7,347	4
2746	1,761	1
2738	10,994	6
2736	2,435	1
2750	56	0
2724	8,339	4
2732	2,387	1
2739	1,179	1
2663	2,995	2
272	9,727	5
Total:	**47,220**	**23**

* Full Time Equivalent employee / 1 F.T.E. worker = 1,880 hours per year

Student Employment Programs

For over forty years, the Port has been opening its doors to local student workers through the Student Internship program. Year-round, approximately 60 interns are employed on a part-time basis in various Port positions while they continue their education. Over the past two fiscal years, five student interns have gone on to secure permanent employment at the Harbor Department.

Each summer, the Port employs approximately 40 senior students from local Banning High School in internship positions. This program has been operating for eight years, and has served as a model for other ports across the nation in structuring successful and rewarding internship programs.

The Port also employs another 40 students annually during the summer from other high schools and regions across the US.

In total the Port employed 146 students over the most recent fiscal year.

E.
HARBOR DEPARTMENT EMPLOYEE PROGRAMS

Currently, 977 employees are directly employed to work at the Port through City of Los Angeles Harbor Department, out of a total of 994 authorized positions.

Employment Statistics

	Employees FY 2011/2012		Employees FY 2012/2013	
Employee Type	Total	Male / Female	Total	Male / Female
Full Time	968	663 / 305	956	652 / 304
Part-Time	11	7 / 3	21	15 / 6

New Hires

	Gender	Totals	# of Hires Under Age 30	Rate of Hires Under Age 30	# of Hires Aged 30 - 49	Hire Rate Aged 30 - 50	# of Hires Age 50 and Over	Rate of Hires Age 50 and Over
FY 2011/2012 Hires	Male	32	8	0.8%	13	1.3%	11	1.1%
	Female	12	1	0.1%	7	0.7%	4	0.4%
	Total	44	9	0.9%	20	2.0%	15	1.5%
FY 2012/2013 Hires	Male	28	6	0.6%	12	1.2%	10	1.0%
	Female	12	1	0.1%	8	0.8%	3	0.3%
	Total	40	7	0.7%	20	2.0%	13	1.3%

Terminations

	Gender	Totals	# of Hires Under Age 30	Rate of Hires Under Age 30	# of Hires Aged 30 - 49	Hire Rate Aged 30 - 50	# of Hires Age 50 and Over	Rate of Hires Age 50 and Over
FY 2011/2012 Terminations	Male	21	2	0.2%	9	0.9%	10	1.0%
	Female	13	2	0.2%	6	0.6%	5	0.5%
	Total	34	4	0.4%	15	1.5%	15	1.5%
FY 2012/2013 Terminations	Male	32	4	0.4%	12	1.2%	16	1.6%
	Female	13	0	0.0%	6	0.6%	7	0.7%
	Total	45	4	0.4%	18	1.8%	23	2.4%

Employee Communication and Recognition

Over the past two years, the Port has placed significant emphasis on improving internal communications. The employee communications program was bolstered significantly to increase employee awareness of Port news, project activity, and progress regarding the 2012-2017 Port of Los Angeles Strategic Plan. An employee relations program was implemented that includes outreach, training, and recognition opportunities for staff.

In 2013, the Port began implementing a formal employee recognition program. Every quarter, the Port will accept nominations for outstanding employees and will award a certificate of commendation to selected employees.

Employee Commuting

The Port owns 16 commuter vans that each transport approximately 8 people to and from the Port daily. The vanpool has been a very successful program for the Port. Approximately 16% of the Port's workforce currently participates in vanpools.

Employee Training

Tuition Reimbursement Program

This program provides a generous allotment to Port employees seeking to complete educational programs after hours. This program is open to any employee. Over the last two years, 25 Port employees have completed degrees ranging from associate, bachelor, and masters degrees. The Port also has one doctoral candidate.

POLA Leadership Academy

In addition to academic study, managers in each division receive funding to support on-the-job training opportunities for Port employees.

In FY 12/13, the Port achieved a major goal with the implementation of the POLA Leadership Academy. The overarching objective of this port-wide training program is to provide skill development opportunities for Port employees and create better alignment among Port staff to facilitate the implementation of initiatives in the strategic plan. To-date, 180 employees have been trained through the POLA Leadership Academy.

University Partnerships

Recognizing continuing advancements in the use of technology in maritime operations, the Port also actively works with local universities to develop programs that will prepare Port employees to work in the ports of the future. Additionally, the Port recently developed an MOU with the UCLA extension program to provide a convenient way for Port employees to earn UCLA continuing education certificates. The first UCLA Onsite Project Management training courses began in June 2013.

V. Financial Strength

Employee Health and Wellness

The Port's Wellness Program was developed in order to improve employee health awareness and self-care practices. The Port creates fun activities and interactive events to promote the values of healthier lifestyles. Ongoing events include:

Employee Health Fair: Held annually in the month of September, this event promotes healthy lifestyles for Port employees. This is a highly attended event, with an average annual attendance of 525 employees.

Workplace Wellness Day: Held quarterly, Workplace Wellness Day offers fun and rewarding activities such as free chair massages, dental kit giveaways, health screenings, and group walks. Each event draws an average attendance of 50 employees.

In 2013, the Port launched a new event called Live Healthy Week, to be held annually in the month of April in celebration of World Health Day. Ultimately, the goal of all of the Port's Wellness initiatives is to create a springboard for each employee to lead healthier individual lifestyles and adopt better habits for eating, sleeping, exercising, and self-care.

Employee Assistance Program: The Port offers an externally operated Employee Assistance Program to assist employees to balance work and life. Personalized and confidential services available to employees through this program include elder care, attorneys, and mental health programs.

Employee Engagement

Within the Harbor Department there are two employee groups dedicated to creating a fun and rewarding workplace for Port staff:

Harbor Department Employees Club (HDEC): This group puts together fun and entertaining events for employees and their families, including bingo nights, bowling tournaments and movie screenings. This employee club receives a budget from the Harbor Department to subsidize the cost of their activities to employees.

A-Team: The A-Team focuses on the following areas: recognition, education, art and entertainment, community service and health. They put on several activities and programs throughout the year including employee recognition ("pat on the back") grams, chili cook-offs and employee art exhibits.

2014 and Beyond

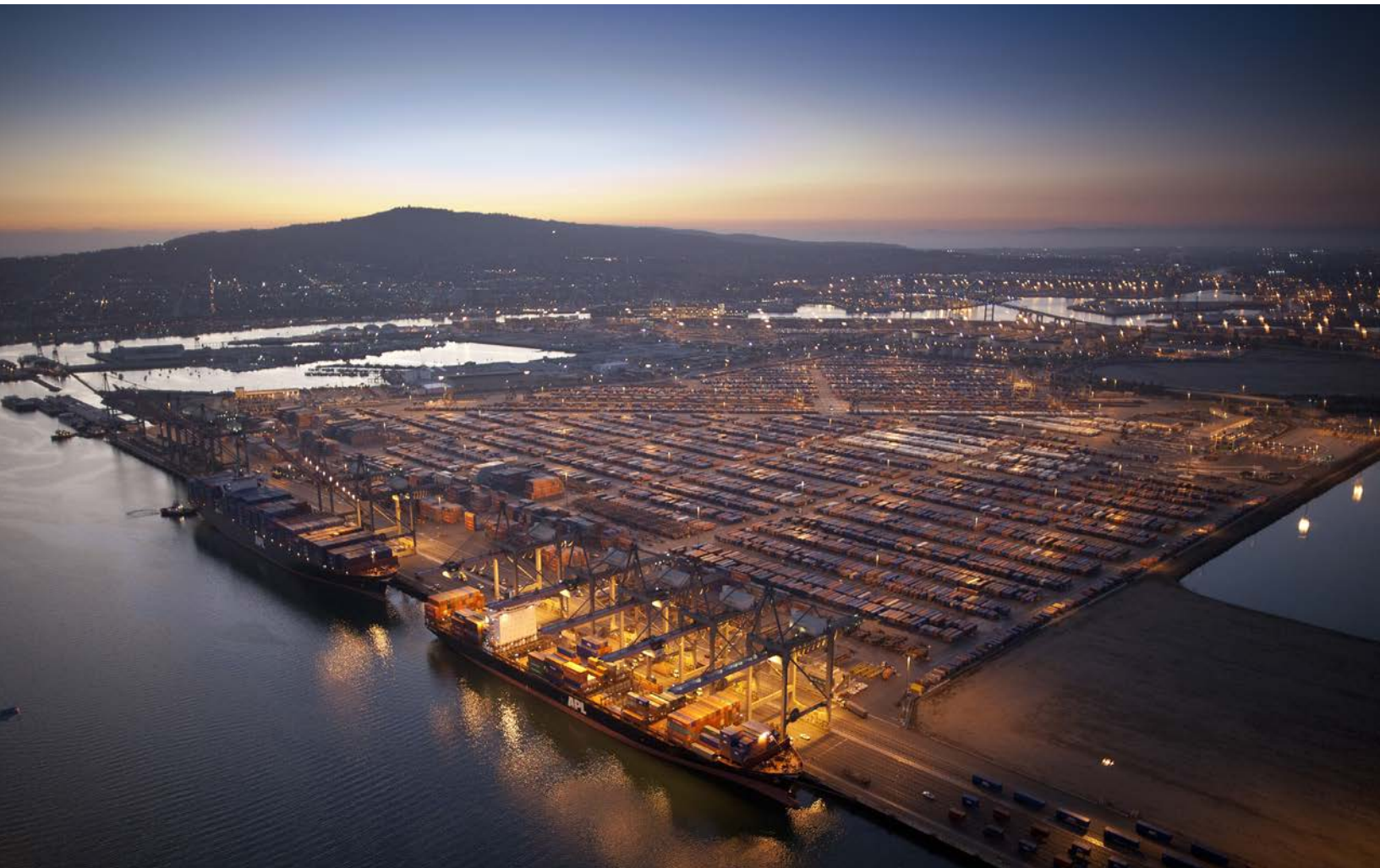
In the years to come, the Port will focus its sustainability efforts on supporting the initiatives contained in the 2012-2017 Strategic Plan. This plan will advance the Port further down the path to where it wants to be: a sustainable, forward-thinking model for green business with the three pillars of sustainability in harmony.

As described in the newly adopted Strategic Plan, the Port will focus on achieving seven major priorities over the next five years:

- o Develop World Class Infrastructure
- o Retain and Grow Market Share
- o Advance Technology & Sustainability
- o Optimize Land Use
- o Create a Positive Workplace Culture
- o Increase Stakeholder & Community Awareness and Support
- o Strengthen Financial Performance

The Port acknowledges that there is still much work to be done to achieve the goals articulated in the strategic plan. Internally, the Port sees an opportunity to build a stronger organizational culture to support sustainable decision-making.

By applying metrics from the Global Reporting Initiative to this sustainability report, the Port has taken a significant step toward a more systematic method of assessing sustainability progress. In the years to come, the Port has committed to developing additional metrics at the program level to assess the contribution of the Port's individual sustainability programs to progress on the Port's broader material issues of community investment, land use and infrastructure, public health, energy and resource conservation, and financial strength. The Port also aims to create a sustainability-focused strategic plan to guide future sustainability activities and to lay out Port-wide goals for creating cleaner, safer, more prosperous communities.



GRI Disclosures

1. Strategy & Analysis		
Profile Disclosure	**Description**	**Section/Page Reference**
1.1	Statement from the most senior decision-maker of the organization.	A Letter from our Executive Director, page 4

2. Organizational Profile		
Profile Disclosure	**Description**	**Section/Page Reference**
2.1	Name of the organization.	Cover page
2.2	Primary brands, products, and/or services.	About the Port of Los Angeles, page 5
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	About the Port of Los Angeles, page 5, 6
2.4	Location of organization's headquarters.	Back Page
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	About the Port of Los Angeles, page 5
2.6	Nature of ownership and legal form.	About the Port of Los Angeles, page 5
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	About the Port of Los Angeles; Financial Statistics, page 57
2.8	Scale of the reporting organization.	About the Port of Los Angeles, page 6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	A Letter from our Executive Director, page 4
2.10	Awards received in the reporting period.	Sustainability Awards Received, page 13

3. Report Parameters		
Profile Disclosure	**Description**	**Section/Page Reference**
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Introduction, page 2
3.2	Date of most recent previous report (if any).	Introduction, page 2
3.3	Reporting cycle (annual, biennial, etc.)	Report Parameters, page 7
3.4	Contact point for questions regarding the report or its contents.	Report Parameters, page 7
3.5	Process for defining report content.	Stakeholder Consultation, page 7; Material Issues, page 9
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Report Parameters, page 7
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Report Parameters, page 7
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	N/A
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	N/A
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Disclosures, page 66

GRI Disclosures

4. Organizational Profile		
Profile Disclosure	**Description**	**Section/Page Reference**
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Operational Structure, page 6
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	Operational Structure, page 6
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	N/A
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Operational Structure, page 6
4.14	List of stakeholder groups engaged by the organization.	Stakeholder Consultation, page 7
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Consultation, page 7

Potential GRI Indicators

Economic Indicators	Description	Section/Page Reference
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Financial Performance, page 57
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate Adaptation Study, page 27
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Strategic Sourcing Policies, page 59
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Community Investment, page 14
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Financial Performance, page 57

Potential GRI Indicators

Environmental Indicators	Description	Section
EN3	Direct energy consumption by primary source.	Energy, page 51
EN13	Habitats protected or restored.	Habitat Restoration Projects, page 50
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Biological Resources, 49
EN16	Total direct and indirect greenhouse gas emissions by weight.	Climate Change Mitigation, page 42
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Climate Change Mitigation, page 42
EN20	NOx, SOx, and other significant air emissions by type and weight.	The San Pedro Bay Ports Clean Air Action Plan, page 31
Social Indicators	**Description**	**Section**
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Employment Statistics, page 62
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Employment Statistics, page 62
SO9	Operations with significant potential or actual negative impacts on local communities.	Community Investment, page 14
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Community Investment, page 14

GRI External Assurance Statement

The Port of Los Angeles (further referred to as: "the Port") has commissioned Clean Agency, an independent sustainability consulting firm, to provide external assurance on the Port of Los Angeles July 2011-June 2013 Sustainability Report (further referred to as: "the Report"). Our assurance statement provides readers with an independent opinion on the reliability of information contained in the Report.

Clean Agency pursued a limited level of assurance, aimed at determining whether the Report provided an authentic representation of the Port's social, environmental, and economic performance according to the Global Reporting Initiative (GRI) reporting framework as specified in the GRI G3.1 Guidelines.

This external assurance statement is limited to the Port of Los Angeles July 2011-June 2013 Sustainability Report published in PDF form, and does not cover any other sustainability communications released by the Port.

Our activities included a review of the reporting metrics, observing the data collection process, reviewing data and evaluating the reliability of claims. Our lead reviewer is a certified reporter under the Global Reporting Initiative.

As part of the assurance process, Clean Agency:

- Reviewed report content in relation to the GRI content principles of materiality, stakeholder inclusiveness, sustainability context and completeness and the GRI quality principles of balance, comparability, reliability, accuracy, clarity and timeliness;
- Interviewed Port employees to understand and verify the accuracy of procedures for data collection, tracking and analysis;
- Analyzed stakeholder engagement activities and the materiality determination process;
- Followed up on any discrepancies discovered in order to ensure accuracy;
- Assessed the final version of the report content to ensure it met the principles for ensuring report content and quality, as defined by the GRI.

Based on the work undertaken, Clean Agency concludes that the claims and information contained in the Report are reliable and comply with the GRI G3.1 application level C.

For Clean Agency,

Director, Clean Agency
August 7, 2013

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We're Better Together