



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 13, 2023

FROM: LABOR RELATIONS & GOVERNMENT AFFAIRS

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF AGREEMENT
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT
AND THE CALIFORNIA WORKFORCE DEVELOPMENT BOARD FOR
FUNDING OF THE GOODS MOVEMENT TRAINING CAMPUS**

SUMMARY:

Staff requests approval of an Agreement between the City of Los Angeles Harbor Department (Harbor Department) and the California Workforce Development Board (CWDB) for acceptance of \$110 million in state funds for development and construction of the Port of Los Angeles and Port of Long Beach Goods Movement Training Campus (Campus). The Campus will be a twenty acre facility located on Harbor Department property on Anchorage Road in Wilmington. The Harbor Department estimates the construction cost of the Campus to be \$150 million. The State of California, through a budget line item in the Fiscal Year (FY) 2022-23 state budget, approved an allocation of \$110 million of state funds, or approximately 73.3% of the estimated construction cost, for the construction of the Campus. For the Harbor Department to receive the funds, it is required to enter into an agreement with the CWDB to accept the funds. The Harbor Department will be financially responsible for the payment of any costs not covered by state funds accepted under the proposed Agreement.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Standard Agreement STD 213 and Agreement Summary STD 215 with the California Workforce Development Board;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement with the California Workforce Development Board; and
4. Adopt Resolution No. _____

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DISCUSSION:

Background – The Port of Los Angeles (POLA) is America’s largest container port by volume, handling 9.9 million TEUs in 2022. Based upon a 2021 analysis, staff estimates the cargo throughput at the Port of Los Angeles is related to more than 181,000 jobs (about one in twelve jobs) in the City of Los Angeles and 951,000 jobs (or one in nine jobs) in the five-county Southern California region, and 2.7 million jobs nationally.

Maintaining the Port’s role as an economic and job creation engine, while navigating a rapidly changing maritime shipping industry, is the key to the future of the Port and the region. Investment in human capital is a critical component of this effort. In support of this role, the Harbor Department is committed to developing new and innovative ways to develop a workforce training environment that supports workforce development in the San Pedro Bay community and across the entire goods movement sector in the Southern California region.

With 15,000 longshore workers, 20,000 daily truck trips to the port complex, and nearly 2 billion square feet of commercial warehousing space in the region, the Port is a focal point of the region’s large goods movement workforce.

Training Campus in San Pedro Bay - In 2019, Port of Los Angeles Executive Director Gene Seroka directed the Harbor Department staff to begin the design of a training campus on Harbor Department property, a long-sought goal of the late Harbor Commission Vice President David Arian. Harbor Department staff began identifying construction sites, and staff also started working with the International Longshore Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) to design the Campus based on the training needs of the port complex.

Over time, staff continued to refine the site locations and possible designs of the Campus, and the Port of Long Beach joined in efforts to move this project forward. As the goods movement sector is closely linked across the different nodes of the supply chain, staff began to develop a campus design to benefit the entire goods movement sector and therefore focus on training in occupations related to longshore work, trucking, and warehousing.

This will be the first training facility in the United States dedicated to the goods movement sector. The Campus will provide training for longshore, trucking, and warehouse occupations. The goal of the Campus is to provide a facility for the existing training needs in these occupations and provide a state-of-the-art facility to train workers in this industry on zero-emission cargo handling equipment as the two ports seek to transition to zero-emission cargo handling equipment by 2030 and drayage trucks by 2035. The Campus will replicate goods movement environments by providing skilled training programs such as the use and operation of ship-to-shore cranes, transtainers, top handlers, side picks, forklifts and heavy lifts, while providing a safe training environment for workers.

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POLA estimates the total budget of the project to be approximately \$150 million with \$110 million provided by state funding. The budget includes costs to design, complete environmental approvals, entitle, and construct the Campus. CEQA environmental clearance and land use entitlements are required to be approved by the Board of Harbor Commissioners before the Port can begin construction on this project.

Separate from this agreement, POLA and the Port of Long Beach (POLB) plan to enter into an agreement for the remaining costs of the project of approximately \$40 million. These additional costs will be split 50% - 50% jointly between POLA and POLB. The two ports will also collaborate on advocacy for additional state and federal funding for training equipment used at the Campus.

California State Budget – In June 2022, the California State Legislature adopted the State of California’s FY 2022-2023 budget, which was soon signed into law by Governor Newsom. The adopted budget includes \$110 million for construction of the Campus provided in the following three annual installments:

- FY 2022-2023: \$30 million
- FY 2023-2024: \$40 million
- FY 2024-2025: \$40 million

Through the CWDB, the State of California adopted budget allocated funding to the Port in the above schedule, with the FY 2023-24 and FY 2024-25 allocation subject to approval of fund amounts in the budget for those fiscal years.

The CWDB requires the execution of this agreement to begin the annual transfer of state funds to the Harbor Department.

ENVIRONMENTAL ASSESSMENT:

A signed Agreement is a requirement of the State, to release funds to the Harbor Department, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Agreement will enable the Harbor Department to accept \$110 million in funding from the State of California, via the California Workforce Development Board, for use in the development and construction of the Campus. While the State of California’s FY 2022-2023 adopted budget allocated \$30 million in FY 2022-23 funding towards the Campus, the remaining \$80 million in funds were budgeted for disbursement in subsequent fiscal years. Any funds not disbursed by the California Workforce

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Development Board during FY 2022-23 would be subject to approval and potential change as part of subsequent State of California budget approval processes.

The funds are a direct transfer from an appropriation line in the California State Budget and will be recorded in Port of Los Angeles, Harbor Department Account 77020 (State Capital Grants) and are expected to be received in multiple fiscal years as follows:

Fiscal Year	State Funds
2022 – 2023	\$30 million
2023 – 2024	\$40 million
2024 - 2025	\$40 million
Total	\$110 million

The Port of Los Angeles estimates that the total cost of the project is approximately \$150 million. The Port of Los Angeles and the Port of Long Beach anticipate entering into an agreement to equally split the remaining \$40 million in estimated remaining costs of the project. It is anticipated that funds outside of the \$110 million direct transfer from the California State Budget will be expensed in FY 2027/2028. While the Harbor Department will seek reimbursement from the Port of Long Beach as outlined above, the Harbor Department will be financially responsible for the payment of any project costs not covered by state funds accepted under the proposed Agreement.

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CITY ATTORNEY:

The City Attorney's Office has reviewed and approved the Agreement as to form and legality.

TRANSMITTALS:

1. State of California Standard Agreement (STD 213) and Agreement Summary (STD 215) between the California Workforce Development Board and the City of Los Angeles, Harbor Department.

FIS Approval: MB

CA Approval: _____



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