



**LOS ANGELES BOARD OF
HARBOR COMMISSIONERS**

Harbor Administration Building
425 S. Palos Verdes Street
San Pedro, California 90731

**SPECIAL MEETING AGENDA
WEDNESDAY, JUNE 7, 2023 AT 9:00 AM**

Board of Harbor Commissioners

Edward R. Renwick, Vice President
Diane L. Middleton
Michael Muñoz
Lucille Roybal-Allard
I. Lee Williams

BOARD MEETINGS - The Board's Regular Meetings are held at 9:00 A.M. at the Harbor Administration Building Boardroom as scheduled on the Port's website at www.portoflosangeles.org. A quorum of three of five Commissioners is required to transact business and three Aye votes are required to carry a motion.

**OPPORTUNITIES FOR THE PUBLIC TO ATTEND THE MEETING
AND PROVIDE PUBLIC COMMENTS**

- Members of the public may attend the Board meeting in person at the Harbor Administration Building located at 425 S. Palos Verdes St., San Pedro, CA 90731.
- The Board meeting will also be broadcast live at <https://www.portoflosangeles.org/commission/agenda-archive-and-videos>. Live Board meetings can also be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) and (310) 547-CITY (San Pedro Area).
- In-Person Comments: Live, oral public comments will be taken in person, only, and not via teleconference. Members of the public will be given an opportunity to address the Board on (1) any item on the agendas prior to the Board's consideration of that item, including the consent and closed session agenda; and (2) subjects within the subject matter jurisdiction of the Board (general public comment). Members of the public who wish to speak should complete a speaker card indicating the agenda item number on which they will comment, or designate "general public comment." Each speaker is allowed to speak up to 3 minutes per agenda item. The Presiding Officer shall, however, exercise discretion to determine if such period of time should be reduced or extended based upon, but not limited to, such factors as the length of the agenda or substance of the agenda items, the quantity of public comment speaker cards submitted, the need for the Board to conclude its business as expeditiously as is practicable and/or the Board is at risk of losing a quorum, among other factors. Upon request, non-English speakers will be granted additional speaking time for translation assistance.

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- Written comments or materials may be submitted by emailing commissioners@portla.org or brought to the meeting. If you request to distribute documents to the full Commission, please present the Board Secretary with twelve (12) copies. Otherwise, your materials will simply be added to the official meeting record. All written comments or materials submitted for this meeting will be provided to the Commissioners and entered into the official meeting minutes. Please submit your written comments prior to 3:00 pm on the day before the scheduled meeting. Requests to distribute literature to the general public attendees of the meeting shall be placed on a literature table outside the Boardroom during and until 30 minutes after the Board meeting.
- ***Para sumetir su comentario en español, se puede enviar a nuestro correo electrónico: commissioners@portla.org, un día antes de la junta, o puede llamar a nuestra Oficina de Comisionados al (310) 732-3444 para grabar su mensaje. Alguien de nuestra oficina estará disponible para traducir su comentario en inglés y entregarlo a los Comisionados del Puerto.***

ADDITIONAL INFORMATION

- Commission actions are not final until the expiration of the next five meeting days of the City Council except actions subject to appeal or review by the Council pursuant to the Charter, ordinance or other applicable law. If the Council asserts jurisdiction during this five meeting-day period, the Council has 21 calendar days thereafter in which to act on the matter.
- Please note that this agenda is subject to revision in accordance with the Brown Act. In the event the agenda is revised prior to the meeting, Port staff will post the revised agenda on the Port's web site (www.portoflosangeles.org/). Updated agendas will also be available at the meeting.
- Notice to Paid Representatives: If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code 48.01 et seq. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.
- As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities. Sign language interpreters, assistive listening devices, and translation services may be provided. To ensure availability, 72-hour advance notice is required.
- If you have any questions regarding meeting procedures, please contact the Harbor Commission Office prior to the meeting at (310) 732-3444.

**SPECIAL MEETING AGENDA
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ORDER OF BUSINESS

Convene in Memory of Rick Cameron

OPEN SESSION

A. Roll Call

B. Executive Director Remarks

C. Comment from the Public on Non-Agenda Items

D. Report from the Neighborhood Council Representatives – An opportunity for Neighborhood Council representatives to provide remarks on Neighborhood Council Resolutions or Community Impact Statements filed with the City Clerk which relate to any agenda item listed or being considered on this agenda for the Board of Harbor Commissioners.

E. Reports of the Commissioners

F. Board Committee Reports

- Audit Committee Meeting of May 25, 2023
- Alameda Corridor Transportation Authority Governing Board Meeting of June 1, 2023

G. Approval of the Minutes

- Special Meeting of May 25, 2023

H. Presentation

None

I. Level I Coastal Development Permit

None

**SPECIAL MEETING AGENDA
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J. Board Reports of the Executive Director

Consent Items (1 – 2)

Cargo & Industrial Real Estate

1. RESOLUTION NO. _____ - APPROVE THE FIRST AMENDMENT TO AGREEMENT NO. 2012 WITH SOUTHERN CALIFORNIA EDISON COMPANY

Transmittal 1

Transmittal 2

Summary: Staff requests approval of the First Amendment (First Amendment) to Reciprocal License Agreement No. 2012 (Agreement No. 2012) between Southern California Edison Company (SCE) and the City of Los Angeles Harbor Department (Harbor Department), which would extend the term by five years, for a total aggregate term of thirty years. Under the proposed First Amendment, the expiration date would change from April 30, 2023, to April 30, 2028. All other terms, conditions, and obligations would remain unchanged. There is no compensation payable by either the Harbor Department or SCE under Agreement No. 2012, due to the reciprocal nature of the agreement.

Recommendation: Board resolve to (1) find that the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(14) of the Los Angeles City CEQA Guidelines; (2) approve and ratify the First Amendment to Reciprocal License Agreement No. 2012 between the City of Los Angeles Harbor Department and Southern California Edison Company; (3) direct the Board Secretary to transmit the proposed First Amendment to the Los Angeles City Council for approval and ratification pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code; (4) authorize the Executive Director to execute, and the Board Secretary to attest to the First Amendment; and adopt Resolution No. _____.

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WEDNESDAY, JUNE 7, 2023 AT 9:00 AM**

Waterfront & Commercial Real Estate

2. RESOLUTION NO. _____ - APPROVE THIRD AMENDMENT TO AGREEMENT NO. E6975 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND CALIFORNIA DINING SERVICES

Transmittal 1

Summary: Staff requests approval of the Third Amendment to Agreement No. E6975 with California Dining Services (Cal Dining) to extend the length of the current five-year agreement by six additional months. The Third Amendment will increase the contract amount by \$75,500 to cover the additional six months expenses, for a total contract amount of \$740,000. Cal Dining operates the Port Pantry Café (Port Pantry) at the Harbor Administration Building (HAB) and provides vending machine, catering, and coffee services. Cal Dining was chosen from a Request for Proposals (RFP) for a Port Pantry Operator published by the City of Los Angeles Harbor Department (Harbor Department) in April 2018. The Harbor Department will continue to be financially responsible for the payment of expenses incurred under the Agreement.

Recommendation: Board resolve to (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 Third Amendment to Agreement No. E6975 with California Dining Services; (3) authorize the Executive Director to execute and Board Secretary to attest to the Third Amendment; and (4) adopt Resolution No._____.

**SPECIAL MEETING AGENDA
WEDNESDAY, JUNE 7, 2023 AT 9:00 AM**

Regular Items (3 – 5)

Financial Planning & Analysis

**3. RESOLUTION NO. _____ - ADOPTION OF PROPOSED FISCAL YEAR
2023/24 ANNUAL BUDGET**

Transmittal 1

Transmittal 2

Presentation

Summary: Staff requests approval of the Fiscal Year (FY) 2023/24 Proposed Annual Budget (Proposed Budget) of \$2,020,804,969. The Proposed Budget is aligned with the 2018 – 2022 Strategic Plan (Strategic Plan) and will enable the City of Los Angeles Harbor Department (Harbor Department) to meet its commitments in the upcoming fiscal year. Adoption of the Proposed Budget will position the Port of Los Angeles (Port) to deliver value to its customers by providing superior infrastructure, promoting efficient operations, as well as forging strong and lasting relationships with its stakeholders.

The Proposed Budget includes sources and appropriations of funds as follows:

TABLE 1: SOURCES AND APPROPRIATIONS OF FUNDS

| Sources: | | Appropriations: | |
|--------------------------|------------------------|-------------------------------------|------------------------|
| Operating Receipts | \$ 652,862,946 | Operating Expenses | \$ 372,352,064 |
| Non-Operating Receipts | 22,731,610 | Non-Operating Expenses | 33,092,325 |
| Grant Receipts (Capital) | 47,962,114 | Capital Budget | 252,316,588 |
| Debt Issuance Proceeds | - | Debt Repayments & Other | 64,497,759 |
| Available Cash: | | Projected Year-End Balances: | |
| Unrestricted Funds | 1,216,257,030 | Unappropriated Balance | 1,197,733,510 |
| Restricted Funds | 80,991,269 | Restricted Cash | 100,812,723 |
| Total Sources | \$2,020,804,969 | Total Appropriations | \$2,020,804,969 |

The Proposed Budget represents the ongoing commitment of Harbor Department staff to operate and maintain the Port in a fiscally sound manner according to the guidelines, policies, and direction set forth by the Board of Harbor Commissioners (Board). Furthermore, the Proposed Budget complies with the Board-approved Financial Policies that relate to debt rating, debt service coverage, and reserve levels.

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3. (Continued)

Recommendation: Board resolve to (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) adopt the Fiscal Year 2023/24 Proposed Annual Budget for the City of Los Angeles Harbor Department and appropriate funds in accordance herewith, pursuant to Section 511(b) of the City Charter; (3) authorize the Executive Director, or his designee, to make any technical adjustments consistent with the Board action(s) to the Fiscal Year 2023/24 Proposed Annual Budget documents in the implementation of this budget; (4) approve the transfer of \$17,624,847 from the Harbor Revenue Fund, Account 11010, Center 7000, Program 000 to the Harbor Special Operating Fund, Account 11035, Center 7000, Program 000; (5) direct the Board Secretary to transmit the Resolution and Annual Budget to the Mayor and Controller pursuant to Section 511(b) of the City Charter; and (6) adopt Resolution No._____.

**SPECIAL MEETING AGENDA
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Waterfront & Commercial Real Estate

4. RESOLUTION NO. _____ - APPROVAL OF ANNUAL BUDGET COVERING FISCAL YEAR 2024 FOR WESTREC MARINA MANAGEMENT, INC. UNDER AGREEMENT NO. 13-3125

Transmittal 1
Presentation

Summary: Staff requests approval of the annual budget for Fiscal Year (FY) 2024 for operation of Cabrillo Way Marina (CWM) by Westrec Marina Management, Inc. (Westrec) under Agreement No. 13-3125 (Agreement). The Agreement was approved by the Board of Harbor Commissioners (Board) in 2013 for Westrec to manage CWM as a fee operator, while passing through all expenses and revenue to the City of Los Angeles Harbor Department (Harbor Department). Westrec's estimated FY 2024 revenue is \$8,459,298 with total expenses of \$3,881,674. FY 2024 proposed net income of \$4,577,624 results in a net profit margin of 54.1 percent, a decrease from the FY 2023 approved budget margin of 55.9 percent and the FY 2022 actual net profit margin of 56.9 percent.

Recommendation: Board resolve to (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 Westrec Marina Management, Inc. annual budget for Fiscal Year 2024 under Agreement No. 13-3125; and (3) adopt Resolution No. _____.

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Information Technology

5. RESOLUTION NO. _____ - SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND WABTEC TRANSPORTATION SYSTEMS, LLC

Transmittal 1
Presentation

Summary: Staff requests approval of the Sixth Amendment to Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC (Wabtec) for the Port Optimizer project. The Port Optimizer is a first-of-its-kind common user portal that provides a single information window to support enhanced maritime supply chain performance. The proposed Sixth Amendment is to continue development and operation of the Port Optimizer, which will enable the City of Los Angeles Harbor Department (Harbor Department) and Wabtec to enhance the existing Track and Trace and Control Tower modules and implement three new modules. The proposed Sixth Amendment will revise some terms of the agreement for the purpose of clarity, increase the not-to-exceed compensation by \$6,500,000 for a total agreement amount of \$34,600,420, and does not change the term which will conclude on November 3, 2026. Expenditures incurred under Agreement No. 17-3425-A are the financial responsibility of the Harbor Department.

Recommendation: Board resolve to (1) find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines; (2) find that, in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside contractors to perform this work than City employees; (3) approve the proposed Sixth Amendment to Amended and Restated Agreement No. 17-3425-A to increase the not-to-exceed compensation by \$6,500,000 for a total agreement amount of \$34,600,420 in order to continue to develop, operate and support the Port Optimizer; (4) direct the Board Secretary to transmit said Agreement to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code; (5) authorize the Executive Director to execute and the Board Secretary to attest to the said Agreement for and on behalf of the Board upon approval by City Council; and (6) adopt Resolution No. _____.

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K. Closed Session

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Subdivision (d)(1) of Government Code Section 54956.9)

Natural Resources Defense Council, et al. v. City of Los Angeles, et al.
Los Angeles Superior Court Case No. BS070017

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Subdivision (d)(1) of Government Code Section 54956.9)

Natural Resources Defense Council, et al. v. City of Los Angeles, et al.
San Diego Superior Court Case No. 37-2021-00023385-CU-TT-CTL

3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code Section 54956.8)

Provide instructions to its real estate negotiators with respect to Permit 999 with China Shipping Holding Company, Ltd.:

Property: Berths 100-103, San Pedro

City Negotiator: Michael DiBernardo

Tenant Negotiator: Paul Nazzaro

Negotiating Parties: City and China Shipping Holding Company, Ltd.

Under Negotiation: Price and Terms

**SPECIAL MEETING AGENDA
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4. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code Section 54956.8)

Provide instructions to its real estate negotiators with respect to Compensation Reset Under Permit No. 896 with Crafted at the Port of Los Angeles:

Property: 112 E. 22nd Street, San Pedro, CA 90731
City Negotiator: Michael Galvin
Tenant Negotiator: Wayne Blank
Negotiating Parties: City and Crafted at the Port of Los Angeles
Under Negotiation: Price and Terms

5. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code Section 54956.8)

Provide instructions to its real estate negotiators with respect to Compensation Reset Under Permit 529 with Union Pacific Railroad Company:

Property: 2401 E. Sepulveda Boulevard, Wilmington
City Negotiator: Marisa Katnich
Tenant Negotiator: Gregory Brigham
Negotiating Parties: City and Union Pacific Railroad Company
Under Negotiation: Price and Terms

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6. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code Section 54956.8)

Provide instructions to its real estate negotiators with respect to Five-Year Review of Revocable Permit 91-38 with Southern California Edison Company:

Property: Adjacent to the southwest corner of Hesperian Ave.
and W. Arlington St. in Long Beach

City Negotiator: Marisa Katnich

Tenant Negotiator: Erin Johnson

Negotiating Parties: City and Southern California Edison Company

Under Negotiation: Price and Terms

7. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code Section 54956.8)

Provide instructions to its real estate negotiators with respect to Five-Year Review of Revocable Permit 00-06 with Howard Kim:

Property: 813 South Seaside Avenue, Terminal Island

City Negotiator: Marisa Katnich

Tenant Negotiator: Jason Matthews

Negotiating Parties: City and Howard Kim

Under Negotiation: Price and Terms

L. **Adjournment**

**1. RESOLUTION NO. _____ - APPROVE THE
FIRST AMENDMENT TO AGREEMENT NO. 2012 WITH
SOUTHERN CALIFORNIA EDISON COMPANY**



DATE: MAY 31, 2023

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE THE FIRST AMENDMENT TO AGREEMENT NO. 2012 WITH SOUTHERN CALIFORNIA EDISON COMPANY

SUMMARY:

Staff requests approval of the First Amendment (First Amendment) to Reciprocal License Agreement No. 2012 (Agreement No. 2012) between Southern California Edison Company (SCE) and the City of Los Angeles Harbor Department (Harbor Department), which would extend the term by five years, for a total aggregate term of thirty years. Under the proposed First Amendment, the expiration date would change from April 30, 2023, to April 30, 2028. All other terms, conditions, and obligations would remain unchanged. There is no compensation payable by either the Harbor Department or SCE under Agreement No. 2012, due to the reciprocal nature of the agreement.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Approve and ratify the First Amendment to Reciprocal License Agreement No. 2012 between the City of Los Angeles Harbor Department and Southern California Edison Company;
3. Direct the Board Secretary to transmit the proposed First Amendment to the Los Angeles City Council for approval and ratification pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute, and the Board Secretary to attest to the First Amendment; and
5. Adopt Resolution No. _____.

DATE: MAY 31, 2023

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SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 2012 SOUTHERN CALIFORNIA EDISON COMPANY

DISCUSSION:

Background - Under Agreement No. 2012, which took effect May 1, 1998, SCE uses and occupies land owned by the Harbor Department generally located at 2422 E. Sepulveda Blvd., Long Beach, CA, including portions of an access road (SCE Licensee Area); and the Harbor Department uses and occupies land owned by SCE located near 2401 E. Sepulveda Blvd., Long Beach, CA; and 2401 E. Pacific Coast Hwy., Wilmington, CA, and retains rights to an access road (HD Licensee Area) (Transmittal 1). There is no compensation payable by either party under Agreement No. 2012, due to the reciprocal nature of the agreement. The agreement provides for the exchange of comparable access/connectivity rights as opposed to a 1:1 transfer of square footage/property rights.

- The SCE Licensee Area on Harbor Department property is used by SCE as a truck storage and staging area for SCE's tenant. The SCE Licensee Area also includes an access road, as described above. The truck staging area consists of 80,964 square feet, and the access road area allotted to SCE is 34,578 square feet.
- The HD Licensee Area on SCE property is used for the operation and maintenance of spur tracks that connect the Union Pacific Intermodal Container Transfer Facility (a/k/a ICTF) and one other Harbor Department tenant (i.e., Mortimer and Wallace) to the former Union Pacific Railroad San Pedro Branch line which is a backup to the Alameda Corridor. There is also an access road, comparable to the area licensed to SCE, as noted above. The spur track areas consist of 23,871 square feet, and the access road area allotted to the Harbor Department is 30,240 square feet.

Term Extension - Both areas are licensed for a term of twenty-five years, effective May 1, 1998, through April 30, 2023, and subject to termination with twelve-months' notice. As approved in 1998, the term for Agreement No. 2012 is fixed. Because the underlying instrument is a license and not a lease, there is no mechanism for a holdover tenancy.

SCE desires to maintain business operations at the SCE Licensee Area, and the Harbor Department seeks to retain continued access to the adjacent rail corridor. It thus benefits the parties to execute into the First Amendment to extend the term for five years to allow all provisions and conditions of the agreement to continue without interruption.

After discussions concerning an extension to the license, SCE transmitted to the Harbor Department a First Amendment to Agreement No. 2012 to extend the term; however, the amendment was received too close to the expiration date without sufficient time for the Harbor Department to secure City of Los Angeles (City) approvals (i.e. Board, City Council). Staff initially operated under the assumption that the reciprocal license could continue under a traditional holdover tenancy arrangement while staff worked to secure City approvals, but later discovered that a periodic tenancy is not possible under a license. As such, under this action, the parties would retroactively extend the term, effective April 30, 2023.

DATE: MAY 31, 2023

PAGE 3 OF 4

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 2012 SOUTHERN CALIFORNIA EDISON COMPANY

As approval and ratification of the First Amendment is being sought retroactive to its effective date of April 30, 2023, the parties entered into an interim extension letter agreement to memorialize the parties' intent to extend the term and abide by the provisions of Agreement No. 2012 while approval, ratification and execution of the First Amendment is pursued from the Board and City Council. Staff weighed the alternative approach of a new successor reciprocal contract between the parties in lieu of the approach proposed herein, but such option would cause a lapse in license rights and obligations, require more time and possibly protracted negotiations. To preserve the rights and obligations inherent within Agreement No. 2012, staff recommends a five-year extension of Agreement No. 2012 commencing May 1, 2023, which will ensure rail access rights at the HD Licensee Area.

Financial Analysis - As noted above, there is no compensation required by either party, due to the reciprocal nature of the agreement which consists of trading comparable access/connectivity rights as opposed to a spatially proportionate 1:1 transfer of property rights. As such, a traditional approach to valuation was not used to determine the financial impact of this First Amendment. However, there is equitable value in use conferred to each licensee based on respective commercial needs satisfied by ongoing operations conducted at the properties.

First Amendment - Under the proposed First Amendment (Transmittal 2), the expiration date would change from April 30, 2023, to April 30, 2028. All other terms, conditions and obligations would remain unchanged.

Board Approval and Ratification - This action recommends that the Board and City Council approve and ratify the First Amendment to Agreement No. 2012 retroactive to April 30, 2023, and extend the term to April 30, 2028. Since Agreement No. 2012 expired on April 30, 2023, the Board and City Council may decide to approve and ratify the First Amendment in their sole discretion. Under established municipal law, the Board and City Council are not required, but may, in their sole discretion, legally ratify the proposed amendment after-the-fact, if it could have originally authorized such contracts at the inception. The ratification may be considered retroactive and thus date from the time the contract was first entered into. (McQuillin, The Law of Municipal Corporations, § 29:115, 3d ed.) Here, the Board and City Council acting together, had the authority on September 30, 1998, to have approved Agreement No. 2012 with a 30-year term of May 1, 1998, to April 30, 2028.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a First Amendment to Agreement No. 2012 with SCE and the Harbor Department to extend the term by five years, which is an activity involving the amendment of any agreement to use an existing structure or facility involving negligible or no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

DATE: MAY 31, 2023

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SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 2012 SOUTHERN CALIFORNIA EDISON COMPANY

FINANCIAL IMPACT:

Approval of the proposed First Amendment would extend Agreement No. 2012 by five years, from twenty-five years currently to thirty years, as proposed. Under the proposed First Amendment, Agreement No. 2012 would expire on April 30, 2028, rather than April 30, 2023.

Approval of the proposed First Amendment will not have a financial impact on the Harbor Department. Currently, based on the reciprocal exchange of property rights and mutual benefits conferred under the terms of Agreement No. 2012, no compensation is remitted to either party by the other. If the proposed First Amendment is approved, Agreement No. 2012 would continue in effect on the same terms and conditions, without compensation exchanged between the Harbor Department and SCE through April 30, 2028.

CITY ATTORNEY:

The proposed First Amendment to Agreement No. 2012 has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Site Map
2. First Amendment

FIS Approval: *MB*
CA Approval: *JC*

Marisa L. Katnich
MARISA L. KATNICH
Director, Cargo & Industrial Real Estate

Michael DiBernardo
MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

ES:MD:MK:AP:KH:db
Author: Keith Heeley
BL994db So Cal Edison

Transmittal 1

Southern California Edison Company 23-2012-A



**Taylored Transload
aka Classification Yard**

ICTF

**Subject
HD Licensee Area**

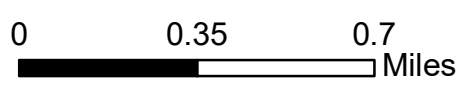
**Subject
SCE Licensee Area**

**Subject
Access Road**

**Subject
HD Licensee Area**

SCE Licensee Area = 115,542 sf
 Trucking Area: 80,964 sf
 Access Road: 34,578 sf
 HD Licensee Area = 54,111 sf
 Rail Spur Tracks: 23,871 sf
 Access Road: 30,240 sf

Transmittal 1



Site Map

MAY 2023



Transmittal 2

**FIRST AMENDMENT TO
RECIPROCAL LICENSE AGREEMENT
BETWEEN THE CITY OF LOS ANGELES AND
SOUTHERN CALIFORNIA EDISON COMPANY**

City Contract No. 23-2012-A
SCE Contract No. L1679
SCE Property No. PLLBH795A23

THIS AMENDMENT TO RECIPROCAL LICENSE AGREEMENT ("Amendment") dated April 30, 2023 is entered into between the City of Los Angeles, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and Southern California Edison Company, a California corporation ("Edison").

WHEREAS, the City and Edison entered into a Reciprocal License Agreement on September 30, 1998 (the "Agreement"), under which Edison licensed to City certain land owned by Edison ("Edison Land"); and City licensed to Edison certain land owned by City ("City Land"), as described and depicted in the Agreement;

WHEREAS, the Agreement expired on April 30, 2023 and the parties desire to extend the term for five (5) additional years on the same terms and conditions;

WHEREAS, each of City and Edison finds that it could have and would have lawfully approved the proposed Amendment if timely presented prior to the Agreement expiration on April 30, 2023, and therefore approves and ratifies entry into this Amendment with a back-dated effective date as if signed prior to April 30, 2023.

NOW THEREFORE, the City and Edison hereby agree to amend the Agreement on the following terms and conditions:

1. Section 2 Term is amended to add five years to the length of term, to read as follows:

"Section 2. Term. Unless otherwise terminated as provided herein, this term of the Agreement will be in effect for a term of thirty (30) years commencing on the first day of May, 1998 and ending on the last day of April, 2028."

2. Section 22. Notices is amended to change the addresses listed for notices to read as follows:

"To Edison:
Southern California Edison Company Vegetation & Land Management
Land Management- Metro West Region
2 Innovation Way
Pomona, CA 91768
Telephone: _____
Email: landuse@sce.com

To City:
Attention: Executive Director
Attention: Director of Real Estate
Los Angeles Harbor Department
P.O. Box 151
San Pedro, CA 90733-0151
Telephone: (310) 732-3865"

With a copy to:
Office of City Attorney - Harbor Department
425 S. Palos Verdes Street
San Pedro, CA 90731
Attention: General Counsel

3. The effective date of this Amendment is April 30, 2023.

4. Except as amended herein, all remaining terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the date below their signatures.

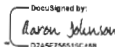
THE CITY OF LOS ANGELES, by its Board of Harbor Commissioners

By: _____
EUGENE D. SEROKA
Executive Director

Dated: _____

Attest: _____
AMBER M. KLESGES
Board Secretary

SOUTHERN CALIFORNIA
EDISON COMPANY

By:  _____
Aaron Johnson
Real Estate & Facilities Specialist
Land Management -Metro West Region
5/25/2023

Dated: _____

APPROVED AS TO FORM AND LEGALITY

May 31, 20 23
HYDEE FELDSTEIN SOTO, City Attorney
Steven Y. Otera, General Counsel

By:  _____
Joy M. Crose, Assistant General Counsel

**2. RESOLUTION NO. _____ - APPROVE THIRD
AMENDMENT TO AGREEMENT NO. E6975 BETWEEN
THE CITY OF LOS ANGELES HARBOR DEPARTMENT
AND CALIFORNIA DINING SERVICES**



DATE: MAY 25, 2023

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE THIRD AMENDMENT TO AGREEMENT NO. E6975 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND CALIFORNIA DINING SERVICES

SUMMARY:

Staff requests approval of the Third Amendment to Agreement No. E6975 with California Dining Services (Cal Dining) to extend the length of the current five-year agreement by six additional months. The Third Amendment will increase the contract amount by \$75,500 to cover the additional six months expenses, for a total contract amount of \$740,000. Cal Dining operates the Port Pantry Café (Port Pantry) at the Harbor Administration Building (HAB) and provides vending machine, catering, and coffee services. Cal Dining was chosen from a Request for Proposals (RFP) for a Port Pantry Operator published by the City of Los Angeles Harbor Department (Harbor Department) in April 2018.

The Harbor Department will continue to be financially responsible for the payment of expenses incurred under the Agreement.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

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 Third Amendment to Agreement No. E6975 with California Dining Services;
3. Authorize the Executive Director to execute and Board Secretary to attest to the Third Amendment; and
4. Adopt Resolution No. _____.

SUBJECT: THIRD AMENDMENT TO AGREEMENT NO. E6975

DISCUSSION:

Background – An RFP for food service was published by the Harbor Department on April 2, 2018, to ensure uninterrupted food service at the Port Pantry, and to supersede existing Agreement No. 14-3462 with Cal Dining which was expiring on August 6, 2018. Two responsive proposers submitted proposals, and Cal Dining was selected as the successful proposer by a selection panel that consisted of five Harbor Department employees. The Executive Director awarded Agreement No. E6975 to Cal Dining on July 26, 2018, for a one-year term, with a total contract amount of \$132,900.

On June 20, 2019, the Board approved the First Amendment to Agreement No. E6975 to extend the agreement for an additional two years, for a total term of three years, expiring on July 25, 2021. The First Amendment also increased the contract amount by \$265,800, for a total contract amount of \$398,700.

In 2021, it was not feasible to conduct a new and in-person RFP process while maintaining uninterrupted service because of the Covid-19 Pandemic. On July 1, 2021, the Board approved the Second Amendment to Agreement No. E6975 to extend the agreement for an additional year with an option to renew for an additional year, for a total term of five years set to expire on July 25, 2023. The Second Amendment increased the contract amount by \$265,800, for a total contract amount of \$664,500.

Staff requests Board approval of the Third Amendment (Transmittal 1) to Agreement No. E6975 to extend the length of the current five-year agreement for an additional six months, for a total term of five years and six months, expiring on January 25, 2024. In addition, staff also requests an increase to the contract amount by \$75,500, for a total contract amount of \$740,000. Council Approval is not required based on Administrative Code Sections 10.5(b)(2) and (c)(2). Due to staff retirements under the Separation Incentive Program, additional vacancies in the Waterfront and Commercial Real Estate Division, and other immediate project priorities, remaining staff were not able to conduct the bid process for the Port Pantry Operator earlier this calendar year. The additional six-month extension will allow staff to complete the competitive selection process for a Port Pantry Operator, which is currently in progress.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Third Amendment to Agreement No. E6975 with Cal Dining to extend the length of the current agreement and an increase to the contract amount, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

DATE: MAY 25, 2023

PAGE 3 OF 3

SUBJECT: THIRD AMENDMENT TO AGREEMENT NO. E6975

FINANCIAL IMPACT:

Approval of the proposed Third Amendment will increase the term of Agreement No. E6975 by six months, from five years currently to 5 years and six months as proposed. Additionally, the contract amount will increase by \$75,500 from \$664,500 currently to \$740,000 as proposed.

Fiscal Year 2023-24 funding in the amount of \$86,575 has been requested to be budgeted within Account 54290 (Misc. Professional Services), Center 0429, Program 000, subject to Board approval. The \$86,575 includes \$11,075 of remaining funds from the current authority amount.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Third Amendment to Agreement No. E6975 as to form and legality.

TRANSMITTAL:

1. Third Amendment to Agreement No. E-6975

FIS Approval: *MB*
CA Approval: *JC*

Michael J. Galvin
MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate

Michael DiBernardo
MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For
EUGENE D. SEROKA
Executive Director

ES:MD:MG:VD:raw
Author: V. Dorfman
BL991raw Cal Dining 3rd Amend

Transmittal 1

THIRD AMENDMENT
TO AGREEMENT NO. E6975
BETWEEN THE CITY OF LOS ANGELES AND
CALIFORNIA DINING SERVICES

THIS THIRD AMENDMENT to Agreement No. E6975 is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and CALIFORNIA DINING SERVICES ("Operator") as follows:

1. Section III is removed in its entirety and replaced with the following:

"III. EFFECTIVE DATE AND TERM OF AGREEMENT

This Agreement shall be in full force and effect commencing from the date of execution by the Executive Director and shall be in effect until January 25, 2024, unless the Board of Harbor Commissioners, in its sole discretion, terminates and cancels all or part of this Agreement for any reason upon giving to Consultant ten (10) days-notice in writing of its election to cancel and terminate this Agreement.

2. Section V is amended by removing subsection B and replacing it with the following:

"B. The maximum payable under this Agreement, including reimbursable expenses (see Exhibit B), shall be Seven Hundred Forty Thousand Dollars (\$740,000)."

Subject to the provisions of Charter Section 245, the effective date of this Amendment shall be the date of its execution by the Executive Director upon authorization of the Board. Operator is aware that the City Council, pursuant to Charter Section 245 of the City of Los Angeles, has the right to review this Agreement. Accordingly, in no event shall this Amendment become effective until after the expiration of the fifth Council meeting day after Board action, or the date of City Council's approval of the Amendment.

Except as amended herein, all remaining terms and conditions of Agreement No. E6975 shall remain in full force and effect.

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TRANSMITTAL 1

IN WITNESS THEREOF, the parties hereto have executed this Third Amendment to Agreement No. E6975 on the date to the left of their signatures.

THE CITY OF LOS ANGELES, by its Board of Harbor Commissioners


Dated: _____

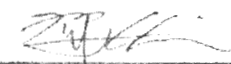
By _____
EUGENE D. SEROKA
Executive Director

Attest _____
AMBER M. KLESGES
Board Secretary

Dated: 05/11/23

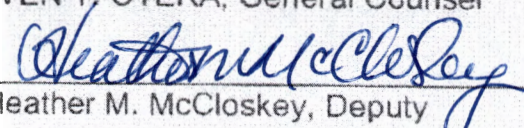
CALIFORNIA DINING SERVICES

By: 
John Choi / General Manager
(Print/type name and title)

Attest: 
Candice Choi / Accountant
(Print/type name and title)

APPROVED AS TO FORM AND LEGALITY

June 1, 2023
HYDEE FELDSTEIN SOTO, City Attorney
STEVEN Y. OTERA, General Counsel

By 
Heather M. McCloskey, Deputy

Contractor/Vendor Name: CALIFORNIA DINING SERVICES

Date:

| | | | |
|--------------------------------|------------------|--|--|
| Account # | 54290 | W.O. # | |
| Ctr/Div # | 0429 | Job Fac. # | |
| Proj/Prog # | 0000 | | |
| Budget FY: | | Amount: | |
| 2018/2019 | | \$121,825 | |
| 2019/2020 | | \$132,900 | |
| 2020/2021 | | \$132,900 | |
| 2021/2022 | | \$132,900 | |
| 2022/2023 | | \$132,900 | |
| 2023/2024 | | \$ 86,575 | |
| TOTAL | | \$740,000 | |
| For Acct/Budget Div. Use Only: | | | |
| Verified by: | Erin O'Malley | Digitally signed by Erin O'Malley Date: 2023.05.25 15:56:12 -07'00' | |
| Verified Funds Available: | Soheila Sajadian | Digitally signed by Soheila Sajadian Date: 2023.05.25 16:26:37 -07'00' | |
| Date Approved: | 05/25/2023 | | |

**3. RESOLUTION NO. _____ - ADOPTION OF
PROPOSED FISCAL YEAR 2023/24 ANNUAL BUDGET**



DATE: MAY 25, 2023

FROM: FINANCIAL PLANNING & ANALYSIS

SUBJECT: RESOLUTION NO. _____ - ADOPTION OF PROPOSED FISCAL YEAR 2023/24 ANNUAL BUDGET

SUMMARY:

Staff requests approval of the Fiscal Year (FY) 2023/24 Proposed Annual Budget (Proposed Budget) of \$2,020,804,969. The Proposed Budget is aligned with the 2018 – 2022 Strategic Plan (Strategic Plan) and will enable the City of Los Angeles Harbor Department (Harbor Department) to meet its commitments in the upcoming fiscal year. Adoption of the Proposed Budget will position the Port of Los Angeles (Port) to deliver value to its customers by providing superior infrastructure, promoting efficient operations, as well as forging strong and lasting relationships with its stakeholders.

The Proposed Budget includes sources and appropriations of funds as follows:

TABLE 1: SOURCES AND APPROPRIATIONS OF FUNDS

| Sources: | | Appropriations: | |
|--------------------------|------------------------|-------------------------------------|------------------------|
| Operating Receipts | \$ 652,862,946 | Operating Expenses | \$ 372,352,064 |
| Non-Operating Receipts | 22,731,610 | Non-Operating Expenses | 33,092,325 |
| Grant Receipts (Capital) | 47,962,114 | Capital Budget | 252,316,588 |
| Debt Issuance Proceeds | - | Debt Repayments & Other | 64,497,759 |
| Available Cash: | | Projected Year-End Balances: | |
| Unrestricted Funds | 1,216,257,030 | Unappropriated Balance | 1,197,733,510 |
| Restricted Funds | 80,991,269 | Restricted Cash | 100,812,723 |
| Total Sources | \$2,020,804,969 | Total Appropriations | \$2,020,804,969 |

The Proposed Budget represents the ongoing commitment of Harbor Department staff to operate and maintain the Port in a fiscally sound manner according to the guidelines, policies, and direction set forth by the Board of Harbor Commissioners (Board). Furthermore, the Proposed Budget complies with the Board-approved Financial Policies that relate to debt rating, debt service coverage, and reserve levels.

RECOMMENDATIONS:

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;

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

2. Adopt the Fiscal Year 2023/24 Proposed Annual Budget for the City of Los Angeles Harbor Department and appropriate funds in accordance herewith, pursuant to Section 511(b) of the City Charter;
3. Authorize the Executive Director, or his designee, to make any technical adjustments consistent with the Board action(s) to the Fiscal Year 2023/24 Proposed Annual Budget documents in the implementation of this budget;
4. Approve the transfer of \$17,624,847 from the Harbor Revenue Fund, Account 11010, Center 7000, Program 000 to the Harbor Special Operating Fund, Account 11035, Center 7000, Program 000;
5. Direct the Board Secretary to transmit the Resolution and Annual Budget to the Mayor and Controller pursuant to Section 511(b) of the City Charter; and
6. Adopt Resolution No. _____.

DISCUSSION:**Financial Performance Goals**

Projected financial performance for FY 2023/24 relative to the current year is summarized below:

TABLE 2: KEY BUDGET COMPONENTS

| | Adopted Budget FY 2022/23 | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed Budget to Adopted | Δ% Proposed Budget to Forecast |
|-----------------------------|------------------------------|------------------------|-------------------------------|-------------------------------------|--------------------------------------|
| Cargo Volumes (TEUs) | 9.85M | 8.49M | 8.92M | (9.4%) | 5.1% |
| Operating Revenues | \$628.1M | \$601.3M | \$652.9M | 3.9% | 8.6% |
| Operating Expenses | \$334.0M | \$314.5M | \$372.4M | 11.5% | 18.4% |
| Income before Depreciation | \$294.1M | \$286.8M | \$280.5M | (4.6%) | (2.2%) |
| Net Income | \$81.3M | \$108.1M | \$116.0M | 42.8% | 7.4% |
| Capital Improvement Program | \$180.5M | \$153.0M | \$216.5M | 19.9% | 41.5% |

The Proposed Budget enables the Harbor Department to meet debt rating and debt service coverage metrics set forth in its Financial Policies and Strategic Plan.

TABLE 3: KEY FINANCIAL METRICS

| Key Financial Metric | Minimum | Proposed FY 2023/24 |
|-----------------------------|---------|------------------------|
| Debt Rating | AA | AA+ |
| Debt Service Coverage Ratio | 2.0x | 4.4x |
| Operating Margin | 45.0% | 43.0% |
| Days Cash on Hand | 500 | 500+ |

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

Consistent with the four primary objectives outlined within the Strategic Plan, the Proposed Budget facilitates: (i) world-class infrastructure that promotes growth; (ii) a secure, efficient, and environmentally sustainable supply chain; (iii) improved financial performance of Port assets; and (iv) strong relationships with stakeholders. Transmittal 1 provides a detailed narrative as to how the Proposed Budget supports the Strategic Plan.

Budget Development Process

Staff finalized budget priorities and targets in October 2022, and divisions submitted their proposed budgets in late November 2022. After holding internal discussions with senior management in February 2023, Harbor Department staff presented an initial overview of the Proposed Budget to the Board in April 2023.

In late March 2023, the Proposed Budget was submitted to the City of Los Angeles (City) City Administrative Officer (CAO) for its review and inclusion in the Mayor's budget submission to the City Council.

Following the April 2023 presentation of the Proposed Budget to the Board, FY 2023/24 Proposed Operating Revenues increased by \$627,136. This increase occurred primarily as a result of increases in cruise wharfage and space assignment fees, which was partially offset by a reduction in forecasted Clean Truck Fund Rate fees and Marine Oil Terminals Engineering and Maintenance Standards reimbursements.

In addition, subsequent adjustments and changes were made to the FY 2023/24 Proposed Operating Expenses, with a total overall reduction of \$3.1 million outlined below:

TABLE 4: SUMMARY OF CHANGES TO PROPOSED TOTAL OPERATING EXPENSES FOLLOWING APRIL 2023 BOARD MEETING

| | |
|---|-----------------------|
| Proposed Total Operating Expenses, April 2023 | \$ 375,495,792 |
| Additions / (Reductions): | |
| Port Optimizer – Additional Development | \$1,500,000 |
| Outside Services for Environmental Management Division | 700,000 |
| Salaries & Benefits Changes (Lower Attrition & Increases to CIP projects) | 344,047 |
| Oracle Extended Support Subscription Adjustments | 219,225 |
| Clean Truck Fund Rate Subsidies – Zero Emission Pilot Deployment | (2,500,000) |
| Oracle ERP Cloud Project – Staff Augmentation/Business System Analysts | (3,407,000) |
| Proposed Total Operating Expenses, June 2023 | \$ 372,352,064 |

Upon adoption by the Board, the annual budget will cover the Harbor Department's fiscal year from July 1, 2023 through June 30, 2024.

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

Sources of Funds for Proposed Budget

Sources of funds for the Proposed Budget are expected to increase relative to the FY 2022/23 Adopted Budget (Adopted Budget), primarily due to higher Operating Receipts, Grants Receipts, Unrestricted Funds, and Restricted Funds.

**TABLE 5: COMPARISON OF PROPOSED BUDGET SOURCES OF FUNDS
TO THE FY 2022/23 ADOPTED BUDGET AND FORECAST**

| (\$ in Thousands) | Adopted Budget FY 2022/23 | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed Budget to Adopted | Δ% Proposed Budget to Forecast |
|--------------------------|---------------------------------|------------------------|----------------------------------|--|---|
| Operating Receipts | \$ 628,102 | \$ 601,325 | \$ 652,863 | 3.9% | 8.6% |
| Non-Operating Receipts | 54,483 | 48,535 | 22,732 | (58.3%) | (53.2%) |
| Grant Receipts (Capital) | 30,871 | 42,405 | 47,962 | 55.4% | 13.1% |
| Debt Issuance Proceeds | - | - | - | n/m | n/m |
| Unrestricted Funds | 1,101,122 | 1,144,153 | 1,216,257 | 10.5% | 6.3% |
| Restricted Funds | 72,412 | 59,339 | 80,991 | 11.8% | 36.5% |
| Total Sources | \$ 1,886,990 | \$ 1,895,757 | \$ 2,020,805 | 7.1% | 6.6% |

Operating Receipts

Comprising 32.3% of the funding sources within the Proposed Budget, Operating Receipts represent the principal mechanism used by the Harbor Department to fund its day-to-day operations. Refer to the table below for a summary of the key components of the proposed Operating Receipts, as well as a comparison to the Adopted Budget and FY 2022/23 Forecast (Forecast).

**TABLE 6: COMPARISON OF PROPOSED BUDGET OPERATING RECEIPTS
TO THE FY 2022/23 ADOPTED BUDGET AND FORECAST**

| (\$ in Thousands) | Adopted Budget FY 2022/23 | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed Budget to Adopted | Δ% Proposed Budget to Forecast |
|--|---------------------------------|------------------------|----------------------------------|--|---|
| Shipping Services | \$ 439,656 | \$ 431,094 | \$ 478,310 | 8.8% | 11.0% |
| Rentals | 93,944 | 101,293 | 98,580 | 4.9% | (2.7%) |
| Royalties and Fees | 4,589 | 7,193 | 7,033 | 53.3% | (2.2%) |
| Clean Truck Fees | 47,699 | 33,672 | 34,774 | (27.1%) | 3.3% |
| Other Operating | 42,214 | 28,073 | 34,166 | (19.1%) | 21.7% |
| Total Operating Receipts | \$ 628,102 | \$ 601,325 | \$ 652,863 | 3.9% | 8.6% |
| Cargo Volumes (TEUs in Thousands) | 9,850 | 8,494 | 8,925 | (9.4%) | 5.1% |

FY 2022/23 Forecast cargo volumes of 8.494 million are projected to decrease by 20.4% relative to the prior year FY 2021/22 Actuals and decrease by 13.8% relative to the Adopted Budget. Looking forward to FY 2023/24, cargo volumes of 8.925 million are expected to decline by 9.4% relative to the Adopted Budget, but increase by 5.1% relative to the Forecast.

Operating Receipts will continue to be driven by cargo-related activities, as Shipping Services Revenue is anticipated to comprise approximately 73.3% of the \$652.9 million in projected total Operating Receipts. The increase in total Operating Receipts as

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

compared to the Adopted Budget results from higher anticipated revenue from Shipping Services due to a slight increase in container wharfage following implementation of the 2022 general rate increase as well as higher cruise wharfage. This increase is expected to be partially offset by a decline in Clean Truck Fees which are expected to decrease relative to the Adopted Budget due to a decline in cargo volumes.

Non-Operating Receipts

Proposed Non-Operating Receipts of \$22.7 million include \$19.1 million in investment and interest income and \$3.6 million in grants. The Federal Departments of Homeland Security and Transportation are providing the majority of the grant funding for Port Security System operations and maintenance, and for Port Optimizer development. Proposed Non-Operating Receipts are anticipated to decrease relative to the Adopted Budget and Forecast primarily due to significantly lower pass-through grant receipts as major environmental demonstration projects are completing in the spring of 2023.

Capital Grant Receipts

Anticipated to comprise \$48.0 million of the Proposed Budget, Capital Grant Receipts are expected to increase by \$17.1 million relative to the Adopted Budget. Major projects receiving capital grant funding in FY 2023/24 include the Goods Movement Training Campus (which can be categorized as a direct funding appropriation from the State of California), the Alameda Corridor Southern Terminus Gap Closure, and the State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd. Interchange Reconfiguration and Connector Projects.

Available Cash-on-Hand

The Proposed Budget includes Restricted Funds and Unrestricted Funds, which comprise 4.0% and 60.2% of the total budget, respectively. Restricted Funds pertain to certain cash holdings and investments that have limitations or constraints on how these funds may be used pursuant to commitments, bond indenture requirements, or agreements. The Proposed Budget includes Restricted Funds totaling \$81.0 million for purposes such as debt service reserves, mitigation projects related to the China Shipping Mitigation Fund, Clean Truck Fund Rate reserves, and customer security deposits, among others.

Conversely, Unrestricted Funds are not dedicated or limited to any one particular use so long as provisions of the Tidelands Trust and City Charter are maintained. The Harbor Department has made Unrestricted Funds available within the Unappropriated Balance (UB) in order to meet needs that were unanticipated during budget development or that were insufficiently defined to allow for a more specific appropriation. In FY 2023/24, the UB may be used, pending Board approval of each request, to fund unbudgeted expenses which may arise due to unforeseen or extraordinary events.

Additionally, Unrestricted Funds provide sufficient liquidity to support the Harbor Department's key financial metric to maintain strong credit ratings. The Proposed Budget includes \$1.2 billion in unrestricted cash which, based upon proposed Operating Expenses of \$372.4 million, would be sufficient to meet one of the criteria necessary to maintain the Port's current "AA+" debt rating.

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

Proposed Budget Appropriations

Proposed Budget Appropriations are expected to increase by 7.1% relative to the Adopted Budget, due primarily to an increase in the Capital Budget, the Unappropriated Balance, and Operating Expenses.

**TABLE 7: COMPARISON OF PROPOSED BUDGET APPROPRIATIONS
TO THE FY 2022/23 ADOPTED BUDGET AND FORECAST**

| (\$ in Thousands) | Adopted Budget FY 2022/23 | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed Budget to Adopted | Δ% Proposed Budget to Forecast |
|-----------------------------|---------------------------------|------------------------|----------------------------------|--|---|
| Operating Expenses | \$ 334,040 | \$ 314,507 | \$ 372,352 | 11.5% | 18.4% |
| Capital Budget | 211,827 | 179,471 | 252,317 | 19.1% | 40.6% |
| Non-Operating Expenses | 107,031 | 68,100 | 33,092 | (69.1%) | (51.4%) |
| Debt Repayments and Other | 92,696 | 36,431 | 64,498 | (30.4%) | 77.0% |
| Unappropriated Balance (UB) | 1,036,359 | 1,216,257 | 1,197,733 | 15.6% | (1.5%) |
| Restricted Cash | 105,037 | 80,991 | 100,813 | (4.0%) | 24.5% |
| Total Appropriations | \$ 1,886,990 | \$ 1,895,757 | \$ 2,020,805 | 7.1% | 6.6% |

Operating Expenses

The FY 2023/24 Proposed Budget includes total Operating Expenses of \$372.4 million, which represents an increase of 11.5% relative to the Adopted Budget and 18.4% relative to the Forecast. The increases in total Operating Expenses relative to the Adopted Budget and the Forecast are expected to be driven mostly by increases in Outside Services, Other Operating Expenses, Salaries and Benefits, and City Services (see Table 11 for more details regarding Other Operating Expenses).

**TABLE 8: COMPARISON OF PROPOSED BUDGET OPERATING EXPENSES
TO THE FY 2022/23 ADOPTED BUDGET AND FORECAST**

| (\$ in Thousands) | Adopted Budget FY 2022/23* | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed Budget to Adopted | Δ% Proposed Budget to Forecast |
|---------------------------------|----------------------------------|------------------------|----------------------------------|--|---|
| Salaries & Benefits | \$ 161,114 | \$ 152,443 | \$ 177,259 | 10.0% | 16.3% |
| Marketing & Public Relations | 3,336 | 3,327 | 3,556 | 6.6% | 6.9% |
| Travel | 1,106 | 863 | 1,221 | 10.4% | 41.4% |
| Outside Services | 46,746 | 43,846 | 53,278 | 14.0% | 21.5% |
| Materials & Supplies | 7,223 | 6,869 | 7,274 | 0.7% | 5.9% |
| City Services | 61,207 | 56,975 | 66,758 | 9.1% | 17.2% |
| Allocations to Capital | (19,476) | (19,476) | (19,710) | 1.2% | 1.2% |
| Other Operating Expenses | 72,784 | 69,660 | 82,716 | 13.6% | 18.7% |
| Total Operating Expenses | \$ 334,040 | \$ 314,507 | \$ 372,352 | 11.5% | 18.4% |

*The Adopted Budget includes \$3.5 million in transfers across Operating Expense categories, which were approved by the Board in FY 2022/23 and did not change the total Operating Expense budget of \$334.0.

Salaries & Benefits of \$177.3 million (net of \$15.6 million in capitalization) have been included within the Proposed Budget in order to support 1,005 authorized positions. With the Harbor Department's historical vacancy rate at 8.5% and the department's intent to hold 20 of the 80 Separation Incentive Program (SIP) positions vacant, the FY 2023/24 Proposed Budget for Salaries and Benefits includes funding for an average of 900 positions. Through holding 20 SIP positions vacant, the Harbor Department projects a savings of \$3.1 million for FY 2023/24. The \$177.3 million Salaries and Benefits budget

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

supports 27 divisions with Port Police and Construction & Maintenance comprising the largest Salaries and Benefits budgets among the 27 divisions.

Note: The \$15.6 million in capitalized Salaries and Benefits is for staff time spent working directly on capital projects within the Harbor Department's Capital Improvement Program (CIP).

TABLE 9: PROPOSED SALARIES AND BENEFITS (BEFORE CAPITALIZATION, \$192.8 MILLION)

| (\$ in Thousands) | Authorized Positions | Proposed Budget FY 2023/24 | Proposed Salaries & Benefits as a % of Total |
|--|----------------------|----------------------------|--|
| Port Police | 226 | \$ 43,718 | 25.2% |
| Construction and Maintenance | 296 | 40,702 | 23.5% |
| Port Pilots | 33 | 13,016 | 7.5% |
| Engineering | 90 | 12,958 | 7.5% |
| Cargo Marketing, Planning, & Real Estate Divisions | 61 | 10,944 | 6.3% |
| Finance | 61 | 9,429 | 5.4% |
| Information Technology | 45 | 9,179 | 5.3% |
| Construction | 69 | 8,559 | 4.9% |
| Stakeholder Engagement Bureau | 35 | 6,940 | 4.0% |
| Human Resources & Contracts and Purchasing | 36 | 6,770 | 3.9% |
| Environmental Management | 29 | 5,207 | 3.0% |
| Executive & Commission | 20 | 4,743 | 2.7% |
| Goods Movement | 4 | 1,113 | 0.6% |
| Total | 1,005 | \$ 173,278 | 100.0% |

*The total Proposed Budget for FY 2023/24 of \$173,278 in this table does not match the net Salaries & Benefits budget of \$177.3 million because the following expenses are excluded from the table: training for City Attorney and global Salaries & Benefits costs within the Special Projects division.

Relative to the Adopted Budget, Proposed Salaries and Benefits are projected to increase by \$16.1 million due to:

- ↑ \$7.3 million in Memorandum of Understanding (MOU) mandated increases to salaries, salary step increases, position upgrades, and the addition of 6 new full-time positions;
- ↑ \$3.6 million in higher pension and health care contributions;
- ↑ \$2.6 million in lower Salary & Benefits attrition savings largely driven by the reduction of SIP positions held vacant (from 33 to 20 positions);
- ↑ \$2.0 million in higher bonuses and miscellaneous employee benefits pay;
- ↑ \$1.2 million in lower direct Salaries & Benefits allocation to capital; and
- ↑ \$0.1 million in higher Overtime; partially offset by:
- ↓ \$0.7 million reduction for one-time salary reopener payouts that occurred in FY 2022/23 for employees in bargaining units represented by the Engineers & Architects Association (EAA) and Municipal Construction Inspectors Association (MCIA).

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

Marketing & Public Relations expenses of \$3.6 million include Port-wide marketing activities such as customer and community outreach, and sponsorships. Proposed expenses in this category are increasing by 6.6% relative to the Adopted Budget and 6.9% relative to the Forecast because of increases to event, sponsorship, and government/community promotional spending. The Proposed Budget includes \$1.6 million for the Community Sponsorship Program.

Travel expenses of \$1.2 million are primarily allocated towards marketing efforts to retain and grow business, and promote employee development. Of the \$1.2 million in proposed domestic, foreign, and local travel expenses, \$353,500 or 29.0% is budgeted within the Executive Office and \$254,500 or 20.8% is within the Cargo Marketing division for marketing, and trade development and retention. The remainder is budgeted in various divisions for representation, legislative advocacy, training, and other business purposes. The proposed travel budget represents a 41.4% increase relative to the Forecast as travel is expected to increasingly normalize to pre-pandemic levels.

Outside Services of \$53.3 million include an overall \$9.4 million increase relative to the Forecast as increases in information system consulting; maintenance for dredging, wharves, land, equipment, and grounds; environmental assessment services; graphics services; and computer hardware and software; are partially offset by decreases to hiring hall; maintenance for buildings, streets, bridges and rail; and legal services.

The largest components of proposed Outside Services are \$19.5 million or 36.7% for IT services (including information systems consulting, and maintenance for software & hardware); \$10.6 million or 19.9% for maintenance services (including buildings; wharves; equipment; dredging; grounds; open facilities & land; and streets, bridges & railroads); \$6.5 million or 12.2% for environmental assessment services; and \$3.1 million or 5.7% for cruise terminal operations, among others as illustrated in the table below. Approximately \$1.7 million in grant reimbursements are expected to be applied against \$3.1 million in Port security system maintenance service costs.

TABLE 10: PROPOSED OUTSIDE SERVICES

| (\$ in Thousands) | Proposed Budget FY 2023/24 | Proposed as a % of Total |
|---|----------------------------------|-----------------------------|
| IT Systems Consulting and Hardware/Software Maintenance | \$ 19,535 | 36.7% |
| Maintenance – Building; Wharves; Equipment; Dredging; Grounds; Open Facilities and Land; and Streets, Bridges & Railroads | 10,606 | 19.9% |
| Environmental Assessment Services & Site Restoration | 6,485 | 12.2% |
| Security Camera and other Security System Maintenance & Repair | 3,100 | 5.8% |
| Cruise Terminal Operations | 3,057 | 5.7% |
| Outside Legal Counsel | 2,198 | 4.1% |
| Hiring Hall Salaries and Benefits | 2,136 | 4.0% |
| Other | 6,161 | 11.6% |
| Total Outside Services | \$ 53,278 | 100.0% |

Materials & Supplies spending of \$7.3 million represents a \$50,833 increase compared to the Adopted Budget and a \$405,314 increase compared to the Forecast. Increased

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spending for parts & materials and operating materials & supplies, which is partially offset by reductions to equipment fuels, office equipment, postage, shipping, & delivery, and tools & equipment, drives the year-to-year increase relative to the Forecast.

City Services of \$66.8 million are for services rendered by other City departments for Port operations. The primary drivers of this budget category include \$41.1 million for Fire Department services, \$14.0 million for recreational facilities operated by the Department of Recreation and Parks (i.e. Cabrillo Marine Aquarium, parks, museums), and \$6.8 million for City Attorney services. Proposed expenses are 9.1% higher as compared to the Adopted Budget and 17.2% as compared to the Forecast due to mandated MOU increases for Salaries and Benefits and increased levels of staffing at Recreation and Parks as staffing normalizes to pre-pandemic levels.

Overhead Allocations to Capital of \$19.7 million are indirect expenses that support the global Capital Improvement Program (CIP). Overhead allocations to capital are flat relative to both the Adopted Budget and Forecast. Higher Overhead Allocations reduce Operating Expenses as a higher portion of expenses are transferred to the Capital Budget.

Other Operating Expenses are summarized as follows:

TABLE 11: COMPARISON OF PROPOSED BUDGET OTHER OPERATING EXPENSES TO THE FY 2022/23 ADOPTED BUDGET AND FORECAST

| (\$ in Thousands) | Adopted Budget FY 2022/23 | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed Budget to Adopted | Δ% Proposed Budget to Forecast |
|---------------------------------------|------------------------------|------------------------|-------------------------------|-------------------------------------|--------------------------------------|
| Utilities | \$ 27,923 | \$ 31,261 | \$ 36,650 | 31.3% | 17.2% |
| Environmental Initiatives | 18,963 | 13,247 | 19,970 | 5.3% | 50.8% |
| Customer Incentives | 12,872 | 11,018 | 11,210 | (12.9%) | 1.7% |
| Insurance | 4,686 | 4,591 | 5,156 | 10.0% | 12.3% |
| Litigation/Workers' Comp Claims | 2,250 | 2,250 | 2,500 | 11.1% | 11.1% |
| Telephone | 1,816 | 1,813 | 2,054 | 13.1% | 13.3% |
| Taxes & Assessments | 1,095 | 1,088 | 1,492 | 36.3% | 37.1% |
| Other Operating Expenses | 3,179 | 4,392 | 3,684 | 15.9% | (16.1%) |
| Total Other Operating Expenses | \$ 72,784 | \$ 69,660 | \$ 82,716 | 13.6% | 18.7% |

The \$36.7 million appropriation for Utilities represents 44.3% of total Other Operating Expenses within the Proposed Budget. Consisting primarily of \$34.3 million for electricity expenses, the overall proposed utility spending is budgeted to increase by 17.2% in the coming year, compared to this year's Forecast. Proposed electricity expenses consisting of \$25.0 million in Alternative Maritime Power (AMP™) related expenses, nearly all of which are reimbursed by customers, are expected to increase in FY 2023/24, relative to the Forecast, due to higher forecasted cargo volumes and increased electricity rates.

The Proposed Budget also includes \$11.2 million for container, shipping, and cruise incentive programs to drive business to the Port and to improve efficiency. The Port has budgeted \$2.5 million for the Ocean Common Carrier (OCC), \$2.7 million for the Dual Transaction, \$3.0 million for the Truck Turn-Time Incentive Programs, and \$0.6 million

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

for the Ultra-Large Container Vessel Incentive Program. The OCC Incentive Program provides a financial incentive for OCCs whose TEU volumes exceed certain criteria set by the program, while the Ultra-Large Container Vessel Incentive Program provides a financial incentive for OCCs to bring their largest ships to call at the Port. The Truck Turn-Time Incentive Program incentivizes container terminal operators to decrease the total time a truck spends at a terminal, while the Dual Transaction Incentive Program incentivizes container terminal operators to increase the number of dual transactions at their terminals, whereby truck drivers drop off a container and pick up another during the same trip. The FY 2023/24 Proposed Budget also includes \$2.4 million for the Cruise Incentive Program to encourage a greater number of cruise ship calls to the Port.

The \$20.0 million appropriation for environmental initiatives includes \$13.1 million for zero emission trucks subsidies, and infrastructure and technology investments, which are funded by the new clean truck fee; \$2.9 million for administration of the Clean Truck Program and collection of the new clean truck fee; \$2.3 million in incentive payouts for the Vessel Speed Reduction Program; \$1.2 million for incentive payouts for the Technology Advancement Program; and \$0.5 million for incentive payouts related to the Environmental Shipping Index.

Capital Budget

The Proposed Capital Budget of \$252.3 million is projected to increase by 19.1% relative to the Adopted Budget and 40.6% relative to the Forecast.

TABLE 12: COMPARISON OF PROPOSED CAPITAL BUDGET TO THE FY 2022/23 ADOPTED BUDGET AND FORECAST

| (\$ in Thousands) | Adopted Budget FY 2022/23 | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed Budget to Adopted | Δ% Proposed Budget to Forecast |
|---|---------------------------|---------------------|----------------------------|-------------------------------|--------------------------------|
| Capital Improvement Program: | | | | | |
| Terminal Improvements | \$ 69,690 | \$ 66,461 | \$ 99,529 | 42.8% | 49.8% |
| Transportation Projects | 11,542 | 6,838 | 22,474 | 94.7% | 228.7% |
| Security Projects | 4,231 | 4,118 | 1,990 | (53.0%) | (51.7%) |
| Public Access / Env. Enhancements | 48,895 | 44,503 | 24,494 | (49.9%) | (45.0%) |
| Maritime Services | 46,188 | 31,059 | 68,032 | 47.3% | 119.0% |
| Capital Improvement Program, Total | 180,546 | 152,979 | 216,519 | 19.9% | 41.5% |
| Capitalized Expenditures | 19,476 | 19,476 | 19,710 | 1.2% | 1.2% |
| Land & Property Acquisition | - | - | - | | |
| Equipment Purchases | 11,805 | 7,015 | 16,088 | 36.3% | 129.4% |
| Total Capital Budget | \$ 211,827 | \$ 179,470 | \$ 252,317 | 19.1% | 40.6% |

Capital Improvement Program (CIP) - The \$216.5 million Proposed CIP Budget is 19.9% higher relative to the Adopted Budget and 41.5% higher relative to the Forecast.

In FY 2023/24, \$99.5 million, or 46.0% of the Proposed CIP, is budgeted for Terminal Improvement projects with funding for these projects increasing by 42.8% or approximately \$30 million as compared to the Adopted Budget. \$29.7 million has been budgeted for the Pier 400 Corridor Storage Track Expansion to improve functionality on the pier by extending the existing rail bridge; building five new railroad storage tracks, an

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asphalt access roadway, and new crossovers and switches; as well as modifying the existing compressed air system. Improvements for various projects at the Fenix/CGA CGM terminal (Berths 300-306) are funded at \$24.4 million. Projects include an On-Dock Railyard expansion to build 17,500 linear feet of new track, Wharf and Backland improvements to build a new concrete wharf, and a Rail Mounted Gantry (RMG) Crane Rail and Foundation improvements. Other terminal improvements throughout the Port are budgeted for \$45.4 million in the upcoming fiscal year.

Transportation projects (roadway and rail improvements) are budgeted at \$22.5 million or 10.4% of the Proposed CIP Budget and include a budget of \$19.0 million for the State Route 47/Vincent Thomas Bridge & Front Street/Harbor Boulevard Interchange Reconfiguration, which is set to begin construction in December 2023. This project, which includes a complete modification of the current on and off ramps, will help improve access to and safety within the area. Interchange Improvements on Navy Way and Seaside Avenue, which will modify the existing intersection to improve traffic operations, are budgeted at \$1.1 million. An additional \$2.4 million is allocated for various other transportation improvement projects to promote the faster, safer, and more efficient movement of trade goods.

The Proposed CIP Budget includes \$2.0 million, or 0.9% of the proposed budget for Security projects at the Port. With funding of \$667 thousand, the Port Cyber Resilience Center aims to create a centralized port-wide system that will reduce the ecosystem risk of cyber incidents that could disrupt the flow of cargo. Perimeter security upgrades to the Port Police Headquarters, budgeted for \$567 thousand with construction completion in November 2023, include increasing protection to the windows, and adding fencing, gate modifications, swing gate improvements, and additional lighting. Other security projects at the Port are budgeted for \$756 thousand in the upcoming fiscal year.

The budget for Public Access/Environmental Enhancement projects is \$24.5 million or 11.3% of the Proposed CIP Budget, which includes \$9.1 million for construction at the San Pedro Waterfront Promenade, which consists of a 30-foot wide and 1,100-foot long promenade along the water's edge. At Berth 100, funding of \$2.6 million is allocated for a new demonstration project to evaluate whether wireless zero emission-charging infrastructure will be the future standard for Port operations. Additionally, other Public Access/Environmental Enhancement Projects at the Port are budgeted for \$12.8 million.

In addition, included in the Proposed CIP Budget is \$68.0 million for Maritime Services for repairs and improvements to Harbor Department facilities and other Port locations, which amounts to 31.4% of the proposed CIP budget. To improve functionalities for various accounting, procurement, and financial modules within the Harbor Department's financial system, the migration of the Port's Oracle E-Business Suite (EBS) to a new Oracle Enterprise Resource Planning (ERP) Cloud system is funded for \$9.8 million in the upcoming fiscal year, with project completion expected in June 2024. A total of \$9.4 million is allocated for various deferred maintenance projects managed by the Harbor Department's Construction and Maintenance division. In January 2024, construction will begin on the demolition of two buildings at Starkist, which is budgeted for \$8.1 million.

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Once the buildings have been demolished, the land can be used for temporary storage of light equipment. Various projects at Harbor Department Facilities and other Port locations, are budgeted for a total of \$25.7 million, and additional \$15.0 million has been set aside in the unallocated fund for unanticipated projects or those with major schedule or scope changes.

In conjunction with the Proposed FY 2023/24 CIP Budget, a five-year capital expenditure plan has been developed (Transmittal 2), which incorporates the proposed budget allocation for FY 2023/24 and provides estimated allocations for the subsequent four years along with total project costs. Over the five-year period extending from FY 2023/24 to FY 2027/28, the Harbor Department expects to spend approximately \$1.3 billion on capital projects throughout the Port. The plan is also utilized for long-term planning as it has been incorporated into the Harbor Department's ten-year financial forecast. As the Harbor Department prepares its budget on an annual basis in conformance with the City Charter, only the FY 2023/24 portion of this plan is being brought before the Board for adoption.

Capitalized Expenditures of \$19.7 million include indirect overhead allocations that support the entire, global CIP.

Capital Equipment Purchases of \$16.1 million within the Proposed Budget for equipment such as vehicles, vessels, and IT hardware are expected to increase 36.3% relative to the Adopted Budget and by 129.4% compared to the Forecast.

Non-Operating Expenses

Budgeted at \$33.1 million, proposed Non-Operating Expenses are expected to be driven by \$25.1 million in interest expenses, \$7.5 million in costs for cancelled capital projects; \$400,000 in state grant pass-through expenses; and \$110,000 in other non-operating expenses. Proposed Non-Operating Expenses are expected to decrease substantially by 51.4%, due to lower pass-through grant expenses, as many environmental demonstration projects are completing in spring 2023.

Debt Service

At \$68.4 million, Debt Service is increasing by 1.6% in FY 2023/24 relative to the FY 2022/23 Forecast of \$67.4. The Port currently has \$537.1 million in outstanding senior lien fixed rate debt which is AA+/AA/Aa2 rated by S&P, Fitch, and Moody's.

Proposed Transfer to the Harbor Special Operating Fund

Section 5 of the Harbor Department's Financial Policies states that the Harbor Department must establish financial reserves to provide liquidity to maintain strong debt ratings. Currently, the Harbor Department's reserve funds include an Emergency/ACTA Fund, Debt Service Reserve Fund, Harbor Special Operating Fund, and a variety of mitigation reserve funds.

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As dictated by the Harbor Department's Financial Policies, the target balance in the Harbor Special Operating Fund should be the difference between the average of the Harbor Department's operating expenses over a five-year period and the balance within the Emergency/ACTA Fund. The five-year average period is comprised of audited operating expenses for the four previous most recent fiscal years and the adopted budget for operating expenses for the current fiscal year.

Given that Proposed Total Operating Expenses are anticipated to increase by 18.4% relative to the Forecast, staff is recommending that \$17,624,847 be transferred from the Harbor Revenue Fund to the Harbor Special Operating Fund in order to meet the Harbor Special Operating Fund's target balance requirements as provided within the Harbor Department's Financial Policies. The \$17,624,847 transfer has been calculated as follows:

| | |
|---|-------------------------|
| FY 2019 Operating Expenses – Audited | \$ 240,426,486 |
| FY 2020 Operating Expenses – Audited | 273,570,529 |
| FY 2021 Operating Expenses – Audited & Restated | 272,982,956 |
| FY 2022 Operating Expenses – Audited | 254,631,848 |
| FY 2023 Operating Expenses – Adopted | 334,039,691 |
| Equals: Five Years of Operating Expenses | \$ 1,375,651,510 |
| Five Year Average Operating Expenses | \$ 275,130,302 |
| Less: Special Operating Fund Balance – Current | (206,506,098) |
| Less: Emergency/ACTA Fund Balance – Current | (50,999,357) |
| Equals: Required Transfer | \$ 17,624,847 |

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the FY 2023/24 Annual Budget, which is an administrative activity. This action does not constitute approval of specific projects. Any projects financed through the Resolution would require separate environmental analysis and Board approval. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the FY 2023/24 Proposed Annual Budget will appropriate the necessary funds for the Harbor Department's operations and development in the next fiscal year. The \$2,020,804,969 Proposed Budget is aligned with the Port's Strategic Plan and meets or exceeds the financial metrics set forth in the Harbor Department's Financial Policies. Any expenditure that exceeds amounts authorized in the Annual Budget will require separate Board authorization.

SUBJECT: ADOPTION OF PROPOSED FISCAL YEAR 2023/24 BUDGET

CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board report and has no legal issues at this time.

TRANSMITTALS:

1. Fiscal Year 2023/24 Proposed Annual Budget
2. Five-Year Capital Expenditure Plan

FIS Approval: MB (initials)

CA Approval: JMS (initials)

JEFFREY STRAFFORD
Director of Financial Planning & Analysis

MARLA BLEAVINS
Deputy Executive Director &
Chief Financial Officer

APPROVED:

EUGENE D. SEROKA
Executive Director

Author: Jeffrey Strafford
MB:JS:FK:JL:MM:EW

Transmittal 1

CITY OF LOS ANGELES, HARBOR DEPARTMENT

Proposed Annual Budget FY 2023/2024





PORT OF LOS ANGELES

PROPOSED
ANNUAL BUDGET
FISCAL YEAR 2023/24

Los Angeles Board of Harbor Commissioners

Edward R. Renwick, Vice President

Diane L. Middleton, Commissioner

Michael Muñoz, Commissioner

Lucille Roybal-Allard, Commissioner

Lee Williams, Commissioner

Eugene D. Seroka, Executive Director

Prepared by the Financial Planning & Analysis Division



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

Fiscal Year 2023/24 Proposed Annual Budget

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

Known as America's Port®, the Port of Los Angeles (Port or POLA) is the busiest trade gateway by cargo volume in the Western Hemisphere and has ranked as the number one container port in the U.S. for 23 consecutive years. The Port is recognized around the world for its leadership on important maritime and commerce issues, including sustainability and decarbonization, supply chain and digital infrastructure innovation, and cybersecurity, among other areas. It is also among Southern California's strongest industries in terms of economic activity and job creation, facilitating one in nine jobs across the region.

The Port is a City department (Los Angeles Harbor Department), but is not supported by City taxes. It operates as a landlord port with more than 200 leaseholders, generating most of its revenues from shipping and facility leasing fees. In November 2022, Standards & Poor's, upgraded the Port to an AA+ bond rating with a stable outlook on its outstanding bonds, the highest rating given to a seaport without taxing authority. Fitch Ratings also reaffirmed the Port's AA revenue bond rating in March 2023.

YEAR IN REVIEW

For the last six calendar years (CY's), the Port has surpassed the nine million TEU (twenty-foot-equivalent) volume mark annually. During that time period, it also set three new all-time volume records, peaking at 10.7 million TEUs in 2021. While cargo volumes continued a steady surge through the first half of CY 2022, the Port saw a tapering off starting mid-year as the global economy slowed, warehouses remained filled, and U.S. inflation rates spiked. Additionally, some cargo was diverted to the East Coast due to uncertainties surrounding ongoing organized labor contract negotiations for West Coast ports. While cargo has remained soft through the start of 2023, Port officials expect an uptick in cargo to start in the first quarter of FY 2023/24 as retailers restock and cargo flows return to a more traditional peak-season schedule around back-to-school and the fall/winter holidays.

During FY 2022/23, the Port continued its focus on several ongoing priorities, including supply chain innovation and infrastructure. Highlights include being awarded a \$20.0 million federal RAISE (Rebuilding American Infrastructure with Sustainability and Equity) grant in September 2022 for a critical road-railway grade separation project to accelerate cargo movement through the Port complex.

Sustainability and the environment were among this past year's priorities, with the Port signing multiple agreements with international ports to collaborate on decarbonization efforts, as well as on digital infrastructure and trade. The Port also made significant progress on several high-profile environmental initiatives during FY 2022/23, including the award of \$6.0 million in funds from the Clean Truck Fund Rate to fund 22 zero-emission trucks servicing the Port.

During FY 2022/23, the Port made notable progress on the workforce development front. Most significantly the State of California pledged \$110.0 million in its FY 2022/23 budget towards the construction of the Port of Los Angeles and Port of Long Beach Goods Movement Training Campus, which will be dedicated to training, retraining, and upskilling supply chain workers. POLA is working with the State of California to begin the transfer of those funds.

At his annual State of the Port address in January 2023, Port Director Gene Seroka reiterated the Port's continued commitment to improving the quality of life in surrounding Port communities. Improvements highlighted included progress on signature LA Waterfront projects, such as the \$100.0 million West Harbor commercial development in San Pedro, which broke ground in November 2022, and the long-awaited Wilmington Waterfront Promenade project, which will open this summer.

In November 2022, the Port welcomed Karen Bass as the new mayor of Los Angeles, as well as Tim McOsker as the new Los Angeles City Council Member for the 15th District where the Port is located. Additionally, three new members have been



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confirmed to the Los Angeles Board of Harbor Commissioners, the five-member oversight board for the Port of Los Angeles. Nominated to the posts by Los Angeles Mayor Karen Bass and approved by the Los Angeles City Council are former U.S. Representative Lucille Roybal-Allard, Michael Muñoz, and Lee Williams.

Cargo Volumes

The Port racked up strong cargo numbers from January through July 2022, as it worked through congestion backlogs created by strong consumer demand for goods. In fact, the Port set monthly volume records in five of the first seven months of CY 2022, moving a near-record 6,349,326 TEUs through July.

But import surges began to fall starting in August 2022, as the economy slowed, inflation escalated, and previous backlogs were cleared out of the terminals. By the end of CY 2022, the Port reported a total of 9,911,159 TEUs, down 7.1%, but still the second highest cargo volume in Port history.

Through the first quarter of 2023, Port volumes continued to ease and were down year-over-year by 32%, exacerbated by an overall slowdown in global trade, extended Lunar New Year holiday closures in Asia, overstocked warehouses, and a shift away from West Coast ports. Port officials expect cargo volumes to improve in the second half of CY 2023.

Supply Chain & Infrastructure Capital Projects

The Port works regularly with its supply chain partners to continually improve and maximize efficiency, productivity and sustainability. Improvements in both the Port's digital and physical infrastructure have been key underlying elements of these efforts.

- **Digital Infrastructure** – The Port has long been recognized for its innovative Port Optimizer™ digital platform, created in 2017 to

enhance supply chain performance through real-time, data-driven insights for cargo planning, forecasting and tracking.

This past year the Port signed individual agreements with the ports of Shanghai, Singapore, Tokyo, Yokohama, Gothenberg (Sweden) and the Japan External Trade Organization Los Angeles Office to share best practices and lessons learned on the Port Optimizer™, in addition to cooperation on several environmental initiatives (*see Environmental & Sustainability Section*). Throughout the year, the Port also continued to promote stakeholder use of the platform to improve supply chain fluidity and predictability at the San Pedro Bay port complex.

TERMINAL & ROADWAY INFRASTRUCTURE

Completed:

- **Alameda Corridor Gap Closure Expansion** – Completed in June 2022, this \$17.3 million project added a second mainline track between the West Basin area of the Port and the Alameda Corridor, eliminating a short gap in trackage and helping to reduce delays for trains servicing the West Basin Container Terminal (WBCT), TraPac, Pasha Terminals as well as other current and future customers. The project also entailed relocation of power poles, utility meters, and perimeter fencing. The project received a \$6.0 million grant from the California Trade Corridor Enhancement Program (TCEP).

Under Construction:

- **Berths 167-169 – MOTEMS – Shell (2024)** – This \$44.8 million project involves the construction of a new marine oil platform at the Shell Oil Terminal, bringing it into compliance with Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS). Work includes timber wharf demolition, construction and operation of a new wharf, and improvements



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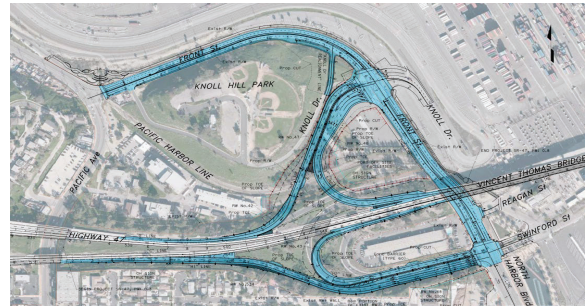
to connect the new loading platform to existing landside pipelines and utilities. The project includes a new 30-year lease. The first phase is expected to be completed in early 2023 and the additional phases are scheduled to be completed by early 2024.

- Pier 400 Corridor Storage Tracks Expansion Project** – This \$73.2 million project—which includes a \$21.6 million California Trade Corridor Enhancement Program (TCEP) grant—will expand the Pier 400 rail storage yard to accommodate future rail volumes on Terminal Island. The project includes construction of a concrete rail bridge with lighting, six new railroad storage tracks, an asphalt access roadway, new crossovers and switches, and modifications to the existing compressed air system. Work also entails relocating a portion of the Pier 400 lead track onto Port property, realigning the track connection to the existing rail storage yard, modifications to Reeves Avenue, and relocation of the existing at-grade crossing at Nimitz Avenue to Reeves Avenue. Construction is expected to finish in spring 2024.

In Design:

- Berths 177-178 Wharf Restoration** – This \$11.4 million project will entail the construction of an estimated 382 linear feet of concrete wharf, as well as additional seismic analysis and upgrades to comply with the Port’s seismic code. The existing wharf will be demolished, and a new, higher-capacity and higher-utility rectangular wharf constructed. Work includes response spectra for three earthquake levels. Construction is expected to start in summer 2023.
- State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Blvd Interchange Reconfiguration** – This interchange serves as an important point for access to the LA Waterfront, the residential community of San Pedro, Terminal Island, and WBCT. The \$110.0 million project will improve traffic safety and operational deficiencies at the

interchange by replacing the existing westbound off-ramp from the VTB; realigning the existing westbound on-ramp onto the SR 47 and Interstate 110 connector; modifying the westbound off-ramp onto Harbor Blvd; and modifying the eastbound on-ramp onto the VTB toward Terminal Island. Construction is expected to start by the end of 2023.



- Berths 238-239 – MOTEMS – PBF Energy** – This \$35.0 million project at the PBF Terminal will bring the PBF Energy Terminal into MOTEMS compliance. It will involve the construction of a new 125 x 58 feet unloading platform at Berth 238, berthing dolphins, mooring dolphins, catwalks and an access ramp. The project will also require the demolition of the two existing unloading platforms at Berths 238 and 239, and other existing mooring and berthing dolphins. The proposed project would also include a new 30-year lease. Construction is expected to start in summer 2023.
- Harbor Administration Building – HVAC Replacement** – This \$14.0 million project will redesign and replace the existing heating, ventilation and air conditioning (HVAC) system with an electrical system at the Harbor Administration Building, in line with the City’s commitment to zero carbon in major renovations of buildings. Construction is expected to start in summer 2024.



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- Berths 302-305 On-Dock Railyard Expansion** – This \$52.4 million project will expand the existing railyard at Berths 302-305, adding approximately 16,200 linear feet of railroad track in five new loading tracks and one tail track. This project will improve the capacity of the existing overall on-dock railyard by approximately 10%, and involve rail signal improvements, storm drain and low impact development, waterline relocation and electrical improvements. The project benefits from an \$18.2 million federal Maritime Administration (MARAD) grant and an approximately \$19.2 million TCEP federal grant awarded by the State of California. Construction is expected to start by spring 2024.
- Berth 306 Wharf Expansion** – This \$256.0 million project will entail adding capacity at the Fenix Marine Terminal. It will include construction of 1,250 lineal feet of 100 gage concrete wharf, 200 feet of dredging to -55 at Berth 305, new AMP® connections, an additional 2.2 acres of container terminal backland, and high voltage electrical infrastructure for 24 ship-to-shore cranes at Berths 301-306. Construction is expected to start by early 2024.
- Maritime Support Facility Access/Terminal Island Rail System Grade Separation** – This estimated \$39.2 million project—which includes a \$20.0 million USDOT RAISE grant—will entail the construction of a four-lane, rail-roadway grade separation. It will eliminate significant truck access impediments into the proposed Terminal Island Maritime Support Facility (*see below*) by connecting the facility to Terminal Way, Ferry Street, and Pier 300. Construction is expected to start in late 2024.
- Terminal Island Maritime Support Facility** – The Port is in the planning stage to design and construct an approximately 70–80-acre chassis support facility. This estimated \$194.6 million project will include grading, paving, power, lighting, fire protection, perimeter fencing, utilities, roadability canopy, longshore restrooms, guard booths, and a roadway connecting to the future Maritime Support Facility Access/Terminal Island Rail System Grade Separation. Construction is expected to start in 2025.
- Navy Way and Seaside Avenue Interchange Improvements** – Planning has begun on this \$65.7 million project to modify the intersection of Navy Way and Seaside Avenue to improve traffic operations, reduce collisions, and improve safety. The project will eliminate left turns, add an auxiliary lane for westbound traffic and a new eastbound collector-distributor road, eliminate the traffic signal at the intersection, and widen the north-side highway bridge to reduce collision and improve rail tracks. Construction is scheduled to start in 2026.
- Berths 302-305 RMG Crane Rail and Foundation** – This \$38.7 million project will entail construction of 2,300 lineal feet of 145' gage crane rail, continuous grade beam foundation on piles, contaminated soil remediation, electrical infrastructure to operate five 145-foot wide span RMG cranes in the north railyard, safety fencing, protection barriers, and miscellaneous site improvements. The RMG cranes will be used to load and unload trains in the north railyard of the Berths 302-305 On-Dock Railyard Expansion project. Construction is expected to start by 2024.





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Planned:

- **New Outer Harbor Cruise Terminal/ Redevelopment of World Cruise Center** – In January 2023, the Port invited comments on a draft Request for Proposal (RFP) on this project. The Port is experiencing a post-COVID cruise industry rebound, with 229 cruise ships calling in CY 2022. Such calls are expected to rise to an estimated 250 by CY 2026 and include larger ships carrying more passengers. The planned project will entail development of a new Outer Harbor Cruise Terminal at Berths 45-51, as well as redevelopment of the existing Los Angeles World Cruise Center located at Berths 87-93.

Environmental & Sustainability Initiatives

Pursuing and promoting industry-leading sustainable practices and operations has long been a focus of the Port. It continues to play a leading role both regionally and internationally in advancing port-related environmental technologies and supply chain decarbonization solutions. The Port's Clean Air Action Plan (CAAP) has helped guide many of its decarbonization efforts. Highlights this past year include:

- **Clean Truck Fund Rate (CTFR) Program** – The CTFR is a key component of the Port's efforts to transition to a 100% zero-emissions truck fleet by 2035. In April 2022, the Ports of Los Angeles and Long Beach (Ports) began collecting \$10 for every loaded TEU moving through each Port. In FY 2022/23, POLA is forecasting to collect approximately \$30.2 million to fund clean truck incentives, with the Port of Long Beach collecting a similar amount.

In December 2022, the Port made its first CTFR award of \$6.0 million to fund 22 zero-emission, battery-electric trucks. The program builds on the Port of Los Angeles' original Clean Truck Program, which has played a crucial role in reducing emissions of diesel particulate matter by

84%, sulfur oxides by 95% and NOx by 44% from port-related operations since 2005.

In September 2022, the Port also announced the release of \$5.0 million in voucher incentives for zero-emission trucks to operate at the Port. The voucher program utilizes California's existing Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) application process to provide incentive funding of \$150,000 toward eligible trucks. Additionally, in April 2023, the Port indicated to its Board plans to begin stacking \$75,000 to \$100,000 POLA vouchers on top of the State's \$150,000 HVIP vouchers for up to \$250,000 for the purchase of zero emission trucks.

- **International Collaborations/ Green Shipping Corridors (GSC)** – In early 2022, the Port of Los Angeles, Port of Shanghai, and C40 Cities announced a partnership aimed at reducing greenhouse gas emissions from cargo movement between the two ports, as well as encouraging the use and promotion of low and zero-carbon ships and fuels.

In March 2023, as part of separate trade agreements, the Port committed to also establishing a GSC with both the Ports of Yokohama and Tokyo. Additionally, in April 2023, a similar GSC agreement was signed with the Port of Singapore. Included in these latter agreements was a commitment to jointly cooperate on the testing and deployment of zero emission vehicles, cargo handling equipment and vessels; explore energy use and alternative energy sources; and cooperate on initiatives related to pollution-reduction technologies for terminals, ocean-going vessels and drayage trucks.

Separately, the Port signed a Memorandum of Understanding (MOU) with the Port of Gothenburg in March 2023 to collaborate on port infrastructure and digital technology, sustainability, and the environment. This ongoing partnership will focus on sharing best



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practices and collaborating on issues deemed critical to both ports.

- Zero Emission Vehicle Equipment & Testing** – The Port is leading or partnering in 16 regional projects with multiple industry partners to demonstrate near-zero and zero-emission engines and related fueling or charging infrastructure. These initiatives involve the testing of trucks and cargo-handling equipment that run on electricity, hydrogen fuel and renewable natural gas in real-world operating conditions in and around the Port. The CAAP calls for all terminal equipment to be zero emissions by 2030.
- Hydrogen Hub** – In pursuit of CAAP clean air goals, the Port is among several participants in ARCHES (the Alliance for Renewable Clean Hydrogen Energy Systems), a coalition of both public and private entities in California that submitted a U.S. Department of Energy grant proposal in April 2023 to coordinate hydrogen efforts across the state. In that submission, the Ports of Los Angeles and Long Beach offered a proposal to create a hydrogen “hub” at the San Pedro Bay Port complex, which would entail deploying hydrogen equipment at terminals, scaling up deployment and wider scale fueling solutions, as well as deploying heavy-duty hydrogen trucks at the complex.

The hub idea builds on several hydrogen projects already underway at the Port. These include a demonstration at the Fenix Marine Terminal that began in October 2022 to test the world’s first hydrogen fuel cell electric top handler, and the successful outcome this past year of a Class 8 hydrogen fuel cell electric truck demonstration of ten trucks by Toyota and Kenworth, in partnership with the Port.

- Port Infrastructure and Development Program (PIDP)** – The United States Maritime Administration (MARAD) annually offers a grant opportunity under the PIDP offering significant funding for infrastructure and equipment

deployment at ports. The Port, in partnership with four marine terminals, submitted a proposal for the world’s largest deployment of human-operated zero-emission cargo-handling equipment at a single port complex. The project will deploy 97 pieces of zero-emission cargo-handling equipment and vehicles, 99 electric-charging stations, and a state-of-the-art battery energy storage system. Once completed, the project will increase operational efficiency; bolster the Port’s resilience against the supply shocks and price volatility of fossil fuels; reduce negative environmental impacts on nearby communities; and strengthen the workforce through good paying, unionized longshore and manufacturing jobs.

Workforce Development

The San Pedro Bay port complex is a job and business generator for the entire Southern California region. Assuring a pipeline of skilled and trained workers is and continues to be essential to the Port’s ongoing success. POLA in coordination with the Port of Long Beach, the California Workforce Development Board, the Pacific Maritime Association, and the International Longshore & Warehouse Union are moving forward with the design and development of a goods movement workforce training facility to be located in the San Pedro Bay Ports complex. This first-of-its-kind center in the U.S. will be dedicated to skill development, upskilling, and reskilling of workers in the goods movement industry, and preparing the supply chain workforce for the introduction of zero emission equipment. The total project cost is \$150.0 million.





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In March, State of California officials reaffirmed their pledge of \$110.0 million over the next three years to help build the facility, which subject to California Environmental Quality Act (CEQA) and land entitlement approval, is scheduled to be opened by 2029. The 20-acre campus will focus on the training of longshore, trucking, and warehousing occupations.

Community Support

Improving the lives and livelihoods of communities around the Port is an ongoing priority. This past year, the Port advanced many initiatives in support of this objective.

PUBLIC ACCESS INVESTMENT PLAN (PAIP)

Initiated in 2015, the PAIP funds public-serving infrastructure projects which include miles of pedestrian promenade, a new downtown Harbor and Town Square, a new public waterfront in Wilmington, and several reconfigured roadways to accommodate future commercial development. As of April 2023, projects identified to be funded by the PAIP total \$253.1 million, with \$83.8 million spent on completed projects.

LA WATERFRONT PROJECTS

Under Construction:

- **West Harbor** – Construction began in December 2022 on this long-awaited commercial development. The public-private partnership includes 42 acres of outdoor space for restaurants, retail, fresh markets, office space, waterside activities, and an open-air amphitheater for live entertainment. The first phase of construction involved completion of the San Pedro Promenade and Town Square projects in 2021. The developers, The Ratkovich Company and Jerico Development, are expected to invest approximately \$165.0 million in the West Harbor redevelopment.

- **Wilmington Waterfront Promenade** – Creating a “window on the waterfront” for the Wilmington community, this \$70.8 million project includes the construction of a community park adjacent to the Banning’s Landing Community Center, along with a waterfront promenade, public pier, public dock, public restrooms with a green roof, playground, and parking lots. Other improvements on the nine-acre site entail the realignment of Water Street parallel to the existing railroad tracks, utilities, street work, grading, paving, striping, lighting, landscaping, irrigation, signage, public seating, bike racks and drinking fountains. Construction started in November 2020 and is expected to be completed in the fall of 2023.

- **Front Street Beautification** – In March 2023, the Port broke ground on this \$10.3 million project, aimed at further enhancing connectivity and public access to the LA Waterfront for both Wilmington and San Pedro. The project includes construction of a landscaped gateway area at the northeast corner of Front Street and Pacific Avenue, just north of the Vincent Thomas Bridge (SR-47). The area will feature a 22-foot-wide multi-use pathway for both pedestrians and bicyclists. Completion is expected in 2024.

In Design:

- **San Pedro Waterfront Promenade Phase II** – A continuation of the \$53.7 million San Pedro Promenade and Town Square project completed in 2021, this \$16.5 million Phase II portion will continue the new public promenade to the southerly end of the new West Harbor development and is located parallel to the Los Angeles Main Channel. The promenade will include such amenities as public seating, landscaping, hardscape, signage, and architectural finishes. The design phase was completed in 2022, with construction to start in the summer of 2023.



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- Avalon Promenade Bridge and Gateway Project** – A companion piece to the Wilmington Waterfront Promenade, this \$65.0 million project will feature a signature pedestrian bridge along Avalon Boulevard, linking the Wilmington Waterfront Promenade to the future Avalon Promenade and Gateway. The design of this project will be completed in 2023, with construction expected to begin in 2024. Other improvements include an entry plaza, landscaping, hardscape, parking, restrooms, and architectural finishes. The pedestrian bridge was awarded a \$10.2 million Measure M grant from Metro/South Bay Council of Governments.



COMMUNITY GRANTS

For FY 2022/23, the Port awarded an unprecedented \$1.3 million in grants to support 36 nonprofit organizations undertaking initiatives benefiting the communities of the Los Angeles Harbor area. Funding was provided through the Port’s Community Investment Grant Program, with grant allocations up 30% over the previous year.

ALTASEA AT THE PORT OF LOS ANGELES

In 2022, AltaSea completed installation of a 180,000 sq. ft., 2.2-megawatt solar rooftop, the second largest at a U.S. port and capable of powering more than 700 homes annually for 40 years. To date, AltaSea has raised roughly \$28.0 million for core/shell renovations at the Berths 58-60 areas of its property, which are slated for completion by July 2024.

Construction on a Science & Education Center is expected to begin in 2025.

FY 2023/24 PROPOSED ANNUAL BUDGET OVERVIEW

The Harbor Department’s FY 2023/24 Proposed Budget reflects the department’s commitment to both maintain its status as the busiest container port in North America, and to also lead the cargo shipping industry in transitioning to a more environmentally sustainable model of operations. While record cargo volumes were realized during the pandemic, a reduction in volumes has occurred in FY 2022/23 due to an overall slowdown in global cargo operations, rising inflation, and cargo diversions to the East Coast and Gulf Coast ports. As a result, cargo volume forecasts for FY 2023/24 show a modest growth of 5.1% compared to the FY 2022/23 Forecast and a 16.4% reduction compared to FY 2021/22 Actuals.

Despite the slowdown in cargo volumes, the Harbor Department, having exercised financial prudence during the years of the pandemic, has maintained a strong position financially, allowing for a fiscally responsible FY 2023/24 Proposed Budget. In addition to funding the daily operations of the Port of Los Angeles, the Proposed Expense Budget also consists of increased funding for high priority initiatives directed at improving supply chain efficiencies as well as those focused on sustainability and decarbonization. The Proposed Capital Budget, a 19.1% increase from the FY 2022/23 Adopted Budget, represents the Harbor Department’s continued investment in infrastructure, sustainability, and public access.

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

- 1. World-Class Infrastructure that Promotes Growth;*
- 2. A Secure, Efficient, and Environmentally Sustainable Supply Chain;*

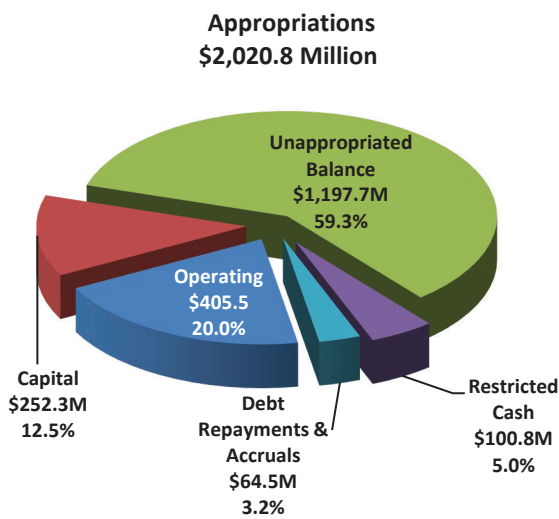


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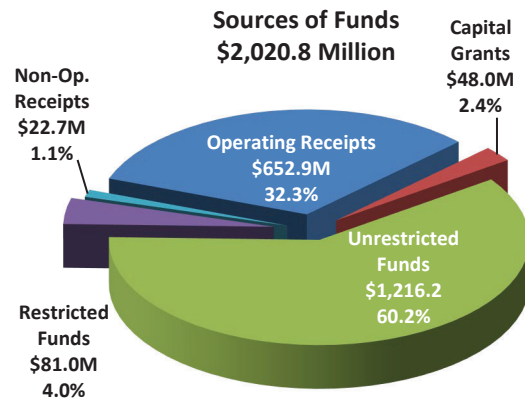
- 3. Improved Financial Performance of Port Assets; and
- 4. Strong Relationships with Stakeholders.

The Proposed Budget includes Capital, Operating, and other appropriations totaling \$2,020.8 million.



To support the daily operations of the Harbor Department in FY 2023/24, \$372.4 million has been set aside for the Operating Expense Budget. This includes funding for activities such as ensuring the safe flow of ship traffic to and from the Los Angeles Harbor; providing public safety in support of goods movement; maintaining Port facilities and infrastructure; performing property management; delivering first-class customer service to tenants; operating the cruise center; and assessing the environmental impacts of Port activity. Additionally, the Operating Expense Budget will fund initiatives aimed at improving supply chain efficiencies, continuing environmental sustainability efforts, and strengthening the Port’s relationship with its stakeholders. In addition to the Operating Expense Budget, \$154.1 million has been budgeted for Depreciation Expense and \$33.1 million has been budgeted for Interest Expense and Other Non-Operating Expenses for a Total Expense budget of \$559.6 million.

With a total Capital Budget of \$252.3 million, the Harbor Department will continue the process of modernizing the Port’s container and cruise terminals, enhancing public access infrastructure at the waterfront, improving transportation in and out of the Port, and making environmental and security enhancements. Rounding out the remainder of the Proposed Budget appropriations are \$1,197.7 million in unappropriated funds, \$100.8 million in restricted cash, and \$64.5 million in debt repayments and accruals. The Proposed Budget is projected to create approximately 4,100 direct and indirect jobs (not including Harbor Department employees), of which 3,100 are attributable to capital spending.



The Capital, Operating, and other appropriations included within the Proposed Budget will be funded through \$2,020.8 million in receipts and cash-on-hand. Operating Receipts will continue to be driven by cargo-related activities as Shipping Services Revenue is anticipated to comprise the largest portion of the \$652.9 million in projected Total Operating Receipts. Total receipts will continue to be augmented by \$48.0 million in Capital Grant Receipts and \$22.7 million in Non-Operating Receipts such as federal grant revenue, interest/investment income, and pass through grants. Total cash of \$1,297.2 million, comprised of \$1,216.3 million in unrestricted funds and \$81.0 million in restricted funds, is anticipated to be available within the Proposed Budget. This level of total cash available represents



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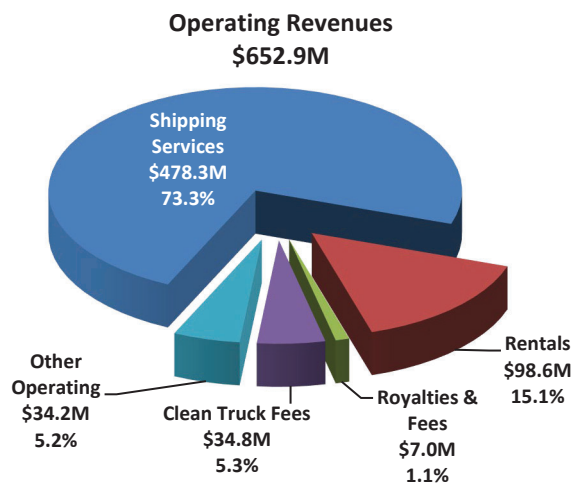
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a 10.5% increase relative to total cash of \$1,173.5 million available at the beginning of FY 2022/23. To ensure that the Port maintains its strong financial position and to comply with the financial policy approved by the Board of Harbor Commissioners, minimum levels of cash reserves for debt service coverage will be maintained.

Royalties and Fees at 1.1%. Relative to the FY 2022/23 Adopted Budget, FY 2023/24 Shipping Services Revenue is anticipated to comprise a larger share of total Operating Revenues due to recently completed compensation resets and higher cruise activity which are expected to increase wharfage at a higher rate than other revenue categories.

OPERATING BUDGET

Operating Revenues



The 3.9% increase in total Operating Revenues as compared to the FY 2022/23 Adopted Budget is driven by higher Shipping Services derived from higher container rates following implementation of the August 2022 general rate increase, the recent settlement of outstanding compensation resets and greater cruise activity. Rental Revenues are expected to increase due to annual Consumer Price Index (CPI) adjustments, and Royalties & Fees are anticipated to increase due to parking revenue growth arising from higher cruise passenger counts. Relative to the FY 2022/23 Adopted Budget, the aforementioned increases are anticipated to be partially offset by lower Clean Truck Fees and lower MOTEMS reimbursements.

The Proposed Budget includes total Operating Revenues of \$652.9 million, which represents a 3.9% increase relative to the FY 2022/23 Adopted Budget and an 8.6% increase relative to the FY 2022/23 Forecast. As part of the Proposed Budget, cargo volumes of 8.92 million TEUs are anticipated to be processed in FY 2023/24. This level of cargo volume represents a 9.4% decrease relative to the 9.85 million TEUs assumed within the FY 2022/23 Adopted Budget and a 5.1% increase relative to the 8.49 million TEUs forecasted for FY 2022/23.

The 8.6% increase in total Operating Revenues as compared to the FY 2022/23 Forecast is similarly being driven by higher Shipping Services. Relative to the FY 2022/23 Forecast, Shipping Services are anticipated to increase due to higher container rates and the recent settlement of outstanding compensation resets as well as higher container volumes. Higher utility reimbursements, MOTEMS reimbursements and Clean Truck Fees are expected to drive further Operating Revenue growth compared to the FY 2022/23 Forecast. These increases are anticipated to be partially offset by lower space assignments due to fewer short-term entitlement requests anticipated in the next fiscal year. Furthermore, cruise wharfage is forecasted to slightly decline following a record-breaking year in FY 2022/23. Lastly, Rental Revenues are expected to slightly decline relative to FY 2022/23 due to an anticipated redevelopment of certain marina parcels.

In FY 2023/24, Shipping Services Revenue is projected to comprise 73.3% of Operating Revenues and remain its largest component, followed by Rentals Revenue at 15.1%, Clean Truck Fees at 5.3%, Other Operating Revenues at 5.2%, and

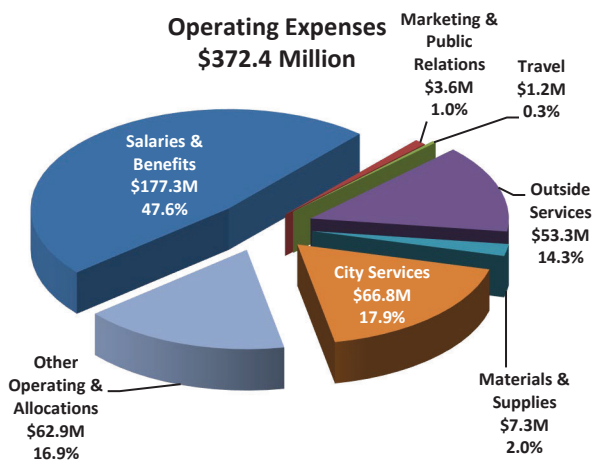


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Operating Expenses

The FY 2023/24 Proposed Budget includes total Operating Expenses of \$372.4 million, which represents an 11.5% increase relative to the FY 2022/23 Adopted Budget and 18.4% increase relative to the FY 2022/23 Forecast. The increase in total Operating Expenses relative to the FY 2022/23 Adopted Budget and FY 2022/23 Forecast is a result of higher spending in all budget categories offset by Overhead Allocations to Capital, which are indirect expenses that support the global Capital Improvement Program (CIP).



The largest component of the Port’s Operating Budget is Salaries & Benefits with a proposed budget of \$177.3 million (net of \$15.6 million in direct capitalization), or 47.6% of the total Operating Expense Budget. Relative to the FY 2022/23 Adopted Budget, there is an increase of \$16.1 million, or 10.0%, resulting primarily from the addition of six new full-time positions; the reduction in the number of Separation Incentive Program (SIP) positions held vacant as a cost savings measure decreasing from 40 to 20; employee memorandum of understanding (MOU) mandated increases to salaries, salary step increases and position upgrades; higher health care contributions; increases to employee bonuses; lower direct salaries and benefits to capital; and an increase to overtime.

The other two service-related budget categories within the operating budget are City Services and Outside Services. City Services — services provided to the Harbor Department by other City of Los Angeles departments such as the Fire Department, Recreation & Parks, and the Office of the City Attorney — totaling \$66.8 million or 17.9% of total operating expenses will be increasing by \$5.6 million or 9.1% relative to the FY 2022/23 Adopted Budget. Outside Services – services provided to the Harbor Department by consultants and professional/technical service providers – totaling \$53.3 million or 14.3% of total operating expenses will be increasing by \$6.5 million or 14.0% relative to the FY 2022/23 Adopted Budget. This increase in Outside Services is largely attributed to higher spending for Port Optimizer development, and the maintenance and support for the Motorola Radio Project, offset by a reduction in maintenance dredging.

Within Other Operating Expenses and Allocations to Capital, a \$9.7 million or 18.2% increase relative to the FY 2022/23 Adopted Budget results largely from an \$8.7 million increase to the Electric Services budget as the use of AMP®, allowing ships to plug into shore-side power, is projected to increase in FY 2023/24 with the increase in cargo volume. Additional increases within Other Operating Expenses include increases to the Clean Truck Fund Rate subsidies; uncollectable debt expense; insurance; Hazardous Waste Generator fees; Clean Truck Program; liabilities related to legal claims and settlements; and telephone expenses offset by a \$1.8 million decrease to the container incentives. Within the Marketing & Public Relations budget category, there is an increase of \$220,398 due to higher spending in maritime education, waterfront events, and organizational and event sponsorship. Further, there is a \$114,656 or 10.4% increase within the Travel budget category for new and increased funding for travel related to training and conferences. Finally, there is a \$50,833 or 0.7% increase in Parts and Materials largely resulting from increases within the Maintenance Improvement Program.



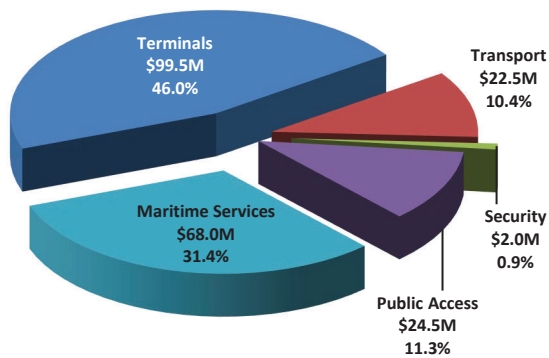
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CAPITAL BUDGET

The FY 2023/24 Proposed Capital Budget of \$216.5 million reflects the objectives set forth by the Port’s 2018-2022 Strategic Plan. The projects funded in FY 2023/24 will enable the Port to continue developing world-class infrastructure for container, cargo, and cruise terminals; deliver public access projects to the local community; make transportation improvements to promote the efficient movement of goods; and implement systems to enhance security and financial operations at the Port. Comprising 12.5% of the department’s total budget, the FY 2023/24 Proposed Capital Budget includes \$216.5 million of direct costs in the Capital Improvement Program (CIP), \$19.7 million in overhead allocations, and \$16.1 million in capital equipment.

Capital Improvement Program
\$216.5 Million



Terminal Improvement Projects

In FY 2023/24, projects related to improving Terminal operations are budgeted at \$99.5 million, or 46.0% of the Proposed CIP Budget. With construction set to be completed in May 2024, \$29.7 million has been budgeted for the Pier 400 Corridor Storage Track Expansion in order to improve functionality on the pier by extending the existing rail bridge; building five new railroad storage tracks, an asphalt access roadway, and new crossovers and switches; as well

as modifying the existing compressed air system. Improvements for various projects at the Fenix/CGA CGM terminal (Berths 300-306) are funded at \$24.4 million. Projects include an on-dock railyard expansion to build 17,500 linear feet of new track, wharf and backland improvements to build a new concrete wharf, and a Rail Mounted Gantry (RMG) crane rail and foundation improvements. Other miscellaneous terminal projects, totaling \$45.5 million, include Marine Oil Terminal Engineering Maintenance Standards (MOTEMS) improvements at the Shell and PBF Energy terminals; restoration and repairs at the Pasha Terminal (Berths 171-182); modernization, renovation, and replacements at the World Cruise Center; among other projects.

Maritime Services

Improvements and repairs to Harbor Department Facilities and other Port locations are allocated \$68.0 million in funding in FY 2023/24, or 31.4% of the total Proposed CIP Budget. To improve functionalities for various accounting and financial modules within the Harbor Department’s financial system, the migration of the Port’s Oracle E-Business Suite (EBS) to a new Oracle Enterprise Resource Planning (ERP) Cloud system is funded for \$9.8 million in the upcoming fiscal year, with project completion expected in June 2024. A total of \$9.4 million is allocated for various deferred maintenance projects managed by the Harbor Department’s Construction and Maintenance division. In January 2024, construction will begin on the demolition of two buildings at Starkist, which is budgeted for \$8.1 million. Once the buildings have been demolished, the land can be used for temporary storage of light equipment. Various projects at Harbor Department Facilities and other Port locations, budgeted for a total of \$25.7 million, include the development of specifications for a new build for a workboat, barge, and crane; the remodel of the Board Hearing and Executive Session Rooms at the Harbor Administration Building; the development of the POLA and Port of Long Beach joint Goods Movement Workforce Training facility; among others. Also, included in Maritime Services is \$15.0 million in unallocated funding for unanticipated capital projects in FY 2023/24.



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Public Access/Environmental Enhancement Projects

A total of \$24.5 million, or 11.3% of the FY 2023/24 Proposed CIP Budget, is allocated for Public Access/Environmental Enhancement projects in the Wilmington and San Pedro areas. With a budget of \$9.1 million, construction for phase two of the San Pedro Waterfront Promenade project begins, which consists of a 30-foot-wide and 1,100-foot-long promenade along the water's edge. The construction for the Front Street Beautification project, adding a twenty-two-foot-wide landscaped area with a multi-use path along the north side of Front Street adjacent to the China Shipping Terminal, budgeted at \$4.0 million is expected to be completed by March 2024. Additionally, other Public Access/Environmental Enhancement projects at the Port are budgeted at \$11.4 million, which include the demonstration at Berth 100 to evaluate whether wireless zero emission charging infrastructure will be the future standard for Port operations; the installation of two Alternative Maritime Power (AMP®) vaults at Berths 195-199; soil remediation at Berth 78; and the continuation of design on the Avalon Pedestrian Bridge and Promenade Gateway, providing safe pedestrian access to the Wilmington Waterfront Promenade.

Transportation Improvement Projects

Transportation Improvement Projects make up 10.4% of the FY 2023/24 Proposed CIP Budget at \$22.5 million, which will promote the faster, safer, and more efficient movement of trade goods. With a budget of \$19.0 million, the State Route 47/Vincent Thomas Bridge & Front Street/Harbor Boulevard Interchange Reconfiguration is set to begin construction in December 2023. This project, which includes a complete modification of the current on-and-off ramps, will help improve safety, access, and efficiency. Interchange Improvements on Navy Way and Seaside Avenue are budgeted for \$1.1 million, modifying the existing intersection to improve traffic operations. An additional \$2.4 million is allocated for various other Transportation Improvement Projects including the design of the grade-separated roadway over the mainline rail tracks connecting Terminal

Way, Ferry Street, and Pier 300; improvements to the CALTRANS pedestrian path and parking lot; and the construction of new street lighting on Knoll Drive.

Security Projects

At 0.9% of the Proposed CIP Budget, a total of \$2.0 million has been budgeted for security-related projects around the Port in FY 2023/24. With funding of \$667,403 for the Cyber Resilience Center, the Port aims to create a centralized port-wide system that will reduce the ecosystem risk of cyber incidents that could disrupt the flow of cargo. The construction of perimeter security upgrades to the Port Police Headquarters — including additional protection for windows, new fencing and lighting, and gate modifications and improvements — budgeted at \$566,645 is scheduled to be completed in November 2023. Other security projects at the Port are budgeted for \$755,641 in the upcoming fiscal year and are comprised of the installation of a fixed automated license plate recognition system around the Los Angeles Harbor District, construction of the Phase II of the 700 MHz Radio System upgrade, and the addition of a new fiber optic line to connect and operate security cameras along North Gaffey Street.

For further project details, refer to the CIP Detailed Report on Page 28.

STRATEGIC INITIATIVES

This next section will delve deeper into a number of Port programs and initiatives that will support the Strategic Plan in FY 2023/24. These programs and initiatives are aimed at generating business, promoting growth in an environmentally sustainable manner, strengthening relationships with the Port's stakeholders, and ensuring that strict security measures are continuously in place.

Cargo Marketing

There have been various factors that have negatively impacted the Port's container volumes during FY 2022/23, including the following: higher inventory



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levels compared to the sales ratio of consumer goods, increased port competition from U.S. Gulf and Atlantic Coast Ports, and the prolonged labor contract negotiations between the employers represented by the Pacific Maritime Association and the leadership of the International Longshore & Warehouse Union. Additionally, the container shipping industry Transpacific Eastbound trade contracting season has been off to a slow start in FY 2022/23. However, should container volumes on the Transpacific Eastbound trade route normalize and Beneficial Cargo Owners (BCOs) rethink their decisions to route their cargo through U.S. Gulf and Atlantic Coast Ports, additional container volumes may be directed to the Port of Los Angeles in FY 2023/24.



Engaging with stakeholders and increasing visibility into the BCO import, BCO export, rail and trucking communities remain top priorities for the Cargo Marketing team in FY 2023/24. The team has increased outreach to BCOs to obtain their cargo routing strategies, which will inform the division’s efforts in fulfilling the Port’s strategic objectives such as developing cargo related infrastructure projects and digital expansion programs through the Port Optimizer™, the Port’s digital tool to provide visibility within the supply chain. On the physical infrastructure side, Cargo Marketing staff will also continue to work with other Port divisions on the business details of planned terminal improvement projects in the container, break-bulk, and cruise sectors.

The Port Optimizer™ continues to gain popularity due to its expanding capabilities. Additional features will

be added to the Port Optimizer™ Control Tower during FY 2023/24, which will allow more effective and efficient management of returning empty containers, planning of cargo pick-up, and reporting of detention and demurrage. Additional modules will be developed providing warehouse capacity metrics, a universal truck appointment system, and increased visibility for export cargo.

The Port remains focused on growing its business across multiple sectors in the coming fiscal year. With \$8.8 million in proposed budget allocations for FY 2023/24, Cargo Marketing will continue to promote the Board-approved Truck Turn Time, Dual Transaction, Ultra-Large Container Vessel, and Ocean Common Carrier incentive programs in an ongoing effort to encourage shipping lines to move additional cargo volume through the Port. In April of 2023, staff recommended that the Board approve an amendment to Port of Los Angeles Tariff No. 4, increasing most tariff items by the West Region Consumer Price Index. If approved, the amendment would result in an increase in the Port’s overall operating revenues.

In FY 2023/24, the Cargo Marketing Division will continue to engage with the Port’s direct customers, the terminal operators across business sectors, to collaborate on securing additional cargo volume for the Port. Existing cargo fluidity programs will be evaluated for their effectiveness and revised as necessary. A Request for Information (RFI) in the use of one of the Port’s underutilized break bulk terminals at Berth 154 was released during FY 2022/23. Pending the response to that RFI, a full Request for Proposal (RFP) will be released, with the goal of implementing a new business operation at a previously vacant terminal.

The cruise industry remains a critical part of business activity at the Port. Cargo Marketing staff will maintain close relationships with the cruise industry to coordinate current and future vessel berthing plans. Funding for the Cruise Incentive at \$2.4 million continues in FY 2023/24 to encourage a greater number of cruise ship calls to the Port. Overall, cruise business has continued to improve and the passenger to vessel capacity percentage within FY 2022/23 has



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ranged between 85 and 100 percent, indicating a positive recovery of the cruise industry in the Southern California market. As a result of the continued increase in demand for cruise activities, a draft RFP for the operation of the existing cruise terminal and the development of a new cruise terminal at the Port’s Outer Harbor was released by the Port in January 2023. A full RFP, which will consider comments provided by the public and other interested parties, is expected to be released by the summer of 2023.

To maintain the Port’s position as the leading gateway for international trade to the U.S., Cargo Marketing’s Proposed Budget of \$13.3 million will enable staff to expand upon the aforementioned customer outreach activities and continue to work closely with supply chain stakeholders to advance cargo movement in FY 2023/24.

Trade Connect Program

The Trade Development Division’s (Trade Development) Trade Connect Program serves as the Port’s educational trade outreach program to the business community, encouraging increased exports through the Port. This program helps to improve the financial performance of Port assets by engaging the international diplomatic community, trade organizations, and business community to increase U.S. exports. The Trade Connect Program is tailored to small and medium-sized businesses to encourage them to consider export markets. The program’s innovative seminars include introductory courses on the basics of commercial transactions, foreign markets, financing, documentation and logistics, and also advanced seminars on international demand for specific products and emerging global consumer markets.



Due to the COVID-19 pandemic, the Trade Connect Program shifted to a virtual format providing a web-based series of seminars that continued to assist

businesses with export market opportunities during the ongoing pandemic. In FY 2023/24, the Trade Connect Program will continue its web-based series of seminars, while also offering in-person seminars. This dual approach will reach more companies across the U.S., assisting them in learning about export opportunities in order to add exports to their overall business plans.

With nearly \$28.5 billion in exports passing through the Port in 2022, exports remain a vital part of the Los Angeles regional economy. Due to Southern California’s large manufacturing base, there is potential to continue increasing exports to expand into numerous world markets. It is estimated that 85% of manufacturers in California do not export to foreign markets, presenting an opportunity to grow exports by helping these companies incorporate foreign markets into their business marketing plans.

Within its purview, Trade Development works with foreign governments and the international diplomatic community in developing intergovernmental relations, facilitating the advancement of the Port’s influence on expanding trade markets. This has resulted in the Port signing numerous international agreements with key strategic ports to increase trade and promote supply chain efficiencies, environmental stewardship, digitization, increased security protocols, infrastructure development, and green shipping corridors.

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

The Director of Trade Development was appointed by the U.S. Secretary of Commerce to the District Export Council of Southern California in 2022. This appointment elevates the representation of the Port



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at the national level and as a key strategic leader in international trade. As City elected officials have acknowledged, the Port of Los Angeles is an engine for our local, regional, and national economy - and the Trade Connect Program is a source of export training and support for our vital entrepreneurs and small businesses. Trade Connect makes our city's status as a crossroads of global commerce real in the life of L.A.'s workers and employers - helping them expand the reach of their products and services, increase their revenue, support jobs, grow our economy, and connect to marketplaces and customers across borders, oceans, and continents. By assisting Los Angeles area companies expand their businesses by exporting internationally, this program continues to promote international trade objectives to improve the region's overall economic viability through the creation of a stronger export base.

As an essential element of this initiative, the Trade Connect Program has directed local manufacturers to the resources required to export products, helped exporters address key challenges, and connected program participants with a variety of specialized training and counseling services available through city, state, and federal partners.

In FY 2023/24, the cost of the Trade Connect Program is covered within Trade Development's overall Proposed Budget of \$785,898. The program will continue to facilitate the expansion of the area's export operations as part of the Port's strategic initiatives to attract new cargo volumes and work closely with key stakeholders, such as business trade organizations, the international diplomatic community, and various governmental entities, including global ports.

Planning and Strategy

The Planning and Strategy Division's (Planning) \$1.7 million FY 2023/24 Proposed Budget supports the efforts of its team of Harbor Planning and Economic Analysts who serve as the department's land use planners, researchers, and economists in their work to help guide future development at the Port.

Planning maintains the Port Master Plan, which establishes the policies and guidelines for development at the Port which are consistent with the California Coastal Act. In FY 2023/24, the division will be preparing project-specific amendments to the Port Master Plan in addition to continuing its work with the California Coastal Commission staff on larger changes to accommodate the Port's long-term development goals and to introduce policies guiding the Department's adaptation to sea level rise.

Planning continues to manage the processing of applications for Port land use permits and issues Coastal Development Permits. Applications for permits are now primarily made via web-based submissions. In FY 2023/24, Planning will work with the Information Technology Division to further develop its SharePoint-based workflow across all Harbor Department divisions working with land use permits to streamline the process.

Planning reports on the competitive position and the economic impacts of the Port, commodity flows, and shifts in global trade. The data from these reports is used by the Port to help grow its market share. The division has budgeted \$181,918 to procure trade data necessary to perform this research. Planning has also budgeted \$24,000 in FY 2023/24 for studies in support of long-range facility planning to provide a framework for Port development in the coming decades. Additionally, on-call risk management consulting services have been funded at \$7,597 to ensure that the Port's liquid bulk facilities remain in compliance with the Risk Management Plan and that any prospective developments are sited according to Port guidelines.

Governmental Advocacy & Workforce Development

The Labor Relations and Government Affairs Division (LRGA) establishes and maintains positive relationships with elected and appointed leadership at all levels of government to further the Port's strategic initiatives for the benefit of the City, the department, and San Pedro Bay stakeholders with a \$2.4 million FY 2023/24 Proposed Budget.



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In FY 2022/23 LRGA worked with Governor Newsom’s administration and the California State Legislature, leading to the successful effort to secure \$110.0M from the State of California to build the 20-acre Port of Los Angeles and Port of Long Beach Goods Movement Training Campus. In FY 2023/24, LRGA will work across POLA’s divisions to advance the pre-construction activities associated with this project so construction can begin as expeditiously as possible.



LRGA is working with the goods movement industry, labor, and established training institutions to create partnerships for future programming initiatives and curriculum. As zero-emissions equipment becomes more prevalent, it will be imperative to cultivate a pipeline of operators, mechanics, and technicians skilled in alternatively powered trucks, cargo handling equipment, and charging infrastructure. Training programs at the campus will target a variety of sectors with a nexus to goods movement within the San Pedro Bay Port Complex, with the goal to create a pipeline of skilled candidates for current and future employment opportunities.

Environmental Stewardship

The Air Quality, Site Restoration and Assessment, Water Quality, and California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA) technical groups within the Environmental Management Division (EMD) support all objectives (1-4) of the Port’s Strategic Plan: World-Class Infrastructure that Promotes Growth; A Secure,

Efficient, and Environmentally Sustainable Supply Chain; Improved Financial Performance of Port Assets; and Strong Relationships with Stakeholders. EMD will be supporting these strategic initiatives with a proposed budget of \$31.1 million in FY 2023/24.

With a \$22.5 million budget in FY 2023/24, Air Quality Services has the largest funding allocated among the four technical groups. This budget includes funding for consultant services, environmental incentives, and Clean Truck Program (CTP) administration. Funding is also allocated for continued implementation of measures within the 2017 Clean Air Action Plan (CAAP) including support for the various programs to be developed under the Board-approved Clean Truck Fund Rate (CTFR) Spending Plan, management of existing grants as well as grant applications for zero emission equipment deployment and infrastructure, and the continued administration of the Technology Advancement Program (TAP) to support the development of advanced technologies.

The Port is working with international trading partners to develop various Green Shipping Corridors (GSC) to reduce greenhouse gas emissions along the world’s busiest cargo routes including the Port of Los Angeles-Shanghai GSC and the Los Angeles-Long Beach-Singapore Digital/GSC. The Ports, supported by C40 (a network of mayors from nearly 100 cities collaborating to take climate crisis action) are working with leading industry partners, technical experts, shippers, and cargo owners to decarbonize shipping and terminal operations. Key goals of this partnership include the demonstration of reduced and zero-lifecycle carbon containerhips; the development of best management practices to help reduce emissions and improve efficiency for all ships using these international trade corridors; and reducing supply chain emissions from port operations, improving global air quality. The GSC’s are underway and will require continued consultant expertise in the coming years to develop and implement the corridors, along with other international outreach, which is budgeted in FY 2023/24 at \$300,000. The Air Quality Group tracks the emissions associated with Port operations to measure achievement of CAAP goals through an annual emissions inventory, which is budgeted in FY



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2023/24 at \$340,000. Additionally, a four-station air quality monitoring network developed and maintained by the Port is budgeted in FY 2023/24 at \$550,000 for continuous monitoring, special studies, community outreach, and reporting. Funding has also been set aside for consultant services that support advisory and regulatory agency communications, grants administration, greenhouse gas monitoring, and inventories, among others.

The Air Quality Group is responsible for implementing air quality reduction incentive programs, which continue to be among the most successful CAAP strategies. These incentive programs, budgeted at nearly \$4.0 million, include the Vessel Speed Reduction Incentive Program, which rewards vessel operators for reducing their speed as they approach and depart the port, thereby reducing emissions; the grants disbursed under the Technology Advancement Program (TAP), which provides funds to support developing and demonstrating technologies that reduce emissions from port operations; and the Environmental Shipping Index, which rewards operators for deploying the cleanest vessels to the Port.

As a prominent element of the CAAP, the CTP is funded at \$2.9 million for program administration and special studies. In addition to revenues from Concession Fees, Annual Truck Fees, and Day Passes that exceed the cost to administer the program, on April 1, 2022, the Port began collecting a Clean Truck Fund Rate (CTFR) of \$10 per TEU. To date, the Port has collected approximately \$38.9 million in CTFR and budgeted \$13.1 million in FY 2023/24 towards the purchase of clean trucks, associated infrastructure, and research and development for advanced truck technologies and ZE truck concepts.

The Site Restoration budget includes services to help facilitate the Harbor Department’s continued environmental stewardship and compliance pertaining to hazardous waste management and emergency response, contaminated properties, property redevelopment, and the Harbor Department’s commitment to the Zero Waste Plan, as required by the City of Los Angeles’ Green New Deal.

Site Restoration and Assessment Services are budgeted at \$3.0 million for outside services and fees in FY 2023/24. Approximately \$1.7 million is allocated for site assessment and restoration services for both regulated and non-regulated properties throughout the Port; baseline environmental assessments to support the Real Estate divisions for lease agreements and economic development; tenant oversight for applications for Port projects and pipeline abandonments; operation, maintenance, and compliance of the New Dock Pump Station; continued management of the International Organization for Standardization (ISO) 14001 Environmental Management System for the Construction and Maintenance (C&M) maintenance yard; annual State Law Assembly Bill (AB) 939 and Senate Bill (SB) 1383 data collection and reporting for the Bureau of Sanitation; facilitation of the Harbor Department’s Zero Waste Plan; and compliance to various waste management and source reduction regulations. The remaining \$1.3 million is allocated to hazardous materials and waste management, including Port-wide response to hazardous spills and illegal dumping; biohazard cleanup; lead and asbestos survey and abatements; underground storage tank compliance; waste management services relating to waste collection and disposal at the C&M Yard; and hazardous waste generator fees applicable to SB 158.



The Water Quality Services program, which addresses water, sediment, and biological resources, is budgeted at just under \$1.0 million for FY 2023/24. At just over half the budget, \$515,000, has been



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allocated for various biological resource programs, including \$240,000 for field sampling for the 2023 Biological Surveys of Los Angeles and Long Beach Harbors, \$155,000 for monitoring the endangered California Least Tern Nesting site, and the balance for other biological compliance and characterization programs including finalizing Advanced Permittee Responsible Mitigation at the Cabrillo Eelgrass site, performing land-based biological surveys to allow for advanced planning and proper management of development projects, and performing baseline underwater acoustic surveys to aid in the protection of marine mammals. Additionally, \$345,000 has been allocated for the Water Quality Services team to continue the Tenant Outreach Program to assess tenant storm water compliance, implement projects to comply with Safe, Clean Water (Measure W) and the Statewide Trash Amendments, perform required water quality monitoring in support of wharf repair and other in-water work, and continue Clean Marina Program outreach. Sediment-related programs are budgeted at \$120,000 to continue work collaborating with the Port of Long Beach and the State/Regional Water Boards on Total Maximum Daily Load (TMDL) regulations and perform baseline sediment characterizations at the request of the Real Estate divisions.

With a proposed budget of \$150,000 for FY 2023/24, the CEQA/NEPA technical group analyzes potential environmental impacts for applicant and Harbor Department proposed projects. Of this amount, \$130,000 is allocated toward the preparation of environmental documents that fall outside of reimbursement agreements or capital work orders and \$20,000 is allocated for historic assessments in compliance with the Port’s Built Environment Historic, Architectural and Cultural Resource Policy.

Security and Public Safety Strategies

The Port Police Division's primary goal for FY 2023/24 is to enhance organizational effectiveness through strategic investments in technology, staffing, and business continuity measures. The Division will accomplish these goals with a FY 2023/24 Proposed

Operating Budget of \$51.0 million and a Proposed Capital Equipment Budget of \$4.7 million.

Port Police will make major investments in upgrading and maintaining technology, replacing aged-out equipment, and prioritizing staffing needs with a focus on recruitment and training to maximize efficiency of operations at the Port and its surrounding areas.



Mobile Computer Devices will be replaced in all patrol vehicles and boats, in addition to the ongoing maintenance of POLA and U.S. Customs and Border Protection cameras and security systems. The capital equipment budget for this fiscal year includes funding to replace two patrol boats, four Port Police training boats, and the carwash at the Port Police Head Quarters. These investments will enable the Port Police Division to operate with greater efficiency and effectiveness.

The division is committed to maximizing staffing efficiency by prioritizing recruitment efforts and investing in the professional development of staff across all ranks and classifications. This approach will aid in maintaining a highly skilled and motivated workforce that can adapt to the evolving needs of the organization and the Port community.



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Community and Waterfront Programs

The development of the waterfront and programs for the community remain an important priority for the Port. As such, \$6.3 million has been budgeted in FY 2023/24 for Community Relations Division to provide high-value, positive-impact engagements and leadership opportunities that advance the Harbor Department’s role as a partner and contributor to the broad community of stakeholders it serves.

In the year ahead, the division will develop communications and external outreach in support of the Port’s Strategic Objectives (Jobs & Economic Opportunities, Decarbonization, and Supply Chain Leadership initiatives). In addition, the division will continue to manage school boat tours and educational events/initiatives; special group visits; cargo and LA Waterfront advertising/promotion; port community grants and sponsorships; and production (or support) of a variety of LA Waterfront events.

The Port’s Community Investment Grants program will also continue in FY 2023/24. The program has allocated up to \$1.6 million annually to a variety of non-profit organized projects and events, consistent with Tidelands Trust guidelines. More than \$9.3 million in grants have been awarded since the program began in FY 2013/14.

The Community Relations Division will kick off the FY 2023/24 events schedule on Independence Day with the Community Investment Grant-sponsored John Olguin Fireworks Spectacular at Cabrillo Beach. Later in July, Community Relations joins other Port divisions to help San Pedro successfully host the globally televised Sail GP sailing competition “On the LA Waterfront at the Port of Los Angeles.”

In August, the division will be planning activities surrounding the much-anticipated grand opening of the Wilmington Waterfront Promenade. The FY 2023/24 calendar includes a mix of year-round community and regional events as well as dozens of activities surrounding the flagship LA Fleet Week celebration over Memorial Day weekend. FY 2023/24 will conclude with the annual Cars & Stripes Forever!

classic car, music and fireworks show at the World Cruise Center and Fanfare Fountain promenade areas.



With a FY 2023/24 Proposed Budget of \$7.2 million, the Waterfront & Commercial Real Estate Division will be equipped to reach significant milestones on public/private partnerships, including construction commencement of the San Pedro Promenade Project Phase II in the summer of 2023 along with the continued redevelopment of the approximately 40-acre former Ports O’Call site rebranded as West Harbor, by private investor San Pedro Public Market, LLC. With final Harbor Department tenant vacancies occurring in March 2023, West Harbor has taken possession of the majority of the premises and has commenced construction activities. Construction work through FY 2023/24 will include construction of two primary development phases including 145,000 square feet of indoor and outdoor space. The West Harbor development team continues to progress in securing new and exciting tenants as they have already leased out over 70% of contemplated indoor space. The developers, The Ratkovich Company and Jerico Development, are expected to invest approximately \$165.0 million in the West Harbor redevelopment.

At AltaSea, the public private partnership that will serve as the center for development of the region’s blue economy focused on ocean-related studies and blue tech innovation, new projects and facility upgrades continue to progress to redevelop 180,000 square feet of transit sheds into a center of innovation



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for new ocean industries including aquaculture, ocean exploration, robotics and alternative energy generation. AltaSea has raised \$26.0 million in private and public investment to complete the renovation of 180,000 square feet of warehouse space at Berth 58-60 on top of the \$7.0 million that was recently invested, including a recently completely 2.2 MW solar installation. Construction on the 180,000 square feet warehouse space will begin before FY 2023/24 and is expected to be completed by summer of calendar year 2024. Construction of a Science & Education Center is expected to begin in 2025.

Waterfront development sites in progress for FY 2023/24 include:

- **Cabrillo Way Marina** – Staff intends to bring to the Board of Harbor Commissioners a final lease for the sale and commercial development of the existing 700-slip Cabrillo Way Marina.
- **Boat Yard** – Draft Environmental Impact Report (EIR) for a proposed new 4-acre boatyard facility at Berth 44 will be released for the contaminated and designated historic former San Pedro Boatworks facility.
- **Cruise Terminal Development** – Selection of a partner through an RFP process to develop a new Outer Harbor Cruise Terminal and redevelop the existing World Cruise Center.
- **Warehouse One** – Coordination with State Lands and the release of an RFI on feasible land uses will allow the Port to identify the highest and best use for the adaptive reuse of the historic 460,000 square foot Warehouse No. 1.

Robust marketing for future commercial development will commence for the Wilmington Waterfront area as momentum is established by the completion of the Wilmington Waterfront Promenade Project in summer 2023.

Employee Recruitment, Retention, and Development

The Port remains committed to its goal of being the employer of choice within the greater Los Angeles area. In FY 2023/24, \$462,873 has been allocated toward the continued investment in employee programs such as tuition reimbursement, vanpool, public transit subsidies, employee club, and the Employee Assistance Program, which have assisted the Port with its recruitment and retention efforts.

The department continues to prioritize diversity, equity, and inclusion (DEI) in every departmental function through the various Mayoral Directives and the City’s Workplace Equity Policy, which combines current workplace conduct policies with increased accountability for all City employees. The Port has a social responsibility to ensure that the workforce reflects the diverse communities it serves. To increase diversity, the Port continues to partner with the City’s Historically Black Colleges and Universities subcommittee to achieve diversity in engineering and other fields of study where minority representation may not be present, as well as continued recruitment for trainee and vocational positions through the City’s Targeted Local Hire and Bridge to Jobs programs. Both programs target and recruit individuals from vulnerable and underserved populations to create an alternate job pathway into City civil service careers.





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Through its programs, policies, and practices, the Port of Los Angeles has a unique and important leadership role in shaping the nation’s economy and serving as a proactive environmental steward. To draw business to the Port, infrastructure improvement projects and incentive programs will continue in FY 2023/24, and the Port will also increase investment in digital infrastructure to enhance supply chain performance that will allow for improved cargo planning, forecasting, and tracking. To meet internal decarbonization goals as well as those set at the federal, state, and local level, the Port will continue to utilize funding from the Clean Truck Fund Rate to fund zero emission programs, collaborate with other ports and governmental entities to create partnerships with the goal to reduce greenhouse gas emissions, provide funding for the demonstration of green technologies, and continue to fund infrastructure investments that will promote the efficient movement of goods. Ultimately, the FY 2023/24 Proposed Budget demonstrates the Port’s goal of upholding its status as the busiest container port in North America by actively steering cargo and other business opportunities to the port, while also promoting environmentally sustainable infrastructure development and port operations.



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

HARBOR REVENUE FUND REPORT

RECEIPTS AND CASH

| Actuals FY 2021-22 | Adopted Budget FY 2022-23 | Forecast FY 2022-23 | Description | Proposed Budget FY 2023-24 |
|-------------------------|------------------------------|-------------------------|-------------------------------------|-------------------------------|
| \$ 1,012,011,754 | \$ 1,101,121,513 | \$ 1,144,152,915 | Unrestricted Funds Available | \$ 1,216,257,030 |
| 65,621,841 | 72,411,567 | 59,339,061 | Restricted Funds (1) | 80,991,269 |
| 1,077,633,595 | 1,173,533,080 | 1,203,491,976 | Total Cash Available | 1,297,248,299 |
| 627,842,036 | 628,101,943 | 601,325,021 | Operating Receipts | 652,862,946 |
| (9,727,472) | 54,483,422 | 48,534,776 | Non-Operating Receipts | 22,731,610 |
| 11,905,632 | 30,871,093 | 42,405,159 | Capital Grant Receipts | 47,962,114 |
| - | - | - | Proceeds from Debt Issuance | - |
| \$1,707,653,791 | \$1,886,989,538 | \$1,895,756,932 | Total Receipts & Cash | \$ 2,020,804,969 |

APPROPRIATIONS

| Actuals FY 2021-22 | Adopted Budget FY 2022-23 | Forecast FY 2022-23 | Description | Proposed Budget FY 2023-24 |
|-------------------------|------------------------------|-------------------------|---|-------------------------------|
| \$ 134,771,715 | \$ 161,113,862 | \$ 152,442,984 | Salaries and Benefits | \$ 177,258,955 |
| 2,231,624 | 3,335,529 | 3,326,740 | Marketing & Public Relations | 3,555,927 |
| 300,872 | 1,106,343 | 863,480 | Travel Expenses | 1,220,999 |
| 30,360,494 | 46,746,004 | 43,846,374 | Outside Services | 53,278,445 |
| 5,461,297 | 7,223,384 | 6,868,904 | Materials & Supplies | 7,274,217 |
| 50,229,942 | 61,207,313 | 56,975,383 | City Services | 66,757,813 |
| (23,691,785) | (19,476,292) | (19,476,292) | Allocations to Capital (overhead) | (19,710,008) |
| 54,967,689 | 72,783,548 | 69,659,755 | Other Operating Expenses (2) | 82,715,716 |
| 254,631,848 | 334,039,691* | 314,507,328 | Total Operating Expenses | 372,352,064 |
| 60,588,726 | 107,031,411 | 68,099,734 | Non-Operating Expenses (3) | 33,092,325 |
| 315,220,574 | 441,071,102 | 382,607,062 | Total Operating Budget | 405,444,389 |
| 23,691,785 | 19,476,292 | 19,476,292 | Capitalized & Allocated Expenditures (4) | 19,710,008 |
| - | - | - | Land & Property Acquisition | - |
| 4,023,209 | 11,804,844 | 7,014,682 | Equipment | 16,088,286 |
| 89,661,216 | 180,545,622 | 152,979,336 | Construction & Capital Improvement | 216,518,294 |
| 117,376,210 | 211,826,758 | 179,470,310 | Total Capital Budget | 252,316,588 |
| 432,596,784 | 652,897,860 | 562,077,372 | Total Operating & Capital Budget | 657,760,977 |
| (16,769,969) | 52,485,912 | (3,778,739) | Accrual Adjustments | 21,142,759 |
| 88,335,000 | 40,210,000 | 40,210,000 | Debt Repayments | 43,355,000 |
| 504,161,815 | 745,593,772 | 598,508,633 | Total Budget | 722,258,736 |
| 59,339,061 | 105,036,567 | 80,991,269 | Restricted Cash | 100,812,723 |
| 1,144,152,915 | 1,036,359,199 | 1,216,257,030 | Unappropriated Balance (UB)/Carried Forward | 1,197,733,510 |
| \$ 1,707,653,791 | \$ 1,886,989,538 | \$ 1,895,756,932 | Total Harbor Department Budget | \$ 2,020,804,969 |

Note: Rounding of figures may occur.

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

* The FY 2022/23 Adopted Budget includes \$3.5 million in transfers across the various operating expense budget categories, approved by the Board of Harbor Commissioners in FY 2022/23.

COMPARATIVE STATEMENT OF OPERATIONS

| | Adopted Budget FY 2022/23 | Proposed Budget FY 2023/24 |
|---|---------------------------------|----------------------------------|
| Operating Revenues | | |
| Shipping Services | 439,655,422 | 478,309,744 |
| Rentals | 93,944,277 | 98,579,872 |
| Royalties and Fees | 4,589,306 | 7,033,366 |
| Clean Truck Fees | 47,698,956 | 34,773,512 |
| Other Operating Revenues | 42,213,982 | 34,166,452 |
| Total Operating Revenues | 628,101,943 | 652,862,946 |
| Operating Expenses | | |
| Salaries & Benefits (net of capitalization) | 161,113,862 | 177,258,955 |
| Marketing and Public Relations | 3,335,529 | 3,555,927 |
| Travel | 1,106,343 | 1,220,999 |
| Outside Services | 46,746,004 | 53,278,445 |
| Materials & Supplies | 7,223,384 | 7,274,217 |
| City Services | 61,207,313 | 66,757,813 |
| Allocations to Capital (overhead) | (19,476,292) | (19,710,008) |
| Other Operating Expenses | 72,783,548 | 82,715,716 |
| Total Operating Expenses | 334,039,691 * | 372,352,064 |
| Income from Operations before Depreciation | 294,062,252 | 280,510,882 |
| Depreciation | 160,249,541 | 154,109,669 |
| Income from Operations | 133,812,711 | 126,401,213 |
| Non-Operating Revenues | 54,483,422 | 22,731,610 |
| Non-Operating Expenses | 107,031,411 | 33,092,325 |
| Net Income | \$ 81,264,722 | \$ 116,040,498 |

Note: Rounding of figures may occur.

*The FY 2022/23 Adopted Budget includes \$3.5 million in transfers across the various budget categories approved by the Board of Harbor Commissioners in FY 2022/23.

REPORT OF REVENUES

| REPORT OF REVENUES (3-DIGIT) REPORT #201 | ACTUALS FY 2021/22 | ADOPTED FY 2022/23 | FORECAST FY 2022/23 | PROPOSED FY 2023/24 |
|---|-----------------------|-----------------------|------------------------|------------------------|
| 410 - Dockage | 5,914,208 | 5,500,000 | 3,436,435 | 3,436,435 |
| 411 - Wharfage | 441,966,310 | 412,097,972 | 387,389,982 | 447,832,103 |
| 413 - Demurrage | 133,456 | 115,000 | 100,319 | 115,000 |
| 414 - Pilotage | 13,432,326 | 13,702,513 | 12,337,165 | 12,962,232 |
| 415 - Assignment Charges | 24,396,701 | 8,239,937 | 27,807,768 | 13,963,974 |
| 417 - Lay Day Fees | - | - | 22,500 | - |
| 41 - Shipping Services | 485,843,001 | 439,655,422 | 431,094,169 | 478,309,744 |
| 420 - Land Rentals | 88,404,610 | 92,094,513 | 99,395,475 | 96,639,712 |
| 421 - Wharf & Shed | 942,246 | 972,961 | 1,000,627 | 1,007,741 |
| 422 - Building Rentals | 215,146 | 261,712 | 266,362 | 265,573 |
| 423 - Warehouse Rentals | 587,850 | 615,091 | 630,746 | 666,846 |
| 425 - Lease Revenue | (3,313,100) | - | - | - |
| 42 - Rentals | 86,836,752 | 93,944,277 | 101,293,210 | 98,579,872 |
| 430 - Fees, Concessions, & Royalties | 23,291,311 | 52,238,262 | 40,720,161 | 41,661,918 |
| 431 - Oil Royalties | 125,101 | 50,000 | 144,960 | 144,960 |
| 43 - Royalties & Fees | 23,416,412 | 52,288,262 | 40,865,121 | 41,806,878 |
| 490 - Other Operating Revenue | 31,745,871 | 42,213,982 | 28,072,521 | 34,166,452 |
| 49 - Other Operating Revenue | 31,745,871 | 42,213,982 | 28,072,521 | 34,166,452 |
| Total Operating Revenues | 627,842,036 | 628,101,943 | 601,325,021 | 652,862,946 |
| 710 - Interest Income - Cash Equivalent | 11,697,772 | 14,496,971 | 15,472,364 | 15,579,421 |
| 71 - Interest Income | 11,697,772 | 14,496,971 | 15,472,364 | 15,579,421 |
| 730 - Interest Income - Bonds | 494,551 | 511,384 | 777,479 | 527,189 |
| 73 - Interest Income - Bonds | 494,551 | 511,384 | 777,479 | 527,189 |
| 740 - Investment Income | (58,423,044) | 3,000,000 | 3,000,000 | 3,000,000 |
| 74 - Investment Income | (58,423,044) | 3,000,000 | 3,000,000 | 3,000,000 |
| 750 - Interest Revenues | 10,234,843 | - | - | - |
| 75 - Interest Revenues | 10,234,843 | - | - | - |
| 760 - Non-Operating Revenue | 20,792,784 | 36,235,067 | 29,284,933 | 3,625,000 |
| 76 - Non-Operating Revenues | 20,792,784 | 36,235,067 | 29,284,933 | 3,625,000 |
| 790 - Other Non-Operating Revenue | 5,475,621 | 240,000 | - | - |
| 79 - Other Non-Operating Revenues | 5,475,621 | 240,000 | - | - |
| Total Non-Operating Revenues | (9,727,472) | 54,483,422 | 48,534,776 | 22,731,610 |
| Total Revenues | 618,114,564 | 682,585,365 | 649,859,797 | 675,594,556 |

Note: Rounding of figures may occur.

REPORT OF EXPENSES

| REPORT OF EXPENSES (3-DIGIT) REPORT #202 | ACTUALS FY 2021/22 | ADOPTED FY 2022/23 | FORECAST FY 2022/23 | PROPOSED FY 2023/24 |
|--|-----------------------|-----------------------|------------------------|------------------------|
| 510 - Salaries - Regular | 83,290,108 | 89,552,855 | 83,372,623 | 96,639,161 |
| 511 - Salaries - Overtime | 7,253,049 | 5,974,354 | 7,821,301 | 6,070,432 |
| 516 - Employee Benefits | 43,026,958 | 64,267,288 | 60,166,443 | 73,190,781 |
| 517 - Paid Employee Benefits | 1,201,600 | 1,319,365 | 1,082,617 | 1,358,581 |
| 51 - Salaries and Benefits | 134,771,715 | 161,113,862 | 152,442,984 | 177,258,955 |
| 520 - Advertising & Public Relations | 2,231,624 | 3,325,529 | 3,321,740 | 3,545,927 |
| 522 - Foreign Trade Representation | - | 10,000 | 5,000 | 10,000 |
| 52 - Marketing & Public Relations | 2,231,624 | 3,335,529 | 3,326,740 | 3,555,927 |
| 530 - Domestic Travel | 185,830 | 511,808 | 471,192 | 578,284 |
| 531 - Foreign Travel | 54,832 | 518,960 | 340,292 | 567,450 |
| 532 - Local Travel | 51,472 | 75,575 | 51,996 | 75,265 |
| 533 - Credit Card Charges | 8,738 | - | - | - |
| 53 - Travel Expenses | 300,872 | 1,106,343 | 863,480 | 1,220,999 |
| 540 - Maintenance Services | 5,033,768 | 11,519,929 | 8,095,284 | 10,605,752 |
| 541 - Office Equipment Maintenance Services | 3,190,880 | 5,145,744 | 5,083,953 | 5,458,878 |
| 542 - Miscellaneous Professional Services | 14,260,900 | 19,496,991 | 21,164,793 | 20,284,747 |
| 543 - Data Processing Services | 5,280,972 | 7,292,908 | 6,245,387 | 14,129,651 |
| 544 - Financial Services | 2,593,974 | 3,290,432 | 3,256,957 | 2,799,417 |
| 54 - Outside Services | 30,360,494 | 46,746,004 | 43,846,374 | 53,278,445 |
| 550 - Maintenance & Other Supplies | 4,099,158 | 5,069,014 | 4,921,655 | 5,136,441 |
| 551 - Administrative & Operating Supplies | 1,362,138 | 2,154,370 | 1,947,249 | 2,137,776 |
| 55 - Materials & Supplies | 5,461,297 | 7,223,384 | 6,868,904 | 7,274,217 |
| 570 - City Services | 50,229,942 | 61,207,313 | 56,975,383 | 66,757,813 |
| 57 - City Services | 50,229,942 | 61,207,313 | 56,975,383 | 66,757,813 |
| 580 - Allocations | (23,691,785) | (19,476,292) | (19,476,292) | (19,710,008) |
| 58 - Allocations | (23,691,785) | (19,476,292) | (19,476,292) | (19,710,008) |
| 590 - Equipment Rental - Maintenance | 308,925 | 679,282 | 370,000 | 592,888 |
| 591 - Equipment Rental - Non-Maintenance | 4,995 | 29,471 | 14,471 | 29,471 |
| 592 - Memberships & Subscriptions | 1,039,687 | 1,360,219 | 1,298,912 | 1,345,959 |
| 593 - Insurance | 3,752,161 | 4,686,000 | 4,590,651 | 5,156,000 |
| 594 - Telephone | 2,029,759 | 1,816,384 | 1,812,674 | 2,053,565 |
| 595 - Utilities | 34,853,584 | 27,922,863 | 31,261,180 | 36,650,376 |
| 596 - Claims & Settlements | 1,712,008 | 2,250,000 | 2,250,000 | 2,500,000 |
| 597 - Taxes, Assessments, & Fees | 496,895 | 1,095,438 | 1,087,721 | 1,492,133 |
| 598 - Provision for Bad Debt | 850,809 | 500,000 | 500,000 | 1,000,000 |
| 599 - Other Operating Expense | 9,918,864 | 32,443,891 | 26,474,147 | 31,895,324 |
| 59 - Other Operating Expenses | 54,967,687 | 72,783,548 | 69,659,755 | 82,715,716 |
| Total Operating and Administrative Expenses | 254,631,848 | 334,039,691* | 314,507,328 | 372,352,064 |
| 610 - Depreciation Expense | 147,271,895 | 160,249,541 | 159,163,484 | 154,109,669 |
| 61 - Depreciation | 147,271,895 | 160,249,541 | 159,163,484 | 154,109,669 |
| 830 - Interest Expense - Bonds | 18,951,425 | 27,166,950 | 27,166,950 | 25,092,325 |
| 832 - Interest Expense | 11,942 | - | - | - |
| 83 - Interest Expense - Bonds | 18,963,368 | 27,166,950 | 27,166,950 | 25,092,325 |
| 890 - Other Non-Operating Expenses | 41,625,358 | 79,864,461 | 40,932,784 | 8,000,000 |
| 89 - Other Non-Operating Expenses | 41,625,358 | 79,864,461 | 40,932,784 | 8,000,000 |
| Total Non-Operating Expenses | 60,588,725 | 107,031,411 | 68,099,734 | 33,092,325 |
| Total Expenses | 462,492,468 | 601,320,643 | 541,770,546 | 559,554,057 |

Note: Rounding of figures may occur.

* The FY 2022/23 Adopted Budget includes \$3.5 million in transfers across the various budget categories approved by the Board of Harbor Commissioners in FY 2022/23.

**CAPITAL PROJECTS REPORT
(DETAILED)**

Terminals

Berths 90-93 Inner Harbor Cruise Facility & Berths 45-53 Outer Harbor Cruise Facility

The Inner Harbor Cruise Facility will have a few upgrades in FY 23/24 including an elevator renovation, emergency lighting inverter replacement, mobile gangways hydraulic cylinder replacement, and photovoltaic system inverter replacement.

At the Outer Harbor Cruise Facility, design for an Alternative Maritime Power (AMP) project will be completed in summer of 2024.

\$ 6,839,416

Berths 121-131 - Development (Everglades)

Preparation of planning and environmental documents for the Berths 121-131 Terminal Redevelopment projects, which include the Draft Environmental Impact Statement (EIS)/ Environmental Impact Report (EIR) analysis, release of Draft EIS/EIR and public hearing, and release of Final EIS/EIR, is scheduled for June 2024.

\$ 555,623

Berths 171-182 Marine Improvements (Pasha)

Pasha Terminal improvements include 382 linear feet (LF) of concrete wharf upgrade to comply with the Port of Los Angeles seismic code, replacement of the terminal's main electrical equipment, construction of a new switchgear yard, re-roof of the office building, Berths 179-181 bollard repair, and Berth 182 slope erosion repair. The wharf project will begin construction and the electrical upgrade project will complete construction in FY 23/24.

\$ 13,752,955

Berths 212-224 Development (YTI)

Installation of a leak detection system and upgrade of the electrical feeders at the Yusen Container Terminal are scheduled for completion in December 2023.

\$ 176,662

Berths 222-236 Development (Everport)

A Sensitivity map and accompanying final report will be finished by consultant in early FY 23/24 for the Everport Mitigation Cultural Resource Investigation.

\$ 9,786

Berths 300-306 Development (Fenix/CGA CGM)

Design of the On-Dock Railyard Expansion which includes 5 new tracks (approximately 12,000LF), reuse of 3 existing tracks (approximately 7,000LF), drainage, grading, paving, electrical improvements, fire protection, striping, and signage is continuing, with completion expected in August of 2023.

Berths 302-305 RMG Crane Rail and Foundation improvements include 2,300LF of 145' gage crane rail (approximately total 5,000LF of crane rail), continuous grade beam foundation, contaminated soil remediation including auto shredder waste, electrical infrastructure to operate five (5) 145' wide span RMG cranes in the north railyard, safety fencing and protection barriers, modifications to the existing substation, power distribution infrastructure, communication conduit, and other site improvements. Design completion is scheduled for summer of 2023.

Berth 306 Wharf and Backland improvements include 1,250LF of 100 gage concrete wharf, 200' of dredging to -55', AMP, 4 electrical vaults, 2.2 acres of container terminal backland, including full depth asphalt pavement, storm drain, striping, high mast light poles, 12.47 KV power, upgrading 240LF of wharf and dredging at Berth 305. Design completion is scheduled for August 2023.

\$ 24,384,383

Berths 400-409 Development (Maersk)

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

\$ 29,677,814

**CAPITAL PROJECTS REPORT
(DETAILED)**

Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)

Phase 1 of the Berths 167-169 MOTEMS (Shell) project consisting of a new concrete loading platform, access trestle, and steel catwalks will complete construction in May 2023. Phase 2 of the Berths 167-169 Motems (Shell) project will advertise in Fall 2023. The Berths 238-239 (PBF Energy) project, consisting of a new loading/unloading platform, access ramp, catwalks, and fenders, will start construction in Fall 2023.

\$ 17,751,589

Miscellaneous Terminal Improvements (TI)

Damage assessments are scheduled to be completed for the repair of concrete wharves at Berths 57-60 in early 2024.

Improvements at the TI Maritime Support Facility consist of the development of 70 acres of the approximate 80 acre site for container support facility, which includes grading, paving, and work on storm drains, electrical installations, lighting, fire protection, potable water, sewer, fencing, roadability canopy, longshore restrooms, guard booths, and connection to the future grade separation. Design completion is scheduled for February 2025 and construction completion is scheduled for August 2027.

Berth 44 Boatyard Site Preparations project includes demolition of historic buildings, site removals, site dredging to -20 mean lower low water (MLLW), filling the existing marine ways, building approximately 40' of seawall, import filling, and site grading. Design completion is scheduled for October 2023 and construction completion is scheduled for April 2025.

The Berths 208-209 Container Freight Station (CFS) Building Demolition and Lot Conversion project includes the demolition of a 62,000 square foot former CFS building, site removals, storm drain system work, and grading & paving of approximately 5.7 acres to provide a contiguous backland. Design completion is estimated for October 2023 and construction completion is scheduled for April 2025.

\$ 6,380,540

TOTAL TERMINAL IMPROVEMENTS

\$ 99,528,768

Transportation Projects

The State Route 47 (SR 47)/Vincent Thomas Bridge (VTB) & Front Street/Harbor Boulevard Interchange Reconfiguration project, which entails the replacement of the existing westbound (WB) off-ramp from the VTB with a new off-ramp, realignment of the existing WB on-ramp onto the SR 47 and Interstate 110 connector, and modification of the eastbound (EB) on-ramp onto the VTB toward Terminal Island will begin construction in late 2023. Construction will begin in early 2024 on the Berth 115 Rail Crossing Replacement. Design began in April 2023 for the Navy Way and Seaside Avenue Interchange Improvements project and the environmental documentation will be completed late 2023. Construction will begin on the Caltrans Pedestrian Path and Parking Restriping project in Fall 2023.

The Maritime Support Facility Access/ TI Rail System Grade Separation project is a grade separated roadway over the POLA mainline rail tracks connecting Terminal Way, Ferry Street, and Pier 300 to the TI Maritime Support Facility without impeded access. The project includes preparation of a 7-acre site, installation of a 2,000LF grade separation roadway structure and 630LF of roadway, and connecting Pier 300 to the grade separation. Other improvements include intersection modifications, re-signalization of the traffic signals at Terminal Way and Ferry Street, roadway lighting, creation of a turn out lane from the existing Terminal Way grade separation Pier 300 entrance, paving & striping, storm drain system work, fencing, and landscaping. Design is scheduled to start in summer of 2023.

TOTAL TRANSPORTATION PROJECTS

\$ 22,473,595

**CAPITAL PROJECTS REPORT
(DETAILED)**

Security Projects

The Fixed Automated License Plate Recognition System project began in January of 2023 and is expected to be completed by December. The Port Police Headquarters Perimeter Security Enhancements project began in April of 2021 and is expected to be completed by April of 2024.

TOTAL SECURITY PROJECTS \$ **1,989,689**

Public Access/Environmental Enhancements

Port-Wide Public Enhancement

Front Street Beautification project construction began in early 2023 on the 22-foot wide landscaped area along the north side of Front Street from the Vincent Thomas Bridge to Pacific Avenue. Construction is scheduled to be completed by March of 2024.

\$ **4,009,760**

San Pedro Waterfront Public Access Investment Plan (PAIP) & Miscellaneous Projects

Construction of the San Pedro Waterfront - Berths 74-83 Promenade Phase II is scheduled to begin construction in mid 2023 with completion expected in March 2025. The project consists of a 30 foot wide and 1,100 foot long promenade along the water's edge.

Improvements for 208 East 22nd St Parking Lot include developing and redeveloping 17.5 acres of parking improvements for a total of 1,900 parking stalls. Design started January 2023.

\$ **11,581,392**

Wilmington Waterfront PAIP & Miscellaneous Projects

Within Wilmington construction began in November 2020 on the Wilmington Waterfront Promenade, which consists of 1,200 feet of waterfront promenade, a public plaza, and parking. Construction will be completed in summer 2023. The Wilmington Waterfront - Avalon Pedestrian Bridge and Promenade Gateway project, which includes a 1,300 foot pedestrian bridge along Avalon Boulevard from the general vicinity of the Avalon Triangle to the Wilmington Waterfront Promenade and 12 acres of visitor serving open space south of Harry Bridges Boulevard to the Pacific Harbor Line railroad tracks is currently in design, which is scheduled for completion in mid 2024. Construction is expected to start in late 2024.

\$ **2,875,590**

Environmental Enhancements

A new demonstration project located at Berth 100 to evaluate if a wireless zero emission-charging infrastructure will be the future standard for Port operations began construction in September 2021. Design will be completed in the summer of 2023 on the installation of an AMP system at Berths 195-199. Retrofitting of existing earth switchgears at various terminals throughout the port began construction in January 2022 with completion scheduled for July 2023.

\$ **6,027,504**

TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS \$ **24,494,246**

**CAPITAL PROJECTS REPORT
(DETAILED)**

Maritime Services

Harbor Department Facilities

Redesign work to comply with City of Los Angeles Green Building Code for the Heating, Ventilation, and Air Conditioning (HVAC) replacement project at the Harbor Administration Building (HAB) will be finished by March 2024, and construction will start in September 2024. Construction to remodel the HAB Board Hearing Room and Executive Session Room will start in summer 2023, construction will be completed in September 2024, and commission of audio/video equipment is scheduled to be completed at the end of 2024. Construction of the Port Pilot Radio System will be completed by December 2023. Construction to replace the Compressed Natural Gas (CNG) compressor at Berth 161 will start in June 2024 with completion by December 2025. Other continuing projects include the remodel of the former administration building at Berth 161, Oracle Cloud Migration project, and the Klein Billing and Port Pilot system enhancement.

\$ 17,535,570

Miscellaneous Projects

Projects listed under miscellaneous are not included in any specific program listed above. Projects included are the Sidewalk Repair Program within POLA Facilities, Terminal Island Demolition Projects [1050 Ways Street (StarKist) - Demolition and Storage Lot Conversion, South Seaside Avenue Storm Drain Restoration, Southwest Marine Administration Demolition and Pavement Improvements, 1025 S. Seaside Ave - Demolition and Lot Conversion], Berth 95 - Catalina Channel Express - Barge Landing Ramp Update, and the FY 23/24 C&M Deferred Maintenance Projects. These projects will be in construction during FY 23/24.

Port wide Leak Detection Expansion Program will install smart meters to communicate with the Port's existing water monitoring program to identify anomalies in the system as a potential leak.

\$ 35,496,425

Unallocated Capital Improvement Program Fund

This category is for unanticipated projects which are initiated throughout FY 23/24. It includes construction services, consultants, hiring hall expenses, materials, equipment, services from other city departments, and administrative expenses.

\$ 15,000,000

TOTAL MARITIME SERVICES \$ 68,031,995

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET** \$ 216,518,294
(Including Salaries)

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

Avalon Pedestrian Bridge and Gateway **\$1.4M**

POLA-POLB Goods Movement Workforce Training Facility **\$2.7M**

Wilmington Waterfront Promenade **\$1.2M**

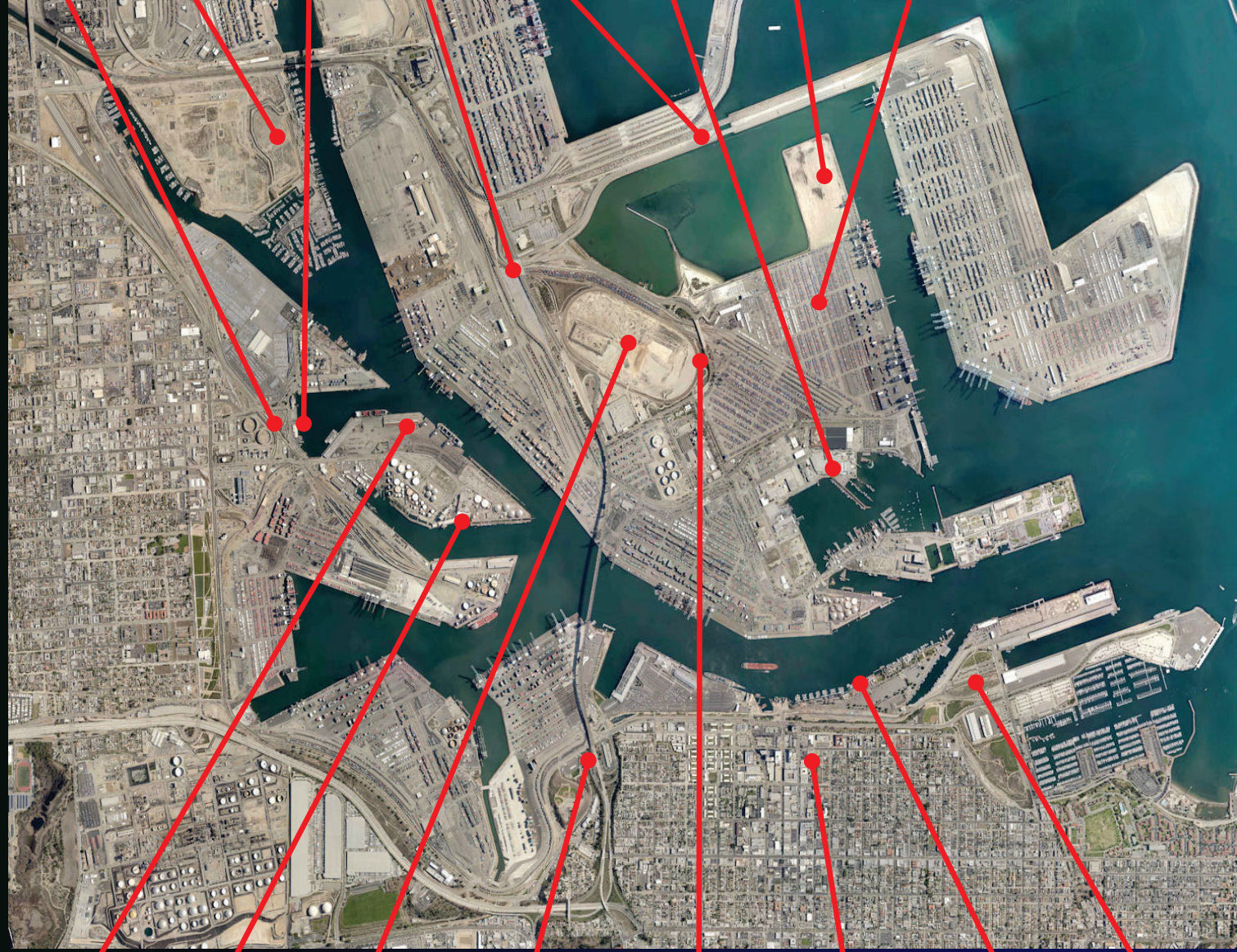
Navy Way and Seaside Interchange **\$1.1M**

Pier 400 Corridor Storage Track Expansion **\$29.7M**

Terminal Island Demolition Projects **\$11.3M**

Berth 306 Container Wharf **\$9.2M**

Berths 302-306 Terminal Improvements **\$14.3M**



Berths 177-182 Development **\$10.8M**

MOTEMS Improvements **\$17.7M**

Terminal Island Maritime Support Facility **\$4.0M**

SR 47 Transportation/ Beautification Improvements **\$23.0M**

Maritime Support Facility Access/ TI Rail System Grade Separator **\$915K**

Harbor Administration Building – HVAC Replacement **\$400K**

San Pedro Waterfront Promenade Phase II & Clean Up **\$10.2M**

208 East 22nd St Parking Lot Improvements **\$650K**

FY 2023/24 Capital Improvement Projects



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Transmittal 2

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|--|---------------|---------------------|----------------------|---------------------|---------------------|---------------------|-------------------|-------------|-------------|---------------------|-------------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| I. Terminals | | | | | | | | | | | |
| Cruise Terminals | | | | | | | | | | | |
| Berth 90-93 - World Cruise Center | | | | | | | | | | | |
| B. 93 - Elevator No. 2 Renovation (2565200) | 12/28/22 | 05/01/24 | \$ 334,000 | \$ 206,000 | \$ 128,000 | \$ - | \$ - | \$ - | \$ - | \$ 128,000 | \$ - |
| B. 91-93 - Passenger Terminal Mobile Gangways Hydraulic Cylinder Replacement (2565300) | 02/08/21 | 12/31/24 | \$ 1,973,000 | \$ 679,399 | \$ 338,876 | \$ 333,672 | \$ 138,137 | \$ - | \$ - | \$ 810,685 | \$ 482,916 |
| B. 93 A&B - World Cruise Center Photovoltaic System Inverter Replacement (2565600) | 03/31/23 | 12/31/23 | \$ 415,000 | \$ 76,074 | \$ 244,923 | \$ 94,002 | \$ - | \$ - | \$ - | \$ 338,926 | \$ - |
| B. 91-92 - Passenger Terminal - Roof Replacement (2567900) | 10/15/21 | 01/02/25 | \$ 2,811,000 | \$ 511,324 | \$ 1,197,865 | \$ 884,953 | \$ 216,859 | \$ - | \$ - | \$ 2,299,676 | \$ - |
| B. 93 - Escalator No. 3 Modernization (2569100) | 07/03/22 | 05/05/24 | \$ 512,837 | \$ 139,239 | \$ 373,598 | \$ - | \$ - | \$ - | \$ - | \$ 373,598 | \$ - |
| B. 91-93 - Passenger Terminal - Upgrade Tunnel Lighting for 4 FMT Gangways to LED Lighting (2571200) | 07/07/22 | 05/15/23 | \$ 105,000 | \$ 93,517 | \$ 11,483 | \$ - | \$ - | \$ - | \$ - | \$ 11,483 | \$ - |
| B. 93 - Escalator Nos 1 & 2 Renovation (2571700) | 01/31/23 | 05/01/24 | \$ 1,369,985 | \$ 276,316 | \$ 819,675 | \$ 273,995 | \$ - | \$ - | \$ - | \$ 1,093,669 | \$ - |
| B. 91-92 - Passenger Terminal Pedestrian Deck Coating (2572000) | 08/31/22 | 02/29/24 | \$ 1,867,200 | \$ 817,317 | \$ 680,966 | \$ 368,916 | \$ - | \$ - | \$ - | \$ 1,049,883 | \$ - |
| B. 93 - Escalator Nos. 4 & 5 Modernization (2572100) | 10/12/22 | 05/01/24 | \$ 1,410,000 | \$ 268,335 | \$ 805,005 | \$ 336,660 | \$ - | \$ - | \$ - | \$ 1,141,665 | \$ - |
| B. 93 - Vehicular Ramp Fire Sprinkler System Upgrade (2573600) | 01/20/23 | 08/31/23 | \$ 200,000 | \$ 38,209 | \$ 149,145 | \$ 12,646 | \$ - | \$ - | \$ - | \$ 161,791 | \$ - |
| Berth 90-93 - World Cruise Center Total | | | \$ 10,998,022 | \$ 3,105,730 | \$ 4,749,536 | \$ 2,304,844 | \$ 354,996 | \$ - | \$ - | \$ 7,409,376 | \$ 482,916 |
| Berth 45-53 - Outer Harbor Cruise Facility | | | | | | | | | | | |
| B. 49-51 Outer Harbor Cruise Terminal Development (2559900) | 12/31/24 | 06/30/27 | \$ 35,000,000 | \$ 1,433,958 | \$ 1,998,013 | \$ 23,489,372 | \$ 5,282,027 | \$ 203,014 | \$ 203,570 | \$ 31,175,996 | \$ 2,390,046 |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|---|---------------|---------------------|--------------------|----------------|---------------|---------------|--------------|------------|------------|-----------------|---------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| B. 52-53 - S.S. Lane Victory Relocation (2570300) | 03/06/22 | 12/31/23 | \$ 635,000 | \$ 507,372 | \$ 91,867 | \$ 35,761 | \$ - | \$ - | \$ - | \$ 127,628 | \$ - |
| Berth 45-53 - Outer Harbor Cruise Facility Total | | | \$ 35,635,000 | \$ 1,941,330 | \$ 2,089,879 | \$ 23,525,133 | \$ 5,282,027 | \$ 203,014 | \$ 203,570 | \$ 31,303,624 | \$ 2,390,046 |
| CRUISE TERMINALS TOTAL | | | \$ 46,633,022 | \$ 5,047,060 | \$ 6,839,416 | \$ 25,829,977 | \$ 5,637,023 | \$ 203,014 | \$ 203,570 | \$ 38,713,000 | \$ 2,872,962 |
| Berth 121-131 - Yang Ming Container Terminal | | | | | | | | | | | |
| B. 121-131 - West Basin Intermodal Container Transfer Facility (WBICTF) Expansion (2481000) | 04/10/16 | 04/10/18 | \$ 11,100,000 | \$ 548,852 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,551,148 |
| B. 121-131 - Terminal Redevelopment - Planning and Environmental (2523200) | 05/30/13 | 06/30/24 | \$ 5,886,770 | \$ 4,961,004 | \$ 555,623 | \$ 370,142 | \$ - | \$ - | \$ - | \$ 925,766 | \$ - |
| BERTH 121-131 - YANG MING CONTAINER TERMINAL TOTAL | | | \$ 16,986,770 | \$ 5,509,856 | \$ 555,623 | \$ 370,142 | \$ - | \$ - | \$ - | \$ 925,766 | \$ 10,551,148 |
| Berth 171-181 - Pasha Terminal | | | | | | | | | | | |
| B. 177-178 - Wharf Restoration (2538900) | 03/13/23 | 06/30/24 | \$ 11,380,000 | \$ 1,636,758 | \$ 8,598,092 | \$ 1,145,150 | \$ - | \$ - | \$ - | \$ 9,743,242 | \$ - |
| B. 179-181 - Wharf and Bollard Repair (2543300) | 03/13/23 | 06/30/24 | \$ 1,530,000 | \$ 189,410 | \$ 1,187,174 | \$ 153,415 | \$ - | \$ - | \$ - | \$ 1,340,590 | \$ - |
| B. 176-179 - Electrical Infrastructure Improvements (2544100) | 08/31/20 | 11/30/23 | \$ 7,754,000 | \$ 5,693,812 | \$ 1,987,101 | \$ 73,087 | \$ - | \$ - | \$ - | \$ 2,060,188 | \$ - |
| B. 182 - Slope Erosion Repair (2554300) | 03/13/23 | 06/30/24 | \$ 1,521,800 | \$ 296,965 | \$ 1,038,741 | \$ 186,094 | \$ - | \$ - | \$ - | \$ 1,224,835 | \$ - |
| B. 179-181 - Transit Shed and Administration Building Fire Alarm & Mass Notification System (2574400) | 03/31/23 | 03/31/24 | \$ 960,000 | \$ 18,153 | \$ 941,847 | \$ - | \$ - | \$ - | \$ - | \$ 941,847 | \$ - |
| BERTH 171-181 - PASHA TERMINAL TOTAL | | | \$ 23,145,800 | \$ 7,835,098 | \$ 13,752,955 | \$ 1,557,747 | \$ - | \$ - | \$ - | \$ 15,310,702 | \$ - |
| Berth 212-224 - YTI Container Terminal | | | | | | | | | | | |
| B. 212-224 - Yusen Terminal - Leak Detection Expansion (2560500) | 03/31/21 | 12/31/23 | \$ 500,000 | \$ 488,410 | \$ 11,590 | \$ - | \$ - | \$ - | \$ - | \$ 11,590 | \$ - |
| B. 218-220 - Landside Stowage Pin Relocation (2560600) | 04/30/21 | 11/30/21 | \$ 250,000 | \$ 25,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 225,000 |
| B. 212-225 Yusen Terminals (YTI) Electric E-Utility Tractor Rig (E-UTR) Chargers (2570600) | 11/10/22 | 06/30/23 | \$ 250,000 | \$ 33,667 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 216,333 |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|--|---------------|---------------------|--------------------|----------------|---------------|----------------|----------------|--------------|----------|-----------------|--------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| B. 212 - Yusen Administration Building Fire Suppression System Replacement (2573700) | 02/10/23 | 06/30/23 | \$ 225,000 | \$ 59,929 | \$ 165,072 | \$ - | \$ - | \$ - | \$ - | \$ 165,072 | \$ - |
| BERTH 212-224 - YTI CONTAINER TERMINAL TOTAL | | | \$ 1,225,000 | \$ 607,005 | \$ 176,662 | \$ - | \$ - | \$ - | \$ - | \$ 176,662 | \$ 441,333 |
| Berth 222-236 - Everport Terminal | | | | | | | | | | | |
| B. 228-230 - Alternative Maritime Power (AMP) Upgrade and Retrofit (2529400) | 11/16/18 | 03/04/22 | \$ 13,330,000 | \$ 11,777,530 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,552,470 |
| B. 226-236 Terminal Improvements - Wharf and Backlands (2531200) | 11/16/18 | 03/04/22 | \$ 34,500,000 | \$ 32,706,080 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,793,920 |
| B. 226-236 - Terminal Infrastructure Reconstruction (2539400) | 11/16/18 | 03/04/22 | \$ 17,484,900 | \$ 16,926,709 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 558,191 |
| B. 226-236 - Advanced Cargo Handling Demonstration (2545300) | 11/15/18 | 03/30/22 | \$ 2,810,000 | \$ 2,642,482 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 167,518 |
| Everport Mitigation Cultural Resource Investigation (2570100) | 02/02/22 | 08/05/23 | \$ 340,000 | \$ 330,214 | \$ 9,786 | \$ - | \$ - | \$ - | \$ - | \$ 9,786 | \$ - |
| BERTH 222-236 - EVERPORT TERMINAL TOTAL | | | \$ 68,464,900 | \$ 64,383,016 | \$ 9,786 | \$ - | \$ - | \$ - | \$ - | \$ 9,786 | \$ 4,072,098 |
| Berth 300-306 - Fenix Terminal | | | | | | | | | | | |
| B. 302-305 - Crane Switchgear Modernization (2552900) | 02/28/19 | 07/31/23 | \$ 1,975,000 | \$ 1,162,401 | \$ 812,599 | \$ - | \$ - | \$ - | \$ - | \$ 812,599 | \$ - |
| B. 302-305 On-dock Railyard Expansion (2562200) | 08/20/23 | 02/28/26 | \$ 52,355,000 | \$ 2,703,727 | \$ 11,409,499 | \$ 20,379,086 | \$ 17,408,905 | \$ 453,783 | \$ - | \$ 49,651,273 | \$ - |
| B. 306 - Container Wharf (2570900) | 08/31/23 | 08/31/25 | \$ 256,000,000 | \$ 2,833,922 | \$ 9,229,801 | \$ 131,048,163 | \$ 111,600,353 | \$ 1,287,762 | \$ - | \$ 253,166,078 | \$ - |
| B. 302-305 RMG Crane Rail and Foundation (2571600) | 06/30/23 | 12/31/25 | \$ 38,700,000 | \$ 1,151,755 | \$ 2,932,485 | \$ 23,534,830 | \$ 10,731,032 | \$ 349,898 | \$ - | \$ 37,548,245 | \$ - |
| BERTH 300-306 - FENIX TERMINAL TOTAL | | | \$ 349,030,000 | \$ 7,851,805 | \$ 24,384,383 | \$ 174,962,079 | \$ 139,740,290 | \$ 2,091,443 | \$ - | \$ 341,178,195 | \$ - |
| Berth 400-409 - APMT Terminal | | | | | | | | | | | |
| Pier 400 - Corridor Storage Tracks Expansion (2543500) | 12/31/20 | 05/05/24 | \$ 73,211,625 | \$ 38,387,793 | \$ 29,677,814 | \$ 2,249,235 | \$ - | \$ - | \$ - | \$ 31,927,049 | \$ 2,896,783 |
| BERTH 400-409 - APMT TERMINAL TOTAL | | | \$ 73,211,625 | \$ 38,387,793 | \$ 29,677,814 | \$ 2,249,235 | \$ - | \$ - | \$ - | \$ 31,927,049 | \$ 2,896,783 |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|---|---------------|---------------------|--------------------|----------------|---------------|---------------|--------------|--------------|-----------|-----------------|----------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| Motems | | | | | | | | | | | |
| B. 238-239 - MOTEMS - PBF Energy (2489900) | 03/13/23 | 10/01/26 | \$ 35,001,031 | \$ 5,630,255 | \$ 13,272,597 | \$ 13,087,496 | \$ 1,262,920 | \$ 1,274,713 | \$ 14,625 | \$ 28,912,350 | \$ 458,426 |
| B. 167-169 - MOTEMS - Shell (2493600) | 10/06/20 | 01/31/24 | \$ 44,832,908 | \$ 31,008,686 | \$ 4,372,126 | \$ 9,028,182 | \$ - | \$ - | \$ - | \$ 13,400,307 | \$ 423,915 |
| B. 163 - MOTEMS - NuStar (2493700) | 07/02/18 | 06/08/20 | \$ 23,976,000 | \$ 1,540,446 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,435,554 |
| B. 148-151 - MOTEMS - Phillips 66 (2493800) | 09/30/19 | 03/29/21 | \$ 24,626,142 | \$ 2,730,929 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,895,213 |
| B. 164 - MOTEMS - Valero (2493900) | 03/20/20 | 10/01/21 | \$ 26,655,000 | \$ 3,904,888 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,750,112 |
| B. 187-191 - MOTEMS - Vopak (2494000) | 02/16/17 | 01/10/19 | \$ 61,561,271 | \$ 3,288,944 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 58,272,327 |
| B. 187-190 - MOTEMS - Vopak Environmental Assessment (2563300) | 07/01/20 | 12/31/23 | \$ 375,000 | \$ 223,458 | \$ 106,867 | \$ 44,675 | \$ - | \$ - | \$ - | \$ 151,542 | \$ - |
| MOTEMS TOTAL | | | \$ 217,027,352 | \$ 48,327,606 | \$ 17,751,589 | \$ 22,160,353 | \$ 1,262,920 | \$ 1,274,713 | \$ 14,625 | \$ 42,464,199 | \$ 126,235,547 |
| Miscellaneous Terminal Improvements | | | | | | | | | | | |
| R.B. 147-156 - Sanitary Sewer Rehabilitation (2548200) | 04/30/23 | 12/31/23 | \$ 735,000 | \$ 102,977 | \$ 541,038 | \$ 90,985 | \$ - | \$ - | \$ - | \$ 632,023 | \$ - |
| B. 57-60 - Wharf Reconstruction Assessment and Preliminary Engineering (2565800) | 07/31/23 | 07/31/23 | \$ 525,000 | \$ 280,757 | \$ 244,243 | \$ - | \$ - | \$ - | \$ - | \$ 244,243 | \$ - |
| B. 153-155 - Wharf Repair (2565900) | 07/31/23 | 07/31/23 | \$ 580,000 | \$ 33,850 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 546,150 |
| Southwest Marine Administration Building Demolition and Pavement Improvements (2566100) | 06/30/23 | 12/31/24 | \$ 1,090,000 | \$ 87,223 | \$ 696,257 | \$ 305,005 | \$ 1,514 | \$ - | \$ - | \$ 1,002,777 | \$ - |
| B. 120 - Site Development (2569500) | 01/31/22 | 03/03/22 | \$ 406,365 | \$ 6,651 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 399,713 |
| B. 44 - Boatyard Site Preparations (2569900) | 10/30/23 | 04/30/25 | \$ 5,830,000 | \$ 96,475 | \$ 336,909 | \$ 5,148,746 | \$ 247,871 | \$ - | \$ - | \$ 5,733,525 | \$ - |
| R.B. 197 Site Improvements (2571100) | 01/09/23 | 08/31/23 | \$ 1,520,000 | \$ 1,476,845 | \$ 43,155 | \$ - | \$ - | \$ - | \$ - | \$ 43,155 | \$ - |
| B. 208-209 CFS Building - Demolition and Lot Conversion (2572400) | 10/31/23 | 04/30/25 | \$ 8,300,000 | \$ 175,031 | \$ 505,802 | \$ 7,219,555 | \$ 399,612 | \$ - | \$ - | \$ 8,124,969 | \$ - |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|--|---------------|---------------------|--------------------|----------------|---------------|----------------|----------------|----------------|---------------|-----------------|----------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| Terminal Island Maritime Support Facility (2573500) | 02/28/25 | 08/31/27 | \$ 194,630,000 | \$ 1,670,373 | \$ 4,013,136 | \$ 4,296,656 | \$ 41,874,829 | \$ 123,778,969 | \$ 18,735,378 | \$ 192,698,968 | \$ 260,659 |
| MISCELLANEOUS TERMINAL IMPROVEMENTS TOTAL | | | \$ 213,616,365 | \$ 3,930,182 | \$ 6,380,540 | \$ 17,060,947 | \$ 42,523,826 | \$ 123,778,969 | \$ 18,735,378 | \$ 208,479,660 | \$ 1,206,522 |
| TERMINALS TOTAL | | | \$ 1,009,340,834 | \$ 181,879,423 | \$ 99,528,768 | \$ 244,190,480 | \$ 189,164,058 | \$ 127,348,139 | \$ 18,953,573 | \$ 679,185,019 | \$ 148,276,392 |
| II. Transportation | | | | | | | | | | | |
| Transportation Improvements | | | | | | | | | | | |
| State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd Interchange Reconfiguration (2533400) | 05/31/23 | 10/31/26 | \$ 110,000,000 | \$ 10,549,474 | \$ 19,019,764 | \$ 31,573,797 | \$ 31,089,637 | \$ 17,480,918 | \$ 286,410 | \$ 99,450,526 | \$ - |
| Alameda Corridor Southern Terminus Gap Closure (2536600) | 06/18/19 | 06/30/22 | \$ 17,292,000 | \$ 17,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 292,000 |
| Southern California International Gateway (SCIG) Environmental Assessment (2552500) | 12/01/18 | 11/04/23 | \$ 812,000 | \$ 637,057 | \$ 130,922 | \$ 44,021 | \$ - | \$ - | \$ - | \$ 174,943 | \$ - |
| C Street/I-110 Access Ramp Improvements Right of Way Transfer (2552800) | 02/28/19 | 08/30/24 | \$ 100,000 | \$ 20,182 | \$ 63,822 | \$ 15,997 | \$ - | \$ - | \$ - | \$ 79,819 | \$ - |
| B. 200 - Roadway Improvements & Extension (2554000) | 08/31/21 | 03/01/23 | \$ 6,390,000 | \$ 798,686 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,591,314 |
| CALTRANS Pedestrian Path and Parking Restriping (Phase 2B) (2562600) | 01/03/23 | 04/30/24 | \$ 889,500 | \$ 123,494 | \$ 714,761 | \$ 51,245 | \$ - | \$ - | \$ - | \$ 766,006 | \$ - |
| B. 115 - Rail Crossing Replacement (2563700) | 11/30/23 | 01/31/25 | \$ 2,000,000 | \$ 116,008 | \$ 181,871 | \$ 1,649,374 | \$ 52,748 | \$ - | \$ - | \$ 1,883,992 | \$ - |
| Terminal Way and Barracuda Street Removal of Abandoned Railroad Tracks (2564500) | 04/26/22 | 12/31/23 | \$ 300,000 | \$ 293,086 | \$ 6,914 | \$ - | \$ - | \$ - | \$ - | \$ 6,914 | \$ - |
| South Access Road Speed Calming Improvements (2564700) | 12/15/21 | 04/03/23 | \$ 84,000 | \$ 46,869 | \$ 37,131 | \$ - | \$ - | \$ - | \$ - | \$ 37,131 | \$ - |
| Maritime Support Facility Access/Terminal Island Rail System Grade Separation (2569700) | 03/31/24 | 06/30/26 | \$ 39,230,000 | \$ 339,969 | \$ 915,291 | \$ 8,615,319 | \$ 26,789,156 | \$ 2,570,264 | \$ - | \$ 38,890,031 | \$ - |
| Mormon Island Street Reconstruction Program Phase I (2570000) | 08/22/23 | 02/28/25 | \$ 9,500,000 | \$ 98,540 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,401,460 |
| 710 Earle Street Driveway Improvements (2570200) | 07/21/22 | 08/22/22 | \$ 55,000 | \$ 54,002 | \$ 998 | \$ - | \$ - | \$ - | \$ - | \$ 998 | \$ - |
| Knoll Drive Street Lighting (2573100) | 04/30/23 | 11/30/24 | \$ 690,000 | \$ 61,536 | \$ 308,294 | \$ 242,979 | \$ 77,192 | \$ - | \$ - | \$ 628,464 | \$ - |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|--|---------------|---------------------|--------------------|----------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| Navy Way and Seaside Avenue Interchange Improvements (2573200) | 03/30/25 | 06/30/28 | \$ 65,650,000 | \$ 267,379 | \$ 1,093,828 | \$ 1,090,840 | \$ 6,171,261 | \$ 27,147,245 | \$ 25,303,152 | \$ 60,806,326 | \$ 4,576,295 |
| TRANSPORTATION IMPROVEMENTS TOTAL | | | \$ 252,992,500 | \$ 30,406,282 | \$ 22,473,595 | \$ 43,283,571 | \$ 64,179,995 | \$ 47,198,427 | \$ 25,589,562 | \$ 202,725,150 | \$ 19,861,068 |
| TRANSPORTATION TOTAL | | | \$ 252,992,500 | \$ 30,406,282 | \$ 22,473,595 | \$ 43,283,571 | \$ 64,179,995 | \$ 47,198,427 | \$ 25,589,562 | \$ 202,725,150 | \$ 19,861,068 |
| III. Security | | | | | | | | | | | |
| Homeland Security | | | | | | | | | | | |
| Port Police - 700 MHz Radio System - Phase II (2542100) | 02/28/20 | 12/31/24 | \$ 13,863,939 | \$ 13,694,601 | \$ 144,939 | \$ 24,399 | \$ - | \$ - | \$ - | \$ 169,338 | \$ - |
| Port Cyber Resilience Center (2555500) New Fiber Optic Line - Port of Los Angeles Harbor Administration Building to 110 Freeway On/Off Ramp (2566800) | 05/31/19 | 12/31/22 | \$ 7,600,000 | \$ 4,566,180 | \$ 667,403 | \$ - | \$ - | \$ - | \$ - | \$ 667,403 | \$ 2,366,417 |
| Port of Los Angeles Police Headquarters - Perimeter Security Enhancements (2567300) | 05/30/23 | 02/28/24 | \$ 175,000 | \$ 28,194 | \$ 135,412 | \$ 11,394 | \$ - | \$ - | \$ - | \$ 146,806 | \$ - |
| Port of Los Angeles Police Headquarters - Perimeter Security Enhancements (2567300) | 04/11/22 | 11/15/23 | \$ 1,250,000 | \$ 507,778 | \$ 566,645 | \$ 175,576 | \$ - | \$ - | \$ - | \$ 742,222 | \$ - |
| Port Police - Fixed Automated License Plate Recognition (ALPR) System (2572700) | 04/01/23 | 12/31/23 | \$ 497,745 | \$ 12,420 | \$ 475,289 | \$ 10,036 | \$ - | \$ - | \$ - | \$ 485,325 | \$ - |
| HOMELAND SECURITY TOTAL | | | \$ 23,386,684 | \$ 18,809,173 | \$ 1,989,689 | \$ 221,405 | \$ - | \$ - | \$ - | \$ 2,211,094 | \$ 2,366,417 |
| SECURITY TOTAL | | | \$ 23,386,684 | \$ 18,809,173 | \$ 1,989,689 | \$ 221,405 | \$ - | \$ - | \$ - | \$ 2,211,094 | \$ 2,366,417 |
| IV. Public Access/Environmental Enhancements and Zero Emissions | | | | | | | | | | | |
| Port-Wide Public Enhancements | | | | | | | | | | | |
| Front Street Beautification (2504700) | 04/25/22 | 03/31/24 | \$ 10,300,000 | \$ 4,038,026 | \$ 4,009,760 | \$ 235,819 | \$ - | \$ - | \$ - | \$ 4,245,579 | \$ 2,016,395 |
| PORT-WIDE PUBLIC ENHANCEMENTS TOTAL | | | \$ 10,300,000 | \$ 4,038,026 | \$ 4,009,760 | \$ 235,819 | \$ - | \$ - | \$ - | \$ 4,245,579 | \$ 2,016,395 |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

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|--|---------------|---------------------|--------------------|----------------|---------------|--------------|---------------|---------------|------------|-----------------|---------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| Los Angeles Waterfront | | | | | | | | | | | |
| Public Access Investment Plan (PAIP) | | | | | | | | | | | |
| Public Access Investment Plan San Pedro Waterfront | | | | | | | | | | | |
| San Pedro Waterfront - Harbor Boulevard from Berth 73C to 22nd Street Roadway Improvements (2488200) | 07/01/18 | 01/03/21 | \$ 10,500,000 | \$ 1,592,860 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,907,140 |
| San Pedro Waterfront - Ports O' Call Promenade and Town Square - Phase I (2532100) | 01/22/19 | 09/03/21 | \$ 47,160,000 | \$ 43,614,003 | \$ 178,699 | \$ - | \$ - | \$ - | \$ - | \$ 178,699 | \$ 3,367,298 |
| San Pedro Waterfront - B. 80-83 - Waterside Improvements (2539000) | 01/29/19 | 09/03/21 | \$ 4,822,000 | \$ 4,178,528 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 643,472 |
| San Pedro Waterfront - Harbor Boulevard From Miner Street to SP Slip Roadway Improvements (2543000) | 10/16/19 | 06/30/21 | \$ 8,821,307 | \$ 7,984,039 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 837,268 |
| San Pedro Waterfront - 34.5KV Electric Utility Service (2548400) | 01/31/21 | 12/31/23 | \$ 4,000,000 | \$ 234,923 | \$ 34,394 | \$ 3,764 | \$ - | \$ - | \$ - | \$ 38,159 | \$ 3,726,919 |
| San Pedro Waterfront - B. 74-83 Promenade - Phase II (2552600) | 04/25/22 | 03/31/25 | \$ 16,500,000 | \$ 6,766,716 | \$ 9,097,714 | \$ 635,570 | \$ - | \$ - | \$ - | \$ 9,733,284 | \$ - |
| San Pedro Waterfront - West Harbor - Soil Testing and Removal (Developer Site) (2559600) | 01/15/20 | 12/31/26 | \$ 500,000 | \$ 45,439 | \$ 103,282 | \$ 113,011 | \$ 106,809 | \$ 95,095 | \$ 36,364 | \$ 454,561 | \$ - |
| San Pedro Waterfront - Harbor Boulevard from SP Slip to Berth 73C Roadway Improvements (2560000) | 06/30/21 | 01/02/23 | \$ 11,500,000 | \$ 119,216 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,380,784 |
| 208 East 22nd Street Parking Lot Improvements (2573900) | 06/30/24 | 09/30/25 | \$ 20,800,000 | \$ 255,824 | \$ 649,560 | \$ 6,916,859 | \$ 12,888,875 | \$ 88,882 | \$ - | \$ 20,544,176 | \$ - |
| Public Access Investment Plan San Pedro Waterfront Total | | | \$ 124,603,307 | \$ 64,791,548 | \$ 10,063,649 | \$ 7,669,204 | \$ 12,995,684 | \$ 183,977 | \$ 36,364 | \$ 30,948,879 | \$ 28,862,880 |
| Public Access Investment Plan Wilmington Waterfront | | | | | | | | | | | |
| Wilmington Waterfront Promenade (2533000) | 02/18/20 | 09/30/23 | \$ 70,800,000 | \$ 67,951,810 | \$ 1,004,067 | \$ 671,318 | \$ - | \$ - | \$ - | \$ 1,675,386 | \$ 1,172,804 |
| Wilmington Waterfront - Avalon Pedestrian Bridge and Promenade Gateway (2537700) | 04/30/24 | 04/30/27 | \$ 65,000,000 | \$ 3,693,858 | \$ 1,433,251 | \$ 5,730,512 | \$ 32,883,498 | \$ 20,640,151 | \$ 618,730 | \$ 61,306,142 | \$ - |
| Wilmington Waterfront - Site Characterization Assessments (2545600) | 08/02/17 | 04/30/24 | \$ 680,000 | \$ 509,379 | \$ 170,621 | \$ - | \$ - | \$ - | \$ - | \$ 170,621 | \$ - |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|---|---------------|---------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|-----------------------|----------------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| Wilmington Youth Sailing and Aquatic Center (2553600) | 03/23/24 | 09/30/25 | \$ 4,600,000 | \$ 895,518 | \$ 181,657 | \$ 2,056,714 | \$ 1,445,370 | \$ 20,741 | \$ - | \$ 3,704,482 | \$ - |
| Public Access Investment Plan Wilmington Waterfront Total | | | \$ 141,080,000 | \$ 73,050,566 | \$ 2,789,596 | \$ 8,458,545 | \$ 34,328,867 | \$ 20,660,892 | \$ 618,730 | \$ 66,856,631 | \$ 1,172,804 |
| Miscellaneous Projects San Pedro Waterfront | | | | | | | | | | | |
| San Pedro Waterfront - B. 57 - Wharf Demolition, Seawall Repair, and Street Improvements (2500600) | 06/30/20 | 06/30/22 | \$ 21,725,000 | \$ 3,117,928 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18,607,072 |
| San Pedro Waterfront - B. 57 - AltaSea Environmental Assessment (2531800) | 01/05/15 | 07/31/25 | \$ 1,000,000 | \$ 288,125 | \$ 237,698 | \$ 237,049 | \$ 237,128 | \$ - | \$ - | \$ 711,875 | \$ - |
| San Pedro Waterfront - B. 78 Chevron Clean Up - Phase II (2552300) | 04/25/22 | 03/31/25 | \$ 1,500,000 | \$ 283,490 | \$ 1,142,736 | \$ 73,773 | \$ - | \$ - | \$ - | \$ 1,216,510 | \$ - |
| B. 72 Parking Lot Light Replacement (2572900) | 06/30/23 | 01/31/25 | \$ 440,000 | \$ 30,187 | \$ 137,308 | \$ 217,443 | \$ 55,062 | \$ - | \$ - | \$ 409,813 | \$ - |
| Miscellaneous Projects San Pedro Waterfront Total | | | \$ 24,665,000 | \$ 3,719,729 | \$ 1,517,743 | \$ 528,265 | \$ 292,190 | \$ - | \$ - | \$ 2,338,198 | \$ 18,607,072 |
| Miscellaneous Projects Wilmington Waterfront | | | | | | | | | | | |
| Wilmington Waterfront - Park Street Vacations (2525600) | 08/09/19 | 01/05/24 | \$ 265,000 | \$ 163,116 | \$ 85,994 | \$ 15,890 | \$ - | \$ - | \$ - | \$ 101,884 | \$ - |
| Miscellaneous Projects Wilmington Waterfront Total | | | \$ 265,000 | \$ 163,116 | \$ 85,994 | \$ 15,890 | \$ - | \$ - | \$ - | \$ 101,884 | \$ - |
| LOS ANGELES WATERFRONT TOTAL | | | \$ 290,613,307 | \$ 141,724,959 | \$ 14,456,981 | \$ 16,671,905 | \$ 47,616,742 | \$ 20,844,869 | \$ 655,095 | \$ 100,245,591 | \$ 48,642,756 |
| Environmental Enhancements and Zero Emissions | | | | | | | | | | | |
| B. 100 - Advance Electrical Infrastructure Demonstration (2557600) | 09/30/21 | 07/31/24 | \$ 10,250,000 | \$ 4,887,286 | \$ 2,599,573 | \$ 1,310,703 | \$ - | \$ - | \$ - | \$ 3,910,276 | \$ 1,452,438 |
| Pier 400 - Electrical Charging Infrastructure for Electrical Container Handling Equipment (2558700) | 04/05/20 | 01/29/22 | \$ 700,000 | \$ 597,841 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 102,159 |
| Container Terminals Alternative Maritime Power (AMP) Earth Switchgears Retrofit (2561600) | 06/14/22 | 07/31/23 | \$ 2,000,000 | \$ 421,442 | \$ 772,772 | \$ - | \$ - | \$ - | \$ - | \$ 772,772 | \$ 805,786 |
| Inner Cabrillo Beach Parking Lot - Storm Water Improvements (2567400) | 03/31/25 | 06/30/26 | \$ 875,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 875,000 |
| Air Quality Monitoring Stations Upgrade (2568000) | 09/16/21 | 09/30/23 | \$ 703,200 | \$ 380,307 | \$ 278,453 | \$ 44,440 | \$ - | \$ - | \$ - | \$ 322,893 | \$ - |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|--|---------------|---------------------|--------------------|----------------|---------------|---------------|---------------|---------------|------------|-----------------|---------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| B. 195-199 WWL Terminal Alternative Maritime Power (2570800) | 07/19/23 | 01/30/26 | \$ 17,700,000 | \$ 388,682 | \$ 2,376,706 | \$ 9,193,022 | \$ 4,970,553 | \$ 771,037 | \$ - | \$ 17,311,318 | \$ - |
| ENVIRONMENTAL ENHANCEMENTS AND ZERO EMISSIONS TOTAL | | | \$ 32,228,200 | \$ 6,675,558 | \$ 6,027,504 | \$ 10,548,164 | \$ 4,970,553 | \$ 771,037 | \$ - | \$ 22,317,259 | \$ 3,235,383 |
| PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS AND ZERO EMISSIONS TOTAL | | | \$ 333,141,507 | \$ 152,438,543 | \$ 24,494,246 | \$ 27,455,888 | \$ 52,587,294 | \$ 21,615,907 | \$ 655,095 | \$ 126,808,429 | \$ 53,894,534 |
| V. Maritime Services | | | | | | | | | | | |
| Harbor Department Facilities | | | | | | | | | | | |
| B. 161 - Marine Ways Modifications (2486100) | 12/31/17 | 01/31/19 | \$ 2,881,585 | \$ 2,819,972 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,613 |
| Harbor Administration Building - HVAC Replacement (2509600) | 02/28/24 | 09/01/25 | \$ 13,950,000 | \$ 2,718,882 | \$ 399,756 | \$ 6,736,515 | \$ 4,079,486 | \$ 15,362 | \$ - | \$ 11,231,118 | \$ - |
| Harbor Administration Building - Board Hearing Room and Executive Session Room Remodel (2551900) | 11/04/22 | 07/14/24 | \$ 4,405,000 | \$ 1,074,073 | \$ 2,885,811 | \$ 225,116 | \$ - | \$ - | \$ - | \$ 3,110,927 | \$ 220,000 |
| Harbor Administration Building - 1st Floor Employee Restrooms and Showers Remodel (2556200) | 12/24/20 | 06/30/23 | \$ 1,516,000 | \$ 1,475,805 | \$ 40,195 | \$ - | \$ - | \$ - | \$ - | \$ 40,195 | \$ - |
| Liberty Hill Plaza - Change of Use Improvements (2558300) | 08/14/22 | 12/31/23 | \$ 65,000 | \$ 33,945 | \$ 31,055 | \$ - | \$ - | \$ - | \$ - | \$ 31,055 | \$ - |
| Liberty Hill Plaza Atrium Skylight Replacement (2559100) | 10/10/19 | 09/30/22 | \$ 770,000 | \$ 649,888 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 120,112 |
| Banning's Landing - Water Leaks and Damage Repair (2559500) | 12/16/20 | 06/23/22 | \$ 1,200,000 | \$ 1,086,978 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 113,022 |
| Klein Billing and Port Pilot Systems Enhancement - Phase II (2561700) | 08/17/21 | 08/17/25 | \$ 1,518,682 | \$ 508,612 | \$ 479,398 | \$ 478,188 | \$ 48,372 | \$ 4,112 | \$ - | \$ 1,010,070 | \$ - |
| B. 161 - Former Administration Building Remodel (2564400) | 09/27/24 | 01/31/27 | \$ 8,250,000 | \$ 407,331 | \$ 392,762 | \$ 1,509,074 | \$ 2,872,452 | \$ 2,377,151 | \$ 691,230 | \$ 7,842,669 | \$ - |
| Oracle ERP Cloud Migration (2564800) | 06/30/22 | 06/30/24 | \$ 15,978,720 | \$ 6,151,013 | \$ 9,827,707 | \$ - | \$ - | \$ - | \$ - | \$ 9,827,707 | \$ - |
| B. 161 - Floating Dock Electrical Upgrades (2566300) | 05/11/21 | 07/30/23 | \$ 147,000 | \$ 98,110 | \$ 48,890 | \$ - | \$ - | \$ - | \$ - | \$ 48,890 | \$ - |
| B. 161 - Compressed Natural Gas (CNG) Compressor Replacement (2566600) | 07/27/21 | 12/31/25 | \$ 750,000 | \$ 45,762 | \$ 146,394 | \$ 237,235 | \$ 134,627 | \$ 48,675 | \$ - | \$ 566,931 | \$ 137,307 |
| Port Pilot Radio Upgrade Project (2567800) | 08/01/21 | 12/31/23 | \$ 1,518,571 | \$ 544,798 | \$ 814,809 | \$ 158,964 | \$ - | \$ - | \$ - | \$ 973,773 | \$ - |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|--|---------------|---------------------|--------------------|----------------|---------------|---------------|---------------|--------------|------------|-----------------|--------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| B. 68 - Port Pilot Station Wharf Modifications (2568200) | 09/15/21 | 12/31/22 | \$ 526,000 | \$ 507,969 | \$ 18,031 | \$ - | \$ - | \$ - | \$ - | \$ 18,031 | \$ - |
| B. 161 - C&M Yard Plan Partial Block Wall Removal & Ice Machine Installation (2569200) | 11/29/21 | 10/31/22 | \$ 157,833 | \$ 149,489 | \$ 8,344 | \$ - | \$ - | \$ - | \$ - | \$ 8,344 | \$ - |
| POLA Electric Vehicle Charging Stations - Phase 1 (2569600) | 07/10/23 | 06/30/25 | \$ 5,000,000 | \$ 316,006 | \$ 870,909 | \$ 3,333,347 | \$ 479,738 | \$ - | \$ - | \$ 4,683,994 | \$ - |
| Harbor Administration Building - Third Floor Work Solutions (2571000) | 10/01/25 | 09/30/27 | \$ 6,610,000 | \$ 87,785 | \$ 316,097 | \$ 1,777,481 | \$ 2,874,173 | \$ 1,554,464 | \$ - | \$ 6,522,215 | \$ - |
| Port-wide Skylights Replacement (2572200) | 03/08/23 | 10/10/23 | \$ 480,000 | \$ 97,701 | \$ 305,467 | \$ 76,832 | \$ - | \$ - | \$ - | \$ 382,299 | \$ - |
| B. 161 - Marine Ways Gate Modification (2572500) | 05/31/23 | 09/28/24 | \$ 40,000 | \$ 7,788 | \$ 22,524 | \$ 9,688 | \$ - | \$ - | \$ - | \$ 32,212 | \$ - |
| B. 155A - Re-Roof and Drain Installation (2572600) | 12/16/22 | 03/31/24 | \$ 1,320,000 | \$ 381,236 | \$ 781,242 | \$ 157,522 | \$ - | \$ - | \$ - | \$ 938,764 | \$ - |
| Harbor Administration Building - Conference Room Teleconferencing Solutions (2572800) | 02/15/23 | 08/31/23 | \$ 50,000 | \$ 24,044 | \$ 25,956 | \$ - | \$ - | \$ - | \$ - | \$ 25,956 | \$ - |
| Harbor Administration Building - Fifth Floor Office Enclosure (2573400) | 01/15/23 | 06/16/23 | \$ 30,000 | \$ 25,374 | \$ 4,626 | \$ - | \$ - | \$ - | \$ - | \$ 4,626 | \$ - |
| Harbor Administration Building - First Floor Mailroom Relocation (2574600) | 05/01/24 | 01/03/26 | \$ 720,000 | \$ 8,122 | \$ 81,273 | \$ 387,962 | \$ 242,643 | \$ - | \$ - | \$ 711,878 | \$ - |
| Harbor Administration Building - Second Floor Workspace Solutions (2574700) | 05/01/24 | 03/31/26 | \$ 2,100,000 | \$ 5,720 | \$ 34,323 | \$ 237,272 | \$ 896,574 | \$ 770,289 | \$ 155,822 | \$ 2,094,280 | \$ - |
| HARBOR DEPARTMENT FACILITIES TOTAL | | | \$ 69,984,391 | \$ 19,226,400 | \$ 17,535,570 | \$ 15,325,197 | \$ 11,628,064 | \$ 4,770,052 | \$ 847,051 | \$ 50,105,936 | \$ 652,055 |
| Miscellaneous Projects | | | | | | | | | | | |
| POLA Sidewalk Repair Program - POLA Sidewalks (2546300) | 12/31/23 | 06/30/24 | \$ 3,600,000 | \$ 1,263,623 | \$ 818,260 | \$ 846,279 | \$ - | \$ - | \$ - | \$ 1,664,538 | \$ 671,839 |
| 1050 Ways Street (Starkist) - Demolition and Storage Lot Conversion (2554200) | 06/30/23 | 12/31/24 | \$ 13,154,445 | \$ 1,275,133 | \$ 8,142,146 | \$ 3,727,749 | \$ 9,417 | \$ - | \$ - | \$ 11,879,312 | \$ - |
| B. 58-60 Shed - Seismic Bracing Improvements (2555200) | 03/21/19 | 12/01/23 | \$ 767,000 | \$ 139,884 | \$ 627,116 | \$ - | \$ - | \$ - | \$ - | \$ 627,116 | \$ - |
| South Seaside Avenue Storm Drain Restoration (2560800) | 06/30/23 | 12/31/24 | \$ 1,425,000 | \$ 141,817 | \$ 891,086 | \$ 391,395 | \$ 701 | \$ - | \$ - | \$ 1,283,183 | \$ - |
| B. 150-195 - Underwharf Pipeline Hangers Replacement (2561300) | 01/14/20 | 12/30/23 | \$ 400,000 | \$ 96,968 | \$ 215,497 | \$ 87,535 | \$ - | \$ - | \$ - | \$ 303,032 | \$ - |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|--|---------------|---------------------|--------------------|----------------|---------------|---------------|--------------|---------------|---------------|-----------------|---------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| B. 95 - Catalina Channel Express - Barge Landing Ramp Upgrade (2564000) | 04/30/23 | 06/30/24 | \$ 1,390,000 | \$ 256,137 | \$ 834,537 | \$ 299,325 | \$ - | \$ - | \$ - | \$ 1,133,863 | \$ - |
| Badger Avenue Bridge Gearbox Replacement (2565400) | 02/08/21 | 12/31/22 | \$ 240,000 | \$ 1,065 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 238,935 |
| Pile-Driving Barge, Barge-Mounted Crane, and Barge Support Workboat (2567100) | 02/01/22 | 12/31/25 | \$ 14,300,000 | \$ 1,105,099 | \$ 3,782,242 | \$ 4,190,316 | \$ 3,817,014 | \$ 1,405,328 | \$ - | \$ 13,194,901 | \$ - |
| B. 72 - Municipal Fish Market Roof Drain Re-Pipe (2567200) | 05/24/21 | 08/31/22 | \$ 1,072,000 | \$ 1,006,739 | \$ 65,261 | \$ - | \$ - | \$ - | \$ - | \$ 65,261 | \$ - |
| B. 153 - Clock Tower Water Damage Repair (2568100) | 12/31/21 | 12/31/23 | \$ 1,929,500 | \$ 720,784 | \$ 855,347 | \$ 353,369 | \$ - | \$ - | \$ - | \$ 1,208,716 | \$ - |
| Port of Los Angeles and Port of Long Beach Goods Movement Workforce Training Facility (2568400) | 07/31/26 | 01/31/29 | \$ 150,000,000 | \$ 1,094,129 | \$ 2,748,215 | \$ 2,280,366 | \$ 2,280,366 | \$ 7,494,766 | \$ 86,085,652 | \$ 100,889,365 | \$ 48,016,505 |
| 1025 S Seaside Ave - Demolition and Lot Conversion (2570400) | 06/30/23 | 12/31/24 | \$ 2,500,000 | \$ 171,131 | \$ 1,551,489 | \$ 751,544 | \$ 25,836 | \$ - | \$ - | \$ 2,328,869 | \$ - |
| Port-wide Leak Detection Expansion Program (2572300) | 03/31/24 | 10/15/26 | \$ 4,700,000 | \$ 60,136 | \$ 235,703 | \$ 1,024,668 | \$ 2,276,543 | \$ 965,189 | \$ 137,761 | \$ 4,639,864 | \$ - |
| B. 93 - Parking Deck Waterproofing Improvement (2573000) | 01/31/23 | 12/31/24 | \$ 3,730,000 | \$ 729,093 | \$ 1,725,430 | \$ 1,082,774 | \$ 192,703 | \$ - | \$ - | \$ 3,000,907 | \$ - |
| PMA-ILWU Local 13 Dispatch Hall Surplus Parking Lot Improvements (2573300) | 06/30/23 | 11/30/24 | \$ 179,000 | \$ 10,709 | \$ 168,291 | \$ - | \$ - | \$ - | \$ - | \$ 168,291 | \$ - |
| Badger Avenue Bridge Grating Replacement (2574000) | 02/08/23 | 03/16/24 | \$ 544,442 | \$ 103,365 | \$ 252,210 | \$ 188,867 | \$ - | \$ - | \$ - | \$ 441,077 | \$ - |
| Badger Avenue Bridge Wire Ropes Replacement (2574100) | 02/08/23 | 03/16/24 | \$ 3,100,000 | \$ 442,813 | \$ 2,657,187 | \$ - | \$ - | \$ - | \$ - | \$ 2,657,187 | \$ - |
| FY 23/24 CIP Deferred Maintenance Projects (2574500) | 06/30/24 | 06/30/24 | \$ 9,440,000 | \$ - | \$ 9,440,000 | \$ - | \$ - | \$ - | \$ - | \$ 9,440,000 | \$ - |
| B. 189 - Underwharf Fire Sprinkler System Replacement (2574300) | 03/31/23 | 03/31/24 | \$ 600,000 | \$ 44,150 | \$ 486,408 | \$ 69,442 | \$ - | \$ - | \$ - | \$ 555,850 | \$ - |
| Electrical Infrastructure Improvement Program - Preliminary Engineering and Environmental Analysis (2574200) | 12/07/24 | 06/30/35 | \$ 10,000,000 | \$ - | \$ - | \$ 530,919 | \$ 947,204 | \$ 947,204 | \$ 949,799 | \$ 3,375,127 | \$ 6,624,873 |
| MISCELLANEOUS PROJECTS TOTAL | | | \$ 223,071,387 | \$ 8,662,776 | \$ 35,496,425 | \$ 15,824,549 | \$ 9,549,785 | \$ 10,812,488 | \$ 87,173,213 | \$ 158,856,459 | \$ 55,552,152 |

**PORT OF LOS ANGELES
FIVE YEAR CAPITAL EXPENDITURE PLAN
Fiscal Year 23/24 to 27/28**

| Project Title | Design Finish | Construction Finish | Total Project Cost | Previous Years | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | Five Year Total | Future Needs |
|---|---------------|---------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|
| | | | | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | |
| Unallocated Capital Improvement Program Fund | | | | | | | | | | | |
| Unallocated Capital Improvement Program Fund (190000) | 07/01/28 | 07/01/28 | \$ 267,000,000 | \$ 2,000,000 | \$ 15,000,000 | \$ 25,000,000 | \$ 25,000,000 | \$ 25,000,000 | \$ 35,000,000 | \$ 125,000,000 | \$ 140,000,000 |
| UNALLOCATED CAPITAL IMPROVEMENT PROGRAM FUND TOTAL | | | \$ 267,000,000 | \$ 2,000,000 | \$ 15,000,000 | \$ 25,000,000 | \$ 25,000,000 | \$ 25,000,000 | \$ 35,000,000 | \$ 125,000,000 | \$ 140,000,000 |
| MARITIME SERVICES TOTAL | | | \$ 560,055,778 | \$ 29,889,176 | \$ 68,031,995 | \$ 56,149,746 | \$ 46,177,849 | \$ 40,582,540 | \$ 123,020,264 | \$ 333,962,395 | \$ 196,204,207 |
| CIP TOTAL COST | | | \$ 2,178,917,303 | \$ 413,422,598 | \$ 216,518,294 | \$ 371,301,089 | \$ 352,109,197 | \$ 236,745,013 | \$ 168,218,493 | \$ 1,344,892,086 | \$ 420,602,619 |

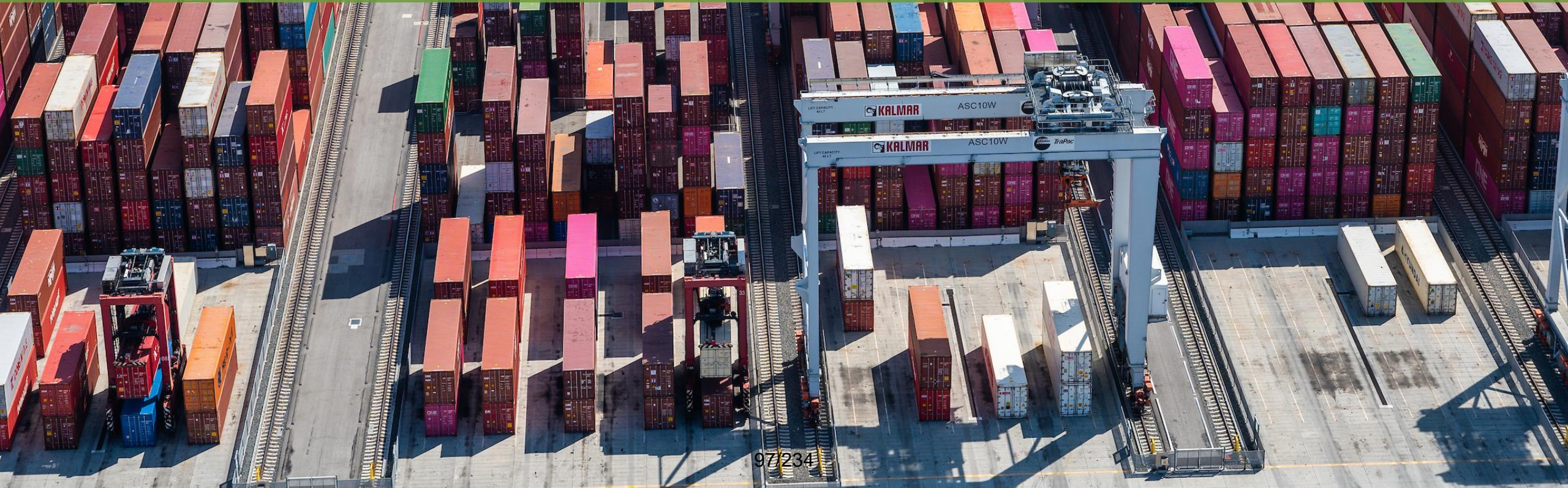
Presentation



America's Port

Fiscal Year 2023/24 Consideration of Proposed Budget for Adoption

June 7, 2023



- Budget Development Process
- Sources of Funding for Proposed Budget
- Appropriations for Proposed Budget
- Bureau Budgets



BUDGET DEVELOPMENT PROCESS

FOUNDATIONS OF BUDGET DEVELOPMENT PROCESS

Funding Priorities

- Department operations
- Capital projects
- Repayment of debt obligations
- Reserves

Strategic Plan Alignment

- Development of infrastructure that promotes growth
- Safe, secure, and sustainable supply chain
- Strong financial performance
- Strong relationships with stakeholders

Restricted Expenditures

- State Tidelands Trust restricts revenues and land for trust complain purposes - commerce, navigation, fishing, recreation, environmental activities that are water-dependent
- City Charter also restricts department funds to operations and development of the port complex

Financially Self-Supporting

- Proprietary department, financially self-sufficient
- No reliance on General Fund dollars or City taxes
- Revenues are derived from port operations

Timeline

- Fiscal year runs from July 1 – June 30
- Staff presents budget to the Board of Harbor Commissioners for a deep dive in April
- Board approves budget in June
- City Council can review budget, but does not approve it

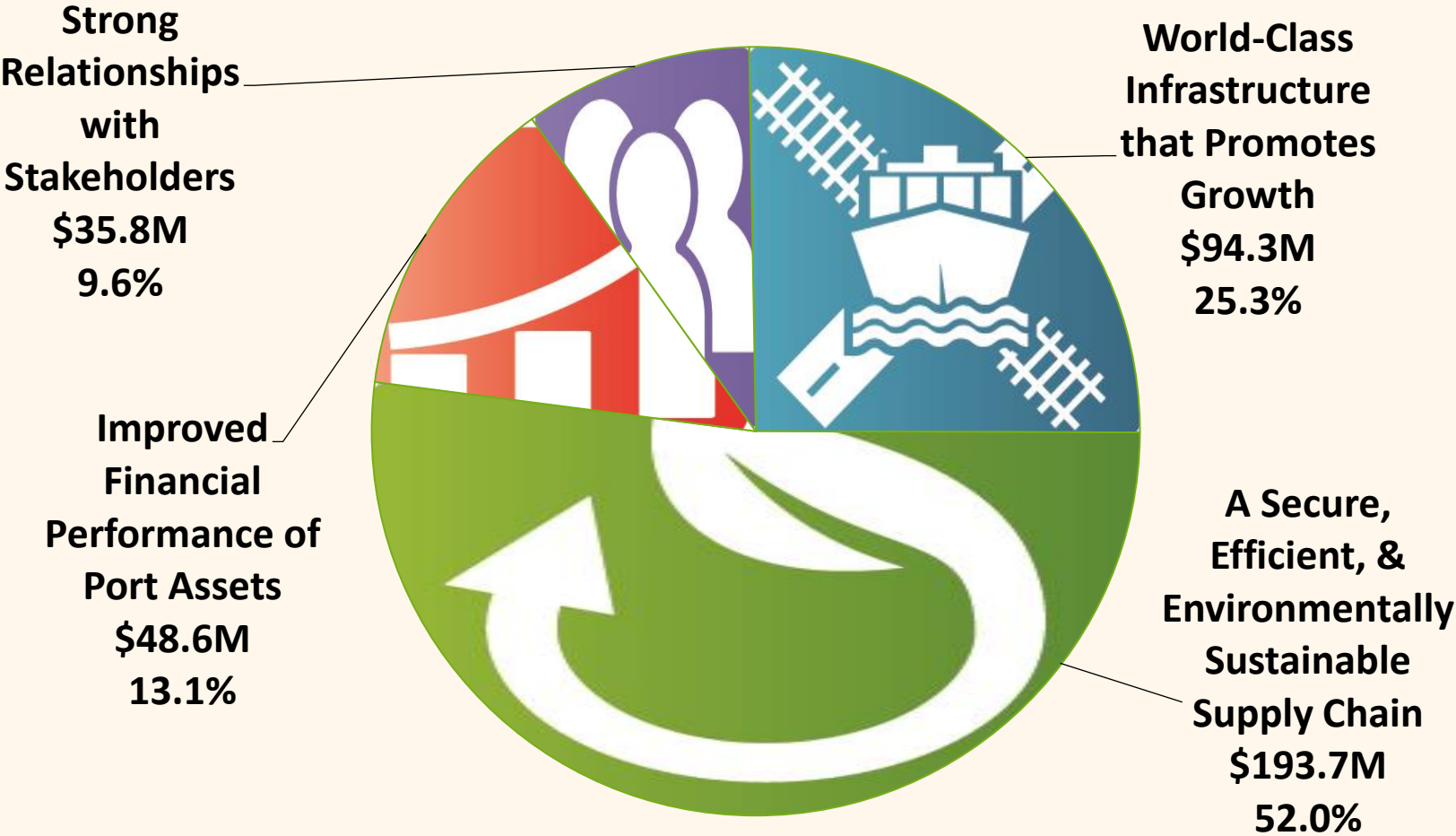
FY 2023/24: Sources of Funding & Appropriations



| Sources: | |
|-----------------------------|-------------------------|
| Operating Receipts | \$ 652,862,946 |
| Non-Operating Receipts | 22,731,610 |
| Grant Receipts (Capital) | 47,962,114 |
| Proceeds from Debt Issuance | - |
| Available Cash: | |
| Unrestricted Funds | 1,216,257,030 |
| Restricted Funds | 80,991,269 |
| Total Sources | \$ 2,020,804,969 |

| Appropriations: | |
|------------------------------|-------------------------|
| Operating Expenses | \$ 372,352,064 |
| Non-Operating Expenses | 33,092,325 |
| Capital Budget | 252,316,588 |
| Debt Repayments & Other | 64,497,759 |
| Projected Year-End Balances: | |
| Unappropriated Balance | 1,197,733,510 |
| Restricted Cash | 100,812,723 |
| Total Appropriations | \$ 2,020,804,969 |

Operating Expense Strategic Plan Alignment: \$372.4M



Financial Performance Goals



| Key Financial Metric | Minimum | Proposed FY 2023/24 |
|-----------------------|---------|---------------------|
| Debt Rating | AA | AA+ |
| Debt Service Coverage | 2.0x | 4.4x |
| Operating Margin | 45.0% | 43.0% |
| Days Cash on Hand | 500 | 500+ |

Changes Made Since April Board Presentation



| OPERATING REVENUE CHANGES | ▲ \$0.6M, 0.1% |
|---|-----------------------|
| Proposed Total Operating Revenue, April 2023 | \$ 652,235,810 |
| Changes: | |
| Wharfage Revenues | \$ 9,295,738 |
| Space Assignments | \$ 4,801,644 |
| Parking Fees | \$ 3,097,533 |
| Dockage | (\$ 1,563,565) |
| Clean Truck Fee | (\$ 6,056,266) |
| MOTEMS Reimbursements | (\$ 8,918,280) |
| Other | (\$ 29,668) |
| Proposed Total Operating Revenue, June 2023 | \$ 652,862,946 |

Changes Made Since April Board Presentation



| | |
|---|---------------------------|
| OPERATING EXPENSE CHANGES | ▼ (\$3.1M), (0.8%) |
| Proposed Total Operating Expenses, April 2023 | \$ 375,495,792 |
| Additions / (Reductions): | |
| Port Optimizer – Additional Development | \$1,500,000 |
| Outside Services for Environmental Management Division | \$700,000 |
| Salaries & Benefits Changes (Lower Attrition & Increases to CIP projects) | \$344,047 |
| Oracle Extended Support Subscription Adjustments | \$219,225 |
| Clean Truck Fund Rate Subsidies – Zero Emission Pilot Deployment | (\$2,500,000) |
| Oracle ERP Cloud Project – Staff Augmentation/Business Systems Analysts | (\$3,407,000) |
| Proposed Total Operating Expenses, June 2023 | \$ 372,352,064 |

Budget Cash Flow

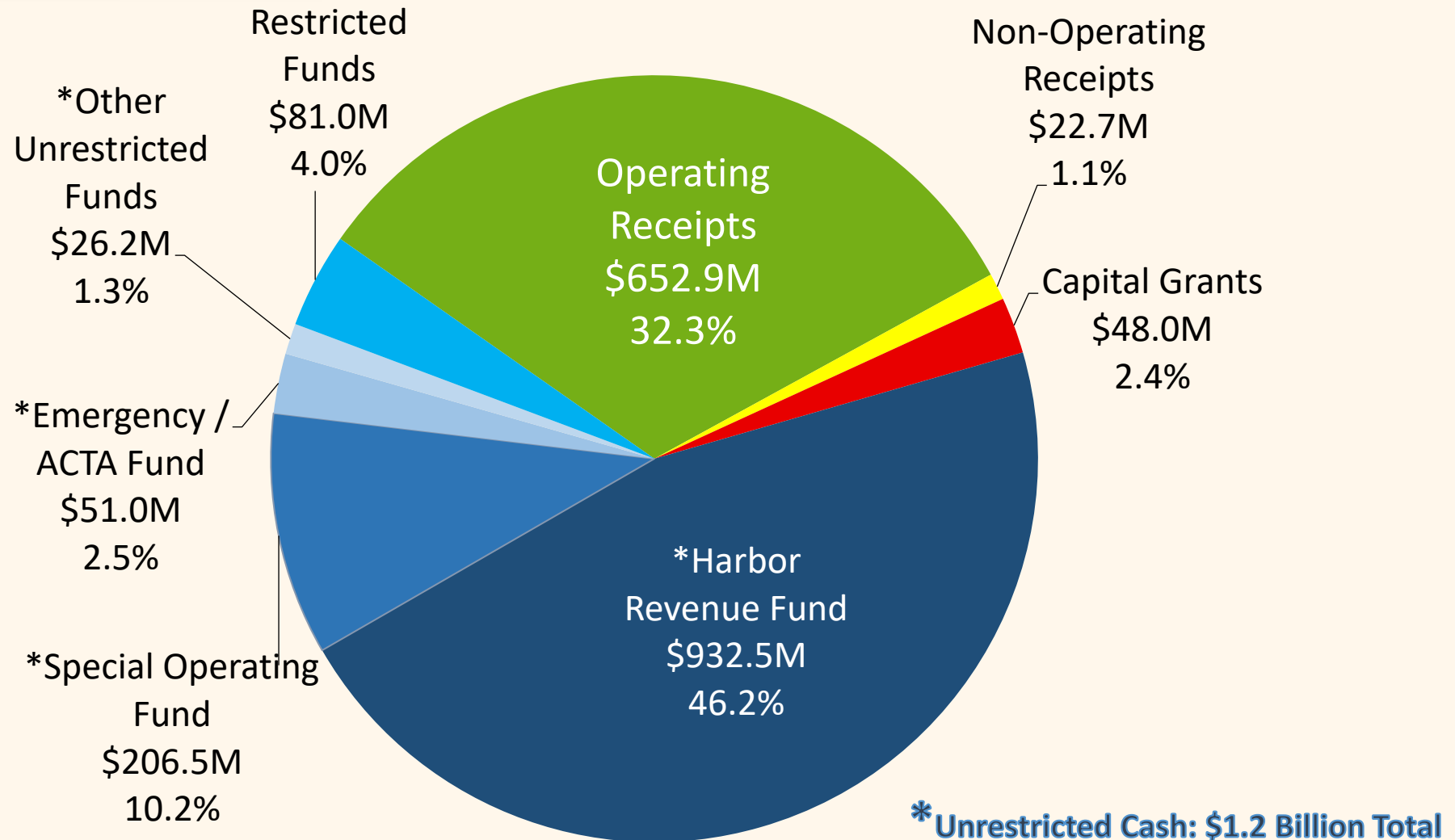
| (\$ in millions) | Actual FY 21/22 | Forecast FY 22/23 | Proposed FY 23/24 | Variance Prop. – Fore. Fav. (Unfav.) |
|---|--------------------|----------------------|----------------------|--|
| Operating Revenues | \$627.8 | \$601.3 | \$652.9 | ▲ \$51.6 |
| Less: Operating Expenses | (254.6) | (314.5) | (372.4) | ▲ (57.9) |
| Operating Income | 373.2 | 286.8 | 280.5 | ▼ (6.3) |
| Less: Debt service | (77.8) | (67.4) | (68.4) | ▲ (1.0) |
| Sub Total | 295.4 | 219.4 | 212.1 | ▼ (7.3) |
| Less: Capital Improvement Plan | (89.7) | (153.0) | (216.5) | ▲ (63.5) |
| Less: Capital Equipment & Allocations | (27.7) | (26.5) | (35.8) | ▲ (9.3) |
| Cash Earned (Needs), before Grants & Other | 178.0 | 39.9 | (40.2) | ▼ (80.1) |
| Plus: Capital Grant Receipts | 11.9 | 42.4 | 48.0 | ▲ 5.6 |
| Plus: Other Items, Net | (64.1) | 11.4 | (6.5) | ▼ (17.9) |
| Cash from Operations and Investments* | \$125.8 | \$93.7 | \$1.3 | ▼ \$(92.4) |

* Slight increase in FY 23/24 cash from operations is expected to occur primarily due increases in operating revenue and capital grants, offset by increases in capital investment spending and operating expenses, and a reduction in non-operating revenue.

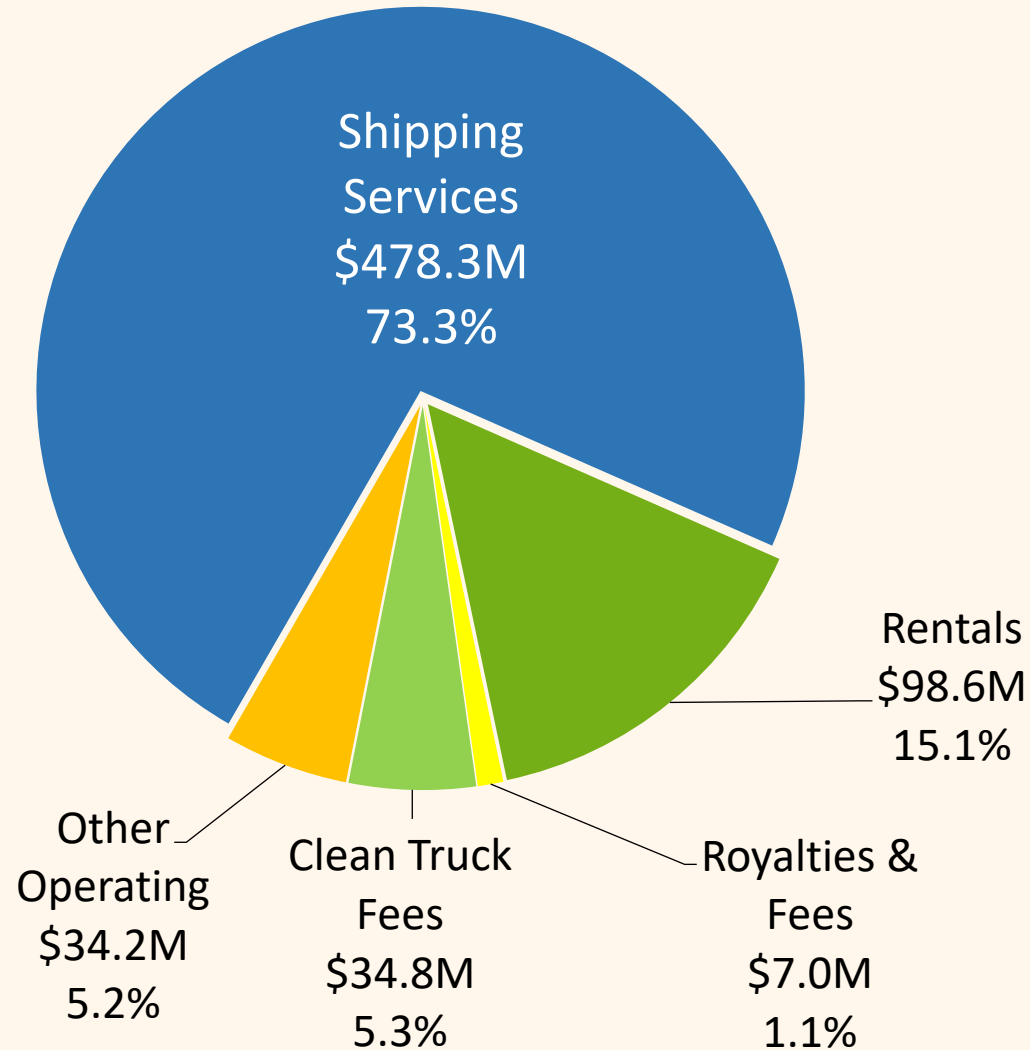


SOURCES OF FUNDING FOR FY 2023/24 PROPOSED BUDGET

Proposed Funding Sources FY 2023/24: \$2.02B



Operating Revenues FY 2023/24: \$652.9 Million



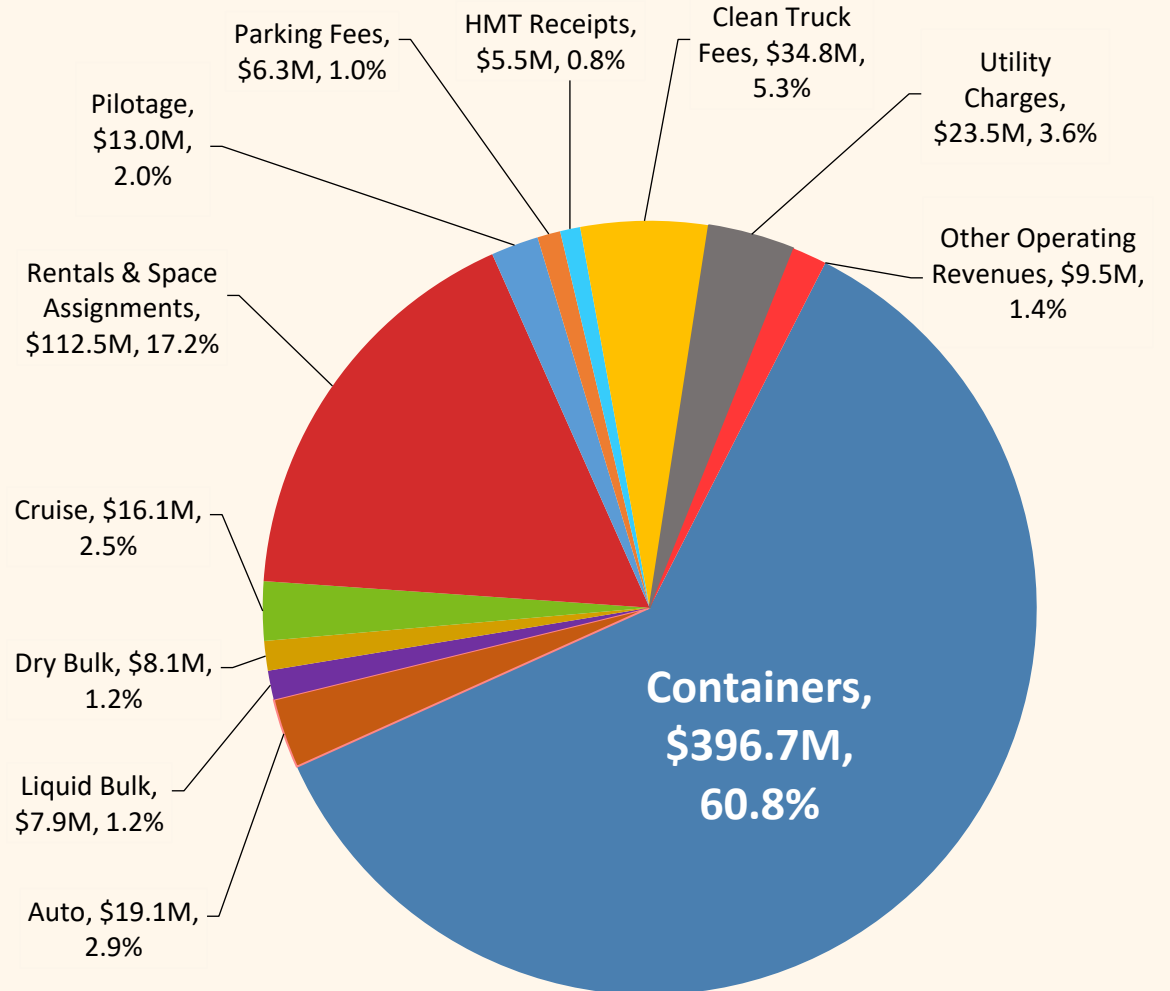
Highlights:

- **FY 2023/24 Cargo Volumes: 8.9 million TEUs**
 - ▲ 5.1% Increase Relative to FY 2022/23 Forecast
 - ▼ 9.4% Decrease Relative to FY 2022/23 Adopted Budget
- **FY 2023/24 Shipping Services: \$478.3 million**
 - ▲ 11.0% Increase Relative to FY 2022/23 Forecast
 - ▲ 8.8% Increase Relative to FY 2022/23 Adopted Budget

Lines of Business FY 2023/24



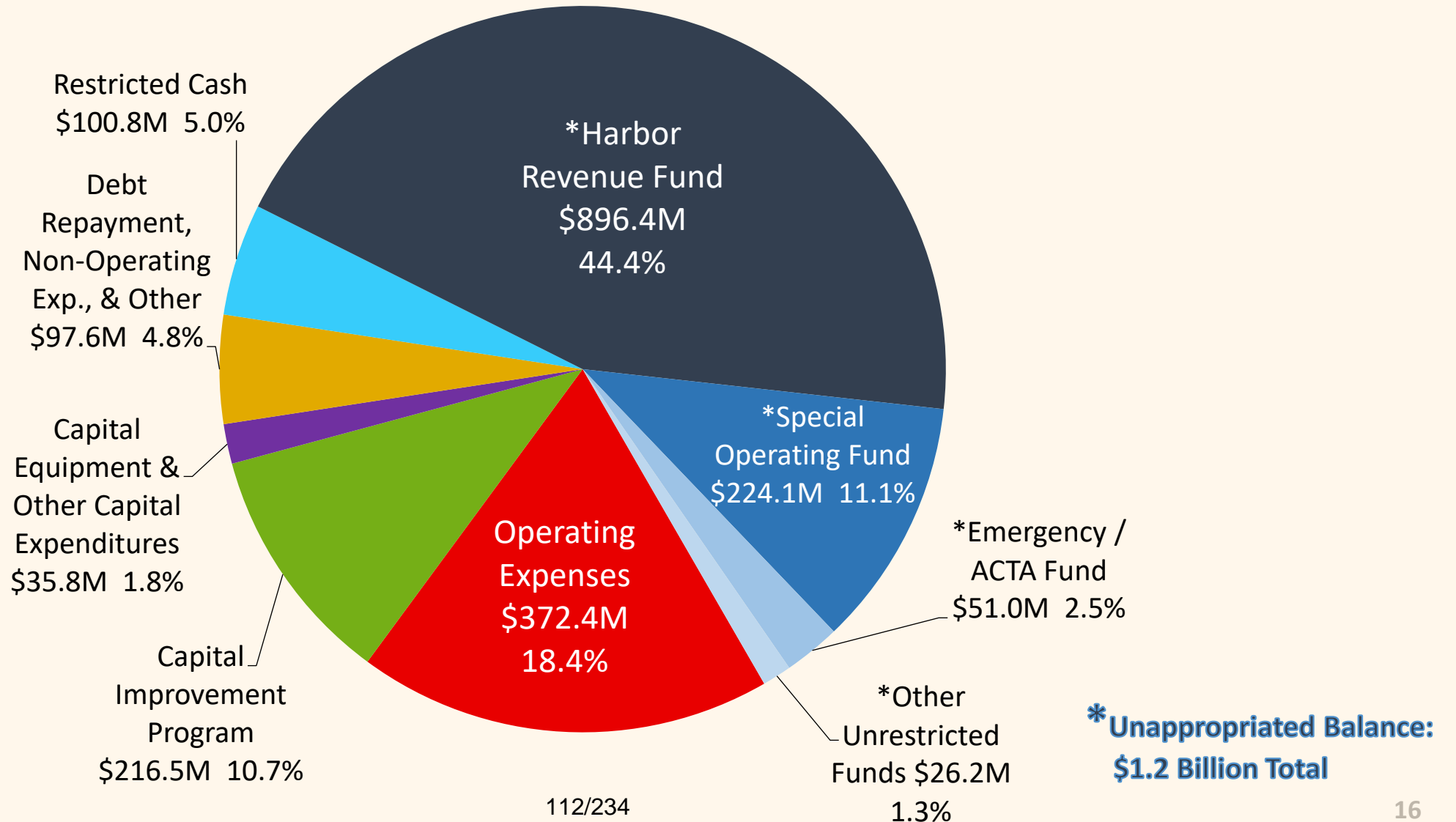
| (\$ in Thousands) | Forecast FY 2022/23 | Proposed FY 2023/24 |
|---------------------------------|------------------------|------------------------|
| Containers | \$ 332,408 | \$ 396,688 |
| Auto | \$ 21,585 | \$ 19,051 |
| Liquid Bulk | \$ 5,964 | \$ 7,930 |
| Dry Bulk | \$ 7,306 | \$ 8,060 |
| Cruise | \$ 20,128 | \$ 16,102 |
| Rentals & Space Assignments | \$ 129,101 | \$ 112,544 |
| Pilotage | \$ 12,337 | \$ 12,962 |
| Parking Fees | \$ 6,444 | \$ 6,284 |
| Harbor Maintenance Tax Receipts | \$ 5,907 | \$ 5,500 |
| Clean Truck Program Fees | \$ 33,672 | \$ 34,774 |
| Utility Reimbursements | \$ 19,670 | \$ 23,503 |
| Other Operating Revenues | \$ 6,803 | \$ 9,465 |
| Total Operating Revenues | \$ 601,325 | \$ 652,863 |



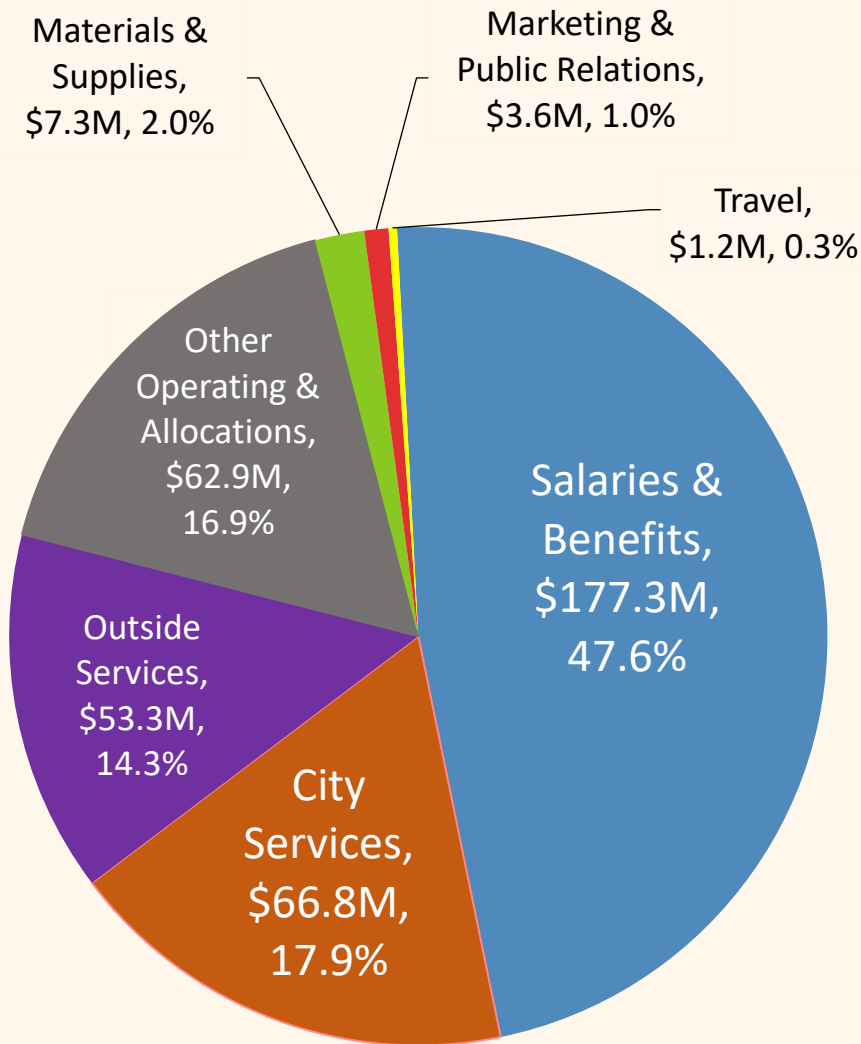


APPROPRIATIONS FOR FY 2023/24 PROPOSED BUDGET

Proposed Appropriations FY 2023/24: \$2.02B



Operating Expenses FY 2023/24: \$372.4 Million



Highlights:

- **FY 2023/24 Operating Expenses: \$372.4 Million**

- ▲ 11.5% Increase Relative to FY 2022/23 Adopted Budget

- ▲ 18.4% Increase Relative to FY 2022/23 Forecast

- **Major Increases:** ▲
 - ✓ \$16.1M Salaries & Benefits
 - ✓ \$8.7M Electric Services
 - ✓ \$6.6M Port Optimizer
 - ✓ \$5.6M City Services
- **Major Reductions:** ▼
 - ✓ \$1.8M Container Incentives

Capital Improvement Program (CIP) FY 2023/24: \$216.5M

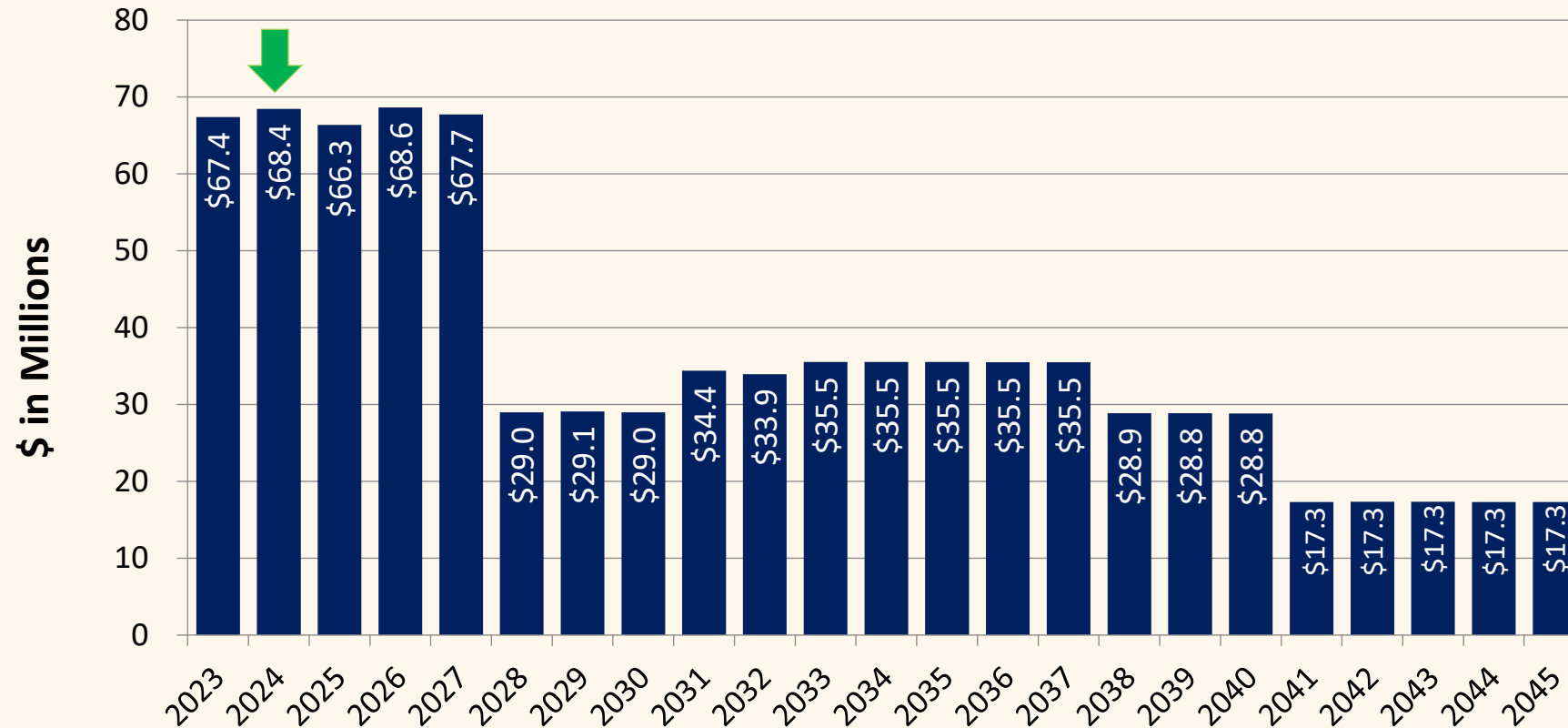


| (\$ in Thousands) | Adopted Budget FY 2022/23 | Forecast FY 2022/23 | Proposed Budget FY 2023/24 | Δ% Proposed to Adopted Budget | Δ% Proposed to Forecast |
|-------------------------------------|------------------------------|------------------------|-------------------------------|--|-------------------------------|
| Capital Improvement Program: | | | | | |
| Terminal Improvements | \$ 69,690 | \$ 66,461 | \$ 99,529 | 42.8% | 49.8% |
| Transportation Projects | 11,542 | 6,838 | 22,474 | 94.7% | 228.7% |
| Security Projects | 4,231 | 4,118 | 1,990 | (53.0%) | (51.7%) |
| Public Access / Env. Enhancements | 48,895 | 44,503 | 24,494 | (49.9%) | (45.0%) |
| Maritime Services | 46,188 | 31,059 | 68,032 | 47.3% | 119.0% |
| Total CIP Budget | \$ 180,546 | \$ 152,979 | \$ 216,519 | 19.9% | 41.5% |

Debt Service Profile

- POLA currently has \$537.1 million in senior lien fixed rate outstanding debt rated AA+ by S&P.

Debt Service



*Contingent upon level of savings, the Department may opt to refund some of its callable bonds in FY 2024

PORT OF LOS ANGELES



 **BOARD OF HARBOR COMMISSIONERS**

 **EXECUTIVE BUREAU**

**EXECUTIVE OFFICE
COMMISSION OFFICE**

 **CITY ATTORNEY**

 **MARKETING & CUSTOMER RELATIONS BUREAU**


- CARGO/INDUSTRIAL REAL ESTATE
- CARGO MARKETING
- ENVIRONMENTAL MANAGEMENT
- PLANNING & STRATEGY
- WATERFRONT/ COMMERCIAL REAL ESTATE
- WHARFINGERS

 **DEVELOPMENT BUREAU**

- CONSTRUCTION
- CONSTRUCTION & MAINTENANCE
- ENGINEERING
- GOODS MOVEMENT
- MAINTENANCE IMPROVEMENT PROGRAM

 **PUBLIC SAFETY & EMERGENCY MANAGEMENT BUREAU**

- INFORMATION TECHNOLOGY
- PORT PILOTS
- PORT POLICE

 **STAKEHOLDER ENGAGEMENT BUREAU**

- COMMUNITY RELATIONS
- GRAPHICS SERVICES
- LABOR RELATIONS & GOVERNMENT AFFAIRS
- STRATEGIC COMMUNICATIONS
- TRADE DEVELOPMENT

 **FINANCE & ADMINISTRATION BUREAU**

- CONTRACTS & PURCHASING
- HUMAN RESOURCES
- ACCOUNTING
- DEBT & TREASURY
- FINANCIAL PLANNING & ANALYSIS
- INTERNAL AUDIT
- RISK MANAGEMENT

BUREAU BUDGETS



MARKETING & CUSTOMER RELATIONS BUREAU Michael DiBernardo



CARGO/INDUSTRIAL REAL ESTATE

CARGO MARKETING

ENVIRONMENTAL MANAGEMENT

PLANNING & STRATEGY

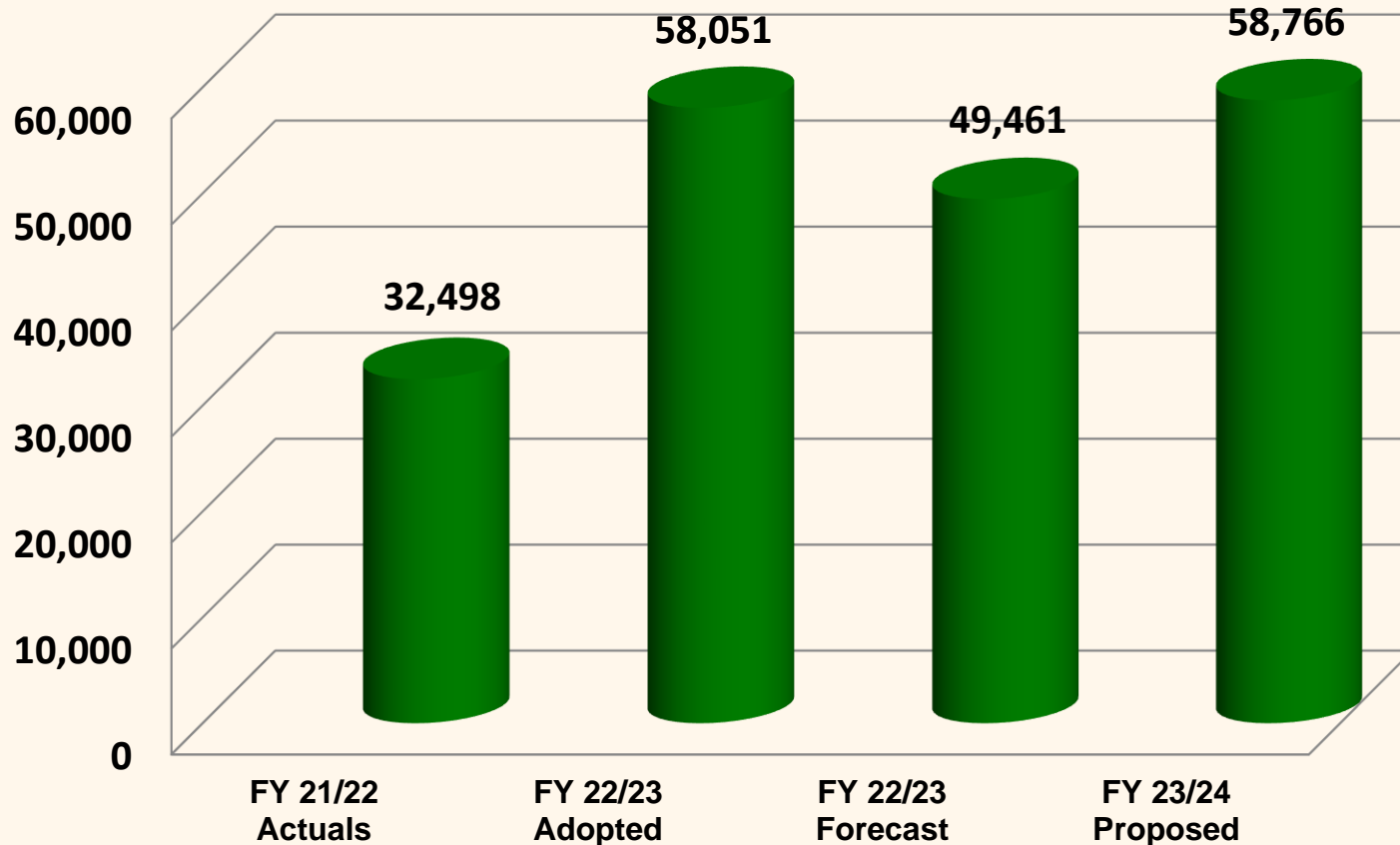
WATERFRONT/COMMERCIAL REAL ESTATE

WHARFINGERS

Marketing & Customer Relations Bureau Operating Budget-at-a-Glance



Net Operating Expenses



DRAFT – FOR DISCUSSION PURPOSES ONLY. ROUNDING OF FIGURES MAY OCCUR.

Budget Highlights

- FY 23/24 Proposed Net Operating Expenses: \$58.8M
 - \$9.3M or 18.8% increase relative to FY 22/23 Forecast
- Drivers of changes to FY 23/24 Proposed:
 - Other Operating Expenses
 - Increase in Clean Truck Fund Rate Program, Cruise Incentive, and Taxes & Assessments; offset by decrease in Container Incentives*
 - ✓ +\$7.4M vs. Forecast
 - Salaries & Benefits
 - ✓ +\$1.9M vs. Forecast
 - Outside Services
 - Decrease in Cruise Center Overflow Facilities, and San Pedro Waterfront Connectivity Plan.*
 - ✓ -\$22K vs. Forecast

Objective 1: World-Class Infrastructure that Promotes Growth

- Continue efforts to optimize Port properties (container, liquid bulk, bulk, cruise and boat repair)
- Focus on the economic development opportunities (Waterfront and Public Access)
- Amend Port Master plan as needed
- Secure grants for development and equipment



Objective 2: A Secure, Efficient, and Environmentally Sustainable Supply Chain



- Continue environmental initiatives in an effort to meet 2030 and 2035 goals
- Green Shipping Corridor from Shanghai/Singapore to San Pedro Bay
- Risk assessments for liquid bulk facilities
- Support the use of data to improve supply chain efficiency

Objective 3: Improved Financial Performance of Port Assets

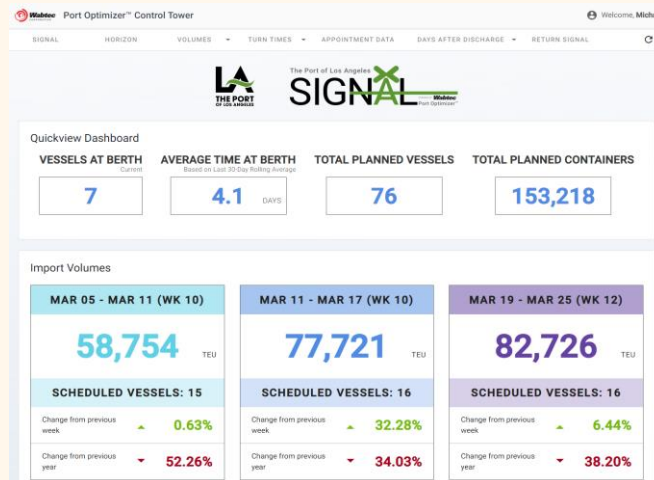
- **Convert space assignments into term permits**
- **Continuous updates to old permits**
- **Increase the utilization of vacant Port facilities**
- **Dispose of under-performing properties**
- **Timely assessment of shipping fees and compilation of cargo statistics**



- **Ensure Port property is consistent with market values**
- **Manage abandoned and derelict boats**
- **Advance Wilmington and San Pedro Marina development initiatives**

Objective 4: Strong Relationships with Stakeholders

- Focus efforts on regaining cargo market share
- Support government and stakeholder efforts to improve cargo velocity
- Participate in industry speaking events that highlight the Port
- Support focused advertising campaigns and messaging



- Continue and complete current CEQA analysis for major projects
- Port Optimizer – promotion and continuous improvements
- Retain and grow staff

Marketing & Customer Relations Bureau FY 2023/24 Proposed Division Budgets



| Division | Budgeted Positions | Gross Expenses | | | | Capital Expenses (CAPEX)* | Operating Exp (Gross Exp without CAPEX) |
|-----------------------------------|--------------------|----------------------|---------------------|----------------------|----------------------|-------------------------------|---|
| | | Salaries & Benefits | Outside Services | Other Operating Exp | Total Gross Exp | Allocations to Capital Budget | Net Operating Expense |
| Cargo Marketing | 9 | \$ 1,579,790 | \$ 133,025 | \$ 11,571,479 | \$ 13,284,294 | \$ - | \$ 13,284,294 |
| Cargo/Industrial Real Estate | 30 | 5,047,816 | 336,530 | 54,011 | 5,438,357 | - | 5,438,357 |
| Environmental Management | 29 | 5,281,930 | 6,226,150 | 20,918,348 | 32,426,428 | (1,327,835) | 31,098,593 |
| Planning and Strategy | 8 | 1,513,698 | 31,597 | 197,838 | 1,743,133 | - | 1,743,133 |
| Waterfront/Commercial Real Estate | 14 | 2,802,486 | 3,789,696 | 609,860 | 7,202,042 | - | 7,202,042 |
| TOTAL | 90 | \$ 16,225,720 | \$10,516,998 | \$ 33,351,536 | \$ 60,094,254 | \$ (1,327,835) | \$ 58,766,419 |

Totals may differ due to rounding

***Capital Expenses (CAPEX)/Allocations to Capital Budget** include salary and benefit expenses for staff time spent directly working on capital projects, and a portion of other divisional operating expenses that are allocated as overhead in support of work performed on capital projects.

Marketing & Customer Relations Bureau

Top Drivers



Top Drivers

- **Other Operating Expenses: \$32.1M, net of allocations (\$1.3M)**
 - ✓ Clean Truck Fund Rate (CTFR) Program: \$14.5M; which is offset by CTFR Revenue
 - Subsidies & Incentives: \$13.1
 - Collection Fee: \$1.4M
 - ✓ Container and Cruise Incentives: \$11.2M
 - Truck Turn Time Incentive Program: \$3.0M
 - Dual Transaction Incentive Program: \$2.7M
 - Ocean Common Carrier Incentive Program: \$2.5M
 - Cruise Incentive Program: \$2.5M
 - Ultra-Large Container Vessel Incentive Prog.: \$600K
 - ✓ Environmental Incentives: \$4.0M
 - Vessel Speed Reduction Program: \$2.3M
 - Technology Advancement Program: \$1.2M
 - Environmental Shipping Index: \$500K
 - ✓ Clean Truck Program – Administrative Costs \$1.5M
 - ✓ Taxes & Assessments: \$980K
 - ✓ Travel Expenses: \$299K
 - ✓ Subscriptions: \$270K
 - Global PIERS Data: \$182K
- **Salaries & Benefits: \$16.2M, net of capital allocations (\$75K)**
- **Outside Services: \$10.5M**
 - ✓ Environmental Assessment Services: \$6.1M
 - Air Quality Services and Monitoring: \$2.0M
 - Site Assessment & Restoration Services: \$1.4M
 - Emerg. Response & Hazardous Waste Mgmt. Svcs: \$914K
 - Feasibility Study on National Carbon Intensity Fee: \$700K
 - Water Quality Services: \$585K
 - Biological Baseline Survey: \$240K
 - California Least Tern Monitoring Services: \$155K
 - CEQA/NEPA Services: \$150K
 - ✓ Cruise Terminal Operations and Maintenance: \$3.1M
 - Cruise Center Operations: \$2.3M
 - Cruise Center Overflow Facilities: \$804K
 - ✓ Real Estate, Financial, and Economic Consulting Services: \$365K
 - ✓ Property Management Services: \$229K
 - ✓ Port Pantry: \$175K
 - ✓ San Pedro Waterfront Connectivity Plan (SPWCP): \$100K

New Items

- **Other Operating Expenses: \$5.6M**
 - ✓ Clean Truck Fund Rate Program: \$5.6M
 - CTFR incentive – Infrastructure Match: \$3.3M
 - CTFR Incentive – Advanced Truck Technologies - Joint Electric Truck Scaling Initiative Program: \$750K
 - CTFR Incentive – Advanced Truck Technologies: \$500K
 - CTFR Incentive – Innovation Zero Emission Truck Concepts: \$500K
 - CTFR Incentive – Small Fleet Program: \$500K
 - ✓ Water Utility Service Reimbursement at Knoll Hill: \$20K
 - ✓ Foreign and Domestic Travel: \$6K
 - ✓ Various Memberships: \$2K
 - ✓ Cellular Service Plan: \$1.4K

- **Outside Services: \$715K**
 - ✓ Feasibility Study on National Carbon Intensity Fee: \$700K
 - ✓ Wilmington Marine Services: \$15K
 - ✓ Computer Software: \$59

- **Salaries & Benefits: \$96.2K**
 - ✓ (1) Administrative Clerk for Environmental Management Division: \$95K
 - ✓ Training Fees & Materials: \$1.2K



DEVELOPMENT BUREAU Antonio V. Gioiello, P.E.



CONSTRUCTION

CONSTRUCTION & MAINTENANCE

ENGINEERING

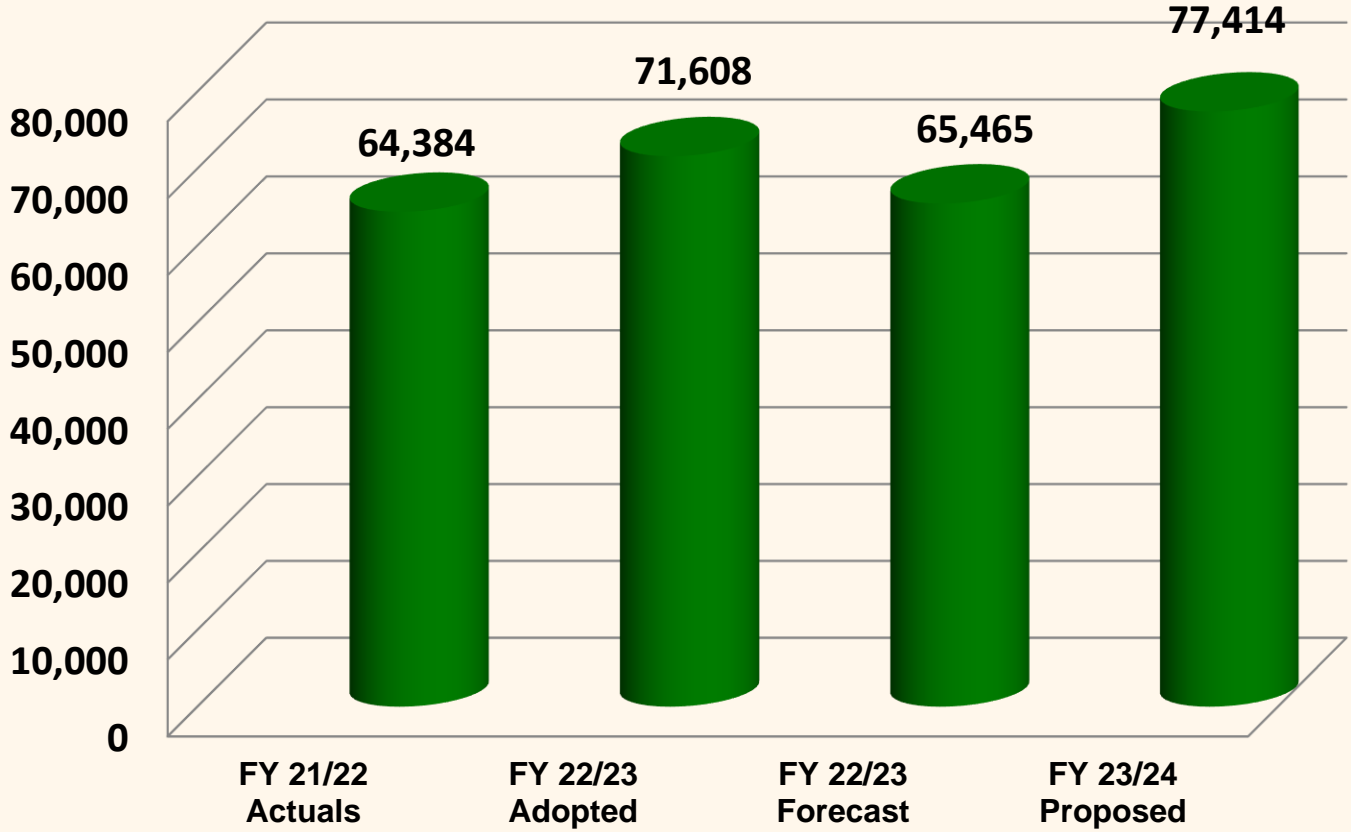
GOODS MOVEMENT

MAINTENANCE IMPROVEMENT PROGRAM

Development Bureau Operating Budget-at-a-Glance



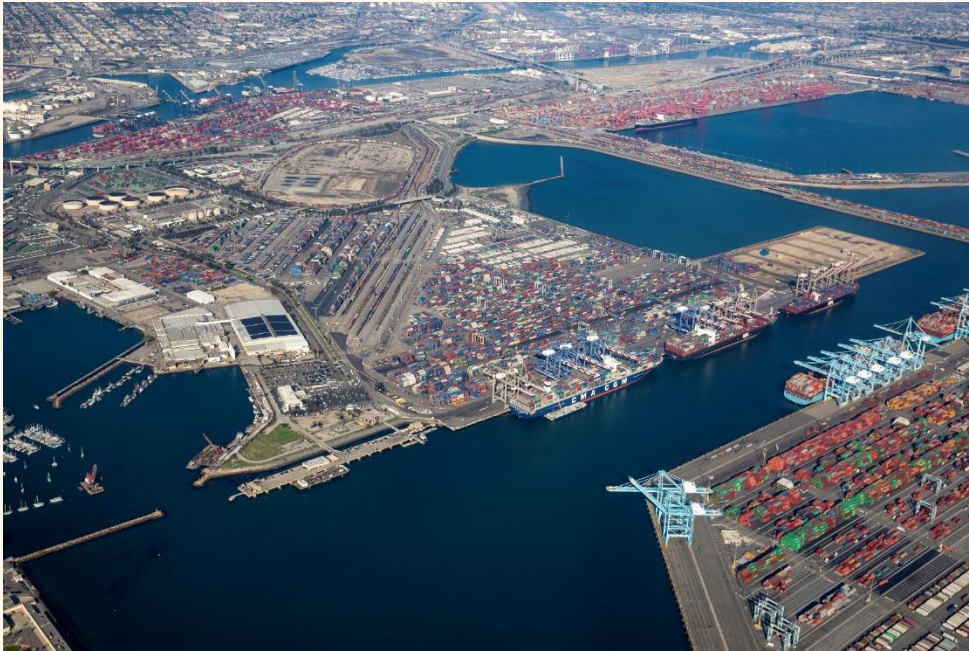
Net Operating Expenses



Budget Highlights

- FY 23/24 Proposed Net Operating Expenses: \$77.4M
 - \$11.9M or 18.3% increase relative to FY 22/23 Forecast
- Drivers of changes to FY 23/24 Proposed:
 - Salaries & Benefits
 - ✓ +\$11.4M vs. Forecast
 - Other Operating Expenses
 - Increases in Parts & Materials, Equipment Rental; Operating, Landscaping, and Gardening Materials & Supplies offset by a decrease in Office Equipment*
 - ✓ +\$486K vs. Forecast
 - Outside Services
 - Increases for Maintenance Services for Dredging and Grounds, and On-Call Consultants; and the addition of a Historic Asset Digitizing project; offset with a decrease in Hiring Hall Salaries & Benefits.*
 - ✓ +\$103K vs. Forecast

Objective 1: World-Class Infrastructure that Promotes Growth



- Develop a Capital Improvement Program (CIP) that improves the Port's operational strength and financial sustainability
 - The FY 2023/24 Proposed CIP includes \$216.5M for terminal, transportation, security, public access, and maritime services projects
 - Refer to subsequent slides for further details

Objective 4: Strong Relationships with Stakeholders



- Deliver key LA Waterfront development projects on time and on budget
 - The FY 2023/24 Proposed CIP includes \$14.5M for LA Waterfront projects
 - Refer to subsequent slides for further details

Development Bureau FY 2023/24 Proposed Division Budgets



| Division | Budgeted Positions | Gross Expenses | | | | Capital Expenses (CAPEX)* | Operating Exp (Gross Exp without CAPEX) |
|---------------------------------|--------------------|----------------------|---------------------|---------------------|----------------------|-------------------------------|---|
| | | Salaries & Benefits | Outside Services | Other Operating Exp | Total Gross Exp | Allocations to Capital Budget | Net Operating Expense |
| Construction | 69 | \$ 14,809,248 | \$ 165,884 | \$ 217,872 | \$ 15,193,004 | \$ (7,210,234) | \$ 7,982,770 |
| Construction and Maintenance | 296 | 41,902,637 | 7,380,029 | 5,490,197 | 54,772,863 | (5,386,445) | 49,386,418 |
| Engineering | 90 | 19,257,813 | 270,418 | 331,531 | 19,859,762 | (7,286,622) | 12,573,140 |
| Goods Movement | 4 | 1,112,630 | 279,331 | 24,064 | 1,416,025 | - | 1,416,025 |
| Maintenance Improvement Program | 0 | - | 5,446,700 | 608,877 | 6,055,577 | - | 6,055,577 |
| TOTAL | 459 | \$ 77,082,328 | \$13,542,362 | \$ 6,672,541 | \$ 97,297,231 | \$ (19,883,301) | \$ 77,413,930 |

Totals may differ due to rounding

***Capital Expenses (CAPEX)/Allocations to Capital Budget** include salary and benefit expenses for staff time spent directly working on capital projects, and a portion of other divisional operating expenses that are allocated as overhead in support of work performed on capital projects.

Top Drivers

- **Salaries & Benefits: \$63.3M, net of capital allocations (\$13.8M)**
- **Outside Services: \$13.5M**
 - ✓ Maintenance Improvement Program: \$5.4M
 - Berths 401-406 Maintenance Dredging: \$1.6M
 - C&M Deferred Maintenance: \$694K
 - Marine Improvements: \$630K
 - Maintenance Dredging: \$602K
 - Building Demolitions: \$555K
 - Historical Asset Digitizing: \$500K
 - ✓ Wharf Maintenance: \$1.8M
 - ✓ Building Maintenance: \$1.7M
 - ✓ Hiring Hall: \$1.4M
 - ✓ Grounds Maintenance: \$1.2M
 - ✓ Equipment Maintenance: \$615K
 - ✓ Software Consulting, Maintenance & Support: \$535K
- **Other Operating Expenses: \$539K, net of capital allocations (\$6.1M)**
 - ✓ C&M Parts & Materials: \$2.9M
 - ✓ Fuel for Port Equipment: \$1.0M
 - ✓ Maintenance Improvement Program: \$609K
 - Port-Wide Electrical Infrastructure Inspections and Repairs: \$254K
 - Maintenance Paving: \$120K
 - C&M Deferred Maintenance: \$109K
 - ✓ C&M Tools, Equipment and Facility Rental: \$582K
 - ✓ Operating Materials & Supplies: \$359K
 - ✓ Office Equipment and General Office Supplies: \$258K
 - ✓ Travel: \$187K
 - ✓ City Services: \$176K
 - ✓ Telephone Services: \$167K

New Items

- **Outside Services: \$900K**
 - ✓ Hiring Hall: Staff Augmentation for Implementation of MaintStar Cloud: \$750K
 - ✓ Landscaping Maintenance Services: \$100K
 - ✓ Impound Vessel Related Services: \$50K

- **Other Operating Expenses: \$126K**
 - ✓ (20) HP Z6 Workstations: \$100K
 - ✓ Domestic Travel: \$25K
 - ✓ Memberships: \$808
 - ✓ Professional Land Surveyor Act and Subdivision Map: \$180

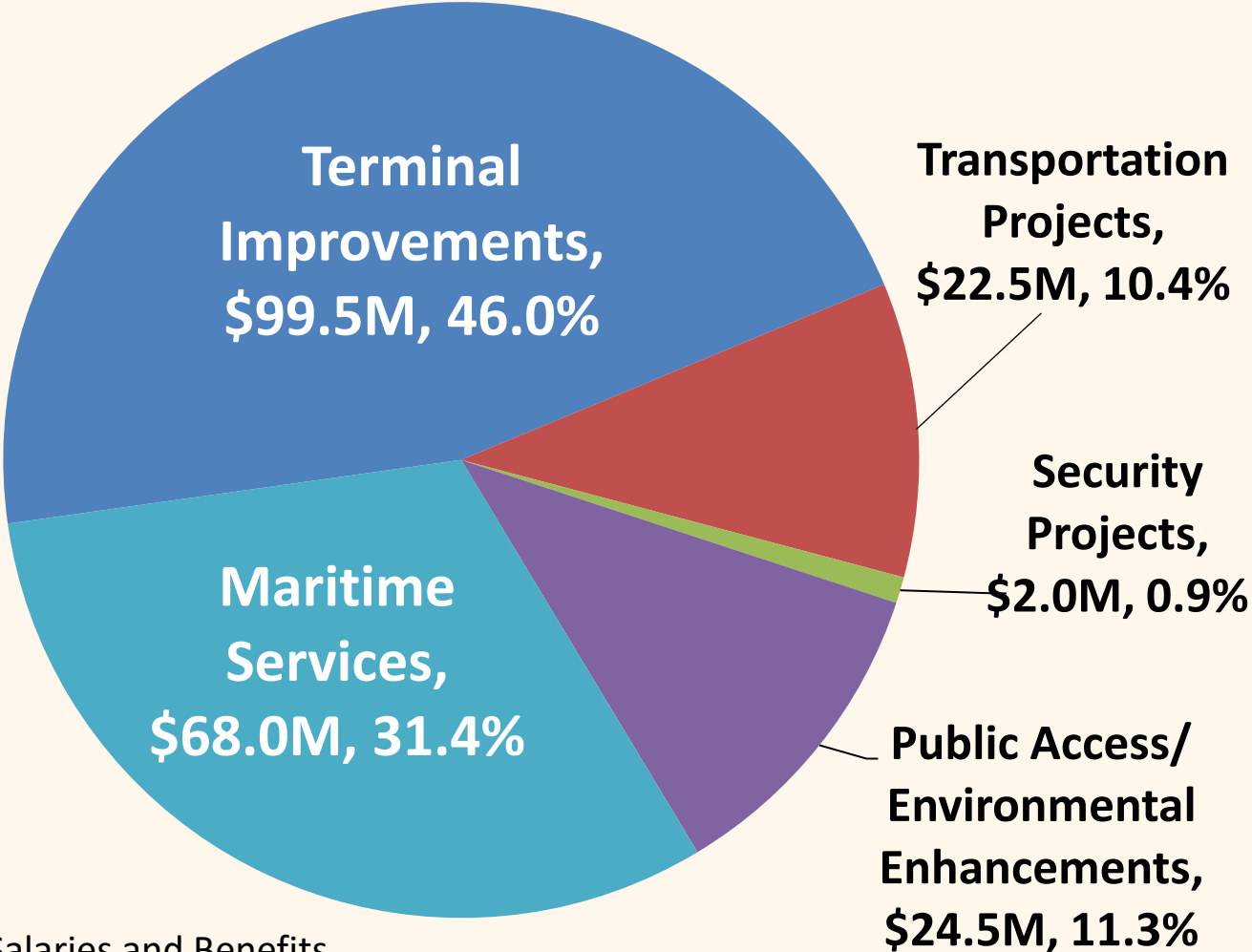
- **Salaries & Benefits: \$592K**
 - ✓ (3) Port Electrical Mechanics for Construction & Maintenance Division: \$558K
 - ✓ Training, Licenses, and Fees: \$34K

- **Maintenance Improvement Program: \$713K**
 - ✓ Historic Asset Digitizing: \$500K
 - ✓ POLA Bridge Inspection Program: \$177K
 - ✓ Berths 302-305 Painting of Bollards, Guard Posts, Safety Guard Posts, and Redstripes: \$35K



CAPITAL IMPROVEMENT PROGRAM

Proposed FY 2023/24 Capital Improvement Program (CIP) Budget \$216.5M



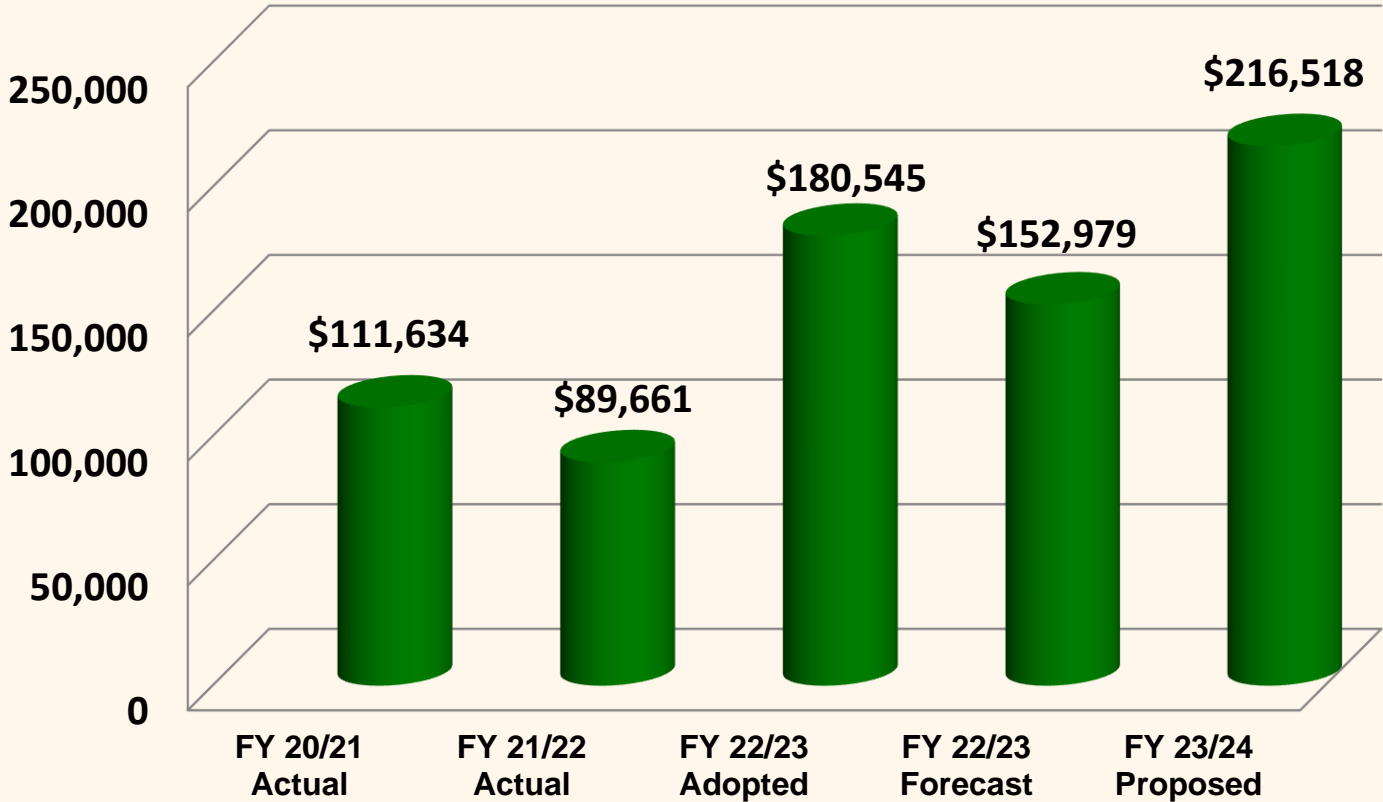
*Includes Salaries and Benefits

Capital Improvement Program Budget-at-a-Glance



Budget Highlights

Capital Improvement Program



- FY 23/24 Proposed CIP: \$216.5M
 - \$63.4M or 41.5% increase relative to FY 22/23 Forecast
- Key Expenditures:
 - Pier 400 Corridor Storage Track Expansion: \$29.7M
 - State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd. Interchange Reconfig.: \$19.0M
 - MOTEMs: \$17.8M
 - Berths 302-305 On-Dock Rail Expansion: \$11.4M
 - Terminal Island Demolition Projects: \$11.3M
 - Berths 177-182 Marine Improvements: \$10.8M
 - San Pedro Waterfront Promenade – Phase II & Clean-Up: \$10.2M
 - Berth 306 Container Wharf: \$9.2M
 - Front Street Beautification Project: \$4.0M
 - Terminal Island Maritime Support Facility: \$4.0M
 - Berths 302-305 RMG Crane Rail & Foundation: \$2.9M
 - Joint Ports Good Movement Workforce Training Facility: \$2.8M
 - Wilmington Waterfront Avalon Pedestrian Bridge & Promenade Gateway: \$1.4M
 - Wilmington Waterfront Promenade: \$1.2M
 - Navy Way and Seaside Ave. Interchange Improvements: \$1.1M

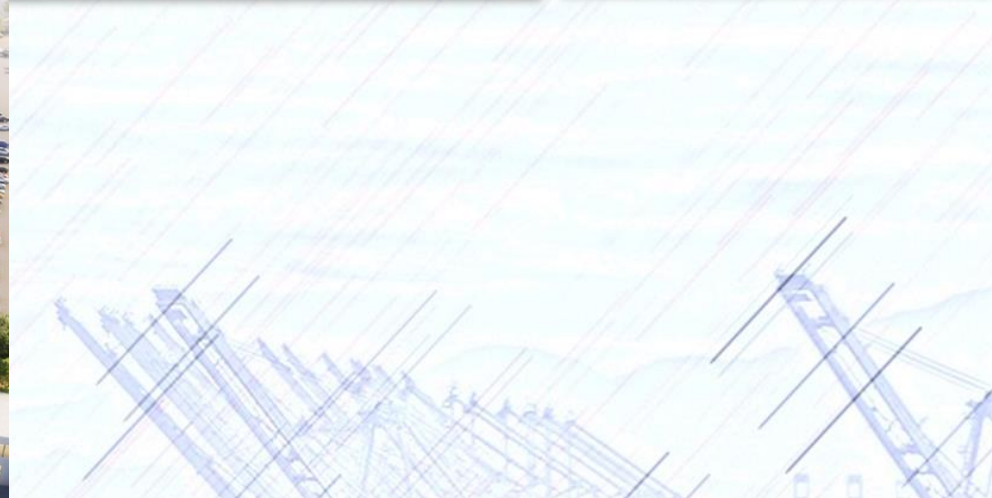
Public Access Investment Plan

Active LA Waterfront Projects



| Project Elements (\$ in millions) | PREVIOUS YEARS | FY 23/24 Year 9 | FY 24/25 Year 10 | FY 25/26 Year 11 | FY 26/27 Year 12 | Total CIP (millions) |
|---|-----------------|-----------------|------------------|------------------|------------------|----------------------|
| San Pedro Waterfront Promenade & Town Square – Phase I Promenade Town Square Floating Docks Restroom Facility Electrical Utility Service | \$55.73 | \$0.21 | \$0.04 | - | - | \$55.98 |
| San Pedro Waterfront Promenade - Phase II* | 6.76 | 9.10 | 11.14 | - | - | 27.00 |
| San Pedro Waterfront Berths 78 Clean Up – Phase II* | 0.29 | 1.14 | 0.07 | - | - | 1.50 |
| 208 East 22 nd Street Parking Lot Improvements | 0.26 | 0.65 | 6.92 | 12.89 | 0.08 | 20.80 |
| Total San Pedro Waterfront: | | | | | | \$105.28 |
| Wilmington Waterfront Promenade and Site Assessment | 68.46 | 1.17 | 0.67 | - | - | 70.30 |
| Wilmington Waterfront Avalon Pedestrian Bridge and Promenade Gateway | 3.69 | 1.43 | 5.73 | 32.88 | 20.64 | 64.37 |
| Wilmington Youth Sailing and Aquatic Center | 0.89 | 0.18 | 2.06 | 1.45 | 0.02 | 4.60 |
| Total Wilmington Waterfront: | | | | | | \$139.27 |
| TOTAL: | \$136.08 | \$13.88 | \$26.63 | \$47.22 | \$20.74 | \$244.55 |

Wilmington Waterfront Promenade



- **Project Cost: \$71.5M**
- **Construction: Nov. 2020 – Summer 2023**
- **\$1.2M in FY 23/24 CIP**

Wilmington Waterfront Avalon Pedestrian Bridge and Promenade Gateway

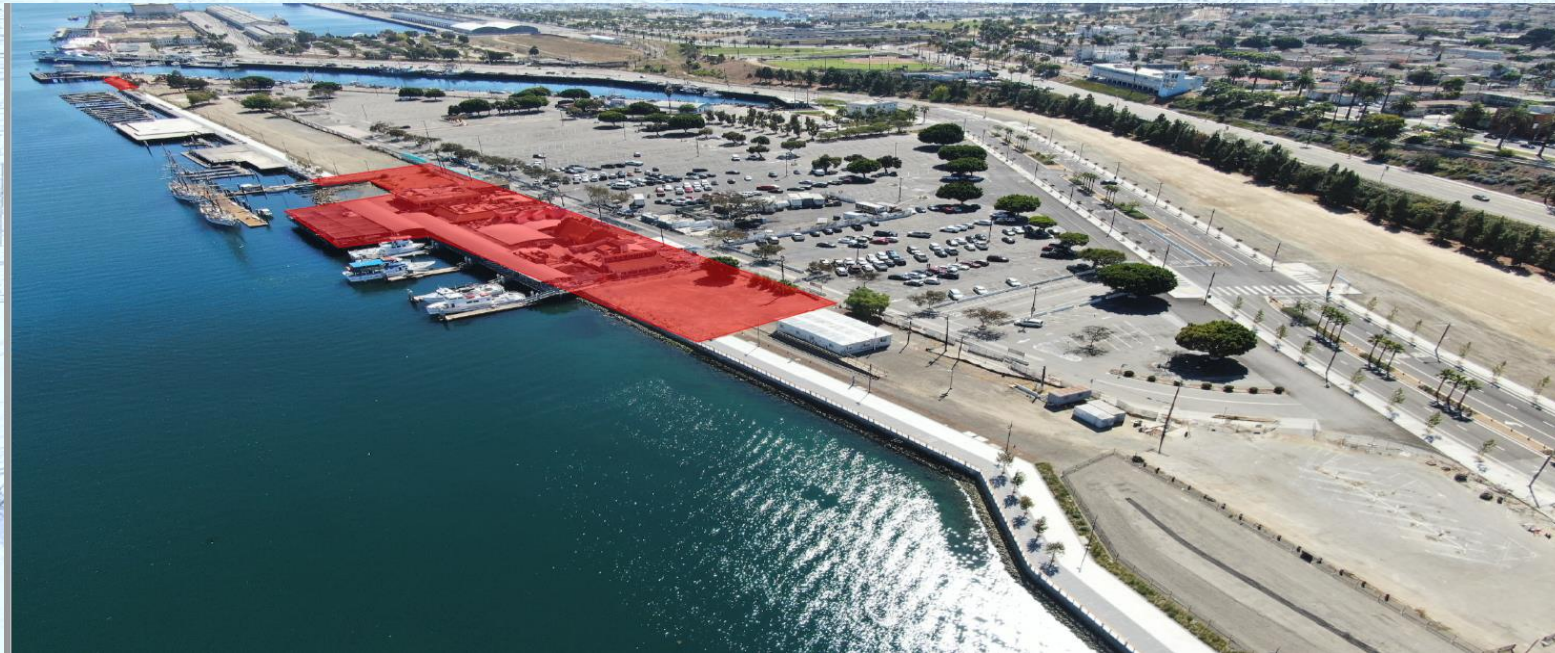


- **Project Cost: \$65.0M**
- **Construction: Nov. 2024 – Spring 2027**
- **\$1.4M in FY 23/24 CIP**

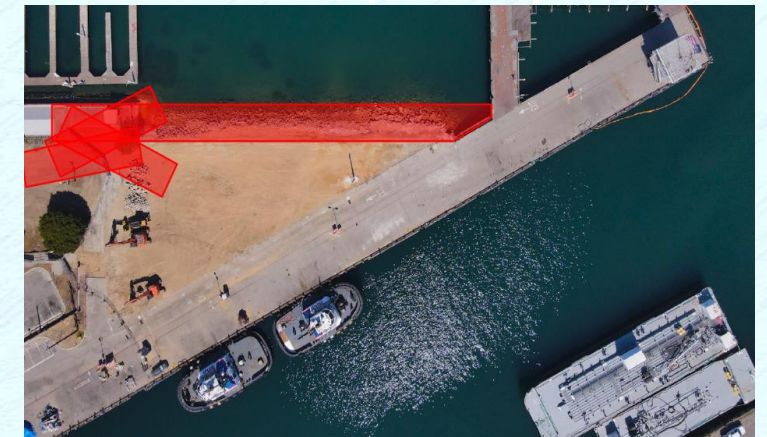


San Pedro Waterfront Berths 74-83 Promenade – Phase II & Clean-Up

- **Project Cost: \$28.5M**
- **Construction: June 2023 – Dec. 2024**
- **\$10.2M in FY 23/24 CIP***



- Floating Docks
- Town Square Improvements



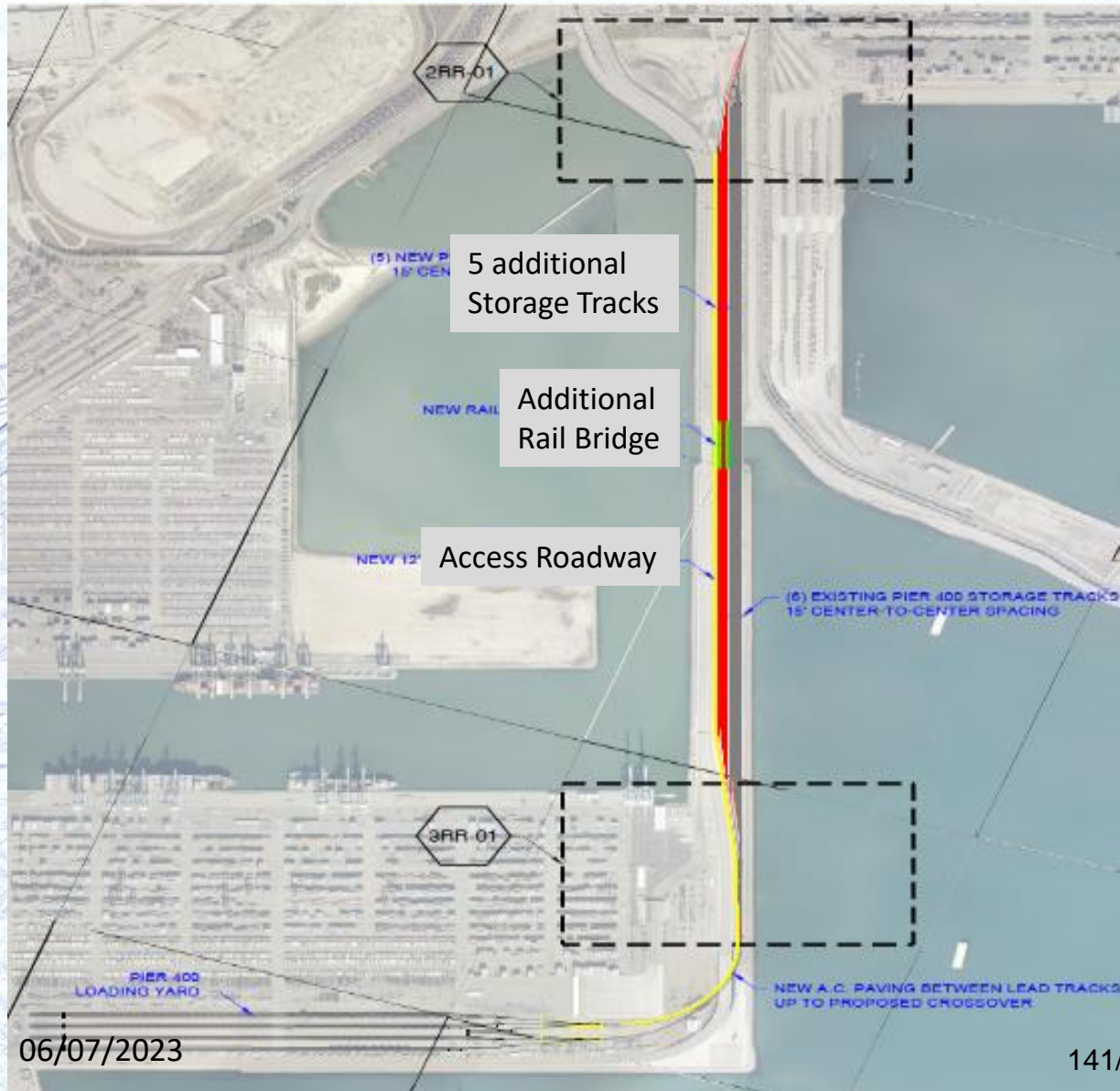
208 East 22nd St. Parking Lot Improvements



- **Develop and Redevelop approximately 17.5 acres** for public parking for approx. 1,900 parking stalls
- **Improvements** include: demolition, removals, drainage, AC paving, striping, driveway modifications, site lighting, site security, fencing, security cameras, and parking kiosks

- Project Cost: \$20.8M
- Construction: Jan. 2025 – Sept. 2025
- **\$650K in FY 23/24 CIP**

Pier 400 Corridor Storage Track Expansion



BRIDGE OBLIQUE VIEW

- **Project Cost: \$73.2M**
- **Construction: Feb. 2022 to May 2024**
- **Grant Funding: \$21.6M**
- **\$29.7M in FY 23/24 CIP**

MOTEMS Program (Ongoing)

- Berths 167-169 (Shell) Total: \$44.8M
- Construction: July 2021 – Jan. 2024
- \$4.4M in FY 23/24 CIP

- Berths 238-239 (PBF) Total: \$35.0M
- Construction: Oct. 2023 – Oct. 2026
- \$13.3M in FY 23/24 CIP

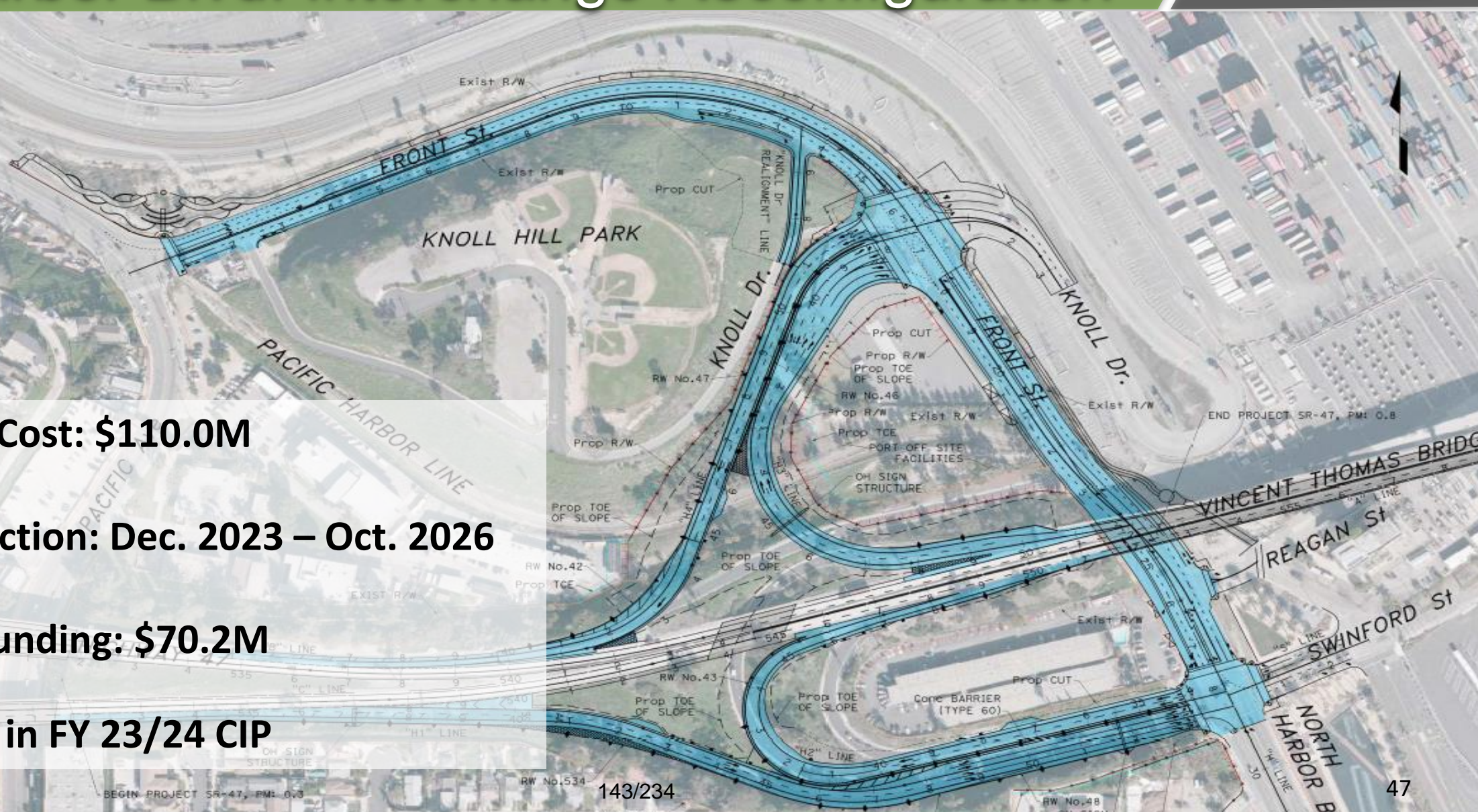


06/07/2023



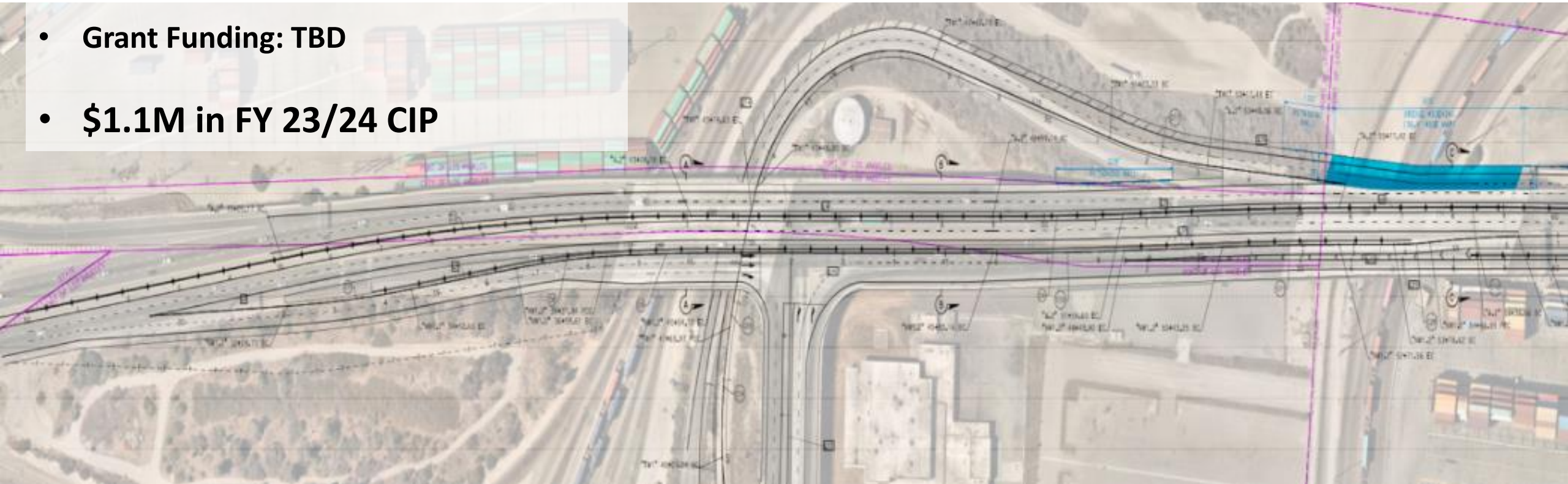
State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd. Interchange Reconfiguration

- **Project Cost: \$110.0M**
- **Construction: Dec. 2023 – Oct. 2026**
- **Grant Funding: \$70.2M**
- **\$19.0M in FY 23/24 CIP**



Navy Way and Seaside Ave. Interchange Improvements

- **Project Cost: \$65.7M**
- **Construction: Jan. 2026 - June 2028**
- **Grant Funding: TBD**
- **\$1.1M in FY 23/24 CIP**



Front Street Beautification Project



GATEWAY PLAZA PERSPECTIVE



SEATWALL PLAN VIEW ENLARGEMENT

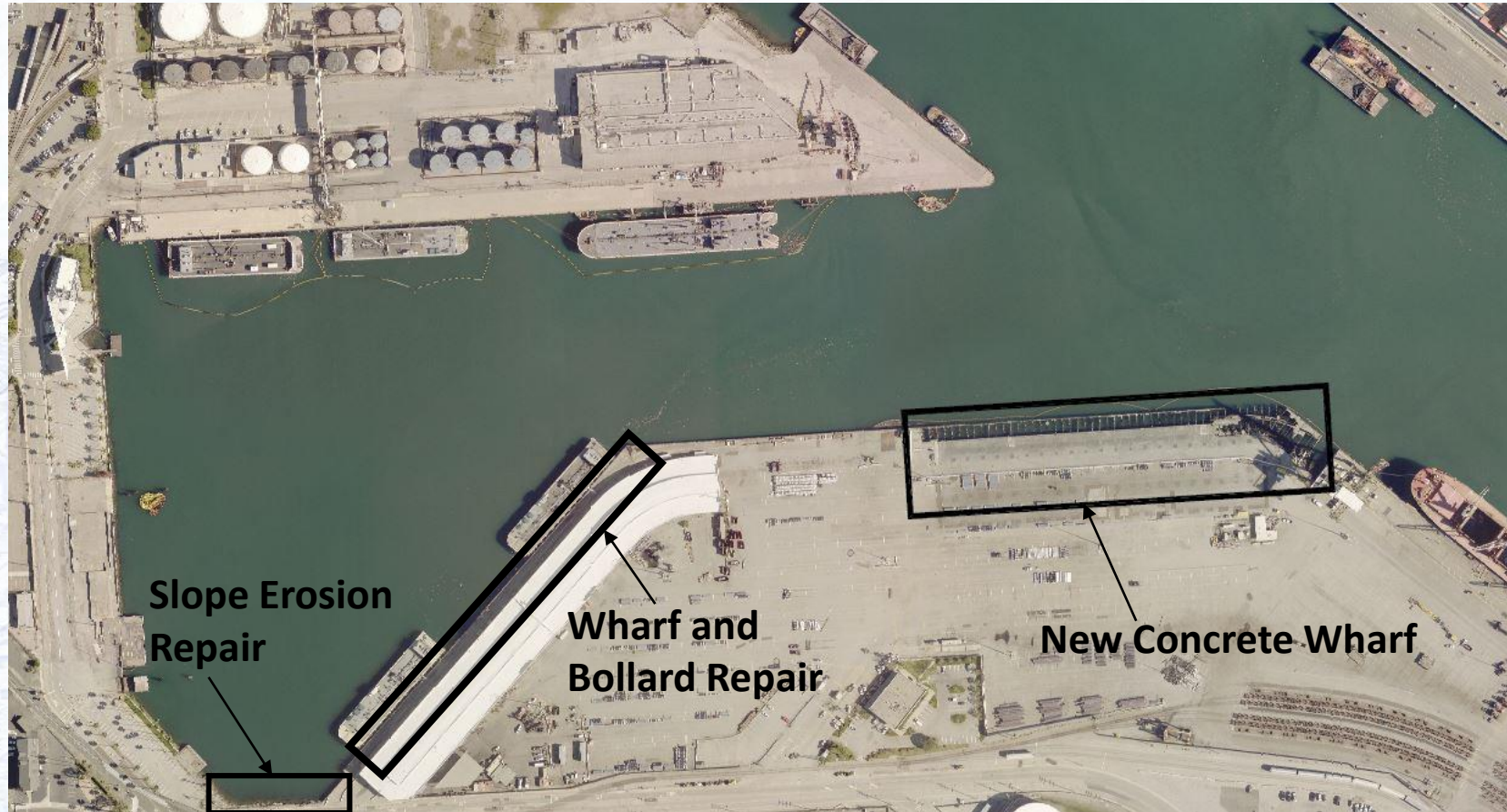


PATHWAY SEATWALL PERSPECTIVE



- Project Cost: \$10.3M
- Construction: Feb. 2023 – Mar. 2024
- \$4.0M in FY 23/24 CIP

Berths 177-182 Marine Improvements

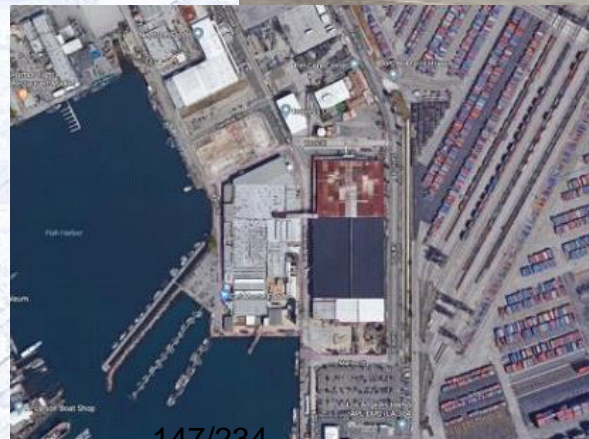


- **Project Cost: \$14.4M**
- **Construction:
July 2023 - June 2024**
- **\$10.8M in FY 23/24 CIP**

Terminal Island Demolition Projects

Projects:

- Southwest Marine Administration Building Demolition
 - StarKist Demolition
 - South Seaside Avenue Storm Drain
 - 1025 Seaside Avenue Demolition
-
- **Project Cost: \$18.2 M**
 - **Construction: Sept. 2023 – Aug. 2024**
 - **\$11.3M in FY 23/24 CIP**



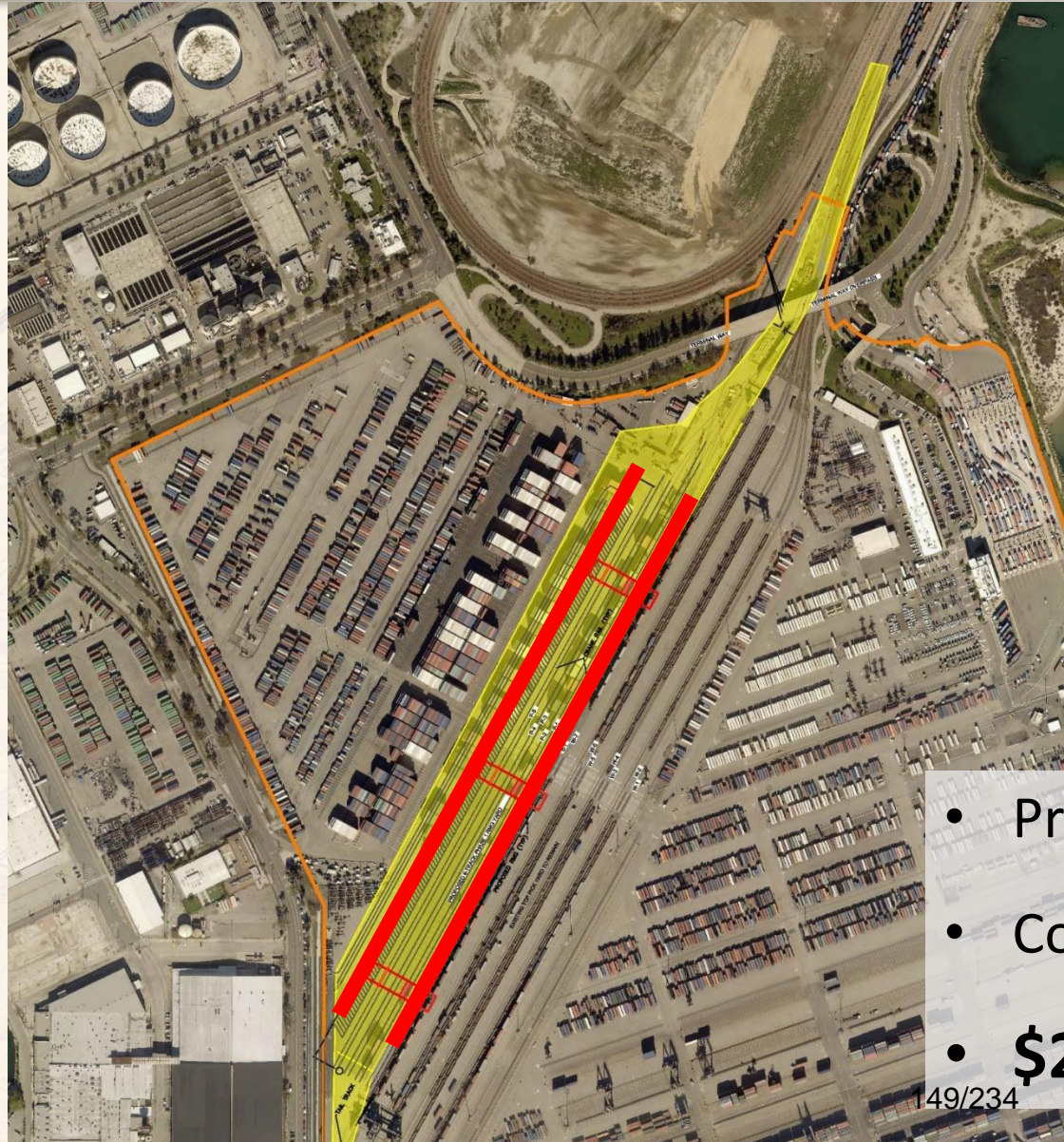
Berths 302-305 On-Dock Rail Expansion



- **17,500 New Track Feet**
5 New tracks, reuse 3 existing tracks, new tail track
- **Expanded Throat**
3 track throat, 13 new turnouts
- **Rail Signal Improvements**
Train in Motion system, power derails, blue flag protection, track bumpers

- Project Cost: \$52.4M
- Construction: Mar. 2024 – Feb. 2026
- Grant Funding: \$37.4M
- **\$11.4M in FY 23/24 CIP**

Berths 302-305 RMG Crane Rail and Foundation



- **2,300 LF 145' Gage New Crane Rail**
- **5,000 LF continuous grade beam foundation**
- **Electrical Infrastructure** *to operate 5 – 145ft widespan RMG cranes, including substation modification, new power distribution, and communication conduit*
- **Civil Improvements** *safety fencing, protection barriers, removals, drainage, grading and paving*

- Project Cost: \$38.7M
- Construction: Jan. 2024 – Dec. 2025
- **\$2.9M in FY 23/24 CIP**

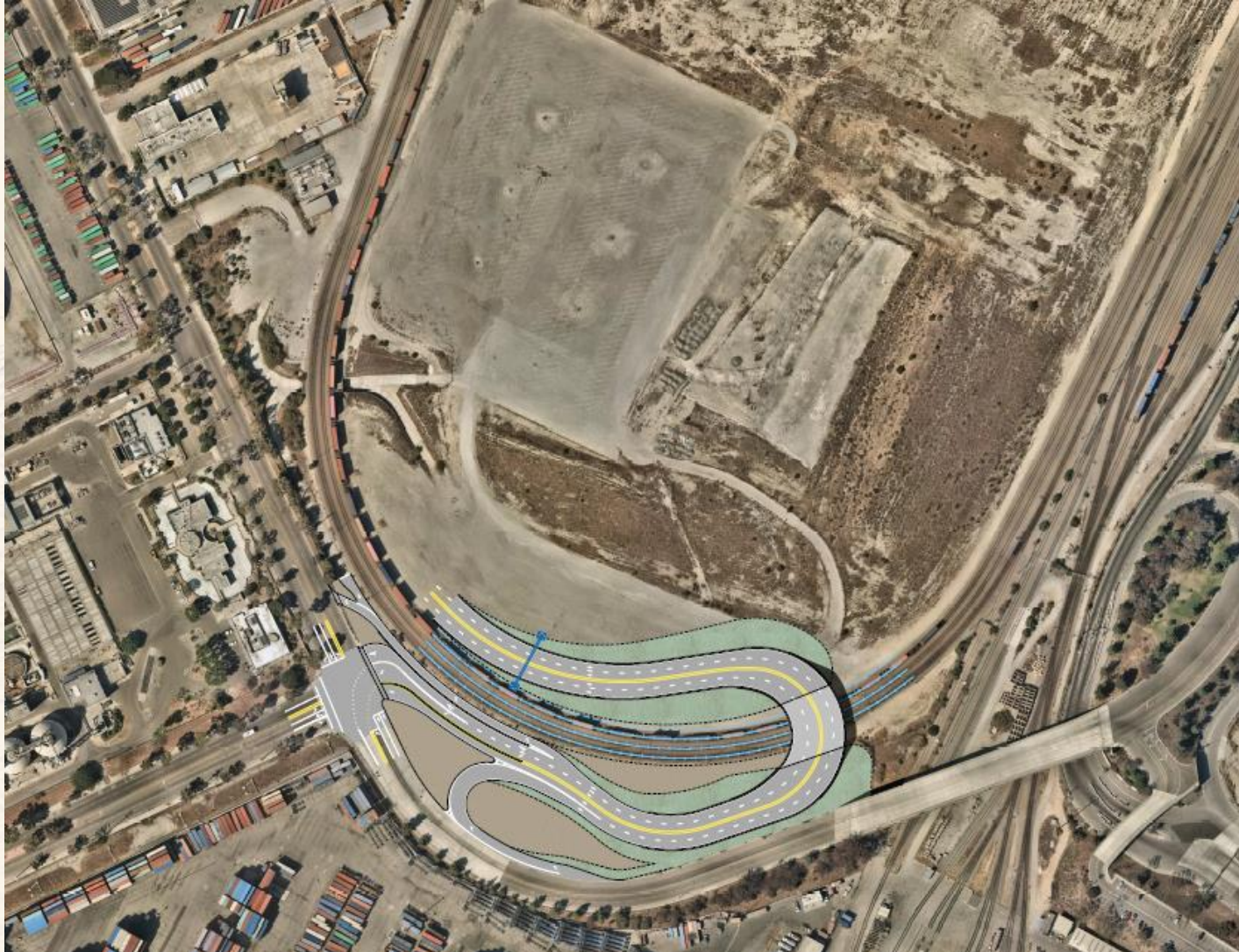
Berth 306 Container Wharf



- 1,250 LF New Container Wharf Berth 306
- 300 LF Upgrade at Berth 305
- 2.2 Acre Backland *safety fencing, protection barriers, removals, drainage, grading and paving*
- **Electrical Infrastructure**
AMP, New Substation, Upgrade STS Cranes to 12.47KV power

- Project Cost: \$256.0M
- Construction: Mar. 2024 – Aug. 2025
- Grant Funding: TBD
- **\$9.2M in FY 23/24 CIP**

Maritime Support Facility Access/Terminal Island Rail System Grade Separation



- **Four-lane Grade Separated Roadway** *over POLA mainline rail tracks connecting Terminal Island, Ferry St, and P300 to the TI Maritime Support Facility*
- **Structure** *2,000ft roadway structure, foundation and retaining wall*
- **Intersection Modifications** *traffic signal re-signalizations*

- Project Cost: \$39.2M
- Const: Oct. 2024 – June 2026
- Grant Funding: \$19.3M
- **\$915K in FY 23/24 CIP**

Terminal Island Maritime Support Facility



- **Develop approximately 80 acres** for cargo support facility
- **Improvements** include removals, drainage, utilities, paving, fire protection, water, electrical, site lighting, roadability canopy, restrooms, guard booths, and 1,000' access roadway

- Project Cost: \$194.6M
- Construction: Sept. 2025 – Aug. 2027
- **\$4.0M in FY 23/24 CIP**

Harbor Administration Building HVAC Replacement



- City Council Motion (CF 21-1039)
- Building De-carbonization Work Plan



- **Project Cost: \$14.0M**
- **Const: Sept. 2024 – Sept. 2025**
- **\$400K in FY 23/24 CIP**

POLA-POLB Goods Movement Workforce Training Facility



- Total Project Cost: \$150.0M
- Const: Feb. 2027 – Feb. 2029
- State Funding: \$110.0M
- **\$2.8M in FY 23/24 CIP**

Unallocated Capital Improvement Program Fund and Deferred Maintenance



| Category | Proposed Budget FY 23/24 |
|-----------------------------|--------------------------|
| Consultants | \$6.2M |
| Unanticipated Construction | 6.0M |
| Other | 1.2M |
| Parts and Materials | 1.0M |
| In-House Salaries | 635K |
| Unallocated Subtotal | \$15.0M |
| Deferred Maintenance | 9.4M |
| Total | \$24.4M |

Berths 177-182 Development
\$10.8M

MOTEMS Improvements
\$17.7M

SR 47 Transportation/
Beautification Improvements
\$23.0M

Terminal Island
Maritime Support Facility
\$4.0M

Maritime Support Fac. Access/
TI Rail System Grade Separator
\$915K

Harbor Administration
Building – HVAC Replacement
\$400K

San Pedro Waterfront
Promenade Ph. II & Clean Up
\$10.2M

208 East 22nd St
Parking Lot Improvements
\$650K

Avalon Pedestrian Bridge and Gateway
\$1.4M

POLA-POLB Goods Movement
Workforce Training Facility
\$2.7M

Wilmington Waterfront Promenade
\$1.2M

Navy Way and Seaside Interchange
\$1.1M

Pier 400 Corridor Storage Track Expansion
\$29.7M

Terminal Island Demolition Projects
\$11.3M

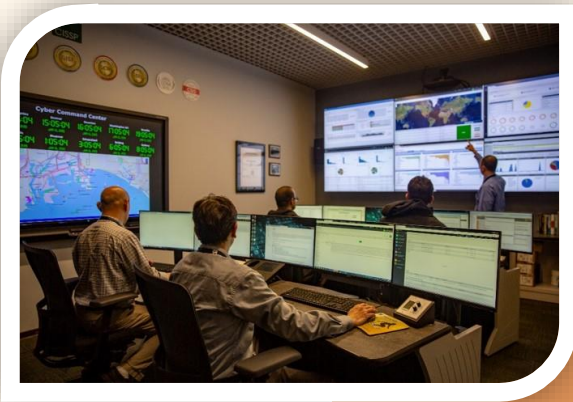
Berth 306 Container Wharf
\$9.2M

Berths 302-306 Terminal Improvements
\$14.3M



FY 2023/24 Capital Improvement Projects

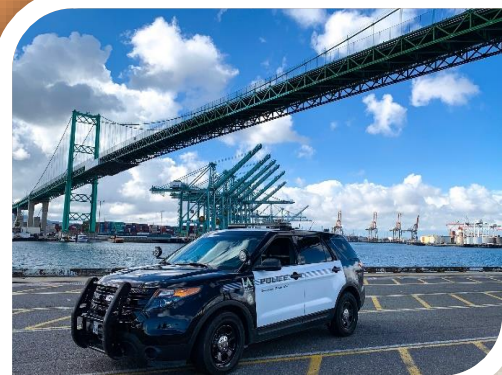
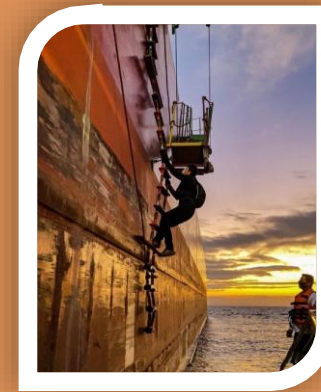
PUBLIC SAFETY & EMERGENCY MANAGEMENT BUREAU Chief Thomas E. Gazsi



INFORMATION TECHNOLOGY

PORT PILOTS

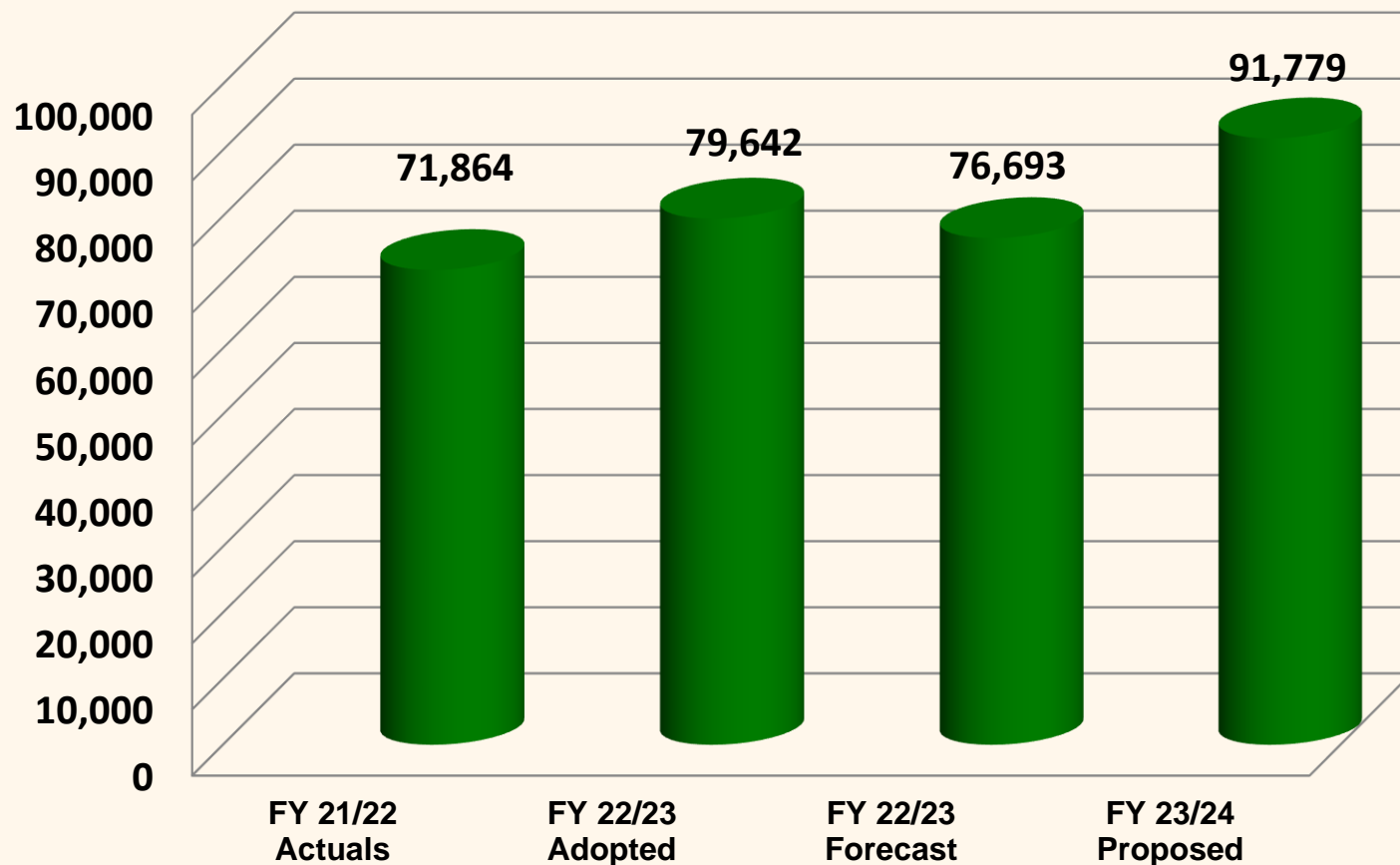
PORT POLICE



Public Safety & Emergency Management Bureau Operating Budget-at-a-Glance



Net Operating Expenses



Budget Highlights

- FY 23/24 Proposed Net Operating Expenses: \$91.8M
 - \$15.1M or 19.7% increase relative to FY 22/23 Forecast
- Drivers of changes to FY 23/24 Proposed:
 - Outside Services
 - Increase in funding for Port Optimizer development and funding for new item (Motorola Radio Project Equipment Maintenance & Support)*
 - ✓ +\$9.5M vs. Forecast
 - Salaries & Benefits
 - ✓ +\$5.4M vs. Forecast
 - Other Operating Expenses
 - Increase in Port Police Operating Materials & Supplies and Parts & Materials*
 - ✓ +\$198K vs. Forecast

Public Safety & Emergency Management Bureau

FY 2023/24 Goals & Initiatives

Objective 2: A Secure, Efficient, and Environmentally Sustainable Supply Chain



Lead the digital transformation, and provide secure critical cyber and telecommunication services that support the Port's objectives and business continuity



Maintain world-class navigational safety, and operational standards for quick and positive response to customer needs 24/7



Implement security and public safety strategies that secure our Port Complex, ensure business continuity, and engage our stakeholders and the community

Public Safety & Emergency Management Bureau FY 2023/24 Proposed Division Budgets



| Division | Budgeted Positions | Gross Expenses | | | | Capital Expenses (CAPEX)* | Operating Exp (Gross Exp without CAPEX) |
|------------------------|--------------------|----------------------|---------------------|---------------------|----------------------|-------------------------------|---|
| | | Salaries & Benefits | Outside Services | Other Operating Exp | Total Gross Exp | Allocations to Capital Budget | Net Operating Expense |
| Information Technology | 45 | \$ 9,793,422 | \$18,218,894 | \$ 1,879,464 | \$ 29,891,780 | \$ (2,584,516) | \$ 27,307,264 |
| Port Pilots | 33 | 13,015,527 | 160,360 | 249,460 | 13,425,347 | - | 13,425,347 |
| Port Police | 226 | 43,789,901 | 5,447,135 | 1,880,590 | 51,117,626 | (71,487) | 51,046,139 |
| TOTAL | 304 | \$ 66,598,850 | \$23,826,389 | \$ 4,009,514 | \$ 94,434,753 | \$ (2,656,003) | \$ 91,778,750 |

Totals may differ due to rounding

***Capital Expenses (CAPEX)/Allocations to Capital Budget** include salary and benefit expenses for staff time spent directly working on capital projects, and a portion of other divisional operating expenses that are allocated as overhead in support of work performed on capital projects.

Top Drivers

- **Salaries & Benefits: \$65.9M, net of capital allocations (\$686K)**

- **Outside Services: \$23.8M**
 - ✓ Port Optimizer™: \$9.7M
 - ✓ Software: \$3.4M
 - Enterprise Systems: \$2.9M
 - Port Police Software: \$306K
 - ITD Software: \$206K
 - Port Pilots Software: \$77K
 - ✓ Port of Los Angeles Security System Maintenance (partially grant reimbursable): \$3.1M
 - ✓ Port Police IT, Data, Video, and Radio Systems Maintenance & Support: \$1.9M
 - ✓ Port Police Motorola Radio Project Equipment Maintenance & Support: \$1.3M
 - ✓ Cyber Resilience Center (CRC) Operations & Maintenance: \$1.2M
 - ✓ IT Hardware Maintenance: \$1.2M
 - ✓ Information Systems Consulting for ITD: \$858K
 - ✓ Port Police Vehicle & Equipment Maintenance: \$464K
 - ✓ Information Systems Consulting for Enterprise Systems: \$355K
 - ✓ Port Police Miscellaneous Professional Services: \$97K
 - ✓ Port Pilot Exam: \$54K
 - ✓ Port Pilots Equipment Maintenance: \$27K

Public Safety & Emergency Management Bureau

Top Drivers



Top Drivers (continued)

- **Other Operating Expenses: \$2.0M, net of capital allocations (\$2.0M)**

- ✓ Telephone/Cell Service, Cabling, Internet, Cable TV: \$1.8M
- ✓ Port Police Operating Tools, Equipment, & Supplies: \$1.1M
 - Training Ammunition: \$295K
 - Uniforms and Law Enforcement/Public Safety Equipment & Supplies: \$295K
 - Automated External Defibrillator (AED) Units and Replacement Parts: \$141K
 - Miscellaneous Port Police Operating Tools, Equipment, & Supplies: \$104K
 - Office/General Equipment & Supplies: \$101K
 - Fleet Parts & Materials: \$75K
 - Dive Operations Materials & Supplies: \$59K
 - Range/Armory Replacement Equipment & Supplies: \$33K
 - POLA Credentialing Cards & Equipment and Transportation Worker ID Cards: \$32K
- ✓ Site and Equipment Rentals: \$250K
- ✓ Travel Expenses: \$196K
 - Training & Professional Development: \$114K
 - Meetings & Conferences: \$75K
 - Local Travel: \$7K

- **Other Operating Expenses (continued)**

- ✓ Los Angeles Police Department Services: \$155K
- ✓ Subscriptions: \$135K
- ✓ ITD City of LA Enterprise License Agreements: \$125K
- ✓ ITD Operating Equipment & Supplies: \$75K
- ✓ Port Pilots Operating Equipment & Supplies: \$67K
- ✓ Memberships: \$27K
- ✓ Port Police Promotional: \$23K

New Items

- **Outside Services: \$1.6M**
 - ✓ Motorola Radio Project Equipment Maintenance and Support: \$1.3M
 - ✓ Port Police Technology Systems Support - Staff Augmentation: \$180K
 - ✓ IT Hardware: \$54K
 - Network Packet Analytics: \$51K
 - Reverse Proxy: \$3K
 - ✓ Port Police Computer Software: \$34K
 - GrayKey Cell Phone Forensic Tool: \$31K
 - Antivirus Software for Computer Aided Dispatch/Records Management System (CAD/RMS) Computers: \$3K
 - ✓ Racial & Identity Profiling Act (RIPA) Reimbursement Claim Preparation and Submittal Services: \$5K
 - ✓ Generator Maintenance: \$2K

- **Other Operating Expenses: \$86K**
 - ✓ Social Media Documenting Equipment: \$19K
 - ✓ Port Police Field Officer Cellular Phones: \$13K
 - ✓ Maritime Law Enforcement Training Center (MLETC) Classroom Carpet Replacement: \$11K
 - ✓ Hazmat Van Command Center Vehicle Command Box and Storage Build Out: \$10K
 - ✓ Radio Programming Device: \$8K
 - ✓ Metal Carport for Kennel Facility: \$7K

New Items (continued)

- **Other Operating Expenses (continued)**
 - ✓ California Peace Officers Memorial Foundation – Travel: \$5K
 - ✓ Maritime Tactical Team Materials and Supplies: \$5K
 - ✓ Handheld Forward Looking Infrared (FLIR) Optics: \$4K
 - ✓ Law Enforcement Social Media Conference - Travel: \$3K

- **Salaries & Benefits: \$32K**
 - ✓ Patrol and Detection Instructor Training: \$28K
 - ✓ Photography Workshop: \$2K
 - ✓ Social Media Unit Job Proficiency: \$2K



STAKEHOLDER ENGAGEMENT BUREAU

David Libatique



COMMUNITY RELATIONS

GRAPHICS SERVICES

LABOR RELATIONS &
GOVERNMENT AFFAIRS

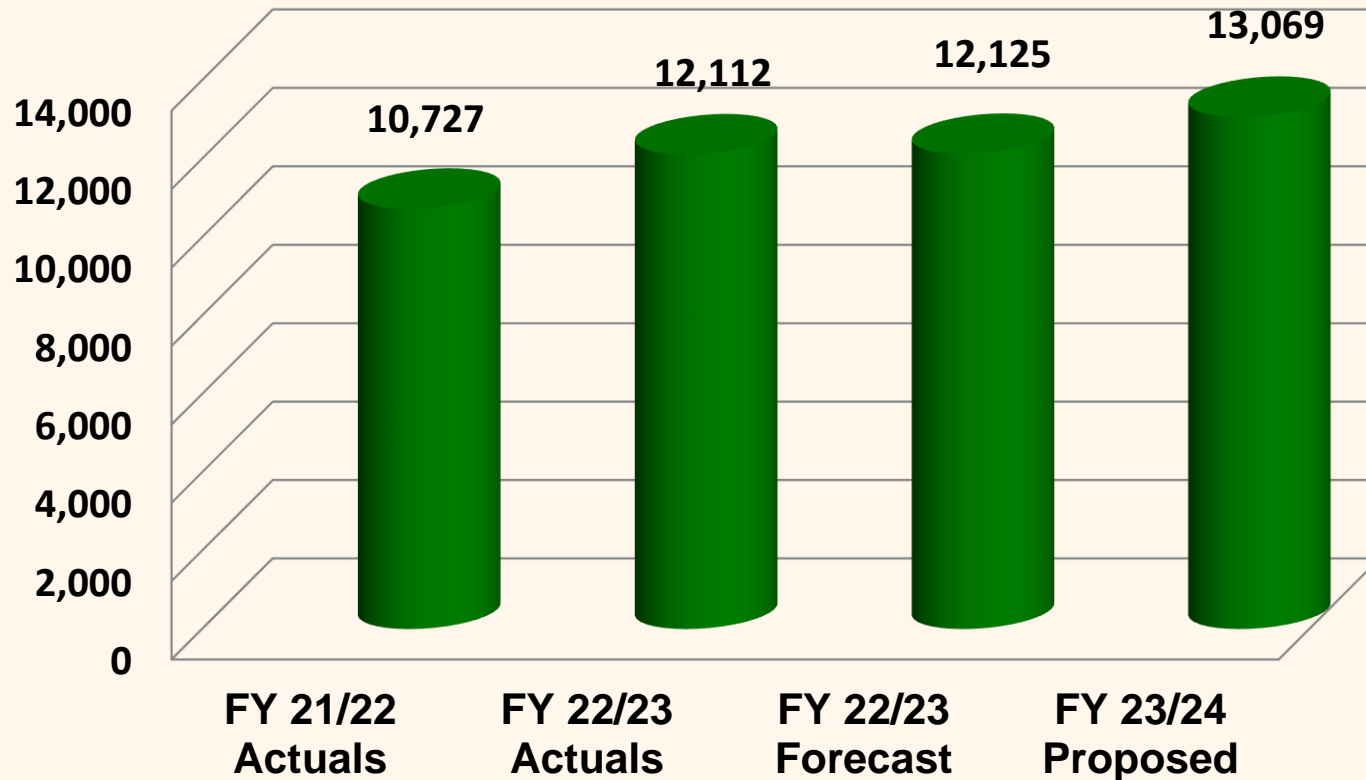
STRATEGIC COMMUNICATIONS

TRADE DEVELOPMENT

Stakeholder Engagement Bureau Operating Budget-at-a-Glance



Net Operating Expenses



Budget Highlights

- FY 23/24 Proposed Net Operating Expenses: \$13.1M
 - \$944K or 7.8% increase relative to FY 22/23 Forecast
- Drivers of changes to FY 23/24 Proposed:
 - Salaries & Benefits
 - ✓ +\$442K vs. Forecast
 - Other Operating Expenses
 - Higher expenditure for government, community, & business promotional; sponsorship; city services; travel; memberships; and subscriptions*
 - ✓ +\$439K vs. Forecast
 - Outside Services
 - Increased need for writers, video production, speech writing, and presentation coaching.*
 - ✓ +\$62K vs. Forecast

Stakeholder Engagement Bureau FY 2023/24 Goals & Initiatives

Objective 4: Strong Relationships with Stakeholders

- Engage a broad spectrum of stakeholders in support of the Port's Strategic Objectives
 - Place compelling Port of Los Angeles news and key messaging across a range of traditional and digital media platforms. Continue to build those respective audiences.
 - Advocate to support Port policy and funding priorities. Continue to build our reputation of expertise and leadership on port-related policy issues.
 - Maintain open and productive dialogue with key stakeholder communities including labor, business, community groups, and international stakeholders.
 - Expand stakeholder engagement to new audiences, with specific messaging to support the key areas of Jobs & Economic Opportunity, CAAP/Decarbonization and Supply Chain Leadership.
 - Engage the international diplomatic community, trade organizations and U.S. businesses to increase exports utilizing the Trade Connect Program.



Stakeholder Engagement Bureau FY 2023/24 Proposed Division Budgets



| Division | Budgeted Positions | Gross Expenses | | | | Capital Expenses (CAPEX)* | Operating Exp (Gross Exp without CAPEX) |
|--------------------------------------|--------------------|---------------------|---------------------|---------------------|----------------------|-------------------------------|---|
| | | Salaries & Benefits | Outside Services | Other Operating Exp | Total Gross Exp | Allocations to Capital Budget | Net Operating Expense |
| Community Relations | 11 | \$ 2,137,005 | \$ 185,762 | \$ 3,923,689 | \$ 6,246,456 | \$ - | \$6,246,456 |
| Graphics Services | 9 | \$ 1,411,575 | \$ 299,260 | \$ 119,711 | 1,830,546 | - | \$1,830,546 |
| Labor Relations & Government Affairs | 4 | \$ 1,568,719 | \$ 736,739 | \$ 136,551 | 2,442,009 | - | \$2,442,009 |
| Strategic Communications | 7 | \$ 1,188,574 | \$ 380,172 | \$ 195,181 | 1,763,927 | - | \$1,763,927 |
| Trade Development | 4 | \$ 633,822 | \$ 3,156 | \$ 148,920 | 785,898 | - | \$785,898 |
| TOTAL | 35 | \$ 6,939,696 | \$ 1,605,089 | \$ 4,524,052 | \$ 13,068,837 | \$ - | \$ 13,068,837 |

Totals may differ due to rounding

Stakeholder Engagement Bureau

Top Drivers



Top Drivers

- **Salaries & Benefits: \$6.9M**
- **Other Operating Expenses: \$4.5M**
 - ✓ Sponsorships: \$2.2M
 - Community Investment Program: \$1.6M
 - Business Development Sponsorship: \$273K
 - Divisional Sponsorship: \$264K
 - ✓ Memberships: \$591K
 - ✓ Waterfront Events: \$404K
 - ✓ Advertising: \$350K
 - ✓ Maritime Education: \$160K
 - ✓ Travel: \$149K
- **Outside Services: \$1.6M**
 - ✓ Advocacy Services: \$662K
 - ✓ Department Copier Contract: \$235K
 - ✓ Web Development: \$180K
 - ✓ Professional Writers: \$175K
 - ✓ Advertising Agency: \$100K

New Items

- **Other Operating Expenses: \$74K**
 - ✓ Foreign Travels: \$37K
 - ✓ Domestic Travels: \$19K
 - ✓ Labor Relations and Government Affairs Community Promotion: \$13K
 - ✓ Memberships: \$2.5K
 - Hong Kong Association of Southern California: \$1.5K
 - Los Angeles Latino Chamber of Commerce: \$950
 - ✓ Office Equipment (Laptop): \$1.4K
- **Outside Services: \$67K**
 - ✓ Port Automation Study: \$35K
 - ✓ Contingency for Specialized Advocacy Services: \$32K
- **Salaries & Benefits: \$325**
 - ✓ CA Workforce Association WORKCON: \$325

New Items

- **Other Operating Expenses: \$74K**
 - ✓ Foreign Travels: \$37K
 - ✓ Domestic Travels: \$19K
 - ✓ Labor Relations and Government Affairs Community Promotion: \$13K
 - ✓ Memberships: \$2.5K
 - Hong Kong Association of Southern California: \$1.5K
 - Los Angeles Latino Chamber of Commerce: \$950
 - ✓ Office Equipment (Laptop): \$1.4K

- **Outside Services: \$67K**
 - ✓ Port Automation Study: \$35K
 - ✓ Contingency for Specialized Advocacy Services: \$32K

- **Salaries & Benefits: \$325**
 - ✓ CA Workforce Association WORKCON: \$325



FINANCE & ADMINISTRATION BUREAU Marla Bleavins



CONTRACTS & PURCHASING

HUMAN RESOURCES

ACCOUNTING

DEBT & TREASURY

FINANCIAL PLANNING & ANALYSIS

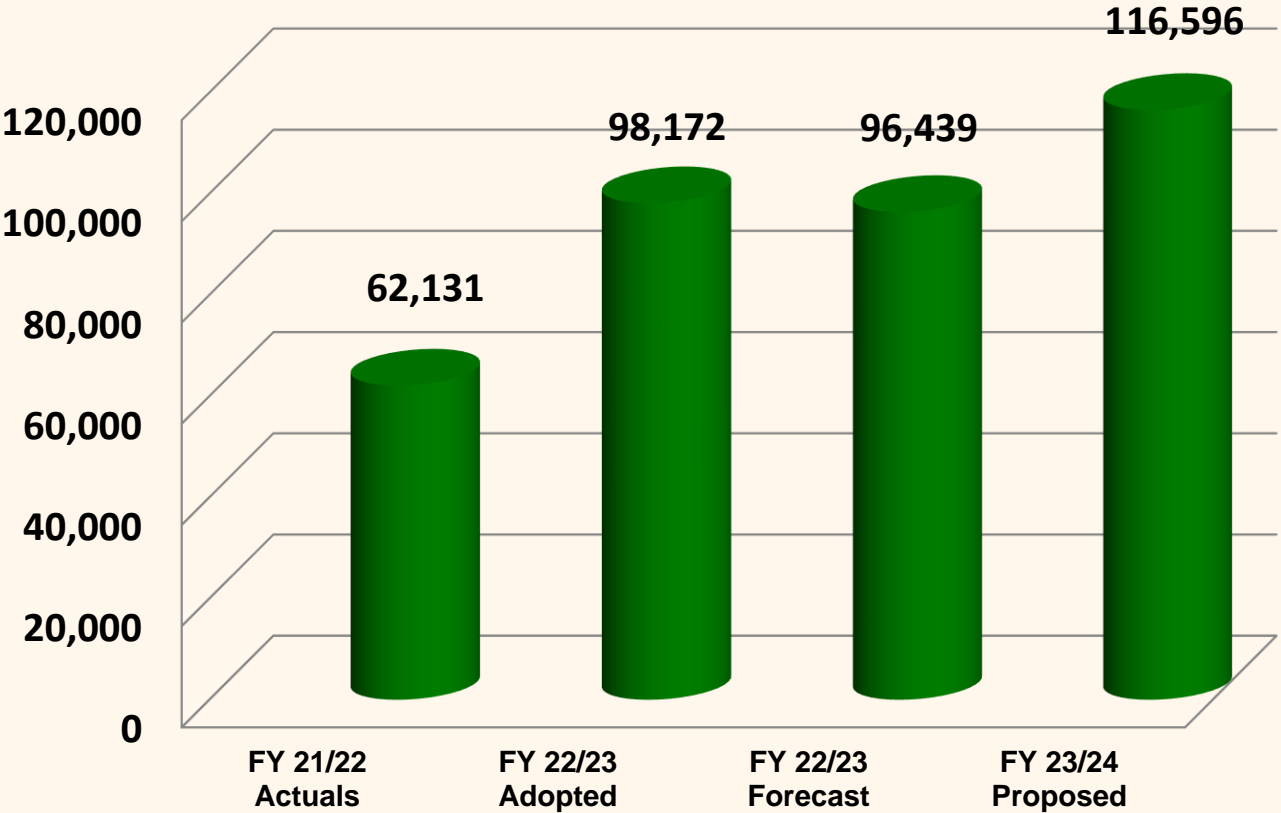
INTERNAL AUDIT

RISK MANAGEMENT

Finance & Administration Bureau Operating Budget-at-a-Glance



Net Operating Expenses



Note: The Harbor Operating Division’s FY 23/24 Proposed Budget of \$91.0M contains global expenses such as City Services (\$59.0M), Utilities (\$36.7M), Provisions for Workers’ Compensation (\$2.0M), etcetera.

Budget Highlights

- FY 23/24 Proposed Net Operating Expenses: \$116.6M
 - \$20.2M or 20.9% increase relative to FY 22/23 Forecast
- Drivers of changes to FY 23/24 Proposed:
 - Other Operating Expenses
 - Increase to City Services, Electric Service, Insurance costs, and Provisions for Bad Debts; offset by reductions in Pollution Remediation Expenses*
 - ✓ +\$14.6M vs. Forecast
 - Salaries & Benefits
 - ✓ +\$5.3M vs. Forecast
 - Outside Services
 - New funding for Workplace Investigations and Executive Recruitment; and increase in Audit Fees & Services*
 - ✓ +\$307K vs. Forecast

Objective 3: Improved Financial Performance of Port Assets & Objective 4: Strong Relationships with Stakeholders

- Provide solid financial foundation and attract, develop, and retain talent so department can carry out its mission
 - Operate in a fiscally sound manner
 - Help to evaluate and prioritize business opportunities
 - Provide timely, accurate, and transparent financial reporting to stakeholders
 - Ensure access to the capital markets in an efficient and cost effective manner
 - Leverage technology to improve fiscal operations and gain insights



Objective 3: Improved Financial Performance of Port Assets & Objective 4: Strong Relationships with Stakeholders (continued)

- Provide solid financial foundation and attract, develop, and retain talent so department can carry out its mission (continued)



- Identify and mitigate risks to reduce claims and protect Port assets
- Provide opportunities for professional development and promote excellence, diversity, equity, and inclusion
- Expand access for Port contracting opportunities
- Execute successful transition to new Human Resources and Payroll System and ERP System Upgrade

Finance & Administration Bureau FY 2023/24 Proposed Division Budgets



| Division | Budgeted Positions | Gross Expenses | | | | Capital Expenses (CAPEX)* | Operating Exp (Gross Exp without CAPEX) |
|-------------------------------|--------------------|----------------------|---------------------|-----------------------|-----------------------|-------------------------------|---|
| | | Salaries & Benefits | Outside Services | Other Operating Exp | Total Gross Exp | Allocations to Capital Budget | Net Operating Expense |
| Accounting | 33 | \$ 4,725,945 | \$ 142,124 | \$ 26,287 | \$ 4,894,356 | \$ (1,213,165) | \$ 3,681,191 |
| Debt & Treasury Management | 5 | 1,071,938 | 108,000 | 24,929 | 1,204,867 | (123,484) | 1,081,383 |
| Financial Planning & Analysis | 11 | 2,409,094 | 199,230 | 15,435 | 2,623,759 | (521,228) | 2,102,531 |
| Harbor Operating | 0 | - | - | 99,745,321 | 99,745,321 | (8,750,467) | 90,994,854 |
| Internal Audit | 2 | 389,326 | 178,288 | 13,145 | 580,759 | (92,581) | 488,178 |
| Risk Management | 9 | 1,791,848 | 402,754 | 5,227,922 | 7,422,524 | (612,338) | 6,810,185 |
| Special Projects** | 0 | 3,979,980 | - | - | 3,979,980 | - | 3,979,980 |
| Finance Subtotal | 60 | \$ 14,368,132 | \$ 1,030,396 | \$ 105,053,039 | \$ 120,451,567 | \$ (11,313,264) | \$ 109,138,303 |
| Contracts & Purchasing | 20 | 3,245,451 | 1,194 | 355,893 | 3,602,538 | (113,786) | 3,488,752 |
| Human Resources | 17 | 3,638,181 | 111,016 | 220,190 | 3,969,387 | - | 3,969,387 |
| TOTAL | 97 | \$ 21,251,765 | \$ 1,142,606 | \$ 105,629,122 | \$ 128,023,492 | \$ (11,427,050) | \$ 116,596,442 |

Totals may differ due to rounding

***Capital Expenses (CAPEX)/Allocations to Capital Budget** include salary and benefit expenses for staff time spent directly working on capital projects, and a portion of other divisional operating expenses that are allocated as overhead in support of work performed on capital projects.

**Salaries & Benefits listed within the Special Projects division relate to provisional benefits (vacation/sick-time payouts and true-ups/pension adjustments) which may be distributed throughout FY 2023/24.

Top Drivers

- **Other Operating Expenses: \$95.3M, net of capital allocations (\$10.4M)**
 - ✓ City Services: \$59.3M
 - Fire: \$41.1M
 - Recreation & Parks: \$14.0M
 - Other: \$4.2M
 - ✓ Electricity: \$34.3M, offset by AMP Reimbursements of \$23.7M
 - ✓ Insurance: \$5.2M
 - ✓ Water: \$2.2M
 - ✓ Provision for Workers' Compensation: \$2.0M
 - ✓ Uncollectible Debt Expense: \$1.0M
- **Salaries & Benefits: \$20.2M, net of capital allocations (\$1.1M)**
 - ✓ Tuition Reimbursement: \$226K
 - ✓ Employee's Club: \$50K
 - ✓ Medical Services Agreement: \$50K
 - ✓ Employee Assistance Program: \$34K
- **Outside Services: \$1.1M**
 - ✓ Audit Fees and Services: \$318K
 - ✓ Financial Services: \$283K
 - ✓ Safety Professional Contractor: \$140K
 - ✓ Occupational Health and Safety Services and Training: \$120K
 - ✓ Gartner for Finance Leaders: \$51K
 - ✓ Executive Recruitment Consultant Pool: \$50K
 - ✓ Workplace Investigations: \$50K
 - ✓ Health Fair: \$46K

New Items

- **Outside Services: \$56K**
 - ✓ Workplace Investigations (As Needed): \$50K
 - ✓ Consulting Engagements: \$5K
 - ✓ Computer Software: \$1K

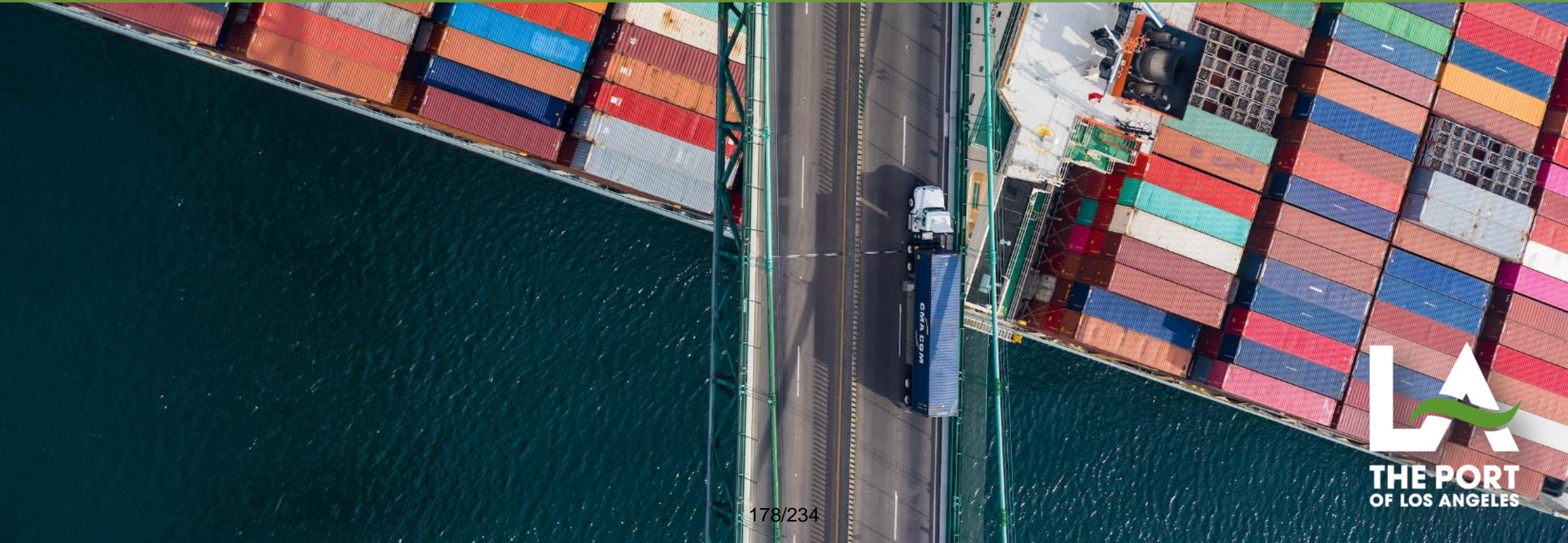
- **Other Operating Expenses: \$30.5K**
 - ✓ Domestic Travel: \$12K
 - ✓ Postage, Shipping, and Delivery Services: \$10K
 - ✓ Office Equipment: \$4.2K
 - ✓ Memberships: \$2.4K
 - ✓ Subscriptions: \$1.2K
 - ✓ Cellular Services: \$720

- **Salaries & Benefits: \$202K**
 - ✓ (1) Internal Auditor II for Internal Audit Division: \$180K
 - ✓ (1) Student Professional Worker for Contracts & Purchasing Division: \$21K
 - ✓ Paid Overtime for Debt & Treasury: \$500

**THE PORT
OF LOS ANGELES** 

America's Port

THANK YOU



178/234


**THE PORT
OF LOS ANGELES**

**4. RESOLUTION NO. _____ - APPROVAL OF
ANNUAL BUDGET COVERING FISCAL YEAR 2024 FOR
WESTREC MARINA MANAGEMENT, INC. UNDER
AGREEMENT NO. 13-3125**



DATE: MAY 24, 2023

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF ANNUAL BUDGET COVERING FISCAL YEAR 2024 FOR WESTREC MARINA MANAGEMENT, INC. UNDER AGREEMENT NO. 13-3125

SUMMARY:

Staff requests approval of the annual budget for Fiscal Year (FY) 2024 for operation of Cabrillo Way Marina (CWM) by Westrec Marina Management, Inc. (Westrec) under Agreement No. 13-3125 (Agreement). The Agreement was approved by the Board of Harbor Commissioners (Board) in 2013 for Westrec to manage CWM as a fee operator, while passing through all expenses and revenue to the City of Los Angeles Harbor Department (Harbor Department). Westrec's estimated FY 2024 revenue is \$8,459,298 with total expenses of \$3,881,674. FY 2024 proposed net income of \$4,577,624 results in a net profit margin of 54.1 percent, a decrease from the FY 2023 approved budget margin of 55.9 percent and the FY 2022 actual net profit margin of 56.9 percent.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

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 Westrec Marina Management, Inc. annual budget for Fiscal Year 2024 under Agreement No. 13-3125; and
3. Adopt Resolution No. _____.

DISCUSSION:

Proposed Action – Staff requests Board approval of CWM's annual budget for FY 2024 (Transmittal No.1). An analysis of these future operating expenses and revenues was conducted, as well as a thorough review of and comparison with past operating expenses and revenues. It was determined that the proposed annual budget is appropriate for CWM's continued operations.

Background – CWM consists of approximately 64.14 acres of land and water in San Pedro. The premises currently consist of 769 wet slips, 375 dry boat storage stalls, and three cranes for boat hoisting with the capacity to install a fourth crane if needed. The premises also contains pump out stations, parking lots, promenades, boater facilities, and public restrooms. All improvements are owned by the Harbor Department but are operated and maintained by Westrec.

SUBJECT: APPROVAL OF FY 2023 ANNUAL BUDGET FOR WESTREC MANAGEMENT, INC. UNDER AGREEMENT NO. 13-3125

Operating Expense and Revenue Summary – Annual operating expenses include, but are not limited to, a management fee equal to four percent of total revenues, staffing expenses, including salary, benefits and contractual ordinances, as well as sub-contracting, insurance, maintenance, and security.

Annual revenues include, but are not limited to, wet slip rent, dry boat storage rent, guest slip fees, live-a-board rent, coin operated laundry machine collection, storage locker fees, and vending machine income.

Under the Agreement, Westrec submits monthly gross receipts reports, along with financial and bank statements. These reports include the monthly revenue received and monthly operating expenses incurred.

Budget Review Process – Staff recently initiated and completed a review and analysis of the past, current, and future year’s budget and found the proposed annual budget for FY 2024 to be satisfactory. Westrec provided information and documentation to support and justify the proposed budget. This review and analysis determined that the proposed expenses and revenues are in line CWM’s operational capacity and marina needs.

The following table provides a summary of key financial metrics provided within Westrec’s FY 2024 proposed budget submission, as well as a comparison to the FY 2022 actuals and FY 2023 approved budget figures for certain key revenue and expense categories.

TABLE 1: COMPARISON OF FY 2024 PROPOSED BUDGET KEY FIGURES TO FY 2022 ACTUALS AND THE FY 2023 APPROVED BUDGET

| In \$ | FY 2022 Actual | FY 2023 Approved | FY 2024 Proposed | FY 2024 \$ Variance vs. | | FY 2024 % Variance vs. | |
|-----------------------------------|--------------------|--------------------|--------------------|-------------------------|------------------|------------------------|------------------|
| | | | | FY 2022 Actuals | FY 2023 Approved | FY 2022 Actuals | FY 2023 Approved |
| Wet Slip Rentals | 6,217,957 | 6,235,000 | 6,542,408 | 324,451 | 307,408 | 5.2% | 4.9% |
| Other Revenues | 1,776,491 | 1,761,187 | 1,916,890 | 140,399 | 155,703 | 7.9% | 8.8% |
| (A) Total Revenues | \$7,994,448 | \$7,996,187 | \$8,459,298 | \$464,850 | \$463,111 | 5.8% | 5.8% |
| Marketing | 42,782 | 54,500 | 64,450 | 21,668 | 9,950 | 50.6% | 18.3% |
| Lighting | 11,181 | 132,000 | 14,000 | 2,819 | (118,000) | 25.2% | (89.4%) |
| Telecommunications | 25,908 | 28,021 | 126,900 | 100,992 | 98,879 | 389.8% | 352.9% |
| Docks and related | 270,365 | 212,940 | 388,334 | 117,969 | 175,394 | 43.6% | 82.4% |
| Other Expenses | 3,091,511 | 3,096,200 | 3,287,990 | 196,479 | 191,790 | 6.4% | 6.2% |
| (B) Total Expenses | \$3,441,747 | \$3,523,661 | \$3,881,674 | \$439,927 | \$358,013 | 12.8% | 10.2% |
| (C) Net Income (A - B) | \$4,552,701 | \$4,472,526 | \$4,577,624 | \$24,923 | \$105,098 | 0.5% | 2.3% |
| <i>Net Income Ratio % (C / A)</i> | 56.9% | 55.9% | 54.1% | | | | |

SUBJECT: APPROVAL OF FY 2023 ANNUAL BUDGET FOR WESTREC MANAGEMENT, INC. UNDER AGREEMENT NO. 13-3125

Total revenue within the FY 2024 proposed budget is expected to be \$8,459,298, which represents a \$463,111 (5.8 percent) increase relative to the FY 2023 approved budget and an increase of \$464,850 (5.8 percent) relative to FY 2022 actuals. FY 2024 revenue growth is expected to occur due to a five percent increase in rates starting September 2022, a second rate increase of three percent starting September 2023, and an increase in wet slip occupancy from 83.6 percent in 2022 to 85.9 percent in FY 2023.

Total expenses within the FY 2024 proposed budget are expected to be \$3,881,674 which represents a \$358,013 (10.2 percent) increase relative to the FY 2023 approved budget and an increase of \$439,927 (12.8 percent) relative to FY 2022 actuals. The increase in total expenses from 2023 is primarily due to the proposed installation of a new Wi-Fi system and major repairs under Docks and related.

Telecommunications expenses of \$126,900 represent a \$98,879 (352.9 percent) increase from FY 2023 approved budget of \$28,021. This is due to a proposed upgrade of the Wi-Fi system. The Marina's Wi-Fi system is antiquated, and, with the increase in occupancy and increased use of Wi-Fi on cellular devices, the internet speed has declined. Marina management has removed this service from the amenities list as it does not work well and many complaints were received. This upgrade is expected to include a one-time cost of \$100,000 to upgrade the Wi-Fi throughout the Marina.

Docks and related expenses of \$388,334 represent a \$175,394 (82.4 percent) increase from the FY 2023 approved budget of \$212,940. The increased costs include \$25,000 for additional projected repairs on the docks, \$113,000 in required maintenance for benches and handrails throughout the marina resulting from the typical wear due to the marina's age, and \$65,000 for electrical meter repairs.

Net income within the FY 2024 proposed budget is expected to be \$4,577,624, which represents a \$105,098 (2.3 percent) increase relative to the FY 2023 approved budget and a \$24,923 (0.5 percent) increase relative to FY 2022 actuals.

Financial Performance Metrics/Operating Expense Percentage Ratio – The marina industry standard for operating expense percentage ratios, which includes both public and privately-owned marinas, is typically 56 percent of revenues received with a net income margin of 44 percent, excluding rent payments to municipal landlords. Although this standard is used as a general performance metric, actual performance of individual marinas will vary based on many factors including local market conditions, proximity to open water, land-to-water ratio, configuration, slip size mix, age, amenities, and physical condition. In the CWM context, the marina is negatively affected by a general oversupply of slips in the market area, a high land-to-water ratio, and slip mix favoring larger vessels. CWM is positively affected by its proximity to open water, age, and physical condition. Westrec's 54.1 percent net income margin for the FY 2024 proposed budget exceeds industry standards for net income margin. Although net income margin is anticipated to slightly decrease relative to the FY 2023 approved budget, the FY 2024 proposed figure represents a stark increase relative to the FY 2015 net income margin of 36.6 percent.

SUBJECT: APPROVAL OF FY 2023 ANNUAL BUDGET FOR WESTREC MANAGEMENT, INC. UNDER AGREEMENT NO. 13-3125

Current Operator Compensation – On a monthly basis, Westrec deducts its four percent management fee as an operating expense from total revenues.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the annual budget for operation of Cabrillo Way Marina by Westrec Marina Management, Inc., which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of Westrec's FY 2024 proposed budget is an administrative activity under the terms of the Agreement. Westrec submits to the Harbor Department the revenues it collects as the operator of CWM, net of expenses. The Harbor Department records gross revenues reported by Westrec as land rentals within Account 42010 (Land Rentals), while operating expenses incurred by Westrec are recorded as tenant credits within Account 49070 (Credits for Tenant Services).

Based upon FY 2022 actuals, the Harbor Department realized net receipts of \$4,552,701. Based upon the FY 2023 approved budget and the FY 2024 proposed budget, the Harbor Department anticipates respective net receipts of \$4,472,526 and \$4,577,624, respectively. Historical and projected financial information has been summarized below:

| TABLE 2: HISTORICAL AND PROJECTED FINANCIAL SUMMARY | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| In \$ | FY 2019 Actuals | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Actuals | FY 2023 Approved | FY 2024 Proposed |
| (A) Total Revenues | 5,983,024 | 6,205,946 | 6,802,544 | 7,994,448 | 7,996,187 | 8,459,298 |
| (B) Total Expenses | 2,983,782 | 3,284,154 | 3,066,177 | 3,441,747 | 3,523,661 | 3,881,674 |
| (C) Net Income (A - B) | \$2,999,242 | \$2,921,792 | \$3,736,367 | \$4,552,701 | \$4,472,526 | \$4,577,624 |
| <i>Net Income Growth %</i> | 21.8% | (2.6%) | 27.9% | 21.8% | (1.8%) | 2.3% |
| <i>Expense Ratio % (B / A)</i> | 49.9% | 52.9% | 45.1% | 43.1% | 44.1% | 45.9% |
| <i>Net Income Ratio % (C / A)</i> | 50.1% | 47.1% | 54.9% | 56.9% | 55.9% | 54.1% |

As summarized above, FY 2024 Proposed Total Revenues are anticipated to grow at an average annual rate of 7.3 percent each year since FY 2019 primarily due to increased occupancy which has grown from 83.6 percent in FY 2022 to 85.9 percent in FY 2023. FY 2024 Proposed Total Expenses are expected to grow at an average annual rate of 5.6 percent each year since FY 2019 due to cost of living increases and higher operations and maintenance expenses arising from higher occupancy levels. Furthermore, since 2019, the Harbor Department has transferred additional landscaping and lighting service responsibilities to Westrec, and costs associated with these new responsibilities have increased accordingly. Annual average revenue growth is anticipated to exceed annual average expense growth such that the FY 2024 Proposed Net Income Ratio of 54.1 percent represents a 4 percentage point increase relative to the Net Income Ratio of 50.1 percent achieved in FY 2019.

DATE: MAY 24, 2023

PAGE 5 OF 5

SUBJECT: APPROVAL OF FY 2023 ANNUAL BUDGET FOR WESTREC
MANAGEMENT, INC. UNDER AGREEMENT NO. 13-3125

CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board Report and has no legal issues at this time.

TRANSMITTAL:

1. CWM FY 2024 Budget

FIS Approval: MB
CA Approval: SO

Michael J. Galvin
MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate

Michael DiBernardo
MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For
EUGENE D. SEROKA
Executive Director

ES:MD:MG:ER:HP:KK:ES
Author: Elizabeth Solorio

Transmittal 1

| In \$ | FY 2022 | FY 2023 | FY 2024 | \$ Variances - FY 2024 Proposed vs. | | % Variances - FY 2024 Proposed vs. | |
|--|------------------|------------------|------------------|-------------------------------------|----------------|------------------------------------|---------------|
| | Actuals | Approved | Proposed | FY22 Actuals | FY23 Approved | FY22 Actuals | FY23 Approved |
| Operating Revenues: | | | | | | | |
| Wet Slip Rentals | 6,217,957 | 6,235,000 | 6,542,408 | 324,451 | 307,408 | 5.2% | 4.9% |
| Guest Slips | 211,530 | 175,200 | 242,500 | 30,970 | 67,300 | 14.6% | 38.4% |
| Dry Storage | 1,163,181 | 1,214,010 | 1,311,932 | 148,751 | 97,922 | 12.8% | 8.1% |
| Laundry Machines | 1,912 | 4,380 | 1,980 | 68 | (2,400) | 3.6% | -54.8% |
| Vending Machines | 5,915 | 6,780 | 8,160 | 2,245 | 1,380 | 38.0% | 20.4% |
| Live-a-Boards | 85,917 | 114,111 | 118,450 | 32,533 | 4,339 | 37.9% | 3.8% |
| Storage Lockers | 66,825 | 81,466 | 74,100 | 7,275 | (7,366) | 10.9% | -9.0% |
| Electricity | 136,967 | 130,020 | 130,848 | (6,119) | 828 | -4.5% | 0.6% |
| Misc. Revenues: | | | | | | | |
| Misc. Income | 76,509 | 10,020 | 3,000 | (73,509) | (7,020) | -96.1% | -70.1% |
| Collection Income | 27,735 | 25,200 | 25,920 | (1,815) | 720 | -6.5% | 2.9% |
| Interest Income | - | - | - | - | - | n/a | n/a |
| A Total Revenues | 7,994,448 | 7,996,187 | 8,459,298 | 464,850 | 463,111 | 5.8% | 5.8% |
| Operating Expenses: | | | | | | | |
| General & Administration | | | | | | | |
| Payroll | \$763,705 | 811,317 | 855,777 | 92,072 | 44,460 | 12.1% | 5.5% |
| Management Fee | 319,778 | 319,847 | 338,372 | 18,594 | 18,525 | 5.8% | 5.8% |
| Marketing | 42,782 | 54,500 | 64,450 | 21,668 | 9,950 | 50.6% | 18.3% |
| Office Supplies | 183,519 | 120,188 | 56,992 | (126,527) | (63,196) | -68.9% | -52.6% |
| Accounting Services | 90,000 | 92,700 | 92,700 | 2,700 | - | 3.0% | 0.0% |
| Collection Services | 6,683 | 4,020 | 6,221 | (462) | 2,201 | -6.9% | 54.8% |
| Insurance | 106,690 | 105,550 | 111,663 | 4,973 | 6,113 | 4.7% | 5.8% |
| Permit/Lic. Fees | 3,511 | 1,500 | 1,500 | (2,011) | - | -57.3% | 0.0% |
| Sub- Contracting Services | 530,353 | 571,518 | 600,665 | 70,312 | 29,147 | 13.3% | 5.1% |
| Taxes | 10,499 | 9,600 | 10,500 | 1 | 900 | 0.0% | 9.4% |
| Office Equipment & Repair | 6,215 | 3,000 | 6,216 | 1 | 3,216 | 0.0% | 107.2% |
| Telecommunications | 25,908 | 28,021 | 126,900 | 100,992 | 98,879 | 389.8% | 352.9% |
| B Subtotal - General & Administration | 2,089,643 | 2,121,761 | 2,271,956 | 182,313 | 150,195 | 8.7% | 7.1% |
| Operations | | | | | | | |
| Security | 642,041 | 636,000 | 743,448 | 101,407 | 107,448 | 15.8% | 16.9% |
| Gardening & Landscaping | 115,472 | 130,800 | 121,560 | 6,088 | (9,240) | 5.3% | -7.1% |
| Janitorial & Custodial | 131,105 | 130,020 | 147,780 | 16,675 | 17,760 | 12.7% | 13.7% |
| Refuse Collection | 70,290 | 70,800 | 77,556 | 7,266 | 6,756 | 10.3% | 9.5% |
| C Subtotal - Operations | 958,908 | 967,620 | 1,090,344 | 131,436 | 122,724 | 13.7% | 12.7% |
| Maintenance and Repairs | | | | | | | |
| Equipment | 87,761 | 35,040 | 91,540 | 3,779 | 56,500 | 4.3% | 161.2% |
| Supplies | 11,585 | 12,600 | 14,400 | 2,815 | 1,800 | 24.3% | 14.3% |
| Lighting | 11,181 | 132,000 | 14,000 | 2,819 | (118,000) | 25.2% | -89.4% |
| Filters | 1,470 | - | - | (1,470) | - | -100.0% | n/a |
| Docks & Related | 270,365 | 212,940 | 388,334 | 117,969 | 175,394 | 43.6% | 82.4% |
| Grounds | 9,784 | 40,000 | 9,900 | 116 | (30,100) | 1.2% | -75.3% |
| Irrigation | - | 500 | - | - | (500) | n/a | -100.0% |
| Vehicles/Boats | 1,050 | 1,200 | 1,200 | 150 | - | 14.3% | 0.0% |
| D Subtotal - Maintenance and Repairs | 393,196 | 434,280 | 519,374 | 126,178 | 85,094 | 32.1% | 19.6% |
| E Total Expenses (B + C + D) | 3,441,747 | 3,523,661 | 3,881,674 | 439,927 | 358,013 | 12.8% | 10.2% |
| Expense Ratio % | 43.1% | 44.1% | 45.9% | | | 2.8% | 1.8% |
| Net Income (A - E) | 4,552,701 | 4,472,526 | 4,577,624 | 24,923 | 105,098 | 0.5% | 2.3% |
| Net Profit Margin % | 56.9% | 55.9% | 54.1% | | | | |

Presentation

CABRILLO WAY MARINA

Westrec Marina Management Inc.

Agreement No. 13-3125



FY 2024 Annual Budget

Michael Galvin

Director, Waterfront & Commercial Real Estate

WEST BASIN – CABRILLO WAY MARINA



Cabrillo Way Marina

- 64.14 acres of land and water
- 692 designed wet slips, 77 side ties and 375 dry boat storage stalls
- 2,500 parking spaces
- Landside development area entitled for 90,000 \pm sf of commercial space
- Promenades, pump out stations, modular boater facilities, public restrooms, Marina Operations Office, Dry Boat Storage Operations Office

CABRILLO WAY MARINA - Agreement No. 13-3125



- In 2003, the Harbor Department approved a Supplemental Environmental Impact Report (SEIR) for the Cabrillo Way Marina Project.
- Marina reconstruction was completed in 2011.
- July 1, 2013, Agreement with Westrec to operate, manage, and maintain Cabrillo Way Marina (CWM)
- Westrec manages CWM as a fee operator, passing through all expenses and revenue to the Harbor Department
 - 5 year initial term with two five-year options
 - Current term is set to expire June 30, 2028
 - Agreement is cancellable with 90 day notice

2024 Proposed Budget Comparison

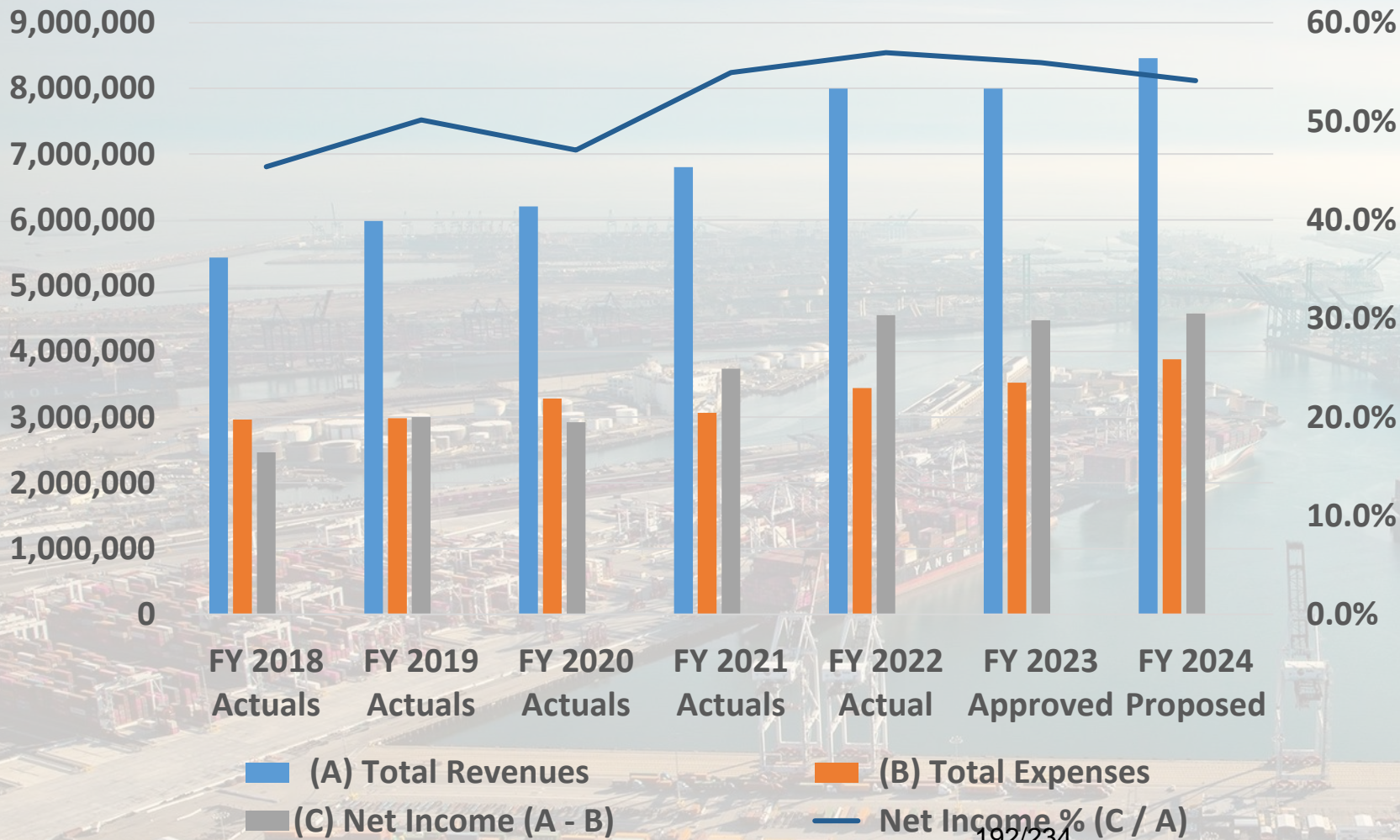


| In \$ | | | | | \$ Variances - FY 2024 vs. | | % Variances - FY 2024 vs. | |
|-------------------------------|------------------|--------------------|---------------------------------|--------------------|----------------------------|----------|---------------------------|----------|
| | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2022 | FY 2023 | FY 2022 | FY 2023 |
| | Actuals | Actual | Approved | Proposed | Actuals | Approved | Actuals | Approved |
| Wet Slip Rentals | 5,221,118 | 6,217,957 | 6,235,000 | 6,542,408 | 324,451 | 307,408 | 5.2% | 4.9% |
| Other Revenues | 1,581,426 | 1,776,491 | 1,761,187 | 1,916,890 | 140,399 | 155,703 | 7.9% | 8.8% |
| (A) Total Revenues | 6,802,544 | 7,994,448 | 7,996,187 | 8,459,298 | 464,850 | 463,111 | 5.8% | 5.8% |
| Marketing | 32,475 | 42,782 | 54,500 | 64,450 | 21,668 | 9,950 | 50.6% | 18.3% |
| Lighting | 93,570 | 11,181 | 132,000 | 14,000 | 2,819 | -118,000 | 25.2% | -89.4% |
| Telecommunications | 26,688 | 25,908 | 28,021 | 126,900 | 100,992 | 98,879 | 389.8% | 352.9% |
| Docks and related | 93,818 | 270,365 | 212,940 | 388,334 | 117,969 | 175,394 | 43.6% | 82.4% |
| Other Expenses | 2,819,626 | 3,091,511 | 3,096,200 | 3,287,990 | 196,479 | 191,790 | 6.4% | 6.2% |
| (B) Total Expenses | 3,066,177 | \$3,441,747 | \$3,523,661 | \$3,881,674 | 439,927 | 358,013 | 12.8% | 10.2% |
| (C) Net Income (A - B) | 3,736,367 | 4,552,701 | 4,472,526 | 4,577,624 | 24,923 | 105,098 | 0.5% | 2.3% |
| Net Income % (C / A) | 54.9% | 56.9% | ^{191/234} 55.9% | 54.1% | | | | |

2024 Proposed Budget Comparison



Westrec Budget FY 18-24



Revenues projected to increase 55 percent from FY 2018, from \$5,427,174 to \$8,459,298.

Expenses projected to increase 31 percent from FY 2018, from \$2,964,271 to \$3,881,674

Increase in occupancy from 61 percent in 2018 to current occupancy of 86 percent

5 Year Budget Trends and 2024 Budget Drivers

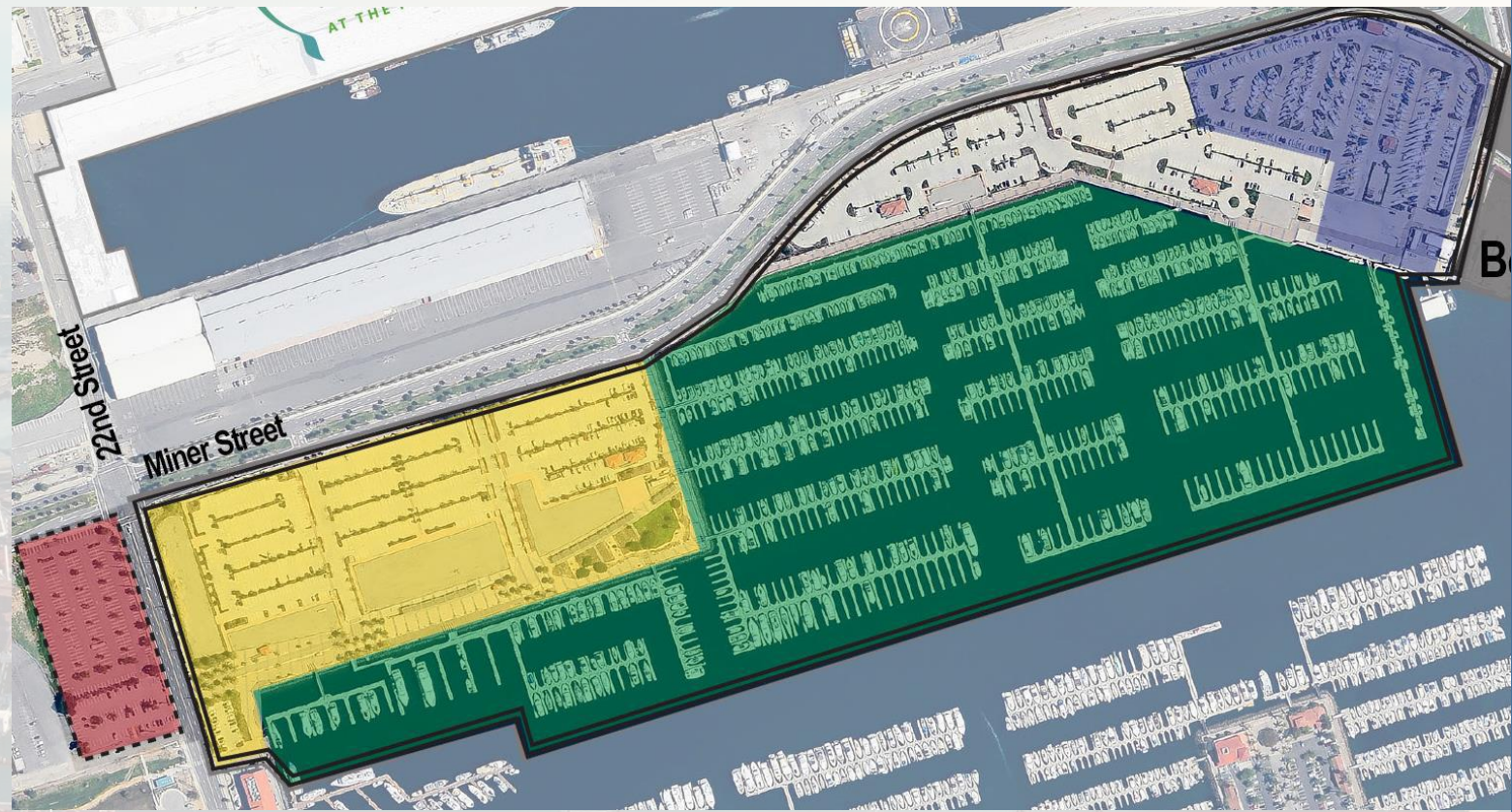


| In \$ | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Actual | FY 2023 Approved | FY 2024 Proposed |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|---------------------|---------------------|
| (A) Total Revenues | <u>5,427,174</u> | <u>5,983,024</u> | 6,205,946 | 6,802,544 | 7,994,448 | 7,996,187 | 8,459,298 |
| (B) Total Expenses | <u>2,964,271</u> | <u>2,983,782</u> | 3,284,154 | 3,066,177 | \$3,441,747 | \$3,523,661 | \$3,881,674 |
| (C) Net Income (A - B) | <u>2,462,903</u> | <u>2,999,242</u> | <u>2,921,792</u> | <u>3,736,367</u> | <u>4,552,701</u> | 4,472,526 | 4,577,624 |
| <i>Income Growth %</i> | <u>44.6%</u> | <u>21.8%</u> | <u>-2.6%</u> | <u>27.9%</u> | <u>21.8%</u> | <u>-1.8%</u> | <u>2.3%</u> |
| | | | | | | | - |
| <i>Expense % (B / A)</i> | <u>54.6%</u> | <u>49.9%</u> | <u>52.9%</u> | <u>45.1%</u> | <u>43.1%</u> | 44.1% | 45.9% |
| <i>Net Income % (C / A)</i> | <u>45.4%</u> | <u>50.1%</u> | <u>47.1%</u> | <u>54.9%</u> | <u>56.9%</u> | 55.9% | 54.1% |

- **Revenue increases due to the following:**
 - Increase in occupancy from 84 percent in 2023 to current occupancy of 86 percent
 - Five percent rate increase Sept. 2022 and a three percent rate increase in September 2023
- **Expense Increased primarily due to the following:**
 - Proposed installation of new Wi-Fi system at a cost of \$98,879
 - Required maintenance for docks, benches and handrails at a cost of \$175,394

Cabrillo Way Marina Development

- 2019 RFP selects Cabrillo Way Partners, JV between Bellwether Financial Group and R.D. Olson
- Development scope includes: marina business acquisition, restaurants, retail and hotel development on long term lease
- Currently in lease/purchase and sale agreement negotiations



Adjacent LA Waterfront Development

LA Waterfront Development

- AltaSea, marine research and innovation center 1st phase complete in 2024
- San Pedro Public Market 1st Phase complete early 2025
- Crafted, developed in 2012 as craft marketplace and brewery
- Boat Yard Development 2018 RFP selected Bellwether Financial Group
- Outer Harbor Cruise Terminal request for proposal 3Q 2023
- Warehouse One development solicitation commences 2023



Recommendation

It is recommended that the Harbor Commissioners (Board);

1. Find 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 as determined by the Director of Environmental Management;
2. Approve the Westrec Marina Management, Inc. annual budget for Fiscal Year 2024 under Agreement No. 13-3125; and

**5. RESOLUTION NO. _____ - SIXTH
AMENDMENT TO AMENDED AND RESTATED
AGREEMENT NO. 17-3425-A BETWEEN THE CITY OF
LOS ANGELES HARBOR DEPARTMENT AND WABTEC
TRANSPORTATION SYSTEMS, LLC**



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 31, 2023

FROM: INFORMATION TECHNOLOGY

**SUBJECT: RESOLUTION NO. _____ - SIXTH AMENDMENT TO
AMENDED AND RESTATED AGREEMENT NO. 17-3425-A BETWEEN
THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND WABTEC
TRANSPORTATION SYSTEMS, LLC**

SUMMARY:

Staff requests approval of the Sixth Amendment to Amended and Restated Agreement No. 17-3425-A with Wabtec Transportation Systems, LLC (Wabtec) for the Port Optimizer project.

The Port Optimizer is a first-of-its-kind common user portal that provides a single information window to support enhanced maritime supply chain performance. The proposed Sixth Amendment is to continue development and operation of the Port Optimizer, which will enable the City of Los Angeles Harbor Department (Harbor Department) and Wabtec to enhance the existing Track and Trace and Control Tower modules and implement three new modules. The proposed Sixth Amendment will revise some terms of the agreement for the purpose of clarity, increase the not-to-exceed compensation by \$6,500,000 for a total agreement amount of \$34,600,420, and does not change the term which will conclude on November 3, 2026.

Expenditures incurred under Agreement No. 17-3425-A are the financial responsibility of the Harbor Department.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines;
2. Find that, in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside contractors to perform this work than City employees;

DATE: MAY 31, 2023

PAGE 2 OF 7

SUBJECT: SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC

3. Approve the proposed Sixth Amendment to Amended and Restated Agreement No. 17-3425-A to increase the not-to-exceed compensation by \$6,500,000 for a total agreement amount of \$34,600,420 in order to continue to develop, operate and support the Port Optimizer;
4. Direct the Board Secretary to transmit said Agreement to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the said Agreement for and on behalf of the Board upon approval by City Council; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background and Context – At its meeting on November 3, 2016, the Board approved Agreement No. 16-3425 with General Electric Company (GE), through its GE Transportation Division, to develop a pilot for a first-of-its-kind, common user Portal. The recommendation to award Agreement No. 16-3425 to GE was based on a competitive selection process performed by the Harbor Department.

In collaboration with the pilot project participants, the Portal was developed to receive and provide supply chain information through a common user interface with secure, channeled access by user type. The pilot project participants included the United States Customs and Border Protection, the Port of Los Angeles' largest terminal operator (APM Terminal), the world's largest and second largest shipping lines (Maersk and Mediterranean Shipping Company, respectively), along with a variety of beneficial cargo owners (BCOs), trucking companies, and chassis providers. The Portal went live with a limited launch on April 17, 2017, and a full launch for all pilot project participants occurred on May 17, 2017. Agreement No. 16-3425 was for a term of one year and a not-to-exceed amount of \$1,319,050.

At its meeting on August 17, 2017, the Board approved the Amended and Restated Agreement No. 16-3425 to expand the Portal, now called the Port Optimizer. The Agreement number was changed from 16-3425 to 17-3425-A. The expansion included the addition of nine more terminals, eighteen more shipping lines, additional enhancements and continued hosting and support. Agreement No. 17-3425-A added two more years for a term of three years and increased the not-to-exceed amount by \$11,781,370 for a total not-to-exceed amount of \$13,100,420.

At its meeting on November 15, 2018, the Board approved an Assignment and Assumption Agreement of Agreement No. 17-3425-A from GE to GE Transportation Parts, LLC. This was due to an internal reorganization within GE as part of its

DATE: MAY 31, 2023

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SUBJECT: SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC

combining of its GE Transportation business operations with Westinghouse Air Brake Technologies Corporation. The Agreement's term and not-to-exceed amount remained unchanged.

At its meeting on March 21, 2019, the Board approved the First Amendment to Amended and Restated Agreement No. 17-3425-A. The First Amendment extended the Agreement by three additional years, to a total term of six years, and increased the not-to-exceed compensation amount by \$3,000,000, to a total not-to-exceed compensation amount of \$16,100,420.

At its meeting on October 8, 2019, the Board approved the Second Amendment to Amended and Restated Agreement No. 17-3425-A. The Second Amendment reallocated funding from previously approved items to new items that were needed for the Port Optimizer. The Second Amendment also delegated authority to the Executive Director to approve future change requests which do not increase the total not-to-exceed compensation amount or the term of the Agreement. The Second Amendment did not change the not-to-exceed compensation or term of the Agreement.

Pursuant to the authority approved under the Second Amendment, a Third Amendment to Amended and Restated Agreement No. 17-3425-A was approved by the Executive Director. The Third Amendment created a new deliverable for a Purchase Order Tracking pilot and reduced the quantities of the existing deliverables for Shipping Line Acquisition and Implementation. The Third Amendment did not change the not-to-exceed compensation or term of the Agreement.

At its meeting on December 17, 2020, the Board approved the Fourth Amendment to Amended and Restated Agreement No. 17-3425-A. The Fourth Amendment increased the Agreement's not-to-exceed compensation amount by \$6,500,000, for a new total not-to-exceed compensation amount of \$22,600,420, and extended the term by four additional years, for a new term of ten years. This amendment also changed the consultant's name to Wabtec Transportation Systems, LLC (Wabtec) due to the consultant's legal name change after GE Transportation Parts, LLC was acquired by Wabtec.

At its meeting on February 23, 2023, the Board approved the Fifth Amendment to Amended and Restated Agreement No. 17-3425-A. The Fifth Amendment increased the Agreement's not-to-exceed compensation amount by \$5,500,000 for a total not-to-exceed compensation agreement amount of \$28,100,420 for the continued development and operation of the Port Optimizer, including the build out of the Gateway Project module. The cost of the Gateway Project module was partially offset by an Advanced Transportation Congestion Management Technologies Development (ATCMTD) grant which was funded through the U.S. Department of Transportation Federal Highway Administration (FHWA). Acceptance of this grant award, in the amount of \$3,000,000, as well as approval of a cooperative agreement between the

DATE: MAY 31, 2023

PAGE 4 OF 7

SUBJECT: SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT
NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC

Harbor Department and FHWA was approved by the Board under a separate board action in the same meeting.

Proposed Sixth Amendment – The proposed Sixth Amendment (Transmittal 1) requests additional funding for the continued development and operation of the Port Optimizer to enhance the Track and Trace and Control Tower modules and to implement three new modules within the application - Universal Appointment System (Phase 1), Export Visibility (Phase 1) and Warehouse Capacity Visibility (Phase 1). These new modules will be designed to improve the visibility and cargo flow through the Port of Los Angeles (Port) by increasing usage of available appointment slots, providing better visibility of export cargo from inland origin points and better visibility into warehouse capacity within the region. These new modules will be developed through a phased approach that allows for development of initial core functionality and the ability to address shifting community needs and outcome goals as defined by the Port. The proposed Sixth Amendment will increase the Agreement's not-to-exceed compensation amount by \$6,500,000 for a total not-to-exceed compensation agreement amount of \$34,600,420.

The additional work proposed under the Sixth Amendment, as shown in the revised Exhibit A-1, includes the following:

Control Tower Enhancements. The Control Tower module will be enhanced with updates through dashboards displaying cargo trends at the Port, including dwell, turn-times, velocity, and capacity. The enhancements will include the Incentive Program maintenance dashboard with detailed information of dual and single transactions, average turn times, monthly percentage of duals, and Incentive program Twenty-Foot Equivalent Unit (TEU) counts for all POLA terminals, updated monthly. Other sections include trends and charts including, but not limited to, Single/Dual Transactions, Truck/Rail Gate movement charts, rolling average trends for "on-terminal" containers, including loaded, empty, and exports.

Universal Appointment System (Phase 1). Implements an appointment system connecting six to nine terminals at the San Pedro Bay that would allow trucking companies to add, delete, or change appointments through a single user interface within the Track and Trace application and will allow the ability to view open slots across all terminals and make selections through a graphical user interface. This appointment system will provide fully integrated connectivity with existing terminal appointment systems and the ability to view full appointment schedules at a glance with direct integration into Port Optimizer Track and Trace. Real-time appointment Key Performance Indicators (KPIs) per customer and per terminal will be available based on usage. This will enable increased utilization of available appointment slots across the Port, improved scheduling for the trucking community to enable better planning of import/export movements between different terminals, increased facilitation of dual transactions within the port,

DATE: MAY 31, 2023

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SUBJECT: SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT
NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC

fewer missed/cancelled appointments and better appointment metrics for the Port allowing for more targeted solutions in the future. Phase 1 of this project will account for 40% of the complete project and will include the core appointment scheduling functionality and user interface design and implementation.

Export Module (Phase 1). Improves monitoring of export cargo including updated Earliest Return Dates into the Port of Los Angeles utilizing carrier/CBP manifest data, rail data, and truck data. This visibility will be provided in both Track and Trace and Control Tower through new Export data modules giving exporters and stakeholders data and visibility in one easy to use interface that they don't have today. This additional module adds to the Port's current import data metrics and analytics giving it a more complete picture and holistic view of the Port and its supply chain. Phase 1 of this project will account for 30% of the complete project and will focus on acquisition and integration of data into the Port Optimizer Data Foundation, and initial testing and quality assurance.

Warehouse Capacity Visibility (Phase 1). Provides additional insights to the platform giving stakeholders further visibility across the Port's eco-system. Adding visibility of warehouse capacities in Southern California to the Control Tower's existing platform allows stakeholders to see the bigger picture of the supply chain, and the ability to plan and respond to dynamic conditions. These new dashboards within the Port Optimizer Control Tower will use real-time data integration with existing warehouse management systems and can include the ability to search by region through geo-mapping. Phase 1 of this project will account for 25% of the complete project and will include project discovery with required stakeholders, and initial data acquisition and integration within the Port Optimizer Data Foundation.

These new modules not only increase the already unprecedented levels of cargo visibility within the Port community, but the addition of a Universal Appointment System expands the product to allow for operational improvements which will help to continue optimizing cargo movements, resulting in better utilization of available appointment capacity, reduction in truck congestion, and lowering of truck emissions.

The proposed Sixth Amendment also updates certain terms to clarify invoicing requirements and the scope of the Data Protection Plan.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Sixth Amendment with Wabtec to continue development and operation of the Port Optimizer Project and increase the agreement amount, which is an administrative activity and an activity involving basic data collection and research. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the

DATE: MAY 31, 2023

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**SUBJECT: SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT
NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC**

requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Sixth Amendment will increase the not-to-exceed compensation amount by an additional \$6,500,000 for a total not-to-exceed amount of \$34,600,420 with spending anticipated to occur as follows:

| Fiscal Year (FY) | Original 16-3425 | Amended 17-3425-A | 1st Amendment | 4th Amendment | 5th Amendment | 6th Amendment | Total |
|-------------------------|-------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| 2016/17 | \$1,031,050 | | | | | | \$1,031,050 |
| 2017/18 | \$288,000 | \$2,313,265 | | | | | \$2,601,265 |
| 2018/19 | | \$6,600,000 | | | | | \$6,600,000 |
| 2019/20 | | \$2,868,105 | \$825,000 | | | | \$3,693,105 |
| 2020/21 | | | \$900,000 | \$250,000 | | | \$1,150,000 |
| 2021/22 | | | \$900,000 | \$200,000 | | | \$1,100,000 |
| 2022/23 | | | \$375,000 | \$1,050,000 | | | \$1,425,000 |
| 2023/24 | | | | \$1,450,000 | \$2,000,000 | \$6,500,000 | \$9,950,000 |
| 2024/25 | | | | \$1,450,000 | \$2,000,000 | | \$3,450,000 |
| 2025/26 | | | | \$1,450,000 | \$1,500,000 | | \$2,950,000 |
| 2026/27 | | | | \$650,000 | | | \$650,000 |
| Total | \$1,319,050 | \$11,781,370 | \$3,000,000 | \$6,500,000 | \$5,500,000 | \$6,500,000 | \$34,600,420 |

The actual expenditures may differ from the estimated amounts in any given fiscal year presented in the table above. However, the total aggregate amount will not exceed \$34,600,420.

Fiscal Year 2023/24 funding in the amount of \$6,500,000 has been included in the proposed budget within the Information Technology Division, Account 54310 (Information Systems Consulting Services), Center 0640, Program 000, pending Board approval.

A Termination for Non-Appropriation of Funds Clause (also known as a Funding Out Clause) is included in the Agreement.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed Sixth Amendment as to form and legality.

DATE: MAY 31, 2023

PAGE 7 OF 7

SUBJECT: SIXTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A WITH WABTEC TRANSPORTATION SYSTEMS, LLC

TRANSMITTAL:

- 1. Sixth Amendment to Amended and Restated Agreement No. 17-3425-A

FIS Approval: *MB*
 CA Approval: *[Signature]*

Sheeba Varughese
 Sheeba Varughese
 dc=pola,dc=ishd,ou=HQ,
 ou=ITD,ou=USERS,ou=EMUP,
 cn=Sheeba Varughese,
 email=SVarughese@portia.or
 g
 2023.06.01 09:23:16 -07'00'

SHEEBA VARUGHESE
 Chief Information Officer

[Signature]
 Digitally signed by
 Thomas E. Gazsi
 Date: 2023.06.01
 10:06:06 -07'00'

THOMAS E. GAZSI
 Chief of Public Safety and
 Emergency Management

APPROVED:

Mark Bleavin
 FOR

EUGENE D. SEROKA
 Executive Director

ES:TG:SV

Transmittal 1

SIXTH AMENDMENT
TO AMENDED AND RESTATED AGREEMENT NO. 17-3425-A
BETWEEN THE CITY OF LOS ANGELES AND
WABTEC TRANSPORTATION SYSTEMS, LLC

THIS SIXTH AMENDMENT to the Amended and Restated Agreement No. 17-3425-A ("Agreement") is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and WABTEC TRANSPORTATION SYSTEMS, LLC ("Wabtec" or "Consultant") as follows:

1. Additional compensation in the amount of Six Million Five Hundred Thousand Dollars (\$6,500,000) is added to the Agreement.

2. Section V. Compensation and Payment, Subsection B, is hereby removed and replaced in its entirety, as follows:

"B. The maximum amount payable under this Agreement, including reimbursable expenses (See Exhibit A-1 Sixth Amendment and Exhibit B), shall be Thirty-Four Million Six Hundred Thousand Four Hundred Twenty Dollars (\$34,600,420)."

3. Section III. EFFECTIVE DATE AND TERM OF AGREEMENT Subsection B.2 is amended to read:

"2. The Board of Harbor Commissioners, in its sole discretion, terminates and cancels, all or part of this Agreement for any reason upon giving to Consultant thirty (30) days' notice in writing of its election to cancel and terminate this Agreement. Upon any such termination, Consultant shall invoice, and City shall pay, for all services performed and costs incurred up through and including the date of termination."

2. "Exhibit A-1 Fifth Amendment" is removed in its entirety and replaced with "Exhibit A-1 Sixth Amendment" which is attached hereto and made a part hereof.

3. Exhibit H, Section 11, Definitions, the definition for "Data Protection Plan" is amended to read:

"Data Protection Plan" means Consultant's Product Cybersecurity Policy (WC-P-ENG-800, Revision 0) and Information Security Policy (WC-P-SC-001, Revision 1), as those policies may be updated by Consultant from time to time with copies of updated documents provided to City."

Except as amended herein, all remaining terms and conditions of Amended and Restated Agreement No. 17-3425-A shall remain in full force and effect.

Subject to the provisions of Charter Section 373, the effective date of this Amendment shall be the date of its execution by the Executive Director upon authorization

of the Board. Consultant is aware that pursuant to Charter Section 373 and Administrative Code Section 10.5, this Amendment requires approval by City Council prior to becoming effective.

IN WITNESS THEREOF, the parties hereto have executed this Sixth Amendment to Amended and Restated Agreement No. 17-3425-A on the date to the left of their signatures.

THE CITY OF LOS ANGELES, by its
Board of Harbor Commissioners

Dated: _____


By _____
EUGENE D. SEROKA
Executive Director

Attest _____
AMBER M. KLESGES
Board Secretary

WABTEC TRANSPORTATION
SYSTEMS, LLC

Dated: Jun 1, 2023

By: 
Alan Fisher (Jun 1, 2023 10:51 CDT)
ALAN FISHER
Group Vice President
Digital Electronics

Attest: 
DON WAGNER
Vice President
Digital Sales

APPROVED AS TO FORM AND LEGALITY

June 1, 2023
HYDEE FELDSTEIN SOTO, City Attorney
Steven Y. Otera, General Counsel

By 
Heather M. McCloskey, Deputy

EXHIBIT A-1 (Sixth Amendment)

Statement of Work and Compensation

| Base Items | | Qty | Unit | Unit Price | Total Not-To-Exceed Amount |
|------------|---|-----|---------|--------------|----------------------------|
| A1 | TERMINAL Data Acquisition | 5 | Each | \$90,630.00 | \$453,150.00 |
| A2 | TERMINAL Data Implementation | 5 | Each | \$211,470.50 | \$1,057,352.50 |
| A3 | Export data functionality | 6 | Each | \$50,505.00 | \$303,030.00 |
| A4 | API Implementations | 6 | Each | \$15,500.00 | \$93,000.00 |
| A5 | SHIPPING LINE Data Acquisition | 11 | Each | \$83,077.67 | \$913,854.37 |
| A6 | SHIPPING LINE Data Implementation | 11 | Each | \$193,847.92 | \$2,132,327.12 |
| A7 | Enhanced data architecture to support the additional gov't data feeds available; and associated security requirements | 1 | Each | \$151,050.00 | \$151,050.00 |
| A8 | Hosting, Managed Services, Support | 24 | Monthly | \$76,923.07 | \$1,846,153.68 |
| A9 | Identified Enhancements (as per following pages) | 1 | Lot | \$367,200.00 | \$367,200.00 |
| A10 | RAILROAD: Data Implementation | 1 | Each | \$151,050.00 | \$151,050.00 |
| A11 | Contingency | TBD | TBD | TBD | \$2,618,748.00 |
| A12 | Pilot Drayage Application | 1 | Each | \$368,105.50 | \$368,105.50 |
| A13 | Automatic Ingestion of Delivery Orders from Trucking Companies | 1 | Each | \$100,000.00 | \$100,000.00 |
| A14 | Dangerous Goods Display Platform | 1 | Each | \$100,000.00 | \$100,000.00 |
| A15 | Ports Volumes Reports Page | 1 | Each | \$100,000.00 | \$100,000.00 |
| A16 | Hosting, Managed services and support, 11/4/2019-11/3/2022 | 36 | Each | \$25,000.00 | \$900,000.00 |
| A17 | Cyber Security enhancement platform monitoring and support, 11/4/2019-11/3/2022 | 36 | Each | \$25,000.00 | \$900,000.00 |
| A18 | Analytics platform monitoring and runtime | 36 | Each | \$25,000.00 | \$900,000.00 |

| | | | | | |
|-----|--|-----|---------|--------------|----------------|
| A19 | Empty Returns Enhancements | 1 | Each | \$100,000.00 | \$100,000.00 |
| A20 | Port Authority KPI Dashboard | 1 | Each | \$418,651.18 | \$418,651.18 |
| A21 | Container Life Cycle API Extensions | 1 | Each | \$100,000.00 | \$100,000.00 |
| A22 | API Store for Connected Port | 1 | Each | \$153,846.14 | \$153,846.14 |
| A23 | Purchase Order Tracking Pilot | 1 | Each | \$553,851.18 | \$553,851.18 |
| A24 | Dual Transaction Incentive Program | 1 | Each | \$250,000.00 | \$250,000.00 |
| A25 | Empty Availability Reporting | 1 | Each | \$50,000.00 | \$50,000.00 |
| A26 | Long-Range Volume Forecasting | 1 | Each | \$50,000.00 | \$50,000.00 |
| A27 | Extended Railroad Data Reporting | 1 | Each | \$50,000.00 | \$50,000.00 |
| A28 | On-Boarding Advanced API Connectivity | 1 | Each | \$50,000.00 | \$50,000.00 |
| A29 | Hosting, Managed Services, Support, 11/4/22 – 11/3/26 | 48 | Monthly | \$50,000.00 | \$2,400,000.00 |
| A30 | Analytics Platform, 11/4/22 – 11/3/26 | 48 | Monthly | \$25,000.00 | \$1,200,000.00 |
| A31 | Cyber Security Platform, 11/4/22 – 11/3/26 | 48 | Monthly | \$25,000.00 | \$1,200,000.00 |
| A32 | Contingency | TBD | TBD | TBD | \$1,250,000.00 |
| A33 | Gateway Project (FHWA Grant) – Year 1, See Exhibit I | TBD | TBD | TBD | \$2,000,000.00 |
| A34 | Gateway Project (FHWA Grant) – Year 2, See Exhibit I | TBD | TBD | TBD | \$2,000,000.00 |
| A35 | Gateway Project (FHWA Grant) – Year 3, See Exhibit I | TBD | TBD | TBD | \$1,500,000.00 |
| A36 | Control Tower Enhancement-Incentive program dashboard | 1 | Each | \$500,000 | \$500,000 |
| A37 | Universal Appointment System– Data Acquisition, Integration of 3rd Party API, UI Integration, Backend Pipeline Development | 1 | Each | \$2,000,000 | \$2,000,000 |
| A38 | Export Module (Phase 1) – Data Integration, UX | 1 | Each | \$1,000,000 | \$1,000,000 |

| | | | | | |
|------------------------|--|-----|------|-----------|------------------------|
| | Development, Data Acquisition, Backend integration | | | | |
| A39 | Warehouse Capacity Visibility (Phase 1)– Data Acquisition, UX development, 3rd Party API integration | 1 | Each | \$500,000 | \$500,000 |
| A40 | Control Tower Updates – Additional Control Tower dashboards, including trending for Vessels, gate moves, empties | 1 | Each | \$500,000 | \$500,000 |
| A41 | Data Services – Marine Exchange ETA/ATA Data | 12 | Each | \$2,500 | \$30,000 |
| A42 | Data Services – Envase Truck Turn Time Data | 12 | Each | \$7,000 | \$84,000 |
| A43 | Contingency | TBD | TBD | TBD | \$1,886,000 |
| A1-A43 Sub-Total | | | | | \$33,281,369.67 |
| Portal Pilot Sub-Total | | | | | \$1,319,050.00 |
| TOTAL: | | | | | \$34,600,419.67 |

Note: As-needed options will be issued via written directive from the Executive Director, or designee.

For the purpose of clarity, the items listed above, which include the Gateway Portal and all associated intellectual property rights (including without limitation the data generated by the Service Offering), are part of the Service Offering as that term is defined in Exhibit H of this Agreement and are therefore wholly owned by Consultant pursuant to Section XXI.C of this Agreement.

Description of Fifth Amendment Scope Items, A24-A35:

A24 – Dual Transaction Incentive Program Implementation and Management, including data acquisition and ingestion of additional Marine Terminal gate data in order to quantify and report Dual Transaction performance by trucking company, including performance metrics, via direct reports and user interface.

A25 – Empty availability reporting by carrier/by terminal, including specific values from SSLs, through color coded dashboard widgets within Port Optimizer Track and Trace/Control Tower. This would include data acquisition and implementation of new empty management data.

A26 – Long-range volume forecasting for both import and export cargo for the Port of Los Angeles. Including acquisition of import booking data from SSLs, data analysis of EDI 301 booking data, including advanced analytic metrics and reporting (via special reports and Control Tower user interface elements.)

A27 – Extended Railroad data reporting, including well-car performance metrics and additional Rail Gateway Performance Scorecard metrics. This will include data acquisition and implementation of

additional rail data from both Class 1 railroads that service the port complex as well as short line rail data from the PHL. Work would include both special reports and Port Optimizer Track and Trace/Control Tower UI development.

A28 – On-boarding-Advanced API connectivity for Truckers and BCOs, specifically focusing on TMS API connectivity within the LMC community to increase/attract more users via easy data access. Design and implementation of both read and write APIs to allow direct connection with LMC TMS systems, including acquisition and ingestion of LMC data into Port Optimizer Data Foundation. Speed-Cost associated with the ability to be agile and flexible for ‘go to market’ programs and projects as determined by the Port by shifting development teams work to speed-up/focus on delivery of the project.

A29 – Additional hosting as more data being ingested increases the cost of hosting.

A30 – Analytics platform monitoring and runtime

A31 – Cyber Security enhancement platform monitoring and support

A32 – Contingency

A33 – A35 – Port of Los Angeles Gateway Project. See Exhibit I - FHWA ATCMTD Award No. 693JJ32350006 Cooperative Agreement, Section A.6 Deliverables. Specific yearly deliverables to be agreed upon between Wabtec and the Port of Los Angeles and defined through Port of Los Angeles directives and to be aligned to Exhibit I – Section II – Summary Budget Information.

Description of Sixth Amendment Scope Items, A36 – A43:

A36 – Control Tower Additions including the following new sections: Single/Dual Transactions by day with rolling 30-day view; Truck/Rail Gate move chart showing total moves per day by modality for a rolling 30-days; 30-day rolling average trend charts for all “on-terminal” containers, including loaded, empty, and exports; Incentive Program maintenance dashboard, with detailed information of dual/single transactions, average turn times, monthly percentage of duals, and Incentive program TEU counts for all POLA terminals, updated monthly

A37 – Universal Appointment System (Phase 1) – Addition of a universal appointment system into Port Optimizer Track and Trace that would allow users to create/change/delete appointments at all six POLA marine terminals through a single user interface, including visibility of required truck/load information through connections into the existing terminal appointment systems. Users will have the ability to view open slots across all terminals and make selections through a graphical interface. Real-time appointment KPIs per customer/per terminal will be available based on usage.

A38 – Export Module (Phase 1) – Improved monitoring of export cargo into the Port of Los Angeles utilizing carrier/CBP manifest data, rail data, and truck data, including visibility into Port Optimizer Track and Trace and Port Optimizer Control Tower. Control Tower will include new Export data modules with both current and historical data trends, advanced export visibility and improved container availability metrics.

A39 – Warehouse Capacity Visibility (Phase 1) – Visibility of warehouse capacity within Southern California/other defined regions through integration with existing warehouse management systems (i.e. Majestic, SAP, etc.) Creation of visibility dashboards within Port Optimizer Control Tower including ability to search by region through geo-mapping

A40 – Control Tower Updates – Additional Port Optimizer Control Tower dashboards displaying cargo trends at the Port of Los Angeles, including dwell, turn-times, velocity, and capacity.

A41 – Data Services (Marine Exchange) – Costs associated with acquisition of Vessel ETA/ATA information for both POLA and POLB, including API feed ingestion and processing of data.

A42 – Data Services (Envase) – Costs associated with acquisition of Truck Turn Time data for all terminals at POLA and POLB, including near-real time updates of on-terminal and outside the gate queue wait times including API feed ingestion and processing of data.

A43 – Contingency

Definitions:

API: Application program interface (API) is a set of routines, protocols, and tools for building software applications. (Terminal operators have requested to have data to interface with their specific TO systems via API.)

Contingency: Unforeseen Work, including but not limited to design and requirements analysis for potential future feature/functions; additional feature/functions (example, empty container returns), and other work required to accomplish City's objectives for the portal. Negotiated price may be lump sum or hourly. If hourly, the rate shall be \$225/hour.

Data acquisition: Interaction with customer (along with POLA), determining data availability, initial data analysis, data communications establishment and initial data throughput testing.

Data implementation: Parsing, mapping, filtering, cleansing of customer data to meet the requirements of the portal.

Export data functionality: Includes the export data relevant at APMT to enable a more enhanced view of empty container return information, as well as relevant export information visibility to assist in facilitation of more efficient export throughput.

Hosting, Managed Services, Support: Includes the hosting in a cloud environment, essential managed services to support the onboarding and usage of the tool, streamlined management of BCO data, Wabtec's 24 x 7 customer support. Also includes the general maintenance enhancements from pilot phase 1 input received and prioritized jointly between POLA and Consultant.

Wabtec 6th Amendment

Operating Budget

| | | | |
|---------------------------|---------------------------|-------------------------------|-----------------------------------|
| Account # | 54310 | W.O. # | |
| Ctr/Div # | 0640 | Fac. # | |
| Proj/Prog # | 000 | | |
| Budget FY: | | Amount: | |
| 23/24 | | \$9,950,000 | |
| 24/25 | | \$3,450,000 | |
| 25/26 | | \$2,950,000 | |
| 26/27 | | \$650,000 | |
| TOTAL | | \$17,000,000 | |
| | | | |
| | | | |
| | | | |
| For Acct Div. Use Only: | | | |
| Verified by: | <i>Melody M. Uggaldie</i> | Melody M. Uggaldie | 2023.05.31 16:09:05 -07'00' |
| Verified Funds Available: | <i>Fallie</i> | Digitally signed by Frank Liu | Date: 2023.06.01 08:33:16 -07'00' |
| Date Approved: | | 6/1/23 | |

Presentation

Port Optimizer

Eugene D. Seroka, Executive Director

June 07, 2023



HOW WE GOT HERE



TRAPAC
(POLA)
YTI (POLA)
ITS (POLB)
WBCT (POLA)

ALLIANCES

CHASSIS

LABOR

WHAT WE WANTED TO DO



PROOF OF CONCEPT



DATA SOURCING



RFP & PILOT

PORT OPTIMIZER™: TRACK AND TRACE



NYKU8489129

Outgated

-

| | | | | |
|----------------------------------|----------------------------------|--------------------------|---------------------------------|------------------------|
| BOL TYOD27730800, TYOBWL95086 | SHIPPING LINE ONE LINE | CUSTOM HOLDS Cleared | ORIGIN PORT - | OWNER - |
| VESSEL ONE HENRY HUDSON | ATA 25 Mar 03:00 | VOYAGE NO. 086E | DESTINATION PORT Los Angeles | CUSTOM - |
| TERMINAL YTI | BERTH 214 | YARD LOCATION - | TERMINAL HOLDS Cleared | CUSTOM 2 - |
| LAST FREE DAY - | OUT GATED TIME 30 Mar 08:55 | MODALITY (SCAC) - | CHASSIS NO. FVKZ10143 | OTHER HOLDS Cleared |
| TYPE CODE 40'DV | HAZARDOUS - | APPT STATUS Fulfilled | APPT TIME - | |

PORT OPTIMIZER™: THE SIGNAL



Quickview Dashboard

VESSELS AT BERTH

Current

7

AVERAGE TIME AT BERTH

Based on Last 30-Day Rolling Average

3.7 DAYS

TOTAL PLANNED VESSELS

91

TOTAL PLANNED CONTAINERS

200,936

Import Volumes

MAY 28 - JUN 03 (WK 22)

85,298 TEU

SCHEDULED VESSELS: 18

Change from previous week ▼ 1.78%

Change from previous year ▼ 17.80%

JUN 04 - JUN 10 (WK 23)

107,291 TEU

SCHEDULED VESSELS: 23

Change from previous week ▲ 25.78%

Change from previous year ▼ 1.51%

JUN 11 - JUN 17 (WK 24)

105,934 TEU

SCHEDULED VESSELS: 18

Change from previous week ▼ 1.27%

Change from previous year ▼ 7.06%

PORT OPTIMIZER™: THE RETURN SIGNAL



APMT

| SHIPPING LINE | TERMINAL SHIFT | 20ST | 40ST | 40HC | 45 | 20RF | 40RF | FLAT | SPECIAL |
|-----------------|----------------|------|------|------|-----|------|------|------|---------|
| CMA-CGM/APL/ANL | Shift1 | Yes | Yes | Yes | Yes | No | No | No | No |
| | Shift2 | Yes | Yes | Yes | Yes | No | No | No | No |
| Cosco | Shift1 | No | No | No | No | No | No | No | No |
| | Shift2 | No | No | No | No | No | No | No | No |
| Evergreen | Shift1 | Yes | Yes | Yes | Yes | No | No | No | No |
| | Shift2 | Yes | Yes | Yes | Yes | No | No | No | No |
| MSC | Shift1 | Yes | Yes | Yes | Yes | No | No | No | No |
| | Shift2 | Yes | Yes | Yes | Yes | No | No | No | No |
| Maersk | Shift1 | Yes | Yes | Yes | Yes | Yes | Yes | No | No |
| | Shift2 | Yes | Yes | Yes | Yes | Yes | Yes | No | No |
| SM Lines | Shift1 | No | No | No | No | No | No | No | No |
| | Shift2 | No | No | No | No | No | No | No | No |

PORT OPTIMIZER™: CONTROL TOWER

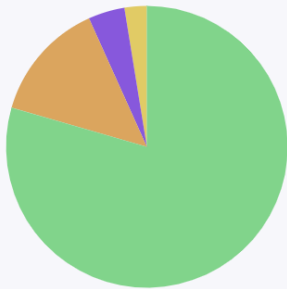


LOADED IMPORTS

LOADED EXPORTS

EMPTIES

PORT OF LOS ANGELES



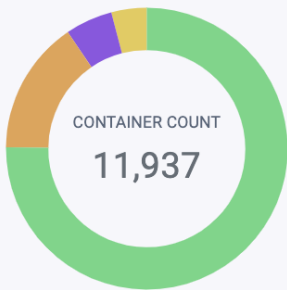
| 0-4 Days | 5-8 Days | 9-12 Days | 13+ Days |
|----------|----------|-----------|----------|
| 29,957 | 5,190 | 1,575 | 965 |

CONTAINER COUNT
37,687

CURRENT AVERAGE (DAYS)
3.1

| APMT | ETS | FMS | TRPC | WBCT | YTI |
|------|-----|-----|------|------|-----|
| 5.0 | 1.9 | 3.0 | 3.3 | 1.9 | 3.7 |

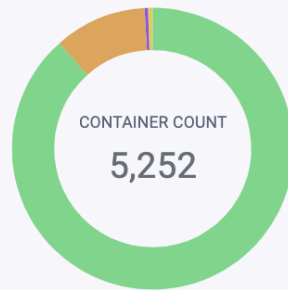
APMT



| 0-4 Days | 5-8 Days | 9-12 Days | 13+ Days |
|-------------|-------------|-----------|----------|
| 8,971 75.2% | 1,833 15.4% | 647 5.4% | 486 4.1% |

CONTAINER COUNT
11,937

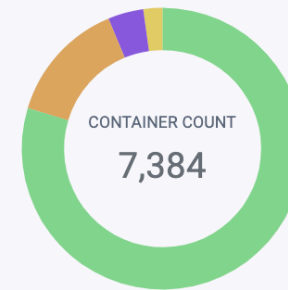
EVERPORT



| 0-4 Days | 5-8 Days | 9-12 Days | 13+ Days |
|-------------|-----------|-----------|----------|
| 4,645 88.4% | 558 10.6% | 20 0.4% | 29 0.6% |

CONTAINER COUNT
5,252

FMS



| 0-4 Days | 5-8 Days | 9-12 Days | 13+ Days |
|-------------|-------------|-----------|----------|
| 5,881 79.6% | 1,039 14.1% | 301 4.1% | 163 2.2% |

CONTAINER COUNT
7,384

PORT OPTIMIZER™: HORIZON



Total Volumes by ATA: 6 Month Prediction

Port Optimizer™ Horizon provides a 6-month prediction of expected cargo volumes at the Port of Los Angeles using predictive analytics based on historical and planned cargo volumes.

Port of Los Angeles

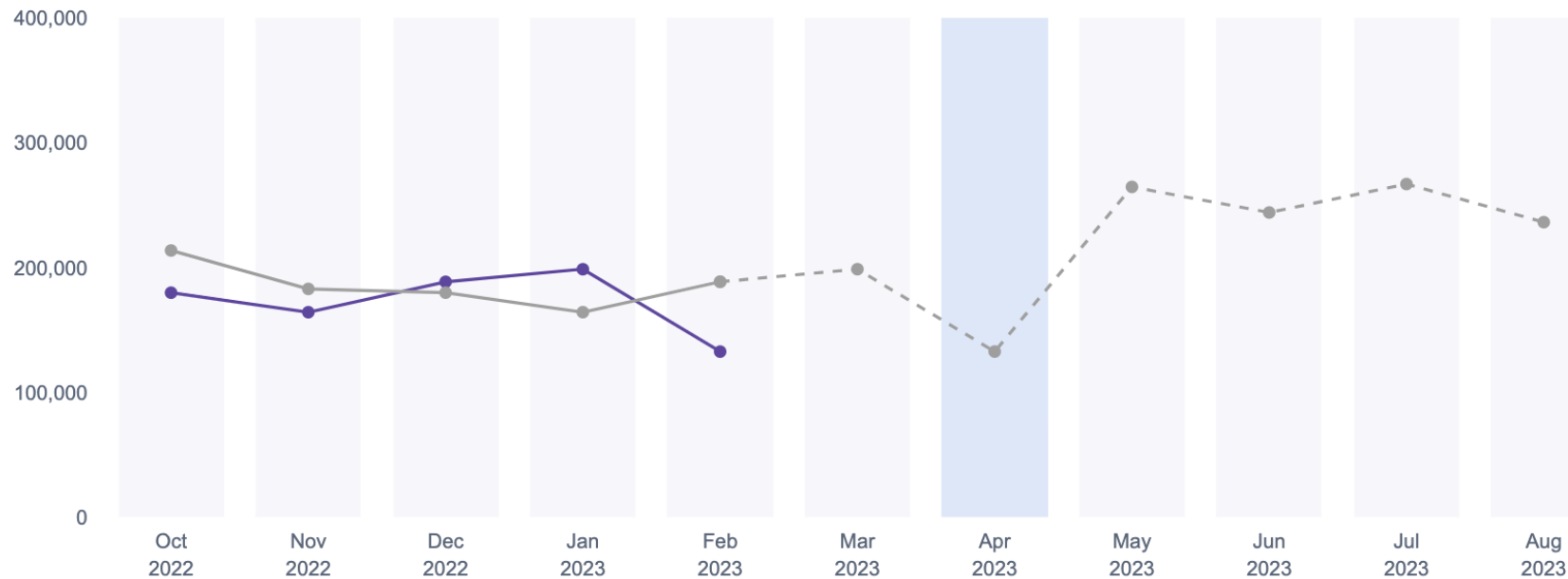


Chart Settings

Port of Los Angeles

Unit of Measure

TEU

Container

Container Status

Import Loaded

Export Loaded

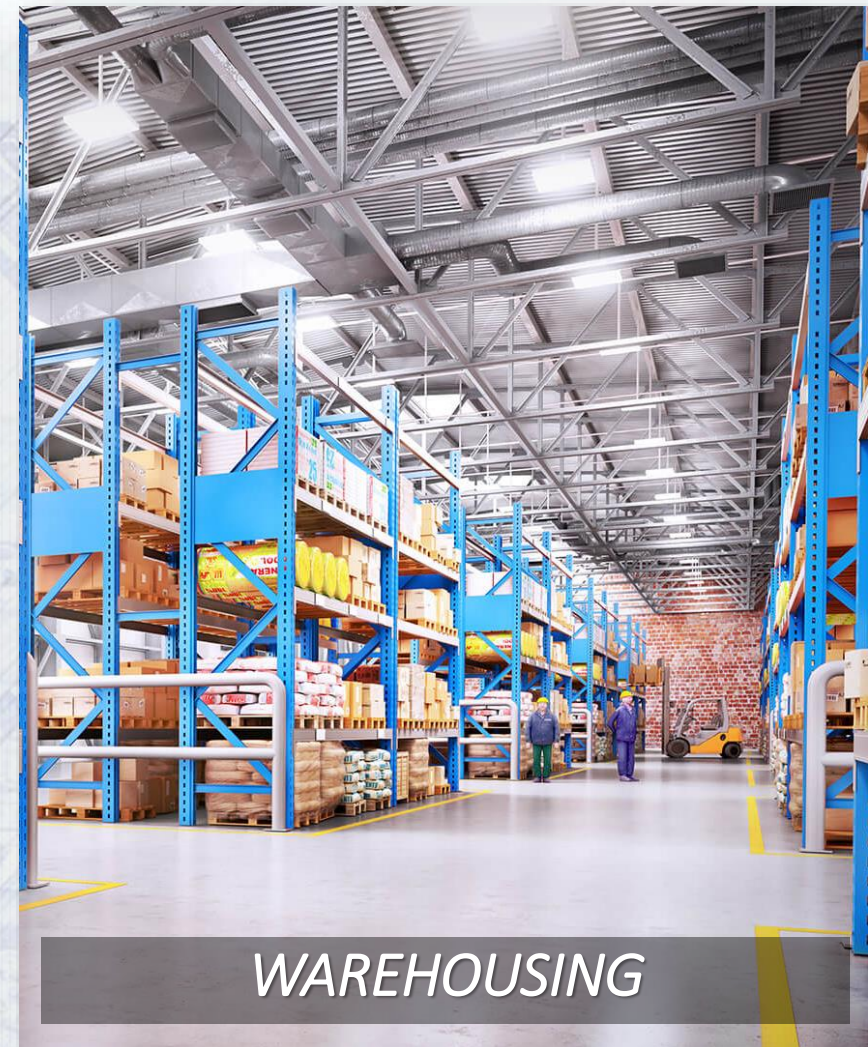
Export Empty

Selected Month Prediction 133,108

Proposed Predicted Range 118,789 - 147,427

2 Month Average Percent Difference 10.76 %

UPCOMING INITIATIVES

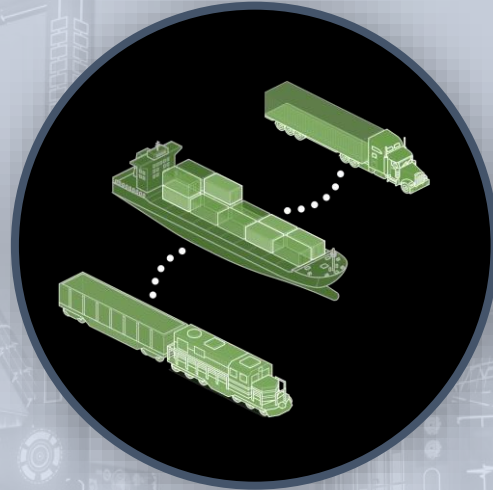


ROAD TO THE DIGITAL SUPPLY CHAIN



CARGO VISIBILITY

4455678
4447978
4397765



CARGO OPTIMIZATION



FUTURE INITIATIVES

Track & Trace
Control Tower
API Store

Cargo Analytics
Land/Ocean Asset
Tracking

Unified Appointment System
Environmental Initiatives

Cargo Routing &
Supply Chain
Optimization

API Enhancement
Next-Gen
Optimization

Proposed Sixth Amendment to Agreement No. 17-3425-A with Wabtec Transportation Systems



Sheeba Varughese
Chief Information Officer
June 07, 2023

Sixth Amendment to the Amended and Restated Agreement with Wabtec Transportation Systems, LLC. (Agreement No. 17-3425-A):

- Enhance the Port Optimizer Control Tower
- Implement three new modules (Phase 1)
- Clarify certain contract terms
- Contingency for as-needed development
- Increase the not-to-exceed compensation amount by \$6,500,000

CURRENT STATE

Port Optimizer Suite Implemented:

- Control Tower: Operational insights for improved planning
- Track & Trace: Real-time container tracking with 15+ day advanced visibility
- API Store: Modern and responsive APIs for seamless data integrations

Project Scope Completed:

- Data from 11 Terminals (full access for 6 Terminals)
- 15+ Vessel Operators
- US Customs and Border Protection
- 1300+ Registered Users
- Railroads
- Other Supply Chain Stakeholders

Goals Achieved:

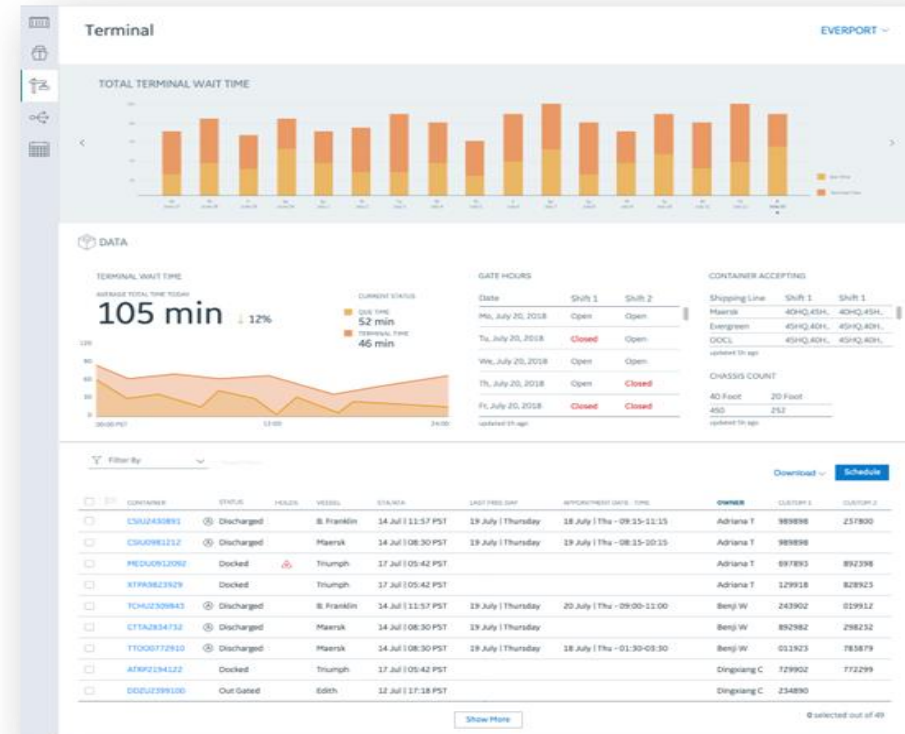
- Increased supply chain performance
- Increased Visibility
- Improved Predictability and Reliability
- Increased Throughput
- Improved Efficiency
- Single View to all POLA Terminals

PROPOSED SIXTH AMENDMENT

- Control Tower Enhancements
- Implementation of three new modules:
 - Universal Appointment System (Phase 1)
 - Export Visibility (Phase 1)
 - Warehouse Capacity Visibility (Phase 1)
- Contingency for as-needed development
- Clarification of certain contract terms
- No change in term (year), increase not-to-exceed amount by \$6,500,000

UNIVERSAL APPOINTMENT SYSTEM

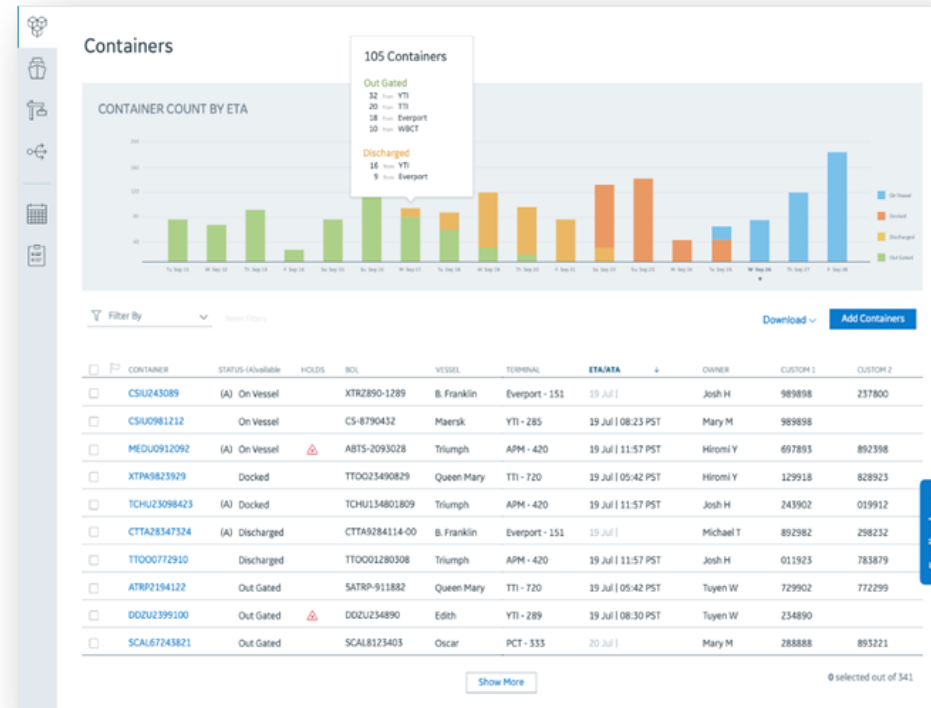
- Potentially connecting 6 to 9 terminals in San Pedro Bay
- Allow trucking companies to add/delete/change appointments through a single, common user application
- Port-wide appointment KPIs



Phase 1 includes the core appointment scheduling functionality and user interface design and implementation.

EXPORT MODULE

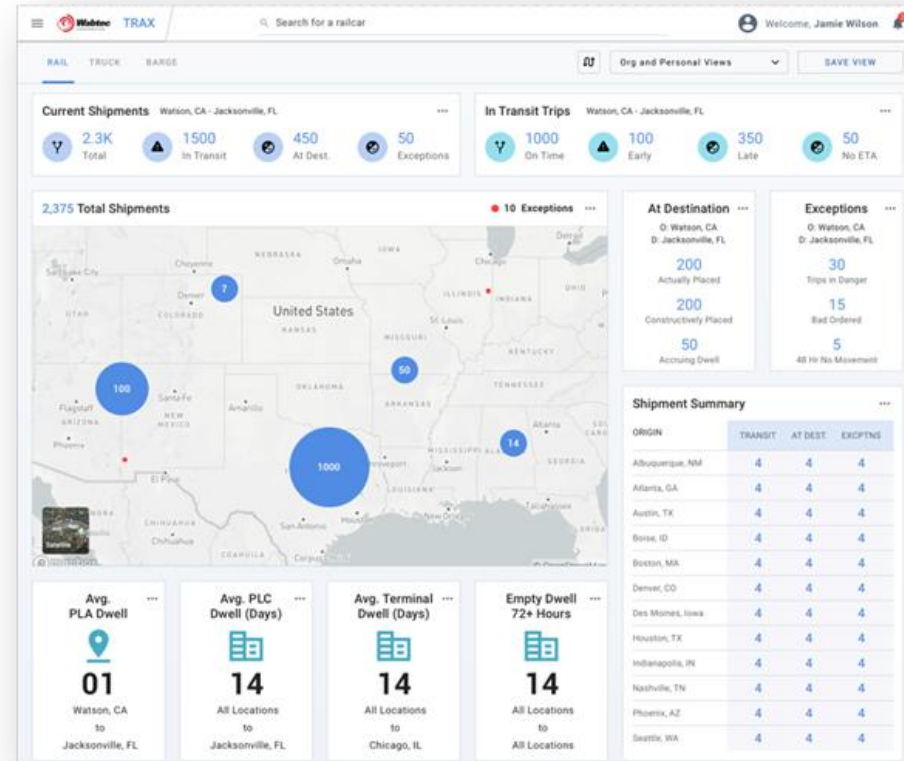
- Improved monitoring of export cargo
- Visibility by carrier, by terminal, and by mode
- Advanced visibility of expected export cargo
- Improved equipment availability metrics



Phase 1 will focus on data acquisition and integration of data into the Port Optimizer Data Foundation, initial testing and quality assurance

WAREHOUSE CAPACITY VISIBILITY

- Visibility of warehouse capacity within Southern California/Other defined regions
- Control Tower dashboard integration
- Searchable interface by region and geo-mapping



Phase 1 includes project discovery with required stakeholders, initial data acquisition and integration within the Port Optimizer Data Foundation.

BUDGET



| Agreement | Term | Budget | Expenditure |
|--------------------------------|-------------------|------------------------|------------------------|
| Pilot Project | 11/4/16 - 11/3/17 | \$1,319,050.00 | \$1,163,050.00 |
| Amended and Restated Agreement | 11/4/17 - 11/3/19 | \$11,781,370.00 | \$10,086,917.31 |
| Amendment 1 | 11/4/19 - 11/3/22 | \$3,000,000.00 | \$3,368,105.50 |
| Amendment 2 | no change | no change | \$618,651.18 |
| Amendment 3 | no change | no change | \$707,697.32 |
| Amendment 4 | 11/4/22 - 11/3/26 | \$6,500,000.00 | \$2,350,000.00 |
| Amendment 5 | no change | \$5,500,000.00* | |
| Proposed Amendment 6 | no change | \$6,500,000.00 | |
| Total | | \$34,600,420.00 | \$18,294,421.31 |

* \$3M is reimbursable by FHWA Advanced Transportation Congestion Management Technologies Development (ATCMTD) grant.

STAFF RECOMMENDATION

Staff Recommends that the Board:

- Approve the Sixth Amendment to the Amended and Restated Agreement (Agreement No. 17-3425-A) to enhance the Port Optimizer, begin implementation of three new modules, clarify certain contract terms, include contingency for as-needed development, and increase the not-to-exceed compensation amount by \$6,500,000.

THANK YOU

