



THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 1, 2022

FROM: EXECUTIVE OFFICE

**SUBJECT: RESOLUTION NO. _____ – APPROVAL OF AMENDED
PUBLIC ACCESS INVESTMENT PLAN**

SUMMARY:

Staff requests approval of the Amended Public Access Investment Plan (Amended Plan), which updates the 2015 Board of Harbor Commissioners (Board) approved ten-year budgetary guidelines for continued development and operations of the LA Waterfront at the Port of Los Angeles (Port) and Port-related public benefit programs. The 2022 Plan updates the original Plan, which is set to expire at the end of Fiscal Year 2024/2025. The Amended Plan continues the budgetary guideline to allocate ten percent (10%) of the City of Los Angeles Harbor Department's (Harbor Department) annual Operating Income to build LA Waterfront public access projects, with the added clarification that purpose-directed funds collected from third parties be excluded from Operating Revenue. Additionally, the Amended Plan aligns the public access project reporting and selection process with the Harbor Department's five-year Capital Improvement Program and annual budget process to continue the Harbor Department's commitment to investing in the LA Waterfront in a transparent, sustainable and predictable manner. Consistent with the Los Angeles City Charter, the Amended 2022 Plan will not limit future Board discretion or authority to revise the Amended Plan or budget allocations for public access projects and annual spending, which remain subject to Board approval through the annual budget process.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed project 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 Amended Public Access Investment Plan; and
3. Adopt Resolution No. _____.

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DISCUSSION:

Background – On February 19, 2015, the Board approved the Public Access Investment Plan, which provides a transparent, sustainable, and predictable ten-year investment strategy for public access projects and other public benefit programs. The original plan proposed a total annual allocation for new public access capital projects based on ten percent (10%) of the Harbor Department's Operating Income. The plan was originally established for a ten-year period from 2015 to 2025.

Progress to Date – Harbor Department allocation for waterfront projects is estimated to total approximately \$261 million over the first ten years of the plan. This 30 percent increase over the initial estimate of \$200 million is a result of record-breaking cargo volumes at the Port of Los Angeles in recent years. Allocation for a given Fiscal Year is based on the previous fiscal year's Operating Income. For example, the allocation for fiscal year 2015/2016 is based on the Operating Income from Fiscal Year 2014/2015. The approximately \$261 million allocation is based on seven years of confirmed Operating Income results with future allocations for Fiscal Years ending in 2023, 2024, and 2025 as estimated projections. Allocations are identified in the Table 1 with future annual projections in italics.

Table 1

FISCAL YEAR	PAIP ALLOCATION
2015/2016	\$21,300,000
2016/2017	\$20,987,000
2017/2018	\$24,686,000
2018/2019	\$25,381,000
2019/2020	\$26,600,000
2020/2021	\$19,410,000
2021/2022	\$29,804,000
2022/2023	<i>\$31,417,000</i>
2023/2024	<i>\$29,406,000</i>
2024/2025	<i>\$31,984,000</i>
TOTAL	\$260,975,000

Waterfront projects funded through the Public Access Investment Plan allocation were selected by the Harbor Department with close collaboration and input from LA Waterfront Stakeholders. In 2015, a first slate of LA Waterfront Projects were approved by the Board as part of the Public Access Investment Plan, with support from the San Pedro Neighborhood Councils (Central, Coastal, and Northwest), San Pedro Chamber of Commerce, Wilmington Neighborhood Council, and Wilmington Chamber of Commerce. The Harbor Department conducted additional outreach to identify additional projects in 2019 and early 2020. These projects were reviewed and prioritized by the Harbor Department. To the extent that projected allocated funds remained within the Public Access Investment Plan funding guidelines, projects from the second round of outreach were implemented.

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Projects currently identified to be funded by the Public Access Investment Plan total approximately \$234.6 million. Projects that have completed construction total \$82.4 million. Projects in various stages of planning, design, and construction account for \$152.2 million. Of the approximate \$234.6 million, \$102.0 million will be invested in San Pedro and \$132.6 million in Wilmington. PAIP projects and costs for San Pedro and Wilmington are identified below in Table 2.

Table 2

SAN PEDRO PROJECTS	COST	STATUS
Harbor Blvd & 7th Street Intersection	\$15.3 M	Complete
West Harbor Promenade and Town Square	\$58.2 M	Complete
Harbor Blvd. from Miner St. to SP Slip	\$8.9 M	Complete
Ferry Building Commercial Landing	(Part of Town Square)	Complete
West Harbor Promenade Phase II	\$16.5 M	In Progress
San Pedro Waterfront Connectivity Plan	\$0.5 M	In Progress
Harbor Boulevard Parkway Improvements	\$1.4 M	In Progress
Cabrillo Marine Aquarium (LifeSupport System)	\$1.2 M	In Progress
SAN PEDRO TOTAL	\$102.0 M	
WILMINGTON PROJECTS	COST	STATUS
Wilmington Waterfront Promenade	\$71.1 M	In Progress
Wilmington Youth Sailing Center	\$4.5 M	In Progress
Avalon Promenade & Gateway Phase 1	\$23.8 M	In Progress
Avalon Promenade & Gateway Phase 2	\$33.2 M	In Progress
WILMINGTON TOTAL	\$132.6 M	
PAIP TOTAL	\$234.6 M	

Amended Plan – The Amended Plan (Transmittal 1) would continue the budgetary guideline to allocate ten percent (10%) of the Harbor Department’s annual Operating Income to build LA Waterfront public access projects. The Amended Plan will embed this budgetary guideline in the Harbor Department’s annual budget process and align future year planning and allocation with the existing five-year Capital Improvement Plan as depicted in attached LA Waterfront excerpt from the Capital Improvement Plan (Transmittal 2). Initially, remaining projects already prioritized in 2019/2020 will be implemented based on available projected funding. At the point where additional projects are needed to match new projected funding allocations, a public engagement process to prioritize new projects will be initiated similar to the process completed at the beginning of the PAIP and in 2019/2020. Extensive lead time for capital projects is often necessary, as time is needed for budgetary allocation, planning, design, environmental, and construction phases of the project. Community input on preferred projects at that early phase is critical to the successful selection of projects.

Additionally, Operating Revenue under the Amended Plan will be defined to exclude, purpose-directed funds collected from third parties. Examples include, but are not limited to: environmental document reimbursements, Marine Oil Terminal Engineering and Maintenance Standards reimbursements, Clean Truck Program rates and fees, and Harbor Maintenance Tax funding.

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Under the Amended Plan, additional allocations would allow the Harbor Department to fund new LA Waterfront projects and the Harbor Department will increase transparency related to budget allocations, project budgets, project completion status and future prioritized projects. The community engagement process will continue to include reporting on budgetary allocations for existing projects and funding availability for new projects through annual budget presentation public hearings. In addition to the annual budget presentations annual updates and presentations will be incorporated into the LA Waterfront website at the www.lawaterfront.org to provide continual access for the public to the most recent Amended Plan information including budget allocations, project budgets, project completion status and future prioritized projects.

The Los Angeles City Charter Section 320 - Expenditure Programs requires that all City departments' expenditure plans must be subject to the future Board or decision-making body's budget appropriations through the City budget process. Therefore, implementation of the Amended Plan and its guidelines continue to be subject to Board approval through the annual budget process. The percentage of Operating Income allocated annually and specific amount allocated to projects annually will be determined by the Board during the Harbor Department's annual budget process with consideration to the Harbor Department's economic and financial outlook. The Amended Plan's budget guidelines do not limit Board authority, including annual Board budget and ongoing project approvals. The Board will retain its full discretion to approve budget and project priorities to best manage the Harbor Department's assets and funds.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Amended Plan, which is an administrative activity. This action is limited to the administrative approval and does not obligate the Harbor Department to undertake any specific development or construction project. Individual projects implemented with the use of funding will be subject to separate environmental review by the lead agency with jurisdiction over the project. 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:

Implementation of the proposed Amended Plan will be in conformance with the Board-adopted Financial Policies, which seeks to balance prudently the Harbor Department's core business requirements and public access priorities with its financial resources. This action does not authorize funding for various projects and/or programs. Any funding for the Amended Plan will be requested to be budgeted as part of the annual budget adoption process, which is subject to Board approval.

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CITY ATTORNEY:

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

TRANSMITTALS:

1. 2022 Public Access Investment Plan
2. Capital Improvement Plan - LA Waterfront Excerpt

FIS Approval: MB
CA Approval: JC



for EUGENE D. SEROKA
Executive Director

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