

City of Los Angeles Harbor Department
DRAFT TRANSMITTAL 1



2019 PROPOSED ANNUAL BUDGET REPORT 2020





PORT OF LOS ANGELES

PROPOSED
ANNUAL BUDGET
FISCAL YEAR 2019/20

Los Angeles Board of Harbor Commissioners

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Prepared by the Financial Planning & Analysis Division



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

Fiscal Year 2019/20 Proposed Annual Budget

Contents

FISCAL YEAR 2018/19 IN REVIEW	1
FY 2019/20 PROPOSED ANNUAL BUDGET OVERVIEW	8
OPERATING BUDGET.....	9
CAPITAL BUDGET.....	11
STRATEGIC INITIATIVES HIGHLIGHTS	15
HARBOR REVENUE FUND REPORT	22
COMPARATIVE STATEMENT OF OPERATIONS	23
REPORT OF REVENUES	24
REPORT OF EXPENSES	25
CAPITAL PROJECTS REPORT	26



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

Fiscal Year 2019/20 Proposed Budget

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

As the busiest container port in the Western Hemisphere, the Port of Los Angeles is the nation's premier gateway for international trade. As America's Port®, it serves as a global model for sustainability, security, and social responsibility.

The Port is a global hub for commerce both regionally and nationally, and is among Southern California's strongest industries in terms of economic activity and job creation. It is widely recognized for its innovation, leadership, and sustainable approach to goods movement, consistently demonstrating that economic growth and a clean environment are achievable together.

FISCAL YEAR 2018/19 IN REVIEW

Calendar Year (CY) 2018 cargo volumes of 9,458,749 Twenty-Foot Equivalent Units (TEUs) represented the highest calendar year volumes ever recorded in the Port's 112-year history. Buoyed mostly at the macroeconomic level by a generally robust U.S. economy, low unemployment, and tariff-induced surges of imports in the U.S. retail and manufacturing sectors, CY 2018 became another record-breaking year. The Port also set an all-time new monthly volume record in October 2018, processing 952,554 TEUs, the highest monthly volume ever reported by a North American port.

Overall, CY 2018 volumes represented a 1.2% increase relative to the prior calendar year record of 9,343,193 TEUs handled in CY 2017. Furthermore, CY 2018 was the third consecutive year of record cargo volumes at the Port and the most cargo moved annually by a Western Hemisphere port.

Import & Export Statistics

CY 2018 loaded imports of 4,870,582 represented a 3.3% increase relative to the 4,716,089 imported loads handled in CY 2017. CY 2018 empty inbound containers of 164,712 increased by 21.6% relative to the 135,460 empty imports handled in CY 2017. Aggregate CY 2018 TEU imports of 5,035,294 represented a 3.8% increase against the 4,851,549 TEU imports processed in CY 2017.

CY 2018 loaded exports of 1,904,054 were approximately flat versus the 1,899,934 exported loads handled in CY 2017. CY 2018 empty outbound containers of 2,519,401 decreased by 2.8% relative to the 2,591,710 empty exports handled in CY 2017. Aggregate CY 2018 TEU exports of 4,423,455 represented a 1.5% decline against the 4,491,644 TEU exports processed in CY 2017.

Leadership

The past year also saw several changes on the Port's oversight body, the Los Angeles Board of Harbor Commissioners. In January 2019, the Port community mourned the passing of Board Vice President David Arian. The eight-year Board veteran and long-time voice for labor lost his battle with cancer in January. Los Angeles Mayor Garcetti nominated labor advocate and attorney, Diane L. Middleton, as his replacement, a recommendation approved unanimously by the Los Angeles City Council in February 2019.

Milestones

The past year was also marked by several milestones, including completion of and recognition of key Port Capital Improvement Projects, continued investment in both physical and digital infrastructure, as well as other enhancements to ensure the reliable, safe, and efficient conveyance of cargo through the Port. The LA Waterfront continued to grow in popularity, as progress continued on several new developments, and the Port announced new opportunities for interested developers and investors. During the year, several industry-leading environmental programs also got off the ground as part of the Port's updated Clean Air Action Plan (CAAP), which focuses on bringing more zero and near-zero emission cargo-operating equipment and vehicles to the San Pedro Bay Port Complex.

CAPITAL IMPROVEMENTS

Ongoing capital improvements at the Port are essential to offering and delivering a world-class experience to customers. In addition to completed projects, the Port currently has several others in



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

Fiscal Year 2019/20 Proposed Budget

various stages of construction, design, and environmental review.

Completed:

- **Harbor Boulevard Roadway Improvements Project** – Construction for realigning Harbor Boulevard (previously known as Sampson Way) began in October 2016 and includes a new signalized intersection at Harbor Boulevard and Miner Street, south of 7th Street, with Harbor Boulevard now flowing directly into the site of the soon-to-be-built San Pedro Public Market. New marked crosswalks with pedestrian access and wayfinding cues provide improved and direct community access to the LA Waterfront and its amenities. Completed in August 2018, the project also includes an expansion of San Pedro Plaza Park overlooking the LA Waterfront. The total cost of the project was approximately \$15.7 million with \$4.9 million of it paid for through a grant from the Los Angeles County Metropolitan Transportation Authority. The project has since received awards from the American Public Works Association’s Southern California Chapter and the Metropolitan Los Angeles Branch (MLAB) of the American Society of Civil Engineers.



- **Berth 161 – Marine Ways Modifications** – Through this project, a dry dock was constructed to contain work debris and runoff from vessels pulled out of the water during maintenance. Started in July 2018, the work included dredging; grading; paving; and the

installation of sheet piling, a trench drain, grease interceptor, sewer lines, and a new crane for gate operations. The project was completed in January 2019 at a cost of \$3.1 million.

Under Construction:

- **Berths 226-236 – Everport Container Terminal Improvements** – The Los Angeles Harbor Commission certified the Final Environmental Impact Statement/Report in October 2017 for the proposed \$65.1 million Everport Container Terminal Improvements Project. In order to accommodate larger next-generation vessels, Berths 226-229 and Berths 230-232 will be increased to depths of -53 feet, and -47 feet respectively. The project also includes the construction of an additional 1.5 acres of backland and electrical improvements for five new Alternative Maritime Power (AMP®) connections. Design was completed in November 2018 with construction estimated to begin in summer of 2019. The Port is expecting \$5.4 million to be reimbursed from a Proposition 1B Trade Corridors Improvement Fund (TCIF) grant. The project is estimated to be completed in spring of 2021.
- **Berths 196-199 – WWL Wharf Rehabilitation** – This project will restore the wharves at Berths 196-199 to their original design capacities. Construction started in August 2017, and consists of repairing and replacing damaged concrete and timber piles, cap beams, joists, bracing and decks. The estimated project cost is \$14.3 million and is scheduled for completion in summer of 2019.
- **Berth 200 – Rail Yard and Track Connections Enhancements** – This project involves the construction of a new drainage collection system and the relocation of Department of Water & Power (DWP) waterlines located beneath the railroad track grade. Construction began in April 2019 is estimated to be completed in spring of 2020. Total project cost is \$6.7 million.



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

Fiscal Year 2019/20 Proposed Budget

In Design:

- San Pedro Public Market** – Plans for the San Pedro Public Market include 16 acres of restaurants, shops, markets, office space, an open-air amphitheater for live entertainment, and a waterfront promenade with ample outdoor space. Design for the waterfront promenade and Town Square was completed in January 2019 and Port construction is scheduled to begin in summer 2019 at a total project cost of \$58.6 million. The developer, San Pedro Public Market LLC (the Ratkovich Company and Jerico Development) is slated to invest approximately \$100.0 million in the redevelopment. The San Pedro Public Market is expected to open by summer of 2021.
-
- Wilmington Waterfront Promenade** – Creating a “window on the waterfront” for the Wilmington community, this project includes a waterfront promenade, pedestrian plaza, parking lot, realignment of Water Street adjacent to the railroad tracks, and parking northwest of Banning's Landing Community Center. Project improvements to the eight-acre site will also include landscaping, irrigation, signage, lighting, as well as site furnishings such as public seating, bike racks, and public drinking fountains. Design is expected to be completed in summer of 2019 with construction beginning in December 2019 at a total project cost of \$52.7 million, paid for by the Port of Los Angeles. Estimated completion in winter of 2022.
 - Avalon Promenade and Gateway Project** – A companion piece to the Wilmington Waterfront Promenade, this project involves the construction of a pedestrian bridge along Avalon Boulevard to provide pedestrian access to the future Wilmington Waterfront Promenade. In February 2017, the Los Angeles Harbor Commission approved a three-year, \$1.5 million contract for the design of the 1,300 foot long walkway. The project will include an arch bridge and entry plaza. Design is underway and scheduled for completion in spring of 2020 with construction beginning in fall of 2020 at a total project cost of \$23.8 million, paid for by the Port of Los Angeles. Estimated completion in fall of 2022.
 - Berths 167-169 – Marine Oil Terminal & Engineering Maintenance Standards (MOTEMS) – Shell** – This project involves demolition of the existing timber wharf and replacing it with a new concrete loading platform, access trestle, mooring dolphins and steel catwalks. These improvements are required to comply with updated standards in the California Building Code. Design is scheduled for completion in summer of 2019 with construction beginning in February 2020 at a total project cost of \$36.8 million. Estimated completion in spring of 2023.
 - Pier 400 Corridor Storage Tracks Expansion Project** – This project will extend the existing rail bridge and create five new storage tracks. It will also include an asphalt access roadway, new crossovers and switches, with modifications to the compressed air system of the Pier 400 rail storage yard and bridge. Design is scheduled for completion by December 2019. Construction is expected to begin in summer of 2020 at a total project cost of \$34.0 million and includes \$21.6 million in grant funding from the State of California Trade Corridor Enhancement Program (TCEP). Estimated completion in winter 2021.



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

Fiscal Year 2019/20 Proposed Budget

- State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Blvd Interchange Reconfiguration** – The project will replace the existing westbound off-ramp from the VTB currently located on the south side of the VTB. A new off-ramp will be added on the north side, realigning the existing westbound on-ramp onto the SR 47 and Interstate 110 connector. Modifications will also be made to the westbound off-ramp onto Harbor Blvd, and the eastbound on-ramp onto the VTB towards Terminal Island. Design is scheduled for completion in fall of 2020. Construction is expected to begin in spring of 2021 at a total project cost of \$31.1 million. Estimated completion in spring of 2023.
- Berths 238-239 – MOTEMS – PBF Energy** – This project involves the demolition and removal of an existing concrete platform, catwalks, access ramps, and mooring dolphins. To comply with updated California Building Code standards, this work is expected to cost a total of \$25.7 million. Design is scheduled for completion in fall of 2019 with construction projecting to be completed by spring of 2021.

Under Environmental Review:

- Berths 97-109 – China Shipping Container Terminal Supplemental Environmental Impact Report (EIR)** – A Supplemental EIR is needed to evaluate the continued operation of the China Shipping Container Terminal under new and/or modified mitigation measures in the areas of air quality, greenhouse gases, and traffic. This project involves responses to comments, changes to the recirculated Draft Supplemental EIR, and a noise mitigation study all in preparation for the Final Supplemental EIR expected to be completed in September 2019.

BUSINESS AND TECHNOLOGY

- Port Optimizer™** – A digital portal program piloted in November 2016 and expanded in August 2017 through new commercial

agreements with GE Transportation, the Port Optimizer, was made available in January 2019 for Port stakeholders to register and start using. The Port Optimizer is a first of its kind online information portal that digitizes and makes available maritime shipping data for cargo owners and supply chain stakeholders through a single, secure access point. The digital portal now allows real-time tracking of 90-95% of the Port's containerized cargo, and gives Port stakeholders greater visibility and line-of-sight planning capability. As of June 2019, the Port has invested \$12.9 million in this project.



- New Port Website** – As part of its ongoing commitment to transparency and ease of access to information, the Port unveiled a completely redesigned, mobile responsive website in September 2018. The new user-friendly site greatly enhances search capabilities and relevancy, and provides more streamlined and quicker access to information about Port operations and initiatives.
- Contracting with Small Businesses** – The Port's Small Business Enterprise (SBE) and Very Small Business Enterprise (VSBE) programs



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

Fiscal Year 2019/20 Proposed Budget

awarded \$44.0 million in contracts to small and very small businesses in FY 2017/18 out of \$93.4 million awarded in total contracts during that period. The amount far exceeds the minimum 25% threshold set by the Port for contracting with small businesses. The Port established the SBE program in 2007 to create additional opportunities for small businesses to participate in professional service and construction contracts.

- Workforce Development** – Maintaining the Port’s role as an economic and job creation engine requires investment in human capital. To that end, in April 2019, the Port—working in conjunction with the Pacific Maritime Association and the International Longshore & Warehouse Union—launched a new lashing training program for longshore labor. In addition, the Port formed a Human Resources Directors Cohort made up of companies that are located or operate at the Port. This cohort will provide workforce development professionals an opportunity to network and share best practices, as well as allow the Port to better assist companies that are seeking to develop a workforce training environment or improve existing programs.
- APL’s Eagle Express** – Answering the evolving needs of its cargo customers and offering a new level of speed-to-market delivery, APL launched a new Eagle Express X service in August 2018. The service includes time-guaranteed transit from China to Los Angeles—11 days from Shanghai and 12 days from Ningbo with optional origin cutoffs and 100% guaranteed space and equipment.
- Cabrillo Way Marina** – Cabrillo Way Marina consists of 400 acres of land and eight miles of prime waterfront Port property. In November 2018, the Port released a Request for Qualifications on a commercial development opportunity at Cabrillo Way Marina on the LA Waterfront in San Pedro. The development opportunity covers 87 acres of land and water, and includes a 12-acre commercial development area. The Port completed the initial \$125.0 million, 700-slip marina upgrade and expansion in 2011.
- AltaSea** – AltaSea at the Port of Los Angeles is a 35-acre marine research facility and innovation hub. In August 2018, AltaSea announced that it had reached the funding target specified under its lease agreement with the Port, raising over \$8.0 million to aid development of the facility’s next phase. Having met the lease terms, AltaSea took full possession of three warehouses with deep-water dock access—Buildings 58, 59 and 60—as well as a vacant parcel of about one acre next to Building 58. Growing the campus, AltaSea has integrated several new tenants and partners including Boeing, Catalina Sea Ranch, Blue Robotics, Braid Theory, and US Water Taxi.



LA WATERFRONT

The LA Waterfront continues to be a growing attraction and tourist destination in Southern California. In addition to capital improvement projects like the San Pedro Public Market, other LA Waterfront-related activities in FY 2018/19 included:

- Passenger Cruise Business** – In FY 2018/19, the Port welcomed approximately 110 cruise ships to the Los Angeles World Cruise Center, handling more than 500,000 passengers. In July 2018, Norwegian Cruise Line announced it will be bringing its nearly 4,000-passenger *Norwegian Joy* to the Port of Los



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

Fiscal Year 2019/20 Proposed Budget

Angeles starting winter 2019/20 to service the Mexican Riviera and Panama Canal markets. Larger ships like this bode well for the future, since there is a boost to the local economy every time a cruise ship calls at the Port.

- **Special Events** – The Port plans and supports special events each year to attract local, regional, and out-of-area visitors to the LA Waterfront. In FY 2018/19, the Port will have supported more than 40 public and non-public events, attracting approximately 370,000 visitors to the LA Waterfront. First-time events for the year included international ship visits including Dar Młodzieży from Poland, Hidalgo from Mexico, and Stad Amsterdam from The Netherlands; the Wilmington Road Show; and the Pakastani Festival.
- **LA Fleet Week** – Most popular among LA Waterfront events is LA Fleet Week®, an annual multi-day celebration of the U.S. Sea Services over Labor Day Weekend. Organized by the LA Fleet Week Foundation in partnership with the Port of Los Angeles, the event drew 250,000 visitors in September 2018. In its third year at the waterfront, the event also attracted some new major sponsors, including Amazon Prime Video—which used the event for the premiere of its Jack Ryan action series—and Princess Cruises.

COMMUNITY & EDUCATION

- **Education** – The Port supports a number of educational initiatives each year aimed at fostering a better understanding of the Port’s cargo operations, international trade and commerce, and the importance of the marine environment and its ecosystems. In CY 2018, the Port hosted 197 groups totaling nearly 14,000 guests through the **School Boat Tour Program**, and another 3,794 on specially requested tours. Its educational and interactive traveling exhibit **TransPORTer** made 18 appearances, reaching an estimated 26,000 individuals.

- **Community Investment Grant Program** – In FY 2018/19, the Port awarded \$1.0 million in grant funding to 30 local organizations as part of its Community Investment Sponsorship Program. The non-taxpayer funded program allocates up to \$1.0 million annually in grant funding for projects benefiting the San Pedro Bay harbor communities and the LA Waterfront. The 30 grant recipients in FY 2018/19 included organizations like the Los Angeles Maritime Institute; EXP, formerly International Trade Education Program (ITEP); Boys & Girls Club of the Los Angeles Harbor; SBCC-Thrive LA; Port of Los Angeles High School; and Avalon Arts and Cultural Center.

ENVIRONMENT & SUSTAINABILITY

The Port of Los Angeles is recognized around the world for its leadership in implementing landmark environmental programs. In FY 2018/19, the Port continued to prove that economic growth and environmental sustainability can be accomplished simultaneously.

- **Emission Reductions** – In August 2018, the Port released its 2017 Inventory of Air Emissions Report that showed emissions of nitrogen oxides (NOx)—a key component of smog—down an unprecedented 60% compared to 2005 emissions levels, the lowest level to date. The Port also set new record lows for emissions levels, despite achieving record cargo numbers. In particular, diesel particulate matter (DPM) remains down 86% and sulfur oxides (SOx) remain down 98% compared to 2005. Overall, the 2017 findings show that the Port has now met all of its 2023 Clean Air Action Plan (CAAP) goals.
- **Clean Air Action Plan (CAAP)** – The updated CAAP approved in November 2017 set new aggressive clean air targets for the San Pedro Bay Port Complex. To help meet those new targets, in October 2018 the Harbor Commissioners for both Los Angeles and Long Beach approved measures requiring new trucks



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

Fiscal Year 2019/20 Proposed Budget

visiting marine terminals be model year 2014 or newer, a step designed to accelerate the reduction of harmful air emissions from these vehicles. In March 2019, the two ports released a CAAP feasibility assessment of technologies available to meet its long-term goals of zero-emission trucks by 2035 and zero-emission terminal equipment by 2030 set by the November 2017 CAAP update. As part of its “Market Maker” strategy, the Port of Los Angeles also continued its work in FY 2018/19 with truck manufacturers and Tier-1 suppliers to develop a future market for zero-emission trucks and yard equipment.

- Emission Reduction Demonstration Projects** – The Port is currently involved in more than 15 zero and near-zero emission demonstration projects that leverage more than \$80.0 million in grant funding. At an Earth Day event in April 2019, the Port joined Toyota, Kenworth, and Shell to celebrate progress on a hydrogen fuel-cell electric freight vehicle demonstration project currently underway at the Port. Made possible in part by a \$41.0 million grant to the Port from the California Air Resources Board, the “Shore to Store” freight transport project includes 10 zero-emission trucks, two hydrogen fueling stations, and four zero-emission cargo-hanging equipment installations. The first “Beta” vehicle will begin drayage operations this fall, increasing the Port’s zero-emission trucking capacity and further reducing the environmental impact of drayage operations. The total project cost for this initial phase is \$82.5 million, with the Port and its private sector partners providing an estimated 50% in matching funds.
- Cleaner Diesel Cargo Handling Equipment for APM and TraPac Terminals** – With the help of a \$630,000 Environmental Protection Agency (EPA) grant secured by the Port of Los Angeles, APM Terminals (APMT) Pier 400 and TraPac completed their projects in October 2018 to replace existing equipment with clean cargo handling equipment. APMT replaced 16 yard tractors and TraPac replaced the engines on 2

heavy lifts. APMT invested more than \$1.5 million and TraPac invested \$200,000. The grant came from the EPA’s Diesel Emissions Reduction Act (DERA), which supports projects that reduce air pollution by using diesel emission reduction technologies.

SECURITY

Security remains a top priority at the Port of Los Angeles, the busiest trade gateway in the nation. With millions of TEUs processed annually—and more than 3,400 ship moves estimated for FY 2018/19 alone—a focus on maintaining state-of-the-art security systems, cyber-security infrastructure, and a responsive, well-trained Port Police force continues to be critical.

- Public Safety** – More than 15,000 longshore workers, terminal operators, and other personnel work at the Port on any given day. Additionally, hundreds of thousands of visitors now come to the LA Waterfront every year, adding to the need for strong public safety measures to be in place. With an increase in targeted patrols by nearly a third, Port Police reported a decrease in serious and violent offenses, and a significant reduction in vehicle thefts in FY 2017/18. In November 2018, Port Police also installed a new radio transmitter on Catalina Island to help reduce “dead zones” and signal disruptions during emergencies around the Palos Verdes Peninsula. To enhance emergency response efficiency, Port Police also began the process of becoming its own Public Safety Answering Point (P-SAP). This will allow all 911 calls within the Port complex to go directly to Port Police’s dispatch rather than being routed to the Los Angeles Police Department’s 911 Call Center in Downtown LA.
- Threat Detection Center** – In January 2018, the Los Angeles Port Police moved the Threat Detection Center from the Maritime Law Enforcement Training Facility in Wilmington to the Port Police headquarters in San Pedro. The Threat Detection Center and its 460+ cameras



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

Fiscal Year 2019/20 Proposed Budget

provide 24/7 surveillance of critical Port infrastructure assets. The move was made to enhance situational awareness and improve communication between Port Police units.

- Los Angeles Port Police Training Center (LAPPTC)** – In January 2018, LAPPTC was selected to be an alternate emergency operations center for the City of Los Angeles. As a result, the LAPPTC received a multi-million-dollar upgrade in state-of-the-art information management and display equipment that will help both the City and Port respond to the needs of the Harbor Area during a catastrophic event. The LAPPTC is located in Wilmington and is the primary facility for Port Police training and the Maritime Law Enforcement Training Center.
- Waterside Emergency Access Plan** – In partnership with the Los Angeles Fire Department, the International Longshore Warehouse Union, Port Police, and port terminal operators, the Port put into place a Waterside Emergency Access Plan in September 2018 to facilitate quicker first-responder waterside access to potential emergencies at the Port. The plan established 11 designated emergency locations at the harbor, which will allow for immediate waterside access to the terminals by emergency vessels.

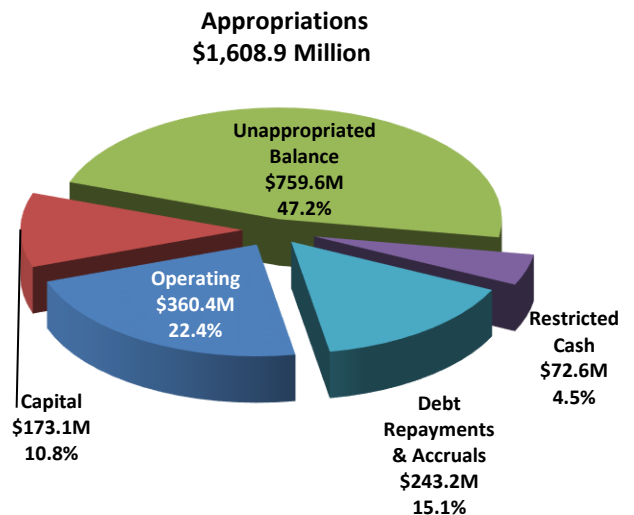


The Proposed Budget includes Capital, Operating, and other appropriations totaling \$1,608.9 million.

FY 2019/20 PROPOSED ANNUAL BUDGET OVERVIEW

As in past years, the development of the FY 2019/20 Proposed Budget (Proposed Budget) has been guided by the following four strategic objectives outlined in the 2018-2022 Strategic Plan:

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



To fund the daily operations of the Harbor Department in FY 2019/20, \$360.4 million has been set aside for the total Operating Budget, which includes both Operating and Non-Operating expenses. This funding will be used to maximize the Port’s cargo business and the overall utilization of the Port’s facilities, strengthen relationships with



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

Fiscal Year 2019/20 Proposed Budget

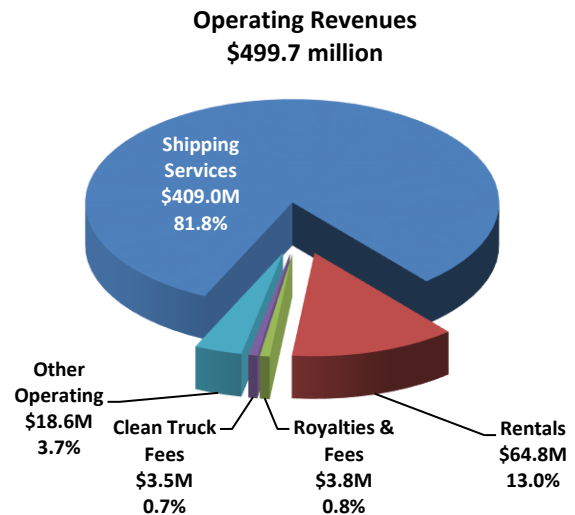
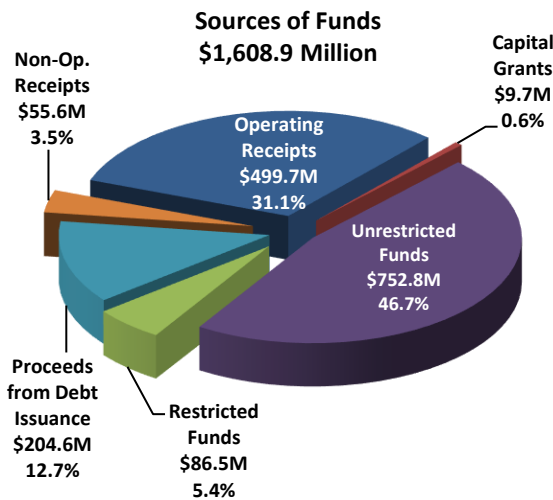
stakeholders, develop innovative strategic and sustainable operations, and attract visitors to the LA Waterfront. With a total Capital Budget of \$173.1 million, the Port will be able to enhance its operational strength through terminal and infrastructure improvements that will accommodate larger vessels as well as facilitate efficient cargo-handling processes.

Rounding out the remainder of the Proposed Budget appropriations are \$759.6 million in unappropriated funds, \$72.6 million in restricted cash, and \$243.2 million in debt repayments and accruals. The Proposed Budget is projected to create approximately 2,721 direct and indirect jobs (not including Harbor Department employees), of which 1,955 are attributable to capital spending.

settlements, rebates, and other reimbursements. Total cash of \$839.3 million, comprised of \$752.8 million in unrestricted funds and \$86.5 million in restricted funds, is anticipated to be available within the Proposed Budget. This level of total cash available represents a 10.7% increase relative to total cash of \$758.5 million available at the beginning of FY 2018/19. As dictated by Board approved financial policy and to ensure that the Port upholds its strong financial position, minimum levels of cash reserves for debt service coverage have been maintained.

OPERATING BUDGET

Operating Revenues



The Capital, Operating, and other appropriations included within the Proposed Budget will be funded through \$1,608.9 million in receipts and cash-on-hand. Operating Receipts will continue to be driven by cargo-related activities as Shipping Services Revenues are anticipated to comprise approximately 81.8% of the \$499.7 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$9.7 million in Capital Grant Receipts and \$55.6 million in Non-Operating Receipts such as state pass-through revenue, interest/investment income, non-operating grants,

The Proposed Budget includes total Operating Revenues of \$499.7 million, which represents a 1.9% decline relative to the FY 2018/19 Adopted Budget and a 0.9% decline relative to FY 2018/19 Forecast. As part of the Proposed Budget, cargo volumes of 9,400,000 TEUs are anticipated to be processed in FY 2019/20. This level of cargo volume represents a 1.7% increase relative to the 9,243,868 TEUs assumed within the FY 2018/19 Adopted Budget and a 1.4% decline relative to the 9,533,945 TEUs estimated for FY 2018/19.



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

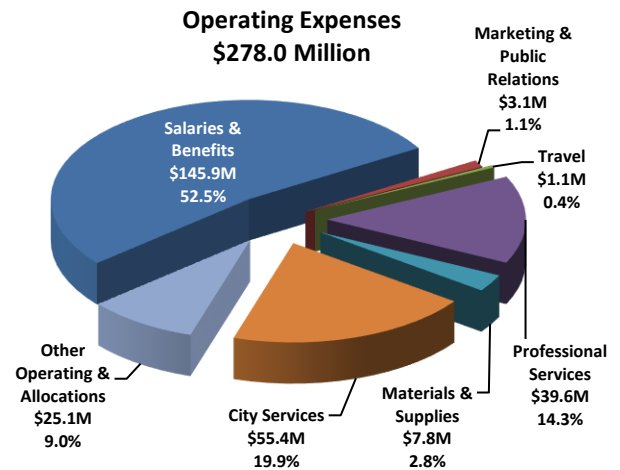
Fiscal Year 2019/20 Proposed Budget

In FY 2019/20, Shipping Services Revenues are projected to comprise 81.8% of Operating Revenues and remain its largest component, followed by Rentals Revenues at 13.0% and Other Operating Revenues at 3.7%. Rentals Revenues are expected to continue to comprise a growing share of total Operating Revenues as the incremental revenues gained from compensation resets and the continued focus on incorporating consumer price index (CPI) increases into leases, outpace the growth of wharfage within the Shipping Services Revenue category.

The 1.9% decrease in total Operating Revenues as compared to the FY 2018/19 Adopted Budget primarily results from lower Shipping Services and lower Royalties & Fees Revenues being only partially offset by increases in Rentals, Clean Truck Fees, and Other Operating Revenues. Despite an expected increase in cargo volumes, revenues from Shipping Services are anticipated to decline due to lower expected rates per TEU. The decline in Royalties & Fees is anticipated to occur after the discontinuation of license fee invoicing to a tenant following a legal settlement reached in FY 2018/19 with that tenant. Rentals Revenues are expected to increase due to various compensation resets completed in the past year, higher gross receipts, and annual CPI adjustments.

The 0.9% decrease in total Operating Revenues as compared to FY 2018/19 Forecast primarily results from lower estimates for Shipping Services Revenues, Other Operating Revenues, and Rentals Revenues being only partially offset by increases in Clean Truck Fees. Shipping Services Revenues are anticipated to decline due to lower cargo volumes. Other Operating Revenues are expected to decline due to lower Harbor Maintenance Tax revenues. Rentals are expected to decline due to the discontinuation of land rent received at the Everport container terminal upon the commencement of construction activities associated with a major terminal redevelopment project. Clean Truck Fees are expected to increase due to higher concession application fee renewal rates.

Operating Expenses



The FY 2019/20 Proposed Budget includes total Operating Expenses of \$278.0 million, which represents a 0.8% decrease relative to the FY 2018/19 Adopted Budget and a 6.8% increase relative to FY 2018/19 Forecast. The \$2.1 million reduction in total Operating Expenses relative to the FY 2018/19 Adopted Budget are a result of lower Outside Services, Other Operating Expenses, and Materials & Supplies and an increase to Allocations, which are partially offset by increases in Salaries & Benefits and City Services. The \$17.6 million increase relative to FY 2018/19 Forecast are expected to be driven mostly by increases in Salaries & Benefits, Other Operating Expenses, and City Services, which are partially offset by a decrease to Outside Services and Materials & Supplies with an increase to Allocations.

With a proposed budget of \$145.9 million (net of \$13.3 million in direct capitalization), or 52.5% of the total Operating Budget, Salaries & Benefits is the largest component of the Port's operating budget. This increase of \$3.5 million or 2.4% relative to the FY 2018/19 Adopted Budget, results largely from higher pension and health care contributions, and Memorandum of Understanding (MOU) mandated Salaries & Benefits adjustments for an average of 915 full-time, filled positions. City Services—services provided to the Harbor Department by



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

Fiscal Year 2019/20 Proposed Budget

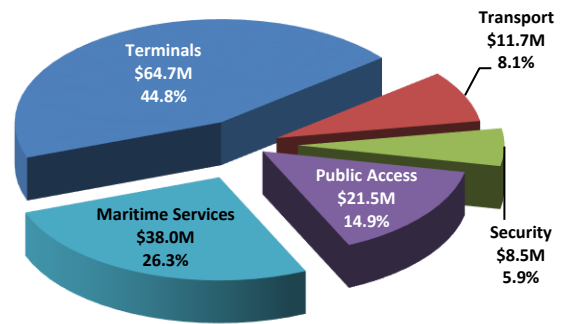
other City of Los Angeles departments such as the Fire Department, Recreation & Parks, and the Office of the City Attorney—totaling \$55.4 million or 19.9% of total expenses will be increasing 4.8% relative to the FY 2018/19 Adopted Budget.

Professional Services within the Proposed Budget are expected to decrease by \$3.7 million, or 8.6%, relative to the FY 2018/19 Adopted Budget. This decrease is a result of lower information technology (IT) systems consulting services; hiring hall labor expenses; miscellaneous professional services; maintenance services costs for grounds, buildings, equipment, and other infrastructure; and legal fees and services, which are partially offset by higher maintenance services costs for dredging and wharves, and IT software maintenance. Although two new incentive programs—the Ocean Common Carrier and the Ultra Large Container Vessel—were introduced in FY 2019/20, the Port is still expecting a reduction in Other Operating Expenses and Allocations of \$3.8 million or 13.1% relative to the FY 2018/19 Adopted Budget driven mainly by an increase in allocations and a decrease in provisions for bad debt.

CAPITAL BUDGET

The FY 2019/20 Proposed Capital Budget of \$173.1 million reflects the objectives set forth by the Port’s 2018-2022 Strategic Plan. The projects funded in FY 2019/20 will enable the Port to continue developing world-class infrastructure for our container, cargo, and cruise terminals; deliver public access projects to the local community; make transportation improvements to promote efficient movement of goods; and implement systems to enhance security at the Port. Comprising 10.8% of the department’s total budget, the FY 2019/20 Proposed Capital Budget includes \$144.4 million of direct costs in the Capital Improvement Program (CIP), \$16.3 million in overhead allocations, and \$12.4 million in capital equipment.

Capital Improvement Program
\$144.4 Million



Terminal Improvement Projects

In FY 2019/20, the Proposed Budget for terminal improvement projects is \$64.7 million, or 44.8% of the Proposed CIP Budget.

- Everport Container Terminal** – To accommodate larger ships and maintain the Port’s competitive edge, major improvements, budgeted at \$29.5 million for FY 2019/20, are underway at the Everport



Container Terminal (Berths 222-236). Wharf and backland improvements account for \$18.8 million, which includes dredging, 2 new bollards, 15 new fenders, grading, paving, electrical infrastructure for 3 additional cranes, and demolition of 2 marine buildings. Approximately \$6.7



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

Fiscal Year 2019/20 Proposed Budget

million is allocated for under and above water wharf inspection and repairs. This funding will also cover the replacement of existing electrical infrastructure and waterlines. Construction of 5 new wharf AMP® vaults and the retrofitting of the existing high voltage AMP® system are funded at \$3.1 million. Additionally, the expansion of an existing substation and the installation of electrical chargers on Berths 226-236 are budgeted at \$0.9 million.

- **Marine Oil Terminal Engineering Maintenance Standards (MOTEMS) Projects**

– To prevent oil spills, and protect public health and the environment, the California State Lands Commission mandates that liquid bulk oil facilities comply with MOTEMS. In FY 2019/20, a total of \$14.7 million is budgeted for repairs and upgrades at 5 liquid bulk facilities to ensure compliance with MOTEMS. Funding of \$6.4 million is allocated to complete design and begin construction for a new concrete loading platform, access trestle, and steel catwalks at the Shell Terminal (Berths 167-169). For improvements at the Phillips 66 Terminal (Berths 148-151), an additional \$5.3 million has been allocated for repairs to the wharf deck, caps, beams, pipe supports, and landside bulkhead; and the design and construction of wharf structures. Improvements at the PBF Energy Terminal (Berths 238-239) consist of a new loading/unloading platform, access ramp, catwalks, and fenders with a total of \$1.6 million budgeted for construction that will begin in the spring of 2020. Finally, \$1.4 million has been allocated to complete the design of the wharf structure at the Valero Terminal (Berth 164).

- **Pasha Terminal** – Improvements at the Pasha Terminal (Berths 171-181) are budgeted at \$10.5 million in FY 2019/20. The restoration of a 382 linear foot concrete wharf is budgeted at \$8.3 million and is scheduled to begin construction in

November 2019. Upon completion, the new wharf will allow for higher pounds per square foot capacity. The replacement of approximately 3,700 square feet of timber wharf, repair of timber bearing piles, replacement of 6 timber fender piles, and refurbishment of 8 mooring bollards is budgeted at \$1.0 million with construction beginning in the fall of 2019. An additional \$1.2 million has been budgeted for improvements to the electrical infrastructure at Berths 176-179, and the replacement/upgrade of windows and doors at Berths 179-181.

- **World Cruise Center** – The Port has allocated a total of \$2.6 million in FY 2019/20 for upgrades and improvements at the World Cruise Center. With a budget of \$1.0 million, construction will begin in FY 2019/20 for the installation of two elevators to improve the flow of pedestrian traffic. Funding of \$0.9 million has also been allocated for the repair of the vehicle and pedestrian ramp, which is expected to be completed by December of 2019. The modernization of 2 new escalators at the Cruise Terminal, budgeted at \$0.6 million, will be completed by December of 2019. Finally, \$0.1 million has been budgeted for various smaller projects at the Cruise Terminal.

- **Miscellaneous Terminal Improvements**

– A total of \$7.4 million has been budgeted in FY 2019/20 for various terminal improvements throughout the Port. With a budget of \$2.5 million, multiple dilapidated buildings at Berths 206-209 will be demolished and the area repaved to improve traffic flow. The environmental review and design for wharf demolition and regrading at Berths 243-245 will continue with a budget of \$1.6 million. To accommodate future rail volumes at the APM Terminals located at Berths 400-409, \$1.2 million has been allocated to complete the design and to start the bid & award



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

Fiscal Year 2019/20 Proposed Budget

process for extending the existing rail bridge; and adding 5 new railroad storage tracks, an asphalt access roadway, and new crossovers and switches. Other miscellaneous terminal improvements, budgeted at \$2.1 million, include finalizing the Supplemental Environmental Impact Report for the China Shipping Container Terminal (Berths 97-109), the rehabilitation of the sanitary sewer system at Rear Berths 147-151, the modernization of the crane switchgear at Berths 302-305, and the closeout of various other projects.

Public Access/Environmental Enhancement Projects

Projects involving Public Access/Environmental Enhancement improvements in the San Pedro and Wilmington Waterfront areas are budgeted for \$21.5 million, or 14.9% of the Proposed CIP Budget in FY 2019/20.

- **San Pedro Public Market (Market)** – A total of \$14.7 million has been allocated in FY 2019/20 for various improvements at the Market. Construction of the Ports O'Call Promenade and Town Square Phase I project, funded at \$10.4 million, is scheduled to begin construction in the summer of 2019 and is estimated to be completed by January 2021. Project improvements include a 3,500 foot waterfront promenade, town square, hardscaping, landscaping, parking lot, utilities, balconies, and walkways. Other projects totaling \$4.3 million include



waterside improvements at Berths 80-83; new utility electric service for the redeveloped Market; public restrooms located near the Town Square; and the realignment and expansion of Harbor Boulevard starting at the new intersection at Miner Street and ending at the Southern Pacific (SP) Slip.

- **Wilmington Waterfront Promenade** – Continued development at the Wilmington Waterfront is allocated at \$6.8 million in funding for FY 2019/20. With over \$5.5 million in funding, the design for the Wilmington Waterfront Promenade project will be completed in the summer of 2019 with construction starting in the winter of 2019. This project includes a 1,200 foot waterfront promenade, a public plaza, and parking. The design for the Wilmington Youth Sailing and Aquatic Center, budgeted at \$0.6 million, will be completed in the fall of 2019. Construction of the 3,800 square foot community building and 8,000 square foot boat storage area at Berth 183 will begin in spring of 2020. Other improvements at the Wilmington Waterfront Promenade budgeted at \$0.7 million include funding to complete the design of the 1,300 foot pedestrian bridge along Avalon Boulevard to the Wilmington Waterfront Promenade, environmental assessment work, and enhancements to signage in the area.

Transportation Improvement Projects

To promote faster, safer, and more efficient movement of trade goods, \$11.7 million, or 8.1% of the Proposed CIP Budget, is allocated for Transportation Improvement projects.

- **Berth 200 – Rail Yard & Track Connections Enhancements** – With a budget of \$5.5 million, construction for a new drainage collection system and relocation of waterlines will continue into FY



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

Fiscal Year 2019/20 Proposed Budget

2019/20 with construction expected to be complete in spring of 2020.

- **Alameda Corridor Southern Terminus Gap Closure** – To reduce delays for trains coming in and out of the area, this project, budgeted at \$2.1 million, will provide a second San Pedro mainline track eliminating a short gap in trackage between the West Basin area of the Port and the Alameda Corridor. Funding will cover the bid and award process and construction, which is estimated to start in February of 2020. The entire project is expected to cost \$10.1 million with \$6.0 million coming from a Trade Corridor Enhancement Program (TCEP) grant awarded by the California Transportation Commission in May 2018.
- **State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Blvd Interchange Reconfiguration** – Design, allocated at \$0.9 million, will continue into FY 2019/20. This project entails modifying the SR 47/VTB and Front Street/Harbor Boulevard Interchange on and off ramps to improve safety, access, and efficient operation.
- **Miscellaneous Transportation Improvement Projects** – Funding of \$3.2 million is allocated for various smaller transportation projects such as the closeout work for the C Street and Interstate 110 Access Ramp Project; the resurfacing of Swinford, Front, and Regan streets; and the environmental assessment of a new near-dock railyard project proposed by BNSF Railway.
- **Port Police Radio System** – To comply with the Federal Communications Commission’s regulations, the development and installation of a brand new 700 megahertz (MHz) radio system at existing Port Police radio sites is funded at \$6.1 million in FY 2019/20. Total project cost is \$18.7 million and the Port has secured \$3.5 million in grant funding through the Urban Area Security Initiative and will be applying for an additional \$3.5 million in FY 2019/20. The contract is expected to be awarded in FY 2019/20 and the project completed in the summer of 2021. The upgraded radio system will enhance resiliency, provide redundancy, and allow for interoperability with other law enforcement agencies. Repeaters will be installed at three radio sites, which will enhance mission critical radio system microwave communications.
- **Port Police Computer Aided Dispatch (CAD)/Records Management System (RMS)** – The Port has budgeted \$2.0 million in FY 2019/20 for the installation of the new CAD/RMS system, which will support efficient use of resources, tactical deployment, crime analysis, community policing, and information sharing with regional law enforcement partners. This system is expected to be installed by November of 2019.
- **Port Police Fixed License Plate Reader (LPR) System** – Funding of \$0.4 million has been budgeted for the procurement and installation of a Fixed LPR system at the Port. Through this project, cameras will be strategically placed within the Port to capture images of vehicular license plates. The Fixed LPR system will run the license plate numbers through a database and issue alerts when vehicles of interest enter the Port. This system will be used to assist with criminal investigations and facilitate the sharing of information with other law enforcement agencies.

Security Projects

For FY 2019/20, security related projects at the Port are funded at \$8.5 million, or 5.9% of the Proposed CIP Budget.



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

Fiscal Year 2019/20 Proposed Budget

Maritime Services

The Maritime Services category includes repairs and improvements to Harbor Department facilities and other locations around the Port, as well as larger capital equipment purchases. The FY 2019/20 Proposed Budget for Maritime Services is \$38.0 million (26.3% of the Proposed CIP Budget), which includes \$14.0 million in unallocated funding for unanticipated projects initiated throughout the fiscal year.

- **Harbor Administration Building (HAB)** – In FY 2019/20, \$11.0 million has been budgeted for repairs and improvements at the HAB. The replacement of the Heating, Ventilation, and Air Conditioning (HVAC) system is set to begin construction in spring of 2020 with a budget of \$5.8 million. An additional \$3.5 million has been allocated for the reconfiguration of workspaces in the HAB to consolidate a majority of Harbor Department employees in the San Pedro area into the main administration building. Finally, \$1.7 million has been allocated for repairs to the patio and exterior frame, the Board Hearing Room remodel, and garage door replacement.
- **Replacement of Pilot Boats** – For the replacement of two rapidly deteriorating 24-year-old pilot boats, funding in the amount of \$3.6 million has been allocated. The design of the pilot boats was completed in FY 2018/19 and the boats are expected to be built by spring of 2020.
- **Miscellaneous Maritime Services Projects** – Funding of \$9.5 million has been allocated for various smaller Maritime Services projects. At the Port Police Headquarters, the purchase and installation of 2 air conditioning units is funded at \$1.3 million. The demolition of the 249 Cannery Street building, which will be repurposed into a parking lot for marine storage, is budgeted at \$1.1 million. Another \$4.8

million has been allocated for smaller projects throughout the Harbor District including the Sidewalk Repair Program; the Terminal Island Streetlight Fixture Upgrades; the Berth 73 Fender Pile Replacement and Camel Log Placement; the demolition of the former Starkist Cannery; Berth 155A building improvements; and Berth 182 Slope Erosion Repair. Additionally, miscellaneous projects related to Harbor Department facilities are budgeted at \$2.3 million, which include improvements and upgrades to the Construction & Maintenance Division's facilities; enhancements to the Klein Billing and Port Pilot systems; the installation of a parking access management system at the Liberty Plaza Parking Lot; and the configuration of the Fleet Management System.

STRATEGIC INITIATIVES

For FY 2019/20, the Port's Proposed Operating Budget includes funding for both on-going and new programs and initiatives that will support the Strategic Plan. These programs and initiatives will help bring more business to the Port, promote growth in an environmentally sustainable manner, and draw additional visitors to the Port while ensuring that the highest level of security is maintained.

Cargo Marketing

During FY 2018/19, the United States/China trade dispute placed extraordinary stress on the supply chain making it more imperative that the Port maintain close relationships with supply chain stakeholders, such as shipping lines, marine terminal operators, Beneficial Cargo Owners (BCOs), railroad operators, and the trucking community. In FY 2019/20, the Cargo Marketing Division will be working with a budget of \$10.5 million to further strengthen these relationships and develop long-term strategies to improve the Port's financial position.



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

Fiscal Year 2019/20 Proposed Budget

In the coming fiscal year, the Cargo Marketing Division will continue working with key supply chain customers and partners on near-term supply chain initiatives and longer-term port development programs aimed at growing the Port's market position across business sectors. One such strategy includes developing centralized neutral chassis depots serving a multitude of marine terminals to improve cargo velocity. In the coming fiscal year, the Port will also continue the rollout of the Optimizer™ to provide supply chain stakeholders a cargo visibility tool allowing for better planning and utilization of resources. The Port has also budgeted \$7.0 million for two new incentive programs designed to capture a larger portion of the Asia trade market share and maintain the Port's position as number one in the nation by container volume. The Port has allocated \$5.8 million for the Ocean Common Carrier (OCC) Incentive Program, which provides a financial incentive for OCCs whose TEU volumes exceed certain criteria set by the program. The Ultra-Large Container Vessel (ULCV) Incentive Program, budgeted at \$1.2 million, provides a financial incentive for OCCs to bring their largest ships to call at the Port of Los Angeles.

Trade Connect Program

Total trade through the Port for 2018 totaled \$299.0 billion. Exports remain a vital part of the Los Angeles regional economy with more than \$25.0 billion in exports passing through the Port in 2018. Because of its large manufacturing base, Southern California has the 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. This presents an opportunity to expand exports by helping these companies incorporate foreign markets into their business marketing plans.



To this end, the Port developed the Trade Connect Program in 2007, which has provided export training workshops to businesses throughout the 5 counties of Los Angeles, Orange, Riverside, San Bernardino,

and Ventura as well as the cities of San Diego and Coachella. The program's innovative workshops and seminars include introductory Trade Connect workshops, the Export University series, TradeX programs (a platform for companies with new product innovations), regional overseas market forums, and industry-specific forums. Trade Connect workshops have attracted more than 45,000 attendees since program inception.

Recognizing that the development of a stronger export base is essential to the region's overall economic viability, Mayor Garcetti launched his Export Program in 2016 to help Los Angeles area companies expand their businesses internationally. Trade Connect is an essential element of this initiative and has guided 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. To continue facilitating the expansion of the area's export operations as part of the Port's strategic initiative to attract new cargo volumes, almost \$607,000 has been allocated in Trade Development's FY 2019/20 Proposed Budget for the continuation of the Trade Connect Program.

Planning and Strategy

With a \$1.3 million FY 2019/20 Proposed Budget, the Planning and Strategy Division (Planning) will continue to help guide future development at the Port by providing data and recommendations as the research branch of the department. The division has budgeted approximately \$179,000 to procure trade data, which will be used to analyze alliance trends, help grow market share, and report on the competitive position and economic impacts of the Port. Additionally, Planning has budgeted \$24,000 in FY 2019/20 for studies to support the creation of the 2050 Plan, which will provide a framework for Port development through the next 30 years. The division will also initiate the biennial Employment Survey in FY 2019/20, which measures the number of direct jobs created by Port tenants. An additional



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

Fiscal Year 2019/20 Proposed Budget

\$15,000 has been allocated for on-call consulting services and staff training to ensure that the Port's liquid bulk facilities remain in compliance with the Risk Management Plan and that any prospective developments are sited according to Port guidelines.

Planning is also responsible for maintaining the Port Master Plan, which establishes the policies and guidelines for development at the Port that are consistent with federal, state, county, and city laws. When the Port Master Plan needs to be amended to accommodate the Port's long-term development goals, the division coordinates this effort with other Port staff and the California Coastal Commission. Planning is also responsible for informing Port staff of the various land uses ascribed by the Port Master Plan as well as processing applications for Port permits and issuing Coastal Development Permits. In FY 2018/19, Planning initiated the digitization of the permit application process—moving from paper forms to web-based submission. The process will continue into FY 2019/20 and once complete, will streamline the application process and allow applicants to view the status of their applications online.

Workforce Development

The Port's commitment to invest in human capital remains an important driver in its efforts to advance an efficient supply chain and to promote strong relationships with stakeholders. The Labor Relations & Workforce Development (LRWD) Division continues to cultivate an environment that supports workforce development at the Port and throughout the supply chain industry in the region. The LRWD will work with a total Proposed Budget of approximately \$395,000 in FY 2019/20 to further these goals.

In FY 2018/19, the Port worked with the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) to develop a progressive new way to train entry-level longshore workers on how to affix or "lash" containers onto a containership—a technique currently taught to all entry-level longshore

workers. Moving into the new fiscal year, the Port will continue to collaborate with the ILWU and the PMA to develop additional innovative programs for training longshore workers in a safe and efficient manner. The Port will be utilizing the remaining funds received as part of a \$100,000 grant from the California Workforce Development Board and the Employment Development Department for this development as well as to support the operation of the pilot lashing training program.



In addition, the Port is looking to create partnerships with business, academic, and other community stakeholders in the region to form a network for the promotion of workforce development in the goods movement industry in Southern California. LRWD seeks to achieve these efforts through the continued use and expansion in FY 2019/20 of the Port of Los Angeles Human Resources (HR) Directors Cohort. Created in FY 2018/19, the HR Directors Cohort brings together human resources professionals from the various companies that are located or operate at the Port to discuss best practices and ways that the Department can better support these companies in promoting workforce development in the maritime and goods movement industries.

Environmental Stewardship

In support of the Port's goal to implement sustainable programs that balance environment, community, and economy, the Environmental Management Division's (EMD's) FY 2019/20



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

Fiscal Year 2019/20 Proposed Budget

Proposed Budget is funded at \$15.0 million. The four main areas of focus include Air Quality Services, Site Restoration and Assessment Services, Water Quality Services, and California Environmental Quality Act (CEQA) Services.

As the largest environmental program here at the Port, the FY 2019/20 Proposed Budget for Air Quality Services amounts to \$6.0 million, which includes funding for outside services, environmental incentives, and the Clean Truck Program. Of the \$6.0 million, the budget for outside services consists of \$1.7 million. The Clean Air Action Plan (CAAP), updated in 2017, established new air emissions reduction measures and goals to promote the development of innovative, viable technology to improve the area's environmental quality. The Proposed Budget includes \$250,000 to continue work on implementing new measures within the updated CAAP, including facilitating development and leveraging grant opportunities to encourage the use of zero and near-zero emission technologies. Progress toward CAAP goals is assessed through the annual emissions inventory and air quality monitoring, budgeted in FY 2019/20 at \$350,000 and \$550,000, respectively. The remaining \$573,000 budget for outside services covers environmental government advocacy, advisory communications support, grant administration, and greenhouse gas monitoring among others.

Voluntary air quality reduction incentive programs are among the most successful CAAP strategies. These incentive programs are budgeted at \$3.2 million and include the Vessel Speed Reduction Incentive Program, which rewards vessel operators for reducing their speed as they approach and depart the port, thereby reducing emissions; the Technology Advancement Program, which provides incentives for developing and demonstrating technologies that reduce emissions from port operations; and the Environmental Shipping Index, which rewards operators for going beyond compliance by bringing their newest and cleanest vessels to the Port.

The Clean Truck Program (CTP), a central element of the CAAP, is funded at \$1.1 million for program

administration and special studies. The Port continues to receive revenues for the CTP from Concession Fees, Annual Truck Fees, and Day Passes that offset the cost to administer the program. Several projects described in the 2017 CAAP Update, including a rate setting study and feasibility assessments, are currently underway and will continue in FY 2019/20.

The second largest program in terms of funding is the Site Restoration and Assessment Services, which has a budget of \$3.3 million for outside services. Work performed within this program includes environmental assessments of Port properties, coordination of underground storage tank and pipeline removals, determination of environmental conditions prior to development, the cleanup of contaminated soil and groundwater, performance of baseline assessments to establish existing environmental conditions prior to leasing land, management of emergency response to releases and illegal dumping on Port property, hazardous waste collections for marina tenants, asbestos and lead survey and abatement, removal and disposal of hazardous waste from derelict boats, and preparation of technical and regulatory documents. Key projects in FY 2019/20 consists of site characterizations at Warehouses 9 & 10 and the Wilmington Marine Services site; City Attorney support for Berths 148-151 litigation; oversight of former Chevron pipeline removals; operation and maintenance of the New Dock water treatment system; and management of the Environmental Management System ISO 14001 at the Construction & Maintenance Yard.

For FY 2019/20, the Water Quality Services program is budgeted at \$923,000 in outside services. A four-year biological baseline program, a comprehensive survey of the San Pedro Bay, which is cost-shared with the Port of Long Beach (POLB), is funded at \$115,000 in FY 2019/20. This





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

Fiscal Year 2019/20 Proposed Budget

valuable study focuses on the prolific community of sea life and birds found in the harbor. This data is utilized in many ways, including within CEQA documents and to provide data to determine biological mitigation requirements for Port development projects. Projects such as the monitoring of the Pier 400 Least Tern nesting site, the Cabrillo Shallow Water Habitat, vessel removal at Seaplane Lagoon, Cabrillo Beach eelgrass mitigation site monitoring/development of an eelgrass management plan, and other habitat-supporting activities are funded at \$383,000 in FY 2019/20. Water and sediment-related programs, including close collaboration with POLB and the State/Regional Water Boards on Total Maximum Daily Load (TMDL) regulations, National Pollutant Discharge Elimination System program compliance, the Tenant Outreach Program to assess tenant storm water compliance, and the Clean Marina Program make up \$290,000 of the division's Proposed Budget. Another \$135,000 has been allocated for miscellaneous water quality improvement programs and services.

While the Capital Budget captures the majority of the environmental budget for required environmental review under the California Environmental Quality Act (CEQA) and the National Environmental Policy Act, EMD's FY 2019/20 Operating Budget contains \$575,000 to assess non-Capital projects and process CEQA exemptions. Additional funds are earmarked for the completion of cultural resources surveys, sustainability planning and reporting, permit/lease renewals, and mitigation compliance for tenant leases.

Security and Public Safety Strategies

Port Police will focus on several key areas of investment while continuing to fund ongoing operations to achieve public safety, port and supply chain security, emergency management, risk mitigation and recovery, and community outreach

objectives in FY 2019/20. Working with a Proposed Budget of \$40.5 million, a 2.5% increase compared to the FY 2018/19 Adopted Budget, Port Police will continue to perform its mission at the highest level possible.



The Port Police's FY 2019/20 Proposed Budget continues investments in several areas of new technology, including advanced hand-held and vehicle mounted information management devices, a digital evidence management system, a state-of-the-art 911 call processing system, and a mobile audio and video system that includes digital in-car and body-worn video cameras. The division will also invest in operational enhancements to improve performance in areas such as hazardous materials incident response and dive operations.

Reoccurring costs to maintain current operations that directly support the overall safety and security of the Port make up a significant portion of the division's budget. Included in these operations are land and waterborne patrol, underwater dive operations, facility security, community outreach, crime investigation, commercial traffic management, response to labor issues, and public safety at special events. This work is performed by sworn officers, security officers, and dispatchers 24 hours a day, 7 days a week, 365 days a year, along with support functions performed by civilian employees. Because of the day and night nature of Port Police operations, staffing is paramount in ensuring the continued mission performance of the agency. Currently, Port Police is authorized for 140 sworn officers, 42 security officers, and 47 civilians.



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

Fiscal Year 2019/20 Proposed Budget

Community and Waterfront Programs

A wide variety of stakeholder engagement programs for both business and community constituents, along with a series of public events designed to attract visitors to the LA Waterfront are supported by the Community Relations Division's \$5.6 million FY 2019/20 Proposed Budget. The division plays a vital role in activating the LA Waterfront, with an estimated 370,000 guests in attendance for the roster of events that took place at the Port during FY 2018/19.



In FY 2019/20, the division will continue its central role in the LA Fleet Week event as well as a slate of other events such as the 11th Annual **Cars & Stripes Forever!**, **Lunar New Year, Happy Harbor Halloween**, **movie nights**, and **Wilmington Winter Wonderland**. Educational programs

also remain a focus of the division, and established events such as the annual free harbor boat tours, **STEM (Science, Technology, Engineering & Math) Funshops**, and visits from the **TransPORTer**—a 53-foot mobile educational exhibit that reached more than 25,000 students and community members in FY 2018/19—provide enrichment that is both entertaining as well as instructional to the surrounding Port communities. Other academic programs of note include the Port's **Youth Leadership Conference**, which hosts over 100 middle school students for a day of hands-on learning about the various career paths available at the Port, and appearances by the Port's Speakers Bureau team at various school and community meetings.

In alignment with the Port's strategic goals and Tidelands Trust guidelines, the Port's Community Investment Grants program continues in FY 2019/20 with up to \$1.0 million available to local non-profit organizations seeking to enhance the community and harbor experience. The Community Investment Grants program continues to be managed by the division, and has distributed more than \$5.0 million through 176 grants to non-profit organizations since its inception in FY 2013/14.

With a nearly \$6.6 million operating budget in FY 2019/20, the Waterfront and Commercial Real Estate Division (WCRED) will focus on developing world-class infrastructure that promotes growth in a financially viable manner. As part of infrastructure development, the construction of the Promenade and Town Square project at the San Pedro Public Market (Market) site will commence in the first quarter of FY 2019/20 and the division will deliver the first parcel to the San Pedro Public Market LLC for development of the Market. To improve the Port's financial performance, WCRED will focus on reducing expenses on properties currently managed and maintained by the Port. This will be accomplished through passing maintenance and operational responsibility to private developers, such as the San Pedro Public Market LLC, during the first quarter of FY 2019/20. Additionally, the execution of the Port's MOTEMS programs will increase compensation and transfer wharf maintenance and responsibility to marine oil terminals.

WCRED will continue to concentrate on increasing revenue through private development of underutilized property by executing a term sheet for boatyard development at Berth 44, selecting a developer for exclusive negotiations for the Cabrillo Way Marina and associated commercial development, releasing a Request for Qualifications for the development of Warehouse 1, and releasing a Request for Proposal for cruise terminal operations and development. The division will also complete all pending compensation resets for leases, revocable permits, and agreements in FY 2019/20.



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

Fiscal Year 2019/20 Proposed Budget

The division will continue to communicate, educate, and collaborate with surrounding communities regarding the department's "Build, Activate, and Attract" strategy in order to strengthen the Port's relationship with its stakeholders. WCRED will complete the public input process on new projects to be funded by the Public Access Investment Plan and bring staff's recommendations to the Board. In FY 2019/20, the division will also complete the development of a business incubator center at AltaSea, triggering potential Blue Economy (sustainable use of ocean resources for economic growth) job creation at the LA Waterfront.

Employee Recruitment, Retention, and Development

The Port remains committed to its goal of being the employer of choice, and has allocated \$495,795 in FY 2019/20 toward continued investment in employee programs such as vanpool, public transit subsidies, tuition reimbursement, and medical services, which have continued to help the Port with its recruitment and retention efforts. In the coming year, the Port will be continuing its Student Worker Program, which provides a unique opportunity for professional on-the-job training, networking, and personal development for qualified undergraduate and graduate students. Currently, the Port employs 71 year-round student workers and is expected to employ 45 summer interns in FY 2019/20.



The FY 2019/20 Proposed Budget will provide the funding needed for Port staff to carry out the department's strategic plan objectives and continue building upon the last four calendar years of record cargo growth. Through this Proposed Budget, staff will focus on delivering world-class infrastructure to support changes in the maritime industry, implementing supply chain efficiencies, and incorporating new technology in an environmentally sustainable manner.

"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**

Actual FY 2017-18	Adopted Budget FY 2018-19	Forecast FY 2018-19	Description	Proposed Budget FY 2019-20
\$ 619,413,043	\$ 698,981,032	\$ 672,166,168	Unrestricted Funds Available	\$ 752,760,896
88,037,738	87,136,488	86,289,482	Restricted Funds (1)	86,500,208
707,450,781	786,117,520	758,455,650	Total Cash Available	839,261,104
490,757,882	509,454,790	504,368,710	Operating Receipts	499,717,401
10,903,464	31,843,054	56,657,152	Non-Operating Receipts	55,607,461
4,523,999	4,825,000	5,258,830	Capital Grant Receipts	9,711,918
-	-	-	Proceeds from Debt Issuance	204,624,101
\$1,213,636,126	\$1,332,240,364	\$1,324,740,342	Total Receipts & Cash	\$ 1,608,921,985

APPROPRIATIONS

Actual FY 2017-18	Adopted Budget FY 2018-19	Forecast FY 2018-19	Description	Proposed Budget FY 2019-20
\$ 130,595,628	\$ 142,459,148	\$ 133,726,408	Salaries and Benefits	\$ 145,910,516
2,997,522	3,246,067	3,235,473	Marketing & Public Relations	3,164,122
810,728	1,073,615	1,002,407	Travel Expenses	1,101,846
31,269,966	43,384,384 *	41,513,879	Outside Services	39,637,969
7,416,206	8,328,411 *	8,062,365	Materials & Supplies	7,767,488
46,362,903	52,815,140 *	51,584,548	City Services	55,375,486
(16,595,154)	(13,235,931)	(14,425,528)	Allocations to Capital (overhead)	(16,295,716)
34,095,365	42,108,204	35,741,811	Other Operating Expenses (2)	41,384,743
236,953,164	280,179,038 *	260,441,363	Total Operating Expenses	278,046,454
7,896,742	22,253,746	11,133,457	Non-Operating Expenses (3)	82,402,306
244,849,906	302,432,784	271,574,820	Total Operating Budget	360,448,760
48,734,677	45,612,757	46,995,269	Capitalized & Allocated Expenditures (4)	16,295,716
-	1,000,000	765,108	Land & Property Acquisition	-
10,881,730	15,981,538	12,073,921	Equipment	12,390,824
58,292,799	90,974,581	61,775,725	Construction & Capital Improvement	144,431,911
117,909,206	153,568,876	121,610,023	Total Capital Budget	173,118,451
362,759,112	456,001,660	393,184,843	Total Operating & Capital Budget	533,567,211
54,806,364	19,293,488	48,279,395	Accrual Adjustments	(23,937,461)
37,615,000	44,015,000	44,015,000	Debt Repayments	267,110,000
455,180,476	519,310,148	485,479,238	Total Budget	776,739,750
86,289,482	84,131,093	86,500,208	Restricted Cash	72,631,824
672,166,168	728,799,123	752,760,896	Unappropriated Balance(UB)/Carried Forward	759,550,411
\$ 1,213,636,126	\$1,332,240,364	\$ 1,324,740,342	Total Harbor Department Budget	\$ 1,608,921,985

Note: Rounding of figures may occur.

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

* Includes a \$616,500 transfer to City Services from Outside Services, approved by the Board of Harbor Commissioners (Board) in FY 2018-19.

COMPARATIVE STATEMENT OF OPERATIONS

	Adopted Budget FY 2018/19	Proposed Budget FY 2019/20
Operating Revenues		
Shipping Services	423,599,891	408,973,219
Rentals	55,927,278	64,768,274
Royalties and Fees	10,294,502	3,849,757
Clean Truck Fees	2,148,338	3,500,000
Other Operating Revenues	17,484,781	18,626,151
Total Operating Revenues	509,454,790	499,717,401
Operating Expenses		
Salaries & Benefits (net of capitalization)	142,459,148	145,910,516
Marketing and Public Relations	3,246,067	3,164,122
Travel	1,073,615	1,101,846
Outside Services	43,384,384*	39,637,969
Materials & Supplies	8,328,411	7,767,488
City Services	52,815,140*	55,375,486
Allocations to Capital (overhead)	(13,235,931)	(16,295,716)
Other Operating Expenses	42,108,204	41,384,743
Total Operating Expenses	280,179,038*	278,046,454
Income from Operations before Depreciation	229,275,752	221,670,947
Depreciation	175,612,745	167,476,423
Income from Operations	53,663,007	54,194,524
Non-Operating Revenues	31,843,054	55,607,461
Non-Operating Expenses	22,253,746	82,402,306**
Net Income	\$ 63,252,315	\$ 27,399,679

Note: Rounding of figures may occur.

* Includes a \$616,500 transfer to City Services from Outside Services, approved by the Board in FY 2018/19.

** Starting in FY 2019-20, due to a change in accounting standards, no interest payments will be capitalized. Instead, all interest payments will be included in Non-Operating Expenses.

REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2017/18	ADOPTED FY 2018/19	FORECAST FY 2018/19	PROPOSED FY 2019/20
410 - Dockage	4,531,639	4,272,046	4,192,100	3,622,270
411 - Wharfage	376,126,615	395,351,529	384,810,977	382,094,901
412 - Storage	-	-	-	-
413 - Demurrage	218,776	215,862	206,852	215,000
414 - Pilotage	10,502,077	11,010,704	11,098,193	11,456,554
415 - Assignment Charges	13,860,883	12,749,750	11,273,194	11,584,494
417 - Lay Day Fees	37,500	-	22,500	-
41 - Shipping Services	405,277,490	423,599,891	411,603,816	408,973,219
420 - Land Rentals	60,745,901	55,100,036	65,661,977	64,080,521
421 - Wharf & Shed	476,823	512,495	528,811	539,227
422 - Building Rentals	109,071	226,222	55,379	56,319
423 - Warehouse Rentals	86,826	88,525	90,171	92,207
42 - Rentals	61,418,621	55,927,278	66,336,338	64,768,274
430 - Fees, Concessions, & Royalties	12,652,811	12,370,074	5,385,160	7,187,427
431 - Oil Royalties	87,760	72,766	131,634	162,330
43 - Royalties & Fees	12,740,571	12,442,840	5,516,794	7,349,757
490 - Other Operating Revenue	11,321,200	17,484,781	20,911,762	18,626,151
49 - Other Operating Revenue	11,321,200	17,484,781	20,911,762	18,626,151
Total Operating Revenues	490,757,882	509,454,790	504,368,710	499,717,401
710 - Interest Income - Cash Equivalent	9,393,262	6,899,160	12,790,889	11,052,102
71 - Interest Income	9,393,262	6,899,160	12,790,889	11,052,102
720 - Interest Income - Notes	-	-	-	-
72 - Interest Income - Notes	-	-	-	-
730 - Interest Income - Bonds	831,921	562,219	1,173,301	724,783
73 - Interest Income - Bonds	831,921	562,219	1,173,301	724,783
740 - Investment Income	(7,606,646)	2,505,708	2,000,000	2,054,359
74 - Investment Income	(7,606,646)	2,505,708	2,000,000	2,054,359
760 - Non-Operating Revenue	7,032,342	21,514,524	8,562,337	41,518,734
76 - Non-Operating Revenues	7,032,342	21,514,524	8,562,337	41,518,734
790 - Other Non-Operating Revenue	1,252,585	361,443	32,130,625	257,483
79 - Other Non-Operating Revenues	1,252,585	361,443	32,130,625	257,483
Total Non-Operating Revenues	10,903,464	31,843,054	56,657,152	55,607,461
Total Revenues	501,661,346	541,297,844	561,025,862	555,324,862

Note: Rounding of figures may occur.

REPORT OF EXPENSES

REPORT OF EXPENSES (3-DIGIT) REPORT #202	ACTUALS FY 2017/18	ADOPTED FY 2018/19	FORECAST FY 2018/19	PROPOSED FY 2019/20
510 - Salaries - Regular	70,984,860	78,790,213	72,759,315	80,650,046
511 - Salaries - Overtime	5,791,595	6,073,375	7,279,434	6,063,952
516 - Employee Benefits	52,547,034	56,340,522	52,459,576	57,907,675
517 - Paid Employee Benefits	1,272,139	1,255,038	1,228,083	1,288,843
51 - Salaries and Benefits	130,595,628	142,459,148	133,726,408	145,910,516
520 - Advertising & Public Relations	2,997,522	3,211,067	3,200,473	3,131,310
521 - Domestic Trade Representation	-	-	-	-
522 - Foreign Trade Representation	-	35,000	35,000	32,812
52 - Marketing & Public Relations	2,997,522	3,246,067	3,235,473	3,164,122
530 - Domestic Travel	338,467	500,415	424,838	551,546
531 - Foreign Travel	388,827	497,400	504,621	474,900
532 - Local Travel	62,484	75,300	72,948	75,400
533 - Credit Card Charges	20,950	500	-	-
53 - Travel Expenses	810,728	1,073,615	1,002,407	1,101,846
540 - Maintenance Services	5,097,500	7,106,473	6,836,885	8,028,619
541 - Office Equipment Maintenance Services	2,891,956	3,377,583	3,383,020	3,526,530
542 - Miscellaneous Professional Services	16,470,420	20,571,822	20,125,291	18,473,737
543 - Data Processing Services	5,839,842	9,836,407	9,724,802	7,417,870
544 - Financial Services	916,895	2,492,099	1,443,881	2,191,213
545 - Construction Services	53,353	-	-	-
54 - Outside Services	31,269,966	43,384,384*	41,513,879	39,637,969
550 - Maintenance & Other Supplies	5,234,767	5,794,071	5,476,485	5,394,070
551 - Administrative & Operating Supplies	2,181,439	2,534,340	2,585,880	2,373,418
55 - Materials & Supplies	7,416,206	8,328,411	8,062,365	7,767,488
570 - City Services	46,362,903	52,815,140	51,584,548	55,375,486
57 - City Services	46,362,903	52,815,140*	51,584,548	55,375,486
580 - Allocations	(16,595,154)	(13,235,931)	(14,425,528)	(16,295,716)
58 - Allocations	(16,595,154)	(13,235,931)	(14,425,528)	(16,295,716)
590 - Equipment Rental - Maintenance	805,014	543,515	597,620	473,032
591 - Equipment Rental - Non-Maintenance	76,491	77,302	70,302	83,350
592 - Memberships & Subscriptions	1,006,997	1,201,651	1,162,351	1,200,788
593 - Insurance	2,985,661	3,327,000	2,501,433	3,034,000
594 - Telephone	1,760,558	1,763,698	1,761,178	1,778,268
595 - Utilities	14,793,377	18,834,333	18,102,814	18,036,614
596 - Claims & Settlements	4,009,196	2,450,000	2,450,000	2,450,000
597 - Taxes, Assessments, & Fees	724,575	1,079,290	1,088,750	1,120,210
598 - Provision for Bad Debt	6,276,008	6,863,682	250,000	250,000
599 - Other Operating Expense	1,657,488	5,967,733	7,757,363	12,958,481
59 - Other Operating Expenses	34,095,365	42,108,204	35,741,811	41,384,743
Total Operating and Administrative Expenses	236,953,164	280,179,038*	260,441,363	278,046,454
610 - Depreciation Expense	167,983,575	175,612,745	169,228,861	167,476,423
61 - Depreciation	167,983,575	175,612,745	169,228,861	167,476,423
830 - Interest Expense - Bonds	1,611,557	493,048	495,985	32,991,199
831 - Interest Expense - Commercial Paper	-	-	-	-
83 - Interest Expense - Bonds	1,611,557	493,048	495,985	32,991,199
890 - Other Non-Operating Expenses	6,285,185	21,760,698	10,637,472	49,411,107
89 - Other Non-Operating Expenses	6,285,185	21,760,698	10,637,472	49,411,107**
Total Non-Operating Expenses & Depreciation	175,880,317	197,866,491	180,362,318	249,878,729
Total Expenses	412,833,481	478,045,529	440,803,681	527,925,183

Note: Rounding of figures may occur.

* Includes a \$616,500 transfer to City Services from Outside Services, approved by the Board in FY 2018/19.

** Starting in FY 2019-20, due to a change in accounting standards, no interest payments will be capitalized. Instead, all interest payments will be included in Other Non-Operating Expenses.

CAPITAL PROJECTS REPORT (SUMMARY)

Terminals

<i>Berths 90-93 World Cruise Center</i>	\$	2,566,282
<i>Berths 100-102 Development (China Shipping)</i>	\$	356,937
<i>Berths 121-131 Development (Yang Ming)</i>	\$	115,359
<i>Berths 135-147 Development (Trapac)</i>	\$	511,864
<i>Berths 171-181 Development (Pasha)</i>	\$	10,475,448
<i>Berths 222-236 Development (Everport)</i>	\$	29,456,554
<i>Berths 300-306 Development (Eagle Marine)</i>	\$	397,102
<i>Berths 400-409 Development (APMT)</i>	\$	1,243,445
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	14,685,815
<i>Miscellaneous Terminal Improvements</i>	\$	4,925,328

TOTAL TERMINAL IMPROVEMENTS \$ 64,734,134

Transportation Projects

TOTAL TRANSPORTATION PROJECTS \$ 11,685,493

Security Projects

TOTAL SECURITY PROJECTS \$ 8,510,166

Public Access/Environmental Enhancements

<i>Port-wide Public Enhancements</i>	\$	-
<i>Los Angeles Waterfront</i>	\$	21,429,763
<i>Environmental Enhancements</i>	\$	25,447

TOTAL PUBLIC ACCESS/ENVIRON. ENHANCEMENTS PROJECTS \$ 21,455,210

Maritime Services

<i>Harbor Department Facilities</i>	\$	18,136,459
<i>Miscellaneous Projects</i>	\$	5,910,449
<i>Unallocated Capital Improvement Program Fund</i>	\$	14,000,000

TOTAL MARITIME SERVICES \$ 38,046,908

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET** \$ 144,431,911
(Including Salaries)

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

CAPITAL PROJECTS REPORT (DETAIL)

Terminals

Berths 90-93 World Cruise Center

The cruise terminal will be upgraded starting with the completion of the modernization of two escalators at the end of 2019, the installation of two new elevators at beginning in early 2020, and the repair of the vehicular and pedestrian ramp in the summer of 2019.

\$ 2,566,282

Berths 100-102 Development (China Shipping)

The Final Supplemental China Shipping EIR is expected to be completed in late 2019.

\$ 356,937

Berths 121-131 - Development (Yang Ming)

Yang Ming EIR is expected to be completed in late 2019.

\$ 115,359

Berths 135-147 Development (Trapac)

Final closeout of the ICTF, the 72-acre automated backland development, is scheduled for late 2019.

\$ 511,864

Berths 171-181 Development (Pasha)

Pasha Terminal improvements include 382 linear feet of concrete wharf restoration scheduled to begin in November 2019, refurbishment of 8 mooring bollards, replacement of approximately 3,700 square feet of timber deck and asphalt, repair/replacement of bearing and fender piles scheduled to begin in October 2019, and electrical infrastructure improvements scheduled to start in early 2020.

\$ 10,475,448

Berths 222-236 Development (Everport)

Everport will see major improvements to the terminal this year. Wharf and backland improvements will begin in May 2019 which include dredging, grading, paving, striping, lighting, electrical infrastructure for 3 additional cranes, demolition of buildings, 5 AMP vaults, retrofitting of existing high voltage AMP system, terminal infrastructure reconstruction, replacement of the electrical infrastructure, and expansion of an existing substation which includes installation of 2 electrical chargers and 3 electrical yard tractor chargers.

\$ 29,456,554

Berths 300-306 Development (Eagle Marine)

Crane switchgear modernization will begin construction in fall of 2019.

\$ 397,102

Berths 400-409 Development (APMT)

Design of an extension to the existing rail bridge, five new railroad storage tracks, an asphalt access roadway, and new crossovers and switches as well as modifications to the existing compressed air system at the Pier 400 Rail Storage Yard will be completed in fall 2019 with construction beginning in summer 2020.

\$ 1,243,445

CAPITAL PROJECTS REPORT (DETAIL)

Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)

The design of the Berths 167-169 MOTEMS (Shell) project consisting of a new concrete loading platform, access trestle, and steel catwalks will be completed in the summer of 2019 with construction beginning in early 2020. The Berths 148-149 (Phillips 66) Repair project consisting of wharf deck concrete repairs, structural concrete repairs of wharf caps, and beams will begin construction in fall of 2019. The design of the Berths 148-151 (Phillips 66) project consisting of a new loading platform, access ramps, catwalks, fenders, and utilities will be completed in fall of 2019 with construction beginning in April 2020. The design of the Berths 238-239 (PBF Energy) project consisting of a new loading/unloading platform, access ramp, catwalks and fenders will be completed in fall 2019 with construction beginning in spring of 2020. The Berth 164 (Valero) project consisting of a new steel-reinforced concrete loading platform, access trestles, catwalks, and fenders will be completed in spring 2020 with construction beginning in fall 2020.

\$ 14,685,815

Miscellaneous Terminal Improvements

Demolition of the former Matson Building, Gate Office Building, and In-Gate Canopy and Out-Gate Canopy at Berths 206-209 will begin construction in fall of 2019. Demolition of approximately 76,000 square feet of concrete wharf at Berths 243-245 to be regraded for a future dredge disposal site will begin construction in the summer of 2019. The rehabilitation of 1,640 linear feet of pipe at Berths 147-151 will begin construction in late 2019.

\$ 4,925,328

TOTAL TERMINAL IMPROVEMENTS

\$ 64,734,134

Transportation Projects

Construction will begin in the spring of 2019 on Berth 200 - Rail Yard and Track Connections Enhancements which includes a new drainage collection system for the locomotive fueling facility. The Alameda Corridor Southern Terminus Gap Closure project consisting of 5,000 feet of track rail parallel to the existing San Pedro Main track will see design completed in spring of 2019 with construction beginning in early 2020. The design of the State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd Interchange Reconfiguration project which entails the replacement of the existing westbound (WB) off-ramp from the Vincent Thomas Bridge (VTB) with a new off-ramp, realignment of the existing WB on-ramp onto the SR 47 and I-110 connector, modification of the WB off-ramp onto Harbor Boulevard, and modification of the EB on-ramp onto the VTB toward Terminal Island will be completed in late 2020. Construction will be completed this fiscal year on a number of pavement resurfacing projects including the Swinford Street, Front Street, and Regan Street Resurfacing; and the Access Road Adjacent to Praxair Resurfacing Project. Preparation of a revised environmental assessment for the Southern California International Gateway (SCIG) project will be completed in late 2019.

TOTAL TRANSPORTATION PROJECTS

\$ 11,685,493

**CAPITAL PROJECTS REPORT
 (DETAIL)**

Security Projects

The Port Police 700 MHz Radio System Phase II project, the Port Police Integrated Computer Aided Dispatch and Records Management System, and the Port Police Fixed License Plate Reader System Projects will begin construction in fall 2019.

TOTAL SECURITY PROJECTS **\$ 8,510,166**

Public Access/Environmental Enhancements

Los Angeles Waterfront

Construction will commence on the San Pedro Waterfront - Ports O' Call Promenade and Town Square Phase I project which will include a 30-foot wide, 2,500 feet long public promenade along the water's edge from Berths 74-83 and a Town Square located at 6th Street east of Harbor Boulevard in the spring of 2019. San Pedro Waterfront - B. 80-83 - Waterside Improvements consisting of new floats, gangways, piles, and utilities will see construction begin in the summer of 2019. Design will be completed for the San Pedro Waterfront - Town Square Public Restrooms project consisting of public restrooms located within the Town Square area near the Maritime Museum in the summer of 2019 with construction beginning in winter of 2019. Design will be completed on the San Pedro Waterfront - Harbor Boulevard from Miner Street to SP Slip Roadway Improvements project in the fall of 2019 with construction beginning in early of 2020. The Wilmington area will see design completion in the summer of 2019 and construction starting in the winter of 2019 on the Wilmington Waterfront Promenade which consist of 1,200 feet of waterfront promenade, a public plaza, and parking. The Wilmington Waterfront - Avalon Promenade and Gateway project which includes a 1,300 foot pedestrian bridge along Avalon Boulevard from the general vicinity of the Avalon Triangle to the Wilmington Waterfront Promenade, and a 12-acre Entry Plaza will have design completed in the spring of 2020. The Wilmington Youth Sailing and Aquatic Center consisting of a 3,800 square foot community building and a 8,000 square foot boat storage area at Berth 183 will see design completed in late 2019 with construction beginning in spring of 2020.

\$ 21,429,763

Environmental Enhancements

Installation of an electrical charger for an electric locomotive at Berth 200 will be completed in the summer of 2019.

\$ 25,447

TOTAL PUBLIC ACCESS/ENVIRON. ENHANCEMENTS PROJECTS **\$ 21,455,210**

CAPITAL PROJECTS REPORT (DETAIL)

Maritime Services

Harbor Department Facilities

A number of Harbor Department Administrative Building improvement projects will be completed this fiscal year including the 2nd Floor Workspace Solution, 4th Floor Workspace Solution, 5th Floor Workspace Solution, Exterior Frame Repair Project, Garage Door Replacement, and the Patio Leak Repair Project. The HVAC replacement at the Administration Building will see construction beginning in late 2019. Berth 161 will see the start of construction of Phase 3 of electrical improvements in the fall of 2019 and the construction completion of the Equipment Operations Building Renovation project. The Klein Billing System will continue development this fiscal year and two new Pilot Boats will be purchased by spring of 2020. The Liberty Hill Parking Lot will undergo an upgrade including parking kiosk installation and restriping beginning construction in winter of 2019 with completion in spring of 2020.

\$ 18,136,459

Miscellaneous Projects

Projects listed under miscellaneous are not included in any specific program listed above. Projects included are the B. 85 - Port Police Float System Replacement; Sidewalk Repair Program within POLA Facilities; Berth 155A Building Improvements; 249 Cannery Street Building Demolition, Berths 46-72 Underwharf Pipeline Hangers Replacement; Demolition of the Former Star-Kist Cannery; and Berth 73 Fender Pile Replacement and Camel Log Placement.

\$ 5,910,449

Unallocated Capital Improvement Program Fund

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

\$ 14,000,000

TOTAL MARITIME SERVICES \$ 38,046,908

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET \$ 144,431,911**
(Including Salaries)

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

**B. 135-147 Terminal
Redevelopment
\$512K**

**B. 121-131 Terminal
Redevelopment
\$115K**

**B. 171-181 Terminal
Redevelopment
\$10.5M**

**Transportation
Improvements
\$4.2M**

**Cruise Terminal
Improvements
\$2.6M**

**San Pedro Public
Market Promenade
& Town Square
\$11.4M**

**B. 200 Rail Yard Track
Connections Enhancements
\$5.5M**

**West Basin Lead Track
\$2.0M**

**Avalon Promenade &
Gateway
\$348K**

**Wilmington Promenade
\$5.5M**

**MOTEMs Improvements
\$14.7M**

**B. 226-236 Terminal
Redevelopment
\$29.5M**

FY 2019/20 Capital Improvement Projects

