

# CITY OF LOS ANGELES, HARBOR DEPARTMENT

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## Proposed Annual Budget FY 2023/2024





PORT OF LOS ANGELES

PROPOSED

# ANNUAL BUDGET

FISCAL YEAR 2023/24

Los Angeles Board of Harbor Commissioners

Edward R. Renwick, Vice President

Diane L. Middleton, Commissioner

Michael Muñoz, Commissioner

Lucille Roybal-Allard, Commissioner

Lee Williams, Commissioner

Eugene D. Seroka, Executive Director

*Prepared by the Financial Planning & Analysis Division*



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

# Fiscal Year 2023/24 Proposed Annual Budget

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## Fiscal Year 2023/24 Proposed Budget

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

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

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

### **YEAR IN REVIEW**

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

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

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

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

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

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



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

### *Cargo Volumes*

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

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

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

### **Supply Chain & Infrastructure Capital Projects**

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

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

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

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

### **TERMINAL & ROADWAY INFRASTRUCTURE**

#### *Completed:*

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

#### *Under Construction:*

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



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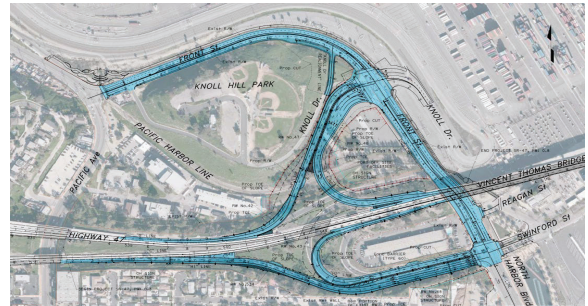
to connect the new loading platform to existing landside pipelines and utilities. The project includes a new 30-year lease. The first phase is expected to be completed in early 2023 and the additional phases are scheduled to be completed by early 2024.

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

### *In Design:*

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

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



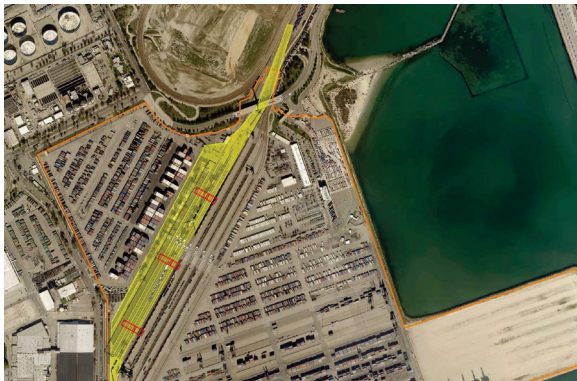
- Berths 238-239 – MOTEMS – PBF Energy** – This \$35.0 million project at the PBF Terminal will bring the PBF Energy Terminal into MOTEMS compliance. It will involve the construction of a new 125 x 58 feet unloading platform at Berth 238, berthing dolphins, mooring dolphins, catwalks and an access ramp.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



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





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### *Planned:*

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

## Environmental & Sustainability Initiatives

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

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

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

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

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

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

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

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





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practices and collaborating on issues deemed critical to both ports.

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

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

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

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

## Workforce Development

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





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

### Community Support

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

#### *PUBLIC ACCESS INVESTMENT PLAN (PAIP)*

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

#### *LA WATERFRONT PROJECTS*

##### *Under Construction:*

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

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

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

##### *In Design:*

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



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



### COMMUNITY GRANTS

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

### ALTASEA AT THE PORT OF LOS ANGELES

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

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

## FY 2023/24 PROPOSED ANNUAL BUDGET OVERVIEW

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

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

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

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

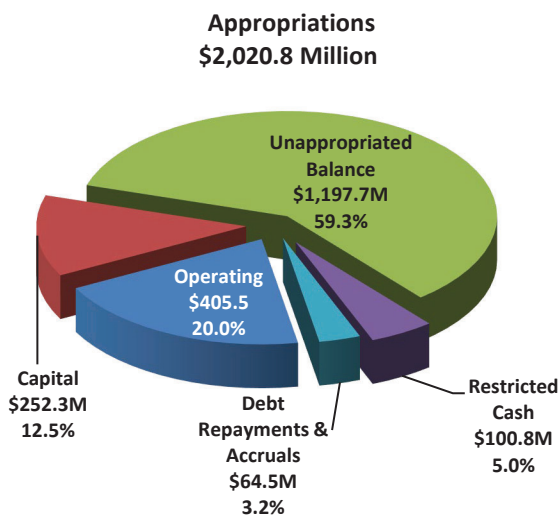


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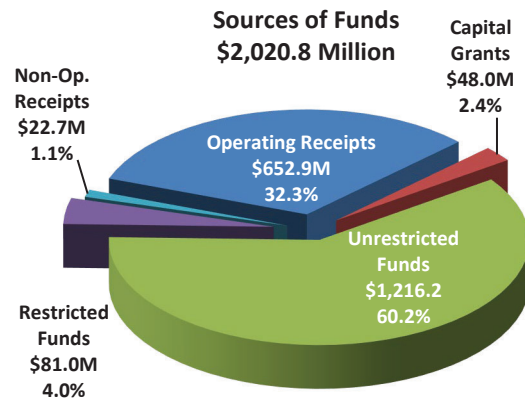
- 3. *Improved Financial Performance of Port Assets; and*
- 4. *Strong Relationships with Stakeholders.*

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



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

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



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



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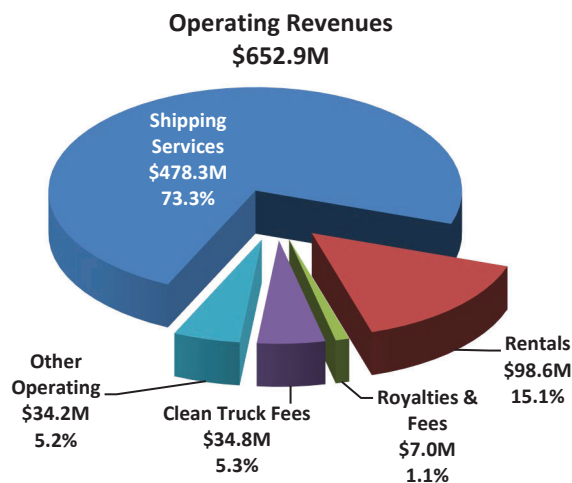
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a 10.5% increase relative to total cash of \$1,173.5 million available at the beginning of FY 2022/23. To ensure that the Port maintains its strong financial position and to comply with the financial policy approved by the Board of Harbor Commissioners,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

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

### OPERATING BUDGET

#### Operating Revenues



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

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

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

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

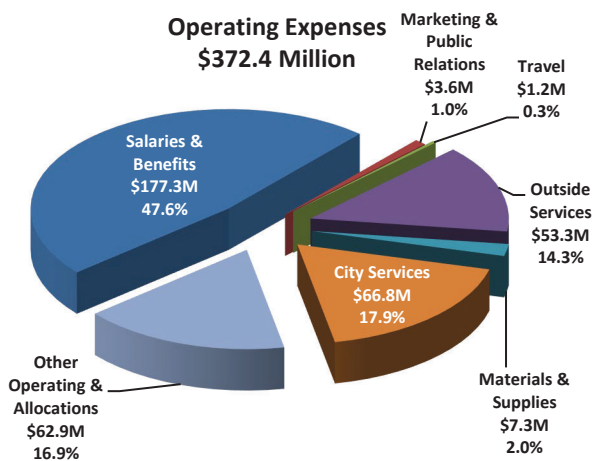


**Port of Los Angeles  
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**Fiscal Year 2023/24 Proposed Budget**

***Operating Expenses***

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



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

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

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



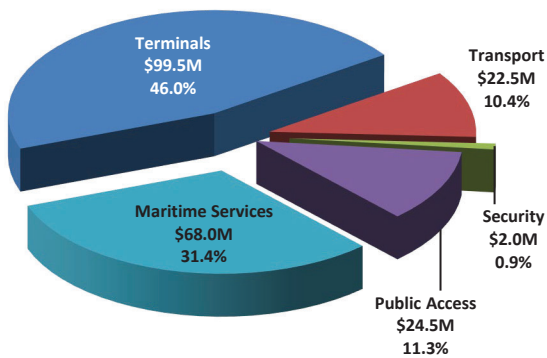
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## Fiscal Year 2023/24 Proposed Budget

### CAPITAL BUDGET

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

Capital Improvement Program  
\$216.5 Million



### Terminal Improvement Projects

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

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

### Maritime Services

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



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### *Public Access/Environmental Enhancement Projects*

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

### *Transportation Improvement Projects*

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

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

### *Security Projects*

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

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

## **STRATEGIC INITIATIVES**

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

### *Cargo Marketing*

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





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



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

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

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

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

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

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



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

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

### *Trade Connect Program*

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



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

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

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

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

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

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



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

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

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

### *Planning and Strategy*

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

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

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

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

### *Governmental Advocacy & Workforce Development*

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



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



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

### *Environmental Stewardship*

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

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

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

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



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

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

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

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

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



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



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

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

### ***Security and Public Safety Strategies***

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

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

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



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

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



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### *Community and Waterfront Programs*

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

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

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

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

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

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



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

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



Port of Los Angeles  
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## Fiscal Year 2023/24 Proposed Budget

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

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

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

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

### *Employee Recruitment, Retention, and Development*

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

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







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



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*"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."*

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**HARBOR REVENUE FUND REPORT**

**RECEIPTS AND CASH**

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

**APPROPRIATIONS**

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

Note: Rounding of figures may occur.

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

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

## COMPARATIVE STATEMENT OF OPERATIONS

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

Note: Rounding of figures may occur.

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

REPORT OF REVENUES

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

Note: Rounding of figures may occur.

REPORT OF EXPENSES

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

Note: Rounding of figures may occur.

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

## CAPITAL PROJECTS REPORT (SUMMARY)

### Terminals

<i>Berths 90-93 Inner Harbor Cruise Facility &amp; Berths 45-53 Outer Harbor Cruise Facility</i>	\$	6,839,416
<i>Berths 121-131 Development (Everglades)</i>	\$	555,623
<i>Berths 171-181 Development (Pasha)</i>	\$	13,752,955
<i>Berths 212-224 Development (YTI)</i>	\$	176,662
<i>Berths 222-236 Development (Everport)</i>	\$	9,786
<i>Berths 300-306 Development (Fenix/CGA CGM)</i>	\$	24,384,383
<i>Berths 400-409 Development (Maersk)</i>	\$	29,677,814
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	17,751,589
<i>Miscellaneous Terminal Improvements</i>	\$	6,380,540
<b>TOTAL TERMINAL IMPROVEMENTS</b>	<b>\$</b>	<b>99,528,768</b>

### Transportation Projects

<b>TOTAL TRANSPORTATION PROJECTS</b>	<b>\$</b>	<b>22,473,595</b>
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### Security Projects

<b>TOTAL SECURITY PROJECTS</b>	<b>\$</b>	<b>1,989,689</b>
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### Public Access/Environmental Enhancements

<i>Port-wide Public Enhancements</i>	\$	4,009,760
<i>Los Angeles Waterfront</i>	\$	14,456,981
<i>Environmental Enhancements</i>	\$	6,027,504
<b>TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS</b>	<b>\$</b>	<b>24,494,246</b>

### Maritime Services

<i>Harbor Department Facilities</i>	\$	17,535,570
<i>Miscellaneous Projects</i>	\$	35,496,425
<i>Unallocated Capital Improvement Program Fund</i>	\$	15,000,000
<b>TOTAL MARITIME SERVICES</b>	<b>\$</b>	<b>68,031,995</b>

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

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

**CAPITAL PROJECTS REPORT  
(DETAILED)**

**Terminals**

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

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

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

**\$ 6,839,416**

**Berths 121-131 - Development (Everglades)**

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

**\$ 555,623**

**Berths 171-182 Marine Improvements (Pasha)**

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

**\$ 13,752,955**

**Berths 212-224 Development (YTI)**

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

**\$ 176,662**

**Berths 222-236 Development (Everport)**

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

**\$ 9,786**

**Berths 300-306 Development (Fenix/CGA CGM)**

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

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

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

**\$ 24,384,383**

**Berths 400-409 Development (Maersk)**

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

**\$ 29,677,814**

**CAPITAL PROJECTS REPORT  
(DETAILED)**

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

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

\$ 17,751,589

**Miscellaneous Terminal Improvements (TI)**

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

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

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

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

\$ 6,380,540

**TOTAL TERMINAL IMPROVEMENTS**

\$ 99,528,768

**Transportation Projects**

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

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

**TOTAL TRANSPORTATION PROJECTS**

\$ 22,473,595



**CAPITAL PROJECTS REPORT  
(DETAILED)**

**Security Projects**

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

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

**Public Access/Environmental Enhancements**

**Port-Wide Public Enhancement**

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

**\$ 4,009,760**

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

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

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

**\$ 11,581,392**

**Wilmington Waterfront PAIP & Miscellaneous Projects**

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

**\$ 2,875,590**

**Environmental Enhancements**

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

**\$ 6,027,504**

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

**CAPITAL PROJECTS REPORT  
(DETAILED)**

**Maritime Services**

**Harbor Department Facilities**

Redesign work to comply with City of Los Angeles Green Building Code for the Heating, Ventilation, and Air Conditioning (HVAC) replacement project at the Harbor Administration Building (HAB) will be finished by March 2024, and construction will start in September 2024. Construction to remodel the HAB Board Hearing Room and Executive Session Room will start in summer 2023, construction will be completed in September 2024, and commission of audio/video equipment is scheduled to be completed at the end of 2024. Construction of the Port Pilot Radio System will be completed by December 2023. Construction to replace the Compressed Natural Gas (CNG) compressor at Berth 161 will start in June 2024 with completion by December 2025. Other continuing projects include the remodel of the former administration building at Berth 161, Oracle Cloud Migration project, and the Klein Billing and Port Pilot system enhancement. **\$ 17,535,570**

**Miscellaneous Projects**

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

Port wide Leak Detection Expansion Program will install smart meters to communicate with the Port's existing water monitoring program to identify anomalies in the system as a potential leak. **\$ 35,496,425**

**Unallocated Capital Improvement Program Fund**

This category is for unanticipated projects which are initiated throughout FY 23/24. It includes construction services, consultants, hiring hall expenses, materials, equipment, services from other city departments, and administrative expenses. **\$ 15,000,000**

**TOTAL MARITIME SERVICES \$ 68,031,995**

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

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

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

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

Wilmington Waterfront Promenade **\$1.2M**

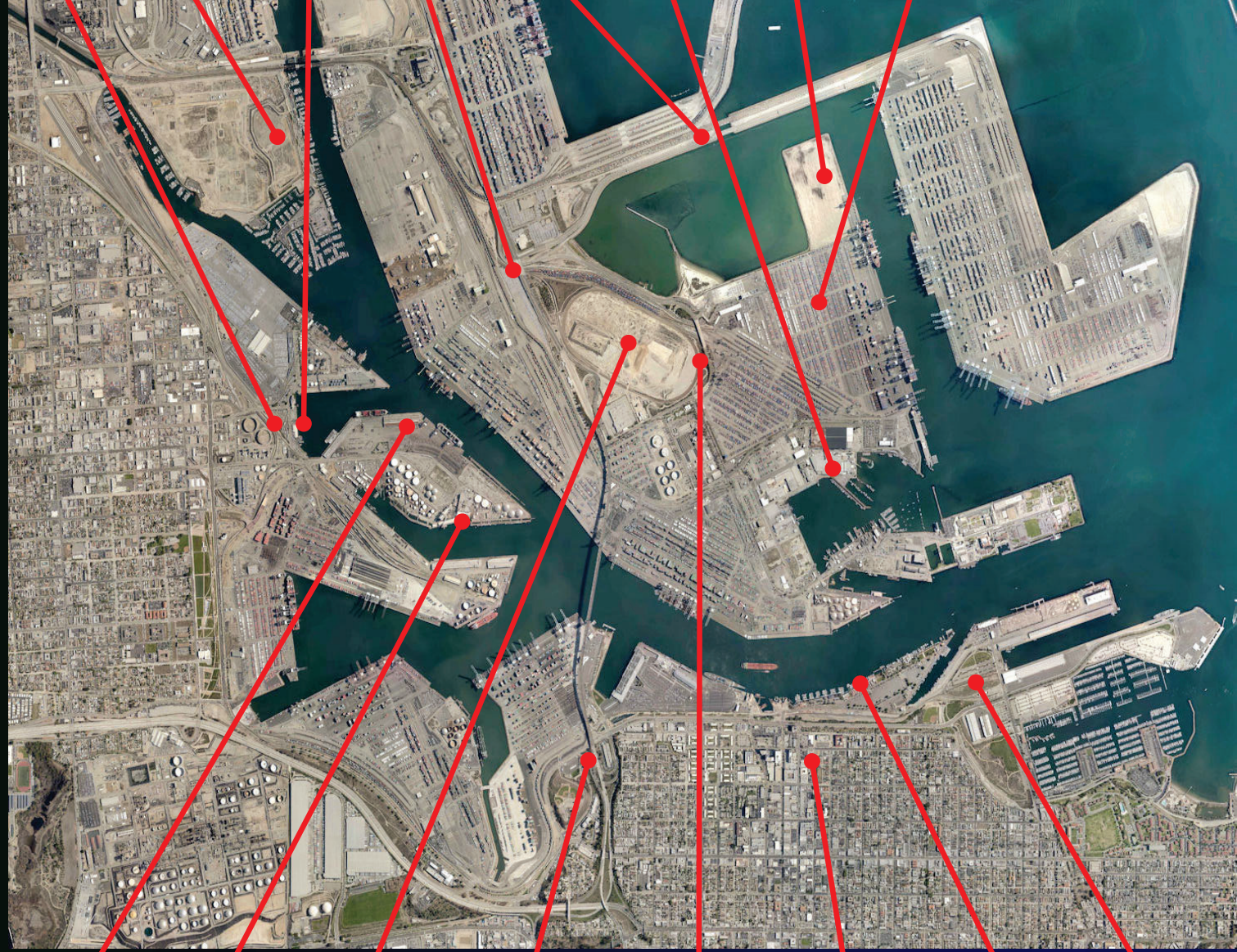
Navy Way and Seaside Interchange **\$1.1M**

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

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

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

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



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

MOTEMS Improvements **\$17.7M**

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

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

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

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

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

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

# FY 2023/24 Capital Improvement Projects



425 South Palos Verdes Street, P.O. Box 151 • San Pedro, California 90733-0151  
Tel/TDD: 310-SEA-PORT • [www.portoflosangeles.org](http://www.portoflosangeles.org)

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