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CITY OF LOS ANGELES, HARBOR DEPARTMENT

Proposed Annual Budget FY 2024/2025





PORT OF LOS ANGELES

PROPOSED
ANNUAL BUDGET
FISCAL YEAR 2024/25

Los Angeles Board of Harbor Commissioners

Lucille Roybal-Allard, President
Diane L. Middleton, Vice President
Michael Muñoz, Commissioner
Edward R. Renwick, 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 2024/25 Proposed Annual Budget

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

The busiest in the Western Hemisphere, the Port of Los Angeles is the nation's #1 container port, a ranking held for 24 consecutive years. It is recognized as a global model for security, sustainability, and social responsibility, and plays a vital role in the nation's economy and transportation network. A catalyst for job growth, operations and commerce at the San Pedro Bay port complex are estimated to facilitate one in nine jobs across five Southern California counties, and support nearly three million jobs nationally.

YEAR IN REVIEW (FISCAL YEAR 2023/24)

The past fiscal year was one of cautious optimism at the Port of Los Angeles. Buoyed by a relatively strong national economy, robust consumer spending, and a solid U.S. labor market, the Port saw steady month-over-month growth in cargo volumes through April 2024. Although volumes are expected to taper off in May and June, the Port is expected to finish fiscal year (FY) 2023/24 stronger than prior year.

These steady cargo volume numbers reflect continued confidence in the nation's biggest trade gateway, boding well for a return to steady cargo levels and rebounding revenues in the coming fiscal year. Ratification of a six-year contract with the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) in August 2023 added to that confidence, as did Port operational data showing efficient cargo flow and additional available capacity. However, Port officials also cautioned that external forces beyond the Port's control — such as continued inflation, high interest rates and ongoing geopolitical conflicts — could still impact future cargo projections.

Cargo growth during FY 2023/24 allowed the Port to follow through on a number of its commitments and priorities, including robust investments in the community, environmental and sustainability programs, as well as jobs and workforce development.

Key community projects this past year included the unveiling of the long-awaited \$77.3 million Wilmington Waterfront Promenade, the construction kickoff of the \$31.4 million San Pedro Promenade Phase II, and awarding of \$1.5 million in local community grants. Additionally, construction for a \$130.0 million community-focused transportation project which will upgrade the existing Harbor Blvd. on-ramp and off-ramp between the Vincent Thomas Bridge and Harbor Freeway began in March 2024.

In FY 2023/24, the Port continued to lead the nation with its environmental and sustainability programs. In the fall, the Port announced the potential award of up to \$300.0 million in federal grant funding to develop a "hydrogen hub" in the San Pedro Bay complex focused on developing hydrogen-powered cargo handling equipment and building related infrastructure. Work also continued on the Port's Green Shipping Corridor (GSC) partnerships to reduce carbon emissions along key international shipping routes. Adding the Port of Guangzhou in October 2023, the Port now has GSC partnerships with eight ports in China, Japan, Singapore, and Vietnam. This past year progress continued on the Port's Clean Truck Fund Rate program — put into place in 2022 to help facilitate a transition to cleaner trucks serving the port complex — with funds collected totaling \$79.1 million through March 31, 2024.

In line with its commitment to job growth and development, the Port took a big step forward in February 2024 with the kickoff of the environmental review process on the joint \$150.0 million Port of Los Angeles/Port of Long Beach (POLB) Goods Movement Workforce Training Facility. To assist with the construction of this training facility, the Port received funding of \$110.0 million from the State of California. When built, it will be the first workforce training facility in the U.S. dedicated to the goods movement sector and career training in longshore work, trucking, and warehousing. In July 2023, the Port was also awarded \$233.1 million in grants from the State of California to complete essential infrastructure projects aimed at creating a more efficient and sustainable supply chain, more jobs, and improved competitiveness.



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The fiscal year began with Los Angeles Mayor Karen Bass appointing Lucille Roybal-Allard as the new Los Angeles Harbor Commission President. Commissioner Diane Middleton was promoted to Vice President, and two new commissioners were named to the board in May of 2023: Michael Muñoz and I. Lee Williams. Commissioner Edward Renwick was reappointed to a third term.

In November 2023, Port Executive Director Gene Seroka was elected vice president of the International Association of Ports and Harbors (IAPH), a volunteer position representing IAPH's North American region. The Office of the U.S. Trade Representative also named Seroka to its Intergovernmental Policy Advisory Committee (IGPAC) in October 2023.

Cargo Volumes

Strong market confidence, continued consumer spending, and positive economic indicators boosted cargo numbers for the first nine months of the fiscal year. The Port processed 6,872,805 Twenty-Foot Equivalent Units (TEUs) through March 2024, an 8.5% year-over-year increase relative to the same 9-month period last fiscal year. Despite weaker volumes anticipated in April through June 2024, approximately 8.9 million TEUs are expected to be handled in FY 2023/24, which would represent a 3.4% increase compared to the 8.6 million TEUs handled in FY 2022/23.

Loaded imports from July 2023 through March 2024 landed at 3,541,844 TEUs, an increase of 11.8% compared to the same period last fiscal year. Loaded exports came in at 1,114,627 TEUs during that same period, representing a 32.1% increase year-over-year. Empty containers totaled 2,216,334 TEUs, a 4.5% decrease compared to the same period last fiscal year.

Community Investment

In his State of the Port speech in January 2024, Port Executive Director Gene Seroka reiterated the Harbor Department's focus and commitment to invest in the

Port's surrounding communities. A mainstay of the Port's community investment over the past ten years has been the Public Investment Access Plan (PAIP), a budgetary guideline adopted in 2015 with the goal of developing public use areas on existing Port property. The PAIP commits a minimum of 10% of annual Port operating income to community projects. In April 2024, the Los Angeles Harbor Commissioners also approved the indefinite extension of PAIP and its alignment with the Port's five-year Capital Improvement Program (CIP) budgeting process.

The PAIP has served as the catalyst to propel the Port towards \$1.0 billion in total investment in the LA Waterfront from 2005 to 2025, with community input serving as a critical element in shaping each project. Community input was an important catalyst in finalizing a new San Pedro Waterfront Connectivity Plan in December 2023. This plan sets guidelines for creating a network of well-connected, multi-benefit spaces accessible and safe for all San Pedro neighborhoods, as well as for the larger region seeking to enjoy the LA Waterfront.

In FY 2023/24, significant progress was made on a number of major, community-focused LA Waterfront capital improvement projects:

Wilmington

- **Wilmington Waterfront Promenade** – The \$77.3 million nine-acre project creating a “window on the waterfront” for the Wilmington community officially opened to the public in February 2024. Located along the water's edge of Berths 183-186 adjacent to Banning's Landing Community Center, the new open space development features three distinct visitor experience areas, unique seating and views of the water, convenient pet stations, drinking fountains, and a 159-space parking lot, in addition to other amenities.
- **Avalon Promenade Bridge and Gateway Project** – A companion piece to the Wilmington Waterfront Promenade, this \$76.6 million project will construct a signature pedestrian bridge along



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Avalon Boulevard, linking the Promenade to the future Avalon Promenade and Gateway, which is also part of the project. The project will include a pedestrian bridge over the railroad tracks and Water Street, entry plaza, landscaping, hardscaping, parking, restrooms, and architectural finishes. Construction on the project – which is supported by \$10.2 million in Metro Measure M/South Bay Cities Council of Governments (SBCCG) grant and \$42.1 million in funding from the California State Transportation Agency – is expected to start in early 2026.

- **Wilmington Youth Aquatic Center** – Berth 183 on the Wilmington Waterfront will be the location for the new Wilmington Youth Aquatic Center, a facility to house the expansion of the Wilmington Youth Sailing Center. The Port hosted a community workshop in February 2024 to seek community input on the new facility and its programs.

San Pedro

- **San Pedro Promenade Phase II** – In July 2023, the Port broke ground on the second and final phase of the San Pedro Promenade along the Main Channel portion of the future West Harbor commercial development on the LA Waterfront. The groundbreaking for the \$31.4 million Phase II project followed the completion of the Promenade’s \$53.7 million Phase I project in October 2021, for a combined Port investment of more than \$85.0 million. The promenade will include such amenities as public seating, landscaping, hardscaping, and architectural finishes, with completion expected in spring 2025.
- **West Harbor** – Plans for this development include 42 acres of ample outdoor space for restaurants, retail, fresh markets, office space, waterside activities, and an open-air amphitheater for live entertainment. The developers, The Ratkovich Company and Jerico Development, are expected to invest

approximately \$165.0 million in this redevelopment, slated for completion in late 2025.

- **State Route 47/Vincent Thomas Bridge & Front Street/Harbor Blvd. Interchange Reconfiguration** – To improve safety and vehicle flow at this busy interchange near the Port in San Pedro, in March 2024 the Port began construction on this \$130.0 million interchange reconfiguration project. The juncture serves as an important transportation link to the LA Waterfront, San Pedro, Terminal Island and the West Basin Container Terminal. The project entails new and/or realigned on-ramps and off-ramps, as well as various street improvements. The project is supported by \$49.3 million in Metro Measure R, \$9.9 million in U.S. Department of Transportation (USDOT) Port Infrastructure Development Program, and \$13.4 million in California Trade Corridor Enhancement Program (TCEP) grant funding. Construction is expected to be completed in late 2026.



- **Berth 44 Boatyard** – In January 2024, the Port released an Initial Study/Notice of Preparation on this proposed project to redevelop a 4.75-acre site in San Pedro with a state-of-the-art boatyard. The project would include site remediation, demolition, repairs, and grading by the Port; followed by construction of docks, gangways, slips, scissor lifts, sanding systems, and a 400-ton travel lift operating to service vessels such as



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tugboats, commercial fishing boats, recreational vessels, and ferries, as well as commercial sales of vessel supplies.

In FY 2023/24, the Port also awarded \$1.5 million in Community Investment Grants to 37 local non-profits to support maritime workforce development, youth education, environmental programs, and LA Waterfront projects. Since the program began in 2014, the Port has awarded more than \$10.6 million in grants.

Economy & Workforce Development

As an economic engine for the region and the nation, and significant generator of jobs, the Port has many programs and initiatives in place to assure state-of-the-art infrastructure, as well as a highly skilled workforce that can continue to support the needs of the busiest trade gateway in the Western Hemisphere. The ratification of a six-year contract between the ILWU and the PMA in August 2023 also represented an important boost of confidence in the Port's long-term stability and workforce capabilities to deliver on customer cargo needs.

Major Port capital improvement projects and their progress include:

Completed:

- **Berths 167-169 (MOTEMS) Shell Phase 1** – Wrapped up in May 2023, this \$44.8 million project involved construction of a new marine oil platform at the Shell Oil Terminal, bringing it into compliance with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS). Work on Phase 1 included demolition of the timber wharves, and construction and operation of a new MOTEMS-compliant wharf at Berth 168, with minor infrastructure improvements to connect the new loading platform to the existing landside pipelines and utilities. The completed wharf was turned over to

the tenant to complete topside improvements and commission the berth. The project includes a new 30-year lease.

Underway:

- **Pier 400 Corridor Storage Tracks Expansion** – This \$73.2 million project will expand the existing Pier 400 rail storage yard to accommodate future rail volumes on Terminal Island. Improvements include 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 of the Pier 400 Rail Storage Yard and Bridge, as well as various track and street improvements. A \$21.6 million TCEP grant supports the project. Construction began in winter 2022 with completion expected in spring 2024.
- **Berths 177-182 Wharf Restoration** – This \$23.1 million project began in 2023 and involves the construction of approximately 382 linear feet of concrete wharf (62-feet-wide). The new wharf will partially replace an existing wharf extensively damaged in a fire and bring it into compliance with the Port's seismic code. Work also includes slope erosion repair and bollard upgrades. Construction is anticipated to be completed by January 2025.

In Design:

- **Berths 302-305 On-Dock Railyard Expansion** – In the final design stage, this \$52.3 million project will expand the existing railyard at Berths 302-305 by 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, while also constructing various infrastructure improvements. Grant funding for the project includes \$18.2 million from the USDOT Maritime Administration and \$19.2 million from TCEP. Construction is anticipated to start early 2025.



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- Port of Los Angeles and Port of Long Beach Goods Movement Workforce Training Facility** – Design is underway on this \$150.0 million facility, which will be the first training center in the U.S. dedicated to the goods movement industry. This facility will provide the region's workforce with skills to succeed in careers that utilize new and cleaner human operated technologies. Being developed in collaboration with the POLB, the California Workforce Development Board, the ILWU, and the PMA, the facility will replicate goods movement environments, such as marine cargo terminals, and provide a safe worker training environment. The project includes \$110.0 million in funding from the State of California, with construction slated to start early 2027.



- Maritime Support Facility Access/Terminal Island Rail System Grade Separation** – Currently in design, this \$39.2 million project will add a four-lane, rail-roadway grade separation, eliminating significant truck access impediments into the proposed Terminal Island Maritime Support Facility (TIMSF). It will also connect the TIMSF to Terminal Way, Ferry Street, and Pier 300. The project is supported by grant funding from USDOT RAISE program (\$20.0 million) and the TCEP (\$15.0 million). Construction is slated to start early 2026.
- Terminal Island Maritime Support Facility (TIMSF)** – In the design phase, this \$194.6 million project will serve as a chassis support facility for the Port. It will consist of approximately 70-80 acres, including grading,

paving, power, lighting, fire protection, perimeter fencing, utilities, road-ability canopy, longshore restrooms, guard booths, and a roadway connecting to the future Maritime Support Facility Access/Terminal Island Rail System Grade Separation. Supported by a \$149.3 million grant from the California State Transportation Agency, the project is slated to begin construction in fall 2025.

- Zero-Emissions Port Electrification and Operations Program** – Planning has begun on this \$501.0 million program to support the future power demand requirements of zero-emission operations throughout the Port. Its major components include construction of a fourth rack at the Los Angeles Department of Water & Power (LADWP) power receiving station in Wilmington (RS-Q), in addition to separate projects to construct distribution lines and other electrical infrastructure from RS-Q to the Outer Harbor, West Basin, and Terminal Island. Construction is expected to begin in late 2027.
- Berths 167-169 (MOTEMS) Shell Phase 2** – Phase 2 of this project will include demolition of a remaining existing timber wharf at Berth 169 and completion of catwalks. Work will begin once Shell moves operations to the new wharf constructed at Berth 168 and decommissions the old wharf at Berth 169. Phase 2 construction is expected to start early 2025.
- Berths 238-239 (MOTEMS) PBF Energy** – Finalization of design of this new marine oil platform at the PBF Energy Oil Terminal at Berth 238 is in progress, with construction slated to begin in early 2025. The primary goal of the proposed \$35.0 million project is to bring the terminal into compliance with the MOTEMS regulations. The new terminal will feature a new 125-foot x 58-foot unloading platform, berthing dolphins, mooring dolphins, catwalks, and an access ramp. Two existing unloading platforms will also be demolished at Berths 238 and 239, as well as other existing mooring and berthing dolphins.



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- Harbor Administration Building HVAC Replacement** – This \$19.5 million project includes the redesign and replacement of the heating, ventilation, and air conditioning (HVAC) system at the Harbor Administration Building with an electric system. The project supports the City of Los Angeles' policies and commitment for zero carbon in major renovation of buildings. Construction is expected to begin in mid-2025.
- Navy Way and Seaside Avenue Interchange Improvements** – Design is underway on this \$65.7 million project to modify the intersection of Navy Way and Seaside Avenue to improve traffic operations and safety. The project would eliminate left turns and reduce potential collisions at this intersection, and would make several other street, signal, and track improvements. Funding includes a \$41.8 million grant from the California State Transportation Agency. Construction is slated to start early 2026.
- 208 East 22nd Street Parking Lot Improvements** – Currently in design, this \$31.8 million project consists of the development and redevelopment of 17.5 acres at the 208 East 22nd Street parking lot, creating up to 2,350 parking stalls. Improvements will also include grading, paving, drainage, lighting, security fencing, restrooms, additional entrances, and pay stations. Construction is estimated to begin summer 2025.
- Berths 49-51 Outer Harbor Cruise Terminal Development** – Design is underway for the installation of an Alternative Maritime Power® (AMP®) system for cruise ships at Berths 49-51. The \$53.0 million project also entails concrete wharf repairs, hybrid fender backing panels, a foam-filled fendering system, utility work, and improvements to pedestrian and vehicular access for current cruise operations. Construction is expected to start in fall 2025.
- Terminal Island Facilities Demolition and Improvements** – This \$18.2 million project includes the demolition and storage lot

conversion of 1050 S. Ways St. Star-Kist; the South Seaside Ave. storm drain restoration; Southwest Marine Administration Building demolition and pavement improvements; and the demolition and lot conversion at 1025 South Seaside Avenue. Work includes building demolition, asbestos abatement, lead remediation and polychlorinated biphenyls (PCB) abatement, removal and disposal of miscellaneous structures, grading and paving, removal and disposal of chemically impacted soil, and installation of permanent perimeter fencing, lighting, and construction of a storm drain system. Construction is slated to start in 2024 and conclude in summer 2025, making the land available for lease.

Cruise Industry

The cruise industry at the Port continues to be a source of both jobs and significant economic benefits for the region. In calendar year (CY) 2023, 219 cruises set sail from the Port of Los Angeles with a record 1.3 million passengers. Each cruise generates more than \$1.2 million in local payroll and business activity.



Capitalizing on the cruise momentum, in summer 2024, the Port plans to issue a Request for Proposal (RFP) for the redevelopment of existing cruise facilities and potential construction of a new outer harbor terminal. The anticipated redevelopment will support growing cruise demand at the Los Angeles Harbor, as well as help accommodate increasingly larger cruise ships embarking from the Port.



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Environment & Sustainability

The Port is a recognized leader in sustainability. Under the landmark San Pedro Bay Ports Clean Air Action Plan (CAAP), the Port has continued to make groundbreaking progress in reducing harmful emissions from all port-related sources. The Port's sustainability goals include transitioning all cargo handling equipment on its terminals to zero emissions by 2030, all drayage trucks calling at the Port to zero emissions by 2035, and reducing greenhouse gas emissions 40% below the 1990 levels by 2030 and 80% below 1990 levels by 2050.

Significant progress was made toward the Port's decarbonization goals this past fiscal year:

- **Green Shipping Corridors (GSC)** – GSC will focus on reducing carbon emissions along key international shipping routes through the use of zero-emission trucks and terminal equipment, and gradually cleaner vessel fuels. In October 2023, the Port signed a new MOU with the Port of Guangzhou, China, and in November 2023, with Long Sơn Port in the Vũng Tàu Province of Vietnam and Nam Do Son Port in Hải Phòng City.

POLA's roster of GSC partners now number eight ports in China, Japan, Singapore, and Vietnam. Five of the major ocean carriers that call on the San Pedro Bay ports have also agreed to test lower-carbon fuels in the coming years as part of these GSC partnerships.

In September 2023, POLA, POLB and C40 Cities unveiled a GSC Implementation Plan with the Port of Shanghai. In December 2023, POLA and POLB also unveiled a Partnership Strategy with the Maritime and Port Authority of Singapore, building on their previously signed GSC in April 2023. This was followed in the spring with the release of a comprehensive baselining study forecasting multiple job, health, and economic benefits by decarbonizing the shipping route between the two nations.

- **Hydrogen Hub** – Green hydrogen is a promising zero-carbon source of energy. In October 2023, the U.S. Department of Energy announced that it will award up to \$1.2 billion in grant funding to a public-private partnership formed to lead California's bid to create a hydrogen hub.

POLA and POLB are expected to receive a portion of this grant – up to \$300.0 million – to demonstrate hydrogen fuel cell cargo handling equipment and hydrogen fueling options, such as mobile trucks and/or stations, at port terminals. Subsequent phases call for scaling up testing with more cargo handling equipment and deploying 5,000 hydrogen fuel cell, heavy-duty, on-road trucks statewide. The Ports and participating tenants will match their share of the federal funds received with an equal contribution.

- **Clean Truck Fund Rate (CTFR)** – Created to help accelerate the development of zero-emission drayage trucks, the CTFR collects a rate of \$10 per twenty-foot equivalent unit (TEU) on loaded import and export cargo containers hauled by drayage trucks as they enter or leave container terminals at POLA and POLB. Funds collected are allocated to support incentives for the purchase of zero-emission drayage trucks and related charging infrastructure.

In September 2022, POLA announced the first round of availability of CTFR funds to encourage program participation. A second round of CTFR funds was released jointly by POLA and POLB in November 2023 that allowed Port funding to be combined with other incentive funding to encourage program participation. Through March 2024, POLA's portion of CTFR monies collected totaled \$77.8 million (excluding collection and implementation fees), of which \$3.8 million has been distributed to-date. As of March 2024, there are 287 zero-emission Class 8 over-the-road trucks registered to operate at the port complex.

- **Zero-Emission Equipment Testing** – The Port continues to foster the development of zero-emissions technologies to achieve its air quality



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goals and reduce regional greenhouse gas emissions. The Port is currently involved in 11 demonstration projects, which includes the testing of more than 28 zero-emission cargo handling equipment.

Cybersecurity

Cybersecurity and protection of digital assets and infrastructure at the Port continues to be a top priority. In 2023 alone, the Port experienced an estimated 754 million cyber-intrusion threats, or an average of approximately 63 million per month. With cyberattacks becoming increasingly frequent and more sophisticated, the Port’s \$6.8 million Cyber Resilience Center (CRC) continues to show success in guarding against such threats. Over the last year, the CRC proved to be a valuable asset to the Port’s supply chain partners as well, providing platform users with enhanced awareness and cyber intelligence, better collective knowledge sharing, and heightened protection against cyber threats within the supply chain community.



FY 2024/25 PROPOSED ANNUAL BUDGET OVERVIEW

The Harbor Department’s FY 2024/25 Proposed Budget was developed with the understanding that the Port is a member of a larger system encompassing the local community, city, state, and other nations, which collectively become stronger when working in unison. To this end, Harbor Department staff will continue to advance the interests of the community by focusing on the environment and jobs. To transition to a more environmentally sustainable mode of operations, Harbor Department staff will continue to collaborate with regional and global partners to develop innovative strategies and programs for the decarbonization of the maritime industry. Knowing that the strength of the Port is interlinked with the economic stability of those within its ecosystem, in FY 2024/25 staff will continue working in partnership with other agencies to implement job initiatives, continue its work on the Goods Movement Training Campus, and continue investing in capital improvement projects that will not only benefit the Port, but create jobs. Investment in the Public Access Investment Plan (PAIP), funding capital improvement projects that improve traffic flow in and around the port, hosting community events throughout the year, and awarding Community Investment Grants are some of the ways in which the Port will be directly serving the community in FY 2024/25. With the FY 2024/25 Proposed Budget, the Port will continue its leadership role in innovating and implementing solutions to help bring forth positive changes to the communities and environment within its ecosystem.

While record cargo volumes were realized during the pandemic, a reduction in volumes occurred in FY 2022/23 and FY 2023/24 due to consumer spending shifts from goods to services, rising inflation, and cargo diversions to the East and Gulf Coast ports. Moving into FY 2024/25, staff is projecting a modest 2.0% increase in cargo volumes based on continued job market resiliency and the continued strength of consumer spending on goods.



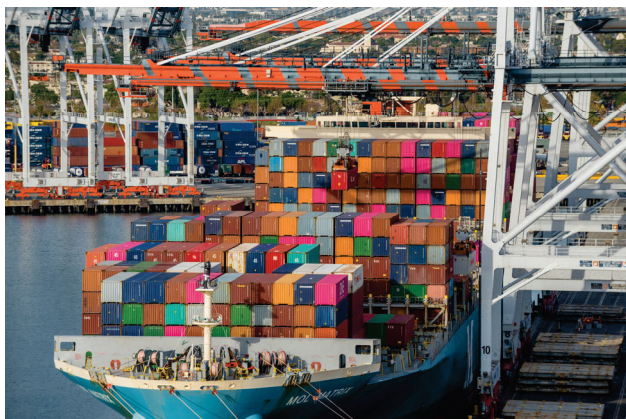
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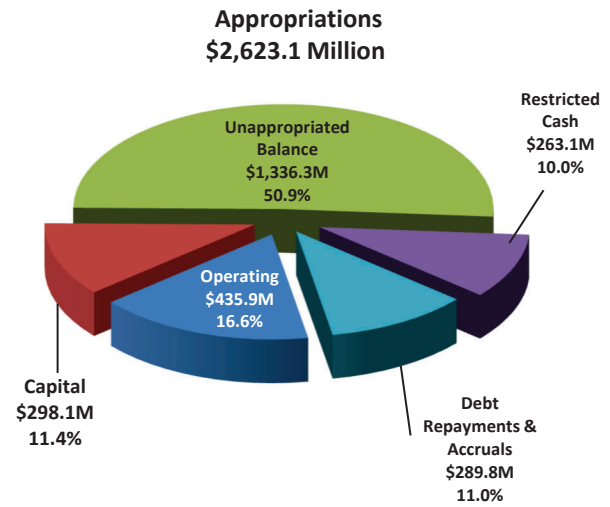
Although projected cargo volumes for FY 2024/25 have not quite returned to pre-pandemic levels, the Harbor Department is in a financially strong position having made sound and prudent choices during the last decade. In addition to funding for programs that are focused on the betterment of the community, the environment, and the creation of jobs, the FY 2024/25 Proposed Budget will fund the daily operations of the Port and other high priority initiatives outlined in the Strategic Plan. The FY 2024/25 Proposed Budget also includes funding of \$257.7 million, a 19.0% increase relative to the FY 2023/24 Adopted Budget, for Capital Improvement Projects. This funding represents the Port's commitment to investing in infrastructure, sustainability, and improving 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;*
3. *Improved Financial Performance of Port Assets; and*
4. *Strong Relationships with Stakeholders.*



The Proposed Budget includes Capital, Operating, and other appropriations totaling \$2,623.1 million.



To support the daily operations of the Harbor Department in FY 2024/25, \$403.7 million has been set aside for the Operating Expense Budget. This includes funding for activities such as ensuring the safe flow of ship traffic within the Los Angeles Harbor; maintaining Port facilities and infrastructure; providing public safety in support of goods movement; managing property and entitlements; operating the cruise center; and assessing the environmental impacts of Port activity. Additionally, the Operating Expense Budget will fund initiatives aimed at strengthening the Port's relationship with its stakeholders, decarbonizing the maritime industry, investing in programs that create jobs, and improving supply chain efficiencies, among others. In addition to the Operating Expense Budget, \$32.2 million has been budgeted for Interest Expense and Other Non-Operating Expenses.

With a total Capital Budget of \$298.1 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



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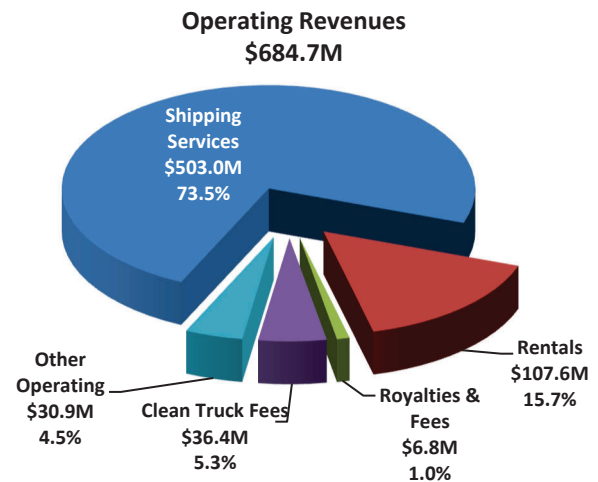
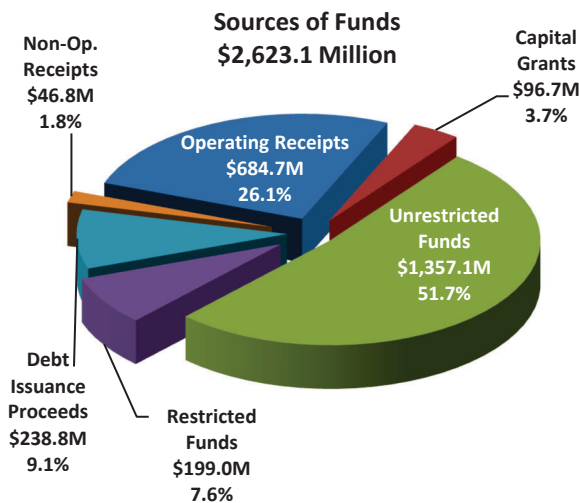
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enhancements. Rounding out the remainder of the Proposed Budget appropriations are \$1,336.3 million in unappropriated funds, \$263.1 million in restricted cash, and \$289.8 million in debt repayments and accruals. The Proposed Budget is projected to create approximately 4,400 direct and indirect jobs (not including Harbor Department employees), of which 3,300 are attributable to capital spending.

approved by the Board of Harbor Commissioners, minimum levels of cash reserves for debt service coverage will be maintained.

OPERATING BUDGET

Operating Revenues



The Capital, Operating, and other appropriations included within the Proposed Budget will be funded through \$2,623.1 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 \$684.7 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$96.7 million in Capital Grant Receipts and \$46.8 million in Non-Operating Receipts such as federal grant revenue, interest/investment income, and pass-through grants. Total cash of \$1,556.1 million, comprised of \$1,357.1 million in unrestricted funds and \$199.0 million in restricted funds, is anticipated to be available within the Proposed Budget. This level of total cash available represents a 12.8% increase relative to total cash of \$1,379.2 million available at the beginning of FY 2023/24. To ensure that the Port maintains its strong financial position and to comply with the financial policy

The Proposed Budget includes total Operating Revenues of \$684.7 million, which represents a 4.9% increase relative to the FY 2023/24 Adopted Budget and a 0.4% decrease relative to the FY 2023/24 Forecast (Forecast). As part of the Proposed Budget, cargo volumes of 9.10 million TEUs are anticipated to be processed in FY 2024/25. This level of cargo volume represents a 2.0% increase relative to the 8.92 million TEUs assumed within both the FY 2023/24 Adopted Budget and Forecast.

In FY 2024/25, Shipping Services revenues are projected to comprise 73.5% of Operating Revenues and remain its largest component, followed by Rental revenues at 15.7%, Clean Truck Fees at 5.3%, Other Operating Revenues at 4.5%, and Royalties and Fees at 1.0%. Relative to the FY 2023/24 Adopted Budget, FY 2024/25 Shipping Services revenues are anticipated to comprise a larger share of total Operating Revenues due to the application of a



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recently enacted general rate increase (GRI) which is expected to increase wharfage at a higher rate than other revenue categories.

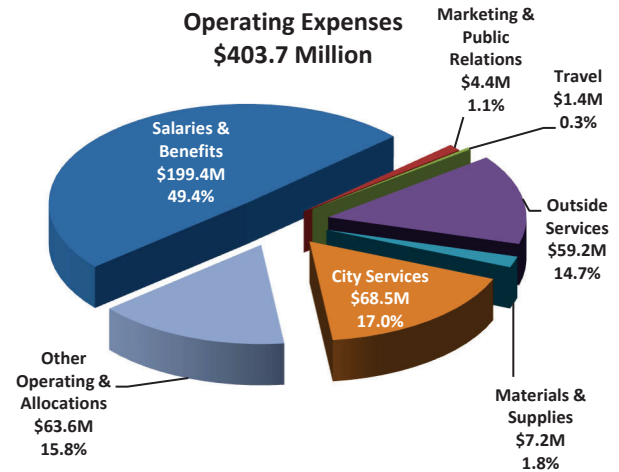
The 4.9% increase in total Operating Revenues as compared to the FY 2023/24 Adopted Budget is anticipated to primarily arise from higher Shipping Services, higher Rental revenues and higher Clean Truck Fees. Shipping Services revenues are anticipated to increase due to the GRI. Rental revenues are projected to increase due to recently completed compensation resets and higher than expected Consumer Price Index (CPI) adjustments. Lastly, Clean Truck Fees are expected to increase due to higher forecasted loaded import and export cargo volumes. Relative to the FY 2023/24 Adopted Budget, the aforementioned increases are anticipated to be partially offset by declining utility charges, MOTEMS reimbursements, cruise activities, and space assignments.

Total Operating Revenues are projected to decline by 0.4% as compared to the Forecast due primarily to lower Rental revenues and lower Royalties and Fees. Rental revenues are projected to decline due to the loss of rental revenues associated with an anticipated redevelopment of a large marina as well as the non-recurrence of a large, one-time, retroactive rental receipt which was recorded in FY 2023/24 following the execution of a compensation reset. These declines are expected to be only partially offset by higher Shipping Services which are anticipated to increase due to higher container rates arising from the continued application of the September 1, 2023 GRI as well as higher container volumes.

Operating Expenses

The FY 2024/25 Proposed Budget includes total Operating Expenses of \$403.7 million, which represents an 8.4% increase relative to the FY 2023/24 Adopted Budget and 16.1% increase relative to the FY 2023/24 Forecast. The increase in total Operating Expenses relative to the FY 2023/24 Adopted Budget and FY 2023/24 Forecast is a result of higher spending in almost all budget categories offset by Overhead Allocations to Capital, which are

indirect expenses that support the global Capital Improvement Program (CIP), and lower spending for Materials & Supplies.



The largest component of the Port’s Operating Expense Budget is Salaries & Benefits with a proposed budget of \$199.4 million (net of \$14.1 million in direct capitalization), or 49.4% of the total Operating Expense Budget. Relative to the FY 2023/24 Adopted Budget, Salaries & Benefits are projected to increase by \$24.2 million, or 13.8%, resulting primarily from the addition of 37 new full-time positions; employee memorandum of understanding (MOU) mandated increases to salaries, salary step increases and position upgrades; higher pension and health care contributions; the addition of the new POLA Prep Academy Extension training program; lower salary and benefits attrition savings largely driven by the restoration of funding for 20 Separation Incentive Program (SIP) positions that were held vacant in FY 2023/24; higher vacation and sick leave payouts; lower direct salaries and benefits to capital; funding for Personal Leave payouts; and an increase to overtime were only partially offset by the removal of funding for a one-time cash bonus for Coalition employees paid out in FY 2023/24.

The other two labor-related budget categories within the operating budget are City Services and Outside Services. City Services – services provided to the



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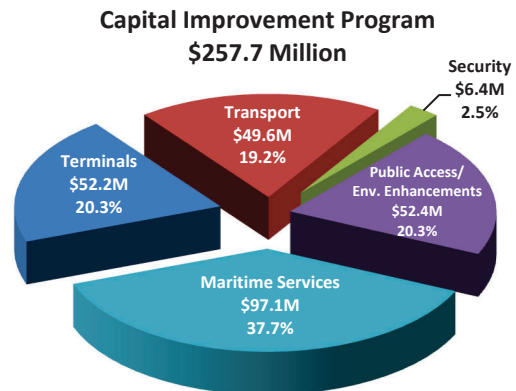
Harbor Department by other City of Los Angeles departments such as the Fire Department, Recreation & Parks, and the Office of the City Attorney – totaling \$68.5 million or 17.0% of total operating expenses will be increasing by \$1.7 million or 2.6% relative to the FY 2023/24 Adopted Budget. Outside Services – services provided to the Harbor Department by consultants and professional/technical service providers – totaling \$59.2 million or 14.7% of total operating expenses will be increasing by \$5.7 million or 10.6% relative to the FY 2023/24 Adopted Budget. This increase in Outside Services is largely attributed to funding for the Business Systems Analysts for the Oracle ERP Cloud and Workday projects; higher spending for the maintenance and monitoring of the fire protection system; funding for at-berth emissions control for Roll-On, Roll-Off (RORO) ships and liquid bulk; higher spending for environmental assessment services; and funding for cyber security services for critical Port Police systems.

Within Other Operating Expenses and Allocations to Capital, a \$606,592, or 1.0%, increase relative to the FY 2023/24 Adopted Budget results largely from funding for community mitigation contributions and increases to insurance premiums, offset by lower spending for electricity. Over the last few years, the electricity budget, which is driven by AMP®-related expenditures, has been recalibrated as ship visits have normalized to pre-pandemic levels. Within the Marketing & Public Relations budget category, spending is anticipated to increase by \$614,434, or 16.3%, relative to the FY 2023/24 Adopted Budget due to higher funding for Community Investment Grants, sponsorships, maritime education, maintenance and operations of the TRANSPORTer, and recruitment supplies, as well as one-time funding for the Nagoya Sister City/Port celebration. Further, spending is expected to increase by \$183,293, or 15.0%, within the Travel budget category for new and increased funding for travel related to training, conferences, meetings, and governmental advocacy. Finally, spending within the Materials and Supplies category is anticipated to decline by \$1.6 million, or 18.5%, relative to the FY 2023/24 Adopted Budget as spending during FY 2023/24 was higher than normal due to the rising costs of parts and materials,

unanticipated repairs related to theft, accidents, damaged equipment, and the negative effects from the heavy rainy season.

CAPITAL IMPROVEMENT PROGRAM

The FY 2024/25 Proposed Capital Budget of \$298.1 million reflects the objectives set forth by the Port’s 2018-2022 Strategic Plan. The projects funded in FY 2024/25 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 efficient movement of goods; and implement systems to enhance security and financial operations at the Port. Comprising 11.4% of the department’s total budget, the FY 2024/25 Proposed Capital Budget includes \$257.7 million of direct costs in the Capital Improvement Program (CIP), \$20.3 million in overhead allocations, and \$20.1 million in capital equipment.



Public Access/Environmental Enhancement Projects

A total of \$52.4 million, or 20.3%, of the FY 2024/25 Proposed CIP Budget has been allocated for public access projects in the Wilmington and San Pedro areas, and various environmental enhancement projects.



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In the FY 2024/25 Proposed Budget, a total of \$16.4 million has been budgeted for Public Access Investment Plan (PAIP) projects on the San Pedro Waterfront. As part of West Harbor Development, a new 30-foot-wide public promenade is under construction with a budget of \$14.2 million in the proposed budget. To increase the amount of available parking spaces, \$904,250 has been funded for the design and bid/award of the redevelopment of the East 22nd Street parking lot, which will provide approximately 2,350 parking stalls. Additional San Pedro Waterfront PAIP projects; including the expansion of Harbor Boulevard into two travel lanes in each direction, the construction of the Cabrillo Marine Aquarium Life Support System, soil testing and removal at West Harbor, and 34.5KV Electric Utility Service; have a combined FY 2024/25 budget of \$1.3 million.



At the Wilmington Waterfront, \$12.1 million has been allocated for numerous PAIP projects. The design of the Avalon Pedestrian Bridge and Promenade Gateway is underway and has a budget of \$7.6 million in FY 2024/25. Development of the pedestrian bridge will provide safe pedestrian access to the Wilmington Waterfront Promenade over existing rail tracks. In coordination with LADWP, \$3.1 million has been allocated in FY 2024/25 to complete the environmental review and design for the removal and remediation of the DWP Marine Tank Farm within Parcel B. Other Wilmington Waterfront PAIP projects, with cumulative funding of \$1.4 million in FY 2024/25,

include work at the Wilmington Waterfront Promenade and Wilmington Youth Sailing and Aquatic Center, as well as site characterization assessments for the Wilmington Waterfront Development Program in support of land transaction negotiations.

A total of \$23.9 million has been allocated for Environmental Enhancement projects and other Public Access projects in FY 2024/25. These projects include: the installation of a new distribution system and expansion of the existing electrical distribution racks in support of the Zero Emission Port Electrification & Operations project which will enhance operations throughout the Port, San Pedro, Wilmington, and Terminal Island districts; a demonstration project on Berth 100 to construct wireless zero emission charging infrastructure to determine the feasibility of wireless charging as a future standard for Port operation; the testing and removal of stockpiled contaminated soil at Berths 58-60; as well as various other Environmental Enhancement and Public Access Projects.

Terminal Improvement Projects

To improve operations at the Terminals, \$52.2 million has been budgeted in FY 2024/25 for Terminal Improvement projects, which amounts to 20.3% of the FY 2024/25 Proposed CIP Budget. A total of \$14.2 million has been allocated for the continued construction of the 382 linear foot concrete wharf on Berths 177–178 at the Pasha terminal. The existing wharf will be demolished to make way for a new, higher capacity wharf that will provide more utility to the tenant and align to the POLA seismic code.

Improvements at the Shell, PBF Energy, and other marine oil terminals, which are mandated by the California State Lands Commission through the Marine Oil Terminal Engineering Maintenance Standards (MOTEMS) to protect public health and the environment, are budgeted at \$12.5 million in FY 2024/25.

Other terminal projects include construction of five new railyard tracks at the Fenix Terminal; escalator modernization, various renovations, and repairs at



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the World Cruise Center; development of a chassis support facility at the Terminal Island Maritime Support Facility; and various other projects have been budgeted for \$25.5 million in the next fiscal year.

Transportation Improvement Projects

At 19.2% of the Proposed CIP Budget, a total of \$49.6 million has been budgeted for projects that will promote faster, safer, and more efficient movement of trade goods and vehicular traffic.

To help improve safety, access, and overall operational efficiency within the area, construction continues on the State Route 47/Vincent Thomas Bridge & Front Street/Harbor Boulevard Interchange Reconfiguration. Budgeted at \$44.3 million in the upcoming fiscal year, this project will completely modify the existing on and off ramps. Additionally, \$1.6 million has been funded for the construction of a replacement rail crossing at the entrance of the West Basin Container Terminal on Berth 115.

Various other transportation improvement projects are allocated at a total of \$3.7 million in funding in FY 2024/25. These projects include an interchange improvement to improve traffic operations at Navy Way and Seaside Avenue; design and construction of a four-lane, grade separated roadway on Terminal Island; improvements to a CALTRANS pedestrian path and parking lot; and other assorted projects.

Security Projects

Security Projects make up 2.5% of the FY 2024/25 Proposed CIP Budget at \$6.4 million, which will fund Port Police and Information Technology projects.

To reduce the ecosystem risk of cyber incidents that could disrupt the flow of cargo, \$2.7 million has been budgeted in FY 2024/25 to complete construction of the Port Cyber Resilience Center (CRC). Construction on the CRC is expected to be completed in late 2024 or early 2025.

The design, construction, and delivery of a Port Police Dive Boat is funded at \$2.3 million in FY 2024/25.

Additionally, \$1.4 million has been budgeted for the completion of the Port Police Phase II 700 MHz Radio system upgrade, Perimeter Security Enhancements to the Port Police Headquarters, installation of a fixed automated license plate recognition system around the Los Angeles Harbor District, and the addition of a new fiber optic line to connect and operate security cameras along North Gaffey Street.

Maritime Services

In the FY 2024/25 Proposed CIP Budget, \$97.1 million, or 37.7% of the budget, is funded for Maritime Services. The Maritime Services category includes improvements and repairs to Harbor Department facilities and other Port locations; costs for capital projects that do not fall under the other categories; and the unallocated fund for unforeseen projects.

Software – Funding of \$14.9 million in FY 2024/25 has been allocated for two software enhancement projects. Project completion for the migration of the Port's Oracle E-Business Suite (EBS) to a new Oracle Enterprise Resource Planning (ERP) Cloud system is funded at \$14.2 million in FY 2024/25. This new Oracle ERP Cloud system will improve functionalities for various financial modules within the Harbor Department's financial system. With funding of \$682,896 in FY 2024/25, enhancements of the Harbor Department's Klein Billing and Port Pilot System software will continue.

Harbor Administration Building (HAB) – In FY 2024/25, a total of \$7.2 million has been allocated for projects at HAB. Design and construction on the heating, ventilation, and air-conditioning (HVAC) system replacement has been budgeted at \$3.3 million. To be code compliant with the Americans with Disabilities Act (ADA), the Board Hearing Room and Executive Session Room will be renovated to provide both rooms with accessible seating and accessible paths of travel. The Harbor Department has allocated \$2.6 million in funding in FY 2024/25 for this project, which will include the replacement of all audio and visual equipment along with new furniture and other space needs. An additional \$1.3 million has



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been allocated for other projects at HAB including the renovation of Information Technology Division staff workspaces, relocation of the existing mailroom from the second to the first floor of HAB, construction of a conference room lobby on the fifth floor, and other projects continuing through FY 2024/25.

Other Harbor Department Facilities – In FY 2024/25, \$8.1 million has been budgeted for upgrades and improvements at other Harbor Department facilities. With construction expected to be completed in December 2024, \$3.4 million has been allocated to the warehouse and site improvements at Berths 58-60 (AltaSea). This project will add new office space and restrooms to the building, along with improving pedestrian access and ensuring code compliance with ADA standards. The design and installation of 140 electric vehicle charging ports at locations including the Liberty Hill Plaza Parking Lot, Construction & Maintenance (C&M) Division, HAB, Port Police Headquarters, and Port Pilots is allocated at \$2.0 million in FY 2024/25. Additionally, the remodel of the existing administration building in the C&M yard, replacement of two compressors for the compressed natural gas (CNG) fueling system at the C&M yard, construction of a new office layout at the Plumbing Shop, and improvement of various other Harbor Department facilities are funded in FY 2024/25 for a total of \$2.7 million.

Miscellaneous Projects – Work on projects at various Port locations has been budgeted for \$43.0 million in FY 2024/25. The Harbor Department has budgeted \$11.1 million for the demolition of two buildings at the former Star-Kist cannery site to convert the land to a temporary storage lot for light equipment. The Harbor Department's C&M Division manages various deferred maintenance projects which are budgeted at \$8.9 million. An additional \$23.0 million has been budgeted for the following projects: construction on a workboat, barge, and crane to support C&M Division's wharf maintenance and repair program; preparation of an Environmental Impact Report (EIR) for the 20-acre Goods Movement Workforce Training Facility; work on the Badger Avenue Bridge including

replacement of the main counterweight, auxiliary counterweight, uphaul and downhaul wire ropes; and various other projects around the Port.

Unallocated – Funding for unanticipated projects that arise throughout the fiscal year are included in this category at \$23.9 million in funding for FY 2024/25.

For other project information, refer to the CIP Detailed Report on page 28.

STRATEGIC INITIATIVES

The Strategic Initiatives section will delve deeper into a number of Port programs and initiatives that support the Strategic Plan in FY 2024/25. These programs and initiatives are aimed at developing world-class infrastructure while promoting growth in an environmentally sustainable manner, implementing strategies that ensure the secure movement of goods, improving the financial performance of port assets, and strengthening relationships with the Port's various stakeholders.

Cargo Marketing

With the normalization of cargo velocity flows through the gateway, a reversion of importer inventory volumes to more normal levels, and the ratification of the West Coast longshore labor contract, the FY 2024/25 outlook for container volume growth at the Port appears more favorable when compared to the prior fiscal year. Additionally, current global events such as shipping disruptions related to hostilities in the Red Sea and climate-related challenges at the Panama Canal resulting in operations at only 66% capacity, and the continued labor negotiations on the U.S. East Coast with the International Longshoremen's Association will likely influence cargo routing decisions throughout the United States.

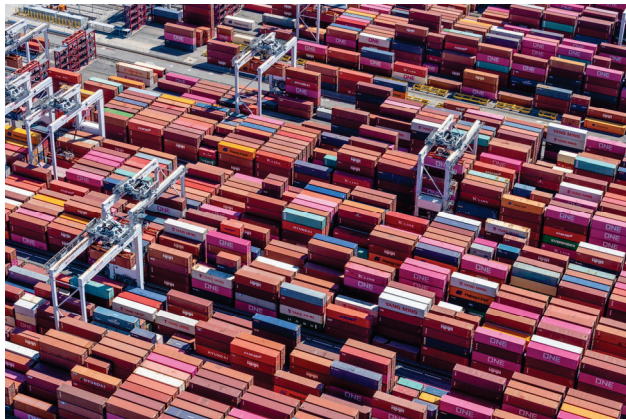
With a total FY 2024/25 Proposed Budget of \$17.5 million, the Cargo Marketing Division will continue customer outreach activities, work directly with supply chain stakeholders, and coordinate with the Port's direct customers to move cargo as efficiently as



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possible in the upcoming fiscal year. This includes promoting the Port’s digital tool, Port Optimizer™, which provides visibility within the supply chain. The \$12.6 million allocation for the Truck Turn Time, Dual Transaction, Ocean Common Carrier, and Ultra Large Container Vessel incentive programs are aimed at encouraging improved cargo velocity and container volume growth. In summer 2024, division staff will present a recommendation to the Board for the approval of 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.



The cruise industry remains an integral part of business activity at the Port. The FY 2024/25 Proposed Budget also includes funding for Cruise Incentives at \$2.2 million to encourage a greater number of cruise ship calls to the Port. As a result of the continued increase in demand for cruise activities, an RFP for the operation of the existing cruise terminal and the development of a new cruise terminal at the Port’s Outer Harbor is scheduled to be released by the Port in mid-2024.

The work with other Port divisions involved in major container terminal development projects will continue in FY 2024/25. The ultimate delivery of such projects ensures the Port’s ability to maintain its position as the number one container port in North America.

Trade Connect Program

The cost of the Trade Connect Program is covered within the Trade Development Division’s (Trade Development) FY 2024/25 Proposed Budget of \$1.1 million. The 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 advanced seminars on international demand for specific products and emerging global consumer markets.

With nearly \$32.9 billion in exports passing through the Port in 2023, 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 manufacturers incorporate foreign markets into their business marketing plans.



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 the City of Los Angeles’ status as a crossroads of global commerce real in the lives of L.A.’s workers and employers helping them expand the reach of their products and



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services, increase their revenue, support jobs, grow our economy, and connect to marketplaces and customers across borders, oceans, and continents.

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 at the national level and as a key strategic leader in international trade. Trade Development frequently partners with other governmental agencies and the diplomatic corps to promote export trade.

Planning and Strategy

The Planning and Strategy Division's \$1.9 million FY 2024/25 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. The Planning Division 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 2024/25, 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.

In a joint effort with the POLB, the Planning Division will begin to develop a new long-term forecast of cargo throughput at the San Pedro Bay ports. The San Pedro Bay ports have historically performed a forecast of this type every seven to ten years. The last forecast was completed in 2016. Such forecasts are used in Environmental Impact Reports to evaluate project purpose and need, and in the long-term planning of port development projects. The division has budgeted \$100,000 for this project in FY 2024/25.

The Planning Division 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 \$188,371 to procure the trade data necessary to perform this research. An additional \$24,000 has been budgeted in FY 2024/25 for studies in support of long-range facility planning to provide a framework for Port development in the coming decades. 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, \$7,597 has been budgeted for on-call risk management consulting services.

Governmental Advocacy & Workforce Development

The Labor Relations and Government Affairs (LRGA) Division 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 \$2.9 million FY 2024/25 Proposed Budget.

In FY 2024/25, LRGA will be working with local, state, and federal government partners to seek funding support for POLA's objectives regarding the implementation of the Clean Air Action Plan and infrastructure improvements. In addition, LRGA is leading POLA's collaboration with the Economic Workforce Development Department to promote increased career path opportunities in port adjacent communities. LRGA continues to take a leadership role in the design and development of the POLA and POLB Goods Movement Workforce Training Facility, and identifying industry and academic partners to support the training that would be offered at this site.

Environmental Stewardship

The Environmental Management Division (EMD) is comprised of the Air Quality, Site Restoration and Assessment, Water Quality, and California Environmental Quality Act (CEQA)/National



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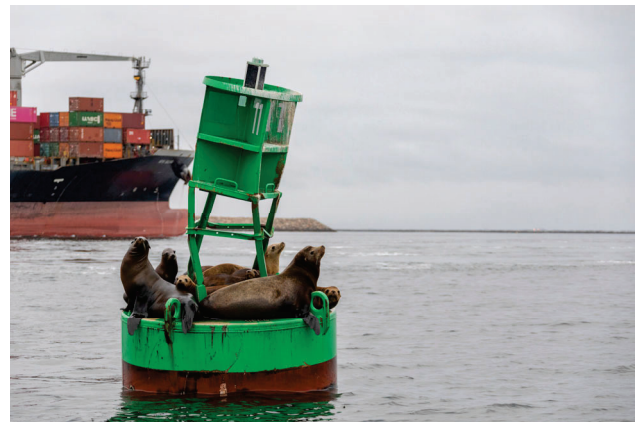
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Environmental Policy Act (NEPA) technical groups. With a FY 2024/25 Proposed Budget of \$29.5 million, EMD will be supporting all the objectives under the Port's Strategic Plan.

Air Quality Services, with a proposed budget of \$20.0 million, has the largest funding allocated among the four technical groups. Funding is allocated for the 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, development of Feasibility Assessments for cargo-handling equipment and trucks, 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.

The Harbor Department has committed to collaborating on sustainability and GSC with eight international Ports. Staff's current efforts and budget allocation are focused on implementing the Port of Los Angeles-Long Beach-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 to improve global air quality. The GSCs are underway and will require continued expertise from consultants in the coming years to coordinate work groups and support the technical aspects of the corridors, along with international outreach. To track achievement of CAAP goals, the Air Quality Group publishes the

annual Inventory of Air Emissions which reports the calculated emissions associated with Port operations based on data from port sources. Funding has also been set aside for consultant services that support advisory and regulatory agency communications, grants administration, greenhouse gas inventories, and other international collaboration, among others.



The Air Quality Group is also responsible for implementing air quality improvement incentive programs, which continue to be among the most successful CAAP strategies. These incentive programs 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 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. Additionally, for FY 2024/25, funding is allocated to the Department to facilitate first deployments of at berth emissions control systems for roll-on/roll-off vessels, to comply with new state law. As a prominent element of the CAAP, the Clean Truck Program (CTP) includes 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. As of March 2024, the Port has collected approximately \$77.8 million (excluding collection and



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implementation fees) to use toward the purchase of clean trucks, associated infrastructure, and research and development for advanced truck technologies and zero emissions truck concepts.

The Site Restoration Group provides services to help manage the Harbor Department's environmental stewardship and compliance commitments, with respect to contaminated properties and property development, as well as management of hazardous wastes and emergency response throughout the Port. In addition, the budget is utilized to continue the Harbor Department's commitment to zero waste, as required by the City of Los Angeles' Green New Deal. The Site Restoration's assessment, emergency response, and zero waste management services are budgeted at \$2.9 million for outside services and fees in FY 2024/25. This budget covers regulatory and non-regulatory site assessment and restoration services throughout the Port; provides environmental support to the Real Estate, Construction, and Engineering Divisions for lease agreements, baseline assessments, and economic development; operation, maintenance, and compliance of the New Dock Pump Station; maintaining the International Organization for Standardization (ISO) 14001 Environmental Management System (EMS) for the Port's Construction and Maintenance (C&M) yard; data collection and reporting in compliance with annual State Law Assembly Bill (AB) 939 and Senate Bill (SB) 1383 for the Bureau of Sanitation; and hazardous materials and waste management, including Port-wide response to hazardous spills and illegal dumping; biohazard cleanups; 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 \$1.0 million for FY 2024/25. Funds will be used to continue tenant outreach to assist with permit awareness and compliance under the stormwater Tenant Outreach Program and Clean Marina Program; and to ensure compliance with water quality and biological monitoring requirements;

the Safe, Clean Water (Measure W) and the Statewide Trash Amendments; and Total Maximum Daily Load (TMDL) regulations. Additional funds will be allocated for data analyses and reporting on 2023 Biological Surveys of Los Angeles and Long Beach Harbors, required monitoring of the endangered California Least Tern Nesting site, and implementation of biological mitigation programs.

The CEQA/NEPA technical group is allocated \$750,000 for FY 2024/25. These funds are necessary to ensure compliance with state and federal statutes focused on the public disclosure of potential environmental impacts associated with Harbor Department or applicant proposed projects. This amount includes analyses that do not have reimbursement agreements and are not included under the capital budget; archeological data recovery within the area of the former Japanese fishing village on Terminal Island; costs related to zero-emission yard tractor demonstration/mitigation measure at Yusen Terminals (YTI); and as-needed evaluations necessary to comply with the Port's Built Environment Historic, Architectural, and Cultural Resource Policy.

Security and Public Safety Strategies

The Port Police Division's FY 2024/25 budget will focus on its goals and initiatives on prioritizing public safety and security measures to meet the growing needs of the Port community. This budget will focus on key areas including staffing, cyber security, and the replacement of outdated or end-of-life equipment.

Port Police will accomplish these goals with a FY 2024/25 operating budget of \$57.3 million and a capital equipment budget of \$7.2 million. These strategic investments are crucial to maintaining a safe environment for our residents, businesses, and visitors. Port Police understands the importance of having a well-trained and adequately staffed workforce. The opening of West Harbor, the construction of other waterfront projects, the addition of the outer harbor cruise terminal, and the growing popularity of our community events highlight the need for the additional 15 Port Police Officers and 1



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Port Police Sergeant that were added to the FY 2024/25 Proposed Budget. The increase in visitors and local events will require Port Police to expand both waterside and landside patrols to ensure the safety and security of the Port's visitors, customers, and business partners. Port Police will use the Office of Community Oriented Policing Services (COPS) grant that was recently awarded to offset the cost of hiring these new Port Police Officers. The grant will fund \$1.3 million of salary costs for up to three years. The FY 2024/24 Proposed Budget also includes provisions for recruitment, training, and retaining qualified staff to meet the Port's evolving needs.



Additionally, with the increasing occurrences of cyber threats, protecting the Port's data, systems, and infrastructure is critical. The FY 2024/25 budget allocates resources to enhance our cyber security capabilities, ensuring that we can safeguard sensitive information and maintain operational continuity. This budget also addresses the need to replace outdated or end-of-life equipment. The capital equipment budget includes the replacement of six training boats, two patrol boats, and tasers and active shooter vests used by sworn staff. These major investments included in the budget will allow Port Police to implement security and public safety strategies that not only secure the port complex, but also ensure business continuity.

Community and Waterfront Programs

The variety of initiatives and programs in support of stakeholder engagement, tourism growth, activation of the LA Waterfront with events, and strengthening relations with local non-profits remain key priorities for the Community Relations Division. As such, nearly \$7.1 million has been budgeted in FY 2024/25 for the creation of high-value, positive-impact engagements, activities, and leadership opportunities that advance the Harbor Department's role as a partner and contributor to its broad community of stakeholders.

In the year ahead, the division will facilitate communications and external outreach in support of the Port's Strategic Objectives. In addition, the division will continue to manage school boat tours and educational events/initiatives; special group visits; cargo, cruise, and LA Waterfront® advertising/promotion; sponsorships; and production (or support) of a variety of LA Waterfront events. The Port's Community Investment Grants program will also continue in FY 2024/25 with a target to allocate up to \$2.0 million to a variety of non-profit organized projects and events, consistent with Tidelands Trust guidelines. More than \$10.6 million in grants have been awarded since the program began in FY 2013/14.

The FY 2024/25 calendar includes a robust mix of year-round community and regional events. The Community Relations Division will kick off the FY 2024/25 events schedule on Independence Day with the Community Investment Grant-sponsored John Olguin Fireworks Spectacular at Cabrillo Beach. With the completion of the highly anticipated Wilmington Waterfront Promenade in 2024, Community Relations will bring back the free (and very well-attended) harbor boat tours sailing from Wilmington and San Pedro this coming September 2024. The annual LA Fleet Week® celebration during the Memorial Day weekend continues to draw six-figure crowds to the LA Waterfront and boost revenue for local hotels and visitor-serving businesses. The year ahead will also see a transition from conventional fireworks displays to eco-friendly drone shows for the "anchor" Lunar New Year event in January, the Juneteenth



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Fiscal Year 2024/25 Proposed Budget

Celebration in June, and will conclude with the annual *Cars & Stripes Forever!*® classic car and music show at the World Cruise Center and Fanfare Fountain promenade areas.



With a FY 2024/25 Proposed Budget of \$7.3 million, the Waterfront & Commercial Real Estate Division will be equipped to reach significant milestones on public/private partnerships, including the completion of construction for the San Pedro Promenade Phase II project in fall 2024 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. West Harbor's Phase 1A buildings are expected to be completed by early 2025 with a grand opening to follow. West Harbor has approximately 170,000 square feet of indoor and outdoor space leased to 15 tenants providing a wide variety of food, drink, and entertainment options. 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 aims to serve as the center for development of the region's blue economy by focusing on ocean-related studies and blue tech innovation, new projects and facility upgrades continue to progress transforming the 180,000 square feet of 100-year-old transit sheds into a center of innovation for new ocean industries including aquaculture, ocean exploration, robotics, and alternative energy generation. AltaSea has

raised \$30.0+ million in private and public investment to complete the renovation of 180,000 square feet of warehouse space including a recently completed 2.2 MW solar installation. Construction of the warehouse space will be completed by summer 2024. Construction of a Science & Education Center at Berth 57 is expected to begin in 2025.

Waterfront development sites in progress for FY 2024/25 include:

- **Cabrillo Way Marina** – Complete lease and asset sale agreements for the purchase of the existing 700-slip Cabrillo Way Marina, and further hospitality and retail development of the adjacent land side parcels.
- **Boat Yard** – Release Draft Environmental Impact Report (DEIR) for a proposed new 4-acre boatyard facility at Berth 44 that addresses the contaminated and designated historic former San Pedro Boatworks facility.
- **Cruise Terminal Development** – Release RFP to select a development partner to advance a new Outer Harbor Cruise Terminal and redevelop the existing World Cruise Center.
- **Warehouse One** – Release a Request for Information (RFI) and subsequent Request for Qualification (RFQ) to identify potential development partners with whom to identify and advance the highest and best use for the adaptive reuse of the historic 460,000 square foot Warehouse No. 1.

Staff will continue marketing for future commercial development for available Port areas. Such efforts will continue the positive momentum established by the completion of the Wilmington Waterfront Promenade Project, West Harbor development, as well as other areas of the Port going through a positive renaissance.



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Employee Recruitment, Retention, and Development

The Port remains committed to its goal of providing opportunities for professional development and promoting excellence, diversity, equity, and inclusion. In FY 2024/25, \$3.8 million has been allocated toward the continued investment in employee development and training programs including tuition reimbursement. New in FY 2024/25 is the POLA Prep Academy Extension budgeted at \$3.6 million. This new program aims to provide all regular, full-time Port employees with equitable and accessible training opportunities. Employees will be able to submit funding reimbursement (up to a certain dollar amount) for training opportunities that are related to the employee’s current job or career ladder. This investment in the future of the department demonstrates the Port’s commitment to providing employees with opportunities to grow and expand their careers.

The department’s continued support of other programs such as vanpool, public transit subsidies, employee club, and the Employee Assistance Program, solidify its position as the employer of choice. Guided by various Mayoral Directives and the City’s Workplace Equity Policy, the department continues to prioritize diversity, equity, and inclusion (DEI) in every departmental function through increased accountability for all City employees.

As the Port has a social responsibility to ensure that the workforce reflects the diverse communities it serves, recruitment efforts for trainee and vocational positions through the City’s vocational worker programs such as the Targeted Local Hire and Bridge to Jobs programs will continue in FY 2024/25. These programs target and recruit individuals from vulnerable and underserved populations to create an alternate job pathway into civil service careers.



As mentioned in Port Executive Director Gene Seroka’s State of the Port speech in January 2024, the Port of Los Angeles has the distinction of being the largest seaport in the country by both container volume and cargo value, having the largest public access investment and waterfront development, and offering the most job development initiatives of any port. The Port has historically and continues to be a leader in innovating and finding solutions that benefit both our regional and global communities. Through its programs, policies, and practices, the Port of Los Angeles has a unique and important opportunity in helping to shape the nation’s economy and serve as a steward to bring about positive changes for the mutual benefit of the community, environment, and the lives of those within its ecosystem. The FY 2024/25 Proposed Budget funds not only the daily operations of the Port, but also the programs and initiatives that will bring about the transformation needed to decarbonize the maritime industry, promote job growth, and foster an environment where the local and global community can thrive.



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

HARBOR REVENUE FUND REPORT

RECEIPTS AND CASH

Actuals FY 2022-23	Adopted Budget FY 2023-24	Forecast FY 2023-24	Description	Adopted Budget FY 2024-25
\$ 1,144,152,915	\$ 1,216,257,030	\$ 1,281,573,304	Unrestricted Funds Available	\$ 1,357,114,186
59,339,061	80,991,269	97,651,856	Restricted Funds (1)	199,009,400
1,203,491,976	1,297,248,299	1,379,225,160	Total Cash Available	1,556,123,586
656,399,871	652,862,946	687,677,640	Operating Receipts	684,714,392
50,006,566	22,731,610	46,774,239	Non-Operating Receipts	46,839,579
43,505,236	47,962,114	57,110,747	Capital Grant Receipts	96,671,621
-	-	-	Proceeds from Debt Issuance	238,756,801
\$1,953,403,649	\$2,020,804,969	\$2,170,787,786	Total Receipts & Cash	\$ 2,623,105,979

APPROPRIATIONS

Actuals FY 2022-23	Adopted Budget FY 2023-24	Forecast FY 2023-24	Description	Adopted Budget FY 2024-25
\$ 153,341,603	\$ 175,216,955	\$ 165,837,004	Salaries and Benefits	\$ 199,382,719
2,934,816	3,767,927	3,742,458	Marketing & Public Relations	4,382,361
632,493	1,220,999	1,103,357	Travel Expenses	1,404,292
35,411,760	53,488,445	52,629,301	Outside Services	59,167,768
6,413,233	8,894,217	8,743,961	Materials & Supplies	7,248,967
52,643,224	66,757,813	64,542,212	City Services	68,496,624
(22,794,243)	(19,710,008)	(19,710,008)	Allocations to Capital (overhead)	(20,301,308)
70,838,136	82,715,716	70,842,549	Other Operating Expenses (2)	83,913,608
299,421,022	372,352,064*	347,730,834	Total Operating Expenses	403,695,031
45,658,901	33,092,325	25,526,980	Non-Operating Expenses (3)	32,179,692
345,079,923	405,444,389	373,257,814	Total Operating Budget	435,874,723
22,794,243	19,710,008	19,710,008	Capitalized & Allocated Expenditures (4)	20,301,308
-	-	-	Land & Property Acquisition	-
3,514,798	16,088,286	16,496,896	Equipment	20,104,646
109,411,737	216,518,294	194,258,618	Construction & Capital Improvement	257,675,090
135,720,778	252,316,588	230,465,522	Total Capital Budget	298,081,044
480,800,701	657,760,977	603,723,336	Total Operating & Capital Budget	733,955,767
53,167,788	21,142,759	(32,414,136)	Accrual Adjustments	(18,356,418)
40,210,000	43,355,000	43,355,000	Debt Repayments	308,110,000
574,178,489	722,258,736	614,664,200	Total Budget	1,023,709,349
97,651,856	100,812,723	199,009,400	Restricted Cash	263,074,267
1,281,573,304	1,197,733,510	1,357,114,186	Unappropriated Balance (UB)/Carried Forward	1,336,322,363
\$ 1,953,403,649	\$ 2,020,804,969	\$ 2,170,787,786	Total Harbor Department Budget	\$ 2,623,105,979

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 2023/24 Adopted Budget includes \$2.0 million in transfers across the various operating expense budget categories, approved by the Board of Harbor Commissioners in FY 2023/24.

COMPARATIVE STATEMENT OF OPERATIONS

	Adopted Budget FY 2023/24	Proposed Budget FY 2024/25
Operating Revenues		
Shipping Services	478,309,744	502,976,833
Rentals	98,579,872	107,598,482
Royalties and Fees	7,033,366	6,817,181
Clean Truck Fees	34,773,512	36,396,226
Other Operating Revenues	34,166,452	30,925,670
Total Operating Revenues	<u>652,862,946</u>	<u>684,714,392</u>
Operating Expenses		
Salaries & Benefits (net of capitalization)	175,216,955	199,382,719
Marketing and Public Relations	3,767,927	4,382,361
Travel	1,220,999	1,404,292
Outside Services	53,488,445	59,167,768
Materials & Supplies	8,894,217	7,248,967
City Services	66,757,813	68,496,624
Allocations to Capital (overhead)	(19,710,008)	(20,301,308)
Other Operating Expenses	82,715,716	83,913,608
Total Operating Expenses	<u>372,352,064</u> *	<u>403,695,031</u>
Income from Operations before Depreciation	<u>280,510,882</u>	<u>281,019,361</u>
Depreciation	154,109,669	152,410,323
Income from Operations	<u>126,401,213</u>	<u>128,609,038</u>
Non-Operating Revenues	22,731,610	46,839,579
Non-Operating Expenses	33,092,325	32,179,692
Net Income	<u>\$ 116,040,498</u>	<u>\$ 143,268,925</u>

Note: Rounding of figures may occur.

*The FY 2023/24 Adopted Budget includes \$2.0 million in transfers across the various budget categories approved by the Board of Harbor Commissioners in FY 2023/24.

REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2022/23	ADOPTED FY 2023/24	FORECAST FY 2023/24	PROPOSED FY 2024/25
410 - Dockage	3,619,080	3,436,435	3,727,652	3,727,652
411 - Wharfage	405,046,096	447,832,103	466,221,346	471,415,236
412 - Storage	-	-	-	-
413 - Demurrage	100,319	115,000	100,319	102,326
414 - Pilotage	13,209,419	12,962,232	13,646,215	14,328,525
415 - Assignment Charges	26,011,498	13,963,974	16,307,111	13,380,594
417 - Lay Day Fees	22,500	-	22,500	22,500
41 - Shipping Services	448,008,912	478,309,744	500,025,143	502,976,833
420 - Land Rentals	119,264,073	96,639,712	115,528,128	109,336,930
421 - Wharf & Shed	1,015,875	1,007,741	1,145,455	1,173,792
422 - Building Rentals	266,362	265,573	267,094	275,509
423 - Warehouse Rentals	632,569	666,846	678,921	701,745
425 - Lease Revenue	(3,889,494)	-	(3,889,494)	(3,889,494)
42 - Rentals	117,289,385	98,579,872	113,730,104	107,598,482
430 - Fees, Concessions, & Royalties	49,173,968	41,661,918	43,721,207	43,119,414
431 - Oil Royalties	138,883	144,960	93,993	93,993
43 - Royalties & Fees	49,312,851	41,806,878	43,815,200	43,213,407
490 - Other Operating Revenue	41,788,723	34,166,452	30,107,193	30,925,670
49 - Other Operating Revenue	41,788,723	34,166,452	30,107,193	30,925,670
Total Operating Revenues	656,399,871	652,862,946	687,677,640	684,714,392
710 - Interest Income - Cash Equivalent	25,892,371	15,579,421	38,818,267	38,933,652
71 - Interest Income	25,892,371	15,579,421	38,818,267	38,933,652
720 - Interest Income - Notes	815,027	527,189	1,383,605	827,376
72 - Interest Income - Notes	815,027	527,189	1,383,605	827,376
730 - Interest Income - Bonds	(20,281,603)	3,000,000	2,000,000	2,000,000
73 - Interest Income - Bonds	(20,281,603)	3,000,000	2,000,000	2,000,000
740 - Investment Income	10,155,218	-	-	-
74 - Investment Income	10,155,218	-	-	-
760 - Non-Operating Revenue	33,169,953	3,625,000	3,797,739	4,613,551
76 - Non-Operating Revenues	33,169,953	3,625,000	3,797,739	4,613,551
790 - Other Non-Operating Revenue	255,600	-	774,628	465,000
79 - Other Non-Operating Revenues	255,600	-	774,628	465,000
Total Non-Operating Revenues	50,006,566	22,731,610	46,774,239	46,839,579
Total Revenues	706,406,437	675,594,556	734,451,879	731,553,971

Note: Rounding of figures may occur.

REPORT OF EXPENSES

REPORT OF EXPENSES (3-DIGIT) REPORT #202	ACTUALS FY 2022/23	ADOPTED FY 2023/24	FORECAST FY 2023/24	PROPOSED FY 2024/25
510 - Salaries - Regular	78,456,040	96,639,163	87,711,895	107,582,229
511 - Salaries - Overtime	7,433,293	6,070,432	9,284,252	6,612,568
516 - Employee Benefits	66,397,285	71,148,780	67,412,017	80,181,016
517 - Paid Employee Benefits	1,054,985	1,358,581	1,428,839	5,006,905
51 - Salaries and Benefits	153,341,603	175,216,955	165,837,004	199,382,719
520 - Advertising & Public Relations	2,934,816	3,757,927	3,732,458	4,372,361
522 - Foreign Trade Representation	-	10,000	10,000	10,000
52 - Marketing & Public Relations	2,934,816	3,767,927	3,742,458	4,382,361
530 - Domestic Travel	332,015	578,284	552,693	673,980
531 - Foreign Travel	251,068	567,450	474,055	637,850
532 - Local Travel	51,426	75,265	76,609	92,462
533 - Credit Card Charges	(2,016)	-	-	-
53 - Travel Expenses	632,493	1,220,999	1,103,357	1,404,292
540 - Maintenance Services	6,677,322	10,605,752	8,994,069	11,785,592
541 - Office Equipment Maintenance Services	3,466,955	5,458,878	5,553,002	6,600,913
542 - Miscellaneous Professional Services	18,641,197	20,494,747	20,931,746	23,388,435
543 - Data Processing Services	5,185,922	14,129,651	13,970,256	14,777,845
544 - Financial Services	1,423,953	2,799,417	3,180,228	2,614,983
545 - Construction Services	16,410	-	-	-
54 - Outside Services	35,411,760	53,488,445	52,629,301	59,167,768
550 - Maintenance & Other Supplies	4,647,116	6,501,440	6,308,851	5,081,572
551 - Administrative & Operating Supplies	1,766,117	2,392,777	2,435,110	2,167,395
55 - Materials & Supplies	6,413,233	8,894,217	8,743,961	7,248,967
570 - City Services	52,643,224	66,757,813	64,542,212	68,496,624
57 - City Services	52,643,224	66,757,813	64,542,212	68,496,624
580 - Allocations	(22,794,243)	(19,710,008)	(19,710,008)	(20,301,308)
58 - Allocations	(22,794,243)	(19,710,008)	(19,710,008)	(20,301,308)
590 - Equipment Rental - Maintenance	427,983	592,888	591,014	665,750
591 - Equipment Rental - Non-Maintenance	2,423	29,471	23,471	329,471
592 - Memberships & Subscriptions	1,161,867	1,345,959	1,315,142	1,400,399
593 - Insurance	4,540,835	5,156,000	5,995,146	6,647,500
594 - Telephone	1,948,959	2,053,565	2,051,280	2,036,829
595 - Utilities	27,431,363	36,650,376	29,845,786	33,215,095
596 - Claims & Settlements	15,583,315	2,500,000	2,500,000	5,275,500
597 - Taxes, Assessments, & Fees	633,452	1,492,133	1,223,470	1,298,759
598 - Provision for Bad Debt	937,751	1,000,000	1,000,000	1,000,000
599 - Other Operating Expense	18,170,189	31,895,324	26,297,240	32,044,305
59 - Other Operating Expenses	70,838,137	82,715,716	70,842,549	83,913,608
Total Operating and Administrative Expenses	299,421,022	372,352,064*	347,730,834	403,695,031
610 - Depreciation Expense	194,869,471	154,109,669	149,685,445	152,410,323
61 - Depreciation	194,869,471	154,109,669	149,685,445	152,410,323
830 - Interest Expense - Bonds	17,744,648	25,092,325	25,092,325	22,933,175
831 - Interest Expense - Bonds	92,186	-	-	-
83 - Interest Expense - Bonds	17,836,834	25,092,325	25,092,325	22,933,175
890 - Other Non-Operating Expenses	27,822,067	8,000,000	434,655	9,246,517
89 - Other Non-Operating Expenses	27,822,067	8,000,000	434,655	9,246,517
Total Non-Operating Expenses	45,658,901	33,092,325	25,526,980	32,179,692
Total Expenses	539,949,394	559,554,058	522,943,259	588,285,046

Note: Rounding of figures may occur.

* The FY 2023/24 Adopted Budget includes a \$2.0 million transfer across Operating Expense categories, which were approved by the Board in FY 2023/24 and did not change the total Operating Expense budget of \$372.4 million.

**CAPITAL PROJECTS REPORT
(SUMMARY)**

Terminals

<i>Berths 90-93 Inner Harbor Cruise Facility & Berths 45-53 Outer Harbor Cruise Facility</i>	\$	5,625,378
<i>Berths 100-102 Development (China Shipping)</i>	\$	1,000,000
<i>Berths 121-131 Development (Everglades)</i>	\$	573,332
<i>Berths 171-182 Development (Pasha)</i>	\$	16,990,702
<i>Berths 212-224 Development (YTI)</i>	\$	205,775
<i>Berths 300-306 Development (Fenix/CGA CGM)</i>	\$	8,478,482
<i>Berths 400-409 Development (Maersk)</i>	\$	1,191,117
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	12,519,498
<i>Miscellaneous Terminal Improvements</i>	\$	5,662,935
TOTAL TERMINAL IMPROVEMENTS	\$	52,247,220

Transportation Projects

TOTAL TRANSPORTATION PROJECTS	\$	49,545,274
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Security Projects

TOTAL SECURITY PROJECTS	\$	6,406,413
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Public Access/Environmental Enhancements

<i>Port-wide Public Enhancements</i>	\$	514,863
<i>Los Angeles Waterfront</i>	\$	31,823,259
<i>Environmental Enhancements</i>	\$	20,067,335
TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS	\$	52,405,457

Maritime Services

<i>Harbor Department Facilities</i>	\$	30,246,429
<i>Miscellaneous Projects</i>	\$	42,989,296
<i>Unallocated Capital Improvement Program Fund</i>	\$	23,835,000
TOTAL MARITIME SERVICES	\$	97,070,725

*TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET (Including Salaries)	\$	257,675,090
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* 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

Upgrades at the Inner Harbor Cruise Facility in FY 24/25 include an elevator renovation, emergency lighting inverter replacement, mobile gangways hydraulic cylinder replacement, Berth 92 Passenger Terminal roof areas replacement, pedestrian deck coating, and escalator modernization.

At the Outer Harbor Cruise Facility, design for an Alternative Maritime Power (AMP) project will be completed in December 2024. \$ 5,625,378

Berths 100-102 Development (China Shipping)

At China Shipping, closeout work for the Final Supplemental China Shipping Environmental Impact Report (EIR) continues, the EIR itself was completed in December 2020. \$ 1,000,000

Berths 121-131 Development (Everglades)

In FY 24/25, at Everglades, preparation of planning and environmental documents for the Berths 121-131 Terminal Redevelopment projects continues, which include the Draft Environmental Impact Statement (EIS)/Environmental Impact Report (EIR) analysis, and release of the Draft EIS/EIR and public hearing. Release of the Final EIS/EIR is scheduled for June 2024. \$ 573,332

Berths 171-182 Marine Improvements (Pasha)

Pasha Terminal improvements include the upgrade of 382 linear feet (LF) of concrete wharf 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. \$ 16,990,702

Berths 212-224 Development (YTI)

Installation of a leak detection system and upgrade of the electrical feeders at the Yusen Container Terminal were completed in December 2023, with project closeout occurring in FY 24/25. \$ 205,775

Berths 300-306 Development (Fenix/CGA CGM)

At Fenix, design of the On-Dock Railyard Expansion which includes five new tracks (approximately 12,000LF), reuse of three existing tracks (approximately 7,000LF), drainage, grading, paving, electrical improvements, fire protection, striping, and signage is expected to complete in March of 2024. The construction award is scheduled for winter of 24/25. \$ 8,478,482

Berths 400-409 Development (Maersk)

Project closeout continues at Maersk for the Pier 400 Rail Storage Yard improvement project. The extension to the existing rail bridge, five new railroad storage tracks, an asphalt access roadway, new crossovers and switches, as well as modifications to the existing compressed air system completed construction in January 2024. \$ 1,191,117

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 completed construction in May 2023. Phase 2 of the project will advertise in Summer 2024. The Berths 238-239 (PBF Energy) project consisting of a new loading/unloading platform, access ramp, catwalks, and fenders will advertise in Summer 2024. \$ 12,519,498

**CAPITAL PROJECTS REPORT
(DETAILED)**

Miscellaneous Terminal Improvements (TI)

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

At the TI Maritime Support Facility, development of 70 acres of the approximate 80-acre site for container support facility includes the grading, paving, storm drain, electrical, 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.

The Berth 44 Boatyard Site Preparations project includes demolition of buildings, site removals, site dredging to -20 mean lower low water (MLLW), filling the existing marine ways, building approximately 40' of seawall, import fill, and site grading. Design was completed in 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 improvements, and grading and paving of approximately 5.7 acres to provide a contiguous backland. The design has been completed in October 2023 and construction completion is scheduled for April 2025.

\$ 5,662,935

TOTAL TERMINAL IMPROVEMENTS

\$ 52,247,220

Transportation Projects

The State Route 47 (SR 47)/Vincent Thomas Bridge (VTB) & Front Street/Harbor Boulevard Interchange Reconfiguration project 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, which started construction in early 2024. Construction on the Berth 115 Rail Crossing Replacement commenced in early 2024. Design began in April 2023 for the Navy Way and Seaside Avenue Interchange Improvements project. In the Fall of 2023, Construction started on the Caltrans Pedestrian Path and Parking Restriping project.

The Terminal Island 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 7-acre site preparation, a 2,000LF grade separation roadway structure, 630LF of roadway, connection of Pier 300 to the grade separation, intersection modifications, re-signalization of the traffic signals at Terminal Way and Ferry Street, roadway lighting, a turn out lane from the existing Terminal Way grade separation Pier 300 entrance, paving/stripping, a storm drain system, fencing, and landscaping. The environmental phase was completed in late 2023 and design is on-going.

TOTAL TRANSPORTATION PROJECTS

\$ 49,545,274

**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 2024. Started in April 2021, the Port Police Headquarters Perimeter Security Enhancements project has a scheduled completion of April 2024.

TOTAL SECURITY PROJECTS \$ **6,406,413**

Public Access/Environmental Enhancements

Port-Wide Public Enhancement

In early 2023, the Front Street Beautification project started construction 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.

\$ **514,863**

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

Construction of the San Pedro Waterfront - Berths 74-83 Promenade Phase II began construction in June 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, with design starting in January 2023. The Cabrillo Marine Aquarium's Life Support system is being renovated by the Department of Recreation and Parks with the Port's support and will be completed in September 2025.

\$ **16,429,627**

Wilmington Waterfront PAIP & Miscellaneous Projects

The Wilmington Waterfront - Avalon Pedestrian Bridge and Promenade Gateway project 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, with design scheduled for completion in mid 2024.

\$ **15,393,632**

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 has been completed in the summer of 2023 on the installation of an AMP system at Berths 195-199. Retrofitting existing earth switchgears at various terminals throughout the port began construction in January 2022 and was completed in July 2023.

\$ **20,067,335**

TOTAL PUBLIC ACCESS/ENVIRONMENTAL ENHANCEMENTS PROJECTS \$ **52,405,457**

**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 for 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 advertise in Spring 2024. Construction of the Port Pilot Radio System was completed in December 2023. Construction to replace the Compressed Natural Gas (CNG) compressor at Berth 161 will start in June 2024 and construction will be completed by December 2025. Other continuing projects include the remodel of the former administration building at Berth 161, and the Klein Billing and Port Pilot system enhancement.

\$ 30,246,429

Miscellaneous Projects

Projects listed under miscellaneous are not included in any specific program listed above. Terminal Island Demolition projects within this category include 1050 Ways Street (Starkist) Demolition and Storage Lot Conversion, South Seaside Avenue Storm Drain Restoration, Southwest Marine Administration Demolition and Pavement Improvements, and 1025 S. Seaside Ave - Demolition and Lot Conversion. Other projects include the Sidewalk Repair Program, Berth 95 Catalina Channel Express Barge Landing Ramp Update, and the FY 24/25 C&M Deferred Maintenance projects. These projects will be in construction during FY 24/25.

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

\$ 42,989,296

Unallocated Capital Improvement Program Fund

This category is for unanticipated projects which are initiated throughout FY 24/25. It includes construction services, consultants, hiring hall expenses, materials, equipment, services from other city departments, and administrative expenses.

\$ 23,835,000

TOTAL MARITIME SERVICES \$ 97,070,725

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET \$ 257,675,090
(Including Salaries)**

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

Zero Emissions Port
Electrification
& Operation (ZEPEO)
\$15.3M

Berths 177-182
Marine Improvements
\$16.9M

MOTEMS Program
(Ongoing)
\$12.1M

State Route 47/Vincent
Thomas Bridge & Front St./
Harbor Blvd. Interchange
Reconfiguration
\$44.3M

Security Projects
\$5.7M

Harbor Administration
Building – HVAC
Replacement
\$3.3M

San Pedro Waterfront
Berths 74-83 Promenade–
Phase II & Clean Up
\$14.5M

208 East 22nd St Parking
Lot Improvements
\$904K

Wilmington Waterfront
Avalon Pedestrian Bridge
and Promenade Gateway
\$7.6M

POLA-POLB Goods
Movement Workforce
Training Facility
\$4.0M

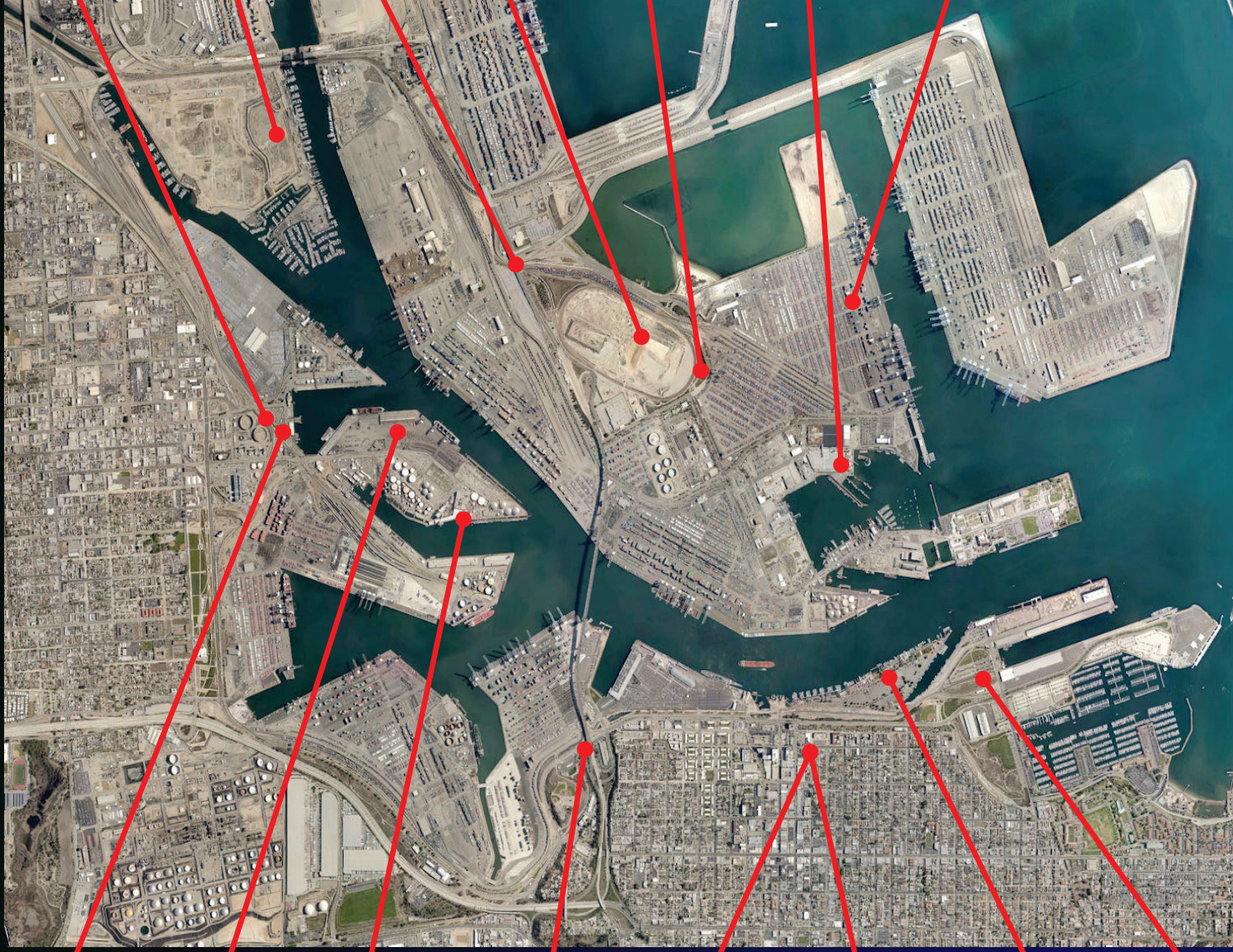
Navy Way and Seaside
Ave. Interchange
Improvements
\$971K

Terminal Island Maritime
Support Facility
\$3.2M

Maritime Support Facility
Access/Terminal Island
Rail System Grade
Separation
\$951K

Terminal Island Facilities
Demolition &
Improvement Projects
\$15.3M

Berths 302-305 On Dock
Rail Expansion
\$6.1M



FY 2024/25 Capital Improvement Projects



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