

CITY OF LOS ANGELES HARBOR DEPARTMENT

Proposed Annual Budget

FY 2021/2022





PORT OF LOS ANGELES

PROPOSED

ANNUAL BUDGET

FISCAL YEAR 2021/22

Los Angeles Board of Harbor Commissioners

Jaime L. Lee, President

Edward R. Renwick, Vice President

Diane L. Middleton, Commissioner

Lucia Moreno-Linares, Commissioner

Anthony Pirozzi, Jr., 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 2021/22 Proposed Annual Budget

Contents

FISCAL YEAR 2020/21 IN REVIEW	1
FY 2021/22 PROPOSED ANNUAL BUDGET OVERVIEW	10
OPERATING BUDGET.....	11
CAPITAL BUDGET.....	13
STRATEGIC INITIATIVES HIGHLIGHTS	18
HARBOR REVENUE FUND REPORT	26
COMPARATIVE STATEMENT OF OPERATIONS	27
REPORT OF REVENUES	28
REPORT OF EXPENSES	29
CAPITAL PROJECTS REPORT	30



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

Fiscal Year 2021/22 Proposed Budget

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

The Port of Los Angeles (POLA) is America's Port®, the nation's premier gateway for international commerce and the busiest seaport in the Western Hemisphere. The Port has ranked as the number one container port by volume and cargo value in the United States each year since 2000.

Among Southern California's strongest industries in terms of economic activity and job creation, the Port of Los Angeles is recognized around the world as a model for innovation, security, and sustainability.

YEAR IN REVIEW

The Coronavirus (COVID-19) pandemic and its impact on the U.S. and international supply chain made for one of the most unpredictable years at the nation's busiest seaport. Huge swings in cargo volumes created unprecedented challenges for shippers, terminal operators, and the Port's longshore workforce, who had to quickly adjust operations to accommodate extraordinary cargo surges during most months of fiscal year (FY) 2020/21.

For the first half of calendar year (CY) 2020, port cargo volumes were down more than 19%, as the Coronavirus pandemic quickly spread worldwide and global trade slowed to a crawl. But in July 2020, market momentum shifted, as pent-up consumer demand for goods significantly ramped up. This demand remained strong throughout FY 2020/21, and the Port ended the fiscal year with its highest-ever cargo totals. Even under the weight of the pandemic and subsequent surges in cargo, the Port successfully kept all its terminals operational and open throughout the year.

POLA also continued its leadership of Logistics Victory Los Angeles (LoVLA), the City's program established to help identify and distribute COVID-19 personal protective equipment (PPE) supplies to healthcare and frontline workers throughout the region. Led by Port Executive Director Gene Seroka—appointed by Los Angeles Mayor Eric Garcetti in March 2020 as the City's Chief Logistics Officer during the pandemic—LoVLA successfully delivered more than 6.8 million units of PPE since the pandemic began. Seroka was

also among the many who advocated for stepping up COVID-19 vaccinations for the Port's longshore and transportation workforce. As of April 30, 2021, thousands of port workers, including longshore workers and truck drivers, were vaccinated at the Port.

To keep stakeholders up-to-date with important Port-related COVID-19 developments and cargo impacts during the year, Seroka conducted monthly virtual press conferences for international, national, and local media. He also provided regular video updates on new COVID-19 developments and safety protocols for Port staff and personnel, many of whom were working remotely during the pandemic.

Despite the challenges brought about by the worldwide pandemic, the Port was able to press ahead on several key initiatives to keep cargo flowing, including roll-out of several new digital tools to enhance cargo fluidity and predictability. Using data collected through the Port Optimizer™ digital portal, new tools introduced included the Signal, the Return Signal, and the Control Tower. The Port also initiated a new financial incentive program for truckers to help move trucks faster and more efficiently through terminals.

During FY 2020/21, the Port made significant progress on several community development projects designed to enhance public access to the LA Waterfront in both Wilmington and San Pedro. In addition, it also continued to build on environmental initiatives under the Clean Air Action Plan (CAAP), updated in 2017. The Port's latest Inventory of Air Emissions report also showed progress on clean air goals, with emissions down for the 14th year in a row.

CARGO VOLUMES

Over the course of FY 2020/21, the Port has observed record volumes as consumer demand has rebounded more quickly than anticipated following the onset of the COVID-19 pandemic. The Port is projected to process 10.4 million twenty-foot equivalent units (TEUs), an increase of 21.5% over FY 2019/20 volumes, setting a new annual cargo volume record for the Port. If achieved, the 10.4 million TEUs



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

Fiscal Year 2021/22 Proposed Budget

estimated for FY 2020/21 would exceed the previous record of 9.7 million TEUs achieved in FY 2018/19 by approximately 700,000 TEUs, or 7.3%.

A strong surge of imports has continued through March 2021 as the Port has handled at least 400,000 loaded import TEUs in each of the first nine months of FY 2020/21. During the first nine months of FY 2020/21, loaded import volumes of 4.2 million TEUs exceeded the 3.4 million loaded import TEUs received over the first nine months of FY 2019/20 by 25.5%. Continued vaccinations, a new round of stimulus checks, and new safety protocols enabling greater in-store retail traffic are all anticipated to sustain increased import demand through June 2021.

Additionally, loaded export volumes continued to lag in FY 2020/21. Through nine months ending March 2021, loaded exports of 1.1 million TEUs represented a decline of 10.0% relative to the 1.3 million loaded export TEUs handled over the nine-month period ending March 2020. The ratio of loaded imports to loaded exports stood at 3.7 through the nine months ending March 2021, a marked increase relative to the 2.7 ratio observed over the nine-month period ending March 2020. Furthermore, the Port has exported nearly 2.4 times more empty TEUs than loaded TEUs through March 2021 as trade imbalances continue to persist.

SUPPLY CHAIN DIGITIZATION

The Port has long advocated for a national strategy to digitize the U.S. maritime industry. The unprecedented import surge and cargo backlog experienced by the Port in the second half of the year highlighted the need for supply chain optimization and digitization, a key focus for the Port over the last four years.

Building on the success of the Port Optimizer™—the cloud-based secure digital portal of maritime shipping data created by the Port in 2017—the Port rolled out several additional digital tools this past year to improve and facilitate advanced cargo planning and predictability.

- **The Signal** – Introduced in September 2020, this new data tool publishes key dashboard data from the Port Optimizer, allowing all Port supply chain stakeholders to view in advance how many shipments will be arriving in Los Angeles over a three-week period. A free service offered by the Port, the advance information dashboard helps stakeholders better plan and prepare for inbound cargo. The data is broken down by container type and includes details on the mode of transportation, whether rail or truck, once it arrives in Los Angeles.
- **The Return Signal** – This free data tool offered by the Port lets truckers and the broader trucking community know when and where to return empty containers to cargo terminals throughout the San Pedro Bay complex. Introduced in November 2020, the tool is updated every five minutes with the latest trucking data.
- **The Control Tower** – The Control Tower cargo tracking technology provides real-time port-level views of truck turn times, as well as other truck capacity management information, to help cargo owners and other supply chain stakeholders better predict and plan cargo flows. The first phase of the tool—developed in partnership with WabTec—was launched in February 2020. Additional features will be added in the coming months.

The Port received the American Society of Civil Engineers’ “Gamechanger” award in March for its Port Optimizer™ technology. The award recognizes innovative examples of infrastructure modernization.

Other cargo efficiency initiatives introduced by the Port this past year included:

- **Truck Turn-Time and Dual-Transaction Incentive Programs** – To incentivize drayage and terminal operational efficiencies, the Port rolled out these programs in February 1, 2021. These programs are designed to incentivize container terminal operators to move trucks faster through their terminals by offering two



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

Fiscal Year 2021/22 Proposed Budget

ways to earn a financial incentive: one for shortening the time it takes to process trucks dropping off and/or picking up cargo, and the other for trucks handling both import and export transactions in the same trip.

- **Streamlined Online Permitting** – In support of Mayor Eric Garcetti’s Executive Directive for Contactless Government in August 2020, and to facilitate easier and more efficient applications for required Harbor Department permits, the Port introduced a single Application for Port Permit (APP) online portal. Many activities on Port property—other than visiting areas open to the public—require one or more permits.

CYBERSECURITY

Just as it increasingly relies on data integration to guide cargo operations and processes, the Port has also been focusing on data solutions that can help detect and protect against cyber security incidents.

In December 2020, the Port reached a \$6.8 million, three-year agreement with International Business Machines (IBM) Corporation to design and operate a Port Cyber Resilience Center (CRC) at POLA, a first-of-its-kind early warning system against cyberattacks. Focused on detecting and protecting against malicious cyber incidents potentially impacting cargo flow, the system is expected to greatly improve the quality, quantity, and speed of cyber information sharing within the Port community. The CRC will be a “system of systems” for participating supply chain stakeholders that serves as a focal point for cyber threats to the Port ecosystem. The CRC is expected to be completed by the 4th quarter of 2021.

TERMINAL & INFRASTRUCTURE CAPITAL PROJECTS

Despite various challenges presented by COVID-19 shutdowns and restrictions, the Port made progress on a number of capital projects in various stages of design, construction, and completion.

Completed:

- **Port-wide Street Resurfacing and Reconstruction Improvements** - High truck traffic has heavily damaged the existing pavement of various Port streets, necessitating street resurfacing and/or reconstruction to repair damage. This year, the Port completed approximately \$2.0 million of street improvements at various locations, including Swinford Street, Front Street, Regan Street and the Shoshonean Road Safety Improvement. Improvements are expected to extend the useful life of the pavement by ten years.
- **Replacement of Pilot Boats** – The design and build of two new pilot boats to replace two 24-year-old pilot boats was completed in November 2020. Total project cost was \$6.2 million.

Under Construction:



- **Berths 226-236, Everport Container Terminal Improvements** – Construction continues at this terminal to deepen berths and improve terminal facilities to accommodate larger next-generation vessels. The project involves improvements at Berths 226-229, increasing berth depth from -45 to -53 feet, and improving Berths 230-232 to a -47 feet berth depth. The project also involves constructing an additional 1.5 acres of backland and electrical



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

Fiscal Year 2021/22 Proposed Budget

improvements for five new Alternative Maritime Power (AMP®) connections, and new electrical infrastructure for three additional container cranes. Total project cost is \$65.2 million, with a \$5.4 million California Proposition 1B Trade Corridors Improvement Fund (TCIF) grant. Construction started in September 2019 and is expected to be completed in fall 2021.

- **Berths 167-169, MOTEMS/Shell** – The primary goal of this proposed \$44.8 million project is to comply with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) to protect public health, safety, and the environment. Work includes demolition of the existing timber wharves, and replacing the structure with a new concrete loading platform, access trestle, mooring dolphins, and steel catwalks. The proposed project would also include a new 30-year lease. Construction is expected to start in May 2021, with completion by 2024.
- **Alameda Corridor Gap Closure Expansion** – This \$17.3 million project will provide a second mainline track between the West Basin area of the Port and the Alameda Corridor, eliminating a short gap in trackage and reducing delays for trains servicing West Basin Container Terminal (WBTC), TraPac, Pasha Terminals, as well as other current and future customers. The project will involve construction of approximately 5,000 track feet of rail parallel to the existing San Pedro Main track, as well as modifications to the West Basin Intermodal Container Transfer Facility lead track, relocation and protection of existing underground utilities, relocation of power poles, utility meters and perimeter fencing. The project was awarded \$6.0 million of California Trade Corridor Enhancement Program (TCEP) federal funding by the State of California. Construction is expected to start in April 2021, with completion anticipated one year later.

In Design:

- **Berths 238-239, MOTEMS/PBF Energy** - The Port is finalizing design of a new marine oil platform at the PBF Energy Oil Terminal. The primary goal of the proposed \$25.7 million project is to comply with the MOTEMS to protect public health, safety and the environment. The new project will construct two new MOTEMS-compliant wharf structures at Berth 238 with berthing and mooring dolphins, catwalks, and an access ramp. The project will require the demolition and removal of the existing concrete loading platform, catwalks, access ramps, and mooring and berthing dolphins. The proposed project would also include a new 30-year lease. Construction is expected to start in January 2022.



- **Berths 302-305, On-Dock Railyard Expansion at Fenix Marine Services Container Terminal** – An expansion of the existing railyard at Berths 302-305 is in design, which will add five new tracks of approximately 12,000 linear feet. This project will increase the capacity of the existing overall on-dock railyard by about 10%. Total project cost is \$40.5 million with an \$18.1 million federal grant awarded by the United States Maritime Administration (MARAD) and a \$19.2 million federal grant



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

Fiscal Year 2021/22 Proposed Budget

awarded by the State of California and Metro. Design is expected to be completed in October 2021.

- Pier 400 Corridor Storage Tracks Expansion Project** – The existing Pier 400 rail storage yard is in need of expansion to accommodate future rail volumes on Terminal Island. The project scope includes an 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 of the Pier 400 rail storage yard and bridge. Work also includes the relocation of a portion of the Pier 400 lead track onto Port property, realignment of the track connection to the existing rail storage yard, modifications to Reeves Avenue, and relocation of the existing at-grade crossing at Nimitz Avenue to Reeves Avenue. The project is currently budgeted at \$61.4 million and was awarded approximately \$21.6 million of California Trade Corridor Enhancement Program (TCEP) federal funding by the State of California. Construction is expected to start in October 2021.
- State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Boulevard Interchange Reconfiguration** – This interchange is an important transportation nexus providing access to the LA Waterfront, residential community of San Pedro, Terminal Island, and the West Basin Container Terminal. The project would improve traffic safety and operational deficiencies at the interchange. The \$70.5 million in improvements, partially offset by \$64.9 million in grant funding, will include replacing the existing westbound off-ramp from the VTB currently located on the south side with a new off-ramp located on the north side. Additional improvements include realigning the existing westbound on-ramp onto the SR 47 and I-110 connector; modifying the westbound off-ramp onto Harbor Boulevard; and modifying the eastbound on-ramp onto the VTB toward

Terminal Island. Construction is expected to start in late 2022.

ENVIRONMENTAL & SUSTAINABILITY INITIATIVES

Facilitating global trade while protecting the environment is a priority at the nation's largest trade gateway. POLA is leading the way internationally to reduce air emissions, improve water quality, modernize facilities and cultivate new technologies promoting cleaner operations. In the past year, the Port made noticeable progress on a number of environmental and sustainability initiatives.

- Clean Air Action Plan (CAAP)** – Work continues on implementation of aggressive near-term and long-term strategies approved in the updated 2017 CAAP to reduce harmful air pollution from all port-related sources, and to work toward achieving zero emissions for trucks and terminal equipment at the San Pedro Bay Port Complex. Currently, the Port has 16 demonstration projects underway, testing 134 units of advanced equipment, including 78 zero-emissions trucks. This past year, the Ports of Los Angeles and Long Beach held two CAAP public advisory meetings, as well as a Clean Truck Program (CTP) 2021 Concession Agreement Update meeting in March. Since 2005, port-related air pollution emissions in San Pedro Bay have dropped 87% for diesel particulate matter, 58% for nitrogen oxides, 97% for sulfur oxides, and 13% for greenhouse gases.
- Zero Emission Top Handlers** – First unveiled in 2019 as part of a pre-commercial demonstration project at the Port, the world's first zero-emission top handlers are now being used in daily operations at the Everport Container Terminal. The battery-electric top handlers are a key component of the Port's \$7.7 million Everport Advanced Cargo-Handling Demonstration Project. The California Energy Commission is supporting the large-scale zero-emissions



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

Fiscal Year 2021/22 Proposed Budget

technology project with a \$4.5 million sustainability grant.

Biological Survey of LA and Long Beach Harbors – In April 2021, the Ports of Los Angeles and Long Beach released results of a comprehensive biological survey of the entire San Pedro Bay Port Complex, covering both Los Angeles and Long Beach Harbors. The survey evaluated the harbors’ physical and ecological characteristics, information that will help inform the environmental planning process. The 2018 Biosurvey found more than 1,000 different species that live in and rely on harbor waters, and with the use of new survey methods, 150 species not previously seen before were documented. Eelgrass continues to thrive and was seen in deeper waters and more locations of the Inner Harbor, a strong indication of improving water clarity and quality. However, as seen regionally, warm water temperatures may have been the reason that in 2018 a 10% reduction in the number of bird species and a 20% reduction in larval fish species was observed. Despite these reductions, the variety and proximity of structures and habitat types in the Port Complex results in a very diverse and healthy ecosystem that supports nursery and nesting habitats to special status and managed bird and fish species.

- **Zero-Emission City Initiative** – In October, Mayor Garcetti issued a Request for Information (RFI) to solicit proposals to expand the use of zero-emission technology at the Port. The RFI invited private sector companies to offer strategies to accelerate the development and adoption of zero-emission trucks at scale. This drive grows out of CAAP commitments to achieve 100% zero-emission trucks at the Port in the next 15 years, and is in line with the Mayor’s goal to transition all drayage trucks serving the San Pedro Bay Port Complex to zero emission by 2035.

- **World Ports Climate Action Program (WPCAP) Virtual CEO Conference** – The Port actively participated in this conference held in February 2021. In addition to the key role played by Port Executive Director, Gene Seroka, representatives from the Port’s Environmental Management and Cargo Marketing divisions also participated. WPCAP focuses on actions to combat climate change through building more sustainable port operations.
- **Inventory of Air Emissions Report** – In October 2020, the Port released its annual Inventory of Air Emissions report, which showed that the Port’s clean air initiatives and innovations continue to drive clean air gains. While cargo volume slipped 1% in CY 2019, the Port and its partners succeeded in cutting emissions between 5% and 7% compared with 2018, according to the study.

THE LA WATERFRONT

Spanning almost 400 acres, the LA Waterfront has been undergoing a major transformation over the last 16 years, thanks to significant investment and improvements by the Port. Progress continued in FY 2020/21 on a number of LA Waterfront capital projects:

In Development/Construction:



- **San Pedro Promenade and Town Square** – Construction on phase one of this project began in January 2020, which will create a nearly one-



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

Fiscal Year 2021/22 Proposed Budget

mile public promenade running parallel to the Los Angeles Main Channel, meeting at a new town square at 6th Street, just east of Harbor Boulevard. The promenade and town square will include amenities such as public seating, landscaping, hardscape, signage, architectural finishes, public restrooms, and a new floating dock for recreational vessels. The project's second phase will complete the middle section of the promenade where existing restaurants remain, and extend the promenade to the southerly end of the West Harbor development. Total project cost of Phase I is \$58.2 million, with a \$1.3 million grant from the State of California Division of Boating and Waterways for completion of the floating dock for recreational vessels. Completion of the first phase is slated for summer 2021.

- **West Harbor** – Plans for West Harbor (previously called the San Pedro Public Market) include 42 acres of landside space providing ample outdoor space for restaurants, retail, fresh markets, office space, waterside activities, and an open-air amphitheater for live entertainment. The first phase of construction are City improvements for the San Pedro Promenade and Town Square project mentioned above. The developers, The Ratkovich Company and Jerico Development, are expected to invest approximately \$100.0 million in this redevelopment. Construction is expected to begin in late 2021.
- **Wilmington Waterfront Promenade** - Construction started in November 2020 on this \$70.8 million waterfront promenade and open space project. Creating a “window on the waterfront” for the Wilmington community, the project includes the realignment of Water Street parallel to the existing railroad tracks and construction of a community park adjacent to the Banning’s Landing Community Center, along with a waterfront promenade, public pier, public dock for commercial vessels, public restrooms with a green roof, playground, 5,000 square foot commercial development pad, and parking lots.

Work along Water Street includes utilities, street work, grading, paving, striping, lighting, and landscaping. Other project improvements to the nine-acre site include irrigation, signage, and furnishings such as public seating, bike racks, and drinking fountains. Completion is expected in 2023.

- **AltaSea at the Port of Los Angeles** – This 35-acre public-private partnership containing an ocean institute and innovation hub is dedicated to accelerating scientific collaboration between educators, students, and ocean-related commercial entities to advance an emerging blue economy through innovation and job creation. AltaSea is currently completing buildout of 180,000 square feet of warehouse space for commercial tenants focused on blue economy-related businesses, such as ocean research, underwater robotics, and aquaculture. AltaSea is also in the process of permitting a solar installation to power the commercial warehouse buildout.
- **Harbor Boulevard – Miner Street to S.P. Slip Roadway Improvement Project** – This project will realign and extend the recently constructed Harbor Boulevard (formerly known as Sampson Way), starting at the intersection at Miner Street and ending at the S.P. Slip, transforming it into a scenic boulevard along the west perimeter of the new West Harbor development. This project will improve public access throughout the waterfront area to better connect the waterfront with downtown San Pedro and the surrounding community. This reconfigured Harbor Boulevard will include two travel lanes in each direction. Work also includes utilities, street work, grading, paving, striping, lighting, street trees, landscaping, and other street improvements. Total project cost is \$8.9 million. Construction began in June 2020 and is expected to be completed in summer 2021.



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

Fiscal Year 2021/22 Proposed Budget

In Design:

- Avalon Promenade and Gateway Project** - A companion development to the Wilmington Waterfront Promenade, the first phase of this project includes construction of a pedestrian bridge along Avalon Boulevard, which will provide pedestrian and bicycle access to the new waterfront promenade. The bridge will be followed by a second phase, which will complete the connection of Wilmington's historic commercial corridor on Avalon Blvd to its historic waterfront, include an entry plaza with a gateway feature, landscaping, hardscape, parking, restrooms, and architectural finishes. Total project cost for both phases is \$57.0 million. This project is also supported and funded by the Los Angeles Metropolitan Transportation Authority (LA Metro), via a request for funding through the South Bay Cities Council of Governments (COG). LA Metro is providing \$10.2 million for the construction phase, of which \$8.1 million is currently available (remaining \$2.1 million is expected from LA Metro in June 2023). Construction of Phase I is slated to start toward the end of 2022 and be completed in 2024.
- Cabrillo Way Marina** – Port staff is in negotiations with the successful proposer, Cabrillo Way Partners, for a long-term lease and development contract. Cabrillo Way Partners is a joint venture comprised of the Bellwether Financial Group and RD Olson, who are currently also redeveloping the Dana Point marina and the adjacent waterfront area. Staff intends to conclude term sheet negotiations in FY 2020/21 and begin the environmental permitting process in FY 2021/22. The development will cover 87 acres of land and water, and is located at the southwest corner of Miner Street and 22nd Street in San Pedro. The site is a 12-acre commercial development area that includes 9.2 acres of landscaped parking and is entitled and ready for immediate development.
- Outer Harbor Cruise Terminal & Cruise Business** – With increasing interest in Los Angeles as a cruise departure point, the Port announced in September 2019 a new development opportunity for an Outer Harbor Cruise Terminal at Berths 46 and 50. Located at a premier site on the West Coast, this 12.5-acre development opportunity will have the unique capacity to handle two 5,000+ passenger ships simultaneously.

Development Opportunities:

Between 2005 and 2015, the Port invested \$600 million in LA Waterfront development projects. Another \$400 million has been committed through 2025 as the Port seeks to transform the LA Waterfront into a one-of-a-kind visitor destination, rich in recreational opportunities on land and water, diverse in commercial and entertainment attractions, and economically active in the development of the emerging Blue Economy.

In addition to the projects listed above already underway, the Port has several additional projects proposed or in negotiation:



With the outbreak of COVID-19 and the related shutdown of the cruise industry worldwide, the release of the Request for Proposal (RFP) for this development has been delayed, but will be



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

Fiscal Year 2021/22 Proposed Budget

released 6 to 12 months following a return to normal cruise operations in Southern California.

No cruise lines have sailed during FY 2020/21, and all voyages before July 1, 2021 were cancelled. Still, the cruise industry continues to see Southern California as a strong growth market over the longer term. Princess Cruises is poised to start up sailings when COVID-19 restrictions on the industry are lifted. Royal Caribbean Cruise Lines also recently announced their return to the Southern California market with the Navigator of the Seas, with year-round service to Mexico starting in June 2022.

- **Historic Warehouse No. 1** – In March 2019, the Port released a prospectus detailing this opportunity for commercial redevelopment and adaptive reuse of Historic Warehouse No. 1, one of the most iconic buildings at the Port and a prime waterfront location. A formal Request for Information (RFI) is expected to be released in FY 2021/22, assuming a return to normal commercial development activity.
- **Boat Repair Facility** – In October of 2019, the Port entered into exclusive negotiations with Bellwether Financial Group to develop a new boat repair facility capable of servicing 99.9% of the recreational boats on the West Coast. Located at Berth 44 on the south end of the Cabrillo Way Marina, the ultra-modern boat yard will incorporate state-of-the-art environmental water treatment technology and will boast “big boat” capabilities. The Port has concluded term sheet negotiations with Bellwether, and the Environmental Impact Report is expected to commence in FY 2020/21.

COMMUNITY & EDUCATION

The Port plays an integral role in facilitating meaningful engagement with the local and greater Los Angeles community, and puts a priority on

educating stakeholders about its operations and impact.

Though the COVID-19 pandemic greatly impacted in-person community engagement opportunities during FY 2020/21, the Port quickly adapted many of its community and education activities to be done virtually. These included **Virtual Boat Tours**, which the Port offered during World Trade Week in both English and Spanish; **“Career RePort”** videos that featured Port employees answering questions about themselves and their jobs in response to questions submitted by local students; and a **Virtual Speakers Bureau**, with video presentations available on topics such as Air Quality, Emergency Preparedness, and a Port 101 overview. The Port plans to add more videos to this collection in the months ahead.

Port community staff also adapted several events to a virtual environment, including hosting **LA Fleet Week®** in September 2020 and a **virtual Lunar New Year celebration** in February 2021. In conjunction with LA City Council District 15, the Port also sponsored a three-day, in-person drive-in movie event during the summer of 2020. AltaSea also produced **The Blue Hour**, a unique and spectacular drive-in experience focusing on Los Angeles as the global capital of Blue Economy and Education.

As part of its **Community Investment Grants Program**, the Port awarded grants totaling \$1.0 million in non-taxpayer funds to 29 organizations in FY 2020/21. The initiatives receiving funding from this program directly benefit the Los Angeles Harbor communities of Wilmington and San Pedro, as well as the LA Waterfront, and focus on objectives such as maritime and youth education, community clean-ups and neighborhood beautification, arts and culture, among others. Given the pandemic, the Port adapted its grant process this year to be completely virtual, and updated all grant agreements to include COVID-19 health and safety protocols.



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

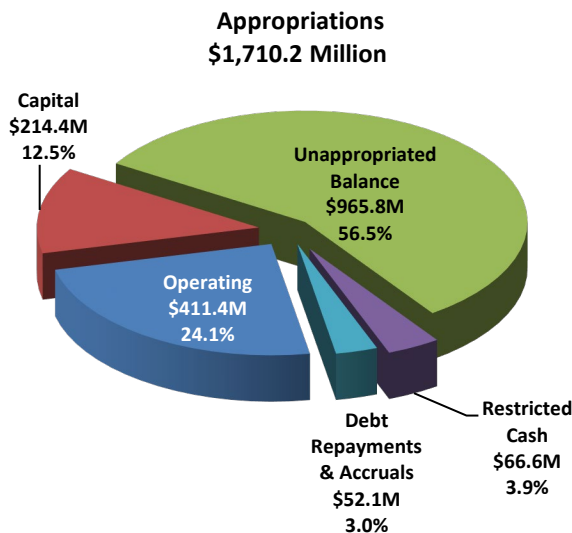
Fiscal Year 2021/22 Proposed Budget

FY 2021/22 PROPOSED ANNUAL BUDGET OVERVIEW

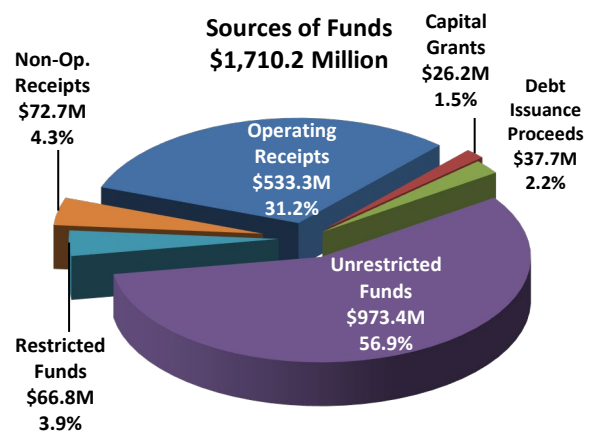
After the volatility in cargo volumes initially experienced at the start of the pandemic in early calendar year 2020, the Port rebounded in FY 2020/21 with record cargo volumes. This rebound was attributed to the rapid recovery in global trade and the pent-up demand for consumer goods as spending moved away from entertainment and vacations. The Department exercised fiscal prudence when formulating the revenue and expense budgets for FY 2021/22 in order to manage through market uncertainties in the coming year. Further, in developing the FY 2021/22 Proposed Budget, the Department focused on the four strategic objectives outlined in the 2018-2022 Strategic Plan:

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

The Proposed Budget includes Capital, Operating, and other appropriations totaling \$1,710.2 million.



To support the daily operations of the Harbor Department in FY 2021/22, \$411.4 million has been set aside for the Total Operating Budget, which includes both Operating and Non-Operating expenses. This portion of the budget will fund daily operations and programs of the Port aimed at expanding cargo business and the utilization of the Port’s facilities; strengthen relationships with stakeholders; develop innovative, strategic, and sustainable operations; and improve the financial performance of the Port. With a total Capital Budget of \$214.4 million, the Harbor Department will continue the process of modernizing the Port’s container, cargo, and cruise terminals, as well as enhancing public access infrastructure at the waterfront. Rounding out the remainder of the Proposed Budget appropriations are \$965.8 million in unappropriated funds, \$66.6 million in restricted cash, and \$52.1 million in debt repayments and accruals. The Proposed Budget is projected to create approximately 3,578 direct and indirect jobs (not including Harbor Department employees), of which 2,866 are attributable to capital spending.



The Capital, Operating, and other appropriations included within the Proposed Budget will be funded through \$1,710.2 million in receipts and cash-on-hand. Operating Receipts will continue to be driven by cargo-related activities as Shipping Services



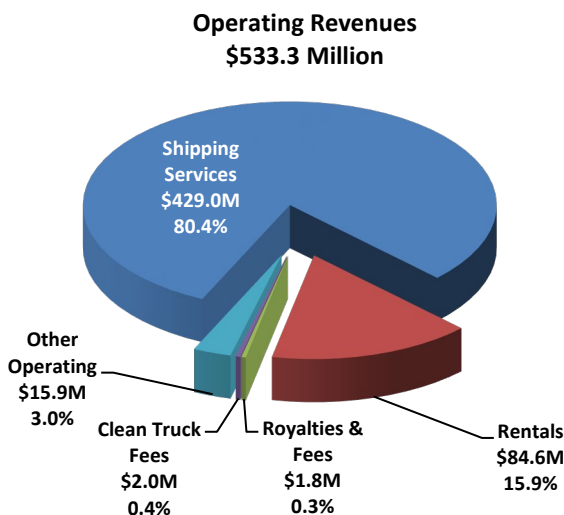
**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2021/22 Proposed Budget

Revenues are anticipated to comprise approximately 80.4% of the \$533.3 million in projected total Operating Receipts. Total receipts will continue to be augmented by \$26.2 million in Capital Grant Receipts and \$72.7 million in Non-Operating Receipts such as state pass-through revenue, interest/investment income, non-operating grants, settlements, rebates, and other reimbursements. Total cash of \$1,040.2 million, comprised of \$973.4 million in unrestricted funds and \$66.8 million in restricted funds, is anticipated to be available within the Proposed Budget. This level of total cash available represents a 10.0% increase relative to total cash of \$946.0 million available at the beginning of FY 2020/21. As dictated by Board approved financial policy and to ensure that the Port upholds its strong financial position, minimum levels of cash reserves for debt service coverage have been maintained.

OPERATING BUDGET

Operating Revenues



The Proposed Budget includes total Operating Revenues of \$533.3 million, which represents a 15.9% increase relative to the FY 2020/21 Adopted Budget but a 2.2% decline relative to the FY 2020/21 Forecast. As part of the Proposed Budget, cargo

volumes of 9.7 million TEUs are anticipated to be processed in FY 2021/22. This level of cargo volume represents a 22.3% increase relative to the 7.9 million TEUs assumed within the FY 2020/21 Adopted Budget and a 6.7% decline relative to the 10.4 million TEUs estimated for FY 2020/21.

In FY 2021/22, Shipping Services Revenues are projected to comprise 80.4% of Operating Revenues and remain its largest component, followed by Rentals Revenues at 15.9% and Other Operating Revenues at 3.0%. Rentals Revenues are expected to continue to comprise a growing share of total Operating Revenues as the incremental revenues gained from compensation resets, the continued focus on incorporating consumer price index (CPI) increases into leases, and ongoing efforts to convert short-term space assignments into longer-term entitlements outpace the growth of wharfage within the Shipping Services Revenue category.

The 15.9% increase in total Operating Revenues as compared to the FY 2020/21 Adopted Budget primarily results from higher Shipping Services, Rentals and Other Operating Revenues being only partially offset by decreases in Royalties & Fees and Clean Truck Fees. The increase in Shipping Services is anticipated to be mainly driven by higher cargo volumes. Rentals Revenues are expected to increase due to various compensation resets completed in the past year, annual CPI adjustments, and ongoing efforts to convert short-term space assignments into longer-term entitlements. The increase in Other Operating Revenues is expected to occur due to higher utility reimbursements and Harbor Maintenance Tax receipts. Clean Truck Fees are expected to slightly decline resulting from fewer concession applications.

The 2.2% decrease in total Operating Revenues as compared to the FY 2020/21 Forecast primarily results from lower Shipping Services and Other Operating Revenues being only partially offset by increases in Rentals and Royalties & Fees. Shipping Services Revenues are anticipated to decrease due to lower cargo volumes. Other Operating Revenues are anticipated to decrease due to lower utility

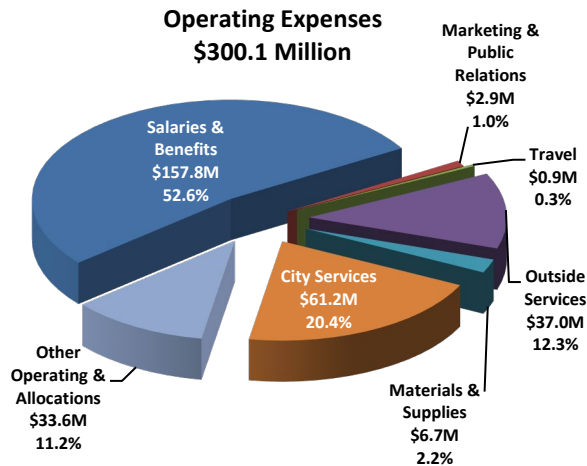


**Port of Los Angeles
(City of Los Angeles Harbor Department)**

Fiscal Year 2021/22 Proposed Budget

reimbursements. On the other hand, Rentals Revenues are expected to increase due to various compensation resets completed in the past year, annual CPI adjustments, and ongoing efforts to convert short-term space assignments into longer-term entitlements. Royalties & Fees are expected to increase due to higher cruise passenger parking fees as the cruise industry is expected to slowly recover from the impacts of the pandemic.

Operating Expenses



The FY 2021/22 Proposed Budget includes total Operating Expenses of \$300.1 million, which represents a 5.3% increase relative to both the FY 2020/21 Adopted Budget and the FY 2020/21 Forecast. The increase in total Operating Expenses relative to the FY 2020/21 Adopted Budget and FY 2020/21 Forecast is a result of higher Other Operating Expenses, City Services, Outside Services, Travel, Marketing & Public Relations, and Materials & Supplies, which are partially offset by a decrease to Salaries & Benefits and an increase to Allocations to Capital.

With a proposed budget of \$157.8 million (net of \$15.9 million in direct capitalization), or 52.6% of the total Operating Budget, Salaries & Benefits is the largest component of the Port’s operating budget. Relative to the FY 2020/21 Adopted Budget, there is

a decrease of \$27,434 resulting primarily from higher Salaries & Benefits attrition savings mainly due to the decision to leave half the SIP positions vacant; higher direct Salaries and Benefits allocation to Capital; and a reduction to Overtime. These reductions are partially offset by the Separation Incentive Program (SIP) payout of \$5.3 million for 80 employees; higher pension and health care contributions; Memorandum of Understanding (MOU) mandated increases to salaries, salary step increases, and position upgrades; higher bonuses and miscellaneous employee benefits pay; and a reduced refund for retirement plan payments. City Services—services provided to the Harbor Department by other City of Los Angeles departments such as the Fire Department, Recreation & Parks, and the Office of the City Attorney—totaling \$61.2 million or 20.4% of total expenses will be increasing by 7.5% relative to the FY 2020/21 Adopted Budget.

Within Other Operating Expenses and Allocations to Capital, a \$7.8 million or 30.0% increase relative to the FY 2020/21 Adopted Budget results largely from a \$7.6 million increase to container, cruise, and environmental incentives following a projected upsurge in cargo volume and cruise ship activity. Other increases totaling \$3.3 million include a \$1.0 million contribution to Air Quality Management District (AQMD) for the Kickstart Program to replace model year 2010 or older drayage trucks with zero-emissions trucks, \$1.0 million increase for insurance, \$0.6 million increase for use tax, \$0.5 million increase for provisions for workers compensation, and \$0.2 million increase for uncollectible debt expense. These increases were partially offset by a \$1.2 million increase to Allocations to Capital and a \$1.9 million decrease to the Electric Services budget. Approximately 75% of the Electric Services budget is for the Alternative Maritime Power (AMP) program, which allows ships to plug into shore-side power. The demand for AMP was unusually high in FY 2020/21 due to the surge in shipping activity as a result of the pent up demand for consumer goods during the pandemic.

Finally, there was a \$3.1 million increase in the Outside Services, Travel, Marketing & Public



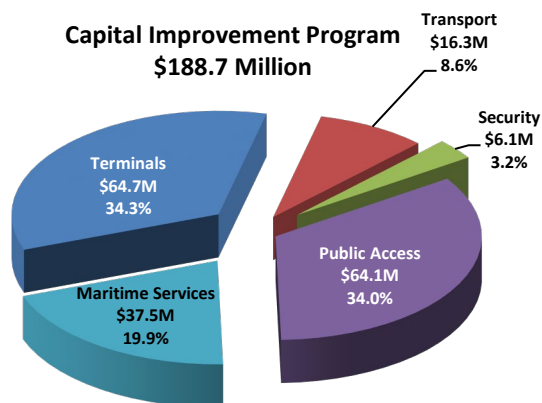
Port of Los Angeles
(City of Los Angeles Harbor Department)

Fiscal Year 2021/22 Proposed Budget

Relations, and Materials & Supplies budget categories compared to the FY 2020/21 Adopted Budget. The \$1.8 million or 5.0% increase in Outside Services is attributed to higher cruise center operations costs, an increase in outside services spending for the Maintenance Improvement Program, and higher legal fees and services. Additionally, Travel, Marketing & Public Relations, and Materials & Supplies is expected to increase by \$1.3 million as COVID-19 restrictions are lifted in FY 2021/22.

CAPITAL BUDGET

The FY 2021/22 Proposed Capital Budget of \$214.4 million will allow for the continued development of the Port’s world-class infrastructure at container, cruise, and cargo terminals; facilitate the construction of public access infrastructure in San Pedro and Wilmington; fund improvements and repairs on Port-owned facilities throughout the harbor; allow for transportation improvements to promote efficient movement of goods; and install systems to enhance security at the Port. Comprising 12.7% of the department’s total budget, the FY 2021/22 Proposed Capital Budget includes \$188.7 million of direct costs in the Capital Improvement Program (CIP), \$19.5 million in overhead allocations, and \$6.2 million in capital equipment.



Terminal Improvement Projects

With a budget of \$64.7 million, Terminal Improvement projects comprise 34.3% of the total FY 2021/22 Proposed CIP Budget.

- Marine Oil Terminal Engineering Maintenance Standards (MOTEMS) Projects** – To prevent oil spills and protect public health and the environment, the California State Lands Commission mandates that liquid bulk oil facilities comply with MOTEMS. In FY 2021/22, \$32.3 million is budgeted for upgrades and repairs at several liquid bulk facilities. Work at Shell (Berths 167-169) includes demolition of the previous timber wharf and the construction of a new concrete loading platform, which is budgeted for \$26.2 million. Construction started in May 2021 and is set to complete in early 2024. Funding in the amount of \$6.0 million is for the design and construction of a new marine oil terminal at PBF Energy (Berths 238-239). Work includes demolition and reconstruction of existing loading and unloading platforms, catwalks, access ramps, and mooring and berthing dolphins. Additional funding of \$0.1 million is allocated for an environmental assessment at the Vopak site on Berths 187-190, set to complete in December 2022.



- Everport Container Terminal** – A budget of \$13.0 million for major improvements to accommodate larger ship at the Everport Container Terminal (Berths 222-236) has been funded in FY 2021/22. Construction will



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

Fiscal Year 2021/22 Proposed Budget

be wrapping up in fall 2021 for wharf and backland improvements with a budget of \$7.3 million. Work includes dredging, installation of electrical infrastructure for an additional three cranes, and demolition of two marine buildings. An additional \$2.9 million is funded for wharf inspection, damage evaluation, and necessary repairs to extend the wharf's useful life. The installation of five new wharf AMP® vaults and the retrofit of the existing high voltage AMP® system is set to complete construction in October 2021 with a budget of \$2.3 million. The construction of the expansion of an existing substation, installation of two electrical chargers, and upgrade to a new switchboard of \$0.5 million rounds out the FY 2021/22 Proposed Budget at Everport.

- **APM Terminal Corridor Storage Tracks Expansion** – With a FY 2021/22 Proposed Budget of \$7.2 million, construction will begin at Pier 400 in October 2021. Work includes extending the existing current rail bridge, building five new railroad storage tracks, constructing a new asphalt access roadway, and installing new crossovers and switches in order to accommodate larger rail volumes.
- **Pasha Terminal** – Updates at the Pasha Terminal (Berths 171-181) are funded for \$5.1 million in FY 2021/22. A budget of \$3.1 million has been set aside for the design and construction of approximately 382 linear feet of concrete wharf at Berths 177-178. This work will ensure that the wharf complies with POLA's seismic code. Construction will begin in FY 2021/22 for the replacement of the terminal's main electrical equipment on Berths 176-179 for \$1.5 million. Additionally, other smaller projects at the Pasha Terminal are budgeted for a total of \$0.5 million and include re-roofing the office building on Berth 178, installing roll up doors, and completing wharf and bollard repair.

- **Miscellaneous Terminal Improvements** – Various terminal improvements throughout the Port are budgeted for a total of \$7.1 million in FY 2021/22. Projects at the Fenix Terminal (Berths 302-305) are budgeted for a total of \$2.1 million and include installation of five new tracks, reuse of three existing tracks, retrofitting 16 feeders, and installation of a new modern breaker system. Funding in the amount of \$1.8 million has been budgeted for the demolition of a 76,000 square foot concrete wharf at Berths 243-245 for a future dredge disposal site, with design expected to be completed in January 2022. Ongoing projects at the World Cruise Terminal include the replacement of hydraulic cylinders on four mobile passenger gangways, replacement of two 500 kilowatt inverters along with the recommissioning of the solar power system, elevator renovation to reduce wait times, and lighting upgrades. These projects are budgeted for a total of \$1.2 million in FY 2021/22. Numerous other terminal improvements are allocated at \$2.0 million in funding for wharf reconstruction and repair, leak detection expansion, environmental assessments, and an electrical sub-meter installation.

Public Access/Environmental Enhancement Projects

In FY 2021/22, the Proposed Budget for Public Access/Environmental Enhancement projects in the San Pedro and Wilmington Waterfront areas is \$64.1 million, or 34.0% of the Proposed CIP Budget.

- **Wilmington Waterfront Promenade** – A total of \$46.6 million is allocated for the continued development at the Wilmington Waterfront. With \$45.2 million budgeted in FY 2021/22, construction at the Wilmington Waterfront Promenade includes a public plaza, parking courts, landscaping, hardscaping, and 1,200 feet of waterfront promenade which will continue through FY 2023. The design and bid/award of the



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

Fiscal Year 2021/22 Proposed Budget

pedestrian bridge along Avalon Boulevard is funded for \$0.6 million and is set to be completed by June 2022. An amount of \$0.4 million is allocated for the design and construction of the Wilmington Youth Sailing and Aquatic Center which includes site enhancements and the installation of a boat hoist and gangway. Other smaller projects on the Wilmington Waterfront, budgeted for \$0.4 million in FY 2021/22, include the planning of 12 acres of visitor serving open space between Harry Bridges Boulevard and the Pacific Harbor Line railroad tracks, site characterization assessments in support of land transaction negotiations, installation of park street vacations, and replacing camera poles throughout the area.



- San Pedro Public Market (Market)** – To continue projects at the San Pedro Waterfront in FY 2021/22, funding of \$9.2 million has been allocated for improvements in the area. The Ports O' Call Promenade and Town Square project is budgeted for a total of \$2.9 million. This project includes construction of a 30-foot wide public promenade, refurbishment of floating docks, improvements to the Town Square, installation of electrical utility services, hardscaping, and landscaping. As part of the agreement with San Pedro Public Markets, LLC, the installation of new utility electric services are set to complete construction in spring 2021 with a budget of \$2.6 million. To improve public access throughout the waterfront area, \$1.2 million has been allocated for the realignment and expansion

of Harbor Boulevard. An amount of \$0.6 million has been budgeted for the construction of new floats, gangways, piles, and utilities at Berths 80-83. Re-grouting and re-coating the reflection pond and fanfare fountain located at the Waterfront Gateway is funded for \$0.6 million in FY 2021/22. Additionally, \$1.3 million has also been allocated for various other projects, including construction of new public restrooms within the Town Square area, an environmental assessment at Berth 57, remediation of the soil at Berth 78, and soil testing and removal in the West Harbor.

- Miscellaneous Environmental Enhancements & Public Access Projects** – Environmental Enhancement projects around the Port are budgeted for a total of \$7.4 million in FY 2021/22. Of the \$7.4 million, \$4.8 million is allocated for an advanced electrical infrastructure demonstration at Berth 100. This demonstration will construct a wireless zero emission charging infrastructure and determine the feasibility of wireless charging as a future standard for Port operation. Construction will begin in November 2021 to retrofit existing earth switchgears at various berths, allocated for \$1.2 million. At the Outer Harbor Cruise Terminal on Berth 46, \$1.2 million has been budgeted for the design and installation of a new 11KV AMP® system. Other miscellaneous Environmental Enhancement projects including the installation of electrical equipment and infrastructure at Pier 400 and pavement improvements at Rear Berth 301 are budgeted at \$0.2 million. Additionally, \$0.9 million has been budgeted for the Front Street Beautification project, which includes the design and construction of a 22-foot wide landscaped area with a multi-use path along Front Street adjacent to the China Shipping Terminal.



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

Fiscal Year 2021/22 Proposed Budget

Maritime Services

The Maritime Services category includes improvements and repairs to Harbor Department facilities and other Port locations, as well as larger capital equipment purchases. A Proposed CIP Budget of \$37.5 million, or 19.9% of the proposed budget, has been set aside for this category, which also includes \$12.0 million of unallocated funding for unanticipated projects that arise throughout the fiscal year.

- Harbor Department Facilities** – In FY 2021/22, a total of \$9.7 million has been budgeted for repairs and improvements at multiple Harbor Department Facilities. Various projects at the Harbor Administration Building (HAB) are budgeted for \$6.3 million. These projects include \$3.6 million for the design and replacement of the Heating, Ventilation, and Air Conditioning (HVAC) system; \$1.4 million to reconfigure floor space to consolidate a majority of Harbor Department employees in HAB; \$0.7 million to update restroom and shower facilities at HAB; and an additional \$0.6 million for remodeling the Cyber Resilience Center, resealing the metal panel system to waterproof the building's exterior, remodeling the Board Hearing Room and Executive Session Room, installing new lighting in the patio area, and upgrading lighting in the garage to LED. For the replacement of the air conditioning and uninterrupted power supply (UPS) batteries at the POLA Police Headquarters, \$0.9 million has been budgeted. Additionally, \$0.6 million has been set aside for various repairs and improvements at the Construction & Maintenance Yard. Finally, \$1.9 million has been budgeted for repairs and improvements at other Harbor Department Facilities including repairing water leaks and associated damage at Banning's Landing; replacement of skylights at Liberty Hill Plaza atrium; upgrades to the fire alarm and plumbing systems at the Maritime Museum;

replacement of two pilot boats and upgrades to the HVAC system at the Port Pilot Station; and improvements at the World Tots child care center.

- Software System Upgrades** – In FY 2021/22, a total of \$5.4 million has been budgeted for the upgrade of various software systems used throughout the department. Migrating the Department's on premise Oracle EBS financial system to a new Oracle ERP Cloud system is allocated at \$4.7 million, which will allow for new, enhanced, and improved functionalities for various accounting and financial modules within the new ERP system. Enhancements to the Klein Billing and Port Pilot Systems, and the Fleet Management System are budgeted at \$0.7 million.
- Miscellaneous Maritime Services Projects** – Various smaller projects throughout the Port property have been funded for \$10.4 million in FY 2021/22. A total of \$5.9 million has been budgeted for the continued work on multiple CIP deferred maintenance projects. The upkeep and maintenance of public sidewalks and appurtenances within Harbor Department controlled streets are budgeted at \$1.4 million. At Berth 182, \$1.2 million is allocated for slope erosion repair. Construction begins in July 2021 to restore the storm drains on South Seaside Avenue, budgeted for \$0.8 million, in order to prevent flooding. An additional \$1.2 million has been funded for miscellaneous projects, including the demolition and storage lot conversion at Starkist, replacement of a building cover at Berths 54-55, gearbox replacement on Badger Avenue Bridge, and pump and sewer lift station replacement in the classification yard.



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

Fiscal Year 2021/22 Proposed Budget

Transportation Improvement Projects

In FY 2021/22, \$16.3 million, or 8.6% of the Proposed CIP Budget, is allocated to Transportation Improvement projects to promote faster, safer, and more efficient movement of trade goods.

- **Alameda Corridor Southern Terminus Gap Closure** – In FY 2021/22 \$13.6 million is budgeted for construction that will begin in summer 2021 to build approximately 5,000 feet of railroad track parallel to the existing San Pedro Main Track to reduce train delays coming in and out of the area. Of the total project cost, \$6.0 million will be paid through a Trade Corridor Enhancement Program (TCEP) grant. Construction for this project is expected to be completed in May 2022.



- **State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front Street/Harbor Boulevard Interchange Reconfiguration** – To increase traffic flow and safety on the highly utilized SR 47/VTB and Front Street/Harbor Boulevard interchange, \$1.0 million is allocated for the replacement and realignment of integral on and off ramps. This project has an expected design completion of summer 2022, with construction projected to be completed by December 2025.
- **Rail Crossing Replacement at Berth 115** – With a budget of \$0.5 million, design is expected to be completed in November 2021, with construction set to begin in February

2022 for the replacement of approximately 325 linear feet of rail crossing, grading, and paving at Berth 115. This rail project is set to be completed in fall of 2022.

- **Miscellaneous Transportation Improvement Projects** – An additional \$1.2 million is budgeted for various other transportation related projects throughout the Port in FY 2021/22. Some of these projects include roadway improvements and extension at Berth 200; the removal of abandoned railroad tracks at Terminal Way and Barracuda Street; upgrades to the roadway lighting at 22nd Street, Via Cabrillo Marina, and Shoshonean Road; and environmental assessment at the Southern California International Gateway (SCIG).

Security Projects

To increase security around the Port, \$6.1 million, or 3.2% of the Proposed CIP Budget, has been allocated for security-related projects.

- **Port Cyber Resilience Center (CRC)** – Ongoing development of the CRC, the centralized port-wide system that will help to reduce the ecosystem risk of cyber incidents that could disrupt the flow of cargo, has been budgeted at \$3.2 million in FY 2021/22. Work includes building facility infrastructure, installing computer hardware and software, testing, and implementation, with expected completion in December 2022.
- **Port Police Radio System** – Installation of the brand new 700 megahertz (MHz) radio system will continue in FY 2021/22. The Port has allocated \$2.5 million in funding to implement the upgraded radio system which would enhance resiliency, redundancy, and interoperability with other law enforcement agencies. Work includes installation of three repeaters, adding an essential radio site at Berth 93, installation of a backup generator at the Marine Exchange, activating the



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

Fiscal Year 2021/22 Proposed Budget

upgraded system, and deactivating the old system for a total project cost of \$13.5 million. To supplement the cost of the project, a total of \$7.0 million has been secured in grant funding through the Urban Area Security Initiative. The project is set to complete in fall of 2022.

- **Miscellaneous Security Projects** – An additional \$0.4 million has been allocated for various security projects around the Port. Installation of an Integrated Computer Aided Dispatch and Records Management System is anticipated to be completed in the fall of 2021 with a FY 2021/22 budget of \$0.3 million. This project will help support the daily operations of the Los Angeles Port Police, while enhancing overall safety for the public and Port Police officers. Other projects include the installation of a fixed license plate reader system and the installation of new fiber optic lines to operate security cameras across North Gaffey Street.

STRATEGIC INITIATIVES

As the economy continues to recover from the impacts of the COVID-19 pandemic, the Port will continue programs and initiatives in support of the Strategic Plan that will generate business, promote growth in an environmentally sustainable manner, strengthen relationships with our stakeholders, and ensure that strict securities measures are continuously in place.

Cargo Marketing

During FY 2020/21, the COVID-19 global pandemic caused significant swings in trading patterns. Port container volumes declined 21% during the period from January 2020 through June 2020 as compared to the corresponding period in the prior year; however, volumes then began to surge in the middle of the summer of 2020. These surging container volumes were driven by an increase in the demand

for consumer goods as spending shifted away from entertainment, travel, and vacations during the pandemic. From summer 2020 through spring of 2021, container volume growth was so significant that container vessels were not able to enter the port to dock directly to a berth on arrival, and instead needed to remain outside the break water at anchor. During the peak of this congestion, some 60 vessels were laying at anchor awaiting a berth at a San Pedro Bay terminal.

Throughout the pandemic Cargo Marketing Division staff have assisted Beneficial Cargo Owners (BCO) in communicating with Port container terminals that have needed high demand commodities such as Personal Protective Equipment (PPE) to be expedited through the supply chain. The use of the Port Optimizer, the Port's digital tool in providing visibility within the supply chain, has been heavily utilized in aiding BCOs to identify the status of container shipments. From its track-and-trace features to its ability to forecast cargo volume through the use of the "Signal," the Port Optimizer has also been instrumental in the Port's ability to manage surging container volumes. Other Port Optimizer features include the "Return Signal" which provides live data on where empty containers can be returned, and the "Control Tower" which provides a high-level view of current and historical container volumes by terminal, and assists in tracking truck turn-time performance levels.

The Port's objective remains focused on growing its business across multiple sectors in the coming fiscal year. During FY 2020/21, the Board of Harbor Commissioners (Board) approved an amendment to Port of Los Angeles Tariff No. 4 providing an incentive to container terminal operators that reduced truck turn-times through their gate and increased the number of dual transactions at their terminal. Truck turn-time is the total time spent by a truck from the time it enters a container terminal, to when it leaves that terminal. A dual transaction takes place when a trucker delivers a container to a terminal and departs with a different container during the same truck visit.



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

Fiscal Year 2021/22 Proposed Budget

In addition, the Board approved an amendment to the Ocean Common Carrier (OCC) incentive program removing the qualifying year requirement effective April 1, 2021. This amendment was made in consideration of the unexpected container volume swings caused by the pandemic that was well beyond the control of the shipping lines causing them not to qualify for the program. A subsequent amendment to the OCC incentive program was approved in May of 2021 to allow new entrant shipping lines the same benefit as existing container shipping lines. It is estimated that eliminating the qualifying year provision would result in OCC payouts estimated at \$3.5 million - \$4.0 million from April 1, 2021 to June 30, 2021. The overall cost of the Truck Turn-Time and Dual Transaction incentive programs is estimated at \$7.5 million annually. With these incentives, the Port aims to increase its competitive position by driving more business to the Port, and improving overall cargo velocity by increasing efficiency for truck drivers and container terminal operators.

In FY 21/22, the Cargo Marketing Division will continue to engage with the Port's direct customers, the terminal operators across business sectors, to collaborate where possible to securing additional container volume for the Port. Existing cargo fluidity programs will be evaluated for their effectiveness and revised as necessary subject to Board approval. Engaging with other supply chain stakeholders, such as the shipping lines, rail roads, and trucking community will remain a high priority. On the physical infrastructure side, moving truck chassis off-terminal remains a priority. This can be rolled-out in a phased manner as Port property becomes available, allowing chassis to move off-terminal. The cruise industry also remains a critical part of business activity at the Port. Division staff will maintain close relationships with the cruise industry to coordinate current and future vessel berthing plans. In FY 2021/22, Cargo Marketing will work with a budget of over \$15.5 million, which will allow the division to expand upon these customer outreach activities, which aim to maintain the Port's position as the leading gateway to the U.S.

Trade Connect Program

The Trade Development Division (Trade Development) 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 through Trade Connect - the Port's educational trade outreach program that encourages increased exports through the Port of Los Angeles.



The Trade Connect Program is tailored to small and medium sized businesses to consider export markets. The program's innovative seminars include introductory courses on the basics of commercial transactions, foreign markets, financing, documentation and logistics, to advanced seminars on international demand for specific products and emerging global consumer markets. Due to the COVID-19 pandemic, the Trade Connect Program pivoted to a virtual format providing a web-series of seminars and continues to assist businesses with export market opportunities during these difficult times.

Exports remain a vital part of the Los Angeles regional economy with nearly \$32.0 billion in exports passing through the Port of Los Angeles in 2020. With such a large manufacturing base, Southern California has the potential to continue increasing exports to expand into numerous world markets. It is estimated that 85% of manufacturers in California do not export to foreign markets. This presents an opportunity to grow exports by helping these companies incorporate foreign markets into their business marketing plans.

Trade Development incorporated the function of intergovernmental relations with foreign governments, advancing the Port's influence on expanding trade markets, while working intently with the international diplomatic community. This has resulted in the Port signing International Agreements



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

Fiscal Year 2021/22 Proposed Budget

with key strategic ports to increase trade and promote supply chain efficiencies, environmental stewardship, increased security protocols, and infrastructure development.

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

As stated by Mayor Eric Garcetti, "the Port of Los Angeles is an engine for our local, regional, and national economy -- and the Trade Connect Program is a source of export training and support for our vital entrepreneurs and small businesses. Trade Connect makes our city's status as a crossroads of global commerce real in the life of L.A.'s workers and employers -- helping them expand the reach of their products and services, increase their revenue, support jobs, grow our economy, and connect to marketplaces and customers across borders, oceans, and continents." By assisting Los Angeles area companies expand their businesses by exporting internationally, this program continues to support Mayor Garcetti's initiative to promote international trade objectives to improve the region's overall economic viability through the creation of a stronger export base. The Trade Connect Program is an essential element of this initiative and has guided local manufacturers to the resources required to export products, helped exporters address key challenges, and connected program participants with a variety of specialized training and counseling services available through city, state, and federal partners.

To continue facilitating the expansion of the area's export operations as part of the Port's strategic initiative to attract new cargo volumes, approximately \$851,000 has been allocated in Trade Development's

FY 2021/22 Proposed Budget for the continuation of the Trade Connect Program.

Planning and Strategy

The Planning and Strategy Division's (Planning) \$1.5 million FY 2021/22 Proposed Budget will continue to help guide future development at the Port by supporting the efforts of its team of Harbor Planning and Economic Analysts who serve as the department's land use planners, researchers, and economists. Planning maintains the Port Master Plan, which establishes the policies and guidelines for development at the Port which are consistent with the California Coastal Act. The division is preparing amendments to the Port Master Plan to accommodate the Port's long-term development goals and to introduce policies guiding the Port's adaptation to sea level rise. In order to ensure all proposed uses of Port property are consistent with the Port Master Plan and the Coastal Act, Planning also manages the processing of applications for Port land use permits and issues Coastal Development Permits.

Prior to the COVID-19 pandemic, Planning completed the development and initial testing phases of the digitization of the permit application process, moving from paper forms to web-based submissions. In FY 2021/22 Planning will continue the rollout and implementation of the web-based workflow across all Harbor Department divisions working with land use permits. The division has budgeted approximately \$188,000 to procure trade data, which is used to report on the competitive position and economic impacts of the Port, and to help grow market share. Planning has also budgeted \$24,000 in FY 2021/22 for studies in support of its 2040 Long Range Facility Plan to provide a framework for Port development in the coming decades. On-call consulting services and staff training has been funded for approximately \$7,600 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.



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

Fiscal Year 2021/22 Proposed Budget

Workforce Development

In FY 2021/22, the Port will continue focusing on workforce training and providing a safe work environment to port workers during the pandemic in support of the Port's efforts to promote an efficient supply chain and develop strong relationships with stakeholders. The Labor Relations & Workforce Development (LRWD) Division has adapted its focus as the port workforce has faced unprecedented challenges as essential workers at the Port. By promoting training and working with public health officials to provide access to personal protective equipment (PPE) and COVID-19 vaccines to our port workforce and stakeholders, LRWD Division will continue to respond to changing workforce priorities at the Port. The LRWD Division will work with a total Proposed Budget of approximately \$391,000 in FY 2021/22 to further these goals.



In FY 2020/21, the Port suspended the development of training programs with the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) due to COVID-19 stay at home orders and other public health official orders preventing in-person gatherings. Despite these obstacles, the Port continued to use its platform and established the Port of Los Angeles Labor Collaborative and the Human Resources (HR) Directors Cohort to coordinate with its organized labor stakeholders to ensure that they had the PPE, cleaning supplies, and other materials needed to keep

performing their work in a safe manner. The LRWD Division also worked with other Port divisions to provide leadership and support to the City of Los Angeles' Logistics Victory Los Angeles (LoVLA) initiative to provide PPE to the region's hospitals, skilled nursing, and other healthcare facilities.

Environmental Stewardship

The Environmental Management Division's (EMD) FY 2021/22 Proposed Budget of \$15.4 million supports the Port's overarching sustainability goal of balancing the "Three E's" - environment, ethics, and economy. A breakdown of EMD's technical groups: Air Quality, Site Restoration and Assessment, Water Quality, and California Environmental Quality Act (CEQA) Services is summarized below.

Air Quality Services maintains its status as the Port's largest environmental program and is budgeted at \$6.3 million in FY 2021/22. This amount includes funding for outside services, environmental incentives, and Clean Truck Program (CTP) administration. Of this total, \$1.3 million is allocated for outside services. The Proposed Budget includes \$145,000 to continue work on implementing measures within the 2017 Clean Air Action Plan (CAAP), including feasibility assessment updates for cargo handling equipment and heavy duty vehicles, as well as leveraging grant opportunities, and managing the Technology Advancement Program (TAP) to encourage the use of zero emission (ZE) and near-zero emission (NZE) technologies. The Air Quality Group is currently managing several ZE and NZE demonstrations including two California Air Resources Board grants, three California Energy Commission grants, and one Environmental Protection Agency grant totaling nearly \$73.1 million. To ensure the CAAP stated clean air goals are maintained by the Port, the Air Quality Group tracks the emissions associated with Port operations through an annual emissions inventory, which is budgeted in FY 2021/22 at \$355,000. Improvements in local air quality are tracked through an air quality monitoring network built and maintained by the Port, budgeted in FY 2021/22 at \$520,000. The remaining \$277,000 budget is for outside services that support



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

Fiscal Year 2021/22 Proposed Budget

advisory and regulatory agency communications, grant administration, and greenhouse gas monitoring among others.

Many of the most successful CAAP strategies are the air quality reduction incentive programs maintained by the Air Quality Group. These incentive programs are budgeted at \$3.7 million and include the Vessel Speed Reduction Incentive Program, which rewards vessel operators for reducing their speed as they approach and depart the port, thereby reducing emissions; the grants disbursed under the TAP, which provide funds to support developing and demonstrating technologies that reduce emissions from port operations; and the Environmental Shipping Index, which rewards operators for going beyond compliance by bringing their newest and cleanest vessels to the Port.



As a prominent element of the CAAP, the CTP is funded at \$1.3 million for program administration and special studies. The Port continues to receive net revenues for the CTP from Concession Fees, Annual Truck Fees, and Day Passes that exceed the cost to administer the program. The CTP is currently undergoing significant changes as detailed in the most recent CAAP update in 2017. The Air Quality Group will continue to require significant support in the day-to-day operations of the program and anticipates potential future additional costs that will be requested in future budget allocations cycles.

Site Restoration and Assessment Services are budgeted at \$2.7 million for outside services in FY 2021/22. Almost half the budget (\$1.3 million) is allocated for Port-wide emergency response and hazardous waste management services including illegal dumping removal, underground storage tank compliance, biohazard cleanup, lead and asbestos survey and abatement, and hazardous waste collection and disposal from the Construction and Maintenance Yard and derelict boats. The remaining \$1.4 million is allocated for restoration and assessment projects, including environmental assessments on vacant parcels for the Cargo & Industrial and Waterfront & Commercial Real Estate Divisions; soil import fill reviews on the Town Square Project and Wilmington Waterfront Development Project for the Construction and Engineering Divisions; the ISO 14001 certification of an environmental management system for the C&M Yard; Berth 44 cleanup for the new boatyard development; Berths 148-151 litigation support for the City Attorney; a treatment system operation and maintenance for the New Dock Street Pump Station under oversight of the Los Angeles Regional Water Quality Control Board (LARWQCB); groundwater monitoring and product recovery for Berths 70-71 and Berths 142-143 under oversight of the LARWQCB; site cleanup for former Wilmington Marine Services under oversight of the United States Environmental Protection Agency; and preparation of the annual Assembly Bill 939 Waste Management and Recycling Report for the Bureau of Sanitation.

The Water Quality Services program addresses water, sediment, and biological resources and is budgeted at \$816,330 in outside services for FY 2021/22. Water-related programs are allocated at \$331,330 to continue the Tenant Outreach Program to assess tenant storm water compliance, develop and implement a trash management program in compliance with the Statewide Trash Amendments, and continue Clean Marina Program outreach. Sediment-related programs are budgeted at \$130,000 to continue work collaborating with the Port of Long Beach (POLB) and the State/Regional Water Boards on Total Maximum Daily Load (TMDL) regulations. Biological projects are allocated at



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

Fiscal Year 2021/22 Proposed Budget

\$355,000 for the ongoing management and monitoring of the endangered California least tern nesting site at Pier 400, development of port-wide strategies to manage eelgrass and kelp, and to perform biological surveys to ensure proper management of land and water-based biological resources.

In FY 2021/22, \$480,000 has been allotted towards outside services for CEQA Services. Of this amount, \$315,000 is allocated towards the environmental assessment of non-Capital development projects and applicant-led projects, as required by CEQA and/or the National Environmental Policy Act. Continued litigation support for the City Attorney is funded at \$125,000. Additionally, \$40,000 has been budgeted for the Port's continued efforts to perform historical, cultural, and archeological assessments and review as required under the City of Los Angeles Harbor Department Built Environment Historic, Architectural and Cultural Resource Policy.

Security and Public Safety Strategies

In FY 2021/22, Port Police will focus on several critical system enhancements which support the overall objective of maintaining a secure, efficient, and environmentally sustainable supply chain. Port Police initiatives include providing secure cyber and telecommunication services that support business continuity, maintaining world-class navigational safety and operational standards, and implementing strategies that support goods movement, emergency management, risk mitigation, and recovery. The Division will accomplish these goals with a FY 2021/22 Proposed Operating Budget of approximately \$45.2 million, a Projected Capital Improvement Budget of \$2.9 million, and a Proposed Capital Equipment Budget of \$614,104.

Port Police's FY 2021/22 Proposed Budget will continue investment and progress in the design and implementation of several major technology projects, including the 700 MHz Radio System; the Computer Aided Dispatch and Records Management System (CAD/RMS); the Mobile Audio and Video System (MAVS), which includes digital in-car and body-worn

video cameras; both fixed and mobile License Plate Recognition (LPR) systems; network infrastructure upgrades; vehicle/vessel radio communications upgrades; a state-of-the-art 911 call processing system; advanced hand-held and vehicle mounted information management devices; and a digital evidence management system. Investment in these types of advanced law enforcement technology remains one of Port Police's highest priorities.



Included in the division's overall operational expenses are the costs of land and waterborne patrol, underwater dive operations, facility security, community outreach, crime investigation, commercial traffic management, and the capability to respond to labor issues, and public safety at special events. Maintaining and managing public safety is a never-ending, 24/7 operation. Therefore, staffing is critical in ensuring the continued mission performance of the agency. Currently, Port Police is authorized for 227 positions, including 140 sworn officers, 42 security officers, and 45 civilians.

Community and Waterfront Programs

Following an unprecedented year managing through health restrictions due to COVID-19, the Community Relations Division is ready to meet the community face-to-face once again in FY 2021/22.

In FY 2020/21, the Community Relations team was able to adapt to COVID-19 restrictions and continue to bring many of the division's programs to the community in a virtual setting. From video presentations of the Port's school and community



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

Fiscal Year 2021/22 Proposed Budget

boat tour programs, monthly Port-hosted meetings with Neighborhood and local Chamber presidents, virtual Speakers Bureau presentations, a virtual Lunar New Year event, to taking the Community Investment Grants process entirely digital, the division strived to fulfill its mission of frequent and meaningful stakeholder engagement.

New assets were also created, including the Career RePort video series featuring fun and informative interviews with a variety of Port employees discussing their career paths. This new online content has been enthusiastically welcomed by the surrounding general, business, and educational communities.

For FY 2021/22, with a Proposed Budget of approximately \$5.4 million, the Community Relations Division plans to transition back to in-person events when local and state restrictions are lifted. It is anticipated that this will take place in the second quarter of the fiscal year. These events will bolster visitation to the LA Waterfront and are welcomed by the community at large.

In the coming fiscal year, the division will maintain its new, virtual offerings which will ensure continued engagement with community, business, and educational stakeholders. Community Investment Grants will also continue to be offered in FY 2021/22, allocating up to \$1.1 million to a variety of programs, projects, and events for local non-profit organizations showing a nexus to the Tidelands Trust guidelines. More than \$7.0 million in Community Investment Grants has been awarded since the program began in FY 2013/14.

With a FY 2021/22 Proposed Budget of approximately \$6.9 million, the Waterfront Commercial Real Estate Division will continue to move forward on public/private partnerships as the economy rebounds from COVID-19 pandemic impacts. The West Harbor promenade, town square, and Harbor Boulevard extension are in construction and the Port is optimistic that private investment will follow close behind when regional food and beverage operations return to normal, and potential subtenants begin to re-examine expansion or relocation opportunities. Entitlement

work on retail, dining, and entertainment amenities continue, including a potential 6,000 person amphitheater operated by Nederlander.

The public/private ocean institute working for the advancement of ocean-related studies – AltaSea, continues to adapt its operations and evolve its mission to address current educational needs through their new Project Blue program that provides a safe learning environment for students during the Safer-at-Home directive issued during the COVID-19 pandemic. AltaSea partners from Holdfast Aquaculture and Blue Robotics deliver high-quality educational content for science-inclined students in middle and high school as part of the new program. Attracting a well-positioned higher education anchor remains on the top of the list for the coming year and discussions with several major universities are ongoing.

Completion of exclusive negotiations on a Term Sheet are expected by December 2021 for the commercial development of the existing 700 slip Cabrillo Way Marina, as well as for a new 4-acre boatyard facility at Berth 44, which will provide much needed vessel repair services in the Los Angeles area. If economic conditions improve, new developer solicitations for the adaptive reuse of the historic 460,000 square foot Warehouse No. 1, and the development and operation of a new cruise terminal will be ready for release by January 2022. This proposed, new 12-acre, two-berth cruise terminal will be large enough to accommodate ships that are longer than 1,100 feet and carry more than 5,000 passengers.

The activation of public access areas in Wilmington will progress in FY 2021/22 as construction at the Wilmington Waterfront Promenade Project continues and design is completed for the Wilmington Avalon Gateway Project. New private investment opportunities within the new open space areas including a 5,000 square foot restaurant, are being scoped and planned for release in 2022.



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

Fiscal Year 2021/22 Proposed Budget

Employee Recruitment, Retention, and Development

Over the years, the Port has maintained the commitment to its goal of being the employer of choice. In FY 2021/22, \$425,500 has been allocated toward continued investment in employee programs such as tuition reimbursement, vanpool, public transit subsidies, and the Employee Assistance Program, which have helped the Port with its recruitment and retention efforts.

The Mayor's Directive No. 27: Racial Equity in City Government calls for placing racial equity and inclusion at the center of the City's policy making. In accordance with this directive, one of the Port's goals in FY 2021/22 is to create a more equitable workplace. This will be implemented by providing access and opportunities for more candidates from communities of color through recruitment, selection, and assignments to ensure racial equity in position classifications at all levels of Port government. In addition, the Department has collaborated with its Employee Assistance Program to provide Diversity and Inclusion training for all employees.

In light of the uncertainties still present as the economy continues to recover from the COVID-19 pandemic, the FY 2021/22 Proposed Budget represents the Port's commitment to prudent financial management of revenues and expenses in the coming year. Through this Proposed Budget, the Port will continue to build on revenue growth, focus on delivering world-class infrastructure to support changes in the maritime industry, and invest in public access infrastructure on the LA Waterfront, all while ensuring that investments are made in an environmentally sustainable manner.



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

HARBOR REVENUE FUND REPORT**RECEIPTS AND CASH**

Actuals FY 2019-20	Adopted Budget FY 2020-21	Forecast FY 2020-21	Description	Proposed Budget FY 2021-22
\$ 830,702,941	\$ 881,951,099	\$ 928,705,939	Unrestricted Funds Available	\$ 973,424,302
88,508,466	64,010,351	65,519,544	Restricted Funds (1)	66,821,327
919,211,407	945,961,450	994,225,483	Total Cash Available	1,040,245,629
467,666,254	460,090,279	545,000,891	Operating Receipts	533,270,201
56,681,182	76,880,189	25,360,430	Non-Operating Receipts	72,724,637
3,439,779	16,228,421	6,878,200	Capital Grant Receipts	26,214,335
193,405,000	-	-	Proceeds from Debt Issuance	37,717,383
\$1,640,403,622	\$1,499,160,339	\$1,571,465,004	Total Receipts & Cash	\$ 1,710,172,185

APPROPRIATIONS

Actuals FY 2019-20	Adopted Budget FY 2020-21	Forecast FY 2020-21	Description	Proposed Budget FY 2021-22
\$ 155,729,467	\$ 157,782,689	\$ 157,782,674	Salaries and Benefits	\$ 157,755,255
2,584,076	2,442,495	2,434,494	Marketing & Public Relations	2,857,921
568,400	300,515	272,695	Travel Expenses	928,570
33,518,251	35,258,756	35,230,470	Outside Services	37,025,337
6,025,885	6,396,633	6,351,831	Materials & Supplies	6,673,912
52,301,827	56,959,513	56,959,263	City Services	61,210,332
(19,109,029)	(18,295,716)	(18,295,716)	Allocations to Capital (overhead)	(19,491,318)
41,951,653	44,164,677	44,169,604	Other Operating Expenses (2)	53,111,517
273,570,529	285,009,561 *	284,905,315	Total Operating Expenses	300,071,525
37,258,126	96,434,344	43,043,847	Non-Operating Expenses (3)	111,278,954
310,828,655	381,443,905	327,949,162	Total Operating Budget	411,350,479
19,109,029	18,295,716	18,295,716	Capitalized & Allocated Expenditures (4)	19,491,318
9,148,155	-	-	Land & Property Acquisition	-
7,741,597	8,336,131	7,640,997	Equipment	6,165,809
80,062,127	160,252,844*	132,376,624	Construction & Capital Improvement	188,692,952
116,060,908	186,884,691	158,313,337	Total Capital Budget	214,350,079
426,889,563	568,328,596	486,262,499	Total Operating & Capital Budget	625,700,558
(42,821,424)	(12,720,934)	(453,124)	Accrual Adjustments	(36,196,179)
262,110,000	45,410,000	45,410,000	Debt Repayments	88,335,000
646,178,139	601,017,662	531,219,375	Total Budget	677,839,379
65,519,544	64,426,707	66,821,327	Restricted Cash	66,579,363
928,705,939	833,715,970*	973,424,302	Unappropriated Balance(UB)/Carried Forward	965,753,443
\$ 1,640,403,622	\$1,499,160,339	\$ 1,571,465,004	Total Harbor Department Budget	\$ 1,710,172,185

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 interest payments and overhead expenses which are allocated to capital projects. Starting in FY 2019-20, due to a change in accounting standards, interest payments will no longer be capitalized and will therefore not be included in this line item. Instead, all interest payment will be included in Non-Operating Expenses.

* Includes a \$3.8 million transfer to Other Operating Expenses from the Unappropriated Balance, a \$3.3 million transfer across the various operating expense budget categories, and a \$3.4 million transfer from the Capital Budget to the Operating Expense Budget, approved by the Board in FY 2020-21. This resulted in a net increase of \$7.2 million as compared to the initially adopted budget in July 2021 of \$277.8 million.

COMPARATIVE STATEMENT OF OPERATIONS

	Adopted Budget FY 2020/21	Proposed Budget FY 2021/22
Operating Revenues		
Shipping Services	367,781,446	428,981,520
Rentals	71,965,752	84,645,548
Royalties and Fees	3,459,217	1,825,297
Clean Truck Fees	2,075,000	1,950,000
Other Operating Revenues	14,808,864	15,867,836
	<u>460,090,279</u>	<u>533,270,201</u>
Total Operating Revenues		
Operating Expenses		
Salaries & Benefits (net of capitalization)	157,782,689	157,755,255
Marketing and Public Relations	2,442,495	2,857,921
Travel	300,515	928,570
Outside Services	35,258,756	37,025,337
Materials & Supplies	6,396,633	6,673,912
City Services	56,959,513	61,210,332
Allocations to Capital (overhead)	(18,295,716)	(19,491,318)
Other Operating Expenses	44,164,677	53,111,517
	<u>285,009,561*</u>	<u>300,071,525</u>
Total Operating Expenses		
Income from Operations before Depreciation	175,080,718	233,198,676
Depreciation	167,541,802	161,543,133
	<u>7,538,916</u>	<u>71,655,543</u>
Income from Operations		
Non-Operating Revenues	76,880,189	72,724,637
Non-Operating Expenses	96,434,344	111,278,954
	<u>76,880,189</u>	<u>72,724,637</u>
Net Income	\$ (12,015,239)	\$ 33,101,226

Note: Rounding of figures may occur.

*The Adopted Budget includes a \$3.8 million transfer to Other Operating Expenses from the Unappropriated Balance, a \$3.3 million transfer across the various budget categories, and a \$3.4 million transfer from the Capital Budget to the Operating Expense Budget, approved by the Board in FY 2020/21. This resulted in a net increase of \$7.2 million as compared to the initially adopted budget in July 2021 of \$277.8 million.

REPORT OF REVENUES

REPORT OF REVENUES (3-DIGIT) REPORT #201	ACTUALS FY 2019/20	ADOPTED FY 2020/21	FORECAST FY 2020/21	PROPOSED FY 2021/22
410 - Dockage	4,256,580	4,047,936	4,004,463	4,000,000
411 - Wharfage	345,156,541	343,112,879	421,115,594	405,101,454
412 - Storage	-	-	-	-
413 - Demurrage	200,427	200,427	205,018	205,018
414 - Pilotage	9,495,392	10,000,000	10,470,177	12,589,279
415 - Assignment Charges	10,418,016	10,420,204	11,481,800	7,085,769
417 - Lay Day Fees	37,500	-	-	-
41 - Shipping Services	369,564,456	367,781,446	447,277,052	428,981,520
420 - Land Rentals	72,098,911	71,213,271	76,282,003	82,908,925
421 - Wharf & Shed	683,317	529,091	789,134	928,930
422 - Building Rentals	110,495	132,961	131,624	134,255
423 - Warehouse Rentals	211,220	90,429	635,818	673,438
42 - Rentals	73,103,943	71,965,752	77,838,579	84,645,548
430 - Fees, Concessions, & Royalties	6,527,238	5,404,217	3,283,926	3,745,297
431 - Oil Royalties	114,615	130,000	30,000	30,000
43 - Royalties & Fees	6,641,852	5,534,217	3,313,926	3,775,297
490 - Other Operating Revenue	18,356,003	14,808,864	16,571,333	15,867,836
49 - Other Operating Revenue	18,356,003	14,808,864	16,571,333	15,867,836
Total Operating Revenues	467,666,254	460,090,279	545,000,891	533,270,201
710 - Interest Income - Cash Equivalent	18,606,239	15,609,804	15,476,284	15,483,427
71 - Interest Income	18,606,239	15,609,804	15,476,284	15,483,427
720 - Interest Income - Notes	-	-	-	-
72 - Interest Income - Notes	-	-	-	-
730 - Interest Income - Bonds	1,085,723	957,587	857,181	858,269
73 - Interest Income - Bonds	1,085,723	957,587	857,181	858,269
740 - Investment Income	22,412,389	2,096,262	2,604,831	2,598,452
74 - Investment Income	22,412,389	2,096,262	2,604,831	2,598,452
760 - Non-Operating Revenue	13,422,376	57,964,494	6,235,092	53,544,489
76 - Non-Operating Revenues	13,422,376	57,964,494	6,235,092	53,544,489
790 - Other Non-Operating Revenue	1,154,454	252,042	187,042	240,000
79 - Other Non-Operating Revenues	1,154,454	252,042	187,042	240,000
Total Non-Operating Revenues	56,681,182	76,880,189	25,360,430	72,724,637
Total Revenues	524,347,436	536,970,468	570,361,321	605,994,838

Note: Rounding of figures may occur.

REPORT OF EXPENSES

REPORT OF EXPENSES (3-DIGIT) REPORT #202	ACTUALS FY 2019/20	ADOPTED FY 2020/21	FORECAST FY 2020/21	PROPOSED FY 2021/22
510 - Salaries - Regular	81,780,408	84,896,806	84,896,796	88,092,160
511 - Salaries - Overtime	7,458,907	7,189,613	7,195,511	5,802,257
516 - Employee Benefits	65,278,009	64,410,985	64,648,333	62,511,363
517 - Paid Employee Benefits	1,212,143	1,285,285	1,042,034	1,349,475
51 - Salaries and Benefits	155,729,467	157,782,689	157,782,674	157,755,255
520 - Advertising & Public Relations	2,584,076	2,432,495	2,433,494	2,847,921
522 - Foreign Trade Representation	-	10,000	1,000	10,000
52 - Marketing & Public Relations	2,584,076	2,442,495	2,434,494	2,857,921
530 - Domestic Travel	265,475	(91,010)	152,010	427,265
531 - Foreign Travel	250,161	316,250	54,250	425,750
532 - Local Travel	66,989	75,275	66,435	75,555
533 - Credit Card Charges	(14,225)	-	-	-
53 - Travel Expenses	568,400	300,515	272,695	928,570
540 - Maintenance Services	5,256,720	7,363,693	8,662,461	7,824,437
541 - Office Equipment Maintenance Services	2,850,782	3,467,101	3,389,380	4,644,001
542 - Miscellaneous Professional Services	16,156,362	14,794,918	15,162,508	17,193,437
543 - Data Processing Services	6,020,322	7,852,879	6,131,872	5,183,396
544 - Financial Services	1,935,761	1,780,165	1,884,250	2,180,066
545 - Construction Services	1,298,303	-	-	-
54 - Outside Services	33,518,251	35,258,756	35,230,470	37,025,337
550 - Maintenance & Other Supplies	4,206,973	4,287,460	4,269,956	4,668,619
551 - Administrative & Operating Supplies	1,818,912	2,109,173	2,081,875	2,005,293
55 - Materials & Supplies	6,025,885	6,396,633	6,351,831	6,673,912
570 - City Services	52,301,827	56,959,513	56,959,263	61,210,332
57 - City Services	52,301,827	56,959,513	56,959,263	61,210,332
580 - Allocations	(19,109,029)	(18,295,716)	(18,295,716)	(19,491,318)
58 - Allocations	(19,109,029)	(18,295,716)	(18,295,716)	(19,491,318)
590 - Equipment Rental - Maintenance	526,508	808,901	567,390	637,906
591 - Equipment Rental - Non-Maintenance	100,646	93,200	91,330	29,471
592 - Memberships & Subscriptions	892,084	1,223,122	1,189,304	1,245,834
593 - Insurance	2,851,595	3,048,000	3,216,000	4,010,139
594 - Telephone	1,623,449	1,844,625	1,842,025	1,807,084
595 - Utilities	18,394,100	22,239,781	23,343,034	20,137,704
596 - Claims & Settlements	3,272,492	2,250,000	2,350,000	2,750,000
597 - Taxes, Assessments, & Fees	1,351,107	1,128,600	1,098,600	1,699,000
598 - Provision for Bad Debt	25,075	250,000	250,000	500,000
599 - Other Operating Expense	12,914,599	11,278,448	10,221,922	20,294,379
59 - Other Operating Expenses	41,951,653	44,164,677	44,169,604	53,111,517
Total Operating and Administrative Expenses	273,570,529	285,009,561*	284,905,315	300,071,525
610 - Depreciation Expense	158,613,312	167,541,802	168,099,410	161,543,133
61 - Depreciation	158,613,312	167,541,802	168,099,410	161,543,133
830 - Interest Expense - Bonds	24,706,905	33,659,850	33,659,850	33,167,610
83 - Interest Expense - Bonds	24,706,905	33,659,850	33,659,850	33,167,610
890 - Other Non-Operating Expenses	12,551,221	62,774,494	9,383,997	78,111,344
89 - Other Non-Operating Expenses	12,551,221	62,774,494	9,383,997	78,111,344
Total Non-Operating Expenses & Depreciation	37,258,126	96,434,344	43,043,847	111,278,954
Total Expenses	469,441,967	548,985,706	496,048,572	572,893,612

Note: Rounding of figures may occur.

* Includes a \$3.8 million transfer to Other Operating Expenses from the Unappropriated Balance, a \$3.3 million transfer across the various operating expense budget categories, and a \$3.4 million transfer from the Capital Budget to the Operating Expense Budget, approved by the Board in FY 2020-21. This resulted in a net increase of \$7.2 million as compared to the initially adopted budget in July 2021 of \$277.8 million.

**CAPITAL PROJECTS REPORT
(SUMMARY)****Terminals**

<i>Berths 90-93 World Cruise Center</i>	\$	1,171,749	
<i>Berths 100-102 Development (China Shipping)</i>	\$	56,295	
<i>Berths 121-131 Development (Yang Ming)</i>	\$	327,836	
<i>Berths 171-181 Development (Pasha)</i>	\$	5,083,239	
<i>Berths 212-224 Development (YTI)</i>	\$	599,454	
<i>Berths 222-236 Development (Everport)</i>	\$	13,000,183	
<i>Berths 300-306 Development (Fenix)</i>	\$	2,064,644	
<i>Berths 400-409 Development (Maersk)</i>	\$	7,155,236	
<i>Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)</i>	\$	32,346,872	
<i>Miscellaneous Terminal Improvements</i>	\$	2,889,533	
		TOTAL TERMINAL IMPROVEMENTS	\$ 64,695,041

Transportation Projects

TOTAL TRANSPORTATION PROJECTS \$ **16,259,671**

Security Projects

TOTAL SECURITY PROJECTS \$ **6,149,064**

Public Access/Environmental Enhancements

<i>Port-wide Public Enhancements</i>	\$	914,231	
<i>Los Angeles Waterfront</i>	\$	55,764,213	
<i>Environmental Enhancements</i>	\$	7,389,847	
		TOTAL PUBLIC ACCESS/ENVIRON. ENHANCEMENTS PROJECTS	\$ 64,068,291

Maritime Services

<i>Harbor Department Facilities</i>	\$	15,071,059	
<i>Miscellaneous Projects</i>	\$	10,449,826	
<i>Unallocated Capital Improvement Program Fund</i>	\$	12,000,000	
		TOTAL MARITIME SERVICES	\$ 37,520,885

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET** \$ **188,692,952**
(Including Salaries)

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

CAPITAL PROJECTS REPORT (DETAILED)

Terminals

Berths 90-93 World Cruise Center

The cruise terminal will have a few upgrades next fiscal year including an elevator renovation, emergency lighting inverter replacement, mobile gangways hydraulic cylinder replacement, and photovoltaic system inverter replacement.

\$ 1,171,749

Berths 100-102 Development (China Shipping)

Closeout work for the Final Supplemental China Shipping Environmental Impact Report (EIR) which was completed in December 2020.

\$ 56,295

Berths 121-131 - Development (Yang Ming)

Prepare planning and environmental documents for the Berths 121-131 Terminal Redevelopment projects which includes the Draft Environmental Impact Statement (EIS)/EIR analysis, release of Draft EIS/EIR and public hearing, and release of Final EIS/EIR which is scheduled for December 2022.

\$ 327,836

Berths 171-181 Development (Pasha)

Pasha Terminal improvements include 382 linear feet of concrete wharf upgrade to seismic analysis to comply with the Port of Los Angeles seismic code, replacement of the terminal's main electrical equipment, construction of a new switchgear yard, and re-roof of the office building.

\$ 5,083,239

Berths 212-224 Development (YTI)

Installation of a leak detection system and upgrade of the electrical feeders at the Yusen Container Terminal are scheduled for completion in Fiscal Year 2021/22.

\$ 599,454

Berths 222-236 Development (Everport)

Everport will see the continuation of major improvements to their terminal this year. Wharf and backland improvements began September 2019 which include dredging, grading, paving, striping, lighting, electrical infrastructure for three additional cranes, demolition of buildings, five Alternative Maritime Power (AMP) vaults, retrofitting of existing high voltage AMP system, terminal infrastructure reconstruction, replacement of the electrical infrastructure, and expansion of an existing substation which includes installation of two electrical chargers and three electrical yard tractor chargers. Work is expected to be completed in October 2021.

\$ 13,000,183

Berths 300-306 Development (Fenix)

Crane switchgear modernization began in July 2020 with completion expected in July 2022. Design of the On-Dock Railyard Expansion which includes five new tracks, reuse of three existing tracks, grading, paving, electrical improvements and fire protection is scheduled to be completed in October 2021 with construction to follow in April 2022.

\$ 2,064,644

CAPITAL PROJECTS REPORT (DETAILED)

Berths 400-409 Development (Maersk)

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 at the Pier 400 Rail Storage Yard will begin construction in October 2021 with completion expected in January 2024.

\$ 7,155,236

Marine Oil Terminal Engineering Maintenance Standards (MOTEMS)

Phase 1 of the Berths 167-169 MOTEMS (Shell) project consisting of a new concrete loading platform, access trestle, and steel catwalks will begin construction in May 2021 with completion in May 2023. The design of the Berths 238-239 (PBF Energy) project consisting of a new loading/unloading platform, access ramp, catwalks and fenders will be completed in July 2021 with construction scheduled to begin in January 2022.

\$ 32,346,872

Miscellaneous Terminal Improvements

Design of the demolition of approximately 76,000 square feet of concrete wharf at Berths 243-245 is scheduled for completion and the installation of separate sub-meters at Berths 206-209 are scheduled to begin construction in late 2021. Damage assessments are scheduled to be completed for the repair of concrete wharves at Berths 57-60 and Berths 153-155 in early 2022.

\$ 2,889,533

TOTAL TERMINAL IMPROVEMENTS

\$ 64,695,041

Transportation Projects

The Alameda Corridor Southern Terminus Gap Closure project consisting of 5,000 feet of new track parallel to the existing San Pedro Main track will begin construction in March 2021 with completion expected in May 2022. The design of the State Route (SR) 47/Vincent Thomas Bridge (VTB) & Front St./Harbor Blvd Interchange Reconfiguration project which entails the replacement of the existing westbound (WB) off-ramp from the VTB with a new off-ramp, realignment of the existing WB on-ramp onto the SR 47 and I-110 connector, and modification of the eastbound (EB) on-ramp onto the VTB toward Terminal Island will be completed in May 2022. Construction will be completed on the 22nd Street, Via Cabrillo Marina and Shoshonean Road Lighting Upgrades Project, Anchorage Road Lighting Upgrade Project, Terminal Way and Barracuda Street Removal of Abandoned Railroad Tracks Project, and the South Access Road Speed Calming Improvements Project this fiscal year. Preparation of a revised environmental assessment for the Southern California International Gateway (SCIG) project will be completed in January 2022.

TOTAL TRANSPORTATION PROJECTS

\$ 16,259,671

CAPITAL PROJECTS REPORT (DETAILED)

Security Projects

The Port Police Integrated Computer Aided Dispatch and Records Management System project began in November 2019 with completion expected in September 2021. The Port Police 700 MHz Radio System Phase II project began in May 2020 with completion expected in September 2022, and the Port Cyber Resilience Center project began in January 2021 with completion expected in December 2022.

TOTAL SECURITY PROJECTS	\$ 6,149,064
--------------------------------	---------------------

Public Access/Environmental Enhancements

Port-Wide Public Enhancement

Design continues on the 22-foot wide landscaped area along the north side of Front Street from the VTB to Pacific Avenue this fiscal year with construction expected to begin early 2022.

\$ 914,231

Los Angeles Waterfront

Construction of the San Pedro Waterfront - Ports O' Call Promenade and Town Square Phase I, Berths 80-83 Waterside Improvements, and the Town Square Public Restrooms projects began in January 2020 with construction completion expected in July 2021. The Ports O' Call Promenade includes a 30-foot wide, 2,500 foot long public promenade along the water's edge from Berths 74-83 and a Town Square located at 6th Street east of Harbor Boulevard. Berths 80-83 Waterside Improvements consists of new floating docks, gangways, piles, and utilities. The Town Square Public Restrooms project will locate public restrooms within the Town Square area near the Maritime Museum. The San Pedro Waterfront - Harbor Boulevard from Miner Street to SP Slip Roadway Improvements project began construction in June 2020 with completion expected in June 2021. The Wilmington area saw construction begin in November 2020 on the Wilmington Waterfront Promenade which consists of 1,200 feet of waterfront promenade, a public plaza, and parking. The Wilmington Waterfront - Avalon Pedestrian Bridge project which includes a 1,300 foot pedestrian bridge along Avalon Boulevard from the general vicinity of the Avalon Triangle to the Wilmington Waterfront Promenade will see design completed in late 2021.

\$ 55,764,213

Environmental Enhancements

A new demonstration project located at Berth 100, that will evaluate whether wireless zero emission-charging infrastructure will be the future standard for Port operations, will begin construction in October 2021. Design will be completed in late 2021 for the installation of a new 11 KV AMP system for cruise ships at Berth 46. Retrofitting existing earth switchgears at various terminals throughout the port will begin construction in November 2021 with completion in July 2022.

\$ 7,389,847

TOTAL PUBLIC ACCESS/ENVIRON. ENHANCEMENTS PROJECTS	\$ 64,068,291
---	----------------------

CAPITAL PROJECTS REPORT (DETAILED)

Maritime Services

Harbor Department Facilities

A number of Harbor Department improvement projects will be completed this fiscal year including the 4th Floor Work Space Solutions Project, 1st Floor Employee Restrooms and Showers Remodel Project, Harbor Administration Building (HAB) - Exterior Panel Caulking Project, Banning's Landing - Water Leaks and Damage Repair Project, and the HAB - Patio Lighting Solutions Project. The heating, ventilation, and air conditioning (HVAC) replacement at the Administration Building will begin construction in November 2021. The migration of the Department's Oracle E-Business Suite (EBS) financial system to a new Oracle ERP Cloud system will begin in July 2021 with completion in October 2022. Phase II of the Klein Billing and Port Pilot System will begin in August 2021.

\$ 15,071,059

Miscellaneous Projects

Projects listed under miscellaneous are not included in any specific program listed above. Projects included are the Sidewalk Repair Program within POLA Facilities, Berth 182 Slope Erosion Repair, 1050 Ways Street (StarKist) - Demolition and Storage Lot Conversion, South Seaside Avenue Storm Drain Restoration, Berth 95 - Catalina Channel Express - Barge Landing Ramp Update, and the Fiscal Year 2021/22 C&M Deferred Maintenance Projects.

\$ 10,449,826

Unallocated Capital Improvement Program Fund

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

\$ 12,000,000

TOTAL MARITIME SERVICES \$ 37,520,885

***TOTAL CAPITAL IMPROVEMENT PROGRAM BUDGET** \$ 188,692,952
(Including Salaries)

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



Alameda Corridor
Southern Terminus
Gap Closure
\$13.6M

Avalon Pedestrian Bridge
\$558K

Wilmington Promenade
\$45.2M

MOTEMS Improvements
\$32.3M

Pier 400 Corridor
Storage Track
Expansion
\$7.2M

Berths 302-305
On-Dock Rail
Expansion
\$1.2M

Berths 177-178 –
Wharf Restoration
\$3.1M

Transportation
Improvements
\$2.7M

Berths 226-236 Terminal
Redevelopment
\$13.0M

San Pedro Waterfront
Promenade & Town
Square
\$6.5M

FY 2021/22 Capital Improvement Projects



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

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities.



Printed on recycled paper