

CITY OF LOS ANGELES  
HARBOR DEPARTMENT



# 2018-2022 STRATEGIC PLAN





# Mapping a Vision for the Future

As our nation's busiest port and a vital trade gateway for North America, the Port of Los Angeles is a major economic driver for our local, regional and national economy, and a key generator of jobs, commerce and tourism in Southern California. An essential link between our region's manufacturing and business sectors and the global marketplace, the Port is the backbone of the largest Customs District in the U.S.

Because the Port is a key economic asset, keeping it viable, competitive and innovation-focused is a critical priority for the City of Los Angeles. In recent years, the Port has set new cargo volume records that have corresponded with a decade-long decline in air emissions, an achievement in line with our City's mission to be a global leader for sustainability and environmental stewardship. With the approval of the 2017 Clean Air Action Plan update, the Port is well-positioned to lead the maritime industry's pursuit of 21st Century near-zero and zero emission technology.

To assure the Port's continued success, this Strategic Plan lays out our vision for the future and the specific priorities that will help the Los Angeles Harbor Department meet its near- and long-term goals. This updated Strategic Plan serves as our blueprint for navigating an increasingly competitive trade environment and rapidly changing maritime industry, while assuring that our gateway for seaborne trade maintains its leadership position as an innovator and world leader in safe, sustainable and efficient goods movement.

Mayor Eric Garcetti  
City of Los Angeles

## Port of Los Angeles Board of Harbor Commissioners & Executive Director



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Commission President



David Arian  
Commission Vice President



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Commissioner



Edward R. Renwick  
Commissioner



Lucia Moreno-Linares  
Commissioner



Gene Seroka  
Executive Director



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# STRATEGIC PLAN SUMMARY

City of Los Angeles Harbor Department

## Our Vision

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

## Our Mission

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.

## OBJECTIVE 1



### World-Class Infrastructure that Promotes Growth

- Initiative 1** Develop key near-term cargo-related infrastructure projects.
- Initiative 2** Develop a plan with the LA Department of Water & Power to deliver electricity generation and transmission infrastructure to support the Port's long-term power needs.
- Initiative 3** Identify and plan for other long-term infrastructure and transportation needs.

## OBJECTIVE 2



### A Secure, Efficient, and Environmentally Sustainable Supply Chain

- Initiative 1** Implement security and public safety strategies that support goods movement and mitigate risk.
- Initiative 2** Facilitate supply chain efficiencies and terminal velocity with supply chain partners.
- Initiative 3** Develop strategies and tactics for implementing the 2017 Clean Air Action Plan and meeting its commitments.

## OBJECTIVE 3



### Improved Financial Performance of Port Assets

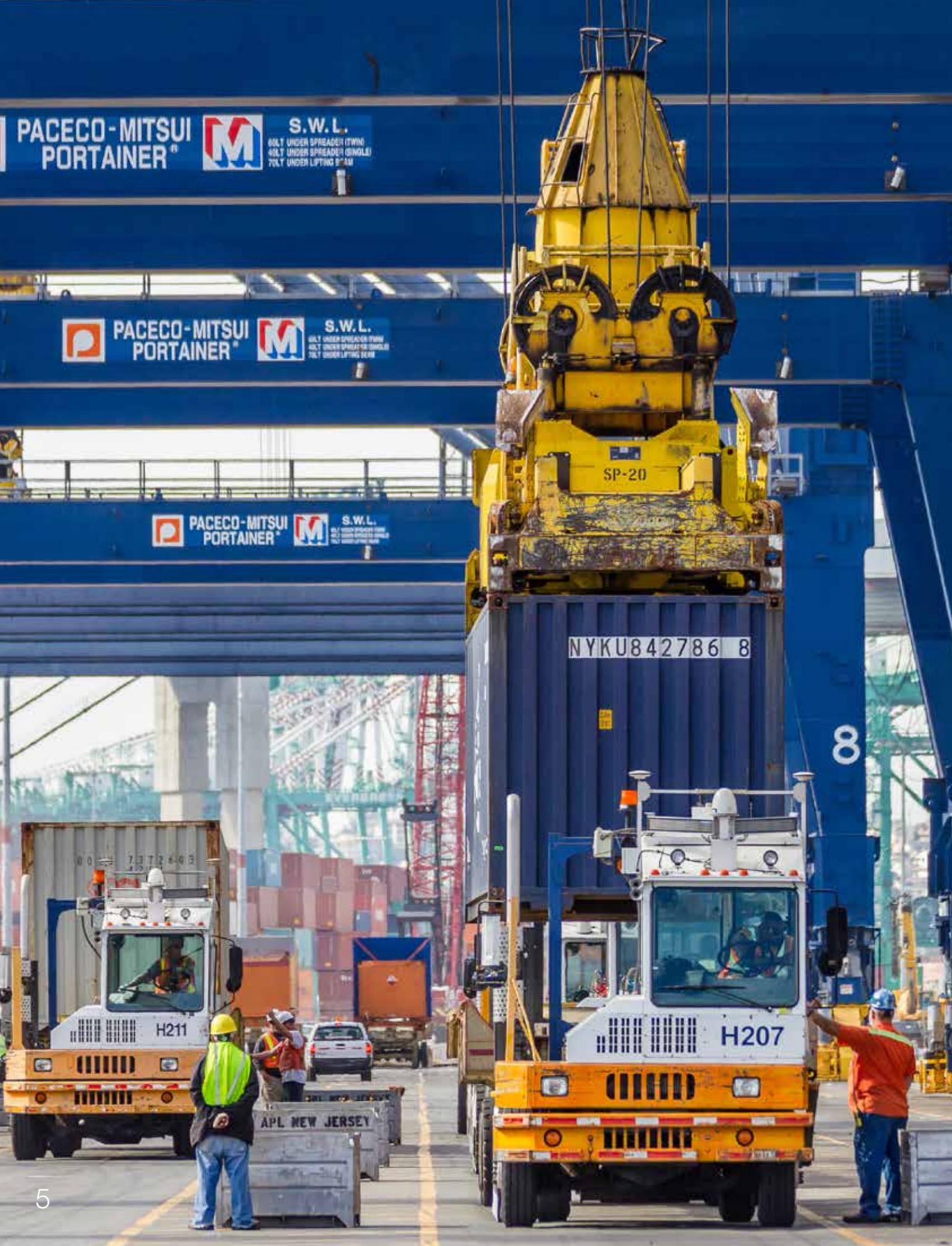
- Initiative 1** Increase cargo revenue by attracting new volumes and establishing long-term volume commitments and additional lines of business.
- Initiative 2** Increase the utilization of port facilities.
- Initiative 3** Ensure that port properties are revenue efficient and reflect current land values and market-based compensation.

## OBJECTIVE 4



### Strong Relationships with Stakeholders

- Initiative 1** Deliver key LA Waterfront development projects on time and on budget; attract visitors to the LA Waterfront; and work with customers and stakeholders to identify other public investment opportunities.
- Initiative 2** Promote stakeholder awareness and engagement with the Port.
- Initiative 3** Make the Harbor Department the employer of choice by providing opportunities for professional development and promoting excellence.



# AMERICA'S PORT®

The Port of Los Angeles is the nation's number one trade gateway for global commerce. As America's Port®, it is the leading seaport in the U.S. by container volume and cargo value, and facilitates billions of dollars in trade annually.

Located 20 miles south of downtown Los Angeles in the San Pedro Bay, the Port encompasses 7,500 acres of land and water along 43 miles of waterfront. It features 23 passenger and cargo terminals, including automobile, breakbulk, container, dry and liquid bulk, and warehouse facilities.

In 2017, the Port of Los Angeles moved more cargo than ever before in its history, and the most annually of any Western Hemisphere port. Because it generates tremendous economic activity, the San Pedro Bay port complex operations and commerce now facilitate one in nine jobs in the five-county Southern California region, as well as almost three million jobs nationwide.

The Port's success has been built on a unique value proposition of providing infrastructure supporting economies of scale, as well as fast, consistent access to major U.S. and Pacific Rim markets. The Port's continued focus on building world-class infrastructure to support changes in the maritime industry, implementing supply chain efficiencies, and incorporating new technology in its operations has contributed greatly to its success. That success translates into many benefits for the community, including job creation and ongoing investment in public-serving programs and waterfront infrastructure development.



COMMUNITY BENEFITS



PORT DIVERSITY



ECONOMIC BENEFITS



Maintaining the Port's containerized cargo business is necessary if it is to continue investing in its future and in its surrounding communities. Continued cargo business success is also essential if the Port is to be a global model for **security, sustainability** and **social responsibility** within the maritime industry.

## SECURITY

A safe and secure Port is a first and foremost priority. The Port continues to build out its cyber security infrastructure and engage in a national conversation about comprehensive supply chain security and resiliency.

At the highest level, the Port is focused on protecting the communities located in and around the LA Harbor, as well as ensuring the free and uninterrupted flow and protection of cargo and commerce. Taking an integrated multi-agency and multi-level approach to Port security, the Port Police force works daily with the U.S. Coast Guard, Customs and Border Protection, and Department of Homeland Security, as well as state, county and local law enforcement. This collaborative approach ensures that modern, state-of-the-art protective measures are in place throughout the Port.

## SUSTAINABILITY

The Port is strongly committed to developing innovative strategic and sustainable operations that benefit Southern California's economy and quality of life. Because its leadership team believes that economic growth and sustainability are equally important goals, the Port has long led the charge for environmental change and progress in the maritime industry.

Over the last decade, the Port has made significant progress in reducing emissions, improving water quality and cultivating new clean technologies, carefully balancing the need to protect the environment while facilitating global change and economic progress. The Port's environmental stewardship will



continue in the years ahead, as it leads efforts across the globe to make near-zero and zero emission technology more ubiquitous and commercially viable.

## SOCIAL RESPONSIBILITY

As a neighbor to the surrounding communities of Wilmington and San Pedro, the Port plays a critical role in local job creation, economic development and community support. To this end, the Port put into place a Public Access Investment Plan in 2015, creating a sustainable and predictable approach to the Port's yearly investment in non-cargo related public-serving projects and programs. Under the plan, the Port allocates 10% of operating revenue each fiscal year to projects that enhance the quality of life for Harbor Area residents, including community events, local initiatives, educational programs and continued development and revitalization of the LA Waterfront.

## A PLAN FOR CONTINUED SUCCESS

The Port of Los Angeles must be ready to meet the opportunities and challenges of a dynamic and changing trade landscape.

Building on accomplishments guided by the 2012-2017 Strategic Plan, this revised and updated Strategic Plan will be used by Harbor Department staff to align day-to-day activities and operations with the Port's mission and key performance indicators. Both the budget planning process and staff performance evaluations will be influenced by the cohesive policy directions outlined here.

A dynamic document developed under the leadership of Los Angeles Mayor Garcetti, the Board of Harbor Commissioners and the Port Executive Director, this plan will be subject to continuous performance measurements and annual assessments before each budget cycle to ensure its relevance and appropriate focus.



# Objective 1

## World-Class Infrastructure that Promotes Growth

The infrastructure advantage at the Port of Los Angeles has allowed it to become the nation's #1 container port. The Harbor Department must continue to deliver these capabilities to its customers who lease its property, facilitate thousands of jobs and generate substantial economic activity for the greater Los Angeles metropolitan area and beyond. For years to come, the infrastructure the Port develops must be designed to anticipate the dynamic logistics needs of seaborne trade and allow for the Port's long-term growth and success.



### Initiative 1

**Develop key near-term cargo-related infrastructure projects.**

**Metrics:**

- a. Rate of return for proposed projects
- b. Schedule milestones
- c. Dollars budgeted vs. dollars spent

The Harbor Department will plan for the long-term success of the Port by building infrastructure that helps meet its customers' needs. The Port's core business depends on cargo, so its investment choices will largely focus on terminal and transportation improvements, with a smaller fixed percentage of Harbor Department income dedicated toward public access infrastructure investment.

The rate of return on proposed projects is a measure to guide the Port in making the wisest investments for its long-term competitiveness. The total dollar amount spent on capital improvement programs each year must be at a level that can be sustained by the Port's operating revenue without exhausting its borrowing capacity.

The Port tracks the sustainability of its spending levels through its debt service coverage ratio. After identifying the right investments, Port staff will focus their efforts on delivering projects on time and on budget. Tracking the planning, environmental, design and construction milestones for projects, coupled with disciplined management of dollars budgeted versus dollars spent, will strengthen the ability of Port customers to plan and grow their operations.

### Initiative 2

**Develop a plan with Los Angeles Department of Water & Power (LADWP) to deliver electricity generation and transmission infrastructure that will support the Port's long-term power needs.**

**Metrics:**

- a. Progress toward plan completion
- b. Monthly meetings

To meet future operational needs of cargo terminals as well as the environmental goals of the State and the Port's Clean Air Action Plan, a greater share of the Port's power requirements will need to be met by electricity. This requires long-term planning in coordination with LADWP. Port staff will continue to meet monthly with LADWP staff to jointly plan for and deliver the required electricity generation and transmission infrastructure.

### Initiative 3

**Identify and plan for other long-term infrastructure and transportation needs.**

**Metric:**

- a. Progress on 2050 plan for infrastructure and operations

Harbor Department staff have been analyzing many factors that will affect how the Port develops in the future, such as: the impacts of shipping industry consolidation; inland port development; alternative fuel technologies; information technology investment; and sea level rise. The results of these analyses will inform a "2050 Plan" to guide future Port infrastructure and operational investment.



# Objective 2

## A Secure, Efficient and Environmentally Sustainable Supply Chain

Goods movement at the Port of Los Angeles relies upon a complex supply chain system with a variety of business partners and service providers that facilitate the flow of cargo through the Port and onto the cargo's final destination. The Harbor Department must strive to work with its supply chain partners to ensure that all links in the chain remain strong. Specifically, goals in this area support the safety and security of the Port and its cargo; increase efficiency of cargo movement through the Port from start to finish; and commit to actionable plans that advance the long-term environmental sustainability of the Port.



to improve the speed and consistency by which cargo is transported.

Key measures of supply chain efficiency through the Port include cargo movements between a vessel and berth; the flow of trucks moving through gates; and the speed and reliability of on-dock rail. The optimization of terminal backland areas to manage inbound and outbound container flow will be an additional measure of supply chain efficiency.

### Initiative 1

Implement security and public safety strategies that support goods movement and mitigate risk.

**Metrics:**

- a. Number of vessel and terminal safety inspections
- b. Number of joint preparedness exercises

The modern goods movement environment requires that ports be prepared for a variety of incidents ranging from natural disasters to potential acts of terror. The Harbor Department will reduce risks against goods movement through regular inspections of facilities. It will also work to prevent incidents and improve responses to incidents by holding joint-preparedness exercises with its supply chain partners for a variety of potential incidents (e.g., active shooter, hazmat release, seismic event). The Port will track the effectiveness of these joint exercises in order to measure the success of its strategies—without having to go through a real incident.

### Initiative 2

Facilitate supply chain efficiencies and terminal velocity with supply chain partners.

**Metrics:**

- a. Terminal velocity
- b. Berth, gate and rail productivity
- c. TEU productivity per acre

A primary driver of the overall capacity of the Port is the efficiency of the supply chain that flows through it. As a landlord port, the Harbor Department plays a crucial role in facilitating efficiency and working with various partners

### Initiative 3

Develop strategies and tactical plans for delivering 2017 Clean Air Action Plan (CAAP) strategies and meeting CAAP commitments

**Metrics:**

- a. Emissions versus CAAP standards for air pollutants (NOx, SOx, DPM, GHG) from Port-related sources
- b. Tactical plan milestones

The Port is committed to environmental stewardship and improving the health of local residents and workers. It remains committed to reducing NOx, SOx and DPM emissions from Port-related sources as identified in the first CAAP. The 2017 CAAP set new standards for these pollutants, as well as for targeted greenhouse gas (GHG) emissions from Port sources. Meeting these targets will require the development and implementation of new technologies, many of which are not currently in commercial production. The Port will work with industry stakeholders and partners to develop the strategies and tactics necessary to meet these ambitious goals.

# Objective 3

## Improved Financial Performance of Port Assets

The financial strength of the Harbor Department enables it to invest in the Port's future. With an exceptional credit record and sound fiscal management of its assets, the Port will retain the confidence of the investor community and access capital in the most cost-effective manner possible. The Port must optimize its assets, making the best use of its properties and the revenues that these properties generate.



### Initiative 1

**Increase revenue by attracting new cargo volumes and establishing long-term volume commitments and additional lines of business.**

**Metrics:**

- a. Cargo volume and market share
- b. Revenue

Cargo trade supports regional jobs and economic development, providing the majority of the revenue that sustains Port operations and allows it to continually improve its cargo, industrial and commercial waterfront real estate. The Port will help its customers market and attract additional volumes and long-term commitments. The Port's total cargo volume, market share among U.S. West Coast ports and total revenue will be the barometers by which the Port will judge its success. The Port is also committed to developing additional lines of business related to cargo, like its innovative partnership with GE Transportation on the Port Optimizer.

### Initiative 2

**Increase the utilization of port facilities.**

**Metrics:**

- a. Percent of leasable land under lease or with planned/programmed use
- b. Percent of available land occupied

The Harbor Department primarily manages and leases property, and as such, strives to put all its land holdings to good use. The Department will plan for the remediation of all properties that currently cannot be leased for environmental reasons. Additionally, it will work to market and identify customers for properties that are available.

### Initiative 3

**Ensure that Port properties are revenue efficient and reflect current land values and market-based compensation.**

**Metrics:**

- a. Revenue per acre

Each property parcel in the Harbor District has a potential rent, based on land value and market-based rates. But a parcel's actual rent rate may be below these values. The Port will progress toward its goal of managing a revenue-efficient property portfolio by working to minimize the gap between potential rents and current actual rates charged.

# Objective 4

## Strong Relationships with Stakeholders

The success of the Port ultimately depends on the strength of the Harbor Department's relationships with its broad stakeholder base. Greater emphasis must be placed on building stronger relationships with current and future customers, along with critical strategic partners such as railroads and transportation agencies, local communities and Department employees.



### Initiative 1

**Deliver key LA Waterfront development projects on time and on budget; attract visitors to the LA Waterfront; and work with customers and stakeholders to identify other public investment opportunities.**

**Metrics:**

- a. Schedule milestones
- b. Dollars budgeted vs. dollars spent
- c. Number of LA Waterfront visitors

Established in 2015, the Port's Public Access Investment Plan provides a sustainable and predictable approach to its investment in non-cargo related public-serving projects and programs. Under the Plan, the Port allocates 10% of operating revenue each fiscal year to projects that enhance the quality of life for Harbor Area residents, including community events, local initiatives, educational programs and ongoing LA Waterfront capital development.

The Port will continue efforts to enhance the LA Waterfront experience through infrastructure investments and "activation" through events and awareness-building marketing efforts. The Port's ability to grow visitor attendance and customer revenue for LA Waterfront businesses will be the measurement of its success.

### Initiative 2

**Promote stakeholder awareness and engagement with the Port.**

**Metrics:**

- a. Customer service survey results
- b. News coverage and audience growth
- c. Promotion of trade education for small- and mid-size enterprises
- d. Support of women- and minority-owned businesses

The Harbor Department is proud of its culture of customer service and commitment to constantly seek ways to improve stakeholders' satisfaction and engagement with the Port. This includes measuring business customers' satisfaction, and tracking news coverage and audience growth on the Port's social media channels.

### Initiative 3

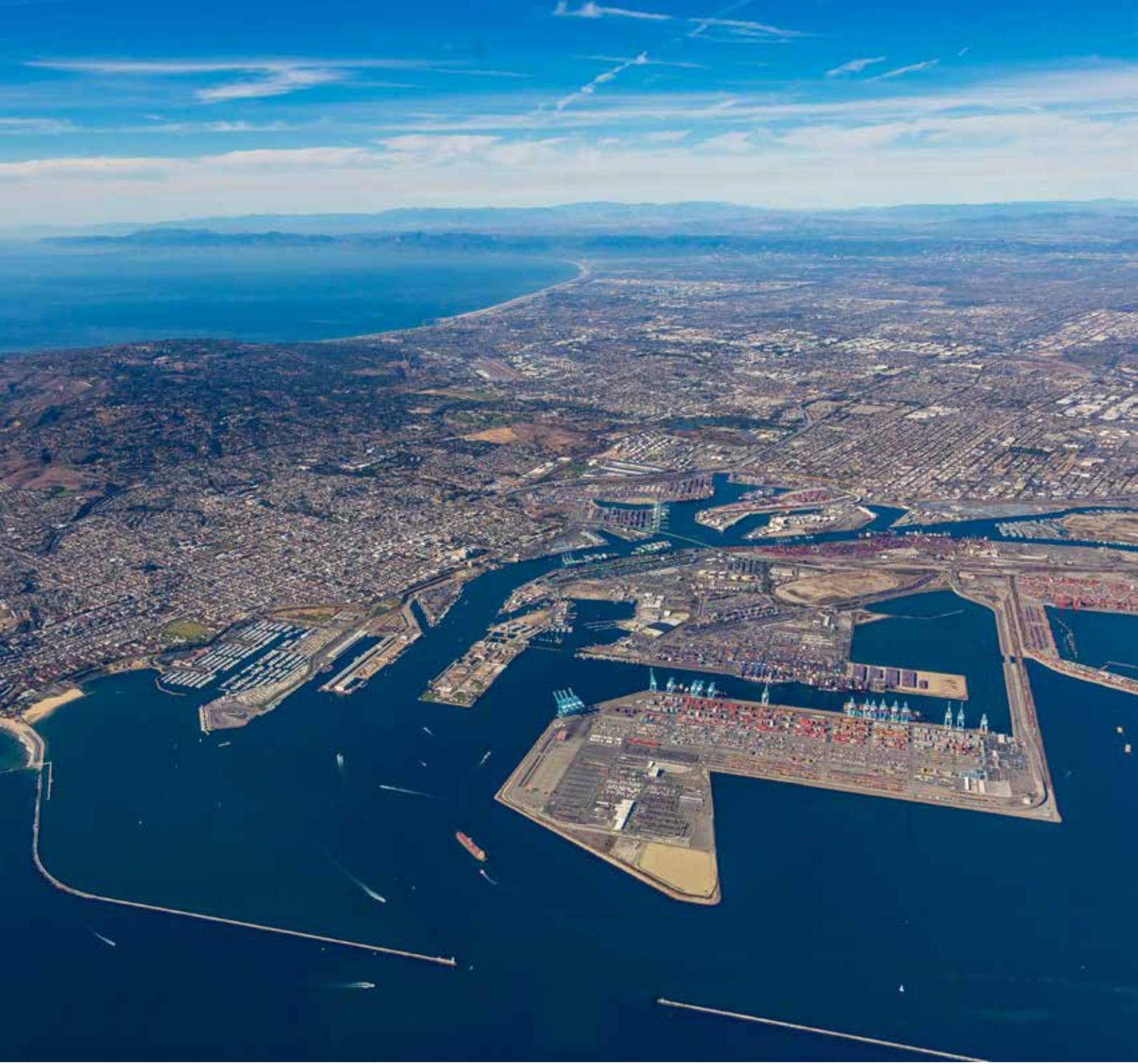
**Make the Harbor Department the employer of choice by promoting excellence and providing opportunities for professional development.**

**Metrics:**

- a. Employee professional development
- b. Succession planning
- c. Employee survey results

Employees are the lifeblood of the Harbor Department. In order to recruit, attract and retain a talented workforce, the Department will encourage a culture that promotes excellence and provides employees with opportunities to grow and expand their careers. The Department will also encourage and account for the hours that employees participate in professional development opportunities through such channels as voluntary training or education, and also provide its own series of educational offerings through the "POLA Prep Academy."

The Department also will focus on succession planning to ensure that the organization is developing future Port leaders. The Department will make better and more frequent use of survey tools to ensure that it is meeting these goals and addressing its employee needs.



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

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