

2014 Strategic Plan Update

Board of Harbor Commissioners Meeting
October 16, 2014



Board Comments on the 9/4/14 Draft Presentation

- **Economic Benefits**
 - Jobs/Companies in the local area of the port
- **Workforce Development**
 - Industry and employment shifts
- **Finances**
 - Return on investment from the CIP
 - Operating costs and CPI adjustments
- **Reporting**
 - Consistent framework and template

2014 Strategic Plan

Our Vision

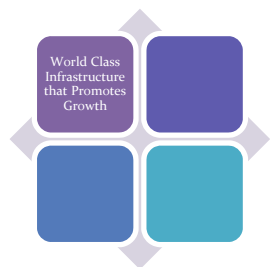
- We are America's Port[®] - the nation's #1 container port and the global model for sustainability, security, and social responsibility.

Our Mission

- We deliver value to our customers by providing superior infrastructure and promoting efficient operations that grow our port as North America's preferred gateway.

Four Strategic Plan Objectives





Objective 1: World-Class Infrastructure that Promotes Growth

Initiative 1

Develop a Capital Improvement Program (CIP) that improves the Port's operational strength and financial sustainability.

Metrics:

- *Percent of CIP allocated to cargo related projects*
- *Rate of return for proposed projects*
- *Debt service coverage ratio*

Initiative 2

Deliver terminal and infrastructure projects on time and within budget.

Metrics:

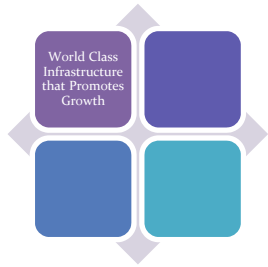
- *Schedule milestones*
- *Dollars budgeted vs. dollars spent*

Initiative 3

Optimize maintenance to extend infrastructure life and utility.

Metric:

- *Percent of infrastructure in "state of good repair"*

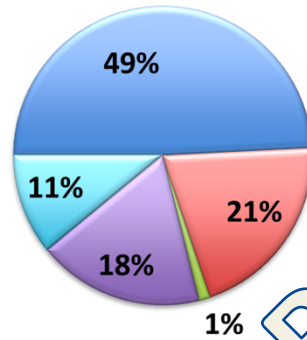


Objective 1: World-Class Infrastructure that Promotes Growth

CIP Prioritization and Sustainability

CIP Allocation by Category

- Terminals
- Transportation
- Security
- Public Access/Environment
- Maritime Services

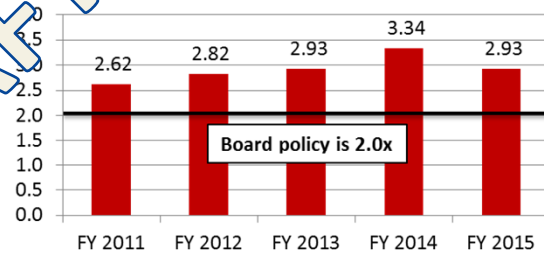


Overall CIP Rate of Return

Maintenance – % in State of Good Repair

Infrastructure	% in Good Repair	Change
Terminals	--	--
Non-Terminals	--	--
Overall	--	--

Debt Service Coverage Ratio



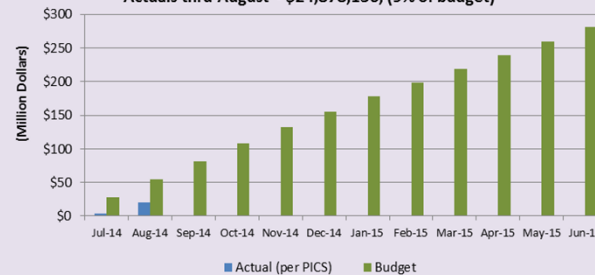
CIP Delivery

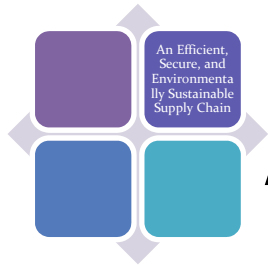
CIP Status (data as of Aug. 2014)

Design Completions	Number	Value of Projects	Construction Completions	Number	Value of Projects
Planned designs for FY 14/15	18	\$119.4 million	Planned construction for FY 14/15	53	\$288.7 million
Completed year-to-date	2	\$1.9 Million	Completed year-to-date	9	\$146.4 Million
Percent of goal met	11%	2%	Percent of goal met	17%	51%

CIP Spending

Actuals thru August - \$24,878,136, (9% of budget)





Objective 2:

An Efficient, Secure, and Environmentally Sustainable Supply Chain

Initiative 1

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

Metrics:

- *Berth, gate and rail productivity*
- *TEU productivity per acre*

Initiative 2

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

Metrics:

- *Number of vessel and terminal safety inspections*
- *Number and effectiveness of joint preparedness exercises*

Initiative 3

Continue environmental stewardship through implementation of programs with clear and measurable standards.

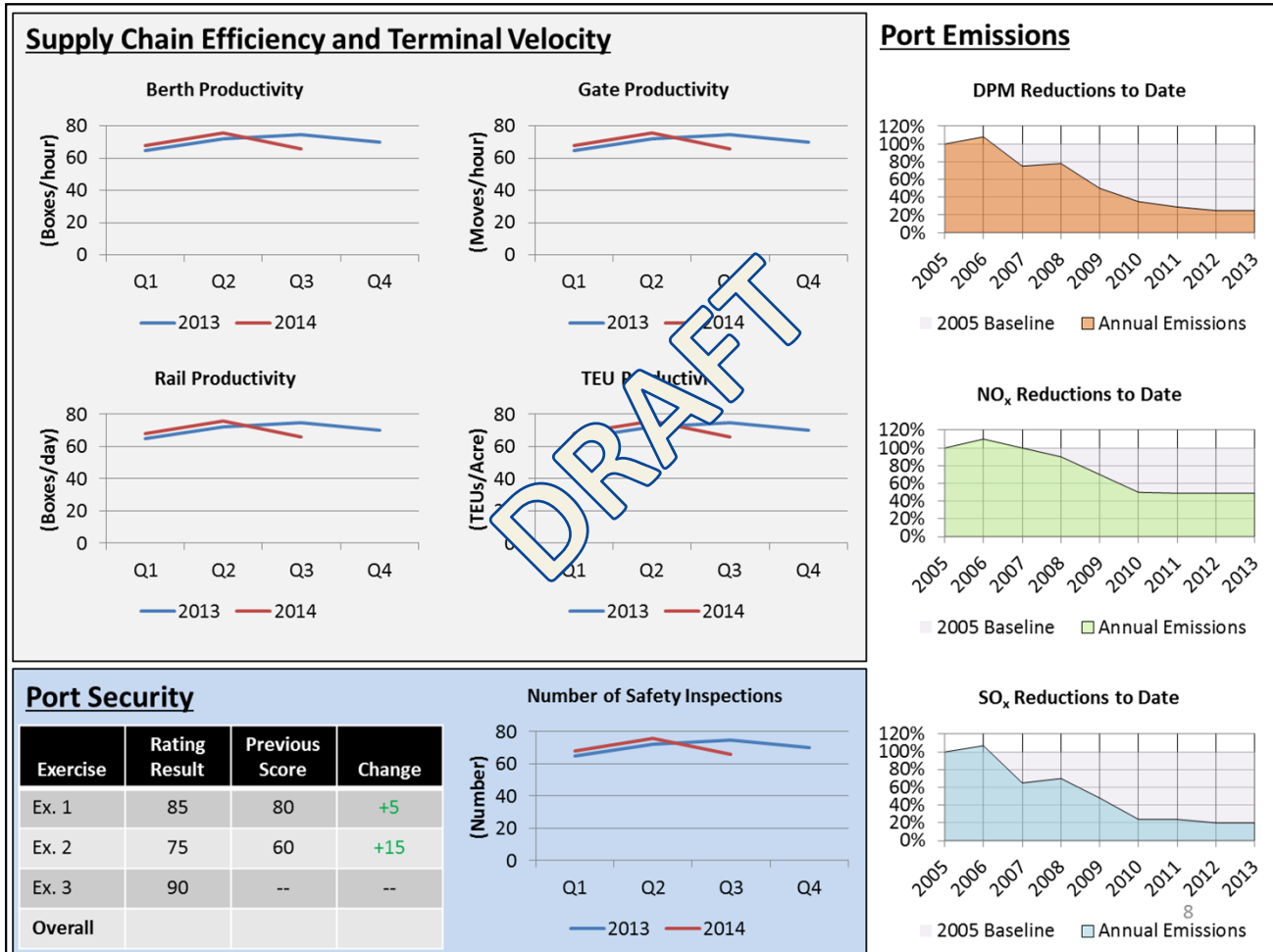
Metric:

- *Emissions vs. CAAP standards for air pollutants (NO_x, SO_x, DPM) from Port-related sources*

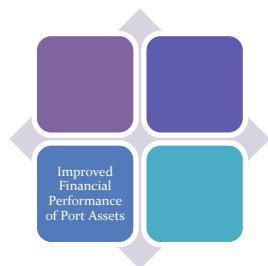


An Efficient,
Secure, and
Environmentally Sustainable
Supply Chain

Objective 2: An Efficient, Secure, and Environmentally Sustainable Supply Chain



DRAFT



Objective 3

Improved Financial Performance of Port Assets

Initiative 1

Increase cargo revenue by attracting new volumes and establishing long term volume commitments.

Metrics:

- *Cargo volume and market share*
- *Revenue*

Initiative 2

Increase the utilization of Port facilities.

Metrics:

- *Acres of vacant land unavailable for lease*
- *Percent of available land occupied*

Initiative 3

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

Metric:

- *Gross actual dollars vs. gross potential dollars*



Objective 3

Improved Financial Performance of Port Assets

Port of Los Angeles Monthly Key Performance Statistics for August 2014						
TEUs and Financials	Current Month			Fiscal Year to Date		
	Aug-14 Actual	Aug-14 Budget	Aug-13 Actual	FY 14/15 Actual	FY 14/15 Budget	FY 13/14 Actual
TEUs (in thousands)	758	731	710	1,475	1,468	1,425
% change vs. As of 9/12/14		↑ 3.7%	↑ 6.8%		↑ 0.5%	↑ 3.5%
Operating Revenue (in millions)	\$32.5	\$33.4	\$30.9	\$67.8	\$71.1	\$71.8
% change vs.		↓ -2.6%	↑ 5.2%		↓ -4.6%	↓ -5.6%
Operating Expenses (in millions)	\$15.2	\$16.4	\$15.1	\$32.5	\$31.6	\$23.9
% change vs.		↓ -7.0%	↑ 1%		↑ 2.8%	↑ 6.2%
Operating Margin Annual Target : 45%	53.2%	50.9%	54.7%	52.1%	55.5%	66.8%

Real Estate Utilization and Return	
<p>Acres Unavailable to Lease</p>	<p>Acres Available but Vacant</p>

Market Share	
Thousands of TEUs, August 2014	
Change versus 2013: 4.0%	
Asian Imports	
Change versus 2013: 0.4%	

Gross Actual Rent as percentage of Gross Potential Rent	
x%	



Objective 4

Strong Relationships with Stakeholders

Initiative 1

Enhance a world-class customer service delivery product.

Metric:

- *Customer satisfaction as measured by conjoint surveys, focus groups, and comparative studies*

Initiative 2

Attract visitors to the LA Waterfront of Wilmington and San Pedro.

Metrics:

- *Number of waterfront visitors*
- *Revenue generated by Port visitors*

Initiative 3

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

Metrics:

- *Hours of employee professional development*
- *Employee retention rate compared to other government agencies*
- *Percentage of shared goals accomplished*

Thank you

