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

- World Class Infrastructure that Promotes Growth
- An Efficient, Secure, and Environmentally Sustainable Supply Chain
- Improved Financial Performance of Port Assets
- Strong Relationships with Stakeholders
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: 49%
- Transportation: 21%
- Security: 11%
- Public Access/Environment: 18%
- Maritime Services: 1%

Maintenance – % in State of Good Repair

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>% in Good Repair</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terminals</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Non-Terminals</td>
<td>--</td>
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<tr>
<td>Overall</td>
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Overall CIP Rate of Return

Debt Service Coverage Ratio

- FY 2011: 2.62
- FY 2012: 2.82
- FY 2013: 2.93
- FY 2014: 3.34
- FY 2015: 2.93

CIP Delivery

CIP Status (data as of Aug. 2014)

<table>
<thead>
<tr>
<th>Design Completions</th>
<th>Number</th>
<th>Value of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned designs for FY 14/15</td>
<td>18</td>
<td>$119.4 million</td>
</tr>
<tr>
<td>Completed year-to-date</td>
<td>2</td>
<td>$1.9 Million</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent of goal met</th>
<th>Number</th>
<th>Value of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of goal met</td>
<td>11%</td>
<td>2%</td>
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</table>

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 (NOx, SOx, DPM) from Port-related sources
Objective 2:

An Efficient, Secure, and Environmentally Sustainable Supply Chain
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
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
Objective 4
Strong Relationships with Stakeholders
World Class Infrastructure that Promotes Growth

An Efficient, Secure, and Environmentally Sustainable Supply Chain

Improved Financial Performance of Port Assets

Strong Relationships with Stakeholders