



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: NOVEMBER 30, 2021

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2020/21 ENDED OCTOBER 31, 2021**

Financial performance results for the first four months of the Fiscal Year 2021/22 are below and have been summarized relative to both budget and the prior fiscal year. For the month of October, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 6.7% relative to budget but decreased by 0.8% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD October 2021	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	3,652	↑ 6.7%	↓ (0.8%)
Operating Revenues	\$197.6	↑ 10.4%	↓ (3.4%)
Operating Expenses	\$84.1	↓ (16.1%)	↑ 16.6%
Operating Income	\$113.5	↑ 44.2%	↓ (14.3%)
Net Income	\$47.9	↑ 312.1%	↓ (40.5%)

Shipping Services increased relative to budget, but decreased relative to the prior fiscal year due to higher accruals for year-end compensation adjustments relative to the prior year. Relative to budget, Operating Revenues increased by 10.4% primarily due to higher wharfage, higher space assignments, higher utility reimbursements, higher CTP revenues, and higher misc. reimbursements. In comparison to the prior fiscal year, total Operating Revenues decreased by 3.4% due to lower wharfage and lower rentals, which were only partially offset by higher utility reimbursements, higher space assignments, higher CTP revenues, and higher misc. reimbursements.

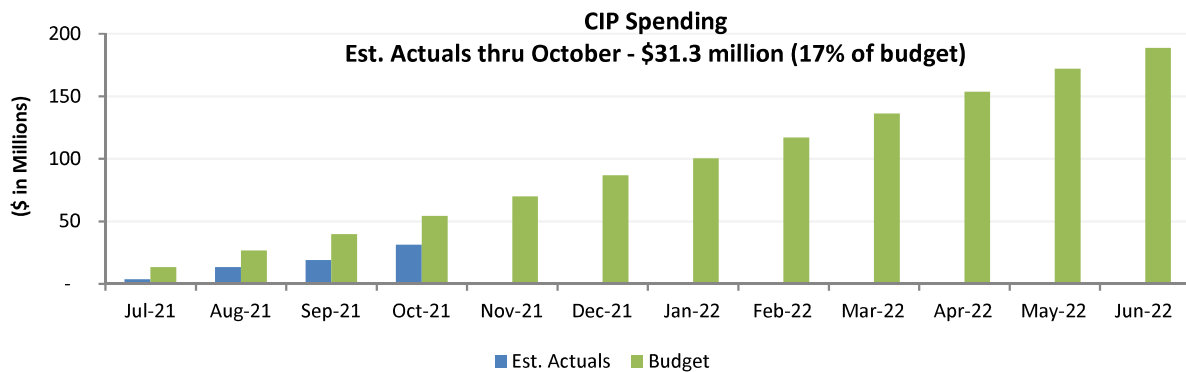
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 16.1% lower than budget primarily due to lower container incentives, lower salaries and benefits, lower city services, invoicing delays related to outside services and lower insurance expenses which were only partially offset by higher electricity. Relative to the prior fiscal year, total Operating Expenses increased by 16.6% due to higher salaries and benefits as well as higher electricity and higher outside services.

Operating margin for the FYTD period through October was 57.4% versus a budget of 44.0% and a prior year figure of 64.7%.

Capital Improvement Program (CIP)

CIP spending for the four-month period ended October 31, 2021 was estimated to reach \$31.3 million or about 17% of the total \$188.7 million CIP adopted budget. At this stage in the fiscal year, the Harbor Department currently expects to stay within the CIP adopted budget through fiscal year-end.



Marla Bleavins

MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD October 2021
2. Actual-to-Budget FY 2020/21 – October
3. Year-to-Year Performance Report YTD October 31, 2021 and 2020

Author: E. Estrada

MB:JS:MM/Finance

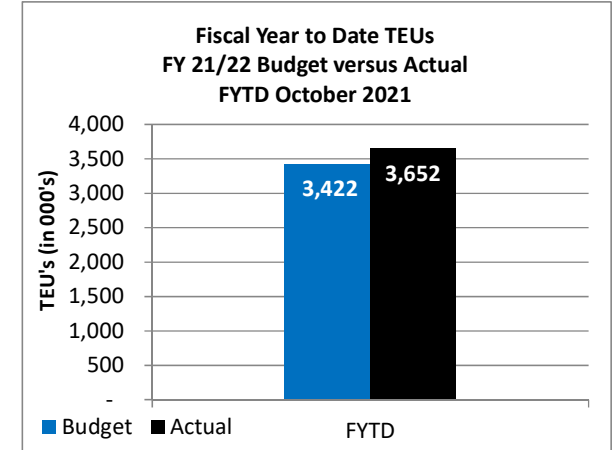
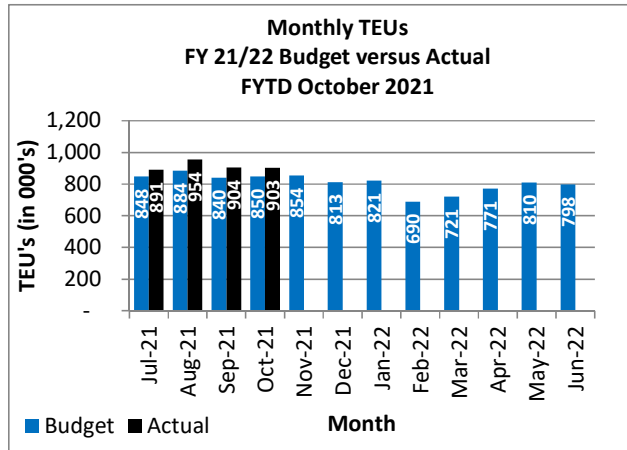
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD OCTOBER 2021

TRANSMITTAL 1

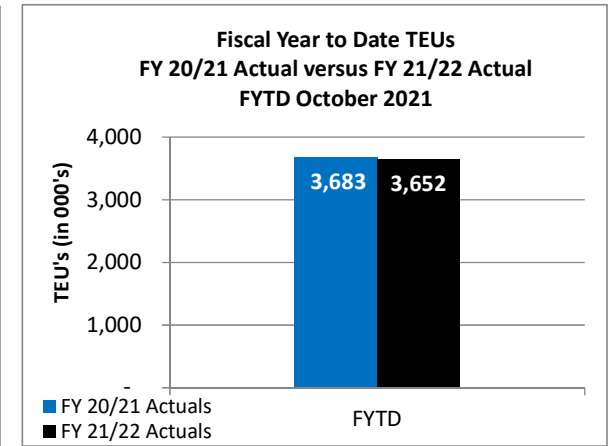
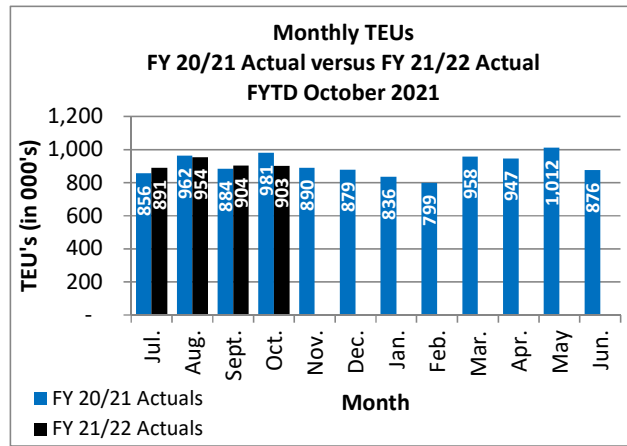
Budget versus Actuals Comparison
FY 21/22 Budget vs. FY 21/22 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 21/22 Budget	FY 21/22 Actuals		
Jul-21	848	891	5.0%	↑
Aug-21	884	954	8.0%	↑
Sep-21	840	904	7.6%	↑
Oct-21	850	903	6.2%	↑
Nov-21	854			
Dec-21	813			
Jan-22	821			
Feb-22	690			
Mar-22	721			
Apr-22	771			
May-22	810			
Jun-22	798			
FYTD	3,422	3,652	6.7%	↑
FY 21/22 Budget	9,700			



Year-to-Year Actuals Comparison
FY 20/21 Actuals vs. FY 21/22 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 20/21 Actuals	FY 21/22 Actuals		
Jul.	856	891	4.0%	↑
Aug.	962	954	-0.8%	↓
Sept.	884	904	2.3%	↑
Oct.	981	903	-8.0%	↓
Nov.	890			
Dec.	879			
Jan.	836			
Feb.	799			
Mar.	958			
Apr.	947			
May	1,012			
Jun.	876			
FYTD	3,683	3,652	-0.8%	↓
FY 20/21 Actuals	10,879			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2021/22	FY 2021/22	Comparison	
	Fiscal YTD - October 2021	Fiscal YTD - October 2021	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	154,484	141,631	12,853	9.1%
Rentals	30,170	32,160	(1,989)	(6.2%)
Royalties, Fees and Other Revenues	9,862	4,474	5,388	120.4%
Clean Truck Program Revenues	3,084	650	2,434	374.4%
Total Operating Revenues	197,600	178,915	18,684	10.4%
Operating Expenses				
Gross Salaries & Benefits	55,712	58,461	2,749	4.7%
Capitalization	(10,561)	(5,294)	5,267	(99.5%)
Net Salaries & Benefits	45,151	53,166	8,015	15.1%
Marketing & Public Relations	306	1,036	730	70.5%
Travel	68	213	145	68.2%
Outside Services	6,330	9,808	3,479	35.5%
Materials & Supplies	1,121	2,152	1,032	47.9%
City Services	15,727	20,357	4,630	22.7%
Allocations to Capital - Overhead		(6,497)	(6,497)	100.0%
Other Operating Expenses	14,995	19,512	4,518	23.2%
Clean Truck Program Expenses	436	505	69	13.7%
Total Operating Expenses	84,133	100,253	16,120	16.1%
Income Before Depreciation	113,467	78,662	34,804	44.2%
Provision For Depreciation	39,679	53,848	14,169	26.3%
Income From Operations	73,788	24,815	48,973	197.4%
Non-Operating Revenue	3,999	24,242	(20,243)	(83.5%)
Non-Operating Expenses	29,883	37,431	7,548	20.2%
Net Income	47,903	11,625	36,278	312.1%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2021/22	FY 2020/21	Change	
	Fiscal YTD - October 2021	Fiscal YTD - October 2020	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	154,484	168,678	(14,194)	(8.4%)
Rentals	30,170	31,155	(985)	(3.2%)
Royalties, Fees and Other Revenues	9,862	3,886	5,976	153.8%
Clean Truck Program Revenues	3,084	774	2,310	298.4%
Total Operating Revenues	197,600	204,493	(6,893)	(3.4%)
Operating Expenses				
Gross Salaries & Benefits	55,712	46,156	(9,556)	(20.7%)
Capitalization	(10,561)	(8,138)	2,423	(29.8%)
Net Salaries & Benefits	45,151	38,018	(7,133)	(18.8%)
Marketing & Public Relations	306	820	515	62.7%
Travel	68	24	(44)	(179.2%)
Outside Services	6,330	4,412	(1,918)	(43.5%)
Materials & Supplies	1,121	1,334	214	16.0%
City Services	15,727	17,578	1,850	10.5%
Other Operating Expenses	15,431	9,734	(5,697)	(58.5%)
Clean Truck Program Expenses		242	242	100.0%
Total Operating Expenses	84,133	72,162	(11,971)	(16.6%)
Income Before Depreciation	113,467	132,331	(18,864)	(14.3%)
Provision For Depreciation	39,679	51,068	11,389	22.3%
Income From Operations	73,788	81,263	(7,475)	(9.2%)
Non-Operating Revenue	3,999	8,268	(4,269)	(51.6%)
Non-Operating Expenses	29,883	8,996	(20,887)	(232.2%)
Net Income	47,903	80,534	(32,631)	(40.5%)