



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: DECEMBER 22, 2021

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2020/21 ENDED NOVEMBER 30, 2021**

Financial performance results for the first five 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 November, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 4.4% relative to budget but decreased by 2.4% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD November 2021	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	4,463	↑ 4.4%	↓ (2.4%)
Operating Revenues	\$240.5	↑ 7.8%	↓ (5.2%)
Operating Expenses	\$105.5	↓ (16.4%)	↑ 5.1%
Operating Income	\$134.9	↑ 39.5%	↓ (11.9%)
Net Income	\$62.6	↑ 380.8%	↓ (28.8%)

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 7.8% primarily due to higher shipping services, higher CTP revenues, higher operating reimbursements, higher utility reimbursements, and higher misc. operating revenues, which were only partially offset by lower rentals. In comparison to the prior fiscal year, total Operating Revenues decreased by 5.2% due to lower shipping services, which were only partially offset by higher operating reimbursements, higher CTP revenues, higher utility reimbursements, and higher accommodation work revenue.

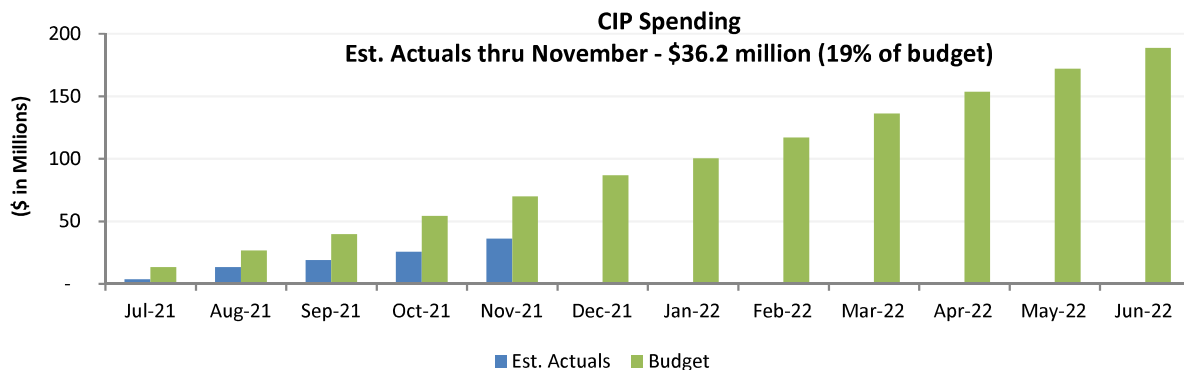
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 16.4% lower than budget primarily due to lower salaries and benefits, invoicing delays related to outside services and city services, as well as lower container incentives, which were only partially offset by higher electricity. Relative to the prior fiscal year, total Operating Expenses increased by 5.1% due to higher electricity, higher outside services, and higher container incentives, which were only partially offset by lower salaries and benefits, lower cruise incentives, and lower promotional activity.

Operating margin for the FYTD period through November was 56.1% versus a budget of 43.4% and a prior year figure of 60.4%.

Capital Improvement Program (CIP)

CIP spending for the five-month period ended November 30, 2021 was estimated to reach \$36.2 million or about 19% 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 November 2021
2. Actual-to-Budget FY 2020/21 – November
3. Year-to-Year Performance Report YTD November 30, 2021 and 2020

Author: E. Estrada

MB:JS:MM/Finance

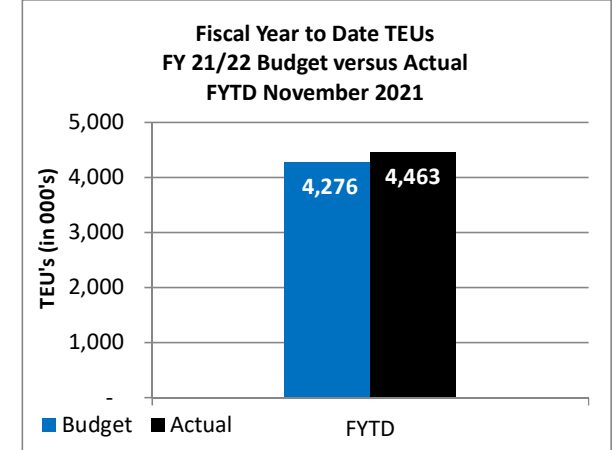
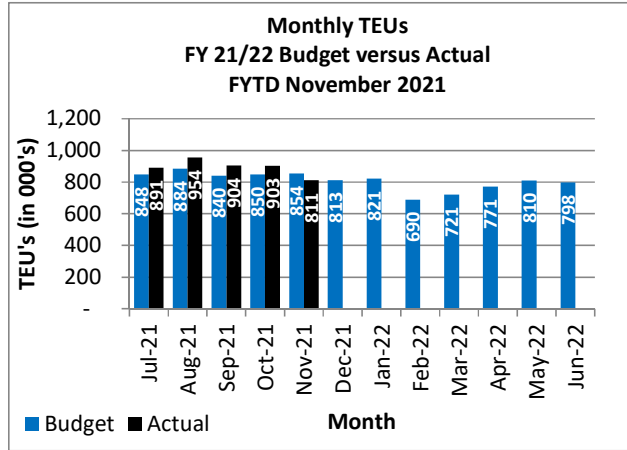
cc: Deputy Executive Directors

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

TRANSMITTAL 1

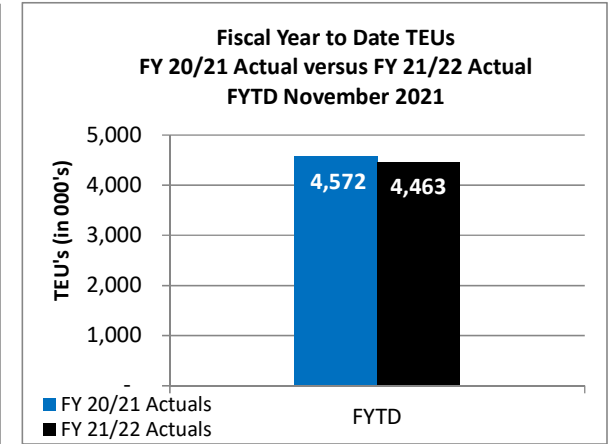
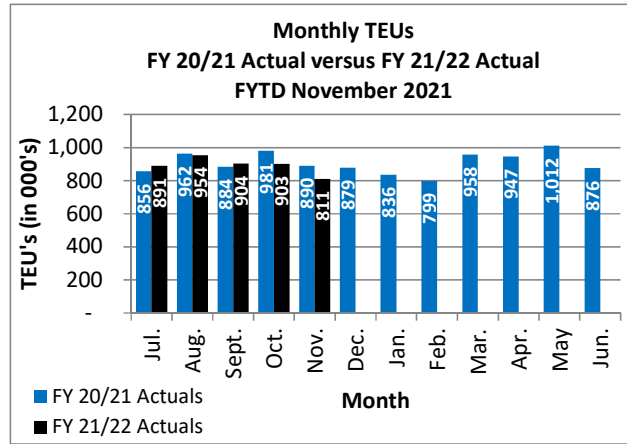
Budget versus Actuals Comparison
FY 21/22 Budget vs. FY 21/22 Actuals

(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	811	-5.0%	↓
Dec-21	813			
Jan-22	821			
Feb-22	690			
Mar-22	721			
Apr-22	771			
May-22	810			
Jun-22	798			
FYTD	4,276	4,463	4.4%	↑
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	811	-8.8%	↓
Dec.	879			
Jan.	836			
Feb.	799			
Mar.	958			
Apr.	947			
May	1,012			
Jun.	876			
FYTD	4,572	4,463	-2.4%	↓
FY 20/21 Actuals	10,879			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget Comparison	
	FY 2021/22	FY 2021/22	(Unfavorable)/Favorable	
	Fiscal YTD - November 2021	Fiscal YTD - November 2021	\$	%
Operating Revenues				
Shipping Services	191,527	179,593	11,933	6.6%
Rentals	33,767	36,995	(3,228)	(8.7%)
Royalties, Fees and Other Revenues	11,667	5,583	6,084	109.0%
Clean Truck Program Revenues	3,494	813	2,682	330.0%
Total Operating Revenues	240,455	222,984	17,471	7.8%
Operating Expenses				
Gross Salaries & Benefits	68,666	72,969	4,302	5.9%
Capitalization	(12,261)	(6,618)	5,643	(85.3%)
Net Salaries & Benefits	56,406	66,351	9,945	15.0%
Marketing & Public Relations	391	1,189	798	67.1%
Travel	84	304	220	72.3%
Outside Services	7,834	13,401	5,567	41.5%
Materials & Supplies	1,525	2,755	1,230	44.6%
City Services	20,975	25,421	4,446	17.5%
Allocations to Capital - Overhead		(8,121)	(8,121)	100.0%
Other Operating Expenses	17,753	24,390	6,637	27.2%
Clean Truck Program Expenses	564	609	45	7.4%
Total Operating Expenses	105,531	126,297	20,766	16.4%
Income Before Depreciation	134,923	96,687	38,236	39.5%
Provision For Depreciation	52,169	67,310	15,141	22.5%
Income From Operations	82,755	29,377	53,377	181.7%
Non-Operating Revenue	11,269	30,302	(19,033)	(62.8%)
Non-Operating Expenses	31,433	46,662	15,229	32.6%
Net Income	62,591	13,017	49,574	380.8%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2021/22	FY 2020/21	(Unfavorable)/Favorable	
	Fiscal YTD - November 2021	Fiscal YTD - November 2020	\$	%
Operating Revenues				
Shipping Services	191,527	212,442	(20,915)	(9.8%)
Rentals	33,767	35,013	(1,246)	(3.6%)
Royalties, Fees and Other Revenues	11,667	5,124	6,543	127.7%
Clean Truck Program Revenues	3,494	956	2,538	265.4%
Total Operating Revenues	240,455	253,535	(13,080)	(5.2%)
Operating Expenses				
Gross Salaries & Benefits	68,666	69,188	522	0.8%
Capitalization	(12,261)	(10,556)	1,704	(16.1%)
Net Salaries & Benefits	56,406	58,632	2,226	3.8%
Marketing & Public Relations	391	888	497	56.0%
Travel	84	28	(56)	(201.9%)
Outside Services	7,834	5,439	(2,395)	(44.0%)
Materials & Supplies	1,525	1,611	86	5.4%
City Services	20,975	20,710	(265)	(1.3%)
Other Operating Expenses	17,753	12,887	(4,866)	(37.8%)
Clean Truck Program Expenses	564	251	(313)	(124.6%)
Total Operating Expenses	105,531	100,445	(5,086)	(5.1%)
Income Before Depreciation	134,923	153,089	(18,166)	(11.9%)
Provision For Depreciation	52,169	63,796	11,628	18.2%
Income From Operations	82,755	89,293	(6,538)	(7.3%)
Non-Operating Revenue	11,269	9,513	1,756	18.5%
Non-Operating Expenses	31,433	10,841	(20,591)	(189.9%)
Net Income	62,591	87,964	(25,373)	(28.8%)