



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: MARCH 14, 2023

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2022/23 ENDED FEBRUARY 28, 2023**

Financial performance results for the first eight months of the Fiscal Year 2022/23 are below and have been summarized relative to both budget and the prior fiscal year. For the month of February, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 14.8% relative to budget and 18.1% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD February 2023	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	5,711	↓ (14.8%)	↓ (18.1%)
Operating Revenues	\$410.1	↓ (1.6%)	↑ 1.1%
Operating Expenses	\$171.7	↓ (23.2%)	↑ 0.3%
Operating Income	\$238.4	↑ 23.3%	↑ 1.7%
Net Income	\$138.5	↑ 184.9%	↑ 15.4%

Shipping Services increased relative to budget as higher space assignments rates were only partially offset by lower wharfage revenues. Relative to the prior fiscal year, shipping services decreased primarily due to lower container volumes. Relative to budget, Operating Revenues decreased by 1.6% as lower wharfage and lower one-time operating reimbursements were partially offset by higher space assignment rates. In comparison to the prior fiscal year, total Operating Revenues increased by 1.1% due to the Clean Truck Fund Rate collections and higher rental revenues, which were partially offset by lower wharfage.

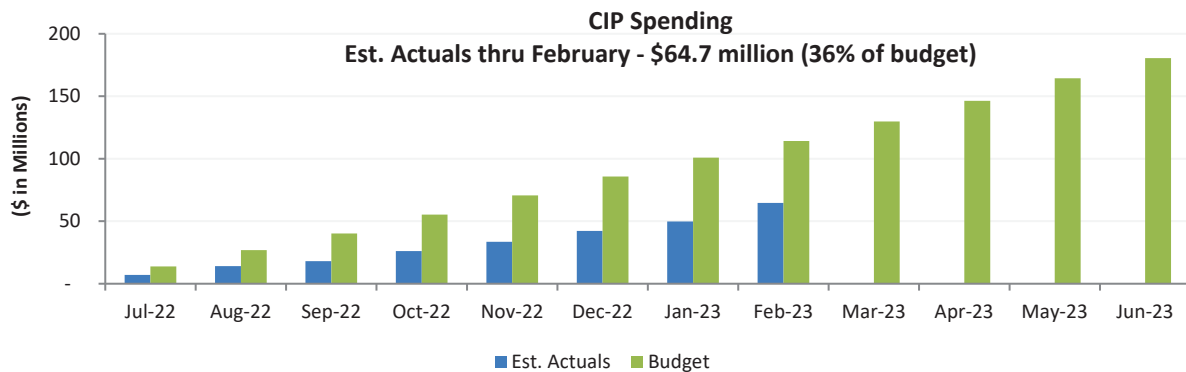
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 23.2% lower than budget primarily due to lower salaries and benefits expenses, delayed Clean Truck Fund Rate subsidies, and invoicing delays related to city and outside services expenses. Relative to the prior fiscal year, total Operating Expenses increased by 0.3% due to higher outside services, higher container incentives, and higher city services expenses which were only partially offset by lower electricity costs.

Operating Margin for the month of February was 58.1% versus a budget of 46.4% and a prior year figure of 57.8%.

Capital Improvement Program (CIP)

CIP spending for the eight-month period ended February 28, 2023 was estimated to reach \$64.7 million or about 36% of the total \$180.5 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:

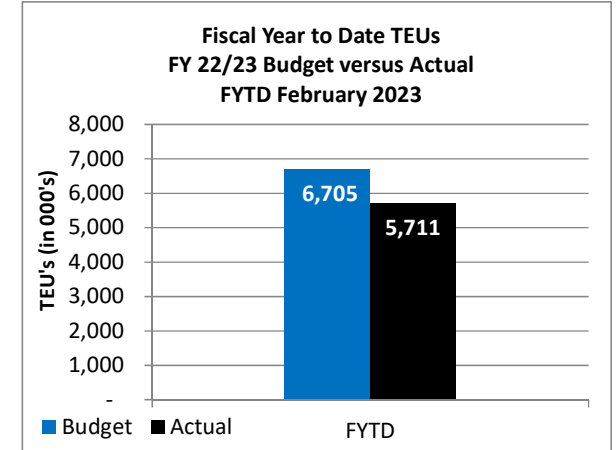
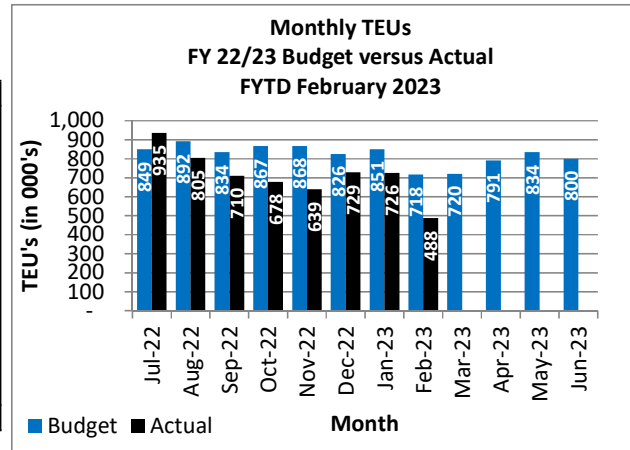
1. TEU Throughput Comparison – FYTD February 2023
2. Actual-to-Budget FY 2022/23 – February
3. Year-to-Year Performance Report YTD February 28, 2023 and 2022

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MB:JS:MM/Finance
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD FEBRUARY 2023

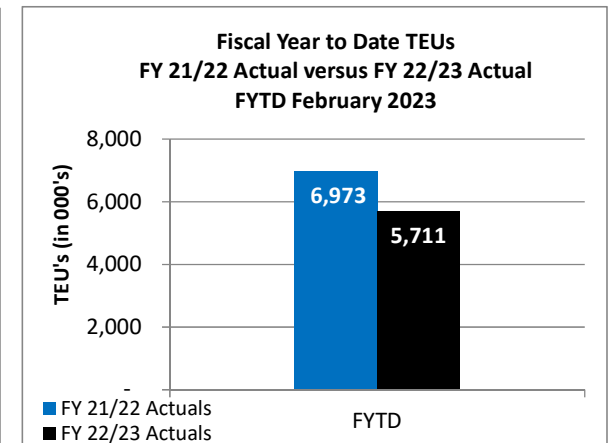
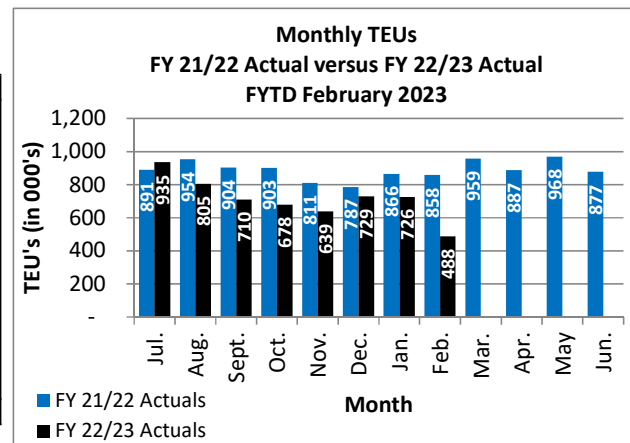
Budget versus Actuals Comparison
FY 22/23 Budget vs. FY 22/23 Actuals

(in 000's)	TEU's			
Month	FY 22/23 Budget	FY 22/23 Actuals	% Δ	Δ
Jul-22	849	935	10.2%	↑
Aug-22	892	805	-9.7%	↓
Sep-22	834	710	-14.9%	↓
Oct-22	867	678	-21.7%	↓
Nov-22	868	639	-26.3%	↓
Dec-22	826	729	-11.8%	↓
Jan-23	851	726	-14.6%	↓
Feb-23	718	488	-32.0%	↓
Mar-23	720			
Apr-23	791			
May-23	834			
Jun-23	800			
FYTD	6,705	5,711	-14.8%	↓
FY 22/23 Budget	9,850			



Year-to-Year Actuals Comparison
FY 21/22 Actuals vs. FY 22/23 Actuals

(in 000's)	TEU's			
Month	FY 21/22 Actuals	FY 22/23 Actuals	% Δ	Δ
Jul.	891	935	5.0%	↑
Aug.	954	805	-15.6%	↓
Sept.	904	710	-21.5%	↓
Oct.	903	678	-24.8%	↓
Nov.	811	639	-21.2%	↓
Dec.	787	729	-7.3%	↓
Jan.	866	726	-16.1%	↓
Feb.	858	488	-43.1%	↓
Mar.	959			
Apr.	887			
May	968			
Jun.	877			
FYTD	6,973	5,711	-18.1%	↓
FY 21/22 Actuals	10,664			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2022/23	FY 2022/23	Comparison	
	Fiscal YTD - February 2023	Fiscal YTD - February 2023	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	292,588	291,192	1,396	0.5%
Rentals	71,032	66,050	4,982	7.5%
Royalties, Fees and Other Revenues	21,761	27,895	(6,135)	(22.0%)
Clean Truck Program Revenues	24,726	31,799	(7,073)	(22.2%)
Total Operating Revenues	410,107	416,937	(6,830)	(1.6%)
Operating Expenses				
Gross Salaries & Benefits	102,434	119,758	17,324	14.5%
Capitalization	(18,262)	(11,201)	7,061	(63.0%)
Net Salaries & Benefits	84,172	108,558	24,386	22.5%
Marketing & Public Relations	1,759	2,230	470	21.1%
Travel	361	668	307	46.0%
Outside Services	16,906	27,727	10,821	39.0%
Materials & Supplies	3,201	3,757	556	14.8%
City Services	35,427	41,434	6,007	14.5%
Allocations to Capital - Overhead		(12,984)	(12,984)	100.0%
Other Operating Expenses	28,796	42,431	13,634	32.1%
Clean Truck Program Expenses	1,117	9,808	8,691	88.6%
Total Operating Expenses	171,740	223,628	51,887	23.2%
Income Before Depreciation	238,366	193,309	45,057	23.3%
Provision For Depreciation	105,197	106,833	1,636	1.5%
Income From Operations	133,169	86,476	46,693	54.0%
Non-Operating Revenue	18,354	36,638	(18,285)	(49.9%)
Non-Operating Expenses	13,058	74,521	61,463	82.5%
Net Income	138,464	48,593	89,871	184.9%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - February 2023	Fiscal YTD - February 2022	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	292,588	320,892	(28,304)	(8.8%)
Rentals	71,032	58,948	12,084	20.5%
Royalties, Fees and Other Revenues	21,761	21,393	367	1.7%
Clean Truck Program Revenues	24,726	4,435	20,291	457.5%
Total Operating Revenues	410,107	405,668	4,439	1.1%
Operating Expenses				
Gross Salaries & Benefits	102,434	105,852	3,418	3.2%
Capitalization	(18,262)	(18,275)	(13)	0.1%
Net Salaries & Benefits	84,172	87,577	3,405	3.9%
Marketing & Public Relations	1,759	1,366	(393)	(28.8%)
Travel	361	133	(228)	(172.2%)
Outside Services	16,906	13,300	(3,606)	(27.1%)
Materials & Supplies	3,201	2,437	(764)	(31.4%)
City Services	35,427	33,968	(1,459)	(4.3%)
Other Operating Expenses	28,796	31,418	2,621	8.3%
Clean Truck Program Expenses	1,117	1,005	(113)	(11.2%)
Total Operating Expenses	171,740	171,203	(537)	(0.3%)
Income Before Depreciation	238,366	234,465	3,902	1.7%
Provision For Depreciation	105,197	93,934	(11,263)	(12.0%)
Income From Operations	133,169	140,530	(7,362)	(5.2%)
Non-Operating Revenue	18,354	15,648	2,706	17.3%
Non-Operating Expenses	13,058	36,220	23,162	63.9%
Net Income	138,464	119,958	18,506	15.4%