



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: MAY 15, 2024

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2023/24 ENDED APRIL 30, 2024**

Financial performance results for the first ten months of Fiscal Year 2023/24 are below and have been summarized relative to both budget and the prior fiscal year. For the month of April, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 3.8% relative to budget and increased by 8.8% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

| FYTD April 2024 | Actuals (Cargo Volumes in Thousands, \$ in Millions) | Actual-to- Budget Comparison | Year-on-Year Comparison |
|--------------------|---|------------------------------------|----------------------------|
| Cargo Volumes | 7,643 | ↑ 3.8% | ↑ 8.8% |
| Operating Revenues | \$586.9 | ↑ 8.0% | ↑ 16.5% |
| Operating Expenses | \$223.0 | ↓ (25.7%) | ↑ 1.5% |
| Operating Income | \$363.9 | ↑ 49.5% | ↑ 28.1% |
| Net Income | \$265.5 | ↑ 148.1% | ↑ 64.6% |

Shipping Services increased relative to budget and prior year due to higher cargo volumes and higher cargo rates. Relative to budget, Operating Revenues increased by 8.0% primarily due to higher wharfage and higher rentals. In comparison to the prior fiscal year, total Operating Revenues increased by 16.5% due to higher wharfage and higher rentals which were only partially offset by lower space assignments.

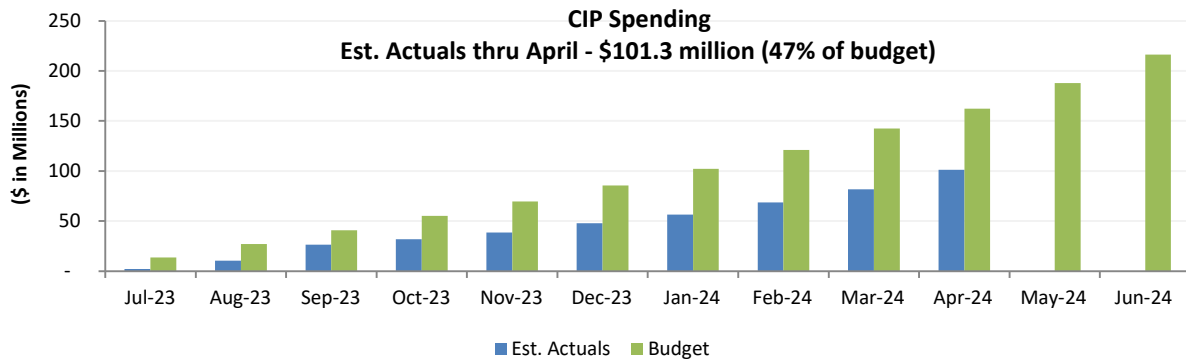
Operating Expenses were 25.7% lower than budgeted primarily due to lower salaries and benefits expenses as well as invoicing/payment delays related to outside services, city services, electricity payments and container incentive payouts. Relative to the prior fiscal

year, total Operating Expenses increased by 1.5% primarily due to higher salaries and benefits.

Operating Margin through the month of April was 62.0% versus a budget of 44.8% and a prior year-to-date figure of 56.4%.

Capital Improvement Program (CIP)

CIP spending for the ten-month period ended April 30, 2024, was estimated to reach \$101.3 million or about 47% of the total \$216.5 million CIP adopted budget.



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JEFFREY STRAFFORD
Director of Financial Planning & Analysis and Interim CFO

Transmittals:

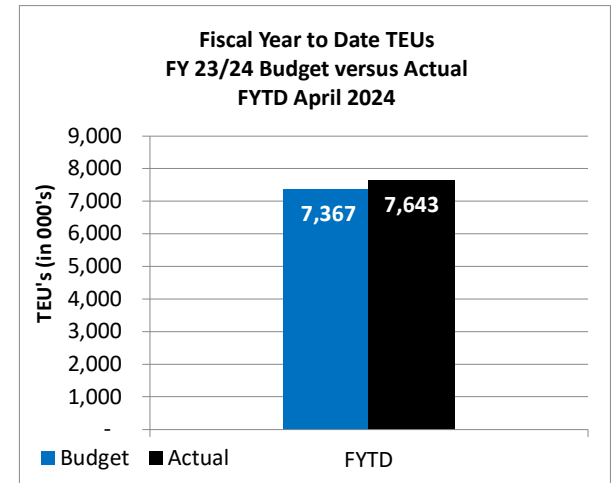
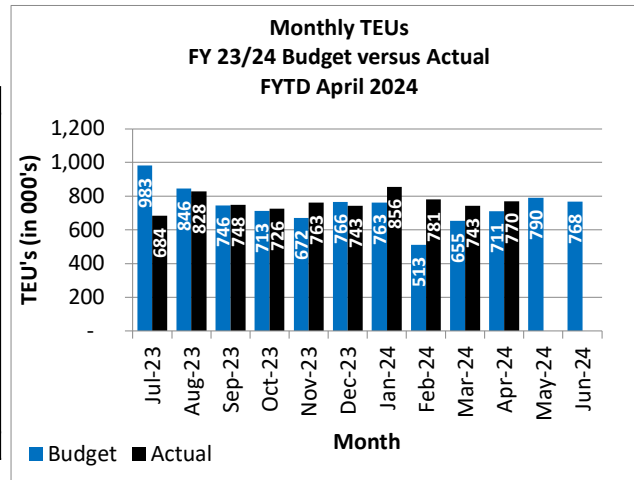
1. TEU Throughput Comparison – FYTD April 2024
2. Actual-to-Budget FY 2023/24 – April
3. Year-to-Year Performance Report YTD April 30, 2024 and 2023

Author: E. Wang
JS:MM/Finance
cc: Deputy Executive Directors

**HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD APRIL 2024**

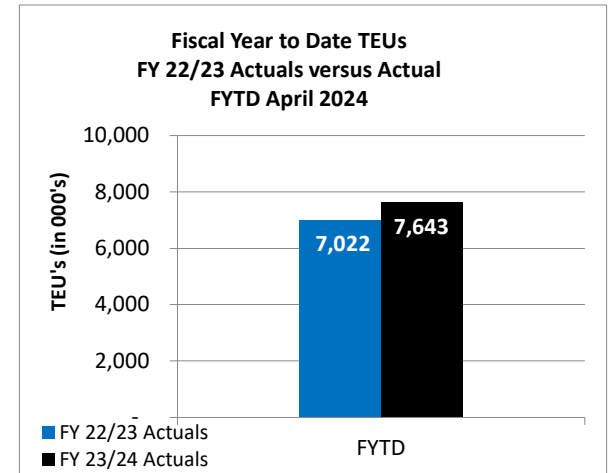
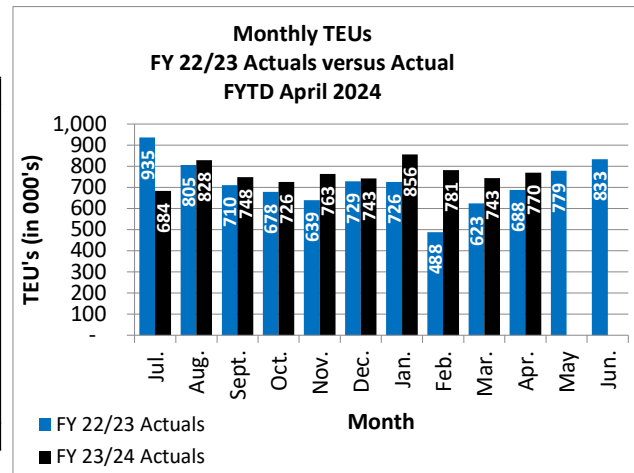
**Budget versus Actuals Comparison
FY 23/24 Budget vs. FY 23/24 Actuals**

| (in 000's) | TEU's | | | % | Δ |
|-----------------|--------------|-----------------|------------------|----------|---|
| | Month | FY 23/24 Budget | FY 23/24 Actuals | | |
| Jul-23 | 983 | 684 | -30.4% | ↓ | |
| Aug-23 | 846 | 828 | -2.1% | ↓ | |
| Sep-23 | 746 | 748 | 0.3% | ↑ | |
| Oct-23 | 713 | 726 | 1.8% | ↑ | |
| Nov-23 | 672 | 763 | 13.6% | ↑ | |
| Dec-23 | 766 | 743 | -3.0% | ↓ | |
| Jan-24 | 763 | 856 | 12.2% | ↑ | |
| Feb-24 | 513 | 781 | 52.5% | ↑ | |
| Mar-24 | 655 | 743 | 13.5% | ↑ | |
| Apr-24 | 711 | 770 | 8.3% | ↑ | |
| May-24 | 790 | | -100.0% | ↓ | |
| Jun-24 | 768 | | -100.0% | ↓ | |
| FYTD | 7,367 | 7,643 | 3.8% | ↑ | |
| FY 23/24 Budget | 8,925 | | | | |



**Year-to-Year Actuals Comparison
FY 22/23 Actuals vs. FY 23/24 Actuals**

| (in 000's) | TEU's | | | % | Δ |
|------------------|--------------|------------------|------------------|----------|---|
| | Month | FY 22/23 Actuals | FY 23/24 Actuals | | |
| Jul. | 935 | 684 | -26.8% | ↓ | |
| Aug. | 805 | 828 | 2.8% | ↑ | |
| Sept. | 710 | 748 | 5.4% | ↑ | |
| Oct. | 678 | 726 | 7.0% | ↑ | |
| Nov. | 639 | 763 | 19.4% | ↑ | |
| Dec. | 729 | 743 | 1.9% | ↑ | |
| Jan. | 726 | 856 | 17.9% | ↑ | |
| Feb. | 488 | 781 | 60.2% | ↑ | |
| Mar. | 623 | 743 | 19.3% | ↑ | |
| Apr. | 688 | 770 | 11.9% | ↑ | |
| May | 779 | | -100.0% | ↓ | |
| Jun. | 833 | | -100.0% | ↓ | |
| FYTD | 7,022 | 7,643 | 8.8% | ↑ | |
| FY 22/23 Actuals | 8,635 | | | | |



The Port of Los Angeles - Harbor Department
FYTD APRIL 30, 2024

TRANSMITTAL 2

| \$ in thousands | Fiscal Year Actual | Fiscal Year Budget | Actual-to-Budget | |
|------------------------------------|-----------------------|-----------------------|------------------|---------------|
| | FY 2023/24 | FY 2023/24 | Comparison | |
| | Fiscal YTD - Apr 2024 | Fiscal YTD - Apr 2024 | \$ | % |
| Operating Revenues | | | | |
| Shipping Services | 422,430 | 397,900 | 24,530 | 6.2% |
| Rentals | 103,297 | 87,442 | 15,855 | 18.1% |
| Royalties, Fees and Other Revenues | 26,968 | 29,513 | (2,546) | (8.6%) |
| Clean Truck Program Revenues | 34,162 | 28,727 | 5,435 | 18.9% |
| Total Operating Revenues | 586,856 | 543,582 | 43,274 | 8.0% |
| Operating Expenses | | | | |
| Gross Salaries & Benefits | 138,637 | 160,227 | 21,589 | 13.5% |
| Capitalization | (29,241) | (12,987) | 16,254 | (125.2%) |
| Net Salaries & Benefits | 109,396 | 147,240 | 37,843 | 25.7% |
| Marketing & Public Relations | 2,264 | 3,156 | 891 | 28.2% |
| Travel | 639 | 955 | 317 | 33.2% |
| Outside Services | 21,459 | 41,668 | 20,209 | 48.5% |
| Materials & Supplies | 4,719 | 6,035 | 1,316 | 21.8% |
| City Services | 42,031 | 55,556 | 13,526 | 24.3% |
| Allocations to Capital - Overhead | | (16,425) | (16,425) | 100.0% |
| Other Operating Expenses | 37,357 | 58,768 | 21,410 | 36.4% |
| Clean Truck Program Expenses | 5,138 | 3,255 | (1,883) | (57.9%) |
| Total Operating Expenses | 223,004 | 300,208 | 77,204 | 25.7% |
| Income Before Depreciation | 363,853 | 243,375 | 120,478 | 49.5% |
| Provision For Depreciation | 122,994 | 128,411 | 5,416 | 4.2% |
| Income From Operations | 240,858 | 114,964 | 125,894 | 109.5% |
| Non-Operating Revenue | 38,917 | 19,635 | 19,282 | 98.2% |
| Non-Operating Expenses | 14,245 | 27,577 | 13,332 | 48.3% |
| Net Income | 265,530 | 107,023 | 158,508 | 148.1% |

The Port of Los Angeles - Harbor Department
FYTD April 30, 2024 and 2023

TRANSMITTAL 3

| \$ in thousands | Fiscal Year Actual | Prior Fiscal Year | Year-over-Year Change | |
|------------------------------------|-----------------------|-----------------------|-------------------------|---------------|
| | FY 2023/24 | FY 2022/23 | (Unfavorable)/Favorable | |
| | Fiscal YTD - Apr 2024 | Fiscal YTD - Apr 2023 | \$ | % |
| Operating Revenues | | | | |
| Shipping Services | 422,430 | 356,020 | 66,410 | 18.7% |
| Rentals | 103,297 | 90,408 | 12,889 | 14.3% |
| Royalties, Fees and Other Revenues | 26,968 | 29,375 | (2,407) | (8.2%) |
| Clean Truck Program Revenues | 34,162 | 28,060 | 6,102 | 21.7% |
| Total Operating Revenues | 586,856 | 503,862 | 82,994 | 16.5% |
| Operating Expenses | | | | |
| Gross Salaries & Benefits | 138,637 | 129,698 | (8,939) | (6.9%) |
| Capitalization | (29,241) | (23,223) | 6,017 | (25.9%) |
| Net Salaries & Benefits | 109,396 | 106,475 | (2,921) | (2.7%) |
| Marketing & Public Relations | 2,264 | 2,209 | (55) | (2.5%) |
| Travel | 639 | 490 | (149) | (30.3%) |
| Outside Services | 21,459 | 21,417 | (43) | (0.2%) |
| Materials & Supplies | 4,719 | 4,716 | (3) | (0.1%) |
| City Services | 42,031 | 43,469 | 1,439 | 3.3% |
| Other Operating Expenses | 37,357 | 37,055 | (302) | (0.8%) |
| Clean Truck Program Expenses | 5,138 | 3,980 | (1,159) | (29.1%) |
| Total Operating Expenses | 223,004 | 219,811 | (3,193) | (1.5%) |
| Income Before Depreciation | 363,853 | 284,052 | 79,801 | 28.1% |
| Provision For Depreciation | 122,994 | 131,971 | 8,976 | 6.8% |
| Income From Operations | 240,858 | 152,081 | 88,777 | 58.4% |
| Non-Operating Revenue | 38,917 | 30,770 | 8,147 | 26.5% |
| Non-Operating Expenses | 14,245 | 21,564 | 7,319 | 33.9% |
| Net Income | 265,530 | 161,287 | 104,243 | 64.6% |